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Deckers Outdoor Corp. (DECK)

Q1 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and thank you for standing by. Welcome to the Deckers Brands First 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 will now turn the call over to Erinn Kohler, Vice President, Investor Relations and Corporate Planning.

Erinn Kohler

Vice President-Investor Relations & 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, our Chief Commercial Officer and incoming CEO.

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, capital allocation, anticipated

impacts from our brand and marketplace management strategies, changes in consumer behavior, strength and performance of our brands, demand for our products, product and channel distribution strategies, including DTC, marketing plans and strategies, disruptions to our supply chain and logistics, our anticipated revenues, 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, our ability to achieve our financial outlook and the expected timing and impact of the planned leadership transition.

Forward-looking statements made on this call represent management's current expectations and are based on the 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 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.

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

David Powers

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

Thanks, Erinn. Good afternoon, everyone, and thank you for joining us. I'm glad to be here today to discuss our strong start to fiscal year 2025. With this being my final call before I pass the torch to Stefano at the end of the month, I am confident that the Deckers team has laid the groundwork to deliver another year of excellent results as they build for the future of this amazing company.

Specifically, Deckers first quarter performance is highlighted by revenue growing 22% versus last year to \$825 million, gross margin improving to 56.9%, and diluted earnings per share increasing 87% versus last year to \$4.52. Importantly, this quarter's results were closely aligned with our objectives for fiscal year 2025 as HOKA was our main growth driver increasing 30% versus last year to \$545 million, UGG increased 14% versus last year as it continues to build year-round relevancy with consumers through iconic products, both DTC and wholesale increased above 20% versus last year as our brands captured healthy demand across the global marketplace, and international regions increased 21% versus last year, led by robust DTC growth.

These incredible results, which include some unique benefits specific to the first quarter, give us confidence that we can deliver the increased profitability reflected in our updated outlook for full fiscal year 2025. Steve will provide further details on our updated outlook later in the call, but first I will share some of the brand highlights from our first quarter before turning it over to our Chief Commercial Officer and Incoming CEO, Stefano Caroti, to review channel performance.

Starting with the brand highlights, global HOKA revenue in the first quarter increased 30% versus last year to a quarterly record of \$545 million. HOKA performance was driven by the brand's compelling product assortment, including new launches, which experienced strong demand across the brand's global marketplace.

More specifically, top styles like the Clifton and Bondi continued to experience healthy growth; emerging franchises like the Mach, Transport and Kawana drove outsized gains; and new styles like the Skyward X, Cielo X1 and Skyflow brought incremental volume and attention to the brand through segmentation and greater innovation.

Diving into our top styles, gateway products such as Clifton and Bondi remain the leading franchises for HOKA. The brand continues to build demand for these popular franchises through distribution segmentation as the introduction of model updates increasingly allow for differentiation of key partners to satisfy incremental demand, and limited edition lifestyle treatments and collaborations that regularly sell out offering unique versions of these hero styles.

In terms of emerging HOKA franchises, I want to start by highlighting the Mach 6 launch, which has been a universal success. This redesigned and upgraded Mach has experienced strong sell-through across the global marketplace, resulting in the Mach being a top-five revenue style for HOKA in Q1. Thus far, we are encouraged by the consumer adoption of the Mach, which is skewing younger and driving considerable acquisition in the US and EMEA. We believe the expansive consumer demand we're seeing for the Mach is attributable to the fantastic work of the HOKA product and merchandising team, who designed the collection with color and branding variations that allow for greater differentiation across points of distribution.

Regarding Transport and Kawana, we continue to see these styles perform well on our DTC channel and with our lifestyle athletic partners. Both styles saw explosive growth in the quarter, landing them in the HOKA brand's top-10 styles ranked by revenue. While the Transport and Kawana were designed as a light hiker and fitness shoe, respectively, the consumer is increasingly adopting them for more casual and versatile wear.

On the innovation front, the HOKA brand's most advanced performance-leading styles the Cielo X1 and Skyward X have far outperformed our expectations. These groundbreaking styles were featured as part of the HOKA FLYLAB experience, which was celebrated at worldwide events such as the Boston Marathon, Big Sur International Marathon, Hackney Half Marathon in London and the Tokyo Marathon.

The Skyward X in particular has been a key focus of our marketing efforts as it reinforces the HOKA brand's origins and leadership position and max cushion performance. The success of innovative styles like the Cielo and Skyward is critical to HOKA maintaining its performance roots and emboldens the product team to continue pushing the envelope of our technologies.

The Skyflow, which only launched about 10 days ago, is also an all-new style focused on innovation, but at a much more commercial price point within the HOKA brand's product range. This exciting style, which combines premium Skyward X inspired geometry with upgraded foam compounds, creating an elevated experience for daily runs.

As part of our segmentation efforts, the Skyflow is developed as a co-exclusive for our DTC and our run specialty partners, continuing to elevate the HOKA brand's everyday performance lineup, while differentiating its global marketplace. We are receiving great feedback from consumers and our retail partners in the early days of this launch.

The strength of performance across the HOKA product lineup is amplified by the continued evolution of the brand's global marketplace. During the first quarter, HOKA drove balanced growth across channels with DTC revenue increasing 33% versus last year and wholesale revenue increasing 28% versus last year.

From a DTC perspective, HOKA continues to experience global gains through consumer acquisition and retention with particular strength among retained consumers in the first quarter. We believe this is a powerful reflection of HOKA consumer loyalty, reinforcing the long runway we see for this brand and the reason we are focused on building the HOKA brand's awareness, while there remains significant opportunity.

Part of our approach to building HOKA brand awareness is through expanded points of distribution with key partners. During the quarter, we added strategic doors with select partners around the world, which contributed to HOKA wholesale growth in the quarter. We also continued adding shelf space and gaining market share as the brand refilled inventory in the channel and continued to see high levels of full-price sell-through.

