STITCH FIX

FOURTH QUARTER AND FULL FISCAL YEAR 2026 EARNINGS CALL

September 23, 2026

Cherryl Valenzuela, Head of Investor Relations

Good afternoon, and thank you for joining us today for the Stitch Fix Fourth Quarter and Full Fiscal Year 2026 Earnings call. With me on the call are Matt Baer, Chief Executive Officer; and David Aufderhaar, Chief Financial Officer. We have posted complete fourth quarter and full fiscal year 2026 financial results in a press release on the Quarterly Results section of our website, investors.stitchfix.com. A link to the webcast of today's conference call can also be found on our site.

We would like to remind everyone that we will be making forward-looking statements on this call, which involve risks and uncertainties. Actual results could differ materially from those contemplated by our forward-looking statements. Reported results should not be considered as an indication of future performance. Please review our filings with the SEC for a discussion of the factors that could cause the results to differ, in particular our press release issued and filed today, as well as our annual report on Form 10-K for fiscal 2026, which we expect to file later this week. Also, note that the forward-looking statements on this call are based on information available to us as of today's date. We disclaim any obligation to update any forward-looking statements except as required by law.

Please note that fiscal 2024 was a 53-week year due to an extra week in the fourth quarter. As such, references to consecutive quarters of year-over-year revenue growth rates on this call are based on an adjusted 52-week basis, removing the impact of the extra week to provide a comparison we believe more accurately reflects our performance.

During this call, we will discuss certain non-GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures are provided in the press release on our Investor Relations website. These non-GAAP measures are not intended to be a substitute for our GAAP results.

Finally, this call in its entirety is being webcast on our Investor Relations website and a replay of this call will be available on the website shortly. And now let me turn the call over to Matt.

MATT BAER - Chief Executive Officer

Thank you, Cherryl, and good afternoon, everyone.

Fiscal 2026 was a pivotal year for Stitch Fix. We advanced our strategy and closed the year as a stronger, healthier business, with a more resilient operating foundation and a reimagined client experience.

Full-year revenue grew 6.4% to $1.35 billion. Active client trends continued to improve, with Q4 marking our ninth consecutive quarter of year-over-year improvement in the growth rate. Contribution margin remained above 30% for the full year, while disciplined execution across the business drove adjusted EBITDA and adjusted EBITDA margin above our expectations.

Q4 revenue was $324.4 million, representing 4.2% year-over-year growth – our sixth consecutive quarter of positive revenue comps. Stitch Fix again outperformed the total U.S. apparel, footwear, and accessories market, which, according to the latest Circana data, was approximately flat over the same period. Full-year revenue also outperformed the total U.S. market with growth of 6.4%, compared to 1% for the market. Revenue per active client, or RPAC, set another record, for the third consecutive quarter, reaching $592 in Q4. Q4 adjusted EBITDA was also better than expected at $10.8 million, or a 3.3% margin.

As a result of our transformation, we have significantly evolved our client experience with a focus on four pillars — creating new engagement opportunities, deepening client and Stylist relationships, introducing enhanced Fix flexibility, and strengthening our assortment. The enhanced flexibility, particularly the Larger Fixes we now offer, and our broader, more relevant assortment, were key drivers of the performance we have delivered over that period.

Together, Larger Fixes and our improved assortment have supported eight consecutive quarters of growth in both items per Fix and average unit retail, or AUR. Larger Fixes enable clients to address more of their styling needs in a single Fix, while our more trend-right assortment across market and private brands, including expanded categories, drove AUR growth through a favorable mix shift instead of broad-based price increases. These sustained gains translated into strong Fix AOV in Q4, which was the primary driver of revenue growth.

Both our Women's and Men's Fix businesses grew year over year during the quarter, with Men's delivering double-digit growth for the fifth consecutive quarter.

Our multi-brand portfolio combines differentiated private brands with a curated selection of market brands. Together, they give us the ability to serve a broad range of wardrobe needs.

