**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

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

Date of Report (Date of earliest event reported): February 3, 2022

# DECKERS OUTDOOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

| **001-36436** | **95-3015862** |
|---|---|
| (Commission File Number) | (I.R.S. Employer Identification No.) |

250 Coromar Drive, Goleta, California 93117
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (805) 967-7611

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.01 per share | DECK | New York Stock Exchange |

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

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On February 3, 2022, Deckers Outdoor Corporation (the "Company") issued a press release announcing its financial results for the three months ended December 31, 2021 and providing updated financial guidance for its fiscal year ending March 31, 2022. The Company also held a conference call regarding these financial results. A copy of the press release is furnished hereto as Exhibit 99.1.

The information provided under this Item 2.02 and the exhibit attached hereto is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. Such information shall not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as otherwise expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No. | Description. |
|---|---|
| 99.1 | Press Release, dated February 3, 2022. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 3, 2022

Deckers Outdoor Corporation

/s/ Steven J. Fasching

Steven J. Fasching, Chief Financial Officer

# DECKERS BRANDS REPORTS THIRD QUARTER FISCAL 2022 FINANCIAL RESULTS

- **Third Quarter Fiscal 2022 Revenue Increased 10% to a Record $1.188 Billion**
- **Fiscal Year 2022 Revenue Outlook Updated to Growth Rate of 19% to 20% versus Prior Year**
- **Fiscal Year 2022 Earnings Per Share Outlook Updated to Range of $14.50 to $15.15**

Goleta, California (February 3, 2022) -- Deckers Brands (NYSE: DECK), a global leader in designing, marketing, and distributing innovative footwear, apparel, and accessories, today announced financial results for the third fiscal quarter ended December 31, 2021. The Company also provided an update to its financial outlook for the full fiscal year ending March 31, 2022.

"Our portfolio of brands delivered Deckers' largest quarter in history, with balanced growth among our direct-to-consumer and wholesale channels and across multiple geographies," said Dave Powers, President and Chief Executive Officer. "We believe HOKA and UGG are two of the strongest brands in the footwear industry, which are complimented by our strong operating model and fortified balance sheet. While we have continued to experience unprecedented demand for our brands, we are still navigating a challenging supply chain and pandemic environment. Even with these headwinds, I have great confidence in our organization and its ability to deliver another impressive year while positioning the company for long-term success."

**Third Quarter Fiscal 2022 Financial Review**

- **Net sales** increased 10.2% to $1.188 billion compared to $1.078 billion for the same period last year. On a constant currency basis, net sales increased 9.7%.
- **Gross margin** was 52.3% compared to 57.0% for the same period last year.
- **Selling, general, and administrative (SG&A) expenses** were $327.8 million compared to $285.2 million for the same period last year.
- **Operating income** was $293.4 million compared to $328.7 million for the same period last year.
- **Income tax expense** was $60.0 million compared to $73.0 million for the same period last year.
- **Diluted earnings per share** was $8.42 compared to $8.99 for the same period last year.

**Brand Summary**

- UGG® brand net sales for the third quarter increased 7.9% to $945.9 million compared to $876.8 million for the same period last year.
- HOKA® brand net sales for the third quarter increased 30.3% to $184.6 million compared to $141.6 million for the same period last year.
- Teva® brand net sales for the third quarter increased 31.4% to $20.6 million compared to $15.7 million for the same period last year.
- Sanuk® brand net sales for the third quarter decreased 13.4% to $6.1 million compared to $7.0 million for the same period last year.
- Other brands, primarily composed of Koolaburra®, net sales for the third quarter decreased 16.6% to $30.6 million compared to $36.7 million for the same period last year.

**Channel Summary (included in the brand net sales numbers above)**

- Wholesale net sales for the third quarter increased 7.3% to $598.4 million compared to $557.9 million for the same period last year.
- Direct-to-Consumer (DTC) net sales for the third quarter increased 13.4% to $589.4 million compared to $519.9 million for the same period last year. Comparable DTC net sales increased 10.7% over the same period last year.

**Geographic Summary (included in the brand and channel net sales numbers above)**

- Domestic net sales for the third quarter increased 3.3% to $796.1 million compared to $770.5 million for the same period last year.
- International net sales for the third quarter increased 27.5% to $391.6 million compared to $307.2 million for the same period last year.

**Balance Sheet (December 31, 2021 as compared to December 31, 2020)**

- Cash and cash equivalents were $998.3 million compared to $1.157 billion.
- Inventories, which include amounts in-transit, were $550.7 million compared to $305.3 million.
- There were no outstanding borrowings compared to $30.4 million.

