

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 3, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-38291

STITCH FIX, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-5026540

(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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class A common stock, par value \$0.00002 per share	SFIX	Nasdaq Global Select Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of January 27, 2024, the last day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s voting Class A common stock and Class B common stock held by non-affiliates of the registrant was approximately \$292,283,501 and \$1,191,263, respectively, based on a closing price of \$3.21 per share of the registrant’s Class A common stock as reported on The Nasdaq Global Market on January 26, 2024.

As of September 18, 2024, the number of outstanding shares of the registrant’s Class A common stock, par value \$0.00002 per share, was 104,519,802, and the number of outstanding shares of the registrant’s Class B common stock, par value \$0.00002 per share, was 22,318,035.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

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Unless the context suggests otherwise, references in this Annual Report on Form 10-K (the “Annual Report”) to “Stitch Fix,” the “Company,” “we,” “us,” and “our” refer to Stitch Fix, Inc. and, where appropriate, its subsidiaries.

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that involve risks, uncertainties, and assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management, which are in turn based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties, and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled “Risk Factors” included under Part I, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this Annual Report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Item 1. Business.

Overview

Stitch Fix is the leading online personal styling service that helps people discover the styles they will love that fit perfectly so they always look - and feel - their best.

In 2011, Stitch Fix, Inc. (“we,” “our,” “us,” or “the Company”) introduced an innovative approach to shopping for clothing and accessories. We were inspired by the opportunity to create a client-first styling experience, offering an alternative to impersonal, time-consuming and inconvenient traditional shopping.

For the past 13 years, our business has been grounded in our commitment to developing and fostering client relationships and making people happier and more confident in what they wear. We help our clients discover and define their style. We reduce their anxiety and stress when getting ready in the morning. And, we give them time back in their lives to invest in themselves.

We do this through our unique business model that pairs expert Stylists with best-in-class artificial intelligence (“AI”) and recommendation algorithms. It is this combination that enables us to help people discover the styles they will love without having to spend hours browsing stores or sifting through endless choices online.

Clients engage with us by (1) receiving a curated shipment of items informed by our algorithms and chosen by a Stitch Fix Stylist (a “Fix”); or (2) purchasing directly from our website or mobile app based on an individualized assortment of outfit and item recommendations (“Freestyle”). Clients choose to schedule regular shipments or order a Fix on demand. Then, after receiving a Fix, they can purchase the items they want to keep and return the other items, if any.

Since our inception, Stitch Fix has been powered by AI and data science, and we continue to enhance these capabilities. Our rich data set and our proprietary algorithms fuel our business by enhancing the client experience and driving business model efficiencies. For example, we currently leverage AI and data science to match our Stylists to our clients and aid our Stylists in creating Fixes, help inform merchandise buying and inventory placement in our network, and optimize our approach to pricing and markdowns. Our large and growing data set provides the foundation for our proprietary algorithms. The vast majority of our client data is directly shared by the client, rather than inferred, scraped, or obtained from other sources. We also gather extensive trend data as well as merchandise data, such as inseam, pocket shape, silhouette, and fit. We believe that both the data we have, as well as our algorithms, give us a significant competitive advantage. As our data set has grown, our algorithms have become more powerful, and we expect that to continue.

Stitch Fix operates in the United States. When Stitch Fix first launched, we offered women’s apparel. Since then, we have expanded our assortment to include Men’s, Kids, Petite, Maternity, and Plus apparel, as well as shoes and accessories. We offer a wide selection of clothing and accessories across multiple price points and styles from our brand partners and our own private brands. Many of our brand partners also design and supply items exclusively for our clients.

At Stitch Fix, we build trusted and long-term relationships. In fiscal year 2024, we shipped out our 100 millionth Fix, and, as of August 3, 2024, we had approximately 2,508,000 active clients. Refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics” for information on how we define and calculate active clients.

How it Works

When clients first sign up for Stitch Fix, they fill out an onboarding quiz through which they communicate their style, fit, and budget preferences. Then, to demonstrate to our clients that we “get” their style, at the end of the sign-up process, we present them with their

StyleFile, a recently launched personalized snapshot that shares their individual style personality and the specific elements that contribute to it.

Once clients have onboarded, they can engage with us by receiving a Fix or by purchasing directly through Freestyle.

A Fix is a Stitch Fix-branded box containing a curated assortment of apparel, shoes, and accessories informed by our algorithms and chosen by Stitch Fix Stylists then delivered to the client to try on in the comfort of their own home. Clients can keep some, all, or none of the items in the Fix and easily return any items in a prepaid-postage bag provided. In each Fix, a Stylist sends a client items from a broad range of merchandise recommended for the client by our algorithms. These algorithmic recommendations are based on the client's individual style preferences and order behavior, as well as the aggregate historical behavior of our client base, and the aggregate historical data we have collected on each item of merchandise we have available.

After onboarding to the service, clients choose their preferred order frequency and can select the exact date by which they want to receive their Fix. We currently offer two types of Fix scheduling:

- *Auto-ship*. Clients can elect to receive Fixes on a regular cadence aligned to their style needs.
- *On-demand*. Clients can choose to schedule a one-time Fix at any time.

Clients can increase or decrease the Fix frequency at any time, and can also easily reschedule any given shipment to better accommodate their needs.

In addition to a personalized selection of apparel, shoes, and accessories, each Fix also includes a personal note from the Stylist. Women's and Men's clients will also receive a QR code to a digital Style Card that provides clients with personalized, shoppable outfit ideas built around items sent in their individual Fix, as well as previously purchased items.

We charge clients a styling fee of \$20 for each Fix, which is credited toward the merchandise purchased. For our Style Pass clients, we charge a \$49 annual fee, which provides unlimited styling for the year and is credited toward the merchandise purchased over the course of the year. If clients choose to keep all items chosen for them by their Stylist, they receive a discount on the entire shipment.

After clients receive their order, they are invited to provide feedback about the fit, price, style, and quality of the items. This feedback informs both our algorithms and Stylists to improve each client's experience.

With Freestyle, a client can visit our website or mobile application and make direct purchases of apparel, shoes, and accessories from a set of curated items and outfits within a range of categories. Freestyle purchases can be exchanged or returned using a prepaid-postage label included in each shipment. No styling fee is charged for Freestyle purchases.

