

— PARTICIPANTS

Corporate Participants

Chinwe Abaelu – Chief Accounting Officer & Senior Vice President, Torrid Holdings, Inc.

Lisa M. Harper – Chief Executive Officer & Director, Torrid Holdings, Inc.

Paula Dempsey – Chief Financial Officer, Torrid Holdings, Inc.

Ashlee Wheeler – Chief Strategy & Planning Officer, Torrid Holdings, Inc.

Other Participants

Janine Stichter – Analyst, BTIG LLC

Dana Lauren Telsey – Analyst, Telsey Advisory Group LLC

Brooke Roach – Analyst, Goldman Sachs & Co. LLC

Corey Tarlowe – Analyst, Jefferies LLC

Dylan Carden – Analyst, William Blair & Co. LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Greetings. Welcome to Torrid Holdings Fourth Quarter Fiscal 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] Please note this conference is being recorded.

I will now turn the conference over to Chinwe Abaelu. Thank you and you may begin.

Chinwe Abaelu, Chief Accounting Officer & Senior Vice President, Torrid Holdings, Inc.

Good afternoon, everyone, and thank you for joining Torrid's call today to discuss our financial results for the fourth quarter and full year of fiscal 2025, which we released this afternoon and can be found on our website at investors.torrid.com. With me today on the call are Lisa Harper, Chief Executive Officer; and Paula Dempsey, Chief Financial Officer. Ashlee Wheeler, our Chief Strategy & Planning Officer is also present and will be participating in the Q&A session.

Before we get started, I would like to remind you of the company's Safe Harbor language, which I'm sure you're familiar with. Management may make forward-looking statements, including guidance and underlying assumptions. Forward-looking statements may include, but are not limited to statements containing the words expect, believe, plan, anticipate, will, may, should, estimate, and other words and terms of similar meaning. All forward-looking statements are based on current expectations and assumptions as of today, March 19, 2026. These statements are subject to risks and uncertainties that could cause actual results to differ materially. For further discussion of risks related to our business, see our filings with the SEC.

This call will contain non-GAAP financial measures such as adjusted EBITDA. Reconciliations to these non-GAAP measures to the most comparable GAAP measures are included in the earnings release furnished to the SEC and available on our website.

With that, I will turn the call over to Lisa.

Lisa M. Harper, Chief Executive Officer & Director, Torrid Holdings, Inc.

Thank you, Chinwe, and hello, everyone. Thank you for joining us today. On today's call, I'll review our fourth quarter and full year 2025 performance and discuss the substantial progress and transformation we made over the past two years. We have optimized our channel, product and pricing platforms.

With these foundational elements now in place, I'll outline our primary focus for 2026, which is accelerating customer file growth through retention, reactivation and acquisition. Finally, I'll turn the call over to Paula to discuss the financials in detail and our outlook for the year ahead.

I'm pleased to report that for 2025, we reached the top end of our net sales outlook, delivering \$1 billion and exceeded the high end of the adjusted EBITDA range, achieving \$63.6 million. For Q4, we registered net sales of \$236.2 million and adjusted EBITDA of \$5.1 million. These results reflect early progress in our strategic initiatives.

Throughout the year, we made deliberate decisions to strengthen our foundation, optimizing our store footprint, launching our sub-brand strategy, pausing and relaunching our footwear category, and later in the year, sharpening our product assortment around core franchises, fabrications and silhouettes. The trends we experienced in Q4 give us confidence we are moving in the right direction and position us well for comparable sales growth in 2026.

From a category perspective, we saw strength in dresses, demonstrating growth for four consecutive quarters. We also saw acceleration in sub-brands and a turnaround in knit tops, which comped positively for the latter half of the fourth quarter. Intimates and activewear, both categories gained momentum and are poised for growth in 2026. Additionally, we reintroduced footwear with great success, having paused the category to resource it in the elevated tariff environment. We sold out of the limited assortment in record time and look forward to being back in the footwear business at scale and more profitably in the back half of 2026.

