

REFINITIV

DELTA REPORT

10-Q

RVLV - REVOLVE GROUP, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1133

█	CHANGES	192
█	DELETIONS	675
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June** **September** 30, 2023

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from **to** .

Commission File Number: **001-38927**

REVOLVE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

46-1640160

**(State or other jurisdiction of
incorporation or organization)**

**(I.R.S. Employer
Identification No.)**

12889 Moore Street

Cerritos, California 90703

(Address of principal executive offices) (Zip code)

(562) 677-9480

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Class A Common Stock, par value \$0.001 per share	RVLV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **July 26, 2023** **October 25, 2023**, **40,881,298** **39,556,715** shares of the registrant's Class A common stock and 32,597,119 shares of the registrant's Class B common stock were outstanding.

REVOLVE GROUP, INC. AND SUBSIDIARIES

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SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this report titled "Risk Factors." The following is a summary of the principal risks we face:

- Economic downturns and other macroeconomic conditions or trends may adversely affect consumer discretionary spending and our business, operating results and financial condition.
- If we fail to effectively manage our growth, our business, financial condition and operating results could be harmed.
- We purchase inventory in anticipation of sales, and if we are unable to manage our inventory effectively, operating results could be adversely affected.
- Merchandise returns could harm our business.
- If we are unable to anticipate and respond to changing customer preferences and shifts in fashion and industry trends in a timely and cost-effective manner, our business, financial condition and operating results could be harmed.
- Our business depends on our ability to maintain a strong community of brands, engaged customers and influencers. We may not be able to maintain and enhance our existing brand community if we receive customer or influencer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, operating results and growth prospects.
- Use of social media and influencers may materially and adversely affect our reputation or subject us to regulatory and tax obligations, fines or other penalties.
- If we fail to acquire new customers, or fail to do so in a cost-effective manner, our financial results may be materially adversely impacted.
- If we fail to retain existing customers, or fail to maintain average order value levels, we may not be able to maintain our revenue base and margins, which would have a material adverse effect on our business and operating results.
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing and warehousing.
- We rely on third-party suppliers, manufacturers, distributors and other vendors and they may not continuously produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of products or services.
- Shipping is a critical part of our business and any changes in our shipping arrangements or any interruption in shipping could adversely affect our operating results.
- Our industry is highly competitive and if we do not compete effectively, our operating results could be adversely affected.
- Our quarterly operating results may fluctuate, which could cause our stock price to decline.
- We may be unable to accurately forecast net sales and appropriately plan our expenses in the future.

- Our past growth rates are not indicative of expected results in the near term.
- If we do not successfully optimize, operate and manage the expansion of capacity of our fulfillment centers, business, financial condition and operating results could be harmed.
- Our failure to adequately and effectively staff our fulfillment centers, through third parties or with our employees, could adversely affect our customer experience and operating results.
- Increases in labor costs, including wages, could adversely affect our business, financial condition and result operations.

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- The COVID-19 pandemic materially adversely affected, and may in the future adversely affect, our business, financial position, results of operations and growth prospects.
- Failure to comply with federal, state and international laws and regulations and our contractual obligations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new law regulations relating to privacy, data protection and consumer protection, could harm our reputation or adversely affect our business and our financial condition.
- We have operations and do business in China, which exposes us to risks inherent in doing business there.
- We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.
- Our use of artificial intelligence and machine learning could adversely affect our business and operating results.
- If we cannot successfully protect our intellectual property, our business would suffer.
- We have in the past and may in the future be accused of infringing intellectual property or other proprietary rights of third parties.
- The dual class structure of our common stock concentrates voting control with our executive officers, directors and their affiliates, which may depress the trading price of our Class A common stock.

Our risk factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

REVOLVE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands, except share and per share data)

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Assets				
Current assets:				
Cash and cash equivalents	269,32			
	\$ 9	\$ 234,724	\$ 266,899	\$ 234,724
Accounts receivable, net	11,198	5,421	12,614	5,421
Inventory	205,31			
	3	215,224	202,877	215,224
Income taxes receivable	6,096	2,974	7,555	2,974
Prepaid expenses and other current assets	59,385	59,874	63,578	59,874
Total current assets	551,32			
	1	518,217	553,523	518,217
Property and equipment (net of accumulated depreciation of \$15,457 and \$13,081 as of June 30, 2023 and December 31, 2022, respectively)	8,404	8,934		
Property and equipment (net of accumulated depreciation of \$16,697 and \$13,081 as of September 30, 2023 and December 31, 2022, respectively)			8,062	8,934
Right-of-use lease assets	39,654	22,964	38,041	22,964
Intangible assets, net	1,791	1,600	1,834	1,600
Goodwill	2,042	2,042	2,042	2,042
Other assets	1,236	807	1,241	807
Deferred income taxes	24,754	24,754	24,754	24,754
Total assets	629,20			
	\$ 2	\$ 579,318	\$ 629,497	\$ 579,318
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	\$ 46,007	\$ 50,789	\$ 44,479	\$ 50,789
Income taxes payable	1,143	229	1,435	229
Accrued expenses	35,980	38,266	42,639	38,266
Returns reserve	66,350	63,381	72,137	63,381
Current lease liabilities	5,456	5,844	6,249	5,844
Other current liabilities	30,797	22,577	30,465	22,577

Total current liabilities	185,73		197,404	181,086
Non-current lease liabilities	37,427	18,659	35,567	18,659
Total liabilities	223,16			
	0	199,745	232,971	199,745
Stockholders' equity:				
Class A common stock, \$0.001 par value; 1,000,000,000 shares authorized as of June 30, 2023 and December 31, 2022; 40,880,898 and 40,766,510 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	41	41		
Class B common stock, \$0.001 par value; 125,000,000 shares authorized as of June 30, 2023 and December 31, 2022; 32,597,119 and 32,597,119 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	33	33		
Class A common stock, \$0.001 par value; 1,000,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 39,979,289 and 40,766,510 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	40	41		
Class B common stock, \$0.001 par value; 125,000,000 shares authorized as of September 30, 2023 and December 31, 2022; 32,597,119 and 32,597,119 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	33	33		
Additional paid-in capital	113,74		115,053	110,338
Retained earnings	292,21		281,400	269,161

Total stockholders' equity	406,04			
	2	379,573		
Total liabilities and stockholders' equity	629,20		396,526	379,573
	\$ 2	\$ 579,318	\$ 629,497	\$ 579,318

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

REVOLVE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	273,	290,	553,	573,	257,6	268,7	810,9	842,2
	\$ 729	\$ 054	\$ 338	\$ 552	\$ 03	\$ 11	\$ 41	\$ 63
Cost of sales	126,	127,	266,	256,	124,3	126,3	390,7	383,2
	031	812	420	899	71	29	91	28
Gross profit	147,	162,	286,	316,	133,2	142,3	420,1	459,0
	698	242	918	653	32	82	50	35
Operating expenses:								
Fulfillment	9,40	7,91	18,4	15,2			27,65	23,27
	1	0	72	00	9,185	8,072	7	2
Selling and distribution	50,8	51,9	102,	98,5	48,92	46,47	151,2	145,0
	93	67	351	53	5	7	76	30
Marketing	51,4	51,9	89,8	97,1	39,58	44,58	129,4	141,7
	97	21	40	71	1	4	21	55
General and administrative	28,5	31,1	56,6	57,9	35,21	28,49	91,86	86,49
	52	64	44	99	7	8	1	7
Total operating expenses	140,	142,	267,	268,	132,9	127,6	400,2	396,5
	343	962	307	923	08	31	15	54

Income from operations	7,35	19,2	19,6	47,7	14,75	19,93	62,48
	5	80	11	30	324	1	1
Other income, net	(2,38	(1,81	(8,9	(2,3	(3,98	(1,44	(12,9
	1)	3)	66)	29)	4)	0)	50)
Income before income taxes	9,73	21,0	28,5	50,0	16,19	32,88	66,25
	6	93	77	59	4,308	1	5
Provision for income taxes	2,43	4,82	7,10	11,2	1,130	4,203	15,42
	3	0	2	18		8,232	1
Net income	7,30	16,2	21,4	38,8	11,98	24,65	50,82
	\$ 3	\$ 73	\$ 75	\$ 41	\$ 3,178	\$ 8	\$ 3
Earnings per share of Class A and Class B common stock:							
Basic	\$ 0.10	\$ 0.22	\$ 0.29	\$ 0.53	\$ 0.04	\$ 0.16	\$ 0.34
Diluted	\$ 0.10	\$ 0.22	\$ 0.29	\$ 0.52	\$ 0.04	\$ 0.16	\$ 0.33
Weighted average number of shares of Class A and Class B common stock outstanding:							
Basic	73,4	73,3	73,4	73,2	73,26	73,32	73,35
	42	12	06	89	2	8	8
Diluted	74,0	74,6	74,2	74,7	73,71	74,35	74,05
	81	35	29	20	6	4	8

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

REVOLVE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

Three Months Ended	Six Months Ended	Three Months Ended	Nine Months Ended
June 30,	June 30,	September 30,	September 30,

	2023	2022	2023	2022	2023	2022	2023	2022
Net income	7,30	16,27	21,4	38,8	11,98	24,65	50,82	
	\$ 3	\$ 3	\$ 75	\$ 41	\$ 3,178	\$ 8	\$ 3	\$ 9
Other comprehensive income (loss):								
Other comprehensive (loss) income:								
Cumulative translation adjustment	(2,19)	1,58	(2,8)	(1,41)			(5,45)	
828	5)	3	96)	4)	(2,556)	169	2)	
Total other comprehensive income (loss)	(2,19)	1,58	(2,8)					
	828	5)	3	96)				
Total other comprehensive (loss) income				(1,41)			(5,45)	
				4)	(2,556)	169	2)	
Total comprehensive income	8,13	14,07	23,0	35,9			24,82	45,37
	\$ 1	\$ 8	\$ 58	\$ 45	\$ 1,764	\$ 9,432	\$ 2	\$ 7

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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REVOLVE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

Operating activities:	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023		2022	
	\$ 21,475	\$ 38,841	\$ 24,653	\$ 50,829
Net income				

Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,459	2,305	3,752	3,519
Equity-based compensation	3,001	2,886	4,229	4,410
Changes in operating assets and liabilities:				
Accounts receivable	(5,777)	(3,175)	(7,193)	(2,081)
Inventories	9,911	(37,244)	12,347	(42,069)
Income taxes receivable	(3,122)	(3,445)	(4,581)	(758)
Prepaid expenses and other current assets	489	(14,905)	(3,704)	(16,989)
Other assets	(429)	(510)	(434)	(349)
Accounts payable	(4,782)	5,742	(6,310)	(1,156)
Income taxes payable	914	96	1,206	439
Accrued expenses	(2,286)	9,120	4,373	10,592
Returns reserve	2,969	20,497	8,756	23,015
Right-of-use lease assets and current and non-current lease liabilities	1,690	324	2,236	825
Other current liabilities	8,220	3,913	7,888	4,224
Net cash provided by operating activities	34,732	24,445	47,218	34,451
Investing activities:				
Purchases of property and equipment	(2,120)	(2,516)	(3,114)	(3,904)
Net cash used in investing activities	(2,120)	(2,516)	(3,114)	(3,904)
Financing activities:				
Proceeds from the exercise of stock options, net	410	368	486	496
Net cash provided by financing activities	410	368		
Repurchases of Class A common stock			(12,584)	—
Net cash (used in) provided by financing activities			(12,098)	496
Effect of exchange rate changes on cash and cash equivalents	1,583	(2,896)	169	(5,452)
Net increase in cash and cash equivalents	34,605	19,401	32,175	25,591

Cash and cash equivalents, beginning of period	234,72	4	218,455	234,724	218,455
Cash and cash equivalents, end of period	269,32				
	<u>\$ 9</u>		<u>\$ 237,856</u>	<u>\$ 266,899</u>	<u>\$ 244,046</u>
Supplemental disclosure of cash flow information:					
Cash paid during the period for:					
Income taxes, net of refund	\$ 9,221		\$ 14,608	\$ 11,580	\$ 15,909
Operating leases	\$ 3,549		\$ 2,504	\$ 5,649	\$ 4,033
Supplemental disclosure of non-cash activities:					
Lease assets obtained in exchange for new operating lease liabilities	\$ 20,452		\$ 11,481	\$ 20,452	\$ 21,938

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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REVOLVE GROUP, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Description of Business

Revolve Group, Inc., or REVOLVE, is an online retailer and fashion brand. Through our websites and mobile applications, we deliver an aspirational customer experience with a vast, yet curated, merchandise offering. Our dynamic platform connects a deeply engaged community of consumers, global fashion influencers, and emerging, established and owned brands. We are headquartered in Los Angeles County, California.

Note 2. Significant Accounting Policies

Basis of Presentation

Our unaudited condensed consolidated interim financial information has been prepared in accordance with Article 10 of Regulation S-X. As permitted under those rules, certain footnotes or other financial information that are normally required by generally accepted accounting principles, or GAAP, in the United States can be condensed or omitted. These financial statements have been prepared on the same basis as our annual audited financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for the fair

statement of our financial information. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2023 or for any other interim period or for any other future year. All intercompany transactions and balances have been eliminated in consolidation. Our fiscal year ends on December 31 of each year.

The accompanying unaudited condensed consolidated financial statements and related notes thereto should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the fiscal year ended December 31, 2022 contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on February 23, 2023.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include: the allowance for sales returns, the valuation of deferred tax assets, inventory, equity-based compensation, goodwill, and breakage of store credit and gift cards.

Net Sales

Revenue is primarily derived from the sale of apparel merchandise through our sites and, when applicable, shipping revenue. We recognize revenue through the following steps: (1) identification of the contract, or contracts, with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation. A contract is created with our customer at the time the order is placed by the customer, which creates a performance obligation to deliver the product to the customer. We recognize revenue for the performance obligation at the time control of the merchandise passes to the customer, which is at the time of shipment. In addition, we have elected to treat shipping and handling as fulfillment activities and not a separate performance obligation.

We have a Loyalty Club program within the REVOLVE and FWRD segments. Eligible customers who enroll in the program will generally earn points for every dollar spent and will automatically receive a \$20 reward once they earn 2,000 points. We defer revenue based on an allocation of the price of the customer purchase and the estimated standalone selling price of the points earned. Revenue is recognized once the reward is redeemed or expires or once unconverted points expire. Rewards generally expire 90 days after they are issued and unconverted points generally

expire if a customer fails to engage in any activity that generates points for a period of one year or if their participation in the program is otherwise terminated.

In accordance with our policy on returns and exchanges, merchandise returns are generally accepted for full refund if returned within 60 days of the original purchase date and merchandise may be exchanged up to 90 days from the original purchase date. At the time of sale, we establish a reserve for merchandise returns, based on historical experience, merchandise mix and expected future returns, which is recorded as a reduction of sales. Accordingly, cost of sales is also reduced and an offsetting asset is recorded within prepaid expenses and other current assets for expected merchandise to be returned.

The following table presents a roll-forward of our sales return reserve for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 (in thousands):

	Three Months Ended		Six Months Ended June		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Beginning balance	73,9	69,6	63,3	49,2	66,35	69,79	63,38	49,29
\$ 25	\$ 26	\$ 81	\$ 96	\$ 0	\$ 3	\$ 1	\$ 6	
Returns	(412, 354)	(387, 578)	(780, ,529)	(705, ,970)	(369, 241)	(349, 597)	(1,14 9,770)	(1,05 5,567)
Provisions	404, 779	387, 745	783, 498	726, 467	375,0 28	352,1 15	1,158 ,526	1,078 ,582
Ending balance	66,3	69,7	66,3	69,7	72,13	72,31	72,13	72,31
\$ 50	\$ 93	\$ 50	\$ 93	\$ 7	\$ 1	\$ 7	\$ 1	

We may also issue store credit in lieu of cash refunds and sell gift cards without expiration dates to our customers. Store credits issued and proceeds from the issuance of gift cards are recorded as deferred revenue and recognized as revenue when the store credit or gift cards are redeemed or upon inclusion in our store credit and gift card breakage estimates. Revenue recognized in net sales on breakage on store credit and gift cards was **\$0.6** **0.8** million and **\$0.4** **0.3** million for the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively, and **\$1.1** **1.9** million and **\$0.9** **1.2** million for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

Sales taxes and duties collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales. We currently collect sales taxes in all states that have adopted laws imposing sales tax collection obligations on out-of-state retailers and are subject to audits by state governments of sales tax collection obligations on out-of-state retailers in jurisdictions where we do not currently collect sales taxes, whether for prior years or prospectively. No significant interest or penalties related to sales taxes are recognized in the accompanying condensed consolidated financial statements.

We have exposure to losses from fraudulent credit card charges. We record losses when incurred related to these fraudulent charges as amounts have historically been insignificant.

See Note 9, *Segment Information*, for disaggregation of net sales by reportable segment, by geographic area and by major product category.

Accounting Pronouncements Not Yet Effective

There have been no new accounting pronouncements not yet effective that have significance, or potential significance, to our consolidated financial statements.

Note 3. Line of Credit

On March 23, 2021, we amended and restated our existing credit agreement to, among other things, extend the expiration date from March 23, 2021 to March 23, 2026. On May 11, 2023, we amended the credit agreement to replace the LIBO reference rate with a term SOFR reference rate and made conforming changes throughout the credit agreement. The line of credit provides us with up to \$75.0 million aggregate principal in revolver borrowings, based on eligible inventory and accounts receivable less reserves. Borrowings under the credit agreement accrue interest, at our option, at (1) a base rate equal to the highest of (a) the federal funds rate, plus 0.50%, (b) the prime rate and (c) an adjusted term SOFR rate determined on the basis of a one-month interest period, plus 1.00%, or (2) an adjusted term SOFR rate, subject to a floor of 0.00%, in each case, plus a margin ranging from 0.25% to 0.75% per year in the case

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of base rate loans, and 1.25% to 1.75% per year in the case of term SOFR rate loans. No borrowings were outstanding as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

We are also obligated to pay other customary fees for a credit facility of this size and type, including an unused commitment fee. The credit agreement also permits us, in certain circumstances, to request an increase in the facility by an additional amount of up to \$25.0 million (in an initial minimum amount of \$10.0 million and in increments of \$5.0 million thereafter) at the same maturity, pricing and other terms. Our obligations under the credit agreement are secured by substantially all of our assets. The credit agreement also contains customary covenants restricting **certain of our activities including limitations on our ability to sell assets, engage in mergers and acquisitions, enter into transactions involving related parties, obtain letters of credit, incur indebtedness, repurchase stock or grant liens or negative pledges on our assets, make loans or make other investments.** Under these covenants, **and we are prohibited from paying cash dividends with respect to our capital stock.** We were in compliance with all financial covenants as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

Note 4. Equity-based Compensation

In 2013, Twist Holdings, LLC, or Twist, and Advance Holdings, LLC, or Advance, which became Revolve Group, Inc., adopted equity incentive plans, which we refer to collectively as the 2013 Plan, pursuant to which the board of managers could grant options to purchase Class A units to officers and employees. Options could be granted with an exercise price equal to or greater than the unit's fair value at the date of grant. All issued awards have 10-year terms and generally vest and become fully exercisable annually over five years of service from the date of grant. Awards will become fully vested upon the sale of the Company. In March 2018, the 2013 Plan was amended to increase the maximum number of Class A units to 6,207,978.

In September 2018, our board of directors adopted the 2019 Equity Incentive Plan, or the 2019 Plan, which became effective in June 2019. Under the 2019 Plan, a total of 4,500,000 shares of our Class A common stock were reserved for issuance as options, stock appreciation rights, restricted stock, restricted stock units, or RSUs, performance units or performance shares. Upon the completion of our initial public offering, or IPO, the 2019 Plan replaced the 2013 Plan; however, the 2013 Plan will continue to govern the terms and conditions of the outstanding awards previously granted under that plan. The number of shares that will be available for issuance under our 2019 Plan also will increase annually on the first day of each year beginning in 2020, in an amount equal to the least of: (a) 6,900,000 shares, (b) 5% of the outstanding shares of all classes of our common stock as of the last day of the immediately preceding year and (c) such other amount as our board of directors may determine. All future grants going forward will be issued under the 2019 Plan. On January 1, 2021, 2022 and 2023, the number of shares available under the 2019 Plan was increased by 2.0 million shares, 3.7 million shares and 3.7 million shares, respectively. As of **June 30, 2023** **September 30, 2023**, approximately **11.3** **9.3** million shares of Class A common stock remain available for future issuance under the 2019 Plan.

Option activity for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** under the 2013 Plan and 2019 Plan is as follows:

	Weight				Weight			
	ed	ed	Averag	Averag	ed	ed	e	e
	Remaini	Aggrega	Remaini	Aggrega	Remaini	Aggrega	Remaini	Aggrega
	Weighte	ng	te	Intrinsic	Weighte	ng	te	Intrinsic
	d	Contrac	Intrinsic		d	Contrac	Intrinsic	
	Number	Average	tual	Value	Number	Average	tual	Value
	of	Exercise	Term	(thousan	of	Exercise	Term	(thousan
	Shares	Price	(years)	ds)	Shares	Price	(years)	ds)
Balance at	2,596			23,40	2,596			23,40
January 1, 2023	,718	\$ 17.60	7.0	\$ 8	,718	\$ 17.60	7.0	\$ 8

Granted	535,401	17.32	9.8	2,644,196	13.95	9.8
Exercised	(92,773)	6.63	—	(98,383)	7.08	—
Forfeited	(20,195)	24.41	—	(65,894)	28.48	—
Expired	(8,228)	33.96	—	(12,516)	28.23	—
Balance at June 30, 2023	3,010,923	17.80	7.2	10,708		
Exercisable at June 30, 2023	1,303,873	13.79	5.9	6,582		
Balance at September 30, 2023				5,064,121	15.73	8.2
Exercisable at September 30, 2023				1,387,093	14.01	5.6
Vested and expected to vest	3,010,923	17.80	7.2	10,708	3,537,836	16.89
					7.4	6,355

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RSU award activity for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 under the 2019 Plan is as follows:

Weighted				Weighted			
d		d		d		d	
Weighted	Average	Weighted	Average	Weighted	Average	Weighted	Average
d	Remaini	Aggregat	d	Remaini	Aggrega	d	Remaini
Average	ng	e	Average	ng	te	Average	ng
Class A	Grant	Contract	Intrinsic	Class A	Grant	Contract	Intrinsic
Common	Date	total	Value	Common	Date	total	Value
Non	Fair	Term	(thousan	Non	Fair	Term	(thousa
Stock	Value	(years)	ds)	Stock	Value	(years)	nds)

Unvested at January 1, 2023	28,3						28,3				
Granted ⁽¹⁾	74	\$ 37.26	0.4	\$ 632			74	\$ 37.26	0.4	\$ 632	
Granted ⁽¹⁾	134,						134,				
	206	25.48	0.6	—			206	25.48	0.4	—	
Released	(30,1						(30,1				
	25)	33.47	—				25)	33.47	—		
Forfeited ⁽²⁾	(65,2						(88,9				
	13)	29.35	—				85)	28.68	—		
Unvested at June 30, 2023	67,2										
	<u>42</u>	23.13	0.8	1,103							
Unvested at September 30, 2023							43,4				
							<u>70</u>	21.10	0.6	592	

(1) Includes an adjustment of 5,100 shares underlying performance-based RSU awards made during the **six nine** months ended **June 30, 2023** **September 30, 2023**. The vesting of such RSUs is based upon the Company's current performance against predefined financial targets.

(2) Includes an adjustment of **(65,213 85,089)** shares underlying performance-based RSU awards made during the **six nine** months ended **June 30, 2023** **September 30, 2023**. The vesting of such RSUs is based upon the Company's current performance against predefined financial targets.

There were **507,768 2,108,795** options and **26,750** no RSUs granted during the three months ended **June 30, 2023** **September 30, 2023** and **535,401 2,644,196** options and **129,106** RSUs granted during the **six nine** months ended **June 30, 2023** **September 30, 2023**. The weighted average grant-date fair value of options granted during the three and **six nine** months ended **June 30, 2023** **September 30, 2023** was **\$8.77 6.82** and **\$8.99 7.26**, respectively. The weighted average grant-date fair value of RSUs granted during the **three and six nine** months ended **June 30, 2023** **September 30, 2023** was **\$16.52** per share and **\$24.69** per share, respectively. share.

As of **June 30, 2023** **September 30, 2023**, there was **\$16.9 17.9** million of total unrecognized compensation cost related to unvested options RSUs and RSUs time-based options granted under the 2013 Plan and 2019 Plan, which is expected to be recognized over a weighted average service period of 3.5 years.

2023 Performance Option Awards

On September 15, 2023, the Company granted an aggregate of 1,701,479 performance-based options to certain members of management with an exercise price of \$13.05 and a grant-date fair value of \$6.79, which we refer to as the 2023 Performance Option Awards. The 2023 Performance Option Awards are subject to multiple vesting tranches that vest upon achievement of certain predefined financial milestones. As of September 30, 2023, we had \$1.2 million of total unrecognized stock-based compensation expense for the financial milestones that were considered probable of achievement, which will be recognized over a weighted-average period of 2.7 years. As of September 30, 2023, we had unrecognized stock-based compensation expense of \$10.4 million for the operational milestones that were considered not

probable of achievement. During the three and nine months ended September 30, 2023, we recorded stock-based compensation expense of \$0.02 million related to the 2023 Performance Option Awards.

Equity-based compensation cost included in general and administrative expense in the accompanying condensed consolidated statements of income amounted to \$1.7 million and \$1.4 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and \$3.0 million and \$2.9 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. There was no excess income tax benefit recognized during the three months ended September 30, 2023 and 2022. There was an excess income tax benefit of \$0.2 million and \$0.1 million recognized in the condensed consolidated statements of income for equity-based equity-based compensation arrangements for the three nine months ended June 30, 2023 and 2022, respectively, and \$0.2 million and \$0.6 million for the six months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Note 5. Commitments and Contingencies

Contingencies

We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although we cannot predict with assurance the outcome of any litigation or tax matters, we do not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on our operating results, financial position and cash flows.

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Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to vendors, directors, officers and other parties with respect to certain matters. We have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in our condensed consolidated financial statements.

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Tax Contingencies

We are subject to income taxes in the United States and the U.K. Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite our belief that our tax return positions are

fully supportable. We adjust these reserves in light of changing facts and circumstances, such as the outcome of tax audits. Our provision for income taxes does not include any reserve provision because we believe that all of our tax positions are highly certain.

Legal Proceedings

In March 2022, we received a **cease and desist** **cease-and-desist** letter alleging copyright infringement and related claims. During the year ended December 31, 2022, we accrued \$6.3 million to general and administrative expenses for estimated losses and legal fees that we expected to incur in connection with these claims and during the three months ended March 31, 2023, we accrued an additional \$0.3 million for estimated legal fees. On February 3, 2023, we entered into a final settlement agreement with the claimant and paid approximately \$1.5 million in settlement costs and legal fees related to this matter, net of insurance proceeds. The related insurance proceeds of \$5.1 million were recorded within other income, net in the accompanying statements of income.

