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# Deckers Outdoor Corp. (DECK)

Q4 2025 Earnings Call

## CORPORATE PARTICIPANTS

### Erinn Kohler

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

### Steven J. Fasching

*Chief Financial Officer, Deckers Outdoor Corp.*

### Stefano Caroti

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

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## OTHER PARTICIPANTS

### Jonathan R. Komp

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

### Sam Poser

*Analyst, Williams Trading LLC*

### Jay Sole

*Analyst, UBS Securities LLC*

### John Kernan

*Analyst, TD Cowen*

### Laurent Vasilescu

*Analyst, BNP Paribas Exane*

### Rakesh B. Patel

*Analyst, Raymond James & Associates, Inc.*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Welcome to the Deckers Brands Fourth Quarter Fiscal 2025 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, Vice President, Investor Relations and [ph] A&P (00:00:40) Corporate Planning. You may begin.

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### Erinn Kohler

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

Hello, and thank you, everyone, for joining us today. On the call is Stefano Caroti, President and Chief Executive Office, and Steven Fasching, Chief Financial 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 ability to respond to the macroeconomic environment and the impacts on our business and operating results, including changes to global trade policy and fluctuations in foreign currency exchange rates, our current and long term strategic objectives, the performance of our brands and demand for our products, anticipated impacts from our brand, product, marketing, marketplace, and distribution strategies,

product development plans and the timing of product launches, changes in consumer behavior, our ability to achieve our financial outlook including anticipated revenues, product mix, margins, expenses, inventory levels, promotional activity, anticipated rates of full price selling, and earnings per share, and our capital allocation strategy, including the potential repurchase of shares.

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. Please note, as previously disclosed, the company effected a six-for-one forward stock split during the second quarter of fiscal year 2025. The share, per share and resulting financial amounts mentioned on this call have been adjusted to reflect the effectiveness of the stock split.

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 open 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. Please review our earnings release published today for additional information regarding our non-GAAP financial measures.

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

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## Stefano Caroti

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

Thanks, Erinn. Good afternoon, and thank you all for joining today's call. I'd like to begin by congratulating the entire Deckers organization on another exceptional year. For the full fiscal year 2025, Deckers' record performance included revenue growing 16% versus last year to just shy of \$5 billion, gross margin expanding 230 basis points above last year to 57.9%, operating margins improving 200 basis points over last year to 23.6%, and earnings per share increasing 30% versus last year to \$6.33. We are incredibly proud of our talented team, whose dedication has driven these exceptional results.

Our team's focus on the long term has proven to be a winning strategy, driving incredible progress over the past five years, including total company revenue growing at a compounded annual rate of 19%, HOKA adding approximately \$1.9 billion of revenue, UGG adding \$1 billion of revenue, gross margin expanding 600 basis points, operating margins increasing 750 basis points, and delivering an EPS compound annual growth rate of 32%. These results demonstrate the strong foundation we've built and provide a powerful framework in which we continue to operate.

In the nearly four months since our last earnings call, there's been a significant amount of uncertainty introduced as a result of shifting US trade policy. While we expect impacts to our business in fiscal 2026, we do believe that our company and brands are highly capable of responding to challenges with the ability to adapt to consumer and marketplace shifts as needed. Our disciplined approach has yielded two industry leading brands, UGG and HOKA, each with distinct products that operate in differentiated marketplaces, giving us multiple levers to adjust in this period of uncertainty.

We are confident in our long term strategy, which remains guided by consumer first mindset, as we see an ability to drive increased adoption of our brands through awareness building activations globally, elevating our product, and creating meaningful connections to grow our consumer base well beyond today's footprint, dedicated to being brand led, using the strength of our authenticity to continue to gain share across expanding categories, seasons, and applications supported by innovation-focused advancements emphasizing our unique ability to create products that are both technical and comfortable and can command leading marketplace positions, all paired with our consistent, globally driven approach that aims to balance US and international profiles as international growth outpaces US growth.

We also aim for a balanced channel mix of 50-50 DTC and wholesale across the company. These building blocks of growth will be enabled by our talented and creative employees, and fortified by the financial and operational discipline we've demonstrated as we continue building for a bright future ahead. Steve will provide further specifics on how we're thinking about the year ahead, as well as the financial recap on our fourth quarter and full fiscal year 2025.

Before that, however, I'll share some brand highlights from the year just completed and some updates on how we're looking at the future of these captivating brands. Starting with HOKA, our fastest growing brand. Global revenue in fiscal 2025 increased 24% versus prior year to \$2.2 billion. HOKA revenue growth versus last year was robust across channels and regions, with wholesale revenue growing 24%, outpacing door growth, indicating share gains with existing doors as we increased brand presence. DTC revenue increasing 23%, driven by continued global gains in consumer acquisition and retention.

International revenue expanding 39%, and now representing 34% of global revenue, up from 30% last year, and US revenue rising 17% now totaling just under \$1.5 billion. The HOKA brand's success across channels and regions continues to benefit from efforts to build brand awareness around the world.

According to our most recent proprietary brand awareness survey, consumer awareness of HOKA in the US has now reached 50%, which is a 25% increase from the same point in time last year. And across international markets, awareness has increased to an average of approximately 30%, which is up from approximately 20% at this point last year. This represents meaningful progress in our continued journey to build HOKA into a leading global performance brand, achieved primarily through deepening our global investments in brand building initiatives, adding points of distribution across key markets, and most importantly driving innovation with product newness and technology upgrades. Opening HOKA retail stores in influential locations contributes to this progress and demonstrates our commitment to brand building efforts.

