UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 2, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to

Commission File Number 001-40571

TORRID

TORRID HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-3517567**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
18501 East San Jose Avenue City of Industry, California (Address of principal executive offices)	**91748** (Zip Code)

(626) 667-1002
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	CURV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of September 1, 2025, there were approximately 99,165,951 shares of the registrant's common stock outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended August 2, 2025 (the "Form 10-Q") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this Form 10-Q are forward-looking statements. Forward-looking statements reflect our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely" and other words and terms of similar meaning (including their negative counterparts or other various or comparable terminology). For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- changes in consumer spending and general economic conditions;
- the negative impact on our revenue and profitability as a result of the imposition of new or increased duties or tariffs on goods from the countries where we manufacture our merchandise which, among other things, could limit our ability to manufacture products in cost-effective countries and require us to absorb costs or pass costs onto customers;
- the interruption of the flow of merchandise from international manufacturers;
- the negative impact on interest expense as a result of high interest rates;
- inflationary pressures with respect to labor and raw materials and global supply chain constraints that could increase our expenses;
- the adverse impact of rulemaking changes implemented by the Consumer Financial Protection Bureau on our income streams, profitability and results of operations;
- our ability to identify and respond to new and changing product trends, customer preferences and other related factors;
- our dependence on a strong brand image;
- increased competition from other brands and retailers;
- our reliance on third parties to drive traffic to our website;
- the success of the shopping centers in which our stores are located;
- our ability to adapt to consumer shopping preferences and develop and maintain a relevant and reliable omni-channel experience for our customers;
- our dependence upon independent third parties for the manufacture of all of our merchandise;
- availability constraints and price volatility in the raw materials used to manufacture our products;
- our sourcing a significant amount of our products from China;
- shortages of inventory, delayed shipments to our e-Commerce customers and harm to our reputation due to difficulties or shut-down of our distribution facility;
- our reliance upon independent third-party transportation providers for substantially all of our product shipments;
- our growth strategy, including our retail store optimization strategy;
- our failure to attract and retain employees that reflect our brand image, embody our culture and possess the appropriate skill set;
- damage to our reputation arising from our use of social media, email and text messages;
- our reliance on third parties for the provision of certain services, including real estate management;

- our dependence upon key members of our executive management team;
- our reliance on information systems;
- system security risk issues that could disrupt our internal operations or information technology services;
- unauthorized disclosure of sensitive or confidential information, whether through a breach of our computer system, third-party computer systems we rely on, or otherwise;
- our failure to comply with federal and state laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection;
- payment-related risks that could increase our operating costs or subject us to potential liability;
- claims made against us resulting in litigation;
- changes in laws and regulations applicable to our business;
- regulatory actions or recalls arising from issues with product safety;
- our inability to protect our trademarks or other intellectual property rights;
- our substantial indebtedness and lease obligations;
- restrictions imposed by our indebtedness on our current and future operations;
- changes in tax laws or regulations or in our operations that may impact our effective tax rate;
- the possibility that we may recognize impairments of definite-lived assets;
- our failure to maintain adequate internal control over financial reporting; and
- the threat of war, terrorism or other catastrophes, including natural disasters, that could negatively impact our business.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the effect of known factors, and, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, are disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025 filed with the Securities and Exchange Commission (“SEC”) on April 1, 2025 (the “2024 Form 10-K”) and in our other filings with the SEC and public communications. All forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the SEC and public communications. You should evaluate all forward-looking statements made in this Form 10-Q in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not include all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the outcomes or affect us or our operations in the way we expect. The forward-looking statements included in this Form 10-Q are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except to the extent required by law.

Investors and others should note that we may announce material information to our investors using our investor relations website (https://investors.torrid.com), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on social media could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands, except share and per share data)

	August 2, 2025	February 1, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 21,543	$ 48,523
Restricted cash	399	399
Inventory	130,235	148,493
Prepaid expenses and other current assets	25,765	24,507
Prepaid income taxes	11,144	4,244
Total current assets	189,086	226,166
Property and equipment, net	63,672	77,669
Operating lease right-of-use assets	119,097	140,651
Deposits and other noncurrent assets	20,333	18,935
Deferred tax assets	13,877	16,620
Intangible asset	8,400	8,400
Total assets	$ 414,465	$ 488,441
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 53,198	$ 72,378
Accrued and other current liabilities	108,898	125,743
Operating lease liabilities	33,497	40,505
Borrowings under credit facility	7,900	—
Current portion of term loan	16,144	16,144
Due to related parties	8,436	8,362
Income taxes payable	118	—
Total current liabilities	228,191	263,132
Noncurrent operating lease liabilities	113,675	134,481
Noncurrent debt, net	264,337	272,409
Deferred compensation	3,801	3,913
Other noncurrent liabilities	5,577	5,595
Total liabilities	615,581	679,530
Commitments and contingencies (Note 9)		
Stockholders' Deficit:		
Preferred shares: $0.01 par value; 5,000,000 shares authorized; no shares issued and outstanding at August 2, 2025 and February 1, 2025	—	—
Common shares: $0.01 par value; 1,000,000,000 shares authorized; 105,157,295 and 99,126,387 shares issued and outstanding, respectively, at August 2, 2025; 104,859,266 shares issued and outstanding at February 1, 2025	1,052	1,049
Additional paid-in capital	142,386	140,029
Accumulated deficit	(323,762)	(331,269)
Accumulated other comprehensive loss	(507)	(898)
Common shares in treasury, at cost: 6,030,908 shares at August 2, 2025; no shares at February 1, 2025	(20,285)	—
Total stockholders' deficit	(201,116)	(191,089)
Total liabilities and stockholders' deficit	$ 414,465	$ 488,441

The accompanying notes are an integral part of these condensed consolidated financial statements.

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	August 2, 2025	**August 3, 2024**	**August 2, 2025**	**August 3, 2024**
Net sales	$ 262,806	$ 284,638	$ 528,771	$ 564,409
Cost of goods sold	169,318	174,380	333,881	338,730
Gross profit	93,488	110,258	194,890	225,679
Selling, general and administrative expenses	70,511	76,838	140,527	153,304
Marketing expenses	12,817	13,007	28,176	25,819
Income from operations	10,160	20,413	26,187	46,556
Interest expense	8,119	9,142	16,280	18,519
Interest income, net of other (income) expense	(13)	(124)	(719)	(14)
Income before provision for income taxes	2,054	11,395	10,626	28,051
Provision for income taxes	487	3,067	3,119	7,551
Net income	$ 1,567	$ 8,328	$ 7,507	$ 20,500
Net earnings per share:				
Basic	$ 0.02	$ 0.08	$ 0.07	$ 0.20
Diluted	$ 0.02	$ 0.08	$ 0.07	$ 0.19
Weighted average number of shares:				
Basic	102,470	104,500	103,699	104,384
Diluted	102,746	106,074	104,400	105,728
Other comprehensive income (loss):				
Foreign currency translation adjustment	16	(98)	391	(187)
Total other comprehensive income (loss)	16	(98)	391	(187)
Comprehensive income	$ 1,583	$ 8,230	$ 7,898	$ 20,313

The accompanying notes are an integral part of these condensed consolidated financial statements.

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED)
(In thousands)

	Six Months Ended August 2, 2025							
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at February 1, 2025	104,860	$ 1,049	$ 140,029	$ (331,269)	$ (898)	—	$ —	$ (191,089)
Net income	—	—	—	5,940	—	—	—	5,940
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	134	1	(321)	—	—	—	—	(320)
Issuance of common shares related to exercise of non qualified stock options	7	—	20	—	—	—	—	20
Share-based compensation	—	—	1,253	—	—	—	—	1,253
Other comprehensive income	—	—	—	—	375	—	—	375
Balance at May 3, 2025	105,001	1,050	140,981	(325,329)	(523)	—	—	(183,821)
Net income	—	—	—	1,567	—	—	—	1,567
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	87	1	(119)	—	—	—	—	(118)
Issuance of common stock related to employee stock purchase plan	69	1	172	—	—	—	—	173
Share-based compensation	—	—	1,352	—	—	—	—	1,352
Purchase of common stock, including excise tax	(6,031)	—	—	—	—	6,031	(20,285)	(20,285)
Other comprehensive income	—	—	—	—	16	—	—	16
Balance at August 2, 2025	99,126	$ 1,052	$ 142,386	$ (323,762)	$ (507)	6,031	$ (20,285)	$ (201,116)

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT (CONTINUED)
(UNAUDITED)
(In thousands)

	Six Months Ended August 3, 2024							
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Shares		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at February 3, 2024	104,205	$ 1,043	$ 135,140	$ (347,587)	$ (313)	—	—	$ (211,717)
Net income	—	—	—	12,172	—	—	—	12,172
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	141	1	(297)	—	—	—	—	(296)
Share-based compensation	—	—	1,290	—	—	—	—	1,290
Other comprehensive loss	—	—	—	—	(89)	—	—	(89)
Balance at May 4, 2024	104,346	1,044	136,133	(335,415)	(402)	—	—	(198,640)
Net income	—	—	—	8,328	—	—	—	8,328
Issuance of common shares and withholding tax payments related to vesting of restricted stock awards and restricted stock units	184	2	(125)	—	—	—	—	(123)
Issuance of common shares related to exercise of stock options	60	1	233	—	—	—	—	234
Issuance of common shares related to employee stock purchase plan	47	1	230	—	—	—	—	231
Share-based compensation	—	—	1,122	—	—	—	—	1,122
Other comprehensive loss	—	—	—	—	(98)	—	—	(98)
Balance at August 3, 2024	104,637	$ 1,048	$ 137,593	$ (327,087)	$ (500)	—	$ —	$ (188,946)

The accompanying notes are an integral part of these condensed consolidated financial statements.

