

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2025

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  
(State or other jurisdiction of  
incorporation or organization)

87-1729256  
(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of July 31, 2025 the registrant had 53,859,215 shares of Class A common stock and 87,115,600 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)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 234,797	\$ 197,511
Restricted cash	3,622	3,418
Accounts receivable, net	970	1,252
Merchandise inventory, net	311,117	297,010
Prepaid and other current assets	27,063	31,852
Total current assets	577,569	531,043
Operating right-of-use assets	367,524	322,302
Financing right-of-use assets	34,208	36,105
Property, furniture and equipment, net	303,425	282,520
Deferred tax assets	22,620	21,091
Goodwill	10,961	10,961
Other noncurrent assets	2,069	2,294
Total assets	\$ 1,318,376	\$ 1,206,316
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 70,542	\$ 68,621
Accrued taxes	15,602	10,480
Accrued wages	16,413	11,538
Accrued other expenses	43,353	47,668
Client deposits	233,070	220,873
Current portion of operating lease liabilities	55,096	42,247
Current portion of financing lease liabilities	647	1,024
Total current liabilities	434,723	402,451
Operating lease liabilities, long-term	441,945	402,916
Financing lease liabilities, long-term	52,590	53,312
Other long-term liabilities	3,505	3,892
Total liabilities	\$ 932,763	\$ 862,571
Commitments and contingencies (Note 9)		
Stockholders' equity		
Class A shares, par value \$0.001 per share (600,000,000 shares authorized, 54,400,128 shares issued and 53,859,215 outstanding as of June 30, 2025; 53,788,036 shares issued and 53,514,062 outstanding as of December 31, 2024)	54	53
Class B shares, par value \$0.001 per share (100,000,000 shares authorized, 87,115,600 shares issued and outstanding as of June 30, 2025; 87,115,600 shares issued and outstanding as of December 31, 2024)	87	87
Retained earnings	183,047	142,898
Additional paid-in capital	202,425	200,707
Total stockholders' equity	385,613	343,745
Total liabilities and stockholders' equity	\$ 1,318,376	\$ 1,206,316

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)

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Net revenue	\$ 669,807	\$ 604,963	\$ 358,435	\$ 309,801
Cost of goods sold	405,993	365,537	210,208	185,429
Gross margin	263,814	239,426	148,227	124,372
Selling, general and administrative expenses	211,520	191,684	101,462	94,991
Loss on disposal of assets	108	—	—	—
Income from operations	\$ 52,186	\$ 47,742	\$ 46,765	\$ 29,381
Interest income, net	(1,317)	(2,038)	(744)	(606)
Other income	(236)	(197)	(150)	(75)
Income before taxes	53,739	49,977	47,659	30,062
Income tax expense	13,791	12,644	12,593	7,828
Net and comprehensive income	<u>\$ 39,948</u>	<u>\$ 37,333</u>	<u>\$ 35,066</u>	<u>\$ 22,234</u>
<b>Net and comprehensive income per share, basic</b>				
Weighted-average number of common shares outstanding, basic	140,536,663	139,901,319	140,709,814	139,985,846
Net and comprehensive income per share, basic	\$ 0.28	\$ 0.27	\$ 0.25	\$ 0.16
<b>Net and comprehensive income per share, diluted</b>				
Weighted-average number of common shares outstanding, diluted	141,126,879	140,736,096	141,162,310	140,916,161
Net and comprehensive income per share, diluted	\$ 0.28	\$ 0.27	\$ 0.25	\$ 0.16

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)

	Six months ended								
	Common Stock				Treasury Stock		Total Stockholders' Equity		
	Class A		Class B		Class A		Retained Earnings	Additional Paid-in Capital	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balances as of December 31, 2024</b>	53,289	\$ 53	87,116	\$ 87	274	\$ —	\$ 142,898	\$ 200,707	\$ 343,745
Net income	—	—	—	—	—	—	39,948	—	39,948
Shareholder capital contribution	—	—	—	—	—	—	—	4	4
Equity based compensation	684	1	—	—	—	—	—	3,389	3,390
Shares withheld to cover employees' withholding taxes for equity based compensation	(186)	—	—	—	267	—	—	(1,675)	(1,675)
Dividends declared	—	—	—	—	—	—	201	—	201
<b>Balances as of June 30, 2025</b>	53,787	\$ 54	87,116	\$ 87	541	\$ —	\$ 183,047	\$ 202,425	\$ 385,613

	Six months ended								
	Common Stock				Treasury Stock		Total Stockholders' Equity		
	Class A		Class B		Class A		Retained Earnings	Additional Paid-in Capital	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balances as of December 31, 2023</b>	52,669	\$ 52	87,116	\$ 87	84	\$ —	\$ 145,292	\$ 194,807	\$ 340,238
Net income	—	—	—	—	—	—	37,333	—	37,333
Shareholder capital contribution	—	—	—	—	—	—	—	17	17
Equity based compensation	362	1	—	—	—	—	—	3,350	3,351
Shares withheld to cover employees' withholding taxes for equity based compensation	(37)	—	—	—	37	—	—	(548)	(548)
Dividends declared	—	—	—	—	—	—	(71,081)	—	(71,081)
<b>Balances as of June 30, 2024</b>	52,994	\$ 53	87,116	\$ 87	121	\$ —	\$ 111,544	\$ 197,626	\$ 309,310

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 (continued)**  
(Unaudited, amounts in thousands)

	Three months ended									
	Common Stock				Treasury Stock		Total Stockholders' Equity			
	Class A		Class B		Class A		Retained Earnings	Additional Paid-in Capital	Total Stockholders' Equity	
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balances as of March 31, 2025</b>	53,608	\$ 54	87,116	\$ 87	482	\$ —	\$ 147,840	\$ 200,847	\$ 348,828	
Net income	—	—	—	—	—	—	35,066	—	35,066	
Shareholder capital contribution	—	—	—	—	—	—	—	—	—	
Equity based compensation	206	—	—	—	—	—	—	1,795	1,795	
Shares withheld to cover employees' withholding taxes for equity based compensation	(27)	—	—	—	59	—	—	(217)	(217)	
Dividends declared	—	—	—	—	—	—	141	—	141	
<b>Balances as of June 30, 2025</b>	<b>53,787</b>	<b>\$ 54</b>	<b>87,116</b>	<b>\$ 87</b>	<b>541</b>	<b>\$ —</b>	<b>\$ 183,047</b>	<b>\$ 202,425</b>	<b>\$ 385,613</b>	