Just a few weeks ago, I was able to attend the grand opening of our newest HOKA flagship store in Shanghai. This first of its kind flagship, which we are more appropriately labeling an experience center, is the highest and most comprehensive expression of HOKA to date. The HOKA Experience Center features a high tech testing lab open to all consumers, a shoe personalization station, a community hub for hosting unique consumer experiences, exclusive products, and much, much more. I saw firsthand the enthusiasm from people exploring the store immersed in the origins of HOKA throughout as they experienced the full breadth of the brand's innovative products. While we're still in the early stages of building out the HOKA brand's physical DTC presence, this experience center gives us a concept of engaging elements to deploy in future locations over time. At the same time, we continue to leverage our valued wholesale partners to further expand the HOKA brand's in store presence as we view the progress and awareness both in the US and internationally as inflection points that indicate a growing appetite for a wider HOKA distribution.

Further, the HOKA brand continues to level up both global brand campaigns and major product launches. The recent Everybody Bondi campaign, our most successful globally integrated campaign to date, reached a massive audience, generating record levels of impressions, a widespread press coverage around global markets.

On the product front, HOKA made great strides in fiscal 2025 with key advancements including introducing category defining technology for pinnacle athletes, with Cielo X1, and Tecton X, continuing to elevate well-established franchises with technology upgrades to the Bondi, Clifton and Mach, and diversifying the assortment and marketplace with all new innovation and run specialty focused differentiation in the Skyward X and Skyflow. Through our most advanced innovation to date, including material and foam enhancements and unique geometries, the brand is expanding the aperture of consumer adoption.

HOKA now has five franchises that each deliver more than \$100 million of global revenue, reflecting the power of the brand's top models and strength of the assortment overall. As many of you are aware, two of these top revenue driving franchises are Bondi and Clifton, both of which are in the midst of model upgrades, with Bondi 9 having launched in January, and Clifton 10 in April. The consumer response and feedback from our wholesale partners has been extremely positive on both franchises, with great appreciation for the enhanced ride and fit of these new models.

Over the next three months, we expect HOKA to continue delighting consumers with compelling product upgrades in the race, road, and trail categories, including Rocket X3, designed for the highest performing athletes to set a new pace, Arahi 8, the highly anticipated redesign of our most popular motion controlled road running franchise, and Mafate 5, crafted to absorb the trail's impact on the underfoot through unique cushioning. We are very confident these new models will resonate well with consumers around the world. I would like to thank and congratulate the entire HOKA team on another incredible year.

Looking ahead, the global addressable market for HOKA continues to expand as more people are adopting active lifestyles. We see this as an opportunity to increase the brand's market share through a relentless focus on innovation across broader use cases. We'd like to say that we are in the early miles of a long distance run for this powerful performance brand with our global markets in different stages of the journey.

In the United States, we developed a successful playbook [ph] that build (00:13:26) HOKA into a top performing brand in specialty distribution, drives acquisition in the brand's DTC channel as consumers have the ability to engage with the full breadth of the product assortment, and creates opportunities for new consumers to discover and experience HOKA through a select wholesale expansion as brand awareness grows. We continue to see substantial US market share opportunities ahead through controlled distribution increases, expanded categories, replenishment, and further consumer acquisition in the DTC channel.

HOKA is still emerging across international markets, with our view that EMEA and China are the brand's two largest direct percentage growth drivers in the near term, aided by distributor contributions in other markets. In EMEA, HOKA is moving up brand rankings with our specialty partners in the UK, Germany, France, and Italy. It's one of the fastest growing athletic footwear brands with key influential sporting goods retailers, and is expanding its presence with key lifestyle athletic partners as the brand gains recognition with the consumer.

In China, HOKA is increasing its partner footprint in key city with strong local operators, resonating as a premium performance brand online with a high degree of full price selling, gaining share in major road races in the region, and altogether building strong community engagement through local investments, partnerships, and athlete sponsorships.

Through the strength of these markets, we expect to drive higher proportional international growth in relation to the US as we aim for regional parity, but realize this will take time as HOKA continue to expand in America. Globally, we remain committed to bringing more consumers to the starting line. While the origins of HOKA were primarily rooted in highly technical applications, the global consumer today has found HOKA to be much more than just the most comfortable shoes to wear for running down mountains. Whether running 50 miles, a 5K, a brisk walk around the block, or simply a desire to be more comfortable in everyday life, the applications of our HOKA footwear are vast and increasing. Our plan to inspire a growing audience to show up at HOKA starting line includes winning in road, developing products that allow athletes to run faster and longer with shorter recovery times, dominating the trail, delivering disruptive innovation across different surfaces and terrains, igniting and scaling lifestyle, infusing HOKA technology and comfort into products that authentically resonate with the lifestyle consumer, and accelerating fitness through lateral movement solutions that expand the use cases of our products.

Although we have solid presence today in the road and trail categories, we still see much more room to increase HOKA's share. Lifestyle and fitness are still in their global infancy for HOKA and we believe the brand can begin to establish meaningful market share in the years to come. HOKA has an abundance of opportunity in sight, and our teams are aligned on the path forward to maximize the potential of this exceptional brand for years to come.

Moving to UGG, which also delivered another year of outstanding performance. Global revenue in fiscal 2025 increased 13% versus last year to \$2.5 billion. The UGG brand drove strong growth versus last year across channels and regions, with wholesale revenue increasing 15%, reflecting an elevated presence with key influential retailers that are enhancing the brand's global exposure. DTC revenue rising 11%, driven by continued global gains in consumer acquisitions and retention. International revenue expanding 20%, now representing 39% of global sales, up from 37% last year, and US revenue growing 9% now totaling just over \$1.5 billion. UGG has built a universal love for its products through its iconic design and authentic brand codes that resonate across different categories. This is particularly evident as we look at the brand's fastest growing styles in fiscal 2025, which include the Tasman, a shoe-slippers hybrid, the Ultra Mini, a low cut version of our original classic boot, the Lowmel, a lifestyle sneaker rich with UGG brand DNA, the Disquette, a platform outdoor slipper, and the Goldenstar Clog, a slip-on shoe with an adaptable strap for versatile wearing. These styles have a number of important traits that further our conviction in the UGG brand's growth initiatives in the year ahead, including recognizable visual identity, year-round wearability, global adoption and resonance with male consumers. These attributes directly influence our perspective on the brand's future growth sources, which encompass elevating and expanding the global marketplace, leaning into international growth aligned with our company's objective to reach 50% over time, increasing adoption from male consumers and capturing the 365 opportunity to develop year-round products.

