



# STITCH FIX

SFIX: NASDAQ / September 24, 2024



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# WHO WE ARE

Stitch Fix is the leading online personal styling service created to help people solve a very human problem: finding clothes that make them look stylish and feel their best.

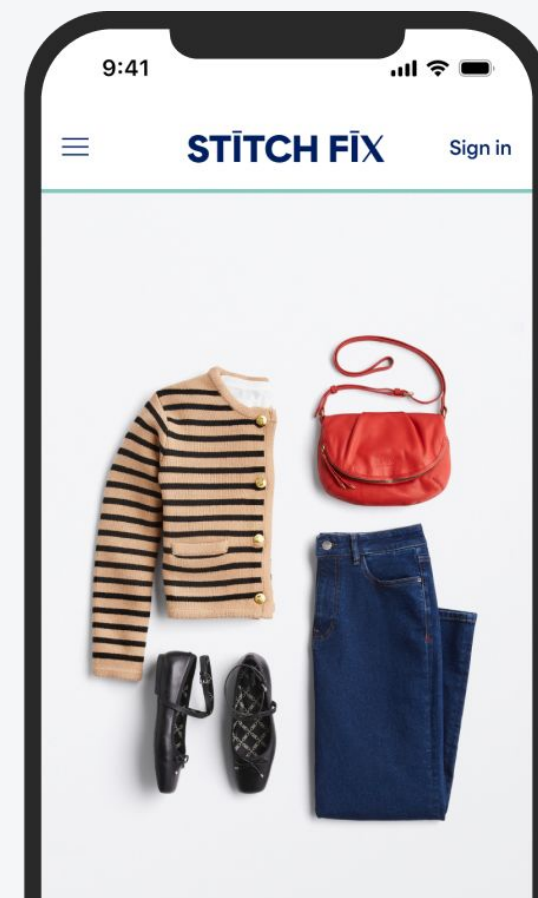




# WHAT WE DO

We help clients discover and express their personal style by pairing expert Stylists with best-in-class AI and recommendation algorithms.

We leverage our assortment of private and national brands to meet each client's individual tastes and needs, making it convenient for them to discover the styles they will love without having to spend hours shopping in stores or sifting through endless choices online.



# VISION

Be the most client-centric and personalized shopping experience



# MISSION

We help people discover the styles they will love that fit perfectly so they always look—and feel—their best

# Stitch Fix at a glance



Stitch Fix founder, **Katrina Lake**, ships the first Stitch Fix order out of her Cambridge apartment



2013

We launch our **Men's business** to capture a larger addressable market



2017

We launch our **Kids business** to serve the full family



2022

**Matt Baer** joins Stitch Fix as CEO



2024

2011



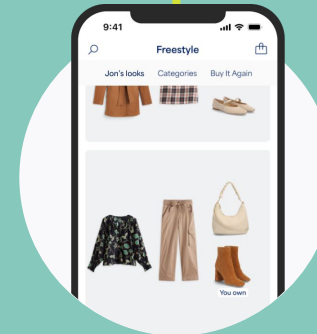
We hire our **first group of Stylists** outside of our HQ, enhancing personalized, high-touch client experiences

2016



Stitch Fix announces our **public offering**

2018



We launch **Freestyle**, a **direct-buy experience** tailored to each client's unique style and fit preferences

2023



We launch the first in a series of changes to reimagine the client experience, including a **refreshed brand identity**



# WHERE WE ARE TODAY

Over the past few years, as the market changed and our clients' expectations evolved, we did not adapt our service and assortment quickly enough.

Stitch Fix is now in the midst of a transformation. We believe we're on the right path to deliver sustainable, profitable growth in the future.





**\$1.34B**

NET  
REVENUE<sup>1</sup>

**2.5M**

ACTIVE  
CLIENTS<sup>2</sup>

**\$533**

REVENUE PER ACTIVE  
CLIENT (RPAC)<sup>3</sup>

**44.3%**

GROSS  
MARGIN

**2.2%**

ADJ. EBITDA  
MARGIN<sup>4</sup>

## Financial Commentary

- Shut down U.K. Operations (reported as discontinued operations for FY24)
- Expanded gross margin 190 bps to 44.3% (highest annual gross margin since FY21)
- Continued cost discipline management (over \$100M of SG&A removed in FY24)
- Expanded Adj. EBITDA margin 30 bps despite challenged active client and revenue trajectory
- Generated \$14.2M of free cash flow<sup>5</sup>
- Ended the year with \$247M of cash, cash equivalents and investments; and no debt

(1) Discounts, sales tax and estimated refunds are deducted from revenue to arrive at net revenue, which the Company refers to as "revenue" or "net revenue".

(2) Defined as clients who checked out a Fix or were shipped an item using Freestyle in the preceding 52 weeks, measured as of the last day of that period. A client checks out a Fix when he or she indicates which items he or she is keeping through our mobile app or website. We consider each Men's, Women's, or Kids account as a client, even if they share the same household.

