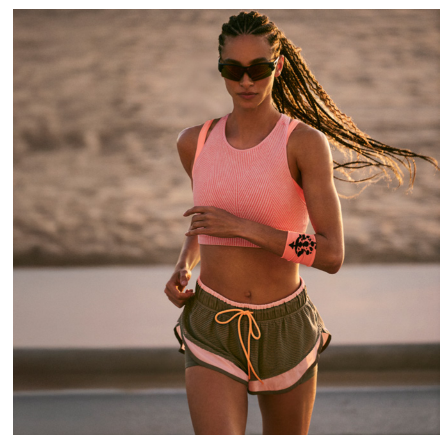
Urban Outfitters, Inc.

FY'26 Q2 RESULTS




URBN



Introduction

Urban Outfitters, Inc. “URBN” is providing fiscal 2026 second quarter commentary ahead of our earnings call scheduled for August 27th at 5:00pm.

We remind you that any forward-looking statements made in this commentary are subject to our safe harbor statement found in our SEC filings.

Our second quarter earnings release and related financial information are available on our website, **www.urbn.com**.

As used in this document, unless otherwise defined,“Anthropologie” refers to the Company’s Anthropologie and Terrain brands and “Free People” refers to the Company’s Free People and FP Movement brands.

Table of Contents

Key Financial Highlights

	Three Months Ended	
	July 31, 2025	July 31, 2024
URBN Net Sales Change	11.3%	6.3%
Gross Profit*	37.6%	36.5%
Selling, General and Admin. Expenses*	26.0%	25.8%
Income from Operations*	11.6%	10.7%
Earnings Per Diluted Share	$ 1.58	$ 1.24

Expressed as a percent of net sales

URBN sales for the second quarter increased by 11% to a record $1.50 billion. The increase in sales was due to an 8% increase in Retail segment sales, a 53% increase in Subscription segment sales and an 18% increase in Wholesale segment sales. Retail segment sales comp increased 6%.

Gross profit dollars increased by 15% to $566 million for the quarter, while the gross profit rate increased 113 bps to 37.6%. The increase in gross profit rate was primarily due to improved Retail segment markdowns primarily driven by lower markdowns at the Urban Outfitters brand and leverage in occupancy costs due to the increase in comparable Retail segment and Subscription net sales. The increase in gross profit dollars was due to higher net sales and the improved gross profit rate.

Selling general & administrative ('SG&A') expenses increased by 13% to $392 million while SG&A expenses as a percentage of net sales deleveraged by 28 bps to 26.0%. The deleverage in SG&A expenses as a percentage of net sales was primarily related to increased marketing expenses to support customer growth and increased sales in the Retail and Subscription segments. The dollar growth in SG&A expenses was primarily related to increased marketing expenses to support customer growth and increased sales in the Retail and Subscription segments, as well as increased store payroll expenses to support the Retail segment stores net sales growth.

Operating income dollars increased by 20% to $174 million while the operating income rate increased by 85 bps to 11.6%. The increase in operating income dollars was driven by the increase in gross profit dollars. The increase in operating income rate was due to the improved gross profit rate.

Net income for the quarter was a record $144 million or $1.58 per diluted share.

Sales by Segment

($ in millions) (unaudited)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Variance $	Variance %
Total Sales	**$ 1,504.8**	**$ 1,352.0**	**$ 152.8**	**11%**
Retail Segment	**$ 1,289.3**	**$ 1,196.5**	**$ 92.8**	**8%**
URBN Comp	**$ 1,228.7**	**$ 1,163.8**	**$ 64.9**	**6%**
Anthropologie	583.3	551.7	31.6	6%
Free People	316.6	296.8	19.8	7%
Urban Outfitters	318.3	305.5	12.8	4%
Menus & Venues	10.5	9.8	0.7	7%
Retail Segment Comp By Geography				
North America	1,062.1	1,013.0	49.1	5%
Europe and ROW	166.6	150.8	15.8	11%
URBN Non-Comp	**$ 60.6**	**$ 32.7**	**$ 27.9**	**85%**
Wholesale Segment	**$ 76.6**	**$ 64.8**	**$ 11.8**	**18%**
Free People	72.6	60.7	11.9	19%
Urban Outfitters	4.0	4.1	(0.1)	(2%)
Subscription Segment*	**$ 138.9**	**$ 90.7**	**$ 48.2**	**53%**

** The Subscription segment was formerly known as the Nuuly segment*

Total Company or URBN sales for the second quarter increased by 11% to a record $1.50 billion. URBN Retail segment sales increased 8% to $1.29 billion, with Retail segment comparable sales increasing 6%. Comparable sales increased due to mid single-digit positive growth in retail store sales due to higher traffic, transactions, average unit retail and conversion rate, as well as mid single-digit positive growth in digital channel sales driven by increases in sessions and units per transaction.