We're very pleased with progress made in the early stages of our refocused men's product initiative. Some recent wins on this front include delivering our first male focused global campaign in over five years, featuring Post Malone, launching a male focused collaboration with LA based designer Reese Cooper, [ph] seeking (00:18:48) product with influential European footballers, NBA players and Hollywood A-listers, earning media placement across key publications like GQ Sports, Esquire and Hypebeast, opening an exclusive men's pop-up at Selfridges in London and tripling full price sell-through of men's spring product in China during the fourth quarter, which benefited from new introductions such as the Lo Lowmel, Tasman Lug and PeakMod. We see tremendous potential to accelerate UGG adoption with male consumers and the team is working hard to make this a reality.

Much of the UGG brand's current and future success is underpinned by increasing 365 wearability. As I mentioned earlier, the progress we are seeing with the brand's fast growing styles is a catalyst for continued year-round adoption, leveraging consumer insights. In close collaboration with our wholesale partners, we're focused

on extending the product wins we're seeing with the Tasman franchise, Golden collection and Lowmel. To put this initiative in perspective, only about a quarter of the UGG brand's revenue comes from our first and fourth fiscal quarters, which align with the brand's spring and summer seasonal product lines.

We believe UGG can continue to build these shoulder periods with products that are distinctly UGG and resonate with consumers year-round. With an increasing addressable market for the UGG brand, and with global trends continuing to shift towards casualization, UGG is well positioned to gain share across geographies, categories and seasons for years to come. We have great confidence that UGG will continue to drive growth in the US and further believe that the brand with significant long term growth capture will come from international markets. UGG has proven to be highly resilient with consumers in turbulent times, and we believe the brand is well situated to deliver sustained success over the long run. I want to congratulate and thank the entire UGG team for their deliveries of another outstanding year, and I very much look forward to their continued success.

With that, I'll head over to Steve to provide further details on our fourth quarter and full fiscal year 2025 results, as well as our initial thoughts on fiscal year 2026.

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## Steven J. Fasching

*Chief Financial Officer, Deckers Outdoor Corp.*

Thanks, Stefano, and good afternoon, everyone. I would echo Stefano's commentary that highlights Deckers' exceptional performance in fiscal year 2025, as we drove our fifth consecutive year of double-digit revenue and earnings per share growth.

HOKA continues to gain market share with performance runners, while also continuing to expand its addressable market by building global awareness and attracting consumers who want to wear more technical and comfortable footwear for a variety of use cases.

UGG continues to build share across genders, generations and geographies, inspiring brand love and consumer adoption for a variety of unique product franchises that span across seasons. Both of these leading brands are succeeding by putting the consumer first, driving strong loyalty through compelling and continuous product innovation that maintains their distinct respective brand codes.

Looking ahead, while the macroeconomic environment remains fluid and there is greater uncertainty around consumer spending, we remain committed to our fundamentals. Deckers' flexible operating model and disciplined approach to financial management allows us to be nimble and navigate the current economic environment with confidence.

Further, we exited fiscal year 2025 in a position of outstanding financial strength as our profitability profile and rock solid balance sheet reinforce our ability to continue investing behind our long-term strategies.

With that, let's get into a recap of our fourth quarter and full fiscal year 2025 results. For the fourth quarter, revenue came in at \$1.02 billion, representing an increase of 6% versus the prior year. Performance in the quarter was driven by HOKA and UGG, which saw increases of 10% and 4%, respectively.

For HOKA, global wholesale was the primary driver of growth in the fourth quarter, as the brand benefited from expanded distribution and selling of the Bondi 9 that launched in mid-January and experienced strong sell-through in the channel throughout the quarter as many consumers sought out new products in-store.

From a DTC standpoint, the HOKA brand drove a 3% increase versus last year, which reflected continued strong growth from international regions and a slight decline in the US due to some unique factors in the quarter. These included consumers opting to explore and purchase new product updates in-store, higher levels of promotion on outgoing models, and slower new consumer acquisition in the face of macroeconomic uncertainty.

While in the near term, this has put pressure on the HOKA brand's DTC growth, we are encouraged by the online retention metrics from repeat consumers in both the US and internationally, and expect this trend to improve following the first fiscal quarter.

On the UGG brand's fourth quarter performance, wholesale was also the primary driver of global growth in the fourth quarter, as the channel benefited from selling of transitional styles like the Lowmel Sneaker in addition to spring season sandals from the Golden Collection. UGG DTC was down 3% versus last year in the fourth quarter, primarily due to limited availability of key styles during the quarter this year as a result of strong sell-through earlier in the year, whereas last year's fourth quarter benefited from third quarter back order fulfillment.

Gross margin in the fourth quarter was 56.7%, a 50-basis point increase from the prior year period. The improved gross margin primarily relates to benefits from higher levels of full price selling for UGG and favorable brand and product mix, primarily due to higher margin products within UGG driving a larger percentage of growth, with partial offsets from increased freight costs, though less than what we anticipated, unfavorable channel mix shifts, with wholesale growing faster than DTC, and unfavorable foreign currency exchange rates.

SG&A for the quarter was \$406 million, representing 39.7% of revenue, which compares to last year's \$395 million and 41.2% of revenue. SG&A as a percentage of revenue was down 150 basis points year-over-year, primarily due to favorable impacts of foreign currency exchange rate remeasurement. These results drove diluted earnings per share of \$1, which compares to \$0.82 in the prior-year period, representing a 22% increase.

