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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 September 30, 2026**

**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: 001-41009**

# Arhaus, Inc.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **87-1729256** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**51 E. Hines Hill Road, Boston Heights, Ohio**
(Address of Principal Executive Offices)
**44236**
(Zip Code)

**(440) 439-7700**
(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, $0.001 par value per share | ARHS | The Nasdaq Global Select Market |

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 and post 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 | ☐ | Accelerated filer | ☒ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

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 Act). Yes ☐ No ☒

As of October 30, 2026 the registrant had 55,084,654 shares of Class A common stock and 86,671,140 shares of Class B common stock outstanding.

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**Part I - Financial Information**

**Item 1. Financial Statements of Arhaus, Inc. and Subsidiaries**

**Arhaus, Inc. and Subsidiaries**
**Condensed Consolidated Balance Sheets**
**(Unaudited, amounts in thousands, except share and per share data)**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 318,039 | $ 253,356 |
| Restricted cash | 1,320 | 3,124 |
| Accounts receivable, net | 320 | 663 |
| Merchandise inventory, net | 360,496 | 338,806 |
| Prepaid and other current assets | 30,692 | 25,425 |
| Total current assets | 710,867 | 621,374 |
| Operating right-of-use assets | 427,812 | 391,274 |
| Financing right-of-use assets | 31,623 | 33,275 |
| Property, furniture and equipment, net | 338,081 | 316,216 |
| Deferred tax assets | 16,402 | 19,545 |
| Goodwill | 10,961 | 10,961 |
| Other noncurrent assets | 2,992 | 2,101 |
| Total assets | $ 1,538,738 | $ 1,394,746 |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Accounts payable | $ 71,581 | $ 78,360 |
| Accrued taxes | 8,366 | 10,322 |
| Accrued wages | 28,164 | 20,879 |
| Accrued other expenses | 50,944 | 46,781 |
| Client deposits | 324,988 | 235,943 |
| Current portion of operating lease liabilities | 63,295 | 60,115 |
| Current portion of financing lease liabilities | 976 | 862 |
| Total current liabilities | 548,314 | 453,262 |
| Operating lease liabilities, long-term | 508,555 | 467,226 |
| Financing lease liabilities, long-term | 51,692 | 52,374 |
| Other long-term liabilities | 4,983 | 3,656 |
| Total liabilities | $ 1,113,544 | $ 976,518 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity | | |
| Class A shares, par value $0.001 per share (600,000,000 shares authorized, 55,469,464 shares issued and 54,637,146 outstanding as of September 30, 2026; 54,565,242 shares issued and 53,969,149 outstanding as of December 31, 2025) | 55 | 54 |
| Class B shares, par value $0.001 per share (100,000,000 shares authorized, 87,115,600 shares issued and outstanding as of September 30, 2026; 87,115,600 shares issued and outstanding as of December 31, 2025) | 87 | 87 |
| Retained earnings | 210,020 | 210,365 |
| Additional paid-in capital | 215,032 | 207,722 |
| Total stockholders' equity | 425,194 | 418,228 |
| Total liabilities and stockholders' equity | $ 1,538,738 | $ 1,394,746 |

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

**Arhaus, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Comprehensive Income**
**(Unaudited, amounts in thousands, except share and per share data)**

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Net revenue | $ 1,067,289 | $ 1,014,377 | $ 368,116 | $ 344,570 |
| Cost of goods sold | 636,361 | 617,142 | 223,696 | 211,149 |
| Gross margin | 430,928 | 397,235 | 144,420 | 133,421 |
| Selling, general and administrative expenses | 364,342 | 328,534 | 134,340 | 117,014 |
| Loss (gain) on disposal of assets | 116 | 81 | 12 | (27) |
| Income from operations | $ 66,470 | $ 68,620 | $ 10,068 | $ 16,434 |
| Interest income, net | (2,527) | (2,137) | (1,009) | (820) |
| Other income | (1,514) | (354) | (622) | (118) |
| Income before taxes | 70,511 | 71,111 | 11,699 | 17,372 |
| Income tax expense | 20,823 | 18,945 | 3,880 | 5,154 |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |
| | | | | |
| **Net and comprehensive income per share, basic** | | | | |
| Weighted-average number of common shares outstanding, basic | 141,353,368 | 140,635,317 | 141,619,661 | 140,829,409 |
| Net and comprehensive income per share, basic | $ 0.35 | $ 0.37 | $ 0.06 | $ 0.09 |
| **Net and comprehensive income per share, diluted** | | | | |
| Weighted-average number of common shares outstanding, diluted | 141,943,580 | 141,310,742 | 142,275,176 | 141,676,722 |
| Net and comprehensive income per share, diluted | $ 0.35 | $ 0.37 | $ 0.05 | $ 0.09 |

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

**Arhaus, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Changes in Stockholders' Equity**
**(Unaudited, amounts in thousands)**

| | Nine months ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Treasury Stock | | Total Stockholders' Equity | | |
| | Class A | | Class B | | Class A | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Retained Earnings | Additional Paid-in Capital | Total Stockholders' Equity |
| **Balances as of December 31, 2025** | **53,905** | **$ 54** | **87,116** | **$ 87** | **597** | **$ —** | **$ 210,365** | **$ 207,722** | **$ 418,228** |
| Net income | — | — | — | — | — | — | 49,688 | — | 49,688 |
| Equity based compensation | 968 | 1 | — | — | — | — | — | 8,482 | 8,483 |
| Shares withheld to cover employees' withholding taxes for equity based compensation | (235) | — | — | — | 235 | — | — | (1,681) | (1,681) |
| Dividends declared | — | — | — | — | — | — | (50,033) | 509 | (49,524) |
| **Balances as of September 30, 2026** | **54,638** | **$ 55** | **87,116** | **$ 87** | **832** | **$ —** | **$ 210,020** | **$ 215,032** | **$ 425,194** |

| | Nine months ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Treasury Stock | | Total Stockholders' Equity | | |
| | Class A | | Class B | | Class A | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Retained Earnings | Additional Paid-in Capital | Total Stockholders' Equity |
| **Balances as of December 31, 2024** | **53,289** | **$ 53** | **87,116** | **$ 87** | **274** | **$ —** | **$ 142,898** | **$ 200,707** | **$ 343,745** |
| Net income | — | — | — | — | — | — | 52,166 | — | 52,166 |
| Shareholder capital contribution | — | — | — | — | — | — | — | 4 | 4 |
| Equity based compensation | 812 | 1 | — | — | — | — | — | 6,343 | 6,344 |
| Shares withheld to cover employees' withholding taxes for equity based compensation | (229) | — | — | — | 310 | — | — | (2,045) | (2,045) |
| Dividends declared | — | — | — | — | — | — | 202 | — | 202 |
| **Balances as of September 30, 2025** | **53,872** | **$ 54** | **87,116** | **$ 87** | **584** | **$ —** | **$ 195,266** | **$ 205,009** | **$ 400,416** |

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

| | Three months ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Treasury Stock | | Total Stockholders' Equity | | |
| | Class A | | Class B | | Class A | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Retained Earnings | Additional Paid-in Capital | Total Stockholders' Equity |
| **Balances as of June 30, 2026** | **54,610** | **$ 55** | **87,116** | **$ 87** | **830** | **$ —** | **$ 202,037** | **$ 212,768** | **$ 414,947** |
| Net income | — | — | — | — | — | — | 7,819 | — | 7,819 |
| Equity based compensation | 30 | — | — | — | — | — | — | 2,425 | 2,425 |
| Shares withheld to cover employees' withholding taxes for equity based compensation | (2) | — | — | — | 2 | — | — | (17) | (17) |
| Dividends declared | — | — | — | — | — | — | 164 | (144) | 20 |
| **Balances as of September 30, 2026** | **54,638** | **$ 55** | **87,116** | **$ 87** | **832** | **$ —** | **$ 210,020** | **$ 215,032** | **$ 425,194** |

| | Three months ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Treasury Stock | | Total Stockholders' Equity | | |
| | Class A | | Class B | | Class A | | | | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Retained Earnings | Additional Paid-in Capital | Total Stockholders' Equity |
| **Balances as of June 30, 2025** | **53,787** | **$ 54** | **87,116** | **$ 87** | **541** | **$ —** | **$ 183,047** | **$ 202,425** | **$ 385,613** |
| Net income | — | — | — | — | — | — | 12,218 | — | 12,218 |
| Shareholder capital contribution | — | — | — | — | — | — | — | — | — |
| Equity based compensation | 128 | — | — | — | — | — | — | 2,954 | 2,954 |
| Shares withheld to cover employees' withholding taxes for equity based compensation | (43) | — | — | — | 43 | — | — | (370) | (370) |
| Dividends declared | — | — | — | — | — | — | 1 | — | 1 |
| **Balances as of September 30, 2025** | **53,872** | **$ 54** | **87,116** | **$ 87** | **584** | **$ —** | **$ 195,266** | **$ 205,009** | **$ 400,416** |

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

**Arhaus, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited, amounts in thousands)**

| | Nine months ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| **Cash flows from operating activities** | | |
| Net income | $ 49,688 | $ 52,166 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 39,384 | 34,716 |
| Amortization of operating lease right-of-use asset | 36,752 | 31,358 |
| Amortization of interest on operating leases | 24,534 | 21,842 |
| Equity based compensation | 8,483 | 6,344 |
| Deferred tax assets | 3,143 | 10,395 |
| Amortization of cloud computing arrangements | 2,450 | 1,905 |
| Loss on disposal of assets | 116 | 81 |
| Insurance proceeds | 1,899 | — |
| Gain on insurance claims | (2,675) | — |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 343 | 181 |
| Merchandise inventory | (21,690) | (31,718) |
| Prepaid and other assets | (9,164) | (19) |
| Other noncurrent liabilities | 1,328 | (92) |
| Accounts payable | (7,800) | 556 |
| Accrued expenses | 9,727 | 9,150 |
| Operating lease liabilities | (52,603) | (42,427) |
| Client deposits | 89,045 | 33,100 |
| Net cash provided by operating activities | 172,960 | 127,538 |
| **Cash flows from investing activities** | | |
| Purchases of property, furniture and equipment | (59,391) | (59,751) |
| Insurance proceeds | 1,193 | — |
| Proceeds from the sale of property, furniture and equipment | 59 | 54 |
| Net cash used in investing activities | (58,139) | (59,697) |
| **Cash flows from financing activities** | | |
| Principal payments under finance leases | (671) | (530) |
| Repurchase of shares for payment of withholding taxes for equity based compensation | (1,681) | (2,045) |
| Cash dividend payments | (49,590) | (340) |
| Net cash used in financing activities | (51,942) | (2,915) |
| Net increase in cash, cash equivalents and restricted cash | 62,879 | 64,926 |
| **Cash, cash equivalents and restricted cash** | | |
| Beginning of period | 256,480 | 200,929 |
| End of period | $ 319,359 | $ 265,855 |
| | | |
| **Supplemental disclosure of cash flow information** | | |
| Interest paid in cash | $ 3,925 | $ 3,773 |
| Interest received in cash | 6,585 | 6,226 |
| Income taxes paid in cash | 17,577 | 14,046 |
| Noncash investing activities: | | |
| Purchases of property, furniture and equipment in current liabilities | 11,715 | 7,583 |

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

## 1. Nature of Business and Basis of Presentation

### Nature of Business

Arhaus, Inc. ("Arhaus," "Company," "we," "us" or "our") is a Delaware corporation and is a premium retailer in the home furnishings market, specializing in livable luxury supported by heirloom quality merchandise. We offer merchandise across a broad range of categories, including furniture, outdoor, bath, lighting, textiles, and décor. Our curated assortments are presented across our sales channels in sophisticated, family-friendly and lifestyle-oriented settings. Showrooms are immersive, design-forward spaces that serve as an important driver of brand awareness and client engagement, while our eCommerce channel functions as a seamless extension of the physical Showroom experience. The Company operated 109 Showrooms as of September 30, 2026.