In March 2023, we received a **cease and desist** **separate cease-and-desist** letter alleging copyright infringement and related claims. This matter has not proceeded to litigation as of the date of this **report** **report**. During the three and **while** **there** **nine** months ended September 30, 2023, we accrued \$6.6 million and \$6.7 million, respectively, to general and administrative expenses for estimated losses, legal fees and other costs that we expect to incur in connection with these claims. The accrual for estimated losses is a reasonable possibility that a loss may be incurred, the possible loss or range of loss is not estimable based on currently available information, information and may change as new information becomes available or circumstances change.

Note 6. Income Taxes

The following table summarizes our effective tax rate for the periods presented (in thousands):

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Income before taxes	9,7	21,0	28,	50,	4,30	16,1	32,8	66,2
	\$ 36	\$ 93	\$ 577	\$ 059	\$ 8	\$ 91	\$ 85	\$ 50
Provision for income taxes	2,4	4,82	7,1	11,	1,13	4,20	8,23	15,4
	33	0	02	218	0	3	2	21
Effective tax rate	25.		24.	22.				
	0 %	22.9 %	9 %	4 %	26.2 %	26.0 %	25.0 %	23.3 %

The effective tax rate was relatively flat during the three months ended September 30, 2023, as compared to the same period in 2022. The increase in the effective tax rate for the three nine months ended June 30, 2023, as compared to the same period in 2022, was primarily due to a decrease in foreign derived intangible income, or FDII, deduction benefits.

The increase in the effective tax rate for the six months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a decrease in excess tax benefits related to the exercise of non-qualified stock options and FDII deduction benefits.

Note 7. Stockholders' Equity and Stock Repurchase Program

Changes in stockholders' equity for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 were as follows:

	Three Months Ended June 30, 2023					Three Months Ended September 30, 2023				
	Common Stock		Additional Paid-in Capital		Total Retained Earnings	Common Stock		Additional Paid-in Capital		Total Retained Earnings
	Number	Amount	Number	Amount	Stockholders' Equity	Number	Amount	Number	Amount	Stockholders' Equity
	(in thousands, except share data)									
Beginning balance	73,3		111		284	73,4		113		292
	99,7		,77		,08	395,		,74		,21
	73	\$ 74	\$ 7	\$ 8	\$ 939	17	\$ 74	\$ 9	\$ 9	\$ 402
Issuance of Class A common stock from exercise of stock options and vesting of restricted stock units	78,2					5,61				
	44	—	249	—	249	0	—	76	—	76
Repurchases of Class A common stock						(907,				(12,
						219)		(1)		(84)
Equity-based compensation		—	1,7		1,72		—	—	28	—
	—	—	23	—	3		—	—	—	8

Cumulative									(1,4)	(1,41)
translation										
adjustment	—	—	—	828	828	—	—	—	14)	4)
Net income				7,3	7,30				3,1	3,17
	—	—	—	03	3	—	—	—	78	8
Ending balance	73,4		113	292		72,5		115	281	
	78,0		,74	,21	406,	76,4		,05	,40	396,
	17	\$ 74	\$ 9	\$ 9	\$ 042	08	\$ 73	\$ 3	\$ 0	\$ 526
	=====									

	Three Months Ended June 30, 2022					Three Months Ended September 30, 2022				
			Additio		Total			Additio		Total
			nal	Retaine	Stockho			nal	Retaine	Stockho
	Common Stock		Paid-in	d	Stockholders'	Common Stock		Paid-in	d	Stockholders'
	Amoun		Earning		Equity	Amoun		Earning		Equity
	Number	t	Capital	s	Equity	Number	t	Capital	s	Equity
(in thousands, except share data)										
Beginning balance	73,2		105	235		73,3		106	249	
	98,8		,20	,21	340,	24,0		,84	,29	356,
	49	\$ 74	\$ 6	\$ 8	\$ 498	73	\$ 74	\$ 3	\$ 6	\$ 213
Issuance of Class										
A common stock										
from exercise of										
stock options										
and vesting of										
restricted stock	25,2					9,30				
units	24	—	242	—	242	1	—	128	—	128
Equity-based			1,3		1,39			1,5		1,52
compensation	—	—	95	—	5	—	—	24	—	4
Cumulative										
translation				(2,1	(2,19					
adjustment	—	—	—	95)	5)	—	—	—	56)	6)
Net income				16,	16,2				11,	11,9
	—	—	—	273	73	—	—	—	988	88
Ending balance	73,3		106	249		73,3		108	258	
	24,0		,84	,29	356,	33,3		,49	,72	367,
	73	\$ 74	\$ 3	\$ 6	\$ 213	74	\$ 74	\$ 5	\$ 8	\$ 297
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

	Six Months Ended June 30, 2023					Nine Months Ended September 30, 2023				
				Additional		Total				Additional
	Common Stock		Paid-in Capital	Retained Earnings	Stockholders' Equity	Common Stock		Paid-in Capital	Retained Earnings	Stockholders' Equity
	Amount			Earnings		Amount			Earnings	
	Number		Capital		Equity	Number		Capital		Equity
(in thousands, except share data)										
Beginning balance	73,3		110	269		73,3		110	269	
	63,6		,33	,16	379,	63,6		,33	,16	379,
	29	\$ 74	\$ 8	\$ 1	\$ 573	29	\$ 74	\$ 8	\$ 1	\$ 573
Issuance of Class A common stock from exercise of stock options and vesting of restricted stock units	114,					119,				
	388	—	410	—	410	998	—	486	—	486
Repurchases of Class A common stock						(907,				
						219)	(1)	—	583)	84)
Equity-based compensation	—	—	3,0	—	3,00	—	—	4,2	—	4,22
	—	—	01	—	1	—	—	29	—	9
Cumulative translation adjustment	—	—	—	1,5	1,58	—	—	—	169	169
Net income	—	—	—	21,	21,4	—	—	—	24,	24,6
	—	—	—	475	75	—	—	—	653	53
Ending balance	73,4		113	292		72,5		115	281	
	78,0		,74	,21	406,	76,4		,05	,40	396,
	17	\$ 74	\$ 9	\$ 9	\$ 042	08	\$ 73	\$ 3	\$ 0	\$ 526

	Six Months Ended June 30, 2022				
	Additional				
	Common Stock		Paid-in Capital	Retained Earnings	Stockholders' Equity
	Number	Amount	Capital	Earnings	Equity

							(in thousands, except share data)		
Beginning balance	73,233,321	\$	73	\$	103,590	\$	213,351	\$	317,014
Issuance of Class A common stock from exercise of stock options and vesting of restricted stock units	90,752		1		367		—		368
Equity-based compensation	—		—		2,886		—		2,886
Cumulative translation adjustment	—		—		—		(2,896)		(2,896)
Net income	—		—		—		38,841		38,841
Ending balance	<u>73,324,073</u>	<u>\$</u>	<u>74</u>	<u>\$</u>	<u>106,843</u>	<u>\$</u>	<u>249,296</u>	<u>\$</u>	<u>356,213</u>
Nine Months Ended September 30, 2022									
					Additional		Total		
					Common Stock		Paid-in Capital		Stockholders' Equity
					Number	Amount	Capital	Earnings	
(in thousands, except share data)									
Beginning balance	73,233,321	\$	73	\$	103,590	\$	213,351	\$	317,014
Issuance of Class A common stock from exercise of stock options and vesting of restricted stock units	100,053		1		495		—		496
Equity-based compensation	—		—		4,410		—		4,410
Cumulative translation adjustment	—		—		—		(5,452)		(5,452)
Net income	—		—		—		50,829		50,829
Ending balance	<u>73,333,374</u>	<u>\$</u>	<u>74</u>	<u>\$</u>	<u>108,495</u>	<u>\$</u>	<u>258,728</u>	<u>\$</u>	<u>367,297</u>

Stock Repurchase Program

In August 2023, our board of directors authorized a stock repurchase program of up to \$100 million of our outstanding Class A common stock. The timing and amount of any stock repurchases is determined based on market conditions, stock price and other factors, and the program does not require us to repurchase any specific number of shares of Class A common stock. The program has no expiration date but it may be modified, suspended or terminated at any time. The stock repurchase program is funded from available cash and cash equivalents. All repurchased shares under

the share repurchase program will be retired. During the three months ended September 30, 2023, we repurchased and retired 907,219 shares of Class A common stock for a total cost of \$12.6 million, exclusive of excise tax, at an average price of \$13.87 per share.

Note 8. Earnings per Share

Basic and diluted earnings per share is presented in conformity with the two-class method required for multiple classes of common stock. The rights of the holders of Class A and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible at any time into one share of Class A common stock.

Basic earnings per share is computed by dividing the net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted earnings per share represents net income divided by the weighted-average number of shares of common stock outstanding, inclusive of the effect of dilutive stock options and RSUs. The undistributed earnings are allocated based on the participation rights of shares of Class A and Class B common stock as if the earnings for the year have been distributed. As the liquidation and dividend rights are identical for both classes, the undistributed earnings are allocated on a proportionate basis.

The calculation of diluted earnings per share for Class A common stock assumes the conversion of Class B common stock, while diluted earnings per share of Class B common stock does not assume the conversion of Class A common stock as Class A common stock is not convertible into Class B common stock. Similarly, outstanding options to purchase Class B common stock and RSUs that are dilutive are included in the calculation of diluted earnings for both Class A and Class B common stock.

In August 2023, our board of directors authorized a stock repurchase program of up to \$100 million of our outstanding Class A common stock. The timing and amount of any stock repurchases will be determined based on market conditions, stock price and other factors. Repurchases during any given fiscal period under the repurchase program will reduce the weighted-average number of shares of common stock outstanding for the period.

The following table presents the calculation of basic and diluted earnings per share:

Three Months Ended June				Six Months Ended June				Three Months Ended				Nine Months Ended			
30,		30,		September 30,		September 30,		2023		2022		2023		2022	
2023	2022	2023	2022	2023	2022	2023	2022	Clas	Clas	Clas	Clas	Clas	Clas	Clas	Clas
s A	s B	s A	s B	s A	s B	s A	s B	s A	s B	s A	s B	s A	s B	s A	s B

	(in thousands, except per share data)									(in thousands, except per share data)								
<u>Numerator</u>																		
Net income	4, 06	3, 24	9, 03	7, 23	11 ,9	9, 53	21 ,4	17 ,3		1, 76	1, 41	6, 65	5, 32	13 ,6	10 ,9	28 ,1	22 ,6	
	\$ 2	\$ 1	\$ 5	\$ 8	\$ 39	\$ 6	\$ 75	\$ 66		\$ 4	\$ 4	\$ 9	\$ 9	\$ 98	\$ 55	\$ 47	\$ 82	
Reallocation of undistributed earnings as a result of conversion of Class B to Class A common stock	3, 24	—	7, 23		9, 53		17 ,3			1, 41		5, 32		10 ,9		22 ,6		—
	1	—	8	—	6	—	66	—		4	—	9	—	55	—	82	—	
Reallocation of undistributed earnings to Class B common stock	—	35	—	0	—	2	—	1		—	11	—	92	—	9	—	9	
Net income attributable to common stockholders — diluted	7, 30	3, 27	16 ,2	7, 39	21 ,4	9, 66	38 ,8	17 ,7		3, 17	1, 42	11 ,9	5, 42	24 ,6	11 ,0	50 ,8	23 ,1	
	\$ 3	\$ 6	\$ 73	\$ 8	\$ 75	\$ 8	\$ 41	\$ 77		\$ 8	\$ 5	\$ 88	\$ 1	\$ 53	\$ 84	\$ 29	\$ 71	
<u>Denominator</u>																		
Weighted average shares used to compute earnings per share — basic	40 ,8	32 ,5	40 ,7	32 ,6	40 ,8	32 ,5	40 ,5	32 ,7		40 ,6	32 ,5	40 ,7	32 ,5	40 ,7	32 ,5	40 ,5	32 ,7	
Conversion of Class B to Class A common stock outstanding	32 ,5	32 ,6		32 ,5	32 ,7		32 ,5	32 ,5		32 ,5	32 ,5	32 ,5	32 ,5	32 ,5	32 ,5	32 ,5	32 ,5	
	97	—	06	—	97	—	68	—		97	—	97	—	97	—	10	—	

Effect of dilutive stock options and RSUs	1, 63	1, 63	1, 32	1, 32	1, 82	1, 82	1, 43	1, 43	1, 45	1, 45	1, 02	1, 02	1, 70	1, 70	1, 29	1, 29
	9	9	3	3	3	3	1	1	4	4	6	6	0	0	6	6
Weighted average number of shares used to compute earnings per share — diluted	74 ,0 81	33 ,2 36	74 ,6 35	33 ,9 29	74 ,2 29	33 ,4 20	74 ,7 20	34 ,1 99	73 ,7 16	33 ,0 51	74 ,3 54	33 ,6 23	74 ,0 58	33 ,2 97	74 ,5 98	34 ,0 06
Earnings per share:																
Basic	0. \$ 10	0. \$ 10	0. \$ 22	0. \$ 22	0. \$ 29	0. \$ 29	0. \$ 53	0. \$ 53	0. \$ 04	0. \$ 04	0. \$ 16	0. \$ 16	0. \$ 34	0. \$ 34	0. \$ 69	0. \$ 69
Diluted	0. \$ 10	0. \$ 10	0. \$ 22	0. \$ 22	0. \$ 29	0. \$ 29	0. \$ 52	0. \$ 52	0. \$ 04	0. \$ 04	0. \$ 16	0. \$ 16	0. \$ 33	0. \$ 33	0. \$ 68	0. \$ 68

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The following have been excluded from the computation of basic and diluted earnings per share as their effect would have been anti-dilutive (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2023		2022		2023		2022	
Stock options to purchase Class A and Class B common stock, and RSUs	1,214		504		936		986	
Three Months Ended September 30,				Nine Months Ended September 30,				
2023		2022		2023		2022		
Stock options to purchase Class A and Class B common stock, and RSUs	1,620		523		1,164		503	

Note 9. Segment Information

We have two reportable segments, REVOLVE and FWRD, each offering apparel, shoes, accessories, and beauty products available for sale to customers through their respective websites and mobile applications. Our reportable segments have been identified based on how our chief operating decision makers manage our business, make operating decisions and evaluate operating performance. Our chief operating decision makers are our co-chief executive officers. We evaluate the performance of our reportable segments based on net sales and gross profit. Management does not evaluate the performance of our reportable segments using asset measures. During the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, no customer represented over 10% of net sales.

The following tables summarize our net sales and gross profit for each of our reportable segments (in thousands):

Net sales	Three Months Ended		Six Months Ended June 30,		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
REV								
OLV	235,	244,	466,	482,	217,6	222,0	684,5	704,5
E	\$ 149	\$ 729	\$ 802	\$ 469	\$ 98	\$ 69	\$ 00	\$ 38
FWR	38,5	45,3	86,5	91,0	39,90	46,64	126,4	137,7
D	80	25	36	83	5	2	41	25
To	273,	290,	553,	573,	257,6	268,7	810,9	842,2
tal	\$ 729	\$ 054	\$ 338	\$ 552	\$ 03	\$ 11	\$ 41	\$ 63

Gross profit									
	REVO	LVE	FWRD	Total	al				
REVO	131,	140,	251,	274,		119,	123,	370,	398,
LVE	\$ 235	\$ 825	\$ 471	\$ 518		\$ 003	\$ 622	\$ 474	\$ 140
FWRD	16,4	21,4	35,4	42,1		14,2	18,7	49,6	60,8
	63	17	47	35		29	60	76	95
Total	147,	162,	286,	316,		133,	142,	420,	459,
al	\$ 698	\$ 242	\$ 918	\$ 653		\$ 232	\$ 382	\$ 150	\$ 035

The following table presents net sales by geographic area (in thousands):

	Three Months Ended		Six Months Ended June		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
United States	222, \$ 860	240, \$ 909	449, \$ 576	478, \$ 784	207, \$ 171	217,5 \$ 91	656, \$ 747	696, \$ 375
Rest of the world	50,8	49,1	103,	94,7	50,4	51,12	154,	145,
(1)	69	45	762	68	32	0	194	888
Total	273, \$ 729	290, \$ 054	553, \$ 338	573, \$ 552	257, \$ 603	268,7 \$ 11	810, \$ 941	842, \$ 263

(1) No individual country exceeded 10% of total net sales for any period presented.

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The following tables summarize net sales (in thousands) and percentage of net sales by product category for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

Net Sales	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Fashion	115	126	242	266				
Apparel	,94	,96	,18	,74	106,	118,	349,	385,
	\$ 5	\$ 9	\$ 1	\$ 8	\$ 835	\$ 718	\$ 016	\$ 466
Dresses			168	178				
	87,	94,	,00	,63	80,0	83,5	248,	262,
	987	555	0	4	61	68	061	202
Handbags, Shoes and Accessories			121	107				
	58,	58,	,40	,83	57,5	56,9	179,	164,
	917	207	3	5	98	08	001	743

Beauty	8,8	8,1	18,	16,	10,7	7,42	28,8	24,0
	61	72	151	607	04	1	55	28
Other (1)	2,0	2,1	3,6	3,7	2,40	2,09	6,00	5,82
	19	51	03	28	5	6	8	4
Total	273	290	553	573				
net sales	\$ 9	\$ 4	\$ 8	\$ 2	\$ 603	\$ 711	\$ 941	\$ 263
As a percent age of net sales								
Fashion								
Apparel	42 %	44 %	44 %	47 %	42 %	44 %	43 %	46 %
Dresses	32 %	32 %	30 %	31 %	31 %	31 %	31 %	31 %
Handbags, Shoes and Accessories								
Beauty	22 %	20 %	22 %	18 %	22 %	21 %	22 %	19 %
Other (1)	3 %	3 %	3 %	3 %	4 %	3 %	3 %	3 %
Total net sales	1 %	1 %	1 %	1 %	1 %	1 %	1 %	1 %
	100 %							

(1) Includes deferred revenue, shipping revenue and other revenue.

Note 10. Detail of Certain Balance Sheet Accounts

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
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Expected merchandise returns, net	\$ 25,946	\$ 25,274	\$ 28,856	\$ 25,274
Advanced payments on inventory to be delivered from vendors	11,496	10,827	10,487	10,827
Other	21,943	23,773	24,235	23,773
Total prepaid expenses and other current assets	<u>\$ 59,385</u>	<u>\$ 59,874</u>	<u>\$ 63,578</u>	<u>\$ 59,874</u>

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Accrued Expenses

Accrued expenses consist of the following (in thousands):

	June 30,		December 31,	
	2023	2022	2023	2022
Marketing	\$ 13,488	\$ 12,049		
Salaries and related benefits	7,429	7,190		
Selling and distribution	4,573	3,550		
Sales taxes	1,962	3,934		
Legal matter	—	6,250		
Other	8,528	5,293		
Total accrued expenses	<u>\$ 35,980</u>	<u>\$ 38,266</u>		

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	September 30,		December 31,	
	2023	2022	2023	2022
Marketing	\$ 14,377	\$ 12,049		
Salaries and related benefits	6,030	7,190		
Legal matters	6,524	6,250		
Selling and distribution	4,828	3,550		
Sales taxes	3,752	3,934		
Other	7,128	5,293		
Total accrued expenses	<u>\$ 42,639</u>	<u>\$ 38,266</u>		

Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	June 30,	December 31,	September 30,	December 31,
	2023	2022	2023	2022
Store credit	\$ 14,315	\$ 11,968	\$ 14,053	\$ 11,968
Loyalty Club liability	5,115	4,405	5,293	4,405
Gift cards	3,764	3,955	3,787	3,955
Other	7,603	2,249	7,332	2,249
Total other current liabilities	\$ 30,797	\$ 22,577	\$ 30,465	\$ 22,577

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Note Regarding Forward-Looking Information

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including any projections of earnings, net sales or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "anticipate" or any other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the SEC. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following:

- changing economic conditions and their impact on consumer demand and our business, operating results financial condition;
- our ability to effectively manage or sustain our growth and to effectively expand our operations;
- our ability to retain our existing customers and acquire new customers;
- our ability to sustain and expand our gross margin and Adjusted EBITDA margin, a non-GAAP financial measure;
- our ability to respond to changing consumer demand, spending and tastes, and our ability to accurately effectively engage in predictive analytics;
- our ability to retain existing vendors and brands and to attract new vendors and brands;

- our ability to obtain and maintain differentiated high-quality products from appropriate brands in sufficient quantities from vendors;
- our ability to obtain and maintain sufficient inventory at prices that will keep our business model profitable, and quality that will continue to retain existing customers and attract new customers;
- our reliance on overseas suppliers and manufacturing partners, particularly in China;
- our ability to expand our operations in an efficient and cost-effective manner;
- our ability to maintain and enhance our brand;
- our ability to optimize, operate, manage and expand our network infrastructure and our fulfillment center delivery channels;
- the growth of the market for premium lifestyle and luxury products, and the online market for premium lifestyle luxury products in particular;
- our ability to accurately forecast demand for our products and our results of operations;
- seasonal sales fluctuations;
- our ability to expand our product offerings, including our owned brands; and
- the impact of the COVID-19 pandemic and other health crises on our business, operations and financial results.

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Additional factors that could cause actual results to differ materially from our forward-looking statements are set forth in this report, including under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our condensed consolidated financial statements and the related notes thereto.

Forward-looking statements in this report speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference speak only as of the date of those documents. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

In this report, "we," "our," "us," "Company" and "Revolve" refer to Revolve Group, Inc., and where appropriate its subsidiaries.

Overview

REVOLVE is the next-generation fashion retailer for Millennial and Generation Z consumers. As a trusted, premium lifestyle brand, and a go-to online source for discovery and inspiration, we deliver an engaging customer experience from a vast yet curated offering of apparel, footwear, accessories, beauty and home products. Our dynamic platform connects a deeply engaged community of millions of consumers, thousands of global fashion influencers, and more than 1,000 emerging, established and owned brands. Through 20 years of continued investment in technology, data analytics, and innovative marketing and merchandising strategies, we have built a powerful platform and brand that we believe is connecting with the next generation of consumers and is redefining fashion retail for the 21st century.

We sell merchandise through two complementary segments, REVOLVE and FWRD, that leverage one platform. Through REVOLVE, we offer an assortment of premium apparel, footwear, accessories, beauty and home products from emerging, established and owned brands. Through FWRD, we offer an assortment of curated and elevated iconic and emerging luxury brands. REVOLVE has historically been focused on the discovery of trend-driven, ready-to-wear styles, while FWRD has been more heavily weighted toward the statement pieces in her wardrobe such as shoes and handbags. We believe that FWRD provides our customer with a unique destination for luxury products as her spending power increases and her desire for fashion and inspiration remains central to her self-expression.

We believe our product mix reflects the desires of the next-generation consumer and we optimize this mix through the selection of established brands that resonate with our consumer, the identification and incubation of emerging brands and the continued development of owned brands. The focus on emerging and owned brands minimizes our assortment overlap with other retailers, supporting marketing efficiency, conversion and sales at full price.

We have invested in our robust and scalable internally-developed technology platform to meet the specific needs of our business and to support our customers' experience. We use proprietary algorithms and 20 years of data to efficiently manage our merchandising, marketing, product development, sourcing and pricing decisions. Our platform works seamlessly across devices and analyzes browsing and purchasing patterns and preferences to help us make purchasing decisions, which when combined with the small initial orders for new products, allows us to manage inventory and fashion risk. We have also invested in our creative capabilities to produce high-quality visual merchandising that caters to our customers by focusing on style with a distinct point of view rather than on individual

products. The combination of our online sales platform and our in-house creative photography allows us to showcase brands in a distinctive and compelling manner.

We are pioneers of social media and influencer marketing, using social channels and cultural events designed to deliver authentic and aspirational, yet attainable, experiences to attract and retain Millennial and Generation Z consumers, and these efforts have historically led to higher earned media value than most competitors. We complement our social media efforts through a variety of brand marketing campaigns and events, which generate a constant flow of authentic and inspiring content. Our social media and brand marketing strategy is combined with robust and sophisticated digital performance marketing activities and our proprietary brand ambassador program. Once we have attracted potential new customers to our sites, our goal is to convert them into active customers and then encourage repeat purchases. We acquire and retain customers through paid search/product listing ads, affiliate marketing, paid social, retargeting, our brand ambassador program, personalized email marketing and mobile “push” communications through our mobile applications.

We have developed an efficient logistics infrastructure, which allows us to provide free shipping and returns to our customers in the United States. We support our logistics network with proprietary algorithms to optimize inventory allocation, reduce shipping and fulfillment expenses and deliver merchandise quickly and efficiently to our customers.

To date, we have primarily focused on expanding our U.S. business and have grown internationally with limited investment and no physical presence. We began offering a more localized shopping experience, including free returns and all-inclusive pricing, beginning in 2018, for customers in the UK, the EU and Australia, and further expanded to New Zealand, Singapore and Canada in 2020 and Poland, Spain, Switzerland and the UAE in 2021, and Saudi Arabia and Monaco in 2022. We have also sold our REVOLVE products on two large international marketplaces, Tmall Global in China and Nykaa Fashion in India, beginning in 2020 and 2022, respectively. We intend to continue to invest in and develop international markets while maintaining our focus on the core U.S. market.

Key Operating and Financial Metrics

We use the following metrics to assess the progress of our business, make decisions on where to allocate capital, time and technology investments, and assess the near-term and longer-term performance of our business.

	Three Months Ended		Six Months Ended June		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands, except average order value and percentages)								
Gross margin	54.0%	55.9%	9%	55.2%	51.7%	53.0%	51.8%	54.5%
Adjusted EBITDA	10,3	26,8	25,	58,4	9,48	17,6	34,8	76,0
A	\$ 77	\$ 78	\$ 387	\$ 21	\$ 4	\$ 76	\$ 71	\$ 97

Free cash flow	(15,069)	(30,798)	32,612	21,929	11,492	8,618	44,104	30,547
Active customers	2,458	2,165	2,458	2,165	2,510	2,249	2,510	2,249
Total orders placed	2,268	2,243	4,546	4,399	2,133	1,951	6,679	6,350
Average order value	\$ 301	\$ 303	\$ 294	\$ 296	\$ 299	\$ 320	\$ 296	\$ 303

Adjusted EBITDA and free cash flow are non-GAAP measures. See the sections titled “—Adjusted EBITDA” and “—Free Cash Flow” below for information regarding our use of Adjusted EBITDA and free cash flow and their reconciliation to net income and net cash **(used in)** provided by operating activities, respectively.

Gross Margin

Gross profit is equal to our net sales less cost of sales. Gross profit as a percentage of our net sales is referred to as gross margin. Cost of sales consists of our purchase price of merchandise sold to customers and includes import duties and other taxes, inbound freight costs, receiving costs, defective merchandise returned from customers, inventory valuation adjustments, and other miscellaneous shrinkage.