As we close 2025 and enter 2026, we have strategically rightsized our channels, reinvigorated our product and optimized our pricing platforms. With these foundational elements now in place, our primary focus for 2026 is accelerating customer file growth through targeted, segmented marketing to acquire new customers, reactivate lapsed ones, and increase purchase frequency among our most loyal shoppers. This is our number one priority, and we are deploying resources, talent and capital accordingly.

I'll expand on this initiative momentarily, but first, an update on our channel optimization initiative. As we've discussed on prior calls, we identified up to 180 structurally unproductive stores for closure. These locations averaged roughly \$350,000 in annual sales. We completed 85% of the closures by Q4 or 151 stores in 2025, and we've closed an additional 11, thus far, in Q1. We are on track to finalize the full optimization plan by the first half of the year. Essentially, our channel platform is now optimized, supported by a more productive and strategically aligned store fleet.

Our retention metrics validate that our strategy is working. Customer retention from last year's store closures is meeting and in many cases exceeding our model. This demonstrates the strength of our omni-channel ecosystem. We're also seeing customers shift to nearby stores and markets impacted by closures, driving increased traffic and transactions, resulting in dramatically improved four-wall profitability in our remaining store fleet.

Even more encouraging, our 2025 closure retention rates are outperforming 2024 results, with more customers shifting to our digital platform. Our enhanced retention strategies, including targeted multi-touch communications, are seamlessly migrating customers to nearby stores and online channels.

What this tells us is simple, our most loyal customers are truly channel agnostic. This seamless and frictionless omni-channel platform we've built, combined with our commitment to superior and consistent fit, allows our customers to remain highly engaged with confidence in their channel of preference.

Our product platform is built and now scaling effectively. We entered 2026 with five sub-brands live. And critically, 80% of our assortment planning and buying decisions are now data informed, covering both product selection and seasonality. 2025 was our learning year. We launched all five sub-brands and received real customer feedback across the board. We stayed agile, reading demand signals, adjusting buys midstream, chasing winners and refining our assortment mix. Those learnings are now embedded in our 2026 plans.

But we've done more than just learn. As we shared on our Q3 call, we fundamentally strengthened our merchandising foundation. We've implemented stronger guardrails in our merchandising process and built out a more robust assortment planning functions, both of which I'm directly overseeing. This represents a much more integrated way of working. Design, merchandising, planning and product development now operate as a cohesive unit. The new guardrails keep us anchored in proven categories while still allowing us to expand strategically and maximize opportunity. It's a disciplined approach that balances innovation with reliability.

Our sub-brands are driving meaningful growth. They generated over \$70 million in sales in 2025, and we're projecting roughly 60% growth in 2026 to approximately \$110 million, growing from approximately 7% of total net sales in 2025 to 12% in 2026. Importantly, this growth is margin accretive. Our sub-brands carry higher product margins than our core assortments because they are bought with scarcity and achieve higher full-price sell-through.

But the benefits extend beyond margins. Our sub-brands are our customer acquisition engines, attracting new shoppers, reactivating lapsed customers, and driving higher spend among our most valuable customers. These lifestyle concepts deliver the newness and excitement that broadens our appeal while deepening engagement with our existing base.

Each brand, with their distinct positioning, inspired aesthetic and lifestyle appeal, allow for a broad reach and market share expansion. We're exploring multiple paths forward, not just through our direct channels, but also through pop-up experiences and expanded in-store assortments. We'll be testing this concepts throughout the year to determine the best approach for scaling these sub-brands, representing a disciplined approach to their growth.

As I mentioned, our intimate apparel business showed strong momentum in Q4. We're building on that strength with the relaunch of CURV, our intimate apparel brand this February, and we'll see the launch of two new bras in the back half of 2026. Bras are a pillar of our product portfolio that drives strong customer acquisition, reactivation and long-term loyalty. Finally, as we discussed on our Q3 call, we refocused the foundation of our product assortment on core franchises, fabrications and silhouettes that resonate with our customers.

We previously stepped away from essential fabrications like Super Soft, a key favorite among our core customer base. Recognizing this gap, we began reintroducing these franchises in Q4 and immediately saw positive sales momentum and a turnaround in our tops business. Building on this success, we've introduced a knit dressing capsule collection built around that franchise. We will expand in a meaningful way in the fall of this year.