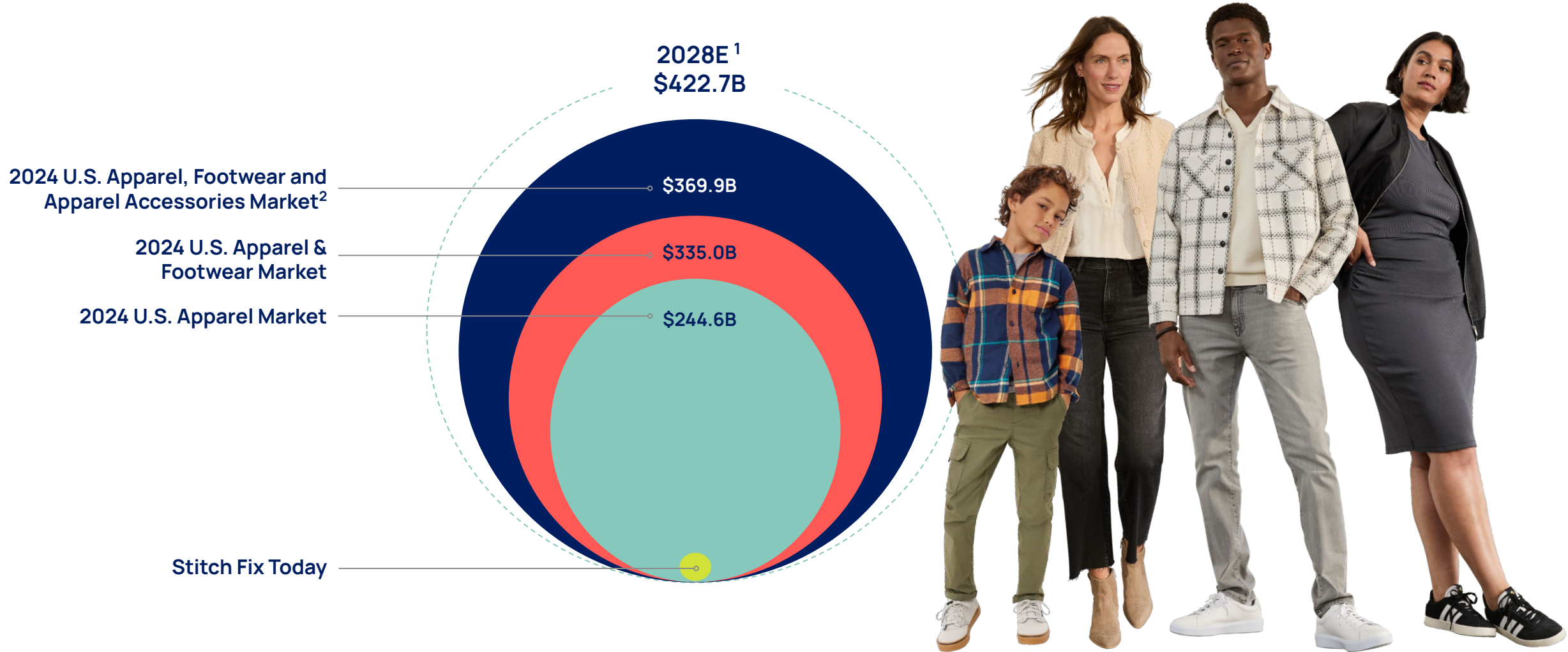
(3) Calculated based on net revenue over the preceding four fiscal quarters divided by the number of active clients, measured as of the last day of the period.

(4) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. We define Adjusted EBITDA as net income (loss) from continuing operations excluding interest income, net other (income) expense, provision for income taxes, depreciation and amortization, stock-based compensation expense, and restructuring and other one-time costs related to our continuing operations. We define adjusted EBITDA margin as adjusted EBITDA divided by net revenue for the period. Please see the appendix on page 22 for the reconciliation to the corresponding GAAP measure.

(5) We define Free Cash Flow as net cash flows provided by (used in) operating activities from continuing operations, reduced by purchases of property and equipment that are included in cash flows from investing activities from continuing operations. Please see the appendix on page 23 for the reconciliation to the corresponding GAAP measure.



# We see significant opportunity to address a massive market



Source: Circana, Inc © All rights reserved.

(1) The CAGR that is applied to future years is based on 1 year growth of online sales between 2022 and 2023 (12 months ending in April).

(2) 2024 U.S. Apparel, Footwear and Apparel Accessories Market for 2024 (12 months ending April)

# Our target client segments offer substantial opportunity



**Appreciates guidance and inspiration**

**Struggles with finding the right styles**

**Convenience and comfort are paramount**

**Our target clients represent over **\$63B** in annual spend**

**Values personalized recommendations**

**Fit is critical**

**Appreciates the ease of fashion delivered to their door**

Source: Statista, Inc © All rights reserved.

