

23-May-2024

# Deckers Outdoor Corp. (DECK)

Q4 2024 Earnings Call

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### David Powers

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon and thank you for standing by. Welcome to the Deckers Brands Fourth Quarter Fiscal 2024 Earnings Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. [Operator Instructions] . I would like to remind everyone that this conference call is being recorded.

I'll now turn the call over to Erinn Kohler, VP, Investor Relations and Corporate Planning.

### Erinn Kohler

*Vice President-Investor Relations and Corporate Planning, Deckers Outdoor Corp.*

Hello and thank you, everyone, for joining us today. On the call is Dave Powers, President and Chief Executive Officer, Steve Fasching, Chief Financial Officer, and Stefano Caroti, Chief Commercial Officer.

Before we begin, I would like to remind everyone of the company's Safe Harbor policy. Please note that certain statements made on this call are forward-looking statements within the meaning of the federal securities laws, which are subject to considerable risks and uncertainties. These forward-looking statements are intended to qualify for the Safe Harbor from liability established by the Private Securities Litigation Reform Act of 1995.

All statements made on this call today, other than statements of historical fact, are forward-looking statements and include statements regarding our current and long-term strategic objectives, anticipated impacts from our brand and marketplace management strategies, changes in consumer behavior, strength of our brands, demand for our products, product and channel distribution strategies, including direct-to-consumer, marketing plans and strategies, disruptions to our supply chain and logistics, our anticipated revenues, brand performance, product

mix, margins, expenses, inventory levels and promotional activity, the impacts of the macroeconomic environment on our operations and performance, including fluctuations in foreign currency exchange rates, and our ability to achieve our financial outlook.

Forward-looking statements made on this call represent management's current expectations and are based on information available at the time such statements are made. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from any results predicted, assumed or implied by the forward-looking statements. The company has explained some of these risks and uncertainties in its SEC filings, including in the Risk Factors section of its annual report on Form 10-K and quarterly reports on Form 10-Q. Except as required by law or the listing rules of the New York Stock Exchange, the company expressly disclaims any intent or obligation to update any forward-looking statements.

On this call, management may refer to financial measures that were not prepared in accordance with generally accepted accounting principles in the United States, including constant currency. In addition, the company reports comparable direct-to-consumer sales on a constant currency basis for operations that were opened throughout the current and prior reporting periods. The company believes that these non-GAAP financial measures are important indicators of its operating performance because they exclude items that are unrelated to, and may not be indicative of, its core operating results.

With that, I'll now turn it over to Dave.

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## David Powers

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thanks, Erinn. Good afternoon, everyone, and thank you for joining us today. I am thrilled to be here sharing and celebrating Deckers' incredible achievements in fiscal year 2024. For the full year, we delivered revenue growth of 18% versus last year, nearly reaching \$4.3 billion of annual revenue; gross margin of 55.6%, a 530-basis point increase over last year; operating margin of 21.6%; and earnings per share of \$29.16, representing a 51% and nearly \$10 increase over last year. These extraordinary results are a testament to the success of our long-term strategies and the execution of our hardworking employees.

Over the past four years, Deckers' revenue has grown at a compound annual growth rate of 19%, adding over \$2 billion of incremental revenue. We also substantially expanded profitability, as earnings per share has grown at a CAGR of 32%. With the scale of our organization's growth, we are continuing to bolster our foundation through investments that support the long-term success of our leading brands.

HOKA and UGG have become two of the strongest and most in-demand brands in the footwear space. They are continuing to win with consumers by infusing performance and fashion into products that embrace their respective brand codes. Building on the outstanding progress we have made over the last few years, our teams are laser focused on the significant opportunities that lie ahead, as we seek to build HOKA into a multibillion-dollar global player in the performance athletic space, grow UGG with premium products and elevated experiences that enhance consumer connections, expand DTC through engagement, acquisition and retention gains, and advance our international markets through targeted investments.

Our robust and innovative product pipeline, comprised of relevant and distinct products, is amplified by our marketplace management strategies and gives us the confidence to continue progressing on these initiatives as we create the future of Deckers. Steve will provide further specifics about our fiscal year 2025 expectations, as well as our fiscal year 2024 financial performance, but first, I would like to share some of the brand and channel highlights, starting with the brand highlights.

Global HOKA revenue in fiscal year 2024 was \$1.8 billion, representing an increase of 28% versus the prior year. For the year, HOKA growth was driven by increased brand awareness, with the US rising to approximately 40%, and international regions, on average, reaching just over 20%; global DTC, which increased 40% versus last year; market share gains with key global wholesale partners; and most importantly, success with new performance innovations across the road, trail and lifestyle product categories. From a brand awareness standpoint, these are significant strides for HOKA.

Across the board, HOKA is experiencing significant gains on both a season-over-season and a year-over-year standpoint. Aligned with our strategy to solidify HOKA as a global player, international regions are driving particularly strong gains in awareness, increasing more than 80% versus the prior year. Global consumers who identify as runners remain our highest awareness group and continue to see strong increases, but we are also seeing really powerful growth among consumers who are more general fitness-oriented.

While HOKA is increasing its awareness across all age groups, growth is strongest among 18 to 34-year olds globally, with brand awareness among this influential age group nearly doubling year-over-year. We believe the continued progress introducing HOKA to new consumers around the world has resulted from our increased investments in brand marketing through the expansion of the FLY HUMAN FLY campaign, including greater out-of-home digital and physical assets; dedicated and enhanced sponsorship of both globally recognized and local running events such as UTMB, with HOKA becoming the new title sponsor; enriched engagement with social media across various platforms; and a greater retail footprint that allows for community building activities, like our HOKA Run Club.

We are pleased to see these investments paying off, not only through increased awareness across markets, but also by growing brand consideration and purchase intent, some of which is happening in real-time. We are proud of the great progress our teams are making, but also recognize that HOKA still has plenty of room to grow in awareness, consideration, and ultimately, market share across all global regions. HOKA has an amazing opportunity ahead as the brand continues to win with consumers around the world, and we look forward to facing this challenge head-on through our relentless focus on product innovation and authentic consumer engagement.