	Three months ended									
	Common Stock				Treasury Stock		Total Stockholders' Equity			
	Class A		Class B		Class A		Retained Earnings	Additional Paid-in Capital	Total Stockholders' Equity	
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balances as of March 31, 2024</b>	52,761	\$ 53	87,116	\$ 87	121	\$ —	\$ 89,206	\$ 196,301	\$ 285,647	
Net income	—	—	—	—	—	—	22,234	—	22,234	
Shareholder capital contribution	—	—	—	—	—	—	—	6	6	
Equity based compensation	233	—	—	—	—	—	—	1,327	1,327	
Shares withheld to cover employees' withholding taxes for equity based compensation	—	—	—	—	—	—	—	(8)	(8)	
Dividends declared	—	—	—	—	—	—	104	—	104	
<b>Balances as of June 30, 2024</b>	<b>52,994</b>	<b>\$ 53</b>	<b>87,116</b>	<b>\$ 87</b>	<b>121</b>	<b>\$ —</b>	<b>\$ 111,544</b>	<b>\$ 197,626</b>	<b>\$ 309,310</b>	

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)

	Six months ended June 30,	
	2025	2024
<b>Cash flows from operating activities</b>		
Net income	\$ 39,948	\$ 37,333
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	22,959	17,709
Amortization of operating lease right-of-use asset	20,335	17,942
Amortization of deferred financing fees, interest on finance lease in excess of principal paid and interest on operating leases	14,156	13,008
Equity based compensation	3,390	3,351
Deferred tax assets	(1,529)	4,870
Amortization of cloud computing arrangements	853	762
Loss on disposal of property, furniture and equipment	108	—
Amortization and write-off of lease incentives	—	(80)
Changes in operating assets and liabilities		
Accounts receivable	282	850
Merchandise inventory	(14,107)	(19,265)
Prepaid and other assets	4,398	(11,545)
Other noncurrent liabilities	(172)	332
Accounts payable	1,816	4,571
Accrued expenses	4,746	(11,254)
Operating lease liabilities	(27,952)	(10,740)
Client deposits	12,197	36,460
Net cash provided by operating activities	<u>81,428</u>	<u>84,304</u>
<b>Cash flows from investing activities</b>		
Purchases of property, furniture and equipment	(41,622)	(62,158)
Net cash used in investing activities	<u>(41,622)</u>	<u>(62,158)</u>
<b>Cash flows from financing activities</b>		
Principal payments under finance leases	(365)	(448)
Repurchase of shares for payment of withholding taxes for equity based compensation	(1,675)	(548)
Cash dividend payments	(276)	(70,056)
Net cash used in financing activities	<u>(2,316)</u>	<u>(71,052)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	37,490	(48,906)
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of period	200,929	226,305
End of period	<u>\$ 238,419</u>	<u>\$ 177,399</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid in cash	\$ 2,513	\$ 2,143
Interest received in cash	4,040	5,155
Income taxes paid in cash	13,030	15,815
Noncash investing activities:		
Purchase of property, furniture and equipment in current liabilities	7,190	12,672

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

**Arhaus, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

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## **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 in a number of categories, including furniture, outdoor, lighting, textiles and décor. Our curated assortments are presented across our merchandise sales channels in sophisticated, family friendly and unique lifestyle settings. We position our retail locations as Showrooms for our brand, while our website acts as a virtual extension of our Showrooms. The Company operated 103 Showrooms as of June 30, 2025.

### **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 June 30, 2025 and December 31, 2024, the condensed consolidated statements of comprehensive income and changes in stockholders’ equity for the six and three months ended June 30, 2025 and June 30, 2024, the condensed consolidated statements of cash flows for the six months ended June 30, 2025 and June 30, 2024 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 June 30, 2025, the results of operations and changes in stockholders’ equity for the six and three months ended June 30, 2025, and cash flows for the six months ended June 30, 2025. The condensed consolidated balance sheet as of December 31, 2024 included herein was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

The results for the six and three months ended June 30, 2025 and June 30, 2024 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, 2024.

### **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.

### **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

**Arhaus, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

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Company expects substantially all client deposits as of June 30, 2025 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 June 30, 2025 and December 31, 2024 of \$0.5 million and \$0.5 million, respectively, is recorded in the accrued other expenses line item of 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 June 30, 2025 and December 31, 2024. 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 six and three months ended June 30, 2025, the Company earned \$4.0 million and \$2.1 million, respectively, in interest income. For the six and three months ended June 30, 2024, interest income was \$4.8 million and \$2.0 million, respectively, which is included within interest income, net on our condensed consolidated statements of comprehensive income.

**Accounts Receivable**

The Company's accounts receivables are \$1.0 million and \$1.3 million, respectively, at June 30, 2025 and December 31, 2024, net of allowance for expected credit losses of \$0.4 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. 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.

**Arhaus, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

## 2. Recently Issued Accounting Standards

### New Accounting Standards Recently Adopted

The Company adopted Accounting Standards Updates (“ASU”) 2023-07 — Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures in our annual financial statements for the year ended December 31, 2024. Our comparative segment disclosure in the interim financial statements in this report has been updated to reflect the new disclosure requirements. Refer to Note 7 — *Segment Reporting* 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 2023-09 is effective for annual periods beginning after December 15, 2024. We believe the adoption will not have a material impact on our accounting policies, financial position or results of operations but could require additional disclosures. ASU 2024-03 is effective for annual periods beginning after December 15, 2026. We are evaluating the impact ASU 2024-03 will have on our consolidated financial statements and related disclosures. ASU 2025-01 is effective for annual periods beginning after December 15, 2026. We are evaluating the impact ASU 2025-01 will have on our consolidated financial statements and related disclosures.

ASU	Description	Adoption Date
ASU 2023-09	Income Taxes (Topic 740): Improvements to Income Tax Disclosures	Fiscal Year 2025
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

## 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 warranted 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):

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Balance as of beginning of period	\$ 7,627	\$ 7,084	\$ 7,671	\$ 7,028
Accruals during the period	6,811	6,376	3,862	3,296
Settlements during the period	(6,381)	(6,354)	(3,476)	(3,218)
Balance as of end of the period <sup>(1)</sup>	\$ 8,057	\$ 7,106	\$ 8,057	\$ 7,106

<sup>(1)</sup> \$4.7 million and \$4.4 million were recorded in accrued other expenses at June 30, 2025 and December 31, 2024, respectively. The remainder is recorded in other long-term liabilities on our condensed consolidated balance sheets.

We recorded accruals during the periods presented in the table above, primarily to reflect charges that relate to limited merchandise warranties issued during the respective periods.

**Arhaus, Inc. and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

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#### 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 (1.50% at June 30, 2024), 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 June 30, 2025). The 2021 Credit Facility expires on November 8, 2026.

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 June 30, 2025. The Company did not have any outstanding letters of credit at December 31, 2024. At June 30, 2025 and December 31, 2024, we had no borrowings on the 2021 Credit Facility and the available borrowing capacity was \$69.9 million and \$75.0 million, respectively.

Deferred financing costs related to the 2021 Credit Facility of \$0.4 million and \$0.4 million as of June 30, 2025 and December 31, 2024, respectively, are recorded in other noncurrent assets on 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 June 30, 2025 and \$0.2 million as of December 31, 2024.

