

URBAN OUTFITTERS, INC.

Fourth Quarter, FY'26 Conference Call
February 25, 2026

Participants

Richard A. Hayne, Chief Executive Officer
Frank Conforti, Co-President & COO
Margaret Hayne, Co-President & CCO
Sheila Harrington, Global CEO, Urban Outfitters & Free People Groups
Shea Jensen, President, Urban Outfitters, North America
Tricia D. Smith, Global CEO, Anthropologie Group
Melanie Marein-Efron, CFO
Azeez Hayne, Chief Administrative Officer
Dave Hayne, Chief Technology Officer, URBN and President, Nuuly
David Ziel, Chief Development Officer
Oona McCullough, Executive Director of Investor Relations

Good afternoon, and welcome to the URBN fourth quarter fiscal 2026 conference call. Earlier this afternoon, the Company issued a press release outlining the financial and operating results for the three and twelve-month period ending January 31, 2026.

The following discussions may include forward-looking statements. Please note that actual results may differ materially from those statements. Additional information concerning factors that could cause actual results to differ materially from projected results is contained in the Company's filings with the Securities and Exchange Commission. For more detailed commentary on our quarterly performance and the text of today's conference call, please refer to our investor relations website at www.urbn.com.

Please note, on today's call, management will be speaking to our financial results on an adjusted basis which do not include non-core adjustments for a charitable donation to a donor-advised fund in the current year and a release of income tax reserves in the prior year. Each of these items is detailed in our press release as well as the investor presentation that is posted to our URBN investor relations website.

I will now turn the call over to Dick.

Dick Hayne

Thank you, Oona, and good afternoon, everyone.

The URBN teams delivered exceptional fourth quarter results to close out a record-breaking year. Total revenue grew by 10% in the quarter, hitting a record \$1.8 billion. Adjusted earnings per share jumped an impressive 38% for the quarter and 35% for the full year. We achieved this even though tariffs negatively impacted our product margins beginning in the second quarter.

I'm also pleased to report that the positive momentum we've seen all year continued through the holiday season. All Retail segment brands delivered positive 'comps', with standout performances from FP Movement and Urban Outfitters. Nuuly, meanwhile, maintained its torrid pace of subscriber growth. The Urban brand also reached a huge milestone by returning to profitability for the full year.

Frank Conforti, our co-President and COO, will now provide a deep dive into our fourth-quarter and full-year results. After Frank, Melanie Marein-Efron, our CFO, will walk you through our outlook for fiscal 2027. I will then wrap things up with a few closing thoughts before we open the call for your questions.

Frank, the floor is yours.

Frank Conforti

Thank you, Dick, and good afternoon, everyone.

Today, I'm excited to share our company's fourth-quarter record results compared to last year, and then I will dive into some detailed notes by brand.

Overall, our teams delivered another outstanding quarter, exceeding our plans and setting new sales and operating profit records. Total URBN sales grew by over 10%, reaching a Q4 record of \$1.8 billion. All our Retail segment brands delivered positive Retail segment 'comps', while four of our five brands posted record fourth-quarter sales, Nuuly continued its impressive double-digit revenue growth and our Wholesale segment delivered 9% overall revenue growth.

Our total URBN sales growth was partly driven by a greater than 5% increase in the Retail segment 'comp,' with digital 'comps' slightly exceeding store 'comps'. Nuuly delivered strong 43% revenue growth, driven primarily by an increase of over 120,000 average active subscribers compared to Q4 last year. Additionally, the Wholesale segment delivered a 9% increase in revenue, driven by growth in the specialty store accounts which was largely fueled by healthy increases in FP Movement.

Next, I will turn your attention to gross profit. URBN saw a 14% increase in gross profit dollars, reaching a record of nearly \$600 million. The gross profit rate improved nicely by 101 basis points, rising to 33.3%. The improvement in gross profit margins was primarily driven by lower markdowns, at the Urban Outfitters and Free People brands, in addition to occupancy leverage driven by strong sales growth across all our brands and leverage in delivery expense due to a reduction in packages per order. These gains more than offset lower initial product margins at all brands due to increased tariffs vs. the prior year.

In the quarter, 'SG&A' increased by 9%, leveraging by 14 basis points. The growth in 'SG&A' dollars was primarily driven by increased store payroll expenses to support the Retail segment stores net sales growth and increased marketing spend, which fueled sales and customer growth for all brands. The marketing efforts drove increases in traffic, both in stores and online for total URBN Retail segment, while Nuuly's campaigns resulted in healthy double-digit growth in average active subscribers.

