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): September 21, 2021

STITCH FIX, INC.

(Exact name of Registrant as Specified in Its Charter)

Commission file number: 001-38291

Delaware

27-5026540

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1 Montgomery Street, Suite 1500 San Francisco, California 94104 (Address of principal executive offices and zip code)

(415) 882-7765 (Registrant's Telephone Number, Including Area Code)

Not Applicable (Former Name or Former Address, if Changed Since Last Report)

heck the appropriate box below it the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the illowing provisions (see General Instructions A.2. below):								
☐ Written communications pursuant to Rule 42	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)							
\square Soliciting material pursuant to Rule 14a-12 ι	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)							
☐ Pre-commencement communications pursua	nt to Rule 14d-2(b) under the	Exchange Act (17 CFR 240.14d-2(b))						
☐ Pre-commencement communications pursua	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 A	.ct:							
Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered						
Class A common stock, par value \$0.00002 per share	Nasdaq Global Select Market							
ndicate by check mark whether the registrant is an em chapter) or Rule 12b-2 of the Securities Exchange Act		fined in Rule 405 of the Securities Act of 1933 (§230.405 of this hapter).						
Emerging growth company \square								
f 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 r revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. \square								
	sum to section 15(u) of the 1							

Item 2.02 Results of Operations and Financial Condition.

On September 21, 2021, Stitch Fix, Inc. (the "Company") announced its financial results for the fourth quarter and full fiscal year 2021 ended July 31, 2021, by issuing a press release. In the press release, the Company also announced that it would be holding a conference call on September 21, 2021, at 2 p.m. Pacific Time to discuss its financial results for the fourth quarter and full fiscal year 2021 ended July 31, 2021. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this "Current Report") and incorporated by reference herein.

The information included in Item 2.02 of this Current Report and the exhibits attached hereto are 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, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

99.1 <u>Earnings Press Release dated September 21, 2021</u>

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

	Pursuant to the requirements of the Securities Excha	nge Act of 1934	, as amended, th	e Company has d	uly caused this re	eport to be sign	ed on its
behalf by	the undersigned hereunto duly authorized.						

Stitch Fix, Inc.

Dated:	September 21, 2021	By:	/s/ Dan Jedda
			Dan Jedda
			Chief Financial Officer



Stitch Fix Announces Fourth Quarter and Full Fiscal Year 2021 Financial Results

SAN FRANCISCO, September 21, 2021 (GLOBE NEWSWIRE) -- Stitch Fix, Inc. (NASDAQ:SFIX), the leading online personal shopping and styling service, has released its financial results for the fourth quarter and full fiscal year 2021 ended July 31, 2021.

Stitch Fix CEO Elizabeth Spaulding said, "In Q4 we delivered \$571 million in net revenue, reflecting 29% year-over-year growth, helping us cross \$2 billion in annual net revenue for the first time. These results reflect strong performance across our business, in Women's, Kids and the UK. Today, we are proud to serve almost 4.2 million clients, and with the launch of Stitch Fix Freestyle in August we are significantly increasing our addressable market and we're energized by the opportunity ahead. As we look forward, we are focused on continuing to expand and transform our offering, and drive awareness of Stitch Fix as the destination for personalized shopping, styling and inspiration, leveraging our unique combination of data science, and creative human judgement."

Fourth Quarter Key Metrics and Financial Highlights

- Net revenue of \$571.2 million, an increase of 29% year over year
- Active clients of 4,165,000, an increase of 643,000 or 18% year over year
- Net revenue per active client of \$505, an increase of 4% year over year
- Net income of \$21.5 million and diluted earnings per share of \$0.19
- Adjusted EBITDA of \$55.4 million

Full Year Financial Highlights

- Net revenue of \$2.1 billion, an increase of 22.8% year over year
- Net loss of \$8.9 million and diluted loss per share of \$0.08
- Adjusted EBITDA of \$64.9 million

Business Highlights

- Delivered strong top line revenue growth, driven by momentum in Women's Fix, outsized growth in Kids and the UK, and continued acceleration in our Freestyle channel
- Drove positive trends in client engagement and retention, with keep rates reaching all time highs, client churn rates ending the year at all time lows, and revenue per active client above \$500 for the first time
- Continued to evolve the client experience across Fix, and direct buy (now Freestyle); released numerous feature enhancements such as expanded branded shops, and rolled out Fix Preview to 100% of our Men's and Women's clients. As of August, Freestyle is open to everyone
- Delivered strong adjusted EBITDA, driven by outperformance in revenue, as well as all time high gross margins, achieved through gains in product margins and efficiency in transportation costs

Financial Outlook

Our financial outlook for the first quarter of fiscal 2022, which ends on October 30, 2021, is as follows:

	Q1'22	
Net Revenue	\$560 million - \$575 million	14.0% - 17.0% YoY growth
Adjusted EBITDA	\$15 million - \$20 million	2.7% - 3.5% margin

Our financial outlook for fiscal year 2022, which ends on July 30, 2022, is as follows:

	FY'22
Net Revenue	≥ 15.0% YoY growth
Adjusted EBITDA	≥ 2.0% margin

Conference Call and Webcast Information

Elizabeth Spaulding, Chief Executive Officer of Stitch Fix, and Dan Jedda, Chief Financial Officer of Stitch Fix, will host a conference call at 2:00 p.m. Pacific Time today to discuss the Company's financial results and outlook. A live webcast will be accessible on Stitch Fix's investor relations website at investors.stitchfix.com. Interested parties can also access the call by dialing 800-458-4121 in the U.S. or 323-794-2093 internationally, and entering conference code 7087675.

