STITCH FIX

Q2 2026 MANAGEMENT PREPARED REMARKS

March 11, 2026

Cherryl Valenzuela, Head of Investor Relations

Good afternoon, and thank you for joining us today for the Stitch Fix Second Quarter Fiscal 2026 earnings call. With me on the call are Matt Baer, Chief Executive Officer; and David Aufderhaar, Chief Financial Officer. We have posted complete second quarter 2026 financial results in a press release on the Quarterly Results section of our website, investors.stitchfix.com
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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 2025 and subsequent periodic reports filed with the SEC. 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, CEO

Thanks, Cherryl, and good afternoon everyone.

Q2 was another strong quarter, marked by our fourth consecutive quarter of year-over-year revenue growth. We continue to successfully execute our transformation strategy and are seeing the cumulative impact of those efforts to both strengthen the foundation of our business and reimagine our client experience. The enhancements we've rolled out over the past 18 months, including greater flexibility, meaningful improvements we've made to the quality and breadth of our assortment, and new AI features are driving increased client engagement and durable revenue growth. As a result, we are solidifying our position in the market and our role as our clients' retailer of choice for apparel, footwear, and accessories.

Getting into the specific numbers, revenue exceeded our outlook and grew 9.4% year over year to $341.3 million, supported by broad-based demand that remained resilient across all income cohorts. Revenue per active client reached $577 in Q2, our highest RPAC as a public company. We achieved this growth while driving leverage in our business. Q2 was our eighth consecutive quarter with a contribution margin greater than 30%. Adjusted EBITDA also exceeded our outlook and was $15.9 million or 4.7% of revenue.

We also continued to gain market share and significantly outperform the broader U.S. apparel and accessories market during the quarter, highlighting the strength of our value proposition. Our 9.4% YoY revenue growth in Q2 contrasts with the 0.5% contraction the total U.S. apparel, footwear, and accessories market sustained in the same period, according to the latest Circana data.

Our growth this quarter was anchored by the Fix channel. By leveraging our unique curation capabilities and expert Stylists, we've leaned into 'head-to-toe' outfitting and strategic category expansion. This high-touch approach is resonating deeply; both our Women's and Men's Fix businesses grew double digits, contributing to a nearly 10% year-over-year increase in Fix Average Order Value (AOV)—our tenth consecutive quarter of growth.

A key driver of this performance is the increased flexibility we've integrated into our service. Adoption of our Larger Fixes, which offer up to eight items in a Fix versus the original five, continues to grow. We are also seeing high resonance with other newer formats, such as Themed Fixes and Fixes built around a specific Freestyle item of a client's choosing. The AOV for these Fixes are, in aggregate, nearly double that of a traditional five-item Fix.

We have also fundamentally improved the selection of items in each Fix. The growth in Fix AOV was driven by higher Average Unit Retail (or AUR), which grew 7.7% YoY – our sixth consecutive quarter of growth. The increase was largely fueled by a more compelling assortment and favorable mix. External pricing factors, including tariffs, were not a significant driver of the change.

In Q2, we successfully captured seasonal winter demand for warm layers, with outerwear a top growth category in both our Women's and Men's businesses up 26% combined. We also saw strong demand for denim up 17%. In addition, activewear and athleisure were strong contributors to our performance in the quarter, growing 37% YoY combined. We also saw strong demand for special occasion and social events or night out styles, which grew 46% this quarter.

Of note, we have also been expanding our assortment in strategic categories where we are seeing increased demand, such as footwear and accessories. Footwear grew 33% YoY across our Men's and Women's businesses with Sneakers alone up 46%. Accessories grew 51% YoY across both lines of businesses.

As we mentioned last quarter, we believe expanding our relevance in Activewear/Athleisure, Footwear, and Accessories can unlock a significant wallet share opportunity. We estimate our fair share within our existing client base in these categories represents approximately $1 billion in incremental revenue.