Shifting briefly to footwear. In Q4, we selectively reintroduced a curated assortment, and as I mentioned, the results are encouraging. We fundamentally restructured our sourcing strategy and assortment mix. This more disciplined approach delivers the shoe offering that drive stronger attachment rates and improved profitability. This will allow us to recapture both the direct revenue and attachment-driven sales we lost during the absence of footwear. The temporary pause of the

footwear business had a 260-basis-point negative comp impact to the full year in 2025 and a 460-basis-point negative impact to the fourth quarter.

Looking ahead, we'll face a first half headwind to comp and then a positive impact to the second half of the year. Now for an update on our opening price point strategy, which is exceeding our expectations. Developed in close partnership across merchandising, design, planning and product development teams, this strategy is anchored in customer insight. We're successfully balancing customer demand for accessible price points with two non-negotiables, margin discipline and product quality. Maintaining our quality standards while delivering accessible value remains imperative.

OPP now represents approximately 30% of our total assortment and nearly 40% in stores. Represented across jeans, leggings, non-denim bottoms and anchored in tops and graphic tees, this collection of most loved items are offered at an approachable value and provide everyday price parity across our e-commerce and brick-and-mortar channels.

We are seeing the most loved opening price point collection, drive conversion and UPT in both channels, and we believe that this will be a critical component of customer file growth driving reactivation, acquisition and frequency. Built on our disciplined product development platform, this assortment is cost engineered in support of opening price point value and leveraging the strength of our sourcing partnerships with platform fabric to enable speed. The combination of these efforts and the unit acceleration we see in the early stages of this initiative point to a highly accretive strategy with even greater runway ahead.

As I've mentioned, our primary focus in 2026 is growing our customer file. We're implementing several targeted strategies to accomplish this critical goal. First, we are doubling down on reactivation of lapsed customers, leveraging our wealth of customer data to reintroduce customers to the expansive assortment offering of core opening price points and sub-brands. Second, and this goes hand in hand with reactivation. We are deeply committed to more informed customer segmentation and personalization across our owned and organic marketing channels.

Early results are promising in our ability to drive incremental reactivation of lapsed customers and frequency among our most active. This includes greater email segmentation, personalized content and messaging strategies, testing initiatives, and the reintroduction of direct mail to augment own marketing channels. Our intent is to work methodically through the full marketing funnel, continuing to allocate resources and investments to channels and tactics that drive positive ROAS and increase customer lifetime value.

Third, we're strengthening the marketing and analytic infrastructure to support these efforts. We have redeployed senior marketing and analytical talent oriented around individual marketing channels, messaging and content strategies in support of a more comprehensive and effective commercial plan that is laser focused on customer file growth.

And fourth, we are continuing to evolve and refine our loyalty program, of which over 95% of our active customers are engaged. With a focus on strengthening the value proposition, ensuring the program remains a meaningful reason for customer engagement with our brand, and most importantly, drive long-term retention and increased customer lifetime value.

Our mission is clear, to leverage the foundational work we've completed across our channel, product and pricing platforms; to acquire new customers; reactivate lapsed customers; and increase purchase frequency among our most loyal shoppers. This is our number one priority, and we're deploying resources, talents and capital accordingly. We know the most efficient path to customer file growth is through increased retention efforts and reactivation of our lapsed customer population, followed by new customer acquisition.

We have over 7 million lapsed customers who are reachable through own marketing channels. The cost of reactivating these customers through segmentation and personalized communication costs roughly one third of a new customer acquired through paid digital media channels. Leaning into this pool, leveraging in-health owned and organic marketing channels in a more strategic way supports our marketing spend outlook consistent with prior years in the 5% to 5.5% of net sales range.

We have completed a substantial two-year transformation, strategically optimized our channel, product and pricing platforms. Q4 results reflect an early progress on our strategic initiatives, including the store footprint optimization, the sub-brand expansion, the footwear reintroduction and a product assortment anchored in core franchises and opening price points. The foundational platform is now built. We're entering a phase of maximization and scale.