A telephonic replay will be available through Tuesday, September 28, 2021, at 888-203-1112 or 719-457-0820, passcode 7087675. An archive of the webcast conference call will be available shortly after the call ends at https://investors.stitchfix.com.

About Stitch Fix, Inc.

Stitch Fix is the world's leading online personalized shopping experience. Our unique business model combines the human touch of expert stylists with the precision of advanced data science. Since our founding in 2011, we've served as a trusted style partner to millions of people, helping adults and kids get dressed every day feeling like their best selves. The Stitch Fix team is building a transformative and inclusive ecommerce model, an ecosystem of shopping experiences based on convenience and guided discovery that makes it radically simple and delightful for customers to discover and buy what they love. For more, visit https://www.stitchfix.com.

Forward-Looking Statements

This press release, the related conference call and webcast contain forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact could be deemed forward looking, including but not limited to statements regarding our expectations for future financial performance, including our profitability and long-term targets; guidance on financial results for the first quarter and full year of 2022; the momentum of our business; the rate of client migration to our offering; the forecasted continued and lasting shift to online shopping and our ability to capture market share; our expectation that the overall demand for apparel will increase as the broader environment normalizes; our expected conversion and retention of new and existing clients; the success of and opportunity related to our Freestyle offering; our ability to enhance and broaden Freestyle through additional brands, assortment, price points, and client-facing features; that our new product features, such as Freestyle and Fix preview will drive deeper client adoption; that Freestyle will expand our ecosystem and fuel client acquisition by unlocking the full addressable apparel market; our ability to expand our client base and increase wallet share; our ability to leverage our engineering and data science capabilities to drive efficiencies in our business and enhance our ability to personalize our service and offerings; our ability to invest significantly in our infrastructure to enable new inventory models; that our Active, Athleisure and Lounge apparel categories will be an engine of growth; our ability to scale our branded shops; that our investments will allow us to maximize our working capital efficiency; our advertising and marketing plans, including opening up new marketing channels, and whether our marketing investments will pay off in future quarters; our ability to broaden our assortment and partner with notable brands; and our ability to create new exclusive brands that appeal to clients. These statements involve substantial risks and uncertainties, including risks and uncertainties related to the ongoing COVID-19 pandemic, our responses to the pandemic, the responses of our clients, competitors, suppliers, governmental authorities, and public health officials; our ability to generate sufficient net revenue to offset our costs; the growth of our market and consumer behavior; our ability to acquire, engage, and retain clients; our ability to provide offerings and services that achieve market acceptance; our data science and technology, stylists, operations, marketing initiatives, and other key strategic areas; risks related to our inventory; risks related to our supply chain, sourcing of materials and shipping of merchandise; risks related to international operations; and other risks described in the filings we make with the SEC. Further information on these and other factors that could cause our financial results, performance, and achievements to differ materially from any results, performance, or achievements anticipated, expressed, or implied by these forward-looking statements is included in filings we make with the SEC from time to time, including in the section titled "Risk Factors" in our Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2021. These documents are available on the SEC Filings section of the Investor Relations section of our website at: https://investors.stitchfix.com. We undertake no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law. The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties, and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent our management's beliefs and assumptions only as of the date such statements are made.

Stitch Fix, Inc. Condensed Consolidated Balance Sheets (Unaudited)

(In thousands, except share and per share amounts)

	July 31, 2021	August 1, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 129,785	\$ 143,455
Short-term investments	101,546	143,037
Inventory, net	212,294	124,816
Prepaid expenses and other current assets	50,512	32,723
Income tax receivable	27,667	22,279
Total current assets	521,804	 466,310
Long-term investments	59,035	95,097
Income tax receivable, net of current portion	27,054	742
Property and equipment, net	86,959	70,369
Operating lease right-of-use assets	118,565	132,615
Other long-term assets	5,732	4,296
Total assets	\$ 819,149	\$ 769,429
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 73,499	\$ 85,177
Operating lease liabilities	25,702	24,333
Accrued liabilities	99,028	77,590
Gift card liability	9,903	8,590
Deferred revenue	18,154	13,059
Other current liabilities	2,027	3,406
Total current liabilities	228,313	212,155
Operating lease liabilities, net of current portion	121,623	140,175
Other long-term liabilities	8,364	16,062
Total liabilities	358,300	368,392
Stockholders' equity:		
Class A common stock, \$0.00002 par value	1	1
Class B common stock, \$0.00002 par value	1	1
Additional paid-in capital	416,755	348,750
Accumulated other comprehensive income (loss)	3,411	2,728
Retained earnings	40,681	49,557
Total stockholders' equity	460,849	401,037
Total liabilities and stockholders' equity	\$ 819,149	\$ 769,429