The Company was in compliance with all applicable debt covenants at June 30, 2025 and December 31, 2024, 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. Certain prior year amounts have been reclassified to conform to the current year presentation.

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

	<b>Condensed Consolidated Balance Sheet Classification</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>			
Operating lease assets	Operating right-of-use assets	\$ 367,524	\$ 322,302
Finance lease assets	Financing right-of-use assets	34,208	36,105
Total leased assets		<u>\$ 401,732</u>	<u>\$ 358,407</u>
<b>Liabilities</b>			
Current operating leases	Current portion of operating lease liabilities	\$ 55,096	\$ 42,247
Non-current operating leases	Operating lease liabilities, long-term	441,945	402,916
Total operating lease liabilities		<u>497,041</u>	<u>445,163</u>
Current finance leases	Current portion of financing lease liabilities	647	1,024
Non-current finance leases	Financing lease liabilities, long-term	52,590	53,312
Total finance lease liabilities		<u>53,237</u>	<u>54,336</u>
Total lease liabilities		<u>\$ 550,278</u>	<u>\$ 499,499</u>

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

	<b>Six months ended June 30,</b>		<b>Three months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Lease costs:</b>				
Operating lease costs <sup>(1)</sup>	\$ 33,430	\$ 30,439	\$ 16,986	\$ 15,753
Finance lease costs				
Amortization of right-of-use assets <sup>(1)</sup>	1,140	1,255	538	629
Interest expense on lease liabilities <sup>(2)</sup>	2,565	2,601	1,276	1,300
Variable lease costs <sup>(3)</sup>	23,784	19,562	11,542	10,074
Short term lease costs <sup>(4)</sup>	88	39	44	21
Total lease costs	<u>\$ 61,007</u>	<u>\$ 53,896</u>	<u>\$ 30,386</u>	<u>\$ 27,777</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Included in interest income, net on the condensed consolidated statements of comprehensive income.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

**Arhaus, Inc. and Subsidiaries**  
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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:

<b>Weighted Average Remaining Lease Term (In Years)</b>	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Operating leases	8.71	9.11
Finance leases	19.98	20.43

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 explicit, 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:

<b>Weighted Average Discount Rate</b>	<b>Six months ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
Operating leases	6.05 %	6.03 %
Finance leases	9.67 %	9.64 %

Future lease liabilities at June 30, 2025 are as follows (amounts in thousands):

<b>Year Ending December 31,</b>	<b>Operating Lease Liabilities</b>	<b>Finance Lease Liabilities</b>	<b>Total Lease Liabilities</b>
Remainder of 2025	\$ 40,599	\$ 2,707	\$ 43,306
2026	83,652	5,873	89,525
2027	77,673	5,956	83,629
2028	71,952	5,657	77,609
2029	69,008	5,234	74,242
2030	64,080	5,228	69,308
Thereafter	242,216	99,506	341,722
Total lease payments	649,180	130,161	779,341
Less: Amounts representing interest	(152,139)	(76,924)	(229,063)
Total	<u>\$ 497,041</u>	<u>\$ 53,237</u>	<u>\$ 550,278</u>

<sup>(1)</sup> Includes leases with related parties. See Note 10 — *Related Party Transactions* for amounts leased from related parties.

At June 30, 2025, the Company has entered into leases for Showrooms and equipment which have not yet commenced with expected lease terms ranging from 8 to 15 years. The aggregate minimum rental payments over the term of the leases of approximately \$225.9 million are not included in the above table.

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

	Six months ended June 30,	
	2025	2024
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows for operating leases	\$ 39,215	\$ 32,847
Operating cash flows for finance leases	2,494	2,457
Financing cash flows for finance leases	365	448
<b>Right-of-use assets obtained in exchange for lease obligations:</b>		
Operating leases	\$ 65,625	\$ 67,691
Finance leases	(844)	185

#### 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, 2024	224,452	\$ 18.61
Granted	—	—
Forfeited	(80,260)	18.61
Vested	(72,097)	18.61
Unvested at June 30, 2025	72,095	\$ 18.61

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Equity based compensation expense - Restricted Stock <sup>(1)</sup>	\$ 225	\$ 1,331	\$ 103	\$ 671

<sup>(1)</sup> Total unrecognized equity based compensation to be recognized in future periods is \$1.2 million at June 30, 2025, and will be recognized over a weighted average period of 0.93 years. Equity based compensation expense is recorded within selling, general and administrative expenses on our condensed consolidated statements of comprehensive income.

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 canceled 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

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accrued for awards that ultimately do not vest are forfeited. 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 years 2022, 2023 and 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. 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, 2024	426,756	\$ 12.37	960,548	\$ 10.50
Granted	548,143	7.87	2,764,711	8.33
Forfeited	(194,950)	10.34	(1,010,517)	8.75
Vested	—	—	(224,308)	13.22
Unvested at June 30, 2025	779,949	\$ 9.72	2,490,434	\$ 8.55

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Equity based compensation expense (benefit) - PSUs <sup>(1)</sup>	\$ 246	\$ (286)	\$ 173	\$ (638)
Equity based compensation expense - RSUs <sup>(2)</sup>	\$ 2,919	\$ 2,306	\$ 1,519	\$ 1,294

<sup>(1)</sup> Total unrecognized equity based compensation for the PSUs to be recognized in future periods is \$4.6 million at June 30, 2025, and will be recognized over a weighted average period of 2.28 years. Equity based compensation expense is recorded within selling, general and administrative expenses on our condensed consolidated statements of comprehensive income.

<sup>(2)</sup> Total unrecognized equity based compensation for the RSUs to be recognized in future periods is \$18.6 million at June 30, 2025, and will be recognized over a weighted average period of 3.07 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 number of categories, including furniture, outdoor, 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.

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The accounting policies of our single operating segment are the same as those described within our summary of significant accounting policies. 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 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 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 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):

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Retail	\$ 553,639	\$ 501,336	\$ 298,186	\$ 258,081
eCommerce	116,168	103,627	60,249	51,720
Total net revenue	\$ 669,807	\$ 604,963	\$ 358,435	\$ 309,801
Less costs and expenses <sup>(1)</sup> :				
Cost of goods sold	405,993	365,537	210,208	185,429
Corporate and administrative expenses <sup>(2)</sup>	108,251	95,432	53,642	46,530
Selling expenses	82,344	75,243	37,952	37,024
Marketing expenses	20,925	21,009	9,868	11,437
Loss on disposal of assets	108	—	—	—
Interest income, net	(1,317)	(2,038)	(744)	(606)
Other income	(236)	(197)	(150)	(75)
Income before taxes	53,739	49,977	47,659	30,062
Income tax expense	13,791	12,644	12,593	7,828
Net and comprehensive income	\$ 39,948	\$ 37,333	\$ 35,066	\$ 22,234

<sup>(1)</sup> Significant costs and expenses include cost of goods sold, corporate and administrative expenses, selling expenses and marketing expenses.

