G-III Apparel Group

Earnings Presentation

Second Quarter Fiscal 2026


GIII
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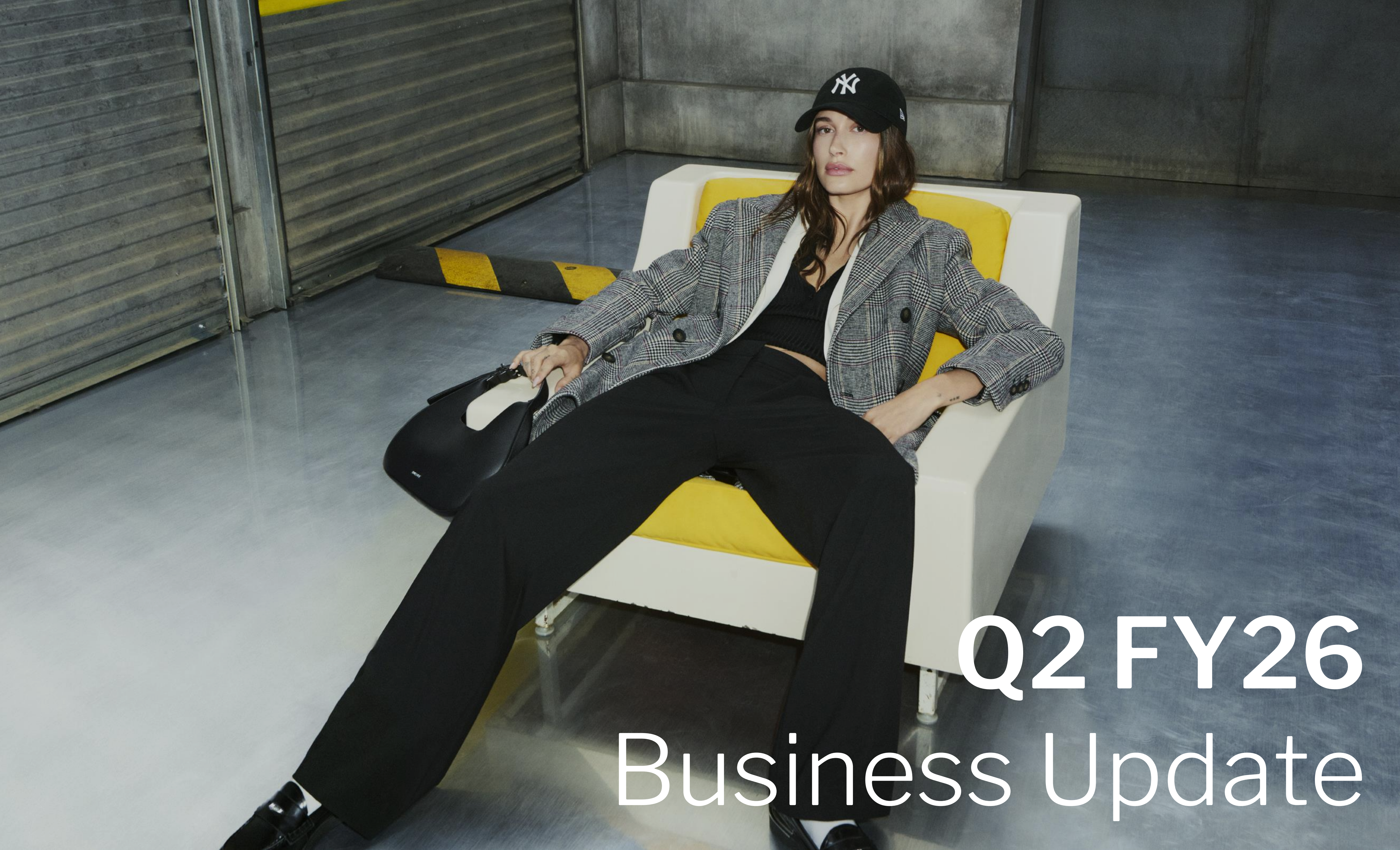
Q2 FY26
Business Update

Q2 FY26 OVERVIEW

- We delivered strong second quarter results with both net sales and earnings exceeding expectations, driven by strong momentum of our go-forward portfolio, led by our key owned brands DKNY, Donna Karan, Karl Lagerfeld, and Vilebrequin.