Stitch Fix, Inc. Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

(In thousands, except share and per share amounts)

	For the Three Months Ended				For the Fiscal Year Ended			
		July 31, 2021 August		August 1, 2020		July 31, 2021		August 1, 2020
Revenue, net	\$	571,159	\$	443,408	\$	2,101,258	\$	1,711,733
Cost of goods sold		305,707		244,298		1,153,622		957,523
Gross profit		265,452		199,110		947,636		754,210
Selling, general, and administrative expenses		244,710		213,377		1,010,997		805,874
Operating income (loss)		20,742		(14,267)		(63,361)		(51,664)
Interest (income) expense		(363)		(1,033)		(2,610)		(5,535)
Other (income) expense, net		449		162		366		1,593
Income (loss) before income taxes		20,656		(13,396)		(61,117)		(47,722)
Provision (benefit) for income taxes		(812)		31,071		(52,241)		19,395
Net income (loss)	\$	21,468	\$	(44,467)	\$	(8,876)	\$	(67,117)
Other comprehensive income (loss):								
Change in unrealized gain (loss) on available-for-sale securities, net of tax		(153)		(247)		(1,503)		822
Foreign currency translation		288		1,460		2,186		2,093
Total other comprehensive income (loss), net of tax		135		1,213		683		2,915
Comprehensive income (loss)	\$	21,603	\$	(43,254)	\$	(8,193)	\$	(64,202)
Net income (loss) attributable to common stockholders:								
Basic	\$	21,468	\$	(44,467)	\$	(8,876)	\$	(67,117)
Diluted	\$	28,012	\$	(44,467)	\$	(8,876)	\$	(67,117)
Earnings (loss) per share attributable to common stockholders:								
Basic	\$	0.20	\$	(0.44)	\$	(0.08)	\$	(0.66)
Diluted	\$	0.19	\$	(0.44)	\$	(0.08)	\$	(0.66)
Weighted-average shares used to compute earnings (loss) per share attributable to common stockholders:	<u> </u>		-					
Basic		107,526,693		103,278,240		105,975,403	_	102,383,282
Diluted		115,439,429		103,278,240		105,975,403		102,383,282

Stitch Fix, Inc. Condensed Consolidated Statements of Cash Flow (Unaudited)

(In thousands)