TORRID HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Six Months Ended	
	August 2, 2025	August 3, 2024
OPERATING ACTIVITIES		
Net income	$ 7,507	$ 20,500
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Write down of inventory	1,427	992
Operating right-of-use assets amortization	17,583	20,242
Depreciation and other amortization	19,584	18,940
Share-based compensation	2,840	3,846
Deferred taxes	2,743	—
Write off of excess operating lease liabilities against operating right-of-use-assets	(4,164)	(913)
Other	(799)	133
Changes in operating assets and liabilities:		
Inventory	17,060	12,527
Prepaid expenses and other current assets	(1,258)	(8,066)
Prepaid income taxes	(6,900)	(1,573)
Deposits and other noncurrent assets	(1,045)	(2,225)
Accounts payable	(19,980)	23,081
Accrued and other current liabilities	(17,026)	10,509
Operating lease liabilities	(19,840)	(22,457)
Other noncurrent liabilities	(82)	(330)
Deferred compensation	(112)	(456)
Due to related parties	74	(4,354)
Income taxes payable	118	(1,949)
Net cash (used in) provided by operating activities	(2,270)	68,447
INVESTING ACTIVITIES		
Purchases of property and equipment	(3,671)	(10,180)
Net cash used in investing activities	(3,671)	(10,180)
FINANCING ACTIVITIES		
Proceeds from revolving credit facility	171,650	62,780
Principal payments on revolving credit facility	(163,750)	(70,050)
Deferred financing costs paid for revolving credit facility	(375)	—
Principal payments on term loan	(8,750)	(8,750)
Proceeds from issuances under share-based compensation plans	199	523
Withholding tax payments related to vesting of restricted stock units and awards and exercise of non qualified stock options	(444)	(484)
Share repurchase, including excise tax paid	(20,000)	—
Net cash used in financing activities	(21,470)	(15,981)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	431	(81)
(Decrease) increase in cash, cash equivalents and restricted cash	(26,980)	42,205
Cash, cash equivalents and restricted cash at beginning of period	48,922	12,134
Cash, cash equivalents and restricted cash at end of period	$ 21,942	$ 54,339
SUPPLEMENTAL INFORMATION		
Cash paid during the period for interest related to the revolving credit facility and term loan	$ 17,680	$ 18,529
Cash paid during the period for income taxes	$ 7,135	$ 11,093
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchases included in accounts payable and accrued liabilities	$ 2,138	$ 1,115
Excise tax from share repurchase included in accounts payable and accrued liabilities	$ 200	$ —
Cost of treasury shares included in accounts payable and accrued liabilities	$ 85	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

TORRID HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation and Description of the Business

Corporate Structure

Torrid Holdings Inc. is a Delaware corporation formed on October 29, 2019 and capitalized on February 20, 2020. Sycamore Partners Management, L.P. (“Sycamore”) owns a majority of the voting power of Torrid Holdings Inc.’s outstanding common stock. Torrid Parent Inc. is a Delaware corporation formed on June 4, 2019 and is a wholly owned subsidiary of Torrid Holdings Inc. Torrid Intermediate LLC, formerly known as Torrid Inc., is a Delaware limited liability company formed on June 18, 2019 and a wholly owned subsidiary of Torrid Parent Inc. Torrid LLC is a wholly owned subsidiary of Torrid Intermediate LLC. Substantially all of Torrid Holdings Inc.’s financial position, operations and cash flows are generated through its wholly owned indirect subsidiary, Torrid LLC.

Throughout these financial statements, the terms “Torrid,” “we,” “us,” “our,” the “Company” and similar references refer to Torrid Holdings Inc. and its consolidated subsidiaries.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31 and each fiscal year is generally comprised of four 13-week quarters (although in years with 53 weeks, the fourth quarter is comprised of 14 weeks). Fiscal years 2025 and 2024 are 52-week years. Fiscal years are identified according to the calendar year in which they begin. For example, references to “fiscal year 2025” or similar references refer to the fiscal year ending January 31, 2026. References to the second quarter of fiscal years 2025 and 2024 and to the three- and six-month periods ended August 2, 2025 and August 3, 2024, respectively, refer to the 13- and 26-week periods then ended.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial information. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the three- and six-month periods ended August 2, 2025 and August 3, 2024 are not necessarily indicative of the results that may be expected for any future interim periods, the fiscal year ending January 31, 2026, or for any future fiscal year.

The condensed consolidated balance sheet information at February 1, 2025 has been derived from the audited consolidated financial statements at that date, but does not include all of the disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements and related footnotes should be read in conjunction with our audited consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025 (the “2024 Form 10-K”). The unaudited condensed consolidated financial statements include Torrid and those of our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Description of Business

We are a direct-to-consumer brand of apparel, intimates and accessories in North America aimed at fashionable women who are curvy and wear sizes 10 to 30. We generate revenues primarily through our e-Commerce platform www.torrid.com and our stores in the United States of America, Puerto Rico and Canada.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including, but not limited to, those related to merchandise returns, the value of future loyalty program award redemptions, net realizable value of our inventory, share-based compensation, and incremental borrowing rate and probability assessments of exercising renewal options on leases. We base our estimates on the best information available at the time, our experiences, and various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Significant Accounting Policies

A description of our significant accounting policies is included in the audited consolidated financial statements in our 2024 Form 10-K. No changes to significant accounting policies have occurred since February 1, 2025, with the exception of treasury stock.

Treasury Stock

We record our purchases of treasury stock at cost as a separate component of stockholders' deficit in the consolidated financial statements. Upon retirement of treasury stock, we allocate the excess of the purchase price over par value directly as a reduction of retained earnings or additional paid-in capital to the extent we have an accumulated deficit. Shares retired become part of the pool of authorized but unissued shares. The cost basis of treasury stock includes excise tax on an as-incurred basis on share repurchases initiated on and after January 1, 2023 and any outstanding balance of excise tax is included in accrued and other current liabilities on the condensed consolidated balance sheets.

Inventory

Our inventory is comprised solely of finished goods.

Reclassification

Certain amounts in the accompanying condensed consolidated financial statements have been reclassified to be consistent with the current period presentation. This reclassification had no impact on our financial condition, results of operations, or net cash flows.

Note 2. Accounting Standards

Recently Adopted Accounting Standards During the Three- and Six-Month Periods Ended August 2, 2025

We did not adopt any new accounting standards during the three- and six-month periods ended August 2, 2025.

Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 will be effective for us for the fiscal year ended January 31, 2026. This guidance may be applied on a prospective basis with the option to apply the standard retrospectively. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03") and in January 2025, the FASB issued ASU 2025-01, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"), which clarified the effective date of ASU 2024-03. ASU 2024-03 is intended to improve disclosures about a public business entity's expenses, primarily through additional disaggregation of income statement expenses. ASU 2024-03 will be effective for the annual period beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of the standard on our financial statements and disclosures.

We have considered all other recent accounting pronouncements and have concluded that there are no other recent accounting pronouncements not yet adopted that are applicable to us, based on current information.

Note 3. Property and Equipment

Property and equipment are summarized as follows (in thousands):

	August 2, 2025	February 1, 2025
Property and equipment, at cost		
Leasehold improvements	$ 173,759	$ 187,792
Furniture, fixtures and equipment	115,396	118,901
Software and licenses	15,590	15,099
Construction-in-progress	1,180	1,438
	305,925	323,230
Less: accumulated depreciation and amortization	(242,253)	(245,561)
Property and equipment, net	$ 63,672	$ 77,669

We recorded depreciation expense related to our property and equipment in the amounts of $9.4 million and $18.8 million during the three- and six-month periods ended August 2, 2025, respectively. We recorded depreciation expense related to our property and equipment in the amounts of $8.9 million and $18.2 million during the three- and six-month periods ended August 3, 2024, respectively.

We group and evaluate long-lived assets for impairment at the individual store level, which is the lowest level at which individual cash flows can be identified. During the three- and six-month periods ended August 2, 2025 and August 3, 2024, we did not recognize any impairment charges.

Note 4. Revenue Recognition

Our revenue, disaggregated by product category, consists of the following (in thousands):

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Apparel	$ 241,411	$ 259,782	$ 481,198	$ 512,515
Non-apparel	13,457	17,536	31,710	37,828
Other	7,938	7,320	15,863	14,066
Total net sales	$ 262,806	$ 284,638	$ 528,771	$ 564,409

Amounts within Apparel include revenues earned from the sale of tops, bottoms, dresses, intimates, sleep wear, swim wear and outerwear. Amounts within Non-apparel include revenues earned from the sale of accessories, footwear and beauty. Amounts within Other primarily represent royalties, profit-sharing and marketing and promotional funds received from the use of private label credit cards (“PLCC Funds”).