<sup>(2)</sup> 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.

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

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
<b>Numerator</b>				
Net and comprehensive income	\$ 39,948	\$ 37,333	\$ 35,066	\$ 22,234
<b>Denominator—Weighted Average Shares Outstanding</b>				
Weighted-average number of common shares outstanding, basic	140,536,663	139,901,319	140,709,814	139,985,846
Effect of dilutive restricted stock <sup>(1) (2)</sup>	590,216	834,777	452,496	930,315
Weighted-average number of common shares outstanding, diluted	141,126,879	140,736,096	141,162,310	140,916,161
<b>Net and Comprehensive Income Per Share</b>				
Net and comprehensive income per share, basic	\$ 0.28	\$ 0.27	\$ 0.25	\$ 0.16
Net and comprehensive income per share, diluted	\$ 0.28	\$ 0.27	\$ 0.25	\$ 0.16

<sup>(1)</sup> During the six and three months ended June 30, 2025, 708,491 and 1,006,601 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.

During the six and three months ended June 30, 2024, 348,274 and 284,062 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.

<sup>(2)</sup> During the six and three months ended June 30, 2025, 579,489 PSUs were excluded from the calculation of the effect of dilutive restricted stock because they did not meet the required performance criteria. During the six and three months ended June 30, 2024, 578,665 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 June 30, 2025 and December 31, 2024, the Company has accrued legal costs of \$6.3 million and \$6.1 million, respectively, that are included within accrued other expenses in our condensed consolidated balance sheet.

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 June 30, 2025 and December 31, 2024, we recorded liabilities of \$0.3 million and \$0.7 million, respectively, in accrued other expenses on the condensed consolidated balance sheets for non-income tax matters that were probable and reasonably estimable.

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 "Record Date"). The Company paid out \$0.3 million of the aforementioned special cash dividend on its Class A common stock related to equity awards that vested during the six months ended June 30, 2025 and \$70.1 million on its Class A and Class B common stock to shareholders as of the Record Date during the six months ended June 30, 2024. As of June 30, 2025 and December 31, 2024, dividends payable of \$0.2 million and \$0.5 million, respectively, are included within accrued other expenses. Amounts that are included within other long-term liabilities in our condensed consolidated balance sheet are minimal as of June 30, 2025 and \$0.2 million as of December 31, 2024. The remaining

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dividends payable balances recorded on our condensed consolidated balance sheet relates to dividend equivalents on outstanding equity awards under the Company's equity incentive plans that were unvested as of the Record Date.

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 June 30, 2025, these lease payments are included in the Company's condensed consolidated balance sheet within operating lease liabilities. As of June 30, 2025, 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 June 30, 2025.

## **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 \$0.9 million and \$0.9 million for the six months ended June 30, 2025 and June 30, 2024, respectively. Rent expense was \$0.5 million and \$0.5 million for the three months ended June 30, 2025 and June 30, 2024, respectively.

In July 2010, the Company entered into a lease agreement with Brooklyn Arhaus, a company of which our CEO and Mr. Beargie, a Director of the Company, own 85% and 15%, respectively, for our Outlet 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 \$0.2 million and \$0.2 million for the six months ended June 30, 2025 and June 30, 2024, respectively. Rent expense was \$0.1 million and \$0.1 million for the three months ended June 30, 2025 and June 30, 2024, 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, for which construction was completed in the fourth quarter of 2021. 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 \$1.9 million and \$2.0 million for the six months ended June 30, 2025 and June 30, 2024, respectively. Rent expense was \$0.9 million and \$1.0 million for the three months ended June 30, 2025 and June 30, 2024, respectively.

### *Other transactions*

The remaining accounts payable due to related parties for state and federal income tax refunds were settled by the Company in June 2025. An accounts payable balance due to related parties of \$0.2 million at December 31, 2024 was included within accounts payable on the condensed consolidated balance sheets.

## **11. Income Taxes**

Income tax expenses were \$13.8 million and \$12.6 million in the six months ended June 30, 2025 and June 30, 2024, respectively. Income tax expenses were \$12.6 million and \$7.8 million in the three months ended June 30, 2025 and June 30, 2024, respectively. The effective tax rate was 25.7% and 25.3% for the six months ended June 30, 2025 and

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June 30, 2024, respectively. The effective tax rate was 26.4% and 26.0% for the three months ended June 30, 2025 and June 30, 2024, respectively.

As of June 30, 2025, no unrecognized tax benefits have been recognized. The Company files income tax returns in the U.S. and various state and local jurisdictions. The tax years after 2020 remain open to examination by the state taxing jurisdictions in which the Company is subject to tax. As of June 30, 2025, the Company was not under examination by the Internal Revenue Service.

On July 4, 2025, the United States enacted H.R. 1, commonly referred to as the One Big Beautiful Bill Act (OBBBA). H.R. 1 contains a broad range of tax reform provisions affecting businesses. We are evaluating the effects of the legislation on our tax rate and cash tax position. As the legislation was signed into law after the close of our second quarter, the impacts are not included in our operating results for the six months ended June 30, 2025.

## 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 six and three months ended June 30, 2025 ("Form 10-Q") and our Annual Report on Form 10-K for the year ended December 31, 2024. 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;
- 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, 2024, as well as those included under Item 1A. Risk Factors in our quarterly report on Form 10-Q for the quarter ended March 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 six and three months ended June 30, 2025 and June 30, 2024, which represents the condensed consolidated financial results of Arhaus, Inc. and subsidiaries for the six and three months ended June 30, 2025 and June 30, 2024, respectively.

### Overview

Arhaus is a growing lifestyle brand and premium retailer in the U.S. home furnishings market, specializing in livable luxury supported by globally-sourced, heirloom-quality merchandise. We offer a differentiated direct-to-consumer

approach to furniture and décor. Our curated assortments are presented across our sales channels in sophisticated, family friendly and unique lifestyle settings. We offer merchandise assortments across a number of categories, including furniture, outdoor, lighting, textiles and décor. Our products, designed to be used and enjoyed throughout the home, are sourced directly from factories and vendors with no wholesale or dealer markup, allowing us to offer an exclusive assortment at an attractive value. Our product development teams work alongside our direct sourcing partners to bring to market proprietary merchandise that is a great value to clients, while delivering attractive margins.

We believe in providing a dynamic and welcoming experience in our Showrooms and online with the conviction that retail is theater. Our national omni-channel business positions our retail locations as Showrooms for our brand, while our website acts as a virtual extension of our Showrooms. Our theater-like Showrooms are highly inspirational and function as an invaluable brand awareness vehicle. Our seasoned sales associates and in-home designers provide expert advice and assistance to our client base that drives significant client engagement. Our omni-channel model allows clients to begin or end their shopping journey online, while also experiencing our theater-like Showrooms throughout the shopping journey.