Our Data Science and AI Advantage

AI and data science are integrated across almost every facet of our business, and have been since day one. Of note, our data set is particularly powerful. This is because:

- the vast majority of our client data is provided directly and explicitly by the client, rather than inferred, scraped, or obtained from other sources;
- our clients are motivated to provide us with relevant personal data, both at initial sign-up and over time as they use our service, because they trust it will improve their shopping experience; and
- our merchandise data tracks dimensions that enable us to predict purchase behavior and deliver a more personalized experience.

Clients that complete our style profile provide us with meaningful data points, including detailed style, size, fit, and price preferences, as well as unique inputs such as how often they dress for certain occasions or which parts of their bodies the clients like to draw attention to or cover up. Over time, through their feedback on Fixes and Freestyle orders they receive, clients share additional information about their preferences as well as detailed data about both the merchandise they keep and return. This feedback loop drives important network effects, as our client-provided data informs not only our personalization capabilities for the specific client, but also helps us better serve other clients.

We believe our proprietary merchandise data set is differentiated from other retailers. We encode each of our SKUs with numerous attributes to help our algorithms make better recommendations for our clients. The information we store for each SKU includes:

- basic data, such as brand, size, color, pattern, silhouette, and material;
- item measurements, such as length, width, diameter of sleeve opening, and distance from collar to first button;
- nuanced descriptors, such as how appropriate the piece is for a client that prefers preppy clothing or whether it is appropriate for a formal event; and
- client feedback, such as how the item fits or how popular the piece is with a particular client segment.

Our algorithms use our data set to match merchandise to each of our clients. For every combination of client and merchandise, we compute the probability the clients will keep that item based on their and other clients' preferences and purchase history as well as the attributes and past performance of the merchandise.

Pairing Data Science and Human Judgment

The pairing of data science and human judgment drives a better client experience and a more powerful business model. Our advanced data science capabilities harness the power of our data for our Stylists and clients by generating predictive recommendations to streamline the curation process, and in the case of Freestyle, generate personalized items and outfit recommendations in near real-time. Our Stylists add a critical layer of contextual, human decision making that augments and improves our algorithms' selections and creates the ultimate personalized experience.

Our Differentiated Value Proposition

Our Value Proposition to Clients

Our clients love our service for many reasons. We help clients find apparel, shoes, and accessories they will love in a way that is convenient and fun. By pairing expert Stylists with best-in-class AI and recommendation algorithms, we leverage our assortment of private and national brands to meet each client's individual tastes and needs, so our clients can express their personal style without having to spend hours in stores or sifting through endless choices online.

Clients also value the quality and variety of merchandise we offer including the familiar brands they know, exclusive styles, and new brands they might not be aware of.

Our Value Proposition to Brand Partners

We believe that we are a preferred channel for our brand partners. By introducing our clients to brands they may not have shopped for, we help our brand partners reach clients they may not have otherwise reached. Further, we provide our brand partners with insights based on client feedback that help them improve and evolve their merchandise to better meet consumer demand.

Our Merchandise, Brand Partners, and Owned Private Label Brands

Having a wide range of styles and brands is essential to our success. Our algorithms filter through our merchandise assortment to recommend a subset of relevant merchandise to our Stylists or clients, who leverage the information to select or purchase merchandise. We source merchandise from brand partners and also create our own merchandise to serve unmet client needs.

Brand Partners

We partner with established and emerging brands across multiple price points, sizes, and styles to make sure that every client can find clothes and accessories they love. With many of our brand partners, we develop third-party branded items exclusively sold to Stitch Fix clients.

Brands Exclusive to Stitch Fix

We offer products exclusive to Stitch Fix through our Owned Private Label Brands.

These products are designed to address an unmet client need. Our merchants use our rich data set to help identify and develop the new products for our Owned Private Label Brands. We then pair our data with the expertise of our vendor partners to bring these new products to market.

Owned Private Label Brands are a meaningful part of our business. We do not have specific targets for the merchandise mix provided by our brand partners and our Owned Private Label Brands, and expect it will fluctuate over time. We will continue to develop products when we identify opportunities to meet client needs.

Sourcing

We purchase our merchandise directly from our brand partners or Owned Private Label Brands merchandise vendors, who are responsible for the entire manufacturing process.

For the production of our Owned Private Label Brands, we contract with merchandise vendors, some of whom operate their own manufacturing facilities and others subcontract the manufacturing to third parties.

All of our Owned Private Label Brand merchandise is produced according to our specifications, and we require that all of our vendors comply with applicable law and observe strict standards of conduct. We have hired independent firms that conduct initial and ongoing audits of the working conditions at the factories producing our Owned Private Label Brands. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor.

Inventory Management and Fulfillment

We operate three fulfillment centers in the United States (located in Arizona, Georgia, and Indiana). In our fulfillment centers, our algorithms increase efficiencies in processes such as allocation, batch picking, transportation, shipping, returns, and ongoing process improvement. We have a reverse logistics operation to manage returned merchandise. Our specialist returns teams in our dedicated return intake areas accept, process, and reallocate returns to our inventory so the merchandise can be offered for another Fix or Freestyle order.

Competition

The retail apparel industry is highly competitive. We compete with eCommerce companies that market the same or similar merchandise and services that we offer; local, national, and global retail stores; specialty retailers; discount chains; and the online offerings of these traditional retail competitors and less traditional online retailers. Additionally, we compete for our clients' consumer discretionary spending from other shopping categories and experiences.

We compete primarily on the basis of client experience, brand, product selection, quality, convenience, and price. Few things are more personal than getting dressed, but finding clothing that fits and looks great can be a challenge. Stitch Fix solves that problem. By pairing expert Stylists with best-in-class AI and recommendation algorithms, we leverage our Owned Private Brands and national brands to meet each client's individual tastes and needs, making it convenient for clients to express their personal style without having to spend hours in stores or sifting through endless choices online. We believe that we are able to compete effectively because we offer clients a personalized and fun shopping experience that our competitors are unable to match.

Refer to Part I, Item 1A "Risk Factors — Our industry is highly competitive and if we do not compete effectively our operating results could be adversely affected" for more information.

Seasonality

Seasonality in our business does not follow that of traditional retailers, such as typical high concentration of revenue in the holiday quarter. Historically, our net sales have not been concentrated in a particular period or season, with 27%, 25%, 24%, and 24% of our annual net sales being recognized during the first, second, third, and fourth quarters of the fiscal year ended August 3, 2024, respectively.