- Gross margins in the quarter were impacted by higher-than-expected tariff costs, driven primarily by a greater volume of tariffed inventory shipments than initially forecasted.

- We are actively mitigating these pressures through a combination of vendor participation, selective sourcing shifts, and targeted price increases.

- Looking ahead, we have updated fiscal 2026 guidance to reflect the current macro environment, a more cautious outlook from our retail partners, as well as the impact of tariffs on our top and bottom lines.

Q2 FY26 FINANCIAL RESULTS

Second Quarter Net Sales and Earnings Exceeded Expectations

TOTAL SALES	WHOLESALE SALES	RETAIL SALES
$613M	$589M	$41M
vs. $645M LY	vs. $620M LY	vs. $37M LY

GROSS MARGIN	NON-GAAP NET INCOME*	NON-GAAP EPS*
40.8%	$11.2M	$0.25
vs. 42.8% LY	vs. $23.8M LY	vs. $0.52 LY

"In the second quarter, we exceeded expectations across both net sales and earnings, driven by the strong momentum of our go-forward portfolio, led by DKNY, Donna Karan, Karl Lagerfeld, and Vilebrequin. These results highlight our ability to execute on our strategic priorities and leverage our powerful corporate platform to maximize the full potential of our globally recognized brands."

Morris Goldfarb, Chairman and CEO

*See reconciliation of GAAP to Non-GAAP results in appendix

Q2 FY26 P&L OVERVIEW

Strong Second Quarter Results, Despite a Challenging Macro Environment

(Unaudited)	Three Months Ended July 31,	
($ in thousands, except for per share data)	2025	2024
Net Sales	**$613,266**	**$644,755**
Gross Profit	$250,471	$275,874
Non-GAAP SG&A Expenses*	$226,845	$229,030
Non-GAAP Net Income*	$11,180	$23,784
Non-GAAP Diluted EPS*	**$0.25**	**$0.52**

- **Net sales** decreased 5% to $613 million compared to $645 million last year, well ahead of our expectations, driven by our wholesale segment.
- **Gross margin** percentage was 40.8% compared to 42.8% last year, driven primarily by higher-than-expected tariff costs.
- **SG&A expenses** were $227 million compared to $230 million last year, driven by lower compensation expenses as well as reduced advertising expenses, partially offset by higher supply chain expenses reflecting the acceleration of inventory receipts.
- **Non-GAAP net income** was $11 million, or $0.25 per diluted share, compared to $24 million, or $0.52 per diluted share last year, with lower sales and additional tariff costs being the primary drivers of our reduced profitability.

*See reconciliation of GAAP to Non-GAAP results in appendix

Q2 FY26 BALANCE SHEET OVERVIEW

Strong Financial Position with Flexibility to Invest in Future Growth Opportunities

(Unaudited)	As of July 31,	
($ in thousands)	2025	2024
Cash & Cash Equivalents	$301,778	$414,791
Long-Term Debt	$15,481	$413,968
Net Cash	**$286,297**	**$823**
Working Capital	$812,675	$1,047,653
Inventories	$639,756	$610,492
Total Assets	**$2,690,981**	**$2,696,287**
Operating Lease Liabilities	$280,295	$218,733
Total Stockholders' Equity	$1,708,521	$1,512,635

- **Inventories** increased 5% to $640 million at the end of the quarter, compared to $610 million last year
- **Net cash position** of $286 million compared to last year's net neutral cash position
- **Repurchases** of $25 million or 1,140,988 shares in the second quarter
- **Cash and availability** remains strong at approximately $830 million, with ample flexibility to invest in strategic opportunities to drive future growth

FY 2026 OUTLOOK

Our updated fiscal 2026 guidance reflects a more cautious outlook resulting from both the retail landscape and consumer environment, as well as the impact of tariffs on our top and bottom lines.

