
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) August 24, 2021

URBAN OUTFITTERS, INC.
(Exact Name of Registrant as Specified in its Charter)

Pennsylvania
(State or other jurisdiction
of incorporation)

000-22754
(Commission
File Number)

23-2003332
(IRS Employer
Identification No.)

5000 South Broad Street, Philadelphia, PA
(Address of principal executive offices)

19112
(Zip Code)

Registrant's telephone number, including area code (215) 454-5500

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value \$.0001 per share	URBN	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

Item 8.01. Other Events

On August 24, 2021, Urban Outfitters, Inc. (the “Company”) issued a press release, which is attached hereto as Exhibit 99.1 and incorporated herein by reference. The press release disclosed material non-public information regarding the Company’s operating results for the three and six months ended July 31, 2021.

Item 9.01. Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated August 24, 2021 – Operating results for the three and six months ended July 31, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 hereunto duly authorized.

URBAN OUTFITTERS, INC.

Date: August 25, 2021

By: /s/ Melanie Marein-Efron

Melanie Marein-Efron
Chief Financial Officer

URBAN OUTFITTERS, INC.
Second Quarter Results
Philadelphia, PA – August 24, 2021

For Immediate Release

Contact: Oona McCullough
Executive Director of Investor Relations
(215) 454-4806

URBN Q2: Record Sales, Record Profits

PHILADELPHIA, PA, August 24, 2021 – Urban Outfitters, Inc. (NASDAQ:URBN), a leading lifestyle products and services company which operates a portfolio of global consumer brands comprised of the Anthropologie, BHLDN, Free People, FP Movement, Terrain, Urban Outfitters, Nuuly and Menus & Venues brands, today announced net income of \$127 million and earnings per diluted share of \$1.28 for the three months ended July 31, 2021. For the six months ended July 31, 2021, net income was \$181 million and earnings per diluted share were \$1.82.

Due to the material impact of COVID-19 on our business operations in fiscal 2021, including mandated store closures, this release includes a comparison of fiscal 2022 results to fiscal 2020. Management views the comparison of fiscal 2022 results to fiscal 2020 as the more meaningful measurement of the Company's business performance.

Total Company net sales for the three months ended July 31, 2021, were a record \$1.16 billion. Net sales increased 20.3% compared to the three months ended July 31, 2019. Comparable Retail segment net sales increased 22%, driven by strong double-digit growth in digital channel sales, partially offset by low single-digit negative retail store sales due to reduced store traffic. By brand, comparable Retail segment net sales increased 53% at the Free People Group, 20% at Urban Outfitters and 14% at the Anthropologie Group. Total Retail segment net sales increased 24%. Wholesale segment net sales decreased 30% primarily from reducing the Free People Group's sales to promotional wholesale customers.

For the six months ended July 31, 2021, total Company net sales increased 14.1% compared to the six months ended July 31, 2019. Comparable Retail segment net sales increased 17%, driven by strong double-digit growth in digital channel sales, partially offset by double-digit negative retail store sales due to reduced store traffic resulting from temporary store closures and occupancy restrictions in Europe and Canada. Wholesale segment net sales decreased 27% primarily from reducing the Free People Group's sales to promotional wholesale customers.

"We're pleased to report record second quarter sales and earnings driven by extraordinary performance at all three brands," said Richard A. Hayne, Chief Executive Officer. "Congratulations to all Brand, Creative and Shared teams for the exceptional execution that led to a 110% increase in earnings per share over fiscal 2020," finished Mr. Hayne.

Net sales by brand and segment for the three and six-month periods were as follows:

	Three Months Ended		
	July 31,		
	2021	2020	2019
Net sales by brand			
Urban Outfitters	\$ 441,616	\$ 323,889	\$ 355,045
Anthropologie Group	450,593	295,126	394,280
Free People Group	249,708	178,019	205,940
Menus & Venues	5,869	1,560	7,064
Nuuly (1)	9,939	4,672	—
Total Company	\$ 1,157,725	\$ 803,266	\$ 962,329

	Three Months Ended		
	July 31,		
	2021	2020	2019
Net sales by segment			
Retail Segment	\$ 1,089,022	\$ 757,471	\$ 878,693
Wholesale Segment	58,764	41,123	83,636
Subscription Segment (1)	9,939	4,672	—
Total Company	\$ 1,157,725	\$ 803,266	\$ 962,329