- In Q4, our private brands continued to resonate with our clients. In Women's, Market & Spruce, 41 Hawthorn, and Montgomery Post were our top three brands by revenue for the second consecutive quarter. In Men's, three of our top five brands in the quarter were private brands, specifically 01.Algo, Hawker Rye and Alesbury. We continue to invest in these brands, and are regularly launching collections to meet individual client segment needs. For example, in August, we launched a 41 Hawthorn capsule collection for teachers, informed by the thousands of teaching-related requests we have received from clients.
- We are also focused on bringing clients a portfolio of brands that is best in the industry by offering market brands clients covet and introducing others we believe they'll be excited to discover. Since the start of FY26, we have added more than 80 new brands, including Rhone, Birkenstock, Outdoor Voices, and Malbon Golf. More recent additions include Farm Rio, Baggu, Merrell, Jordan Brand, Nike Golf, and Mitchell & Ness NFL licensed apparel. Within our market brand assortment, we launched exclusive back-to-school collaborations with Favorite Daughter, Alex Mill, and Z Supply in early August. The collections were designed for moms, who have told us that they often feel overlooked during the season, and early performance across all three launches has been encouraging.

Category expansion remains a significant opportunity for Stitch Fix, and we continue to build our assortment in areas where we have traditionally been underpenetrated, including activewear and athleisure, footwear, and accessories. These categories support our ambition to meet all of our clients' wardrobe needs and we're seeing strong growth. For example, across Women's and Men's, activewear and athleisure grew 21% year over year and footwear grew 14% in Q4.

Turning to active clients, we ended the quarter with 2.277 million active clients. New clients and Men's active clients grew year-over-year in FY26, while the trajectory of Women's active clients also improved year-over-year. Client retention rate improved sequentially for the eighth consecutive quarter, and Q4 marked our third straight high in nearly four years. These trends reflect the strength and resilience of our current client base, our disciplined focus on acquiring higher-LTV clients, and organic growth through Family Accounts, which help us serve the entire household.

Another element of our strategy is reaching client segments with highly specific styling needs that we are uniquely positioned to serve. One example is clients navigating the body and sizing changes associated with GLP-1 medications. All of our Stylists are trained to support clients going through body transformation journeys, and we now offer a Themed Fix with styles for every stage of the transformation. The opportunity is evident both in the broader market and in what we are hearing from new Stitch Fix clients. Twenty percent of our new clients recently told us during onboarding that they are seeking styling guidance as their bodies change – nearly double the penetration of the U.S. population on GLP-1 medications according to a recent Gallup poll – which underscores the particular relevance of Stitch Fix for this need.

As always, technology remains at the core of our ability to serve our clients. AI is a powerful accelerator of our strategy. Our 15 years of applying proprietary data and algorithms, paired with the expertise of our Stylists, gives us a differentiated foundation for incorporating AI across both the client experience and our operations.

Stitch Fix Vision is one client-facing example. We have integrated our style visualization platform more broadly throughout the client experience and are building toward a future where clients can see themselves reflected at every step of their shopping journey. By combining AI with our deep understanding of each client's preferences, Vision provides personalized style inspiration. We continue to see a significant lift in 90-day Freestyle spend from clients who engage with it.

AI is also helping us operate more efficiently. In styling, we are using gen-AI tools to support Stylists in the item recommendations for Fixes so they can focus more of their time on client service. In our fulfillment centers, AI improves daily labor planning and real-time staff scheduling. And in customer service, AI agents handle more routine requests, helping us resolve inquiries more quickly and enabling our team to focus on outreach that needs a higher touch. As a result, we have more than doubled the share of chats resolved without requiring additional support. Together, these applications improve productivity and lower our cost to serve.

As we continue to advance our transformation strategy and efforts to deliver the most personalized and client-centric shopping experience, we recently welcomed Sree Sreedhararaj as our Chief Product and Technology Officer. Sree brings extensive product and technology leadership experience, including in AI integration, across prominent retail and consumer brands. We're thrilled to have him on the team.

Looking ahead to fiscal 2027, our outlook reflects a more challenging consumer environment. David will speak in more detail to our outlook, including a reduction in Fix volume that will only impact Q1.

While these conditions affect our near-term outlook, they do not change our strategy or the opportunity ahead. When clients are more intentional about what they buy, the value of a personalized service that makes each purchase more relevant becomes even clearer. Over the past two years, we have built the capabilities to deliver on that promise: a more flexible Fix experience, a more compelling assortment, and personalization powered by proprietary client data, AI, and the expertise of our Stylists.

We are actively addressing near-term headwinds through the levers within our control. While we are encouraged by the early performance of many of our recent innovations such as Stitch Fix Vision, Family Accounts, and more flexible Fix offerings, there's still ample runway to increase their impact, and as we continue to enhance these experiences, build awareness, and drive penetration, we believe they can support stronger organic revenue and client growth. The financial progress we have made underpins our ability to invest behind these growth initiatives.