Gross margin is impacted by the mix of brands and categories of styles that we sell on our sites. Gross margin on sales of owned brands is typically higher than that for third-party brands. Gross margin is also affected by the percentage of sales through the REVOLVE segment, which consists primarily of emerging third-party, established third-party and owned brands, compared to our FWRD segment, which consists primarily of established third-party

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brands. Merchandise mix will vary from period to period and if we do not accurately forecast demand, our growth, margins and inventory levels may be adversely affected.

We review our inventory levels on an ongoing basis to identify slow-moving merchandise and use product markdowns to efficiently sell these products. We have maintained a high percentage of sales that occur at full price, which we believe reflects our data-driven merchandising strategy, customer acceptance of our merchandise and the sense of

urgency we create through frequent product introductions in limited quantities. Gross margin is impacted by the mix of sales at full price and markdowns, as well as the level of markdowns.

Certain of our competitors and other retailers report cost of sales differently than we do. As a result, the reporting of our gross profit and gross margin may not be comparable to other companies.

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed in the table above and elsewhere in this report Adjusted EBITDA, a non-GAAP financial measure that we calculate as net income before other income, net; taxes; and depreciation and amortization; adjusted to exclude the effects of equity-based compensation expense and certain non-routine items. We have provided below a reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP financial measure.

We have included Adjusted EBITDA in this report because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis and, in the case of exclusion of the impact of equity-based compensation, excludes an item that we do not consider to be indicative of our core operating performance. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Adjusted EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Adjusted EBITDA does not reflect certain non-routine items that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces the usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income and our other GAAP results.

A reconciliation of Adjusted EBITDA to net income for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 is as follows:

	Three Months Ended		Six Months Ended June		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands)								
Net income	7,30	16,2	21,	38,8	3,17	11,9	24,6	50,8
	\$ 3	\$ 73	\$ 475	\$ 41	\$ 8	\$ 88	\$ 53	\$ 29
Excluding:								
Other income, net	(2,3	(1,8	(8,9	(2,3	(3,98	(1,44	(12,9	(3,7
	81)	13)	66)	29)	4)	0)	50)	69)
Provision for income taxes	2,43	4,82	7,1	11,2	1,13	4,20	8,23	15,4
	3	0	02	18	0	3	2	21
Depreciation and amortization	1,24	1,20	2,4	2,30	1,29	1,21	3,75	3,51
	1	3	59	5	3	4	2	9
Equity-based compensation	1,72	1,39	3,0	2,88	1,22	1,52	4,22	4,41
	3	5	01	6	8	4	9	0
Non-routine items ⁽¹⁾		5,00		5,50	6,63		6,95	5,68
	58	0	316	0	9	187	5	7
Adjusted EBITDA	10,3	26,8	25,	58,4	9,48	17,6	34,8	76,0
	\$ 77	\$ 78	\$ 387	\$ 21	\$ 4	\$ 76	\$ 71	\$ 97

(1) Non-routine items in the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022 included an accrual for a pending legal matter and an accrual and a charge for a settled legal matter and an accrual for a separate pending settled legal matter.

Free Cash Flow

To provide investors with additional information regarding our financial results, we have also disclosed in the table above and elsewhere in this report free cash flow, a non-GAAP financial measure that we calculate as net cash provided by operating activities less cash used in purchases of property and equipment. We have provided below a reconciliation of free cash flow to net cash (used in) provided by operating activities, the most directly comparable GAAP financial measure.

We have included free cash flow in this report because it is a key measure used by our management and board of directors, which we believe is an important indicator of our liquidity because it measures the amount of cash we generate. Free cash flow also reflects changes in working capital. Our working capital fluctuates over time primarily as a result of the timing of our inventory purchases to support growth, our effective tax rate and the timing of tax payments, and changes in the level of merchandise that is returned by our customers, which in turn impacts our return reserve. Accordingly, we believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Free cash flow has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. There are limitations to using non-GAAP financial measures, including that other companies, including companies in our industry, may calculate free cash flow differently. Because of these limitations, you should consider free cash flow alongside other financial performance measures, including net cash provided by operating activities, purchases of property and equipment and our other GAAP results.

The following table presents a reconciliation of free cash flow to net cash (used in) provided by operating activities, as well as information regarding net cash used in investing activities and net cash provided by financing activities, for each of the periods indicated:

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands)								
Net cash (used in) provided by operating activities	(14,097)	(29,352)	34,732	24,445	12,486	10,006	47,218	34,451

Purchases of property and equipment	(97 2)	(1,4 46)	(2,1 20)	(2,5 16)	(1,3 (994)	(3,1 88)	(3,9 14)	(3,9 04)
Free cash flow	(15, \$ 069)	(30, \$ 798)	32, \$ 612	21, \$ 929	11,4 \$ 92	8,61 \$ 8	44,1 \$ 04	30,5 \$ 47
Net cash used in investing activities	(97 \$ 2)	(1,4 46)	(2,1 \$ 20)	(2,5 \$ 16)	(1,3 \$ (994)	(3,1 88)	(3,9 \$ 14)	(3,9 \$ 04)
Net cash provided by financing activities	\$ 249	\$ 242	\$ 410	\$ 368				
Net cash (used in) provided by financing activities					(12, \$ 508)	(12, \$ 128)	(12, \$ 098)	(12, \$ 496)

Active Customers

We define an active customer as a unique customer account from which a purchase was made across our platform at least once in the preceding 12-month period. We calculate the number of active customers on a trailing 12-month basis given the volatility that can be observed when calculating it on the basis of shorter periods that may not be reflective of longer-term trends; however, such a methodology may not be indicative of other short-term trends, such as changes in new customers. In any particular period, we determine our number of active customers by counting the total number of customers who have made at least one purchase in the preceding 12-month period, measured from the last date of such period. We view the number of active customers as a key indicator of our growth, the reach of our sites, the value proposition and consumer awareness of our brands, the continued use of our sites by our customers and their desire to purchase our products. We believe the number of active customers is a measure that is useful to investors and management in understanding our growth, brand awareness and market opportunity. Our number of active customers drives both net sales and our appeal to brands and partners.

Active customers increased during the period ended **June 30, 2023** **September 30, 2023** compared to the same period in 2022 primarily due to our ability to engage with our existing customers and acquire new customers through our sales and marketing efforts.

Total Orders Placed

We define total orders placed as the total number of orders placed by our customers, prior to product returns, across our platform in any given period. We view total orders placed as a key indicator of the velocity of our business and an indication of the desirability of our products and sites to our customers. Total orders placed, together with average order value, is an indicator of the net sales we expect to recognize in a given period. We believe that total orders placed is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Total orders placed and total orders shipped in any given period may differ slightly due to orders that are in process at the end of any particular period.

Total orders placed increased slightly in the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the same periods in 2022 primarily due to our ability to engage with our existing customers and acquire new customers through our sales and marketing efforts.

Average Order Value

We define average order value as the sum of the total gross sales from our sites in a given period, prior to product returns, divided by the total orders placed in that period. We believe our high average order value demonstrates the premium nature of our product assortment. We believe that average order value is a measure that is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends. Average order value varies depending on the site through which we sell merchandise, the mix of product categories sold, the number of units in each order, the percentage of sales at full price, and for sales at less than full price, the level of markdowns.

Average order value **was relatively flat** **decreased** in the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the same periods in 2022, primarily due to **an increase in the price of products year over year as a result of the increase in the cost of goods and other input costs being offset by a lower percentage of full price sales year over year** **combined with a decrease in the average number of units per order**.

Factors Affecting Our Performance

Overall Economic Trends

The overall economic environment and related changes in consumer behavior have a significant impact on our business. In general, positive conditions in the broader economy promote customer spending on our sites, while economic weakness, which generally results in a reduction of customer spending, may have a more pronounced negative effect on spending on our sites. Macro factors that can affect consumer confidence, shopping behavior and spending patterns, and

thereby our near-term and long-term results of operations, include inflation levels, employment rates, business conditions, changes in the housing market, changes in the stock market, adverse developments affecting

the financial services industry, the availability of credit, resumption of student loan payments, U.S. government stimulus payments, interest rates, foreign currency exchange rates, fuel, energy and raw material costs, supply chain challenges and wars, including the war in Israel and Russia's war against Ukraine. In addition, during periods of low unemployment, we generally experience higher labor costs.

Customer Acquisition and Retention and Growth in Brand Awareness

Our focus since inception has been on profitable growth, which has created our disciplined approach to acquiring new customers and retaining existing customers at a reasonable cost, relative to the contributions we expect from such customers. Failure to attract new visitors to our sites and convert them to customers would impact future net sales growth.

If our marketing efforts do not connect with our customer or fail to cost-effectively promote our brand or convert impressions into new customers, our net sales growth and profitability will be adversely affected. Competition for social media and influencer-based marketing channels continues to increase, making it more difficult to differentiate ourselves and cost-effectively acquire customers. Furthermore, changes in the user experience on social media platforms, including a shift towards video and the level of recommended content as well as changes in privacy practices by third parties, may make it more difficult to gain customer awareness and cost effectively acquire and retain customers. Apple Inc. has imposed requirements for consumer disclosures regarding privacy practices, and has implemented an application tracking transparency framework that requires opt-in consent for certain types of tracking. This transparency framework was launched in April 2021 and has made it more difficult and costly to acquire and retain customers. Additionally, Google has in June 2023, Apple announced new software development kit, or SDK, privacy controls that it plans has integrated into iOS 17, which was released in September 2023, including new protections designed to implement similar restrictions on limit tracking or identification of user devices. In February 2022, Google announced its Privacy Sandbox initiative for Android, a multi-year effort expected to restrict tracking activity and limit advertisers' ability to collect app and user data across Android devices in 2023.

We seek to engage with our customers and build awareness of our brands through sponsoring delivering unique events and experiences, such as #REVOLVEfestival, as well as short-term pop-up retail experiences. We plan to continue to conduct in-person events at varying levels of scale in the future and make opportunistic investments in marketing initiatives that could increase marketing as a percentage of net sales to levels in excess of historical levels for certain quarters or periods of time in the future. This incremental investment may not deliver a meaningful return in the short term and may adversely impact our operating income in the short term.

Our success is impacted not only by efficient and profitable customer acquisition and growth in brand awareness, but also by our ability to retain customers and encourage repeat purchases. Existing customers, whom we define as customers in a year who have purchased from us in any prior year, have historically accounted for a greater share of active customers and a greater percentage of net sales over time.

Merchandise Mix

We offer merchandise across a variety of product types, brands and price points. The brands we sell on our platform consist of a mix of emerging third-party, established third-party (including iconic luxury brands) and owned brands. Our product mix consists primarily of apparel, footwear, accessories and beauty products.

Our merchandise mix across our two reporting segments carry a range of margin profiles and may cause fluctuations in our gross margin. Shifts in our segment mix and our broader category merchandise mix may result in fluctuations in our gross margin from period to period.

Inventory Management

We leverage our platform and technology to buy and manage our inventory, including merchandise assortment and fulfillment center optimization. We utilize a data-driven “read and react” buying process to merchandise and curate the latest on-trend fashion. We generally make shallow initial inventory buys and then use our proprietary technology tools to identify and re-order best sellers, taking into account customer feedback across a variety of key

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metrics, which allows us to manage inventory and fashion risk. To ensure sufficient availability of merchandise, we generally purchase inventory in advance and frequently before apparel trends are confirmed. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. In the

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normal course of business, we incur inventory valuation adjustments, which impacts our gross margin. Moreover, our inventory investments will fluctuate with the needs of our business. For example, entering new categories will require additional investments in inventory. Shifts in inventory levels may result in fluctuations in the percentage of full price sales, levels of markdowns, merchandise mix, as well as gross margin. For example, during the second quarter of 2022, consumer demand began to trend down significantly, resulting in a significant increase in our inventory balance. We believe we have made considerable progress in our efforts to balance our inventory levels with the shift in demand, but we may not be able to optimally adjust our inventory position accordingly, which may have an adverse impact on our operating results.

Investment in our Operations and Infrastructure

We have made investments over time to grow our customer base, enhance our offerings and deliver best-in-class service to our customers. Over the long term, we expect to continue to make capital investments in our inventory, fulfillment centers, and logistics infrastructure as we grow our customer base, launch new brands, expand internationally and drive operating efficiencies. We believe these investments will yield positive returns in the long term; however, we cannot be certain that these efforts will grow our customer base or be cost-effective in the short term.

Segment and Geographic Performance

Our financial results are affected by the performance across our two reporting segments, REVOLVE and FWRD, as well as across the various geographies in which we serve our customers.

The REVOLVE segment contributes to a majority of our net sales, representing 85.9% 84.5% and 84.4% 82.6% of our net sales for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and 84.4% and 84.1% 83.6% of our net sales for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. During the three months ended June 30, 2023 September 30, 2023 and 2022, REVOLVE generated \$235.1 million \$217.7 million and \$244.7 million \$222.1 million in net sales, respectively, representing a decrease of 3.9% 2.0%. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, REVOLVE generated \$466.8 million \$684.5 million and \$482.5 million \$704.5 million in net sales, respectively, representing a decrease of 3.2% 2.8%. The net sales decrease in the three and six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a higher proportion of returned merchandise combined with a lower average order value, partially offset by an increase in the number of orders placed.

The FWRD segment contributes to a smaller portion of our overall net sales, representing 14.1% 15.5% and 15.6% 17.4% of our net sales for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and 15.6% and 15.9% 16.4% of our net sales for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. During the three months ended June 30, 2023 September 30, 2023 and 2022, FWRD generated \$38.6 million \$39.9 million and \$45.3 million \$46.6 million in net sales, respectively, representing a decrease of 14.9% 14.4%. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, FWRD generated \$86.5 million \$126.4 million and \$91.1 million \$137.7 million in net sales, respectively, representing a decrease of 5.0% 8.2%. The net sales decrease in the three and six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a decrease in average order value and the number of orders shipped.

Net sales to customers outside of the United States contributed to 18.6% 19.6% and 16.9% 19.0% of our net sales for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and 18.8% 19.0% and 16.5% 17.3% of our net sales for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. During the three months ended June 30, 2023 September 30, 2023 and 2022, net sales to customers outside of the United States were \$50.9 million \$50.4 million and \$49.1 million \$51.1 million, respectively, representing an increase a decrease of 3.5% 1.3%. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, net sales to customers outside of the United States were \$103.8 million \$154.2 million and \$94.8 million \$145.9 million, respectively, representing an increase of 9.5% 5.7%.

Net sales to customers outside of the United States are impacted by various factors including import and export taxes, currency fluctuations and other macroeconomic conditions described in “—Overall Economic Trends” above. In addition, any weakening of a local currency versus the U.S. dollar results in our products becoming more expensive in that local currency, which has had, and may continue to have, a negative impact on demand for our products in the geographies that use such currency.

Seasonality

Seasonality in our business has not historically followed that of traditional retailers which typically experience concentration of net sales in the fourth calendar quarter in connection with the holidays. We historically experienced increased sales in the spring and summer months that have resulted in peak sales during the second quarter of each fiscal year. We also historically experienced lower activity in the first quarter of each year. Our operating income has also been affected by these historical trends because many of our expenses are relatively fixed in the short term. If our growth rates moderate over the long-term, the impact of these seasonality trends on our results of operations may become more pronounced. Our seasonality trends have also been impacted by the COVID-19 pandemic and other unpredictable events such as the other macroeconomic conditions described in “—Overall Economic Trends” above.

Components of Our Results of Operations

Net Sales

Net sales consist primarily of sales of women’s apparel, footwear, accessories, home and beauty products. We recognize product sales at the time control is transferred to the customer, which is when the product is shipped. Net sales represent the sales of these items and shipping revenue when applicable, net of estimated returns and promotional discounts. Net sales are primarily driven by growth in the number of our customers, the frequency with which customers purchase and average order value.

Cost of Sales

Cost of sales consists of our purchase price for merchandise sold to customers and includes import duties, net of drawback claims, and other taxes, inbound freight costs, receiving costs, defective merchandise returned from customers, inventory valuation adjustments, and other miscellaneous shrinkage. Cost of sales is primarily driven by the cost of the product, the number of total orders placed by customers, the mix of the product available for sale on our sites and transportation costs related to inventory receipts from our vendors. We expect our cost of sales to fluctuate as a percentage of net sales primarily due to how we manage our inventory and merchandise mix. We have recently experienced and may continue to experience an increase in the cost of goods due to an increase in the cost of materials.

Fulfillment Expenses

Fulfillment expenses represent those costs incurred in operating and staffing our fulfillment centers, including costs attributed to inspecting and warehousing inventories and picking, packaging and preparing customer orders for shipment. Fulfillment expenses also include the cost of warehousing facilities. We expect fulfillment expenses to fluctuate as a percentage of net sales due to pressure from increased costs such as wages and other input cost pressure, expansion of our fulfillment network footprint and capacity, and our customers' propensity to return merchandise, to be partially offset by operating efficiencies from increased scale as well as automation of the fulfillment center workflow.

Selling and Distribution Expenses

Selling and distribution expenses consist primarily of shipping and other transportation costs incurred delivering merchandise to customers and from customers returning merchandise, merchant processing fees, and customer service. We expect selling and distribution expenses to fluctuate as a percentage of net sales reflecting pressure from elevated return rates due to consumer behavior, investments in international markets to offer hassle-free returns as well as increases in shipping costs, partially offset by efficiencies realized from optimized shipping methods.

Marketing Expenses

Marketing expenses consist primarily of targeted online performance marketing costs, such as paid search/product listing ads, affiliate marketing, paid social, retargeting, search engine optimization, personalized email

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marketing and mobile "push" communications through our mobile applications. Marketing expenses also consist of investment in brand marketing channels, including events, payments to influencers and other forms of online and offline marketing such as our brand ambassador program. Marketing expenses are primarily related to growing and retaining our customer base and building the REVOLVE and FWRD brands. In 2021 and 2022, we increased our level of investment in marketing to maximize our opportunities to capture consumer demand as economies reopened. In During the first half of 2023, nine months ended September 30, 2023, we continued to meaningfully invest in marketing to grow our brand awareness, customer base and further strengthen our connection with the next-generation consumer. Over the long term, we expect marketing expenses to increase in absolute dollars as we continue to scale our business, and may fluctuate as a percentage of sales depending on net sales volume, the level of marketing investment in a particular period and the competitive environment. We may make opportunistic investments in marketing initiatives that may increase marketing as a percentage of net sales to levels in excess of historical levels for certain quarters or periods of time in the future.

General and Administrative Expenses

General and administrative expenses consist primarily of payroll and related benefit costs and equity-based compensation expense for our employees involved in general corporate functions, as well as costs associated with the use by these functions of facilities and equipment, such as depreciation, rent and other occupancy expenses. Over the long-term, we expect general and administrative expenses to continue to increase moderately in absolute dollars to support business growth with general and administrative expenses as a percentage of net sales declining over the long-term as we leverage our investments and as our business scales.

Other Income, Net

Other income, net consists primarily of interest income on our money market funds and interest expense and other fees associated with our line of credit. For the **six** nine months ended **June 30, 2023** **September 30, 2023**, other income, net also includes \$5.1 million of insurance proceeds related to a legal matter.

Results of Operations

The tables below set forth our results of operations for the periods presented and express the relationship of certain line items as a percentage of net sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended		Six Months Ended June		Three Months Ended		Nine Months Ended	
	June 30,		30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
(in thousands)								
Net sales			553	573				
	273,	290,	,33	,55	257,	268,	810,	842,
	\$ 729	\$ 054	\$ 8	\$ 2	\$ 603	\$ 711	\$ 941	\$ 263
Cost of sales			266	256				
	126,	127,	,42	,89	124,	126,	390,	383,
	031	812	0	9	371	329	791	228
Gross profit			286	316				
	147,	162,	,91	,65	133,	142,	420,	459,
	698	242	8	3	232	382	150	035
Operating expenses:								
Fulfillment expense	9,40	7,91	18,	15,	9,18	8,07	27,6	23,2
	1	0	472	200	5	2	57	72

Selling and distribution expense	50,8 s	51,9 67	,35 1	98, 553	48,9 25	46,4 77	151, 276	145, 030
Marketing expense	51,4 s	51,9 97	89, 21	97, 840	39,5 81	44,5 84	129, 421	141, 755
General and administrative expense	28,5 s	31,1 64	56, 644	57, 999	35,2 17	28,4 98	91,8 61	86,4 97
Total operating expenses	343	962	267	268				
Income from operations	7,35 5	19,2 80	19, 611	47, 730	324	14,7 51	19,9 35	62,4 81
Other income, net	(2,3 81)	(1,8 13)	(8,9 66)	(2,3 29)	(3,9 84)	(1,44 0)	(12, 950)	(3,7 69)
Income before taxes	9,73 6	21,0 93	28, 577	50, 059	4,30 8	16,1 91	32,8 85	66,2 50
Provision for income taxes	2,43 3	4,82 0	7,1 02	11, 218	1,13 0	4,20 3	8,23 2	15,4 21
Net income	7,30	16,2	21, 38,	3,17	\$ 8	\$ 88	\$ 53	\$ 29

	Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	100	100	10	100	100	100	100	100
	.0%	.0%	0.0%	.0%	.0%	0%	.0%	.0%
Cost of sales	46.	44.	48.	44.	48.	48.	48.	45.
	0%	1%	1%	8%	3%	47.0%	2%	5%
Gross profit	54.	55.	51.	55.	51.	53.0%	51.	54.
	0%	9%	9%	2%	7%	53.0%	8%	5%
Operating expenses:								
Fulfillment expense	3.4%	2.7%	3.3%	2.7%	3.6%	3.0%	3.4%	2.8%
Selling and distribution expense	18.	17.	18.	17.	19.	18.	17.	17.
	6%	9%	5%	2%	0%	17.3%	6%	2%
Marketing expense	18.	17.	16.	16.	15.	16.	16.	16.
	8%	9%	2%	9%	4%	16.6%	0%	8%
General and administrative expense	10.	10.	10.	10.	13.	11.	10.	10.
	5%	7%	3%	1%	7%	10.6%	3%	3%

Total operating expenses	51. 3 %	49. 2 %	48. 3 %	46. 9 %	51. 6 %	49. 47.5 %	47. 3 %	47. 1 %
Income from operations	2.7 %	6.7 %	3.6 %	8.3 %	0.1 %	5.5 %	2.5 %	7.4 %
Other income, net	(0.9 %)	(0.6 %)	(1. 6 %)	(0.4 %)	(1.5 %)	(0.5 %)	(1.6 %)	(0.4 %)
Income before income taxes	3.6 %	7.3 %	5.2 %	8.7 %	1.6 %	6.0 %	4.1 %	7.8 %
Provision for income taxes	0.9 %	1.7 %	1.3 %	2.0 %	0.4 %	1.6 %	1.0 %	1.8 %
Net income	2.7 %	5.6 %	3.9 %	6.8 %	1.2 %	4.4 %	3.1 %	6.0 %

Comparison of the Three Months Ended June 30, 2023 September 30, 2023 and 2022

Net Sales

	Three Months Ended June 30,		Change	
	2023		2022	
	(dollars in thousands)			
Net sales	\$ 273,729	\$ 290,054	\$ (16,325)	(5.6 %)

	Three Months Ended September 30,		Change	
	2023		2022	
	(dollars in thousands)			
Net sales	\$ 257,603	\$ 268,711	\$ (11,108)	(4.1 %)

The decrease in net sales for the three months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a higher proportion of returned purchases, purchases and a lower average order value, partially offset by an increase in customer orders.

Net sales in the REVOLVE segment decreased 3.9% 2.0% to \$235.1 million \$217.7 million in the three months ended June 30, 2023 September 30, 2023 compared to net sales of \$244.7 million \$222.1 million in the same period in 2022. Net sales in the FWRD segment decreased 14.9% 14.4% to \$38.6 million \$39.9 million in the three months ended June 30, 2023 September 30, 2023 compared to net sales of \$45.3 million \$46.6 million in the same period in 2022.

Cost of Sales

	Three Months Ended				Three Months Ended			
	June 30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Cost of sales	126,031	127,812	\$ (1,781)	(1.4%)	124,371	126,329	\$ (1,958)	(1.5%)
Percentage of net sales	46.0%	44.1%			48.3%	47.0%		

The decrease in cost of sales for the three months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a higher proportion of returned purchases, lower net sales. The increase in cost of sales as a percentage of net sales was primarily due to a lower percentage of full price sales combined with a higher mix of third-party brand sales.

Fulfillment Expenses

	Three Months Ended				Three Months Ended			
	June 30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Fulfillment expense	9,401	7,910	\$ 1,491	18.8%	9,185	8,072	\$ 1,113	13.8%

Percentage of net sales	3.4%	2.7%	3.6%	3.0%
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Fulfillment expenses for the three months ended **June 30, 2023** **September 30, 2023** were higher as compared to the same period in 2022, primarily due to an increase in the number of units processed. The increase in fulfillment expenses as a percentage of net sales was primarily due to customers returning a higher proportion of their purchases, higher wages for fulfillment staff, higher rent for our existing facilities and the expansion of our fulfillment network footprint and capacity.

Selling and Distribution Expenses

	Three Months Ended				Three Months Ended			
	June 30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Selling and distribution expenses	50,8	51,9	07	(2.07%)	48,9	46,4	2,4	5.2%
	\$ 93	\$ 67	\$ 4)	1%)	\$ 25	\$ 77	\$ 48	3%
Percentage of net sales	18.6%	17.9%			19.0%	17.3%		

The **decrease** **increase** in selling and distribution expenses for the three months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022, was primarily due to **lower merchant processing fees, packaging expenses and customer service expenses, partially offset by an** **a \$2.7 million increase in shipping and handling costs.** **cost, partially offset by a \$0.3 million decrease in other selling expenses.** The increase in selling and distribution expenses as a percentage of net sales was primarily due to customers returning a higher proportion of their **purchases, purchases and a lower average order value as compared to the same period in the prior year.**

Marketing Expenses

	Three Months Ended				Three Months Ended			
	June 30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Marketing expense	51,4 \$ 97	51,9 \$ 21	(4 \$ 24)	(0. 8%)	39,58 \$ 1	44,58 \$ 4	(5,0 \$ 03)	(11. .2%)
Percentage of net sales	18.8%	17.9%			15.4%	16.6%		

The decrease in marketing expenses for the three months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022, was due to reduced investment in brand marketing activations and reduced investment in performance marketing campaigns driven by efficiencies in marketing investments, partially offset by increased investment in brand marketing activations. As a result, we experienced a decrease of **\$4.0 million** **\$3.0 million** in performance brand marketing expense partially offset by an increase and a decrease of **\$3.6 million** **\$2.0 million** in brand performance marketing expense.