URBN Wholesale segment sales for the second quarter increased by 18% to $77 million, driven by a 19%, or $12 million, increase in Free People wholesale sales. The increase in Free People wholesale sales was primarily due to an increase in sales to specialty customers.

Subscription segment sales for the second quarter increased by 53% to $139 million primarily driven by a 48% increase in average active subscribers in the current quarter versus the prior year quarter.

A Revenue Metrics ANTHROPOLOGIE

($ in millions) *(unaudited)*	Three Months Ended		Variance	
	July 31, 2025	July 31, 2024	$	%
Total Sales	**$ 607.0**	**$ 569.1**	**$ 37.9**	**7%**
Retail Segment	**$ 607.0**	**$ 569.1**	**$ 37.9**	**7%**
Retail Segment Comp	**$ 583.3**	**$ 551.7**	**$ 31.6**	**6%**
Sales by Geography				
North America	560.7	529.9	30.8	6%
Europe and ROW	22.6	21.8	0.8	4%
Retail Segment Non-Comp	**$ 23.7**	**$ 17.4**	**$ 6.3**	**36%**

Total Anthropologie sales increased 7% to $607 million for the quarter.

Retail segment sales increased 7%, with comparable sales increasing 6%. The increase in Retail segment comparable sales was driven by mid single-digit growth in retail store sales due to higher traffic, transactions and average unit retail, as well as mid single-digit growth in digital channel sales due to increases in sessions and units per transaction. All product categories were positive. The increase in non-comparable Retail segment sales was primarily due to the opening of new stores since the prior comparable quarter.

Revenue Metrics FREE PEOPLE

($ in millions) *(unaudited)*	Three Months Ended		Variance	
	July 31, 2025	July 31, 2024	$	%
Total Sales	**$ 415.0**	**$ 365.1**	**$ 49.9**	**14%**
Total Sales by Segment				
Retail Segment	**$ 342.4**	**$ 304.4**	**$ 38.0**	**13%**
Retail Segment Comp	$ 316.6	$ 296.8	$ 19.8	7%
North America	297.4	280.3	17.1	6%
Europe and ROW	19.2	16.5	2.7	16%
Retail Segment Non-Comp	$ 25.8	$ 7.6	$ 18.2	239%
Wholesale Segment	**$ 72.6**	**$ 60.7**	**$ 11.9**	**19%**
North America	70.1	59.3	10.8	18%
Europe and ROW	2.5	1.4	1.1	81%
Total Sales by Brand				
Free People Brand	**$ 310.8**	**$ 285.2**	**$ 25.6**	**9%**
Retail Segment	261.5	239.8	21.7	9%
Wholesale Segment	49.3	45.4	3.9	8%
FP Movement Brand	**$ 104.2**	**$ 79.9**	**$ 24.3**	**30%**
Retail Segment	80.9	64.6	16.3	25%
Wholesale Segment	23.3	15.3	8.0	52%

Total Free People sales increased by 14% to $415 million for the quarter. This increase was due to an increase in Retail segment sales of 13% and a 19% increase in Wholesale segment sales. Total Free People brand sales increased by 9% and total FP Movement brand sales increased by 30%.

The growth in Free People Retail segment sales was driven by a 7% increase in comparable sales due to high single-digit growth in digital channel sales due to increases in sessions and units per transaction, as well as mid single-digit growth in retail store sales due to higher traffic, transactions and conversion rate. Free People brand Retail segment comparable sales increased by 5% and FP Movement brand Retail segment comparable sales increased by 14%. All product categories were positive. The increase in non-comparable Retail segment sales was primarily due to the opening of new stores since the prior comparable quarter.

Free People Wholesale segment sales increased by 19% primarily due to an increase in sales to specialty customers.