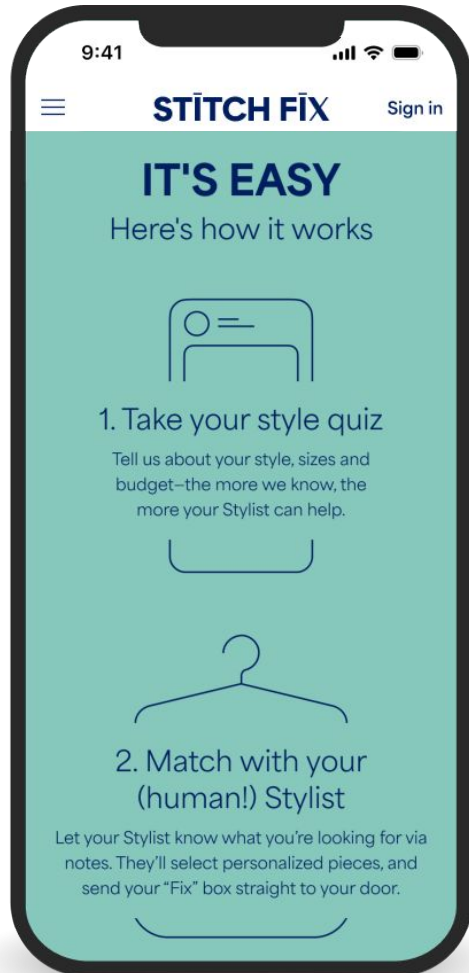
Our target client is a subset of (1) Total U.S. Women 18-74, HH Income 60k+, willing to shop online and willing to spend \$40+ on three of four categories (dresses, coats/jackets, shirts, pants/jeans), and (2) Total US Men 25-65, HH Income 60K+, willing to shop online and spend \$40+ on key categories. Based on US 2020 Census

