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): March 11, 2019

STITCH FIX, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	001-38291	27-5026540
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1 Montgomery Street, Suite 1500 San Francisco, California	**94104**
(Address of Principal Executive Offices)	(Zip Code)

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

Not Applicable
(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 Instructions 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))

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 March 11, 2019, Stitch Fix, Inc. (the "Company") announced its financial results for the second quarter of fiscal year 2019 ended January 26, 2019, by issuing a Letter to Shareholders (the "Letter") and a press release. In the Letter and the press release, the Company also announced that it would be holding a conference call on March 11, 2019, at 2 p.m. Pacific Time to discuss its financial results for the second quarter of fiscal year 2019 ended January 26, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein. A copy of the Letter is furnished as Exhibit 99.2 to this Current Report on Form 8-K and incorporated by reference herein.

The information included in Item 2.02 of this Current Report on Form 8-K 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	Press Release dated March 11, 2019
99.2	Letter to Shareholders dated March 11, 2019

SIGNATURES

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

Stitch Fix, Inc.

Dated:	March 11, 2019	By:	/s/ Paul Yee
			Paul Yee
			Chief Financial Officer

Exhibit 99.1

STITCH FIX™

Stitch Fix Announces Second Quarter Fiscal Year 2019 Financial Results

SAN FRANCISCO, March 11, 2019 (GLOBE NEWSWIRE) -- Stitch Fix, Inc. (NASDAQ:SFIX), the leading online personal styling service, has released its financial results for the second quarter of fiscal year 2019 ended January 26, 2019, and posted a letter to its shareholders on its investor relations website.

Second quarter highlights

- Active clients of 3.0 million, an increase of 18% year over year
- Net revenue of $370.3 million, an increase of 25% year over year
- Net income of $12.0 million and adjusted EBITDA of $19.2 million
- Diluted earnings per share of $0.12

"Q2 was another strong quarter for us, delivering net revenue of $370.3 million, exceeding our guidance and representing 25% year-over-year growth," said Stitch Fix Founder and CEO Katrina Lake. *"Since becoming a public company, we have posted six consecutive quarters of over 20% growth, which demonstrates our ability to drive consistent business performance. I'm proud that we're now serving 3 million people across the U.S. and remain focused on delighting our existing clients and expanding our reach. We launched our first integrated brand campaign in February to increase awareness and consideration with new and existing clients and we're excited to connect even more people to the power of personalized styling."*

Please visit the Stitch Fix investor relations website at https://investors.stitchfix.com to view the financial results included in the letter to shareholders. The Company intends to continue to make future announcements of material financial and other information through its investor relations website. The Company will also, from time to time, disclose this information through press releases, filings with the Securities and Exchange Commission, conference calls, or webcasts, as required by applicable law.

Conference Call and Webcast Information

Katrina Lake, Founder and Chief Executive Officer of Stitch Fix, Paul Yee, Chief Financial Officer of Stitch Fix, and Mike Smith, President and Chief Operating 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 (888) 254-3590 in the U.S. or (323) 994-2093 internationally, and entering conference code 1231328.

A telephonic replay will be available through Monday, March 18, 2019, at (888) 203-1112 or (719) 457-0820, passcode 1231328. 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 reinventing the shopping experience by delivering one-to-one personalization to our clients, through the combination of data science and human judgment. Stitch Fix was founded in 2011 by Founder and CEO Katrina Lake. Since our founding, we've helped millions of men, women, and kids discover and buy what they love through personalized shipments of apparel, shoes, and accessories, hand-selected by Stitch Fix stylists and delivered to our clients' homes.

Forward-Looking Statements

This press release and 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 future financial performance, including our guidance on financial results for the third quarter and full year of fiscal 2019; market trends, growth, and opportunity; profitability; competition; the timing and success of expansions to our offering and penetration of our target markets, such as the launch of our offering in the United Kingdom; our ability to leverage our engineering and data science capabilities to drive efficiencies in our business and enhance our ability to personalize; our plans related to client acquisition, including any impact on our costs and margins and our ability to determine optimal marketing and advertising methods; and our ability to successfully acquire, engage, and retain clients. These statements involve substantial risks and uncertainties, including risks and uncertainties related to 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 international operations; and other risks described in the filings we make with the Securities and Exchange Commission ("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 October 27, 2018. These documents are available on the SEC Filings section of the Investor Relations section of our website at: http://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)

	January 26, 2019	July 28, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 167,496	$ 297,516
Restricted cash	250	250
Short-term investments	109,363	—
Inventory, net	103,167	85,092
Prepaid expenses and other current assets	33,160	34,148
Total current assets	413,436	417,006
Long-term investments	66,734	—
Property and equipment, net	44,888	34,169
Deferred tax assets	16,383	14,107
Restricted cash, net of current portion	12,600	12,600
Other long-term assets	3,010	3,703
Total assets	$ 557,051	$ 481,585
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 86,815	$ 79,782
Accrued liabilities	66,080	43,037
Gift card liability	9,921	6,814
Deferred revenue	12,496	8,870
Other current liabilities	1,847	3,729
Total current liabilities	177,159	142,232
Deferred rent, net of current portion	16,420	15,288
Other long-term liabilities	10,183	8,993
Total liabilities	203,762	166,513
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	250,699	235,312
Accumulated other comprehensive income	141	—
Retained earnings	102,447	79,758
Total stockholders' equity	353,289	315,072
Total liabilities and stockholders' equity	$ 557,051	$ 481,585