I'd like to take this opportunity to speak to the entire organization and thank them for their extraordinary dedication and resilience throughout the year and this transformational journey. Your hard work, adaptability and commitment to excellence have been the driving force behind our progress. The operational improvements we've achieved would have not been possible without your daily efforts and unwavering focus on execution.

With that, I'll turn the call over to Paula.

Paula Dempsey, Chief Financial Officer, Torrid Holdings, Inc.

Thank you, Lisa. Good afternoon, everyone, and thank you for joining us today. I will begin with a review of our full year 2025 results and our fourth quarter financial performance. Then walk through the strategic progress we have made on our multi-year transformation and close with our outlook for fiscal 2026.

Fiscal 2025 was a year of intentional structural change. We delivered full year sales of \$1 billion in line with our guidance and an adjusted EBITDA of \$63.6 million, slightly ahead of expectations. Most importantly, we achieved this while simultaneously executing a significant transformation of our physical footprint, proactively managing an estimated \$50 million in gross tariff headwinds, and maintaining the inventory discipline that leaves us entering fiscal 2026 in a balanced inventory position. The headline result is this. We entered 2026 with a fundamentally stronger operating structure.

Turning to the fourth quarter. Net sales were \$236.2 million, compared to \$275.6 million in the prior year. Comparable sales declined 10%, which includes 460 basis points of negative comp impact due to the temporary pause of the shoe business. Gross profit was \$70.9 million versus \$92.6 million last year, and gross margin was 30% compared to 33.6% in the prior year, reflecting promotional activities, product mix and deleverage on a reduced sales base.

SG&A expenses declined by \$11.4 million to \$62.4 million, compared to \$73.8 million a year ago. As a percentage of net sales, SG&A leveraged 40 basis points to 26.4%. This is a meaningful proof point. Our cost structure is coming down drastically supporting our EBITDA margin expansion, which is precisely the outcome our store optimization program was designed to produce. We expect this leverage to continue and accelerate through fiscal 2026 as the full benefit of our rationalized footprint flows through. Marketing investment decreased by \$1.9 million to \$13.5 million.

Net loss for the quarter was \$8.1 million or \$0.08 per share, compared to a net loss of \$3 million or \$0.03 per share last year. Adjusted EBITDA was \$5.2 million, a 2.2% margin versus \$16.7 million and 6.1% margin a year ago. We ended the quarter with \$200 million in cash and cash equivalents and \$31 million drawn on our revolving credit facility.

Total liquidity at the end of the year, including available borrowing capacity under our revolving credit agreement, was \$84.9 million, providing adequate liquidity to execute our plan. Inventory totaled \$136.5 million, down 8%, reflecting both tighter receipt management and the intentional reduction of our store base.

Aligned with our store optimization program, during the fourth quarter, we closed 77 stores, bringing our full year total to 151 closures for fiscal 2025. We expect to close up to an additional 30 stores by the end of the first half of fiscal 2026. At this point, the program will be substantially complete. Customer retention rates from closed locations have performed consistently with historical levels, validating both the network strategy and the underlying brand health. Our customers are finding us where we remain open and online. And we minimized exit costs by structuring closures around natural lease expirations wherever possible, significantly reducing the cash cost of the program and preserving liquidity.

Most importantly, the financial impact is substantial and compounding. For fiscal 2025, we realized approximately \$18.5 million in lower operating expenses from this year's 151 closures, plus the 35 stores closed in the prior year. As we move into fiscal 2026 with a fully rationalized footprint, we expect to capture an additional \$40 million in expense savings.

Now turning to our outlook. As Lisa mentioned, we entered 2026 in a much stronger position. We have strategically optimized our channels, products and pricing platforms. For the full year, we expect net sales of \$940 million to \$960 million; and adjusted EBITDA of \$65 million to \$75 million, representing margin expansion up to 140 basis points off of fiscal 2025.

Capital expenditures are expected in the range of \$8 million to \$10 million, reflecting continued reinvestment discipline. For the first quarter, we expect sales of \$236 million to \$244 million and adjusted EBITDA of \$14 million to \$18 million.

The EBITDA expansion reflects the full year benefit of our optimized cost structure and the compounding effect of those operating savings flowing through the P&L. It is worth providing some context on the bridge from our \$40 million in expected cost savings to our EBITDA guidance range, calling for midpoint growth of 10% to \$70 million.