# Your personalized style journey begins here



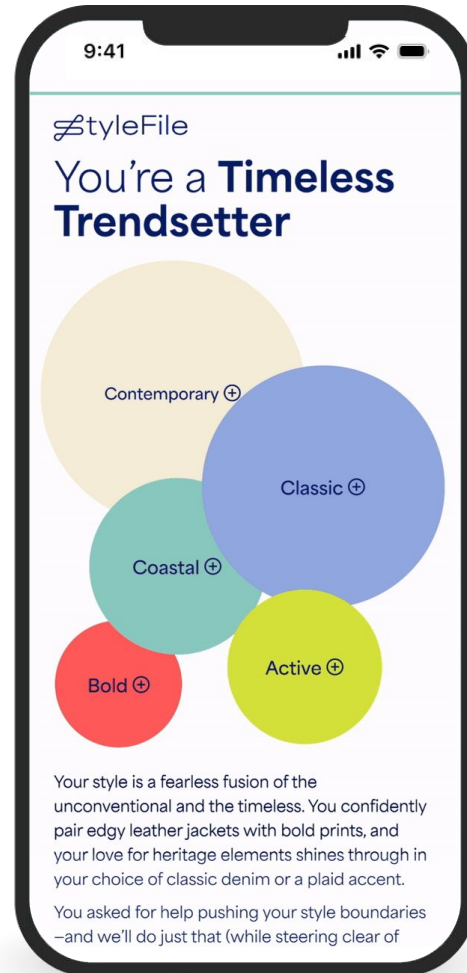
## Getting to know you

Your Stitch Fix experience begins with an in-depth style quiz



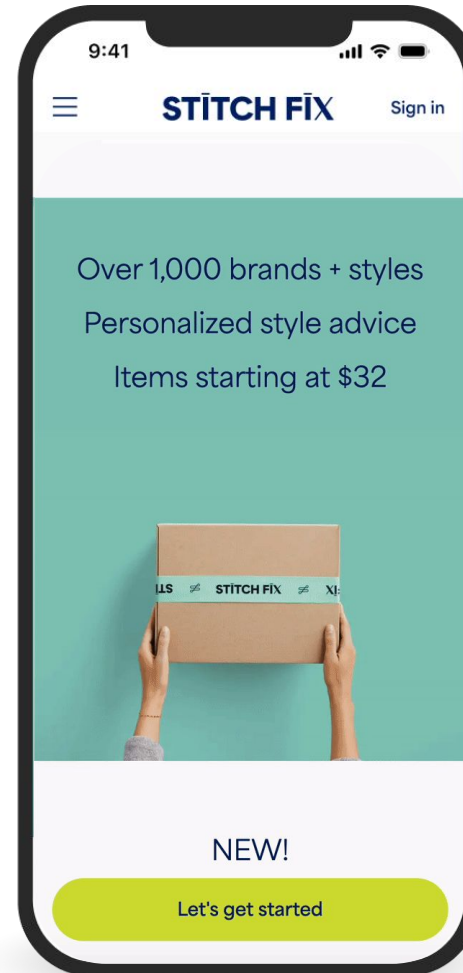
## Finding your style personality

We will play back your multi-layered style persona



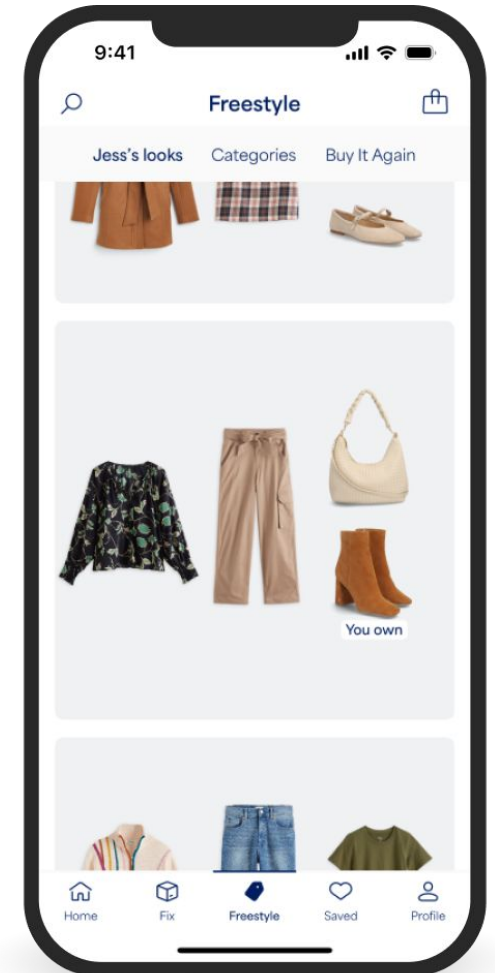