Stitch Fix, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
(In thousands, except share and per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Revenue, net	$ 370,280	$ 295,906	$ 736,516	$ 591,469
Cost of goods sold	207,131	168,523	408,199	335,071
Gross profit	163,149	127,383	328,317	256,398
Selling, general, and administrative expenses	147,738	111,771	302,009	231,242
Operating income	15,411	15,612	26,308	25,156
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Interest income	(1,170)	(18)	(2,569)	(35)
Other income, net	(453)	—	(573)	—
Income before income taxes	17,034	17,244	29,450	35,876
Provision for income taxes	5,058	13,603	6,796	18,747
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Other comprehensive income:				
Change in unrealized gain on available-for-sale securities, net of tax	104	—	22	—
Foreign currency translation	93	—	$ 119	$ —
Total other comprehensive income, net of tax	197	—	$ 141	$ —
Comprehensive income	$ 12,173	$ 3,641	$ 22,795	$ 17,129
Net income attributable to common stockholders:				
Basic	$ 11,968	$ 3,036	$ 22,632	$ 9,794
Diluted	$ 11,968	$ 1,653	$ 22,633	$ 3,530
Earnings per share attributable to common stockholders:				
Basic	$ 0.12	$ 0.04	$ 0.23	$ 0.18
Diluted	$ 0.12	$ 0.02	$ 0.22	$ 0.06
Weighted-average shares used to compute earnings per share attributable to common stockholders:				
Basic	99,590,187	82,439,351	99,278,599	54,377,466
Diluted	102,817,838	87,954,656	103,597,316	60,599,568

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

	For the Six Months Ended	
	January 26, 2019	**January 27, 2018**
Cash Flows from Operating Activities		
Net income	$ 22,654	$ 17,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(2,288)	5,498
Remeasurement of preferred stock warrant liability	—	(10,685)
Inventory reserves	4,853	7,027
Stock-based compensation expense	14,747	5,135
Depreciation and amortization	6,456	4,888
Loss on disposal of property and equipment	—	131
Change in operating assets and liabilities:		
Inventory	(22,928)	(19,529)
Prepaid expenses and other assets	1,546	5,078
Accounts payable	7,012	10,843
Accrued liabilities	17,689	4,484
Deferred revenue	3,822	3,283
Gift card liability	3,512	2,961
Other liabilities	592	(2,508)
Net cash provided by operating activities	57,667	33,735
Cash Flows from Investing Activities		
Purchases of property and equipment	(11,903)	(8,232)
Purchases of securities available-for-sale	(185,994)	—
Sales of securities available-for-sale	1,163	—
Maturities of securities available-for-sale	9,500	—
Net cash used in investing activities	(187,234)	(8,232)
Cash Flows from Financing Activities		
Proceeds from initial public offering, net of underwriting discounts paid	—	129,046
Proceeds from the exercise of stock options, net	1,931	1,006
Payments for tax withholding related to vesting of restricted stock units	(2,281)	—
Repurchase of Class B common stock related to early exercised options	—	(39)
Net cash (used in) provided by financing activities	(350)	130,013
Net increase (decrease) in cash, cash equivalents, and restricted cash	(129,917)	155,516
Effect of exchange rate changes on cash	(103)	—
Cash, cash equivalents, and restricted cash at beginning of period	310,366	119,958
Cash, cash equivalents, and restricted cash at end of period	$ 180,346	$ 275,474
Components of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 167,496	$ 266,374
Restricted cash – current portion	250	—
Restricted cash – long-term portion	12,600	9,100
Total cash, cash equivalents, and restricted cash	$ 180,346	$ 275,474
Supplemental Disclosure		
Cash paid for income taxes	$ 191	$ 3,091
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 4,741	$ 780
Capitalized stock-based compensation	$ 812	$ 261
Vesting of early exercised options	$ 178	$ 456
Deferred offering costs included in accounts payable and accrued liabilities	$ —	$ 134
Conversion of preferred stock upon initial public offering	$ —	$ 42,222
Reclassification of preferred stock warrant liability upon initial public offering	$ —	$ 15,994
Deferred offering costs paid in prior year	$ —	$ 1,879

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. Management believes that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net income and earnings per share ("EPS") provides useful supplemental measures that assist in evaluating our ability to generate earnings and to more readily compare these metrics between past and future periods. Management also believes 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. For instance, we do not exclude stock-based compensation expense from adjusted EBITDA or non-GAAP net income. Stock-based compensation is an important part of how we attract and retain our employees, and we consider it to be a real cost of running the business.