We recognize a contract liability when we receive consideration from a customer before our performance obligations under the terms of a contract or an implied arrangement with the customer are satisfied. The opening and closing balances of our contract liabilities are as follows (in thousands):

	August 2, 2025	February 1, 2025
Accrued loyalty program(1)	$ 10,610	$ 10,887
Gift cards(1)	$ 11,590	$ 13,676
Deferred revenue(2)	$ 3,374	$ 2,777
Deferred PLCC Funds(3)	$ 3,208	$ 3,458

(1) Amounts are included within accrued and other current liabilities in the condensed consolidated balance sheets.

(2) Amount as of August 2, 2025 consists of $3.1 million within accrued and other current liabilities and $0.3 million within other noncurrent liabilities in the condensed consolidated balance sheet. Amount as of February 1, 2025 is included within accrued and other current liabilities in the condensed consolidated balance sheet.

(3) Amount as of August 2, 2025 consists of $0.5 million within accrued and other current liabilities and $2.7 million within other noncurrent liabilities in the condensed consolidated balance sheet. Amount as of February 1, 2025 consists of $0.5 million within accrued and other current liabilities and $3.0 million within other noncurrent liabilities in the condensed consolidated balance sheet.

During the three-month period ended August 2, 2025, we recognized revenue of approximately $1.3 million, $0.8 million and $0.2 million related to our accrued loyalty program, gift cards and deferred PLCC Funds, respectively, that existed at the beginning of fiscal year 2025. During the three-month period ended August 2, 2025, no amount was recognized related to our deferred revenue that existed at the beginning of fiscal year 2025. During the three-month period ended August 3, 2024, we recognized revenue of approximately $1.3 million, $4.9 million and $0.2 million related to our accrued loyalty program, gift cards and deferred PLCC Funds, respectively, that existed at the beginning of fiscal year 2024. During the three-month period ended August 3, 2024, no amount was recognized related to our deferred revenue that existed at the beginning of fiscal year 2024. During the six-month period ended August 2, 2025, we recognized revenue of approximately $7.5 million, $4.0 million, $2.8 million and $0.3 million related to our accrued loyalty program, gift cards, deferred revenue and deferred PLCC Funds, respectively, that existed at the beginning of fiscal year 2025. During the six-month period ended August 3, 2024, we recognized revenue of approximately $8.8 million, $7.9 million, $1.9 million and $0.3 million related to our accrued loyalty program, gift cards, deferred revenue and deferred PLCC Funds, respectively, that existed at the beginning of fiscal year 2024.

During the three- and six-month periods ended August 2, 2025, we recorded $2.1 million and $0.3 million, respectively, as a benefit to net sales to reflect the estimated value of future award redemptions under our loyalty program. During the three- and six-month periods ended August 3, 2024, we recorded $1.8 million and $1.2 million, respectively, as a reduction to net sales.

Note 5. Related Party Transactions

Services Agreements with Hot Topic

Hot Topic Inc. (“Hot Topic”) is an entity indirectly controlled by affiliates of Sycamore. On March 21, 2019, we entered into an amended and restated services agreement with Hot Topic, which was subsequently amended on August 1, 2019, April 30, 2023 and May 3, 2024 (“Amended and Restated Services Agreement”). Under the Amended and Restated Services Agreement, Hot Topic provides us (or causes applicable third parties to provide) real estate leasing and construction management services. We record payments made to Hot Topic under these service agreements in the applicable expense category in either cost of goods sold, or selling, general and administrative expenses.

During the three- and six-month periods ended August 2, 2025, Hot Topic charged us $0.5 million and $1.0 million, respectively, for various services under the applicable service agreements, all of which were recorded as components of selling, general and administrative expenses. During the three- and six-month periods ended August 3, 2024, Hot Topic charged us $0.5 million and $1.0 million, respectively, for various services under the applicable service agreements, all of which were recorded as components of selling, general and administrative expenses. As of the end of the second quarter of fiscal year 2025 and the end of fiscal year 2024, we owed $0.5 million and $0.6 million, respectively, to Hot Topic for these services which is included in due to related parties in our condensed consolidated balance sheets.

On August 1, 2019, we entered into a services agreement with Hot Topic, which was subsequently amended on July 31, 2022, September 30, 2022, December 1, 2022, January 1, 2024, and May 30, 2024 (“Amended Reverse Services Agreement”). Under the Amended Reverse Services Agreement, Torrid provides Hot Topic with certain information technology services for a fixed fee. The May 30, 2024 amendment solely amends certain pricing information. The term of the Amended Reverse Services Agreement ends on October 25, 2025, unless it is terminated by us or Hot Topic or we mutually agree, in writing, to extend the term.

During the three- and six-month periods ended August 2, 2025, we charged Hot Topic $0.1 million and $0.2 million, respectively, for these services, which were recorded as reductions of selling, general and administrative expenses. During the three- and six-month periods ended August 3, 2024, we charged Hot Topic $0.1 million and $0.4 million, respectively, for these services, which were recorded as reductions of selling, general and administrative expenses. As of the end of the second quarter of fiscal year 2025 and the end of fiscal year 2024, the net amount Hot Topic owed us was $0.1 million for these services.

Hot Topic incurs certain direct expenses on our behalf, such as payments to our non-merchandise vendors and each month, we pay Hot Topic for these pass-through expenses. As of the end of the second quarter of fiscal year 2025, the net amount we owed Hot Topic for these expenses was $0.1 million, which is included in due to related parties in our condensed consolidated balance sheet. As of the end of fiscal year 2024, the net amount we owed Hot Topic for these expenses was not material.

Sponsor Advisory Services Agreement

On May 1, 2015, we entered into an advisory services agreement with Sycamore, pursuant to which Sycamore agreed to provide strategic planning and other related services to us. We are obligated to reimburse Sycamore for its expenses incurred in connection with providing such advisory services to us. As of the end of the second quarter of fiscal year 2025 and as of the end of fiscal year 2024, there were no amounts due, and during the three- and six-month periods ended August 2, 2025 and August 3, 2024, no amounts were paid under this agreement.

From time to time, we reimburse Sycamore for certain management expenses it pays on our behalf. During the three- and six-month periods ended August 2, 2025 and August 3, 2024, the amounts paid to Sycamore for these expenses were not material. As of the end of the second quarter of fiscal year 2025 and as of the end of fiscal year 2024, there was no amount due.

Other Related Party Transactions

MGF Sourcing US, LLC, an entity indirectly controlled by affiliates of Sycamore, is one of our suppliers. During the three- and six-month periods ended August 2, 2025, cost of goods sold included $8.8 million and $16.8 million, respectively, related to the sale of merchandise purchased from this supplier. During the three- and six-month periods ended August 3, 2024, cost of goods sold included $10.5 million and $22.5 million, respectively, related to the sale of merchandise purchased from this supplier. As of the end of the second quarter of fiscal year 2025 and as of the end of fiscal year 2024, the net amounts we owed MGF Sourcing US, LLC for these purchases were $8.0 million and $7.9 million, respectively. This liability is included in due to related parties in our condensed consolidated balance sheets.

HU Merchandising, LLC, a subsidiary of Hot Topic, is one of our suppliers. During the three- and six-month periods ended August 2, 2025, cost of goods sold related to the sale of merchandise purchased from this supplier was not material. During the three-month period ended August 3, 2024, cost of goods related to the sale of merchandise purchased from this supplier was not material, and during the six-month period ended August 3, 2024, cost of goods sold included $0.2 million related to the sale of merchandise purchased from this supplier. As of the end of the second quarter of fiscal year 2025 and the end of fiscal year 2024, there was no amount due to HU Merchandising, LLC.

Share Repurchase

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction at a price per share equal to $3.32 (which was equal to the price paid by the underwriters, net of underwriting discounts and commissions, in Sycamore's concurrent sale of shares of our common stock in a public offering). Accordingly, we repurchased 6,030,908 shares of common stock, which are being held as treasury stock.

Note 6. Debt

Our debt consists of the following (in thousands):

	August 2, 2025	February 1, 2025
Amended ABL Facility (as defined below), due earlier of (i) August 1, 2030 and (ii) the date that is 91 days prior to the maturity of any material indebtedness	$ 7,900	$ —
Borrowings under credit facility	$ 7,900	$ —
Amended Term Loan Credit Agreement (as defined below), due June 14, 2028	$ 284,375	$ 293,125
Less: unamortized original issue discount and debt financing costs	(3,894)	(4,572)
	280,481	288,553
Less: current portion of term loan	(16,144)	(16,144)
Noncurrent debt, net	$ 264,337	$ 272,409

Senior Secured Asset-Based Revolving Credit Facility, as amended

On August 1, 2025, we entered into the Fifth Amendment to Amended and Restated Credit Agreement ("Amendment No. 5") with Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto, which amends the Amended and Restated Credit Agreement, dated as of October 23, 2017 (such agreement as amended from time to time prior to the effectiveness of Amendment No. 5, the "Existing ABL Facility" and as amended by Amendment No. 5, the "Amended ABL Facility"). Amendment No. 5 primarily extends the maturity date of the Existing ABL Facility from June 14, 2026 to the earlier of (i) August 1, 2030 and (ii) the date that is 91 days prior to the maturity of any material indebtedness (as defined in the Existing ABL Facility). The Amended Term Loan Credit Agreement constitutes material indebtedness. There were no other material changes to the other terms of the Existing ABL Facility. In connection with this amendment, we deferred an additional $0.4 million in financing costs.