## Invitation to style

You receive an invitation to get a Fix—on a regular schedule or on demand



## Complete the look

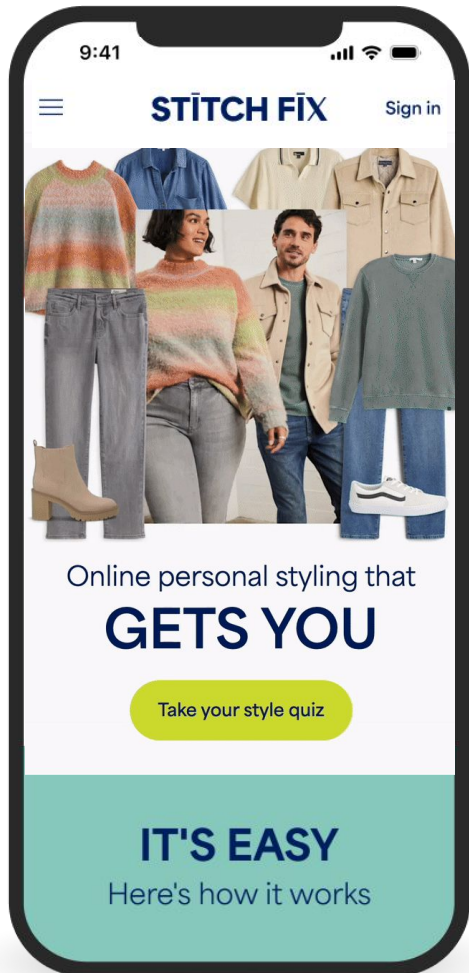
You can also find what's trending for you in your personalized Freestyle experience





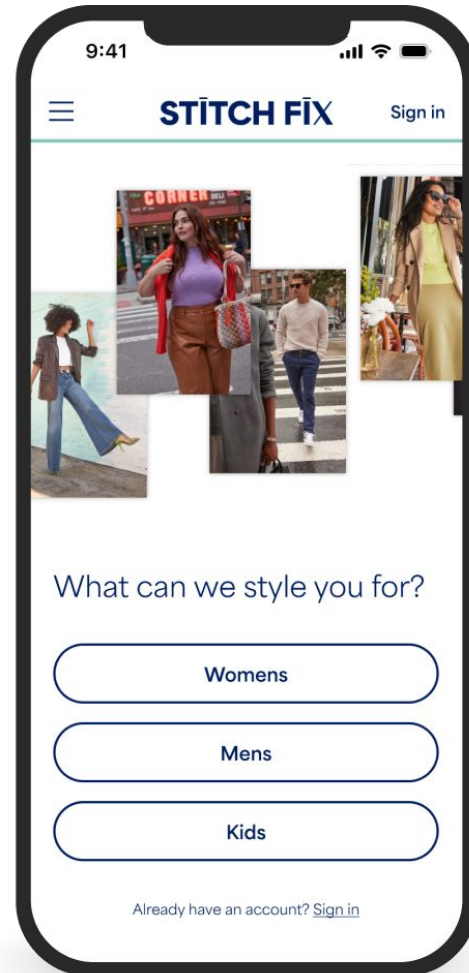
## Personalized styling services

...or you shop on demand through Freestyle!