Overall, total URBN operating income rose by 27% compared to last year, reaching a Q4 record of \$159 million, while the operating profit rate grew by 115 basis points. During the quarter, we made a \$46 million contribution to a donor-advised fund, which is included in the "Other (expense) and income" line item on our Income Statement. We intend to use this fund to support our charitable initiatives in the coming years. Net income increased 33% to \$131 million or \$1.43 per diluted share.

Moving on to brand performance, starting with Anthropologie. The Anthropologie team had another solid quarter, achieving a 4% increase in their retail segment 'comp', which marks five years of consecutive quarterly positive 'comps'. This growth was fueled by strength in the digital channel, while store 'comps' were flat. The positive retail segment 'comp' was driven by positive 'comps' in all major product categories.

Apparel growth was fueled by a continuation of the strong bottoms cycle, which remains a key driver of the assortment. Additionally, the brand saw significant strength in its owned brands—such as Maeve, Pilcro, Celandine, and Lyre Bird – all of which are resonating deeply with the customer and reinforcing our unique product positioning.

Turning to the Home category, performance was primarily driven by strength in home accessories, where fresh product introductions are successfully capturing the customer's desire to refresh their living spaces with new fashion. We are also encouraged by the recent improvements we see in furniture, which we believe presents an opportunity for growth in the coming year as we continue to lean into our unique home aesthetic.

The Anthropologie team continues to drive customer acquisition by pairing compelling product assortments with strategic marketing investments and exceptional creative content. These efforts were instrumental in driving growth across new, retained, and reactivated customers during the quarter. This broad-based engagement led to the traffic increases we observed across both our digital and store channels.

Overall, we are pleased with the brand's execution and based on our current plans we believe the brand has the ability to deliver positive 'comps' at a mid-teen operating profit rate in fiscal 2027. Next, let's turn to Free People, which delivered another impressive performance this quarter. The team achieved a total revenue increase of 10%. This growth was driven by positive Retail segment 'comps', 'non-comp' store growth, and strong gains in the Wholesale segment.

The Retail segment 'comp' of over 5% was broad-based across both our store and digital channels, while store performance outpaced digital during the quarter. Customer traffic was nicely positive across both channels, supported by a healthy increase in AUR in stores. Furthermore, customer acquisition and overall customer growth were positive across both channels, fueled by compelling content and execution delivered by the brands creative, marketing, and product teams.

The Wholesale segment delivered a 10% increase in revenue during the quarter, led by the continued strength of FP Movement across our wholesale partners.

Importantly, across the Free People group, regular price sales improved nicely versus the prior year, reflecting the high quality of the brands' offerings and strong customer demand. This execution, combined with well-controlled inventory, allowed the Free People group to deliver record operating profit for the fourth quarter.

The Free People brand had a solid fourth quarter, with total sales growth of 3% and a retail segment 'comp' of 1%. These positive 'comps' were driven by successes in both gifting and self-purchasing across several key categories, including accessories, intimates, bottoms, and sweaters.

The FP Movement brand remains a standout, delivering exceptional results with total revenue growth of 29% and an impressive Retail segment 'comp' of 21%. This performance was fueled by the brand's ability to consistently deliver technical innovation and fresh fashion in the activewear space. The expansion strategy for FP Movement remains on track, which successfully opened 12 new stores during the quarter, bringing the total to 88 retail locations to date. We continue to see strong performance from these new sites, which play a vital role in driving brand awareness and accelerating customer acquisition. Based on these strong results the brand plans on opening at least 21 additional stores in FY'27.

To lead this high-growth business into its next chapter, URBN is happy to welcome Andrea Perez as FP Movement's first Global President. Andrea will report directly to Sheila Harrington, Global CEO of the Free People and Urban Outfitters Groups. Andrea is uniquely positioned to steer FP Movement as a premiere performance lifestyle brand. Her expertise in disruptive marketing and a deep-seated passion for women's sports make her the ideal leader for this stage of our expansion.

Looking ahead to fiscal 2027, we remain confident in the underlying strength of the Free People group. Given the consistent execution within the core collection assortment and the ongoing growth of FP Movement, we believe the Retail segment is well-positioned to deliver positive 'comps' with mid-teens operating profit rate for FY 2027. Additionally, we believe the Wholesale segment can deliver healthy growth with a consistently strong profit rate for fiscal 2027.

Now, let's move on to the Urban Outfitters brand, which continued its positive momentum with a global Retail segment 'comp' of 10%. This performance was driven by a healthy 8% sales 'comp' in North America and a strong 12% sales 'comp' in Europe. The Europe 'comp' was particularly impressive given the difficult comparisons from the prior year. Most importantly, this growth was anchored by a significant improvement in markdown rates, as the brand drove positive 'comps' through strength in regular price selling.