**Stock Repurchase Program**

During the third quarter, the Company repurchased approximately 354 thousand shares of its common stock for a total of $130.7 million at an average price paid per share of $369.12. As of December 31, 2021, the Company had $544.0 million remaining under its stock repurchase authorization.

**Full Year Fiscal 2022 Outlook for the Twelve Month Period Ending March 31, 2022**

- Net sales are now expected to be in the range of $3.03 billion to $3.06 billion.
- Gross margin is now expected to be at or slightly below 51.5%.
- SG&A expenses as a percentage of sales are still projected to be approximately 34.0%.
- Operating margin is now expected to be approximately 17.5%.
- Effective tax rate is now expected to be approximately 21.5%.
- Diluted earnings per share is now expected to be in the range of $14.50 to $15.15.
- The earnings per share guidance does not assume any impact from additional share repurchases.

**COVID-19 Update**

The Company continues to assess and modify its operations in response to the COVID-19 pandemic. The Company will continue to review expert agency guidelines, as well as information from health officials and local authorities, to determine the appropriate scope of operations and allocation of resources necessary to navigate this dynamic and unprecedented environment.

*Supply Chain*
The Company maintains a network of strategic sourcing partners which includes material vendors and third-party manufacturers. The Company has experienced disruption and delays within its sourcing network related to the COVID-19 pandemic. While the Company is working to mitigate these pressures where possible, including activities to scale production in support of its growing brands, the Company may continue to experience certain disruption, delays, and/or capacity constraints related to the ongoing pandemic.

Fiscal year to date, the most significant macro-level supply chain impacts the Company has experienced are extended transit lead times and cost pressures related to container shortages, port congestion, and trucking scarcity that have caused shipping delays and a higher usage of air freight. The full effect and duration of disruptions and delays are not yet known, and there are no indicators signaling material improvement near-term. The Company will continue to monitor the situation closely and is actively working to navigate these pressures.

The Company's distribution centers, both owned and third-party facilities that are leveraged to service its operations, are currently in operation and supporting ongoing logistics. However, certain facilities are experiencing operational challenges that may cause further delays and cost pressures in future periods.

The Company's wholesale partners and third-party logistics providers are also experiencing capacity constraints and labor shortages, which are having and may continue to have an adverse effect on the Company's operations.

**Non-GAAP Financial Measures**

In certain instances the Company may present financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP financial measures), including constant currency, to provide information that may assist investors in understanding its financial results and assessing its prospects for future performance. The Company believes 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.

The non-GAAP financial measures presented by the Company may not necessarily be comparable to similarly titled measures of other companies and may not be appropriate measures for comparing the performance of other companies relative to Deckers. For example, in order to calculate constant currency information, the Company calculates the current period financial information using the foreign currency exchange rates that were in effect during the previous comparable period, excluding the effects of foreign currency exchange rate hedges and remeasurements in the condensed consolidated financial statements. Further, the Company reports comparable DTC sales on a constant currency basis for DTC operations that were open throughout the current and prior reporting periods, and may adjust prior reporting periods to conform to current year accounting policies. These non-GAAP financial measures are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP. To the extent the Company utilizes such non-GAAP financial measures in the future, it expects to calculate them using a consistent method from period to period.

**Conference Call Information**

The Company’s conference call to review the results for the third quarter fiscal year 2022 will be broadcast live today, Thursday, February 3, 2022, at 4:30 pm Eastern Time and hosted at *ir.deckers.com*. You can access the broadcast by clicking on the link within the "Webcast" box at the top of the page. A replay of the broadcast will be available for at least 30 days following the conference call and can be accessed under the "Quarterly Earnings" section of the "Financials" tab at the aforementioned website.

**About Deckers Brands**

Deckers Brands is a global leader in designing, marketing, and distributing innovative footwear, apparel, and accessories developed for both everyday casual lifestyle use and high-performance activities. The Company’s portfolio of brands includes UGG®, HOKA®, Teva®, Sanuk®, and Koolaburra®. Deckers Brands products are sold in more than 50 countries and territories through select department and specialty stores, Company-owned and operated retail stores, and select online stores, including Company-owned websites. Deckers Brands has over 40 years of history building niche footwear brands into lifestyle market leaders attracting millions of loyal consumers globally. For more information, please visit *www.deckers.com*.

**Forward-Looking Statements**
This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, which statements are subject to considerable risks and uncertainties. Forward-looking statements include all statements other than statements of historical fact contained in this press release, including statements regarding our projected financial results, including net sales, gross margin, SG&A expenses, operating margin, inventory, effective tax rate, and diluted earnings per share; the impacts of capacity constraints and cost pressures related to supply chain disruption; the scope of our operations at retail stores, distribution centers, and third-party facilities; the disruptions and impacts caused by the COVID-19 pandemic on our business and operations; our ability to drive future growth and success; and our potential repurchase of shares. We have attempted to identify forward-looking statements by using words such as "anticipate," "believe," “could,” "estimate," "expected," "intend," "may," “plan,” “predict,” "project," "should," "will," or “would,” and similar expressions or the negative of these expressions.