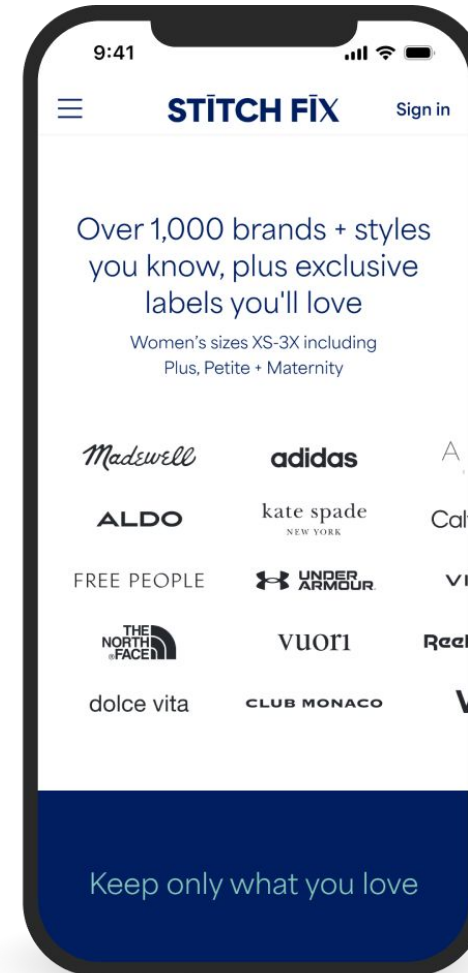
## Ability to shop for the whole family

With a wide range of styles across various sizes and price points



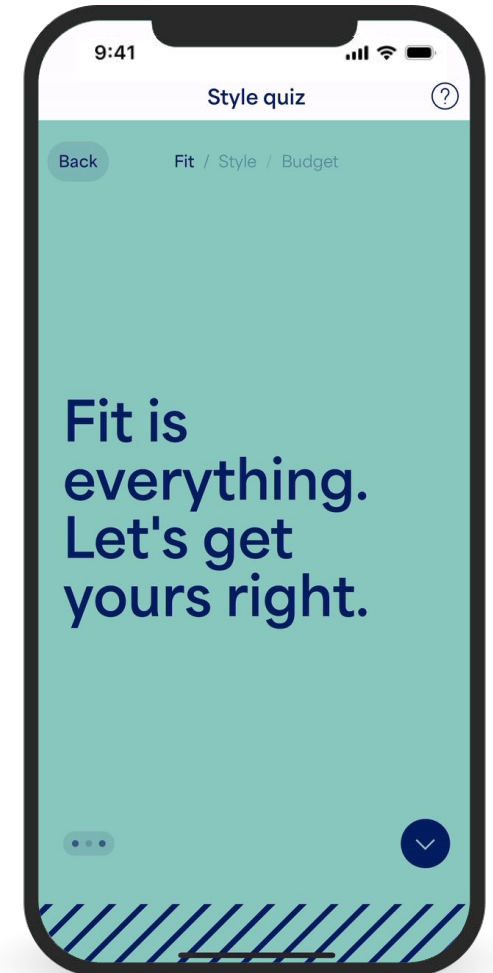
## Access to thousands of styles

From our brand partners, as well as our private brand assortment



## Just-for-you pieces

Over 92% of clients say we get their fit right





Expert Stylists who deliver personalized solutions to each client



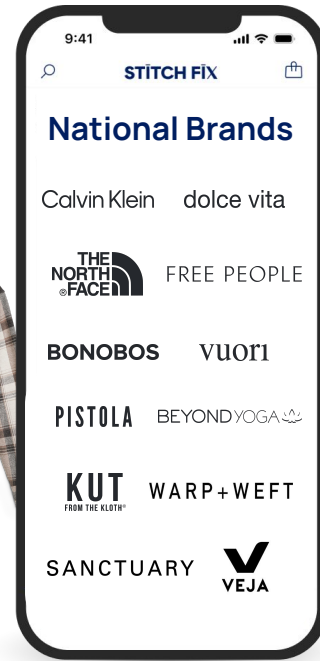
Curated merchandise assortment to meet a wide variety of style needs



An expansive dataset, including information entrusted in us by clients



Best-in-class AI and recommendation algorithms



# Our transformation journey driving towards sustainable, profitable growth



**PHASES**  
how we'll get there



**TRANSFORMATION PILLARS**  
what we're anchored in



- Enhanced client engagement features
- Deeper client-Stylist relationships
- Increased flexibility in our business model
- Client-right assortment