As of August 2, 2025 and February 1, 2025, the applicable per annum interest rate for borrowings under the ABL Facility was approximately 8%.

As of August 2, 2025, the maximum restricted payment utilizing the Amended ABL Facility that our subsidiaries could make from its net assets was $93.1 million.

As of August 2, 2025, availability under the Amended ABL Facility was $90.2 million, which reflects $7.9 million borrowings, net of standby letters of credit issued and outstanding of $11.4 million.

During the three-month period ended August 2, 2025, amortization of financing costs for the Amended ABL Facility was $0.1 million. During the three-month period ended August 3, 2024, amortization of financing costs for the Amended ABL Facility was not material. During each of the six-month periods ended August 2, 2025 and August 3, 2024, amortization of financing costs for the Amended ABL Facility was $0.1 million. During the three- and six-month periods ended August 2, 2025, interest expense was $0.4 million and $0.6 million, respectively. During the three- and six-month periods ended August 3, 2024, interest expense was $0.2 million and $0.5 million, respectively.

As of August 2, 2025, we were compliant with our covenants under the Amended ABL Facility.

Amended Term Loan Credit Agreement, as amended (the "Amended Term Loan Credit Agreement")

As of August 2, 2025 and February 1, 2025, the elected interest rate was approximately 10%.

During the three- and six-month periods ended August 2, 2025, we recognized $7.4 million and $14.9 million, respectively, of interest expense related to the Amended Term Loan Credit Agreement. During the three- and six-month periods ended August 3, 2024, we recognized $8.6 million and $17.3 million, respectively, of interest expense related to the Amended Term Loan Credit Agreement. During the three- and six-month periods ended August 2, 2025, amortization of original issue discount and financing costs related to the Amended Term Loan Credit Agreement was $0.3 million and $0.6 million, respectively. During the three- and six-month periods ended August 3, 2024, amortization of original issue discount and financing costs related to the Amended Term Loan Credit Agreement was $0.3 million and $0.6 million, respectively.

As of August 2, 2025, we were compliant with our covenants under the Amended Term Loan Credit Agreement.

Note 7. Leases

Our lease costs consist of the following (in thousands):

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Fixed operating lease cost	$ 11,956	$ 12,663	$ 24,374	$ 25,808
Short-term lease cost	21	40	43	79
Variable lease cost	5,613	5,539	11,278	11,137
Total lease cost	$ 17,590	$ 18,242	$ 35,695	$ 37,024

Note 8. Income Taxes

Effective Tax Rate

During the three- and six-month periods ended August 2, 2025, the provision for income taxes was $0.5 million and $3.1 million, respectively. During the three- and six-month periods ended August 3, 2024, the provision for income taxes was $3.1 million and $7.6 million, respectively. The effective tax rates for the three- and six-month periods ended August 2, 2025 were 23.7% and 29.4%, respectively. The effective tax rate for each of the three- and six-month periods ended August 3, 2024 was 26.9%. The decrease in the effective tax rate for the three-month period ended August 2, 2025 as compared to the three-month period ended August 3, 2024 was primarily due to a decrease in the amount of non-deductible compensation for covered employees for the three months ended August 2, 2025. The increase in the effective tax rate for the six-month period ended August 2, 2025 as compared to the six-month period ended August 3, 2024 was primarily due to an increase in the amount of non-deductible compensation for covered employees and a decrease in income before provision for income taxes for the six months ended August 2, 2025.

One Big Beautiful Bill Act

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (the “Act”). The legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses, the earliest of which are effective January 1, 2025, including the restoration of immediate expensing of domestic research and development expenditures, reinstatement of 100% bonus depreciation, and more favorable rules for determining the limitation on business interest expense. These changes have been reflected within the income tax provision for the three- and six-month periods ended August 2, 2025, as enactment occurred during the second quarter of fiscal year 2025.

The Act also includes certain changes to the U.S. taxation of foreign activity, including changes to foreign tax credits, Global Intangible Low-Taxed Income, Foreign-Derived Intangible Income, and the Base Erosion and Anti-Abuse Tax, among other changes. These changes are generally effective for tax years beginning after December 31, 2025. Due to the timing of enactment within our current period end, we have undergone efforts to reasonably estimate the impact of the Act to our condensed consolidated financial statements. The impact is not expected to be material for the current year income tax provision. We are awaiting guidance from the U.S. Department of the Treasury and will continue to evaluate the full impact of the Act.

Note 9. Commitments and Contingencies

Litigation

In April 2024, a class action complaint was filed in the United States District Court for the Central District of California captioned Crystal Jillson and Carmen Perez v. Torrid LLC. The complaint alleges misleading and unlawful pricing, sales, and discounting practices on our website under multiple legal theories including violation of California’s Unfair Competition Law, California False Advertising Law and California Consumer Legal Remedies Act. In May 2025, we entered into a proposed settlement agreement to resolve this matter. The proposed settlement agreement is subject to approval by the court. As of the end of the second quarter of fiscal year 2025 and the end of fiscal year 2024, we had $4.1 million and $4.7 million, respectively, in accrued legal which is comprised of the estimated probable loss for this case and other unrelated legal costs and is included in accrued and other current liabilities in our condensed consolidated balance sheets.

In October 2024, we were notified by a third-party vendor that it had observed a potentially unauthorized access to our data stored in a data warehouse. We have been named as a defendant in six pending class action lawsuits alleging that we failed to employ adequate security measures to protect the data stored in the data warehouse. On February 25, 2025, the United States District Court of the Central District of California granted a motion to consolidate the six lawsuits, and plaintiffs filed a single consolidated class action complaint on April 28, 2025. We intend to vigorously defend ourselves in this matter. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

In February 2025, a class action complaint was filed in the Superior Court of the State of California captioned Leslie Cruz v. Torrid LLC. The complaint alleges terms on our website violate California's Yelp Law which makes it unlawful for contracts or proposed contracts for goods or services to include provisions waiving a consumer's right to make statements concerning the goods or services and threatening to enforce such provisions. In May 2025, the complaint was amended to also allege misleading and unlawful pricing, sales and discounting practices on our website under multiple legal theories including violation of California's Unfair Competition Law, California False Advertising Law, California Legal Remedies Act, and Federal Trade Commission Act. We intend to vigorously defend ourselves against the complaint. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

From time to time, we are involved in other matters of litigation that arise in the ordinary course of business. Though significant litigation or awards against us could seriously harm our business and financial results, we do not at this time expect these other matters of litigation to have a material adverse effect on our condensed consolidated financial statements.

Indemnities, Commitments and Guarantees

During the ordinary course of business, we have made certain other indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These indemnities include those given to various lessors in connection with facility leases for certain claims arising from such facility or lease and indemnities to our Board of Directors and officers to the maximum extent permitted. Commitments include those given to various merchandise vendors and suppliers. From time to time, we have issued guarantees in the form of standby letters of credit as security for workers' compensation claims. The durations of these indemnities, commitments and guarantees vary. Some of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments we could be obligated to make. We have not recorded any liability for these indemnities, commitments and guarantees in the accompanying condensed consolidated financial statements as no demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our condensed consolidated financial statements.

Note 10. Earnings Per Share

The following table provides the computation of basic and diluted net earnings per share (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	August 2, 2025	**August 3, 2024**	**August 2, 2025**	**August 3, 2024**
Net income—basic and diluted	$ 1,567	$ 8,328	$ 7,507	$ 20,500
Weighted-average number of shares—basic	102,470	104,500	103,699	104,384
Weighted-average number of shares—basic	102,470	104,500	103,699	104,384
Effect of dilutive performance stock units and restricted stock units	209	1,062	511	1,035
Effect of dilutive options	67	512	190	309
Weighted-average number of shares—diluted	102,746	106,074	104,400	105,728
Net earnings per share:				
Basic	$ 0.02	$ 0.08	$ 0.07	$ 0.20
Diluted	$ 0.02	$ 0.08	$ 0.07	$ 0.19

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The following table presents potentially dilutive securities excluded from the computation of diluted earnings per share for the periods presented because their effect would have been anti-dilutive (in thousands):

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Restricted stock awards, restricted stock units and performance stock units	708	31	312	51
Stock options	2,597	1,461	2,321	1,383
Total	3,305	1,492	2,633	1,434

Note 11. Fair Value Measurements

Financial assets and liabilities measured at fair value on a recurring basis consisted of the following (in thousands):

	August 2, 2025	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (cash equivalent)	$ 151	$ 151	$ —	$ —
Total assets	$ 151	$ 151	$ —	$ —
Liabilities:				
Deferred compensation plan liability (current)	$ 224	$ —	$ 224	$ —
Deferred compensation plan liability (noncurrent)	3,801	—	3,801	—
Total liabilities	$ 4,025	$ —	$ 4,025	$ —

	February 1, 2025	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (cash equivalent)	$ 31,727	$ 31,727	$ —	$ —
Total assets	$ 31,727	$ 31,727	$ —	$ —
Liabilities:				
Deferred compensation plan liability (current)	$ 1,767	$ —	$ 1,767	$ —
Deferred compensation plan liability (noncurrent)	3,913	—	3,913	—
Total liabilities	$ 5,680	$ —	$ 5,680	$ —

The fair value of our money market funds is based on quoted prices in active markets. The deferred compensation plan liability represents the amount that would be earned by participants if the funds were invested in securities traded in active markets. The fair value of the deferred compensation plan liability is determined based on quoted prices of similar assets that are traded in observable markets, or represents the cash withheld by participants prior to any investment activity.