I want to be transparent about what is moving in both directions. On the offset side, the lower sales base naturally reduces gross margin dollars, which absorbs a portion of the cost savings. We're also resetting our incentive compensation program in fiscal 2026, which represents a meaningful year-over-year headwind as we return to a more normalized bonus structure. Taken together, these offsets explain the gap between the gross cost savings and the net EBITDA outcome. What the guidance reflects is a business where the structural cost work is fully embedded and the underlying earnings power is growing, even after absorbing those headwinds.

In closing, the store optimization program is largely complete. The cost structure has been reset. Inventory is aligned to our full year plan, and this team demonstrated it can execute through complexity, tariff pressures, demand volatility and a major operational transformation. Our path forward centers on growing our customer file and expanding EBITDA margin.

Now we'll open the call to answer your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question-and-answer session. [Operator Instructions] And our first question comes from Janine Stichter with BTIG. You may proceed.

<Q – Janine Stichter – BTIG LLC>: Hi. Congrats on the progress. I was hoping to hear a little bit more about the learnings from the first year of sub-brands. Maybe help us understand some of the differences in the brands that you've launched this year, what's working, what's not? And then as you think about sub-brands at 12% of sales next year, I think at one point you've talked about it being 25% to 30% of the assortment. Is that still the right number? Just trying to reconcile those two figures.

<A – Lisa Harper – Torrid Holdings, Inc.>: Okay. Hi, Janine. So sub-brands, we are still very happy with the progress in that business. I think that what we've made a decision is to be more conservative about the growth cycle of that business. We're still happy the margin is a benefit overall. Some of the brands are incredibly strong. I would say of the five brands, I would highlight Festi, Nightfall and Retro as being very consistent performers, with Festi, particularly being the number one sub-brand and with the largest opportunity for expansion where Belle Isle has a very high level of seasonality, so we're adjusting that. It sells better in the first half of the year than the back half of the year. And we're still exploring the opportunity with LoveSick, which is the younger-oriented brand.

So we are still feeling very bullish and are seeing very positive momentum in that business. We think that it'll expand a little bit more in the front half than the back half really because we'll be lapping in the back half of a full presentation of all brands. And we launched them sequentially in the first half of last year. I think I had said earlier in the mid-twenties as a mix, I think we'll be more in the mid-teens as we play. I think we talked about going up to about \$110 million estimated opportunity this year. And so we're still very happy with how they're performing and we'll be testing some additional store and store opportunities as well as potential popups later this year for sub-brands. As we see the stores performing better with the store optimization program, it gives us some room to add some of those businesses to stores very judiciously, but to expand that opportunity.

<Q – Janine Stichter – BTIG LLC>: Okay, great. And then maybe just on the retention and lapsed customer reactivation. What have you learned about the reasons why some of these customers have not stayed with the brand? And maybe just elaborate more on the communications that you're going forth with now to reactivate those lapsed customers? Thank you.

<A – Ashlee Wheeler – Torrid Holdings, Inc.>: Hi, Janine, this is Ashlee. We've heard time and time again from lapsed customers that one of the primary reasons for spending less is economic pressure, price, which we have addressed through opening price point. And in the prepared remarks, Lisa expanded on opening price point as an initiative that now represents about 30% of the business will expand to be closer to 40%.

We're seeing incredible response to that. We're seeing it as a vehicle to reactivate customers through a more approachable value pricing, as well as acquire new customers that way. And we're seeing it drive frequency among existing customers as well. And beyond that, we recognize with the 7 million customers in our lapsed file, they're marketable through our owned channels. We have enormous opportunity through more advanced targeted segmentation and personalization of messaging, using product affinity as a starting point, as well as other demographic and kind of price preference among that population to get them back into the brand.

<Q – Janine Stichter – BTIG LLC>: Thanks for the color and best of luck. I'll pass it on.

<A – Lisa Harper – Torrid Holdings, Inc.>: Thank you.

<A – Paula Dempsey – Torrid Holdings, Inc.>: Thank you.