As of June 30, 2025, we operated 103 Showrooms, 93 with in-home interior designers. At December 31, 2024, we operated 103 Showrooms, 89 with in-home interior designers.

	June 30, 2025	December 31, 2024
Traditional Showrooms	87	85
Design Studios	9	11
Outlets	7	7
Total Showroom locations	103	103
Total square footage (in thousands)	1,718	1,676

For the six months ended June 30, 2025, we generated \$669.8 million of net revenue, \$263.8 million of gross margin and \$39.9 million of net and comprehensive income. For the three months ended June 30, 2025, we generated \$358.4 million of net revenue, \$148.2 million of gross margin and \$35.1 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 Demand.* Net revenue is recognized when a client obtains control of the merchandise. We also track demand in our business which is a key performance indicator linked to the level of client orders placed. Demand 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 demand is measured net of cancellations, all demand will eventually become net revenue, with appropriate reserves, when delivered to the client.

*Comparable Growth.* Comparable growth 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 demand immediately upon opening, while orders delivered take additional time because product must be delivered to the client. The dollar value of orders delivered for Outlet comparable locations is included.

*Demand Comparable Growth.* Demand comparable growth is the year-over-year percentage change of demand 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 demand 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 demand included. For demand purposes, comparable Showrooms are defined as permanent Showrooms open for at least 13 consecutive months, including relocations in the same market. Outlet comparable location demand is included.

Demand comparable growth provides insight into business levels 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.

Comparable growth is an additional measure that management utilizes to compare 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 growth trends will more closely track trends in reported net revenue than demand comparable growth trends. While increases or decreases in demand comparable growth will translate into increases or decreases in comparable growth over time, the trends do not necessarily correlate in any particular period. This is partially due to the general lag in time between when an order is placed and when an order is delivered. When the time gap from order to delivery increases, due to supply chain challenges for example, it may take longer for comparable growth to reflect demand comparable growth. Notwithstanding these limitations, management considers it useful to assess both measures together to get a more complete picture of overall performance trends, and believes these measures can be useful to investors for the same purpose, when viewed together with our reported results and other 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 demand, 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):

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Net and comprehensive income	\$ 39,948	\$ 37,333	\$ 35,066	\$ 22,234
Interest income, net	(1,317)	(2,038)	(744)	(606)
Income tax expense	13,791	12,644	12,593	7,828
Depreciation and amortization	22,959	17,709	11,597	9,106
EBITDA	75,381	65,648	58,512	38,562
Equity based compensation	3,390	3,351	1,795	1,327
Other expenses <sup>(1)</sup>	108	—	—	—
Adjusted EBITDA	\$ 78,879	\$ 68,999	\$ 60,307	\$ 39,889

<sup>(1)</sup>Other expenses represent costs and investments not indicative of ongoing business performance, such as loss on disposal of assets.

#### 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.

#### 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, 2024 to June 30, 2025 is summarized in the following table:

	June 30, 2025	December 31, 2024
Showrooms open at beginning of period	103	92
Showrooms opened <sup>(1)</sup>	7	16
Showrooms closed for relocations	(6)	(5)
Showrooms closed permanently	(1)	—
Showrooms open at end of period	103	103

<sup>(1)</sup>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. The following discussion should be read in conjunction with our condensed consolidated financial statements and related notes.

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

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Net revenue	\$ 669,807	\$ 604,963	\$ 358,435	\$ 309,801
Cost of goods sold	405,993	365,537	210,208	185,429
Gross margin	263,814	239,426	148,227	124,372
Selling, general and administrative expenses	211,520	191,684	101,462	94,991
Loss on disposal of assets	108	—	—	—
Income from operations	\$ 52,186	\$ 47,742	\$ 46,765	\$ 29,381
Interest income, net	(1,317)	(2,038)	(744)	(606)
Other income	(236)	(197)	(150)	(75)
Income before taxes	53,739	49,977	47,659	30,062
Income tax expense	13,791	12,644	12,593	7,828
Net and comprehensive income	\$ 39,948	\$ 37,333	\$ 35,066	\$ 22,234

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

	Six months ended June 30,		Three months ended June 30,	
	2025	2024	2025	2024
Net revenue	\$ 669,807	\$ 604,963	\$ 358,435	\$ 309,801
Comparable growth	4.7 %	(8.3)%	10.5 %	(7.1)%
Demand comparable growth	0.4 %	(0.8)%	(3.6)%	(3.0)%
Gross margin as a % of net revenue	39.4 %	39.6 %	41.4 %	40.1 %
Selling, general and administrative expenses as a % of net revenue	31.6 %	31.7 %	28.3 %	30.7 %
Income from operations as a % of net revenue	7.8 %	7.9 %	13.0 %	9.5 %
Net and comprehensive income	\$ 39,948	\$ 37,333	\$ 35,066	\$ 22,234
Net and comprehensive income as a % of net revenue	6.0 %	6.2 %	9.8 %	7.2 %
Adjusted EBITDA <sup>(1)</sup>	\$ 78,879	\$ 68,999	\$ 60,307	\$ 39,889
Adjusted EBITDA as a % of net revenue	11.8 %	11.4 %	16.8 %	12.9 %
Total Showrooms at end of period	103	97	103	97

<sup>(1)</sup> 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 six months ended June 30, 2025 and June 30, 2024**
**Net Revenue**

Net revenue increased \$64.8 million, or 10.7%, to \$669.8 million in the six months ended June 30, 2025 compared to \$605.0 million in the six months ended June 30, 2024. The increase was driven primarily by \$36.9 million of revenue growth related to new Showrooms opened in 2024 and 2025, with the remainder due to the increased demand for our products.

**Gross Margin**

Gross margin increased \$24.4 million, or 10.2%, to \$263.8 million in the six months ended June 30, 2025 compared to \$239.4 million in the six months ended June 30, 2024. The increase was primarily driven by higher net revenue, partially

offset by increased product costs of \$23.1 million, increased Showroom occupancy costs of \$8.1 million and higher delivery and transportation costs of \$5.8 million.

As a percentage of net revenue, gross margin decreased 20 basis points to 39.4% of net revenue in the six months ended June 30, 2025 compared to 39.6% of net revenue in the six months ended June 30, 2024. The gross margin decrease as a percentage of net revenue was primarily the result of Showroom occupancy costs, which increased 30 basis points.

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

SG&A expenses increased \$19.8 million, or 10.3%, to \$211.5 million in the six months ended June 30, 2025 compared to \$191.7 million in the six months ended June 30, 2024. The increase was due to a \$12.7 million increase in general and administrative costs primarily related to corporate expenses, warehouse expenses and strategic investments to support and drive the growth of the business and a \$7.1 million increase in selling expenses primarily related to new Showrooms.