Outside of adding new distribution, HOKA is building awareness through its global marketing campaign. The latest chapter of the HOKA brand's Fly Human Fly campaign launched on July 1 with the new film Bird's Eye, which brings to life the brand's origin story and captures the exhilaration and joy of movement.

The film is the centerpiece of a 360-degree integrated brand campaign, inclusive of connected TV, out-of-home content, social and earned media and in-person community activations in key cities. All of the elements of the Fly Human Fly campaign are aimed at deepening connections with consumers, inspiring brand love and introducing new consumers to HOKA around the world. We are really proud of this elevated campaign, and I hope you all check out the Bird's Eye film when you have a chance.

Overall, this quarter was an excellent start to the year for HOKA with healthy full-price demand across global markets. The team is laser focused on executing the brand strategy to build global brand awareness and market share with an enhanced focus on international markets, expand DTCs for consumer acquisition and retention gains, and excite consumers with performance innovations.

Shifting to UGG, global UGG revenue in the first quarter increased 14% versus last year to \$223 million. Performance in the quarter was driven by strong full-price selling of key iconic franchises with increased year-round momentum, increased adoption of the expanding Golden Collection, continued momentum in global DTC, and robust wholesale growth in the US reflecting earlier demand.

We are encouraged by the consumer demand for UGG in the first quarter as we believe it reflects continued progress in creating year-round excitement for the brand's versatile and seasonally relevant product. The UGG product team has done a fantastic job building product with purpose that is consumer informed, champions UGG brand codes, and has increased wearing occasions, allowing the brand to build and sustain demand over longer periods of time.

This is best evidenced by the continued year-round adoption of the Tasman franchise as well as the growth being driven by an expanded Golden Collection. The UGG brand's ability to drive continued strong selling for the Tasman's franchise speaks to the power of its thoughtful management across the global marketplace, versatility of styling, and the marketing activations that preserve its relevance in the mind of our consumers.

Specifically, on the marketing front, UGG has collaborated with various brands and designers to create exclusive versions of Tasman franchise styles. During the first quarter, our upcoming Tasman collaboration with Chinese-born, London-based designer Feng Chen Wang, was featured as part of her spring-summer 2025 collection

unveiling at Paris Fashion Week. Her collection, and in particular the Tasman collaboration was featured across influential fashion and cultural publications, including Vogue, Hypebeast, and Highsnobiety.

The UGG team's ability to maintain consumer interest through exciting marketing activations and collaborations is also benefiting newer franchises like the Golden Collection. The increase in consumer demand for this collection led to an expansion of silhouettes in the current year, which performed extremely well. Of the UGG brand's top-10 styles in the first quarter, ranked by revenue, 4 came from the Golden Collection, 2 of which were new to the brand this year.

The Tasman franchise and Golden Collection were also key drivers of the UGG brand's DTC success in the first quarter, which was equally strong in the US and international regions. The UGG brand's more focused assortment of relevant franchises is driving the majority of consumer demand, which contributed to lower promotion as compared to prior first quarters, where the DTC business has historically been more influenced by end-of-season discounting on seasonal colors.

While this dynamic is not expected to continue throughout fiscal year 2025, we do think it speaks to the strength of the brand and its ability to maintain year-round demand. UGG has exciting things ahead with the upcoming launch of its Feels Like UGG global marketing campaign, which features a dynamic group of creatives who evoke the ethos of UGG. The Feels Like UGG campaign will come to life across the brand's global marketplace through social media, in-store events, and multi-sensory community activations that promote self-expression and a connected community.

The brand is on track to deliver another year of healthy growth with premium products and elevated experiences that enhance our consumer connections. Both UGG and HOKA are off to strong starts in fiscal year 2025 and are well-positioned to continue capturing high levels of consumer demand for the remainder of this year and beyond.

Before passing off to Steve, I want to give Stefano an opportunity to review Deckers' excellent channel performance in the first quarter. As all of you know, Stefano will be becoming Deckers' next CEO on August 1. I'm excited to welcome him today to speak on one of the areas he has been successfully leading for some time now in his current capacity as our Chief Commercial Officer. Stefano?

Stefano Caroti

Chief Commercial Officer, Deckers Outdoor Corp.

Thanks, Dave. It's great to be here with you all today and share Deckers' channel highlights within the global marketplace. Before diving in, I want to thank Dave for his thoughtful, enlightened leadership over the last eight years and, in particular, the mentorship provided over the last six months. Dave has been an extremely valuable resource for me throughout the transition, and I'm thrilled to have the opportunity to lead Deckers' on our continued, exciting journey ahead.

Diving into channel performance in the quarter, our results continue to reflect Deckers' successful global marketplace management that has maintained a pull model of consumer demand, driving high levels of full price selling. This year, we signaled a much more balanced growth story between our DTC and wholesale channels, which was well executed in the first quarter.

For the quarter, global DTC increased 24% versus last year on a reported basis and 22% on a comparable basis. HOKA drove the majority of gains in the DTC channel, but we also saw positive contributions from the UGG brand.

From a regional standpoint, DTC growth was robust across international regions and within the US, which increased 31% and 21%, respectively. Among international regions, growth was most meaningful in China and EMEA as both drove strong increases online and benefited from successful recent retail store openings.

Regarding wholesale, global revenues increased 21% versus last year. Similar to DTC, HOKA drove the majority of the year-over-year volume gains with similar strength in the US and international regions. UGG growth was particularly strong in the US as the brand continues to see earlier demand from wholesale partners and benefited from favorable year-over-year comparisons. Growth across HOKA and UGG was driven by full-price business as both brands delivered exceptional gross margins in the wholesale channel.