### Basis of Presentation

The condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements include our accounts and those of our wholly owned subsidiaries. Accordingly, all intercompany balances and transactions have been eliminated through the consolidation process.

The accompanying condensed consolidated balance sheets at September 30, 2026 and December 31, 2025, the condensed consolidated statements of comprehensive income, changes in stockholders' equity for the nine and three months ended September 30, 2026 and September 30, 2025, the condensed consolidated statements of cash flows for the nine months ended September 30, 2026 and September 30, 2025 and the related interim condensed consolidated disclosures are unaudited and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

In management's opinion, the accompanying condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the Company's financial position at September 30, 2026, the results of operations and changes in stockholders' equity for the nine and three months ended September 30, 2026, and cash flows for the nine months ended September 30, 2026. The condensed consolidated balance sheet as of December 31, 2025 included herein was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

The results for the nine and three months ended September 30, 2026 and September 30, 2025 are not necessarily indicative of the operating results to be expected for the full fiscal year or any future period. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2025.

### Use of Estimates

The preparation of our condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accounting estimates and other matters included within our condensed consolidated financial statements and notes to the condensed consolidated financial statements we have assessed include, but were not limited to, revenue recognition, including a reserve for merchandise returns, inventory reserves, impairment of long-lived assets and fair value of financial instruments which include, but are not limited to, accounts receivable, payables and lease obligations.

**Tariffs**

In February 2026, the U.S. Supreme Court issued a ruling invalidating certain tariffs previously imposed under the International Emergency Economic Powers Act ("IEEPA"). Subsequently, the U.S. Court of International Trade ruled that tariffs paid under the IEEPA must be refunded in accordance with the law. As a result, the U.S. Customs and Border Protection Agency launched a special tariff refund program to facilitate such refunds.

The Company has received $37.8 million in tariff refunds and $1.3 million in interest as of September 30, 2026.

During the nine and three months ended September 30, 2026, the Company recognized a benefit of $36.3 million and $12.5 million, respectively, for the recovery of IEEPA tariffs paid, primarily related to other merchandise inventory costs in cost of goods sold within the condensed consolidated statements of comprehensive income. As of September 30, 2026, the Company recorded $1.5 million related to the reduction in inventory costs in merchandise inventory, net within the condensed consolidated balance sheets.

**Client Deposits**

Client deposits represent payments made by clients on orders. At the time of order, the Company collects deposits for all orders equivalent to at least 50 percent of the clients' purchase price. Orders are recognized as revenue when the merchandise is delivered to the client and at the time of delivery the client deposit is no longer recorded as a liability. The Company expects substantially all client deposits as of September 30, 2026 will be recognized as net revenue within the next 12 months as the performance obligations are satisfied.

**Gift Cards**

The Company sells gift cards to clients in our Showrooms. Such gift cards do not have expiration dates. We defer revenue when payments are received in advance of performance for unsatisfied obligations related to our gift cards. The liability related to unredeemed gift cards at September 30, 2026 and December 31, 2025 of $0.5 million and $0.6 million, respectively, is recorded in accrued other expenses within the condensed consolidated balance sheets. The Company recognizes income associated with breakage proportional to actual gift card redemptions.

**Fair Values of Financial Instruments**

The Company's primary financial instruments are cash and cash equivalent investments, accounts receivable, payables, lease obligations and equity based compensation instruments. Due to the short-term maturities of cash and cash equivalent investments, accounts receivable and payables, the Company believes the fair values of these instruments approximate their respective carrying values at September 30, 2026 and December 31, 2025. See Note 5 — *Leases* for discussion of our lease obligations and Note 6 — *Equity Based Compensation* for discussion of our equity based compensation instruments.

The Company has established a hierarchy to measure our financial instruments at fair value, which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect the Company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. The hierarchy defines three levels of inputs that may be used to measure fair value:

| | |
|---|---|
| Level 1 | Unadjusted quoted prices in active markets for identical, unrestricted assets and liabilities that the reporting entity has the ability to access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability. |
| Level 3 | Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in the pricing of the asset or liability and are consequently not based on market activity but rather through particular valuation techniques. |

The Company invests in Level 1 cash and cash equivalent investments such as money market funds and interest-bearing checking accounts. For the nine and three months ended September 30, 2026, the Company earned $6.6 million and $2.4 million, respectively, in interest income. For the nine and three months ended September 30, 2025, the Company earned $6.2 million and $2.2 million, respectively, in interest income. Interest income is included in interest income, net within our condensed consolidated statements of comprehensive income.

**Accounts Receivable**

The Company's accounts receivables are $0.3 million and $0.7 million, respectively, at September 30, 2026 and December 31, 2025, net of allowance for expected credit losses of $0.3 million and $0.4 million, respectively. The allowance for expected credit losses is determined by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, the client's current ability to pay its obligations, and the current and future condition of the general economy and industry as a whole. The Company has elected the practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when estimating expected credit losses. Accounts receivable are written off when they become uncollectible and any payments subsequently received on such receivables are credited to the allowance for expected credit losses. Accounts receivable are recorded at the invoiced amount and do not bear interest.

**2. Recently Issued Accounting Standards**

**New Accounting Standards Recently Adopted**

The Company adopted Accounting Standards Update ("ASU") 2025-05 — Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets during the three months ended March 31, 2026 and has applied it prospectively. The adoption of ASU 2025-05 did not have a material impact on our accounting policies, financial position or results of operations. Refer to Note 1 — *Nature of Business and Basis of Presentation* for disclosures required by this ASU.

**Accounting Standards Not Yet Adopted**

The following table summarizes accounting pronouncements which we have not yet adopted but will be adopted in upcoming fiscal years. ASU 2024-03 and the related ASU 2025-01 are effective for annual periods beginning after December 15, 2026. We are evaluating the impact these pronouncements will have on our consolidated financial statements and related disclosures. ASU 2025-06 is effective for annual periods beginning after December 15, 2027. We are evaluating the impact ASU 2025-06 will have on our consolidated financial statements and related disclosures.

| ASU | Description | Adoption Date |
|---|---|---|
| ASU 2024-03 | Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses | Fiscal Year 2027 |
| ASU 2025-01 | Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date | Fiscal Year 2027 |
| ASU 2025-06 | Intangibles—Goodwill and Other—Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software | Fiscal Year 2028 |

**3. Merchandise Warranties**

The Company warrants certain merchandise to be free of defects in both construction materials and workmanship from the date the performance obligation was fulfilled to the client for three to ten years depending on the merchandise category. The Company accounts for merchandise warranties by accruing an estimated liability when we recognize revenue on the sale of warrantied merchandise. We estimate future warranty claims based on claim experience which includes materials and labor costs to perform the repairs or replace products. We use judgment in making our estimates. We record differences between our estimated and actual costs when the differences are known.

A reconciliation of the changes in our limited merchandise warranty liability is as follows (amounts in thousands):

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Balance as of beginning of period | $ 8,482 | $ 7,627 | $ 8,740 | $ 8,057 |
| Accruals during the period | 10,729 | 10,426 | 3,447 | 3,615 |
| Settlements during the period | (10,348) | (9,826) | (3,324) | (3,445) |
| Balance as of end of the period | $ 8,863 | $ 8,227 | $ 8,863 | $ 8,227 |

We recorded accruals in cost of goods sold within the condensed consolidated statements of comprehensive income during the periods presented in the table above, primarily to reflect charges that relate to warranties issued during the respective periods.

**4. Debt**

In November 2021, the Company entered into a revolving credit facility (the "2021 Credit Facility"). The 2021 Credit Facility provides for, among other things, (1) a revolving credit facility in an aggregate amount not to exceed at any time outstanding the amount of such lender's commitment, (2) a letter of credit commitment in an amount equal to the lesser of (a) $10.0 million, and (b) the amount of the revolving credit facility as of such date, and (3) a swingline loan in an amount equal to the lesser of (a) $5.0 million, and (b) the amount of the revolving credit facility as of such date. The aggregate amount of all commitments of all lenders under the 2021 Credit Facility was initially $50.0 million. The 2021 Credit Facility contains restrictive covenants and has certain financial covenants, including a maximum rent-adjusted total leverage ratio and a minimum fixed charge ratio. The 2021 Credit Facility initially bore variable interest rates at the prevailing Bloomberg Short-Term Bank Yield index rate plus the applicable margin, whereas the applicable margin is adjusted quarterly based on the Company's consolidated rent-adjusted total leverage ratio.

In December 2022, the Company amended the 2021 Credit Facility to increase the revolving credit commitment thereunder by $25.0 million. After giving effect to such increase, the aggregate amount of all commitments under the 2021 Credit Facility was $75.0 million.

In August 2024, the Company amended the 2021 Credit Facility to adjust the index rate from the Bloomberg Short-Term Bank Yield Index to Term Secured Overnight Financing Rate. The 2021 Credit Facility bears variable interest rates at the prevailing Term Secured Overnight Financing Rate plus the applicable margin (1.75% at September 30, 2025).

In May 2025, the Company issued an irrevocable standby letter of credit under the 2021 Credit Facility in the amount of $5.1 million in connection with a lease, which remained outstanding at September 30, 2026.

In October 2025, the Company entered into the Third Amendment to Credit Agreement and Amendment to Security and Pledge Agreement (the "Amendment"). The Amendment further amends the 2021 Credit Facility to, among other things, (1) extend the maturity date of the revolving credit facility from November 8, 2026 to October 17, 2030, and (2) increase the letter of credit commitment to an amount equal to the lesser of (a) $15 million, and (b) the amount of the revolving credit facility as of such date. After giving effect to the Amendment, the aggregate amount of revolving credit commitments under the Credit Agreement remains $75 million. The Company has the option to increase the revolving credit commitment thereunder by an additional $25 million.

In connection with the Amendment, the Company has incurred approximately $0.2 million in debt issuance costs. The 2021 Credit Facility bears variable interest rates at the prevailing Term Secured Overnight Financing Rate plus the applicable margin (1.75% at September 30, 2026).

At September 30, 2026 and December 31, 2025, we had no borrowings on the 2021 Credit Facility and the available borrowing capacity was $69.9 million and $69.9 million, respectively. Deferred financing costs related to the 2021 Credit Facility of $0.3 million and $0.3 million as of September 30, 2026 and December 31, 2025, respectively, are recorded in other noncurrent assets within the condensed consolidated balance sheets and will be amortized over the term of the 2021

Credit Facility on a straight-line basis. Accumulated amortization related to deferred financing costs for the 2021 Credit Facility was $0.3 million as of September 30, 2026 and $0.3 million as of December 31, 2025.