General and Administrative Expenses

	Three Months Ended				Three Months Ended			
	June 30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
General and administrative expenses	28,5 \$ 52	31,1 \$ 64	61 \$ 2)	(8. 4%)	35,2 \$ 17	28,4 \$ 98	6,7 \$ 19	23 .6%
Percentage of net sales	10.5%	10.7%			13.7%	10.6%		

The decrease increase in general and administrative expenses for the three months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022, was primarily due to a **\$5.0 million** **\$6.6 million** accrual for a pending legal matter recorded during the three months ended June 30, 2022, partially offset by a **\$0.8 million** matter. The increase in salaries and related benefits and equity-based compensation expense and a **\$1.6 million** increase in other operating expenses. The decrease in general and administrative expenses as a percentage of net sales was primarily due to a **\$5.0**

million \$6.6 million accrual for the same pending legal matter recorded during the three months ended June 30, 2022, partially offset by the slight decline in net sales, matter.

Income Taxes

	Three Months Ended June 30,		Three Months Ended September 30,	
	2023		2022	
	(dollars in thousands)			
Income before income taxes	\$ 9,736	\$ 21,093	\$ 4,308	\$ 16,191
Provision for income taxes	2,433	4,820	1,130	4,203
Effective tax rate	25.0%	22.9%	26.2%	26.0%

The increase in the effective tax rate for was relatively flat during the three months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a decrease in FDII deduction benefits. 2022.

Comparison of the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Net Sales

	Six Months Ended June 30,		Change	
	2023		2022	
	(dollars in thousands)			
Net sales	\$ 553,338	\$ 573,552	\$ (20,214)	(3.5%)
Nine Months Ended September 30,				
	2023		2022	
	2023		2022	
	(dollars in thousands)			
Net sales	\$ 810,941	\$ 842,263	\$ (31,322)	(3.7%)

The decrease in net sales for the six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a higher proportion of returned purchases and lower average order value, partially

offset by an increase in the number of orders placed by customers.

Net sales in the REVOLVE segment decreased 3.2% 2.8% to \$466.8 million \$684.5 million in the six nine months ended June 30, 2023 September 30, 2023 compared to net sales of \$482.5 million \$704.5 million in the same period in 2022. Net sales in the FWRD segment decreased 5.0% 8.2% to \$86.5 million \$126.4 million in the six nine months ended June 30, 2023 September 30, 2023 as compared to net sales of \$91.1 million \$137.7 million in the same period in 2022.

Cost of Sales

	Six Months Ended June				Nine Months Ended			
	30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Cost of sales	266, \$ 420	256, \$ 899	9,5 \$ 21	3. 7%	390,7 \$ 91	383,2 \$ 28	7,5 \$ 63	2. 0 %
Percentage of net sales	48.1 %	44.8 %			48.2 %	45.5 %		

The increase in cost of sales for the six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a higher mix of third-party brand sales, which generally carry higher cost of sales than that of owned brand goods, partially offset by a higher proportion of returned purchases. The increase in cost of sales as a percentage of net sales was primarily due to a lower percentage of full price sales combined with a higher mix of third-party brand sales.

Fulfillment Expenses

	Six Months Ended June				Nine Months Ended			
	30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Fulfillment expenses	18,4 \$ 72	15,2 \$ 00	3,2 \$ 72	21. 5 %	27,65 \$ 7	23,27 \$ 2	4,3 \$ 85	18. 8 %
Percentage of net sales	3.3 %	2.7 %			3.4 %	2.8 %		

Fulfillment expenses for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** were higher as compared to the same period in 2022, primarily due to an increase in the number of units processed. The increase in fulfillment expenses as a percentage of net sales was primarily due to customers returning a higher proportion of their purchases, higher wages

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for fulfillment staff, higher rent for our existing facilities and the expansion of our fulfillment network footprint and capacity.

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Selling and Distribution Expenses

	Six Months Ended June				Nine Months Ended			
	30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
Selling and distribution expenses	102, \$ 351	98,5 \$ 53	3,7 \$ 98	3. 9 %	151,2 \$ 76	145,0 \$ 30	6,2 \$ 46	4. 3 %
Percentage of net sales	18.5 %	17.2 %			18.6 %	17.2 %		

The increase in selling and distribution expenses for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022, was primarily due to an increase in the number of orders shipped. Shipping and handling costs increased by **\$3.9 million**, **\$6.7 million** and other selling expenses increased by **\$0.2 million** and merchant processing fees decreased by **\$0.3 million** **\$0.5 million**. The increase in selling and distribution expenses as a percentage of net sales was primarily due to customers returning a higher proportion of their purchases, **a lower average order value** and higher shipping rates as compared to the **comparative** **same** period in the prior year.

Marketing Expenses

	Six Months Ended June				Nine Months Ended			
	30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								

Marketing expense	89,8 \$ 40	97,1 \$ 71	(7,3 \$ 31)	(7. 5%)	129,4 \$ 21	141,7 \$ 55	(12, \$ 334)	(8. 7%)
Percentage of net sales	16.2 %	16.9 %			16.0 %	16.8 %		

The decrease in marketing expenses for the six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to reduced investment in performance marketing campaigns driven by efficiencies in marketing investments. investments and reduced investment in brand marketing activations. As a result, we experienced a decrease of \$7.4 million \$9.4 million in performance marketing expense partially offset by and a \$0.1 million increase \$2.9 million decrease in brand marketing expense.

General and Administrative Expenses

	Six Months Ended June				Nine Months Ended			
	30,		Change		September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
(dollars in thousands)								
General and administrative expenses	56, \$ 644	57,9 \$ 99	35 \$ 5)	(2. 3%)	91,8 \$ 61	86,4 \$ 97	5,3 \$ 64	6. 2%
Percentage of net sales	10. 3 %	10.1 %			11.3 %	10.3 %		

The decrease increase in general and administrative expenses for the six nine months ended June 30, 2023 September 30, 2023, as compared to the same period in 2022, was primarily due to a \$5.5 million accrual for a legal matter recorded during the six months ended June 30, 2022, partially offset by a \$1.8 million \$1.7 million increase in salaries and related benefits and equity-based compensation expense and a \$2.3 million \$3.7 million increase in other operating expenses. During the nine months ended September 30, 2023, we recorded a \$6.7 million accrual for a pending legal matter and during the nine months ended September 30, 2022, we recorded a \$5.5 million accrual for a then-pending legal matter that has since been settled. The increase in general and administrative expenses as a percentage of net sales was primarily driven by the slight decline in net sales, partially offset by a \$5.5 million accrual for a legal matter recorded during the six months ended June 30, 2022, sales.

Income Taxes

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023		2022	
	(dollars in thousands)			
Income before income taxes	\$ 28,577	\$ 50,059	\$ 32,885	\$ 66,250
Provision for income taxes	7,102	11,218	8,232	15,421
Effective tax rate	24.9%	22.4%	25.0%	23.3%

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The increase in the effective tax rate for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, as compared to the same period in 2022, was primarily due to a decrease in excess tax benefits related to the exercise of non-qualified stock options and FDII deduction benefits.

Liquidity and Capital Resources

The following table shows our cash and cash equivalents, accounts receivable and working capital as of the dates indicated:

	As of		As of	
	June 30, 2023		September 30, 2023	
	(in thousands)		(in thousands)	
Cash and cash equivalents	\$ 269,329	\$ 234,724	\$ 266,899	\$ 234,724
Accounts receivable, net	11,198	5,421	12,614	5,421
Working capital ⁽¹⁾	365,588	337,131	356,119	337,131

(1) Working capital for all periods presented above is defined as current assets less current liabilities.

As of **June 30, 2023** **September 30, 2023**, the majority of our cash and cash equivalents was held for working capital purposes. We believe that our existing cash and cash equivalents, cash flows from operations and available borrowing capacity under our line of credit will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, our liquidity assumptions may prove to be incorrect and we could exhaust our available financial resources sooner than we currently expect. We may seek to borrow funds under our line of credit or raise additional funds at any

time through equity, equity-linked or debt financing arrangements. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described in the "Risk Factors" section of this report. We may not be able to secure additional financing to meet our operating requirements on acceptable terms or at all.

Sources of Liquidity

Since our inception, we have financed our operations and capital expenditures primarily through cash flows generated by operations, private sales of equity securities, the incurrence of debt, the net proceeds we received through our IPO, as well as proceeds received from the exercise of stock options.

Line of Credit

On March 23, 2021, we amended and restated our existing credit agreement to, among other things, extend the expiration date from March 23, 2021 to March 23, 2026. On May 11, 2023, we amended the credit agreement to replace the LIBO reference rate with a term SOFR reference rate and made conforming changes throughout the credit agreement. The line of credit provides us with up to \$75.0 million aggregate principal in revolver borrowings, based on eligible inventory and accounts receivable less reserves. Borrowings under the credit agreement accrue interest, at our option, at (1) a base rate equal to the highest of (a) the federal funds rate, plus 0.50%, (b) the prime rate and (c) an adjusted term SOFR rate determined on the basis of a one-month interest period, plus 1.00%, or (2) an adjusted term SOFR rate, subject to a floor of 0.00%, in each case, plus a margin ranging from 0.25% to 0.75% per year in the case of base rate loans, and 1.25% to 1.75% per year in the case of term SOFR rate loans. No borrowings were outstanding as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

We are also obligated to pay other customary fees for a credit facility of this size and type, including an unused commitment fee. The credit agreement also permits us, in certain circumstances, to request an increase in the facility by an additional amount of up to \$25.0 million (in an initial minimum amount of \$10.0 million and in increments of \$5.0 million thereafter) at the same maturity, pricing and other terms. Our obligations under the credit agreement are secured by substantially all of our assets. The credit agreement also contains customary covenants restricting **certain of our activities**, **including limitations on our ability to sell assets, engage in mergers and acquisitions, enter into transactions involving related parties, obtain letters of credit, incur indebtedness, repurchase stock or grant liens or negative pledges on our assets, make loans or make other investments**. **activities**. Under these covenants, we are prohibited from paying cash dividends with respect to our capital stock. We were in compliance with all financial covenants as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

Uses of Cash

Our short-term and long-term liquidity requirements primarily arise from operating costs such as merchandise purchases, compensation and benefits, lease obligations, marketing and other expenditures necessary to support our business growth.

In addition, in August 2023, our board of directors authorized a stock repurchase program of up to \$100 million of our outstanding Class A common stock. The timing and amount of any stock repurchases **will be** is determined based on market conditions, stock price and other factors, and the program does not require us to repurchase any specific number of shares of Class A common stock. The program has no expiration date but it may be modified, suspended or terminated at any time. The stock repurchase program **will be** is funded from available cash and cash equivalents. For more information about repurchases made under our stock repurchase program, see "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds—Issuer's Repurchases of Equity Securities."

Historical Cash Flows

	Six Months Ended		Nine Months Ended	
	June 30,		September 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 34,732	\$ 24,445	\$ 47,218	\$ 34,451
Net cash used in investing activities	(2,120)	(2,516)	(3,114)	(3,904)
Net cash provided by financing activities	410	368		
Net cash (used in) provided by financing activities			(12,098)	496

Net Cash Provided by Operating Activities

Cash from operating activities consists primarily of net income adjusted for certain non-cash items, including depreciation, equity-based compensation, and the effect of changes in working capital and other activities.

For the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, we generated **\$34.7 million** **\$47.2 million** of operating cash flow as compared to **\$24.4 million** **\$34.5 million** for the same period in 2022. The increase in our operating cash flow was primarily due to a positive impact from changes in working capital, partially offset by lower net income adjusted for certain non-cash items.

Net Cash Used in Investing Activities

Our primary investing activities have consisted of purchases of property and equipment to support our fulfillment centers and our overall business growth and internally developed software for the continued development of our proprietary technology infrastructure. Purchases of property and equipment may vary from period-to-period depending on the timing and extent of the expansion of our operations.

Net cash used in investing activities was \$2.1 million \$3.1 million and \$2.5 million \$3.9 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Net Cash (Used in) Provided by Financing Activities

Our financing activities primarily consist of proceeds from the exercise of stock options, and borrowings and repayments related to the existing line of credit, when applicable, and repurchases of our Class A common stock.

Net cash used in financing activities was \$12.1 million for the nine months ended September 30, 2023 and was primarily attributable to repurchases of shares of our Class A common stock under our stock repurchase program. Net cash provided by financing activities was \$0.4 million \$0.5 million for both the six nine months ended June 30, 2023 and 2022, September 30, 2022 and was attributable to the cash proceeds from the exercise of stock options.

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Contractual Obligations

As of June 30, 2023 September 30, 2023, our principal contractual obligations consist of obligations under operating leases for office and fulfillment facilities. There have been no material changes in our contractual obligations and commitments as compared to the contractual obligations disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 23, 2023.

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Inflation

We have been impacted by high levels of inflation in recent periods resulting in part from various supply chain disruptions, increased shipping and transportation costs, increased merchandise and labor costs and other disruptions caused by general economic and market conditions. We continue to monitor the impact of inflation in order to minimize its effects through pricing strategies, productivity improvements and cost reductions. These mitigating actions may adversely impact demand for our products. Furthermore, if costs were to become subject to significant incremental inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales, expenses and related disclosures. We evaluate our estimates and

assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and significant judgments and estimates disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 23, 2023.

Recent Accounting Pronouncements

See Note 2, *Significant Accounting Policies*, to our condensed consolidated financial statements included elsewhere in this report for information regarding recently issued accounting pronouncements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest Rate Sensitivity

Cash and cash equivalents are held primarily in money market funds and cash deposits. The fair value of our cash and cash equivalents would not be significantly affected by either an increase or decrease in interest rates due mainly to the short-term nature of these instruments. Interest on our line of credit borrowings incurred pursuant to the credit agreement described above accrue at a floating rate based on a formula tied to certain market rates at the time of incurrence; however, we do not expect that any change in prevailing interest rates will have a material impact on our results of operations.

Foreign Currency Risk

Most of our sales are denominated in U.S. dollars, and therefore, our net sales are not currently subject to significant foreign currency risk. However, our products for sale in foreign countries are generally priced in the country's local currency based on the currency exchange rate in effect at the time. As the U.S. dollar strengthens, prices for customers in these regions may be more expensive relative to that of competition in those markets, thus adversely impacting our demand. Furthermore, the general purchasing power of consumers in foreign countries is weakened by a stronger U.S. dollar. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our consolidated statements of income. To date, foreign currency transaction gains and losses have not been material to our consolidated financial statements and we have not engaged in any foreign currency hedging transactions.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended **June 30, 2023** **September 30, 2023** that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on Effectiveness of Internal Control

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating and evaluating the controls and procedures and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be subject to legal proceedings and claims that arise in the ordinary course of business, as well as governmental and other regulatory investigations and proceedings. In addition, third parties may from time to time assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that, if determined adversely to us, would, in our opinion, have a material adverse effect on our business, financial condition, results of operations or cash flows. Future litigation may be necessary to defend ourselves and to

determine the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Investing in our Class A common stock involves certain risks. You should carefully consider the following risk factors, in addition to the other information contained in this report, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes thereto. If any of the events described in the following risk factors or the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report. Our Risk Factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

Risks Related to Our Business and Industry

Economic downturns and other macroeconomic conditions or trends may adversely affect consumer discretionary spending and our business, operating results and financial condition.

Our business and operating results are subject to economic conditions and their impact on consumer discretionary spending in the markets in which we operate. Some of the factors that may negatively influence consumer spending include events such as the COVID-19 pandemic, war, high levels of unemployment, higher consumer debt levels, reductions in net worth, declines in asset values and related market uncertainty, home foreclosures and reductions in home values, inflationary pressures, resumption of student loan payments, fluctuating interest rates and credit availability, adverse developments affecting the financial services industry, fluctuating currency exchange rates, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment and social unrest. Economic conditions in certain regions may also be affected by natural disasters, such as earthquakes, hurricanes, tropical storms and wildfires. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during periods of economic uncertainty when disposable income is reduced or when there is a reduction in consumer confidence.

Adverse economic changes reduce consumer confidence and could negatively affect our operating results. We cannot predict when macroeconomic uncertainty may arise, whether or when such circumstances may improve or worsen or what impact such circumstances could have on our business. Furthermore, economic downturns could lead to reduced liquidity, decreases in the market price of our Class A common stock and decreases in the fair market value of our financial or other assets, any of which could have a material adverse effect on our business, operating results and financial condition.

If we fail to effectively manage our growth, our business, financial condition and operating results could be harmed.

To effectively manage future growth, we must continue to implement our operational plans and strategies, improve our business processes, improve and expand our infrastructure of people and information systems, and expand, train and manage our employee base. To support future growth, we must integrate, develop and motivate a

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large number of new employees while maintaining our corporate culture. We face significant competition for personnel. Our ability to sustain our growth may be complicated by the actions we have taken and their effect on service providers who may seek opportunities with other companies. To attract top talent, we offer, and expect to continue to offer, competitive compensation and benefits packages before we can validate the productivity of new employees. We may also elect to increase compensation levels to remain competitive in attracting and retaining talented employees. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs or successfully integrate new hires, our operational efficiency, our ability to fulfill orders and provide customer service, our ability to meet forecasts and our employee morale, productivity and retention could suffer, which may have an adverse effect on our business, financial condition and operating results.

We are also required to manage numerous relationships with various suppliers, vendors and other third parties. Changes in our operations, vendor base, fulfillment centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage growth of our organization effectively, our business, financial condition and operating results may be adversely affected.

We purchase inventory in anticipation of sales, and if we are unable to manage our inventory effectively, our operating results could be adversely affected.

Our business requires us to manage a large volume of inventory effectively. We add new apparel, footwear, accessories and beauty and home products to our sites every week and we depend on our forecasts of demand for and popularity of various products to make purchase decisions and to manage our inventory. Demand for products, however, is difficult to forecast and can change significantly between the time inventory is ordered and the date of sale, resulting in higher inventory levels that may adversely impact our operating results, or insufficient inventory that may adversely impact the conversion of demand for our merchandise. Demand may be affected by macroeconomic factors such as inflation and consumer confidence, events such as the COVID-19 pandemic, seasonality, new product launches, rapid changes in product cycles and pricing, product defects, promotions, changes in consumer spending patterns, changes in consumer tastes with respect to our products, and various other factors, such as political instability and social unrest, and our consumers may not purchase products in the quantities that we expect.

Seasonality in our business has not historically followed that of traditional retailers which typically experience concentration of net sales in the fourth quarter in connection with the holidays. We believe our historical results have been impacted by a pattern of increased sales leading up to #REVOLVEfestival in April and during May and June, which results in

peak sales during the second quarter of each year. We have traditionally experienced seasonally slower activity during the first quarter and seasonally higher activity during the second quarter. If we are unable to manage inventory at the right levels and with the appropriate assortment during these seasonal fluctuations or if the seasonality of our business changes, the conversion of consumer demand may be adversely impacted.

We generally do not have the right to return unsold products to our suppliers. If we fail to manage our inventory effectively or negotiate favorable credit terms with third-party suppliers, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory valuation adjustments, liquidations or write-offs. In addition, if we are required to lower sale prices in order to reduce inventory levels or to pay higher prices to our suppliers, our profit margins might be negatively affected.

Any failure to manage owned brand expansion or accurately forecast demand for owned brands could adversely affect growth, margins and inventory levels. In addition, our ability to meet customer demand may be negatively impacted by a shortage in inventory or appropriate assortment due to reduced inventory purchases or disruptions in the supply chain. Historically, a majority of our owned brand products and a substantial portion of the products we source from third parties have been manufactured in China. The COVID-19 pandemic and other factors and events have impacted, and may continue to impact, our supply chain and may delay or prevent and may also increase the cost to manufacture or transport product that is sourced in China. In addition, the worsening of U.S.-China relations could also impact our supply chain and negatively impact the cost to source from China. While we seek to further diversify our supply chain and sourcing, we may not be able to diversify in a cost-effective manner, or at all, which may materially and adversely affect our business, financial condition and operating results. In addition, the supply chain worldwide has been impacted by the COVID-19 pandemic, Russia's war against Ukraine, labor shortages and other factors, and diversification of the supply chain and sourcing therefore may not yield the targeted benefits.

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Merchandise returns could harm our business.

We allow our customers to return products, subject to our return policy. If the rate of merchandise returns increases significantly or if merchandise return economics become less efficient, our business, financial condition and

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operating results could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of product returns. From time to time our products are damaged in transit, which can increase return rates and harm our brand. We generally accept merchandise returns for full refund if returned within 60 days of the original purchase date and merchandise may be exchanged up to 90 days from the original purchase date. Due to our liberal return policy and consumer behavior, we have experienced and may continue to experience heightened levels of returns, which have and may continue to negatively impact our operating results and financial position. We have also experienced and may continue to experience increased levels of returns due to changes in consumer shopping behavior and discretionary spending as a result of changes in macroeconomic conditions or consumer

confidence, including levels of unemployment, the size and timing of federal stimulus programs, salaries and wage rates, high inflation, rising interest rates, recession and fears of recession, housing costs, energy and fuel costs, the resumption of student loan repayments, income tax rates and the timing of tax refunds, consumer perceptions of personal well-being and security, availability of consumer credit and consumer debt levels.

If we are unable to anticipate and respond to changing customer preferences and shifts in fashion and industry trends in a timely and cost-effective manner, our business, financial condition and operating results could be harmed.

The retail apparel industry is driven in part by fashion and beauty trends, which may shift quickly. Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer preferences for products, consumer attitudes toward our industry and brand and where and how consumers shop for those products. We must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands, maintain a favorable mix of products and develop our approach as to how and where we market and sell our products. Failure to respond to changing customer preferences and fashion trends could negatively impact our brand image with our customers and result in diminished brand loyalty.

We have an established process for the identification, development, evaluation and validation of our new products. Nonetheless, each new product launch involves risks, as well as the possibility of unexpected consequences. For example, sales of our new products may not be as high as we anticipate, due to lack of acceptance of the products themselves or their price or limited effectiveness of our marketing strategies. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to timely manufacture, distribute and ship new products. Sales of new products may also be affected by inventory management. We may also experience a decrease in sales of certain existing products as a result of newly-launched products. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and operating results.

We typically enter into agreements to manufacture and purchase our merchandise in advance of trends, shifts in customer preference and typical selling seasons. Our failure to anticipate, identify or react appropriately or in a timely manner to changes in customer preferences, tastes and trends or economic conditions, could lead to, among other things, missed opportunities, excess inventory or inventory shortages, markdowns, valuation adjustments, liquidations and write-offs, any of which could negatively impact our profitability and have a material adverse effect on our business, financial condition and operating results. We continue to balance our inventory levels based on shifts in demand, but we may not be able to respond quickly enough to adjust our inventory position accordingly, which may have an adverse impact on our operating results.

As part of our ongoing business strategy, we expect we will need to continue to introduce new products in our traditional product categories of apparel, footwear, accessories, home and beauty products, while also expanding our product launches into adjacent categories in which we may have little to no operating experience. The success of product launches in adjacent categories could be hampered by our relative inexperience operating in such categories, the strength of our competitors or any of the other risks referred to above. Furthermore, any expansion into new product categories may prove to be an operational and financial constraint which inhibits our ability to successfully accomplish such

expansion. Our inability to introduce successful products in our traditional categories or in adjacent categories could limit our future growth and have a material adverse effect on our business, financial condition and operating results.

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There is no assurance that consumers will continue to purchase our products in the future. Customers may consider our offerings to be premium products and purchase fewer or lower-priced products if their discretionary

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income decreases. During periods of economic uncertainty, we may need to reduce prices in response to competitive pressures or otherwise in order to maintain sales, which may adversely affect margins and profitability.

Our business depends on our ability to maintain a strong community of brands, engaged customers and influencers. We may not be able to maintain and enhance our existing brand community if we receive customer or influencer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, operating results and growth prospects.

Over the course of 2022, we offered over 900 emerging and established brands through REVOLVE, including 31 owned brands, and over 400 brands through FWRD. Our ability to identify new brands and maintain and enhance our relationships with our existing brands is critical to expanding our base of customers and retaining our existing customers. Third-party brands, particularly in the luxury sector, are increasingly limiting wholesale distribution, shifting to selling directly to the consumer. In 2022, we launched a handbag buyback program on FWRD, extending the life cycle of luxury handbags sold on FWRD. If our third-party brand partners perceive this program negatively, our relationships may be damaged and our ability to obtain future products from our brand partners may be limited. Furthermore, the impact of macroeconomic factors, such as inflation and supply chain challenges, on the ecosystem of emerging and established brands is unpredictable. If we are unable to maintain an assortment of brands and styles that resonates with our customer, our operating results and brand could be negatively impacted.

A significant portion of our customers' experience depends on third parties outside of our control, including vendors, suppliers and logistics providers such as UPS, FedEx and DHL. If these third parties do not meet our or our customers' expectations, our business may suffer irreparable damage. In addition, macroeconomic events have negatively impacted and may continue to impact the global supply chain. If our third-party service providers are negatively impacted and they are not able to meet our or our customers' expectations or if rates increase, our operating results and our brand may be negatively impacted. In addition, maintaining and enhancing relationships with third-party brands may require us to make substantial investments and these investments may not be successful. Also, if we fail to promote and maintain our brands, or if we incur excessive expenses in this effort, our business, operating results and financial condition may be materially adversely affected. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive. Maintaining and enhancing our brands will depend largely on our ability to provide high quality products to our customers and a reliable, trustworthy and profitable sales channel to our vendors, which we may not do successfully.

Customer or influencer complaints or negative publicity about our sites, products, product delivery times, customer data handling and security practices, customer support, brand marketing events or other actions taken by us, especially on blogs, social media websites and our sites, could rapidly and severely diminish consumer use of our sites and consumer and supplier confidence in us and result in harm to our brands. We believe that much of the growth in our customer base to date has originated from social media and our influencer-driven marketing strategy. Over the long term, if we are not able to develop and maintain positive relationships with our large network of influencers, our ability to promote and maintain awareness of our sites and brands and leverage social media platforms to drive visits to our sites may be adversely affected.

Use of social media and influencers may materially and adversely affect our reputation or subject us to regulatory and tax obligations, fines or other penalties.

We use third-party social media platforms as, among other things, marketing tools. For example, we maintain accounts on Instagram, Facebook, TikTok, Pinterest, YouTube and Twitter accounts.⁴³ (formerly Twitter). We also maintain relationships with thousands of social media influencers and engage in sponsorship initiatives. As existing eCommerce and social media platforms continue to rapidly evolve and new platforms develop, and as customer behavior and preferences evolve, we must continue to adapt to maintain an effective and authentic presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools and effectively engage with our customers, our ability to maintain and acquire customers and our financial condition may suffer. In addition, social media platforms we use have and may continue to change their policies or algorithms, leading to shifts in the level of video and recommended content, which may impact our ability to fully optimize such platforms.

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Furthermore, as laws and regulations and public opinion rapidly evolve to govern the use of social media platforms, our ability to use certain platforms, including TikTok in particular, as marketing tools may become limited

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or restricted, which could adversely impact our business and operating results. The failure by us, our employees, our network of social media influencers, our sponsors or third parties acting at our direction to abide by applicable laws and regulations in the use of social media platforms or otherwise, including intellectual property laws and tax reporting and compliance requirements, could subject us to regulatory investigations, class action lawsuits, liability, taxes, fines or other penalties and have a material adverse effect on our business, financial condition and operating results.