**OUR FUNDAMENTALS**





# QUARTERLY FINANCIAL OVERVIEW





**2.5M**

ACTIVE CLIENTS

**\$533**

REVENUE PER ACTIVE  
CLIENT (RPAC)

**\$320M**

NET REVENUE

**44.6%**

GROSS MARGIN

**\$184M**

SG&A

**3.0%**

ADJ. EBITDA MARGIN

**\$4.5M**

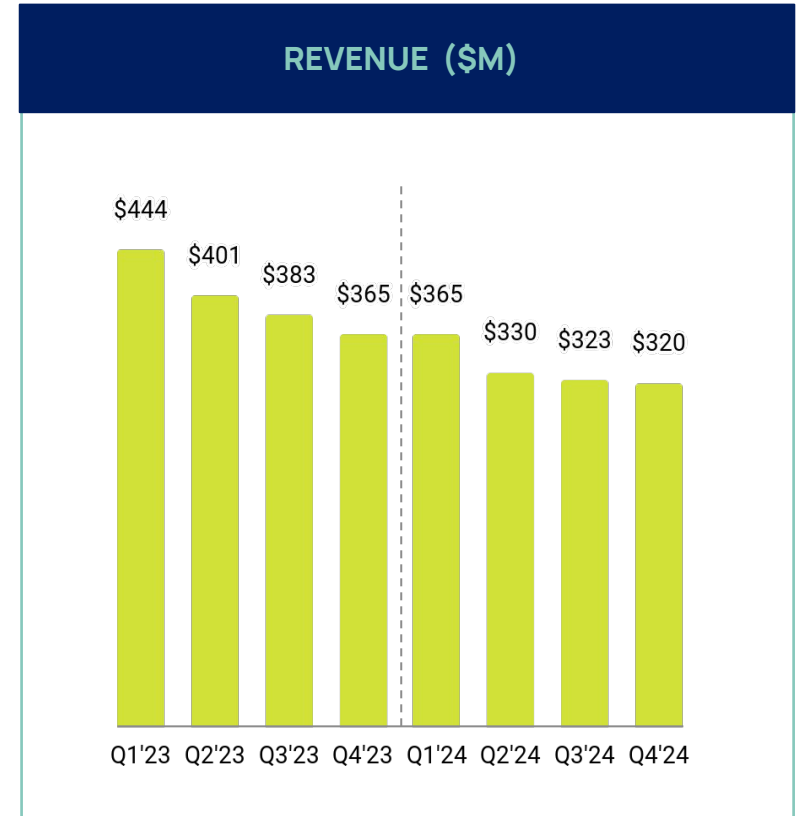
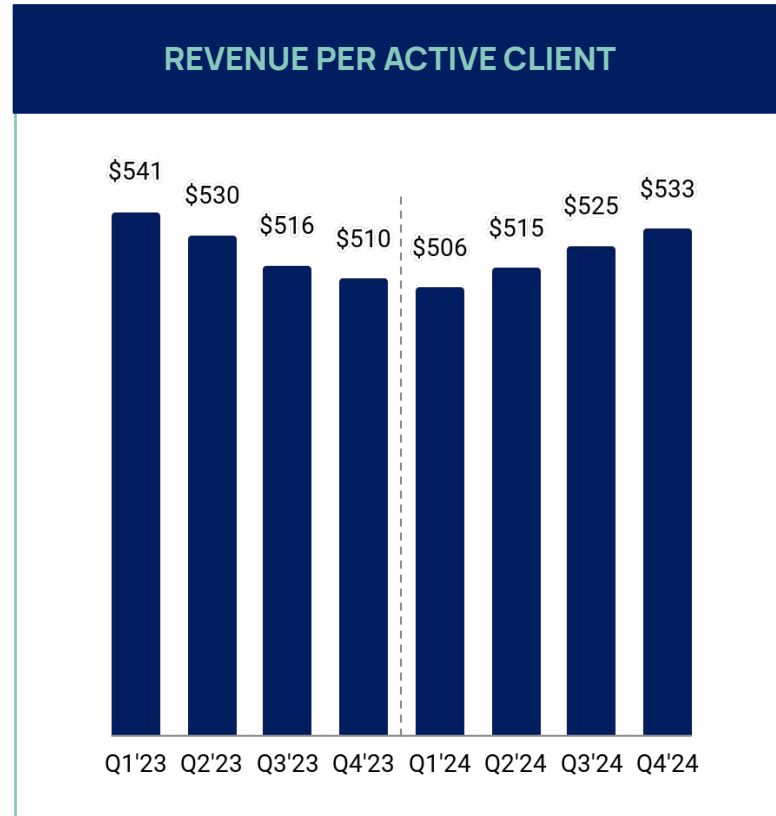
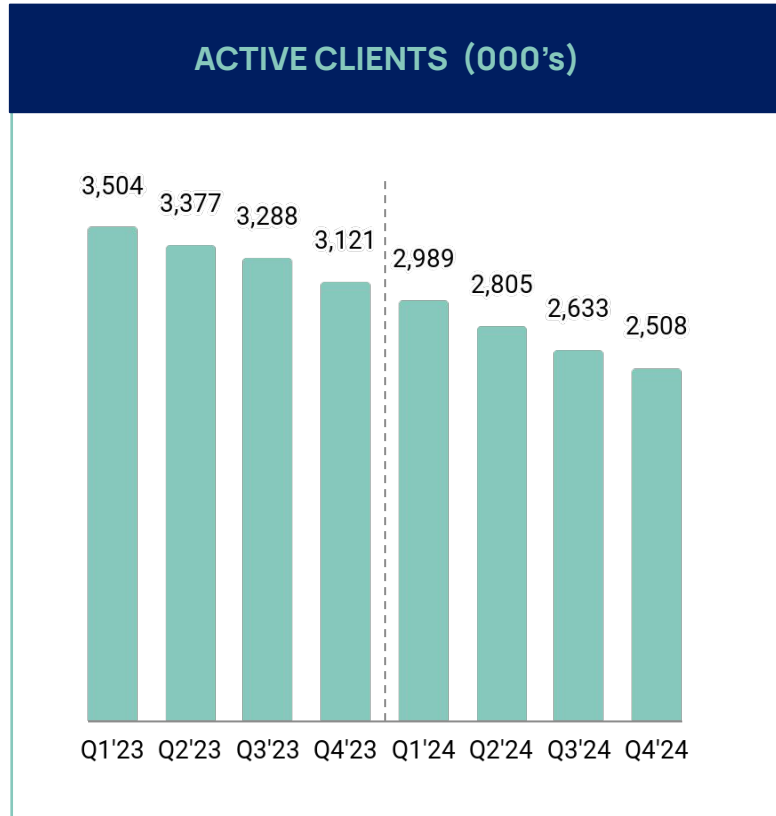
FREE CASH FLOW