Operator: Our next question comes from the line of Dana Telsey with Telsey Group. You may proceed with your question.

<Q – Dana Telsey – Telsey Advisory Group LLC>: Hi. Good afternoon, everyone. Can you talk a little bit about the cadence that you saw of sales during the holiday season, quarter-to-date, what it looks like? Any thoughts on how the shaping of this year is growing with tariff expenses, what you have built into the model on margins with the puts and takes? And lastly, the return of footwear. How do you expect that to come back impact on margins? And are there other categories, Lisa, that you're looking to that could be sales drivers going forward? Thank you.

<A – Lisa Harper – Torrid Holdings, Inc.>: I'm going to do this backwards and I'm going to take the category conversation and then I'll talk about tariffs and categories and then I'll let Ashlee go through the rhythm of the business. We do have obviously tariff pressure in the first quarter, as everyone does and we think we've managed this well. Even with our other types of supply chain challenges. Now – we have very, very good relationships with our vendors and they've been great partners with us, and so we've been able to manage that pretty consistently.

From a category basis, the shoes are – I'll just remind you, when the tariffs came, we were running a pretty much, I would say even EBITDA business in shoes – from that specific shoe business, but we had a very high level of attachment to it. So we were keen on reengineering it to make sense both from a margin perspective as well as a customer acquisition modality and attachment to other types of products.

We tested the new vendor structure and the new look and feel and quality of the product in November, and it was a resounding success. We're very happy with the results. We've got some inventory coming in, in the first half of the year, but we still have headwinds, substantive headwinds I think in first quarter and second quarter related to footwear. We'll be back in stock in June-July time period and we expect to have a benefit in that business in the back half.

The way that we've tested it and the way that we're rolling it out allows us to expand margin in footwear, as well as recapture the associated sales from customers who come to the brand through footwear. Other categories that we see expanding outside of the OPP, which actually touches many of the categories of the business, I think denim, non-denim, tops, dresses, sweaters in the back half, the other categories would be active. We have a fleece program rolling out that we think will be very advantageous. And then the expansion of OPP and some of these broader categories as we move forward. Those would be the bulk of the categories for expansion. Ashlee will remind me if I've forgotten something. I'll let you go through the business rhythm.

<A – Ashlee Wheeler – Torrid Holdings, Inc.>: Sure. Hi, Dana. We're pleased with fourth quarter as communicated. Holiday performed as expected. We really saw improvement in the business in January. If you recall, we talked in our third quarter call about chasing into goods into core franchises and core fabrications, particularly in our tops business. And those goods arrived late December for January selling. And we immediately saw the business turn in those categories. Our knit top business, for example, which is the second largest department in our portfolio, started to comp positive as a function of those chased receipts. We continue to see really positive momentum in the categories that we've chased into, further supported by opening price point.

As for the shape of 2026, footwear, as Lisa communicated, will continue to be a headwind in the front half of the year. The largest headwind will be felt in the first quarter, abates a little bit in the second quarter and then we'll provide a benefit on a year-over-year basis starting in the third quarter when we launch the boot business in a fulsome way. Additionally, in the back half of the year, we'll see the launch of two bras that will support expansion in the Curve business as well as

some additional fleece programs and knit dressing capsule. So there's more to come in the back half of the year.

<Q – Dana Telsey – Telsey Advisory Group LLC>: Thank you.

Operator: Our next question comes from the line of Brooke Roach with Goldman Sachs. You may proceed.

<Q – Brooke Roach – Goldman Sachs & Co. LLC>: Good afternoon and thank you for taking our question. Lisa, I was hoping we could dive a little bit deeper into your marketing plans for the year, specifically around pricing, promo and loyalty. What's changing in the loyalty program as you look to reactivate lapsed customers and increase dollars per spent on active customers today? And how does that tie into your plans for Torrid cash and marketing? Thank you.

<A – Lisa Harper – Torrid Holdings, Inc.>: Great. So we've talked a lot about price and beyond the opening price point. So as we surveyed our customers, more than half of our customers articulate that one of the reasons for lapsing would be their personal financial situation, and that they would like to see more price parity in terms of both channel and opening price point in our core businesses.