In addition, an increase in the use of social media for product promotion and marketing may increase the risk that such content could contain problematic product or marketing claims in violation of applicable regulations. For example, in some cases, the Federal Trade Commission, or the FTC, has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship or material connection between an influencer and an

advertiser. We do not prescribe what our influencers post and if we were held responsible for the content of their posts or their actions, we could be fined or forced to alter our practices, which could have an adverse impact on our business.

Negative commentary regarding us, our products or influencers and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Influencers with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior and the precautions we take to detect this activity may not be effective in all cases. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction.

Failure to continue to obtain or maintain high-quality endorsers of our products could harm our business.

We establish and maintain relationships with both celebrity endorsers and design, celebrity and brand collaborators in order to develop, evaluate and promote our products as well as strengthen our brand. In a competitive environment, the costs associated with establishment and retention of these relationships may increase and there can be no assurance that our investments and efforts will ultimately result in new customers or increased sales to existing customers. If we are unable to maintain current associations or establish new associations in the future, this could adversely affect our brand visibility and strength and result in a negative impact to our financial results. In addition, any repeated or sustained negative shifts in the public or industry perception of any of our celebrity endorsers or collaborators could also seriously harm our brand image with customers and, as a result, could have a material adverse effect on our business, financial condition and operating results.

If we fail to acquire new customers, or fail to do so in a cost-effective manner, our financial results may be materially adversely impacted.

Our success depends on our ability to acquire customers in a cost-effective manner. In order to expand our customer base, we must appeal to and acquire customers who have historically used other means of commerce in shopping for apparel and may prefer alternatives to our offerings, such as traditional brick-and-mortar retailers, the websites of our competitors and the direct websites of the brands we carry. We have made significant investments related to customer acquisition and expect to continue to invest significant amounts to acquire additional customers. For example, we engage in social media marketing campaigns and maintain relationships with thousands of social media and celebrity influencers. Such campaigns are expensive and may not result in the cost-effective acquisition of customers. In addition, the competition for relationships with influencers is increasing and the cost of maintaining such relationships will likely continue to increase. We cannot assure you that the net sales contribution from new customers we acquire will ultimately exceed the cost of acquiring those customers. If we fail to deliver a quality shopping experience, or if consumers do not perceive the products we offer to be of high value and quality, we may not be able to acquire new customers. If we are unable to acquire new customers who purchase products in numbers sufficient to grow our business, we may not be able to generate the scale necessary to drive leverage and efficiency with our suppliers, our net sales may decrease, and our business, financial condition and operating results may be materially adversely affected. The market for social media

and influencer-based marketing has become increasingly competitive. We believe we have maintained the effectiveness and efficiency of these channels in recent periods; however, if competition continues to increase, it may impact our operating results.

We also seek to engage with our customers and build awareness of our brands through sponsoring unique events and experiences, such as #REVOLVEfestival, as well as short-term pop-up retail experiences. Our marketing initiatives have and may continue to become increasingly expensive as competition increases and generating a meaningful return on those initiatives may be difficult. If our marketing efforts are not successful in promoting awareness of our brands and products, driving customer engagement or attracting new customers, or if we are not able to cost-effectively manage our marketing expenses, our operating results will be adversely affected.

We obtain a significant amount of traffic via social networking websites or other channels used by our current and prospective customers. As eCommerce and social networking continue to rapidly evolve, we must continue to establish relationships with these channels and may be unable to develop or maintain these relationships on acceptable terms. We also use paid and non-paid advertising. We acquire and retain customers through paid search and product listing ads, affiliate marketing, paid social media marketing, retargeting, personalized email marketing and mobile "push" communications through our mobile apps. If we are unable to cost-effectively drive traffic to our sites, our ability to acquire new customers and our financial condition would suffer.

Our ability to acquire customers in a cost-effective manner also depends on the rates we are charged by various third parties on which we rely, including vendors, suppliers and logistics providers such as UPS, FedEx and DHL. When these third parties increase their rates or add incremental surcharges, it increases our costs. If these third parties continue to increase their rates and add surcharges, and we do not seek to pass them on to our customers, our financial results could be materially adversely impacted.

If we fail to retain existing customers, or fail to maintain average order value levels, we may not be able to maintain our revenue base and margins, which would have a material adverse effect on our business and operating results.

A significant portion of our net sales are generated from sales to existing customers, particularly those existing customers who are highly engaged and make frequent purchases of the merchandise we offer. If existing customers no longer find our offerings appealing, or if we are unable to timely update our offerings to meet current trends and customer demands, our existing customers may make fewer or smaller purchases in the future. A decrease in the number of our customers who make repeat purchases or a decrease in their spending on the merchandise we offer could negatively impact our operating results. Further, we believe that our future success will depend in part on our ability to increase sales to our existing customers over time, and if we are unable to do so, our business may suffer. If we fail to generate repeat purchases or maintain high levels of customer engagement and average order value, our growth prospects, operating results and financial condition could be materially adversely affected.

Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing and warehousing.

A majority of the merchandise we offer on our sites is sourced from third-party vendors and, as a result, we may be subject to price fluctuations or demand disruptions. Our operating results would be negatively impacted by increases in the prices of our merchandise and we have no guarantees that prices will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher prices than we have historically seen in our current categories. We may not be able to pass increased prices on to customers, which could adversely affect our operating results. As a result of supply chain challenges due to a number of factors, including the COVID-19 pandemic, Russia's war against Ukraine, lockdowns in China, port closures, strikes and labor shortages, we have experienced or may in the future experience delays in the manufacturing and delivery of goods to us. In the event of an extended and significant disruption in the supply of the fabrics or raw materials used in the manufacture of the merchandise we offer, we and the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at the right time and at an acceptable price.

In addition, merchandise and materials we receive from vendors and suppliers may not be of sufficient quality or free from damage or such merchandise may be damaged during shipping, while stored in our fulfillment centers or when returned by customers. We may incur additional expenses and our reputation could be harmed if customers and potential customers believe that our merchandise does not meet their expectations, is not properly labeled or is damaged.

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We rely on third-party suppliers, manufacturers, distributors and other vendors and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We do not own or operate any manufacturing facilities. We use multiple third-party suppliers and manufacturers based primarily in China and, to a lesser extent, the United States and other countries, including India, to source and manufacture all of our owned brand products. COVID-19 outbreaks in key regions have in the past led to, and may in the future lead to, the temporary closure and reduced capacity of our manufacturing partners for a period of time, which results in delayed delivery of product to us. In addition, the worsening of U.S.-China relations could also impact our supply chain and negatively impact the cost to source from China.

While we have maintained long-standing relationships with many of our largest suppliers, we engage our third-party suppliers and manufacturers on a purchase order basis and are not party to long-term contracts with any of them. The ability of these third parties to supply and manufacture our products may be affected by competing orders placed by other customers and the demands of those customers. If we experience significant increases in demand, or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and

manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us in order to meet our requirements. Furthermore, our reliance on suppliers and manufacturers outside of the United States, the number of third parties with whom we transact and the number of jurisdictions to which we sell complicates our efforts to comply with customs duties and excise taxes; any failure to comply could adversely affect our business.

In addition, quality control problems, such as the use of materials and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, could harm our business. In the past, we have experienced negative press and government enforcement actions as a result of our vendors' failure to comply with certain applicable laws and regulations, and may experience similar negative press as a result of any future non-compliance by our vendors. We do not regularly inspect these vendors and quality control problems could result in regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We have also outsourced portions of our distribution process, returns processing, customer support and local marketing, as well as certain technology-related functions, to various third-party service providers, including third parties in a number of foreign countries and territories. We are also dependent on third-party vendors for credit card processing, and we use third-party hosting and networking providers to host our sites. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to being performed under our management and direct control or that of a third party, may have a material adverse effect on our business, financial condition and results of operations. We are not party to long-term contracts with some of our distributors, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, our third-party manufacturers, suppliers, distributors, fulfillment centers and other vendors may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;
- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products;
- have financial difficulties, including as a result of negative economic conditions;
- encounter raw material or labor shortages;
- encounter increases in raw material or labor costs which may affect our procurement costs;
- encounter difficulties with proper payment of custom duties or excise taxes;
- misuse our confidential information or intellectual property or disclose them to competitors or third parties;

- engage in activities or employ practices that may harm our reputation; and

- work with, be acquired by, or come under control of, our competitors.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

We primarily rely on two major vendors for our shipping. If we are not able to negotiate acceptable pricing and other terms with these entities or if they experience capacity constraints, performance problems or other difficulties, it could negatively impact our operating results and our customer experience. Furthermore, volatility in the global oil markets, including as a consequence of the war in Israel, has in the past resulted, and may in the future result, in higher fuel prices, which many shipping companies have passed on to their customers by way of increased fuel surcharges. We have recently experienced such increased shipping costs, as a result, and these costs which may continue to increase in the future. We have not directly historically passed these on such increased costs on to our customers, which may adversely impact our operating results. We may choose If we were to directly pass such cost increases on to our customers in the future, which may it could adversely impact the conversion of demand for our product. We products and we may therefore not be able to pass on such increases on to our customers. cost increases.

In addition, our ability to receive inbound inventory efficiently and ship merchandise to customers may be negatively affected by public health crises, such as the COVID-19 pandemic, inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war, including the war in Israel and Russia's war against Ukraine, terrorism, trade embargoes, customs and tax requirements, political crises, social unrest and other factors. For example, strikes at major international shipping ports have in the past adversely impacted inventory supply from our vendors. Future strikes, including at shipping ports or logistics providers may adversely impact our inventory supply and ability to ship merchandise to customers. Increased tensions and trade disputes between the United States and China have and may continue to lead to increased tariffs on our goods and restrict the flow of our goods between the United States and China. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our merchandise is not delivered in a timely fashion or is damaged or lost during the delivery process, our customers could become dissatisfied and cease shopping on our sites, which would adversely affect our business and operating results.

Our industry is highly competitive and if we do not compete effectively, our operating results could be adversely affected.

The retail industry is highly competitive. We compete with department stores, specialty retailers, independent retail stores, the online offerings of these traditional retail competitors, brands that we offer and also offer their merchandise directly to the consumer, and eCommerce companies that market merchandise similar to the merchandise we offer. We believe our ability to compete depends on many factors within and beyond our control, including:

- attracting new customers and engaging with existing customers;
- cultivating our relationships with our customers;
- attracting and retaining personnel;

- further developing our data analytics and technology capabilities;
- maintaining favorable brand recognition and effectively marketing our services to customers;
- the amount, diversity and quality of brands and merchandise that we or our competitors offer;
- personalizing our website shopping experience;
- maintaining and curating an appealing portfolio of brands and merchandise;
- the price at which we are able to offer our merchandise;
- maintaining and growing our market share;
- price fluctuations or demand disruptions of our third-party vendors;
- the speed and cost at which we can deliver merchandise to our customers and the ease with which they can use services to return merchandise; and

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- anticipating and quickly responding to changing apparel trends and consumer shopping preferences.

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We expect competition to increase as other established and emerging companies enter the markets in which we compete, as customer requirements evolve and as new products and technologies are introduced.

Many of our current competitors have, and potential competitors may have, longer operating histories, larger fulfillment infrastructures, greater technical capabilities, faster shipping times, lower-cost shipping, larger databases, larger customer bases, and greater financial, marketing, institutional and other resources than we do. These factors may allow our competitors to derive greater revenue and profits from their existing customer bases, acquire customers at lower costs or respond more quickly than we can to new or emerging technologies and changes in apparel trends and consumer shopping behavior. These competitors may engage in more extensive research and development efforts, enter into or expand their presence in the personalized retail market, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their existing customer bases more effectively than we do. If we fail to execute on any of the above better than our competitors, our operating results may be adversely affected.

Competition, along with other factors such as consolidation within the retail industry and changes in consumer spending patterns, could also result in significant pricing pressure. These factors may cause us to reduce prices to our customers, which could cause our gross margins to decline if we are unable to appropriately manage inventory levels or otherwise offset price reductions with comparable reductions in our operating costs. If our prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability may decline, which could have a material adverse effect on our business, financial condition and operating results.

Our quarterly operating results may fluctuate, which could cause our stock price to decline.

Our quarterly operating results may fluctuate for a variety of reasons, many of which are beyond our control. These reasons include those described in these risk factors as well as the following:

- fluctuations in net sales generated from the brands on our sites, including as a result of macroeconomic factors, seasonality, trends and the timing and success of large, in-person events that we host, such as #REVOLVEfestival; host;
- fluctuations in product mix, including between sites and between product categories;
- our ability to effectively launch and manage new sites and brands;
- fluctuations in the levels or quality of inventory;
- fluctuations in the percentage of returns, full price sales, levels of markdowns and gross margins;
- fluctuations in capacity as we expand our operations;
- our success in engaging existing customers and attracting new customers;
- the amount and timing of our operating expenses;
- our ability to attract and retain personnel;
- the timing and success of new products and brands we introduce;
- the impact of competitive developments and our response to those developments;
- our ability to manage our existing business and future growth;
- inflation levels and our ability to control our costs, including employee wages and benefits, shipping costs, o selling costs and other operating expenses;
- disruptions or defects in our sites, or actual or perceived privacy or data security breaches or incidents;
- the effect on our business of claims, lawsuits, government investigations, other legal or regulatory proceedings, commercial or contractual disputes that we are or may become involved in; and
- economic and market conditions, particularly those affecting our industry.

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Fluctuations in our quarterly operating results may cause those results to fall below the expectations of analysts or investors, which could cause the price of our Class A common stock to decline. Fluctuations in our results could also cause a number of other problems. For example, analysts or investors might change their models for valuing our

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Class A common stock, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish and other unanticipated issues may arise.

In addition, we believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. For example, our historical growth may have overshadowed the seasonal effects on our historical operating results. These seasonal effects may become more pronounced over time,

which could also cause our operating results to fluctuate. You should not rely on the results of one quarter as an indication of future performance.

Certain of our key operating metrics are subject to inherent challenges in measurement and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain key operating metrics using internal data analytics tools, which have certain limitations. In addition, we rely on data received from third parties, including third-party platforms, to track certain performance indicators. Data from both such sources may include information relating to fraudulent accounts and interactions with our sites or the social media accounts of our influencers (including as a result of the use of bots or other automated or manual mechanisms to generate false impressions that are delivered through our sites or their accounts). We have only limited abilities to verify data from our sites or third parties and perpetrators of fraudulent impressions may change their tactics and may become more sophisticated, which would make it still more difficult to detect such activity.

Our methodologies for tracking metrics may also change over time, which could result in changes to the metrics we report. If we undercount or overcount performance due to the internal data analytics tools we use or issues with the data received from third parties, or if our internal data analytics tools contain algorithmic or other technical errors, the data we report may not be accurate or comparable with prior periods. In addition, limitations, changes or errors with respect to how we measure data may affect our understanding of certain details of our business, which could affect our longer-term strategies.

If our performance metrics are not accurate representations of the reach or monetization of our brand, if we discover material inaccuracies in our metrics or the data on which such metrics are based, or if we can no longer calculate any of our key performance metrics with a sufficient degree of accuracy and cannot find an adequate replacement for the metric, our business, financial condition and operating results could be adversely affected.

We may be unable to accurately forecast net sales and appropriately plan our expenses in the future.

We base our current and future expense levels on our operating forecasts and estimates of future net sales and gross margins. Net sales and operating results are difficult to forecast because they generally depend on the volume, timing, value and type of the orders we receive, and return rates, all of which are uncertain. In addition, we cannot be sure the same growth rates, trends and other key performance metrics are meaningful predictors of future growth. Our business is affected by general economic and business conditions in the United States, and conditions in international markets. In addition, we experience seasonal trends in our business and our mix of product offerings is highly variable from day-to-day and quarter-to-quarter. This variability makes it difficult to predict sales and could result in significant fluctuations in our net sales, margins and profitability from period-to-period.

A significant portion of our expenses are fixed, and as a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in net sales. Furthermore, we may be unable to adjust our investments in a timely manner to support increasing demand and higher net sales or compensate for any incremental

unexpected shortfall in net sales. Any failure to accurately predict net sales or gross margins could cause our operating results to be lower than expected, which could materially adversely affect our financial condition and stock price.

Our past growth rates are not indicative of expected results in the near term.

Although our net sales have grown profitably over time, this should not be considered as indicative of our future near term performance. We may not be successful in navigating through macroeconomic challenges and may not be successful in executing our growth strategy. Even if we manage through external challenges effectively and achieve

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our strategic plan, we may not be able to sustain profitability. In future periods, our net sales may decline or grow more slowly than we expect.

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We believe that the sustainability of our recent net sales growth, and potential future growth, will depend upon, among other factors, our ability to:

- address the short- and long-term macroeconomic challenges by adjusting our cost structure, meeting our custom service expectations, shifting our marketing strategy and maintaining a relevant merchandise assortment;
- identify and develop emerging, established and owned brands while maintaining the relationships and pro curation with existing, established and owned brands;
- acquire new customers and retain existing customers;
- provide a premium shopping experience for our customers;
- offer an assortment of merchandise that is attractive to consumers;
- develop new features to enhance the consumer experience on our sites;
- increase the frequency with which new and repeat customers purchase products on our sites thro merchandising, data analytics and technology;
- add new suppliers and deepen our relationships with our existing suppliers;
- attract and retain personnel;
- enhance and scale the systems our consumers use to interact with our sites and invest in our infrastructure platf
- target additional categories and price points beyond premium apparel for Millennial and Generation Z consum such as luxury, beauty and home products, and men's apparel;
- expand internationally; and
- pursue strategic acquisitions.

We cannot assure you we will be able to achieve any of the foregoing. Our customer base may not continue to grow or may decline in the future due to increased competition, the maturation of our business or other factors. Failure to continue our net sales growth rates could have a material adverse effect on our financial condition and operating results.

You should not rely on our historical rate of net sales growth as an indication of our future performance or the rate of growth we may experience in any new category or internationally.

If we do not successfully optimize, operate and manage the expansion of capacity of our fulfillment centers, our business, financial condition and operating results could be harmed.

If we do not optimize and operate our fulfillment centers successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm our business in other ways. If we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers.

We have designed and built our own primary fulfillment center infrastructure, including customizing third-party inventory and package handling software systems, which is tailored to meet the specific needs of our business. If we continue to add fulfillment and warehouse capabilities, add new businesses or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging. Failure to successfully address such challenges in a cost-effective and timely manner could impair our ability to timely deliver our customers' purchases and could harm our reputation and ultimately, our business, financial condition and operating results.

We operate three fulfillment centers located in California and Pennsylvania. We expect that our current capacity in these facilities will support our near-term growth plans. Over the long term, we cannot assure you that we will be

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able to locate suitable facilities on commercially acceptable terms in accordance with our expansion plans, nor can we assure you that we will be able to recruit qualified managerial and operational personnel to support our expansion plans. If we are unable to secure new facilities for the expansion of our fulfillment operations or to effectively control

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expansion-related expenses, our business, prospects, financial condition and operating results could be materially and adversely affected. If we grow faster than we anticipate, we may exceed our fulfillment center capacity sooner than we anticipate, we may experience problems fulfilling orders in a timely manner or our customers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers, and we would need to increase our capital expenditures more than anticipated. Many of the expenses and investments with respect to our fulfillment centers are fixed and any expansion of our fulfillment centers will require additional investment of capital. We expect to incur higher capital expenditures in the future for our fulfillment center operations. We may incur such expenses or make such investments in advance of expected sales and such expected sales may not occur.

Our failure to adequately and effectively staff our fulfillment centers, through third parties or with our own employees, could adversely affect our customer experience and operating results.

We operate three fulfillment centers located in California and Pennsylvania. If we are unable to adequately staff our fulfillment centers to meet demand or if the cost of such staffing is higher than historical or projected costs due to mandated wage increases, regulatory changes, COVID-19-related limitations and other business restrictions, international expansion or other factors, our operating results could be harmed. In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Various health and safety restrictions imposed by state and local authorities in response to the COVID-19 pandemic have in the past adversely impacted our ability to staff our Los Angeles fulfillment center. If government authorities re-impose restrictions on businesses, including ones that would require closure of our fulfillment centers, or if there is a COVID-19 outbreak in our fulfillment centers, we may not be able to meet customer demand in a timely way which would have a materially adverse impact on our business, operating results, financial condition and prospects. Any such issues may result in delays in shipping times or packing quality and our reputation and operating results may be harmed.

Increases in labor costs, including wages, could adversely affect our business, financial condition and results of operations.

Labor is a significant portion of our cost structure and is subject to many external factors, including unemployment levels, inflation, prevailing wage rates, minimum wage laws, potential collective bargaining arrangements, health insurance costs and other insurance costs, and changes in employment and labor legislation or other workplace regulation. From time to time, legislative proposals are made to increase the federal minimum wage in the United States, as well as the minimum wage in California and a number of other states and municipalities, and to reform entitlement programs, such as health insurance and paid leave programs. As minimum wage rates increase or related laws and regulations change, we have and may need to continue to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly or salaried employees. Any increase in the cost of our labor could have an adverse effect on our business, financial condition and results of operations or if we fail to pay such higher wages, we could suffer increased employee turnover. Increases in labor costs could force us to increase prices, which could adversely impact our sales. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline and could have a material adverse effect on our business, financial condition and results of operations. In particular, the job market in Southern California, where our principal offices and two of our fulfillment centers, including our largest fulfillment center, as well as the majority of our employees are located, is very competitive.

If we fail to attract and retain key personnel, or effectively manage succession, our business, financial condition and operating results could be adversely affected.

Our success, including our ability to anticipate and effectively respond to changing style trends, depends in part on our ability to attract and retain key personnel on our executive team, particularly our co-chief executive officers, and in our merchandising, data science, engineering, marketing, design and other organizations. Competition for key personnel is strong and we cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in the future or that the compensation costs of doing so will not adversely affect our operating results. We

do not have long-term employment or non-competition agreements with any of our personnel. If we are unable to retain, attract and motivate talented employees with the appropriate skills at cost-effective compensation levels or if changes to our business adversely affect morale or retention, we may not achieve our objectives and our business and

operating results could be adversely affected. In addition, the loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business. In particular, our co-chief executive officers have unique and valuable experiences leading our company from its inception through today. If either of them was to depart or otherwise reduce their focus on our company, our business may be disrupted. We do not currently maintain key-person life insurance policies on any member of our senior management team or other key employees.

Increased scrutiny and changing expectations from investors, customers, employees and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer acquisition and retention, access to capital and employee retention.

Companies across all industries are facing increasing scrutiny related to their environmental, social and governance, or ESG, practices and reporting. Investors, customers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. For example, many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with that company to improve ESG disclosure or performance and may also make voting decisions on this basis. A growing number of our customers also want to shop more sustainable fashion. With this increased focus and demand, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, customer or employee expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted. The Social Impact section of our website and other ESG disclosure we make include our policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, product quality, supply chain management and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG reporting and disclosure, our ESG practices or our speed of adoption. We could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices. If we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer acquisition and retention, access to capital and employee retention. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced in various states and other

jurisdictions, and our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer acquisition and retention, access to capital and employee retention.

The COVID-19 pandemic materially adversely affected, and may in the future adversely affect, our business, financial position, results of operations and growth prospects.

The COVID-19 pandemic had, and may in the future have, severe negative repercussions across local, state and national economies, financial markets and our industry. The COVID-19 pandemic subjected us to many risks, including the impact from:

- business restrictions and social distancing mandates, which have caused us to adjust how we operate our business;
- the cancellation of large, in-person brand marketing events in 2020 and 2021, including the #REVOLVEfestival, which have historically driven customer acquisition and demand for our merchandise, and the relatively increased expense and lower return from hosting smaller in-person events;
- changes in consumer behavior, confidence and discretionary spending;
- increased reliance on remote work arrangements;
- supply chain disruptions;

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- increase in the cost of goods due to an increase in the cost of materials;
- positive COVID-19 cases at our facilities; and

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- a global slowdown and profound economic uncertainty.

In addition, the majority of our corporate employees continue to work remotely most days of the work week. It is possible that continued widespread remote work arrangements may have a negative impact on our operations, the execution of our business plans, the productivity and availability of key personnel and other employees necessary to conduct our business, and on third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. Remote working may also result in privacy, data security, and fraud risks.

There continues to be uncertainty around the COVID-19 pandemic and its impact on our business operations and operating results. While demand for our products has improved as compared to the height of the outbreak and lockdowns, the extent to which this increased demand will continue in the future remains uncertain. A resurgence of COVID-19 may result in business restrictions and social distancing mandates, the cancellation of large, in-person brand marketing events, supply chain disruptions, changes in consumer behavior and an increase in the cost of goods sold.

Varying levels of restrictions may evolve and may spur long-term changes in consumer behavior. A resurgence of COVID-19 could also intensify the risks described in the other risk factors disclosed in this report.

Our operating results could be adversely affected by natural disasters, public health crises, political crises, wars, social unrest or other catastrophic events.

Our principal offices and data centers and two of our fulfillment centers, including our largest fulfillment center, are located in Southern California, an area which has a history of earthquakes and wildfires, and are thus vulnerable to damage. Natural disasters, such as earthquakes, wildfires, hurricanes, tornadoes, floods and other adverse weather and climate conditions; unforeseen public health crises, such as the COVID-19 pandemic; political crises; terrorist attacks; wars, such as terrorist attacks, the war in Israel and other political instability, including Russia's war against Ukraine; worsening U.S.-China relations; social unrest; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations or the operations of one or more of our third-party providers or vendors.

Customer growth and activity on mobile devices depends upon effective use of mobile operating systems, networks and standards that we do not control.

Purchases using mobile devices by consumers generally, and by our customers specifically, have increased significantly and we expect this trend to continue. To optimize the mobile shopping experience, we are dependent on our customers downloading our specific mobile applications for their particular device or accessing our sites from an Internet browser on their mobile device. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing applications for these alternative devices and platforms and we may need to devote significant resources to the creation, support and maintenance of such applications. In addition, our future growth and our results of operations could suffer if we experience difficulties in integrating our mobile applications into mobile devices, if problems arise with our relationships with providers of mobile operating systems or mobile application download stores, such as those of Apple Inc. or Google Inc., if those providers impose restrictions on the data collection or use practices or other functionality of our applications, if our applications receive unfavorable treatment compared to competing applications, such as the order of our products in the Apple App Store, or if we face increased costs to distribute or have customers use our mobile applications. For example, Apple has imposed requirements for consumer disclosures regarding privacy practices and has implemented an application tracking transparency framework that requires opt-in consent for certain types of tracking. This transparency framework was launched in April 2021. This transparency framework has and may continue to negatively impact the effectiveness of our advertising practices. Additionally, Google has in June 2023, Apple announced new SDK privacy controls that it plans has integrated into iOS 17, which was released in September 2023, including new protections designed to implement similar restrictions on limit tracking or identification of user devices. In February 2022, Google announced its Privacy Sandbox initiative for Android, a multi-year effort expected to restrict tracking activity and limit advertisers' ability to collect app and user data across Android devices in 2023. We are further dependent on the interoperability of our sites with popular mobile

operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitive products could adversely affect the usage of our sites on mobile devices. In the event that it is more difficult for our customers to access and use our sites on their mobile devices, or if our customers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, our customer growth could be harmed and our business, financial condition and operating results may be materially and adversely affected.