Fiscal 2026 Guidance

Net Sales	$3.02B
GAAP Net Income	$112M - $122M
GAAP Diluted EPS	$2.53 - $2.73
Non-GAAP Net Income*	$113M - $123M
Non-GAAP Diluted EPS*	$2.55 - $2.75
Adjusted EBITDA	$198M - $208M
Net Interest Expense	~$5M
Capital Expenditures	~$40M
Tax Rate	~30%

- We expect the total incremental tariffs cost to be approximately $155 million, based on the latest tariff increases implemented for Vietnam, India and Indonesia, among others.
- Through a combination of vendor participation, strategic sourcing shifts, and targeted price increases, we have successfully mitigated a portion of these costs.
- Our updated outlook for fiscal 2026 reflects an unmitigated impact of approximately $75 million, primarily weighted to the second half of the year.
- Full year gross margins are expected to be down approximately 300 basis points with third quarter gross margins to be down slightly less than the fourth quarter as fourth quarter sales will have the highest penetration of tariff-impacted inventory.

*See reconciliation of GAAP to Non-GAAP results in appendix

Q2 FY26
Brand Highlights

Q2 FY26
DONNA KARAN

- Donna Karan delivered strong results across its lifestyle categories, led by continued strength in dresses.
- The accessories business is gaining traction with premium handbags commanding AURs upwards of $500.
- The brand's AURs and sell-throughs remain the strongest across our portfolio.
- Expanding into new and existing categories, with a current focus on social occasion wear and launching a more casual take with “Donna Karan Weekend” for Holiday ‘25 - with over 200 points of sale.
- DonnaKaran.com is outperforming expectations; Digital sales are gaining strong traction in key markets, reinforcing the brand’s aspirational luxury positioning.
- Celebrating 40 years of the Donna Karan New York, our Fall 2025 campaign launched on September 3rd, featuring Claudia Schiffer, Irina Shayk, and Imaan Hammam, among others.
- Expect the brand to grow over 40% this year in the U.S., where it is currently distributed. We see outsized global growth potential in fiscal 2027 and beyond.

Q2 FY26
KARL LAGERFELD

- Karl Lagerfeld is building momentum globally, delivering another quarter of strong growth, led by North America.
- In North America, sales grew over 30%, driven by outperformance across lifestyle categories and margin expansion; Men's sales grew ~20% to last year.
- Adding ~150 domestic points of sale domestically, driven by extended assortments in suit separates, handbags, footwear, and men's sportswear.
- North American retail business saw high-single-digit comp increases, driven by traffic and AUR growth.
- Internationally, the brand delivered broad-based growth across all channels and product categories, as well as margin expansion despite a challenging macro backdrop.
- We launched our Fall-Winter 2025 global brand campaign, "From Paris With Love" featuring Paris Hilton, with several key global activations planned throughout the season, designed to drive awareness and conversion.

Q2 FY26
DKNY

- DKNY delivered a solid second quarter, led by North America.
- Outerwear saw outsized growth with sales nearly doubling.
- North American retail business experienced positive comp sales increases, driven by AUR growth, showing our refreshed product is resonating.
- Gaining traction internationally: Wholesale expansion across jeans and accessories in Europe; the Middle East saw solid sell-throughs for accessories and opening 3 new mono-branded boutiques there.
- Introduced Hailey Bieber for Fall 2025 and within the first 24 hours across DKNY-owned channels, Hailey's post and UGC, we have already earned 22 million impressions and over 1.1 million engagements.
- Looking to capture market share in key North American department stores through expanded product assortments.