The health of our balanced business across the global marketplace reflects both the demand for our brands and our team's outstanding channel management. Our brands are off to a great start to fiscal 2025, and I look forward to sharing more with you next quarter.

With that, I'll hand over to Steve to provide further details on our first quarter financial results as well as our updated financial outlook for fiscal 2025.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

Thanks, Stefano, and good afternoon, everyone. Deckers delivered strong results in the first quarter and demonstrated great progress towards our full fiscal year guidance, leading to increased profitability within our outlook that I'll cover shortly.

As Dave outlined, HOKA was the main driver of growth in the quarter, delivering healthy gains in both the DTC and wholesale channels as the brand continues to build global awareness and market share. UGG delivered a solid quarter as the brand continued to see global demand in the DTC channel and increased its full-price wholesale business in the US.

As we continue to operate in a very dynamic consumer environment, we will remain nimble in our approach to managing the business for the long-term sustainable growth and executing against our strategic priorities. Our portfolio of leading brands continues to resonate with consumers, which positions us well in the global marketplace.

With that, let's get into the detail of our first quarter fiscal year 2025 results. Revenue was \$825 million, up 22% versus the prior year. Growth was primarily driven by HOKA as the brand increased 30% versus last year due to the exceptional demand experienced across the brand's global marketplace. Additionally in the quarter, UGG increased 14%, primarily through wholesale gains as the brand continues to refill certain inventory in the marketplace.

Gross margin for the quarter was 56.9%, which was up 560 basis points from last year's 51.3%. As compared to last year, first quarter gross margin primarily benefited from favorable brand and product mix as both our highest margin brand HOKA as well as higher margin products within UGG and HOKA drove a larger proportion of growth; higher levels of full-price selling, particularly with the UGG brand, which was more promotional in the prior year first quarter; and lower freight rates recognized in this quarter, which are anticipated to be a headwind for the remainder of this year.

SG&A dollar spend in the first quarter was \$337 million, which is up 22% from last year's \$276 million. As a percentage of revenue, SG&A was 40.9% versus 40.8% in the prior year. SG&A dollar growth compared to last

year was driven by investment in key areas of the business in support of our growth initiatives, which include higher marketing spend, primarily related to expanding global HOKA awareness, and investments in talent to support key functions within our growing organization.

Our tax rate was 22.5%, which compares to 21.9% in the prior year. These results, coupled with higher interest income and a lower share count as the result of our share repurchase program, drove diluted earnings per share of \$4.52 for the quarter, which was \$2.11 above last year's \$2.41 per share, representing growth of 87%.

Turning to our balance sheet, at June 30, 2024, we ended June with \$1.44 billion of cash and equivalents. Inventory was \$753 million, up 2% versus the same point in time last year, and we had no outstanding borrowings.

During the first quarter, we repurchased approximately \$152 million worth of shares at an average price of \$858.79. As of June 30, 2024, the company had approximately \$790 million remaining under its stock repurchase authorization.

Now, moving into our updated outlook for fiscal year 2025, we still expect total company revenue to grow approximately 10% versus last year to \$4.7 billion, inclusive of HOKA, which is still expected to grow approximately 20%; and UGG, which is still expected to grow in the mid-single-digit range. We are increasing our gross margin, which is now expected to be approximately 54%, up 50 basis points from our prior guidance based on the strength of our first quarter result, which included near-term benefits that are not expected to repeat for the remainder of the fiscal year.

As a reminder, our assumptions for the full fiscal year include a more normalized promotional environment with lower full-price selling relative to the exceptional levels delivered in fiscal year 2024, and higher freight costs incurred and still experiencing related to the inventory brought in that will be expensed in the remainder of the year.

SG&A is now expected to be in the range of 34% to 34.5% as we remain committed to investing in our key growth initiatives. Operating margin is now expected to be in the range of 19.5% to 20%. Our effective tax rate is still projected to be in the range of 22% to 23%.

As a result of these changes, we are increasing our diluted earnings per share expectations to now be in the range of \$29.75 to \$30.65, representing a \$0.65 increase on the high end. Please note, as mentioned in our release this afternoon, we have entered into an agreement to divest the Sanuk brand, which we expect to close in August 2024. As such, the ongoing Sanuk business has been removed from our forward-looking guidance.

Further, this guidance excludes any unforeseen charges that may be considered non-recurring to our ongoing business or any impact from future 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, fluctuation in foreign currency exchange rates, supply chain disruptions, and geopolitical tensions.

In addition, as most of you may have seen, our board recently approved a six-for-one forward stock split of our outstanding capital stock, which is pending stockholder approval at our 2024 annual meeting to be held on September 9. The potential impact of the stock split is not reflected in our EPS guidance.

Looking ahead, we remain confident in our ability to deliver the increased full fiscal year guidance as our disciplined operating model, in-demand global brands, and robust financial profile position us well to adapt to evolving marketplace dynamics.

Before I hand the call back to Dave for his last time, I want to express my genuine appreciation for him. It has been a privilege and a pleasure working together for the last 12 years, especially the last eight years with him as our CEO. I am proud of all we have achieved together, building Deckers into an industry-leading company with an exciting future ahead. Dave, I wish you all the best in your retirement, and I look forward to working with you as a member of our board.

Thanks, everyone. I'll now hand the call back to Dave for his final remarks.

David Powers

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

Thank you, Steve, for the kind words and, Stefano, for your kind remarks earlier. I appreciate all you continue to do for the Deckers organization. HOKA and UGG continue to excite and delight consumers with unique and innovative products that are driving increased demand. The momentum of these brands gives us confidence to achieve our updated guidance for the year.