As a percentage of net revenue, SG&A expenses decreased 10 basis points to 31.6% of net revenue in the six months ended June 30, 2025 compared to 31.7% of net revenue in the six months ended June 30, 2024.

#### ***Interest Income, net***

Interest income, net decreased to \$1.3 million in the six months ended June 30, 2025 compared to \$2.0 million in the six months ended June 30, 2024.

#### ***Income Taxes***

Income tax expense was \$13.8 million in the six months ended June 30, 2025 compared to \$12.6 million in the six months ended June 30, 2024. Our effective tax rate was 25.7% and 25.3% for the six months ended June 30, 2025 and June 30, 2024, respectively.

#### ***Net and Comprehensive Income***

Net and comprehensive income increased \$2.6 million to \$39.9 million in the six months ended June 30, 2025 compared to \$37.3 million in the six months ended June 30, 2024. The increase was driven by the factors described above.

### **Comparison of the three months ended June 30, 2025 and June 30, 2024**

#### ***Net Revenue***

Net revenue increased \$48.6 million, or 15.7%, to \$358.4 million in the three months ended June 30, 2025 compared to \$309.8 million in the three months ended June 30, 2024. The increase was driven primarily by increased demand for our products and \$19.8 million of revenue growth related to new Showrooms opened in 2024 and 2025.

#### ***Gross Margin***

Gross margin increased \$23.8 million, or 19.1%, to \$148.2 million in the three months ended June 30, 2025 compared to \$124.4 million in the three months ended June 30, 2024. The increase was primarily due to higher net revenue, partially offset by increased product costs of \$16.0 million, higher delivery and transportation costs of \$4.1 million and higher Showroom occupancy costs of \$2.9 million.

As a percentage of net revenue, gross margin increased 130 basis points to 41.4% of net revenue in the three months ended June 30, 2025 compared to 40.1% of net revenue in the three months ended June 30, 2024. The gross margin increase as a percentage of net revenue was primarily driven by Showroom occupancy costs, which decreased 50 basis points, a product margin increase of 30 basis points and delivery and transportation costs, which decreased 30 basis points.

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

SG&A expenses increased \$6.5 million, or 6.8%, to \$101.5 million in the three months ended June 30, 2025 compared to \$95.0 million in the three months ended June 30, 2024. The increase was primarily due to a \$5.5 million increase in general and administrative costs primarily related to corporate expenses, warehouse expenses and strategic investments to support and drive the growth of the business.

As a percentage of net revenue, SG&A expenses decreased 240 basis points to 28.3% of net revenue in the three months ended June 30, 2025 compared to 30.7% of net revenue in the three months ended June 30, 2024.

***Interest Income, net***

Interest income, net increased to \$0.7 million in the three months ended June 30, 2025 compared to \$0.6 million in the three months ended June 30, 2024.

***Income Taxes***

Income taxes were \$12.6 million in the three months ended June 30, 2025 compared to \$7.8 million in the three months ended June 30, 2024. Our effective tax rate was 26.4% and 26.0% for the three months ended June 30, 2025 and June 30, 2024, respectively.

***Net and Comprehensive Income***

Net and comprehensive income increased \$12.9 million to \$35.1 million in the three months ended June 30, 2025 compared to \$22.2 million in the three months ended June 30, 2024. The increase was driven by the factors described above.

**Liquidity and Capital Resources**

***Liquidity Outlook***

Our primary cash needs have historically been for merchandise inventories, payroll, Showroom rent, marketing catalogs and 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 June 30, 2025, we had cash and cash equivalents of \$234.8 million.

For the six months ended June 30, 2025, our principal sources of liquidity were 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 such as growth initiatives, including supply chain and technology improvements. In addition, 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 June 30, 2025, 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 out \$0.3 million of the aforementioned special cash dividend on its Class A common stock related to equity awards that vested during the six months ended June 30, 2025 and \$70.1 million on its Class A and Class B common stock to shareholders as of the Record Date during the six months ended June 30, 2024.

***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 (1.50% at June 30, 2024), 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 June 30, 2025). The 2021 Credit Facility expires on November 8, 2026. 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 June 30, 2025. At June 30, 2025, we had no borrowings on the 2021 Credit Facility and the available borrowing capacity was \$69.9 million. 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):

	Six months ended	
	June 30,	
	2025	2024
Net cash provided by operating activities	\$ 81,428	\$ 84,304
Net cash used in investing activities	(41,622)	(62,158)
Net cash used in financing activities	(2,316)	(71,052)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 37,490	\$ (48,906)

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

##### *Comparison of the six months ended June 30, 2025 and June 30, 2024*

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 six months ended June 30, 2025, net cash provided by operating activities was \$81.4 million and consisted of net income of \$39.9 million adjusted for non-cash items of \$60.3 million, which were partially offset by a change in working capital and other activities of \$18.8 million. The use of cash from working capital was primarily driven by a decrease in operating lease liabilities of \$28.0 million primarily due to payments made under the related lease agreements and an increase in merchandise inventory of \$14.1 million, which was partially offset by an increase in client deposits of \$12.2 million, an increase in accrued expenses of \$4.7 million, a decrease in prepaid and other assets of \$4.4 million and an increase in accounts payable of \$1.8 million in the six months ended June 30, 2025.

For the six months ended June 30, 2024, net cash provided by operating activities was \$84.3 million and consisted of net income of \$37.3 million adjusted for non-cash items of \$57.6 million, which were partially offset by a change in working capital and other activities of \$10.6 million. The use of cash from working capital was primarily driven by an increase in merchandise inventory of \$19.3 million, an increase in prepaid and other assets of \$11.5 million, a decrease in accrued expenses of \$11.3 million, a decrease in operating lease liabilities of \$10.7 million primarily due to payments made under the related lease agreements, which was partially offset by an increase in client deposits of \$36.5 million and an increase in accounts payable of \$4.6 million in the six months ended June 30, 2024.

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

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

*Comparison of the six months ended June 30, 2025 and June 30, 2024*

For the six months ended June 30, 2025, net cash used in investing activities was \$41.6 million primarily due to investments in Showrooms, vehicles, investments in our supply chain, and information technology and systems infrastructure.

For the six months ended June 30, 2024, net cash used in investing activities was \$62.2 million primarily due to investments in Showrooms, strategic 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):

	Six months ended June 30,	
	2025	2024
Net cash used in investing activities	\$ 41,622	\$ 62,158
Less: Landlord contributions	11,149	21,936
Total capital expenditures, net of landlord contributions	\$ 30,473	\$ 40,222

Total capital expenditures, net of landlord contributions decreased by \$9.7 million in the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

We anticipate our total capital expenditures, net of landlord contributions to be between \$80 million and \$100 million in fiscal year 2025, primarily related to the opening of new Showrooms.