FY 2025
Results Overview

FY25 ACHIEVEMENTS

A Year of Investments to Fuel Future Growth

- We powered global growth with total revenue increasing 2.7% to $3.18 billion annual net sales, driven by over 20% growth of our key owned brands DKNY, Karl Lagerfeld, Donna Karan, and Vilebrequin, while expanding gross margin.

- We successfully relaunched Donna Karan in Spring 2024 and brought to market three new licensed brands Nautica, Halston and Champion, which together, contributed sizably to our top line growth and present a significant growth opportunity.

- We made sizable investments in marketing to drive growth of our DKNY and Donna Karan brands, as well as investments in technology and talent to enhance operational capabilities.

- Our Calvin Klein and Tommy Hilfiger businesses now collectively represent approximately 34% of our total net sales, down from over 50% two years ago, and we expect it to approximate 25% by the end of fiscal 2026.

- Lastly, we executed well on our retail segment turnaround initiatives in North America, cutting our losses in half, adding over $15 million to our bottom line, with further improvement expected in fiscal 2026.

FY25 FINANCIAL HIGHLIGHTS

Delivered Top-Line Growth and Record Earnings Per Diluted Share

TOTAL REVENUE

$3.18B

+2.7% YoY vs. $3.10B last year

Led by over 20% growth of our key owned brands and success of our new launches

GROSS MARGIN

40.8%

+70 bps YoY vs. 40.1% last year

Driven by greater sales penetration of our higher margin owned brands

NON-GAAP NET INCOME*

$204M

+7.3% YoY vs. $190M last year

Increase due to gross margin expansion and interest expense savings this year

NON-GAAP DILUTED EPS*

$4.42

+9% YoY vs. $4.04 per share last year

Record full year reported GAAP and Non-GAAP earnings per share, exceeding guidance

INVENTORY DECLINES

-8%

~$478M vs. $520M last year

Inventory levels well aligned to support future sales growth

CASH AND AVAILABILITY

$775M+

~$175M net cash vs. $90M net cash last year

Strong financial position with ample flexibility to invest in future growth opportunities

*See reconciliation of GAAP to Non-GAAP results in appendix

FY25 BALANCE SHEET HIGHLIGHTS

Strong Financial Position With Ample Flexibility to Invest in Future Opportunities to Fuel Growth

$175M
Net Cash Position

$775M+
Cash & Availability

$400M
Debt Paydown

$60M
Share Repurchases

-8%
Inventory Decrease

$100M
Strategic Investments

	As of January 31,	
($ in thousands)	2025	2024
Cash & Cash Equivalents	$181,440	$507,829
Long-Term Debt	$6,159	$417,833
Net Cash	**$175,281**	**$89,996**
Working Capital	$824,864	$1,166,690
Inventories	$478,086	$520,426
Total Assets	**$2,483,234**	**$2,681,164**
Operating Lease Liabilities	$271,525	$234,834
Total Stockholders' Equity	$1,679,481	$1,550,260

"We have grown and evolved significantly over the past 50 years because we lead with an entrepreneurial approach and value relationships. This proven formula will drive G-III as we enter the next phase of our business."

MORRIS GOLDFARB, CHAIRMAN & CEO

Appendix

FY 2026 GAAP TO NON-GAAP RECONCILIATION (UNAUDITED)

($ in thousands, except per share amounts)

Forecasted and Actual GAAP Net Income to Forecasted and Actual Non-GAAP Net Income	**For the Year Ended January 31, 2026**				
	Actual Q1	**Actual Q2**	**Forecasted Q3**	**Q4**	**Forecasted Full Year**
Net Income	$ 7,759	$ 10,939	$ 62,000 - 72,000	$	$ 112,000 - 122,000
One-time warehouse related severance expenses	978	349	-		1,327
Income Tax Impact of Non-GAAP Adjustments	(316)	(108)	-		(327)
Non-GAAP Net Income	$ 8,421	$ 11,180	$ 62,000 - 72,000	$	$ 113,000 - 123,000