A significant milestone for the year was the global Urban Outfitters brand's return to profitability. We finished the year modestly above breakeven, driven by a substantial reduction in our North American operating loss and a robust increase in profitability in Europe.

In North America, the team delivered positive 'comps' across all major categories. Within Women's apparel, the strong bottoms trend continues to fuel growth, complemented by incredible performance in our key items and proprietary collections.

In North America the marketing and creative teams remain committed to meeting our customers where they are. The brand has seen great success in diversifying their social platforms and optimizing their creative, across Reddit, Pinterest, and TikTok. The brand's recent partnership with Canva was a highlight, generating significant engagement through thousands of holiday wish lists. Moving forward, the team is leaning further into user-generated content and exploring emerging platforms to amplify the brand's voice.

In Europe, the business continues to be a standout performer. The European team achieved a significant increase in profitability for both the quarter and the full year, driven by the strength of their store business, which led to healthy operating profit growth. Their consistent execution in product and marketing is allowing them to continue capturing meaningful market share.

Looking ahead to fiscal 2027, we are excited by the trajectory of the global Urban Outfitters brand. We believe the brand is well-positioned to deliver positive retail segment 'comps' for the year, while continuing to make meaningful progress in growing their profitability.

Now moving to the Nuuly brand, which delivered another exceptional performance this quarter. Total revenue grew by 43%, driven by a 40% increase in average active subscribers compared to the prior year Q4. This scale allowed the brand to deliver approximately 130 basis points of operating margin improvement during the quarter, fueled by efficiencies in logistics and the natural leverage of our operating expenses against strong revenue growth.

Looking at the full year, Nuuly achieved several significant milestones. The brand surpassed its goal of \$500 million in annual revenue and increased its total profitability by over \$21 million. This resulted in full-year operating profit margin growth of over 260 basis points.

These results are a testament to the team's ability to scale the business profitably while maintaining high levels of customer demand. Nuuly's continued strong performance reinforces our confidence in the large and growing opportunity for apparel rental in the U.S. We believe the total addressable market for this category remains significant, and as the clear leader in the space, Nuuly is uniquely positioned to capture that demand. As we move into fiscal 2027, we remain committed to scaling

this business and driving long-term value for the URBN portfolio. We believe Nuuly could continue to deliver mid double digit growth rates as the brand grows in scale and marches towards \$1B or more, while improving their profit margins.

Now I want to briefly touch on tariffs. We estimate that tariffs negatively impacted our fourth quarter gross and operating profit rates by approximately 75 basis points while negatively impacting the year by approximately 35 basis points. Note that these impacts are net of our mitigation efforts.

Now on to the current year. The recently announced Supreme Court ruling and subsequent Section 122 announcement certainly change things. These recent events were not contemplated in our original plans for FY'27 which Melanie is going to talk about in a few minutes. If the Section 122 tariffs stay in place for the year or expire in July, we do believe there could be an incremental IMU benefit to our current plans. There are certainly a lot of external discussions about what will or won't happen over the coming months, so we are cautious about planning for change until there is more clarity. In the meantime, our teams continue to work diligently on all our tariff mitigation efforts, and I think given the overall results in FY'26 they have done an outstanding job. We cannot thank the brand and sourcing teams enough for their efforts.

In summary, fiscal year 2026 was a year of exceptional execution and record-breaking results across the URBN portfolio. For the full year, we delivered total sales growth of 11%, supported by positive Retail segment 'comps' at all our brands, strong revenue gains in our Wholesale segment and robust growth in our subscription business.

Our focus on regular price selling, inventory discipline and tariff mitigation efforts resulted in 126 basis points of gross margin expansion, driving a 15% increase in gross profit dollars. This discipline, combined with our strong top-line performance, enabled us to deliver 28% operating profit growth and an impressive 35% increase in earnings per share for the year. We finished the year delivering 128 basis points of operating profit rate growth, just shy of a 10% operating profit rate despite the significant tariff headwinds that negatively impacted profit margins for the year.

As we look ahead to fiscal 2027, our brands are well-positioned with fresh assortments, healthy inventory levels, and a clear strategic focus. We remain confident in our ability to drive continued growth and deliver long-term value for our shareholders. I want to thank our teams for their incredible dedication and hard work in making this a historic year for URBN.

Now, I'll now turn the call over to Melanie Marein-Efron, our Chief Financial Officer.

Melanie Marein-Efron

Thank you, Frank, and good afternoon, everyone. On today's call I will discuss our thoughts on the first quarter and full year fiscal 27.