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:

- our non-GAAP net income and non-GAAP EPS – diluted measures exclude the impact of the remeasurement of our net deferred tax assets following the adoption of the Tax Cuts and Jobs Act ("Tax Act");
- our non-GAAP net income, adjusted EBITDA and non-GAAP EPS – diluted measures exclude the remeasurement of the preferred stock warrant liability, which is a non-cash expense incurred in the periods prior to the completion of our initial public offering;
- 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 does not reflect our tax provision, which reduces cash available to us;
- adjusted EBITDA excludes interest income and other income, net, as these items are not components of our core 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 excluding interest income, other income, net, provision for income taxes, depreciation and amortization, and, when present, the remeasurement of preferred stock warrant liability. The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to adjusted EBITDA for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in thousands)	**January 26, 2019**	**January 27, 2018**	**January 26, 2019**	**January 27, 2018**
Adjusted EBITDA reconciliation:				
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Add (deduct):				
Interest income	(1,170)	(18)	(2,569)	(35)
Other income, net	(453)	—	(573)	—
Provision for income taxes	5,058	13,603	6,796	18,747
Depreciation and amortization	3,790	2,618	7,184	4,888
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Adjusted EBITDA	**$ 19,201**	**$ 18,230**	**$ 33,492**	**$ 30,044**

Non-GAAP Net Income

We define non-GAAP net income as net income excluding, when present, the remeasurement of preferred stock warrant liability and the remeasurement of our net deferred tax assets in relation to the adoption of the Tax Act. The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to non-GAAP net income for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in thousands)	**January 26, 2019**	**January 27, 2018**	**January 26, 2019**	**January 27, 2018**
Non-GAAP net income reconciliation:				
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Add (deduct):				
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Impact of Tax Act [(1)]	—	4,730	—	4,730
Non-GAAP net income	**$ 11,976**	**$ 6,757**	**$ 22,654**	**$ 11,174**

(1) The U.S. government enacted comprehensive tax legislation in December 2017. This resulted in a net charge of $4.7 million for the three and six months ended January 27, 2018, due to the remeasurement of our net deferred tax assets for the reduction in tax rate from 35% to 21%. The adjustment to non-GAAP net income only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on current year earnings.

Non-GAAP Earnings Per Share – Diluted

We define non-GAAP EPS as diluted EPS excluding, when present, the per share impact of the remeasurement of preferred stock warrant liability and the remeasurement of our net deferred tax assets in relation to the adoption of the Tax Act. The following table presents a reconciliation of EPS attributable to common stockholders – diluted, the most comparable GAAP financial measure, to non-GAAP EPS attributable to common stockholders – diluted for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in dollars)	**January 26, 2019**	**January 27, 2018**	**January 26, 2019**	**January 27, 2018**
Non-GAAP earnings per share – diluted reconciliation:				
Earnings per share attributable to common stockholders – diluted	$ 0.12	$ 0.02	$ 0.22	$ 0.06
Per share impact of the remeasurement of preferred stock warrant liability[(1)]	—	—	—	—
Per share impact of Tax Act[(2)]	—	0.05	—	0.08
Non-GAAP earnings per share attributable to common stockholders – diluted	**$ 0.12**	**$ 0.07**	**$ 0.22**	**$ 0.14**

(1) For the three and six months ended January 27, 2018, the preferred stock warrant liability was dilutive and included in earnings per share attributable to common stockholders – diluted. Therefore, it is not an adjustment to arrive at non-GAAP EPS – diluted.

(2) The U.S. government enacted comprehensive tax legislation in December 2017. This resulted in a net charge of $4.7 million for the three and six months ended January 27, 2018, due to the remeasurement of our net deferred tax assets for the reduction in tax rate from 35% to 21%. The adjustment to non-GAAP earnings per share attributable to common stockholders – diluted only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on current year earnings.

Free Cash Flow

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

	For the Six Months Ended	
(in thousands)	**January 26, 2019**	**January 27, 2018**
Free cash flow reconciliation:		
Cash flows provided by operating activities	$ 57,667	$ 33,735
Deduct:		
Purchases of property and equipment	(11,903)	(8,232)
Free cash flow	**$ 45,764**	**$ 25,503**
Cash flows used in investing activities	$ (187,234)	$ (8,232)
Cash flows (used in) provided by financing activities	$ (350)	$ 130,013

IR Contact:

David Pearce
ir@stitchfix.com

PR Contact:

Suzy Sammons
media@stitchfix.com

Exhibit 99.2

STITCH FIX

Q2 Fiscal 2019
Letter to Shareholders

MARCH 11, 2019

How Data Science is Woven into the Fabric of Stitch Fix

To illustrate the pervasiveness of data science and algorithms across our business, here's an example that shows a few of the ways we leverage data science to drive personalized client experiences and strong business results

1 *Shipment Date Selection*

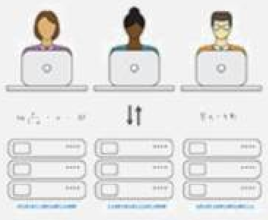
Sam fills out her style profile and is offered dates on which to receive her Fix. These dates are informed by an algorithm that considers overall client demand & inventory supply.

2 *Warehouse Assignment Algorithm*

An algorithm assigns Sam's Fix to a warehouse based on location and available inventory relative to Sam's preferences.

3 *Stylist / Client Matching Algorithm*

An algorithm matches Sam and her stylist, Julie, after weighing numerous variables including Sam's and Julie's preferences.



4 *Inventory Optimization Algorithm*

An algorithm takes a comprehensive view of our merchandise assortment and Fix queue to allocate available inventory to stylists.

5 *Algorithmic Match Scores*

Julie curates Sam's Fix based on the options made available to her and leverages algorithmic match scores, which reflect the likelihood Sam will purchase each item.