Cash Flows from Operating Activities July 31,201 Assess (Assess) Cash Flows from Operating Activities \$ (8.0%) \$ (6.17) Actinations (Ioss) \$ (8.0%) \$ (8.0%) \$ (8.0%) Deferred income (Loss) to net cash provided (used in) operating activities \$ (8.0%) \$ (8.0%) Deferred income taxes and valuation allowance \$ (8.0%) \$ (8.0%) Stock-based compensation expense \$ (8.0%) \$ (8.0%) Operating assert and institution, and accretion \$ (8.0%) \$ (8.0%) Other \$ (8.0%) \$ (8.0%) Change in operating assert and liabilities \$ (8.0%) \$ (8.0%) Inventory \$ (8.0%) \$ (8.0%) Inventory \$ (8.0%) \$ (8.0%) Inventory \$ (8.0%) \$ (8.0%) Change in operating activities \$ (8.0%) \$ (8.0%) Inventory \$ (8.0%) \$ (8.0%) Inventory \$ (8.0%) \$ (8.0%) Operating lease right-of-usessess and liabilities \$ (8.0%) \$ (8.0%) Operating lease right-of-uses assess and liabilities \$ (8.0%) \$ (8.0%)	(For the Fiscal Year Ended		
Net income (loss) \$ (8,71) Adjustments to reconcile net income (loss) to net cash provided (used in) operating activities: 64 22,800 Deferred income taxes and valuation allowance 64 22,800 Inventory reserves 68,075 8,075 8,020 Stock-based compensation expense 10,062 6,753 6,753 Depreciation, amortization, and accretion 29,999 22,615 6,753 Change in operating assets and liabilities: 8,000 1,052		July			
Adjustments to reconcile net income (loss) to net cash provided (used in) operating activities: Deferred income taxes and valuation allowance Inventory reserves Associated compensation expense Oberpeciation, amortization, and accretion Oberpeciation of the state of the	Cash Flows from Operating Activities		·	-	
Deferred income taxes and valuation allowance 6,875 8,825 Stock-based compensation expense 10,006 6,753 Depreciation, amortization, and accretion 29,939 22,947 Other (3,62) 808 Change in operating assets and liabilities: 80,005 (1,62) Prepaid expenses and other assets (20,06) (1,64) Income tax receivables (3,100) (6,54) Operating lease right-of-use assets and liabilities (1,03) (6,54) Operating lease right-of-use assets and liabilities (2,00) (1,03) Accounts payable (2,03) (5,52) Accreued liabilities (2,00) (3,50) Operating devenue (5,62) (1,52) Office and liabilities (3,00) (3,52) Other laabilities (3,00) (3,52) Operating activities (3,52) (3,00) Operating activities (3,52) (3,00) Purchase of property and equipment (3,52) (3,00) Subset of securities available-for-sale (3,10) (3,52)	Net income (loss)	\$	(8,876) \$	(67,117)	
Inventory reserves	Adjustments to reconcile net income (loss) to net cash provided (used in) operating activities:				
Stock-based compensation expense 100,696 67,300 Depreciation, amortization, and accretion 22,617 Other (36,32) 28,617 Change in operating assets and liabilities:	Deferred income taxes and valuation allowance		64	22,880	
Depreciation, amortization, and accretion 29,925 22,617 Other (3.632) 88 Change in operating assets and liabilities: (96,056) (15,222) Inventory (96,056) (15,222) Prepaid expenses and other assets (20,006) (140 Income tax receivables (31,000) (5,434) Operating lease right-of-use assets and liabilities (12,335) (5,522) Accounts payable (12,335) (5,522) Account liabilities 2,001 (5,902) (1,552) Deferred revenue 5,002 (1,502) (1,502) Gift card liability (15,502) (3,502) (3,502) Other liabilities (9,002) 3,508 (3,502) Net cash provided by (used in) operating activities (15,502) (3,207) Cash Flows from Investing Activities (13,205) (30,207) Purchases of property and equipment (3,252) (30,207) Purchase of securities available-for-sale (13,245) (32,252) Sales of securities available-for-sale (15,207)	Inventory reserves		8,875	8,828	
Other (5,000)	Stock-based compensation expense		100,696	67,530	
Change in operating assets and liabilities: (96.05) (15.222) Inventory (96.05) (15.222) Prepaid expenses and other assets (20.09) (14.04) Income tax receivables (31.70) (6.543) Operating lease right-of-use assets and liabilities (1.818) 39 Accound liabilities 22.011 8.297 Accrued liabilities 5.092 1.05 Other liabilities (9.08) 3.580 Other liabilities (9.08) 3.580 Net cash provided by (used in) operating activities (15.57) 4.287 Cash Flows from Investing Activities (173.73) (3.20) Purchases of property and equipment (35.25) (30.207 Purchases of securities available-for-sale (173.73) (48.318) Sales of securities available-for-sale 14.57 4.747 Net cash provided by (used in) investing activities 3.903 70.61 Cash Flows from Financing Activities 25.93 12.07 Payments for tax withholding related to vesting of restricted stock units (6.316) (1.289	Depreciation, amortization, and accretion		29,929	22,617	
Inventory (96,05) (15,222 Prepaid expenses and other assets (20,00) (14,00) Income tax receivables (31,70) (5,634) Operating lease right-of-use assets and liabilities (12,30) (5,500) Accounts payable (12,30) (22,30) Account diabilities 5,002 (15,60) Deferred revenue 5,002 (3,50) Other liabilities (9,00) 3,30 Other liabilities (9,00) 3,30 Net cash provided by (used in) operating activities (15,67) 42,87 Cash Flows from Investing Activities (15,57) (30,20) Purchases of securities available-for-sale (173,72) (30,30) Purchases of securities available-for-sale (173,72) (30,30) Auturities of securities available-for-sale 10,45 (30,50) Muturities of securities available-for-sale 10,45 (30,50) Cash Flows from Financing Activities 25,93 (30,50) Purch cash provided by (used in) investing activities 25,93 (30,50) Susaine costs on re	Other		(3,632)	882	
