

**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 August 2, 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: 001-35720

**RH**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**15 Koch Road**  
**Corte Madera, CA**  
(Address of principal executive offices)

**45-3052669**  
(I.R.S. Employer  
Identification Number)

**94925**  
(Zip Code)

**Registrant's telephone number, including area code: (415) 924-1005**

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

**Common Stock, \$0.0001 par value**  
(Title of each class)

**RH**  
(Trading symbol)

**New York Stock Exchange, Inc.**  
(Name of each exchange on which registered)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See 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 Exchange Act). Yes ☐ No ☒

As of September 5, 2025, 18,745,070 shares of the registrant's common stock were outstanding.

RH  
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# PART I

## ITEM 1. FINANCIAL STATEMENTS

RH

### CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	AUGUST 2, 2025	FEBRUARY 1, 2025
	(in thousands)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 34,560	\$ 30,413
Accounts receivable—net	61,248	63,484
Merchandise inventories	956,947	1,019,591
Prepaid expense and other current assets	148,911	177,843
Total current assets	1,201,666	1,291,331
Property and equipment—net	2,018,159	1,883,176
Operating lease right-of-use assets	638,085	617,103
Goodwill	143,774	140,943
Tradenames, trademarks and other intangible assets—net	79,656	76,118
Deferred tax assets	147,954	147,723
Equity method investments	121,599	126,909
Other non-current assets	346,128	271,386
Total assets	\$ 4,697,021	\$ 4,554,689
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Accounts payable and accrued expenses	\$ 380,533	\$ 413,406
Deferred revenue and customer deposits	351,502	291,815
Operating lease liabilities	105,866	100,944
Other current liabilities	116,000	98,961
Total current liabilities	953,901	905,126
Asset based credit facility	135,000	200,000
Term loan B—net	1,894,761	1,903,144
Term loan B-2—net	467,665	468,019
Real estate loans—net	15,360	15,524
Non-current operating lease liabilities	588,083	573,468
Non-current finance lease liabilities	657,784	630,655
Deferred tax liabilities	11,433	10,394
Other non-current liabilities	13,934	11,948
Total liabilities	4,737,921	4,718,278
Commitments and contingencies (Note 14)		
Stockholders' deficit:		
Preferred stock—\$0.0001 par value per share, 10,000,000 shares authorized, no shares issued or outstanding as of August 2, 2025 and February 1, 2025	—	—
Common stock—\$0.0001 par value per share, 180,000,000 shares authorized, 18,744,120 shares issued and outstanding as of August 2, 2025; 18,726,116 shares issued and outstanding as of February 1, 2025	2	2
Additional paid-in capital	387,582	362,348
Accumulated other comprehensive income (loss)	22,621	(15,087)
Accumulated deficit	(451,105)	(510,852)
Total stockholders' deficit	(40,900)	(163,589)
Total liabilities and stockholders' deficit	\$ 4,697,021	\$ 4,554,689

*The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.*

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# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
<i>(in thousands, except share and per share amounts)</i>				
Net revenues	\$ 899,151	\$ 829,655	\$ 1,713,103	\$ 1,556,615
Cost of goods sold	489,892	454,898	948,511	865,820
Gross profit	409,259	374,757	764,592	690,795
Selling, general and administrative expenses	280,383	278,630	579,805	540,005
Operating income	128,876	96,127	184,787	150,790
Other expenses				
Interest expense—net	57,358	59,262	113,961	116,034
Other (income) expense—net	(574)	(663)	(4,227)	502
Total other expenses	56,784	58,599	109,734	116,536
Income before taxes and equity method investments	72,092	37,528	75,053	34,254
Income tax expense	19,032	3,717	22,159	1,626
Income before equity method investments	53,060	33,811	52,894	32,628
Share of equity method investments (income) loss—net	1,352	4,859	(6,853)	7,301
Net income	\$ 51,708	\$ 28,952	\$ 59,747	\$ 25,327
Weighted-average shares used in computing basic net income per share	18,737,234	18,458,207	18,733,119	18,391,331
Basic net income per share	\$ 2.76	\$ 1.57	\$ 3.19	\$ 1.38
Weighted-average shares used in computing diluted net income per share	19,737,331	19,961,610	19,825,282	19,949,657
Diluted net income per share	\$ 2.62	\$ 1.45	\$ 3.01	\$ 1.27

*The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.*

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
(in thousands)				
Net income	\$ 51,708	\$ 28,952	\$ 59,747	\$ 25,327
Net gain from foreign currency translation	6,099	5,227	37,708	3,942
Comprehensive income	\$ 57,807	\$ 34,179	\$ 97,455	\$ 29,269

*The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.*

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# CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(Unaudited)

	THREE MONTHS ENDED						
	COMMON STOCK			ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' DEFICIT
	SHARES	AMOUNT					
	(in thousands, except share amounts)						
	Balances—May 3, 2025	18,732,265	\$ 2	\$ 375,521	\$ 16,522	\$ (502,813)	\$ (110,768)
Stock-based compensation	—	—	11,633	—	—	11,633	
Issuance of restricted stock	4,690	—	—	—	—	—	
Exercise of stock options	7,165	—	428	—	—	428	
Net income	—	—	—	—	51,708	51,708	
Net gain from foreign currency translation	—	—	—	6,099	—	6,099	
Balances—August 2, 2025	18,744,120	\$ 2	\$ 387,582	\$ 22,621	\$ (451,105)	\$ (40,900)	
Balances—May 4, 2024	18,342,797	\$ 2	\$ 300,189	\$ (3,223)	\$ (586,889)	\$ (289,921)	
Stock-based compensation	—	—	11,529	—	—	11,529	
Issuance of restricted stock	3,829	—	—	—	—	—	
Exercise of stock options	136,071	—	9,496	—	—	9,496	
Net income	—	—	—	—	28,952	28,952	
Net gain from foreign currency translation	—	—	—	5,227	—	5,227	
Balances—August 3, 2024	18,482,697	\$ 2	\$ 321,214	\$ 2,004	\$ (557,937)	\$ (234,717)	
	SIX MONTHS ENDED						
	COMMON STOCK			ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' DEFICIT
	SHARES	AMOUNT					
	(in thousands, except share amounts)						
	Balances—February 1, 2025	18,726,116	\$ 2	\$ 362,348	\$ (15,087)	\$ (510,852)	\$ (163,589)
Stock-based compensation	—	—	24,007	—	—	24,007	
Issuance of restricted stock	4,690	—	—	—	—	—	
Vested and delivered restricted stock units	1,020	—	(31)	—	—	(31)	
Exercise of stock options	12,294	—	1,258	—	—	1,258	
Net income	—	—	—	—	59,747	59,747	
Net gain from foreign currency translation	—	—	—	37,708	—	37,708	
Balances—August 2, 2025	18,744,120	\$ 2	\$ 387,582	\$ 22,621	\$ (451,105)	\$ (40,900)	
Balances—February 3, 2024	18,315,613	\$ 2	\$ 287,806	\$ (1,938)	\$ (583,264)	\$ (297,394)	
Stock-based compensation	—	—	22,073	—	—	22,073	
Issuance of restricted stock	7,829	—	—	—	—	—	
Vested and delivered restricted stock units	817	—	(151)	—	—	(151)	
Exercise of stock options	158,438	—	11,486	—	—	11,486	
Net income	—	—	—	—	25,327	25,327	
Net gain from foreign currency translation	—	—	—	3,942	—	3,942	
Balances—August 3, 2024	18,482,697	\$ 2	\$ 321,214	\$ 2,004	\$ (557,937)	\$ (234,717)	

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 59,747	\$ 25,327
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,865	63,084
Non-cash operating lease cost	51,106	48,358
Stock-based compensation expense	24,007	22,073
Asset impairments	3,948	776
Non-cash finance lease interest expense	18,193	15,329
Product recall	1,913	—
Share of equity method investments (income) loss—net	(6,853)	7,301
Distribution of return on equity method investment	4,630	—
Other non-cash items	2,098	4,366
Change in assets and liabilities:		
Accounts receivable	2,407	(11,563)
Merchandise inventories	73,595	(162,577)
Prepaid expense and other assets	(13,118)	6,219
Landlord assets under construction—net of tenant allowances	(46,486)	(17,461)
Accounts payable and accrued expenses	(22,239)	122,657
Deferred revenue and customer deposits	54,800	19,632
Other current liabilities	13,451	(13,509)
Current and non-current operating lease liabilities	(50,447)	(48,383)
Other non-current obligations	(16,298)	(14,323)
Net cash provided by operating activities	224,319	67,306
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(109,565)	(115,340)
Acquisition of business	(32,119)	—
Equity method investments	(374)	(9,423)
Acquisition of intangible asset	(3,031)	—
Receipt of promissory note repayment from equity method investee	1,750	—
Distribution of return of equity method investment	7,916	—
Proceeds from insurance recoveries	1,275	—
Net cash used in investing activities	(134,148)	(124,763)

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# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(Unaudited)

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings under asset based credit facility	260,000	25,000
Repayments under asset based credit facility	(325,000)	—
Repayments under term loans	(12,500)	(12,500)
Repayments under real estate loans	(169)	(16)
Debt issuance costs	(2,766)	—
Principal payments under finance lease agreements—net of tenant allowances	(8,031)	(11,957)
Proceeds from exercise of stock options	1,258	11,486
Tax withholdings related to issuance of stock-based awards	(31)	(151)
Net cash provided by (used in) financing activities	(87,239)	11,862
Effects of foreign currency exchange rate translation on cash	1,215	240
Net increase (decrease) in cash and cash equivalents	4,147	(45,355)
<b>Cash and cash equivalents</b>		
Beginning of period	30,413	123,688
End of period	\$ 34,560	\$ 78,333
<b>Non-cash transactions</b>		
Property and equipment additions in accounts payable and accrued expenses at period-end	\$ 32,089	\$ 38,654
Landlord asset additions in accounts payable and accrued expenses at period-end	11,439	12,530
Excise tax from share repurchases in accounts payable and accrued expenses at period-end	—	11,988

*The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.*



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

### NOTE 1—THE COMPANY

#### **Nature of Business**

RH, a Delaware corporation, together with its subsidiaries (collectively, “we,” “us,” “our” or the “Company”), is a leading retailer and luxury lifestyle brand operating primarily in the home furnishings market. Our curated and fully integrated assortments are presented consistently across our sales channels, including our retail locations, websites and Sourcebooks. We offer merchandise assortments across a number of categories, including furniture, lighting, textiles, bathware, décor, outdoor and garden, and baby, child and teen furnishings.

As of August 2, 2025, we operated a total of 71 RH Galleries and 43 RH Outlet stores, one RH Guesthouse, one RH Interior Design Office and 14 Waterworks Showrooms throughout the United States, Canada, the United Kingdom, Germany, Belgium and Spain. We also have sourcing operations in Shanghai.

#### **Basis of Presentation**

The accompanying unaudited interim condensed consolidated financial statements have been prepared from our records and, in our senior leadership team’s opinion, include all adjustments, consisting of normal recurring adjustments, necessary to fairly state our financial position as of August 2, 2025, and the results of operations for the three and six months ended August 2, 2025 and August 3, 2024. Our current fiscal year, which consists of 52 weeks, ends on January 31, 2026 (“fiscal 2025”).

The condensed consolidated financial statements include our accounts and those of our wholly-owned subsidiaries, as well as the financial information of variable interest entities (“VIEs”) where we represent the primary beneficiary and have the power to direct the activities that most significantly impact the entity’s performance (refer to Note 6—*Variable Interest Entities*). Accordingly, all intercompany balances and transactions have been eliminated through the consolidation process.

Certain information and disclosures normally included in the notes to annual consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been condensed or omitted for purposes of these interim condensed consolidated financial statements.

The preparation of the condensed consolidated financial statements, in conformity with GAAP, requires our senior leadership team to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 and such differences could be material to the condensed consolidated financial statements.

We have assessed various accounting estimates and other matters, including those that require consideration of forecasted financial information, using information that is reasonably available to us at this time. The accounting estimates and other matters we have assessed include, but were not limited to, sales return reserve, inventory reserve, allowance for doubtful accounts, goodwill, and intangible and other long-lived assets. Our current assessment of these estimates is included in the condensed consolidated financial statements as of and for the three and six months ended August 2, 2025. As additional information becomes available to us, our future assessment of these estimates, as well as other factors, could change and the results of any such change could materially and adversely impact the condensed consolidated financial statements in future reporting periods.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025 (the “2024 Form 10-K”).

The results of operations for the three and six months ended August 2, 2025, presented herein, are not necessarily indicative of the results to be expected for the full fiscal year.

## NOTE 2—RECENTLY ISSUED ACCOUNTING STANDARDS

### *New Accounting Standards or Updates Adopted*

#### Joint Venture Formations: Recognition and Initial Measurement

In August 2023, the Financial Accounting Standards Board (“FASB”) issued *Accounting Standards Update (“ASU”) 2023-05—Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement* (“ASU 2023-05”). ASU 2023-05 applies to the formation of a “joint venture” or a “corporate joint venture” and requires a joint venture to initially measure all contributions received upon its formation at fair value. The guidance does not impact accounting by the venturers. We adopted this new guidance in the first quarter of fiscal 2025 on a prospective basis. While ASU 2023-05 is not currently applicable to us because our existing arrangements in variable interest entities do not meet the definition of joint ventures in the updated standard, we will apply this guidance to any future arrangements we enter into that meet the definition of a joint venture.

### *New Accounting Standards or Updates Not Yet Adopted*

#### Income Taxes: Improvements to Income Tax Disclosures

In December 2023, the FASB issued *ASU 2023-09—Improvements to Income Tax Disclosures* (“ASU 2023-09”). This new guidance is designed to enhance the transparency and decision usefulness of income tax disclosures. The amendments of this update are related to the rate reconciliation and income taxes paid, requiring consistent categories and greater disaggregation of information in the rate reconciliation as well as income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. We are currently assessing the impact that adopting this ASU will have on our fiscal 2025 annual consolidated financial statements.

#### Income Statement: Disaggregation of Income Statement Expenses

In November 2024, the FASB issued *ASU 2024-03—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. This new guidance is designed to improve financial reporting by requiring public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods, including amounts and qualitative descriptions of inventory purchases, employee compensation, depreciation and intangible asset amortization, among other requirements. In January 2025, the FASB issued *ASU 2025-01—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, which clarifies that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The guidance is required to be adopted on a prospective basis and early adoption is permitted. We are currently assessing the impact that adopting this ASU will have on the condensed consolidated financial statements.

#### Financial Instruments: Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued *ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This new guidance provides all entities with a practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of the assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025. We are currently assessing the impact that adopting this ASU will have on our fiscal 2025 annual consolidated financial statements.

**NOTE 3—BUSINESS COMBINATION**

On July 8, 2025, we acquired a home furnishings business operating under the brand names of Formations and Dennis & Leen for total consideration of \$32 million, funded through available cash. The transaction was accounted for as a business combination under ASC 805—*Business Combinations*. We believe that this addition to the RH platform further positions us as a leader in the luxury design market as we continue to enhance the RH product assortment.

During the three and six months ended August 2, 2025, we incurred \$1.5 million and \$2.2 million, respectively, of acquisition-related costs associated with the transaction. These costs include fees associated with financial, legal and accounting advisors, and are included in *selling, general and administrative expenses* on the condensed consolidated statements of income.

The following table summarizes the preliminary purchase price allocation based on the fair value of the assets acquired and liabilities assumed as of July 8, 2025:

	PURCHASE PRICE ALLOCATION
	(in thousands)
Merchandise inventories	\$ 5,451
Property and equipment	27,461
Operating lease right-of-use assets	4,443
Goodwill <sup>(1)</sup>	2,770
Other assets	981
Deferred revenue and customer deposits	(3,471)
Operating lease liabilities	(4,273)
Other liabilities	(1,243)
Total	\$ 32,119

(1) Goodwill of \$2.8 million, included in the RH Segment, represents the expected synergies from integrating the acquired business into our operations and is expected to be deductible for tax purposes.

The fair values assigned to assets acquired and liabilities assumed are preliminary based on our best estimates and assumptions as of the reporting date and may be subject to change as additional information is obtained within the measurement period (not to exceed 12 months from the acquisition date).

Results of operations of the acquired company have been included in our condensed consolidated statements of income since July 8, 2025, the acquisition date. Pro forma results of the acquired business have not been presented as the results were not considered material to our condensed consolidated financial statements for all periods presented and would not have been material had the acquisition occurred at the beginning of fiscal 2024.

#### NOTE 4—PREPAID EXPENSE AND OTHER ASSETS

Prepaid expense and other current assets consisted of the following:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	<i>(in thousands)</i>	
Value added tax (VAT) receivable	\$ 26,629	\$ 9,866
Prepaid expenses	24,853	29,595
Vendor deposits	18,809	20,441
Capitalized catalog costs	14,838	30,162
Tenant allowance receivable	14,454	12,668
Capitalized cloud computing costs	11,219	9,851
Right of return asset for merchandise	6,271	6,237
Federal and state tax receivable <sup>(1)</sup>	4,017	24,729
Promissory notes receivable, including interest <sup>(2)</sup>	1,144	3,674
Other current assets	26,677	30,620
Total prepaid expense and other current assets	<u>\$ 148,911</u>	<u>\$ 177,843</u>

(1) As of February 1, 2025, includes \$19 million related to a federal tax receivable from a carryback claim.

(2) Represents promissory notes, including principal and accrued interest, due from an affiliate of the managing member of the Aspen LLCs. Refer to Note 6—*Variable Interest Entities*.

Other non-current assets consisted of the following:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	<i>(in thousands)</i>	
Landlord assets under construction—net of tenant allowances	\$ 166,256	\$ 138,701
Initial direct costs prior to lease commencement	107,786	80,897
Capitalized cloud computing costs—net <sup>(1)</sup>	27,069	22,738
Federal tax receivable—non-current <sup>(2)</sup>	19,483	—
Other deposits	8,153	7,754
Deferred financing fees	3,942	1,512
Other non-current assets	13,439	19,784
Total other non-current assets	<u>\$ 346,128</u>	<u>\$ 271,386</u>

(1) Presented net of accumulated amortization of \$36 million and \$30 million as of August 2, 2025 and February 1, 2025, respectively.

(2) Represents a federal tax receivable from a carryback claim.

## NOTE 5—GOODWILL, TRADENAMES, TRADEMARKS AND OTHER INTANGIBLE ASSETS

Goodwill, tradenames, trademarks and other intangible assets for the RH Segment and Waterworks consisted of the following:

	RH SEGMENT		WATERWORKS	
	GOODWILL	TRADENAMES, TRADEMARKS AND OTHER INTANGIBLE ASSETS	GOODWILL <sup>(1)</sup>	TRADENAMES, TRADEMARKS AND OTHER INTANGIBLE ASSETS <sup>(2)</sup>
	<i>(in thousands)</i>			
February 1, 2025	\$ 140,943	\$ 59,118	\$ —	\$ 17,000
Additions	2,770	3,583	—	—
Other <sup>(3)</sup>	—	(45)	—	—
Foreign currency translation	61	—	—	—
August 2, 2025	<u>\$ 143,774</u>	<u>\$ 62,656</u>	<u>\$ —</u>	<u>\$ 17,000</u>

(1) Waterworks reporting unit goodwill of \$51 million recognized upon acquisition in fiscal 2016 was fully impaired as of fiscal 2018.

(2) Presented net of an impairment charge of \$35 million recognized in prior fiscal years.

(3) Represents amortization of patents.

There are no goodwill, tradenames, trademarks and other intangible assets for the Real Estate segment.

## NOTE 6—VARIABLE INTEREST ENTITIES

### *Consolidated Variable Interest Entities and Noncontrolling Interests*

In fiscal 2022, we formed eight privately-held limited liability companies (each, a “Member LLC” and collectively, the “Member LLCs” or the “consolidated variable interest entities”) for real estate development activities related to our Gallery transformation and global expansion strategies.

In fiscal 2024, one Member LLC became a wholly-owned subsidiary and is no longer a VIE.

As of August 2, 2025 and February 1, 2025, of the remaining seven Member LLCs, we hold a 50 percent membership interest in six of the Member LLCs, and the remaining noncontrolling interest of 50 percent in each Member LLC is held by the same development partner. In one Member LLC, we hold approximately 75 percent membership interest with the remaining noncontrolling interest of approximately 25 percent held by the same development partner.

The carrying amounts and classification of the VIEs’ assets and liabilities included in the condensed consolidated balance sheets were as follows:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	<i>(in thousands)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,695	\$ 2,177
Prepaid expense and other current assets	1,068	980
Total current assets	2,763	3,157
Property and equipment—net <sup>(1)</sup>	281,794	259,057
Other non-current assets	7	6
Total assets	\$ 284,564	\$ 262,220
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,852	\$ 4,867
Other current liabilities	344	333
Total current liabilities	7,196	5,200
Real estate loan—net <sup>(2)</sup>	15,360	15,524
Other non-current liabilities	996	929
Total liabilities	\$ 23,552	\$ 21,653

(1) Includes \$69 million and \$54 million of construction in progress as of August 2, 2025 and February 1, 2025, respectively.

(2) On September 9, 2022, a Member LLC as the borrower executed a Promissory Note (the “Promissory Note”) with a third-party bank in an aggregate principal amount equal to \$16 million with a maturity date of September 9, 2032. The Promissory Note bears interest at a fixed rate per annum equal to 5.37% until September 15, 2027, on which date the interest rate will reset based on the five-year treasury rate plus 2.00%, subject to a total interest rate floor of 3.00%. The Promissory Note is secured by the assets of the Member LLC and the creditor does not have recourse against RH’s general assets.

### *Equity Method Investments*

Equity method investments primarily represent our membership interests in three privately-held limited liability companies in Aspen, Colorado (each, an “Aspen LLC” and collectively, the “Aspen LLCs”) that were formed for the purpose of acquiring, developing, operating and selling certain real estate projects in Aspen, Colorado. Additionally, Waterworks has membership interests in two European entities that are equity method investments.

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In March 2025, the Aspen LLC in which we hold a 70 percent interest sold its sole real estate property. Subsequent to the property sale, we received \$15 million from the Aspen LLC, which consisted of \$2.9 million for the repayment of its outstanding promissory note to us, including accrued interest, and a capital distribution of \$13 million. The capital distribution of \$13 million represented a return of our contributed capital of \$7.9 million and a return on investment of \$4.6 million, which are included within cash flows from investing activities and cash flows from operating activities, respectively, on the condensed consolidated statements of cash flows. Following this capital distribution, the remaining net assets in this Aspen LLC are immaterial.

Other than as described above, we did not receive any distributions or have any undistributed earnings of equity method investments during the three or six months ended August 2, 2025 and August 3, 2024.

Our maximum exposure to loss is the carrying value of each of the equity method investments as of August 2, 2025.