Our fourth quarter closed out another impressive year for Deckers. For full fiscal year 2025, results included revenue increasing 16% versus last year to a record \$4.986 billion. As compared to last year, revenue growth was driven by the HOKA brand delivering an incremental \$426 million to eclipse \$2.2 billion in annual revenue, with double-digit percentage gain across all regions and channels, and broad based UGG growth, as the brand grew 13%, surpassing \$2.5 billion of revenue, led by growth from international markets.

Gross margins for the year were 57.9%, up 230 basis points versus last year. The increase in gross margin was primarily related to favorable brand and product mix shifts, with our highest margin products driving the majority of growth, and favorable UGG full price selling, as the brand delivered a near 60% gross margin, with partial offsets from increased freight costs across all brands.

SG&A dollar spend for the year was \$1.71 billion, up 17% versus the prior-year \$1.46 billion. SG&A represents 34.2% of revenue, which is slightly above last year's rate of 34%. Key areas of increased investment in fiscal year 2025 included higher marketing spend, including successful strategic spend that amplified HOKA global awareness and increased investment supporting UGG growth initiatives, investments in talent to support key functions, and infrastructure investments and related depreciation to support the continued growth of our organization. This all resulted in a full fiscal year 2025 operating margin of 23.6%, which is 200 basis points above last year, primarily reflecting the improvement in gross margin experienced.

Our top tier operating margin reflects another year of exceptionally low levels of promotional activity, coupled with better than expected returns on our marketing investments. While we are incredibly proud of the disciplined

marketplace management and well-targeted spend that contributed to these results, we are mindful of the current consumer environment and would not expect for these dynamics to be as favorable in the year ahead.

For the full year, our effective tax rate was 22.3%, which is slightly below last year's 22.4%. Our record-breaking performance, coupled with a lower share count from share repurchase activity and increased interest income on our strong cash balance, culminated in a record diluted earnings per share of \$6.33, which represents a 30% increase over last year's \$4.86.

Turning to our balance sheet, at March 31, 2025, we ended the year with \$1.9 billion of cash and equivalents, inclusive of repurchasing \$567 million worth of shares in the year, driven by back-to-back years of delivering a free cash flow above \$900 million. Inventory was \$495 million, up 4% versus the same point in time last year, and during the period, we had no outstanding borrowings. For the year, these results once again returned invested capital above 35%.

During the fourth quarter, we repurchased approximately \$266 million worth of shares at a weighted average price per share of \$149.62. For the entire fiscal year 2025, we repurchased 3.8 million shares for approximately \$567 million at a weighted average price per share of \$149.21.

Moving to our forward-looking update, as a result of macroeconomic uncertainty related to global trade policy, we will not be providing a formal outlook for fiscal year 2026 at this time, but would like to provide insights into how we are thinking about the year ahead. Prior to the introduction of tariff uncertainty, aligned with our longer-term aspirations, we were targeting our brands to deliver another year of double-digit growth, led by mid-teen growth from HOKA and mid-single digit growth from UGG. Based on the tariffs as of today's date, which are still subject to change, we expect to face an increase of up to \$150 million to our cost of goods sold in fiscal year 2026, with a related, yet to be determined, impact to demand.

From a sourcing perspective, less than 5% of our footwear production comes from China, some of which would not be routed for sale into the US. The remainder of our production comes from Southeast Asian countries, primarily Vietnam.

Our teams are closely monitoring changes to tariff policies and continue to evaluate levers to mitigate the impact on our business, including, but not limited to, flexing the pricing power of our brands, which we are assessing for strategic, selective and staggered implementation in the US market, and negotiating cost sharing with our factory partners. Although, even with these mitigation efforts, we expect to absorb a portion of the tariff impact, as we do not anticipate that these actions will fully offset incremental costs in fiscal year 2026. We also believe there is potential to see demand erosion associated with the combination of price increases and general softness in the consumer spending environment.

Furthermore, our approach to fiscal year 2026 remains consistent with long-term objectives, highlighted by the following framework. From a revenue perspective, we expect HOKA to continue as our fastest growing brand, UGG to grow, as it builds on top of impressive recent momentum, international growth to outpace the US, and wholesale to likely outpace DTC, particularly for HOKA, as we view increased awareness as an inflection point to strategically expand points of distribution for a growing consumer base to experience the brand.

We have a healthy order book across both brands that has not experienced material changes year-to-date, but would note we have yet to see the full impact of the tariff implementation. We have existing and new partners who want to support the HOKA brand with incremental doors. We will continue to be selective about where and how many additional doors are open, but believe this is a great opportunity for HOKA to acquire new consumers

through brand discovery at wholesale. At the same time, UGG continues to bolster its position as a leading premium lifestyle brand, and there continues to be more demand from wholesalers than we have been willing to fulfill.

From a gross margin perspective, we are facing a number of headwinds that include increased tariffs, higher levels of promotion relative to the exceptionally low levels experienced over the last couple of years, unfavorable impacts from more expensive upgraded materials absorbed into our margins, and higher ocean freight rates in the first half. We believe these headwinds can be fractionally offset by selective and staggered price increases in the US and partial cost sharing with factory partners. Overall, this is expected to result in a decline in our gross margin relative to the record high of 57.9% achieved in fiscal year 2025.

On the SG&A front, we are planning to largely keep our planned investments intact, as the strength of our operating model continues to fuel the future of our brands. We will continue to tightly manage our expenses and drive efficiencies, but at the same time, provided the ability to grow brand awareness and share, we will look to invest in our brands. This could result in a short-term increase in our SG&A expense ratio to revenue, but we believe over the longer term, better positions our brands in the global marketplace.

Overall, we are viewing the current environment as an opportunity to flex our best-in-class operating model and free cash flow generation. We plan to invest in variable areas where we have a proven ability to adjust if necessary. Keep in mind, our investments drove better than expected returns in fiscal year 2025, as evidenced by our 23.6% operating margin.