Forecasted and Actual GAAP Net Income Per Diluted Share to Forecasted and Actual Non-GAAP Net Income Per Diluted Share	**For the Year Ended January 31, 2026**				
	Actual Q1	**Actual Q2**	**Forecasted Q3**	**Q4**	**Forecasted Full Year**
GAAP Net Income Per Diluted Share	$ 0.17	$ 0.25	$ 1.43 - 1.63	$	$ 2.53 -2.73
One-time warehouse related severance expenses	0.03	-	-		0.03
Income Tax Impact of Non-GAAP Adjustments	(0.01)	-	-		(0.01)
Non-GAAP Net Income Per Diluted Share	$ 0.19	$ 0.25	$ 1.43 - 1.63	$	$ 2.55 - 2.75

Forecasted and Actual Net Income to Forecasted and Actual Adjusted EBITDA	**For the Year Ended January 31, 2026**				
	Actual Q1	**Actual Q2**	**Q3**	**Q4**	**Forecasted Full Year**
Net Income	$ 7,759	$ 10,939	$	$	$ 112,000 - 122,000
One-time warehouse related severance expenses	978	349			1,327
Depreciation and amortization	6,573	7,326			30,000
Interest and financing charges, net	461	(304)			5,000
Income tax expense	3,718	4,958			49,673
Adjusted EBITDA	$ 19,489	$ 23,268	$	$	$ 198,000 - 208,000

FY 2025 GAAP TO NON-GAAP RECONCILIATION (UNAUDITED)

($ in thousands, except per share amounts)

GAAP Net Income to Non-GAAP Net Income	**For the Year Ended January 31, 2025**				
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**
Net Income	$ 5,802	$ 24,212	$ 114,768	$ 48,784	$ 193,566
Asset impairments	-	-	-	8,195	8,195
One-time warehouse related severance expenses	25	4	530	1,349	1,908
Write-off of deferred financing costs	-	-	1,598	-	1,598
Gain on forgiveness of liabilities	-	(600)	-	-	(600)
Income Tax Impact of Non-GAAP Adjustments	-	168	(610)	(542)	(1,030)
Non-GAAP Net Income	$ 5,827	$ 23,784	$ 116,286	$ 57,786	$ 203,637

GAAP Net Income Per Diluted Share to Non-GAAP Net Income Per Diluted Share	**For the Year Ended January 31, 2025**				
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**
GAAP Net Income Per Diluted Share	$ 0.12	$ 0.53	$ 2.55	$ 1.07	$ 4.20
Asset impairments	-	-	-	0.18	0.18
One-time warehouse related severance expenses	-	-	0.01	0.03	0.04
Write-off of deferred financing costs	-	-	0.04	-	0.03
Gain on forgiveness of liabilities	-	(0.01)	-	-	(0.01)
Income Tax Impact of Non-GAAP Adjustments	-	0.00	(0.01)	(0.01)	(0.02)
Non-GAAP Net Income Per Diluted Share	$ 0.12	$ 0.52	$ 2.59	$ 1.27	$ 4.42

Net Income to Adjusted EBITDA	**For the Year Ended January 31, 2025**				
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**
Net Income	$ 5,802	$ 24,212	$ 114,768	$ 48,784	$ 193,566
Asset impairments	-	-	-	8,195	8,195
One-time warehouse related severance expenses	25	4	530	1,349	1,908
Gain on forgiveness of liabilities	-	(600)	-	-	(600)
Depreciation and amortization	8,768	5,380	6,556	6,740	27,444
Interest and financing charges, net	5,424	4,876	6,358	2,184	18,842
Income tax expense	2,305	9,447	46,151	18,663	76,566
Adjusted EBITDA	$ 22,324	$ 43,319	$ 174,363	$ 85,915	$ 325,921

Thank

You

G-III Apparel Group