#### NOTE 7—ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accounts payable and accrued expenses consisted of the following:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	(in thousands)	
Accounts payable	\$ 189,863	\$ 245,260
Accrued compensation	61,323	50,689
Accrued sales and use tax	31,584	27,685
Accrued occupancy	27,338	24,992
Accrued freight and duty	23,475	18,030
Accrued professional fees	11,772	5,281
Accrued legal contingencies <sup>(1)</sup>	2,361	3,029
Other accrued expenses	32,817	38,440
Total accounts payable and accrued expenses	<u>\$ 380,533</u>	<u>\$ 413,406</u>

(1) Refer to Note 14<sup>3/4</sup>Commitments and Contingencies.

Other current liabilities consisted of the following:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	(in thousands)	
Allowance for sales returns	\$ 25,835	\$ 23,512
Current portion of term loans	25,000	25,000
Finance lease liabilities	22,337	21,135
Unredeemed gift card and merchandise credit liability	16,837	19,546
Federal tax payable	12,261	3,242
Foreign tax payable	1,846	1,980
Other current liabilities	11,884	4,546
Total other current liabilities	<u>\$ 116,000</u>	<u>\$ 98,961</u>

### Contract Liabilities

We defer revenue associated with merchandise delivered via the home-delivery channel. We expect that substantially all of the deferred revenue and customer deposits as of August 2, 2025 will be recognized within the next six months as the performance obligations are satisfied. In addition, we defer revenue when cash payments are received in advance of performance for unsatisfied obligations related to our gift cards. During the three months ended August 2, 2025 and August 3, 2024, we recognized \$5.2 million and \$4.3 million, respectively, of revenue related to previous deferrals related to our gift cards. During the six months ended August 2, 2025 and August 3, 2024, we recognized \$12 million and \$10 million, respectively, of revenue related to previous deferrals related to our gift cards. We expect that approximately 75 percent of the remaining gift card liabilities will be recognized when the gift cards are redeemed by customers.

### Supplier Finance Program

We facilitate a voluntary supply chain financing program (the “Financing Program”) with a third-party financial institution (the “Bank”) to provide participating suppliers with the opportunity to receive early payment on invoices, net of a discount charged to the supplier by the Bank. As of August 2, 2025 and February 1, 2025, we had \$20 million and \$35 million, respectively, of payment obligations outstanding under the Financing Program included in *accounts payable and accrued expenses* on the condensed consolidated balance sheets.

### Reorganization

We implemented and completed a restructuring in the fourth quarter of fiscal 2024 and in the second quarter of fiscal 2025 that included workforce and expense reductions in order to improve and simplify our organizational structure, streamline certain aspects of our business operations and better position us for further growth. The workforce reduction associated with these initiatives included the elimination of numerous leadership and other positions throughout the organization. During the three and six months ended August 2, 2025, we incurred total charges relating to the reorganization of \$1.2 million, consisting primarily of severance costs and related taxes. As of August 2, 2025 and February 1, 2025, we had accruals of \$1.3 million and \$3.4 million, respectively, included within *accounts payable and accrued expenses* on the condensed consolidated balance sheets related to the reorganizations.

## NOTE 8—LEASES

Lease costs—net consisted of the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
<i>(in thousands)</i>				
Operating lease costs <sup>(1)</sup>	\$ 36,447	\$ 33,357	\$ 71,893	\$ 66,238
Finance lease costs				
Amortization of leased assets <sup>(1)</sup>	14,875	12,913	29,548	25,318
Interest on lease liabilities <sup>(2)</sup>	9,248	7,922	18,193	15,329
Variable lease costs <sup>(3)</sup>	6,442	6,478	13,629	13,121
Sublease income <sup>(4)</sup>	(1,189)	(1,179)	(2,371)	(2,333)
Total lease costs—net	<u>\$ 65,823</u>	<u>\$ 59,491</u>	<u>\$ 130,892</u>	<u>\$ 117,673</u>

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

(2) Included in *interest expense—net* on the condensed consolidated statements of income. Amounts include lease cost related to variable lease payments based on an index or rate that were not included in the measurement of the initial lease liability and right-of-use asset for finance leases, which were not material in either period presented.



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- (3) Represents variable lease payments under operating and finance lease agreements, primarily associated with contingent rent based on a percentage of retail sales over contractual levels of \$4.0 million and \$3.6 million for the three months ended August 2, 2025 and August 3, 2024, respectively, and \$8.1 million and \$7.5 million for the six months ended August 2, 2025 and August 3, 2024, respectively, as well as charges associated with common area maintenance of \$2.4 million and \$2.9 million for the three months ended August 2, 2025 and August 3, 2024, respectively, and \$5.5 million and \$5.6 million for the six months ended August 2, 2025 and August 3, 2024, respectively. Other variable costs, which include single lease cost related to variable lease payments based on an index or rate that were not included in the measurement of the initial lease liability and right-of-use asset, were not material in any period presented.
- (4) Included in *selling, general and administrative expenses* on the condensed consolidated statements of income.

Lease right-of-use assets and lease liabilities consisted of the following:

		AUGUST 2, 2025	FEBRUARY 1, 2025
		(in thousands)	
Balance Sheet Classification			
Assets			
Operating leases	Operating lease right-of-use assets	\$ 638,085	\$ 617,103
Finance leases <sup>(1)(2)(3)</sup>	Property and equipment—net	1,052,080	1,007,088
Total lease right-of-use assets		<u>\$ 1,690,165</u>	<u>\$ 1,624,191</u>
Liabilities			
Current <sup>(4)</sup>			
Operating leases	Operating lease liabilities	\$ 105,866	\$ 100,944
Finance leases	Other current liabilities	22,337	21,135
Total lease liabilities—current		128,203	122,079
Non-current			
Operating leases	Non-current operating lease liabilities	588,083	573,468
Finance leases	Non-current finance lease liabilities	657,784	630,655
Total lease liabilities—non-current		<u>1,245,867</u>	<u>1,204,123</u>
Total lease liabilities		<u>\$ 1,374,070</u>	<u>\$ 1,326,202</u>

- (1) Includes capitalized amounts related to our completed construction activities to design and build leased assets, which are reclassified from *other non-current assets* upon lease commencement.
- (2) Recorded net of accumulated amortization of \$350 million and \$320 million as of August 2, 2025 and February 1, 2025, respectively.
- (3) Includes \$34 million and \$35 million as of August 2, 2025 and February 1, 2025, respectively, related to an RH Design Gallery lease with a landlord that is an affiliate of the managing member of the Aspen LLCs. Refer to Note 6—*Variable Interest Entities*.
- (4) Current portion of lease liabilities represents the reduction of the related lease liability over the next 12 months.

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The maturities of lease liabilities were as follows as of August 2, 2025:

FISCAL YEAR	OPERATING LEASES	FINANCE LEASES	TOTAL
	(in thousands)		
Remainder of fiscal 2025	\$ 70,844	\$ 29,088	\$ 99,932
2026	138,786	58,932	197,718
2027	126,657	59,740	186,397
2028	90,052	58,902	148,954
2029	77,840	58,605	136,445
2030	68,812	59,654	128,466
Thereafter	392,532	903,937	1,296,469
Total lease payments <sup>(1)(2)</sup>	965,523	1,228,858	2,194,381
Less—imputed interest <sup>(3)</sup>	(271,574)	(548,737)	(820,311)
Present value of lease liabilities	<u>\$ 693,949</u>	<u>\$ 680,121</u>	<u>\$ 1,374,070</u>

(1) Total lease payments include future obligations for renewal options that are reasonably certain to be exercised and are included in the measurement of the lease liability. Total lease payments exclude \$789 million of legally binding payments under the non-cancellable term for leases signed but not yet commenced under our accounting policy as of August 2, 2025, of which \$15 million, \$35 million, \$44 million, \$46 million, \$48 million and \$49 million will be paid in the remainder of fiscal 2025, fiscal 2026, fiscal 2027, fiscal 2028, fiscal 2029 and fiscal 2030, respectively, and \$552 million will be paid subsequent to fiscal 2030.

(2) Excludes an immaterial amount of future commitments under short-term lease agreements.

(3) Calculated using the discount rate for each lease at lease commencement.

Supplemental information related to leases consisted of the following:

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
Weighted-average remaining lease term (years)		
Operating leases	9.2	8.9
Finance leases	20.0	19.7
Weighted-average discount rate		
Operating leases	6.1 %	5.5 %
Finance leases	5.9 %	5.3 %

Other information related to leases consisted of the following:

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ (70,984)	\$ (64,645)
Operating cash flows from finance leases	(18,193)	(15,329)
Financing cash flows from finance leases—net <sup>(1)</sup>	(8,031)	(11,957)
Total cash outflows from leases	<u>\$ (97,208)</u>	<u>\$ (91,931)</u>
Non-cash transactions		
Lease right-of-use assets obtained in exchange for lease obligations—net of lease terminations		
Operating leases <sup>(2)</sup>	\$ 61,737	\$ 45,747
Finance leases	37,947	28,278
Reclassification from other non-current assets to finance lease right-of-use assets	37,502	38,182

(1) Presented net of tenant allowances received subsequent to lease commencement of \$6.2 million in the six months ended August 2, 2025. No such payments were received in the six months ended August 3, 2024.

(2) Right-of-use assets obtained in exchange for new operating lease liabilities exclude the impact from acquisitions of \$4.3 million for the six months ended August 2, 2025. Refer to Note 3—*Business Combinations*.

## NOTE 9—CREDIT FACILITIES

The outstanding balances under our credit facilities were as follows:

	AUGUST 2, 2025				FEBRUARY 1, 2025		
	INTEREST RATE	OUTSTANDING AMOUNT	UNAMORTIZED DEBT ISSUANCE COSTS	NET CARRYING AMOUNT	OUTSTANDING AMOUNT	UNAMORTIZED DEBT ISSUANCE COSTS	NET CARRYING AMOUNT
(dollars in thousands)							
Asset based credit facility <sup>(1)</sup>	5.96%	\$ 135,000	\$ —	\$ 135,000	\$ 200,000	\$ —	\$ 200,000
Term loan B <sup>(2)</sup>	6.97%	1,925,000	(10,239)	1,914,761	1,935,000	(11,856)	1,923,144
Term loan B-2 <sup>(3)</sup>	7.71%	486,250	(13,585)	472,665	488,750	(15,731)	473,019
Total credit facilities		\$ 2,546,250	\$ (23,824)	\$ 2,522,426	\$ 2,623,750	\$ (27,587)	\$ 2,596,163

(1) Deferred financing fees associated with the asset based credit facility as of August 2, 2025 and February 1, 2025 were \$3.9 million and \$1.5 million, respectively, and are included in *other non-current assets* on the condensed consolidated balance sheets. The deferred financing fees are amortized on a straight-line basis over the life of the revolving line of credit. In July 2025, Restoration Hardware, Inc. entered into an amendment to the ABL Credit Agreement (defined below), which extended the maturity date of the revolving line of credit from July 29, 2026 to the earlier of (a) July 31, 2030 and (b) the date which is 91 days prior to the final stated maturity of the Term Loan Credit Agreement and any refinancing thereof.

(2) Represents the Term Loan Credit Agreement (defined below), of which outstanding amounts of \$1,905 million and \$1,915 million were included in *term loan B—net* on the condensed consolidated balance sheets as of August 2, 2025 and February 1, 2025, respectively, and \$20 million was included in *other current liabilities* on the condensed consolidated balance sheets as of both August 2, 2025 and February 1, 2025.

- (3) Represents the outstanding balance of the Term Loan B-2 (defined below) under the Term Loan Credit Agreement, of which outstanding amounts of \$481 million and \$484 million were included in *term loan B-2—net* on the condensed consolidated balance sheets as of August 2, 2025 and February 1, 2025, respectively, and \$5.0 million was included in *other current liabilities* on the condensed consolidated balance sheets as of both August 2, 2025 and February 1, 2025.

#### **Asset Based Credit Facility**

On August 3, 2011, Restoration Hardware, Inc. (“RHI”), a wholly-owned subsidiary of RH, along with its Canadian subsidiary, Restoration Hardware Canada, Inc., entered into the Ninth Amended and Restated Credit Agreement (as amended prior to June 28, 2017, the “Original Credit Agreement”) by and among RHI, Restoration Hardware Canada, Inc., certain other subsidiaries of RH named therein as borrowers or guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent (the “ABL Agent”).

On June 28, 2017, RHI entered into the Eleventh Amended and Restated Credit Agreement (as amended prior to July 29, 2021, the “11<sup>th</sup> A&R Credit Agreement”) by and among RHI, Restoration Hardware Canada, Inc., certain other subsidiaries of RH named therein as borrowers or guarantors, the lenders party thereto and the ABL Agent, which amended and restated the Original Credit Agreement.

On July 29, 2021, RHI entered into the Twelfth Amended and Restated Credit Agreement (as amended, the “ABL Credit Agreement”) by and among RHI, Restoration Hardware Canada, Inc., certain other subsidiaries of RH named therein as borrowers or guarantors, the lenders party thereto and the ABL Agent, which amended and restated the 11<sup>th</sup> A&R Credit Agreement.

On July 31, 2025, RHI entered into an Amendment (the “Amendment”) to the Twelfth Amended and Restated Credit Agreement, (as amended prior to the Amendment, the “Existing ABL Credit Agreement” and as amended by the Amendment, the “ABL Credit Agreement”). The Amendment, among other things, amends the ABL Credit Agreement to extend the maturity date of the ABL Credit Agreement to be the earlier of (a) July 31, 2030 and (b) the date which is 91 days prior to the final stated maturity of the Term Loan Credit Agreement and any refinancing thereof. Under the ABL Credit Agreement, RHI has a revolving line of credit with initial availability of up to \$600 million, of which (i) \$10 million is available to the RH subsidiary, Restoration Hardware Canada, Inc., and (ii) \$100 million is available to the RH subsidiary, RH Geneva Sàrl. The ABL Credit Agreement includes a \$300 million accordion feature under which the revolving line of credit may be expanded by agreement of the parties from \$600 million to up to \$900 million if and to the extent the lenders revise their credit commitments to encompass a larger facility. The ABL Credit Agreement provides that the \$300 million accordion, or a portion thereof, may be added as a first-in, last-out term loan facility if and to the extent the lenders revise their credit commitments for such facility. The ABL Credit Agreement further provides that the borrowers may request a European sub-credit facility under the revolving line of credit or under the accordion feature for borrowing by certain European subsidiaries of RH Global Holdings, Inc. if certain conditions set out in the ABL Credit Agreement are met.

The availability of credit at any given time under the ABL Credit Agreement will be constrained by its terms and conditions, including the amount of collateral available, a borrowing base formula based upon numerous factors, including the value of eligible inventory and eligible accounts receivable, and other restrictions contained in the ABL Credit Agreement. All obligations under the ABL Credit Agreement are secured by substantial assets of the loan parties, including inventory, receivables and certain types of intellectual property. As a result, actual borrowing availability under the revolving line of credit could be less than the stated amount of the revolving line of credit (as reduced by the actual borrowings and outstanding letters of credit under the revolving line of credit).

Borrowings under the revolving line of credit (other than swing line loans, which are subject to interest at the base rate) bear interest, at the borrower’s option, at either the base rate or the Secured Overnight Financing Rate (“SOFR”), subject to a 0.00% SOFR floor (or, in the case of the Canadian borrowings, the “BA Rate” or the “Canadian Prime Rate”, as such terms are defined in the ABL Credit Agreement, for the Canadian borrowings denominated in Canadian dollars, or the “U.S. Index Rate”, as such term is defined in the ABL Credit Agreement, or SOFR for Canadian borrowings denominated in United States dollars) plus an applicable interest rate margin, in each case.

The ABL Credit Agreement contains various restrictive and affirmative covenants, including required financial reporting, limitations on granting certain liens, limitations on making certain loans or investments, limitations on incurring additional debt, restricted payment limitations limiting the payment of dividends and certain other transactions and distributions, limitations on transactions with affiliates, along with other restrictions and limitations similar to those frequently found in credit agreements of a similar type and size.

The ABL Credit Agreement does not contain any significant financial ratio covenants or coverage ratio covenants other than a consolidated fixed charge coverage ratio (“FCCR”) covenant based on the ratio of (i) consolidated EBITDA to the amount of (ii) debt service costs plus certain other amounts, including dividends and distributions and prepayments of debt as defined in the ABL Credit Agreement (the “FCCR Covenant”). The FCCR Covenant only applies in certain limited circumstances, including when the unused availability under the ABL Credit Agreement drops below the greater of (A) \$40 million and (B) an amount based on 10% of the total borrowing availability at the time. The FCCR Covenant ratio is set at 1.0 and measured on a trailing twelve-month basis. As of August 2, 2025, RHI was in compliance with the FCCR Covenant.

The ABL Credit Agreement requires a daily sweep of all cash receipts and collections to prepay the loans under the agreement while (i) an event of default exists or (ii) when the unused availability under the ABL Credit Agreement drops below the greater of (A) \$40 million and (B) an amount based on 10% of the total borrowing availability at the time.

The ABL Credit Agreement contains customary representations and warranties, events of default and other customary terms and conditions for an asset based credit facility.

As of August 2, 2025, RHI had \$135 million in outstanding borrowings and \$418 million of availability under the revolving line of credit, net of \$47 million in outstanding letters of credit. As a result of the FCCR Covenant that limits the last 10% of borrowing availability, actual incremental borrowing available to RHI and the other affiliated parties under the revolving line of credit would be \$358 million as of August 2, 2025.

### **Term Loan Credit Agreement**

On October 20, 2021, RHI entered into a Term Loan Credit Agreement (the “Term Loan Credit Agreement”) by and among RHI as the borrower, the lenders party thereto and Bank of America, N.A. as administrative agent and collateral agent (in such capacities, the “Term Agent”) with respect to an initial term loan (the “Term Loan B”) in an aggregate principal amount equal to \$2,000 million with a maturity date of October 20, 2028.

Through July 31, 2023, the Term Loan B bore interest at an annual rate based on LIBOR subject to a 0.50% LIBOR floor plus an interest rate margin of 2.50% (with a stepdown of the interest rate margin if RHI achieves a specified public corporate family rating). LIBOR is a floating interest rate that reset periodically during the life of the Term Loan B. At the date of borrowing, the interest rate was set at the LIBOR floor of 0.50% plus 2.50% and the Term Loan B was issued at a discount of 0.50% to face value. Effective August 1, 2023, the Term Loan B bears interest at an annual rate based on SOFR subject to a 0.50% SOFR floor plus an interest rate margin of 2.50% plus a credit spread adjustment.

On May 13, 2022, RHI entered into a 2022 Incremental Amendment (the “2022 Incremental Amendment”) with Bank of America, N.A., as administrative agent, amending the Term Loan Credit Agreement (the Term Loan Credit Agreement as amended by the 2022 Incremental Amendment, the “Amended Term Loan Credit Agreement”). Pursuant to the terms of the 2022 Incremental Amendment, RHI incurred incremental term loans (the “Term Loan B-2”) in an aggregate principal amount equal to \$500 million with a maturity date of October 20, 2028. The Term Loan B-2 constitutes a separate class from the Term Loan B under the Term Loan Credit Agreement.

The Term Loan B-2 bears interest at an annual rate based on SOFR subject to a 0.50% SOFR floor plus an interest rate margin of 3.25% plus a credit spread adjustment of 0.10%. Other than the terms relating to the Term Loan B-2, the terms of the Amended Term Loan Credit Agreement remain substantially the same as the terms of the existing Term Loan Credit Agreement, including representations and warranties, covenants and events of default.

All obligations under the Term Loan B are guaranteed by certain domestic subsidiaries of RHI. Further, RHI and such subsidiaries have granted a security interest in substantially all of their assets (subject to customary and other exceptions) to secure the Term Loan B. Substantially all of the collateral securing the Term Loan B also secures the loans and other credit extensions under the ABL Credit Agreement. On October 20, 2021, in connection with the Term Loan Credit Agreement, RHI and certain other subsidiaries of RH party to the Term Loan Credit Agreement and the ABL Credit Agreement, as the case may be, entered into an Intercreditor Agreement (the “Intercreditor Agreement”) with the Term Agent and the ABL Agent. The Intercreditor Agreement establishes various customary inter-lender terms, including, without limitation, with respect to priority of liens, permitted actions by each party, application of proceeds, exercise of remedies in case of default, releases of liens and certain limitations on the amendment of the ABL Credit Agreement and the Term Loan Credit Agreement without the consent of the other parties.

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The borrowings under the Term Loan Credit Agreement may be prepaid in whole or in part at any time, subject to a prepayment premium of 1.0% in connection with any repricing transaction within the six months following the closing date of the Term Loan Credit Agreement.

The Term Loan Credit Agreement contains various restrictive and affirmative covenants, including required financial reporting, limitations on granting certain liens, limitations on making certain loans or investments, limitations on incurring additional debt, restricted payment limitations limiting the payment of dividends and certain other transactions and distributions, limitations on transactions with affiliates, along with other restrictions and limitations similar to those frequently found in credit agreements of a similar type and size, but provides for unlimited exceptions in the case of incurring indebtedness, granting of liens and making investments, dividend payments, and payments of material junior indebtedness, subject to satisfying specified leverage ratio tests.

The Term Loan Credit Agreement does not contain a financial maintenance covenant.

The Term Loan Credit Agreement contains customary representations and warranties, events of default and other customary terms and conditions for a term loan credit agreement.

## NOTE 10—FAIR VALUE MEASUREMENTS

### Fair Value Measurements—Recurring

Amounts reported as cash and equivalents, receivables, and accounts payable and accrued expenses approximate fair value due to the short-term nature of activity within these accounts. The estimated fair value of the asset based credit facility approximates cost as the interest rate associated with the facility is variable and resets frequently (Level 2).

The estimated fair value and carrying value of the Term Loan Credit Agreement and the real estate loans were as follows:

	AUGUST 2, 2025		FEBRUARY 1, 2025	
	FAIR VALUE	PRINCIPAL CARRYING VALUE <sup>(1)</sup>	FAIR VALUE	PRINCIPAL CARRYING VALUE <sup>(1)</sup>
<i>(in thousands)</i>				
Term loan B	\$ 1,857,625	\$ 1,925,000	\$ 1,920,488	\$ 1,935,000
Term loan B-2	471,663	486,250	487,528	488,750
Real estate loans	17,394	17,668	17,118	17,838

(1) The principal carrying values of the Term Loan B and Term Loan B-2 represent the outstanding amount under each class and exclude discounts upon original issuance and third-party offering costs. The principal carrying value of the real estate loans represents the outstanding principal balance and exclude debt issuance costs.

The fair values of the Term Loan B and Term Loan B-2 were derived from observable bid prices (Level 1). The fair values of the real estate loans were derived from discounted cash flows using risk-adjusted rates (Level 2).