*Net cash used in financing activities**Comparison of the six months ended June 30, 2025 and June 30, 2024*

For the six months ended June 30, 2025, net cash used in financing activities was \$2.3 million primarily due to the repurchase of shares for payment of withholding taxes for equity based compensation.

For the six months ended June 30, 2024, net cash used in financing activities was \$71.1 million primarily due to the payment of the special dividend on our Class A and Class B common stock.

**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, 2024.

**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 six and three months ended June 30, 2025 and June 30, 2024, 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 June 30, 2025. 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 June 30, 2025. Based upon that evaluation as of June 30, 2025, 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 four material weaknesses in our ICFR.

- We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the lack of a sufficient number of professionals 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 in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses.

- We did not design and maintain accounting policies, procedures and controls, or maintain 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, the preparation and review of account reconciliations and journal entries, including segregation of duties and assessing the reliability of reports and spreadsheets used in controls.
- We did not design and maintain effective controls to address the identification of and accounting for certain non-routine or complex transactions, including the proper application of U.S. GAAP of such transactions.

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**

As of June 30, 2025, with the oversight of senior management and our Audit Committee, we continue to assess, implement and redesign our ICFR. While the material weaknesses are not considered remediated until the related internal controls are tested and deemed to be operating effectively, we have made progress and continue to implement our remediation plan as follows:

- Established a taskforce of cross functional senior members of the Company’s leadership to manage deficiency remediation. The taskforce is composed of internal resources and external advisors with expertise in designing and implementing internal controls. Our remediation plan includes the development of actions plans for individual control deficiencies.
- Outsourced our internal audit department to a third-party service firm and transitioned our former internal audit department to our business process improvement function. The business process improvement function is assisting in the design and implementation of controls along with the development and execution of the remediation action plans.

- 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.
- Trainings have been and will continue to be conducted with control owners and performers on various 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.
- Assessed the competency and quantity of accounting personnel to determine the appropriate composition and expertise. As a result, we hired additional competent and qualified technical accounting and financial reporting personnel with appropriate knowledge and experience of U.S. GAAP and SEC financial reporting requirements. We have also hired subject matter experts with knowledge and experience with lease accounting. We are taking steps to ensure that the leaders in the accounting department have the appropriate knowledge and experience to design, execute and/or provide appropriate oversight of activities related to ICFR. We will continue to assess our personnel needs.
- Hired and will continue to hire additional personnel with the knowledge and experience to identify and account for non-routine or complex transactions, including the proper application of U.S. GAAP to such transactions, as well as execute and/or provide appropriate oversight of activities related to ICFR. Since the end of 2021, significant additional personnel have been added to the accounting, financial reporting and business process teams.
- Enhanced our communications to employees on our internal control environment and related expectations. We continue to take steps to ensure personnel both existing and newly hired are adequately trained with the appropriate level of knowledge and understanding of ICFR and its importance.
- Commenced and continue to update 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 plans to utilize account reconciliation software tools which are expected to increase the reliability around the monthly financial statement close procedures.
- 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 will continue to evaluate and refine its financial statement close process. The processes, policies and procedures to support our financial close process will need to operate for a period of time and be tested for operating effectiveness.
- Designed and implemented policies and procedures for accounting for equity-based compensation awards, which include:
  - Engaged a third-party service provider to administer and disburse awards to award recipients.
  - Established procedures to evaluate equity-based compensation awards to ensure that the awards have the appropriate accounting classification under U.S. GAAP including the determination of the fair value of such awards.
- 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, including but not limited to:
  - lease accounting;
  - revenue recognition;
  - goodwill and other long-lived assets;
  - fixed assets and software capitalization;
  - merchandise warranties; and
  - income taxes.
- Enhanced company policies related to review of significant contracts prior to execution for critical accounting terms.
- Engaged third-party consultants to assist senior management with the evaluation of our technology platforms and the potential providers for replacement technology platforms to redesign and strengthen the IT general control environment.

- Assessed and continue to evaluate the IT function to ensure that it is adequately staffed with personnel with the appropriate knowledge and competency of ICFR needed for an effective IT general control environment.
- 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.
- Commenced 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.
- Enhancing 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.
- Enhancing data backup procedures to help ensure that systems are adequately backed up and maintained and recovery of data from backups is tested.
- Commenced identifying and evaluating key IT dependencies including key reports, automated application controls, interfaces and end user computer operations.
- Commenced hiring additional personnel to enhance the segregation of duties in the IT department, particularly as it relates to the segregation of activities between IT development and IT operations.
- We are in the early stages of a company-wide initiative to modernize the Company's IT infrastructure to be capable of automating 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.

Although we have developed and will continue to evaluate our plan, we are in the process of implementing internal controls to remediate the material weaknesses and believe, based on our evaluation to date, that the material weaknesses will be remediated as soon as is practicable, we cannot project a specific timeline on when the plan will be fully implemented. 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**

There were no changes to our internal control over financial reporting during the quarter ended June 30, 2025 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, 2024 and Part II, Item 1A “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 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 June 30, 2025. The table reflects shares delivered to the Company by employees to satisfy tax withholding obligations due upon the vesting of 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
April 2025	25,707	\$ 7.90	—	\$ —
May 2025	1,348	8.08	—	—
June 2025	374	8.73	—	—
Total	27,429	\$ 7.92	—	\$ —

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

During the three months ended June 30, 2025, 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.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>	<b>Filings Referenced for Incorporation by Reference</b>
<a href="#">3.1</a>	Amended and Restated Certificate of Incorporation of Arhaus, Inc.	November 10, 2021 Form 8-K, Exhibit 3.1
<a href="#">3.2</a>	Amended and Restated Bylaws of Arhaus, Inc.	November 10, 2021 Form 8-K, Exhibit 3.2
<a href="#">10.1#</a>	Employment Letter (Michael Lee)	Filed herewith
<a href="#">10.2#</a>	Employment Letter (Allison Sutley)	March 31, 2025 Form 10-Q, Exhibit 10.1
<a href="#">31.1</a>	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
<a href="#">31.2</a>	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
<a href="#">32.1*</a>	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
<a href="#">32.2*</a>	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

# Indicates management contract.

\* 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 7th day of August, 2025.

**ARHAUS, INC.**

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

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

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16 April 2025

Michael A. Lee

Dear Michael:

I am very pleased to make you this offer to work for Arhaus. We believe that you will make an immediate contribution to the Executive team. The details of the offer are outlined below.