Intellectual Property

We protect our intellectual property through a combination of trademarks, domain names, copyrights, trade secrets, and patents, as well as contractual provisions and restrictions on access to our proprietary technology. Our principal trademark assets include the trademarks "Stitch Fix" and "Fix," which are registered in the United States and some foreign jurisdictions, our logos and taglines, and multiple private label apparel and accessory brand names. We have applied to register or registered many of our trademarks in the United States and other jurisdictions, and we will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

We file patents in the United States and abroad and intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

We are the registered holder of multiple domestic and international domain names that include "stitchfix" and similar variations. We also hold domain registrations for many of our private label brand names and other related trade names and slogans.

Our proprietary algorithm technologies, other than those incorporated into a patent application, are protected by trade secret laws.

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with our employees, consultants, contractors, and business partners. Our employees are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our client terms of use on our website and mobile app and in our vendor terms and conditions.

Government Regulation

As with all retailers and companies operating on the internet, we are subject to a variety of international and U.S. federal and state laws governing the processing of payments, consumer protection, the privacy of consumer information, and other laws regarding unfair and deceptive trade practices.

Apparel, shoes, and accessories sold by us are also subject to regulation by governmental agencies in the United States. These regulations relate principally to product labeling, licensing requirements, flammability testing, and product safety. We are also subject to environmental laws, rules, and regulations. Similarly, apparel, shoes, and accessories sold by us are also subject to import regulations in the United States and other countries concerning the use of wildlife products for commercial and non-commercial trade, including the U.S. Fish and Wildlife Service. We do not estimate any significant capital expenditures for environmental control matters either in the current fiscal year or in the near future.

Human Capital

Headcount

As of August 3, 2024, we had approximately 4,570 full-time and part-time employees, including 2,002 Stylists, 1,770 fulfillment center employees, 280 engineers and data scientists, 82 client support employees, 122 merchandising employees, and 317 general and administrative employees. As of such date, 82% of our employees, 33% of our management team, and 43% of our Board of Directors identified as women.

Employee Relations

None of our employees are represented by a labor union. We have not experienced any work stoppages due to employee disputes, and we consider our relations with our employees to be good.

We value our employees' feedback and conduct confidential employee engagement and satisfaction surveys at least annually, which we use to determine what is important to our employees and to evolve Company practices and policies.

Pay Equity

Pay equity is at the center of our compensation philosophy and we reward employees based on their individual impact. By paying employees fairly and consistently based on the role they perform, their impact, location, and according to market data, we can ensure that employees are not paid based on factors like gender, race, or ethnicity. We know these subjective factors can play a role in compensation, to the employee's disadvantage or to their advantage, and so our compensation philosophy is rooted in pay equity as a guiding principle.

We believe a fair and unbiased compensation structure is a critical component to drive a more inclusive culture within our own walls and beyond and ultimately helps us attract and retain the highest caliber talent.

On an annual basis, we retain a third party to audit our pay data. While we have confidence in our approach and philosophy, we want to ensure that our compensation system withstands external review by applying appropriate and accepted methods and standards. The results have continued to show there is no statistically significant difference in pay across gender, race or any other protected classes at Stitch Fix.

We will continue to analyze these numbers each year to ensure we maintain pay equity. We will continue to be vigilant and review areas like leveling and promotions in our organization to ensure that we are working to identify and mitigate any biases in these processes.

Diversity, Equity, and Inclusion

The goal of our diversity, equity, and inclusion strategy is to ensure that our people and business practices allow us to build our Company, products, and experiences that reflect the richness of the communities in which we operate. We know that a diverse employee base makes Stitch Fix better, our ideas stronger, and our experience more broadly resonate with the clients we serve today, and will serve in the future. We work towards equitable practices to mitigate bias across areas like hiring, employee performance, evaluation, and promotion, our employee experience, and our vendor and brand engagement.

To ensure that our ongoing diversity, equity, and inclusion strategy is informed by and rooted in data, we review and analyze equity and representation data regularly. We do this to drive knowledge, precision, and transparency—not only for ourselves internally, but also to contribute to the dialogue and information sharing that is critical to chartering a path forward for the industry.

We have also established employee resource groups, which we call Stitch Fix Communities. The goal of our Stitch Fix Communities is to create spaces that drive increased inclusion and belonging for individuals from underrepresented groups who have historically been marginalized in our broader society and to build on our mission of inspiring people to be their best, authentic selves. With Stitch Fix Communities, we invest in our employees' learning and growth so that they are equipped to design and uphold equitable systems and processes, and we create opportunities for employees to share their perspectives with our leaders and connect with each other on a deeper level. Each Stitch Fix Community is led by employees who are supported by an Executive Sponsor, recognized for their leadership, and compensated for their time and with learning and development investments.

Corporate and Available Information

We were incorporated in Delaware in 2011 under the name rack habit inc. We changed our name to Stitch Fix, Inc. in October 2011. Our principal executive offices are located at 1 Montgomery Street, Suite 1500, San Francisco, California, 94104, and our telephone number is (415) 882-7765. Our website is located at www.stitchfix.com, and our investor relations website is located at <https://investors.stitchfix.com>.

We file or furnish electronically with the U.S. Securities and Exchange Commission (the "SEC") annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We make copies of these reports available free of charge through our investor relations website as soon as reasonably practicable after we file or furnish them with the SEC. The SEC maintains a website at www.sec.gov that contains

reports, proxy and information statements and other information regarding Stitch Fix and other issuers that file electronically with the SEC.

Information contained on or accessible through our websites is not incorporated into, and does not form a part of, this Annual Report or any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors.

RISK FACTOR SUMMARY

Our business is subject to numerous risks. The following summary highlights some of the risks you should consider with respect to our business and prospects. This summary is not complete and the risks summarized below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in more detail in the “Risk Factors” below, which includes a more complete discussion of the risks summarized here.

Risks Relating to Our Business

- We may be unable to retain clients or maintain a high level of engagement with our clients and maintain or increase their spending with us, which could harm our business, financial condition, or operating results.
- Our growth depends on attracting new clients.
- We rely on paid marketing to help grow our business, but these efforts may not be successful or cost effective, and such expenses and the success of our efforts may vary from period to period.
- If we are unable to manage our inventory effectively, our operating results could be adversely affected.
- Operational constraints at our fulfillment centers or our failure to adequately and effectively staff our fulfillment centers could adversely affect our client experience and operating results.
- Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.
- Our business, including our costs and supply chain, is subject to risks associated with the sourcing and pricing of merchandise and raw materials.
- We may not be able to return to revenue growth and we may not be profitable in the future.
- If we fail to effectively manage our transformation or other business strategies, our financial condition and operating results could be harmed.
- If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected.
- Our business depends on a strong brand and we may not be able to maintain our brand and reputation.
- If we fail to effectively manage our Stylists, our business, financial condition and operating results could be adversely affected.
- If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed.
- Our real estate leases subject us to various financial risks.
- We may incur significant losses from fraud.
- We are subject to payment-related risks.