I believe Deckers is poised for long-term continued success with the strength of these two powerful brands, a well-managed global marketplace, a focused and aligned management team, a disciplined approach to financial management, and engaged employees who embrace a purpose-led culture.

I am proud of the culture we have built within our organization and for Deckers being recognized externally as well as one of the U.S. News and World Report's 2024 to 2025 Best Companies to Work For and as one of Time Magazine's World's Most Sustainable Companies of 2024.

Before handing off to the operator, there are a few things I'd like to add. First, I want to sincerely thank Steve Fasching. Steve has been an amazing partner to me over the past eight years and has had a tremendous impact on Deckers and our success. Steve deserves to be recognized for his leadership and disciplined strategic approach to developing and maintaining our strong operating model and fortified balance sheet. We've been through a lot together and I just want to say thank you, Steve.

I also want to thank Erinn and Andy on our Investor Relations team. They have done an outstanding job preparing us for these quarterly calls and communicating Deckers' strategy with all of you. It has been a pleasure working with them both. Thank you for all you've done and will continue to do at Deckers. I'm actually going to miss these earnings calls.

Lastly, I want to express my gratitude for the final time. It has been the honor of a lifetime leading Deckers for the last eight years and I am proud of all we accomplished together during this time. I want to thank all of our dedicated employees for making Deckers not only a successful company, but also an amazing place to work. We have proven that we are truly better together and that we can do a lot of good while doing great.

Deckers is in excellent hands with Stefano and his leadership team. I have no doubt that he will do an exceptional job leading this organization and maintaining our great culture and strong results as he, along with our leadership team, and all of our amazing employees build the future of Deckers.

One last time, on behalf of our management team, I want to thank everyone for listening and for your continued support.

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] Your first question comes from the line of Jonathan Komp from Baird. Your line is open.

Jonathan R. Komp

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

Q

Yeah. Thank you. Good afternoon, and to Dave, certainly not my typical approach to say congratulations in this forum, but I think congratulations certainly are in order for just an incredible run here.

David Powers

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

A

Thank you, Jon.

Jonathan R. Komp

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

Q

Yeah, thank you. And really, to turn to the business, I want to ask about the HOKA business, the momentum that you're seeing in light of, frankly, mixed footwear data points in the industry. And then just given the shape of the year, how you're planning still 20% growth for the year after you exceeded that to start, could you maybe just share a little bit more how you're planning your distribution and product launches as we think about the balance of the year?

David Powers

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

A

Yeah, good question. I think it's important to just think of the context of this company. We're a global multi-channel, multi-brand business and I think a little bit of data in a subset of that global business can be misleading in some ways. So, I think our results speak for themselves in the past quarter and we're super confident in the remainder of the year. And I'll let Stefano talk a little bit more about where the business is going from here for the rest of the year.

Stefano Caroti

Chief Commercial Officer, Deckers Outdoor Corp.

A

Yeah. Hey, Jon. Keep in mind, we build brands for long-term health and sustainable growth. We just closed the great Q1 and we're confident in our full year guidance. We are very happy with how our brands are performing today. Key product launches have been selling through very, very strongly. So, our brands are strong and in demand. So, I don't anticipate major issues for the balance of the year.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Yeah, I think, Jon, this is Steve. Just to kind of add on to that, as we think about the year, and it's what we discussed on the call last quarter in terms of how we saw the cadence of the year play out, we always said in percentage terms, right, that Q1 was going to be our strongest quarter. And as we came up against kind of more difficult comparisons from a year ago, those percentage rates would drop.

Just to remind everybody, we are in control of this marketplace, right? And so, we're being very careful and thoughtful about distribution, how we're growing wholesale, how we're growing DTC, how we keep that balance in place. And as we said, FY 2025 is going to be a year of wholesale growth. So, we are expanding points of distribution, but we're keeping that, right, in mind as we think about that expanded distribution in light of the DTC.

We also know that when we feed and bring in new customers through wholesale, we do see them migrate to our DTC. So, again, this is part of our strategy. And again, it's about that growth. And so, we're not trying to do too much. Everything we do is to sustain the brands for long-term growth in the future. So, I think that's what you're seeing play out. I think the quarter was a great quarter, very much kind of in line, a little bit better than what we expected. But that's really how we see the year play out with the next few quarters.

David Powers

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

A

Yeah. And just to finish that off, I think our objective is to control the marketplace and the health of our brands. And we're obviously experiencing very high rates of full-price sell-through and healthy margins. And our goal is to continue that, continue our pull model in the marketplace for all of our brands, take opportunities where we can. But we're not chasing numbers. We're in this for the long game and looking for sustainable, healthy, profitable growth for years to come.

Jonathan R. Komp

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

Q

That's very helpful. Just one follow-up, if I could. Should we still be expecting a new version of a Bondi? And maybe if you could comment at all on Clifton this fiscal year and any color or feedback on some of the new segmentation approach for some of your new launches recently. Thanks again.

David Powers

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

A

Yep.

Stefano Caroti

Chief Commercial Officer, Deckers Outdoor Corp.

A

Yeah, Jon, good point. We've created a collection with styles and colors and branding variations that allow for greater differentiation across points of distribution. Mach 6 has been performing super well. Bondi, yeah, Bondi update will hit Q4, so it's February launch. And then we push back Clifton 10 to fiscal 2026 to give Bondi 9, sorry, no Bondi 8, Bondi 9 breathing room.

David Powers

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

A

And then I would also add the new Skyflow that recently just launched in the last couple of weeks is another opportunity for kind of a gateway shoe for runners into the brand. Incredible innovation, but a more commercial price point that will help round out that Clifton/Bondi franchise. And so, we're less reliant on those two. Those will still be super important, very strong sellers for us. But we think the Skyflow can add to that group of key sellers.