So we've talked a lot about that and that's moving forward. I would say the biggest shift that we'll see this year in promotion is that we're putting less pressure on Torrid cash redemption. And so that has been dwindling over time, and we've just reset our expectations for the redemption in those categories. So we'll be able to pull back on our reliance on that piece of that. I think the other piece for us – for the customers is price point messaging versus percentage-off messaging. And I think all of those things are working well.

We also have a lot more multiples in our promos right now, so that multiples in bralettes and in knits and woven tops, those types of things that have tested very well for us and are exceeding our expectations. So, promos will shift out of so much reliance on Torrid cash, a bit more into everyday opening price point opportunities and price parity between channels, which we also think that's important.

Loyalty has been pretty consistent for us. What we're looking to build in the loyalty piece is a bit more frequency. Retention isn't as much of an issue there, as we think we have opportunity in driving a bit more frequency among those loyalty customers with better segmentation. We just did a special sale for them couple of weeks ago that we delivered in a very different way than we'd normally deliver. It was very well received and the conversion on that was quite good.

So we're testing different tactics to highlight their loyalty levels and giving them more attention. We've also reinstated the [ph] icon (00:37:23) level in our loyalty program, which is the top of the top of those customers, so that we ensure that we continue to get very robust feedback from the loyalty – the customers. And some of the decisions that we've made are completely driven, they're very much driven by the feedback that we get from our customers and with every level of communication, every touch point that we have. So that's been the play. I would say that we feel like there's a grassroots version of marketing that will augment what we do and more of the paid spend. And I'll let Ashlee talk a little bit more about that.

<A – Ashlee Wheeler – Torrid Holdings, Inc.>: Hi, Brooke. We recognize that we have an enormous amount of opportunity to leverage our owned and organic channels, particularly to reactivate customers, but also to drive frequency among our existing loyalty members through really precise targeting, personalized or segmented content and messaging in a way that we haven't.

We have an enormous amount of data on our customers, with over 95% of them participating in our loyalty program. It gives us a great advantage to communicate to them in a more personalized way. And that's going to be one of our key focuses for the year. Additionally, we've reentered direct mail as a modality, an additional touch point. A portion of that will be allocated to loyalty customers or active customers as a frequency driving touch point. And we'll really leverage that in a more powerful way toward acquisition and reactivation.

<Q – Brooke Roach – Goldman Sachs & Co. LLC>: Great. And then just one follow-up for Paula. As you look on a multiyear basis, do you think that double-digit EBITDA margins are achievable? And if so, how should we be thinking about the core drivers of achieving that recovery in margin rate? Thank you.

<A – Paula Dempsey – Torrid Holdings, Inc.>: Yeah, hi, Brooke. Yes, I do believe so. And I will tell you that our plan, we have up to 150 basis points of EBITDA margin increase in fiscal 2026, and that's really through leveraging our SG&A platform. As we progressed throughout the year, we're going to see that leverage increases more and more. But even with the Q1 guidance that we have provided, you will see us starting to leverage SG&A, in which at the end of the year, you're going to see that gap increase and therefore, driving that to the bottom to the profitability. So yes, 150 basis points of leverage by this year is very much a possibility. And for that to continue to grow in next few years is probably a good assumption.

<Q – Brooke Roach – Goldman Sachs & Co. LLC>: Great. Thanks so much. I'll pass it on.

Operator: Our next question comes from the line of Corey Tarlowe with Jefferies. You may proceed.

<Q – Corey Tarlowe – Jefferies LLC>: Yeah, great. Thanks. Lisa, I guess, a high-level strategic question. 2025, sort of, felt like a defensive year closing stores. What do you think more is left on the defensive side of the equation as opposed to when and – when do you feel like you can really get to playing offense? And is that the way to kind of think about what 2026 should be? And I have a follow-up.

<A – Lisa Harper – Torrid Holdings, Inc.>: Yeah. Hi, Corey. I do think about us pivoting into a more offensive – offensive, that's not a good way to say that, more offense-oriented approach. And I think what we've done to restructure the channel expense base, to expand product and now this is really more about refinement, I think our – I think what we were talking about in terms of segmentation and the refocus on owned and organic marketing efforts is a great opportunity for us and we should expand the customer file this year.