We are subject to payment-related risks.

We accept payments using a variety of methods, including credit card, gift cards, debit card, PayPal and other third-party payment vendors, which subjects us to certain regulations and the risk of fraud, and we may in the future offer new payment options to customers that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard, or PCI-DSS, and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition and operating results could be adversely affected.

We may incur significant losses from fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a customer did not authorize a purchase, merchant fraud and customers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Although we have measures in place and utilize third parties to detect and reduce the occurrence of fraudulent activity in our marketplace, those measures and providers may not always be effective. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our operating results.

If we fail to maintain effective internal controls over financial reporting or disclosure controls and procedures, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

We are subject to the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal controls over financial reporting. Additionally, we are required to obtain an annual audit of our internal controls over financial reporting from our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act. Our compliance with applicable provisions of Section 404 requires that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional practices and comply with expanded reporting requirements.

Our testing of key controls over financial reporting, or the testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions or investigations by regulatory authorities, which would require additional financial and management resources.

We continue to invest in more robust technology and in more resources in order to manage applicable reporting requirements. Implementing the appropriate changes to our internal controls and remediating a material weakness may distract our officers and employees, result in substantial costs to implement new processes or modify our existing

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processes and require significant time to complete. Any difficulties or delays in implementing such new processes or modifications could impact our ability to timely report our financial results. In addition, we currently rely on a manual process in some areas which increases our exposure to human error or intervention in reporting our financial results. For these reasons, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. As a result, our investors could lose confidence in our reported consolidated financial information and our stock price could decline. In addition, any

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such changes do not guarantee that we will be effective in maintaining the adequacy of our internal controls and any failure to maintain that adequacy could prevent us from accurately reporting our financial results.

We may expand our business through acquisitions, strategic investments and commercial collaborations, which may divert management's attention, be difficult to integrate, disrupt our business, dilute stockholder value, prove to be unsuccessful and adversely affect our business, operating results and financial condition.

As part of our long-term growth plans, we expect to acquire, or invest in or partner with additional businesses, assets and technologies, and to enter into commercial collaborations, that we believe could further complement or expand our business. Such transactions may divert management's time and focus from operating our business, whether or not they are ultimately completed, and they also may require us to spend a substantial portion of our available cash, incur debt or

other liabilities, amortize expenses related to intangible assets or incur write-offs of goodwill or other assets. In addition, integrating acquired businesses or technologies is risky. Completed and future transactions may result in unforeseen operational difficulties and expenditures associated with:

- incorporating new businesses and technologies into our infrastructure;
- consolidating operational and administrative functions;
- coordinating outreach to our community;
- maintaining morale and culture and retaining and integrating key employees;
- maintaining or developing controls, procedures and policies (including effective internal control over financial reporting and disclosure controls and procedures); and
- identifying and assuming liabilities related to the activities of the acquired business before the acquisition, including liabilities for violations of laws and regulations, intellectual property issues, commercial disputes, taxes and other matters.

Moreover, we may not benefit from our acquisitions and other strategic transactions as we expect or in the time frame we expect, which could adversely affect our business, operating results and financial condition. We also may issue additional equity securities in connection with such transactions, which could cause dilution to our stockholders. Finally, our acquisitions and other strategic transactions could be viewed negatively by analysts, investors or customers and cause our stock price to decline.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We have been, are and may in the future become involved in private actions, collective actions, investigations and various other legal proceedings by customers, employees, suppliers, competitors, government agencies, law enforcement, customs officials or others. The results of any such litigation, investigations and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, damage our reputation, require significant amounts of management time, result in impositions of fines or other remedial measures as a result of underpayment and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, financial condition and operating results.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by domestic or international financial institutions or financial services companies, could adversely affect our business, financial condition, and results of operations.

Events involving reduced or limited liquidity, defaults, non-performance or other adverse developments that affect domestic and international financial institutions or other companies in the financial services industry or the financial

services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or the FDIC, as receiver. Investor concerns regarding the U.S. or international financial systems could result in less

favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, or result in breaches of our financial or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors, could have material adverse impacts on our liquidity and our business, financial condition and operating results.

Furthermore, we maintain our cash in deposit accounts at various financial institutions, often in balances that exceed the Federal Deposit Insurance Corporation, or FDIC insurance limits. If such financial institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limits. For example, the FDIC took control of Silicon Valley Bank, or SVB, where we previously held an immaterial amount of our cash and cash equivalents, on March 10, 2023. The Federal Reserve subsequently announced that account holders would be made whole, and we were able to move substantially all of our cash and cash equivalents held at SVB to other financial institutions. However, the FDIC may not make all account holders whole in the event of future bank failures. In addition, even if account holders are ultimately made whole with respect to a future bank failure, account holders' access to their accounts and assets held in their accounts may be substantially delayed. Any material loss that we may experience in the future or inability for a material time period to access our cash and cash equivalents could have an adverse effect on our ability to pay our operational expenses or make other payments, which could adversely affect our business financial condition and operating results.

We may require additional capital to support business growth and this capital might not be available or may be available only by diluting existing stockholders.

We intend to continue making investments to support our business growth and may require additional funds to support this growth and respond to business challenges, including the need to develop our services, expand our inventory, enhance our operating infrastructure, expand the markets in which we operate and potentially acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all, including for reasons outside our control such

as negative economic conditions. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited and our business and prospects could fail or be adversely affected.

Our credit facility contains restrictive covenants that may limit our operating flexibility.

Our credit facility contains restrictive covenants that limit our ability to, among other things, incur debt, create liens and encumbrances, engage in certain fundamental changes, dispose of assets, prepay certain indebtedness, make restricted payments, make investments, and engage in transactions with affiliates. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the credit facility, which may limit our operating flexibility. In addition, our credit facility is secured by all of our assets, including our intellectual property, and requires us to satisfy certain financial covenants. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any debt under our facility. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our credit facility would adversely affect our business.

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Risks Related to Regulation and Taxation

Any failure by us or our vendors to comply with trade and other regulations including importation, exportation, product safety, labeling, labor or other laws, or to provide safe conditions for our or their workers may lead to investigations or actions by government regulators, damage our reputation and brands and harm our business.

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The Our merchandise we sell to our customers is subject to regulation by the Federal Consumer Product Safety Commission, the FTC, the Food and Drug Administration, U.S. Fish and similar Wildlife Services and other federal, state, local and international regulatory authorities. As a result, such our merchandise could be in the future become subject to recalls and other remedial actions, and we could face investigations, claims, actions or penalties related to our merchandise and operations. Product safety, labeling, and licensing concerns, labor, international trade or other laws, rules or regulations, including consumer disclosure and warning label requirements regarding materials, ingredients or chemical exposure, may require us to voluntarily remove selected merchandise from our inventory. Such recalls Recalls or voluntary removal of merchandise, or investigations, claims, actions or penalties related to our merchandise and operations, can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased customer service costs and legal expenses, which could have a material adverse effect on our operating results. In addition, if we fail to comply with any of these regulations, we could become subject to enforcement actions or the imposition of significant penalties and claims, which could harm our results of operations or our ability to conduct business. Any audits and inspections by governmental agencies related to these matters could result in significant settlement amounts, damages,

fines, or other penalties, divert financial and management resources, and result in significant legal fees. An unfavorable outcome of any particular proceeding could have an adverse impact on our business, financial condition, and results of operations. In addition, the adoption of new regulations or changes in the interpretation of existing regulations may result in significant compliance costs or discontinuation of product sales and could impair the marketing of our products, resulting in significant loss of revenue.

We purchase our merchandise from numerous domestic and international vendors. Failure of by us or our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation investigations, claims, actions or penalties against us, resulting in increased legal expenses and costs. In addition, the failure of any such by us or our vendors to provide safe and humane factory conditions and oversight at their our respective facilities could damage our reputation with customers or result in legal claims against us.

If our suppliers fail to use ethical business practices and fail to comply with changing laws and regulations, our brand image could be harmed due to negative publicity.

Developing the highest quality products while operating with integrity, is an important component of our brand image and operating philosophy, which makes our reputation sensitive to allegations of unethical or improper business practices, whether real or perceived. We do not control our suppliers and manufacturers or their business and they may not comply with our guidelines or the law. A lack of compliance could lead to reduced sales or recalls or damage to our brand or cause us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products, product shortages or other disruptions of our operations. In addition, we rely on our manufacturers' and suppliers' compliance reporting in order to comply with regulations applicable to our products. This is further complicated by the fact that expectations of ethical business practices continually evolve and may be substantially more demanding than applicable legal requirements. Ethical business practices are also driven in part by legal developments and by diverse groups active in publicizing and organizing public responses to perceived ethical shortcomings. Accordingly, we cannot predict how such regulations or expectations might develop in the future and cannot be certain that our guidelines or current practices would satisfy all parties who are active in monitoring our products or other business practices worldwide.

Developments in labor and employment law and any unionizing efforts by employees could have a material adverse effect on our results of operations.

We face the risk that Congress, federal agencies or one or more states could approve legislation or regulations significantly affecting our businesses and our relationship with our employees and other individuals providing valuable services to us, such as our influencers and models. For example, the previously proposed federal legislation referred to as the Employee Free Choice Act would have substantially liberalized the procedures for union organization. None of our domestic employees are currently covered by a collective bargaining agreement, but any attempt by our employees to organize a labor union could result in increased legal and other associated costs.

Additionally, given the National Labor Relations Board's "speedy election" rule, our ability to timely and effectively address any unionizing efforts would be difficult. If we enter into a collective bargaining agreement with our domestic employees, the terms could materially adversely affect our costs, efficiency and ability to generate acceptable returns on the affected operations.

Federal and state wage and hour rules establish minimum salary requirements for employees to be exempt from overtime payments. For example, among other requirements, California law requires employers to pay employees who are classified as exempt from overtime a minimum salary of at least twice the minimum wage for executive, administrative and professional employees employed by employers that have 26 or more employees. Minimum salary requirements impact the way we classify certain employees, increase our payment of overtime wages and provision of meal or rest breaks, and increases the overall salaries we are required to pay to currently exempt employees to maintain their exempt status. As such, these requirements may have a material adverse effect on our business, financial condition and results of operations.

Further, the laws and regulations that govern the status and classification of independent contractors and other similar non-employee services providers are subject to change and divergent interpretations by various authorities,

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which can create uncertainty and unpredictability for us. For example, in California, Assembly Bill 5 codified and extended an employment classification test set forth by the California Supreme Court that established a new standard for determining employee or independent contractor status. This bill, and other similar initiatives throughout the United States, could lead to additional challenges to the classification of influencers and models and a potential increase in claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of any influencers or models as independent contractors. Such regulatory scrutiny or actions over such classification practices also may create different or conflicting obligations from one jurisdiction to another. Although we are currently not involved in any material legal actions and, to our knowledge, there have been no material claims of misclassification made against us, the likelihood of misclassification claims in states like California has increased in light of laws such as Assembly Bill 5, and the results of any such litigation or arbitration are inherently unpredictable and legal proceedings related to such claims, individually or in the aggregate, could have a material impact on our business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of misclassification and wage and hour claims can have an adverse impact on us because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with federal, state and international laws and regulations and our contractual obligations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, could adversely affect our business and our financial condition.

We collect and maintain significant amounts of personal data and other data relating to our customers and employees. A variety of federal, state and international laws and regulations, and certain industry standards, govern or apply to our collection, use, retention, sharing and security of consumer data. We are subject to certain laws, regulations, contractual obligations and industry standards (including, for example, the PCI-DSS) relating to privacy, data protection, information security and consumer protection, including California's Consumer Legal Remedies Act and unfair competition and false advertising laws, which are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices likely have not complied or may not comply in the future with all such laws, regulations, requirements and obligations. Any failure, or perceived failure, by us to comply with our privacy policies or with any federal, state or international laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal or contractual obligations relating to privacy, data protection, information security or consumer protection could adversely affect our reputation, brand and business, and may result in claims, proceedings or actions against us by governmental entities or others or other liabilities or require us to change our operations and/or cease or modify our use of certain data sets. Any such claim, proceeding or action could hurt our reputation, brand and business, force us to incur significant expenses in defense of such proceedings, distract our management, increase our costs of doing business, result in a loss of customers and suppliers or an inability to process credit card payments and may result in the imposition of monetary penalties. We may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws,

regulations or other legal obligations relating to privacy or consumer protection or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Additionally, any failure by us to comply with the PCI-DSS may violate payment card association operating rules, applicable laws and regulations, and contractual obligations to which we are subject. Any such failure to comply with the PCI-DSS also may subject us to fines, penalties, damages, and civil liability, or the loss of our ability to accept credit and debit card payments, any of which may materially adversely affect our business, financial condition and operating results.

Federal, state and international governmental authorities continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes. The United States and foreign governments have enacted, have considered or are considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of

third-party cookies and other methods of online tracking becoming significantly less effective. Regulation of the use of these cookies and other online tracking and advertising practices, or a loss in our ability to make effective use of services that employ such technologies, could increase our costs of operations and limit our ability to track trends, optimize our product assortment or acquire new customers on cost-effective terms and consequently, materially adversely affect our business, financial condition and operating results. For example, Apple has imposed requirements for consumer disclosures regarding privacy practices, and has implemented an application tracking transparency framework that requires opt-in consent for certain types of tracking. This transparency framework was launched in April 2021. This transparency framework has and may continue to negatively impact the effectiveness of our advertising practices. Additionally, Google has in June 2023, Apple announced new SDK privacy controls that it plans has integrated into iOS 17, which was released in September 2023, including new protections designed to implement similar restrictions on limit tracking or identification of user devices. In February 2022, Google announced its Privacy Sandbox initiative for Android, a multi-year effort expected to restrict tracking activity and limit advertisers' ability to collect app and user data across Android devices in 2023.

Foreign laws and regulations relating to privacy, data protection, information security, and consumer protection often are more restrictive than those in the United States. The EU, for example, traditionally has imposed stricter obligations under its laws and regulations relating to privacy, data protection and consumer protection than the United States. The General Data Protection Regulation, or GDPR, governs the EU's data practices and privacy. The GDPR requires companies to meet more stringent requirements regarding the handling of personal data of individuals in the EU than were required under predecessor EU requirements. The GDPR provides for substantial penalties for non-compliance, which may result in monetary penalties of up to 20.0 million Euros or 4% of a company's worldwide turnover, whichever is higher.

European privacy and data protection laws, including the GDPR, regulate the transfer of personal data from Europe, including the European Economic Area, or EEA, the UK, and Switzerland, to third countries that have not been found to provide adequate protection to such personal data, including the United States, unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information. The safeguard on which we have primarily relied for such transfers has been use of the European Commission's standard contractual clauses, or SCCs. We have undertaken certain efforts to conform transfers of personal data from the European Economic Area, or the EEA, to the United States based on our understanding of current regulatory obligations and the guidance of data protection authorities. In the "Schrems II" decision issued by the Court of Justice of the European Union, or CJEU, on July 16, 2020, the CJEU invalidated one mechanism for cross-border personal data transfer, the EU-U.S. Privacy Shield, and imposed additional obligations on companies relying on the SCCs to transfer personal data. The Swiss-U.S. Privacy Shield framework subsequently was invalidated by the Swiss Federal Data Protection and Information Commissioner. The European Commission and United States agreed in principle in March 2022 to Following issuance of a U.S. executive order, a new framework, the EU-U.S. Data Privacy Framework, or DPF, which would permit transfers was created. Following an adequacy decision issued by the European Commission on July 10, 2023, the DPF, along with a UK extension to the DPF that allows the transfer of personal data from the E.U. UK to the U.S., by participating entities. President Biden issued an executive order in October 2022 providing or the UK DPF Extension, are available for safeguards on imported E.U. companies to use to legitimize personal data on which basis the European Commission adopted a draft opinion in December 2022, concluding that transfers to the U.S. ensures an adequate level of protection for personal data imported from the E.U. This

opinion has not yet been formally adopted in the EU, EEA and UK. The DPF and the UK DPF Extension may be further modified and subject to legal challenge, and it remains unclear whether the DPF will be implemented, whether it or the UK DPF Extension will be appropriate for us to rely on it if it is implemented and whether the European Commission's adequacy opinion will be formally adopted. The Schrems II decision and other developments on. Developments relating to cross-border data transfer may result in European data protection regulators applying differing standards for, and requiring ad hoc verification of, transfers of personal data from Europe or other regions to the U.S. The European

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Commission has released revised SCCs addressing the CJEU concerns. The UK has also adopted new standard contractual clauses, or the UK SCCs, which became effective on March 21, 2022. The CJEU's Schrems II decision, the revised SCCs and the UK SCCs, regulatory guidance and opinions, and other developments relating to cross-border data transfer may require us to implement additional contractual and technical safeguards for any personal data transferred out of the EEA, the UK and Switzerland, which may increase compliance costs, lead to increased regulatory scrutiny or liability, may require additional contractual negotiations, and may adversely impact our business, financial condition and operating results.

The UK has implemented legislation similar to the GDPR, including the UK Data Protection Act and legislation similar to the GDPR referred to as the UK GDPR, which provides for fines of up to the greater of 17.5 million British Pounds or 4% of a company's worldwide turnover, whichever is higher. Additionally, the relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear following the UK's exit from the EU, including with respect to regulation of data transfers between EU member states and the UK. On June 28, 2021, the European Commission announced a decision of "adequacy" concluding that the UK ensures an equivalent level of data protection to the GDPR, which provides some relief regarding the legality of continued personal data flows from the EEA to the UK. Some uncertainty remains, however, as this adequacy determination must be renewed after

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four years and may be modified or revoked in the interim. We cannot fully predict how the Data Protection Act, the UK GDPR, and other UK data protection laws or regulations may develop in the medium to longer term nor the effects of divergent laws and guidance regarding how data transfers to and from the UK will be regulated. Further, the GDPR and other similar regulations require companies to give specific types of notice and in some cases seek consent from consumers and other data subjects before collecting or using their data for certain purposes, including some marketing activities. In addition to the GDPR, the European Commission has another draft regulation in the approval process that focuses on a person's right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications, or ePrivacy Regulation, would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation is still being negotiated. Most recently, on February 10, 2021, the Council of the EU agreed on its version of the draft ePrivacy Regulation. If adopted, the earliest date for entry into force is in 2023, with broad potential impact on the use of internet-based services and tracking technologies, such as cookies. Aspects of the ePrivacy Regulation remain for negotiation between the European Commission and the Council. We expect to incur additional costs to comply with the requirements of the ePrivacy

Regulation as it is finalized for implementation. Further, on January 13, 2022, the Austrian data protection authority published a decision ruling that the collection of personal data and transfer to the United States through Google Analytics and other analytics and tracking tools used by website operators violates the GDPR. On February 10, 2022, the French data protection authority issued a press release announcing that the French data protection authority had issued a similar decision. Other data protection authorities in the EU are increasingly focused on the use of online tracking tools and have indicated that they plan to issue similar rulings. We may find it necessary or appropriate to develop or use alternative methods to replace the functionality of cookies.

Outside of the EU, many countries and territories have laws, regulations, or other requirements relating to privacy, data protection, information security, localized storage of data, and consumer protection, and new countries and territories are adopting such legislation or other obligations with increasing frequency. In China, for example, the Personal Information Protection Law, or PIPL, was adopted on August 20, 2021 and went into effect on November 1, 2021. The PIPL shares similarities with the GDPR, including extraterritorial application, data minimization, data localization and purpose limitation requirements, as well as obligations to provide certain notices and rights to citizens of China. The PIPL allows for fines of up to 50 million renminbi, or 5% of a covered company's revenue in the prior year. More generally, many of these foreign laws and regulations may require consent from consumers for the use of data for various purposes, including marketing, which may reduce our ability to market our products. There is no harmonized approach to these laws and regulations globally. Consequently, international activities and operations increase our risk of non-compliance with applicable laws and regulations, and we would increase our risk of non-compliance with applicable foreign data protection laws by expanding internationally. We may need to change and limit the way we use personal information in operating our business, may be required to make additional investments in compliance programs, may be required to update our policies and procedures and may have difficulty maintaining a single operating model that is compliant. In addition, various federal, state and foreign legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, information security and consumer protection. For example, in 2018, California enacted the California Consumer Privacy Act, or CCPA, which, among other things, requires new disclosures to California consumers and affords such consumers new abilities to opt out of certain sales of personal information. The CCPA, which became effective January 1, 2020, provides for civil penalties for

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violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Moreover, California voters approved the California Privacy Rights Act, or CPRA, in November 2020. The CPRA significantly modified the CCPA, creating obligations relating to consumer data effective as of January 1, 2022. Numerous other states have proposed, and in certain cases enacted, legislation that share similarities with the CCPA and the CPRA. Aspects of these privacy statutes remain unclear, resulting in further uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. As a general matter, compliance with laws, regulations, and any applicable rules or guidance from self-regulatory organizations relating to privacy, data protection,

information security and consumer protection may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, adversely affect our ability to acquire customers, and otherwise adversely affect our business, financial condition and operating results.

Government regulation of the Internet and eCommerce is evolving and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and results of operations.

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We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and eCommerce. Existing and future regulations and laws could impede the growth of the Internet, eCommerce or mobile commerce. These regulations and laws may involve taxes, tariffs, privacy, data protection, data security, anti-spam, content protection, electronic contracts and communications, consumer protection, website accessibility, Internet neutrality and gift cards. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as many of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or eCommerce. It is possible that general business regulations and laws, or those specifically governing the Internet or eCommerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our sites by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. In addition, it is possible that governments of one or more countries or territories may seek to censor content available on our sites or may even attempt to completely block access to our sites. Adverse legal or regulatory developments could substantially harm our business. In particular, in the event that we are restricted, in whole or in part, from operating in one or more countries or territories, our ability to retain or increase our customer base may be adversely affected and we may not be able to maintain or grow our net sales and expand our business as anticipated.

We are subject to various governmental export control and trade sanctions laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate these controls.

In some cases, our products are subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce and export regulations administered by the U.S. Fish and Wildlife Services, and our activities are subject to trade and economic sanctions, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, which we collectively refer to as Trade Controls. As such, a license, licenses and notices may be required to export or re-export our products to certain countries

and end users and for certain end uses. The process for obtaining necessary licenses and making required notices may be time-consuming or unsuccessful, potentially causing delays in sales or losses of sales opportunities. Trade Controls controls are complex and dynamic regimes and monitoring and ensuring compliance can be challenging. Any failure to comply with these regimes could subject us to both civil and criminal penalties, including substantial fines, possible incarceration of responsible individuals for willful violations, possible loss of our export or import privileges, and reputational harm. In addition, investigating or defending against any such allegations, actions or investigations will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

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We may experience fluctuations in our tax obligations and effective tax rate, which could adversely affect our operating results.

We are subject to taxes in the United States and the UK. We record tax expense based on current tax liabilities and our estimates of future tax liabilities, which may include reserves for estimates of probable settlements of tax audits. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as taxable events occur and exposures are re-evaluated.

Further, our tax liability, after-tax profitability and effective tax rate in a given financial statement period may be materially impacted by changes in tax laws, including legislation implementing changes in taxation of international business activities, changes in the mix and level of earnings by taxing jurisdictions or changes to existing accounting rules or regulations. For example, the Inflation Reduction Act of 2022, among other things, imposed a one percent excise tax on certain stock repurchases by public companies. The Organization of Economic Cooperation and Development proposed implementing a global minimum tax of fifteen percent, which is being adopted or considered by many jurisdictions. There are numerous other factors that could affect our tax rate, including, among others, intercompany transactions, losses incurred in jurisdictions for which we are not able to realize the related tax benefits, exercises of stock options and vesting of restricted stock units, and entry into new businesses and geographies.

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Fluctuations in our tax obligations and effective tax rate could adversely affect our business, financial condition and operating results.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our offering and adversely affect our operating results.

The U.S. Supreme Court held in *South Dakota v. Wayfair, Inc.* that states could impose sales tax collection obligations on out-of-state retailers even if those retailers lack any physical presence within the states imposing sales taxes. Under

Wayfair, a person requires only a “substantial nexus” with the taxing state before the state may subject the person to sales tax collection obligations therein. An increasing number of states, both before and after the Supreme Court’s ruling, have considered or adopted laws that attempt to impose sales tax collection obligations on out-of-state retailers. The Supreme Court’s *Wayfair* decision has removed a significant impediment to the enactment of these laws and it is possible that states may seek to tax out-of-state retailers, including for prior tax years. Although we believe that we currently collect sales taxes in all states that have adopted laws imposing sales tax collection obligations on out-of-state retailers since *Wayfair* was decided, a successful assertion by one or more states requiring us to collect sales taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some sales taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments of sales tax collection obligations on out-of-state retailers in jurisdictions where we do not currently collect sales taxes, whether for prior years or prospectively, could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors and decrease our future sales, which could have a material adverse impact on our business and operating results.

Risks Related to Our International Operations

We have operations and do business in China, which exposes us to risks inherent in doing business there.

We use multiple third-party suppliers and manufacturers based primarily in China. With the rapid development of the Chinese economy, the cost of labor has increased and may continue to increase in the future. Furthermore, pursuant to Chinese labor laws, employers in China are subject to various requirements when signing labor contracts, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. Our results of operations will be materially and adversely affected if the labor costs of our third-party suppliers and manufacturers increase significantly. In addition, we and our manufacturers and suppliers may not be able to find a sufficient number of qualified workers due to the intensely competitive and fluid market for skilled labor in China. We also sell our merchandise to customers in China and use Chinese-owned social media and payment platforms such as TikTok, WeChat and AliPay to market to and transact with customers inside and outside of China.

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Operating and doing business in China and using Chinese-owned social media platforms as tools for marketing, messaging and transacting with our customers in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China, both nationally and regionally, and China’s relationship with the United States, is fluid and unpredictable. Our ability to operate and do business in China and use Chinese-owned social media platforms may be adversely affected by changes in U.S. and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, custom duties, social media, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, hygiene supervision and other matters. In addition, we may not obtain or retain the requisite legal permits to continue to operate in China and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In addition, Chinese trade

regulations are in a state of flux and we may become subject to other forms of taxation, tariffs and duties in China. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected. See also “—Tariffs imposed by the U.S. government or a global trade war could increase the cost of our products, which could have a material adverse effect on our business, financial condition and results of operations.”

In addition, the U.S. government has in the past implemented restrictions, and may implement still further restrictions, which affect conducting business with certain Chinese companies, including TikTok. Due to the uncertainty regarding the timing, content and extent of any changes in policy and regulatory restrictions, we cannot

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assure you that we will successfully mitigate any negative impact, including any ability to continue to procure items or services from entities linked to China or other designated countries. Depending upon their duration and implementation, such executive or regulatory actions could result in a material adverse effect on our business, financial condition and results of operations.