While we expect to continue investments that support strategic areas of growth, we are actively engaged to drive efficiencies in other areas of the business that can help offset some of these incremental investments. Our ability to continue investing in alignment with our long-term strategy is something we see as a competitive advantage. With a normalized consumer environment, we believe we can deliver leverage in the coming years.

Similar to how we're looking at SG&A, we expect to deploy focused capital expenditures in the range of \$120 million to \$130 million to support the future of our company. Further, as we lean into our strong cash position, thus far, in the first quarter of fiscal year 2026, as our subsequent event date of May 9, 2025, we have repurchased approximately \$84 million worth of shares at a weighted average price per share of \$109.75. As of May 9, 2025, the company still had approximately \$291 million remaining under its stock repurchase authorization.

As announced today, the board of directors approved an increase of \$2.25 billion on top of the company's existing stock repurchase authorization, bringing the total amount authorized to \$2.5 billion, representing more than 10% of our current market capitalization. We believe this highlights the board's confidence in our strategic plan, and allows us to be opportunistic in our approach to repurchasing shares.

While it is not our practice to provide quarterly guidance, and we do not intend to do so going forward, in light of the current environment, we want to provide our outlook for the quarter ending June 30. For the first quarter of fiscal year 2026, we expect revenue to be in the range of \$890 million to \$910 million, with HOKA increasing at least low-double digits and increasing at least mid-single digits.

Gross margin is expected to be down approximately 250 basis points versus last year due to higher freight cost expense relative to last year, increased promotional activity, as we lap exceptionally low levels in the prior year, and channel mix headwinds, with wholesale growing faster than DTC. SG&A is expected to increase slightly faster than revenue in the period, as we prioritize disciplined and efficient spend while investing in brand building

marketing. Diluted earnings per share is expected to be in the range of \$0.62 to \$0.67 as compared to last year's stock split restated \$0.75.

As Stefano mentioned, Deckers has the experience and resilience to operate from a position of strength during this period of uncertainty. We have premium brands that are in demand, distinctive and have proven capability of delivering category leading growth, coupled with our powerful financial model that generates top tier levels of profitability, free cash flow and return on invested capital, giving us one of the healthiest debt-free balance sheets in our sector. With \$1.9 billion of cash and an increased share repurchase authorization that now totals \$2.5 billion, we are capable of continuing to return value to shareholders even in a more challenged environment. I remain confident in the opportunities ahead for us UGG and HOKA and look forward to sharing our continued progress in fiscal year 2026.

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

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## Stefano Caroti

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

Thank you, Steve. Fiscal 2025 was a record setting year, with industry leading growth for UGG and HOKA, gross margin and operating margin expanding to new heights, and disciplined financial management that further bolstered the strength of our balance sheet.

As we turn the page to fiscal year 2026, it is clear that we're operating in a very different environment. Our strategy and the significant opportunities ahead for UGG and HOKA remain consistent. We'll take advantage of our best-in-class operating model and continue advancing towards building HOKA to become a leading performance brand through disruptive innovation, elevating UGG to global brand status, expanding our DTC business through consumer acquisition and retention, and increasing our international business through the implementation of our successful US playbook.

Before we turn to Q&A, I'd like to address the Board Chair succession we announced this afternoon. As you saw, Cindy Davis was named our next Board Chair, succeeding Mike Devine, who's retiring from the Board after nearly 14 years of service, including six years as Chair. We're deeply grateful for Mike's incredible dedication with Deckers over the years. His leadership during a period of immense growth and evolution has helped put us in the strong position we're in today.

On a personal note, I'm extremely thankful to Mike for his support during my transition. I'd also like to congratulate Cindy on her new role. As our iconic brands continue to gain momentum on a global scale, we know that Cindy's expertise and experience on our Board over the last seven years will be integral to our continued success.

On behalf of our management team, I'd like to thank our employees around the world for their continued successful execution of our strategies and their continued dedication to building a bright future for Deckers. Thank you, all, for joining today's call, and thank you to our shareholders for your continued support.

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

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the question-and-answer session. [Operator Instructions] Your first question comes from the line of Jonathan Komp with Baird. Please go ahead.

**Jonathan R. Komp**

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

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Yeah. Hi. Good afternoon. I want to ask you about the slowdown in HOKA US DTC. Steve, I know you mentioned several factors contributing, I don't know if you can give a little more color to the magnitude of those impacts. And maybe just a broader question, what gives you confidence that there's not a broader change in the competitive dynamics in the trail and road category, especially as you're still working to establish lifestyle and fitness?

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. Thanks, Jon. This is Steve. I'll start. And then, I think Stefano can jump in, too. I think as I said in the prepared remarks, it was isolated in terms of some of the pressure that we saw in the US – or in DTC in the US. When you look at it in terms of dollars, right, it's not huge dollars, but it is impacting the percentages. I think when we look at the international business, the international DTC business did incredibly well. So, that's where I think some factors were unique to the US market. I think we knew there would be some pressure on the DTC business. So, I'm not entirely surprised by that performance. Generally, where the quarter came in is where we expected HOKA to come in. So, not too surprised. They're very encouraged by the international business and very encouraged by the wholesale business. So as we expanded distribution, we saw very strong sell-through with that expanded distribution, which we knew would put a little bit of pressure in the near term. So as I said in the prepared remarks, we expect a little bit of near-term pressure in DTC in the US for a number of factors, as we called out. But once we get beyond Q1, with the success that we're seeing with the new introductions in HOKA, [ph] we're encouraged (00:42:35), you're going to start to see those numbers improve.

**Stefano Caroti**

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

A

And Jon, hey, this is Stefano. Remember that Q4 was our biggest quarter ever for HOKA, and we grew \$425 million year-over-year. And I personally never felt stronger about the power of this brand, the team that was in place, as well as the financial model, and we see no change for long-term expectations.