6 *Algorithmic Warehouse Pick Path*

Warehouse associates pick the items for Sam's Fix following an algorithmic pick path to minimize walking distance and improve efficiency.

7 *Fix Delivery and Resulting Feedback*

Sam receives her personalized shipment, decides what to keep, and provides direct structured and unstructured feedback on her Fix.

Q2 Fiscal 2019 Highlights:

- **We delivered $370.3 million in net revenue, representing 25.1% year-over-year growth, $12.0 million in net income, and $19.2 million in adjusted EBITDA[1,2] in Q2'19. We achieved these results as we continued to invest in category expansion, technology headcount, and marketing.**
- **We grew our active client count to 3.0 million as of January 26, 2019, an increase of 453,000 or 18.1% year over year.**
- **We implemented an inventory optimization algorithm to improve client outcomes.**
- **We continued to invest in our U.K. expansion, and remain on track to launch in fiscal Q4'19.**
- **After quarter end, we launched our first integrated brand marketing campaign to drive increased client awareness, consideration, and emotional engagement.**

Dear Shareholder:

We are pleased to share our results for Q2 fiscal 2019, which ended January 26, 2019. We reached 3.0 million active clients, an 18.1% increase year over year, and grew net revenue to $370.3 million, a 25.1% increase year over year. Our results demonstrate our focus on delivering balanced growth while making measured investments in our business.

During the quarter, we generated net income of $12.0 million, or diluted earnings per share of $0.12, and adjusted EBITDA of $19.2 million.

As we reflect on our second quarter, we believe the initiatives highlighted in this letter underscore our focus on driving client satisfaction through our data science investments, increasing brand awareness, and expanding our client reach internationally. This aligns closely with our three strategic pillars: expanding relationships with existing clients, attracting new clients, and growing our market opportunity.

Q2'19 Highlights

ACTIVE CLIENTS

3.0 million

18.1% YoY growth

NET REVENUE

$370.3 million

25.1% YoY growth

GROSS PROFIT

$163.1 million

44.1% of net revenue

NET INCOME

$12.0 million

3.2% of net revenue

ADJUSTED EBITDA[1,2]

$19.2 million

5.2% of net revenue

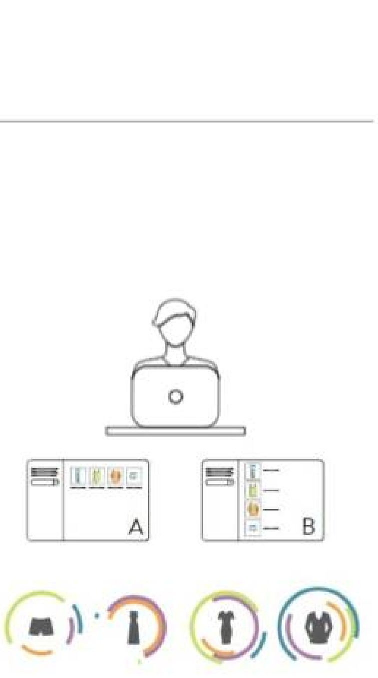
[1] *We define adjusted EBITDA as net income excluding interest income, other income, net, provision for income taxes, depreciation and amortization, and, when present, the remeasurement of preferred stock warrant liability.*

[2] *For more information regarding adjusted EBITDA and the other non-GAAP financial measures discussed in this letter, please see the reconciliations of our non-GAAP measurements to their most directly comparable GAAP-based financial measurements included at the end of this letter.*

Q2'19 Business Highlights:

We implemented an inventory optimization algorithm to improve client outcomes.

One of our key strengths is our ability to use data science to match our inventory to millions of clients' individualized preferences. As we continue to grow, we are focused on improving this matchmaking capability, as we believe it is a competitive advantage and fundamental to delivering compelling client experiences.



In Q2'19, we launched a new inventory optimization algorithm to more effectively allocate inventory across our client universe. Historically, we optimized inventory allocation one client at a time based on which client was first in the Fix queue. Our new algorithm considers the preferences of a broader universe of clients in the queue as it determines what inventory should be made available to stylists as they style for each client. In doing so, it ensures our stylists have the right inventory to meet each client's style preferences regardless of the client's position in our styling queue.

Early results demonstrated that this algorithm contributed to higher client satisfaction, the number of items purchased per Fix, and average order value. Given these results, in December 2018, we rolled out this algorithm for use in styling our Women's clients. We believe this will enable us to more effectively serve our growing client base over time, while also driving efficiencies across styling, inventory management, and operations.

We continued to invest in our U.K. expansion, and remain on track to launch in fiscal Q4'19.

As you know, we're excited to introduce our personalization platform to U.K. clients by the end of our fiscal year. We've established our local presence by hiring a U.K. team and investing in on-the-ground operations. In addition, we've received strong interest from brands to partner with us to create a compelling assortment for men and women in the U.K. We are also leveraging our existing data science capabilities to serve the unique preferences of our U.K. clients.

We continue to execute on our international expansion strategy and look forward to introducing our personalization capabilities to U.K. clients in fiscal Q4'19.

After quarter end, we launched our first integrated brand marketing campaign to drive increased client awareness, consideration, and emotional engagement.