The Company was in compliance with all applicable debt covenants at September 30, 2026 and December 31, 2025, and expects to remain in compliance over the next 12 months.

**5. Leases**

The Company leases real estate and equipment under operating and finance leases, some of which are from related parties as discussed in Note 10 — *Related Party Transactions*. The most significant obligations under these lease agreements require the payments of periodic rentals, real estate taxes, insurance and maintenance costs. Depending on particular Showroom leases, the Company can also owe a percentage rent payment if particular Showrooms meet certain sales figures.

The following table summarizes the amounts recognized within our condensed consolidated balance sheets related to leases (amounts in thousands):

| | Condensed Consolidated Balance Sheet Classification | September 30, 2026 | December 31, 2025 |
|---|---|---|---|
| **Assets** | | | |
| Operating lease assets | Operating right-of-use assets | $ 427,812 | $ 391,274 |
| Finance lease assets | Financing right-of-use assets | 31,623 | 33,275 |
| Total leased assets | | $ 459,435 | $ 424,549 |
| | | | |
| **Liabilities** | | | |
| Current operating leases | Current portion of operating lease liabilities | $ 63,295 | $ 60,115 |
| Non-current operating leases | Operating lease liabilities, long-term | 508,555 | 467,226 |
| Total operating lease liabilities | | 571,850 | 527,341 |
| | | | |
| Current finance leases | Current portion of financing lease liabilities | 976 | 862 |
| Non-current finance leases | Financing lease liabilities, long-term | 51,692 | 52,374 |
| Total finance lease liabilities | | 52,668 | 53,236 |
| Total lease liabilities | | $ 624,518 | $ 580,577 |

The components of lease cost recognized within our condensed consolidated statements of comprehensive income are as follows (amounts in thousands):

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Lease costs:** | | | | |
| Operating lease costs[(1)] | $ 61,103 | $ 51,840 | $ 21,079 | $ 18,410 |
| Finance lease costs | | | | |
| Amortization of right-of-use assets[(1)] | 1,652 | 1,685 | 551 | 545 |
| Interest expense on lease liabilities[(2)] | 3,823 | 3,843 | 1,271 | 1,278 |
| Variable lease costs[(3)] | 33,406 | 34,882 | 12,095 | 11,098 |
| Short term lease costs[(4)] | 133 | 132 | 45 | 44 |
| Total lease costs | $ 100,117 | $ 92,382 | $ 35,041 | $ 31,375 |

[(1)] Operating lease costs and amortization of finance lease right-of-use assets are included in cost of goods sold or selling, general and administrative expenses on the condensed consolidated statements of comprehensive income based on our accounting policy.
[(2)] Included in interest income, net on the condensed consolidated statements of comprehensive income.

[3] Represents variable lease payments under operating and finance lease agreements, primarily associated with contingent rent that is based on a percentage of retail sales over contractual levels as well as charges associated with common area maintenance, property taxes and insurance. These costs are included in cost of goods sold or selling, general and administrative expenses on the condensed consolidated statements of comprehensive income based on our accounting policy.
[4] Represents leases with an initial term of 12 months or less which are not recorded on the balance sheet and instead expensed on a straight-line basis over the lease term, excluding expenses relating to leases with a lease term of one month or less.

We often have options to renew lease terms for Showrooms and other assets. The exercise of lease renewal options is generally at our sole discretion. In addition, certain lease agreements may be terminated prior to their original expiration date at our discretion. We evaluate each renewal and termination option at the lease commencement date to determine if we are reasonably certain to exercise the option on the basis of economic factors. The weighted average remaining lease terms are as follows:

| | Nine months ended September 30, | |
|---|---|---|
| **Weighted Average Remaining Lease Term (In Years)** | **2026** | **2025** |
| Operating leases | 8.29 | 8.69 |
| Finance leases | 18.95 | 19.76 |

When readily determinable, we use the discount rate implicit within the lease as determined at the time of lease commencement. However, the discount rate implicit within many of our leases is generally not determinable at the time of lease commencement and therefore the Company determines the discount rate based on its incremental borrowing rate ("IBR"). For leases in which the discount rate was not readily determinable, the Company utilized a market-based approach to estimate the IBR, which required significant judgment. The Company estimated the base IBR based on an analysis of (i) yields on the Company's 2021 Credit Facility, as well as comparable companies and (ii) unsecured yields and discount rates. The Company applied adjustments to the base IBRs to account for full collateralization and lease term. The weighted average discount rates used to measure our lease liabilities are as follows:

| | Nine months ended September 30, | |
|---|---|---|
| **Weighted Average Discount Rate** | **2026** | **2025** |
| Operating leases | 5.83 % | 6.04 % |
| Finance leases | 9.70 % | 9.68 % |

Future lease liabilities at September 30, 2026 are as follows (amounts in thousands):

| **Year Ending December 31,** | **Operating Lease Liabilities [1]** | **Finance Lease Liabilities** | **Total Lease Liabilities** |
|---|---|---|---|
| Remainder of 2026 | $ 22,784 | $ 1,512 | $ 24,296 |
| 2027 | 95,566 | 6,020 | 101,586 |
| 2028 | 90,261 | 5,714 | 95,975 |
| 2029 | 87,542 | 5,249 | 92,791 |
| 2030 | 82,434 | 5,233 | 87,667 |
| 2031 | 77,125 | 5,744 | 82,869 |
| Thereafter | 290,713 | 93,754 | 384,467 |
| Total lease payments | 746,425 | 123,226 | 869,651 |
| Less: Amounts representing interest | (174,575) | (70,558) | (245,133) |
| Total | $ 571,850 | $ 52,668 | $ 624,518 |

[1] Includes leases with related parties. See Note 10 — *Related Party Transactions* for amounts leased from related parties.

At September 30, 2026, the Company has entered into leases for Showrooms and equipment which have not yet commenced with expected lease terms ranging from 10 to 12 years. The aggregate minimum rental payments over the term of the leases of approximately $166.2 million are not included in the above table.

Supplemental cash flow information related to leases is as follows (amounts in thousands):

| | Nine months ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Cash paid for amounts included in the measurement of lease liabilities:** | | |
| Operating cash flows for operating leases | $ 64,838 | $ 59,642 |
| Operating cash flows for finance leases | 3,827 | 3,772 |
| Financing cash flows for finance leases | 671 | 530 |
| **Right-of-use assets obtained in exchange for lease obligations:** | | |
| Operating leases | $ 72,669 | $ 93,896 |
| Finance leases | 61 | (747) |

**6. Equity Based Compensation**

Activity of the Company's Restricted Stock and their related equity based compensation expense are summarized in the following tables (amounts in thousands, except share and per share data):

| | Restricted Stock - Class A | |
|---|---|---|
| | Amount | Weighted Average Grant Date Fair Value |
| Unvested at December 31, 2025 | 64,187 | $ 18.61 |
| Granted | — | — |
| Forfeited | — | — |
| Vested | (64,187) | 18.61 |
| Unvested at September 30, 2026 | — | $ — |

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Equity based compensation expense - Restricted Stock | $ 445 | $ 567 | $ — | $ 342 |

The Arhaus, Inc. 2021 Equity Incentive Plan (the "2021 Plan") was adopted in November 2021. The 2021 Plan authorizes the Company the ability to grant stock options (either incentive or non-qualified), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance shares, performance share units ("PSUs") and other stock-based awards with respect to our Class A common stock to our employees, officers, consultants, advisors and directors. The maximum number of Class A common stock that may be granted under the 2021 Plan is 11,205,100 shares.

Per the 2021 Plan, each RSU and PSU represents a contingent right to receive one share of the Company's Class A common stock upon vesting. The RSUs granted to award recipients will vest over two to five years (depending on the terms of the award) on each anniversary of the grant date, provided that the award recipient continues to serve the Company through the applicable vesting date ("Continuous Service"). If the award recipient's Continuous Service terminates for any reason other than death, disability or in connection with a change in control (as such terms are defined in the 2021 Plan), unless the Compensation Committee of the Board of Directors determines otherwise, all RSUs that are unvested at the time of such termination shall be forfeited and cancelled immediately without consideration. RSU and PSU awards contain forfeitable rights to dividend equivalents. Dividend equivalents for outstanding awards are accrued when

dividends are declared on the Company's common stock but are not paid until the awards vest, and dividend equivalents accrued for awards that ultimately do not vest are forfeited. Dividend equivalents are settled in the form of cash or Class A common stock based on the award agreement. The RSUs issued to certain members of the Board of Directors will generally vest on the one-year anniversary of the grant date. The fair value of RSUs is determined based on the market value of the Company's Class A common stock on the grant date.

The number of PSUs earned will be based on the Company's financial performance as measured against pre-established target performance goals over the applicable performance period. For PSUs granted in fiscal year 2024, the performance goals are cumulative demand revenue and cumulative adjusted EBITDA. In April 2025, the Company granted PSUs with the aforementioned performance goals and a new performance goal for relative Total Shareholder Return ("TSR"). The fair value of PSUs is determined based on the market value of the Company's Class A common stock on the grant date. The fair value of the portion of PSUs related to relative TSR is derived from a Monte Carlo valuation model that estimates fair value as of the grant date. The Monte Carlo valuation model uses multiple simulations to evaluate our probability of achieving various stock price levels to determine the Company's expected TSR ranking relative to a custom peer group. For PSUs granted in fiscal year 2026, the performance goals are cumulative comparable written sales, cumulative adjusted EBITDA and relative TSR. PSUs will vest as of the end of the applicable performance period subject to the award recipient's Continuous Service, but will not settle and payout until the number of PSUs earned is determined by the Compensation Committee. The award recipient may earn between 0% and 200% of the PSU target award based on the Company's achievement of the applicable performance goals, with each goal weighted equally. The Company accounts for forfeitures as they occur.

Activity of the Company's PSU and RSU awards and their related equity based compensation expense are summarized in the following tables (amounts in thousands, except share and per share data):

| | PSU Awards | | RSU Awards | |
|---|---|---|---|---|
| | Amount | Weighted Average Grant Date Fair Value | Amount | Weighted Average Grant Date Fair Value |
| Unvested at December 31, 2025 | 605,039 | $ 9.78 | 2,320,867 | $ 8.73 |
| Granted | 803,785 | 7.33 | 1,400,117 | 7.09 |
| Forfeited | (143,488) | 8.76 | (475,724) | 8.46 |
| Vested | — | — | (817,735) | 8.93 |
| Unvested at September 30, 2026 | 1,265,336 | $ 8.26 | 2,427,525 | $ 7.74 |

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Equity based compensation expense - PSUs[1] | $ 2,127 | $ 808 | $ 710 | $ 562 |
| Equity based compensation expense - RSUs[2] | $ 5,911 | $ 4,969 | $ 1,715 | $ 2,050 |

[1] Total unrecognized equity based compensation for the PSUs to be recognized in future periods is $7.5 million at September 30, 2026, and will be recognized over a weighted average period of 2.01 years. Equity based compensation expense is recorded within selling, general and administrative expenses on our condensed consolidated statements of comprehensive income.
[2] Total unrecognized equity based compensation for the RSUs to be recognized in future periods is $14.5 million at September 30, 2026, and will be recognized over a weighted average period of 2.39 years. Equity based compensation expense is recorded within selling, general and administrative expenses on our condensed consolidated statements of comprehensive income.