**Jonathan R. Komp**

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

Q

Okay. And maybe just one follow-up, I know you mentioned Q1, at least low-double digit total global growth for HOKA, and it sounds like the US could improve after Q1. So, just are there still scenarios where you think mid-teens or higher growth for the year is possible? And then thinking about the long-term aspirations for HOKA, how would you frame up sort of the importance and relative size of the potential for lifestyle and fitness and some of the emerging categories? Thanks again.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah, sure. Thanks, Jon. I'll start, and Stefano, if you want to jump in. Look, we're encouraged by where HOKA is growing. I think as I said, we haven't given full year guidance. We gave you a bit of a framework of how we're

thinking about the brands. We're very encouraged with the opportunity that HOKA has both in the US and internationally. As we've said for a couple of years, we knew that the growth rates internationally would outpace what we're seeing in the US. We're very encouraged with the strong progress that we're seeing and making on the international front.

I think what's also encouraging, to your point, is when we look at awareness, as we've continued to grow awareness, we're still growing the brand. There is a lot that's going on in the US since the beginning of January. We know that that's had a bit of an impact on the consumer. We've also had model changeovers. We've expanded wholesale distribution. All of that's putting a little bit of pressure on DTC. I would be careful to put too much on just one number in DTC in the US. We're seeing incredible results across the globe. We are very encouraged with the progress that we are making. The feedback that we're getting from wholesale is very encouraging. We're seeing strong sell-throughs with HOKA. And so again, don't judge one quarter on what the potential is. That's our framework and I think why it was important to lay it out there. We do see this in a normalized environment in terms of a mid-teen grower. I think what we are dealing with right now is with all the noise going on in the US economy, it's hard to gauge what impact that demand is going to have. And that's where we want to kind of see things play out. But we're encouraged with where HOKA is and the opportunity it has in front of it.

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**Stefano Caroti**

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

A

Yeah. And Jon, as we said previously, we're playing the long game. HOKA has still enormous potential across regions, channels, categories, seasons. The total addressable market that HOKA competes in is very, very sizable. So, plenty of opportunity for us in running, in trail, in hike, fitness, lifestyle. And despite our gains in brand awareness, to Steve's point, we still have plenty of opportunities here in the US and internationally.

Our business in the US is \$1.5 billion approximately, and it's one-third of that internationally. So, the upside is very significant. And vis-a-vis our competitors, we're still relatively underpenetrated. And as our product offer expands across these categories, we'd be able to better segment the market and expand distribution both in DTC and wholesale with new partners and also existing partners. So, we're very, very positive about the future of this brand.

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**Jonathan R. Komp**

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

Q

Great. That's very helpful. Thank you.

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**Operator:** Your next question comes from the line of Jay Sole with UBS. Please go ahead.

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**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Terrific. Thank you so much. I'm curious just about the fourth quarter for HOKA. Can you just talk about units versus ASPs? And maybe can you give us a little bit more color on how you felt about the transition to the Bondi 9 and Clifton 10 was executed over the quarter and here into Q1? Thank you.

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. I think clearly, what – one of the impacts that we had is with the model changeovers, so there was more price promotion which impacted revenue, right, but volumes were still strong. So, we did see some top line dollar

pressure as a result of promotions in that quarter, but volumes, still healthy. Now there is a little bit of shift, too, in terms of where some of that volume went with the wholesale expansion year-on-year comparison. So again, this is where I think there has been a lot of attention on the DTC performance without necessarily recognition of the strategic nature of our wholesale expansion. So generally, what we saw was very encouraging. Good to see kind of how the transition with the Clifton and the Bondi have occurred to kind of since the beginning of January. And the feedback again has continued to be strong as we've closed out those older models and transitioned to the newer models.

**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Got it. And then, Steve, if I can just ask you about the \$150 million in tariff costs, is that sort of like the unmitigated cost? And then – and there's an assumption that, like you said, you can take some price, you can share some costs to your vendors so the overall net number will be less. So, just want to make sure we got – if the \$150 million is a gross number or a net number.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Correct. Yeah. So, the \$150 million is a gross number. In terms of how we're looking at it, it's still working through the details. We do kind of have a three-pronged approach. So looking again at price movements, using some of our pricing power. But we probably know we have more pricing power than what we may take the price up to. So to your point, the \$150 million is a gross number, and then we would look to recapture maybe up to half.

**Jay Sole**

*Analyst, UBS Securities LLC*

Q

Understood. Great. Thank you so much.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Okay.

**Operator:** Your next question comes from the line of Laurent Vasilescu with BNP Paribas. Please go ahead.

**Laurent Vasilescu**

*Analyst, BNP Paribas Exane*

Q

Good afternoon. Thank you very much for taking my question. Steve, I recognize you're not guiding for the year, but you did provide a framework that calls for HOKA to grow mid-teens. How are you thinking about that framework between HOKA, DTC and wholesale? And then the full year framework of mid-teens growth for HOKA, would it have been included the guide that you're actually giving us for 1Q in terms of low-double digit growth for HOKA?

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

So, I didn't quite follow the last part of the question. So, I think – and I'll let you follow-up, but let me just kind of...

**Laurent Vasilescu**

*Analyst, BNP Paribas Exane*

Q

Yeah.

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

...address the first part. So I think as we're looking at the current year, right, we have some movements specifically related to tariffs and how that's going to impact demand in the US, and that's where we're holding back on our full year guide at this point.

In terms of how we think about it, okay, yeah, that's the right framework. Part of this year, we do know is as we've expanded US wholesale distribution. So we've included more doors, and that's been intentional and strategic to bring more consumers into the brand. It's also taking advantage of some of the growing awareness of the HOKA brand. So, that's all been intentional.

I think what we're waiting to see is as we get into later months this year, what does price adjustments have on the consumer, what else is going on in the economy in the US. So, we think this is – the demand pressures are largely related to the US. We still want to sort that out. Again, in a normal environment, we would see mid-teen growth, we think, with HOKA, and then we'll see. It may be more or less than kind of what we're thinking in terms of what that pressure is on kind of on the consumer.