From a channel perspective, HOKA continues to excel across its ecosystem of global access points. Recall at the outset of fiscal year 2024, we noted the brand's focus on building full price market share with existing points of wholesale distribution through a pull model and increasing the mix of DTC through consumer acquisition and retention gains. The result of our disciplined marketplace management strategy achieved both goals, with HOKA delivering record gross margins, as the brand benefited from maintaining exceptionally high levels of full price selling, despite operating in a more promotional marketplace, and shifting mix to DTC, which increased to 38%, up from 34% in the prior year. I would also note that the HOKA brand's strong growth through full price selling in the wholesale channel was accomplished primarily through market share gains with existing distribution and greater efficiency with recently opened doors relative to locations that were eliminated.

Regarding HOKA DTC, revenue growth was driven by global increases in acquired and retained consumers, which expanded 32% and 44%, respectively. We remain encouraged by the growth across markets, with the US continuing to deliver strong increases in alignment with the global averages and international regions increasing more than 50% in both acquisition and retention. These consumer growth figures are leading indicators of HOKA brand adoption, highlighting the brand's ability to both expand the scope of HOKA consumers and retain existing consumers through consistent product innovations that deliver an unmatched wearing experience.

As we continue to introduce HOKA to new consumers around the world, we view branded retail stores in key cities as an important consumer engagement vehicle. Just a few weeks ago, HOKA opened its second European retail store in Paris, France. Though only open for a short time, we have been very encouraged by the consumer feedback, conversion and broad product adoption. We are excited for HOKA to have a footing in this important market, particularly as the location expect to see high traffic during the upcoming Summer Olympics.

On the product front, HOKA is driving growth and consumer acquisition through innovative updates and new introductions across a diverse assortment of footwear. The HOKA brand's fiscal year 2024 performance was primarily driven by road running favorites like the Clifton and Bondi franchises; stability staples like the Arahi and Gaviota, both of which received updates during the year, trail conquerors like the Speedgoat, Challenger and Stinson franchises; and everyday performance lifestyle shoes like the Transport, Solimar and the Kawana. We expect these styles will continue to contribute to the growth of HOKA moving forward, but are also really excited about the brand's ongoing efforts to constantly infuse new innovations into the product assortment.

Back in February, we highlighted the launch of the all-new Cielo X1, which represents the pinnacle of the HOKA brand's race offering. We have been in awe of the consumer response to this incredible shoe, which sold out almost immediately in the initial launch colorway. While we don't expect to drive significant volumes on this very specific ultra-performance shoe, we're excited and encouraged by the consumer demand validating HOKA in this category. Our progress in this more niche category is designed to emphasize the brand's performance roots even as we expand the consumer aperture to more commercial styles.

With respect to these broader, more commercially-focused products, we have been impressed by the consumer response to our launch in response to our latest update of the Mach franchise, the Mach 6. This completely redesigned silhouette was upgraded with a supercritical foam midsole and strategic rubber coverage on the outsole for greater durability, while remaining our lightest Mach to date. Sell-through of this versatile and responsive style at our wholesale partners and in our DTC channel has been exceptional, with the Mach 6 becoming a top five style across all of Deckers since its launch.

Innovation is the HOKA brand's top priority, continuing to develop groundbreaking products that energize consumers around the world. We are fortunate to have a phenomenal roster of HOKA athletes, who we will continue partnering with to drive greater athlete-enhanced innovations into our most pinnacle products, while also further developing the assortment to segment and differentiate HOKA distribution as we continue to scale.

The recently launched Skyward X is the perfect example of new product innovation that benefits our segmentation efforts. This all-new style was developed as our first carbon-plated shoe that is designed for everyday runs with maximum cushion. The Skyward X has a revolutionary suspension system to pair with its convex carbon plate that gives the runner cushion for impact with a natural spring forward. This style helps elevate the HOKA assortment< sitting above other [ph] Mach (00:13:21) cushion styles from both the price point and performance perspective. This allows HOKA to widen distribution on other styles, while the Skyward X is targeted for specific accounts like run specialty, top strategic performance doors and our DTC channel.

As we methodically open new access points for HOKA over the next year, we continue to fine-tune differentiated assortments across geographic markets and channels of distribution. I could not be prouder of the HOKA team's incredible results over the last year. We are pleased to now have a proven industry leader like Robin Green, who joined us in February, leading the team, and are looking forward to the positive impact we believe she can have to drive HOKA into its next phase of growth.

Moving on to UGG, global revenue in fiscal year 2024 was \$2.2 billion, representing an increase of 16% versus the prior year. For the year, UGG growth derived from the key initiatives set forth at the outset of FY2024, as aligned product marketing and commercial execution drove global increases in DTC acquisition and retention and expansion in international markets. These results are a testament of our powerful product engine and disciplined product management strategy. The UGG brand continues to maintain important relationships with valued wholesale partners while delivering strong results through the segmentation and differentiation of global marketplaces. With the allocation of core products driving high levels of full price sell-through and lean inventories in the marketplace, UGG has become a leading brand in wholesale while funneling upside demand to the DTC channel.

For the year, this contributed to global gains in both DTC acquisition and retention, which increased 18% and 17%, respectively, contributing to the UGG brand's 22% increase in global DTC revenue. This is a truly impressive result for our DTC channel and [ph] stays (00:15:22) to the work our brand, marketing and PR teams have been doing to maintain high levels of brand heat year-round, from seeding products with global and regional influencers, creating compelling product collaborations with prominent brands, and showing up on the runway at fashion weeks around the world, to deepening consumer connections through elevated brand experiences like the [ph] Fieldhouse (00:15:44) or our recent Formula 1 activation.

The UGG team has consistently developed interesting and on-brand content to stay top of mind with consumers. We believe the continued focus of our teams on working with local individuals across global markets has helped UGG connect and resonate more effectively with international consumers. Whether it be partnering with Hanni from K-pop group NewJeans or the collaboration with Gallery Dept., expanding access to influential retailers in Europe, these efforts have helped establish UGG in its healthiest position to date across influential international markets. This contributed to UGG delivering an international growth rate of more than two times that of the double-digit revenue growth from the US market.