## NOTE 11—INCOME TAXES

Our income tax expense and effective tax rates were as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
<i>(dollars in thousands)</i>				
Income tax expense	\$ 19,032	\$ 3,717	\$ 22,159	\$ 1,626
Effective tax rate	26.9 %	11.4 %	27.1 %	6.0 %

The increase in our effective tax rates for the three and six months ended August 2, 2025 compared to the three and six months ended August 3, 2024 is primarily attributable to reporting higher net income in the current year and the impact of higher net excess tax benefits from stock-based compensation in fiscal 2024.

The Organization for Economic Cooperation and Development (“OECD”) proposed model rules to ensure a minimal level of taxation (commonly referred to as Pillar II) and the European Union member states have agreed to implement Pillar II’s proposed global corporate minimum tax rate of 15%. Many countries are actively considering, have proposed or have enacted, changes to their tax laws based upon the Pillar II proposals, which could increase our tax obligations in countries where we do business or cause us to change the way we operate our business. To mitigate the administrative burden for multinational enterprises in complying with the OECD Global Anti-Base Erosion rules during the initial years of implementation, the OECD developed the temporary “Transitional Country-by-Country Safe Harbor.” We considered the applicable tax law changes from Pillar II implementation in the relevant countries in which we operate, and there is no material impact to our tax provision for the three and six months ended August 2, 2025. We will continue to evaluate the impact of these tax law changes in future reporting periods.

On July 4, 2025, the United States enacted tax legislation through the H.R.1 Reconciliation Act, commonly referred to as the One Big Beautiful Bill Act (the “OBBBA”), which implemented several corporate tax law changes, including, but not limited to, (1) limitations on deductions for interest expense, (2) changes to the taxation of foreign activity and (3) reinstatement of one hundred percent bonus depreciation for eligible property. A number of other provisions of the OBBBA will not take effect until the 2026 tax year, including various changes to existing international tax provisions. We did not identify any material discrete tax impacts related to our beginning-of-the-year deferred tax assets and liabilities or valuation allowances due to the enactment of the OBBBA. We are currently assessing the impact the OBBBA may have on our financial condition, results of operations, cash flows and effective tax rate, and will continue to evaluate any potential impact as additional guidance becomes available.

## NOTE 12—NET INCOME PER SHARE

The weighted-average shares used for net income per share were as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
Weighted-average shares—basic	18,737,234	18,458,207	18,733,119	18,391,331
Effect of dilutive stock-based awards	1,000,097	1,305,180	1,092,163	1,360,103
Effect of dilutive convertible senior notes	—	198,223	—	198,223
Weighted-average shares—diluted	19,737,331	19,961,610	19,825,282	19,949,657

The following number of options and restricted stock units were excluded from the calculation of diluted net income per share because their inclusion would have been anti-dilutive:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
Options	2,224,003	1,947,762	2,085,890	1,776,005
Restricted stock units	9,470	11,890	9,051	12,268

## NOTE 13—STOCK-BASED COMPENSATION

The Restoration Hardware 2012 Stock Incentive Plan (the “Stock Incentive Plan”) was adopted on November 1, 2012. The Stock Incentive Plan provided for the grant of incentive stock options to our employees, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights, cash-based awards and any combination thereof to our employees, directors and consultants and our parent and subsidiary corporations’ employees, directors and consultants. The Restoration Hardware 2012 Stock Option Plan (the “Option Plan”) was adopted on November 1, 2012. On November 1, 2022, both the Stock Incentive Plan and Option Plan expired.

The RH 2023 Stock Incentive Plan (the “2023 Stock Incentive Plan”, together with the Stock Incentive Plan and Option Plan, “the Plans”) was approved by stockholders on April 4, 2023. The 2023 Stock Incentive Plan provides for the grant of incentive stock options to our employees and the grant of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent rights and any combination thereof to our employees, directors and consultants and our parent and subsidiary corporations’ employees, directors and consultants.

As of August 2, 2025, there were a total of 1,909,819 shares issuable under the 2023 Stock Incentive Plan. Awards under the 2023 Stock Incentive Plan reduce the number of shares available for future issuance. Cancellations and forfeitures of awards previously granted under the Plans increase the number of shares available for future issuance. Shares issued as a result of award exercises under the 2023 Stock Incentive Plan will be funded with the issuance of new shares.

### Equity Awards Under the Plans

Options outstanding, vested or expected to vest, and exercisable as of August 2, 2025 were as follows:

	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING TERM (in years)	AGGREGATE INTRINSIC VALUE (in thousands)
Options outstanding	3,941,132	\$ 209.21	5.1	\$ 223,945
Options vested or expected to vest	3,642,368	205.45	4.8	220,856
Options exercisable	2,506,892	184.13	3.5	203,416

Stock-based compensation expense, which is included in *selling, general and administrative expenses* on the condensed consolidated statements of income, was as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)			
Stock-based compensation expense <sup>(1)</sup>	\$ 11,633	\$ 11,529	\$ 24,007	\$ 22,073

- (1) On October 18, 2020, our Board of Directors granted Mr. Friedman an option to purchase 700,000 shares of our common stock with an exercise price equal to \$385.30 per share under the Stock Incentive Plan. The option resulted in aggregate non-cash stock compensation expense of \$174 million, of which \$0.9 million and \$2.8 million was recognized during the six months ended August 2, 2025 and August 3, 2024, respectively. Compensation expense for this award was fully recognized as of the first quarter of fiscal 2025.

No stock-based compensation cost has been capitalized in the accompanying condensed consolidated financial statements.

As of August 2, 2025, the total unrecognized compensation expense and weighted average remaining term of equity awards were as follows:

	UNRECOGNIZED STOCK BASED COMPENSATION (in thousands)	WEIGHTED-AVERAGE REMAINING TERM (in years)
Unvested options	\$ 147,806	4.8
Unvested restricted stock and restricted stock units	9,287	2.1
Total	\$ 157,093	



## NOTE 14—COMMITMENTS AND CONTINGENCIES

### Commitments

We had no material off-balance sheet commitments as of August 2, 2025.

### Contingencies

We are subject to contingencies, including in connection with lawsuits, claims, investigations and other legal proceedings incident to the ordinary course of our business. These disputes are increasing in number as we expand our business and provide new product and service offerings, such as restaurants and hospitality, and as we enter new markets and legal jurisdictions and face increased complexity related to compliance and regulatory requirements. In addition, we are subject to governmental and regulatory examinations, information requests, and investigations from time to time at the state and federal levels.

We currently face legal proceedings that involve complex litigation, including class action cases, matters related to our employment practices, the application of state wage and hour laws, product liability and other causes of action. We have faced similar litigation in the past. Due to the inherent difficulty of predicting the course of complex legal actions, including class-action allegations, such as the eventual scope, duration or outcome, we may be unable to estimate the amount or range of any potential loss that could result from an unfavorable outcome arising from such matters. Our assessment of these legal proceedings, as well as other lawsuits, could change based upon the discovery of facts that are not presently known or developments during the course of the litigation. We have settled certain class action and other cases but continue to defend a variety of legal actions and our estimates of our exposure in such cases may evolve over time. Accordingly, the ultimate costs to resolve litigation, including class action cases, may be substantially higher or lower than our estimates.

With respect to such contingencies, we review the need for any loss contingency reserves and establish reserves when, in the opinion of our senior leadership team, it is probable that a matter would result in liability, and the amount of loss, if any, can be reasonably estimated. Loss contingencies determined to be probable and estimable are recorded in *accounts payable and accrued expenses* on the condensed consolidated balance sheets (refer to Note 7—*Accounts Payable, Accrued Expenses and Other Current Liabilities*). These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to each matter. In view of the inherent difficulty of predicting the outcome of certain matters, particularly in cases in which claimants seek substantial or indeterminate damages, it may not be possible to determine whether a liability has been incurred or to reasonably estimate the ultimate or minimum amount of that liability until the case is close to resolution, in which case no reserve is established until that time. When and to the extent that we do establish a reserve, there can be no assurance that any such recorded liability for estimated losses will be for the appropriate amount, and actual losses could be higher or lower than what we accrue from time to time. Although we believe that the ultimate resolution of our current legal proceedings will not have a material adverse effect on the condensed consolidated financial statements, the outcome of legal matters is subject to inherent uncertainty.

Although we are self-insured or maintain deductibles in the United States for workers' compensation, general liability and product liability up to predetermined amounts, above which third-party insurance applies, depending on the facts and circumstances of the underlying claims, coverage under these or other of our insurance policies may not be available. We may elect not to renew certain insurance coverage or renewal of coverage may not be available or may be prohibitively expensive. Even if we believe coverage does apply under our insurance programs, our insurance carriers may dispute coverage based on the underlying facts and circumstances.

The outcome of any contingencies, including lawsuits, claims, investigations and other legal proceedings, could result in unexpected expenses and liability that could adversely affect our operations. In addition, any legal proceedings in which we are involved or claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of our senior leadership team's time, result in the diversion of significant operational resources, and require changes to our business operations, policies and practices. Legal costs related to such matters are expensed as incurred.

## NOTE 15—SEGMENT REPORTING

We define reportable and operating segments on the same basis that we use to evaluate our performance internally by the chief operating decision maker (“CODM”), which we have determined is our Chief Executive Officer. We have three operating segments: RH Segment, Waterworks and Real Estate. The RH Segment and Waterworks operating segments (the “retail operating segments”) include all sales channels accessed by our customers, including sales through retail locations and outlets, including hospitality, websites, Sourcebooks, and the Trade and Contract channels. The Real Estate segment represents operations associated with certain of our equity method investments and consolidated VIEs that have operations, which are not directly related to the activities of the retail operating segments.

The retail operating segments are strategic business units that offer products for the home furnishings customer. While RH Segment and Waterworks have a shared senior leadership team and customer base, we have determined that their results cannot be aggregated as they do not share similar economic characteristics, as well as due to other quantitative factors.

### Segment Information

The CODM uses segment adjusted operating income to evaluate segment profitability for the retail operating segments and to allocate resources and analyze variances of actual performance to our forecasts when making decisions. Operating income is defined as net income before interest expense—net, other (income) expense—net, income tax expense and our share of equity method investments (income) loss —net. Segment adjusted operating income excludes (i) certain asset impairments, (ii) product recall, (iii) severance costs associated with a reorganization, (iv) non-cash compensation amortization related to an option grant made to Mr. Friedman in October 2020 and (v) legal settlements. These items are excluded from segment adjusted operating income in order to provide better transparency of segment operating results. Accordingly, these items are not presented by segment because they are excluded from the segment profitability measure that the CODM and our senior leadership team review.

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Segment net revenues, which represent our disaggregated net revenues in accordance with Accounting Standards Codification 606, significant segment expenses and segment adjusted operating income, by reportable segment, were as follows:

	THREE MONTHS ENDED						SIX MONTHS ENDED					
	AUGUST 2, 2025			AUGUST 3, 2024			AUGUST 2, 2025			AUGUST 3, 2024		
	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>
	<i>(in thousands)</i>											
Net revenues	\$ 846,717	\$ 52,434	\$ 899,151	\$ 780,925	\$ 48,730	\$ 829,655	\$ 1,611,715	\$ 101,388	\$ 1,713,103	\$ 1,457,991	\$ 98,624	\$ 1,556,615
Cost of goods sold	465,811	24,081	489,892	432,301	22,597	454,898	901,015	47,496	948,511	819,559	46,261	865,820
Advertising expense	14,365	1,003	15,368	43,397	945	44,342	63,088	1,658	64,746	77,730	1,712	79,442
Other segment expenses <sup>(2)</sup>	237,791	20,481	258,272	214,700	18,727	233,427	467,407	40,058	507,465	428,744	38,386	467,130
Segment adjusted operating income <sup>(1)</sup>	128,750	6,869	135,619	90,527	6,461	96,988	180,205	12,176	192,381	131,958	12,265	144,223
Asset impairments			3,597			—			3,597			—
Product recall			1,913			—			1,913			—
Reorganization related costs			1,233			—			1,233			—
Non-cash compensation			—			861			851			2,808
Legal settlements—net			—			—			—			(9,375)
Operating income			128,876			96,127			184,787			150,790
Interest expense—net			57,358			59,262			113,961			116,034
Other (income) expense—net			(574)			(663)			(4,227)			502
Income before taxes and equity method investments			\$ 72,092			\$ 37,528			\$ 75,053			\$ 34,254

(1) All intercompany transactions are immaterial and have been eliminated.

(2) Other segment expenses primarily include compensation and occupancy costs classified as selling, general and administrative expenses, and other general and administrative expenses.

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In the three months ended August 2, 2025 and August 3, 2024, the Real Estate segment share of equity method investments loss, which is the measure of segment profitability reviewed by the CODM to evaluate performance internally for the Real Estate segment, was \$1.7 million and \$3.9 million, respectively. In the six months ended August 2, 2025 and August 3, 2024, the Real Estate segment share of equity method investment operations was income of \$6.5 million and loss of \$6.7 million, respectively. The share of loss from equity method investments for the Waterworks segment was immaterial in all fiscal periods presented.

Depreciation and amortization for our segments was as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)			
RH Segment	\$ 32,879	\$ 30,618	\$ 66,740	\$ 60,001
Waterworks	1,750	1,639	3,125	3,083
Real Estate <sup>(1)</sup>	—	—	—	—
Total depreciation and amortization	\$ 34,629	\$ 32,257	\$ 69,865	\$ 63,084

(1) There is no depreciation and amortization for the Real Estate segment since all assets represent construction in progress.

Balance sheet information for our segments consisted of the following:

	AUGUST 2, 2025				FEBRUARY 1, 2025			
	RH SEGMENT	WATERWORKS	REAL ESTATE	TOTAL	RH SEGMENT	WATERWORKS	REAL ESTATE	TOTAL
	(in thousands)							
Goodwill <sup>(1)</sup>	\$ 143,774	\$ —	\$ —	\$ 143,774	\$ 140,943	\$ —	\$ —	\$ 140,943
Tradenames, trademarks and other intangible assets <sup>(2)</sup>	62,656	17,000	—	79,656	59,118	17,000	—	76,118
Equity method investments <sup>(3)</sup>	—	3,995	117,604	121,599	—	3,276	123,633	126,909
Total assets	4,379,846	162,800	154,375	4,697,021	4,228,829	165,442	160,418	4,554,689

(1) The Waterworks reporting unit goodwill of \$51 million recognized upon acquisition in fiscal 2016 was fully impaired as of fiscal 2018.

(2) The Waterworks reporting unit tradename is presented net of an impairment charge of \$35 million recognized in prior fiscal years.

(3) The Waterworks segment balance represents membership interests in two European entities, one entity in which we hold a 50 percent membership interest and another entity in which we increased our membership interest from approximately 25 percent as of February 1, 2025 to approximately 28 percent as of August 2, 2025. We are not the primary beneficiary of either of these VIEs.

We are domiciled in the United States and primarily operate our retail locations and outlets in the United States. As of August 2, 2025, we operated the following number of retail locations and outlets outside the United States:

	COUNT
Canada	5
United Kingdom	3
Germany	2
Belgium	1
Spain	1
Total <sup>(1)</sup>	12

(1) Geographic revenues generated outside of the United States did not exceed 10% of total consolidated net revenues in either fiscal period presented.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and the results of our operations should be read together with the condensed consolidated financial statements and the related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and the related notes included in our 2024 Form 10-K.*

Management's discussion and analysis of financial condition and results of operations ("MD&A") contains forward-looking statements that are subject to risks and uncertainties. Refer to "Special Note Regarding Forward-Looking Statements and Market Data" below and *Item 1A—Risk Factors* in our 2024 Form 10-K for a discussion of the risks, uncertainties and assumptions associated with these statements. MD&A should be read in conjunction with our historical consolidated financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, but not limited to, those listed in our 2024 Form 10-K.

The discussion of our financial condition and changes in our results of operations, liquidity and capital resources is presented in this section for the three and six months ended August 2, 2025, and a comparison to the three and six months ended August 3, 2024. The discussion related to cash flows for the six months ended August 3, 2024, has been omitted from this Quarterly Report on Form 10-Q, but is included in *Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations* on our Form 10-Q for the quarter ended August 3, 2024, filed with the Securities and Exchange Commission ("SEC") on September 12, 2024.

MD&A is a supplement to the condensed consolidated financial statements within Part I of this Quarterly Report on Form 10-Q and is provided to enhance an understanding of our results of operations and financial condition. Our MD&A is organized as follows:

*Overview.* This section provides a general description of our business, including our key value-driving strategies and an overview of certain known trends and uncertainties.

*Basis of Presentation and Results of Operations.* This section provides the condensed consolidated statements of income and other financial and operating data, including a comparison of our results of operations in the current period as compared to the prior year's comparative period, as well as non-GAAP measures we use for financial and operational decision-making and as a means to evaluate period-to-period comparisons.

*Liquidity and Capital Resources.* This section provides an overview of our sources and uses of cash and our financing arrangements, including our credit facilities and debt arrangements, in addition to the cash requirements for our business, such as our capital expenditures.

*Critical Accounting Policies and Estimates.* This section provides the accounting policies and estimates that involve a higher degree of judgment or complexity and are most significant to reporting our consolidated results of operations and financial position, including the significant estimates and judgments used in the preparation of the condensed consolidated financial statements.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

This quarterly report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "short-term," "non-recurring," "one-time," "unusual," "should," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Forward-looking statements are subject to risk and uncertainties that may cause actual results to differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our actual results. Matters that we identify as “short term,” “non-recurring,” “unusual,” “one-time” or other words and terms of similar meaning may, in fact, not be short term and may recur in one or more future financial reporting periods. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under the section entitled *Risk Factors* in our 2024 Form 10-K and *Management’s Discussion and Analysis of Financial Condition and Results of Operations* in Part I of this quarterly report, in our Quarterly Report on Form 10-Q for the quarterly period ended May 3, 2025 and in our 2024 Form 10-K. All forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements, as well as other cautionary statements. You should evaluate all forward-looking statements made in this quarterly report in the context of these risks and uncertainties.

We cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect, or that future developments affecting us will be those that we have anticipated. The forward-looking statements included in this quarterly report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

## Overview

We are a leading retailer and luxury lifestyle brand operating primarily in the home furnishings market. Our curated and fully integrated assortments are presented consistently across our sales channels, including our retail locations, websites and Sourcebooks. We offer merchandise assortments across a number of categories, including furniture, lighting, textiles, bathware, décor, outdoor and garden, and baby, child and teen furnishings. Our retail business is fully integrated across our multiple channels of distribution. We position our Galleries as showrooms for our brand, while our websites and Sourcebooks act as virtual and print extensions of our physical spaces, respectively. We operate our retail locations throughout the United States and Canada as well as in the United Kingdom, Germany, Belgium and Spain and have an integrated RH Hospitality experience in 23 of our Design Gallery locations, which includes restaurants and wine bars.

We have recently undertaken efforts to introduce the most prolific collection of new products in our history, with a substantial number of new furniture and upholstery collections across RH Interiors, RH Modern, RH Outdoor, RH Baby & Child and RH TEEN. These new collections reflect a level of design and quality inaccessible in our current market and a value proposition that we believe will be disruptive across multiple markets.

As of August 2, 2025, we operated the following number of locations:

	COUNT
RH	
North America	
Design Galleries	35
Legacy Galleries	27
Outdoor Galleries	2
Modern Gallery	1
Baby & Child and TEEN Gallery	1
Interior Design Office	1
Total RH retail locations—North America	67
Europe Design Galleries	5
Total RH retail locations	72
Outlets	43
Guesthouse	1
Waterworks Showrooms	14

#### *Business Conditions*

In recent years, our business has been negatively affected and limited by macroeconomic conditions, including high interest rates and mortgage rates, volatility in the global financial markets and the slowdown in the luxury home market, as well as other negative factors related to the effects of lingering higher inflation and increased costs, including higher construction expenses.

Since the majority of our product assortment is imported from vendors outside the U.S., we also face uncertainty and risks related to tariffs and other trade policies, which may increase the costs of securing products from our vendors. Tariffs and other non-tariff trade practices and policies may adversely affect our business in other ways beyond increased costs for our products. We have taken steps to move our supply chain away from countries with higher tariff rates in favor of other jurisdictions, but these countermeasures may prove to be ineffective and the ability to predict tariff rates in different countries may be difficult as policies may change on short notice. Uncertainty about trade policy, tariff rates, and other changes in practices affecting international trade might have an adverse effect on our business and results of operation and we may face challenges in implementing the optimal responses to changing trade conditions.

In addition, there is meaningful uncertainty related to the confluence of different macroeconomic factors that could influence business conditions in the U.S. While our expectation is that these different factors will moderate in the future, the timing and precise outlook for these improvements is uncertain. We also believe we have positioned the business to take advantage of any favorable progression in macroeconomic conditions.

Our decisions regarding the sources and uses of capital will continue to reflect and adapt to changes in market conditions and our business, including further developments with respect to macroeconomic factors.

### *Strategic Initiatives*

We are in the process of implementing a number of significant business initiatives that have had, and will continue to have, an impact on our results of operations. As a result, we have experienced in the past, and may experience in the future, significant period-to-period variability in our financial performance and results of operations. While we anticipate that these initiatives will support the growth of our business, costs and timing issues associated with pursuing these initiatives can negatively affect our growth rates in the short term and may amplify fluctuations in our growth rates from quarter to quarter. Delays in the rate of opening new Galleries and pursuit of our international expansion have resulted in delays in the corresponding increase in net revenues that we ordinarily experience as new Design Galleries are introduced. In addition, we anticipate that our net revenues, adjusted net income and other performance metrics will remain variable as our business model continues to emphasize high growth and numerous, concurrent and evolving business initiatives.

For more information, refer to the sections entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Risk Factors* in our 2024 Form 10-K.

### *Key Value-Driving Strategies*

In order to achieve our long-term strategies of product transformation, platform expansion and cash generation as well as drive growth across our business, we are focused on the following key strategies and business initiatives:

*Product Elevation.* We believe we have built the most comprehensive and compelling collection of luxury home furnishings under one brand in the world. Our products are presented across multiple collections, categories and channels that we control, and we believe their desirability and exclusivity have enabled us to achieve strong revenues and margins. Our customers know our brand concepts as RH Interiors, RH Modern, RH Outdoor, RH Beach House, RH Ski House, RH Baby & Child, RH TEEN and Waterworks. Our strategy is to continue to elevate the design and quality of our product. Beginning with the mailing of our RH Interiors Sourcebook in the fall of 2023 and with additional Sourcebook mailings throughout 2024 and in the beginning of 2025, we have introduced the most prolific collection of new products in our history. In addition, over the next few years, we plan to introduce RH Couture, RH Bespoke and RH Color.

*Gallery Transformation.* Our products are elevated and rendered more valuable by our architecturally inspiring Galleries. We believe our strategy to open new Design Galleries in every major market in North America will unlock the value of our vast assortment, generating an expected annual revenue opportunity for our business of \$5 to \$6 billion. We believe we can significantly increase our sales by transforming our real estate platform from our existing legacy retail footprint to a portfolio of Design Galleries sized to the potential of each market and the size of our assortment. In addition, we plan to incorporate hospitality into many of the new Design Galleries that we open in the future, which further elevates and renders our product and brand more valuable. We believe hospitality has created a unique new retail experience that cannot be replicated online and that the addition of hospitality drives incremental sales of home furnishings in these Galleries.