We also continue to optimize our brand mix. We're pairing more of the brands clients already know and love with private brands that are purpose-built from our data to offer exceptional quality and value. Within our private brands, we saw strong performance from Market & Spruce, Montgomery Post, 41 Hawthorn, and We Wander with revenue from each up more than 35% YoY.

The work we've done to optimize our assortment and brand mix set the stage for a strong holiday performance. This achievement was fueled by a deeper selection of seasonally relevant merchandise and a strategic promotional cadence, which delivered record Freestyle sales during the Black Friday/Cyber Monday period and sustained broader momentum through the end of the calendar year. Importantly, we achieved this growth while maintaining strict discipline within our Fix business driven primarily by our enhanced Freestyle-exclusive promotional capabilities.

We continue to be encouraged by our active client trends. This quarter marked our seventh consecutive quarter of improvement in year-over-year active client growth rates, reflecting the disciplined and methodical progress we're making to build a healthier client base. Of note, our Men's business, after returning to sequential growth in active clients last quarter, returned to year over year growth in Q2.

We're also excited by the early results we're seeing from Family Accounts, which enable a client to manage multiple accounts within a single household. This feature is emerging as a lower-cost way to grow family wallet share, while unlocking new ways for clients to shop for others and supporting gifting behavior. Our holiday results reinforce our confidence in its potential as an efficient acquisition lever in future key gifting moments.

Taking a broader view of our performance, we ended Q2 with active clients of 2.3 million, in-line with our expectations. Here are a few highlights:

- New clients grew year over year for the second consecutive quarter. Three-month LTVs for new clients have now grown year-over-year for ten consecutive quarters and remain at three year highs.

- Re-engaged clients also grew for the second consecutive quarter and the number of clients on recurring shipments continued to grow year over year.

- And we also just completed a quarter in which we had the highest retention rate in nearly four years. We are encouraged by the early signals from Stylist Connect, our new platform for near real-time client-Stylist collaboration. While still a recent addition, it is already helping us strengthen relationships between our clients and our Stylists. Clients who engage in the feature are significantly more likely to request the same Stylist for their next Fix.

We believe these positive trends confirm the improved quality of our new and returning client cohorts, and will lead to greater client retention, higher revenue predictability, and improved profitability over the long term. We remain on track to deliver positive sequential net adds in Q3.

A key driver of our performance is how we are leveraging technology and innovation – and AI specifically. Technology and innovation has been at the core of Stitch Fix's business since day one. Since our founding, Stitch Fix has capitalized on the latest technology advancements, as well as data science and proprietary algorithms, to provide a superior retail experience.

Our proprietary data and algorithms remain a competitive advantage. We know more about our clients— their fit, their budget and their style preferences— prior to them ever receiving a Fix. We also have a continuous loop of both direct and indirect data from our clients as well as nuanced insight on our merchandise assortment on how specific items fit. We have billions of data points to leverage. Because we know our clients so well, we are able to leverage AI to deliver incomparable client experiences.

One way we are putting this data to work is through our AI Style Assistant, which empowers our Stylists by helping clients better articulate what they're looking for. This tool captures richer signals that enable our Stylists to curate Fixes that better meet each client's specific needs.

We are also leveraging AI to inspire clients and help them discover the styles they will love. A clear example is Stitch Fix Vision, our AI-powered styling platform that provides clients with personalized imagery of them in a wide array of shoppable head-to-toe outfit recommendations based on their own style profile and the latest fashion trends. Clients who have engaged with Vision used it on a consistent basis — with 75% returning to use it again in subsequent months—and that engagement has translated into increased sales. We saw an over 100% lift in Freestyle spend over a 90-day period for clients who used the feature.