The book value of cash, certain of our other current assets, accounts payable, and certain of our accrued expenses and other current liabilities approximate fair value because of the short maturity and high liquidity of these instruments.

As of August 2, 2025 and February 1, 2025, the fair value of the Amended Term Loan Credit Agreement was approximately $253.1 million and $274.1 million, respectively. The fair value of the Amended Term Loan Credit Agreement is determined using current applicable rates for similar instruments as of each balance sheet date, a Level 2 measurement.

The book value of the Amended ABL Facility approximates fair value because of the variable interest rate of this facility, a Level 2 measurement.

Note 12. Segment Reporting

We have determined that we have one reportable segment, which includes the operation of our e-Commerce platform and stores. The single segment was identified based on how the Chief Operating Decision Maker ("CODM"), who we have determined to be our Chief Executive Officer, manages and evaluates performance and allocates resources based on consolidated net income. As the CODM is not provided any asset information, we do not disclose the measure of segment assets. The following table presents information regularly provided to the CODM about our reportable segment (in thousands):

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Net sales	$ 262,806	$ 284,638	$ 528,771	$ 564,409
Less:				
Cost of goods sold (A)	160,125	165,688	315,771	321,270
Selling, general and administrative expenses (B)	68,362	71,476	136,246	144,567
Depreciation and amortization (C)	9,430	8,922	18,824	18,181
Share-based compensation	1,371	2,188	2,840	3,846
Marketing expenses	12,817	13,007	28,176	25,819
Interest expense	8,119	9,142	16,280	18,519
Provision for income taxes	487	3,067	3,119	7,551
Interest income, net of other (income) expense	(13)	(124)	(719)	(14)
Other expenses (D)	541	2,944	727	4,170
Net income	$ 1,567	$ 8,328	$ 7,507	$ 20,500

(A) Cost of goods sold as provided to the CODM excludes depreciation and amortization and share-based compensation, which are presented separately.
(B) Selling, general and administrative expenses as provided to the CODM exclude depreciation and amortization, share-based compensation and other expenses, which are presented separately.
(C) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
(D) Other expenses include severance costs for certain key management positions, certain transaction and litigation fees (including certain settlement costs), and the reimbursement of certain management expenses, primarily for travel, incurred by Sycamore on our behalf, which are not considered to be part of our core business.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our Company as of and for the periods presented below. The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Form 10-Q. This discussion contains forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those described below and in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2024 Form 10-K and in our other filings with the SEC and public communications.

Overview

We are a direct-to-consumer brand in North America dedicated to offering a diverse assortment of stylish apparel, intimates, and accessories skillfully designed for the curvy woman. Specializing in sizes 10 to 30, our primary focus is on providing fashionable, comfortable, and affordable options that meet the unique needs of our customers. Our extensive collection features high quality merchandise, including tops, bottoms, denim, dresses, intimates, activewear, footwear, and accessories. Our products are exclusive to us and each product is meticulously crafted to cater to the needs of the curvy woman, empowering her to love the way she looks and feels. Our collections are artfully curated to suit all aspects of our customers' lives, including casual weekends, work, dressy and special occasions. Understanding the importance of affordability, we aim to keep our prices reasonable without compromising on quality. This allows us to build a meaningful connection with our customers, distinguishing us from other brands that often overlook plus- and mid-size consumers. Our brand experience and product offerings establish us as a differentiated and reliable choice for plus- and mid-size customers, which we believe sets us apart in the market. We strive to be everything our customer needs in her closet, consistently delivering products that make her feel confident and stylish.

We have implemented a retail store optimization strategy to better align our distribution with the demands of our customers who have increasingly demonstrated a preference for our online experience. We believe this strategy will enhance our customer experience, significantly reduce our cost structure, and improve working capital and cash flow generation, allowing us to reinvest more aggressively in customer reactivation and acquisition initiatives to support long-term revenue growth. We closed 59 stores through the end of the second quarter of fiscal year 2025 and intend to accelerate our store closures throughout the remainder of fiscal year 2025 to target as many as 120 additional store closures. A majority of our store leases are up for renewal in fiscal year 2025.

Key Financial and Operating Metrics

We use the following metrics to assess the progress of our business, inform how we allocate our time and capital, and assess the near-term and longer-term performance of our business.

	Three Months Ended		Six Months Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Number of stores (as of end of period)			575	657
Comparable sales[(A)]	(7)%	(1)%	(5)%	(5)%
Net income (in thousands)	$ 1,567	$ 8,328	$ 7,507	$ 20,500
Adjusted EBITDA[(B)] (in thousands)	$ 21,525	$ 34,592	$ 48,653	$ 72,820

(A) Comparable sales for the three- and six-month periods ended August 3, 2024 compare sales for the 13- and 26-week periods ended August 3, 2024, respectively, with sales for the 13- and 26-week periods ended August 5, 2023.
(B) Refer to "Results of Operations" for a reconciliation of net income to Adjusted EBITDA.

Comparable Sales. We define comparable sales for any given period as the sales of our e-Commerce operations and stores that we have included in our comparable sales base during that period. We include a new store in our comparable sales base after it has been open for 15 full fiscal months. If a store is closed during a fiscal year, it is only included in the computation of comparable sales for the full fiscal months in which it was open. We also determine when certain store remodels and relocations are reintegrated into our comparable sales base. Comparable sales for the three- and six-month periods ended August 3, 2024 compare sales for the 13- and 26-week periods ended August 3, 2024, respectively, with sales for the 13- and 26-week periods ended August 5, 2023. Partial fiscal months are excluded from the computation of comparable sales. We apply current year foreign currency exchange rates to both current year and prior year comparable sales to remove the impact of foreign currency fluctuation and achieve a consistent basis for comparison. Comparable sales allow us to evaluate how our unified commerce business is performing exclusive of the effects of non-comparable sales and new store openings.

Number of Stores. Store count reflects all stores open at the end of a reporting period.

Adjusted EBITDA. Adjusted EBITDA is a supplemental measure of our operating performance that is neither required by, nor presented in accordance with GAAP and our calculation thereof may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA represents GAAP net income plus interest expense less interest income, net of other (income) expense, plus provision for less (benefit from) income taxes, depreciation and amortization (“EBITDA”), and share-based compensation, noncash deductions and charges and other expenses. We believe Adjusted EBITDA facilitates operating performance comparisons from period to period by isolating the effects of certain items that vary from period to period without any correlation to ongoing operating performance. We also use Adjusted EBITDA as one of the primary methods for planning and forecasting the overall expected performance of our business and for evaluating on a quarterly and annual basis actual results against such expectations. Further, we recognize Adjusted EBITDA as a commonly used measure in determining business value and, as such, use it internally to report and analyze our results and as a benchmark to determine certain non-equity incentive payments made to executives.

Adjusted EBITDA has limitations as an analytical tool. This measure is not a measurement of our financial performance under GAAP and should not be considered in isolation or as an alternative to or substitute for net income, income from operations or any other performance measures determined in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Among other limitations, Adjusted EBITDA does not reflect:

- interest expense;
- interest income, net of other (income) expense;
- provision for income taxes;
- depreciation and amortization;
- share-based compensation;
- noncash deductions and charges; and
- other expenses.

Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and elsewhere in this Form 10-Q and in the section titled “Risk Factors” in our 2024 Form 10-K.

Customer Acquisition and Retention. Our success is impacted not only by efficient and profitable customer acquisition, but also by our ability to retain customers and encourage repeat purchases. It is important to maintain reasonable costs for these marketing efforts relative to the net sales and profit we expect to derive from customers. Failure to effectively attract customers on a cost-efficient basis would adversely impact our profitability and operating results. Requirements for consumer disclosures regarding privacy practices and application tracking transparency framework that requires opt-in consent for certain types of tracking has increased the difficulty and cost of acquiring and retaining customers. These changes may adversely affect our results of operations.

Customer Migration from Single to Omni-channel. We have a history of converting customers from single-channel customers to omni-channel customers, defined as active customers who shopped both online and in-store within the last 12 months. Customers that shop across multiple channels purchase from us more frequently and spend approximately 3.5 times more per year than our single-channel customer.