*Brand Elevation.* Our strategy is to move the brand beyond curating and selling product to conceptualizing and selling spaces by building an ecosystem of Products, Places, Services and Spaces that establishes the RH brand as a global thought leader, taste and place maker. We believe our seamlessly integrated ecosystem of immersive experiences inspires customers to dream, design, dine, travel and live in a world thoughtfully curated by RH, creating an impression and connection unlike any other brand in the world. Our hospitality efforts will continue to elevate the RH brand as we extend beyond the four walls of our Galleries into RH Guesthouses, where our goal is to create a new market for travelers seeking privacy and luxury in the \$200 billion North American hotel industry. We entered this industry with the opening of the RH Guesthouse New York in September 2022 and are in the process of constructing our second RH Guesthouse in Aspen. In June 2023, we opened RH England, The Gallery at the Historic Aynho Park, a 400-year-old landmark estate representing the most inspiring and immersive physical expression of the brand to date. RH England marked the beginning of our global expansion beyond North America. Additionally, we offer bespoke experiences like RH Yountville, an integration of Food, Wine, Art & Design in the Napa Valley; RH One & RH Two, our private jets; and RH Three, our luxury yacht that is available for charter in the Caribbean and Mediterranean, where the wealthy and affluent visit and vacation. These immersive experiences expose both new and existing customers to our evolving authority in architecture, interior design and landscape architecture.



*Global Expansion.* We believe that our luxury brand positioning and unique aesthetic have strong international appeal and that pursuit of global expansion will provide RH with a substantial opportunity to build over time a projected \$20 to \$25 billion global brand in terms of annual revenues. Our view is that the competitive environment globally is more fragmented and primed for disruption than the North American market, and there is no direct competitor of scale that possesses the product, operational platform and brand strength of RH. As such, we are actively pursuing the expansion of the RH brand globally, which began with the opening of RH England, RH Munich and RH Düsseldorf in 2023, followed by the opening of RH Brussels and RH Madrid in 2024. In September 2025, we opened RH Paris, The Gallery on the Champs Élysées, located just off the Avenue Montaigne, which stands at the global epicenter of fashion and luxury. The Gallery, spanning seven levels connected by a soaring atrium of floating cast medallion stairs, features a freestanding RH Interior Design Studio opposite the spectacular six-meter cast medallion bronze doors marking the entrance, and two restaurants. At Le Jardin RH, located on the second-floor terrace, dine under a spectacular curved glass and steel structure inspired by the Grand Palais. At Le Petit RH, dine in a jewel box of champagne lacquered walls with a sparkling ceiling of over 7,000 handblown glass polyhedrons, or atop one of the most spectacular garden rooftops in all of Paris with views of the Eiffel Tower, Grand Palais and the Louvre. We believe the opening of RH Paris marks a major step forward in the European expansion of our business. We are also under construction in London and Milan in inspiring spaces that will celebrate the heritage of the historic structures and will integrate full expressions of our hospitality experiences. In addition, we plan to open RH Sydney, The Gallery in Double Bay, in Australia in the coming years.

*Digital Reimagination.* Our strategy is to digitally reimagine the RH brand and business model both internally and externally. Internally, our multiyear effort began with the reimagination of our Center of Innovation to incorporate digitally integrated visuals and decision data designed to amplify the creative process from product ideation to product presentation. Externally, our strategy comes to life digitally through The World of RH, an online portal where customers can explore and be inspired by the depth and dimension of our brand. We expect to continue to elevate the customer experience on The World of RH with further enhancements to content, navigation and search functionality. We believe an opportunity exists to create similar strategic separation online as we have with our Galleries offline, reconceptualizing what a website can and should be. We are making meaningful investments to elevate and differentiate our online experience with plans to upgrade our website throughout 2025.

## Basis of Presentation and Results of Operations

The following table sets forth the condensed consolidated statements of income:

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	AUGUST 2, 2025	% OF NET REVENUES	AUGUST 3, 2024	% OF NET REVENUES	AUGUST 2, 2025	% OF NET REVENUES	AUGUST 3, 2024	% OF NET REVENUES
	<i>(dollars in thousands)</i>							
Net revenues	\$ 899,151	100.0 %	\$ 829,655	100.0 %	\$ 1,713,103	100.0 %	\$ 1,556,615	100.0 %
Cost of goods sold	489,892	54.5	454,898	54.8	948,511	55.4	865,820	55.6
Gross profit	409,259	45.5	374,757	45.2	764,592	44.6	690,795	44.4
Selling, general and administrative expenses	280,383	31.2	278,630	33.6	579,805	33.8	540,005	34.7
Operating income	128,876	14.3	96,127	11.6	184,787	10.8	150,790	9.7
Other expenses								
Interest expense—net	57,358	6.4	59,262	7.2	113,961	6.6	116,034	7.5
Other (income) expense—net	(574)	(0.1)	(663)	(0.1)	(4,227)	(0.2)	502	—
Total other expenses	56,784	6.3	58,599	7.1	109,734	6.4	116,536	7.5
Income before taxes and equity method investments	72,092	8.0	37,528	4.5	75,053	4.4	34,254	2.2
Income tax expense	19,032	2.1	3,717	0.4	22,159	1.3	1,626	0.1
Income before equity method investments	53,060	5.9	33,811	4.1	52,894	3.1	32,628	2.1
Share of equity method investments (income) loss—net	1,352	0.1	4,859	0.6	(6,853)	(0.4)	7,301	0.5
Net income	\$ 51,708	5.8 %	\$ 28,952	3.5 %	\$ 59,747	3.5 %	\$ 25,327	1.6 %

## How We Assess the Performance of Our Business

### Demand

Demand is an operating metric that we use in reference to the dollar value of orders placed (orders convert to net revenue upon a customer obtaining control of the merchandise) and excludes exchanges, shipping fees and cancellations. Demand represents the demand generated from all of our businesses including RH Interiors, RH Modern, RH Contemporary, RH Outdoor, RH Baby & Child, RH TEEN, RH Contract, Membership, Dmitriy & Co, Joseph Jeup and Waterworks, as well as sales from RH Hospitality and RH Outlet.

### Non-GAAP Financial Measures

To supplement the condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP financial measures, including adjusted operating income, adjusted net income, EBITDA, adjusted EBITDA, and adjusted capital expenditures (collectively, “non-GAAP financial measures”). We compute these measures by adjusting the applicable GAAP measures to remove the impact of certain recurring and non-recurring charges and gains and the tax effect of these adjustments. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that they provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by senior leadership in its financial and operational decision-making. The non-GAAP financial measures used by us in this Quarterly Report on Form 10-Q may be different from the non-GAAP financial measures, including similarly titled measures, used by other companies.

For more information on the non-GAAP financial measures, please see the reconciliation of GAAP to non-GAAP financial measures tables outlined below. These accompanying tables include details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

*Adjusted Operating Income.* Adjusted operating income is a supplemental measure of financial performance that is not required by, or presented in accordance with, GAAP. We define adjusted operating income as consolidated operating income, adjusted for the impact of certain non-recurring and other items that we do not consider representative of our underlying operating performance.

#### Reconciliation of GAAP Net Income to Operating Income and Adjusted Operating Income

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	<i>(in thousands)</i>			
Net income	\$ 51,708	\$ 28,952	\$ 59,747	\$ 25,327
Interest expense—net <sup>(1)</sup>	57,358	59,262	113,961	116,034
Other (income) expense—net <sup>(1)</sup>	(574)	(663)	(4,227)	502
Income tax expense <sup>(1)</sup>	19,032	3,717	22,159	1,626
Share of equity method investments (income) loss—net <sup>(1)</sup>	1,352	4,859	(6,853)	7,301
Operating income	128,876	96,127	184,787	150,790
Asset impairments <sup>(2)</sup>	3,597	—	3,597	—
Product recall <sup>(3)</sup>	1,913	—	1,913	—
Reorganization related costs <sup>(4)</sup>	1,233	—	1,233	—
Non-cash compensation <sup>(5)</sup>	—	861	851	2,808
Legal settlements—net <sup>(6)</sup>	—	—	—	(9,375)
Adjusted operating income	\$ 135,619	\$ 96,988	\$ 192,381	\$ 144,223

(1) Refer to discussion “Three Months Ended August 2, 2025 Compared to Three Months Ended August 3, 2024” and “Six Months Ended August 2, 2025 Compared to Six Months Ended August 3, 2024” below for a discussion of our results of operations for the three and six months ended August 2, 2025 and August 3, 2024.

(2) Represents inventory impairment of \$2.6 million and property and equipment impairment of \$1.0 million, primarily related to Galleries under construction.

(3) Represents costs and inventory charges associated with a product recall initiated in the second quarter of fiscal 2025.

(4) Represents severance costs and related payroll taxes associated with a reorganization.

(5) Represents the amortization of the non-cash compensation charge related to an option grant made to Mr. Friedman in October 2020.

(6) Represents favorable legal settlements received of \$10 million, partially offset by costs incurred in connection with one of the matters.

**Adjusted Net Income.** Adjusted net income is a supplemental measure of financial performance that is not required by, or presented in accordance with, GAAP. We define adjusted net income as consolidated net income, adjusted for the impact of certain non-recurring and other items that we do not consider representative of our underlying operating performance.

#### Reconciliation of GAAP Net Income to Adjusted Net Income

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)			
Net income	\$ 51,708	\$ 28,952	\$ 59,747	\$ 25,327
Adjustments pre-tax:				
Asset impairments <sup>(1)</sup>	3,597	—	3,597	—
Product recall <sup>(1)</sup>	1,913	—	1,913	—
Reorganization related costs <sup>(1)</sup>	1,233	—	1,233	—
Non-cash compensation <sup>(1)</sup>	—	861	851	2,808
Legal settlements—net <sup>(1)</sup>	—	—	—	(9,375)
Subtotal adjusted items	6,743	861	7,594	(6,567)
Impact of income tax items <sup>(2)</sup>	(1,991)	(1,204)	(84)	76
Share of equity method investments (income) loss—net <sup>(1)</sup>	1,352	4,859	(6,853)	7,301
Adjusted net income	\$ 57,812	\$ 33,468	\$ 60,404	\$ 26,137

- (1) Refer to table titled “Reconciliation of GAAP Net Income to Operating Income and Adjusted Operating Income” and the related footnotes for additional information.
- (2) We exclude the GAAP tax provision and apply a non-GAAP tax provision based upon (i) adjusted pre-tax net income, (ii) the projected annual adjusted tax rate and (iii) the exclusion of material discrete tax items that are unusual or infrequent. The adjustments for the three months ended August 2, 2025 and August 3, 2024 are based on adjusted tax rates of 26.7% and 12.8%, respectively. The adjustments for the six months ended August 2, 2025 and August 3, 2024 are based on adjusted tax rates of 26.9% and 5.6%, respectively.

**EBITDA and Adjusted EBITDA.** EBITDA and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as consolidated net income before depreciation and amortization, interest expense—net and income tax expense. Adjusted EBITDA reflects further adjustments to EBITDA to eliminate the impact of non-cash compensation, as well as certain non-recurring and other items that we do not consider representative of our underlying operating performance.

#### Reconciliation of GAAP Net Income to EBITDA and Adjusted EBITDA

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)			
Net income	\$ 51,708	\$ 28,952	\$ 59,747	\$ 25,327
Depreciation and amortization	34,629	32,257	69,865	63,084
Interest expense—net	57,358	59,262	113,961	116,034
Income tax expense	19,032	3,717	22,159	1,626
EBITDA	162,727	124,188	265,732	206,071
Non-cash compensation <sup>(1)</sup>	11,633	11,529	24,007	22,073
Capitalized cloud computing amortization <sup>(2)</sup>	3,240	2,694	6,156	5,165
Asset impairments <sup>(3)</sup>	3,597	—	3,597	—
Product recall <sup>(3)</sup>	1,913	—	1,913	—
Reorganization related costs <sup>(3)</sup>	1,233	—	1,233	—
Share of equity method investments (income) loss—net <sup>(3)</sup>	1,352	4,859	(6,853)	7,301
Other (income) expense—net <sup>(3)</sup>	(574)	(663)	(4,227)	502
Legal settlements—net <sup>(3)</sup>	—	—	—	(9,375)
Adjusted EBITDA	\$ 185,121	\$ 142,607	\$ 291,558	\$ 231,737

- (1) Represents non-cash compensation related to equity awards granted to employees, including the amortization of the non-cash compensation charge related to an option grant made to Mr. Friedman in October 2020.
- (2) Represents amortization associated with capitalized cloud computing costs.
- (3) Refer to table titled “Reconciliation of GAAP Net Income to Operating Income and Adjusted Operating Income” and the related footnotes for additional information.

**Adjusted Capital Expenditures.** We define adjusted capital expenditures as capital expenditures from investing activities and cash outflows of capital related to construction activities to design and build landlord-owned leased assets, net of tenant allowances received.

#### Reconciliation of Adjusted Capital Expenditures

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Capital expenditures	\$ 109,565	\$ 115,340
Landlord assets under construction—net of tenant allowances	46,486	17,461
Adjusted capital expenditures	\$ 156,051	\$ 132,801

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In addition, we also received landlord tenant allowances under finance leases subsequent to lease commencement of \$6.2 million in the six months ended August 2, 2025, which are reflected as a reduction to *principal payments under finance leases—net of tenant allowances* within financing activities on the condensed consolidated statements of cash flows. We did not receive any such tenant allowances in the six months ended August 3, 2024.

## Retail Metrics

Our retail location square footage metrics and activity were as follows:

	SIX MONTHS ENDED			
	AUGUST 2, 2025		AUGUST 3, 2024	
	COUNT	TOTAL SELLING SQUARE FOOTAGE <sup>(1)</sup>	COUNT	TOTAL SELLING SQUARE FOOTAGE <sup>(1)</sup>
	<i>(square footage in thousands)</i>			
Beginning of period	83	1,527	84	1,378
RH Design Galleries				
Oklahoma City	1	31.1	—	—
Montreal	1	31.1	—	—
Cleveland	—	—	1	33.1
Palo Alto	—	—	1	32.5
Brussels	—	—	1	27.7
Madrid	—	—	1	8.3
RH Legacy Galleries				
Cleveland	—	—	(1)	(7.1)
Palo Alto	—	—	(1)	(6.1)
RH Outdoor Galleries				
Greenwich	1	4.2	—	—
East Hampton	1	2.6	—	—
RH Baby & Child and TEEN Gallery				
Greenwich	(1)	(4.2)	—	—
Waterworks Showroom				
Dallas (remodel)	—	2.4	—	—
End of period	86	1,594	86	1,466
Total square footage at end of period <sup>(2)</sup>		2,181		2,020

(1) Represents retail space at our retail locations used to sell our products, as well as space for our restaurants and wine bars. Excludes backrooms at retail locations used for storage, office space, food preparation, kitchen space or similar purpose, as well as exterior sales space located outside a retail location, such as courtyards, gardens and rooftops.

Includes approximately 89,000 square feet related to three owned retail locations as of both August 2, 2025 and August 3, 2024.

(2) Includes approximately 142,000 square feet related to three owned retail locations as of both August 2, 2025 and August 3, 2024.

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Weighted-average square footage and selling square footage are calculated based on the number of days a retail location was opened during the period divided by the total number of days in the period, and were as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)			
Weighted-average square footage	2,123	2,003	2,111	1,969
Weighted-average selling square footage	1,548	1,455	1,538	1,429

### Three Months Ended August 2, 2025 Compared to Three Months Ended August 3, 2024

	THREE MONTHS ENDED					
	AUGUST 2, 2025			AUGUST 3, 2024		
	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>
	(in thousands)					
Net revenues <sup>(2)</sup>	\$ 846,717	\$ 52,434	\$ 899,151	\$ 780,925	\$ 48,730	\$ 829,655
Cost of goods sold	465,811	24,081	489,892	432,301	22,597	454,898
Gross profit	380,906	28,353	409,259	348,624	26,133	374,757
Selling, general and administrative expenses	258,899	21,484	280,383	258,958	19,672	278,630
Operating income	\$ 122,007	\$ 6,869	\$ 128,876	\$ 89,666	\$ 6,461	\$ 96,127

(1) The results for the Real Estate segment were immaterial in the three months ended August 2, 2025 and August 3, 2024, thus, such results are presented within the RH Segment each period. Refer to Note 15—*Segment Reporting* in the condensed consolidated financial statements. Additionally, all intercompany transactions are immaterial and have been eliminated.

(2) RH Segment net revenues include outlet revenues of \$72 million and \$64 million for the three months ended August 2, 2025 and August 3, 2024, respectively.

#### Net revenues

Consolidated net revenues increased \$69 million, or 8.4%, to \$899 million in the three months ended August 2, 2025 compared to \$830 million in the three months ended August 3, 2024.

#### RH Segment net revenues

RH Segment net revenues increased \$66 million, or 8.4%, to \$847 million in the three months ended August 2, 2025 compared to \$781 million in the three months ended August 3, 2024. The below discussion highlights the primary factors that impacted RH Segment net revenues, which are listed in order of magnitude.

RH Segment net revenues for the three months ended August 2, 2025 increased primarily due to higher revenue in our core business driven by our continued product transformation and platform expansion. In addition, hospitality revenue increased as a result of new Gallery openings and we had higher outlet revenue.

#### Waterworks net revenues

Waterworks net revenues increased \$3.7 million, or 7.6%, to \$52 million in the three months ended August 2, 2025 compared to \$49 million in the three months ended August 3, 2024.

#### Gross profit

Consolidated gross profit increased \$35 million, or 9.2%, to \$409 million in the three months ended August 2, 2025 compared to \$375 million in the three months ended August 3, 2024. As a percentage of net revenues, consolidated gross margin increased 30 basis points to 45.5% of net revenues in the three months ended August 2, 2025 from 45.2% of net revenues in the three months ended August 3, 2024.

*RH Segment gross profit*

RH Segment gross profit increased \$32 million, or 9.3%, to \$381 million in the three months ended August 2, 2025 compared to \$349 million in the three months ended August 3, 2024. As a percentage of net revenues, RH Segment gross margin increased 40 basis points to 45.0% of net revenues in the three months ended August 2, 2025 from 44.6% of net revenues in the three months ended August 3, 2024.

The increase in RH Segment gross margin was primarily attributable to increased margins in the RH core business year over year as well as leverage in shipping costs and occupancy costs. RH Segment gross margin in the three months ended August 2, 2025 was negatively impacted by \$2.6 million of asset impairments and \$1.4 million in costs related to a product recall. Excluding the \$4.0 million of such costs, RH Segment gross margin would have been 50 basis points higher at 45.5% of net revenues for the three months ended August 2, 2025.

*Waterworks gross profit*

Waterworks gross profit increased \$2.2 million, or 8.5%, to \$28 million in the three months ended August 2, 2025 compared to \$26 million in the three months ended August 3, 2024. As a percentage of net revenues, Waterworks gross margin increased 50 basis points to 54.1% of net revenues in the three months ended August 2, 2025 from 53.6% of net revenues in the three months ended August 3, 2024.

***Selling, general and administrative expenses***

Consolidated selling, general and administrative expenses increased \$1.8 million, or 0.6%, to \$280 million in the three months ended August 2, 2025 compared to \$279 million in the three months ended August 3, 2024.

*RH Segment selling, general and administrative expenses*

RH Segment selling, general and administrative expenses was \$259 million in both the three months ended August 2, 2025 and August 3, 2024. RH Segment selling, general and administrative expenses were 30.6% and 33.2% of net revenues for the three months ended August 2, 2025 and August 3, 2024, respectively.

The decrease in selling, general and administrative expenses as a percentage of net revenues was primarily driven by a decrease in advertising costs due to the timing of the 2025 RH Interiors Sourcebook circulation as well as reduction in our 2025 RH Modern Sourcebook costs. In addition, leverage in our occupancy costs year over year also contributed to the decrease. This decrease was partially offset by an increase in compensation costs, as well as pre-opening costs and other corporate costs. RH Segment selling, general and administrative expenses for the three months ended August 2, 2025 was negatively impacted by \$1.2 million of reorganization related costs, \$1.0 million of asset impairments and \$0.5 million related to a product recall. RH Segment selling, general and administrative expenses for the three months ended August 3, 2024 included non-cash compensation of \$0.9 million related to an option grant made to Mr. Friedman in October 2020. Excluding the \$2.7 million and \$0.9 million of such costs, RH Segment selling, general and administrative expenses would have decreased 270 basis points to 30.3% from 33.0% of net revenues for the three months ended August 2, 2025 and August 3, 2024, respectively.

*Waterworks selling, general and administrative expenses*

Waterworks selling, general and administrative expenses increased \$1.8 million, or 9.2%, to \$21 million in the three months ended August 2, 2025 compared to \$20 million in the three months ended August 3, 2024. Waterworks selling, general and administrative expenses were 41.0% and 40.4% of net revenues for the three months ended August 2, 2025 and August 3, 2024, respectively.



### ***Interest expense—net***

Interest expense—net consisted of the following:

	THREE MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Term loan interest expense	\$ 45,157	\$ 52,899
Finance lease interest expense	9,248	7,922
Asset based credit facility	2,997	152
Other interest expense	1,257	966
Capitalized interest for capital projects	(935)	(1,826)
Interest income	(366)	(851)
Interest expense—net	<u>\$ 57,358</u>	<u>\$ 59,262</u>

### ***Other (income) expense—net***

Other (income) expense—net consisted of the following:

	THREE MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Foreign exchange from transactions <sup>(1)</sup>	\$ (364)	\$ 190
Foreign exchange from remeasurement of intercompany loans <sup>(2)</sup>	(210)	(853)
Other (income) expense—net	<u>\$ (574)</u>	<u>\$ (663)</u>

(1) Represents net foreign exchange gains and losses related to exchange rate changes affecting foreign currency denominated transactions, primarily between the U.S. dollar as compared to the euro and pound sterling.

(2) Represents remeasurement of intercompany loans with subsidiaries in Switzerland and the United Kingdom.

### ***Income tax expense***

	THREE MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(dollars in thousands)	
Income tax expense	\$ 19,032	\$ 3,717
Effective tax rate	26.9 %	11.4 %

The increase in our effective tax rate for the three months ended August 2, 2025 compared to the three months ended August 3, 2024 is primarily attributable to reporting higher net income in the current year and the impact of higher net excess tax benefits from stock-based compensation in fiscal 2024.

### ***Share of equity method investments loss—net***

Our share of equity method investments loss was \$1.4 million and \$4.9 million in the three months ended August 2, 2025 and August 3, 2024, respectively.