Core to our offering is fostering a deep understanding of each of our clients as individuals, creating an experience that is unique, relevant, and fun. With this in mind, we launched our first integrated brand campaign in February, shortly after our Q2'19 close, to highlight many of the key attributes that reflect our clients' experiences with us. To date, our marketing efforts have largely been focused on describing how our service works. We believe that leveraging brand as another marketing channel will diversify our mix, and reinforce why our brand matters.

Few companies have as deep a connection with their clients as we do. Our clients bring us into their hearts and homes, and share the details of their lives with us. We are a company that listens, and takes the time to understand each of our clients as individuals. Every client's personal style is personal to us too. For this reason, the central message of our first integrated brand campaign is "everyone deserves to be seen."

While you'll see the financial impact of these integrated brand investments in Q3'19, we expect client growth associated with this spend to materialize over a longer period. This spend is incremental to our performance marketing efforts and is not expected to drive intra-quarter client additions. We'll be measuring brand awareness, understanding, and affinity over time. This campaign is running across multiple channels, seeking to re-engage existing clients, and building awareness with potential new clients who weren't previously aware of Stitch Fix.

We're excited about the opportunity to build an emotional connection with existing clients and prospective clients alike, and look forward to sharing more in the quarters ahead.

Q2'19 Financial Highlights:

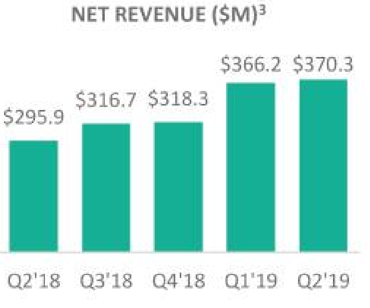
Our Q2'19 results demonstrate our continued commitment to balancing growth and profitability. We grew net revenue by 25.1% compared to Q2'18, expanded our gross margin year over year, and delivered strong EBITDA margin as we scaled our existing categories. During the quarter, we also continued to fund investments for the long term, enabled by our capital-light model, inventory management focus, and positive free cash flow.

As we mentioned last quarter, seasonality in our business does not follow that of traditional retailers, such as a typical concentration of revenue in the holiday quarter. This allows us to remain disciplined and selective on advertising spend.

Active Clients

We grew our active client count to 3.0 million as of January 26, 2019, an increase of 453,000 or 18.1% year over year, in line with our expectations. We define an active client as a client who checked out a Fix in the preceding 12-month period, measured as of the last date 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.

Net Revenue



We grew our net revenue to $370.3 million in Q2'19, compared to $295.9 million in Q2'18, an increase of 25.1% year over year. Our performance was driven by growth in active clients across all categories, as well as momentum in net revenue per active client. These results reflected healthy year-over-year growth in Women's, continued scaling of Men's, and ramping of our nascent Kids category.

For the 12 months ended January 26, 2019, net revenue per active client was $463, an increase of 6.1% compared to the year prior. This represented the third consecutive quarter of net revenue per active client growth, which was driven primarily by the strength in our Women's category. This metric demonstrates the effectiveness of our continued efforts to engage and re-engage with clients, comprise a larger portion of their wallet, and drive higher client satisfaction.

In Q2'19, we focused largely on serving our existing clients. This focus resulted in a year-to-date repeat rate of 88%, as of Q2'19. As a reminder, we define repeat rate for a given period as the percentage of net revenue, excluding the impact of styling fees, sales tax, refunds, gift cards, referral credits and clearance sales, in that period recognized from clients who have ever previously checked out a Fix.

[3] *Discounts, sales tax, and estimated refunds are deducted from revenue to arrive at net revenue.*

Gross Margin

Q2'19 gross margin was 44.1%, compared to 43.0% in Q2'18, an increase of 110 basis points. This improvement was primarily driven by the decrease in our inventory reserve expense and reduced clearance expense.

GROSS MARGIN (%)

Selling, General & Administrative Expenses

Q2'19 SG&A was $147.7 million, or 39.9% of net revenue, compared to Q2'18 SG&A of $111.8 million, or 37.8% of net revenue, an increase of 210 basis points. This increase was driven by our investments in talent as we expanded our data science and engineering teams and the associated stock-based compensation expenses related to these investments. Additionally, this increase was driven by investments related to our U.K. launch.

SG&A (%)

Advertising. As we mentioned last quarter, we planned to spend less on advertising in Q2'19 given that seasonality in our business does not follow that of traditional retailers, and given the high cost of advertising due to aggressive marketing activity by other retailers. In Q2'19, we saw success in driving new client acquisition across our digital channels. Advertising expense in Q2'19 was $23.9 million or 6.5% of revenue, compared to $19.8 million or 6.7% of revenue in Q2'18, a decrease of 20 basis points year over year.[4]

Net Income and Earnings Per Share

Q2'19 net income was $12.0 million, or 3.2% of net revenue, compared to Q2'18 net income of $3.6 million, or 1.2% of net revenue, an improvement in margin of 200 basis points. Q2'19 diluted earnings per share and non-GAAP diluted earnings per share were $0.12. In Q2'18, diluted earnings per share were $0.02 and non-GAAP diluted earnings per share were $0.07.[5,6]

NET INCOME (LOSS) ($M)

Adjusted EBITDA

Q2'19 adjusted EBITDA was $19.2 million, or 5.2% of net revenue, compared to Q2'18 adjusted EBITDA of $18.2 million, or 6.2% of net revenue, a decline of 100 basis points. This decline in margin was driven by our continued investments in talent across our data science organization and our investments in the U.K. Note that we do not exclude stock-based compensation expense, which we consider to be a real cost of running the business, in our adjusted EBITDA calculation.