The success of these initiatives drove significant shifts in the composition of UGG revenue aligned with our long-term strategy, with DTC increasing to a record 50% of mix and international increasing to 37% of mix, up from approximately 30% three years ago. Both of these shifts were margin accretive, and when combined with exceptionally high levels of full price selling and benefits from select price increases, resulted in record high gross margin for the UGG brand in fiscal year 2024.

Of course, this is all underpinned by the UGG brand's ongoing creation of compelling products that are resonating around the world. What impresses me most about the UGG brand's performance in fiscal year 2024 is that the brand drove a 16% increase in revenue through single-digit unit growth with significantly fewer SKUs than the prior year. UGG was able to achieve this because of the increased global alignment on the brand product assortment, creating efficiencies on marketing stories and inventory purchasing.

Last year, we spoke about the UGG team's focus to reimagine iconic styles, and that is exactly what we saw play out during FY 2024 and what we continue to see consumers excited about in the upcoming fiscal year. The UGG product team continues to delight consumers by creating threads that connect new styles to existing icons. Over the last couple of years, we've seen this take shape with the Ultra Mini, inspired by the Classic Mini, [ph] platform Classics inspired by the original Classics (00:18:01), and the Tazz inspired by the Tasman. These are just a few examples of product evolutions that have helped UGG build the shoulder seasons outside of fall and winter, attracting new consumers while remaining rooted in the brand's heritage.

Keeping an eye on the future, UGG continues to build upon franchises that are a reimagining of the existing icons in new categories. The Golden Collection is one we continue to be very excited about. UGG first introduced the

Goldenstar Sandal a couple of years ago, which is a strappy sandal inspired by the original Classic Boot. This style has continued to blossom on its own, and we're also seeing great enthusiasm for new adjacent styles in the collection, including the GoldenGlow Sandal, a water-friendly, colorful version of the original Goldenstar, which has become an instant hit, and the Goldenstar Clog, which was spotted on basketball superstar Caitlyn Clark shortly after she was drafted first overall to the WNBA.

Outside of the Golden Collection, UGG is developing compelling new products in the slip-on shoe and sneaker category, which includes the Lowmel, a sneaker silhouette inspired by the original Neumel boot that continues to sell out quickly as new inventory comes into the marketplace, and Venture Daze, a rugged outdoor take on the original Tasman, which sold out quickly in China and was recently worn by Formula 1 star Pierre Gasly at the Miami Grand Prix.

These emerging franchises, along with complementary styles, give us confidence that UGG will continue to capitalize on high levels of brand heat and demand to deliver strong performance for years to come. Congratulations to the UGG team on another excellent year.

Moving to our discussion of consolidated channel performance, Deckers' fiscal year 2024 results reflected the success of our omni-channel marketplace management strategies that continued to preserve our brand's premium positioning around the world. By tightly managing marketplace inventory, we were able to drive strong full-price sell-through, increase market share, and capture upside demand in our Direct-to-Consumer channel. This led to outstanding DTC growth, which for fiscal year 2024 increased revenue 27% versus last year by adding nearly \$400 million of incremental business. DTC represented 43% of total company revenue, which is up from 40% in the prior fiscal year.

DTC gains resulted from strength across brands, with HOKA and UGG DTC increasing 40% and 22% respectively, regions with international and domestic DTC increasing 37% and 22% respectively, and consumers with acquired and retained increasing 21% and 24% respectively across all brands. On a DTC comparable basis, revenue increased 25% versus last year, reflecting positive engagement and conversion of demand for the great products that our brands are bringing to market across both online and in-store Direct-to-Consumer touchpoints.

From a wholesale perspective, fiscal year 2024 revenue increased 13% versus last year. Growth was primarily driven by high levels of full-price global demand for the UGG and HOKA brands, which resulted in healthy sell-throughs at our valued partners, as we maintained lead inventories in the wholesale marketplace. We are entering fiscal year 2025 in a position of strength because of the successful execution of our omni-channel brand and marketplace management strategy.

As our brand teams continue to delight consumers with unique and innovative products, our commercial teams will continue to execute on this strategy, working with our fantastic partners to maintain our brand's premium positioning in their respective marketplaces.

With that, I'll hand it over to Steve to provide further details in our fourth quarter and full fiscal year 2024 results, as well as our initial outlook on fiscal year 2025. Steve?

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## Steven J. Fasching

*Chief Financial Officer, Deckers Outdoor Corp.*

Thanks, Dave, and good afternoon, everyone. As you've just heard, Deckers' performance in fiscal year 2024 was exceptional, as we drove our fourth consecutive year of double-digit top line growth and delivered top-tier levels of profitability. Deckers has added over \$1.1 billion of incremental revenue in two years, driven by the strength of the

HOKA and UGG brands, as innovative and consumer-obsessed product creation continues to resonate globally. Our flexible operating model and disciplined approach to marketplace management has allowed us to capitalize on these high levels of brand heat while maintaining exceptional levels of full-price selling, leading to our record earnings in fiscal year 2024. Our dedication to our long-term strategic initiatives continues to be the foundation for our success as we remain committed to driving profitable growth over the long term.

With that, let's get into a recap of our fourth quarter and full fiscal year 2024 results. For the fourth quarter, revenue came in at \$960 million, representing an increase of 21% versus the prior year. Performance in the quarter was driven by HOKA and UGG, which saw increases of 34% and 15%, respectively. On HOKA, the brand delivered its first-ever \$0.5-billion quarter, as DTC maintained momentum, with volume continuing to grow quarter-over-quarter, and wholesale reaccelerated from both a percentage and volume perspective, as the brand benefited from key product launches and wholesale fill-in activity. For UGG, the brand delivered an exceptional quarter, as DTC was able to maintain momentum from Q3, delivering another strong increase despite some inventory shortages on certain key products. And wholesale drove growth versus last year despite selling significantly fewer units as the brand was able to replace the majority of last year's closeout volume with full-price shipments into a depleted marketplace and international strength was maintained.