**Six Months Ended August 2, 2025 Compared to Six Months Ended August 3, 2024**

	SIX MONTHS ENDED					
	AUGUST 2, 2025			AUGUST 3, 2024		
	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>	RH SEGMENT	WATERWORKS	TOTAL <sup>(1)</sup>
	<i>(in thousands)</i>					
Net revenues <sup>(2)</sup>	\$ 1,611,715	\$ 101,388	\$ 1,713,103	\$ 1,457,991	\$ 98,624	\$ 1,556,615
Cost of goods sold	901,015	47,496	948,511	819,559	46,261	865,820
Gross profit	710,700	53,892	764,592	638,432	52,363	690,795
Selling, general and administrative expenses	538,089	41,716	579,805	503,107	36,898	540,005
Operating income	\$ 172,611	\$ 12,176	\$ 184,787	\$ 135,325	\$ 15,465	\$ 150,790

(1) The results for the Real Estate segment were immaterial in both the six months ended August 2, 2025 and August 3, 2024, thus, such results are presented within the RH Segment in each period. Refer to Note 15—*Segment Reporting* in the condensed consolidated financial statements.

(2) RH Segment net revenues include outlet revenues of \$139 million and \$126 million for the six months ended August 2, 2025 and August 3, 2024, respectively.

**Net revenues**

Consolidated net revenues increased \$156 million, or 10.1%, to \$1,713 million in the six months ended August 2, 2025 compared to \$1,557 million in the six months ended August 3, 2024.

**RH Segment net revenues**

RH Segment net revenues increased \$154 million, or 10.5%, to \$1,612 million in the six months ended August 2, 2025 compared to \$1,458 million in the six months ended August 3, 2024. The below discussion highlights several significant factors that impacted RH Segment net revenues, which are listed in order of magnitude.

RH Segment net revenues for the six months ended August 2, 2025 increased primarily due to higher revenue in our core business driven by our continued product transformation and platform expansion. In addition, hospitality revenue increased as a result of new Gallery openings and we had higher outlet revenue.

**Waterworks net revenues**

Waterworks net revenues increased \$2.8 million, or 2.8%, to \$101 million in the six months ended August 2, 2025 compared to \$99 million in the six months ended August 3, 2024.

**Gross profit**

Consolidated gross profit increased \$74 million, or 10.7%, to \$765 million in the six months ended August 2, 2025 compared to \$691 million in the six months ended August 3, 2024. As a percentage of net revenues, consolidated gross margin increased 20 basis points to 44.6% of net revenues in the six months ended August 2, 2025 from 44.4% of net revenues in the six months ended August 3, 2024.

**RH Segment gross profit**

RH Segment gross profit increased \$72 million, or 11.3%, to \$711 million in the six months ended August 2, 2025 from \$638 million in the six months ended August 3, 2024. As a percentage of net revenues, RH Segment gross margin increased 30 basis points to 44.1% of net revenues in the six months ended August 2, 2025 from 43.8% of net revenues in the six months ended August 3, 2024.

The increase in RH Segment gross margin was primarily attributable to leverage in occupancy costs and shipping costs as well as increased margins in the RH core business year over year. This increase in gross margin was partially offset by an increase in other product costs. RH Segment gross profit for the six months ended August 2, 2025 was negatively impacted by \$2.6 million of asset impairments and \$1.4 million of costs related to a product recall. Excluding the \$4.0 million of such costs, RH Segment gross margin would have been 20 basis points higher at 44.3% of net revenues for the six months ended August 2, 2025.

[Table of Contents](#)*Waterworks gross profit*

Waterworks gross profit increased \$1.5 million, or 2.9%, to \$54 million in the six months ended August 2, 2025 compared to \$52 million in the six months ended August 3, 2024. As a percentage of net revenues, Waterworks gross margin increased 10 basis points to 53.2% of net revenues in the six months ended August 2, 2025 from 53.1% of net revenues in the six months ended August 3, 2024.

*Selling, general and administrative expenses*

Consolidated selling, general and administrative expenses increased \$40 million, or 7.4%, to \$580 million in the six months ended August 2, 2025 compared to \$540 million in the six months ended August 3, 2024.

*RH Segment selling, general and administrative expenses*

RH Segment selling, general and administrative expenses increased \$35 million, or 7.0%, to \$538 million in the six months ended August 2, 2025 compared to \$503 million in the six months ended August 3, 2024. RH Segment selling, general and administrative expenses were 33.4% and 34.5% of net revenues for the six months ended August 2, 2025 and August 3, 2024, respectively.

The decrease in selling, general and administrative expenses as a percentage of net revenues was primarily driven by a decrease in advertising costs due to reduced Sourcebook circulation, as well as leverage in occupancy and corporate costs year over year. This decrease was partially offset by an increase in compensation costs. RH Segment selling, general and administrative expenses for the six months ended August 2, 2025 was negatively impacted by \$1.2 million of reorganization related costs, \$1.0 million of asset impairments, \$0.9 million of non-cash compensation related to an option grant made to Mr. Friedman in October 2020 and \$0.5 million related to a product recall. RH Segment selling, general and administrative expenses for the six months ended August 3, 2024 included favorable net legal settlements of \$6.2 million and non-cash compensation of \$2.8 million related to Mr. Friedman's 2020 option grant. Excluding the \$3.6 million and \$9.0 million of such costs, RH Segment selling, general and administrative expenses would have decreased 160 basis points to 33.1% from 34.7% of net revenues for the six months ended August 2, 2025 and August 3, 2024, respectively.

*Waterworks selling, general and administrative expenses*

Waterworks selling, general and administrative expenses increased \$4.8 million, or 13.1%, to \$42 million in the six months ended August 2, 2025 compared to \$37 million in the six months ended August 3, 2024. Waterworks selling, general and administrative expenses were 41.1% and 37.4% of net revenues for the six months ended August 2, 2025 and August 3, 2024, respectively.

Waterworks selling, general and administrative expenses in the six months ended August 3, 2024 included \$3.2 million related to a favorable legal settlement. Excluding the \$3.2 million of such costs, Waterworks selling, general and administrative expenses would have been 330 basis points higher at 40.7% of net revenues for the six months ended August 3, 2024.

*Interest expense—net*

Interest expense—net consisted of the following:

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Term loan interest expense	\$ 90,397	\$ 104,843
Finance lease interest expense	18,193	15,329
Asset based credit facility	6,861	152
Other interest expense	2,172	2,079
Interest income	(1,947)	(1,917)
Capitalized interest for capital projects	(1,715)	(4,452)
Interest expense—net	<u>\$ 113,961</u>	<u>\$ 116,034</u>

**Other (income) expense—net**

Other (income) expense—net consisted of the following in each period:

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Foreign exchange from transactions <sup>(1)</sup>	\$ (733)	\$ 1,138
Foreign exchange from remeasurement of intercompany loans <sup>(2)</sup>	(3,494)	(636)
Other (income) expense—net	\$ (4,227)	\$ 502

(1) Represents net foreign exchange gains and losses related to exchange rate changes affecting foreign currency denominated transactions, primarily between the U.S. dollar as compared to the euro and pound sterling.

(2) Represents remeasurement of intercompany loans with subsidiaries in Switzerland and the United Kingdom.

**Income tax expense**

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(dollars in thousands)	
Income tax expense	\$ 22,159	\$ 1,626
Effective tax rate	27.1 %	6.0 %

The increase in our effective tax rate for the six months ended August 2, 2025 compared to the six months ended August 3, 2024 is primarily attributable to reporting higher net income in the current year and the impact of higher net excess tax benefits from stock-based compensation in fiscal 2024.

**Share of equity method investments (income) loss—net**

Our share of equity method investments income of \$6.9 million in the six months ended August 2, 2025 was primarily attributable to an Aspen LLC distribution in the first quarter of fiscal 2025 of \$7.9 million (refer to Note 6—*Variable Interest Entities* in the condensed consolidated financial statements). Our share of equity method investments loss in the six months ended August 3, 2024 was \$7.3 million.

## Liquidity and Capital Resources

### Overview

Our principal sources of liquidity are cash flows generated from operations, our current balances of cash and cash equivalents, and amounts available under our ABL Credit Agreement.

Net debt and availability under the ABL Credit Agreement were as follows:

	AUGUST 2, 2025	FEBRUARY 1, 2025
	<i>(in thousands)</i>	
Asset based credit facility <sup>(1)</sup>	\$ 135,000	\$ 200,000
Term loan B <sup>(1)</sup>	1,925,000	1,935,000
Term loan B-2 <sup>(1)</sup>	486,250	488,750
Notes payable for share repurchases	315	315
Total debt	\$ 2,546,565	\$ 2,624,065
Cash and cash equivalents	(34,560)	(30,413)
Total net debt <sup>(2)</sup>	\$ 2,512,005	\$ 2,593,652
Availability under the asset based credit facility—net <sup>(3)</sup>	\$ 417,759	\$ 355,260

(1) Amounts exclude discounts upon original issuance and third party offering and debt issuance costs.

(2) Net debt as of August 2, 2025 and February 1, 2025 excludes non-recourse real estate loans of \$18 million as of both periods. These loans are secured by specific real estate assets and the associated creditors do not have recourse against RH's general assets.

(3) The amount available for borrowing under the revolving line of credit under the ABL Credit Agreement is presented net of \$47 million and \$45 million in outstanding letters of credit as of August 2, 2025 and February 1, 2025, respectively.

### General

The primary cash needs of our business have historically been for merchandise inventories, payroll, rent for our retail and outlet locations, capital expenditures associated with opening new locations and related real estate investments, updating existing locations, as well as the development of our infrastructure and information technology, and Sourcebooks. 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. During fiscal 2022 and fiscal 2023, we invested \$2,265 million of cash, inclusive of excise taxes paid, in the purchase of shares of our common stock pursuant to our Share Repurchase Program. We continuously evaluate our capital allocation strategy and may engage in future investments in connection with existing or new share repurchase programs (refer to "Share Repurchase Program" below), which may include investments in derivatives or other equity linked instruments. We have in the past been, and continue to be, opportunistic in responding to favorable market conditions regarding both sources and uses of capital. Capital raised from debt financing arrangements has enabled us to pursue various investments, including our investments in joint ventures. We expect to continue to take an opportunistic approach regarding both sources and uses of capital in connection with our business.

We believe our capital structure provides us with substantial optionality regarding capital allocation. Our near-term decisions regarding the sources and uses of capital will continue to reflect and adapt to changes in market conditions and our business, including further developments with respect to macroeconomic factors affecting business conditions, such as trends in luxury housing, increases in interest rates, equity market performance and inflation. We believe our existing cash balances and operating cash flows, in conjunction with available financing arrangements, will be sufficient to repay our debt obligations as they become due, meet working capital requirements and fulfill other capital needs for more than the next 12 months.

While we do not anticipate that we will require additional debt financing to fund our operations, our goal is to continue to be in a position to take advantage of the many opportunities that we 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 through the strategic sale of existing assets, utilization of our credit facilities, entry into various credit agreements and other new debt financing arrangements that present attractive terms. We expect to continue to use additional sources of debt financing in future periods as a source of additional capital to fund our various investments.

To the extent we choose to secure additional sources of liquidity through incremental debt financing, there can be no assurances that we will be able to raise such financing on favorable terms, if at all, or that future financing requirements will not require us to raise money through an equity financing or by other means that could be dilutive to holders of our capital stock. Any adverse developments in the U.S. or global credit markets could affect our ability to manage our debt obligations and our ability to access future debt. In addition, agreements governing existing or new debt facilities may restrict our ability to operate our business in the manner we currently expect or to make required payments with respect to existing commitments, including the repayment of the principal amount of our convertible senior notes in cash, whether upon stated maturity, early conversion or otherwise of such convertible senior notes. To the extent we need to seek waivers from any provider of debt financing, or we fail to observe the covenants or other requirements of existing or new debt facilities, any such event could have an impact on our other commitments and obligations, including triggering cross defaults or other consequences with respect to other indebtedness. Our current level of indebtedness, and any additional indebtedness that we may incur, exposes us to certain risks with regards to interest rate increases and fluctuations. Our ability to make interest payments or to refinance any of our indebtedness to manage such interest rates may be limited or negatively affected by credit market conditions, macroeconomic trends and other risks.

#### ***Credit Facilities and Debt Arrangements***

We amended and restated the ABL Credit Agreement in July 2025, which provides an asset based credit facility with an initial availability of up to \$600 million, of which (i) \$10 million is available to the RH subsidiary Restoration Hardware Canada, Inc. and (ii) \$100 million is available to the RH subsidiary, RH Geneva Sàrl. The ABL Credit Agreement includes a \$300 million accordion feature under which the revolving line of credit may be expanded by agreement of the parties to the ABL Credit Agreement from \$600 million to up to \$900 million if and to the extent the lenders revise their credit commitments to encompass a larger facility. The accordion feature may be added as a first-in, last-out term loan facility. The ABL Credit Agreement further provides that the borrowers may request a European sub-credit facility under the revolving line of credit or under the accordion feature for borrowing by certain European subsidiaries of RH if certain conditions set out in the ABL Credit Agreement are met. The maturity date of the ABL Credit Agreement is the earlier of (a) July 31, 2030 and (b) the date which is 91 days prior to the final stated maturity of the Term Loan Credit Agreement and any refinancing thereof.

We entered into a \$2,000 million term debt financing in October 2021 (the “Term Loan B”) by means of a Term Loan Credit Agreement through RHI as the borrower, Bank of America, N.A. as administrative agent and collateral agent, and the various lenders party thereto (the “Term Loan Credit Agreement”). Term Loan B has a maturity date of October 20, 2028. We are required to make quarterly principal payments of \$5.0 million with respect to Term Loan B.

In May 2022, we entered into an incremental term debt financing (the “Term Loan B-2”) in an aggregate principal amount equal to \$500 million by means of an amendment to the Term Loan Credit Agreement with RHI as the borrower, Bank of America, N.A. as administrative agent and the various lenders parties thereto (the “Amended Term Loan Credit Agreement”). Term Loan B-2 has a maturity date of October 20, 2028. Term Loan B-2 constitutes a separate class from the existing Term Loan B under the Term Loan Credit Agreement. We are required to make quarterly principal payments of \$1.3 million with respect to Term Loan B-2.

#### ***Capital***

We have invested significant capital expenditures in developing and opening new Design Galleries, and these capital expenditures have increased in the past, and may continue to increase in future periods, as we open additional Design Galleries, which may require us to undertake upgrades to historical buildings or construction of new buildings. Our adjusted capital expenditures include capital expenditures from investing activities and cash outflows of capital related to construction activities to design and build landlord-owned leased assets, net of tenant allowances received during the construction period. During the six months ended August 2, 2025, adjusted capital expenditures were \$156 million in aggregate, net of cash received related to landlord tenant allowances of \$4.1 million. In addition, we also received landlord tenant allowances under finance leases subsequent to lease commencement of \$6.2 million during the six months ended August 2, 2025. We anticipate our adjusted capital expenditures to be \$275 million to \$325 million in fiscal 2025, primarily related to our growth and expansion, including construction of new Design Galleries and infrastructure investments. Nevertheless, we may elect to pursue additional capital expenditures beyond those that are anticipated during any given fiscal period inasmuch as our strategy is to be opportunistic with respect to our investments and we may choose to pursue certain capital transactions based on the availability and timing of unique opportunities. There are a number of macroeconomic factors and uncertainties affecting the overall business climate as well as our business, including increased inflation and higher interest rates, and we may make adjustments to our allocation of capital in fiscal 2025 or beyond in response to these changing or other circumstances. We may also invest in other uses of our liquidity such as share repurchases, acquisitions and growth initiatives, including through joint ventures and real estate investments.

Certain lease arrangements require the landlord to fund a portion of the construction related costs through payments directly to us. As we develop new Galleries, as well as other potential strategic initiatives in the future like our integrated hospitality experience, we are exploring other models for our real estate activities, which include different terms and conditions for real estate transactions. These transactions may involve longer lease terms or further purchases of, or joint ventures or other forms of equity ownership in, real estate interests associated with new sites and buildings that we wish to develop for new Gallery locations or other aspects of our business. These approaches might require different levels of capital investment on our part than a traditional store lease with a landlord. We have also begun executing changes in our real estate strategy to transition some projects from a leasing model to a development model, where we buy and develop real estate for our Design Galleries either directly or through joint ventures and other structures with the ultimate objective of (i) recouping a majority of the investment through a sale-leaseback arrangement and (ii) resulting in lower capital investment and lower rent. For example, we have entered into arrangements with a third-party development partner to develop real estate for future RH Design Galleries. In the event that such capital and other expenditures require us to pursue additional funding sources, we can provide no assurance that we will be successful in securing additional funding on attractive terms or at all. In addition, our capital needs and uses of capital may change in the future due to changes in our business or new opportunities that we may pursue.

### **Cash Flow Analysis**

Cash flows from operating, investing, and financing activities were as follows:

	SIX MONTHS ENDED	
	AUGUST 2, 2025	AUGUST 3, 2024
	(in thousands)	
Net cash provided by operating activities	\$ 224,319	\$ 67,306
Net cash used in investing activities	(134,148)	(124,763)
Net cash provided by (used in) financing activities	(87,239)	11,862
Net increase (decrease) in cash and cash equivalents	4,147	(45,555)
Cash and cash equivalents at end of period	34,560	78,333

### **Net Cash Provided by Operating Activities**

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

For the six months ended August 2, 2025, net cash provided by operating activities was \$224 million and consisted of net income of \$60 million and an increase in non-cash items of \$169 million, partially offset by a change in working capital and other activities of \$4.3 million. The use of cash from working capital was primarily driven by a decrease in operating lease liabilities of \$50 million, an increase in landlord assets under construction, net of tenant allowances, of \$46 million, a decrease in accounts payable and accrued expenses of \$22 million, an increase in prepaid expense and other assets of \$13 million and a decrease in other current and non-current liabilities of \$2.9 million. These uses of cash from working capital were partially offset by a decrease in merchandise inventory of \$74 million, an increase in deferred revenue and customer deposits of \$55 million and a decrease in accounts receivable of \$2.4 million.

### **Net Cash Used in Investing Activities**

Investing activities consist primarily of investments in capital expenditures related to investments in retail stores, information technology and systems infrastructure, as well as supply chain investments. Investing activities also include our strategic investments.

For the six months ended August 2, 2025, net cash used in investing activities was \$134 million and was comprised of investments in retail stores, information technology and systems infrastructure of \$110 million, a business acquisition of \$32 million and an acquisition of an intangible asset of \$3.0 million. These cash outflows were partially offset by cash received from a distribution of return of equity method investments of \$7.9 million and receipt of a promissory note repaid by our equity method investee of \$1.8 million.

### ***Net Cash Used in Financing Activities***

Financing activities consist primarily of borrowings and repayments related to convertible senior notes and other financing arrangements, and cash used in connection with such financing activities include investments in our share repurchase program, repayment of indebtedness, including principal payments under finance lease agreements and other equity related transactions.

For the six months ended August 2, 2025, net cash used in financing activities was \$87 million, primarily due to net repayments under the asset based credit facility of \$65 million, payments under term loans of \$13 million, net payments under finance lease agreements of \$8.0 million and debt issuance costs of \$2.8 million associated with the ABL Credit Agreement amendment.

### ***Non-Cash Transactions***

Non-cash transactions consist of non-cash additions of property and equipment and landlord assets under construction and reclassification of assets from landlord assets under construction to finance lease right-of-use assets, as well as excise tax from share repurchases, included in *accounts payable and accrued expenses* at period-end.

### **Cash Requirements from Contractual Obligations**

#### ***Leases***

We lease nearly all of our retail and outlet locations, corporate headquarters, distribution centers and home delivery center locations, as well as other storage and office space. Refer to Note 8—*Leases* in the condensed consolidated financial statements for further information on our lease arrangements, including the maturities of our operating and finance lease liabilities.

Most lease arrangements provide us with the option to renew the leases at defined terms. The table presenting the maturities of our lease liabilities included in Note 8—*Leases* in the condensed consolidated financial statements includes future obligations for renewal options that are reasonably certain to be exercised and are included in the measurement of the lease liability. Amounts presented therein do not include future lease payments under leases that have not commenced or estimated contingent rent due under operating and finance leases.

#### ***Asset Based Credit Facility***

Refer to Note 9—*Credit Facilities* in the condensed consolidated financial statements for further information on our asset based credit facility, including the amount available for borrowing under the revolving line of credit, net of outstanding letters of credit.

#### ***Term Loan***

Refer to Note 9—*Credit Facilities* in the condensed consolidated financial statements for further information on our Term Loan.

#### ***Real Estate Loans***

Refer to Note 6—*Variable Interest Entities* in the condensed consolidated financial statements for further information on the real estate loan held as part of our joint ventures with a third-party development partner.



### **Share Repurchase Program**

In 2018, our Board of Directors authorized a share repurchase program through open market purchases, privately negotiated transactions or other means, including through Rule 10b-18 open market repurchases, Rule 10b5-1 trading plans or through the use of other techniques such as the acquisition of other equity linked instruments, accelerated share repurchases, including through privately negotiated arrangements in which a portion of the share repurchase program is committed in advance through a financial intermediary and/or in transactions involving hedging or derivatives.

On June 2, 2022, the Board of Directors authorized an additional \$2,000 million for the purchase of shares of our outstanding common stock, which increased the total authorized size of the share repurchase program to \$2,450 million (the “Share Repurchase Program”). We did not repurchase any shares of our common stock under the Share Repurchase Program during the six months ended August 2, 2025. As of August 2, 2025, \$201 million remains available for future share repurchases under the Share Repurchase Program.

We regularly review share repurchase activity and consider various factors in determining whether and when to execute investments in connection with our share repurchase program, including, among others, current cash needs, capacity for leverage, cost of borrowings, results of operations and the market price of our common stock. We believe that our share repurchase program will continue to be an excellent allocation of capital for the long-term benefit of our shareholders. We may undertake other repurchase programs in the future with respect to our securities. Since January 1, 2023, share repurchases under our Share Repurchase Program are subject to a 1% excise tax imposed under the Inflation Reduction Act.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires senior leadership to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and related notes, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our accounting policies, estimates, and judgments on an on-going basis. We base our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions and such differences could be material to the condensed consolidated financial statements.

Our senior leadership team evaluates the development and selection of our critical accounting policies and estimates and believes that certain of our significant accounting policies involve a higher degree of judgment or complexity and are most significant to reporting our consolidated results of operations and financial position and are therefore discussed as critical:

Merchandise Inventories—Reserves

Impairment—Long-Lived Assets

Lease Accounting—Determination of the Classification of New Real Estate Lease Contracts

Reasonably Certain Lease Term

Incremental Borrowing Rate

Fair Value

Variable Interest Entities

There have been no material changes to the critical accounting policies and estimates listed above from the disclosures included in the 2024 Form 10-K. For further discussion regarding these policies, refer to *Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates* in the 2024 Form 10-K.