**7. Segment Reporting**

Our chief operating decision maker ("CODM") is our Chief Executive Officer ("CEO"), who reviews financial information presented on a consolidated basis for purposes of making decisions, assessing financial performance and allocating resources. We operate our business as one operating segment and therefore we have one reportable segment that offers an assortment of merchandise across a broad range of categories, including furniture, outdoor, bath, lighting, textiles, and décor. The assortment of merchandise can be purchased through our Retail and eCommerce sales channels.

The majority of our revenue is generated through sales to clients in the United States. Sales to clients outside of the United States are not significant. Further, no single client represents ten percent or more of our net revenue. There are no inter-segment transactions. Additionally, all property, furniture and equipment are located in the United States.

The accounting policies of our single operating segment are the same as those described within our summary of significant accounting policies in the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2025. The CODM assesses performance at the consolidated level and makes business decisions based on various key performance indicators, primarily net income, which is also reported on the condensed consolidated statements of comprehensive income as net and comprehensive income.

Our CODM uses net income to determine the allocation of resources for investments in retail Showrooms, information technology and systems infrastructure, as well as supply chain investments. Net income is also used as a method for planning and forecasting overall expected performance and for evaluating, on a quarterly and annual basis, actual results against such expectations.

Asset information is reported on the condensed consolidated balance sheets as total assets. However, asset information is not used for purposes of making decisions, assessing financial performance or allocating resources.

Refer to the condensed consolidated statements of cash flow for property, furniture and equipment expenditures, related depreciation and amortization and other significant noncash items.

The following table shows revenue by merchandise sales channel and segment expenses (amounts in thousands):

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Retail | $ 890,931 | $ 839,798 | $ 306,322 | $ 286,159 |
| eCommerce | 176,358 | 174,579 | 61,794 | 58,411 |
| Total net revenue | $ 1,067,289 | $ 1,014,377 | $ 368,116 | $ 344,570 |
| Less costs and expenses[1]: | | | | |
| Cost of goods sold | 636,361 | 617,142 | 223,696 | 211,149 |
| Corporate and administrative expenses[2] | 179,676 | 163,896 | 61,907 | 55,645 |
| Selling expenses | 143,009 | 128,017 | 52,504 | 45,673 |
| Marketing expenses | 41,657 | 36,621 | 19,929 | 15,696 |
| Loss (gain) on disposal of assets | 116 | 81 | 12 | (27) |
| Interest income, net | (2,527) | (2,137) | (1,009) | (820) |
| Other income | (1,514) | (354) | (622) | (118) |
| Income before taxes | 70,511 | 71,111 | 11,699 | 17,372 |
| Income tax expense | 20,823 | 18,945 | 3,880 | 5,154 |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |

[1] Significant costs and expenses include cost of goods sold, corporate and administrative expenses, selling expenses and marketing expenses.
[2] Corporate and administrative expenses primarily include warehouse expenses, equity based compensation costs, information technology, human resources and legal costs, insurance expenses, accounting fees and corporate sustainability costs.

**8. Net and Comprehensive Income per Share**

Basic and diluted net and comprehensive income per share were calculated by dividing net and comprehensive income by the number of basic and diluted weighted-average common shares outstanding. The Company has elected to not adjust net and comprehensive income for forfeitable dividend equivalents, when declared, related to unvested equity awards. The Company will recognize dividends paid on common shares when the dividend equivalents are no longer forfeitable, such as if the contingency is met or the share-based payment awards vest into common shares.

Basic and diluted net and comprehensive income per share are as follows (amounts in thousands, except per share data):

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Numerator** | | | | |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |
| | | | | |
| **Denominator—Weighted Average Shares Outstanding** | | | | |
| Weighted-average number of common shares outstanding, basic | 141,353,368 | 140,635,317 | 141,619,661 | 140,829,409 |
| Effect of dilutive restricted stock [1] [2] | 590,212 | 675,425 | 655,515 | 847,313 |
| Weighted-average number of common shares outstanding, diluted | 141,943,580 | 141,310,742 | 142,275,176 | 141,676,722 |
| | | | | |
| **Net and Comprehensive Income Per Share** | | | | |
| Net and comprehensive income per share, basic | $ 0.35 | $ 0.37 | $ 0.06 | $ 0.09 |
| Net and comprehensive income per share, diluted | $ 0.35 | $ 0.37 | $ 0.05 | $ 0.09 |

[1] During the nine and three months ended September 30, 2026, 496,208 and 237,720 shares of unvested RSUs and dividend equivalents were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive. During the nine and three months ended September 30, 2025, 544,565 and 216,714 shares of unvested restricted stock and RSUs were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.
[2] During the nine and three months ended September 30, 2026, 819,302 PSUs were excluded from the calculation of the effect of dilutive restricted stock because they did not meet the required performance criteria. During the nine and three months ended September 30, 2025, 560,641 PSUs were excluded from the calculation of the effect of dilutive restricted stock because they did not meet the required performance criteria.

**9. Commitments and Contingencies**

The Company is involved in litigation and claims that are incidental to its business. Although the outcome of these matters cannot be determined at the present time, management of the Company believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. As of September 30, 2026 and December 31, 2025, the Company has accrued legal costs of $7.6 million and $6.5 million, respectively, that are included in accrued other expenses within our condensed consolidated balance sheets.

From time to time, the Company has received inquiries from a number of state and local taxing agencies with respect to the remittance of sales, use, telecommunications, excise, and income taxes. Several jurisdictions are currently conducting tax audits of the Company's records. The Company collects, or has accrued for, taxes that it believes are required to be remitted. The amounts that have been remitted have historically been within the accruals established by the Company. The Company adjusts its accrual when facts relating to specific exposures warrant such adjustment. As of September 30, 2026 and December 31, 2025, we recorded liabilities of $0.3 million and $0.3 million, respectively, in accrued other expenses within the condensed consolidated balance sheets for non-income tax matters that were probable and reasonably estimable.

The Company has entered into an irrevocable standby letter of credit arrangement for purposes of protecting a lessor against default on lease payments. As of September 30, 2026, these lease payments are included within the Company's condensed consolidated balance sheets in operating lease liabilities. As of September 30, 2026, the Company had a maximum financial exposure from the irrevocable standby letter of credit totaling approximately $5.1 million, all of which is applied to reduce capacity under the Company's revolving credit facility. The Company has no history of default claims, nor is it aware of circumstances that would require it to perform under this credit arrangement and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the Company's condensed consolidated financial statements. Accordingly, no liability has been recorded with respect to this credit arrangement as of September 30, 2026.

On February 29, 2024, the Board of Directors of the Company declared a special cash dividend on the Company's Class A and Class B common stock of $0.50 per share, payable April 4, 2024, to shareholders of record at the close of business on March 21, 2024 (the "2024 Record Date"). The Company paid $0.1 million and $0.3 million of the aforementioned special cash dividend on its Class A common stock related to dividend equivalents on equity awards that vested during the nine months ended September 30, 2026 and September 30, 2025, respectively.

On February 17, 2026, the Board of Directors of the Company declared a special cash dividend on the Company's Class A and Class B common stock of $0.35 per share, payable March 31, 2026, to shareholders of record at the close of business on March 18, 2026 (the "Record Date"). The Company paid $49.5 million of the aforementioned dividend on its Class A and Class B common stock to shareholders as of the Record Date during the nine months ended September 30, 2026.

As of September 30, 2026, dividends payable of $0.1 million are included in accrued other expenses. As of September 30, 2026, $0.5 million is included in additional paid-in capital for dividend equivalents. As of December 31, 2025, dividends payable of $0.1 million was included in accrued other expenses and there was no additional paid-in capital balance related to dividend equivalents. The remaining liability and equity balances recorded within our condensed consolidated balance sheets relate to dividend equivalents on outstanding equity awards under the Company's equity incentive plan that were unvested as of the applicable record date.

**10. Related Party Transactions**

*Leasing transactions*

In November 2000, the Company entered into a lease agreement with Pagoda Partners, LLC, a company of which John Reed, our CEO, indirectly owns 50%, for our warehouse in Walton Hills, Ohio. The base lease term was 17 years with a 5-year renewal option. In August 2020, the Company amended the lease agreement to extend the lease term to April 2024. The monthly rental payments were $0.1 million. In July 2023, the Company amended the lease agreement to extend the lease term to April 2034 with one additional 5-year renewal option. The monthly rental payments range from $0.1 million to $0.2 million. Rent expense was $1.3 million and $1.3 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. Rent expense was $0.4 million and $0.4 million for the three months ended September 30, 2026 and September 30, 2025, respectively.

In July 2010, the Company entered into a lease agreement with Brooklyn Arhaus, a company of which our CEO and Mr. Beargie, a former Director of the Company, own 85% and 15%, respectively, for our Loft in Brooklyn, Ohio. The base lease term was 15 years with no lease renewal options. The monthly rental payments were $20 thousand. In April 2025, the Company amended the lease agreement, effective in October 2025, to extend the lease term to September 2040 with no lease renewal options. The monthly rental payments range from $29 thousand to $39 thousand. Rent expense was $0.3 million and $0.3 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. Rent expense was $0.1 million and $0.1 million for the three months ended September 30, 2026 and September 30, 2025, respectively.

In March 2021, the Company entered into a lease agreement with Premier Conover, LLC, a company of which our CEO indirectly owns 40%, for a distribution center and manufacturing building. The base lease term is for 12 years, with a 10-year renewal option and two additional 5-year renewal options at the higher of the minimum base rent or the fair market rent at the time of renewal execution. The monthly rental payments range from $0.2 million to $0.3 million during the 12-year base lease term and from $0.4 million to $0.5 million during the 10-year renewal period. Rent expense was $2.9 million and $2.9 million for the nine months ended September 30, 2026 and September 30, 2025, respectively. Rent expense was $0.9 million and $1.0 million for the three months ended September 30, 2026 and September 30, 2025, respectively.

**11. Income Taxes**

Income tax expenses were $20.8 million and $18.9 million in the nine months ended September 30, 2026 and September 30, 2025, respectively. Income tax expenses were $3.9 million and $5.2 million in the three months ended September 30, 2026 and September 30, 2025, respectively. The effective tax rate was 29.5% and 26.6% for the nine months ended September 30, 2026 and September 30, 2025, respectively. The effective tax rate was 33.2% and 29.7% for the three months ended September 30, 2026 and September 30, 2025, respectively. The increase in the year-to-date and

quarterly effective tax rate was primarily driven by the section 162(m) limitation on the deductibility of certain employee compensation.