Prepaid expenses and other assets (20,096) (140) Income tax receivables (31,700) (6,543) Operating lease right-of-use assets and liabilities (12,385) (5,520) Accrued liabilities 22,011 8.290 Deferred revenue 5,082 1,055 Gift card liability 1,313 1,355 Other liabilities (9,082) 3,580 Net cash provided by (used in) operating activities (15,675) 42,877 Cash Flows from Investing Activities (35,256) (30,207) Purchases of property and equipment (35,256) (30,207) Purchases of securities available-for-sale 104,501 36,588 Sales of securities available-for-sale 104,501 36,589 Maturities of securities available-for-sale 104,501 36,589 Maturities of securities available-for-sale 104,501 36,589 Maturities of securities available-for-sale 104,501 36,589 Payments for tax withholding related to vesting of restricted stock units 66,316 12,076 Payments for tax withholding related to vesting of restricted sto	Change in operating assets and liabilities:				
Income tax receivables (31,700) (6,543) Opperating lease right-of-use assets and liabilities (12,365) (5,520) Accounts payable (12,365) (5,520) Accound liabilities 22,011 8,297 Deferred revenue 5,062 1,055 Gift card liability (9,082) 3,580 Other liabilities (9,082) 3,580 Net cash provided by (used in) operating activities (15,675) 42,877 Tash Flows from Investing Activities (15,675) 42,877 Purchases of property and equipment (35,256) (30,207) Purchases of securities available-for-sale (173,726) (248,318) Sales of securities available-for-sale 143,574 171,477 Muturities of securities available-for-sale 39,09 70,461 Active of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 25,932 12,075 Poceeds from the exercise of sock options, net 25,932 12,075 Payments for tax withholding related to vesting of restricted stock units (64,36)	Inventory		(96,056)	(15,222)	
Operating lease right-of-use assets and liabilities (1,818) 384 Accounts payable (12,385) (5,500) Accrued liabilities 22,011 8.297 Deferred revenue 5,082 1,035 Gift card liability 1,313 3,350 Other liabilities (9,082) 3,580 Net cash provided by (used in) operating activities (15,57) 42,877 Cash Flows from Investing Activities (13,25) 42,877 Purchase of property and equipment (35,25) (30,207 Purchase of securities available-for-sale (173,76) (243,318 Sales of securities available-for-sale (173,76) (243,318 Maturities of securities available-for-sale 104,501 3,605 Sales of securities available-for-sale 104,501 3,605 Maturities of securities available-for-sale 104,507 4,605	Prepaid expenses and other assets		(20,096)	(140)	
Accounts payable (12,385) (5,520) Accound liabilities 22,011 8,295 Deferred revenue 5,082 1,056 Gift card liability 1,313 1,355 Other liabilities (9,082) 3,388 Other liabilities (9,082) 3,388 Other liabilities (9,082) 3,388 State sab provided by (used in) operating activities (15,07) (2,020) Cash Flows from Investing Activities (35,25) (30,207) Purchases of securities available-for-sale (173,72) (243,318) Sales of securities available-for-sale 104,501 (35,550 Muturities of securities available-for-sale 104,501 (35,550 Muturities of securities available-for-sale 104,501 (35,650 Post cash provided by (used in) investing activities 25,932 12,002 Po	Income tax receivables		(31,700)	(6,543)	
Accrued liabilities 22,011 8,297 Deferred revenue 5,082 1,054 Gift card liability 1,313 1,355 Other liabilities (9,082) 3,586 Net cash provided by (used in) operating activities (15,675) 42,877 Cash Flows from Investing Activities (35,256) (35,256) 42,877 Purchases of property and equipment (35,256) (24,8318 Sales of securities available-for-sale (173,726) (24,8318 Maturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 30,903 (70,461 Cash Flows from Financing Activities 30,903 (70,461 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (69,404) (12,819 Net cash provided by (used in) financing activities (38,885) (1,435 Net cash provided by (used in) financing activities (38,405) (1,545) Cash and cash equivalents at end of period (38,405) (1,545)	Operating lease right-of-use assets and liabilities		(1,818)	394	
Deferred revenue 5,082 1,054 Gift card liability 1,313 1,355 Other liabilities (9,082) 3,580 Net cash provided by (used in) operating activities (15,675) 42,877 Cash Flows from Investing Activities Purchases of property and equipment (35,256) (30,207) Purchases of securities available-for-sale (17,372) (248,318) Sales of securities available-for-sale 143,574 (37,472) (248,318) Muturities of securities available-for-sale 143,574 (37,472)	Accounts payable		(12,385)	(5,520)	
Gift card liability 1,315 1,357 Other liabilities (9,082) 3,388 Net cash provided by (used in) operating activities (1,567) 4,287 Cash Flows from Investing Activities We can be properly and equipment (35,250) (30,207) Purchases of property and equipment (35,256) (30,207) Purchases of securities available-for-sale (173,706) (248,318) Sales of securities available-for-sale 143,557 (70,461) Mutuation of securities available-for-sale 143,557 (70,461) Met cash provided by (used in) investing activities 39,093 (70,461) Sales from financing Activities 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (51,072) (52,072) Payments for tax withholding related to vesting of restricted stock units (50,072) (50,072) Susance costs on revolving credit facility (50,072) (50,072) (50,072) Pot increase (decrease) in cash and cash equivalents (15,407) (50,072) (50,072) (50,072) (50,072) (50,072) (50,072) (50,072)	Accrued liabilities		22,011	8,297	
Other liabilities (9.08) 3.80 Net cash provided by (used in) operating activities (15.67) 42.87 Cash Flows from Investing Activities 30.20 7.00	Deferred revenue		5,082	1,054	