### **Recently Issued Accounting Pronouncements**

Refer to Note 2—*Recently Issued Accounting Standards* in the condensed consolidated financial statements within Part I of this Quarterly Report on Form 10-Q.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in our exposures to market risk since February 1, 2025. Refer to Part II, Item 7A—*Quantitative and Qualitative Disclosures About Market Risk* in our 2024 Form 10-K for a discussion on our exposures to market risk.

#### **Interest Rate Risk**

As described in our 2024 Form 10-K and in Note 9—*Credit Facilities* of the condensed consolidated financial statements herein, we are subject to interest rate risk in connection with borrowings under the ABL Credit Agreement and the Term Loan Credit Agreement, as amended, since such borrowings bear interest at variable rates. We may also incur additional indebtedness that bears interest at variable rates. In addition, the real estate loan held by our VIE also bears interest at variable rates. We are also subject to interest rate risk through interest income received on our cash and cash equivalent balances.

Based on the average interest rate on the revolving line of credit under the ABL Credit Agreement and the Term Loan B and Term Loan B-2 under the Term Loan Credit Agreement during the six months ended August 2, 2025, and to the extent that borrowings were outstanding under any facility, for every 100-basis point change in interest rates, our annual interest expense could change by approximately \$25 million. However, our exposure to change in our interest expense is partially offset by interest income, which is also affected by changes in market interest rates.

### ITEM 4. CONTROLS AND PROCEDURES

#### **Evaluation of Disclosure Controls and Procedures**

Our senior leadership team, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a 15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of August 2, 2025, the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our senior leadership team, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting, that occurred during our most recent fiscal quarter ended August 2, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we and/or members of our senior leadership team are involved in litigation, claims, investigations and other proceedings relating to the conduct of our business, including purported class action litigation, as well as securities class action litigation. Such legal proceedings may include claims related to our employment practices, wage and hour claims, claims of intellectual property infringement, including with respect to trademarks and trade dress, claims asserting unfair competition and unfair business practices, claims with respect to our collection and sale of reproduction products, and consumer class action claims relating to our consumer practices. In addition, from time to time, we are subject to product liability and personal injury claims for the products that we sell and the Galleries we operate. Subject to certain exceptions, our purchase orders generally require the vendor to indemnify us against any product liability claims; however, if the vendor does not have insurance or becomes insolvent, we may not be indemnified. In addition, we could face a wide variety of employee claims against us, including general discrimination, privacy, labor and employment, ERISA and disability claims. Any claims could result in litigation against us and could also result in regulatory proceedings being brought against us by various federal and state agencies that regulate our business, including the U.S. Equal Employment Opportunity Commission. Often these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant senior leadership time. Litigation and other claims and regulatory proceedings against us could result in unexpected expenses and liability and could also materially adversely affect our operations and our reputation.

For additional information, refer to Note 14—*Commitments and Contingencies* in the condensed consolidated financial statements within Part I of this Quarterly Report on Form 10-Q.

### ITEM 1A. RISK FACTORS

We operate in a rapidly changing environment that involves a number of risks that could materially and adversely affect our business, financial condition, prospects, operating results or cash flows. For a detailed discussion of certain risks that affect our business, refer to the section entitled “Risk Factors” in our 2024 Form 10-K. There have been no material changes to the risk factors disclosed in our 2024 Form 10-K.

The risks described in our 2024 Form 10-K are not the only risks we face. We describe in *Management’s Discussion and Analysis of Financial Condition and Results of Operations* in Part I of this Quarterly Report on Form 10-Q certain known trends and uncertainties that affect our business. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business, operating results and financial condition.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**Repurchases of Common Stock**

There were no repurchases of our common stock during the three months ended August 2, 2025:

	NUMBER OF SHARES	AVERAGE PURCHASE PRICE PER SHARE	TOTAL NUMBER OF SHARES REPURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS <sup>(1)</sup>
				(in millions)
May 4, 2025 to May 31, 2025	—	\$ —	—	\$ 201
June 1, 2025 to July 5, 2025	—	\$ —	—	\$ 201
July 6, 2025 to August 2, 2025	—	\$ —	—	\$ 201
Total	—	—	—	—

(1) Reflects the dollar value of shares that may yet be repurchased under our Share Repurchase Program.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

*Rule 10b5-1*

During the three months ended August 2, 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

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	FORM	INCORPORATED BY REFERENCE		EXHIBIT NUMBER	FILED HEREWITH
			FILE NUMBER	DATE OF FIRST FILING		
10.1	<a href="#">Compensation Protection Agreement, dated May 15, 2025, by and between RH and Lisa Chi.</a>	—	—	—	—	X
10.2	<a href="#">Stock Option Agreement, dated May 15, 2025, by and between RH and Lisa Chi.</a>	—	—	—	—	X
10.3	<a href="#">Restricted Stock Unit Award Agreement, dated May 15, 2025, by and between RH and Lisa Chi.</a>	—	—	—	—	X
10.4	<a href="#">Second Amendment to Twelfth Amended and Restated Credit Agreement, dated as of July 31, 2025, by and among Restoration Hardware, Inc. as lead borrower, various other subsidiaries of RH named therein as borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A. as administrative agent and collateral agent.</a>	8-K	001-35720	August 6, 2025	10.1	
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.</a>	—	—	—	—	X
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.</a>	—	—	—	—	X
32.1	<a href="#">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.</a>	—	—	—	—	X
32.2	<a href="#">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.</a>	—	—	—	—	X
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	—	—	—	—	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	—	—	—	—	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	—	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	X
104	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	—	—	—	—	X

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.

RH

Date: September 11, 2025

By: /s/ Gary Friedman  
**Gary Friedman**  
**Chairman and Chief Executive Officer**  
*(Principal Executive Officer)*

Date: September 11, 2025

By: /s/ Jack Preston  
**Jack Preston**  
**Chief Financial Officer**  
*(Principal Financial Officer)*

Date: September 11, 2025

By: /s/ Christina Hargarten  
**Christina Hargarten**  
**Chief Accounting Officer**  
*(Principal Accounting Officer)*

**COMPENSATION PROTECTION AGREEMENT**

This COMPENSATION PROTECTION AGREEMENT (this “Agreement”), is effective as of May 15, 2025 by and between RH, a corporation incorporated under the laws of Delaware (the “Company”), and Lisa Chi (“Executive”).

WHEREAS, Executive has agreed to be bound by the terms of the Company’s Proprietary Information and Intellectual Property Agreement (the “Proprietary Information Agreement”);

WHEREAS, the Board of Directors of the Company has determined that Executive is a “corporate officer” of the Company for purposes of Delaware law;

WHEREAS, the Board of Directors of the Company has determined that Executive is also a Section 16 officer for purposes of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

WHEREAS, the Company desires to enter into this Agreement with Executive.

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

**1. Termination of Employment.**

(a) At-Will Termination by the Company. The employment of Executive shall be “at-will” at all times. The Company may terminate Executive’s employment with the Company at any time without any advance notice (and Executive may terminate Executive’s employment with the Company at any time upon providing thirty (30) days prior notice or, in the case of a termination by Executive for Good Reason, following the time periods specified in Section 1(d)), in each case, for any reason or no reason at all (except for the requirements for a termination for Good Reason specified in Section 1(d) in case the Executive elects to terminate pursuant to such Section 1(d)), notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company. Upon and after such termination, all obligations of the Company under this Agreement shall cease, except as otherwise provided below in this Section 1.

(b) Termination by the Company with Cause. Upon written notice to Executive, the Company may terminate Executive’s employment for Cause (as defined in Section 4). In the event that Executive’s employment is terminated for Cause, (i) Executive shall receive the Accrued Benefits from the Company and (ii) except as required by law, after the Date of Termination, the Company shall have no obligation to make any other payment, including severance or other compensation of any kind, on account of Executive’s termination of employment or to make any payment in lieu of notice to Executive. Except as required by law, all benefits provided by the Company to Executive under this Agreement or otherwise shall cease as of the Date of Termination.

(c) Termination by the Company without Cause. The Company may, at any time and without prior written notice, terminate Executive’s employment without Cause. In the event that the Company terminates Executive’s employment without Cause (and such termination is not due to Executive’s Disability), Executive shall receive the Accrued Benefits. In addition, subject to Sections 1(c)(v) and 1(c)(vi) of this Agreement, Executive shall be eligible to receive from the Company the severance protection benefits (collectively, the “Protection Benefits”) as follows:

(i) Severance protection pay in an amount equal to twenty-four (24) months of Executive's Base Salary, less standard tax withholdings, paid according to the Company's regular payroll schedule over the Compensation Protection Period.

(ii) Any unpaid annual bonus under the LIP bonus program for the fiscal year prior to the fiscal year of termination of employment to be paid at the same time and in the same form as the annual bonus under the LIP bonus program otherwise would have been paid to such Executive had he or she remained employed by the Company through the date on which annual bonuses for such year are otherwise paid to officers (such amount to be paid in no event later than seventy-five (75) days after the end of the Company's fiscal year to which such bonus relates) with the amount of such bonus payment to be based on the terms and conditions of the annual bonus under the LIP bonus program (including any determination by the Company in accordance with such annual bonus program as to whether or not any performance objectives have been achieved) but without requiring that Executive shall continue to be employed on the date of payment of such annual bonuses (and any performance component of such bonus metrics that is based solely on the individual performance of the Executive shall be set at the midpoint of the performance range for such Executive).

(iii) Subject to Executive's timely election under COBRA, payment of a portion of Executive's COBRA premiums for twenty-four (24) months following the Date of Termination (the "Compensation Protection Period") or, if earlier, until such time as Executive becomes eligible for similar coverage through another employer, which benefits shall be paid for by the Company to the same extent that the Company paid for health insurance for Executive prior to termination. Executive will thereafter be responsible for the payment of COBRA premiums (including, without limitation, all administrative expenses) for any remaining COBRA period. Notwithstanding the foregoing, in the event that the Company determines, in its sole discretion, that the Company may be subject to a tax or penalty pursuant to Code Section 4980D as a result of providing some or all of the payments described in this Section 1(c)(iii), the Company may reduce or eliminate its obligations under this Section 1(c)(iii) to the extent it deems necessary, with no offset or other consideration required.

(iv) The restricted stock units and stock options granted to Executive in connection with Executive's initial hiring by the Company (the "Initial Hire Grants") shall continue to vest for a period of twenty-four (24) months following the Date of Termination without regard to Executive's continuous service, after which time any such restricted stock units and stock options that are then unvested shall expire and be terminated in accordance with the terms thereof and any stock options that are vested shall remain exercisable until the date that is twenty-seven (27) months following the Date of Termination (or, if earlier, until the last day of the full option term).

(v) Executive's entitlement to the Protection Benefits (including, for clarity, continued vesting and extension of the post-termination exercise period of Executive's Initial Hire Grants pursuant to (iv) above) is conditioned on (x) Executive's timely executing and delivering to the Company of a release of claims against the Company, in a form attached hereto as Exhibit A (the "Release"), and on such release becoming effective, (y) Executive not engaging in Conflicting Activities while receiving Protection Benefits from the Company, and (z) Executive's compliance with the Agreements. To be timely, the Release must become effective and irrevocable no later than sixty (60) days following the Date of Termination (the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any rights to the Protection Benefits described in this Section 1(c). In no event will any Protection Benefits be paid under this Section 1(c) until the Release becomes effective and irrevocable; provided, that, notwithstanding anything to the contrary, the New Hire Grants that are unvested as of the Date of Termination by the Company without Cause or by Executive for Good Reason shall not terminate on the Date of Termination and shall, instead, remain outstanding until the Release Deadline (provided that such New Hire Grants shall not continue to vest during such



period unless the Release is executed and becomes irrevocable by the Release Deadline). Subject to Section 3(b)(ii) below and this Section 1(c)(v), the Protection Benefits will commence or be provided once the Release becomes effective and irrevocable, with the first payment including any delayed Protection Benefits that would have been paid between the Date of Termination and the date of such first payment.

(vi) Executive acknowledges and agrees that the Protection Benefits shall be in lieu of any other severance payments, severance benefits and severance protections to which Executive may be entitled under any offer letter, employment agreement, severance or termination policy, plan, program, practice or arrangement of the Company and its affiliates including the Executive's offer letter. Executive further acknowledges that the Protection Benefits are being provided to assist in Executive's transition to other employment. Accordingly, to the extent that Executive begins to engage in Conflicting Activities during the Compensation Protection Period, Executive shall be entitled to retain any Protection Benefits received prior to the date Executive commences the Conflicting Activity but will cease to be eligible to receive any further Protection Benefits under the terms of this Agreement or otherwise, and Executive shall have no further claims, rights or entitlements to any Protection Benefits in any respect. To the extent that Executive otherwise violates any of the Agreements during the Compensation Protection Period, Executive will cease to be eligible to receive any Protection Benefits under the terms of this Agreement or otherwise, and Executive shall have no further claims, rights or entitlements to any Protection Benefits in any respect. Executive agrees that the Company shall have a right of offset against all Protection Benefits for amounts owed to the Company by Executive (unless the amounts owed are subject to a good faith dispute) to the fullest extent not prohibited by law or by Section 409A (as defined below). Except as specifically provided in this Section 1(c) or in another section of this Agreement, or except as required by law, all benefits provided by the Company to Executive under this Agreement or otherwise shall cease as of the Date of Termination.

(d) Termination by Executive for Good Reason. Executive may voluntarily terminate Executive's employment with the Company and receive the Protection Benefits detailed in Section 1(c) following the occurrence of an event constituting Good Reason, subject to (i) each of the conditions and requirements for the Protection Benefits as set forth in Section 1(c), and (ii) Executive providing written notice to the Company detailing the specific circumstances of the event constituting Good Reason (including citation of the specific clause within the definition of Good Reason that is alleged to be triggered) within ninety (90) days following such event, the Company has had a period of sixty (60) days to cure the Good Reason in all cases, the Company has failed to cure the Good Reason within that period, and Executive terminates employment within thirty (30) days following the expiration of such cure period.

(e) Voluntary Termination. If Executive terminates employment with the Company without Good Reason, Executive agrees to provide the Company with thirty (30) days' prior written notice. In the event that Executive's employment is terminated by Executive under this Section 1(e), Executive shall receive from the Company payment for all Accrued Benefits through the Date of Termination. Except as required by law, after the Date of Termination, the Company shall have no obligation to make any other payment, including without limitation the Protection Benefits, severance or other compensation, of any kind, or provide any other benefits, to Executive on account of Executive's termination of employment.

(f) Termination Upon Death or Disability. If Executive's employment is terminated as a result of death or Disability, Executive (or Executive's estate, or other designated beneficiary(s) as shown in the records of the Company in the case of death) shall be entitled to receive from the Company payment for the Accrued Benefits, but the Company shall have no obligation to make any other payment, including severance or other compensation, of any kind, under this Agreement, including without limitation the Protection Benefits. Executive's entitlement to any other benefits of a type not provided in this

Agreement will be determined in accordance with the Company's employee benefit plans and other applicable programs, policies and practices as in effect from time to time.

(g) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 1 (other than in the case of death) shall be communicated by a Notice of Termination to the other party hereto; provided that the Company may pay to Executive such amount of Executive's Base Salary, benefits and other rights as is due to Executive during any applicable notice periods required under this Section 1 instead of employing Executive during such notice periods.

## **2. Restrictive Covenants and Termination Obligations.**

(a) Non-Solicitation of Employees. During Executive's employment with the Company and, as a condition to receiving the benefits for the Compensation Protection Period, for the duration of the Compensation Protection Period, Executive shall not, directly or indirectly, individually, or together with or through any other person, firm, corporation or entity: solicit, induce, recruit or encourage any person employed or engaged by the Company to terminate employment or engagement with the Company; provided, that, general solicitations not targeted to Company employees or consultants shall not be deemed to violate this Section 2(a).

(b) Non-Solicitation of Customers and Suppliers. During Executive's employment with the Company and, as a condition to receiving the benefits for the Compensation Protection Period, for the duration of the Compensation Protection Period, Executive shall not, directly or indirectly, individually, or together through any other person, firm, corporation or entity, (A) engage in any business or private endeavor of any kind that competes in any way with the business efforts or activities of the Company, or (B) use the Company's Proprietary Information (as defined in the Proprietary Information Agreement): (i) to solicit the business of any material customers of or suppliers to the Company, or (ii) to encourage any person or entity which is a customer of the Company to cease, reduce, limit or otherwise alter in a manner adverse to the Company its existing business or contractual relationship with the Company.

(c) Resignation and Cooperation. Upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company.

(d) Return of Business Records and Equipment. Upon termination of Executive's employment hereunder, Executive shall promptly return to the Company: (i) all documents, records, procedures, books, notebooks, and any other documentation in any form whatsoever, including but not limited to written, audio, video or electronic, containing any information pertaining to the Company which includes Proprietary Information, including any and all copies of such documentation then in Executive's possession or control regardless of whether such documentation was prepared or compiled by Executive, Company, other employees of the Company, representatives, agents, or independent contractors, and (ii) all equipment or tangible personal property entrusted to Executive by the Company. Executive acknowledges that all such documentation, copies of such documentation, equipment, and tangible personal property are and shall at all times remain the sole and exclusive property of the Company.

## **3. Taxes.**

(a) Code Section 280G Excise Tax Matters.

(i) Golden Parachute Excise Tax Payments. In the event that any payment or benefit (within the meaning of Code Section 280G(b)(2)) to Executive or for Executive's benefit, paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in connection with, or arising out of, Executive's employment with the Company or a change of control of the Company (a "Payment" or "Payments"), would be subject to the excise tax imposed by Code Section 4999, or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Payments shall be reduced (but not below zero) if and to the extent necessary so that no Payment to be made or benefit to be provided to Executive shall be subject to the Excise Tax (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). To effectuate the Limited Payment Amount, the Company shall reduce or eliminate the Payments by (A) first reducing or eliminating those payments or benefits which are payable in cash and (B) then reducing or eliminating non-cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the furthest in time from the Determination (as hereinafter defined).

(ii) Initial Determination. An initial determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount shall be made, at the Company's expense, by the accounting firm that is the Company's independent accounting firm as of the date of the change in control (the "Accounting Firm"). The Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to the Company and Executive within five (5) days after the Date of Termination, if applicable, or such other time as requested by the Company or by Executive (provided Executive reasonably believes that any of the Payments may be subject to the Excise Tax) and, if the Accounting Firm determines that no Excise Tax is payable by Executive with respect to a Payment or Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such Payment or Payments. Within ten (10) days after the delivery of the Determination to Executive, Executive shall have the right to dispute the Determination (the "Dispute"). If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and Executive.

(iii) Underpayment. As a result of the uncertainty in the application of Code Sections 4999 and 280G, it is possible that the Payments to be made to, or provided for the benefit of, Executive will be either greater (an "Excess Payment") or less (an "Underpayment") than the amounts provided for by the limitations contained in paragraph (i) above.

(1) If it is established, pursuant to a final determination of a court or an Internal Revenue Service (the "IRS") proceeding which has been finally and conclusively resolved, that an Excess Payment has been made, Executive must repay such Excess Payment to the Company; provided that no Excess Payment will be repaid by Executive to the Company unless, and only to the extent that, the repayment would either reduce the amount on which Executive is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section 4999.

(2) In the event that it is determined (i) by the Accounting Firm, the Company (which shall include the position taken by the Company, or together with its consolidated group, on its federal income tax return) or the IRS, (ii) pursuant to a determination by a court, or (iii) upon the resolution to Executive's satisfaction of the Dispute, that an Underpayment has occurred, the Company shall pay an amount equal to the Underpayment to Executive within ten (10) days after such determination or resolution, together with interest on such amount at the applicable federal rate under Code Section 7872(f)(2) from the date such amount would have been paid to Executive until the date of payment.

(b) Section 409A.

(i) Notwithstanding anything to the contrary in the Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to the Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A and the final regulations and any guidance promulgated thereunder (“Section 409A”) (together, the “Deferred Payments”) will be paid or otherwise provided until Executive has had a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has had a “separation from service” within the meaning of Section 409A. Each payment and benefit payable under the Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(ii) Any severance payments or benefits under the Agreement that would be considered Deferred Payments will be paid or will commence on the sixtieth (60th) day following Executive’s separation from service (with the first payment equal to the unpaid amounts of severance that accrued during the sixty (60) days following the Date of Termination), or, if later, such time as required by the next paragraph.

(iii) Notwithstanding anything to the contrary in the Agreement, if Executive is a “specified employee” within the meaning of Section 409A at the time of Executive’s termination (other than due to death), then the Deferred Payments that would otherwise have been payable within the first six (6) months following Executive’s separation from service, will be paid on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s separation from service, but in no event later than seven months after the date of such separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive’s separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

(iv) Any amount paid under the Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments. Any amount paid under the Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments. For this purpose, the “Section 409A Limit” will mean two (2) times the lesser of: (i) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during Executive’s taxable year preceding the taxable year of Executive’s separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which Executive’s separation from service occurred.

(v) To the extent that the reimbursement of any expenses or the provision of any in-kind benefits pursuant to this Agreement is subject to Section 409A, (i) the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided hereunder during any one calendar year shall not affect the amount of such expenses eligible for reimbursement or in-kind benefits to be provided hereunder in any other calendar year; (ii) all such expenses eligible for reimbursement hereunder shall be paid to Executive as soon as administratively practicable after any documentation required for

reimbursement for such expenses has been submitted, but in any event by no later than December 31<sup>st</sup> of the calendar year following the calendar year in which such expenses were incurred; and (iii) Executive's right to receive any such reimbursements or in-kind benefits shall not be subject to liquidation or exchange for any other benefit.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Employer and Executive agree to work together in good faith to consider amendments to the Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

#### **4. Definitions.**

As used in this Agreement, the following capitalized terms shall be defined as set forth in this Section 4:

(a) "Accrued Benefits" means (i) any earned or accrued portion of Executive's then effective Base Salary through and including the Date of Termination but not paid to Executive on or prior to such date; (ii) any and all unreimbursed business expenses (in accordance with the Company's reimbursement policy); and (iii) any other benefits Executive is entitled to receive as of the Date of Termination under the employee benefit plans of the Company (without duplication of any other benefits provided to Executive under the terms of this Agreement or the terms of Executive's offer letter), less in each case standard tax withholdings. For the avoidance of doubt (i) any benefit that is payable under the terms of Sections 1(c)(i) through 1(c)(iv) of this Agreement shall not be paid as Accrued Benefits and shall not be duplicated, and (ii) any benefit that is otherwise limited or not applicable in connection with the specific circumstances of a Date of Termination by the terms of this Agreement or the terms of Executive's offer letter shall not constitute Accrued Benefits to the extent of such limitation or wording making such benefit not applicable.

(b) "Base Salary" shall mean the amount of Executive's annual base salary as in effect immediately prior to the Date of Termination (or, if greater, the rate in effect immediately before a reduction in rate that constitutes Good Reason), and shall include all amounts of Executive's base salary that are deferred under the qualified and non-qualified employee benefit plans of the Company or any other agreement or arrangement.