<b>Position</b>	<b>Chief Financial Officer</b>
<b>Direct Manager</b>	<b>John P. Reed, CEO</b>
<b>Tentative Start Date/ Orientation Date</b>	<b>May 12, 2025</b>  Please arrive at 51 East Hines Hill Road, Boston Heights, Ohio at 8:30 AM to begin orientation at 9:00 AM. Please bring acceptable documents to prove your eligibility to work in the United States (for a list of documents review Form I-9). You will be expected to work at the Boston Heights, Ohio office five days per week (Monday through Friday).
<b>Compensation</b>	Base salary of \$550,000 per year, paid bi-weekly. This position is <i>exempt</i> , and you will not be eligible for overtime.
<b>Bonus</b>	Based on your hire date, you will be eligible for the 2025 Annual Corporate Salaried Bonus Plan. Your Target Bonus is 60% of your annual base salary. If achieved, the bonus will be paid in the 1 <sup>st</sup> Quarter of 2026 and will be prorated based on your time in the position. You must be an active-status employee on the date that the bonus is paid and in good standing to qualify for payment.
<b>Stock</b>	You will be granted an equity award under the Arhaus, Inc. 2021 Equity Incentive Plan in connection with your start date. This award will be in the form of 400,000 restricted stock units (RSUs), and will vest on each anniversary of the grant date over a five-year period as follows:

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Vesting Date (Annual Anniversaries of Grant Date)	Vesting Percentage
First	10%
Second	15%
Third	20%
Fourth	25%
Fifth	30%

Each RSU represents an unfunded, unsecured promise of the Company to deliver to you one share of Class A common stock, subject to the vesting and other restrictions, terms, and conditions set forth in the Arhaus, Inc. 2021 Equity Incentive Plan and an award agreement related to the grant, including with respect to your continuous service to the Company at the time of vesting. You will participate in the Company's 2026 equity award program at the discretion of the Company's Compensation Committee.

## Signing Bonus

You will receive a \$250,000 lump sum bonus (the "Sign-On Bonus"), less standard taxes and withholdings, in the first regularly scheduled paycheck following your start date. In the event your employment with the Company terminates for any reason within 12 months of your start date, you must repay the Company the entire Sign-On Bonus within 30 days from your last day of employment. By your signature below, you authorize the Company to withhold this payment from your final paycheck(s).

## Commuting

Assuming your continued employment with the Company, you will be eligible for reimbursement of up to \$3,000 monthly commuting & housing expenses through July 2026.

## Relocation Package

We expect that you will move to the Cleveland area on or before August 1, 2026. We want to make your move as easy as possible so we are providing you with the following relocation benefit: \$10,000.00 before taxes and withholdings, which will be included in your regularly scheduled paycheck following your move date. In addition, a one-time move will be provided through an Arhaus 3<sup>rd</sup> party logistics provider, with a

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managed cap of \$10,000.00.

If you leave Arhaus for any reason within 12 months of your [REDACTED] effective date, you will be required to repay the Company for [REDACTED] Company-paid costs associated with your relocation, [REDACTED] in addition to any other remedies available to the Company. Your signature below authorizes the Company to withhold this repayment from any sums due to you, including your final paycheck(s).

Your signature also accepts the terms of the Arhaus Relocation Policy (attached hereto).

## Benefits

You and your eligible dependents will be offered the opportunity to participate in the Company's benefit programs. To view specific plan information, please visit: <https://arhausbenefits.com/>.

Benefits are effective the first of the month after 30 days of employment. Detailed instructions for enrollment in our programs will be provided via email.

## COBRA

If you elect COBRA continuation coverage with your current health insurance plan, Arhaus will reimburse you for the full monthly cost until you are eligible for coverage under our Anthem health care plan, not to exceed \$2,000.00. You will be responsible for remitting payment(s) to your insurance provider and submitting a copy of your paid invoice to both Arhaus' Benefits and Payroll Specialists for reimbursement.

## Paid Time Off

You will be eligible for days of paid time off and Company holidays to the extent and under the terms of the Company's policies.

Prorated for 2025: after 30 days in role, you will be eligible for 16 days paid time off, in accordance with the paid time off policy. In 2026, you will be eligible for 25 days of paid time off. [REDACTED]

## Executive Severance

Should Arhaus choose to terminate your employment with the Company for any reason other than Cause (as defined below), or should you voluntarily resign from your employment with the Company for Good Reason (as defined below) you will be entitled, at the time of such

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termination or resignation, to the payment of a lump sum equal to the sum of: (a) 50% of the greater of (X) \$550,000 or (Y) your highest base salary rate prior to such termination or resignation; plus (b) a COBRA stipend covering the six-month period immediately following such termination or resignation. Your lump sum payment will be subject to you signing a standard Arhaus employee severance agreement.

Notwithstanding the provisions of the foregoing paragraph, if you voluntarily resign from your employment with the Company for any reason other than Good Reason, you will not receive the lump sum payment or stipend set forth in the paragraph above.

For purposes of this letter and the severance entitlement set forth above, "Cause" means (i) an intentional act of fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of your employment with the Company; (ii) intentional engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or (iii) the willful and continued failure to substantially perform your duties for the Company (other than as a result of incapacity due to physical or mental illness). For purposes of this paragraph, an act, or failure to act, shall not be deemed willful or intentional, as those terms are used herein, unless it is done, or omitted to be done, by you in bad faith or without a reasonable belief that your action or omission was in the best interest of the Company. Failure to meet performance standards or objectives, by itself, does not constitute "Cause".

For purposes of this letter and the severance entitlement set forth above, "Good Reason" means the occurrence of one or more of the following events arising without your express written consent, but only if you notify the Company in writing within thirty (30) days following our awareness of the occurrence of the event and the event remains uncured for at least fifteen (15) days after such notice: (i) a reduction in your base salary and/or Target Bonus potential; (ii) a diminution in your employee benefits from those provided to other executives at a similar level, as such benefits may be modified from time to time; (iii) a material diminution in your authority,

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duties or responsibilities; or (iv) the Company requires you to be based anywhere other than within fifty (50) miles of Boston Heights, Ohio.


[REDACTED] which means that either you or the Company can terminate your employment at any time for any reason. As such, this offer does not constitute an employment contract for specific terms or for a specified duration. The descriptions of the benefits and bonus programs (if applicable) contained in this letter are informational summaries. The Company reserves the right to change benefit programs at any time and all bonuses are discretionary. Finally, this offer is contingent upon both a successful background verification and your authorization to work in the United States. Several forms will need to be completed by you prior to, or on the day you begin employment with us. You will be contacted on how to access our Associate on-boarding system.

The team and I look forward to working with you at Arhaus and expect that you will be a valuable asset to the company.

Sincerely,

Brian Rogers, CHRO

I, Michael A. Lee, have read, understand, and accept the information outlined in this letter.

  
\_\_\_\_\_  
Signature

4/22/25  
\_\_\_\_\_  
Date



**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: August 7, 2025

/s/ John Reed

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John Reed  
Chief Executive Officer  
(Principal Executive Officer)

**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: August 7, 2025

/s/ Michael Lee

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Michael Lee  
Chief Financial Officer  
(Principal Financial Officer)

## 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 June 30, 2025 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: August 7, 2025

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.

## 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 June 30, 2025 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: August 7, 2025

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.