UO Revenue Metrics URBAN OUTFITTERS

($ in millions) *(unaudited)*	Three Months Ended		Variance	
	July 31, 2025	July 31, 2024	$	%
Total Sales	**$ 333.2**	**$ 316.7**	**$ 16.5**	**5%**
Retail Segment	**$ 329.2**	**$ 312.6**	**$ 16.6**	**5%**
Retail Segment Comp	**$ 318.3**	**$ 305.5**	**$ 12.8**	**4%**
Sales by Geography				
North America	193.5	193.0	0.5	0.2%
Europe and ROW	124.8	112.5	12.3	11%
Retail Segment Non-Comp	**$ 10.9**	**$ 7.1**	**$ 3.8**	**53%**
Wholesale Segment	**$ 4.0**	**$ 4.1**	**$ (0.1)**	**(2%)**
North America	2.4	3.2	(0.8)	(24%)
Europe and ROW	1.6	0.9	0.7	73%

Total Urban Outfitters sales increased by 5% to $333 million for the quarter.

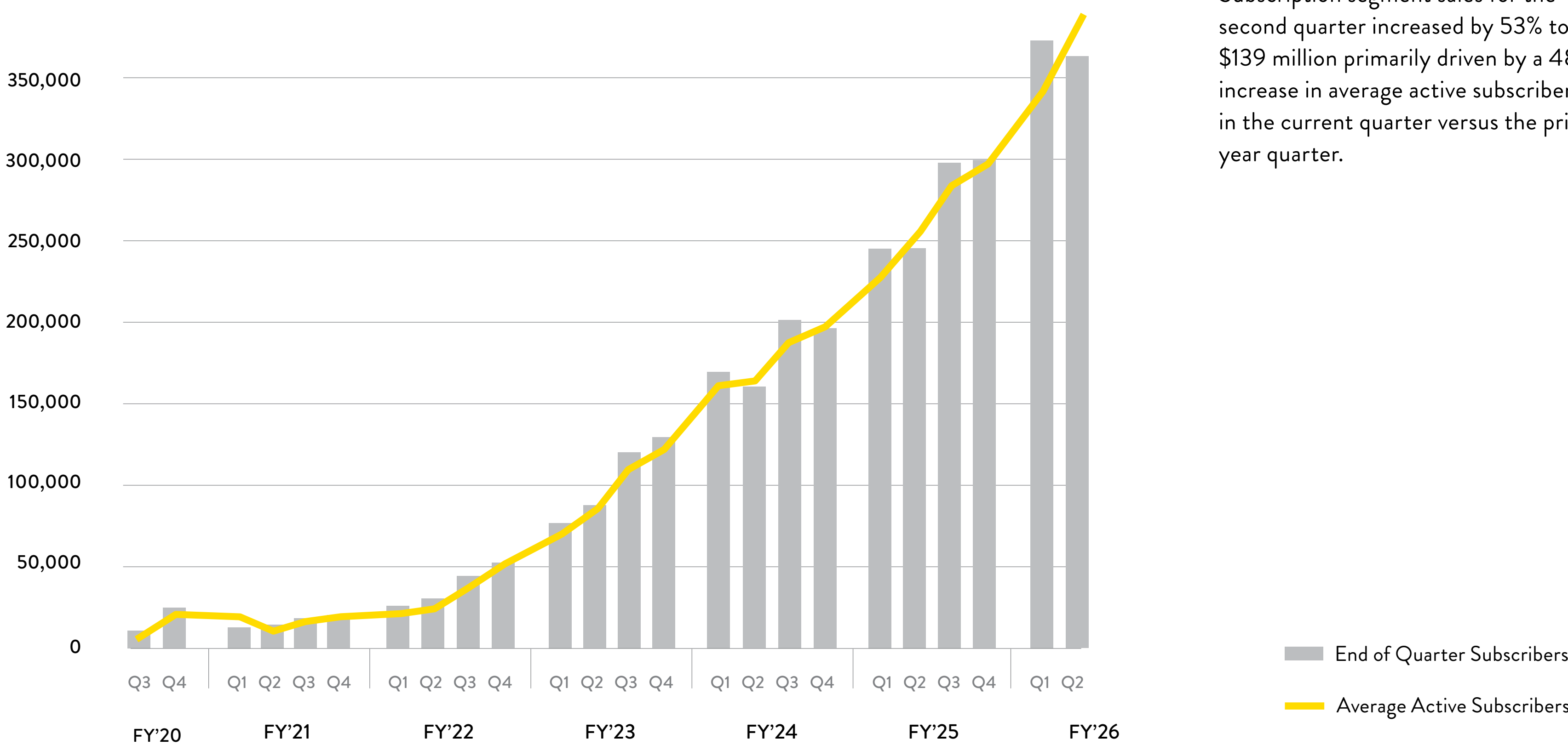
Retail segment sales increased 5%, with comparable sales increasing 4%. The increase in Retail segment comparable sales was primarily driven by an increase in Europe. The increase in Retail segment comparable sales was driven by a high single-digit increase in retail store sales due to increases in traffic, transactions and conversion rate, partially offset by a low single-digit decline in digital channel sales due to decreases in average order value and units per transaction. By product category, women's apparel, women's accessories, men's accessories, home and beauty were positive, while all remaining categories were negative. The increase in non-comparable Retail segment sales was primarily due to the positive impact of foreign currency translation.