Gross margin in the fourth quarter was 56.2%, a 620-basis-point increase from the prior year. The improved gross margin primarily relates to extraordinary benefits from higher mix of UGG full-price selling, including lower closeouts, select price increases, as well as favorable brand and product mix, and freight savings.

SG&A for the fourth quarter was \$395 million, representing 41.2% of revenue, which compares to last year's \$290 million and a 36.7% of revenue. SG&A as a percentage of revenue was up 450 basis points year-over-year, primarily as we accelerated top-of-funnel marketing, spend to build longer-term awareness, and our strong fiscal 2024 results drove higher performance-related compensation. These results, coupled with higher interest income and a lower share count from our share repurchase program, drove diluted earnings per share of \$4.95, which compares to \$3.46 in the prior-year period, representing a 43% increase.

With the strength of our fourth quarter, Deckers delivered exceptional full-year fiscal 2024 results, which includes revenues increasing 18% versus last year to a record \$4.288 billion. As compared to last year, revenue growth was driven by robust HOKA growth across regions and channels, led by strong DTC growth of 40% as the brand continues to gain awareness across its well-managed ecosystem of access points, and broad-based UGG growth as the brand grew 16% and eclipsed \$2.2 billion of revenue, primarily through DTC and international strength.

Gross margins for the year were 55.6%, up 530 basis points versus last year. The increase in gross margin was primarily related to favorable UGG full-price selling, freight savings, select pricing benefits, as well as favorable brand and product mix, and favorable channel mix with DTC growth outpacing wholesale.

SG&A dollar spend for the year was \$1.46 billion, up 24% versus the prior year's \$1.17 billion. SG&A represented 34% of revenue, which is 170 basis points above last year's rate. The SG&A increase, as compared to last year, was driven primarily by investment in talent to support key functions within our growing organization and higher performance compensation, higher marketing spend, including strategic spend to amplify HOKA awareness in leading international markets, and infrastructure investments and related depreciation to support the continued growth of our organization.

This all resulted in a full fiscal year 2024 operating margin of 21.6%, which is 360 basis points above last year, reflecting the improvement in gross margin experienced, partially offset by the normalization of our rate of SG&A spent. As illustrated by our results, we continued delivering top-tier levels of profitability. And while we are pleased

with these results, we remain mindful that the outsized margin expansion experienced, particularly from historically low levels of promotion and discounting, may not repeat to the same degree in future periods. For the year, our effective tax rate was 22.4%, which is flat to last year.

Our strong performance, along with higher interest income and a lower share count from share repurchase activity, culminated in a record diluted earnings per share of \$29.16, which represents a 51% increase over last year's \$19.37.

Turning to our balance sheet, at March 31, 2024, we ended the year with \$1.5 billion of cash and equivalents. Inventory was \$474 million, down 11% versus the same point in time last year. And during the period, we had no outstanding borrowings. During the fourth quarter, we repurchased approximately \$104 million worth of shares at an average price of \$875.01 per share. For the entire fiscal year 2024, we repurchased over 700,000 shares for approximately \$415 million at an average per-share price of \$580.44. At March 31, 2024, the company still had approximately \$942 million remaining under its stock repurchase authorization.

Now, moving to our outlook. For the full fiscal year 2025, we expect top line revenue growth of approximately 10% versus the prior year to \$4.7 billion, with HOKA as the main driver of growth, increasing approximately 20% versus the prior year through consumer acquisition and retention gains in our DTC channel, expanding strategically through key partners while maintaining disciplined marketplace management, and maintaining a dedicated focus on growing awareness and market share internationally. UGG increasing mid-single-digits, driven primarily by international expansion and managing a healthy US marketplace, which includes prioritizing our DTC channel as we focus on maintaining the brand's pull model.

Gross margins are expected to be approximately 53.5%, which is down 210 basis points versus last year, as we are anticipating a more normalized promotional environment with lower full-price selling than the exceptional levels achieved in fiscal year 2024 and higher freight costs. SG&A is expected to be approximately 34% of revenue as we continue reinforcing our foundation and supporting key growth initiatives, which includes increased levels of marketing spend, primarily related to our continued focus to expand global HOKA awareness, investment in talent to bolster integral teams supporting the growth of our organization, and IT and warehouse investments.

We expect an operating margin of approximately 19.5%, reflecting our commitment to deliver top-tier levels of profitability while continuing to invest for the long-term growth of our brands. We are projecting an effective tax rate in the range of 22% to 23%, with this all resulting in an expected diluted earnings per share in the range of \$29.50 to \$30. Capital expenditures are expected to be in the range of \$115 million to \$125 million, which is above last year as we invest in supply chain and warehouse capabilities, capital IT projects, retail refreshments, including opening select new strategic locations and updates to office facilities. Please note this guidance excludes any charges that may be considered one-time in nature and does not contemplate any impact from additional share repurchases.

Additionally, our guidance assumes no meaningful deterioration of current risks and uncertainties, which include but are not limited to changes in consumer confidence and recessionary pressures, inflationary pressures, geopolitical tensions, supply chain disruptions, and fluctuations in foreign currency exchange rates.

Looking ahead, we remain focused on executing against our strategic initiatives and delivering towards the full fiscal year. Per normal course, we will not be providing formal quarterly guidance. However, given we are more than halfway through the first quarter, we wanted to provide some context around our expectations for the quarter ending June 30. These include revenue growth in the high-teens as we continue to refill depleted channel inventory that is pulling forward demand this year, and HOKA has maintained strong momentum in the DTC

channel. Gross margins slightly above the full fiscal year guided rate as we benefit from reduced UGG promotion activity relative to last year [ph] in (00:33:24) this quarter, select price increases on popular UGG style that we begin to lap in the second quarter, and the largest proportion of HOKA revenue contribution. I would additionally note that beyond the first quarter, our gross margin will be up against exceptional levels of full-price selling for the UGG brand, and thus we do not expect the favorability relative to last year to continue beyond Q1.