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

*You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q for the three months ended September 30, 2026 ("Form 10-Q") and our Annual Report on Form 10-K for the year ended December 31, 2025. This Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or are proven incorrect, could cause our business and results of operations to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking terminology, including, but not limited to, "may," "could," "seek," "guidance," "predict," "potential," "likely," "believe," "will," "expect," "anticipate," "estimate," "plan," "intend," "forecast," or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Past performance is not a guarantee of future results or returns and no representation or warranty is made regarding future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the following:*

- *Our ability to manage and maintain the growth rate of our business;*
- *Our ability to obtain quality merchandise in sufficient quantities;*
- *Challenges with the planning or implementation of our technology upgrades, including a new enterprise resource planning system;*
- *Disruption in our receiving and distribution system, including delays in the integration of our distribution centers and the possibility that we may not realize the anticipated benefits of multiple distribution centers;*
- *Effects of new or proposed tariffs and changes to international trade policies and agreements;*
- *The possibility of cyberattacks and our ability to maintain adequate cybersecurity systems and procedures;*
- *Loss, corruption and misappropriation of data and information relating to clients and employees;*
- *Changes in and compliance with applicable data privacy rules and regulations;*
- *Risks as a result of constraints in our supply chain or disruptions due to geopolitical events such as acts of war and/or terrorism or other hostilities;*
- *A failure of our vendors to meet our quality standards;*
- *Declines in general economic conditions that affect consumer confidence and consumer spending that could adversely affect our revenue;*
- *Our ability to anticipate changes in consumer preferences;*
- *Risks related to maintaining and increasing Showroom traffic and sales;*
- *Our ability to compete in our market;*
- *Our ability to adequately protect our intellectual property;*
- *Compliance with applicable governmental regulations;*
- *Effectively managing our eCommerce sales channel and digital marketing efforts;*
- *Our reliance on third-party transportation carriers and risks associated with freight and transportation costs; and*
- *Compliance with SEC rules and regulations as a public reporting company.*

*The risks, uncertainties and assumptions referred to above that could cause our results to differ materially from the results expressed or implied by such forward-looking statements include, but are not limited to, those discussed under Item 1A. Risk Factors, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2025. All forward-looking statements included in this document are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements. These statements are based on information available to us as of the date of this Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.*

*The following discussion contains references to the nine and three months ended September 30, 2026 and September 30, 2025, which represents the condensed consolidated financial results of Arhaus, Inc. and subsidiaries for the nine and three months ended September 30, 2026 and September 30, 2025, respectively.*

**Overview**

Founded in 1986 by John Reed, our CEO, and his father, Arhaus is a premium home furnishings brand built on a simple idea: furniture and décor should be responsibly sourced, lovingly made, and built to last. We operate a vertically integrated model, designing and sourcing products directly from skilled artisans and carefully selected manufacturing vendors around the world, including domestic upholstery production at our own North Carolina manufacturing facility. This approach enables us to offer a highly exclusive and customizable assortment of heirloom-quality furniture and décor designed to be used and enjoyed for generations. Design is at the core of everything Arhaus does. With more than 100 Showroom locations across the United States, our integrated omni-channel model connects every client touchpoint, from Showroom and interior design to eCommerce and catalog, allowing us to meet clients wherever and however they choose to shop while delivering a highly personalized client-first experience from discovery through delivery.

Our vertically integrated model, inclusive of design and product development teams, upholstery manufacturing capabilities, direct vendor sourcing, direct-to-consumer and direct-to-trade selling, allows Arhaus to maintain greater control over product quality, design integrity, and value. We offer merchandise across a broad range of categories, including furniture, outdoor, bath, lighting, textiles and décor. Our curated assortments are presented across our sales channels in sophisticated, family-friendly and lifestyle-oriented settings.

Based on third-party reports, publicly available data, and our internal research, we believe the United States premium home furnishings market is approximately $100 billion. This highly fragmented market is served by a large number of independent retailers, which we believe provides us a meaningful opportunity to increase market share over time. We believe that we are well positioned to grow market share through our differentiated brand positioning, scale, and strong resonance with affluent clients who value quality, craftsmanship, and design.

Products are designed for use throughout the home and are sourced directly from a global network of nearly 400 vendors. Through close collaboration with Arhaus product development teams and sourcing relationships, and supported by our vertically integrated model, we believe we are able to deliver high-quality products at a compelling value.

Arhaus strives to deliver a welcoming and inspirational experience across both Showrooms and eCommerce, guided by our belief that retail is theater. Showrooms are immersive, design-forward spaces that serve as an important driver of brand awareness and client engagement, while our eCommerce channel functions as a seamless extension of the physical Showroom experience. Our experienced design consultants and interior designers provide expert guidance and personalized service, supporting clients throughout their shopping journey.

The table below represents the composition of our Showrooms by format and operating footprint as of each period presented:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Traditional Showrooms | 91 | 90 |
| Design Studios | 9 | 9 |
| Lofts | 9 | 8 |
| Total Showrooms | 109 | 107 |
| | | |
| Total gross square footage (in thousands) | 1,922 | 1,836 |
| Showrooms with interior designers | 98 | 97 |
| Total interior designers | 152 | 142 |
| States where we operate | 31 | 31 |

For the nine months ended September 30, 2026, we generated $1,067.3 million of net revenue, $430.9 million of gross margin and $49.7 million of net and comprehensive income. For the three months ended September 30, 2026, we generated $368.1 million of net revenue, $144.4 million of gross margin, and $7.8 million of net and comprehensive income.

**How We Assess the Performance of Our Business**

In addition to U.S. GAAP results, this Form 10-Q contains references to the non-GAAP financial measures below. We use these non-GAAP measures to help assess the performance of our business, identify trends affecting our business, formulate

business plans and make strategic decisions. In addition to our results determined in accordance with U.S. GAAP, we believe that providing these non-GAAP financial measures is useful to our investors as they present an informative supplemental view of our results from period-to-period by removing the effect of non-recurring items.

The non-GAAP financial measures presented herein are specific to us and may not be comparable to similar measures disclosed by other companies because of differing methods used by other companies in calculating them. These measures are also not intended to be measures of free cash flow for management's discretionary use, as they do not reflect tax payments, debt service requirements and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs. Management compensates for these limitations by relying on our U.S. GAAP results in addition to using these non-GAAP financial measures. The non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. We consider the following financial and operating measures that affect our results of operations:

*Net Revenue and Written Sales*. Net revenue is recognized when a client obtains control of the merchandise. We also track written sales in our business which is a key performance indicator linked to the level of client orders placed. Written sales is an operating metric that we use to measure the dollar value of orders (based on purchase price) at the time the order is placed, net of the dollar value of cancellations and returns (based on unpaid purchase price and amount credited to client). These orders are recognized as net revenue when a client obtains control of the merchandise. Because written sales is measured net of cancellations, all written sales will eventually become net revenue, with appropriate reserves, when delivered to the client.

*Comparable Delivered Sales*. Comparable Delivered Sales is the year-over-year percentage change of the dollar value of orders delivered (based on purchase price), net of the dollar value of returns (based on amount credited to client), from comparable Showrooms and eCommerce, including through our catalogs and other mailings. This metric is a key performance indicator used by management to evaluate Showroom performance for locations that have been opened for at least 15 consecutive months, which enables management to view the performance of those Showrooms without the dollar value of orders delivered for new Showrooms being included. Comparable Showrooms are defined as permanent Showrooms open for at least 15 consecutive months, including relocations in the same market. Showrooms record written sales immediately upon opening, while orders delivered take additional time because product must be delivered to the client. The dollar value of orders delivered for Loft comparable locations is included.

Comparable Delivered Sales provides management insight into business performance for a particular period by comparing the dollar value of orders delivered (based on purchase price) in a period compared to the prior comparable period. Since delivery generally coincides with recognition of net revenue, with appropriate reserves, Comparable Delivered Sales trends will more closely track trends in reported net revenue than Comparable Written Sales.

*Comparable Written Sales*. Comparable Written Sales is the year-over-year percentage change in written sales from our comparable Showrooms and eCommerce, including through our catalogs and other mailings. This metric is a key performance indicator used by management to evaluate Showroom performance for locations that have been opened for at least 13 consecutive months, which enables management to view the performance of those Showrooms without new Showroom written sales. For Comparable Written Sales, comparable Showrooms are defined as permanent Showrooms open for at least 13 consecutive months, including relocations in the same market. The dollar value of orders written for Loft comparable locations is included.

Comparable Written Sales provides insight into business performance in a particular period by comparing the dollar value of orders (based on purchase price) placed in that period to the prior comparable period. Although these orders do not result in net revenue until the order is delivered at a later point in time, management utilizes this metric to evaluate core performance. While the underlying written sales that support this metric will generally translate into delivered sales over time, the Comparable Written Sales and Comparable Delivered Sales measures may not correlate in any specific period partially due the lag effects in both the numerator and denominator that occur between order placement and delivery, which tend to vary based on natural variations in the supply chain. Notwithstanding these limitations, management considers it useful to evaluate both measures together to assess overall performance trends and believes investors may find them useful when reviewed alongside reported results and other key metrics.

*Gross Margin.* Gross margin is equal to our net revenue less cost of goods sold. Cost of goods sold includes the direct cost of purchased merchandise, inventory reserves, inbound freight, all freight costs to get merchandise to our Showrooms, credit card fees, design, buying and allocation costs, our supply chain, such as product development and sourcing, occupancy costs related to Showroom operations, such as rent and common area maintenance for our leases, depreciation and amortization of leasehold improvements, equipment and other assets in our Showrooms. In addition, cost of goods sold

includes all logistics costs associated with shipping product to our clients, partially offset by delivery fees collected from clients (recorded in net revenue on the condensed consolidated statements of comprehensive income).

*Selling, General and Administrative Expenses.* Selling, general and administrative ("SG&A") expenses include all operating costs not included in cost of goods sold. These expenses include payroll and payroll related expenses, Showroom expenses other than occupancy and expenses related to many of our operations at our distribution centers and corporate headquarters, including marketing, information technology, legal, human resources, utilities and depreciation and amortization expense. Payroll includes both fixed compensation and variable compensation. Variable compensation includes Showroom commissions and Showroom bonus compensation related to written sales, likely before the client obtains control of the merchandise. Variable compensation is not significant in our eCommerce sales channel. All new Showroom opening expenses, other than occupancy, are included in SG&A expenses and are expensed as incurred. We expect certain of these expenses to continue to increase as we open new Showrooms, develop new product categories and otherwise pursue our current business initiatives. SG&A expenses as a percentage of net revenue are usually higher in lower-volume quarters and lower in higher-volume quarters because a significant portion of the costs are fixed.

*EBITDA.* We define EBITDA as consolidated net income before depreciation and amortization, interest income, net and income tax expense.

*Adjusted EBITDA.* We believe that adjusted EBITDA is a useful measure of operating performance as the adjustments eliminate items that we believe are not reflective of underlying operating performance in a particular period. Adjusted EBITDA facilitates a comparison of our operating performance on a consistent basis from period-to-period and provides for a more complete understanding of factors and trends affecting our business. Because adjusted EBITDA omits certain non-cash items and items that we believe are not reflective of underlying operating performance in a particular period, we feel that it is less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and can be more reflective of our operating performance in a particular period. We also use adjusted EBITDA as a method for planning and forecasting overall expected performance and for evaluating, on a quarterly and annual basis, actual results against such expectations.