Urban Outfitters Wholesale segment sales remained flat at $4 million.

Revenue and Subscription Metrics nuuly

($ in millions) *(unaudited)*	Three Months Ended		Variance	
	July 31, 2025	July 31, 2024	$	%
Total Sales	**$ 138.9**	**$ 90.7**	**$ 48.2**	**53%**

Nuuly Subscribers



Subscription segment sales for the second quarter increased by 53% to $139 million primarily driven by a 48% increase in average active subscribers in the current quarter versus the prior year quarter.

Gross Profit by Segment

($ in millions) (unaudited)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Variance $	Variance %
Gross Profit* $'s	**$ 566.2**	**$ 493.3**	**$ 72.9**	**15%**
Gross Profit* %	**37.6%**	**36.5%**		
Retail Segment				
Gross Profit $'s	$ 501.6	$ 445.2	$ 56.4	13%
Gross Profit %	38.9%	37.2%		
Wholesale Segment**				
Gross Profit $'s	$ 24.9	$ 22.5	$ 2.4	11%
Gross Profit %	32.6%	34.7%		
Subscription Segment				
Gross Profit $'s	$ 39.7	$ 25.6	$ 14.1	55%
Gross Profit %	28.5%	28.2%		

**Gross Profit includes merchandise costs, logistics, delivery and freight expenses, property costs and merchant expenses*
***Net of intersegment elimination*

Gross profit dollars increased by 15% to $566 million for the quarter, while the gross profit rate increased 113 bps to 37.6%. The increase in gross profit rate was primarily due to improved Retail segment markdowns primarily driven by lower markdowns at the Urban Outfitters brand and leverage in occupancy costs due to the increase in comparable Retail segment and Subscription segment net sales. The increase in gross profit dollars was due to higher net sales and the improved gross profit rate.

Retail segment gross profit increased 13% to $502 million while the Retail segment gross profit rate increased 169 bps to 38.9% for the quarter. The increase in gross profit rate was primarily due to improved markdowns primarily driven by lower markdowns at the Urban Outfitters brand and leverage in occupancy costs due to the increase in comparable net sales. The increase in gross profit dollars was due to higher net sales and the improved gross profit rate.

Wholesale segment gross profit increased 11% to $25 million while the Wholesale segment gross profit rate decreased 216 bps to 32.6%. The increase in gross profit dollars was driven by an increase in sales. The decrease in the gross profit rate was due to higher merchandise costs.

Subscription segment gross profit increased 55% to $40 million while the Subscription segment gross profit rate increased 36 bps to 28.5%. The increase in gross profit dollars was primarily due to the increase in sales.

SG&A – Total Company

($ in millions)
(unaudited)

	Three Months Ended		Variance	
	July 31, 2025	July 31, 2024	$	%
SG&A* $'s	$ 391.8	$ 348.2	$ 43.6	13%
SG&A* %	26.0%	25.8%		

SG&A expenses increased by 13% to $392 million while SG&A expenses as a percentage of net sales deleveraged by 28 bps to 26.0%. The deleverage in SG&A expenses as a percentage of net sales was primarily related to increased marketing expenses to support customer growth and increased sales in the Retail and Subscription segments. The dollar growth in SG&A expenses was primarily related to increased marketing expenses to support customer growth and increased sales in the Retail and Subscription segments, as well as increased store payroll expenses to support the Retail segment stores net sales growth.