Risks Relating to our Industry, the Market, and the Economy

- We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.
- Our industry is highly competitive and if we do not compete effectively, our operating results could be adversely affected.
- Our operating results have been, and could be in the future, adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.

Cybersecurity, Legal, and Regulatory Risks

- System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business.
- Compromises of our data security or that of our third-party service providers could cause us to incur unexpected expenses and may materially harm our reputation and operating results.
- Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.
- Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate our business.

- Any failure by us or our vendors to comply with product safety, labor, or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers, may damage our reputation and brand, and harm our business.
- Our use of personal information, personal data, and sensitive information subjects us to privacy laws and other obligations (such as cybersecurity and data protection in contracts), and our compliance with or failure to comply with such obligations could harm our business.
- Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results.
- If the use of “cookie” tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results.
- If we cannot successfully protect our intellectual property, our business would suffer.
- We may be accused of infringing intellectual property rights of third parties.

Risks Relating to Taxes

- Changes in U.S. tax or tariff policy regarding apparel produced in other countries could adversely affect our business.
- We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results.
- Federal income tax reform could have unforeseen effects on our financial condition and results of operations.
- We may be subject to additional tax liabilities, which could adversely affect our operating results.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Risks Relating to Ownership of Our Class A Common Stock

- The market price of our Class A common stock may continue to be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may lose all or part of your investment.
- We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.
- Future sales of shares by existing stockholders could cause our stock price to decline.
- The dual class structure of our common stock concentrates voting control with our directors, executive officers, and their affiliates, and may depress the trading price of our Class A common stock.
- We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock.
- Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.
- Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

General Risk Factors

- Future securities sales and issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.
- If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.
- We may not be able to generate sufficient capital to support and grow our business, and outside capital might not be available or may be available only by diluting existing stockholders.
- If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price or trading volume of our Class A common stock could decline.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Annual Report on Form 10-K (this “Annual Report”), and in our other public filings. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment. This Annual Report also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

Risks Relating to Our Business

We may be unable to retain clients or maintain a high level of engagement with our clients and maintain or increase their spending with us, which could harm our business, financial condition, or operating results.

If our existing clients no longer find our service and merchandise appealing or appropriately priced, they may make fewer purchases or may stop using Stitch Fix altogether. Even if our existing clients continue to find our service and merchandise appealing, they may decide to receive fewer Fixes or purchase fewer items from their Fixes or through Freestyle as their demand for new apparel declines, due to macroeconomic conditions, or for other reasons. A high proportion of our revenue comes from repeat purchases by existing clients, especially those existing clients who are highly engaged and purchase a significant amount of merchandise from us. If clients who receive Fixes most frequently or purchase a significant amount of merchandise from us make fewer or lower priced purchases or stop using our service altogether, our financial results will be negatively affected. For instance, in fiscal year 2023, our number of active clients decreased throughout the year due to our inability to attract new clients and retain existing clients. This negatively affected our fiscal year 2024 revenue and is expected to continue to affect our revenue.

We seek to attract high-quality clients who will remain clients for the long term, but our efforts may not be successful or produce the results we anticipate. For example, if we are not able to engage new clients effectively so they continue receiving Fixes after their first few tries, our active client growth will continue to suffer. Our inability to attract and keep high-quality clients engaged, a continued decrease in our number of active clients, or a decrease in client spending could negatively affect our operating results.

Our growth depends on attracting new clients.

Our success depends on our ability to attract new clients in a cost-effective manner. To expand our client base, we must appeal to and acquire clients who have historically used other means to purchase apparel, shoes, and accessories, such as traditional brick-and-mortar retailers or other online retailers. We currently utilize both digital and offline channels to attract new visitors to our website or mobile app and convert them into clients. At any given time, our advertising efforts may include, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. Our marketing expenses have varied from period to period, and we expect this trend to continue as we evolve our marketing strategies and employ a disciplined approach to marketing spend. While we can control how we manage our marketing spend, we cannot be certain that increases in spend will yield more clients, achieve meaningful payback on our investments, or be cost effective. We may also adjust our marketing strategy or decrease spend within a period if we are not achieving the intended results or if we believe the return-on-investment is not favorable, which may result in faster or slower rates of active client growth in any given period. For instance in the first and second quarters of fiscal 2022, we spent less on marketing because we were experiencing weaker-than-expected conversion of new clients and decided to pull back to focus on evolving the Freestyle offering and refining the client onboarding experience. This negatively impacted our ability to acquire new clients, and in turn, our net revenue in subsequent quarters of fiscal year 2022.

In addition, we seek to attract and retain clients by offering new products, services, and ways to engage with our platform. If such new products or services are not timely or successfully launched or are not successful in attracting new clients, our sales may fall short of expectations, our brand and reputation could be adversely affected, and our results of operations may suffer.

Developing new offerings requires significant investments of resources and time, and if a new offering is not successful, or is delayed or not executed well, our operating results could be negatively impacted. For example, in launching Freestyle to new customers during our fiscal 2022, we implemented client on-boarding changes in an effort to drive new clients to Freestyle. These changes resulted in lower conversion of new clients to our Fix offering, which impacted our operating results. Expansion of our offerings may also strain our management and operational resources. If any of the above were to occur, it could damage our reputation, limit our growth, and have an adverse effect on our operating results.

We rely on paid marketing to help grow our business, but these efforts may not be successful or cost effective, and such expenses and the success of our efforts may vary from period to period.

Promoting awareness of our service is important to our ability to grow our business, drive client engagement, and attract new clients. At any given time, our marketing and advertising efforts may include, client referrals, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. External factors beyond our control, including general economic conditions and decreased discretionary consumer spending, have impacted and may in the future impact the success of our marketing initiatives or how much we decide to spend on marketing in a given period. We adjust our marketing activity from period to period or within a period as we launch new initiatives or offerings, run tests, or make decisions on marketing investments in response to anticipated rates of return, such as when we identify favorable cost per acquisition trends. We have seen increased costs in certain digital marketing channels and our marketing initiatives may become increasingly expensive; generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur.