The following is a reconciliation of our net and comprehensive income to EBITDA and adjusted EBITDA for the periods presented (in thousands):

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |
| Interest income, net | (2,527) | (2,137) | (1,009) | (820) |
| Income tax expense | 20,823 | 18,945 | 3,880 | 5,154 |
| Depreciation and amortization | 39,384 | 34,716 | 14,270 | 11,757 |
| EBITDA | 107,368 | 103,690 | 24,960 | 28,309 |
| Equity based compensation | 8,483 | 6,344 | 2,425 | 2,954 |
| Other expenses (income) [(1)] | — | 81 | — | (27) |
| Adjusted EBITDA | $ 115,851 | $ 110,115 | $ 27,385 | $ 31,236 |

[(1)]Other expenses (income) represent costs and investments not indicative of ongoing business performance, such as loss (gain) on disposal of assets.

*Free Cash Flow*. We define Free Cash Flow as net cash provided by operating activities less net cash used in investing activities. We believe that Free Cash Flow is a useful measure that is helpful in understanding the strength of our liquidity and how our business generates cash. Management uses Free Cash Flow to evaluate our overall liquidity needs and determine appropriate capital allocation strategies. Free Cash Flow should not be considered in isolation or as an alternative to net cash from operating activities calculated in accordance with U.S. GAAP and should be viewed together with our other U.S. GAAP results.

**Factors Affecting the Comparability of our Results of Operations**

Our results over the past two years have been affected by the following events, which must be understood in order to assess the comparability of our period-to-period financial performance and condition.

**Tariffs**

In February 2026, the U.S. Supreme Court issued a ruling invalidating certain tariffs previously imposed under the IEEPA. Subsequently, the U.S. Court of International Trade ruled that tariffs paid under the IEEPA must be refunded in accordance with the law. As a result, the U.S. Customs and Border Protection Agency launched a special tariff refund program to facilitate such refunds.

The Company has received $37.8 million in tariff refunds and $1.3 million in interest as of September 30, 2026.

During the nine and three months ended September 30, 2026, the Company recognized a benefit of $36.3 million and $12.5 million, respectively, for the recovery of IEEPA tariffs paid, primarily related to other merchandise inventory costs in cost of goods sold within the condensed consolidated statements of comprehensive income. As of September 30, 2026, the Company recorded $1.5 million related to the reduction in inventory costs in merchandise inventory, net within the condensed consolidated balance sheets.

**Showroom Openings and Closings**

New Showrooms contribute incremental expense, new Showroom opening expense and net revenue to the Company. Our recent Showroom growth from January 1, 2025 to September 30, 2026 is summarized in the following table:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Showrooms open at beginning of period | 107 | 103 |
| Showrooms opened [1] | 4 | 12 |
| Showrooms closed for relocations | (2) | (7) |
| Showrooms closed permanently | — | (1) |
| Showrooms open at end of period | 109 | 107 |

[1] Showrooms opened during the respective periods includes both new and relocated Showrooms.

**Results of Operations**

The following tables summarize key components of our results of operations for the periods indicated and should be read together with our condensed consolidated financial statements and related notes.

**Condensed Consolidated Statements of Comprehensive Income Data (in thousands):**

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net revenue | $ 1,067,289 | $ 1,014,377 | $ 368,116 | $ 344,570 |
| Cost of goods sold | 636,361 | 617,142 | 223,696 | 211,149 |
| Gross margin | 430,928 | 397,235 | 144,420 | 133,421 |
| Selling, general and administrative expenses | 364,342 | 328,534 | 134,340 | 117,014 |
| Loss (gain) on disposal of assets | 116 | 81 | 12 | (27) |
| Income from operations | $ 66,470 | $ 68,620 | $ 10,068 | $ 16,434 |
| Interest income, net | (2,527) | (2,137) | (1,009) | (820) |
| Other income | (1,514) | (354) | (622) | (118) |
| Income before taxes | 70,511 | 71,111 | 11,699 | 17,372 |
| Income tax expense | 20,823 | 18,945 | 3,880 | 5,154 |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |

**Other Operational Data (dollars in thousands):**

| | Nine months ended September 30, | | Three months ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net revenue | $ 1,067,289 | $ 1,014,377 | $ 368,116 | $ 344,570 |
| Comparable delivered sales | 1.8 % | 4.5 % | 2.6 % | 4.1 % |
| Comparable written sales | 6.7 % | 2.8 % | 13.9 % | 7.4 % |
| Gross margin as a % of net revenue | 40.4 % | 39.2 % | 39.2 % | 38.7 % |
| Selling, general and administrative expenses as a % of net revenue | 34.1 % | 32.4 % | 36.5 % | 34.0 % |
| Income from operations as a % of net revenue | 6.2 % | 6.8 % | 2.7 % | 4.8 % |
| Net and comprehensive income | $ 49,688 | $ 52,166 | $ 7,819 | $ 12,218 |
| Net and comprehensive income as a % of net revenue | 4.7 % | 5.1 % | 2.1 % | 3.5 % |
| Adjusted EBITDA[(1)] | $ 115,851 | $ 110,115 | $ 27,385 | $ 31,236 |
| Adjusted EBITDA as a % of net revenue | 10.9 % | 10.9 % | 7.4 % | 9.1 % |
| Total Showrooms at end of period | 109 | 103 | 109 | 103 |

[(1)] See "How We Assess the Performance of Our Business," for a definition of adjusted EBITDA and a reconciliation of adjusted EBITDA to net and comprehensive income.

**Comparison of the nine months ended September 30, 2026 and September 30, 2025**

***Net Revenue***

Net revenue increased $52.9 million, or 5.2%, to $1,067.3 million in the nine months ended September 30, 2026 compared to $1,014.4 million in the nine months ended September 30, 2025. The increase was driven primarily by $33.8 million of revenue growth related to new Showrooms opened in 2026 and 2025, with the remainder due to increased demand for our products.

***Gross Margin***

Gross margin increased $33.7 million, or 8.5%, to $430.9 million in the nine months ended September 30, 2026 compared to $397.2 million in the nine months ended September 30, 2025. The increase was primarily driven by higher net revenue and the benefit related to recoveries of IEEPA tariffs of $8.8 million for inventory sold prior to January 1, 2026, partially offset by higher Showroom occupancy costs of $11.7 million, increased product costs of $9.2 million, higher fuel costs of $6.2 million, and higher credit card fees of $2.1 million.

As a percentage of net revenue, gross margin increased 120 basis points to 40.4% of net revenue in the nine months ended September 30, 2026 compared to 39.2% of net revenue in the nine months ended September 30, 2025. The gross margin increase as a percentage of net revenue was primarily driven by favorable products costs, which contributed 90 basis points, favorable delivery costs, which contributed 90 basis points, the benefit related to the recoveries of IEEPA tariffs, which contributed 80 basis points, partially offset by higher fuel costs, which increased by 60 basis points, Showroom occupancy costs, which increased by 60 basis points, and credit card fees, which increased by 10 basis points.

***Selling, General and Administrative Expenses***

SG&A expenses increased $35.8 million, or 10.9%, to $364.3 million in the nine months ended September 30, 2026 compared to $328.5 million in the nine months ended September 30, 2025. The increase was primarily due to a $20.8 million increase in general and administrative costs related to strategic investments to support and drive the growth of the business, including technology improvements, marketing initiatives and other corporate expenses, and a $15.0 million increase in selling expenses primarily related to increased demand for our products and new Showrooms.

As a percentage of net revenue, SG&A expenses increased 170 basis points to 34.1% of net revenue in the nine months ended September 30, 2026 compared to 32.4% of net revenue in the nine months ended September 30, 2025.

***Interest Income, net***

Interest income, net increased to $2.5 million in the nine months ended September 30, 2026 compared to $2.1 million in the nine months ended September 30, 2025.

***Income Taxes***

Income tax expense was $20.8 million in the nine months ended September 30, 2026 compared to $18.9 million in the nine months ended September 30, 2025. Our effective tax rate was 29.5% and 26.6% for the nine months ended September 30, 2026 and September 30, 2025, respectively. The increase in the effective tax rate was primarily driven by the section 162(m) limitation on the deductibility of certain employee compensation.

***Net and Comprehensive Income***

Net and comprehensive income decreased $2.5 million to $49.7 million in the nine months ended September 30, 2026 compared to $52.2 million in the nine months ended September 30, 2025. The decrease was driven by the factors described above.

**Comparison of the three months ended September 30, 2026 and September 30, 2025**

***Net Revenue***

Net revenue increased $23.5 million, or 6.8%, to $368.1 million in the three months ended September 30, 2026 compared to $344.6 million in the three months ended September 30, 2025. The increase was driven primarily by $13.2 million of revenue growth related to new Showrooms opened in 2026 and 2025, with the remainder due to increased demand for our products.

***Gross Margin***

Gross margin increased $11.0 million, or 8.2%, to $144.4 million in the three months ended September 30, 2026 compared to $133.4 million in the three months ended September 30, 2025. The increase was primarily due to higher net revenue, partially offset by higher Showroom occupancy costs of $6.4 million, increased product costs of $3.7 million, and higher fuel costs of $2.3 million.

As a percentage of net revenue, gross margin increased 50 basis points to 39.2% of net revenue in the three months ended September 30, 2026 compared to 38.7% of net revenue in the three months ended September 30, 2025. The gross margin increase as a percentage of net revenue was primarily driven by favorable product costs, which contributed 130 basis points, favorable delivery costs, which contributed 80 basis points, partially offset by Showroom occupancy costs, which increased 110 basis points and higher fuel costs, which increased by 60 basis points.

***Selling, General and Administrative Expenses***

SG&A expenses increased $17.3 million, or 14.8%, to $134.3 million in the three months ended September 30, 2026 compared to $117.0 million in the three months ended September 30, 2025. The increase was primarily due to a $10.5 million increase in general and administrative costs, primarily related to strategic investments to support and drive the growth of the business, including marketing initiatives, technology improvements and other corporate expenses, and a $6.8 million increase in selling expenses primarily related to increased demand for our products and new Showrooms.

As a percentage of net revenue, SG&A expenses increased 250 basis points to 36.5% of net revenue in the three months ended September 30, 2026 compared to 34.0% of net revenue in the three months ended September 30, 2025.

***Interest Income, net***

Interest income, net increased to $1.0 million in the three months ended September 30, 2026 compared to $0.8 million in the three months ended September 30, 2025.

***Income Taxes***

Income taxes were $3.9 million in the three months ended September 30, 2026 compared to $5.2 million in the three months ended September 30, 2025. Our effective tax rate was 33.2% and 29.7% for the three months ended September 30,

2026 and September 30, 2025, respectively. The increase in the effective tax rate was primarily driven by the section 162(m) limitation on the deductibility of certain employee compensation.

***Net and Comprehensive Income***

Net and comprehensive income decreased $4.4 million to $7.8 million in the three months ended September 30, 2026 compared to $12.2 million in the three months ended September 30, 2025. The decrease was driven by the factors described above.

**Liquidity and Capital Resources**

***Liquidity Outlook***

Our primary cash needs have historically been for merchandise inventories, payroll, marketing, Showroom rent, capital expenditures associated with opening new Showrooms and renovating existing Showrooms, as well as the development of our infrastructure and information technology. We seek out and evaluate opportunities for effectively managing and deploying capital in ways that improve working capital and support and enhance our business initiatives and strategies. As of September 30, 2026, we had cash and cash equivalents of $318.0 million.