Our reliance on overseas manufacturing and supply partners, including vendors located in jurisdictions presenting an increased risk of bribery and corruption, exposes us to legal, reputational and supply chain risk through the potential for violations of federal and international anti-corruption law.

We derive a significant portion of our owned brand merchandise from third-party manufacturing and supply partners in foreign countries and territories, including countries and territories perceived to carry an increased risk of corrupt business practices. We are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, the U.K. Bribery Act of 2010, the U.S. domestic bribery statute contained in 18 U.S.C. § 201 and possibly other anti-bribery and anti-corruption laws in countries outside of the United States where we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, and their employees, agents, representatives, business partners and third-party intermediaries, from offering, promising, authorizing or making, directly or indirectly, improper payments to any foreign government official, government staff member, political party or political candidate or private sector individual in an attempt to obtain or retain business. Likewise, the SEC, the U.S. Department of Justice, OFAC, the U.S. Department of State, as well as other foreign regulatory authorities, continue to enforce economic and trade regulations and anti-corruption laws across industries. U.S. trade sanctions relate to transactions with designated foreign countries and territories as well as specially targeted individuals and entities that are identified on U.S. and other government blacklists, and those owned by them or those acting on their behalf.

We sometimes leverage third parties to sell our products and conduct our business abroad. We and our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party

intermediaries even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, and notwithstanding our efforts to conduct our operations in material compliance with these regulations, we cannot assure you that all of our employees, agents, representatives, business partners or third-party intermediaries will not take actions in violation of applicable law for which we may be ultimately held responsible.

Any allegations or violations of OFAC regulations, the FCPA, the U.K. Bribery Act of 2010 or any of the anti-corruption and anti-bribery laws in the countries and territories where we and our vendors do business, we could suffer result in severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, prosecution, enforcement actions, fines, damages, investigations, loss of export privileges, bans on transacting certain business, and other consequences that may have a material adverse effect on our business, financial condition, results of operations and prospects. In

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addition, investigating or defending against any anti-corruption such allegations, actions or investigations will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees. Moreover, any actual or alleged corruption in our supply chain could carry significant reputational harms, including negative publicity, loss of good will and decline in stock price.

Expansion of our operations internationally will require management attention and resources, involves additional risks and may be unsuccessful.

We have limited experience with operating in regions outside of the United States. We recently opened an office in the Philippines to support our customer service and certain administrative functions and a small number of our employees are working remotely in other regions outside the United States. If we choose to expand further internationally, we would need to adapt to different local cultures, laws, regulations, standards and policies. The business model we employ and the merchandise we currently offer may not have the same appeal to consumers outside of the United States. Furthermore, to succeed with customers in international locations, it likely will be necessary to locate fulfillment centers in foreign markets and hire local employees in those international centers and we may have to invest in these facilities before proving we can successfully run foreign operations. We may not be successful in

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expanding into international markets or in generating net sales from foreign operations for a variety of reasons, including:

- localization of our merchandise offerings, including translation into foreign languages and adaptation for local practices;
- navigating shipping and returns in a more fragmented geography, particularly following the UK's departure from EU and if the EU were to lose other members or change its policies regarding the flow of goods across country borders;

- different consumer demand dynamics, which may make our model and the merchandise we offer less successful compared to the United States;
- competition from local incumbents that understand the local market and may operate more effectively;
- regulatory requirements, taxes, trade laws, trade sanctions and economic embargoes, tariffs, export quotas, customs duties or other trade restrictions or any unexpected changes thereto;
- laws and regulations regarding anti-bribery and anti-corruption compliance;
- differing labor regulations where labor laws may be more advantageous to employees as compared to the United States and increased labor costs;
- more stringent regulations relating to privacy, data protection, and data security and access to, or use of, commercial and personal information, particularly in Europe;
- changes in a specific country's or region's political or economic conditions; and
- risks resulting from changes in currency exchange rates.

If we invest substantial time and resources to establish and expand our operations internationally and are unable to do so successfully and in a timely manner, our operating results would suffer.

Tariffs imposed by the U.S. government or a global trade war could increase the cost of our products, which could have a material adverse effect on our business, financial condition and results of operations.

The U.S. government has in the past made, and may in the future make, significant changes in U.S. trade policy and has taken certain actions that could negatively impact U.S. trade, including imposing tariffs on certain goods imported into the United States. In retaliation, China has in the past implemented, and may in the future implement, tariffs on a wide range of American products. There is also a concern that the imposition of tariffs by the United States could result in the adoption of tariffs by other countries as well, leading to a global trade war. More specifically, the U.S. government has from time to time imposed significant tariffs on certain product categories imported from China, including apparel, footwear, accessories and beauty. Such tariffs could have a significant impact on our business, particularly the REVOLVE segment, within which a large portion of the merchandise offered for sale is manufactured

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in China. While we attempt to renegotiate prices with suppliers or diversify our supply chain in response to tariffs, such efforts may not yield immediate results or may be ineffective. We might also consider increasing prices to the end consumer; however, this could reduce the competitiveness of our products and adversely affect net sales. If we fail to manage these dynamics successfully, gross margins and profitability could be adversely affected. As of the date of this report, tariffs have not had a material impact on our business, but increased tariffs or trade restrictions implemented by the United States or other countries could have a material adverse effect on our business, financial condition and results of operations.

We cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and China or other countries, what products may be subject to such actions or what actions may be taken by the

other countries in retaliation. Any further deterioration in the relations between the United States and China could exacerbate these actions and other governmental intervention. For example, the implementation of China's national-security law in Hong Kong **has** created additional U.S.-China tensions and **similar events** could potentially increase the risks associated with the business and operations of U.S.-based technology companies in China.

The U.S. or foreign governments may take additional administrative, legislative, or regulatory action that could materially interfere with our ability to sell products in certain countries. Sustained uncertainty about, or worsening of,

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current global economic conditions and further escalation of trade tensions between the United States and its trading partners, especially China, could result in a global economic slowdown and long-term changes to global trade, including retaliatory trade restrictions that restrict our ability to operate in China. Any alterations to our business strategy or operations made in order to adapt to or comply with any such changes would be time-consuming and expensive and certain of our competitors may be better suited to withstand or react to these changes.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our operating results.

Most of our sales are denominated in U.S. dollars. However, a strengthening U.S. dollar could increase the real cost of our products to our customers outside of the United States that pay in foreign currencies, which could adversely affect our operating results. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our consolidated statements of income. If we become more exposed to currency fluctuations and are not able to successfully hedge against the risks associated with currency fluctuations, our operating results could be materially and adversely affected.

Risks Related to Privacy, Cybersecurity and Our Technology

If sensitive information, including such information about our customers, is disclosed or accessed without authorization, or if we or our third-party providers are subject to real or perceived cyberattacks or other security breaches or incidents, our customers may curtail use of our platform, we may be exposed to liability and our reputation would suffer.

We collect, transmit and store personal and financial information provided by our customers, such as names, email addresses, the details of transactions and credit card and other financial information. Some of our third-party service providers, such as identity verification and payment processing providers, also regularly have access to customer data. Additionally, we maintain other confidential, proprietary, or otherwise sensitive information relating to our business and from third parties. In an effort to protect sensitive information, we rely on a variety of security measures, including encryption and authentication technology licensed from third parties. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in our failure or inability to adequately protect sensitive information.

Our servers are located in close proximity to one another in Southern California and are vulnerable to power outages, telecommunications failures and catastrophic events. Like other online services, they are also vulnerable to computer viruses, malware, computer hacking, fraudulent use, credential stuffing attacks, unauthorized access, phishing or social engineering attacks, ransomware attacks, denial-of-service attacks, exploitation of bugs and vulnerabilities, system malfunctions, failures, terrorism, inadvertent or intentional acts by our employees and contractors and other real or perceived cyberattacks. Any of these incidents could lead to interruptions or shutdowns of our platform, loss, unavailability or corruption of data, or unauthorized access to or alteration, use, acquisition or disclosure of personal data or other sensitive information. Cyberattacks could also result in the theft of our intellectual

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property. We have been subject to phishing and social engineering attacks in the past and may continue to be subject to such attacks in the future. If we gain greater visibility, we may face a higher risk of being targeted by cyberattacks. Advances in computer capabilities, new technological discoveries or other developments may result in cyberattacks becoming more sophisticated and more difficult to detect. We and our third-party service providers may not have the resources or technical sophistication to anticipate or prevent all such cyberattacks, and we or they may face difficulties or delays in identifying and responding to cyberattacks and data security breaches and incidents. In particular, our vendors and service providers may also be the targets of cyberattacks, malicious software, phishing schemes, and fraud, and our third-party vendors' and service providers' systems and networks may be, or may have been, breached or contain exploitable defects or bugs that could result in a breach of or disruption to our or their systems and networks. Our ability to monitor our vendors and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of our and our customers' data, including confidential, sensitive, and other information about individuals. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against us or our third-party service providers. Security breaches and incidents can also occur as a result of non-technical issues, including phishing attacks, social engineering, and other intentional or inadvertent actions by our employees, our third-party service providers, or their personnel. Our third-party service

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providers also face these risks. Additionally, with many of our employees and employees of our service providers now working remotely, we and our service providers have less capability to monitor and enforce our data protection and data security policies and face increased privacy, data protection and data security risks.

Also, due to political uncertainty and military actions associated with Russia's war against Ukraine, we and our vendors and service providers are vulnerable to heightened risks of cybersecurity incidents and security and privacy breaches from or affiliated with nation-state actors.

We are taking steps to monitor and enhance the security of our systems, information technology infrastructure, networks, and data, including with respect to remote access to systems and data. The unprecedented scale of remote

work may, however, require additional personnel and resources, which nevertheless cannot be guaranteed to fully safeguard all systems, information technology infrastructure, networks and data upon which we rely.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents and we expect our costs will increase as we make improvements to our systems and processes to prevent further breaches and incidents. In the event of a future breach or incident, we could be required to expend additional significant capital and other resources in an effort to prevent further breaches or incidents, which may require us to divert substantial resources. Moreover, we could be required or otherwise find it appropriate to expend significant capital and other resources to respond to, notify third parties of, and otherwise address the incident or breach and its root cause. Each of these could require us to divert substantial resources.

We and our third-party service providers regularly experience cyberattacks aimed at disrupting our and their services. If we or our third-party service providers experience, or are believed to have experienced, security breaches or incidents that result in marketplace performance or availability problems or the loss or corruption of, or unauthorized access to or disclosure of, personal data or confidential information, people may become unwilling to provide us the information necessary to make purchases on our sites and our reputation and market position could be harmed. Existing customers may also decrease their purchases or close their accounts altogether. We could also face potential claims, investigations, regulatory proceedings, liability and litigation, and bear other substantial costs in connection with remediating and otherwise responding to any data security breach or incident, all of which may not be adequately covered by insurance, and which may result in an increase in our costs for insurance or insurance not being available to us on economically feasible terms or at all. Insurers may also deny us coverage as to any future claim. Any of these results could harm our growth prospects, financial condition, business and reputation.

System interruptions that impair customer access to our sites or other performance failures in our technology infrastructure could damage our business, reputation and brand and substantially harm our business and results of operations.

The satisfactory performance, reliability and availability of our sites, transaction-processing systems and technology infrastructure are critical to our reputation and our ability to acquire and retain customers, as well as maintain adequate customer service levels.

We currently use two redundant third-party data center hosting facilities in Los Angeles County, California. If the facilities where the computer and communications hardware are located fail, or if we suffer an interruption or degradation of services at our main facility, we could lose customer data and miss order fulfillment deadlines, which could harm our business. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, cyberattacks, data loss, acts of war, break-ins, earthquake and similar events. For example, in September 2018, a distributed denial of service, or DDoS, attack caused our sites to be down for several hours, and we could be the subject of similar attacks in the future. In the event of a failure of our main facility, the failover to our back-up facility could take substantial time, during which time our sites could be completely shut down. Our back-

up facility is designed to support transaction volume at a level slightly above our average daily sales, but is not adequate to support spikes in demand. The back-up facility may not process effectively during times of higher traffic to our sites and may process transactions more slowly and may not support all of our sites' functionality.

We use complex custom-built proprietary software in our technology infrastructure, which we seek to continually update and improve. We may not always be successful in executing these upgrades and improvements, and the operation of our systems may be subject to failure. In particular, we have in the past and may in the future experience slowdowns or interruptions in some or all of our sites when we are updating them, and new technologies or infrastructures may not be fully integrated with existing systems on a timely basis or at all. Additionally, if we

expand our use of third-party services, including cloud-based services, our technology infrastructure may be subject to increased risk of slowdown or interruption as a result of integration with such services and/or failures by such third parties, which are out of our control. Our net sales depend on the number of visitors who shop on our sites and the volume of orders we can handle. Unavailability of our sites or reduced order fulfillment performance would reduce the volume of goods sold and could also materially adversely affect consumer perception of our brand. We may experience periodic system interruptions from time to time. In addition, continued growth in our transaction volume, as well as surges in online traffic and orders associated with promotional activities or seasonal trends in our business, place additional demands on our technology platform and could cause or exacerbate slowdowns or interruptions. If there is a substantial increase in the volume of traffic on our sites or the number of orders placed by customers, we will be required to further expand, scale and upgrade our technology, transaction processing systems and network infrastructure. There can be no assurance that we will be able to accurately project the rate or timing of increases, if any, in the use of our sites or expand, scale and upgrade our technology, systems and infrastructure to accommodate such increases on a timely basis. In order to remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our sites, which is particularly challenging given the rapid rate at which new technologies, customer preferences and expectations and industry standards and practices are evolving in the eCommerce industry. Accordingly, we redesign and enhance various functions on our sites on a regular basis and we may experience instability and performance issues as a result of these changes.

Any slowdown or failure of our sites and the underlying technology infrastructure could harm our business, reputation and our ability to acquire, retain and serve our customers, which could materially adversely affect our results of operations and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

We rely on information technology networks and systems to market and sell our products, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities and to comply with regulatory, legal and tax requirements. We are increasingly dependent on a variety of information systems to effectively

process customer orders. We depend on our information technology infrastructure for digital marketing activities and for electronic communications among our personnel, customers, manufacturers and suppliers around the world. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, other security breaches and incidents, telecommunication failures, user errors or catastrophic events. Any material disruption of our systems or the systems of our third-party service providers could disrupt our ability to track, record and analyze the products that we sell and could negatively impact our operations, shipment of goods, ability to process financial information and transactions, and our ability to receive and process retail customers' orders and eCommerce orders or engage in normal business activities. If our information technology systems suffer damage, disruption or shutdown and we do

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not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected and we could experience delays in reporting our financial results.

Our eCommerce operations are important to our business. Our website serves as an effective extension of our marketing strategies by exposing potential new consumers to our brand, product offerings and enhanced content. Due to the importance of our website and eCommerce operations, we are vulnerable to website downtime and other technical failures. Our failure to successfully respond to these risks could reduce eCommerce sales and damage our brand's reputation. Additionally, the information technology networks and systems used in our business and operations, some of which are managed by third parties, may suffer cyberattacks and otherwise be subject to security breaches and incidents. Any such security breaches and incidents may result in, in addition to network and system disruptions, damage, and shutdowns, consequences such as loss or corruption of, or unauthorized access to or acquisition of, data stored or processed on those networks and systems. The risks described here are heightened due to the increase in remote working since the COVID-19 pandemic. See also "—If sensitive information, including such information about our customers, is disclosed or accessed without authorization, or if we or our third-party providers are subject to real or perceived cyberattacks or other security breaches or incidents, our customers may curtail use of our platform, we may be exposed to liability and our reputation would suffer."

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We must successfully maintain, scale and upgrade our information technology systems and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We have identified the need to significantly expand, scale and improve our information technology systems and personnel to support recent and expected future growth. As such, we are in process of implementing, and will continue to invest in and implement, significant modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise and building new policies, procedures,

training programs and monitoring tools. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to leverage our eCommerce channels, fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, acquisition and retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and have a material adverse effect on our business, financial condition and results of operations.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.

We use open source software in the applications we have developed to operate our business and will use open source software in the future. We may face claims from third parties demanding the release or license of the open source software or derivative works that we develop from such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. In addition, our use of open source software may present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. For example, in December 2021, a vulnerability in a popular logging software, Log4j, was publicly announced. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business and operating results.

Our software is highly complex and may contain undetected errors.

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The software underlying our sites is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been released. We rely heavily on a software engineering practice known as “continuous deployment,” meaning that we typically release software code multiple times per day. This practice may result in the more frequent introduction of errors or vulnerabilities into the software underlying our platform. Any errors or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of customers, disruption to our eCommerce channels, loss of net sales or liability for damages, any of which could adversely affect our growth prospects and our business.

Our business may be adversely affected if we are unable to provide our customers a cost-effective shopping platform that is able to respond and adapt to rapid changes in technology.

The number of people who access the Internet through devices other than personal computers, including mobile phones, smartphones, handheld computers such as notebooks and tablets, video game consoles, and television set-top devices, has increased dramatically in the past few years. The smaller screen size, functionality, and memory associated with some alternative devices may make the use of our sites and purchasing our products more difficult. The versions of our sites developed for these devices may not be compelling to consumers. In addition, it is time consuming and costly to keep pace with rapidly changing and continuously evolving technology. We launched our mobile applications for REVOLVE and FWRD in 2013, and all of our North American sites and a majority of our

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international sites are mobile-optimized. In 2022 and 2021, a The majority of orders were placed from a mobile device. However, we cannot be certain that our mobile applications or our mobile-optimized sites will be successful in the future.

As existing mobile devices and platforms evolve and new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in adjusting and developing applications for changed and alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such applications. If we are unable to attract consumers to our websites through these devices or are slow to develop a version of our websites that is more compatible with alternative devices or a mobile application, we may fail to capture a significant share of consumers in the fashion retail market, which could materially and adversely affect our business.

Further, we continually upgrade existing technologies and business applications, and we may be required to implement new technologies or business applications in the future. The implementation of upgrades and changes requires significant investments. Our results of operations may be affected by the timing, effectiveness and costs associated with the successful implementation of any upgrades or changes to our systems and infrastructure. In the event that it is more difficult for our customers to buy products from us on their mobile devices, or if our customers choose not to buy products from us on their mobile devices or to use mobile products that do not offer access to our websites, our customer growth could be harmed and our business, financial condition and operating results may be materially adversely affected.

Our use of artificial intelligence and machine learning could adversely affect our business and operating results.

We use artificial intelligence, or AI, and machine learning, or ML, in our business to, among other things, optimize our product assortment and personalize our website experience through advanced search and product recommendations. We may expand our use of AI and ML into other areas of our business including the design and development of owned brand merchandise and general administrative functions. Issues relating to our use of new and evolving technologies such as AI may cause us to experience brand or reputational harm, competitive harm, legal liability and new or enhanced governmental or regulatory scrutiny, and to incur additional costs to resolve such issues. For example, AI algorithms are based on ML and predictive analytics, which can include unexpected biases and lead to discriminatory outcomes. In addition, perceived or actual technical, legal, compliance, privacy, security, ethical or other issues relating to the use of AI

could undermine the decisions, predictions or analysis that AI applications produce, which could adversely affect our business and operating results. The use of AI involves significant technical complexity and requires specialized expertise. Any disruption or failure in our AI-based systems or technology infrastructure could result in delays or errors in our operations, which could harm our business and operating results. Moreover, developing, testing and deploying AI systems may also increase our operating expenses due to the nature of the computing costs involved in such systems.

Risks Related to Our Intellectual Property

If we cannot successfully protect our intellectual property, our business would suffer.

We rely on trademark, copyright, trade secrets, confidentiality agreements and other practices to protect our brands, designs, proprietary information, technologies and processes. Our principal trademark assets include the registered trademarks "REVOLVE," "FWRD" and multiple other brand names and our logos. Our trademarks are valuable assets that support our brand and consumers' perception of our services and merchandise. We also hold the rights to the "revolve.com" and "fwr.com" Internet domain names and various other related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. We have copyrights and other proprietary rights associated with our owned brands' apparel and other products.

If we are unable to protect our trademarks or domain names in the United States or in other jurisdictions in which we may ultimately operate, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our operating results would be adversely impacted. We expend substantial resources in the development of new high-quality products but are susceptible to counterfeiting, which may harm our reputation for producing such products and force us to incur expenses in enforcing our intellectual property rights. Counterfeiting of our products may be difficult or costly to detect and any related claims or lawsuits to enforce our rights can be expensive to resolve, require management time and resources, and may not provide a satisfactory or

timely result. Despite our efforts to enforce our intellectual property rights, counterfeiters may continue to violate our intellectual property rights by using our trademarks or imitating or copying our products, which could harm our brand, reputation and financial condition. Since our products are sold internationally, we are also dependent on the laws of a range of countries and territories to protect and enforce our intellectual property rights.

We currently have no registered copyrights, applications for copyright registrations, patents issued or applications pending in the United States or internationally. Any registered copyrights or patents that may be issued in the future may not provide us with any competitive advantages or may be challenged by third parties, and future registered copyrights or patent applications may never be granted. Even if issued, there can be no assurance that these registered copyrights or patents will adequately protect our intellectual property or survive a legal challenge, as the legal standards relating to the validity, enforceability and scope of protection of registered copyright, patent and other intellectual property rights are

uncertain. Our limited registered copyright and patent protection may restrict our ability to protect our technologies and processes from competition. We primarily rely on unregistered copyrights to protect our designs and products and on trade secret laws to protect our technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar designs, products, technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide products or services similar to ours, which could harm our competitive position.

We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient.

The inability to acquire, use or maintain our marks and domain names for our sites could substantially harm our business, financial condition and operating results.

We currently are the registrant of marks for our brands in numerous jurisdictions and are the registrant of the Internet domain name for the websites of revolve.com and fwrd.com and our other sites, as well as various related domain names. However, we have not registered our marks or domain names in all major international jurisdictions. Domain names generally are regulated by Internet regulatory bodies. As our business grows, we may incur material costs in connection with the registration, maintenance and protection of our marks. If we do not have, or cannot obtain on reasonable terms, the ability to use our marks in a particular country, or to use or register our domain name, we could be forced either to incur significant additional expenses to market our products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or to elect not to sell products in that country. Either result could materially adversely affect our business, financial condition and operating results.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brand. Also, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our consumer communications or infringe or otherwise decrease the value of our marks, domain names and other

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proprietary rights. Regulatory bodies also may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that use the name REVOLVE, FWRD or the names of our other brands in all of the countries and territories in which we currently or intend to conduct business.

We have in the past and may in the future be accused of infringing intellectual property or other proprietary rights of third parties.

We have in the past received, and may in the future receive, claims by various third-parties that we have infringed their copyrights, trademarks or patents, or improperly used or disclosed their trade secrets, or otherwise infringed or violated their proprietary rights, such as licensing or publicity rights. For example, in March 2023, we received a cease and

desist cease-and-desist letter alleging copyright infringement and related claims. This matter has not proceeded to litigation as of the date of this report report. During the three and while there nine months ended September 30, 2023, we accrued \$6.6 million and \$6.7 million, respectively, to general and administrative expenses for estimated losses, legal fees and other costs that we expect to incur in connection with these claims. The accrual for estimated losses is a reasonable possibility that a loss may be incurred, the possible loss or range of loss is not estimable based on currently available information. information and may change as new information becomes available or circumstances change.

Our active engagement in social media activities and large network of social media influencer partners increases these risks for us. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claim is valid, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, including statutory damages of up to \$150,000 per work infringed in the event of willful copyright infringement. We could also

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be subject to actual damages, the amounts of which may be difficult to quantify. In addition, in some cases we may be obligated to pay the attorneys' fees for a plaintiff in a lawsuit filed against us. Such damages and attorneys' fees, if any, could adversely affect our business, operating results and financial condition. Even if such claims were not valid, defending them could be expensive and distracting, adversely affecting our operating results. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, choose to enter into settlement agreements with third parties to avoid or settle litigation, the amounts of which could be substantial and adversely affect our operating results.

Risks Related to Our Class A Common Stock

The market price of our Class A common stock may be volatile or may decline steeply or suddenly regardless of our operating performance, and we may not be able to meet investor or analyst expectations.

The market price of our Class A common stock has, and may continue to, fluctuate or decline significantly in response to numerous factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- market volatility and economic disruption caused by macroeconomic factors, including but not limited to inflation, consumer confidence and events such as the COVID-19 pandemic;
- actual or anticipated fluctuations in our customer base, the level of customer engagement, net sales or operating results;
- variations between our actual operating results and the expectations of securities analysts, investors and financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, changes in this information or our failure to meet expectations based on this information;

- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;

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- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our executive officers, directors and their affiliates;
- additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or anticipation of such sales;
- repurchases of our Class A common stock pursuant to our stock repurchase program and any announcement of the termination of the program;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our vendors and competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- **lawsuits threatened or filed against us;**
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies;
- imposition of fines or other remedial measures as a result of the underpayment of customs duties; and
- other events or factors, including those resulting from war, including **the war in Israel and Russia's war against Ukraine**, or incidents of terrorism, or responses to these events.

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In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many eCommerce and other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and seriously harm our business.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated operating results forecasts that we may provide. In addition, the price of our Class A common stock could decline if our results fail to meet investor expectations driven by certain investors and analysts having access to third-party credit card data used to estimate our net sales.

We cannot guarantee that our stock repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.

In August 2023, our board of directors authorized a stock repurchase program of up to \$100 million of our outstanding Class A common stock. Although our board of directors has authorized this repurchase program, the program does not obligate us to repurchase any specific dollar amount or number of shares. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions and other general business considerations. In addition, the terms of our credit agreement impose certain limitations on our ability to repurchase shares. The repurchase program has no expiration date but it may be modified, suspended or terminated at any time, and we cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of the program may result in a decrease in the trading price of our stock. In addition, the repurchase program could diminish our cash reserves.

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Future sales of shares could cause our stock price to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers and principal stockholders, or the perception that such sales might occur, could cause our stock price to decline. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Our outstanding shares of Class A common stock and Class B common stock may be resold in the public market in the United States subject to registration under the Securities Act or under an exemption from registration, including Rule 144. The holders of all of our Class B common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of the shares of Class A common stock issuable upon conversion of their shares of Class B common stock, or to include such shares in registration statements that we may file. If we register the offer and sale of shares for the holders of registration rights, those shares can be freely sold in the public market upon issuance.

In addition, we register the offer and sale of all shares of common stock that we may issue under our equity incentive plans, including the shares subject to outstanding options and restricted stock units, or RSUs. As a result, the sale of shares to be issued under our equity incentive plans can be freely resold in the public market upon issuance, subject to the restrictions of Rule 144 under the Securities Act in the case of our affiliates.

The dual class structure of our common stock concentrates voting control with our executive officers, directors and their affiliates, which may depress the trading price of our Class A common stock.