**\$247M**

CASH, CASH EQUIVALENTS  
AND INVESTMENTS



# Stitch Fix delivers scale and healthy share of wallet

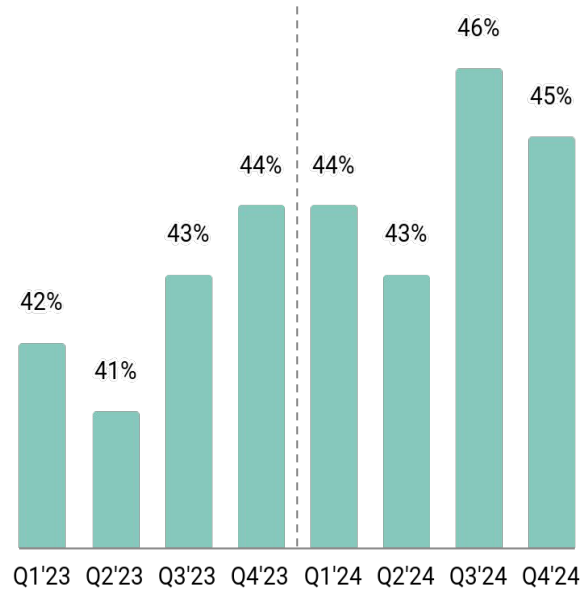


# Stitch Fix continues to focus on improving leverage

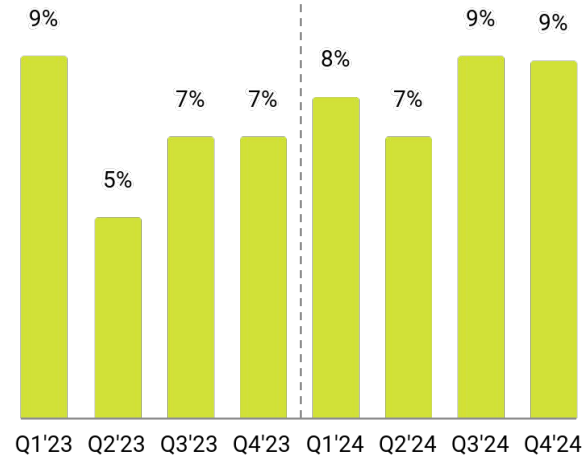


## % OF NET REVENUE

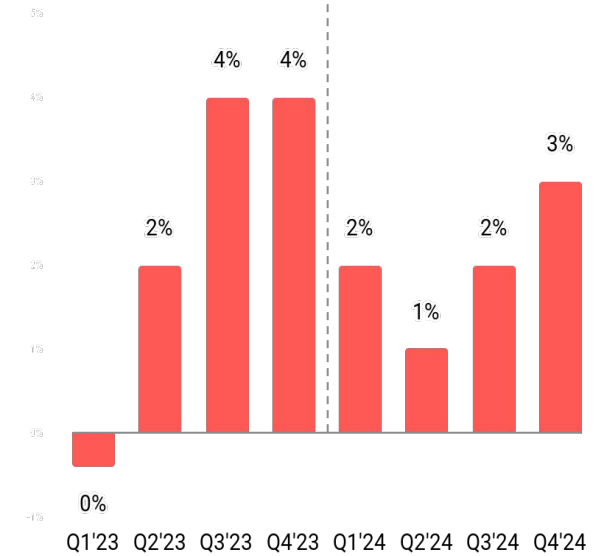
### GROSS MARGIN



### ADVERTISING <sup>1</sup>



### ADJ. EBITDA MARGIN



Fiscal year ends on the Saturday that is closest to July 31 of that year. All figures reflect continuing operations.

(1) Advertising expenses are included in SG&A.



	Q1 2025	FY25
<b>Net Revenue</b>	\$303M - \$310M	\$1.11B - \$1.16B
<b>Gross Margin</b>	44% - 45%	44% - 45%
<b>Advertising <sup>1</sup></b>	8% - 9%	8% - 9%
<b>Adj. EBITDA <sup>2</sup></b>	\$5M - \$9M	\$14M - \$28M

*Fiscal year ends on the Saturday that is closest to July 31 of that year. \$ in millions. All figures reflect continuing operations.*

(1) Advertising shown is a percentage of net revenue

(2) Non-GAAP measures are reconciled to the corresponding GAAP measures in the Appendix of this presentation. We define Adjusted EBITDA as net income (loss) from continuing operations excluding interest income, net other (income) expense, provision (benefit) for income taxes, depreciation and amortization, stock-based compensation expense, and restructuring and other one-time costs related to our continuing operations.



# APPENDIX





	FISCAL YEAR END <sup>1</sup>		
	2022	2023	2024
Cash and Investments <sup>2</sup>	\$230.7	\$257.6	\$247.0
Working Capital <sup>3</sup>	\$187.5	\$190.5	\$163.7
Purchase of Property, Plant, and Equipment	-\$45.0	-\$18.9	-\$14.0

(1) Fiscal year ends on the Saturday that is closest to July 31 of that year. \$ in millions. All figures reflect continuing operations.

(2) Cash and investments includes cash and cash equivalents, and highly rated securities.

(3) Working capital defined as current assets less current liabilities from continuing operations.

# Reconciliation of adjusted EBITDA



(in thousands)	Year ended		
	2022	2023	2024
<b>Adjusted EBITDA Reconciliation</b>			
Net Income (Loss) from Continuing Operations	\$(181,605)	\$(150,336)	\$(118,885)
<b>Add (Deduct):</b>			
Interest Income	(924)	(5,841)	(11,250)
Other (Income) Expense, net	394	25	(1,631)
Provision (Benefit) for Income Taxes	(2,335)	871	(1,661)
Depreciation and Amortization <sup>2</sup>	33,533	38,375	35,489
Stock-based Compensation Expense	124,944	102,072	76,756
Restructuring and Other One-time Costs <sup>3</sup>	26,206	45,749	50,463
<b>Adjusted EBITDA</b>	<b>\$213</b>	<b>\$30,915</b>	<b>\$29,281</b>

(1) Fiscal year ends on the Saturday that is closest to July 31 of that year. All figures reflect continuing operations.

(2) For fiscal 2023 and 2024, depreciation and amortization excluded \$2.8 million and \$12.1 million, respectively, reflected in "Restructuring and other one-time costs."

(3) For fiscal 2022, restructuring charges were \$17.7 million in severance and employee-related benefits and asset impairments; other one-time costs were \$8.5 million in retention bonuses for continuing employees. For fiscal 2023, restructuring charges were \$39.9 million in severance and employee-related benefits, asset impairments, accelerated depreciation, and other restructuring costs; other one-time costs were \$5.8 million in retention bonuses for continuing employees. For fiscal 2024, restructuring charges were \$43.8 million in severance and employee-related benefits, lease termination costs, asset impairments, accelerated depreciation, and other restructuring costs; other one-time costs were \$6.7 million in one-time professional services fees.



(in thousands)	Year ended		
	2022	2023	2024
<b>Free Cash Flow Reconciliation</b>			
Net cash provided by operating activities from continuing operations	\$75,217	\$73,230	\$28,207
<b>Add (Deduct):</b>			
Purchases of property and equipment from continuing operations	(44,957)	(18,863)	(13,965)
<b>Free Cash Flow</b>	<b>\$30,260</b>	<b>\$54,367</b>	<b>\$14,242</b>
Net cash provided by (used in) investing activities from continuing operations	11,627	64,476	(78,742)
Net cash used in financing activities from continuing operations	\$(59,580)	\$(15,085)	\$(15,493)

(1) Fiscal year ends on the Saturday that is closest to July 31 of that year. All figures reflect continuing operations.