**SG&A includes direct selling expenses, creative and marketing expenses, corporate overhead and credit and banking expenses*

Operating Income by Segment

($ in millions) (unaudited)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Variance $	Variance %
Operating Income $'s	**$ 174.4**	**$ 145.1**	**$ 29.3**	**20%**
Operating Income %	**11.6%**	**10.7%**		
Retail Segment				
Operating Income $'s	$ 159.3	$ 139.2	$ 20.1	14%
Operating Income %	12.4%	11.6%		
Wholesale Segment*				
Operating Income $'s	$ 15.7	$ 13.4	$ 2.3	17%
Operating Income %	20.5%	20.7%		
Subscription Segment				
Operating Income $'s	$ 12.5	$ 5.3	$ 7.2	136%
Operating Income %	9.0%	5.9%		
General Corporate Expenses $'s	$ 13.1	$ 12.8	$ 0.3	3%

** Net of intersegment elimination*

Operating income dollars increased by 20% to $174 million while the operating income rate increased by 85 bps to 11.6%. The increase in operating income dollars was driven by the increase in gross profit dollars. The increase in operating income rate was due to the improved gross profit rate.

Retail segment operating income increased by 14%, or $20 million, to $159 million for the quarter. The increase in operating income dollars was primarily driven by the increase in gross profit dollars. The increase in operating income rate was primarily due to the improved gross profit rate, partially offset by a deleverage in marketing expenses to support customer growth and increased sales.

Wholesale segment operating income increased by 17%, or $2 million, to $16 million for the quarter. The increase in operating income dollars was primarily driven by the increase in gross profit dollars.

Subscription segment operating income was $13 million for the quarter compared to $5 million in the prior year quarter. The increase in operating income dollars was primarily driven by the increase in gross profit dollars. The increase in operating income rate was primarily due to leverage in SG&A expenses resulting from increased sales.

General corporate expenses increased by 3%, or less than $1 million, to $13 million for the quarter.

Income Statement Summary

($ in millions)
(share count in millions)
(unaudited)

	Three Months Ended			
	July 31, 2025	% of Net Sales	July 31, 2024	% of Net Sales
Net Sales	$ 1,504.8	100.0%	$ 1,352.0	100.0%
Cost of Sales	938.6	62.4	858.7	63.5
Gross Profit	566.2	37.6	493.3	36.5
Selling, General and Admin. Expenses	391.8	26.0	348.2	25.8
Income from Operations	174.4	11.6	145.1	10.7
Other Income, Net	8.9	0.6	7.5	0.6
Income Before Income Taxes	183.3	12.2	152.6	11.3
Income Tax Expense	39.4	2.6	35.1	2.6
Net Income	$ 143.9	9.6%	$ 117.5	8.7%
Diluted Share Count	91.2		94.7	
Earnings per Diluted Share	$ 1.58		$ 1.24	

The effective tax rate was 22% in the second quarter of fiscal 2026, compared to 23% in the second quarter of fiscal 2025. The decrease in the effective tax rate was attributable to the ratio of foreign taxable earnings to global taxable earnings and the release of certain state and local valuation allowances.

Net income for the quarter was a record $144 million or $1.58 per diluted share.

Balance Sheet Summary

($ in millions)
(unaudited)

	July 31, 2025	July 31, 2024
Assets		
Cash and Cash Equivalents	$ 332	$ 209
Marketable Securities	291	352
Accounts Receivable, Net	87	79
Inventory	696	605
Other Current Assets	213	229
Total Current Assets	**1,619**	**1,474**
Property and Equipment, Net	1,377	1,315
Operating Lease ROU Assets	1,012	941
Marketable Securities	366	209
Other Assets	337	320
Total Assets	**$ 4,711**	**$ 4,259**
Liabilities and Shareholders' Equity		
Accounts Payable	$ 336	$ 299
Current Operating Lease Liabilities	227	228
Other Current Liabilities	533	483
Total Current Liabilities	**1,096**	**1,010**
Non-Current Operating Lease Liabilities	953	875
Other Non-Current Liabilities	81	132
Total Liabilities	**2,130**	**2,017**
Total Shareholders' Equity	**2,581**	**2,242**
Total Liabilities and Shareholders' Equity	**$ 4,711**	**$ 4,259**

As of July 31, 2025, cash and marketable securities totaled $989 million with $0 drawn down on our $350 million asset backed line of credit facility.