Regarding SG&A, our dollar growth rate in the first quarter is planned significantly higher as we frontload investments to support our growing organization. The higher earlier planned spending is driven by investments in marketing to launch brand campaigns that are further supporting some of the demand shifts we are seeing, as well as some earlier FX re-measurement headwinds resulting from the recent strengthening of the US dollar.

Thanks, everyone, and with that, I'll now hand off the call to Dave for his closing remarks.

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## David Powers

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thanks, Steve. I am so proud of the tenacity that our teams have consistently demonstrated to outperform expectations while continuously evolving in a dynamic consumer environment. As I near the end of my tenure leading the Deckers organization, I could not be prouder of how far we have come over the last eight years. Our company has transformed into a leading portfolio of consumer-favorite brands. We have experienced explosive growth by incredible and still-increasing brand heat across HOKA and UGG. Our organization has proven to be incredibly resilient and we have worked with agility to continuously deliver outstanding results.

The company's success is largely attributable to our aligned long-term strategies, our highly effective leaders across the organization and hardworking and caring employees that continue to execute as we transform the business. Deckers is in an excellent position to continue on this path as Stefano steps into the role of CEO in just a few months. He has been a key contributor to our successful transformation and knows what it takes to lead Deckers on this continued journey. He and I are continuing to work together to ensure a smooth transition. Together, we are deeply committed to fostering Deckers' collaborative and inspiring culture, inclusive of encouraging authenticity, teamwork, and a common goal to do good and to do great. This has cultivated a strong and growing team of exceptionally talented longtime employees and critical new hires across our global organization, which are the driving force behind our iconic brands and I believe will continue to galvanize the pathway for future success.

On behalf of our executive leadership team and board of directors, I'd like to once again thank our employees for all their dedication to Deckers' values and delivery of yet another full year of record results. Thank you to all of our stakeholders for their continued support along the way.

With that, I'll turn the call over to the operator for Q&A. Operator?

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Laurent Vasilescu with BNP Paribas. Please go ahead.

**Laurent Vasilescu**

*Analyst, Exane BNP Paribas*

Q

Oh, good afternoon. Thank you very much for taking my question. Dave, I wanted to ask about HOKA. HOKA DTC was 38% of the mix for the year, which implies 4Q wholesale grew 40%. So, I think you've mentioned wholesale or maybe, Steve, you had mentioned the wholesale fill-in was called out for the quarter. First quarter is also benefiting. What are you seeing in the wholesale channel? Are retailers reordering across the border, [ph] are they being (00:37:40) selective, and how should we think about HOKA wholesale growth for the year itself?

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah, good question, Laurent. We're still seeing healthy demand from our wholesale partners. There was a little bit pull-forward, and sell-throughs are strong, so that kind of pull-forward mentality is still in place, it's right in line with our pull-forward model. So, we keep our wholesale channels tight, and we try to drive more revenue to DTC, and we're going to continue that playbook going into 2025 and beyond. Remember, last year, we maintained net new doors across wholesale, so in the wholesale channel, in FY 2025, we'll be opening select doors with select strategic partners, more focused on an international marketplace, but we still have opportunity in international-run specialty. In US-run specialty, we're regularly, generally one or two in market share, so just still optimizing that channel, but we have room to grow in our international strategic-run partners as well.

So, yeah, the marketplace is still strong. The demand is out there from the consumer. We're operating our pull model, and in addition to that, we have DTC, which we are expecting to grow faster than wholesale, as we try to bolster that business and we get more interest in the brand from awareness increasing globally, which will help drive that model as well.

Stefano, do you want to add anything there?

**Stefano Caroti**

*Chief Commercial Officer, Deckers Outdoor Corp.*

A

Yeah, Laurent, to build on what Dave just said, [ph] sales has (00:39:15) been strong. Our key innovation stories for the season have performed very well. Cielo X1, not huge volumes there, but it's performed super, super well, beyond our expectations. And Mach X has performed, and is performing very, very well. And it's now a top three style, not just for HOKA, but for Deckers. And Skyward X, which we just launched a couple weeks ago, the early lead is also very, very, very encouraging across the globe.

**Laurent Vasilescu**

*Analyst, Exane BNP Paribas*

Q

That's great to hear, Stefano. And then on HOKA international, I think you called it out, Dave, out of the \$1.8 billion in sales, is it fair to assume that HOKA international is about 30% of the mix? And if that's the case, where do you think that goes this year over time? And what region are you most excited about for FY 2025?

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah, you're right, it's roughly around 30%. We do see that creeping up over time. We haven't given hard targets on that, but we are going to be focusing more energy on building awareness, as I said, door expansion, bolstering up our DTC engines in those markets. From a volume perspective, you'll definitely see upside in Europe. China is still a small market for us with tremendous upside and a lot of exciting things going on there. But from a dollar percentage increase, it's still going to be led by Europe in the short term.

[indiscernible] (00:40:40)

**Stefano Caroti**

*Chief Commercial Officer, Deckers Outdoor Corp.*

A

I was in Asia last week, together with Robin and Anne and the two leadership teams. There's definitely significant potential for both brands in China and the rest of Asia.

**Laurent Vasilescu**

*Analyst, Exane BNP Paribas*

Q

Wonderful. Thank you very much for taking my questions.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Thanks, Laurent.

**Operator:** Our next question comes from Jay Sole with UBS. Please go ahead.

**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Great. Thank you so much. I just want to ask about [ph] you've given a guidance of (00:41:12) mid-single-digit growth for this year on top of, obviously, a really big year last year. What gives you the confidence that UGG continue to build on the big growth you've seen, not just last year, over the last couple years as we think about fiscal 2025? Thank you.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah, I've been here now coming up on 12 years. And this is the healthiest I've seen the UGG brand, the demand with the consumer, the 18 to 24-year-old consumer, the broad-based health of all of our channels, retail stores, e-commerce sites, wholesale partners globally. And essentially, what you're seeing is the marketplace pull model that we've put in place in North America a few years ago, now that's activated in our international region. So, you're seeing brand heat and consideration among consumers on the international markets increasing and very strong. And our pull model is still working, so we like to keep things a little bit scarce. And that led to some of the success we saw in this past Q4, where people were still looking for some of our reimagined icons, like the Tazz and the Ultra Mini. Normally, we would see those tail off at the beginning of January and February, but those are still strong and starting to become year-round styles.