(c) "Cause" shall mean (i) Executive has been convicted of (or has entered a plea of *nolo contendere* to) a felony or misdemeanor involving fraud, dishonesty, or physical harm to any person; (ii) Executive intentionally failed to substantially perform Executive's material duties (other than a failure resulting from Executive's incapacity due to physical or mental illness or from Executive's assignment of duties that would constitute Good Reason), which failure lasted for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to Executive specifying the manner in which Executive has failed substantially to perform; (iii) Executive intentionally engaged in conduct which is demonstrably and materially injurious to the Company; or (iv) Executive's fraud, embezzlement or other act of material dishonesty with respect to the Company. For purposes of this definition, no act or failure to act on Executive's part shall be considered "intentional" unless Executive has acted, or failed to act, with a lack of reasonable belief that Executive's action or failure to act was in the best interest of Company. Failure to meet performance standards, by itself, does not constitute "Cause".

(d) "Code" means the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

(e) “Conflicting Activities” shall mean (i) directly or indirectly engaging or investing in, owning, managing, operating, financing, controlling or participating in the ownership, management, operation, financing, or control of, being employed by, associated with, or in any manner connected with, lending any credit to, or rendering services or advice to, any business, firm, corporation, partnership, association, joint venture or other entity that engages or conducts any competing business the same as or substantially similar to the business engaged in or proposed to be engaged in or conducted by the Company or described in a written strategic plan of the Company at any time that Executive was employed with the Company, anywhere within the United States of America; provided, that “Conflicting Activities” shall exclude ownership of up to 5% of the outstanding shares of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Exchange Act, as amended, and up to 5% of the voting stock or other securities of any privately-held company; (ii) directly or indirectly soliciting the business of any material customers of or suppliers to the Company, or encouraging any person or entity which is a customer of the Company to cease, reduce, limit or otherwise alter in a manner adverse to the Company its existing business or contractual relationship with the Company; or (iii) directly or indirectly soliciting, inducing, recruiting or encouraging any person employed or engaged by the Company to terminate employment or engagement with the Company, provided, that general solicitations not targeted to Company employees or consultants of the Company shall not be deemed to violate this clause (iii).

(f) “Date of Termination” shall mean (i) if Executive is terminated by the Company for Disability, thirty (30) days after written Notice of Termination is given to Executive (provided that Executive shall not have returned to the performance of Executive’s duties on a full-time basis during such 30-day period); (ii) if Executive’s employment is terminated by the Company for any other reason, the date on which a written notice of termination is given; (iii) if Executive terminates employment for Good Reason, the date of Executive’s resignation; provided, that, the notice and cure provisions in the definition of Good Reason have been complied with; (iv) if Executive terminates employment for other than a Good Reason, the date specified in Executive’s notice in compliance with Section 1(a); or (v) in the event of Executive’s death, the date of death.

(g) “Disability” shall (i) have the meaning defined under the Company’s then-current long-term disability insurance plan, policy, program or contract as entitles Executive to payment of disability benefits thereunder, or (ii) if there shall be no such plan, policy, program or contract, mean permanent and total disability as defined in Code Section 22(e)(3).

(h) “Good Reason” shall mean the occurrence of any of the following events or conditions that occur without Executive’s consent: (i) a material diminution in Executive’s authority, duties or responsibilities; provided, that, (x) the Company may make changes to Executive’s duties or responsibilities so long as such changed duties or responsibilities shall be consistent in all material respects with Executive’s overall authority and role with the Company; (y) a change in Executive’s authority, duties or responsibilities due to the fact that the Company or its successor becomes a stand-alone division or subsidiary of a public or private company will not alone constitute Good Reason so long as Executive continues in the role Executive occupied prior to the Company becoming a stand-alone division or subsidiary; and (z) the Company may make changes in the Company’s organizational structure and/or reporting structure (other than a change that Executive has not agreed to in writing in which Executive no longer reports to the Company’s Chairman and Chief Executive Officer) and such changes will not constitute Good Reason; (ii) a material reduction in Executive’s Base Salary, except if the base salaries of a significant number of other executives and members of senior management of the Company also are proportionately reduced, whether or not such reduction is voluntary on the part of Executive or such other executives and senior management; (iii) the Company’s relocation of Executive’s primary work location outside a 25-mile radius of Corte Madera, California that increases Executive’s one-way

driving distance by more than 25 miles; and (iv) a change in which Executive no longer reports to the Company's Chairman and Chief Executive Officer unless Executive consents to such change in writing.

(i) "Notice of Termination" shall mean a written notice from the Company of termination of Executive's employment or from Executive to the Company which indicates the specific termination provision in this Agreement relied upon and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

## **5. Miscellaneous.**

(a) Dispute Resolution; Forum Selection. The Company and Executive agree that, to the fullest extent permitted by law, any and all claims or controversies between them shall be resolved by final and binding arbitration pursuant to the Company's Arbitration Agreement, which is attached as Exhibit B (the "Arbitration Agreement"). Notwithstanding the foregoing, to the extent any claims or controversies between the parties are not covered by and subject to arbitration according to the terms of the Arbitration Agreement, the Company and Executive mutually agree that any such claims shall be brought exclusively in a court in the city and county of San Francisco, California or, if federal jurisdiction exists, the United States District Court for the Northern District of California, and both parties submit and consent to jurisdiction of such courts and waive any objection to venue and/or any claim that the aforementioned forums are inconvenient.

(b) Governing Law. This Agreement and any disputes or controversies arising hereunder shall be construed and enforced in accordance with and governed by the internal laws of the State of California, without reference to principles of law that would apply the law of another jurisdiction.

(c) Entire Agreement. This Agreement, together with the Proprietary Information Agreement, the Release (if applicable), and any offer letter or employment agreement currently applicable to Executive including Executive's offer letter (collectively, the "Agreements"), constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersedes and cancels any and all previous agreements, written and oral, regarding the subject matter hereof between the parties hereto. This Agreement shall not be changed, altered, modified or amended, except by a written agreement that (i) explicitly states the intent of both parties hereto to supplement this Agreement and (ii) is signed by both parties hereto. This Agreement amends and replaces any specific provisions of any offer letter or employment agreement currently applicable to Executive where such provisions of the offer letter address the payment of severance compensation or benefits to Executive or such provisions of the offer letter impose postemployment restrictions on the actions of Executive including with respect to any prohibited solicitation or undertaking of any Conflicting Activities. Executive acknowledges and agrees that the Protection Benefits under this Agreement shall be in lieu of and not in addition to any other severance payments, severance benefits and severance protections to which Executive may be entitled under any offer letter, employment agreement, severance or termination policy, plan, program, practice or arrangement of the Company and its affiliates including the Executive's offer letter or under applicable law. Notwithstanding the foregoing, the Protection Benefits under this Agreement shall be reduced to the extent they would be duplicative of payments or benefits under other plans, agreements, understandings or as may be required by applicable law where such other payments or benefits may not be waived or modified, and any Protection Benefits under this Agreement shall only be paid in such circumstances to the extent they exceed amounts provided for and paid under such other plan, agreement, understanding or as may be required by applicable law.

(d) Notices. All notices, requests, demands and other communications called for or contemplated hereunder shall be in writing and shall be deemed to have been sufficiently given if both (A) personally

delivered or if sent by registered or certified mail, return receipt requested to the parties, their successors in interest, or their assignees at the following addresses, or at such other addresses as the parties may designate by written notice in the manner aforesaid, and (B) a copy of such notice is also be sent by email as provided below, and any such notice shall be deemed received upon actual receipt under clause (A) of this Section 5(d):

(i) to the Company at:

RH  
15 Koch Road  
Corte Madera, CA 94925  
Attention: RH Legal Department  
Facsimile: (415) 927-7264  
Email: jp@rh.com  
GF@rh.com

(ii) to Executive at:

Lisa Chi  
XXXXXX  
XXXXXX

(e) Severability. If any term or provision of this Agreement, or the application thereof to any person or under any circumstance, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such terms to the persons or under circumstances other than those as to which it is invalid or unenforceable, shall be considered severable and shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Waiver. The failure of any party to insist in any one instance or more upon strict performance of any of the terms and conditions hereof, or to exercise any right or privilege herein conferred, shall not be construed as a waiver of such terms, conditions, rights or privileges, but same shall continue to remain in full force and effect. Any waiver by any party of any violation of, breach of or default under any provision of this Agreement by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or waiver of any other violation of, breach of or default under any other provision of this Agreement.

(g) Exclusive Remedy. Executive's right to the payments and benefits to which Executive may become entitled pursuant to this Agreement and pursuant to any other written agreement between Executive and the Company shall be Executive's sole and exclusive remedy for any termination of Executive's employment.

(h) Successors and Assigns. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

(i) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

*[Signature page follows]*



IN WITNESS WHEREOF, the Company has caused this Agreement, to be executed by its duly authorized officer and Executive has executed this Agreement, as of the day and year first above written.

**EXECUTIVE**

/s/ Lisa Chi  
\_\_\_\_\_  
Lisa Chi

Date: 5/19/2025

**RH**

By: /s/ Gary Friedman  
\_\_\_\_\_  
Its: Chairman & CEO

Date: 5/15/2025

*[Signature Page to Compensation Protection Agreement]*

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## **EXHIBIT A**

### **Form of General Release**

This Separation and General Release Agreement (the "Agreement") is entered into by and between RH (the "Company") and \_\_\_\_\_ ("Executive") (collectively, "Parties").

### **RECITALS**

WHEREAS, Executive has been employed by the Company on an at-will basis;

WHEREAS, the Company and Executive have determined that Executive's last day of employment with the Company will be \_\_\_\_\_ (the "Date of Termination") in accordance with the terms of this Agreement; and

WHEREAS, capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Compensation Protection Agreement dated as of May 15, 2025, by and between the Company and Executive (the "Compensation Agreement").

ACCORDINGLY, the Parties agree as follows:

**1. Protection Benefit.** The Company hereby agrees to provide Executive with the payments and benefits set forth in Section 1(c) of the Compensation Agreement with respect to a termination by the Company without Cause or by Executive for Good Reason, as the case may be, on the terms and subject to the conditions set forth in such Section 1(c) of the Compensation Agreement.

**2. Resignation.** Executive hereby resigns from employment with the Company and any other position held with the Company or any Affiliate, effective as of the Date of Termination. "Affiliate" means any entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

**3. General Release.** Executive and Executive's representatives, heirs, successors, and assigns do hereby completely release and forever discharge the Company, any Affiliate, and its and their present and former shareholders, officers, directors, agents, employees, attorneys, successors, and assigns (collectively, "Released Parties") from all claims, rights, demands, actions, obligations, liabilities, and causes of action of every kind and character, known or unknown, which Executive may have now or in the future arising from any act or omission or condition occurring on or prior to the Effective Date (as defined below) (including, without limitation, the future effects of such acts, omissions, or conditions), whether based on tort, contract (express or implied), or any federal, state, or local law, statute, or regulation (collectively, the "Released Claims"). By way of example and not in limitation of the foregoing, Released Claims shall include any claims arising under the Fair Labor Standards Act, the National Labor Relations Act, the Family and Medical Leave Act, Executive Retirement Income Security Act of 1974, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act, and the California Family Rights Act, the California Labor Code, all as amended, along with their implementing regulations, as well as any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, defamation, invasion of privacy, and claims related to disability. Released Claims shall also include, but not be limited to, any claims for severance pay, bonuses, sick leave, vacation pay, life or health insurance, or any other benefit. Executive likewise releases the Released Parties from any and all obligations for

attorneys' fees incurred in regard to the above claims or otherwise. Notwithstanding the foregoing, Released Claims shall not include (i) any claims based on obligations created by or reaffirmed in this Agreement; (ii) any vested retirement benefits or vested stock option rights, or (iii) any claims which by law cannot be released, including without limitation unemployment compensation claims and workers' compensation claims (the settlement of which would require approval by the California Workers' Compensation Appeals Board), (iv) any claim for indemnification under California Labor Code § 2802, the offer letter, the Company's bylaws or certificate of incorporation, or any agreement providing for indemnification of Executive, or (v) as set forth in Section 8 below.

**4. Section 1542 Waiver.** Executive understands and agrees that the Released Claims include not only claims presently known to Executive, but also include all unknown or unanticipated claims, rights, demands, actions, obligations, liabilities, and causes of action of every kind and character that would otherwise come within the scope of the Released Claims as described in Section 3, above. Executive understands that Executive may hereafter discover facts different from what Executive now believes to be true, which if known, could have materially affected this Agreement, but Executive nevertheless waives any claims or rights based on different or additional facts. Executive knowingly and voluntarily waives any and all rights or benefits that Executive may now have, or in the future may have, under the terms of Section 1542 of the California Civil Code, which provides as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR  
RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE  
TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE  
MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED  
PARTY.**

**5. Covenant Not to Sue.** Executive shall not bring a civil action in any court (or file an arbitration claim) against the Company or any other Released Party asserting claims pertaining in any manner to the Released Claims. Executive understands that this Section 5 does not prevent Executive from filing a charge with or participating in an investigation by a governmental administrative agency; provided, that, except for awards made pursuant to a government-administered whistleblower award program as set forth in Section 8 below, Executive hereby waives any right to receive any monetary award resulting from such a charge or investigation.

**6. Age Discrimination Claims.** Executive understands and agrees that, by entering into this Agreement, Executive (i) is waiving any rights or claims Executive might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act; (ii) has received consideration beyond that to which Executive was previously entitled; (iii) has been advised to consult with an attorney before signing this Agreement; and (iv) has been offered the opportunity to evaluate the terms of this Agreement for not less than twenty-one (21) days prior to execution of the Agreement. Executive may revoke this Agreement (by written notice to the Company's Chief Executive Officer at the Company's notice address set forth in the Compensation Agreement) for a period of seven (7) days after execution of the Agreement, and it shall become enforceable (and payment of the payments and benefits by the Company to Executive in accordance with Section 1 above only shall be made) only upon the expiration of this revocation period without prior revocation by Executive. Executive understands and agrees that any notice of resignation must be delivered in a manner such that it is received by the Company's Chief Executive Officer by the end of the seventh (7<sup>th</sup>) day after Executive executes this Agreement; and, further, if any modifications are made to this Agreement before Executive executes it, the twenty-one (21) day consideration period will not restart on account of those modifications.

**7. Confidentiality.** The Parties understand and agree that this Agreement and each of its terms, and the negotiations surrounding it, are confidential and shall not be disclosed by Executive without the prior written consent of the Company, unless required by law. Notwithstanding the foregoing, Executive may disclose the terms of this Agreement to Executive's spouse, and for legitimate business reasons, to legal, financial, and tax advisors, provided such individuals agree to maintain the confidentiality of such information and as set forth in Section 8 below.

**8. Protected Rights; Defend Trade Secrets Act Notification.**

(a) Executive is advised and understands that nothing in this Agreement prevents Executive from (i) disclosing information in accordance with California Labor Code Section 1102.5, or (ii) filing a charge with, or participating in an investigation, by or reporting an alleged violation of law to a governmental administrative agency such as the U.S. Equal Employment Opportunity Commission, the U.S. National Labor Relations Board, or the U.S. Securities and Exchange Commission; provided, that Executive waives any right to receive any monetary award resulting from such a report, charge or investigation, except pursuant to a government administered whistleblower award program.

(b) The Company hereby provides Executive with notice that 18 U.S.C. § 1833(b) states as follows:

“An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.”

Accordingly, notwithstanding anything to the contrary in this Agreement or in the Company's Proprietary Information Agreement, Executive understands that Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Executive understands that Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Executive understands and acknowledges that nothing in this Agreement nor in the Company's Proprietary Information Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

**9. Non-admission.** The Parties understand and agree that the furnishing of the consideration for this Agreement shall not be deemed or construed at any time or for any purpose as an admission of liability by the Company. The liability for any and all claims is expressly denied by the Company.

**10. Arbitration.** Any and all disputes arising out of the terms of this Agreement, their interpretation, or any of the Released Claims shall be resolved by final binding arbitration pursuant to the Company's Arbitration Agreement. Notwithstanding the foregoing, to the extent any claims or controversies between the Parties are not covered by and subject to arbitration according to the terms of the Arbitration Agreement, the Parties mutually agree that any such claims shall be brought exclusively in a court in the city and county of San Francisco, California or, if federal jurisdiction exists, the United States District Court for the Northern District of California, and both Parties submit and consent to jurisdiction of such courts and waive any objection to venue and/or any claim that the aforementioned forums are inconvenient.

**11. Entire Agreement.** This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement among the Parties hereto with regard to the subject matter hereof and thereof. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained or referenced herein.

**12. Amendments; Waivers.** This Agreement may not be amended except by an instrument in writing, signed by each of the Parties. No failure to exercise and no delay in exercising any right, remedy, or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.

**13. Successors and Assigns.** Executive represents that Executive has not previously assigned or transferred any claims or rights released by Executive pursuant to this Agreement. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, successors, attorneys, and permitted assigns. This Agreement shall also inure to the benefit of any Released Party.

**14. Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the State of California, without regard to conflict of laws provisions.

**15. Interpretation.** This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any Party. By way of example and not in limitation, this Agreement shall not be construed in favor of the Party receiving a benefit nor against the Party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.

**16. Representation by Counsel.** The Parties acknowledge that (i) they have had the opportunity to consult counsel in regard to this Agreement; (ii) they have read and understand the Agreement and they are fully aware of its legal effect; and (iii) they are entering into this Agreement freely and voluntarily, and based on each Party's own judgment and not on any representations or promises made by the other Party, other than those contained in this Agreement.

**17. Counterparts.** This Agreement may be executed in counterparts. True copies of such executed counterparts may be used in lieu of an original for any purpose.

**18. Effective Date.** This Agreement shall become effective on the eighth (8<sup>th</sup>) day after the date executed by Executive (the "Effective Date"), but only if the Agreement is not revoked as provided in Section 6. If the Agreement is revoked, it shall be null and void.

The Parties have duly executed this Agreement as of the dates noted below.

**EXECUTIVE**

\_\_\_\_\_

Lisa Chi

Date: \_\_\_\_\_

**RH**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT B**

### **Arbitration Agreement**

RH (the "Company") and Lisa Chi (the "Executive") hereby agree, effective as of May 15, 2025 that, to the fullest extent permitted by law, any and all claims or controversies between them (or between the Executive and any present or former officer, director, agent, or employee of the Company or any parent, subsidiary, or other entity affiliated with the Company) relating in any manner to the employment or the termination of employment of the Executive shall be resolved by final and binding arbitration. Except as specifically provided herein, any arbitration proceeding shall be conducted by the Judicial Arbitration and Mediation Services ("JAMS") under the JAMS Employment Arbitration Rules and Procedures then in effect (the "JAMS Rules").

Claims subject to arbitration shall include, without limitation: contract claims, tort claims, claims relating to compensation, as well as claims based on any federal, state, or local law, statute, or regulation, including but not limited to any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the California Fair Employment and Housing Act, equity purchases or repurchases, and any and all claims for any other compensation, wages and/or benefits of any type, including any claims arising from the Executive's offer letter or Compensation Agreement with the Company. However, the following claims shall not be subject to arbitration, unless Executive elects to arbitrate those claims: claims for unemployment benefits, workers' compensation claims, claims under the National Labor Relations Act, claims relating to the Proprietary Information and Inventions Agreement between Executive and the Company, claims relating to misappropriation of the Company's trade secrets, claims alleging sexual assault or sexual harassment as defined under 9 U.S.C. § 402(a), and any other claims that, as a matter of law, the parties cannot be compelled to arbitrate under applicable law.

A neutral and impartial arbitrator shall be chosen by mutual agreement of the parties; however, if the parties are unable to agree upon an arbitrator within a reasonable period of time, then a neutral and impartial arbitrator shall be appointed in accordance with the arbitrator nomination and selection procedure set forth in the JAMS Rules. The arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based so as to ensure meaningful judicial review of the decision. The arbitrator shall apply the same substantive law, with the same statutes of limitations and same remedies, that would apply if the claims were brought in a court of law.

Either the Company or the Executive may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit of claim in any way related to any arbitrable claim, including without limitation any claim as to the making, existence, validity, or enforceability of the agreement to arbitrate. Nothing in this Agreement, however, precludes a party from filing an administrative charge before a governmental agency that has jurisdiction over an arbitrable claim. Moreover, nothing in this Agreement prohibits either party from seeking provisional relief pursuant to Section 1281.8 of the California Code of Civil Procedure.

All arbitration hearings under this Agreement shall be conducted in San Francisco, California, unless otherwise agreed by the parties. The arbitration provisions of this Arbitration Agreement shall be governed by the Federal Arbitration Act (the "FAA") to the exclusion of any state law inconsistent with the FAA. If it is determined that the FAA does not apply to the parties' dispute, then the laws of the State of California, will apply. The arbitrator shall apply the substantive state or federal law as applicable to the claim(s) asserted in arbitration. Claims arising under federal law shall be determined in accordance with federal law. Common law claims shall be determined in accordance with the State of California substantive law, without regard to conflict of law principles.. In all other respects, this Arbitration Agreement shall be construed in accordance with the laws of the State of California, without reference to

conflicts of law principles.

Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company will pay all costs and fees of the arbitrator that are in excess of the filing fee that Executive would pay to file a case in court.

This Agreement does not alter the Executive's at-will employment status. Accordingly, the Executive understands that the Company may terminate the Executive's employment, as well as discipline or demote the Executive, at any time, with or without prior notice, and with or without cause. The parties also understand that the Executive is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of the Executive's employment with the Company and the expiration of this Agreement.

The Company and the Executive understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both the Executive and an officer of the Company.

**THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.**

**THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AGREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.**

By signing below, Executive agrees to waive all rights to a jury trial and waives the right to pursue any class action, collective action, or representative claims to the maximum extent allowed by law. To the extent a class or collective action or representative claim may not be waived, Executive agrees to stay any such claims, including representative Private Attorneys General Act claims, until after all claims subject to arbitration are fully resolved.

\_\_\_\_\_  
EXECUTIVE

Date: \_\_\_\_\_



**RH**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

sf-6730025

\_\_\_\_\_

## RH 2023 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: Lisa Chi  
XXXXXX  
XXXXXX

You (the "Grantee") have been granted an option to purchase shares of common stock of RH, a Delaware corporation (the "Company"), subject to the terms and conditions of this Notice of Stock Option Award (this "Notice"), the RH 2023 Stock Incentive Plan (as may be amended, modified or restated from time to time, the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	SI-3473
Date of Award	May 30, 2025
Exercise Price per Share	\$ 181.11
Total Number of Shares Subject to the Option (the "Shares")	50,000
Vesting Commencement Date	May 30, 2025
Type of Option:	<input type="radio"/> Incentive Stock Option* <input checked="" type="radio"/> Non-Qualified Stock Option
Expiration Date:	May 29, 2035

\*If designated as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option to the maximum extent permitted under Section 422 of the Code. Any portion of the Option that does not so qualify will be a Non-Qualified Stock Option.