Cash Flows Summary

($ in millions)
(unaudited)

	Six Months Ended	
	July 31, 2025	July 31, 2024
Cash Flows from Operating Activities		
Net Income	$ 252	$ 179
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	61	57
Inventory	(71)	(54)
Payables, Accrued Expenses and Other Liabilities	23	17
Other Operating Activities	(14)	(35)
Net Cash Provided by Operating Activities	251	164
Cash Flows from Investing Activities		
Cash Paid for Property & Equipment	(108)	(99)
Net Marketable Securities	76	38
Net Cash Used in Investing Activities	(32)	(61)
Cash Flows from Financing Activities		
Share Repurchases related to Share Repurchase Program	(152)	(52)
Other Financing Activities	(29)	(17)
Net Cash Used in Financing Activities	(181)	(69)
Effect of Exchange Rate	4	(3)
Increase in Cash and Cash Equivalents	42	31
Cash and Cash Equivalents at Beginning of Period	**290**	**178**
Cash and Cash Equivalents at End of Period	**$ 332**	**$ 209**

Inventory Data

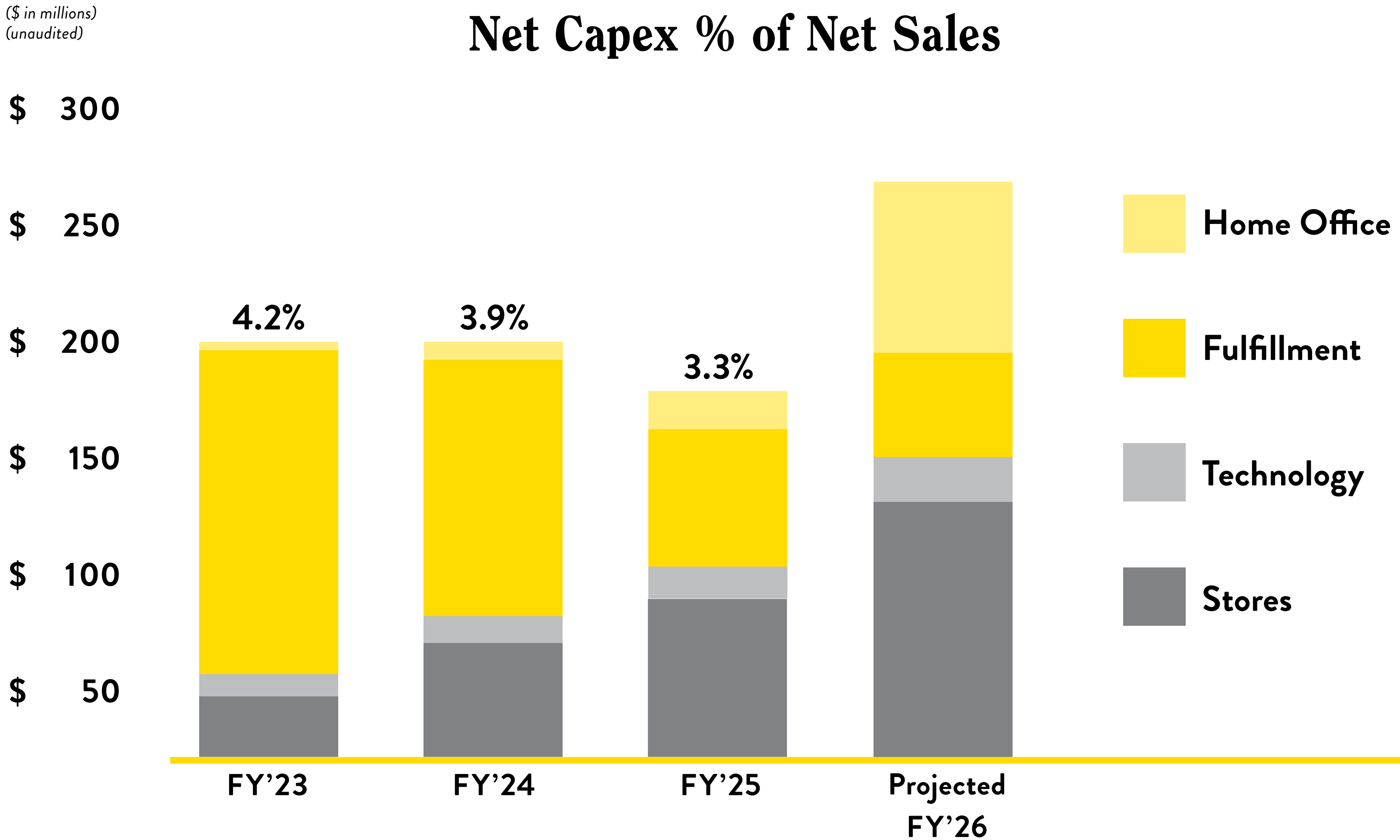
($ in millions)
(unaudited)