	Six Months Ended		
	July 31,		
	2021	2020	2019
Net sales by brand			
Urban Outfitters	\$ 791,297	\$ 561,209	\$ 671,851
Anthropologie Group	804,160	529,201	749,268
Free People Group	462,459	285,683	392,131
Menus & Venues	9,465	4,714	13,492
Nuuly (1)	17,759	10,942	—
Total Company	\$ 2,085,140	\$ 1,391,749	\$ 1,826,742

	Six Months Ended		
	July 31,		
	2021	2020	2019
Net sales by segment			
Retail Segment	\$ 1,946,508	\$ 1,318,703	\$ 1,661,256
Wholesale Segment	120,873	62,104	165,486
Subscription Segment (1)	17,759	10,942	—
Total Company	\$ 2,085,140	\$ 1,391,749	\$ 1,826,742

(1) The Subscription segment (which is comprised of the Nuuly brand) began operations on July 30, 2019.

For the three months ended July 31, 2021, the gross profit rate increased by 478 basis points compared to the three months ended July 31, 2019. Gross profit dollars increased by \$119.4 million to \$435.3 million from \$315.9 million in the three months ended July 31, 2019. The increase in gross profit rate was primarily due to record low second quarter merchandise markdown rates in the Retail segment and a leverage in store occupancy expense primarily due to the increased penetration of the digital channel in Retail segment net sales. All three brands recorded lower merchandise markdown rates with the Urban Outfitters and Anthropologie brands achieving record low second quarter merchandise markdown rates. This was partially offset by a deleverage in delivery and logistics expenses. Delivery and logistics expense deleverage was primarily driven by the increased penetration of the digital channel. Logistics expense also deleveraged due to increased wages at our distribution and fulfillment centers in order to attract and retain appropriate levels of employees.

For the six months ended July 31, 2021, the gross profit rate increased by 327 basis points compared to the six months ended July 31, 2019. Gross profit dollars increased by \$151.0 million to \$735.9 million from \$584.9 million in the six months ended July 31, 2019. The increase in gross profit rate was primarily due to record low first half merchandise markdown rates in the Retail segment and a leverage in store occupancy expense due to the increased penetration of the digital channel in Retail segment net sales. All three brands recorded record low first half merchandise markdown rates. This was partially offset by a deleverage in delivery and logistics expenses. Delivery and logistics expense deleverage was primarily driven by the increased penetration of the digital channel. Logistics expense also deleveraged due to increased wages at our distribution and fulfillment centers in order to attract and retain appropriate levels of employees.

As of July 31, 2021, total inventory increased by \$43.1 million, or 9.8%, compared to total inventory as of July 31, 2019. The increase in inventory was due to the increase in net sales.

For the three months ended July 31, 2021, selling, general and administrative expenses increased by \$31.6 million, or 13.3%, compared to the three months ended July 31, 2019, and expressed as a percentage of net sales, decreased to 23.3%

from 24.7% in the three months ended July 31, 2019. The leverage in selling, general and administrative expenses as a rate to sales was primarily related to disciplined store payroll management and overall expense control that was partially offset by a deleverage in digital marketing and creative expenses during the quarter to support the strong digital sales and customer growth. The increase in dollars was primarily driven by the increase in digital marketing and creative expenses partially offset by the reduction in direct selling expenses due to the lower retail store net sales.

For the six months ended July 31, 2021, selling, general, and administrative expense increased by \$29.7 million, or 6.4%, compared to the prior year's comparable period and expressed as a percentage of net sales, decreased to 23.8% from 25.5% in the six months ended July 31, 2019. The leverage in selling, general and administrative expenses as a rate to sales was primarily related to disciplined store payroll management and overall expense control that was partially offset by a deleverage in digital marketing and creative expenses during the period to support the strong digital sales and customer growth. The increase in dollars was primarily driven by the increase in digital marketing and creative expenses to support the overall growth of the Company partially offset by the reduction in direct selling expenses due to the lower retail store net sales.

The Company's effective tax rate for the three months ended July 31, 2021, was 22.4% compared to 26.0% in the three months ended July 31, 2019. The Company's effective tax rate for the six months ended July 31, 2021, was 23.8% compared to 25.2% in the six months ended July 31, 2019. The decrease in the effective tax rate for the three and six months ended July 31, 2021, was primarily due to the ratio of foreign taxable profits to global taxable profits.