Net cash provided by (used in) operating activities 42,877 Cash Flows from Investing Activities 8 Purchases of property and equipment (35,25) (30,207) Purchases of securities available-for-sale (173,726) (248,318) Sales of securities available-for-sale 104,501 36,582 Muturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 39,093 (70,461) Cash Flows from Financing Activities 25,932 12,076 Proceeds from the exercise of stock options, net 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) (1,435) Net increase (decrease) in cash and cash equivalents (15,467) (29,019 Cash and cash equivalents at beginning of period 1,794 1,542 Cash and cash equivalents at end of period \$ 1,20,92 1,79,932 Cash and cash equivalents at end of period \$ 1,20,92 1,	Gift card liability		1,313	1,357	
Cash Flows from Investing Activities Cash Flows from Investing Activities Cash Space of property and equipment (35,256) (30,207) Purchases of securities available-for-sale (173,726) (248,318) Sales of securities available-for-sale 104,501 36,587 Maturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 39,003 (70,461 Cash Flows from Financing Activities Proceeds from the exercise of stock options, net 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819) Issue acc costs on revolving credit facility (64,316) (12,819) Net increase (decrease) in cash and cash equivalents (15,467) (29,019) Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period 143,455 170,932 Cash paid for income taxes \$ 40 \$ 3,665 Supplemental Disclosure \$ 40 \$ 3,665 Cash paid	Other liabilities		(9,082)	3,580	
Purchases of property and equipment (35,256) (30,207) Purchases of securities available-for-sale (173,726) (248,181) Sales of securities available-for-sale 104,501 36,587 Maturities of securities available-for-sale 104,501 174,777 Maturities of securities available-for-sale 30,903 (70,461) Net cash provided by (used in) investing activities 30,903 (70,461) Cash Flows from Financing Activities 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819) Issuance costs on revolving credit facility (64,316) (15,419) Issuance costs on revolving credit fa	Net cash provided by (used in) operating activities		(15,675)	42,877	
Purchases of securities available-for-sale (173,726) (248,318 Sales of securities available-for-sale 104,501 36,587 Maturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 39,093 70,461 Cash Flows from Financing Activities Proceeds from the exercise of stock options, net 25,932 12,075 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility 501 669 Net cash provided by (used in) financing activities 38,885 1,435 Net increase (decrease) in cash and cash equivalents 15,467 29,019 Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 134,355 170,932 Cash and cash equivalents at end of period 134,355 170,932 Supplemental Disclosure \$ 143,055 3,365 Supplemental Disclosure of Non-Cash Investing and Financing Activities \$ 3,803 \$ 4,086 Capitalized stock-based compensation \$ 3,803	Cash Flows from Investing Activities				
Sales of securities available-for-sale 104,501 36,587 Maturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 39,093 (70,461 Cash Flows from Financing Activities 5,932 12,076 Proceeds from the exercise of stock options, net 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) 1,435 Net increase (decrease) in cash and cash equivalents (15,467) (29,019 Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$ 129,765 143,455 Cash paid for income taxes \$ 461 \$ 3,665 Supplemental Disclosure \$ 3,665 \$ 3,665 Cash paid for income taxes \$ 3,803 \$ 4,086 Supplemental Disclosure \$ 3,803 \$ 4,086 <	Purchases of property and equipment		(35,256)	(30,207	
Maturities of securities available-for-sale 143,574 171,477 Net cash provided by (used in) investing activities 39,093 (70,461 Cash Flows from Financing Activities 25,932 12,078 Proceeds from the exercise of stock options, net 25,932 12,078 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) 1,435 Net crease (decrease) in cash and cash equivalents 15,407 2,901 Effect of exchange rate changes on cash 1,797 1,552 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at beginning of period 129,785 134,355 Supplemental Disclosure \$ 129,785 134,355 Supplemental Disclosure \$ 461 365 Supplemental Disclosure of Non-Cash Investing and Financing Activities: \$ 3,803 \$ 4,086 Capitalized stock-based compensation \$ 3,803 \$ 4,086	Purchases of securities available-for-sale		(173,726)	(248,318	
Net cash provided by (used in) investing activities 39,093 (70,461) Cash Flows from Financing Activities 50,000 125,032 120,000 Proceeds from the exercise of stock options, net 25,932 120,000 120,819 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) (1,435 Net increase (decrease) in cash and cash equivalents 15,467 (29,019 Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$ 129,785 143,455 Supplemental Disclosure \$ 461 \$ 365 Supplemental Disclosure of Non-Cash Investing and Financing Activities \$ 3,803 \$ 4,088 Purchases of property and equipment included in accounts payable and accrued liabilities \$ 3,803 \$ 4,088 Capitalized stock-based compensation \$ 5,693 \$ 2,456	Sales of securities available-for-sale		104,501	36,587	
Cash Flows from Financing Activities Proceeds from the exercise of stock options, net 25,932 12,078 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) (1,435 Net increase (decrease) in cash and cash equivalents (15,467) (29,019 Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$ 129,785 143,455 Supplemental Disclosure \$ 461 \$ 365 Supplemental Disclosure of Non-Cash Investing and Financing Activities \$ 3,803 \$ 4,088 Capitalized stock-based compensation \$ 5,693 \$ 4,088	Maturities of securities available-for-sale		143,574	171,477	