Our principal sources of liquidity are primarily cash flows from operations. We believe our operating cash flows will be sufficient to meet working capital requirements and fulfill other capital needs for at least the next 12 months, although we may enter into borrowing arrangements in the future.

While we do not require debt to fund our operations, our goal continues to be to position the Company to take advantage of the many opportunities that we may identify in connection with our business and operations. We have pursued in the past, and may pursue in the future, additional strategies to generate capital to pursue opportunities and investments, including new debt financing arrangements. In addition to funding the normal operations of our business, we have used our liquidity to fund investments and strategies related to growth initiatives, including supply chain and technology improvements. Our needs and uses of capital may change in the future due to changes in our business or new opportunities that we choose to pursue. As of September 30, 2026, we have no material off-balance sheet arrangements.

On February 29, 2024, the Board of Directors of the Company declared a special cash dividend on the Company's Class A and Class B common stock of $0.50 per share, payable April 4, 2024, to shareholders of record at the close of business on March 21, 2024. The Company paid $0.1 million and $0.3 million of the aforementioned special cash dividend on its Class A common stock related to dividend equivalents on equity awards that vested during the nine months ended September 30, 2026 and September 30, 2025, respectively.

On February 17, 2026, the Board of Directors of the Company declared a special cash dividend on the Company's Class A and Class B common stock of $0.35 per share, payable March 31, 2026, to shareholders of record at the close of business on March 18, 2026. The Company paid $49.5 million of the aforementioned dividend on its Class A and Class B common stock to shareholders as of the Record Date during the nine months ended September 30, 2026.

We have begun a multi-year transformation that will replace certain of our existing systems with a modern and integrated platform encompassing a new enterprise resource planning system ("ERP"), an order management system, a transportation management system and a point of sale system. The total incremental investment in connection with these technology upgrades is expected to be approximately $50 million, including implementation and project staffing costs as well as licensing fees through 2030. Cash outflows were approximately $10 million during the nine months ended September 30, 2026, and we anticipate approximately $20 million in 2026 and $12 million in 2027, with cash outflows tapering in early 2028 as we transition to annual licensing and maintenance costs of approximately $6 million per year through 2030.

***Credit Facility***

In November 2021, the Company entered into a revolving credit facility (the "2021 Credit Facility"). The 2021 Credit Facility provides for, among other things, (1) a revolving credit facility in an aggregate amount not to exceed at any time outstanding the amount of such lender's commitment, (2) a letter of credit commitment in an amount equal to the lesser of (a) $10.0 million, and (b) the amount of the revolving credit facility as of such date, and (3) a swingline loan in an amount equal to the lesser of (a) $5.0 million, and (b) the amount of the revolving credit facility as of such date. The aggregate amount of all commitments of all lenders under the 2021 Credit Facility was initially $50.0 million. The 2021 Credit Facility contains restrictive covenants and has certain financial covenants, including a maximum rent-adjusted total leverage ratio and a minimum fixed charge ratio. The 2021 Credit Facility initially bore variable interest rates at the

prevailing Bloomberg Short-Term Bank Yield index rate plus the applicable margin, whereas the applicable margin is adjusted quarterly based on the Company's consolidated rent-adjusted total leverage ratio.

In December 2022, the Company amended the 2021 Credit Facility to increase the revolving credit commitment thereunder by $25.0 million. After giving effect to such increase, the aggregate amount of all commitments under the 2021 Credit Facility was $75.0 million.

In August 2024, the Company amended the 2021 Credit Facility to adjust the index rate from the Bloomberg Short-Term Bank Yield Index to Term Secured Overnight Financing Rate. The 2021 Credit Facility bears variable interest rates at the prevailing Term Secured Overnight Financing Rate plus the applicable margin (1.75% at September 30, 2025).

In May 2025, the Company issued an irrevocable standby letter of credit under the 2021 Credit Facility in the amount of $5.1 million in connection with a lease, which remained outstanding at September 30, 2026.

In October 2025, the Company entered into the Third Amendment to Credit Agreement and Amendment to Security and Pledge Agreement (the "Amendment"). The Amendment further amends the 2021 Credit Facility to, among other things, (1) extend the maturity date of the revolving credit facility from November 8, 2026 to October 17, 2030, and (2) increase the letter of credit commitment to an amount equal to the lesser of (a) $15 million, and (b) the amount of the revolving credit facility as of such date. After giving effect to the Amendment, the aggregate amount of revolving credit commitments under the Credit Agreement remains $75 million. The Company has the option to increase the revolving credit commitment thereunder by an additional $25 million.

In connection with the Amendment, the Company has incurred approximately $0.2 million in debt issuance costs. The 2021 Credit Facility bears variable interest rates at the prevailing Term Secured Overnight Financing Rate plus the applicable margin (1.75% at September 30, 2026). At September 30, 2026 and December 31, 2025, we had no borrowings on the 2021 Credit Facility and the available borrowing capacity was $69.9 million and $69.9 million, respectively.

Refer to Note 4 — *Debt* to our condensed consolidated financial statements for further information on our 2021 Credit Facility.

***Cash Flow Analysis***

The following table provides a summary of our cash provided by operating, investing and financing activities (amounts in thousands):

| | Nine months ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Net cash provided by operating activities | $ 172,960 | $ 127,538 |
| Net cash used in investing activities | (58,139) | (59,697) |
| Net cash used in financing activities | (51,942) | (2,915) |
| Net increase in cash, cash equivalents and restricted cash | $ 62,879 | $ 64,926 |

***Net cash provided by operating activities***

*Comparison of the nine months ended September 30, 2026 and September 30, 2025*

Operating activities consist primarily of net income adjusted for non-cash items including depreciation and amortization, operating lease amortization, deferred income taxes, equity based compensation and the effect of changes in working capital and other activities.

For the nine months ended September 30, 2026, net cash provided by operating activities was $173.0 million and consisted of net income of $49.7 million adjusted for non-cash items of $114.1 million, which includes a change in working capital and other activities of $9.2 million. The cash provided by working capital was primarily driven by an increase in client deposits of $89.0 million and an increase in accrued expenses of $9.7 million, partially offset by a decrease in operating lease liabilities of $52.6 million primarily due to payments made under the related lease agreements, an increase in merchandise inventory of $21.7 million, an increase in prepaid and other current assets of $9.2 million, and a decrease in accounts payable of $7.8 million in the nine months ended September 30, 2026.

For the nine months ended September 30, 2025, net cash provided by operating activities was $127.5 million and consisted of net income of $52.2 million adjusted for non-cash items of $106.6 million, which were partially offset by a change in working capital and other activities of $31.3 million. The use of cash from working capital was primarily driven by a decrease in operating lease liabilities of $42.4 million primarily due to payments made under the related lease agreements and an increase in merchandise inventory of $31.7 million, which was partially offset by an increase in client deposits of $33.1 million, and an increase in accrued expenses of $9.2 million in the nine months ended September 30, 2025.

***Net cash used in investing activities***

*Comparison of the nine months ended September 30, 2026 and September 30, 2025*

Investing activities consist primarily of capital expenditures related to investments in Showrooms, vehicles, information technology and systems infrastructure, as well as supply chain investments.

For the nine months ended September 30, 2026, net cash used in investing activities was $58.1 million primarily due to investments in Showrooms, investments in our supply chain, and information technology and systems infrastructure, which was partially offset by insurance proceeds for property, furniture, and equipment.

For the nine months ended September 30, 2025, net cash used in investing activities was $59.7 million primarily due to investments in Showrooms, vehicles, investments in our supply chain, and information technology and systems infrastructure.

*Capital Expenditures*

Historically, we have invested significant capital expenditures in opening new Showrooms. These capital expenditures have increased in the past and may continue to increase in future periods as we open additional Showrooms. Our capital expenditures include expenditures related to investing activities and outflows of capital related to construction activities to design and build leasehold improvement assets. Certain lease arrangements require the landlord to fund a portion of the construction related costs through tenant improvement allowance payments directly to us. New Showrooms may require different levels of company-funded capital investment in the future.

Historical capital expenditures are summarized as follows (amounts in thousands):

| | Nine months ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Net cash used in investing activities | $ 58,139 | $ 59,697 |
| Less: Landlord contributions | 12,431 | 16,810 |
| Total capital expenditures, net of landlord contributions | $ 45,708 | $ 42,887 |

Total capital expenditures, net of landlord contributions increased by $2.8 million in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

We anticipate our total capital expenditures, net of landlord contributions to be between $70 million and $90 million in fiscal year 2026, primarily related to new Showrooms and information technology and systems infrastructure.

***Net cash used in financing activities***

*Comparison of the nine months ended September 30, 2026 and September 30, 2025*

For the nine months ended September 30, 2026, net cash used in financing activities was $51.9 million primarily due to the payment of the special dividend on our Class A and Class B common stock.

For the nine months ended September 30, 2025, net cash used in financing activities was $2.9 million primarily due to the repurchase of shares for payment of withholding taxes for equity based compensation. These shares were not repurchased in connection with any publicly announced share repurchase programs.

**Critical Accounting Policies and Estimates**

Accounting policies and estimates are considered critical when they require management to make subjective and complex judgments, estimates and assumptions about matters that have a material impact on the presentation of our financial statements and accompanying notes. For a description of our critical accounting policies and estimates, see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2025.

**Recent Accounting Pronouncements**

See Note 2 — *Recently Issued Accounting Standards* to our condensed consolidated financial statements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks, which include changes in United States interest rates, foreign currency exchange rate fluctuations and the effects of economic uncertainty, which may affect the prices we pay our vendors in the foreign countries in which we do business. We do not engage in financial transactions for trading or speculative purposes.

*Foreign Currency Exchange Risk*

We believe foreign currency exchange rate fluctuations do not contain significant market risk to us due to the nature of our relationships with our vendors outside of the United States. We purchase the majority of our inventory from vendors outside of the United States in transactions that are primarily denominated in U.S. dollars and, as such, any foreign currency impact related to these international purchase transactions was not significant to us for the nine and three months ended September 30, 2026 and September 30, 2025, respectively. However, since we pay for the majority of our international purchases in U.S. dollars, a decline in the U.S. dollar relative to other foreign currencies would subject us to risks associated with increased purchasing costs from our vendors. We cannot predict with certainty the effect these increased costs may have on our financial statements or results of operations. We currently do not use derivative instruments to manage this risk.

*Interest Rate Risk*

We are primarily exposed to interest rate risk with respect to borrowing under our 2021 Credit Facility. Except for the $5.1 million irrevocable standby letter of credit issued in May 2025 as discussed in Note 4 — *Debt* to our condensed consolidated financial statements, we have no borrowings under the 2021 Credit Facility as of September 30, 2026. Based on the interest rate in the 2021 Credit Facility and to the extent borrowings were outstanding, we do not believe a 100 basis point change in interest rates would have a material impact on our financial condition or results of operations for the periods presented. We currently do not use derivative instruments to manage this risk.