As we further execute our strategy, we're confident in our ability to maintain a balance between growth and profitability. Our unique, data-driven model — which combines personalized styling expertise, AI-powered recommendations, and a compelling assortment across Fix and Freestyle — enables us to meet clients where they are while driving both engagement and spend. This integrated approach creates a powerful feedback loop between human insight and technology, strengthening client relationships and improving unit economics over time.

The investments we're making — in our client experience, AI capabilities, and merchandise mix — are designed to drive durable revenue growth while preserving margin integrity. These strategic drivers are performing in line with our expectations, supporting our improved full year revenue guidance, as we remain focused on finishing the year strong. As the business continues to scale, we believe we will be able to generate increasing leverage and deliver consistent, sustainable profitability over time.

I want to thank our team for their focus and execution, and our clients, partners, and shareholders for their support.

With that, I'll turn it over to David to discuss our financial results and outlook in more detail.

David Aufderhaar, CFO

Thanks, Matt, and good afternoon, everyone.

Our second quarter results reflect continued progress against our strategy and the momentum we're building across the business. We delivered strong revenue growth and disciplined expense management while continuing to invest in the client experience and innovation. These results underscore the benefits of our methodical approach to strengthening the business and positioning Stitch Fix for consistent and sustainable performance over time.

Now let's turn to the numbers.

Revenue was $341.3 million, up 9.4% year over year, exceeding our outlook. Fix Average Order Value rose 9.8%, driven by more items per Fix and higher AUR, reflecting strong demand for Larger Fixes and our improved assortment.

We ended Q2 with 2.3 million active clients, in-line with our expectations.

Revenue per Active Client was $577, up 7.4% year over year, marking the eighth consecutive quarter of YoY growth and the highest RPAC we've reported as a public company. The growth in RPAC confirms that our strategy is effectively leading to increased client engagement and spend, ultimately driving a higher share of wallet from our clients.

Gross margin was 43.6%, slightly above the midpoint of our FY26 range of 43–44%, with contribution margins remaining strong above 30% for the eighth straight quarter.

Advertising was 8.5% of revenue in Q2, slightly below our expected range of 9-10%. As we've discussed, we are being deliberate in how we invest, prioritizing efficiency and long-term client quality over near-term volume.

Q2 adjusted EBITDA came in at $15.9 million, or 4.7% margin, outperforming expectations on strong revenue and disciplined expense management.

We ended Q2 with $240.5 million in cash and investments and no debt. Inventory was $122.1 million, up 11.4% year over year, reflecting investments in our client experience and increased demand.

Turning to our outlook for Q3 and FY26.

- For full year FY26:

    - We expect total revenue to be between $1.330 and $1.350 billion.
    - We expect total adjusted EBITDA for the year to be between $42 and $50 million.
    - And we continue to expect to be free cash flow positive for the full year.
- For Q3:
    - We expect total revenue to be between $330 and $335 million.
    - We expect Q3 adjusted EBITDA to be between $7 and $10 million.

For the second half of the year, we're tightening our revenue guidance range, reflecting greater confidence in the underlying momentum we're seeing, while continuing to be thoughtful and realistic about the environment ahead.

While we expect growth rates to moderate as we lap a strong two-year AOV stack, we believe there remains opportunity to continue driving steady AOV improvement. Ongoing enhancements to our client experience—including a stronger and more relevant assortment, continued category expansion, increased Fix flexibility, and the use of AI to support more dynamic client engagement—provide a durable foundation for that progress.

At the same time, we believe our methodical approach to rebuilding our active client base is working. We're encouraged by continued improvement in active client trends and remain confident that sequential net active client adds will be positive in Q3. Over time, as both AOV and active clients improve, we believe this positions the business for compounding growth.

We continue to expect full-year gross margin to be approximately 43% to 44% and full-year advertising costs to be between 9% to 10% of revenue.

In closing, we're encouraged by the progress we're making across the business. Our focus on delivering a stronger client experience, rebuilding our active client base with discipline, and maintaining financial rigor is driving improved performance and positioning us well for the remainder of the year.

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