And we'll see how that performs over the next 12 months. But so far, the response to that's been very strong, and we're super pleased with that as well.

Jonathan R. Komp

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

Q

That's great. And Dave, best of luck with your transition. Thanks again.

David Powers

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

A

Thanks, Jon. Appreciate it.

Operator: Your next question comes from the line of Laurent Vasilescu from BNP Paribas. Your line is open.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Q

Good afternoon. Thank you very much for taking my question. Dave, again, congrats for all you've done and for your future endeavors. I wanted to ask...

David Powers

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

A

Thanks, Laurent.

Laurent Vasilescu

Analyst, Exane BNP Paribas

Q

...about your envious cash balance position of \$1.4 billion. And obviously, there's going to be future cash generation. Dave, Stefano this is also a question for you and Steve. Can you talk about the capital allocation priorities? Clearly, buybacks are still important, but would you consider issuing a dividend at some point? Also, I don't think M&A is in the cards near term, but just wanted to be sure that's still the thought process going forward.

David Powers

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

A

Sure. Good question. It is a healthy cash balance, and we're very proud of that. We've built it over the last eight years. I will speak to the M&A piece of it, and then I'll hand it over to Steve on dividends, et cetera. M&A is something that our strategy hasn't changed here. We're always looking. We're always exploring and evaluating opportunities. And we keep coming back to the same answer is that we have incredible organic growth with the brands we have for years to come. And we think we want to focus as much as we can on HOKA and UGG in reactivating Teva. We have category expansion opportunities. We have men's opportunities in UGG, apparel opportunity in HOKA over the years.

And so, I think given valuations out in the marketplace, given the integration challenges that it would cause on our end and potentially taking our eye off the ball, anything sizable is not on the radar right now. We just launched [ph] ONU (00:35:26). We think that's got long-term potential. So, no news really on the M&A front from a cash perspective. Steve?

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Yeah. And I think just to add to that a little bit, with the growth rates that we're putting up too, our focus really is on continued organic growth and delivering exceptional levels of profitability. It's what's helping us, at the same time build a strong balance sheet. And I think, as I've said for some time, we like to operate with a position of strength and a strong balance sheet gives us that opportunity.

To Dave's point, it gives us an opportunity to look what's around. But at the same time, first and foremost, it's about how we're investing in our business to continue to grow this over the long term. I think you've seen some of our step-up in investment on the CapEx side. And then, as you know, Laurent, we are committed. We don't guide to any future share repurchase, but you can see with the past, with what we delivered in Q1, there's definitely a commitment to share repurchase.

And then to your question on dividends, sure. It's something that we always consider, and it's something that we discuss with our board of directors. So, it's something that's on the table and being discussed, but nothing to announce at this stage.

Laurent Vasilescu*Analyst, Exane BNP Paribas*

Q

Okay. Thank you very much. And then the follow-up question, two parts for a follow-up question. I think, Dave, you mentioned the opportunities with HOKA apparel, I saw that you launched Airolite recently. It looks like it's doing very well. Just wanted to get your take there. And then, Steve, the guidance on the top line implies 8% for the balance of the year. I know you got the hardest comp in 2Q. Last quarter, you did give us some commentary about 1Q revenues. Anyway – I know you don't guide by quarter, but how do you think about the shape of the revenues for the remaining three quarters?

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

A

Yeah. Just real quick on the HOKA piece, the new launch, it's doing okay. I think it's selling through well, small units and limited distribution. I think one of – well, I know one of the key priorities for Robin and the team over the course of the next few years is to really create a compelling and exciting and innovative apparel offer. We've yet to do that, quite honestly, and it's been okay to this point, because we have such amazing footwear growth, but we know that, A, consumers want apparel from us and, B, we have a tremendous opportunity to disrupt that category. So, consider that a key priority of Robin and Stefano and the team, and we're investing in leadership and also infrastructure to be able to support those efforts over the years to come. But it's early days still.

Steven J. Fasching*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah, then, Laurent, on the guidance, you're right, we don't give quarterly guidance. I think as we've seen shifts in the business, we've seen revenue move, as demonstrated in Q1 with the health of our brands and the in-demand nature of our brands, we are seeing demands move a little bit earlier, which is why we saw Q1 stronger. We talked about that in kind of giving some direction on Q1.

As we look out into the year and with the guidance that we're holding from a revenue growth standpoint year-over-year at the 10%, the future quarters start to fall in line with that future or full year guidance that we've given on the year. So, we expected Q1 to be our strongest percentage grower. Again, it's one of our smaller quarters. As you stated, we know we're going to be up against harder comparisons against the year ago, and so that growth will slow down, but still delivering a top-line growth of around 10%.

Laurent Vasilescu*Analyst, Exane BNP Paribas*

Q

Okay, very helpful. Thank you very much. And best of luck, Dave, and to the team as well.

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

A

Thanks, Laurent.

Stefano Caroti*Chief Commercial Officer, Deckers Outdoor Corp.*

A

Thanks, Laurent.

Operator: Your next question comes from the line of Sam Poser from Williams Trading. Your line is open.

Sam Poser*Analyst, Williams Trading LLC*

Q

Well, thank you, guys, for taking my questions. Dave, I wish you all the best in your future endeavors. I believe, since I mentioned sand in all of my notes with you guys, that there's a little bit of sandbagging on you're really going to miss these earnings calls. I just feel that a little bit, but that's either here or there. I have three things.

One, Erinn, the normal question, because the numbers didn't add up on the HOKA number, so if we could get the dollars for wholesale or dollars for direct by each brand for the quarter, that would be great.

And then, Steve, the freight impact in the – like the freight impact you're anticipating for gross margin and the mix impact, which would both be geographic because you're expecting international growth to, I think, outpace domestic as well as channel, how will that impact the margins as well?