Forward-looking statements represent our management’s current expectations and predictions about trends affecting our business and industry and are based on information available as of the time such statements are made. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy or completeness. Forward-looking statements involve numerous known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements predicted, assumed or implied by the forward-looking statements. Some of the risks and uncertainties that may cause our actual results to materially differ from those expressed or implied by these forward-looking statements are described in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021, as well as in our Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by applicable law or the listing rules of the New York Stock Exchange, we expressly disclaim any intent or obligation to update any forward-looking statements, or to update the reasons actual results could differ materially from those expressed or implied by these forward-looking statements, whether to conform such statements to actual results or changes in our expectations, or as a result of the availability of new information. In addition, readers are cautioned that we may make future changes to our business and operations in response to the challenges and impacts of the COVID-19 pandemic, or in response to other business developments, which changes may be inconsistent with our prior forward-looking statements, and which may not be disclosed in future public announcements.

# # #

**Investor Contact:**
Erinn Kohler | VP, Investor Relations & Corporate Planning | Deckers Brands | 805.967.7611

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(dollar and share data amounts in thousands, except per share data)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Net sales** | **$ 1,187,752** | **$ 1,077,759** | **$ 2,414,332** | **$ 1,984,453** |
| Cost of sales | 566,531 | 463,862 | 1,165,520 | 909,013 |
| **Gross profit** | **621,221** | **613,897** | **1,248,812** | **1,075,440** |
| Selling, general, and administrative expenses | 327,825 | 285,242 | 765,403 | 625,880 |
| **Income from operations** | **293,396** | **328,655** | **483,409** | **449,560** |
| Other expense, net | 439 | 99 | 1,121 | 1,112 |
| **Income before income taxes** | **292,957** | **328,556** | **482,288** | **448,448** |
| Income tax expense | 60,014 | 73,020 | 99,158 | 99,331 |
| **Net income** | **232,943** | **255,536** | **383,130** | **349,117** |
| **Other comprehensive (loss) income** | | | | |
| Unrealized (loss) gain on cash flow hedges, net of tax | (1,517) | (279) | 974 | (726) |
| Foreign currency translation (loss) gain | (2,744) | 7,947 | (3,388) | 14,995 |
| **Total other comprehensive (loss) income** | **(4,261)** | **7,668** | **(2,414)** | **14,269** |
| **Comprehensive income** | **$ 228,682** | **$ 263,204** | **$ 380,716** | **$ 363,386** |
| **Net income per share** | | | | |
| Basic | $ 8.49 | $ 9.09 | $ 13.87 | $ 12.44 |
| Diluted | $ 8.42 | $ 8.99 | $ 13.73 | $ 12.30 |
| **Weighted-average common shares outstanding** | | | | |
| Basic | 27,428 | 28,114 | 27,630 | 28,054 |
| Diluted | 27,663 | 28,410 | 27,904 | 28,375 |

**DECKERS OUTDOOR CORPORATION AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollar amounts in thousands)

| | December 31, 2021 | March 31, 2021 |
|---|---|---|
| **ASSETS** | | (AUDITED) |
| **Current assets** | | |
| Cash and cash equivalents | $ 998,261 | $ 1,089,361 |
| Trade accounts receivable, net | 334,541 | 215,718 |
| Inventories, net | 550,749 | 278,242 |
| Other current assets | 111,056 | 67,478 |
| Total current assets | 1,994,607 | 1,650,799 |
| Property and equipment, net | 221,013 | 206,210 |
| Operating lease assets | 180,073 | 186,991 |
| Other noncurrent assets | 151,875 | 123,705 |
| **Total assets** | **$ 2,547,568** | **$ 2,167,705** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current liabilities** | | |
| Trade accounts payable | 482,059 | 231,632 |
| Operating lease liabilities | 48,290 | 46,768 |
| Other current liabilities | 197,581 | 189,968 |
| Total current liabilities | 727,930 | 468,368 |
| Long-term operating lease liabilities | 171,314 | 176,274 |
| Other long-term liabilities | 83,582 | 78,838 |
| Total long-term liabilities | 254,896 | 255,112 |
| Total stockholders' equity | 1,564,742 | 1,444,225 |
| **Total liabilities and stockholders' equity** | **$ 2,547,568** | **$ 2,167,705** |