Vesting Schedule:

Subject to the Grantee's Continuous Service (except as otherwise provided in the Option Agreement and the Compensation Protection Agreement between the Company and the Grantee, dated May 15, 2025 (the "Compensation Protection Agreement")) and other limitations set forth in this Notice, the Option Agreement, the Compensation Protection Agreement and the Plan, the Option shall become vested and exercisable in accordance with the following schedule (the "Vesting Schedule"): 20% of the Option shall vest on each of the first five (5) anniversaries of the Vesting Commencement Date.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

RH  
a Delaware corporation

By: /s/ Jack Preston

Jack Preston  
Title: Chief Financial Officer

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE OR AS OTHERWISE PROVIDED FOR IN THE OPTION AGREEMENT AND THE COMPENSATION PROTECTION AGREEMENT (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

**Grantee Acknowledges and Agrees:**

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Plan and the Option Agreement.

The Grantee further acknowledges that, from time to time, the Company may be in a “blackout period” and/or subject to applicable federal securities laws that could subject the Grantee to liability for engaging in any transaction involving the sale of the Company’s Shares. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired by exercising the Option, it is the Grantee’s responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules or other applicable federal securities laws.

The Grantee understands that the Option is subject to the Grantee’s consent to access this Notice, the Option Agreement, the Plan and the Plan prospectus (collectively, the “Plan Documents”) in electronic form on the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable, or by such other method as designated by the Company at the Company’s sole discretion from time to time. By signing below and accepting the grant of the Option, the Grantee: (i) consents to access copies of the Plan Documents by means and methods as designated by the Company from time to time; (ii) if applicable or upon establishment by the Company of an intranet or upon engagement of a brokerage firm for the administration of Option, consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via such Company intranet or the website of the Company’s designated brokerage firm; (iii) represents and agrees that the Grantee will comply with reasonable procedures to access the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable; (iv) acknowledges that the Grantee is already in possession of paper copies of the Plan Documents; and (v) acknowledges that the Grantee is familiar with and accepts the Option subject to the terms and provisions of the Plan Documents.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee’s consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 9 of the Option Agreement. The Grantee further agrees to the venue and jurisdiction selection and waiver of a jury trial in accordance with Section 9 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Dated: 6/3/2025

Signed: /s/ Lisa Chi

Grantee

**RH 2023 STOCK INCENTIVE PLAN**  
**STOCK OPTION AWARD AGREEMENT**

1. **Grant of Option.** RH, a Delaware corporation (the “Company”), hereby grants to the Grantee (the “Grantee”) named in the Notice of Stock Option Award (the “Notice”), an option (the “Option”) to purchase the Total Number of Shares subject to the Option (the “Shares”) set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the “Exercise Price”), subject to the terms and provisions of the Notice, this Stock Option Award Agreement (this “Option Agreement”), the Compensation Protection Agreement between the Company and the Grantee, dated May 15, 2025 (the “Compensation Protection Agreement”) and the RH 2023 Stock Incentive Plan (as may be amended, modified or restated from time to time, the “Plan”), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement. In the event of a conflict between this Option Agreement and the Plan, the provisions of the Plan shall control.

2. **Exercise of Option.**

(a) **Right to Exercise.** The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. In no event shall the Company issue fractional Shares.

(b) **Method of Exercise.** The Option shall be exercisable only by delivery of an exercise notice (a form of which is attached to this Option Agreement as Exhibit A) or by such other procedure established by the Administrator. The exercise notice shall be delivered to the Company in person, by certified mail, by electronic transmission or by such other method approved by the Administrator, and shall be accompanied by payment of the applicable aggregate Exercise Price and, if applicable, all federal, state and local income and employment taxes required to be withheld pursuant to Section 7(c)(i) of the Plan.

(c) **Taxes.** The Grantee may incur tax liability as a result of the Grantee’s exercise of the Option or disposition of the Shares. **The Grantee should consult a tax adviser before exercising the Option or disposing of the Shares.**

(d) **Section 16(b).** Notwithstanding any provision of this Option Agreement to the contrary, other than termination of the Grantee’s Continuous Service for Cause, if a sale within the applicable time periods set forth in Section 4 herein of Shares acquired upon the exercise of the Option would subject the Grantee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such Shares by the Grantee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Grantee’s termination of Continuous Service, or (iii) the date on which the Option expires.

3. **Method of Payment.** Subject to any terms and conditions established by the Administrator, payment of the aggregate Exercise Price shall be made by any of the following methods, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law; and provided further that the exercise method set forth in Sections 3(d) and (f) shall be subject to prior approval of the Administrator:

- (a) cash;
- (b) check;
- (c) wire transfer;

(d) surrender of Shares held for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes, or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require, that have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price;

(e) payment through a broker-assisted cashless exercise program acceptable to the Company;

(f) payment through a "net exercise" procedure established by the Company such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (A) the number of Shares as to which the Option is being exercised, multiplied by (B) a fraction, the numerator of which is the Fair Market Value on the exercise date less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (with the number of net Shares to be received rounded down to the nearest whole number of Shares); or

(g) any other method as permitted by the Plan that is approved by the Administrator.

4. Post-Termination Exercise Period. Except as provided in Section 8(c) of the Plan, in the event of termination of the Grantee's Continuous Service, all or any portion of the Option that was vested on the Termination Date (including any portion of the Option that vested as a result of such termination) or the last date of the Protection Period, as applicable, may be exercised during the Post-Termination Exercise Period set forth in Section 4(a), Section 4(b), Section 4(c) or Section 4(e), as applicable, and to the extent such vested portion of the Option is not exercised during such period, the Option will terminate. Any portion of the Option that was unvested on the Termination Date (and that did not vest as a result of such termination) shall terminate on the Termination Date; provided that, notwithstanding anything to the contrary, if the Grantee's Continuous Service is terminated by the Company without Cause (and such termination is not due to the Grantee's Disability) or by the Grantee for Good Reason (each, a "Qualifying Termination"), subject to (x) the Grantee's execution and non-revocation of the Release, (y) the Grantee not engaging in Conflicting Activities during the Protection Period, and (z) the Grantee's compliance with the Compensation Protection Agreement, the Company's Proprietary Information and Intellectual Property Agreement, the Release, and the Grantee's offer letter (collectively, the "Employment Documents"), the portion of the Option that would otherwise vest during the first twenty-four (24) months following the Termination Date (the "Protection Period") shall continue to vest as if the Grantee remained in Continuous Service with the Company during the Protection Period, with any Options that are unvested as of the last day of the Protection Period terminating as of the Termination Date. For clarity, if the Grantee's Continuous Service terminates in a Qualifying Termination, any Options that are unvested immediately prior to such termination of the Grantee's Continuous Service shall not terminate on the date of the Qualifying Termination and shall, instead, remain outstanding until the Release Deadline (provided that such unvested Options shall not continue to vest during such period unless the Release is executed and becomes irrevocable by the Release Deadline) and shall either (i) if the Grantee executes the Release and the Release becomes irrevocable by the Release Deadline, continue to vest during the Protection Period as described above or (ii) if the Grantee does not execute the Release or if the Release does not become irrevocable by the Release Deadline, be forfeited as of the last day of the Release Period. Notwithstanding anything to the contrary, if the Grantee engages in Conflicting Activities during the Protection Period or otherwise violates any of the Employment Documents during the Protection Period, continued vesting of the Option pursuant to this Section 4 shall cease and any portion of the Option that is unexercised as of the date of the Grantee's commencement of such Conflicting Activities or such violation, as applicable, shall terminate and no longer be exercisable, whether or not vested. For purposes of this Agreement, each of the terms of "Cause," "Good Reason," "Release," "Release Deadline," "Release Period" and "Conflicting Activities" shall have the meanings set forth in the Compensation Protection Agreement.

(a) Termination Generally. Subject to Section 4(e), if the Grantee's Continuous Service is terminated for any reason other than (i) a termination by the Company for Cause, (ii) a resignation by the Grantee for Good Reason, or (iii) due to the Grantee's death or Disability, the Post-Termination Exercise Period shall commence on the Termination Date and end three (3) months thereafter (or, if earlier, end on the Expiration Date).

(b) Disability. If the Grantee's Continuous Service is terminated due to the Grantee's Disability, the Post-Termination Exercise Period shall commence on the Termination Date and end twelve (12) months thereafter (or, if earlier, end on the Expiration Date).

(c) Death. If the Grantee's Continuous Service terminates due to the Grantee's death (or if the Grantee dies after a termination described in Section 4(a) or Section 4(b) above and during the applicable Post-Termination Exercise Period specified therein), the Post-Termination Exercise Period shall commence on the date of the Grantee's death and end twelve (12) months thereafter (or, if earlier, end on the Expiration Date). Following the death of the Grantee, the Option may be exercised during the Post-Termination Exercise Period (x) by the person or persons designated under the deceased Grantee's beneficiary designation or (y) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution.

(d) Termination for Cause. If the Grantee's Continuous Service is terminated for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service.

(e) Termination without Cause or Resignation for Good Reason. Notwithstanding anything to the contrary in the Plan, the Notice and this Agreement, if the Grantee's Continuous Service is terminated by the Company without Cause (and such termination is not due to Grantee's Disability) or by the Grantee for Good Reason, subject to satisfaction of the Protection Conditions, the Grantee's right to exercise the vested portion of the Option shall terminate on the twenty-seventh (27<sup>th</sup>) month anniversary of the Termination Date (or, if earlier, end on the Expiration Date); provided that, if the Grantee begins to engage in Conflicting Activities during the Protection Period or violates any of the Employment Documents during the Protection Period, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service as of the Grantee's commencement of such Conflicting Activities or such violation, as applicable.

5. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date provided in the Plan or this Option Agreement. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised. The Grantee agrees that the Company and its officers, employees, attorneys and agents do not have any obligation to notify the Grantee prior to the expiration of the Option, regardless of whether the Option will expire on the Expiration Date or on an earlier date. The Grantee further agrees that the Grantee has the sole responsibility for monitoring the expiration of the Option and for exercising the Option, if at all, before it expires. This Section 5 shall supersede any contrary representation that may have been made, orally or in writing, by the Company or by an officer, employee, attorney or agent of the Company.

6. Entire Agreement; Governing Law. The terms of the Notice and the Plan are incorporated into this Option Agreement and, together with this Option Agreement, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof; provided, however, that if the terms of the Compensation Protection Agreement or any other employment, change in control or similar agreement that the Grantee becomes party to with the Company or a Related Entity contains terms applicable to equity awards of the type granted by this Option Agreement that are more favorable to the Grantee than the terms set forth in this Option Agreement, such more favorable terms shall control. Nothing in the Notice, the Plan or this Option Agreement (except as expressly provided therein or herein) is intended to confer any rights or remedies on any Persons other than the Company and the Grantee. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding.

9. Venue and Waiver of Jury Trial. The Company and the Grantee agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for Delaware (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Delaware state court) and that the parties shall submit to the jurisdiction of such court. The Company and the Grantee irrevocably waive, to the fullest extent permitted by Applicable Laws, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Data Privacy. The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee’s personal data as described in the Notice and this Option Agreement by and among, as applicable, the Grantee’s employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Grantee understands that the Company and the Grantee’s employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee’s name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Grantee’s favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”). The Grantee understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the Grantee’s country, or elsewhere, and that the recipients’ country may have different data privacy laws and protections than the Grantee’s country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee’s local human resources representative. The Grantee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee’s participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee’s local human resources representative. The Grantee understands, however, that refusal or withdrawal of consent may affect the Grantee’s ability to participate in the Plan. For more information on the consequences of the Grantee’s refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee’s local human resources representative.



12. Language. If the Grantee has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by Applicable Law.

13. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**END OF AGREEMENT**

## EXHIBIT A

### RH 2023 STOCK INCENTIVE PLAN

#### EXERCISE NOTICE

RH  
15 Koch Road, Suite J  
Corte Madera, CA 94925  
Attention: Secretary

1. Exercise of Option. Effective as of today, \_\_\_\_\_, the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase \_\_\_\_\_ shares of the common stock (the "Shares") of RH (the "Company") under and pursuant to the Company's 2023 Stock Incentive Plan (as may be amended, modified or restated from time to time, the "Plan") and the Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated \_\_\_\_\_. Unless otherwise defined herein, the terms defined in the Plan or the Option Agreement shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (in the form of the appropriate book entry on the records of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent available and selected, shall be deemed to be satisfied by use of the broker-assisted cashless exercise program provided in Section 3(e) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's exercise of the Option or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax adviser the Grantee deems advisable in connection with the exercise of the Option or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days after any disposition of any Shares acquired upon exercise of the Option if such disposition occurs within two (2) years from the Date of Award or within one (1) year from the date the Shares were transferred to the Grantee.

7. Consent to Electronic Notice. The Grantee consents to the delivery of any stockholder notice pursuant to Applicable Law, by electronic transmission pursuant to Applicable Law (or any successor thereto) at the electronic mail address on the books of the Company. To the extent that any notice given by means of electronic transmission is returned or undeliverable for any reason, the foregoing consent shall be deemed to have been revoked until a new or

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corrected electronic mail address has been provided, and such attempted electronic notice shall be ineffective and deemed to not have been given. The Grantee agrees to promptly notify the Company of any change in the Grantee's electronic mail address, and that failure to do so shall not affect the foregoing.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Exercise Notice.

12. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and, together with this Exercise Notice, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any Persons other than the parties.

Submitted by:  
GRANTEE:

Accepted by:  
RH

By:\_\_\_\_\_  
(Signature)

By:\_\_\_\_\_  
Title:\_\_\_\_\_

Address:

-  
-

Address:

15 Koch Road, Suite J  
Corte Madera, CA 94925

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TIME-VESTED RESTRICTED STOCK UNIT AGREEMENT  
RH 2023 STOCK INCENTIVE PLAN

**NOTICE OF RESTRICTED STOCK UNIT AWARD**

Grantee's Name and Address: Lisa Chi  
XXXXXX  
XXXXXX

You (the "Grantee") have been granted an award of Restricted Stock Units (this "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (this "Notice"), the RH 2023 Stock Incentive Plan (as amended from time to time, the "Plan") and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number	SI-3472
Date of Award	May 30, 2025
Vesting Commencement Date	May 30, 2025
Total Number of Restricted Stock Units Awarded (the "Units")	20,000

**Vesting Schedule:**

Subject to the Grantee's Continuous Service (except as otherwise provided in this Notice, the Agreement and the Compensation Protection Agreement between the Company and the Grantee, dated May 15, 2025 ("the Compensation Protection Agreement")) and other limitations set forth in this Notice, the Agreement, the Plan and the Compensation Protection Agreement, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"): 6,000 Units shall vest on January 31, 2026, 7,000 Units shall vest on January 31, 2027, and the remaining 7,000 Units shall vest on January 31, 2028.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Vesting Schedule would result in a fractional Unit vesting on any vesting date, the number of Units that vest on that vesting date will be rounded down to the nearest whole Unit and such fractional Unit shall remain unvested until one Unit can vest and such whole Unit shall vest on the next applicable vesting date (if any).

Vesting shall cease upon the date the Grantee terminates Continuous Service for any reason, including death or Disability; provided that, notwithstanding anything to the contrary, if the Grantee's Continuous Service is terminated by the Company without Cause (and such termination is not due to the Grantee's Disability) or by the Grantee for Good Reason (each, a "Qualifying Termination"), subject to (x) the Grantee's execution and non-revocation of the Release, (y) the Grantee not engaging in Conflicting Activities during the Protection Period, and (z) the Grantee's compliance with the Compensation Protection Agreement, the Company's Proprietary Information and Intellectual Property Agreement, the Release, and the Grantee's offer letter (collectively, the "Employment Documents"), the Units that would otherwise vest during the first twenty-four (24) months following the Termination Date (the "Protection Period") shall continue to vest as if the Grantee remained in Continuous Service with the Company during the Protection Period, with any RSUs that are unvested as of the last day of the Protection Period terminating as of the Termination Date. If the Grantee's Continuous Service terminates for any reason other than a Qualifying Termination, any Units that are unvested immediately prior to such termination of the Grantee's Continuous Service shall be forfeited as of the Termination Date. For clarity, if the Grantee's Continuous Service terminates in a Qualifying Termination, any Units that are unvested immediately prior to such termination of the Grantee's Continuous Service shall not terminate on the date of the Qualifying Termination and

shall, instead, remain outstanding until the Release Deadline (provided that such unvested Units shall not continue to vest during such period unless the Release is executed and becomes irrevocable by the Release Deadline) and shall either (i) if the Grantee executes the Release and the Release becomes irrevocable by the Release Deadline, continue to vest during the Protection Period as described above or (ii) if the Grantee does not execute the Release or if the Release does not become irrevocable by the Release Deadline, be forfeited as of the last day of the Release Period. Notwithstanding anything to the contrary, if the Grantee engages in Conflicting Activities during the Protection Period or otherwise violates any of the Employment Documents during the Protection Period, continued vesting of the RSUs pursuant to this Notice shall cease and any RSUs that are unvested as of the date of the Grantee's commencement of such Conflicting Activities or such violation, as applicable, shall terminate. For purposes of this Notice, each of the terms of "Cause," "Good Reason," "Release," "Release Deadline," "Release Period" and "Conflicting Activities" shall have the meanings set forth in the Compensation Protection Agreement.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

**RH**  
a Delaware corporation

By: /s/ Jack Preston  
Title: Chief Financial Officer  
Date: May 30, 2025

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF CONTINUOUS SERVICE OR, IF APPLICABLE, DURING THE PROTECTION PERIOD (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

**Grantee Acknowledges and Agrees:**

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan.

The Grantee further acknowledges that, from time to time, the Company may be in a “blackout period” and/or subject to applicable federal securities laws that could subject the Grantee to liability for engaging in any transaction involving the sale of the Company’s Shares. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee’s responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules or other applicable federal securities laws.

The Grantee understands that the Award is subject to the Grantee’s consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the “Plan Documents”) in electronic form on the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable, or by such other method as designated by the Company at the Company’s sole discretion from time to time. By signing below and accepting the grant of the Award, the Grantee: (i) consents to access copies of the Plan Documents by means and methods as designated by the Company from time to time; (ii) if applicable or upon establishment by the Company of an intranet or upon engagement of a brokerage firm for the administration of Awards, consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via such Company intranet or the website of the Company’s designated brokerage firm; (iii) represents and agrees that the Grantee will comply with reasonable procedures to access the Company’s intranet or the website of the Company’s designated brokerage firm, if applicable; (iv) acknowledges that the Grantee is already in possession of paper copies of the Plan Documents; and (v) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee’s consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 8 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 9 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date 6/3/2025

/s/ Lisa Chi  
Grantee’s Signature

## RH 2023 STOCK INCENTIVE PLAN

**RESTRICTED STOCK UNIT AGREEMENT**

1. Issuance of Units. RH, a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Award (the “Notice”) an award (this “Award”) of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the “Units”), subject to the Notice, this Restricted Stock Unit Agreement (this “Agreement”) and the terms and provisions of the Compensation Protection Agreement between the Company and the Grantee, dated May 15, 2025 (“the Compensation Protection Agreement”) and the RH 2023 Stock Incentive Plan (as amended from time to time, the “Plan”), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), as soon as administratively feasible but no later than 60 days following the applicable date of vesting under the Vesting Schedule set forth in the Notice (a “Vesting Date”), the Company shall issue to the Grantee a number of Shares equal to the number of Units subject to the Award that vest on the applicable Vesting Date, subject to any required tax or other withholding obligations. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share.

(b) Delay of Conversion. The conversion of the Units into the Shares under Section 3(a) shall be delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other Applicable Law. If the conversion of the Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other Applicable Law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of Applicable Law.

(c) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain “specified employees” of certain publicly-traded companies); in such event, any Shares to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee’s termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

5. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the



subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalents. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether U.S. federal, state, local or non-U.S., including any income tax, payroll tax, social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of all Tax Withholding Obligations in a manner acceptable to the Company.

(i) *By Share Withholding.* If permissible under Applicable Law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy all Tax Withholding Obligations. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) *By Sale of Shares.* Unless the Grantee determines to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, the Grantee's acceptance of this Award constitutes the Grantee's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to, upon the exercise of Company's sole discretion, sell on the Grantee's behalf a whole number of Shares from those Shares issuable to the Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (e.g., a vesting date) or as soon as practicable thereafter. The Grantee will be responsible for all broker's fees and other costs of sale, and the Grantee agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Grantee's Tax Withholding Obligation, the Company agrees to pay such excess in cash to the Grantee. The Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Grantee's Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means.* At any time not less than five (5) business days (or such fewer number of business days as determined by the Administrator) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company or (z) such other means as specified from time to time by the Administrator.

Notwithstanding the foregoing, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

6. Entire Agreement; Governing Law. The terms of the Notice and the Plan are incorporated into this Agreement and, together with this Agreement, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof; provided, however, that if the terms of the Compensation Protection Agreement or any other employment, change in control or similar agreement that the Grantee becomes party to with the Company or a Related Entity contains terms applicable to equity awards of the type granted by this Agreement that are more favorable to the

Grantee than the terms set forth in this Agreement, such more favorable terms shall control. Nothing in the Notice, the Plan or this Agreement (except as expressly provided therein or herein) is intended to confer any rights or remedies on any Persons other than the Company and the Grantee. The Notice, the Plan and this Agreement are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

9. Venue and Waiver of Jury Trial. The Company and the Grantee agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for Delaware (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Delaware state court) and that the parties shall submit to the jurisdiction of such court. The Company and the Grantee irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE COMPANY AND THE GRANTEE ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Data Privacy. The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee’s personal data as described in the Notice and this Agreement by and among, as applicable, the Grantee’s employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Grantee understands that the Company and the Grantee’s employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee’s name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Grantee’s favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”). The Grantee understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the Grantee’s country, or elsewhere, and that the recipients’ country may have different data privacy laws and protections than the Grantee’s country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee’s local human resources representative. The Grantee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee’s participation in the Plan. The Grantee understands

that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

12. Language. If the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by Applicable Law.

13. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

14. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**END OF AGREEMENT**

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

I, Gary Friedman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RH;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or 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: September 11, 2025

/s/ Gary Friedman

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Gary Friedman  
Chairman and Chief Executive Officer

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

I, Jack Preston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RH;
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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or 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: September 11, 2025

/s/ Jack Preston

Jack Preston

Chief Financial Officer

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**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**

I, Gary Friedman, Chairman and Chief Executive Officer of RH (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended August 2, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: September 11, 2025

By: /s/ Gary Friedman

Name: Gary Friedman

Title: Chairman and Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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**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**

I, Jack Preston, Chief Financial Officer of RH (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report of the Company on Form 10-Q for the fiscal quarter ended August 2, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: September 11, 2025

By: /s/ Jack Preston

Name: Jack Preston

Title: Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

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