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

A

Hi, Sam.

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

A

Erinn?

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

A

It's Erinn. I'll go ahead and kick off. So for our first quarter results for global wholesale and distributor by brand, for UGG, it was approximately \$143 million; HOKA, \$333 million; Teva, \$31.4 million; and Sanuk, \$4.4 million. And that leaves you with other, which is predominantly Koolaburra at \$3.7 million.

Sam Poser*Analyst, Williams Trading LLC*

Q

Thank you.

Erinn Kohler

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

A

Yeah.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Okay, Sam. This is Steve. On the freight, of the 560-ish basis point increase that we saw in Q1, 80 basis points of that was freight. So, recall a year ago, we still had higher freight rates that came down throughout the year, and we still benefited from that in Q1. So, that Q1 comparison was a freight benefit. As we move forward, and as I indicated in the prepared remarks, that now turns to a headwind, right? And what we think the full-year impact of that freight will be is a negative 80 bps. So, the positive 80 basis points now flips to a negative 80 basis points, and that negative balance is going to be incurred over the next three quarters.

Sam Poser

Analyst, Williams Trading LLC

Q

Okay. And then as far as mix and channel?

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

So, in the quarter, what we're saying, of the 560 basis points, roughly about 250 basis points from margin expansion and brand mix. So, we saw an improvement in the brand proportion as well as some of the product mix that contributed to that margin expansion. And then we had about 250 basis points of full-price selling. So, recall a year ago, in Q1, we had more close-out business. And that's where we probably performed a little bit better, which is what you're seeing on the [ph] pass (00:42:16) through to the full year and the lift of the gross margin, is some of that better full-price selling that we experienced and fewer close-out sales in Q1 this year.

Sam Poser

Analyst, Williams Trading LLC

Q

And you're expecting things to normalize going forward from a promotional activity, which is sort of your cushion if things continue the way they are, margins would be higher, I assume.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Yes. So, look – and we'll see how it plays out. But yes, and that's what we said in our guidance. We anticipate it to be a more promotional environment going forward, and we'll see how things play out.

Sam Poser

Analyst, Williams Trading LLC

Q

Thank you very much, and continued success.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

All right.

David Powers

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

Thanks, Sam.

A

Operator: Your next question comes from the line of Dana Telsey from Telsey Advisory Group. Your line is open.

Dana Lauren Telsey

Analyst, Telsey Advisory Group LLC

Hi. Good afternoon, everyone, and congratulations, Dave. Wishing you best of luck on your next, and what a terrific accomplishment at Deckers and the team that you've put in place to succeed.

Q

David Powers

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

Thanks, Dana.

A

Dana Lauren Telsey

Analyst, Telsey Advisory Group LLC

As you think about the freight cost, Steve, what you were just saying, is there any difference in terms of what the exposure to China is, how you're thinking about that going forward, and what are you seeing in terms of pricing, both on the retail price front and what you're seeing in terms of raw materials? And then, Dave, on distribution, for both HOKA and UGG, what are you seeing in new channels of distribution, new retail partners, and the expansion of any of those doors? Thank you.

Q

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

Okay, Dana. This is Steve. I'll start with the freight. So, I think what we are – and we started to see it earlier in the year. What we benefited from in Q1 was rates on product that was kind of in place before we started to see these freight rate increases. And that's what we were able to benefit from in Q1. And recall, the way [ph] we've spent (00:44:16) inventory and that freight which gets allocated to that inventory is when it sells through. So, when we started to see the freight increases a few months ago, that's on the inventory that was inbound, that's what we're anticipating to sell through and, therefore, experience a higher rate.

A

As you saw last year, rates declined during the year. So, we're now anticipating rates increasing. And we've seen significant increases. We haven't necessarily assumed any further rate increases from the rates that are out there today. So, our assumptions are more around stabilization of freight rates for the year. And we'll see. If it gets worse, that could be a headwind. If it gets better, could be a little bit of a tailwind. But we're not seeing any indications of freight rates getting better at this point in time, to be determined.

And then, just in terms of input costs, we're not seeing – and we're well-bought kind of through the fall season, buying into spring season, not seeing too much change on the input costs at this stage, something that we're keeping a close eye on. We have seen a little bit increase. But we're pretty much set for the year at this point.

David Powers

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

A

Yeah, and this is Dave. On the distribution side, I think the teams are doing an exceptional job on managing the marketplace, making sure that our current accounts are having healthy full-price sell through with us and managing inventory levels appropriately. But at the same time, we are looking for other opportunities, strategic growth, more so on the HOKA side. We have store openings of our own that we'll be doing across UGG and HOKA globally, not rolling out massively, but we will be rolling out some new doors. We think that's important for both brands. But I'll let Stefano speak to a little bit more specifics on which partners we're working with on the HOKA side.

Stefano Caroti*Chief Commercial Officer, Deckers Outdoor Corp.*

A

Yeah, Dana, yes, we'll be seeing some expansion with key partners, both domestically and internationally, with the likes of DSG, JD, both in the US, in Europe and Asia, Intersport in Europe, Foot Locker, as well as [ph] Topsports (00:46:29) in China and Sport Chek in Canada. And this is specific to HOKA.

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

A

Yeah.

Dana Lauren Telsey*Analyst, Telsey Advisory Group LLC*

Q

Thank you.

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

A

You bet.

Operator: Your next question comes from the line of Janine Stichter from BTIG. Your line is open.

Ethan Saghi*Analyst, BTIG LLC*

Q

Hey, everyone. You've got Ethan on for Janine. My first question, just on the higher SG&A guide. Could you give us a bit more color on where the spend is going and just philosophically how you think about investing revenue and margin upside into SG&A?