Net income for the three months ended July 31, 2021, was \$127 million and record second quarter earnings per diluted share were \$1.28. Net income for the six months ended July 31, 2021, was \$181 million and record first half earnings per diluted share were \$1.82.

On August 22, 2017, the Company's Board of Directors authorized the repurchase of 20 million common shares under a share repurchase program. On June 4, 2019, the Company's Board of Directors authorized the repurchase of 20 million common shares under a new share repurchase program. During the six months ended July 31, 2021, the Company did not repurchase any shares. During the year ended January 31, 2021, the Company repurchased and subsequently retired 0.5 million common shares for approximately \$7 million. These shares were repurchased prior to the known spread of the COVID-19 pandemic in the United States that forced the Company to close its stores for an extended period of time. As of July 31, 2021, 25.9 million common shares were remaining under the programs.

During the six months ended July 31, 2021, the Company opened a total of 28 new retail locations including: 15 Free People Group stores (including 7 FP Movement stores), 9 Urban Outfitters stores and 4 Anthropologie Group stores; and closed 6 retail locations including: 2 Free People Group stores, 2 Anthropologie Group stores, 1 Urban Outfitters store and 1 Menus & Venues restaurant. During the six months ended July 31, 2021, 1 Urban Outfitters franchisee-owned store and 1 Anthropologie Group franchisee-owned store were opened.

Urban Outfitters, Inc., offers lifestyle-oriented general merchandise and consumer products and services through a portfolio of global consumer brands comprised of 255 Urban Outfitters stores in the United States, Canada and Europe and websites; 239 Anthropologie Group stores in the United States, Canada and Europe, catalogs and websites; 162 Free People Group stores in the United States, Canada and Europe, catalogs and websites, 10 Menus & Venues restaurants, 2 Urban Outfitters franchisee-owned stores and 1 Anthropologie Group franchisee-owned store, as of July 31, 2021. Free People, FP Movement and Urban Outfitters wholesale sell their products through department and specialty stores worldwide, digital businesses and the Company's Retail segment.

A conference call will be held today to discuss second quarter results and will be webcast at 5:30 pm. ET at: <https://edge.media-server.com/mmc/p/di4txumm>

This news release is being made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. *Certain matters contained in this release may contain forward-looking statements. When used in this release, the words "project," "believe," "plan," "will," "anticipate," "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any one, or all, of the following factors could cause actual financial results to differ materially from those financial results mentioned in the forward-looking statements: the impacts of public health crises such as the coronavirus (COVID-19) pandemic, overall economic and market conditions and worldwide political events and the resultant impact on consumer spending patterns, the difficulty in predicting and responding to shifts in fashion trends, changes in the level of competitive pricing and promotional activity and other industry factors, the effects of the implementation of the United Kingdom's withdrawal from membership*

in the European Union (commonly referred to as “Brexit”), including currency fluctuations, economic conditions and legal or regulatory changes, any effects of war, terrorism and civil unrest, natural disasters, severe or unseasonable weather conditions (including as a result of climate change) or public health crises, increases in labor costs, increases in raw material costs, availability of suitable retail space for expansion, timing of store openings, risks associated with international expansion, seasonal fluctuations in gross sales, response to new concepts, our ability to integrate acquisitions, risks associated with digital sales, our ability to maintain and expand our digital sales channels, any material disruptions or security breaches with respect to our technology systems, the departure of one or more key senior executives, import risks (including any shortage of transportation capacities or delays at ports), changes to U.S. and foreign trade policies (including the enactment of tariffs, border adjustment taxes or increases in duties or quotas), the closing or disruption of, or any damage to, any of our distribution centers, our ability to protect our intellectual property rights, failure of our manufacturers and third-party vendors to comply with our social compliance program, risks related to environmental, social and governance activities, changes in our effective income tax rate, changes in accounting standards and subjective assumptions, regulatory changes and legal matters and other risks identified in our filings with the Securities and Exchange Commission. The Company disclaims any intent or obligation to update forward-looking statements even if experience or future changes make it clear that actual results may differ materially from any projected results expressed or implied therein.