ADJUSTED EBITDA ($M)[7]

[4] Advertising expenses include the costs associated with the production of advertising, television, radio, and online advertising.
[5] All earnings per share figures reflect amounts attributable to common stockholders.
[6] We define non-GAAP EPS as diluted EPS excluding, when present, the per share impact of the remeasurement of preferred stock warrant liability and the remeasurement of our net deferred tax assets in relation to the adoption of the Tax Cuts and Jobs Act of 2017 (the "Tax Act").
[7] We define adjusted EBITDA as net income excluding interest income, other income, net, provision for income taxes, depreciation and amortization, and, when present, the remeasurement of preferred stock warrant liability.

Inventory and Free Cash Flow

In fiscal 2019 year to date, we have turned inventory at a rate of approximately six times annually on a merchandise cost basis and delivered inventory growth that outpaced revenue growth as we invested in inventory levels to support higher client demand. These results are a testament to the health of our inventory and the strength of our algorithms that support our buying, allocation, and styling activities. Our capital-light business model has also allowed us to generate strong free cash flow even as we invest in new merchandise offerings and expand our client base through category and geography expansions. In fiscal 2019 year to date, our capital expenditures totaled $11.9 million, or 1.6% of net revenue, while we generated free cash flow of $45.8 million.[8]

For more information regarding the non-GAAP financial measures discussed in this letter, please see "Non-GAAP Financial Measures," below, including the reconciliations of our non-GAAP measures to their most directly comparable GAAP financial measures included at the end of this letter.

[8] *We define free cash flow as cash flows provided by operations reduced by purchases of property and equipment that are included in cash flows used in investing activities.*

Guidance:

Our financial outlook for Q3'19, which ends on April 27, 2019, and for fiscal year 2019, which ends on August 3, 2019, is as follows:

	Q3'19	
Net Revenue	\$388 – \$398 million	22% – 26% YoY growth
Adjusted EBITDA	\$(4) – \$1 million	(1.0)% – 0.3% margin

	FY'19	
Net Revenue	\$1.53 – \$1.56 billion	25% – 27% YoY growth
Adjusted EBITDA	\$33 – \$43 million	2.2% – 2.8% margin

Due to our recent top-line momentum and ongoing client demand and engagement trends, we are raising our full year net revenue and adjusted EBITDA estimates as shown above. We expect net revenue growth to be driven through a combination of active client and revenue per active client growth for the second half of fiscal 2019.

With respect to adjusted EBITDA, we anticipate Q3'19 brand marketing investments associated with our campaign launch to represent between \$15-20 million. This spend is incremental to our performance marketing efforts and is not expected to drive intra-quarter client additions. We expect this brand investment, in addition to our ongoing U.K. costs, to drive the projected adjusted EBITDA loss in Q3'19 implied by the midpoint of our range. Excluding this incremental spend, we anticipate Q3'19 adjusted EBITDA would be positive. We expect to return to adjusted EBITDA profitability in Q4'19.

Our fiscal 2019 adjusted EBITDA range includes our aforementioned brand investments, as well as approximately \$12 million of SG&A expense in the second half of the year to support our U.K. launch. As a reminder, fiscal 2019 is a 53-week year with Q4'19 consisting of 14 weeks. Our fiscal 2019 guidance is reflective of this additional week.

We have not reconciled our adjusted EBITDA outlook to GAAP net income (loss) because we do not provide an outlook for GAAP net income (loss) due to the uncertainty and potential variability of other income, net, and provision for (benefit from) income taxes, which are reconciling items between adjusted EBITDA and GAAP net income (loss). Because such items cannot be reasonably predicted, we are unable to provide a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure. However, such items could have a significant impact on GAAP net income (loss).

Closing

We will host a conference call and earnings webcast at 2:00pm Pacific time/5:00pm Eastern time today to discuss these results. Interested parties can access the call by dialing 888-254-3590 in the U.S. or 323-994-2093 internationally, using conference code 1231328. A live webcast will also be available on Stitch Fix's investor relations website at investors.stitchfix.com. Thank you for taking the time to read our letter, and we look forward to your questions on our call this afternoon.

MEDIA CONTACT
media@stitchfix.com

INVESTOR RELATIONS CONTACT
ir@stitchfix.com

Sincerely,

Katrina Lake, Founder and CEO

Mike Smith, President and COO

Paul Yee, CFO

Stitch Fix, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except share and per share amounts)