The other significant thing last year, we sold low single-digits growth in units, but 18% revenue sales on top of that. So, we're seeing a very healthy full-price business, there's less markdown, there's less assortment in the

channel, so we have the right styles for the right consumer in the right locations. And then, we're also seeing great success in new franchises like the Goldenstar and Venture Daze. And so, that combined with just the brand heat, the health of the marketplace, way that the consumer is reacting to our localized marketing activations and our store elevations, we see a lot of optimism for the UGG brand going forward. But you're going to see continued growth in DTC and a real focus on upside and international.

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah, Jay, this is Steve. Just to kind of add on to that, and I think it's important that Dave touched on it here, but what we saw in FY 2024 was fairly significant dollar increase and not so much on the unit size. So, because we benefited from full-price selling, less closeouts, some of our channel mix, that drove a big proportion of the dollar increase. And while we had some unit increases, what gives us confidence going forward in that mid-single-digit guidance is that we're continuing to see more and more consumers engage in the brand. So, demand continues to increase. And so, we won't necessarily, in the guidance we gave, we're [ph] not (00:43:59) expecting that kind of same level of gross margin. But what we do see is with the demand that's out there, right, and some of what we delivered in Q4, the consumer response to the product that Dave mentioned, [ph] just we continue (00:44:12) to see in the marketplace around the UGG brand. And that's what's giving us confidence going forward.

---

**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Yeah. Got it. No, that makes sense. If I can follow up on that, can you just maybe dimensionize a little bit and help us understand how UGG is growing by telling us sort of how you think about growth of sort of the Classics versus all the, what I would call the relatively new stuff since the last few years or so. How do you see the growth rates in those two? Like, ow is that driving the UGG brand?

---

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah. Classics, it's funny you ask that because it used to be all of our conversations and majority of our business. And we've been able to just maintain that as a steady, healthy, premium, well-positioned part of our business, roughly around 25%, 30%. Steady sell-through, steady margin, good handle on inventory and flow. Where we're seeing the exciting things come – the excitement come from is all these reimagined Classics that we're talking about, so iterations of the Tasman, iterations of the Lowmel, the Ultra Minis, the Ultra Platform. Those styles are broad-based. They are resonating extremely well with younger consumers. They're showing up on influencers in a very powerful way. And then we have a men's business that is starting to show some signs of excitement as well and similar styles.

So, that's really where the growth is being driven from, and we have an incredible pipeline of product that evolves these styles over the next 18, 24 months that I think is just a phenomenal assortment, some of the most exciting product in the market. And then we're also innovating around hybrid, slipper-sandal models with increased comfort underfoot that I think are going to be really well-received. So, I think Anne and the team have done a great job on editing the assortment, getting us out of styles that are [indiscernible] (00:45:59) really focusing on our UGG DNA across any styles that we do, and then a really powerful PR and social media engine to drive it all. And so, this is a brand that's in a great place right now, it's very healthy, and we believe that this brand has room to grow and continue at this pace.

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**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Got it. Thank you so much.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thanks, Jay.

A

**Operator:** Our next question comes from John Kernan with TD Cowen. Please go ahead.

**John Kernan**

*Analyst, TD Cowen*

Congrats on a phenomenal year, and thanks for taking my question.

Q

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thanks, John.

A

**John Kernan**

*Analyst, TD Cowen*

Stefano, great to hear your voice. Just curious how you're thinking about UGG and HOKA, the international opportunity, both from a top line perspective, channel perspective, and then also how the margin profile of the business internationally can evolve. Thank you.

Q

**Stefano Caroti**

*Chief Commercial Officer, Deckers Outdoor Corp.*

Yeah, of course, John. Our business currently is two-thirds US and one-third international, as you know. And of the third of international, 50% comes from Europe, roughly 35% comes from Asia Pacific, and the balance is Canada and Latin America. Clearly, we see a lot of opportunity internationally. And while we expect the US to continue to grow, long-term, we would want international to grow faster. We are, as you heard from Dave, in terms of brand awareness, we are well behind where we are in the US for HOKA and roughly 20 points behind. So, we've been investing more, we've been investing faster internationally to accelerate that growth. And also in terms of distribution, we intend to selectively expand our distribution with key partners while carefully monitoring the productivity of the doors that we expanded. So, there's definitely a lot of upside for us internationally, both in terms of top line as well as margin.

A

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

Yeah. And then, John, just it's Steve, on the margin question. We really, we look at the business, and clearly, what we experienced in FY 2024 was extraordinary with gross margin expansion. And as you've seen in what we've guided, we don't necessarily expect all of that same benefit in FY 2025. So, on a comparable basis as we look at it, continued performance of strong margins, likely moving back to a more normalized level as we've indicated in our guidance, but generally, no significant change in margins that we're achieving as we're kind of moving into a more normalized environment.

A

**John Kernan**

*Analyst, TD Cowen*

Q

Got it. Extraordinary is a good word here to use. I guess the other extraordinary thing has been the DTC segment contribution margin has skyrocketed the last several years. It's – think it's over 900 basis [audio gap] (00:49:01) higher than wholesale now. Where do you think the profitability of DTC, is it sustainable at the high 30% level of DTC and do you expect this continued margin mix shift to continue for the Direct-to-Consumer channel?

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. Again, we benefited in all channels with what we saw in FY 2024. And so, clearly with some normalization, a bit of a setback, but again, still delivering even in a normalized mode, exceptional levels of profitability. So, the way we're seeing the profile or the framework, not significant change, again, as we normalize, but as Stefano indicated and Dave has indicated, we're always looking at how we can drive a higher proportion of our DTC business, which overall does have a positive accretive impact on the business.