We are also seeing the, I think, reinvigoration of the loyalty interest in the business through sub-brands. So we are seeing those aspects of the business. I think product, I feel great about, OPP is working very, very well and will expand, sub-brands are working well and expanding and where we've had a substantive amount of fix expense from underperforming stores, the stores that are open right now are exceeding our expectations in terms of their performance. So we're starting to see that turn and have actually put a little bit more pressure on store sales as we move through the year, which we think is a better mix in terms of the margin opportunity there.

But we do think and I think my message overall is intended to share that we've accomplished this store closure very effectively and executed that very well. We've integrated and introduced the OPP through multiple categories of the business and are pleased with how that's working. Our store profitability are improving. We're bringing back footwear. We're expanding other categories of the business. And so we do feel like we're in the position to start reaping the benefits of this as we move through the year.

<Q – Corey Tarlowe – Jefferies LLC>: Got it. That's helpful. And then just as a follow-up, how are you thinking about pricing and promotions for 2026?

<A – Lisa Harper – Torrid Holdings, Inc.>: I think one of the things that helps us with OPP is we actually generate a similar out the door price point as well as an enhanced margin as we are cost engineering these products due to volume opportunities. As I mentioned, Torrid cash has less pressure on it this year as we are moving into more aligned, integrated channel promotions that are more price pointed. And then I think the last piece of that is targeted promotions through our segmentation efforts that we think early on, we're seeing nice results on.

So a much more targeted opportunity and using those promotions to reactivate and build frequency of our customers and using the OPP product on one end and the sub-brands on the other to really engage a broad swath of our customers and build that frequency, build the basket. So we're seeing early results in segmentation to be positive, early results in segmentation in the loyalty program to be positive and really think being more personalized and surgical about those messages, both from a product and promotional basis is what the business needs and we're prepared to do that this year.

<Q – Corey Tarlowe – Jefferies LLC>: Great. Thanks so much. Best of luck.

<A – Lisa Harper – Torrid Holdings, Inc.>: Great.

Operator: Our next question comes from Dylan Carden with William Blair. You may proceed with your question.

<Q – Dylan Carden – William Blair & Co. LLC>: Hi. Can you guys hear me?

<A – Lisa Harper – Torrid Holdings, Inc.>: Yeah.

<A – Paula Dempsey – Torrid Holdings, Inc.>: Yeah, okay.

<Q – Dylan Carden – William Blair & Co. LLC>: Awesome. I just want to ask a general question about your consumer. How are they behaving? How they changed over the last six months? Are you expecting anything from refunds, any changes in the performance of different demographics?

<A – Paula Dempsey – Torrid Holdings, Inc.>: Performance within the customer file from a demographic basis has been very consistent. We've seen consumer behavior or our customers' behavior be very consistent as well. As we talked about earlier, when we survey customers, the most frequent response we get is related to price or economic pressures that she's feeling. And we have been able to answer that with opening price point in a very effective way.

<Q – Dylan Carden – William Blair & Co. LLC>: Got you. So on the refunds, do you expect that to lift any of your like OPP sales or anything on that front that you're embedding in the outlook?

<A – Paula Dempsey – Torrid Holdings, Inc.>: We're encouraged with the trends of the business that we're seeing now, whether or not that's related to tax refunds, I can't say for certain, but we are encouraged by the trends that we're seeing in the business so far this quarter.

<A – Lisa Harper – Torrid Holdings, Inc.>: I would say we don't have anything outsized embedded into the guidance related to accelerated tax refunds.

<Q – Dylan Carden – William Blair & Co. LLC>: Okay. Thank you.

Operator: There are no further questions at this time, which now concludes our question-and-answer session. I would like to turn the call back over to Lisa for closing comments.

Lisa M. Harper, Chief Executive Officer & Director, Torrid Holdings, Inc.

Thank you. Thanks, everyone, for joining us today. We look forward to sharing the progress in the business as we move forward when we release Q1. Thank you.

Operator: Ladies and gentlemen, thank you for your participation. This concludes today's conference. Please disconnect your lines and have a wonderful day.

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