We currently obtain a significant number of visits to our websites via organic search engine results. Search engines frequently change the algorithms that determine the ranking and display of results of a user’s search, which could reduce the number of organic visits to our websites, in turn reducing new client acquisition and adversely affecting our operating results. Social networks are important as a source of new clients and as a means by which to connect with current clients, and their importance may be increasing. We may be unable to effectively maintain a presence within these networks, which could lead to lower than anticipated brand affinity and awareness, and in turn could adversely affect our operating results.

Further, mobile operating system and web browser providers, such as Apple and Google, have implemented product changes to limit the ability of advertisers to collect and use data to target and measure advertising. For example, Apple made a change in iOS 14 that required apps to get a user’s opt-in permission before tracking a user or sharing the user’s data across apps or websites owned by companies other than the app’s owner. Google has also taken actions to give users the option to accept cookies or not. These changes have reduced and will continue to reduce our ability to efficiently target and measure advertising, in particular through online social networks, making our advertising less cost effective and successful. We expect to continue to be impacted by these changes.

With respect to our email marketing efforts, if we are unable to successfully deliver emails to our clients or if clients do not engage with our emails, whether out of choice, because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected.

If we are unable to manage our inventory effectively, our operating results could be adversely affected.

To ensure timely delivery of merchandise, we generally enter into purchase contracts well in advance of a particular season and often before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. We rely on our merchandising team to order styles and products that our clients will purchase and we rely on our data science to recommend which styles to re-buy and the depth of those re-buy purchases. We have not always predicted demand and clients’ preferences with accuracy, which has negatively impacted revenue or resulted in significant write-offs when we have sub-optimal inventory assortment. For instance, in the fourth quarter of fiscal 2022, we experienced weaker consumer demand, which led to have higher inventory levels and increased inventory reserves that affected our financial results.

In fiscal year 2024, we closed two fulfillment centers. We believe our inventory is better optimized across a smaller network of warehouses and allows us to deliver a better client experience with access to a greater breadth inventory for a given Fix, while at the same time operating with lower, more cash efficient, inventory levels. This smaller inventory base and our focus on inventory efficiency creates increased risk related to inventory assortment. If we experience sub-optimal inventory assortment to meet demand, it may affect revenue in current and future quarters. If we do not predict client demand accurately, do not reorder or write off the right products in a timely manner, or otherwise do not effectively manage our inventory, we may experience significant inventory write-offs or insufficient inventory to meet demand, which would adversely affect our operating results.

Additionally, many of our inventory vendors utilize third parties to provide financing and credit protection that enables them to produce and ship our items. While we do not manage the relationships with our vendors and their financial intermediaries, the tightening of credit markets, as well as our recent operating results, have put pressure on some of our vendors’ ability to secure that financing and credit protection, and may continue to do so in the future. This may impact our ability to receive inventory and manage our assortment.

Our inventory levels also may be affected by product launch delays, consumer demand fluctuations due to macroeconomic factors, uncertainty or otherwise, disruptions in our systems due to upgrades, launches or otherwise, freight delays, vendor relationships, capacity constraints, and our inability to predict demand with respect to categories or products. For example, freight delays caused by lockdowns due to COVID-19, port closures, port congestion, and shipping container and ship shortages have caused us to experience delays in receiving inventory. Freight delays caused by these issues or new issues, including labor disruptions or shortages, may affect us in future quarters. Also, in the past we have experienced challenges managing our inventory within the fulfillment centers given

storage capacity constraints and challenges hiring fulfillment center employees. Any future such challenges could affect, the amount and types of inventory we have available to offer to clients, and therefore negatively affect our operating results.

Operational constraints at our fulfillment centers or our failure to adequately and effectively staff our fulfillment centers could adversely affect our client experience and operating results.

We currently receive and distribute merchandise at three fulfillment centers. Prior to the closures of our Dallas, Texas and Bethlehem, Pennsylvania fulfillment centers, we operated five fulfillment centers in the United States. While we believe three fulfillment centers is the appropriate number to provide the greatest breadth and depth of inventory to our clients and Stylists and will allow us to service the same number of existing clients with lower inventory levels, this decreased fulfillment system could cause operational constraints or decreased capacity that could affect our client experience or revenue. Additionally, we may experience operational issues as we continue to transition to our new fulfillment center model which could affect our client experience and financial results.

Severe weather events, including earthquakes, hurricanes, tornadoes, floods, fires, storms, extreme winter weather, and other adverse weather events and climate conditions could also cause operational constraints or temporarily reduce our ability to ship merchandise to clients. For instance, the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of our fulfillment centers. Future weather events, which we expect to become more frequent and more severe with the increasing effects of climate change, could have a significant impact on our operations and results of operations. Additionally, the impact of such weather events affecting one or more fulfillment centers may be exacerbated due to the fact that we have fewer fulfillment centers to continue operations during such a closure and therefore each individual fulfillment center will represent a larger portion of our overall business. Moreover, following our move to three fulfillment centers, each of our Men's and Kids lines are shipped out of one fulfillment center only. If a fulfillment center that houses the entirety of one of those lines is forced to close, it would affect shipments to all of those clients and negatively affect our client experience and operating results. Further, in response to the COVID-19 pandemic, we temporarily closed three of our fulfillment centers and implemented changes that resulted in operational constraints, which in turn temporarily reduced our ability to ship merchandise to clients and earn revenue. Any future pandemics may negatively affect capacity at our fulfillment centers.

We have in the past experienced difficulty hiring employees in our fulfillment centers, which we attributed to COVID-19 concerns and to increased competition and rising wages for eCommerce fulfillment center workers. To address this, we increased wages in our fulfillment centers and implemented other policies in order to be more competitive in hiring employees. These wage increases impacted our operating results. We may in the future have difficulty hiring employees in fulfillment centers due to increased competition or otherwise and we may have to increase wages for our fulfillment center employees, which would impact our operating results. These hiring difficulties have caused capacity constraints in our fulfillment centers in the past and could in the future cause capacity constraints. Capacity constraints in our fulfillment centers could affect the amount and types of inventory we have available to offer to clients, which will affect our results of operations. Any capacity constraints due to hiring difficulties may be exacerbated due to the fact that we will have fewer fulfillment centers. If we are unable to adequately staff our fulfillment centers to meet demand, or if the cost of such staffing is higher than projected due to competition, mandated wage increases, regulatory changes, or other factors, our operating results will be further harmed.