		January 26, 2019		July 28, 2018
Assets				
Current assets:				
Cash and cash equivalents	$	167,496	$	297,516
Restricted cash		250		250
Short-term investments		109,363		—
Inventory, net		103,167		85,092
Prepaid expenses and other current assets		33,160		34,148
Total current assets		413,436		417,006
Long-term investments		66,734		—
Property and equipment, net		44,888		34,169
Deferred tax assets		16,383		14,107
Restricted cash, net of current portion		12,600		12,600
Other long-term assets		3,010		3,703
Total assets	$	557,051	$	481,585
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	86,815	$	79,782
Accrued liabilities		66,080		43,037
Gift card liability		9,921		6,814
Deferred revenue		12,496		8,870
Other current liabilities		1,847		3,729
Total current liabilities		177,159		142,232
Deferred rent, net of current portion		16,420		15,288
Other long-term liabilities		10,183		8,993
Total liabilities		203,762		166,513
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		250,699		235,312
Accumulated other comprehensive income		141		—
Retained earnings		102,447		79,758
Total stockholders' equity		353,289		315,072
Total liabilities and stockholders' equity	$	557,051	$	481,585

Stitch Fix, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
(In thousands, except share and per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Revenue, net	$ 370,280	$ 295,906	$ 736,516	$ 591,469
Cost of goods sold	207,131	168,523	408,199	335,071
Gross profit	163,149	127,383	328,317	256,398
Selling, general, and administrative expenses	147,738	111,771	302,009	231,242
Operating income	15,411	15,612	26,308	25,156
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Interest income	(1,170)	(18)	(2,569)	(35)
Other income, net	(453)	—	(573)	—
Income before income taxes	17,034	17,244	29,450	35,876
Provision for income taxes	5,058	13,603	6,796	18,747
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Other comprehensive income:				
Change in unrealized gain on available-for-sale securities, net of tax	104	—	22	—
Foreign currency translation	93	—	$ 119	$ —
Total other comprehensive income, net of tax	197	—	$ 141	$ —
Comprehensive income	$ 12,173	$ 3,641	$ 22,795	$ 17,129
Net income attributable to common stockholders:				
Basic	$ 11,968	$ 3,036	$ 22,632	$ 9,794
Diluted	$ 11,968	$ 1,653	$ 22,633	$ 3,530
Earnings per share attributable to common stockholders:				
Basic	$ 0.12	$ 0.04	$ 0.23	$ 0.18
Diluted	$ 0.12	$ 0.02	$ 0.22	$ 0.06
Weighted-average shares used to compute earnings per share attributable to common stockholders:				
Basic	99,590,187	82,439,351	99,278,599	54,377,466
Diluted	102,817,838	87,954,656	103,597,316	60,599,568

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

	For the Six Months Ended	
	January 26, 2019	January 27, 2018
Cash Flows from Operating Activities		
Net income	$ 22,654	$ 17,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(2,288)	5,498
Remeasurement of preferred stock warrant liability	—	(10,685)
Inventory reserves	4,853	7,027
Stock-based compensation expense	14,747	5,135
Depreciation and amortization	6,456	4,888
Loss on disposal of property and equipment	—	131
Change in operating assets and liabilities:		
Inventory	(22,928)	(19,529)
Prepaid expenses and other assets	1,546	5,078
Accounts payable	7,012	10,843
Accrued liabilities	17,689	4,484
Deferred revenue	3,822	3,283
Gift card liability	3,512	2,961
Other liabilities	592	(2,508)
Net cash provided by operating activities	57,667	33,735
Cash Flows from Investing Activities		
Purchases of property and equipment	(11,903)	(8,232)
Purchases of securities available-for-sale	(185,994)	—
Sales of securities available-for-sale	1,163	—
Maturities of securities available-for-sale	9,500	—
Net cash used in investing activities	(187,234)	(8,232)
Cash Flows from Financing Activities		
Proceeds from initial public offering, net of underwriting discounts paid	—	129,046
Proceeds from the exercise of stock options, net	1,931	1,006
Payments for tax withholding related to vesting of restricted stock units	(2,281)	—
Repurchase of Class B common stock related to early exercised options	—	(39)
Net cash (used in) provided by financing activities	(350)	130,013
Net increase (decrease) in cash, cash equivalents, and restricted cash	(129,917)	155,516
Effect of exchange rate changes on cash	(103)	—
Cash, cash equivalents, and restricted cash at beginning of period	310,366	119,958
Cash, cash equivalents, and restricted cash at end of period	$ 180,346	$ 275,474
Components of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 167,496	$ 266,374
Restricted cash – current portion	250	—
Restricted cash – long-term portion	12,600	9,100
Total cash, cash equivalents, and restricted cash	$ 180,346	$ 275,474
Supplemental Disclosure		
Cash paid for income taxes	$ 191	$ 3,091
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 4,741	$ 780
Capitalized stock-based compensation	$ 812	$ 261
Vesting of early exercised options	$ 178	$ 456
Deferred offering costs included in accounts payable and accrued liabilities	$ —	$ 134
Conversion of preferred stock upon initial public offering	$ —	$ 42,222
Reclassification of preferred stock warrant liability upon initial public offering	$ —	$ 15,994
Deferred offering costs paid in prior year	$ —	$ 1,879

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. Management believes that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net income and earnings per share ("EPS") provides useful supplemental measures that assist in evaluating our ability to generate earnings and to more readily compare these metrics between past and future periods. Management also believes 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. For instance, we do not exclude stock-based compensation expense from adjusted EBITDA or non-GAAP net income. Stock-based compensation is an important part of how we attract and retain our employees, and we consider it to be a real cost of running the business.