(Tables follow)

URBAN OUTFITTERS, INC.
Condensed Consolidated Statements of Operations
(amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended		
	July 31,		
	2021	2020	2019
Net sales	\$ 1,157,725	\$ 803,266	\$ 962,329
Cost of sales	722,460	565,228	646,454
Gross profit	435,265	238,038	315,875
Selling, general and administrative expenses	269,412	168,619	237,814
Income from operations	165,853	69,419	78,061
Other (loss) income, net	(1,797)	(533)	3,498
Income before income taxes	164,056	68,886	81,559
Income tax expense	36,794	34,486	21,239
Net income	<u>\$ 127,262</u>	<u>\$ 34,400</u>	<u>\$ 60,320</u>
Net income per common share:			
Basic	<u>\$ 1.29</u>	<u>\$ 0.35</u>	<u>\$ 0.61</u>
Diluted	<u>\$ 1.28</u>	<u>\$ 0.35</u>	<u>\$ 0.61</u>
Weighted-average common shares outstanding:			
Basic	<u>98,315,441</u>	<u>97,778,749</u>	<u>99,095,562</u>
Diluted	<u>99,601,292</u>	<u>98,104,918</u>	<u>99,602,465</u>
AS A PERCENTAGE OF NET SALES			
Net sales	100.0%	100.0%	100.0%
Cost of sales	62.4%	70.4%	67.2%
Gross profit	37.6%	29.6%	32.8%
Selling, general and administrative expenses	23.3%	21.0%	24.7%
Income from operations	14.3%	8.6%	8.1%
Other (loss) income, net	(0.1%)	(0.0%)	0.4%
Income before income taxes	14.2%	8.6%	8.5%
Income tax expense	3.2%	4.3%	2.2%
Net income	<u>11.0%</u>	<u>4.3%</u>	<u>6.3%</u>

URBAN OUTFITTERS, INC.
Condensed Consolidated Statements of Operations
(amounts in thousands, except share and per share data)
(unaudited)

	Six Months Ended		
	July 31,		
	2021	2020	2019
Net sales	\$ 2,085,140	\$ 1,391,749	\$ 1,826,742
Cost of sales (excluding store impairment)	1,349,224	1,127,340	1,241,811
Store impairment	—	14,528	—
Gross profit	735,916	249,881	584,931
Selling, general and administrative expenses	496,560	379,197	466,850
Income (loss) from operations	239,356	(129,316)	118,081
Other (loss) income, net	(1,952)	(371)	6,178
Income (loss) before income taxes	237,404	(129,687)	124,259
Income tax expense (benefit)	56,595	(25,645)	31,354
Net income (loss)	<u>\$ 180,809</u>	<u>\$ (104,042)</u>	<u>\$ 92,905</u>
Net income (loss) per common share:			
Basic	<u>\$ 1.84</u>	<u>\$ (1.06)</u>	<u>\$ 0.91</u>
Diluted	<u>\$ 1.82</u>	<u>\$ (1.06)</u>	<u>\$ 0.91</u>
Weighted-average common shares outstanding:			
Basic	<u>98,213,555</u>	<u>97,843,796</u>	<u>101,722,244</u>
Diluted	<u>99,463,468</u>	<u>97,843,796</u>	<u>102,427,040</u>
AS A PERCENTAGE OF NET SALES			
Net sales	100.0%	100.0%	100.0%
Cost of sales (excluding store impairment)	64.7%	81.0%	68.0%
Store impairment	—	1.0%	—
Gross profit	35.3%	18.0%	32.0%
Selling, general and administrative expenses	23.8%	27.3%	25.5%
Income (loss) from operations	11.5%	(9.3%)	6.5%
Other (loss) income, net	(0.1%)	(0.0%)	0.3%
Income (loss) before income taxes	11.4%	(9.3%)	6.8%
Income tax expense (benefit)	2.7%	(1.8%)	1.7%
Net income (loss)	<u>8.7%</u>	<u>(7.5%)</u>	<u>5.1%</u>

URBAN OUTFITTERS, INC.
Condensed Consolidated Balance Sheets
(amounts in thousands, except share data)
(unaudited)