In addition, operating fulfillment centers comes with potential risks, such as workplace safety issues and employment claims for the failure or alleged failure to comply with labor laws or laws respecting union organizing activities. Furthermore, if we fail to comply or allegedly fail to comply with wage and hour laws for our nonexempt employees, many of whom work in our fulfillment centers, we could be subject to legal risk, including claims for back wages, unpaid overtime pay, and missed meal and rest periods, which could be on a class or representative basis. Any such issues may result in delays in shipping times, reduced packing quality, or costly litigation, and our reputation and operating results may be harmed.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

If we are not able to negotiate acceptable pricing and other terms with our client-facing shipping vendors or our freight vendors, or our shipping or freight vendors experience performance problems or other difficulties, it could negatively impact our operating results and our clients' experience. In addition, our ability to receive inbound inventory efficiently, ship merchandise to clients, and receive returned merchandise from clients may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, public health crises, labor disputes, shortages, or strikes, acts of war or terrorism, periods of high e-commerce volume, such as holiday seasons, and similar factors. For example, the International Longshoremen's Association, which represents workers at east coast and gulf coast ports, is currently threatening to strike. A strike by that union could cause delays in our inbound inventory shipments, as well as more broad economic implications. Due to our business model and the fact that we recognize revenue from Fixes when a client checks out items, rather than when Fixes are shipped, we may be impacted by shipping delays to a greater extent than our competitors. Additionally, delays in shipping may cause an auto-ship client's subsequent Fixes to be scheduled for a later date, as their next Fix is not scheduled until their checkout is complete. In the second quarter of our 2021 fiscal year, we experienced carrier and client shipping delays due to the COVID-19 pandemic and the increased strain on our shipping partners during the holiday season. These delays affected our ability to recognize revenue within the quarter, and we may in the future experience these delays and the resulting

impact to our financial results, including potentially during future holiday seasons. In the past, strikes at major international shipping ports have impacted our supply of inventory from our vendors and severe weather events have resulted in long delivery delays and Fix cancellations. Additionally, some of our merchandise may be damaged or lost during transit with our shipping vendors. If a greater portion of our merchandise is not delivered in a timely fashion or is damaged or lost during transit, it could adversely affect our operating results or could cause our clients to become dissatisfied and cease using our services, which would adversely affect our business.

Our business, including our costs and supply chain, is subject to risks associated with the sourcing and pricing of merchandise and raw materials.

We currently source nearly all of the merchandise that we offer from third-party vendors, many of whom use manufacturers in the same geographic region, and as a result, we may be subject to price increases or fluctuations, inflationary pressures, tariffs, demand disruptions, increased shipping or freight costs, or shipping delays in connection with our merchandise. Increased shipping or freight costs or shipping and freight delays could be caused or exacerbated by labor disputes, shortages, or strikes, inclement weather, fire, flood, power loss, earthquakes, public health crises such as a pandemic, acts of war or terrorism, and periods of high e-commerce volume. Our operating results have been negatively impacted by increases in the cost of our merchandise, and we have no guarantees that costs will not rise further or at increasing rates. In 2018, the Trump administration imposed tariffs on goods shipped from China to the United States, and candidate Trump has proposed additional 60% tariffs on goods shipped from China. If Trump is re-elected president, these proposed tariffs or other tariffs on goods shipped from China would likely increase the cost of our merchandise and negatively impact our operating results.

The fabrics used by our vendors are made of raw materials including, but not limited to, petroleum-based products, linen, and cotton. Significant price increases or fluctuations, currency volatility or fluctuation, tariffs, shortages, increases in shipping or freight costs, or shipping delays of petroleum, cotton, linen, or other raw materials could significantly increase our cost of goods sold or affect our operating results. Additionally, we have limited visibility into delays and limited control over shipping. We have also experienced increased costs of goods due to increases in the price of raw materials, inflationary pressures, rising fuel and other energy costs, and currency volatility. Any additional price increases will affect our operating results.

Other factors such as natural disasters have in the past increased raw material costs, impacted pricing with certain of our vendors, and caused shipping delays for certain of our merchandise. Also, the U.S. government's ban on cotton imported from the Xinjiang region of China, the source of a large portion of the world's cotton supply, may impact prices and the availability of cotton for our merchandise. Additionally, our products and materials (including potentially non-cotton materials) could be held for inspection by the United States Customs Border Protection (the "U.S. CBP"), which would cause delays and unexpectedly affect our inventory levels. In addition, the labor costs to produce our products may fluctuate. In the event of a significant disruption in the supply of fabrics or raw materials used in the manufacture of the merchandise we offer, our vendors might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, damage to, or increased costs in raw materials or the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise, or non-delivery of merchandise altogether, and could adversely affect our operating results.

In addition, we cannot guarantee that merchandise we receive from vendors will be of sufficient quality or free from damage, or that such merchandise will not be damaged during shipping, while stored in one of our fulfillment centers, or when returned by customers. While we take measures to ensure merchandise quality and avoid damage, we cannot control merchandise while it is out of our possession. We may incur additional expenses and our reputation could be harmed if clients and potential clients believe that our merchandise is not of high quality or may be damaged.

We may not be able to return to revenue growth and we may not be profitable in the future.

Our past revenue growth and profitability should not be considered indicative of our future performance. Our revenue decreased by 16.0% in fiscal 2024 compared to fiscal 2023, decreased by 21.1% in fiscal 2023 compared to fiscal 2022, and decreased by 2.2% in fiscal 2022 compared to fiscal 2021. Our revenue may continue to decline in future periods due to a number of factors, which may include our inability to attract and retain clients, general economic conditions, including a recession or decreased discretionary consumer spending, decreases in marketing spend, a decreased demand for our merchandise and service, increased competition, decreases in the growth rate of our overall market, or our failure to capitalize on growth opportunities.

We announced a restructuring plan in June 2022 intended to reduce our future fixed and variable operating costs. However, our restructuring plan may not adequately reduce expenses or impact our results as we anticipate. Moreover, our expenses may increase, particularly if we develop and introduce new merchandise offerings, including the re-imagining of our client experience, need to hire and retain personnel, or increase investment in our marketing initiatives. We may not always pursue short-term profits but are often focused on long-term growth, which may impact our short-term financial results. If our revenue does not increase to offset increases in our operating expenses, we may not be profitable in future periods.

If we fail to effectively manage our transformation or other business strategies, our financial condition and operating results could be harmed.