Our Class A common stock has one vote per share and our Class B common stock has ten votes per share. As of **June 30, 2023** **September 30, 2023**, our co-chief executive officers and MMMK Development, Inc., an entity controlled by our co-chief

executive officers, collectively beneficially owned approximately 45% of the outstanding shares of common stock and collectively controlled approximately 89% of the voting power of our outstanding common stock. Our co-chief executive officers therefore are able to control all matters submitted to our stockholders for approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even though their stockholdings represent less than 50% of the number of outstanding shares of our capital stock. Our co-chief executive officers may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they adversely change their recommendations regarding our Class A common stock, the trading price or trading volume of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. With a limited history operating as a public company, the impact of analyst research and reports on the trading market for our Class A common stock may be greater than on that of other companies in our sector. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our Class A common stock to decline.

We have elected to take advantage of the "controlled company" exemption to the corporate governance rules for NYSE-listed companies, which could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Because we qualify as a "controlled company" under the corporate governance rules for NYSE-listed companies, we are not required to have a majority of our board of directors be independent, nor are we required to have a compensation committee or an independent nominating function. In light of our status as a controlled company, in the future we could elect not to have a majority of our board of directors be independent or not to have a

compensation committee or nominating and corporate governance committee. Accordingly, should the interests of our management and MMMK Development, Inc., an entity controlled by our co-chief executive officers, differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for NYSE-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Future securities issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.

Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to our existing stockholders. Also, to the extent outstanding options are exercised or RSUs or other equity-based awards become vested, there will be further dilution which could be substantial. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock.

All of the shares of Class A common stock issuable upon the conversion of the shares of Class B common stock that are subject to outstanding options have been registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely resold in the public market upon issuance as permitted by any applicable vesting requirements and subject to compliance with applicable securities laws.

In addition, the holders of all of our Class B common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of the shares of Class A common stock issuable upon conversion of their shares of Class B common stock or to include such shares in registration statements that we may file.

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Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our Class A common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of

stockholders;

- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware;
- reflect the dual class structure of our common stock; and
- establish advance notice requirements for nominations for election to our board of directors or for propo matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

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Our bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, stockholders or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware), except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction. This provision does not apply to any action brought to enforce a duty or liability created by the Exchange Act and the rules and regulations thereunder.

Section 22 of the Securities Act establishes concurrent jurisdiction for federal and state courts over Securities Act claims. Accordingly, both state and federal courts have jurisdiction to hear such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our bylaws also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States are the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

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Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our securities shall be deemed to have notice of and consented to the foregoing bylaw provisions. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our current or former directors, officers, stockholders or other employees, which may discourage such lawsuits against us and our current and former directors, officers, stockholders and other employees. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions.

Further, the enforceability of similar exclusive forum provisions in other companies' organizational documents has been challenged in legal proceedings, and it is possible that a court of law could rule that these types of provisions are inapplicable or unenforceable if they are challenged in a proceeding or otherwise. If a court were to find either exclusive forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur significant additional costs associated with resolving such action in other jurisdictions, all of which could harm our results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer's Repurchases of Equity Securities

In August 2023, our board of directors authorized a stock repurchase program of up to \$100 million of our outstanding Class A common stock. The timing and amount of any stock repurchases will be determined based on market conditions, stock price and other factors, and the program does not require us to repurchase any specific number of shares of Class A common stock. The program has no expiration date but it may be modified, suspended or terminated at any time. The stock repurchase program will be funded from available cash and cash equivalents. In connection with the share repurchase program, we may adopt one or more plans pursuant to the provisions

The following table summarizes repurchases of Rule 10b5-1 under the Exchange Act. Share repurchases under the program may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades, accelerated share repurchase transactions, or by any combination of such methods. Repurchases of our Class A common stock in the open market could result in increased volatility in our stock price. three months ended September 30, 2023:

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Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the

							Plans or Programs
July 1, 2023 to July 31, 2023	—	\$	—	—	\$	100,000,000	
August 1, 2023 to August 31, 2023	310,281	\$	15.46	310,281	\$	95,204,505	
September 1, 2023 to September 30, 2023	596,938	\$	13.05	596,938	\$	87,416,127	
Total	907,219			907,219			

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, the following no director or officer, as defined in Rule 16a-1(f), adopted a "Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, as follows:

On May 16, 2023, Jesse Timmermans, our chief financial officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of an aggregate of up to or 130,413 terminated shares of our Class A common stock. The trading arrangement is intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until August 16, 2024, or earlier if all transactions under the trading arrangement are completed.

No other directors or officers, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408, during the last fiscal quarter.

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Item 6. Exhibits

Exhibit Number	Description	Form	File Number	Exhibit Number	Filing Date	Furnished Herewith	Filed/ Furnished

10.1	<u>LIBOR Transition Amendment, dated as of May 11, 2023, to Amended and Restated Credit Agreement, dated as of March 23, 2021, by and among Alliance Apparel Group, Inc., Eminent, Inc., Advance Development, Inc, Revolve Group, Inc., Twist Holdings, LLC, the other guarantors from time to time party thereto, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and collateral agent for the lenders.</u>	X
31.1	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X
31.2	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	X
32.1*	<u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

* The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is deemed furnished and not filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Revolve Group, Inc. under the Securities

Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REVOLVE GROUP, INC.

By: /s/ JESSE TIMMERMANS

Jesse Timmermans

Chief Financial Officer

(Principal Financial and Accounting Officer)

Dated: August 2, 2023 November 1, 2023

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Exhibit 10.1

LIBOR TRANSITION AMENDMENT

THIS LIBOR TRANSITION AMENDMENT (this "Amendment"), dated as of May 11, 2023 (the "Amendment Effective Date"), is entered into among EMINENT, INC., a Delaware corporation, ALLIANCE APPAREL GROUP, INC., a Delaware corporation, and ADVANCE DEVELOPMENT, INC., a Delaware corporation (collectively and individually, as applicable, the "Borrower"), the guarantor(s) party hereto (the "Guarantor(s)"), and BANK OF AMERICA, N.A., as administrative agent (the "Administrative Agent").

RECITALS

WHEREAS, the Borrower, the lenders from time to time party thereto (the "Lenders"), and Bank of America, N.A., as Administrative Agent, *inter alios*, have entered into that certain Amended and Restated Credit Agreement dated as of March 23, 2021 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Agreement");

WHEREAS, certain loans, disbursements and/or other extensions of credit (the "Loans") under the Agreement denominated in U.S. Dollars ("Dollars") incur or are permitted to incur interest, fees,

commissions or other amounts based on the London Interbank Offered Rate as administered by the ICE Benchmark Administration ("LIBOR") in accordance with the terms of the Agreement; and

WHEREAS, applicable parties under the Agreement have determined in accordance with the Agreement that LIBOR for Dollars should be replaced with a successor rate in accordance with the Agreement and, in connection therewith, the Administrative Agent has determined that certain conforming changes are necessary or advisable.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein (including on any Appendix attached hereto) shall have the meanings provided to such terms in the Agreement, as amended by this Amendment.

2. Agreement. Notwithstanding any provision of the Agreement or any other document related thereto (the "Loan Documents") to the contrary, the parties hereto hereby agree that the terms set forth on Appendix A shall apply to the Loans. For the avoidance of doubt, to the extent provisions in the Agreement apply to the Loans and such provisions are not specifically addressed by Appendix A, the provisions in the Agreement shall continue to apply to the Loans.

3. Conflict with Loan Documents. In the event of any conflict between the terms of this Amendment and the terms of the Agreement or the other Loan Documents, the terms hereof shall control.

4. Conditions Precedent. This Amendment shall become effective upon receipt by the Administrative Agent of counterparts of this Amendment, properly executed by the Borrower, each Guarantor, the Lenders and the Administrative Agent.

5. Miscellaneous.

(a) The Loan Documents, and the obligations of the Borrower and the Guarantor(s) under the Loan Documents, are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Amendment is a Loan Document.

(b) The Borrower and each Guarantor (i) acknowledges and consents to all of the terms and conditions of this Amendment, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Loan Documents.

To the extent the obligations of the Borrower and the Guarantor(s) under the Agreement and the other Loan Documents (the "Obligations") are secured, the Borrower and each Guarantor (i) agrees that the security agreement and the other collateral documentation (collectively, the "Collateral Documents") continue to be in full force and effect and are not impaired or adversely affected in any manner whatsoever, (ii) confirms its grant of security interests pursuant to the Collateral Documents to which it is a party as collateral for the Obligations, and (iii) acknowledges that all liens granted (or purported to be granted) pursuant to

the Collateral Documents remain and continue in full force and effect in respect of, and to secure, the Obligations.

Each Guarantor hereby reaffirms its obligations under the guaranty relating to the Agreement and agrees that its obligation to guarantee the Obligations is in full force and effect as of the date hereof.

(c) The Borrower and each Guarantor represents and warrants that:

(i) The execution, delivery and performance by it of this Amendment is within its organizational powers and has been duly authorized by all necessary organizational, partnership, member or other action, as applicable, as may be necessary or required.

(ii) This Amendment has been duly executed and delivered by it, and constitutes a valid and binding obligation of it, enforceable against it in accordance with the terms hereof, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(iii) The execution and delivery by it of this Amendment and performance by it of this Amendment have been duly authorized by all necessary corporate or other organizational action, and do not and will not (A) contravene the terms of its Organization Documents, (B) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (x) any contractual obligation to which it is a party or affecting it or the properties of it or any subsidiary thereof or (y) any order, injunction, writ or decree of any governmental authority or any arbitral award to which it or any subsidiary thereof or its property is subject or (C) violate any Applicable Law; except with respect to any conflict, breach or contravention or payment (but not creation of Liens) referred to in clause (B), to the extent that such conflict, breach, contravention or payment, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(iv) Before and after giving effect to this Amendment, (A) all representations and warranties of it set forth in the Loan Documents are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by

materiality (after giving effect to such materiality qualification)) on and as of the Amendment Effective Date (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality (after giving effect to such materiality qualification)) as of such earlier date), and (B) no Default or Event of Default exists under the Agreement or any other Loan Document.

(d) This Amendment may be in the form of an electronic record (in ".pdf" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including

both paper and electronic counterparts, but all such counterparts shall be one and the same Amendment. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed Amendment which has been converted into electronic form (such as scanned into ".pdf" format), or an electronically signed Amendment converted into another format, for transmission, delivery and/or retention.

(e) Any provision of this Amendment held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) The terms of the Agreement with respect to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

[remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER: EMINENT, INC.,

a Delaware corporation

By: /s/ Jodi Lumsdaine Chapin

Name: Jodi Lumsdaine Chapin

Title: General Counsel

ALLIANCE APPAREL GROUP, INC.,

a Delaware corporation

By: /s/ Jodi Lumsdaine Chapin

Name: Jodi Lumsdaine Chapin

Title: General Counsel

ADVANCE DEVELOPMENT, INC.,

a Delaware corporation

By: /s/ Jodi Lumsdaine Chapin

Name: Jodi Lumsdaine Chapin

Title: General Counsel

GUARANTOR(S): TWIST HOLDINGS, LLC,

a Delaware limited liability company

By: /s/ Jodi Lumsdaine Chapin

Name: Jodi Lumsdaine Chapin

Title: General Counsel

REVOLVE GROUP, INC.,
a Delaware corporation
By: /s/ Jodi Lumsdaine Chapin
Name: Jodi Lumsdaine Chapin
Title: General Counsel
FWRD, LLC,
a California limited liability company
By: /s/ Jodi Lumsdaine Chapin
Name: Jodi Lumsdaine Chapin
Title: General Counsel

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,
as Administrative Agent
By: /s/ L. Daniel Menendez
Name: L. Daniel Menendez
Title: Vice President

LENDERS: BANK OF AMERICA, N.A.,
as a Lender
By: /s/ L. Daniel Menendez
Name: L. Daniel Menendez
Title: Vice President

Appendix A

TERMS APPLICABLE TO TERM SOFR LOANS

1. Defined Terms. The following terms shall have the meanings set forth below:

“Administrative Agent’s Office” means, with respect to Dollars, the Administrative Agent’s address and, as appropriate, account specified in the Agreement with respect to Dollars, or such other address or account with respect to Dollars as the Administrative Agent may from time to time notify the Borrower and the Lenders.

“Applicable Rate” means the Applicable Rate, Applicable Margin, Margin or any similar or analogous definition in the Loan Documents applicable to a benchmark or to the Base Rate. For the avoidance of doubt, different Applicable Rates may apply to different rates under the Loan Documents. If there is no such definition in the Loan Documents because the margin is a specified amount, the “Applicable Rate” shall be the amount specified as the margin in the Loan Documents.

“Base Rate” means the Base Rate, Alternative Base Rate, ABR, Prime Rate or any similar or analogous definition in the Loan Documents.

“Base Rate Loans” means a Loan that bears interest at a rate based on the Base Rate.

“Borrowing” means a Committed Borrowing, Borrowing, or any similar or analogous definition in the Agreement. If there is no such definition in the Agreement, “Borrowing” shall mean a borrowing consisting of simultaneous Loans of the same Type and, in the case of Term SOFR Loans, having the same Interest Period made by each of the applicable Lenders pursuant to Section 2(d)(i) of this Appendix A.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located.

“CME” means CME Group Benchmark Administration Limited.

“Committed Loan Notice” means a Committed Loan Notice, Loan Notice, Borrowing Notice, Notice of Borrowing, Continuation/Conversion Notice, Notice of Continuation/Conversion, a draw request or any similar or analogous definition in the Agreement, and such term shall be deemed to include the Committed Loan Notice attached hereto as Exhibit

A. If there is no such definition in the Agreement, “Committed Loan Notice” shall mean a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Term SOFR Loans, pursuant to Section 2(d)(i), which shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“Conforming Changes” means, with respect to the use, administration of or any conventions associated with SOFR or any proposed Successor Rate or Term SOFR, as applicable, any conforming changes to the definitions of “Base Rate”, “SOFR”, “Term SOFR” and “Interest Period”, timing and frequency of determining rates and making payments of interest and other

technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of “Business Day” and “U.S. Government Securities Business Day”, timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate exists, in such other manner of administration as the Administrative Agent determines is reasonably

necessary in connection with the administration of this Amendment and any other Loan Document).

"Daily Simple SOFR" with respect to any applicable determination date means the SOFR published on such date on the Federal Reserve Bank of New York's website (or any successor source).

"Dollar" and "\$" mean lawful money of the United States.

"Eurodollar Rate" means LIBO Rate, Eurodollar Rate, Eurocurrency Rate, LIBOR, Adjusted LIBOR Rate, LIBOR Rate, LIBOR Daily Floating Rate, Daily Floating LIBOR Rate or any similar or analogous definition in the Agreement.

"Eurodollar Rate Loans" means a Loan that bears interest at a rate based on the Eurodollar Rate.

"Federal Funds Rate" means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Amendment.

"Interest Payment Date" means, as to any Term SOFR Loan, the last day of each Interest Period applicable to such Loan and the applicable maturity date set forth in the Agreement; provided, however, that if any Interest Period for a Term SOFR Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates.

"Interest Period" means as to each Term SOFR Loan, the period commencing on the date such Term SOFR Loan is disbursed or converted to or continued as a Term SOFR Loan and ending on the date one, three or six months thereafter, as selected by the Borrower in its Committed Loan Notice (in the case of each requested Interest Period, subject to availability); provided that:

(a)any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Term SOFR Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b)any Interest Period pertaining to a Term SOFR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the maturity date set forth in the Agreement.

“Required Lenders” means the Required Lenders, Requisite Lenders, Majority Lenders or any similar or analogous definition in the Agreement, subject to Section 2(g) of this Appendix A.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower, solely for purposes of the delivery of incumbency certificates pursuant to the Agreement, the secretary or any assistant secretary of the Borrower and, solely for purposes of notices given pursuant to Section 2(d)(i), any other officer or employee of the Borrower so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the Borrower designated in or pursuant to an agreement between the Borrower and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Administrative Agent, appropriate authorization documentation, in form and substance satisfactory to the Administrative Agent.

“Scheduled Unavailability Date” has the meaning set forth in Section 2(g) of this Appendix A.

“SOFR” means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

“SOFR Adjustment” with respect to Term SOFR means 0.10% (10 basis points) for an Interest Period of one-month’s duration, 0.10% (10 basis points) for an Interest Period of three-month’s duration, and 0.10% (10 basis points) for an Interest Period of six-months’ duration.

“Successor Rate” has the meaning set forth in Section 2(g) of this Appendix A.

“Term SOFR” means:

(a) for any Interest Period with respect to a Term SOFR Loan, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate with a term of one month commencing that day;

provided that if Term SOFR determined in accordance with either of the foregoing provisions (a) or (b) of this definition would otherwise be less than zero, Term SOFR shall be deemed zero for purposes of this Amendment.

"Term SOFR Loan" means a Loan that bears interest at a rate based on clause (a) of the definition of Term SOFR.

"Term SOFR Screen Rate" means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a Term SOFR Loan.

"U.S. Government Securities Business Day" means any Business Day, except any Business Day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable.

2. Terms Applicable to Term SOFR Loans. From and after the Amendment Effective Date, the parties hereto agree as follows, solely with respect to Term SOFR Loans:

(a) Impacted Currency. (i) Dollars shall not be considered a currency for which there is a published LIBOR rate and (ii) any request for a new Eurodollar Rate Loan denominated in Dollars, or to continue an existing Eurodollar Rate Loan denominated in Dollars, shall be deemed to be a request for a new Loan bearing interest at Term SOFR; provided, that, (x) to the extent any Loan bearing interest at the Eurodollar Rate is outstanding on the Amendment Effective Date for a specified Interest Period, such Loan shall continue to bear interest at the Eurodollar Rate until the end of the current Interest Period applicable to such Loan and (y) to the extent any Loan bearing interest at the Eurodollar Rate is outstanding on the Amendment Effective Date and such rate fluctuates on a daily basis, such Loan shall bear interest at Term SOFR immediately upon the effectiveness of this Amendment.

(b) References to Eurodollar Rate and Eurodollar Rate Loans in the Agreement and Loan Documents.

(i) References to the Eurodollar Rate and Eurodollar Rate Loans in provisions of the Agreement and the other Loan Documents that are not specifically addressed herein (other than the definitions of Eurodollar Rate and Eurodollar Rate Loan) shall be deemed to include Term SOFR and Term SOFR Loans, as applicable. In addition, references to the Eurodollar Rate in the definition of Base Rate in the Agreement shall be deemed to refer to Term SOFR.

(ii) For purposes of any requirement for the Borrower to compensate Lenders for losses in the Agreement resulting from any continuation, conversion, payment or prepayment of any Loan on a day other than the last day of any Interest Period (as

defined in the Agreement) (the “Breakage Provisions”), references to the Interest Period (as defined in the Agreement) shall be deemed to include any relevant interest payment date or payment period for a Term SOFR Loan.

(c) Interest Rates. The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Amendment, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

(d) Borrowings, Conversions, Continuations and Prepayments of Term SOFR Loans. In addition to any other borrowing or prepayment requirements set forth in the Agreement or any other Loan Document:

(i) Term SOFR Loans. Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Term SOFR Loans shall be made upon the Borrower’s irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each such Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) two Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Term SOFR Loans or of any conversion of Term SOFR Loans to Base Rate Loans. Each Borrowing of, conversion to or continuation of Term SOFR Loans shall be in the minimum amounts set forth in the Agreement for Loans denominated in Dollars and bearing interest at the Eurodollar Rate. Each Committed Loan Notice shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Term

SOFR Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Term SOFR Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Term SOFR Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(ii) Conforming Changes. With respect to SOFR or Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Amendment or any other Loan Document; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

(iii) Committed Loan Notice. For purposes of a Borrowing of Term SOFR Loans, or a continuation of a Term SOFR Loan, the Borrower shall use the Committed Loan Notice attached hereto as Exhibit A.

(iv) Voluntary Prepayments of Term SOFR Loans. The Borrower may, upon notice to the Administrative Agent pursuant to delivery to the Administrative Agent of a Notice of Loan Prepayment (which notice shall be revocable), at any time or from time to time voluntarily prepay the Term SOFR Loans in whole or in part without premium or penalty (except as otherwise specified in the Agreement); provided that such notice must be received by the Administrative Agent not later than 11:00 a.m. (Eastern time) two Business Days prior to any date of prepayment of Term SOFR Loans.

(e) Interest.

(i) Subject to the provisions of the Agreement with respect to default interest, each Term SOFR Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the sum of Term SOFR for such Interest Period plus the Applicable Rate.

(ii) Interest on each Term SOFR Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified in the Agreement; provided, that any prepayment of any Term SOFR Loan shall be

accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to the Breakage Provisions. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any debtor relief law.

(f) Computations. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to Term SOFR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest with respect to Term SOFR Loans shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to the provisions in the Agreement addressing payments generally, bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(g) Inability to Determine Rates; Successor Rates.

(i) Defined Terms. For purposes of this Section 2(g), those Lenders that either have not made, or do not have an obligation under the Agreement to make, the relevant Loans in Dollars shall be excluded from any determination of Required Lenders.

(ii) Inability to Determine Rate. If in connection with any request for a Term SOFR Loan or a conversion of Base Rate Loans to Term SOFR Loans or a continuation of any of such Loans, as applicable, (x) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate has been determined in accordance with Section 2(g)(iii), and the circumstances under clause (x) of Section 2(g)(iii) or the Scheduled Unavailability Date has occurred, or (B) adequate and reasonable means do not otherwise exist for determining Term SOFR for any requested Interest Period with respect to a proposed Term SOFR Loan or in connection with an existing or proposed Base Rate Loan, or (y) the Administrative Agent or the Required Lenders determine that for any reason that Term SOFR for any requested Interest Period with respect to a proposed Term SOFR Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender.

Thereafter, (x) the obligation of the Lenders to make or maintain Term SOFR Loans, or to convert Base Rate Loans to Term SOFR Loans, shall be suspended (to the extent of the affected Term SOFR Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Term SOFR component of the Base Rate, the utilization of the Term SOFR component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (or, in the

case of a determination by the Required Lenders described in clause (y) of this Section2(g) (ii), until the Administrative Agent upon instruction of the Required Lenders) revokes such notice.

Upon receipt of such notice, (x) the Borrower may revoke any pending request for a Borrowing of, or conversion to, or continuation of Term SOFR Loans (to the extent of the affected Term SOFR Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein and (y) any outstanding Term SOFR Loans shall be deemed to have been converted to Base Rate Loans at the end of their respective applicable Interest Period.

(iii) Replacement of Term SOFR or Successor Rate. Notwithstanding anything to the contrary in this Amendment or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(x) adequate and reasonable means do not exist for ascertaining one month, three month and six month interest periods of Term SOFR, including, without limitation, because the Term SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(y) CME or any successor administrator of the Term SOFR Screen Rate or a Governmental Authority having jurisdiction over the Administrative

Agent or such administrator with respect to its publication of Term SOFR, in each case acting in such capacity, has made a public statement identifying a specific date after which the one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of Dollar denominated syndicated loans, or shall or will otherwise cease, provided, that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide such interest periods of Term SOFR after such specific date (the latest date on which the one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate are no longer available permanently or indefinitely, the "ScheduledUnavailability Date");

then, on a date and time determined by the Administrative Agent (any such date, the "Term SOFR Replacement Date"), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and, solely

with respect to clause (y) above, no later than the Scheduled Unavailability Date, Term SOFR will be replaced hereunder and under any Loan Document with Daily Simple SOFR *plus* the SOFR Adjustment for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Amendment or any other Loan Document (the "Successor Rate").

If the Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a monthly basis.

Notwithstanding anything to the contrary herein, (A) if the Administrative Agent determines that Daily Simple SOFR is not available on or prior to the Term SOFR Replacement Date, or (B) if the events or circumstances of the type described in Section2(g)(iii)(x) or 2(g)(iii)(y) have occurred with respect to the Successor Rate then in effect, then in each case, the Administrative Agent and the Borrower may amend this Amendment and the other Loan Documents solely for the purpose of replacing Term SOFR or any then current Successor Rate in accordance with this Section 2(g)(iii) at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar Dollar denominated credit facilities syndicated and agented in the United States for such alternative benchmark, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar Dollar denominated credit facilities syndicated and agented in the United States for such benchmark. For the avoidance of doubt, any such proposed rate and adjustments, shall constitute a "SuccessorRate". Any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

The Administrative Agent will promptly (in one or more notices) notify the Borrower and each Lender of the implementation of any Successor Rate.

Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than zero, the Successor Rate will be deemed to be

zero for the purposes of this Amendment and the other Loan Documents.

In connection with the implementation of a Successor Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Amendment; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

(h) Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If the Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower.

Exhibit A

FORM OF COMMITTED LOAN NOTICE

(Term SOFR Loans)

Date: ,¹

To: Bank of America, N.A., as Administrative Agent Ladies
and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of March 23, 2021 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among, *inter alios*, EMINENT, INC., a Delaware corporation, ALLIANCE APPAREL GROUP, INC., a Delaware corporation, and ADVANCE DEVELOPMENT, INC., a Delaware corporation (collectively or individually, as applicable, the "Borrower"), the Lenders from time to time party thereto, and **BANK OF AMERICA, N.A.**, as Administrative Agent.

The undersigned hereby requests (select one)²:

[Revolving Facility]

Indicate: Borrowing, Conversion or Continuatio n	Indicate: Borrowe r Name	Indicate: Requeste d Amount	Indicate: Term SOFR Loans	For Term SOFRLoans Indicate: Interest Period (e.g., 1, 3 or 6 month interest period)
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¹Note to Borrower. All requests submitted under a single Committed Loan Notice must be effective on the same date. If multiple effective dates are needed, multiple Committed Loan Notices will need to be prepared and signed. ²Note to Borrower. For multiple borrowings, conversions and/or continuations for a particular facility, fill out a new row for each borrowing/conversion and/or continuation.

The Borrowing, if any, requested herein complies with the requirements set forth in the Agreement.

EMINENT, INC.,
a Delaware corporation

By:

Name: [Type Signatory Name]

Title: [Type Signatory Title]

ALLIANCE APPAREL GROUP, INC.,
a Delaware corporation

By:

Name: [Type Signatory Name]

Title: [Type Signatory Title]

ADVANCE DEVELOPMENT, INC.,
a Delaware corporation

By:

Name: [Type Signatory Name]

Title: [Type Signatory Title]

Exhibit 31.1

CERTIFICATION

I, Mike Karanikolas, certify that:

- I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023** of Revolve Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or person performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023 November 1, 2023

By: _____ /s/ Mike Karanikolas

Mike Karanikolas

Co-Founder and Co-Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Jesse Timmermans, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023** of Revolve Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or person performing the equivalent functions);

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Date: August 2, 2023 November 1, 2023

By: _____ /s/ Jesse Timmermans

Jesse Timmermans
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2023** **September 30, 2023** of Revolve Group, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Quarterly Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2023 November 1, 2023

By: _____ /s/ Mike Karanikolas

Mike Karanikolas
Co-Founder and Co-Chief Executive Officer
(Principal Executive Officer)

By: _____ /s/ Jesse Timmermans

Jesse Timmermans
Chief Financial Officer
(Principal Financial and Accounting Officer)

DISCLAIMER

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