	July 31, 2021	January 31, 2021	July 31, 2020	July 31, 2019
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 464,811	\$ 395,635	\$ 662,860	\$ 162,018
Marketable securities	156,982	174,695	501	171,398
Accounts receivable, net of allowance for doubtful accounts of \$1,302, \$4,028, \$4,123 and \$939, respectively	94,402	89,952	60,441	95,131
Inventory	483,148	389,618	351,771	440,087
Prepaid expenses and other current assets	196,070	173,432	195,393	131,763
Total current assets	<u>1,395,413</u>	<u>1,223,332</u>	<u>1,270,966</u>	<u>1,000,397</u>
Property and equipment, net	1,047,751	967,422	889,126	867,434
Operating lease right-of-use assets	1,068,919	1,114,762	1,134,678	1,085,543
Marketable securities	113,249	123,662	9,216	78,857
Deferred income taxes and other assets	117,556	117,167	121,292	105,814
Total Assets	<u>\$ 3,742,888</u>	<u>\$ 3,546,345</u>	<u>\$ 3,425,278</u>	<u>\$ 3,138,045</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 240,245	\$ 237,386	\$ 207,261	\$ 181,955
Current portion of operating lease liabilities	243,338	254,703	270,326	209,072
Accrued expenses, accrued compensation and other current liabilities	462,782	414,043	293,629	235,106
Total current liabilities	<u>946,365</u>	<u>906,132</u>	<u>771,216</u>	<u>626,133</u>
Non-current portion of operating lease liabilities	1,030,212	1,074,009	1,102,250	1,090,623
Long-term debt	—	—	120,000	—
Deferred rent and other liabilities	96,891	88,846	81,219	59,885
Total Liabilities	<u>2,073,468</u>	<u>2,068,987</u>	<u>2,074,685</u>	<u>1,776,641</u>
Shareholders' equity:				
Preferred shares; \$.0001 par value, 10,000,000 shares authorized, none issued	—	—	—	—
Common shares; \$.0001 par value, 200,000,000 shares authorized, 98,357,090, 97,815,985, 97,779,586 and 97,965,012 shares issued and outstanding, respectively	10	10	10	10
Additional paid-in-capital	26,581	19,360	9,956	—
Retained earnings	1,655,917	1,475,108	1,369,830	1,398,681
Accumulated other comprehensive loss	(13,088)	(17,120)	(29,203)	(37,287)
Total Shareholders' Equity	<u>1,669,420</u>	<u>1,477,358</u>	<u>1,350,593</u>	<u>1,361,404</u>
Total Liabilities and Shareholders' Equity	<u>\$ 3,742,888</u>	<u>\$ 3,546,345</u>	<u>\$ 3,425,278</u>	<u>\$ 3,138,045</u>

URBAN OUTFITTERS, INC.
Condensed Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	Six Months Ended		
	July 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income (loss)	\$ 180,809	\$ (104,042)	\$ 92,905
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	51,223	53,388	55,395
Non-cash lease expense	95,097	97,655	94,173
(Benefit) provision for deferred income taxes	(1,275)	(17,074)	1,107
Share-based compensation expense	11,968	11,257	11,461
Store impairment	—	14,528	—
Loss on disposition of property and equipment, net	121	679	593
Changes in assets and liabilities:			
Receivables	(4,349)	27,912	(15,032)
Inventory	(93,049)	58,002	(71,899)
Prepaid expenses and other assets	4,272	(62,170)	(23,121)
Payables, accrued expenses and other liabilities	61,586	94,196	16,009
Operating lease liabilities	(111,210)	(59,115)	(100,338)
Net cash provided by operating activities	<u>195,193</u>	<u>115,216</u>	<u>61,253</u>
Cash flows from investing activities:			
Cash paid for property and equipment	(105,624)	(72,103)	(116,465)
Cash paid for marketable securities	(165,927)	(92,949)	(235,094)
Sales and maturities of marketable securities	148,582	383,056	320,411
Net cash (used in) provided by investing activities	<u>(122,969)</u>	<u>218,004</u>	<u>(31,148)</u>
Cash flows from financing activities:			
Borrowings under debt	—	220,000	—
Repayments of debt	—	(100,000)	—
Proceeds from the exercise of stock options	2,816	—	974
Share repurchases related to share repurchase program	—	(7,036)	(217,421)
Share repurchases related to taxes for share-based awards	(7,562)	(3,742)	(5,429)
Net cash (used in) provided by financing activities	<u>(4,746)</u>	<u>109,222</u>	<u>(221,876)</u>
Effect of exchange rate changes on cash and cash equivalents	1,698	(1,421)	(4,471)
Increase (decrease) in cash and cash equivalents	69,176	441,021	(196,242)
Cash and cash equivalents at beginning of period	395,635	221,839	358,260
Cash and cash equivalents at end of period	<u>\$ 464,811</u>	<u>\$ 662,860</u>	<u>\$ 162,018</u>