*Impact of Inflation*

Inflation generally affects us by increasing our cost of labor, material, transportation, and our general costs. We have historically been able to recover these cost increases through price increases. However, we cannot reasonably estimate our ability to successfully recover any impact of inflation through price increases in the future. We currently do not use derivative instruments to manage this risk.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Management, with the participation of our CEO and Chief Financial Officer ("CFO"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 ("Exchange Act")) as of September 30, 2026. Based upon that evaluation as of September 30, 2026, our CEO and CFO have concluded that our disclosure controls and procedures were not effective at the reasonable assurance level because of the material weaknesses in our internal control over financial reporting described below.

Despite these material weaknesses, our CEO and CFO concluded the financial statements were prepared in accordance with U.S. GAAP.

**Material Weaknesses in Internal Control Over Financial Reporting**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting ("ICFR"), such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. We identified the following material weaknesses in our ICFR.

- We did not design and maintain an effective control environment due to a lack of an appropriate level of experience and training related to internal control over financial reporting. Additionally, the lack of experience and training resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, amongst other things, insufficient segregation of duties across our significant business processes. This material weakness contributed to the following additional material weakness.
- We did not design and maintain sufficient accounting policies, procedures and controls, or maintain adequate documentary evidence of existing control activities over significant accounts and disclosures to achieve complete, accurate and timely financial accounting, reporting and disclosures, including adequate controls over the period-end financial reporting process and the preparation and review of journal entries, including assessing the reliability of reports and spreadsheets used in controls.

These material weaknesses resulted in a restatement of our previously issued annual consolidated financial statements as of and for the years ended December 31, 2020 and 2019 principally related to selling, general and administrative expenses and other long-term liabilities, and misclassifications in the balance sheets and statements of comprehensive income. These material weaknesses also resulted in immaterial adjustments recorded prior to the issuance of the consolidated financial statements as of and for the year ended December 31, 2021 principally related to property, furniture and equipment, net; selling, general and administrative expenses and misclassifications in the balance sheet and statement of cash flows.

In preparation of the December 31, 2023 consolidated financial statements and in preparation of the March 31, 2024 condensed consolidated financial statements, these material weaknesses resulted in restatements as of and for the interim period ended September 30, 2023 and revisions as of and for the annual periods ended December 31, 2023, 2022 and 2021, and as of and for the interim periods ended June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022, principally related to prepaid and other current assets, property, furniture and equipment, net and operating lease liabilities, which resulted in misclassifications in the balance sheets and statements of cash flows and the timely recording of liabilities, operating right-of-use assets and operating lease liabilities. There were also immaterial misstatements. Additionally, each of the material weaknesses could result in misstatements to substantially all of our accounts or disclosures, that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

- Lastly, we did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain: (i) program change management controls for financial systems to ensure that information technology program and data changes affecting financial applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate Company personnel; (iii) computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored; and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

These IT deficiencies did not result in material adjustments to our consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these IT deficiencies in the aggregate constitute a material weakness.

**Remediation Activities**

With the oversight of senior management and our Audit Committee, we continue to assess, implement and redesign our ICFR. Although the material weaknesses existing as of September 30, 2026 cannot be considered remediated until the

related controls have operated effectively for a sufficient period of time and have been tested, we have made meaningful progress and continue to execute our remediation plan, including:

- Established a cross functional taskforce of senior leaders with expertise in designing and implementing internal controls to oversee remediation activities. The taskforce is responsible for the oversight of our remediation plan including development of actions plans for individual control deficiencies.
- Established regular meetings between senior management and members of the Audit Committee to discuss and report on remediation progress and objectives. Additionally, progress updates are regularly provided to the Board of Directors.
- Outsourced our internal audit department to a third-party service firm and transitioned our former internal audit department to our business process improvement function, which is assisting with control design, implementation, and remediation execution.
- Evaluated and enhanced the accounting organization by assessing personnel competency and capacity, hired additional qualified technical accounting, financial reporting, and lease accounting experts (including senior level leaders), and strengthened training, oversight, and the internal review processes to ensure the team possesses the appropriate knowledge and experience to design, execute, and oversee ICFR related activities.
- Assessed and continue to evaluate the IT function to ensure that it is adequately staffed with personnel possessing the necessary ICFR related knowledge and competencies. Significant personnel additions have been made within our IT department and across the organization, including executive and senior level hires.
- Hired and continue to hire additional personnel to enhance the segregation of duties in the IT department, particularly between IT development and IT operations.
- A multi-year company-wide initiative has begun to modernize the Company's IT infrastructure, including the implementation of a new ERP to replace our existing ERP, to be capable of streamlining many of our manual financial reporting processes, enhancing our information technology control environment and mitigating the underlying internal control gaps and limitations that cannot be remediated within current systems.
- Conducted and developed a plan for recurring trainings on a periodic basis for control owners and performers on key ICFR topics including, but not limited to:
  - user access review completion;
  - review and conclusions around Systems and Organization Control I ("SOC1") reports;
  - software used in accounting;
  - validation of the system generated data used in the execution of a control;
  - account reconciliation formats and required support;
  - journal entry review and support; and
  - maintaining evidence of control support.
- Enhanced communications to employees regarding our internal control environment and related expectations. We developed training for newly hired personnel to ensure they are adequately trained with the appropriate level of knowledge and understanding of ICFR and its importance.
- Updated our policies and procedures to establish and maintain effective segregation of duties for our accounting staff in relation to journal entries, reconciliations and other applicable processes. To supplement existing procedures, management implemented an account reconciliation software tool which increased the reliability around the monthly financial statement close procedures through utilization of period-end closing task checklists and standardized reconciliation processes.
- Designed and implemented formal processes, policies and procedures to support our financial close process, including but not limited to:
  - formalized procedures over the review of our financial statements;
  - implemented period-end closing task checklists; and
  - standardized reconciliation process.
- Management has evaluated and refined its financial statement close process to enhance processes around the preparation and review of journal entries, including assessing the reliability of reports and spreadsheets used in controls. Enhanced the design of the control activities over the review of our consolidated balance sheet and statement of cash flows to help ensure that the classification of operating and investing activities is appropriately presented in the statement of cash flows.
- Designed and implemented policies and procedures over all significant accounts.
- Continued to enhance the design and operation of user access control activities and procedures to help ensure access to IT applications and data is adequately restricted to appropriate personnel, including the implementation of user and privileged access reviews, password policy enforcement and user provisioning and deprovisioning.
- Continued designing and implementing additional program change management policies and procedures, control activities, and tools to help ensure that changes affecting key financial systems related to IT applications and underlying accounting records are identified, authorized, tested, and implemented appropriately.

- Designed and implemented a formal systems development lifecycle methodology and related program development controls to help ensure that significant IT change events are appropriately tested and approved. These controls will need to operate for a period of time and be tested for operating effectiveness.
- Continued to enhance the design and operation of control activities and procedures within the computer operations domain to help ensure that key batch jobs and interfaces are monitored, processing failures are adequately resolved, and recovery capability is tested.
- Continued to enhance data backup procedures to help ensure that systems are adequately backed up and maintained and recovery of data from backups is tested.
- Continued identifying, evaluating and began testing key IT dependencies including key reports, automated application controls, interfaces and end user computer operations.

The material weaknesses will not be remediated until the necessary internal controls have been designed, implemented, tested and determined to be operating effectively. In addition, we may need to take additional measures to address the material weaknesses or modify the planned remediation steps, and we cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weaknesses will not result in a material misstatement of our consolidated financial statements. Moreover, we cannot provide assurance that we will not identify additional material weaknesses in our ICFR in the future. Until we remediate the material weaknesses, our ability to record, process and report financial information accurately, and to prepare our consolidated financial statements within the time periods specified by the rules and forms of the SEC, could be adversely affected.

**Changes in Internal Control Over Financial Reporting**

As described above, we have implemented a number of controls as part of our internal control over financial reporting during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Part II - Other Information**

**Item 1. Legal Proceedings**

From time to time, we have and we may become involved in legal proceedings arising in the ordinary course of business, including claims related to our employment practices, claims of intellectual property infringement and claims related to personal injuries and product liability for the products that we sell and in the Showrooms we operate. Any claims could result in litigation against us and could result in regulatory proceedings being brought against us by various federal and state agencies that regulate our business. Defending such litigation is costly and can impose significant burdens on management and employees. Further, we could receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurance that favorable final outcomes will be obtained.

We are currently not a party to any legal proceedings, the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition or results of operations.

**Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

The following table contains information with respect to repurchases of shares made by the Company during the three months ended September 30, 2026. The table reflects shares delivered to the Company by employees to satisfy tax withholding obligations due upon the vesting of performance stock units and restricted stock units. These shares were not repurchased in connection with any publicly announced share repurchase programs.

| Period | Total number of shares purchased | Weighted average price paid per share | Total number of shares purchased as part of publicly announced plans | Approximate dollar value of shares that may yet be purchased under publicly announced plans |
|---|---|---|---|---|
| July 2026 | 1,536 | $ 8.59 | — | $ — |
| August 2026 | — | — | — | — |
| September 2026 | 467 | 8.40 | — | — |
| Total | 2,003 | $ 8.55 | — | $ — |

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

During the three months ended September 30, 2026, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K, except as follows:

On August 25, 2026, John Reed, director and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 1,000,000 shares of the Company's Class A common stock beginning December 1, 2026. The arrangement's expiration date is August 3, 2027.

On August 25, 2026, certain Reed family trusts, of which director Albert Adams and former director William Beargie are trustees, also adopted a 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for

the sale of up to 1,000,000 additional shares of the Company's Class A common stock beginning December 1, 2026. The arrangement's expiration date is also August 3, 2027.

**Item 6. Exhibits**

| Exhibit No. | Description | Filings Referenced for Incorporation by Reference |
|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of Arhaus, Inc. | Exhibit 3.1 to the Company's Current Report on Form 8-K filed November 10, 2021. |
| 3.2 | Amended and Restated Bylaws of Arhaus, Inc. | Exhibit 3.2 to the Company's Current Report on Form 8-K filed November 10, 2021. |
| 31.1 | Certificate of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 31.2 | Certificate of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Filed herewith. |
| 32.1* | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished herewith. |
| 32.2* | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished herewith. |
| 101.INS | XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document) | Filed herewith. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | Filed herewith. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | Filed herewith. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | Filed herewith. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | Filed herewith. |
| 104 | Cover Page with Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101) | Filed herewith. |

* The certifications furnished in Exhibit 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates them by reference.

## 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 on this 5th day of November, 2026.

**ARHAUS, INC.**

| | |
|---|---|
| By: | /s/ Michael Lee |
| Name: | Michael Lee |
| Title: | Chief Financial Officer |

| | |
|---|---|
| By: | /s/ Christian Sedor |
| Name: | Christian Sedor |
| Title: | Chief Accounting Officer |

**Exhibit 31.1**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John Reed, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arhaus, 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 in 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(s) 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(s) 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 persons 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: November 5, 2026

/s/ John Reed

John Reed
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arhaus, 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 in 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(s) 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(s) 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 persons 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: November 5, 2026

/s/ Michael Lee

Michael Lee
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arhaus, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Reed, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

/s/ John Reed

John Reed
Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Arhaus, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arhaus, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Lee, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and periods covered by the Report.

/s/ Michael Lee

Michael Lee
Chief Financial Officer
(Principal Financial Officer)

Date: November 5, 2026

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, Arhaus, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.