Proceeds from the exercise of stock options, net 25,932 12,076 Payments for tax withholding related to vesting of restricted stock units (64,316) (12,819 Issuance costs on revolving credit facility (501) (694 Net cash provided by (used in) financing activities (38,885) (1,435 Net increase (decrease) in cash and cash equivalents (15,467) (29,019 Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$ 129,785 143,455 Supplemental Disclosure \$ 461 365 Supplemental Disclosure of Non-Cash Investing and Financing Activities: \$ 3,803 4,085 Capitalized stock-based compensation \$ 5,693 2,2450	Net cash provided by (used in) investing activities	·	39,093	(70,461	
Payments for tax withholding related to vesting of restricted stock units(64,316)(12,819)Issuance costs on revolving credit facility(501)(694)Net cash provided by (used in) financing activities(38,885)(1,435)Net increase (decrease) in cash and cash equivalents(15,467)(29,019)Effect of exchange rate changes on cash1,7971,542Cash and cash equivalents at beginning of period143,455170,932Cash and cash equivalents at end of period\$ 129,785143,455Supplemental DisclosureCash paid for income taxes\$ 461365Supplemental Disclosure of Non-Cash Investing and Financing Activities:Purchases of property and equipment included in accounts payable and accrued liabilities\$ 3,8034,086Capitalized stock-based compensation\$ 5,6932,450	Cash Flows from Financing Activities				
Issuance costs on revolving credit facility(501)(694)Net cash provided by (used in) financing activities(38,885)(1,435)Net increase (decrease) in cash and cash equivalents(15,467)(29,019)Effect of exchange rate changes on cash1,7971,542Cash and cash equivalents at beginning of period143,455170,932Cash and cash equivalents at end of period\$ 129,785143,455Supplemental DisclosureCash paid for income taxes\$ 461\$ 365Supplemental Disclosure of Non-Cash Investing and Financing Activities:Purchases of property and equipment included in accounts payable and accrued liabilities\$ 3,8034,086Capitalized stock-based compensation\$ 5,6932,450	Proceeds from the exercise of stock options, net		25,932	12,078	
Net cash provided by (used in) financing activities (38,885) (1,455) Net increase (decrease) in cash and cash equivalents (15,467) (29,019) Effect of exchange rate changes on cash (1,797) (1,542) Cash and cash equivalents at beginning of period (143,455) (170,932) Cash and cash equivalents at end of period (143,455) (170,932) Supplemental Disclosure Cash paid for income taxes (1,894) (1,894) (1,894) (1,894) Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities (1,894) (1,895) (1	Payments for tax withholding related to vesting of restricted stock units		(64,316)	(12,819	
Net increase (decrease) in cash and cash equivalents (15,467) (29,019) Effect of exchange rate changes on cash 1,797 1,542 Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$129,785\$ 143,455 Supplemental Disclosure Cash paid for income taxes \$1,461\$ \$365 Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities \$3,803\$ \$4,086 Capitalized stock-based compensation \$5,693\$ \$2,450	Issuance costs on revolving credit facility		(501)	(694	
Effect of exchange rate changes on cash Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Cash and cash equivalents at end of period Cash and cash equivalents at end of period Supplemental Disclosure Cash paid for income taxes Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities Capitalized stock-based compensation 1,797 1,542 1,793 2,893 3,893 4,088 4,088 4,088 4,088	Net cash provided by (used in) financing activities		(38,885)	(1,435	
Cash and cash equivalents at beginning of period 143,455 170,932 Cash and cash equivalents at end of period \$129,785 \$143,455 \$129,785 \$143,455 \$129,785 \$143,455 \$129,785 \$143,455 \$129,785 \$12	Net increase (decrease) in cash and cash equivalents		(15,467)	(29,019	
Cash and cash equivalents at end of period \$ 129,785 \$ 143,455 \$ 1	Effect of exchange rate changes on cash		1,797	1,542	
Supplemental Disclosure Cash paid for income taxes Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities Signature of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities Signature of Non-Cash Investing and Financing Activities: Signature of Non-Cash Investing and Financing Activities: Supplemental Disclosure of Non-Cash Investing and Financing Activities: Supplemental Disclosure of Non-Cash Investing and Financing Activities: Signature of Non-Cash Investing and Signature of Non-Cash I	Cash and cash equivalents at beginning of period		143,455	170,932	
Cash paid for income taxes Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities Capitalized stock-based compensation \$ 461 \$ 365 \$ 565	Cash and cash equivalents at end of period	\$	129,785 \$	143,455	
Supplemental Disclosure of Non-Cash Investing and Financing Activities: Purchases of property and equipment included in accounts payable and accrued liabilities Capitalized stock-based compensation \$ 3,803 \$ 4,088 \$ 2,450 \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ \$ 2,450 \$ 2,450 \$ \$ 2	Supplemental Disclosure				
Purchases of property and equipment included in accounts payable and accrued liabilities \$ 3,803 \$ 4,088 Capitalized stock-based compensation \$ 5,693 \$ 2,450	Cash paid for income taxes	\$	461 \$	365	
Capitalized stock-based compensation \$ 5,693 \$ 2,450	Supplemental Disclosure of Non-Cash Investing and Financing Activities:				
	Purchases of property and equipment included in accounts payable and accrued liabilities	\$	3,803 \$	4,088	
Leasehold improvements paid by landlord \$ 7,406	Capitalized stock-based compensation	\$	5,693 \$	2,450	
	Leasehold improvements paid by landlord	\$	<u> </u>	7,406	

Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles in the United States ("GAAP"). However, management believes that certain non-GAAP financial measures provide users of our financial information with additional useful information in evaluating our performance. We believe that adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, and that this supplemental measure facilitates comparisons between companies. We believe free cash flow is an important metric because it represents a measure of how much cash from operations we have available for discretionary and non-discretionary items after the deduction of capital expenditures. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures. Some of these limitations include:

- adjusted EBITDA excludes interest (income) expense and other (income) expense, net, as these items are not components of our core business;
- adjusted EBITDA does not reflect our tax provision (benefit), which may increase or decrease cash available to us;
- adjusted EBITDA excludes the recurring, non-cash expenses of depreciation and amortization of property and equipment and, although these are non-cash expenses, the assets being depreciated and amortized may have to be replaced in the future;
- adjusted EBITDA excludes the non-cash expense of stock-based compensation, which has been, and will continue to be for the foreseeable future,
 an important part of how we attract and retain our employees and a significant recurring expense in our business; and
- free cash flow does not represent the total residual cash flow available for discretionary purposes and does not reflect our future contractual commitments.

Adjusted EBITDA

We define adjusted EBITDA as net income (loss) excluding interest (income) expense, other (income) expense, net, provision (benefit) for income taxes, depreciation and amortization, and stock-based compensation expense. The following table presents a reconciliation of net income (loss), the most comparable GAAP financial measure, to adjusted EBITDA for each of the periods presented:

	For the Three	Months Ended	For the Fisca	al Year Ended
(in thousands)	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Net income (loss)	\$ 21,468	\$ (44,467)	\$ (8,876)	\$ (67,117)
Add (deduct):				
Interest (income) expense	(363)	(1,033)	(2,610)	(5,535)
Other (income) expense, net	449	162	366	1,593
Provision (benefit) for income taxes	(812)	31,071	(52,241)	19,395
Depreciation and amortization	7,438	6,004	27,610	22,562
Stock-based compensation expense	27,210	20,055	100,696	67,530
Adjusted EBITDA	\$ 55,390	\$ 11,792	\$ 64,945	\$ 38,428

Free Cash Flow

We define free cash flow as cash flows provided by (used in) operating activities reduced by purchases of property and equipment that are included in cash flows provided by (used in) investing activities. The following table presents a reconciliation of cash flows provided by (used in) operating activities, the most comparable GAAP financial measure, to free cash flow for each of the periods presented:

		For the Fiscal Year Ended				
(in thousands)		y 31, 2021	August 1, 2020			
Free cash flow reconciliation:						
Cash flows provided by (used in) operating activities	\$	(15,675) \$	42,877			
Deduct:						
Purchases of property and equipment		(35,256)	(30,207)			
Free cash flow	\$	(50,931) \$	12,670			
Cash flows provided by (used in) investing activities	\$	39,093 \$	(70,461)			
Cash flows provided by (used in) financing activities	\$	(38,885) \$	(1.435)			

Operating Metrics

	July 31, 2021	May 1, 2021		January 31, 2021	October 31, 2020	August 1, 2020
Active clients (in thousands)	4,16	5 4	,107	3,873	3,763	3,522
Net revenue per active client ⁽¹⁾	\$ 50	5 \$	481 \$	467	\$ 467	\$ 486

⁽¹⁾ Fiscal year 2019 was a 53-week year, with the extra week occurring in the quarter ended August 3, 2019. Therefore, net revenue per active client for the quarter ended May 2, 2020, includes the impact of the extra week of revenue.

Active Clients

We define an active client as a client who checked out a Fix or was shipped an item using our direct-buy functionality, "Freestyle," in the preceding 52 weeks, measured as of the last day of that period. A client checks out a Fix when she indicates what items she is keeping through our mobile application or on our website. We consider each Men's, Women's, or Kids account as a client, even if they share the same household.

Net Revenue per Active Client

We calculate net revenue per active client 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.

IR Contact: PR Contact:

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