	July 31, 2025		July 31, 2024		Cost Variance $		Cost Variance %
URBN Total Inventory	**$**	**696.2**	**$**	**604.7**	**$**	**91.5**	**15%**
Retail Segment Total Inventory	**$**	**635.3**	**$**	**552.4**	**$**	**82.9**	**15%**
Retail Segment Comparable Inventory by Brand		**480.3**		**431.7**		**48.6**	**11%**
Anthropologie		253.8		218.7		35.1	16%
Free People		107.5		97.8		9.7	10%
Urban Outfitters		119.0		115.2		3.8	3%
Wholesale Segment by Brand	**$**	**60.9**	**$**	**52.3**	**$**	**8.6**	**16%**
Free People		56.6		47.4		9.2	19%
Urban Outfitters		4.3		4.9		(0.6)	(13%)
Subscription Segment Rental Product, Net*	**$**	**230.1**	**$**	**193.1**	**$**	**37.0**	**19%**

As of July 31, 2025, total inventory increased 15% as compared to the prior year to $696 million. Total Retail segment inventory increased by 15% and comparable Retail segment inventory increased by 11%. Wholesale segment inventory increased by 16%. The increase in inventory for both segments was due to increased sales and planned early receipts of merchandise.

**Rental Product, net of amortization, is included in Other Assets*

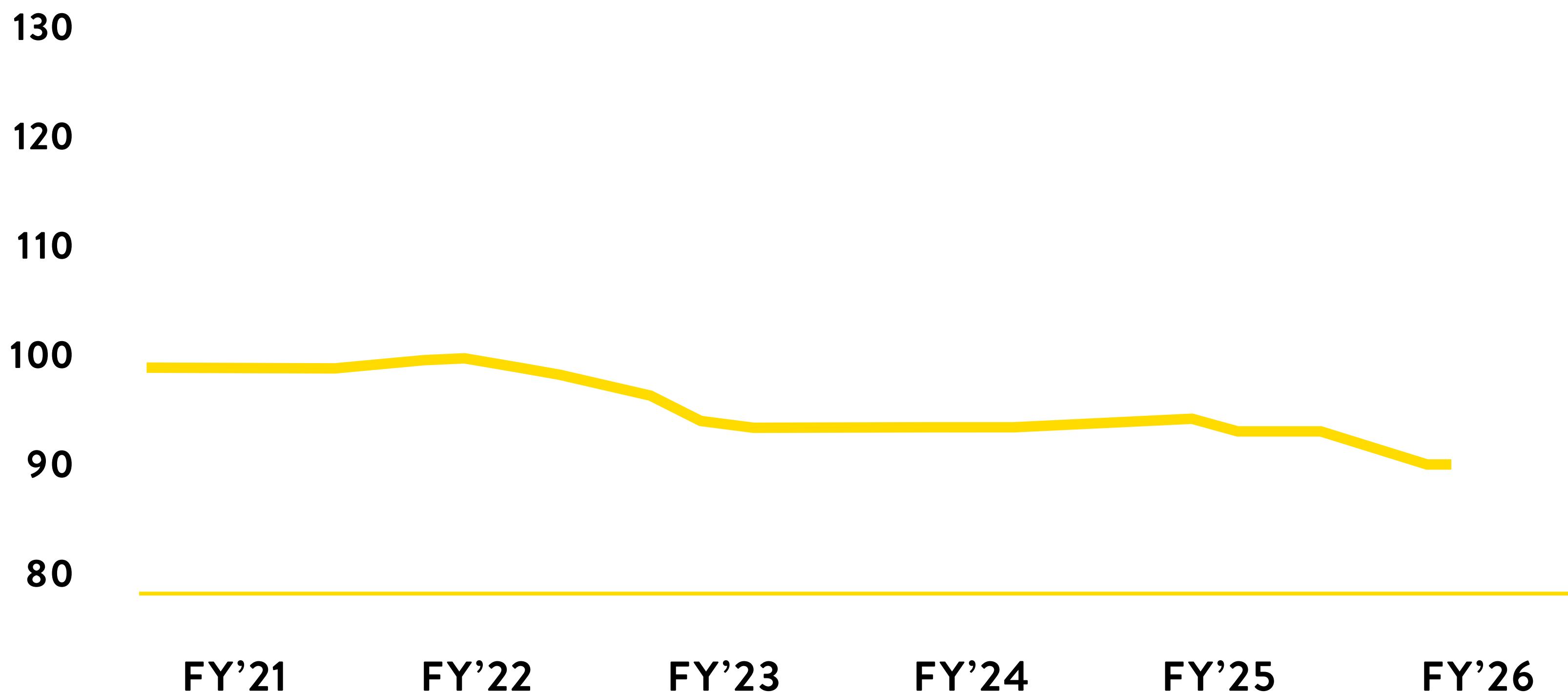
Capital Spending



During the second quarter, capital expenditures were $61 million while depreciation & amortization was $32 million.

Shares Outstanding

($ in millions)
(share count in millions)
(unaudited)



Shares Repurchased	FY’21	FY’22	FY’23	FY’24	FY’25	FY’26
Number of Shares	0.5	2.0	4.7	–	1.2	3.3
Total Cost	$ 7	$ 56	$ 112	–	$ 52	$ 152

The Company did not repurchase any shares during the quarter. The Company has authorization to repurchase approximately 15 million additional shares remaining granted by the Board of Directors resolution on June 4, 2019. Our weighted average diluted share count for the quarter was 91.2 million shares.