Now, it doesn't happen overnight, right? And so, with some of the wholesale expansion that we are forecasting in FY 2025, that does take some of the growth. So, the other thing that we benefited from was a bit of a step-up in our proportion of DTC business in 2024 versus 2023. And that's because we were running the scarcity model in wholesale. And so, we were able to fuel more of that demand over into the DTC channel. That fueled some of our gross margin expansion. As we open up a little bit more wholesale in FY 2025, again, being very strategic and thoughtful about it, that'll put some pressure on the DTC growth. But as Dave said, we're still looking to move a higher proportion to DTC, but it won't necessarily be the same step function that you saw in FY 2024.

**John Kernan**

*Analyst, TD Cowen*

Q

Got it. Well, congrats on a phenomenal year, Dave. Best of luck. And I'll turn it over.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

All right. Thank you. Appreciate it.

**Operator:** Our next question comes from Sam Poser with Williams Trading. Please go ahead.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

Well, thank you for taking my questions. Erinn, let's do it, and then we can go on to the other stuff.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

[ph] Get out (00:51:03) of the way.

**Erinn Kohler**

*Vice President-Investor Relations and Corporate Planning, Deckers Outdoor Corp.*

A

Hi, Sam. So what I'll provide for you, I think you're asking about the full year. I'll give you full year fiscal 2024.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

No, for the quarter. Could you just give us Q4, just so everybody's clear, on either wholesale or DTC by brand? Then go back into the other part of it.

**Erinn Kohler**

*Vice President-Investor Relations and Corporate Planning, Deckers Outdoor Corp.*

A

Sure. I can give you fourth quarter. So fourth quarter fiscal 2024 that we just completed, so this is going to be global, wholesale and distributor combined by brand. For UGG, was about \$139 million; for HOKA, was about \$350 million; for Teva, \$46 million; Sanuk, about \$5 million; then you get the other.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

Okay. Thank you.

**Erinn Kohler**

*Vice President-Investor Relations and Corporate Planning, Deckers Outdoor Corp.*

A

Yes.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

All right. Well, Dave, congratulations, first of all, on – as you go to the beach in the sunset, leaving lots of sand behind. And so, let's talk about UGG. You delivered a lot of product early last year. It did exceptionally well, both in the store – both in your own DTC and at your wholesale accounts. And then, most retailers and yourselves were basically sold out come Thanksgiving. So that leaves a monster upside, still potentially leaving a lot of demand on the table in December. What – how do we think about that, especially that month of December, that everybody was looking at the numbers going, there's no business being done but there was no inventory in the market. So, could you tell us how this mid-single digit works when it looks like you have a ton of white space in arguably one of the largest consumer – direct-to-consumer volume months of the year?

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah. I think what we're experiencing now and you saw it in fourth quarter is a lot of that demand that we missed in December came to us in Q4. And so people – when we got back in stock in some of those styles, people still wanted them. And so, they were buying them in January, February, March and still are. So, I wouldn't say that we missed whatever opportunity we missed in December, it's all lost. We did fulfill some of that demand over the last three or four months. That being said, yeah, there's opportunity this year. We're excited about the assortment. And as – and I also mentioned, we think we can maintain high levels of full price sales, but it's still going to be a challenging environment out there.

I think that the way we're pegging the business with the assortment, we don't have any – necessarily any new price increases this year. And I think maintaining a tight rein on wholesale and driving it to DTC, I think that's about right, the way we pegged it and the way we're looking at the business going into it now.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. I think also, Sam, this is Steve, just on that, too, the other consideration is we did expedite product [ph] ending (00:54:03) Q3, and that's sold through on DTC, so through e-commerce. This year, we're going to be

expanding some of the amount that wholesale is ordering. Again, we'll be very careful and strategic about it. But that'll put some of the pressure on the DTC growth, right? And so, again, going back to my earlier answer to one of the previous questions, a big piece of the revenue beat on UGG was this full price selling, channel mix shift. And so, you're not necessarily going to have that same benefit in FY 2025 than we had in 2024.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Comping an 18% growth is no cakewalk.

A

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

Yeah.

A

**Sam Poser**

*Analyst, Williams Trading LLC*

[indiscernible] (00:54:44). I appreciate that, but I've seen some of the fall product and it looks pretty – you've got a few things up your sleeve there that could do a lot more than what you anticipated. Let me just ask you this. At the beginning, you beat your – the high end of initial revenue guidance by 8.5%, you beat your initial EPS guidance by 35 basis points, you beat your gross margin by 310 basis points and you beat your EBIT margin by 360 basis points based on what your initial guidance was last year. Is there – are you guiding this year sort of relatively differently? Are you looking at the world the same way? Are you looking at it differently than you did a year ago at this time?

Q

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

Yeah, Sam, I think the way we're looking at it is we're not going to get the same benefits in FY 2025 that we got in 2024. Again, so that – the difference between the revenue change and the unit change is one that's really important to understand. Because what we benefited from in 2024 was full price selling combined with price increases, combined with running a scarcity model that drove more traffic into DTC. So, we won't have the same level of benefit on price increases in FY 2025 that we had in 2024. We'll see what the promotional environment looks like. That's always a hard one to determine, especially in the current environment, a lot of uncertainty, you're hearing what some other companies are saying. So, that's one that we will continue to carefully watch. We're being served well with kind of a controlled marketplace. So, we'll continue to look at it. But I don't think the setup, to your point, is the same. I think there were more factors that we knew we could benefit from in 2024 than in 2025, but again, we'll manage through 2025 and we'll see how it turns out.

A

**Sam Poser**

*Analyst, Williams Trading LLC*

Thank you guys very much and continued success. And good luck...

Q

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thank you.

A

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

...as you walk off into the sunset.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Thanks, man. I'll miss you.

A

**Operator:** Our next question comes from Janine Stichter with BTIG. Please go ahead.

**Janine Stichter**

*Analyst, BTIG LLC*

Hi. Good afternoon. Congrats on the really strong year. To start out, a question on HOKA, you mentioned seeing awareness from non-runners, everyday athletes and more casual styles. How do you think about just further segmenting the assortment and the distribution to cater to this consumer while still keeping your heritage?