Overall Economic Trends. Our results of operations during any given period are often impacted by the overall economic conditions in the markets in which we operate. Consumer purchases of clothing generally remain constant or may increase during stable economic periods and decline during recessionary periods, inflationary periods and other periods when disposable income is adversely affected. Recent historic high rates of inflation have led to a softening of consumer demand. We have encountered inflation on our wages, transportation and product costs, and a material increase in these costs without any meaningful offsetting price increases may reduce our future profits. Government actions in various countries relating to tariffs, particularly countries in the East and Southeast Asia region, affect the cost of our merchandise. The degree of our exposure is dependent on (among other things) the countries in which the merchandise is manufactured, rates imposed, and timing of the tariffs. Higher tariffs may adversely impact our results.

Demographic Changes. The growth of our business is impacted, in part, by the size of the plus- and mid-size population. Slower or negative growth in this demographic, specific to certain geographic markets, income levels or overall, could adversely affect our results of operations.

Growth in Brand Awareness. We intend to continue investing in our brand, with a specific focus on growing brand awareness, customer engagement, and conversion through targeted investments in performance and brand marketing. We have made significant historical investments to strengthen the Torrid brand through our marketing efforts, brand partnerships, events and expansion of our social media presence. If we fail to cost-effectively promote our brand or convert impressions into new customers, our net sales growth and profitability may be adversely affected.

Inventory Management. Our strategy is built around a base of core products that provide our customer with year-round style. At the same time, we introduce new lines of merchandise approximately 16 times per year, thus providing a consistent flow of fresh merchandise to keep our customer engaged, encourage repeat business and attract new customers. We employ a data-driven approach to design and product development, proactively and quickly incorporating sales and operational performance information alongside customer feedback from thousands of product reviews. We engage in ongoing dialogue with customers through social media and customer surveys. Although we intend to continue to tightly manage our inventory levels, shifts in these levels may result in fluctuations in the amount of regular price sales, markdowns, and merchandise mix, as well as gross margin.

Investments. We have invested significantly to strengthen our business, including augmenting leadership across our organization and enhancing our infrastructure and technology in order to realize growth. We anticipate that our operating expenses will grow as we continue to increase our spending on advertising and marketing and hire additional personnel primarily in marketing, product design and development, merchandising, technology, operations, customer service and general and administrative functions. We are strategically working to rebalance our store footprint, aiming for an optimal split among malls, outdoor centers and online. We will also continue to make investments to improve the customer experience both in-store and online. We believe that such investments will increase the number and loyalty of our customers and, as a result, yield positive financial performance in the long term.

Seasonality. While seasonality frequently impacts businesses in the retail sector, our business is generally not seasonal. Accordingly, our net sales do not fluctuate as significantly as those of other brands and retailers from quarter to quarter and any modest seasonal effect does not significantly change the underlying trends in our business. Additionally, we do not generate an outsized share of our net sales or Adjusted EBITDA during the holiday season. Typically, our Adjusted EBITDA generation is strongest in the first half of the year as we benefit from more favorable product margins, lower advertising and lower shipping expenses relative to the second half of the year. The lack of net sales seasonality provides structural cost advantages relative to peers, including reduced staffing cyclicality and seasonal distribution capacity needs.

Impact of Infectious Disease Outbreaks. Infectious disease outbreaks may cause general business disruption worldwide which could directly or indirectly impact our business, results of operations, cash flows, and financial condition. This could have a negative impact on our business including, but not limited to, closure requirements with respect to some or all of our physical locations, changes in consumer behavior, difficulties attracting and retaining employees and supply chain disruptions.

Components of Our Results of Operations

Net Sales. Net sales reflects our revenues from the sale of our merchandise, shipping and handling revenue received from e-Commerce sales, royalties, profit-sharing and marketing and promotional funds from the use of private label credit cards (“PLCC Funds”), and gift card breakage income, less returns, discounts and loyalty points/awards. Revenue from our stores is recognized at the time of sale and revenue from our e-Commerce channel is recognized upon shipment of the merchandise to the customer; except in cases where the merchandise is shipped to a store and revenue is recognized when the customer retrieves the merchandise from the store. Net sales are impacted by the size of our active customer base, product assortment and availability, marketing and promotional activities and the spending habits of our customers. Net sales are also impacted by the migration of single-channel customers (i.e., customers shopping only in-store or online) to omni-channel customers (i.e., customers shopping both in-store and online), who on average spend significantly more than single-channel customers in a given year.

Gross Profit. Gross profit is equal to our net sales less cost of goods sold. Our cost of goods sold includes merchandise costs, freight, inventory shrinkage, payroll expenses associated with the merchandising department, distribution center expenses and store occupancy expenses, including rent, common area maintenance charges, real estate taxes and depreciation. Merchandising payroll costs and store occupancy costs included within cost of goods sold are largely fixed and do not necessarily increase as volume increases. We review our inventory levels on an ongoing basis in order to identify slow-moving merchandise and generally use markdowns to clear that merchandise. The timing and level of markdowns are driven primarily by customer acceptance of our merchandise. The primary drivers of our merchandise costs include the raw materials, labor in the countries where we source our merchandise, customs duties, and logistics costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses include all operating costs not included in cost of goods sold or marketing expenses.

Marketing Expenses. We continue to make investments in marketing in an effort to grow and retain our active customer base and increase our brand awareness. Marketing expenses consist primarily of (i) targeted online performance marketing costs, such as retargeting, paid search/product listing advertising, and social media advertisements, (ii) store and brand marketing, public relations and photographic production designed to acquire, retain and remain connected to customers and (iii) payroll and benefits expenses associated with our marketing team.

Interest Expense. Interest expense consists primarily of interest expense and other fees associated with our ABL Facility (as defined below) and Amended Term Loan Credit Agreement (as defined below).

Provision for Income Taxes. Our provision for income taxes consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions and uncertain tax positions.

Results of Operations

Three Months Ended August 2, 2025 Compared to Three Months Ended August 3, 2024

The following table summarizes our consolidated results of operations for the periods indicated (dollars in thousands):

	Three Months Ended			
	August 2, 2025	% of Net Sales	August 3, 2024	% of Net Sales
Net sales	$ 262,806	100.0 %	$ 284,638	100.0 %
Cost of goods sold	169,318	64.4	174,380	61.3
Gross profit	93,488	35.6	110,258	38.7
Selling, general and administrative expenses	70,511	26.8	76,838	27.0
Marketing expenses	12,817	4.9	13,007	4.6
Income from operations	10,160	3.9	20,413	7.1
Interest expense	8,119	3.1	9,142	3.2
Interest income, net of other (income) expense	(13)	0.0	(124)	0.0
Income before provision for income taxes	2,054	0.8	11,395	3.9
Provision for income taxes	487	0.2	3,067	1.0
Net income	$ 1,567	0.6 %	$ 8,328	2.9 %

The following table provides a reconciliation of net income to Adjusted EBITDA for the periods presented (in thousands):

	Three Months Ended	
	August 2, 2025	August 3, 2024
Net income	$ 1,567	$ 8,328
Interest expense	8,119	9,142
Interest income, net of other (income) expense	(13)	(124)
Provision for income taxes	487	3,067
Depreciation and amortization(A)	9,430	8,922
Share-based compensation(B)	1,371	2,188
Noncash deductions and charges(C)	23	125
Other expenses(D)	541	2,944
Adjusted EBITDA	$ 21,525	$ 34,592

(A) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
(B) Share-based compensation for awards that will be settled in cash was not material during the three months ended August 2, 2025 and $1.1 million during the three months ended August 3, 2024. These awards are accounted for similar to awards settled in shares in accordance with ASC 718, *Compensation—Stock Compensation*.
(C) Noncash deductions and charges includes noncash losses on property and equipment disposals and the net impact of noncash rent expense.
(D) Other expenses include severance costs for certain key management positions, certain transaction and litigation fees, and the reimbursement of certain management expenses, primarily for travel, incurred by Sycamore on our behalf, which are not considered to be part of our core business.

Net Sales

Net sales decreased $21.8 million, or 7.7%, to $262.8 million for the three months ended August 2, 2025, from $284.6 million for the three months ended August 3, 2024. This decrease was primarily driven by a decrease in sales transaction values. The total number of stores we operate decreased by 82 stores, or 12.5%, to 575 stores as of August 2, 2025, from 657 stores as of August 3, 2024.

Gross Profit

Gross profit for the three months ended August 2, 2025 decreased $16.8 million, or 15.2%, to $93.5 million, from $110.3 million for the three months ended August 3, 2024. Gross profit as a percentage of net sales decreased 3.1% to 35.6% for the three months ended August 2, 2025 from 38.7% for the three months ended August 3, 2024. The decrease in gross profit was primarily driven by a decrease in net sales. The decrease in gross profit as a percentage of net sales was primarily driven by a decrease in net sales, increased store depreciation and merchandising payroll costs, and the deleverage of store occupancy costs as a result of lower net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended August 2, 2025 decreased $6.3 million, or 8.2%, to $70.5 million, from $76.8 million for the three months ended August 3, 2024. The decrease was primarily due to a $2.4 million decrease in store and e-Commerce payroll costs, a $2.2 million decrease in other store operating costs, a $0.8 million decrease in headquarters general and administrative expenses, and a $0.8 million decrease in share-based compensation. Selling, general and administrative expenses as a percentage of net sales decreased 0.2% to 26.8% for the three months ended August 2, 2025 from 27.0% for the three months ended August 3, 2024. The decrease was primarily driven by decreased other store operating costs and share-based compensation, partially offset by the deleverage of headquarters general and administrative expenses as a result of lower net sales.