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:

- our non-GAAP net income and non-GAAP EPS – diluted measures exclude the impact of the remeasurement of our net deferred tax assets following the adoption of the Tax Cuts and Jobs Act ("Tax Act");
- our non-GAAP net income, adjusted EBITDA and non-GAAP EPS – diluted measures exclude the remeasurement of the preferred stock warrant liability, which is a non-cash expense incurred in the periods prior to the completion of our initial public offering;
- 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 does not reflect our tax provision, which reduces cash available to us;
- adjusted EBITDA excludes interest income and other income, net, as these items are not components of our core 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.

We define adjusted EBITDA as net income excluding interest income, other income, net, provision for income taxes, depreciation and amortization, and, when present, the remeasurement of preferred stock warrant liability. The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to adjusted EBITDA for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in thousands)	**January 26, 2019**	**January 27, 2018**	**January 26, 2019**	**January 27, 2018**
Adjusted EBITDA reconciliation:				
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Add (deduct):				
Interest income	(1,170)	(18)	(2,569)	(35)
Other income, net	(453)	—	(573)	—
Provision for income taxes	5,058	13,603	6,796	18,747
Depreciation and amortization	3,790	2,618	7,184	4,888
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Adjusted EBITDA	**$ 19,201**	**$ 18,230**	**$ 33,492**	**$ 30,044**

We define non-GAAP net income as net income excluding, when present, the remeasurement of preferred stock warrant liability and the remeasurement of our net deferred tax assets in relation to the adoption of the Tax Act. The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to non-GAAP net income for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in thousands)	**January 26, 2019**	**January 27, 2018**	**January 26, 2019**	**January 27, 2018**
Non-GAAP net income reconciliation:				
Net income	$ 11,976	$ 3,641	$ 22,654	$ 17,129
Add (deduct):				
Remeasurement of preferred stock warrant liability	—	(1,614)	—	(10,685)
Impact of Tax Act [1]	—	4,730	—	4,730
Non-GAAP net income	**$ 11,976**	**$ 6,757**	**$ 22,654**	**$ 11,174**

[1] The U.S. government enacted comprehensive tax legislation in December 2017. This resulted in a net charge of $4.7 million for the three and six months ended January 27, 2018, due to the remeasurement of our net deferred tax assets for the reduction in tax rate from 35% to 21%. The adjustment to non-GAAP net income only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on current year earnings.

We define non-GAAP EPS as diluted EPS excluding, when present, the per share impact of the remeasurement of preferred stock warrant liability and the remeasurement of our net deferred tax assets in relation to the adoption of the Tax Act. The following table presents a reconciliation of EPS attributable to common stockholders – diluted, the most comparable GAAP financial measure, to non-GAAP EPS attributable to common stockholders – diluted for each of the periods presented:

	For the Three Months Ended		For the Six Months Ended	
(in dollars)	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Non-GAAP earnings per share – diluted reconciliation:				
Earnings per share attributable to common stockholders – diluted	$ 0.12	$ 0.02	$ 0.22	$ 0.06
Per share impact of the remeasurement of preferred stock warrant liability[(1)]	—	—	—	—
Per share impact of Tax Act[(2)]	—	0.05	—	0.08
Non-GAAP earnings per share attributable to common stockholders – diluted	**$ 0.12**	**$ 0.07**	**$ 0.22**	**$ 0.14**

(1) For the three and six months ended January 27, 2018, the preferred stock warrant liability was dilutive and included in earnings per share attributable to common stockholders – diluted. Therefore, it is not an adjustment to arrive at non-GAAP EPS – diluted.

(2) The U.S. government enacted comprehensive tax legislation in December 2017. This resulted in a net charge of $4.7 million for the three and six months ended January 27, 2018, due to the remeasurement of our net deferred tax assets for the reduction in tax rate from 35% to 21%. The adjustment to non-GAAP earnings per share attributable to common stockholders – diluted only includes this transitional impact. It does not include the ongoing impacts of the lower U.S. statutory rate on current year earnings.

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

	For the Six Months Ended	
(in thousands)	January 26, 2019	January 27, 2018
Free cash flow reconciliation:		
Cash flows provided by operating activities	$ 57,667	$ 33,735
Deduct:		
Purchases of property and equipment	(11,903)	(8,232)
Free cash flow	**$ 45,764**	**$ 25,503**
Cash flows used in investing activities	$ (187,234)	$ (8,232)
Cash flows (used in) provided by financing activities	$ (350)	$ 130,013

Forward-Looking Statements

This shareholder letter contains 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 future financial performance, including our guidance on financial results for the third quarter and full year of fiscal 2019; market trends, growth, and opportunity; profitability; competition; the timing and success of expansions to our offering and penetration of our target markets, such as the launch of our offering in the United Kingdom; our ability to leverage our engineering and data science capabilities to drive efficiencies in our business and enhance our ability to personalize; our plans related to client acquisition, including any impact on our costs and margins and our ability to determine optimal marketing and advertising methods; and our ability to successfully acquire, engage, and retain clients. These statements involve substantial risks and uncertainties, including risks and uncertainties related to 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 international operations; and other risks described in the filings we make with the Securities and Exchange Commission ("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 October 27, 2018. These documents are available on the SEC Filings section of the Investor Relations section of our website at: http://investors.stitchfix.com. We undertake no obligation to update any forward-looking statements made in this shareholder letter to reflect events or circumstances after the date of this shareholder letter 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