Steven J. Fasching*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah, I think I'll start. This is Steve. And what our thinking on that was, with some margin expansion, it affords us an opportunity delivering still exceptional levels of profitability to continue to invest in building brands and global awareness of our brands, right? And we see the competition. We see what's coming on. And so, again, as we improve profitability, we can invest some of that back into continuing to build our brands and the awareness of our brands globally and, at the same time, pass some of it through to lift our guidance. We think, again, this is a great long-term sustainable strategy of how we build our brands and the global awareness around it.

Additionally, what's also included in there is, as we're growing at these rates, we have to build our teams and continue to invest in infrastructure that supports the continued growth of our business. So, you're seeing continued step up in that respect. But again, in line in percentage terms with what we've said with the revenue

growth and, again, delivering exceptional levels, especially in comparison to our peers in the space. So, just a good place to be and take advantage of that when we're able to expand some of the gross margin.

David Powers

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

A

Yeah. And we're continuing to work within our own internal guardrails in our financial model. But given the opportunity and margin, we can be more flexible. And like we've said all along, we're going to continue to invest in these brands for growth. But as we get bigger, especially in HOKA, there's more products to market. We just launched a handful of brand-new innovations to the marketplace and they all need their time in the sun, so to speak, and support from a marketing perspective in addition to top of the funnel marketing to drive awareness globally.

So, it's going to good use, I can tell you that. Our marketing teams are exceptional at managing our marketing spend across the globe. We do that centrally with a very talented team and we monitor the return on that spend almost daily. So, we feel really confident that if we continue to invest in marketing in the right areas to promote the brand awareness and also individual launches, that's going to be successful for us. And at the same time, we're heading into a big season with UGG and we have some exciting marketing activations that we need to get behind as well. And we feel really confident about that spend going that way.

Ethan Saghi

Analyst, BTIG LLC

Q

Got it. That's all really helpful. And then just a follow-up for me. For the wholesale growth you're talking about with HOKA driving it, just how much of that is going to be shelf space expansion or partners taking product earlier versus new door expansion? And just how should we think about the cadence of volume growth from new door openings for the rest of the year? Thank you.

Stefano Caroti

Chief Commercial Officer, Deckers Outdoor Corp.

A

It's a combination of the two, both shelf space gain as well as the new doors.

David Powers

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

A

Yeah.

Ethan Saghi

Analyst, BTIG LLC

Q

Thank you so much.

David Powers

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

A

You bet. Thank you.

Operator: Your next question comes from a line of Ike Boruchow from Wells Fargo. Your line is open.

Ike Boruchow

Analyst, Wells Fargo Securities LLC

Q

Hey, guys, I just wanted a quick question on the HOKA DTC number, I mean, it's been strong for many years, but it's the first time it's accelerated in growth rate in about five quarters to 33%. And it's doing it – I think you guys mentioned about the Clifton launch kind of being kicked out later. So with that acceleration, with Clifton kind of not benefiting you, is it more – is it more Bondi? Is it more some of these newer launches? Like, what exactly is driving that? Is there a certain region that we could look to driving that? It's just, it's impressive to see especially with the timing of the shifts.

Stefano Caroti*Chief Commercial Officer, Deckers Outdoor Corp.*

A

We want to build a balanced business across more franchises. And recent launches of Gaviotas, Arahis, Mach 6 have been very successful. So, we want to build more legs to the HOKA store.

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

A

Yeah. And I think these new launches in the last quarter, the Cielo X and the Skyward, et cetera, those really resonate on our DTC channels first. And styles like that bring a lot of energy from our core loyal consumers. They can't wait to get the new product. And then in addition to just the marketing efforts we're making across the board on awareness building and bringing new customers into the brand in general. So, I think as Stefano said, as we build a balanced business across categories and franchises, this is an example of how that can benefit our business going forward.

Steven J. Fasching*Chief Financial Officer, Deckers Outdoor Corp.*

A

Yeah. And I think the other thing that we're watching closely is as we expand distribution and build brand awareness, we know customers come to us directly. So, the thing that we continue to watch is, even as we're growing wholesale distribution, as consumers come into the brand, a way for them to find a broader offering is through our DTC experience. And so here, through DTC, they're able to experience a fuller line, plus we know we've engaged them.

So, they'll continue to buy through wholesale in many cases, but in some cases, they just want the product dropped at their doorstep. And so, this is what we've talked about really for quarters, a part of our strategy of how we balance that wholesale growth and combined with DTC and bringing customers in through DTC.

Ike Boruchow*Analyst, Wells Fargo Securities LLC*

Q

Super helpful. Thanks, guys.

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

A

Thanks, Ike.

Operator: Your next question comes from a line of John Kernan from TD Cowen. Your line is open.

Krista Zuber*Analyst, TD Cowen*

Q

Good afternoon. It's Krista Zuber on for John. And Dave, we wish you all the best and congratulations on your accomplishments at Deckers. Two questions for us. First, on the inventory, sort of in total, it was up relatively low single digits. Kind of how would you characterize the inventory positioning across the channels for UGG, both domestic and internationally, and same for HOKA?

And then just as a follow-up, can you provide some insight into the shape of your order book trends in relation to your comments around marketplace management and maintaining a pull market? I suspect they're likely running higher than your planned revenue guide for fiscal 2025. Thanks very much.

David Powers

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

A

Yeah, I'll speak to the first one, and then I'll hand it over to Steve and he can handle the order book trends, which we don't generally give that information, but I'll see how Steve answers it for you. But the inventory, yeah, up about approximately 2%. And specifically for UGG, we're feeling really, really good about our inventory position. I think you saw the success of Q1 with core styles like the Tasman and some of our franchise styles that do a lot of volume, but also the sell through of the Golden Collection, both the Goldenstar and the GoldenGlow, it's probably the best sell through at top line and bottom line we've had of a spring sandal ever. And we're super excited about that momentum.