And I'll like Stefano jump in here.

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**Stefano Caroti**

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

A

Yeah, Laurent, what is very encouraging is that our biggest two updates, Bondi 9 and Clifton 10, are performing very well in the marketplace, here in the US and internationally, across all channels. And we're about to introduce one of our other top five franchises, the Arahi 8, the motion control shoe. And the read on the shoe so far, some people have said that is very, very, very strong. So, we have a strong pipeline of products in – at the beginning of this year and the back half of the year. That should help continue the momentum.

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

And then I think, Laurent, the second part of your question was around the Q1 guide and was that pre-tariff or post-tariff. So no, that is post-tariff. I think just to provide some perspective on that [ph] recall (00:51:32), so, tariffs are in place. So, we are incurring a higher tariff in Q1. What Q1 does not include is any price increases, right? So, we're not able to mitigate any of the tariff impact that is included in that Q1 guide because that won't come until after Q1. So what you're seeing in our Q1 guide is kind of as of today, what we know from a tariff front does not include any of the mitigating factors of price adjustments or cost sharing with partners.

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**Laurent Vasilescu**

*Analyst, BNP Paribas Exane*

Q

Very helpful. And then as a follow-up, curious to know how much legacy product you have in the marketplace and when do you expect DTC to accelerate? And then I think you mentioned that HOKA international was 30% last year or last fiscal year? At fiscal year 2025, it was 34%. Should we assume it goes to like something like 37% for fiscal 2026? Is that the right framework?

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. Again, so we're not giving specific numbers in terms of growth. But what we are encouraged by is the continued success that we're seeing on the international front. So again, we haven't given specific guided numbers on the full year, but we are very encouraged with the continued progress that we're making on the international front.

And then I think there was one more part.

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**Laurent Vasilescu**

*Analyst, BNP Paribas Exane*

Q

Yeah. The first part was just on how much legacy product do you have, I mean, just the – out there in the marketplace. Like do you think the marketplace is clean following the Bondi and Clifton transition or upgrade cycle?

---

**Stefano Caroti**

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

A

Yeah. Bondi 8s are pretty much liquidated in the marketplace. There's not a huge hangover of Clifton 9s. There may be some Arahi 7s in the marketplace, but not huge positions.

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**Laurent Vasilescu**

*Analyst, BNP Paribas Exane*

Q

Okay. Thank you very much and best of luck.

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**Stefano Caroti**

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

A

Thank you, Laurent.

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**Operator:** Your next question comes from the line of Sam Poser with Williams Trading. Please go ahead.

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**Sam Poser**

*Analyst, Williams Trading LLC*

Q

Thank you very much. I have a couple here. One, on the inventory, when we think about inventory at the end of Q1, are you going to be pulling forward – are you trying to pull forward stuff on the risk of what could happen on July 9, and I guess then again – yeah, on July 9, really? And how should we think about where inventory is going to be at the end of the first quarter?

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**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. I think comparatively speaking to prior years, you are going to see a bigger increase in inventory. A couple of reasons for that. One is, as you said, Sam, is how we're taking a look at tariffs and bringing inventory in a little bit earlier in the US. The other call out, I would say, is that we are going through a DC transition in Europe. So, we've brought more inventory in early to mitigate any potential issues with that warehouse transfer. So, you're going to see inventory increasing intentionally more this year early on compared to last year as we navigate kind of those two events. But as you know, our inventory is incredibly lean and tight and well managed.

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**Sam Poser**

*Analyst, Williams Trading LLC*

Q

And thanks. And then secondly, can you talk a little bit – you talked about your wholesale expansion in the US or globally, but really in the US. Can you talk about sort of how you're approaching that with HOKA? And what – the decision making factors in that, I think more specifics would be great.

**Stefano Caroti**

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

A

Yeah. The decision making factors are the same, door productivity, turns. We've grown revenues faster than door expansions in the US and internationally this past year. And that is still the plan for the foreseeable future.

In terms of expansion, we are – we did a test with journeys, which went well, to try to attract the younger consumer. So, we systematically and slowly expanding with them. We are adding a few more doors with some of our partners in sporting goods and in athletic specialty both here and internationally, with the likes of INTERSPORT, Sport Chek, the JD Group across different divisions, et cetera.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

Thanks. And then lastly, are there any new model? Are you working on some new models that nobody's seen yet? Maybe, making silhouette changes or offering new ideas from silhouette and maybe less lower max cushioning or mini max cushioning idea or anything like that in the [ph] offering (00:56:29).

**Stefano Caroti**

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

A

Oh, yes. We have strong pipelines of products that are being presented as we speak for Spring/Summer 2026, including some lower profile versions. A product that has performed well for us, especially on higher tiers of distribution, is Mafate Speed Lite that is resonating with consumers. Also, Speedgoat 2, again, small [ph] carriage (00:56:52) in high end pinnacle energy distribution is off to a great start. So, the team is working at broadening our palette.

**Sam Poser**

*Analyst, Williams Trading LLC*

Q

All right. Thank you very much.

**Operator:** Your next question comes from the line of John Kernan with TD Cowen. Please go ahead.

**John Kernan**

*Analyst, TD Cowen*

Q

Good afternoon. Thanks for taking my question.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Sure, John.

**John Kernan**

*Analyst, TD Cowen*

Q

So, a lot of questions on HOKA. Obviously, UGG outperformed your expectations pretty significantly in the fourth quarter. Just curious if you could give more color on UGG and by region, channel, and how you're thinking about UGG in fiscal 2026?