In closing, fiscal 2026 demonstrated the strength of the business we have built. We significantly improved our client experience and assortment, strengthened client economics, and returned to year-over-year revenue growth, all while operating with discipline. The work now is to scale that stronger model – serving more existing and new clients and turning that foundation into sustainable, profitable long-term growth.

A special thank you to our entire Stitch Fix team for your continued dedication and execution. Now, I'll pass it to David for a discussion of our financial results and outlook.

David Aufderhaar - Chief Financial Officer

Thanks, Matt, and good afternoon, everyone.

Fiscal 26 demonstrated significant improvement in our financial model. We expanded adjusted EBITDA margin, maintained contribution margins above 30% in each quarter, generated positive free cash flow, and ended the year with a strong balance sheet. We also resumed our share repurchase program and returned capital to shareholders.

Net revenue for the year reached $1.35 billion, up 6.4% year over year. Gross margin was 43.7%, well within our target range of 43% to 44%, as our teams did a great job navigating transportation carrier rate increases and tariffs.

Overall SG&A spend was 45.3% of revenue, over 220 bps lower than last year. As a result, we exceeded our outlook for adjusted EBITDA and expanded our adjusted EBITDA margin year over year to 4.0%.

Stock-based compensation was 3.4% of revenue, compared with 4.5% last year. Our net loss for the year narrowed to $12.6 million, or a loss of 9 cents per share.

We generated $19.8 million of free cash flow in fiscal 2026 and ended the year with $220.9 million in cash, cash equivalents, and investments, and no debt.

Turning to Q4, revenue reached $324.4 million, up 4.2% year over year. Active clients were down 1.4% both year over year and sequentially. In addition to seasonality, active clients were softer than expected due to higher client acquisition costs that were a headwind to acquiring and re-engaging clients in the quarter. RPAC grew 7.8% to $592 while AOV grew 4.9% year over year.

Gross margin was 43.6%, flat year over year. We offset increases in transportation costs and investments in new merchandise categories with strong inventory management.

Advertising was 9.9% of revenue in Q4. Q4 adjusted EBITDA was $10.8 million, or a 3.3% margin, up 50 basis points year over year. It exceeded our guidance largely due to lower fixed operating expenses.

We continued our share repurchases in Q4, buying back 2.7 million shares for $11.3 million. For the year, we bought back 7.2 million shares for $26.4 million. This leaves $93.6 million remaining under our existing authorization.

Now, turning to our outlook for Q1 and fiscal 2027:

- For full year FY27:
    - We expect total revenue to be between $1.31 billion and $1.36 billion.
    - We expect total adjusted EBITDA for the year to be between $27 million and $42 million.
- And for Q1:
    - We expect total revenue to be between $323 million and $328 million.
    - We expect Q1 adjusted EBITDA to be between $3 million and $6 million.

We expect full-year gross margin to remain between 43% and 44%, and we expect to generate stronger positive free cash flow for FY27 compared to last year.

As Matt noted, our revenue outlook reflects two factors associated with a more challenging consumer environment:

- First, as I called out earlier, we saw higher client acquisition costs in Q4, and that has continued into Q1. Those higher costs are a headwind to client growth in FY27, which we expect will temper revenue growth.
- And second, existing clients are being more intentional about discretionary purchases outside of their recurring Fixes.

For Q1 specifically, our outlook also reflects lower expected Fix volume from two temporary factors:

- First, a decision to adjust the timing of some Fix shipments in the fourth quarter, which shifted Fix volume from the first quarter of fiscal 2027 into the fourth quarter of fiscal 2026.
- And second, an unintended change made to our post-checkout offer flow in August that limited the number of clients eligible to request another Fix, which has been corrected and will not affect results beyond the first quarter.

Lastly, our adjusted EBITDA outlook for fiscal 2027 reflects planned investments in advertising and technology—including AI—to support long-term growth. We will remain disciplined and judicious in how we make these investments.

The stronger foundation we have built through our transformation gives us confidence in our ability to execute against our priorities and invest strategically behind our highest-return opportunities. We are proud of our improved cost structure that gives us the optionality to make such investments while still delivering EBITDA profitability, maintaining a strong balance sheet, and generating positive free cash flow.

With that, Operator, we can open the line for Q&A.