Marketing Expenses

Marketing expenses for the three months ended August 2, 2025 decreased $0.2 million, or 1.5%, to $12.8 million, from $13.0 million for the three months ended August 3, 2024. Marketing expenses as a percentage of net sales increased 0.3% to 4.9% during the three months ended August 2, 2025 from 4.6% during the three months ended August 3, 2024. The decrease in marketing expenses was primarily driven by decreased spend on our model search campaign and SMS/affiliate marketing, partially offset by increased social media spend, retargeting, and photographic production. The increase in marketing expenses as a percentage of net sales was due to lower net sales.

Interest Expense

Interest expense was $8.1 million for the three months ended August 2, 2025, compared to $9.1 million for the three months ended August 3, 2024. The decrease was primarily due to a lower balance on the Amended Term Loan Credit Agreement resulting from principal payments.

Provision for Income Taxes

The provision for income taxes was $0.5 million and $3.1 million for the three months ended August 2, 2025 and August 3, 2024, respectively. Our effective tax rate was 23.7% for the three months ended August 2, 2025 and 26.9% for the three months ended August 3, 2024. The decrease in the effective tax rate for the three months ended August 2, 2025 as compared to the three months ended August 3, 2024 was primarily due to a decrease in the amount of non-deductible compensation for covered employees for the three months ended August 2, 2025.

Six Months Ended August 2, 2025 Compared to Six Months Ended August 3, 2024

The following table summarizes our consolidated results of operations for the periods indicated (dollars in thousands):

	Six Months Ended			
	August 2, 2025	% of Net Sales	August 3, 2024	% of Net Sales
Net sales	$ 528,771	100.0 %	$ 564,409	100.0 %
Cost of goods sold	333,881	63.1	338,730	60.0
Gross profit	194,890	36.9	225,679	40.0
Selling, general and administrative expenses	140,527	26.6	153,304	27.2
Marketing expenses	28,176	5.3	25,819	4.6
Income from operations	26,187	5.0	46,556	8.2
Interest expense	16,280	3.1	18,519	3.3
Interest income, net of other (income) expense	(719)	(0.1)	(14)	0.0
Income before provision for income taxes	10,626	2.0	28,051	4.9
Provision for income taxes	3,119	0.6	7,551	1.3
Net income	$ 7,507	1.4 %	$ 20,500	3.6 %

The following table provides a reconciliation of net income to Adjusted EBITDA for the periods presented (in thousands):

	Six Months Ended	
	August 2, 2025	August 3, 2024
Net income	$ 7,507	$ 20,500
Interest expense	16,280	18,519
Interest income, net of other (income) expense	(719)	(14)
Provision for income taxes	3,119	7,551
Depreciation and amortization(A)	18,824	18,181
Share-based compensation(B)	2,840	3,846
Noncash deductions and charges(C)	75	67
Other expenses(D)	727	4,170
Adjusted EBITDA	$ 48,653	$ 72,820

(A) Depreciation and amortization excludes amortization of debt issuance costs and original issue discount that are reflected in interest expense.
(B) During the six months ended August 2, 2025 and August 3, 2024, share-based compensation includes $0.2 million and $1.4 million, respectively, for awards that will be settled in cash as they are accounted for similar to awards settled in shares in accordance with ASC 718, *Compensation—Stock Compensation*.
(C) Noncash deductions and charges includes noncash losses on property and equipment disposals and the net impact of noncash rent expense.
(D) Other expenses include severance costs for certain key management positions, certain transaction and litigation fees, and the reimbursement of certain management expenses, primarily for travel, incurred by Sycamore on our behalf, which are not considered to be part of our core business.

Net Sales

Net sales decreased $35.6 million, or 6.3%, to $528.8 million for the six months ended August 2, 2025, from $564.4 million for the six months ended August 3, 2024. This decrease was primarily driven by a decrease in sales transaction values. The total number of stores we operate decreased by 82 stores, or 12.5%, to 575 stores as of August 2, 2025, from 657 stores as of August 3, 2024.

Gross Profit

Gross profit for the six months ended August 2, 2025 decreased $30.8 million, or 13.6%, to $194.9 million, from $225.7 million for the six months ended August 3, 2024. Gross profit as a percentage of net sales decreased 3.1% to 36.9% for the six months ended August 2, 2025 from 40.0% for the six months ended August 3, 2024. The decrease in gross profit was primarily driven by a decrease in net sales. The decrease in gross profit as a percentage of net sales was primarily driven by a decrease in net sales, increased merchandising payroll costs and store depreciation, and the deleverage of store occupancy costs as a result of lower net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the six months ended August 2, 2025 decreased $12.8 million, or 8.3%, to $140.5 million, from $153.3 million for the six months ended August 3, 2024. The decrease was primarily due to a $4.9 million decrease in store and e-Commerce payroll costs, a $3.3 million decrease in other store operating costs, a $2.2 million decrease in headquarters general and administrative expenses, a $1.0 million decrease in share-based compensation and a $0.8 million decrease in performance bonuses. Selling, general and administrative expenses as a percentage of net sales decreased 0.6% to 26.6% for the six months ended August 2, 2025 from 27.2% for the six months ended August 3, 2024. The decrease was primarily driven by decreased store and e-Commerce payroll costs, other store operating costs and share-based compensation, partially offset by the deleverage of headquarters general and administrative expenses as a result of lower net sales.

Marketing Expenses

Marketing expenses for the six months ended August 2, 2025 increased $2.4 million, or 9.1%, to $28.2 million, from $25.8 million for the six months ended August 3, 2024. Marketing expenses as a percentage of net sales increased 0.7% to 5.3% during the six months ended August 2, 2025 from 4.6% during the six months ended August 3, 2024. The increase in both marketing expenses and marketing expenses as a percentage of net sales was due to increased social media spend, retargeting, photographic production, and payroll expenses associated with our marketing team, partially offset by decreased spend in our model search campaign.

Interest Expense

Interest expense was $16.3 million for the six months ended August 2, 2025, compared to $18.5 million for the three months ended August 3, 2024. The decrease was primarily due to a lower balance on the Amended Term Loan Credit Agreement resulting from principal payments.

Provision for Income Taxes

The provision for income taxes was $3.1 million and $7.6 million for the six months ended August 2, 2025 and August 3, 2024, respectively. Our effective tax rate was 29.4% for the six months ended August 2, 2025 and 26.9% for the six months ended August 3, 2024. The increase in the effective tax rate for the six months ended August 2, 2025 as compared to the six months ended August 3, 2024 was primarily due to an increase in the amount of non-deductible compensation for covered employees and a decrease in income before provision for income taxes for the six months ended August 2, 2025.

Liquidity and Capital Resources

Cash Sources

Our business relies on cash flows from operations as our primary source of liquidity. We do, however, have access to additional liquidity, if needed, through borrowings under our ABL Facility.

As of August 2, 2025, we had $21.5 million in cash and cash equivalents and $288.4 million of outstanding indebtedness, net of unamortized original issue discount and financing costs, of which $7.9 million consists of borrowings on our ABL Facility, which is accruing interest at an underlying variable rate of 8%, and $280.5 million consists of term loans under the Amended Term Loan Credit Agreement, which is accruing interest at an underlying variable rate of 10%. As of August 2, 2025, we had access to $90.2 million in additional liquidity from our ABL Facility, net of outstanding letters of credit.

ABL Facility

In May 2015, we entered into a credit agreement for a senior secured asset-based revolving credit facility (as amended and restated in October 2017 and as amended in June 2019, September 2019, June 2021, April 2023, and August 2025) with Bank of America, N.A., as agent, and the lenders party thereto (the “ABL Facility”). Under the ABL Facility, the aggregate commitments available are $150.0 million (subject to a borrowing base) and we have the right to request additional commitments up to $50.0 million plus the aggregate principal amount of any permanent principal reductions we may take (subject to customary conditions precedent). In August 2025, the maturity date of the principal amount of the outstanding loans was extended from June 14, 2026 to the earlier of (i) August 1, 2030 and (ii) the date that is 91 days prior to the maturity of any material indebtedness (as defined in the ABL Facility).

The ABL Facility requires us to maintain a fixed charge coverage ratio (as defined by the ABL Facility) of at least 1.00 to 1.00 if we fail to maintain certain specified availability (as defined by the ABL Facility). The ABL Facility contains a number of other covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: incur additional indebtedness; pay dividends on our capital stock or redeem, repurchase or retire our capital stock or our other indebtedness; make investments, loans and acquisitions; engage in transactions with our affiliates; sell assets, including capital stock of our subsidiaries; alter the business we conduct; consolidate or merge; and incur liens.