**Stefano Caroti**

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

A

UGG has a more solid base than in the past. And as you said previously, we no longer compete in the slipper category. We're now also competing across different segments, sandals, sneakers, clogs, and, in very distinctive and ownable new segments, such as the slipper-sneaker hybrids. We've had a lot of success with new products such as the Lowmel and some of the new sandals, like the GoldenGlow rise that we introduced this season, really across the globe. Most interestingly, our men's business continues to outpace our women's business. So, that's an area we'll continue to invest in. So, we feel very strongly about that brand this year and beyond.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. And, John, I think a good question. I think just to clear up, because there was a lot of discussion in terms of perception of the UGG brand as we entered Q4. And now, what you're seeing with the results is the strong performance of UGG. It's an indication of how strong the demand is for UGG. I think, as we've said for years now in terms of a scarcity model approach, there are going to be times where you're going to run lean on inventory, right? And that is what contributes to these high levels of gross margins that we've delivered.

Another example again is what we just delivered in Q4. The demand for UGG remains incredibly strong, as Stefano just said, and that's across the globe. What we were able to do is bring in a little bit more inventory to expedite it in terms of the quarter. That's what helped contribute to a stronger performance. But I think the point here is we're going to manage inventory. We manage a scarcity model. When we run low, it's helping us maintain high levels of gross margin and increased levels of profitability. And so again, another strong brand in UGG, great performance in the fourth quarter. And I think just a demonstration of how strong the demand continues for UGG. So, good question and I appreciate you bringing that up.

**John Kernan**

*Analyst, TD Cowen*

Q

You bet. Just one more for me.

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Sure.

**John Kernan**

*Analyst, TD Cowen*

Q

How should we think about these new wholesale partner doors for HOKA, globally, both domestically and internationally and which doors do you think you have the biggest opportunity?

**Stefano Caroti**

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

A

Which accounts to the biggest opportunity in? As I mentioned, it's...

**John Kernan**

*Analyst, TD Cowen*

Yeah.

Q

**Stefano Caroti**

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

...really by channel. We have opportunities like specialty, these sporting goods both here and internationally. As I said, we are much more underpenetrated than many of our competitors. And as our offer expands, we'll be able to offer different channels and different accounts a distinctive proposition. So, we feel good about where we are and we feel good about what our marketplace plans are across regions.

A

**John Kernan**

*Analyst, TD Cowen*

Got it. Thank you.

Q

**Operator:** We have time for one more question. And that question comes from Rick Patel with Raymond James Financial. Please go ahead.

**Rakesh B. Patel**

*Analyst, Raymond James & Associates, Inc.*

Thanks. Good afternoon. A question on HOKA being planned mid-teens before the escalation of tariffs. So is there something that you're seeing in the wholesale order book for this fall, or the way that consumers are shopping that leads you to have a more conservative view with the near term plan up low double digits?

Q

**Steven J. Fasching**

*Chief Financial Officer, Deckers Outdoor Corp.*

Yeah. I think, Rick, and appreciate the question. As I said in the prepared remarks, our order books remain strong. We haven't seen any fallout at this point. But it's – we see things on a macro element shifting, and we see low levels of consumer sentiment, again largely attributed to the US market. We're not seeing anything on the international front. International front continues to be very strong. The orders that we're seeing in the US continue to be very strong. It's really just us being a little cautious in terms of what the consumer response may be in the fall. So there aren't any indications yet, but we expect that there may be, and those are hard to predict. And so again, people will begin to see higher prices across many things that they're purchasing. We don't know what that fallout is on what purchasing intent is. So again, we'll see again why we're not guiding to the full year yet. Once we have more certainty and we can see how that impacts the US consumer then we will be in a better position to give some guidance on that.

A

**Rakesh B. Patel**

*Analyst, Raymond James & Associates, Inc.*

And also I have a question on the go-to-market strategy for HOKA in the US. So it sounds like you're more willing to lean into the wholesale channel this year than you have in the past. Maybe just some color on the thinking behind that and how we should think about the long term potential of the DTC channel, which I think historically has been a strategic priority for you.

Q

### Stefano Caroti

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

A

Our long term aim is to have 50-50 split between DTC and wholesale. Keep in mind that the DTC for us is by and large e-commerce. We have a very, very small retail footprint in the US and internationally, a bit more in Asia, which will gradually expand as we find the right locations, so we're leaning on our wholesale partners. And as I said, as the offer expands, we'll be able to segment the marketplace, offer differentiated propositions, and – but we're very, very selective. We continue to be very selective. We have more asks than what we grant in terms of distribution. And we've been speaking to a wide variety of potential partners, but we want to make sure we do it right systematically, methodically, as we've done until now.

### Steven J. Fasching

*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. And I think, Rick, just one more thing on that because, as you've heard us talk about kind of in FY 2025, and now FY 2026, this is not a change in our strategy. This is us taking advantage of the opportunity presented to us with a growing awareness, consumers looking for more places to find our product. So working with the right strategic partners and wholesalers. This is an opportunity to get product in front of consumers who are searching our brand. Yes, we recognize that it puts a little bit of pressure in the near term on some of that DTC comp data, but as I said in my prepared remarks, once we get beyond Q1, our expectation is you're going to see some improvements there.

I think the other call out, and we talk about it again in our prepared remarks, is with new model changeovers, one of the dynamics that we saw since January is that customers wanted to go see, feel, and try on the product, and that helped contribute to the strong wholesale performance that we saw. So there was a willingness on the part of the consumer to go into a physical retail presence, to find a shoe to try it on, because these were significant upgrades to our models. That put a little bit of pressure on DTC. So again, yes, the numbers were a little bit lower than what you've seen historically, not a change in strategy. We're confident that they're going to return. There are unique dynamics that happened between January and now that have affected the DTC comp growth. We're not concerned about that, with these unique factors, our ability to continue to grow this, but we're going to feel some pressure as we've opened up these points of distribution, so that's some of the near term pressure that you're seeing.

### Rakesh B. Patel

*Analyst, Raymond James & Associates, Inc.*

Q

Really helpful. Thank you.

**Operator:** And ladies and gentlemen, this does conclude today's conference call. Thank you for your participation. And you may now disconnect.

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