But it helps us go into fall with a very clean marketplace. And we're in a good inventory position to be able to take care of the wholesale demand that we have and also funnel our DTC engine with a tighter line, fewer SKUs, more inventory in the top drivers of the assortment. And I think that's going to continue to serve us well going forward. Steve?

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Yeah, I think just to add on the inventory too, that's something that we've been at work for a couple of years now. And I think what you saw, especially coming out of the pandemic, is we were pretty aggressive in terms of getting inventory in line. And I think we were, when I kind of looked across the space, one of the first ones really to get in a good position.

I think from the balance that we're carrying, we feel really good. It's a good healthy inventory position. We're not over-inventory. It also allows us to get quick into the market. And so, that's where you're able – for us to move on innovation and move to new styles is being really disciplined on our inventory and inventory management.

On the order book, as Dave said, we don't comment on kind of order book levels. But what I will say is with the model that we run, the demand is greater than what we're supplying. And so, that is our model, right? And it's working. And so if you talk to a number of our accounts, I think you would likely hear that they would probably want to buy more than what we're allocating to them. And so from that perspective, I think we're in a good healthy position as we look forward to the coming quarters.

Krista Zuber

Analyst, TD Cowen

Q

Thanks very much.

David Powers

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

A

You bet.

Operator: Your next question comes from the line of [ph] Jayson (00:55:47) Sole from UBS, and this will be the last question. Your line is open.

Jay Sole

Analyst, UBS Securities LLC

Q

Terrific. Thank you so much. If we could just dig in on HOKA DTC a little bit more. Can you give us a sense of what the DTC growth rates were in, say, North America versus Europe? And if you're starting to see the HOKA brand really ramp in Asia, was that a contributor to the growth? That's my first question. Thank you.

Steven J. Fasching

Chief Financial Officer, Deckers Outdoor Corp.

A

Yeah, sure. Yeah, we haven't necessarily given the breakout of all that. But what we will say is that we're continuing to see strong international growth. We're seeing good growth, as demonstrated by the numbers, in North America as well. All of that is contributing to the global lift that we did report. So, I think what we believe in a lot of this is what we set out a couple years ago is the importance of building the international business. That's well on track. And what we are seeing is strong – kind of strong and building awareness of the HOKA brand internationally that is contributing to DTC. It's also part of a bit of our expansion within the wholesale channel.

So, Asia, it's more DTC still, but small numbers but growing. And so, that's something that we're continuing to focus on, eyes kind of on the China market and the opportunity there. And there, you'll see us being more aggressive with like a retail build-out. So, we have more stores – HOKA stores in China than we do any other country. So, I'd say well balanced in terms of the growth of how we've looked at it. Pleased with the progress that we're making. But a big focus of ours is growing that international component.

David Powers

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

A

Yeah. And I would just add, I think it's – we're really pleased with the success of the DTC business over the last few years. And I'm excited by the level of repeat customers we're getting both in UGG and HOKA that are driving incremental gains in addition to new customers. And then, on the international front, we have a long way to go, but we're off to a really good start in the last couple of years, particularly in HOKA with the growth of our online and store distribution network in the international region and seeing good healthy growth there.

So as we've talked about, it's a priority for us. We want to get DTC to about 50% of our total business, potentially more down the road. Because we gain all the data, we have a better relationship with our consumers, we're more engaged with them. And it's best for our margins and top-line ASPs. So, we'll continue to invest in this channel and leverage the pull model in wholesale and drive this to as high as it can be. But so far, across the marketplace globally, we're in really good shape.

Jay Sole

Analyst, UBS Securities LLC

Q

Got it. Well, Dave, if I can just do one follow-up. That's a very interesting answer. And just given the diversification of the UGG line, and now talking about Skyflow and Cielo and Skyward X, all the diversification in the HOKA line. And [ph] you said you may start (00:58:49) to open up stores in both brands, which I think the diverse product assortments are an unlock to that. But [ph] it sounds like you're only (00:58:56) going to open up, what's the

unlock? What's the gating factor to deciding that maybe it's time to roll out both UGG and HOKA stores in a bigger way across the world?

David Powers

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

A

Yeah, it's a good question. They're very different strategies. So, in UGG, we're really employing more of a city flagship approach. And so, we have Fifth Avenue in New York, which we opened a few years ago. We have a new store that's opening in Knightsbridge in London. We're looking for a flagship location similarly in Asia and China. We don't see us rolling a lot of fleet doors for UGG, but more focused on exceptional experience and product showcasing in these larger cities and larger formats.

HOKA is a little bit different. We just opened Fifth Avenue in New York, which is doing extremely well. That's our biggest store ever. And we're learning a lot there. It's early days of HOKA retail, but we see the demand, we see the opportunity. And we'll be a little bit more strategic, a little bit more aggressive, but we're not looking to roll out to 200 doors across a fleet. We're going to manage this tightly along with the marketplace and make sure that we have great experiences for our consumers. We are connecting with our local communities. We have opportunity for that and then in big cities for our international consumers to experience the brand as well.

So, early days. It will be an investment. And that's why apparel is so important down the road for both brands, to just kind of round out that overall assortment. But strategic, healthy, quality growth across the globe and leveraging our partners in Asia, where we can, to do the same.

Jay Sole

Analyst, UBS Securities LLC

Q

Understood. Thank you so much.

David Powers

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

A

You bet. Thank you.

Operator: And that concludes our question-and-answer session and does conclude today's conference call. Thank you for your participation. You may now disconnect.

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