We must continue to implement our operational plans and strategies, and improve our infrastructure of people and technology. Additionally, we expect to continue to introduce new offerings, business strategies and initiatives, and improve on existing offerings. We have announced that the Company is embarking on a transformation to strengthen the foundation of our business across disciplines and to reimagine the client experience. This includes embedding retail best practices across the enterprise, identifying operational efficiencies, and ensuring we have the right organizational structure in place to enable our future success. We are also taking a holistic approach to rethink how our clients engage with Stitch Fix. This transformation requires investments of time and resources and has included and will continue to include changes in our website, mobile apps, information technology systems, and processes. We cannot guarantee that we will successfully implement all aspects of our transformation plan in the expected timeframe or at all, or that we will achieve or sustain the expected financial and operational results of our transformation plan. Additionally, if our reimagined client experience does not resonate with current or future clients, it could cause us to lose clients and may negatively impact our financial results. If we do not realize the expected benefits of these transformation initiatives or experience additional unexpected costs in connection with the transformation, our business, financial condition, results of operations, and cash flow could be negatively impacted.

Additionally, as we continue to implement these changes and introduce future business strategies and initiatives, our operations, vendor base, fulfillment centers, information technology systems, or internal controls and procedures may not be adequate to support our changing operations. Any change or upgrade to our systems to support the increasing complexity of our business involves risk and we may experience problems or delays as we make upgrades or changes to our systems. For example, in the first quarter of fiscal 2022, we experienced technical issues following a systems upgrade to our procure-to-pay processes which affected the transmission, receipt, and reconciliation of purchase orders and payments with many of our apparel and accessory vendors. Additionally, if the impact of these initiatives is more or less successful than we expected, it could affect our inventory management, resulting in inventory shortages or excess inventory in the case of significant underperformance. If we are unable to manage the transformation and potential growth of our organization effectively or if our strategies do not produce the anticipated results, or cause unanticipated issues, our business, financial condition, and operating results may be adversely affected.

If we fail to attract and retain key personnel, effectively manage succession, or hire, develop, and motivate our employees, our business, financial condition, and operating results could be adversely affected.

Our success depends in part on our ability to attract and retain key personnel on our management team and in our merchandising, algorithms, engineering, marketing, styling, and other organizations. We do not currently maintain key-person life insurance policies on any member of our senior management team or other key employees.

We do not have long-term employment or non-competition agreements with any of our personnel. We have had senior employees leave Stitch Fix, including recently the roles of Chief Merchandising Officer and Chief Accounting Officer, and cannot necessarily anticipate when this will happen in the future and whether we will be able to promptly replace such employees. Additionally, in January 2023, the Company and Elizabeth Spaulding, the Company's then-current Chief Executive Officer, agreed that she would step down from her employment with the Company. The Board of Directors appointed Katrina Lake, the Company's Founder and Executive Chairperson of the Board of Directors, as interim Chief Executive Officer. Ms. Lake served in that position until Matt Baer joined as Chief Executive Officer in June 2023. The recent frequent changes in our management team and senior leadership could cause retention and morale concerns among current employees, as well as operational risks. And if Mr. Baer's succession to Chief Executive Officer is not managed successfully, including his ability to lead a team that can effectively implement the Company's strategic plans, including our transformation strategy, it could disrupt our business, affect our Company culture, cause retention concerns with respect to our colleagues, and affect our financial condition and operating results. Additionally, the loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business.

We may experience increased employee turnover as a result of the general market conditions and a competitive talent market within the U.S., as well as Company-specific factors, such as share price decline, business performance, and leadership changes. We announced a restructuring plan in June 2022 that reduced our workforce by 15% of salaried positions and represented 4% of our then-current roles in total, and announced a further reduction in force on January 5, 2023, affecting 6% of the Company's then-current employee workforce, including approximately 20% of employees in salaried positions. In June 2023, we announced the closure of two fulfillment centers and in August 2023, we made the decision to exit our UK business and wind down its operations. And in January 2024, we implemented an organization realignment that resulted in the further elimination of styling leadership and corporate positions, as well as moved all of our Stylists into part-time positions. These reductions in workforce and change in our operations may cause additional attrition and affect employee morale, including in our Stylist organization. Additionally, as we are operating our business with fewer employees, we face additional risk that we might not be able to execute on our strategic plans and product roadmap, which may have an adverse effect on our business, financial condition, and operating results.

We also face significant competition for personnel, particularly in our technology and product organizations. To attract top talent, we have had to offer, and believe we will need to continue to offer, competitive compensation and benefits packages before we can validate the productivity of those employees.

We cannot be sure that we will be able to attract, retain, and motivate a sufficient number of qualified personnel in the future, or that the compensation costs of doing so will not adversely affect our operating results. Additionally, we may not be able to hire and train new employees quickly enough to meet our needs. If we fail to retain employees and effectively manage our hiring needs, our efficiency, ability to meet forecasts, employee morale, productivity, and the success of our strategic plans, transformation strategy, and product roadmap could suffer, which may have an adverse effect on our business, financial condition, and operating results.

Our business depends on a strong brand and we may not be able to maintain our brand and reputation.

We believe that maintaining the Stitch Fix brand and reputation is critical to driving client engagement and attracting clients and merchandise vendors. Building our brand will depend largely on our ability to continue to provide our clients with an engaging and personalized client experience, including valued personal styling services, high-quality and appealing merchandise, and appropriate price points, which we may not do successfully. Client complaints or negative publicity about our styling services, merchandise, delivery times, or client support, especially on social media platforms, could harm our reputation and diminish client use of our services, the trust that our clients place in Stitch Fix, and vendor confidence in us.

Our brand depends in part on effective client support, which requires significant personnel expense. Failure to manage or train our client support representatives properly or inability to handle client complaints effectively could negatively affect our brand, reputation, and operating results.

If we fail to cost-effectively promote and maintain the Stitch Fix brand, our business, financial condition, and operating results may be adversely affected.

If we fail to effectively manage our Stylists, our business, financial condition, and operating results could be adversely affected.