Global Retail Stores Summary

	Q1–Q2 FY'26				Q3–Q4 FY'26		
	Open as of January 31, 2025	Openings	Closings	Open as of July 31, 2025	Projected Openings	Projected Closings	Projected Open as of January 31, 2026
Anthropologie NA	222	4	–	226	9	2	233
Anthropologie EU	17	–	–	17	3	1	19
Total Anthropologie	**239**	**4**	**–**	**243**	**12**	**3**	**252**
Free People NA	156	7	2	161	8	2	167
FP Movement NA	63	10	–	73	15	–	88
Free People EU	11	2	–	13	1	–	14
Total Free People	**230**	**19**	**2**	**247**	**24**	**2**	**269**
Urban Outfitters NA	187	1	2	186	–	8	178
Urban Outfitters EU	68	3	–	71	6	–	77
Total Urban Outfitters	**255**	**4**	**2**	**257**	**6**	**8**	**255**
Menus & Venues	**9**	**–**	**–**	**9**	**–**	**–**	**9**
Total Company-Owned Stores	**733**	**27**	**4**	**756**	**42**	**13**	**785**
Franchisee-Owned Stores	**9**	**–**	**–**	**9**	**–**	**–**	**9**
Total URBN	**742**	**27**	**4**	**765**	**42**	**13**	**794**

Global Store Count & Square Footage

(all data is as of the respective period ended)
(Selling SF in thousands)

			AN	FP*	UO	M&V	URBN**
FY'25	Q1	Store Count	238	199	264	9	710
		Selling SF	1,808	413	2,260	n/a	4,481
	Q2	Store Count	239	205	263	9	716
		Selling SF	1,812	428	2,249	n/a	4,489
	Q3	Store Count	242	216	264	9	731
		Selling SF	1,826	449	2,253	n/a	4,528
	Q4	Store Count	239	230	255	9	733
		Selling SF	1,796	472	2,161	n/a	4,429

			AN	FP*	UO	M&V	URBN**
FY'26	Q1	Store Count	241	237	257	9	744
		Selling SF	1,802	480	2,172	n/a	4,454
	Q2	Store Count	243	247	257	9	756
		Selling SF	1,805	499	2,172	n/a	4,476

**includes 73 FP Movement stores as of Q2 FY'26, with a total Selling SF of 108*
***excludes franchisee-owned stores*