As we begin FY'27, we believe we could deliver positive high single-digit total company sales growth for the full year. This growth could be driven by mid-single-digit retail segment 'comps', mid-double-digit revenue growth at Nuuly and mid-single digit growth for the Wholesale segment. For the first quarter of FY'27, we believe we could deliver positive high single-digit total company sales growth, as well. This growth could be driven by mid-single-digit retail segment 'comps' driven by high single-digit positive 'comps' at Urban Outfitters, mid-single-digit positive retail segment 'comps' at Free People, and low single-digit positive retail segment 'comps' at Anthropologie. Nuuly could deliver mid-double digit revenue growth. Finally, our Wholesale segment is planned to achieve mid-teen revenue growth for the first quarter.

Based on our current plans, we believe our full year FY'27 gross profit margins could be up approximately 25 basis points versus last year, with the second half showing a benefit to IMU. This guidance reflects the tariffs in place prior to the Supreme Court ruling overturning the IEEPA Tariffs this past Friday. Based on the current sales performance and plans, we believe our first quarter gross profit margins could be down approximately 25 to 50 basis points versus last year, excluding the impact of last year's non-recurring gain in Q1 FY'26 which contributed positively to gross profit margins by approximately \$5M or 36 bps last year. The reduction in gross profit rate could be primarily due to lower IMU due to the increased tariffs.

Based on our current sales performance and financial plan, we believe total growth in 'SG&A' could outpace sales growth for both the first quarter and full year. The annual growth in 'SG&A' dollars primarily relates to strategic technology investments to support the sustained growth of Nuuly and speed up our internal product lifecycle process through Agentic AI. We believe that these technological investments will provide significant benefits for years to come. The investments in Agentic AI tools allow our teams to elevate their creativity, execution and accuracy. As the product lifecycle gets faster and decisions are made closer to customer demand, we anticipate long-term financial benefits in the form of higher sales and lower markdowns. We believe the delta between 'SG&A' and sales growth rates will be larger in the first half of the year than the second half of the year. In Q1, 'SG&A' could grow several points ahead of sales growth due to the timing of marketing investments at the Nuuly and Anthropologie brands along with increased technology investments. As always, if sales performance fluctuates, we maintain a certain level of variable 'SG&A' spending that we can fluctuate up and down depending on how our business is performing.

Our annual effective tax rate is planned to be approximately 22% for the year and the first quarter.

Now moving onto inventory. In the coming year, we will continue to be focused on increasing our product turns. We believe that our inventory levels could grow at a rate at or below sales growth.

For FY'27 capital expenditures are planned at approximately \$385 million. The FY'27 capital project spend is broken down as follows: approximately 40% for retail store expansion and support, approximately 40% for logistics investments and the remaining 20% for technology investments and home office expansion to support our growing businesses. The logistics investments are to expand our capacity and automation in both the subscription and retail segment

businesses.

We will be opening approximately 57 new stores and closing approximately 14 stores during fiscal year 27. Our net new store growth is primarily being driven by growth in FP Movement, Free People and Anthropologie stores. During FY'27, we plan on opening 21 FP Movement brand stores, 13 Free People brand stores, 14 Anthropologie stores and 8 Urban Outfitters stores.

Based on current plans, we plan to repurchase shares to at least offset any dilution that may occur in FY'27. Of course, share repurchase activity will be contingent on market conditions and Board of Director authorization.

As a reminder, the foregoing does not constitute a forecast but is simply a reflection of our current views. The Company disclaims any obligation to update forward looking statements.

Now it is my pleasure to turn the call back to Dick Hayne, Chief Executive Officer of URBN.

Dick Hayne

Thank you, Melanie and Frank. That's a great summary.

As you've heard today, FY'26 was a landmark year for URBN. Our record results are a direct reflection of the strength of our brand portfolio and the talent of our teams. We enter the new year from a position of strength, and I am optimistic about each brand's ability to continue capturing market share in FY'27. While there is always much prognostication regarding the macro environment and health of the consumer, we currently view both as positives for our business. We believe the macro-economy is strong and we've seen no shift in our customers' behavior except for that due to extreme weather. Customers remain highly engaged and are responding enthusiastically to fashion newness and our creative experiences.

The future looks bright for URBN. Our diversified model – spanning multiple brands, categories, channels, and geographies – gives us a solid foundation from which to grow. But the real magic of our brands is built by the outstanding talent and creativity of our teams. Their dedication and hard work allow us to remain relevant as preferences shift and ensure we consistently please our customers. This, in turn, builds brand equity and drives long-term value.

The record-breaking results we celebrate today are a testament to that talent and the leadership that orchestrates it. I offer my sincere thanks to the entire URBN family, especially Meg and Frank and all our Brand leaders. I also want to thank our global partners and our shareholders for their continued support.

That concludes our prepared remarks. We now invite your questions.