And then, one for Steve on SG&A, you're flipping to basically a flat SG&A rate this year after a year of deleverage. Just kind of thinking about where you are in that reinvestment cycle. I know you've been playing a little bit of catch up on SG&A. And if you do see upside to your revenue guide on revenues, how you would think about further reinvestment from here? Thank you.

Q

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

Yeah. Thanks, Janine. On the consumer breadth of HOKA, it's pretty exciting, right? And one thing I can guarantee you, that we will always prioritize our performance business first. And so, we are – there's no doubt, we are a performance innovation-driven company, and that's going to be our priority. We'll always prioritize the specialty run accounts. We'll always prioritize that – the hardcore running and trail running consumer. But we obviously have been adopted in a pretty substantial way from a lifestyles perspective, and that's because of the performance that's built into the product. It's not just that they look good but they feel good. And now, they become something that these consumers, they not only want the product, they need the product, they need the next color, they need the next version of the Bondi or the Clifton, the Arahi, and now, the Mach. So, that will just expand over time as we segment the line over time. And we've been doing this from day one, is innovation that's appropriate to the channel, segmenting by channel and consumer, particularly as we get into DICK's and JD and Foot Locker in broader doors. And there's – I also believe there's just a generalized trend out there that running is kind of becoming the new streetwear. Those looks are adopted by more consumers now than they ever have been, and we see that continuing. And we welcome those consumers into the brand, but they will be buying performance product from us, not lifestyle design product.

A

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

And then, Janine, just on the SG&A, so I think in terms of where we landed FY 2024, the 34% spend to revenue and the guide equivalent for FY 2025, we think that's kind of the appropriate level. We'll see. It is increasing from where we've been in the past couple of years as we've made investments and continue to make investments, and I called it out on the script in terms of building talent, infrastructure, distribution. So as we're growing and continue to grow at a slightly faster pace than what we anticipated, there's still a bit of a catch-up that you're seeing. I think as we continue to look at the year, we'll manage accordingly, and I think that has served us well. We haven't gotten ahead of the growth. But we're carefully monitoring to keep pace with it, and that's some of the increases that you've seen, really, over the last couple of years.

A

**Janine Stichter**

*Analyst, BTIG LLC*

Q

Great. Thanks so much. That's really helpful. And best of luck.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Thanks, Janine.

**Operator:** Our last question for today comes from Jonathan Komp with Baird. Please go ahead.

**Jonathan R. Komp**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Yeah. Hi. Thank you. Good afternoon. I wanted to ask about HOKA, if I could just ask a near-term question. It looks like DTC was up in the low-20s in the fourth quarter year-over-year, and you're assuming DTC outgrows for fiscal 2025. So, are you assuming a little bit of a reacceleration, and if so, could you maybe talk about the drivers? And when you think about the product launch strategy for HOKA this year, could you just give insight to some of the shifts there? I know we haven't seen the next version of a few of your key icons or your biggest styles like Clifton and Bondi. So, just how should we think about the product launch cadence or cycle?

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah. I'll tackle with Steve the DTC versus wholesale. Generally, yes, we will see slight increase in the rate of DTC growth the way we're looking at it, and that contemplates a little bit lower wholesale, but it's not dramatic on one end or the other. But as we – as our awareness increases, as we have more international distribution, opening select retail stores, that does drive more traffic and a healthy business to our DTC channel. We convert at a very high rate when people come to our website, and then we have just a growing repeat business from our existing customer base. And the new launch cadence, as you mentioned, brings eyeballs to the site as well. So, we are – and that's – by design, we're strategically trying to grow DTC a little bit faster over time because we know that's good for us long term, good for margins, good for health of the marketplace, and that pull model is working extremely well. So, you'll see this year the way we've modeled it out, a little bit better in DTC than wholesale, but on a regional basis, wholesale will be very strong, too.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. And what I would add, Jon, just to that is just be careful about kind of relying too much on a quarter performance.

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

We are managing this for the long run. So again, when you have depleted inventory in the channel, that might impact your wholesale growth in one quarter as you're refilling that. It's not necessarily indicative of the longer-

term view. So back to Dave's point, as we look at growth, clearly, a focus is on trying to grow DTC faster, which is kind of what we are doing and growing the proportion of that. I wouldn't rely too much just on one quarter or a dynamic in that quarter because there are other factors that affect the short term, but we're looking at the long term.

---

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Yeah. I think that's a really good point to keep in mind, is we are not in a consistent model of new introductions of products and drops, right? It's been changing a little bit year-over-year. We're starting to formalize that a little bit more, but sometimes, when you see a drop in sales, say, credit card data, you got to look at what's in the market, when do we drop things, what were we selling last year, full price versus markdown, and that's why I think look at the long view of the year when we have multiple drops over the year, our innovation engine and the pipeline hit the marketplace, it's best to look at that over a 12 to 18-month period versus 3 months because there's so many puts and takes from new introductions this year, last year, markdowns, et cetera. So, I think Steve's spot on on that point.

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**Stefano Caroti**

*Chief Commercial Officer, Deckers Outdoor Corp.*

A

Yeah. And to new products, Jon, we have a couple of big programs hitting the market in fall and early next year. Speedgoat is our biggest trail franchise. A new Speedgoat 6 will hit the market in June. Skyflow is a new run specialty exclusive and DTC exclusive that is going to hit the market in July. That's a sizable program for us. And Bondi, which is our second biggest shoe, will hit Q4 next year, an updated Bondi, and the shoe looks fantastic. I'm very excited about how it's been received by our key partners.

---

**Jonathan R. Komp**

*Analyst, Robert W. Baird & Co., Inc.*

Q

That's great. Thanks for all the color, and Dave, best of luck. Thanks again.

---

**David Powers**

*President, Chief Executive Officer & Director, Deckers Outdoor Corp.*

A

Thanks, Jonathan. Take care, man.

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**Operator:** This will conclude our question-and-answer session, and with that, we will conclude today's conference call. Thank you all for your participation. You may now disconnect.

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