As of August 2, 2025, we were compliant with our covenants under the ABL Facility.

Amended Term Loan Credit Agreement

In June 2021, we entered into a term loan credit agreement (as amended in May 2023) with Bank of America, N.A., as agent, and the lenders party thereto (the “Amended Term Loan Credit Agreement”). The Amended Term Loan Credit Agreement provides for term loans in an initial aggregate amount of $350.0 million and has a maturity date of June 14, 2028. The Amended Term Loan Credit Agreement is subject to fixed mandatory quarterly principal amortization payments until the maturity date of approximately $4.4 million.

The Amended Term Loan Credit Agreement also contains a number of covenants that, among other things and subject to certain exceptions, will restrict our ability and the ability of our subsidiaries to: create, incur or assume liens on our assets or property; incur additional indebtedness; issue preferred or disqualified stock; consolidate or merge; sell assets; pay dividends or make distributions, make investments, or engage in transactions with our affiliates.

As of August 2, 2025, we were compliant with our covenants under the Amended Term Loan Credit Agreement.

Cash Uses

Our primary cash needs are for merchandise inventories, payroll, rent for our stores, headquarters and distribution center, capital expenditures associated with opening new stores and updating existing stores, logistics and information technology. We also need cash to fund our interest and principal payments on the Amended Term Loan Credit Agreement and make discretionary repurchases of our common stock. The most significant components of our working capital are cash and cash equivalents, merchandise inventories, prepaid expenses and other current assets, accounts payable, accrued and other current liabilities and operating lease liabilities. We believe that cash generated from operations and the availability of borrowings under our ABL Facility or other financing arrangements will be sufficient to meet working capital requirements and anticipated capital expenditures for at least the next 12 months. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our ABL Facility or otherwise to enable us to service our indebtedness, or to make capital expenditures in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Share Repurchase

On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction at a price per share equal to $3.32 (which was equal to the price paid by the underwriters, net of underwriting discounts and commissions, in Sycamore's concurrent sale of shares of our common stock in a public offering). Accordingly, we repurchased 6,030,908 shares of common stock, which are being held as treasury stock.

Outside of any routine transactions made in the ordinary course of business or otherwise described in this Form 10-Q, there have been no significant changes to our material cash requirements as disclosed in our 2024 Form 10-K.

Cash Flow Analysis

A summary of operating, investing and financing activities are shown in the following table (in thousands):

	Six Months Ended	
	August 2, 2025	August 3, 2024
Net cash (used in) provided by operating activities	$ (2,270)	$ 68,447
Net cash used in investing activities	$ (3,671)	$ (10,180)
Net cash used in financing activities	$ (21,470)	$ (15,981)

Net Cash Used In/Provided By Operating Activities

Operating activities consist primarily of net income adjusted for noncash items, including depreciation and amortization and share-based compensation, the effect of working capital changes and taxes paid.

Net cash used in operating activities during the six months ended August 2, 2025 was $2.3 million compared to net cash provided by operating activities of $68.4 million during the six months ended August 3, 2024. The decrease in net cash provided by operating activities during the six months ended August 2, 2025 was primarily as a result of decreases in accounts payable and accrued expenses and other current liabilities. The decreases in accounts payable and accrued expenses and other current liabilities were primarily driven by a decrease in inventory purchases before the current period end compared to the prior period end.

Net Cash Used In Investing Activities

Typical investing activities consist primarily of capital expenditures for growth (new store openings, relocations and major remodels), store maintenance (minor store remodels and investments in store fixtures), and infrastructure to support the business related primarily to information technology, our headquarters facility and our West Jefferson, Ohio distribution center.

Net cash used in investing activities during the six months ended August 2, 2025 was $3.7 million, compared to $10.2 million during the six months ended August 3, 2024. The decrease in net cash used in investing activities was primarily a result of a decrease in capital expenditures due to fewer new store openings and remodels during the six months ended August 2, 2025, compared to the six months ended August 3, 2024.

Net Cash Used In Financing Activities

Financing activities consist primarily of (i) borrowings and repayments related to our ABL Facility, (ii) borrowings and repayments related to the Amended Term Loan Credit Agreement and (iii) repurchases and retirement of our common stock.

Net cash used in financing activities during the six months ended August 2, 2025 was $21.5 million compared to $16.0 million during the six months ended August 3, 2024. The increase in net cash used in financing activities is primarily due to the repurchase of our common stock, partially offset by an increase in net borrowings related to the ABL Facility.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates as discussed in our 2024 Form 10-K.

Recently Issued Accounting Pronouncements

Refer to “Note 2—Accounting Standards” in our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for information regarding recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risk profile disclosed in our 2024 Form 10-K has not materially changed as of August 2, 2025.

Item 4. Controls and Procedures

Management’s Evaluation of Disclosure Controls and Procedures

We, under the supervision of and with the participation of our management, including our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 2, 2025, to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the fiscal quarter ended August 2, 2025, we implemented a new enterprise resource planning (“ERP”) system for a majority of our financial accounting systems, which is expected to improve the efficiency of certain financial and related transaction processes. As part of the implementation of the ERP system, we are designing new internal controls and modifying and/or enhancing existing internal controls in order to align our financial accounting processes with the new ERP system. We have now completed implementation of the most significant modules planned to date. Except as described above, there were no changes in our internal control over financial reporting during the fiscal quarter ended August 2, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to “Note 9—Commitments and Contingencies” in our unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q for information regarding certain legal proceedings in which we are involved.

From time to time, we are subject to certain other legal proceedings and claims in the ordinary course of business. We are not presently party to any of these other legal proceedings the resolution of which we believe would have a material adverse effect on our business, financial condition, operating results or cash flows. We establish reserves for specific legal matters when we determine that the likelihood of an unfavorable outcome is probable and the loss is reasonably estimable.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our 2024 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum dollar value of shares that may yet to be purchased under the plans or programs (A)
May 4, 2025 - May 31, 2025	—		—	$ 44,946,650
June 1, 2025 - July 5, 2025	6,030,908 (B)	$ 3.31625 (B)	—	$ 44,946,650
July 6, 2025 - August 2, 2025	—		—	$ 44,946,650
Total	6,030,908	$ 3.31625	—	

(A) On December 6, 2021, our Board authorized a share repurchase program under which we may purchase up to $100.0 million of our outstanding common stock. Repurchases may be made from time to time, depending upon a variety of factors, including share price, corporate and regulatory requirements, and other market and business conditions, as determined by us. We may purchase shares of our common stock in the open market at current market prices at the time of purchase, in privately negotiated transactions, or by other means. The authorization does not, however, obligate us to acquire any particular amount of shares, and the share repurchase program may be suspended or terminated at any time at our discretion.

(B) On June 23, 2025, we entered into a stock repurchase agreement with Sycamore, whereby we agreed to purchase $20.0 million of shares of our common stock in a private transaction.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

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(c) *Insider Trading Arrangements and Policies.*

During the fiscal quarter ended August 2, 2025, no director or "officer" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference		
		Form	Filing Date	Exhibit
3.1	Amended and Restated Certificate of Incorporation of Torrid Holdings Inc., dated July 6, 2021.	8-K	7/6/2021	3.1
3.2	Amended and Restated Bylaws of Torrid Holdings Inc.	10-K	3/28/2023	3.2
10.1	Stock Repurchase Agreement, dated June 23, 2025, by and between Torrid Holdings Inc. and Sycamore Partners Torrid, L.L.C.	8-K	6/24/2025	10.1
10.2	Fifth Amendment to Amended and Restated Credit Agreement, dated August 1, 2025, among Torrid LLC, Bank of America, N.A., as administrative agent and collateral agent, and the lenders party thereto.	8-K	8/4/2025	10.1
31.1*	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101*	Interactive Data Files (formatted in Inline XBRL)			
104*	Cover Page Interactive Data Files (Embedded within the Inline XBRL document and included in Exhibit 101)			

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in City of Industry, California on September 11, 2025.

Torrid Holdings Inc.

By:	/s/ LISA HARPER
Name:	Lisa Harper
Title:	Chief Executive Officer and Director (Principal Executive Officer)
By:	/s/ PAULA DEMPSEY
Name:	Paula Dempsey
Title:	Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa Harper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Torrid Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	September 11, 2025	By:	/s/ LISA HARPER
			Lisa Harper
			Chief Executive Officer and Director
			(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paula Dempsey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Torrid Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	September 11, 2025	By:	/s/ PAULA DEMPSEY
			Paula Dempsey
			Chief Financial Officer
			(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Torrid Holdings Inc. (the “Company”) on Form 10-Q for the period ended August 2, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Lisa Harper, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	September 11, 2025	By:	/s/ LISA HARPER
			Lisa Harper
			Chief Executive Officer and Director
			(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of Torrid Holdings Inc. (the “Company”) on Form 10-Q for the period ended August 2, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paula Dempsey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	September 11, 2025	By:	/s/ PAULA DEMPSEY
			Paula Dempsey
			Chief Financial Officer
			(Principal Financial Officer)