As of August 3, 2024, approximately 2,002 of our employees were Stylists. In January 2024, we moved to a part-time only stylist model, and going forward, all of our Stylists will work on a part-time basis and be paid hourly. The Stylists track and report the time they spend working for us. These employees are classified as nonexempt under federal and state law. If we fail to effectively manage our Stylists, including by ensuring accurate tracking and reporting of their hours worked and proper processing of their hourly wages, then we may face claims alleging violations of wage and hour employment laws, including, without limitation, claims of back wages, unpaid overtime pay, and missed meal and rest periods. Any such employee litigation could be attempted on a class or representative basis, or other form of multi-plaintiff litigation. For example, in August 2020, a representative action under California's Private Attorneys General Act was filed against us alleging various violations of California's wage and hour laws relating to our current and former non-exempt Stylist employees. While we were able to settle this matter, and we no longer employ Stylists in California, future litigation concerning our styling employees could be expensive and time-consuming regardless of whether the claims against us are valid or whether we are ultimately determined to be liable, and could divert management's attention from our business. We could also be adversely affected by negative publicity, litigation costs resulting from the defense of these claims, and the diversion of time and resources from our operations.

If we are unable to acquire new merchandise vendors or retain existing merchandise vendors, our operating results may be harmed.

We offer merchandise from both established and emerging brands. In order to continue to attract and retain quality merchandise brands, we must be a promising retailer of their products. If we do not continue to acquire new merchandise vendors or retain our existing merchandise vendors on acceptable commercial terms, we may not be able to maintain a broad selection of products for our clients, and our operating results may suffer.

In addition, our Owned Private Label Brands are sourced from third-party vendors and contract manufacturers. The loss of one of our Owned Private Label Brand vendors for any reason, or our inability to source any additional vendors needed for our Owned Private Label Brands, could require us to source Owned Private Label Brands merchandise from another vendor or manufacturer, which could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results.

We may incur significant losses from fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a client did not authorize a purchase, merchant fraud, and clients who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments. Our clients may re-use their login information (i.e., username and password combination) across multiple websites and, therefore, when a third-party website experiences a data breach, that information could be exposed to bad actors and be used to fraudulently access our clients' accounts. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are typically liable for fraudulent credit card transactions. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action, and lead to expenses that could substantially impact our operating results.

Our real estate leases subject us to various financial risks.

We lease our Company headquarters in San Francisco, additional office space in Austin, Texas, and four fulfillment centers. The terms of our leases are between 6 and 12.5 years. We currently sub-lease our office space in Austin, Texas and a fulfillment center in Salt Lake City, Utah, to multiple sub-tenants. We are also actively marketing portions of our San Francisco headquarters space and may decide to sub-lease additional portions of our other fulfillment centers. If we are unable to sublease the space in our Company headquarters or other leased space on favorable terms, or at all, it will affect our cash flow and may affect our results of operations. Additionally, if our sub-tenants fail to make lease payments or otherwise default on their obligations to us, we could incur unanticipated payment obligations which could affect our free cash flow and other results of operations.

We are subject to payment-related risks.

We accept payments online via credit and debit cards and online payment systems such as PayPal, which subjects us to certain regulations and fraud. We may in the future offer new payment options to clients that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our operating results. While we use a third party to process payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition, and operating results could be adversely affected.

Risks Relating to our Industry, the Market, and the Economy

We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.

Our business and operating results are subject to national and global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth and declines in asset values; macroeconomic uncertainty; increased inflationary pressures; recessionary concerns; home foreclosures and reductions in home values; fluctuating interest rates and credit availability; rising fuel and other energy costs; rising commodity prices; and general uncertainty regarding the overall future political and economic environment. We have experienced many of these factors, including current inflationary pressures, and have experienced negative impacts on client demand and discretionary spending as a result. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Furthermore, economic conditions in certain regions may also be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; public health crises; and other major unforeseen events.

Adverse economic changes could reduce consumer confidence, and could thereby negatively affect our operating results. In challenging and uncertain economic environments, we cannot predict whether or when such circumstances may improve or worsen, or what impact such circumstances could have on our business. Additionally, the ongoing volatile and uncertain macroeconomic environment that we have been experiencing since the onset of the COVID-19 pandemic has likely reduced, and may continue to reduce, our ability to forecast our future operating results.

Our industry is highly competitive and if we do not compete effectively, our operating results could be adversely affected.

The retail apparel industry is highly competitive. We compete with eCommerce companies that market the same or similar merchandise and services that we offer; local, national, and global retail stores; specialty retailers; discount chains; the online offerings of traditional retail competitors; and less traditional online retailers. Additionally, we experience competition for consumer discretionary spending from other product and experiential categories. We believe our ability to compete depends on many factors within and beyond our control, including:

- effectively differentiating our service and value proposition from those of our competitors;
- attracting new clients and engaging with and retaining existing clients;
- our direct relationships with our clients and their willingness to share personal information with us;
- further developing our data science and AI capabilities;
- maintaining favorable brand recognition and effectively marketing our services to clients;
- delivering merchandise that each client perceives as personalized to them;
- the amount, diversity, and quality of brands and merchandise that we or our competitors offer;
- our ability to maintain and expand appealing Owned Private Label Brands and exclusive-to-Stitch Fix merchandise;
- the price at which we are able to offer our merchandise;

- the speed and cost at which we can deliver merchandise to our clients and the ease with which they can use our services to return merchandise; and
- anticipating and quickly responding to changing apparel trends and consumer shopping preferences.

Many of our current competitors have, and potential competitors may have, longer operating histories; larger fulfillment infrastructures; greater technical capabilities; faster shipping times; lower-cost shipping; larger databases; more purchasing power; higher profiles; greater financial, marketing, institutional, and other resources; and larger customer bases than we do. Mergers and acquisitions by these companies may lead to even larger competitors with more resources. These factors may allow our competitors to derive greater revenue and profits from their existing customer bases; acquire customers at lower costs; or respond more quickly than we can to new or emerging technologies, changes in apparel trends and consumer shopping behavior, and changes in supply conditions. These competitors may engage in more extensive research and development efforts, enter or expand their presence in the personalized retail market, undertake more far-reaching marketing campaigns, and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate revenue from their existing customer bases more effectively than we do. If we fail to execute on any of the above better than our competitors, our operating results may be adversely affected.

Our operating results have been, and could be in the future, adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, fires, severe winter weather, and other adverse weather events and climate conditions, which we expect to become more frequent and more severe with the increasing effects of climate change; unforeseen public health crises, such as the COVID-19 pandemic or other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability, including the ongoing international conflicts; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations or cause us to close one or more of our offices and fulfillment centers or could disrupt, delay, or otherwise negatively impact the operations of one or more of our third-party providers or vendors. For instance, the severe winter weather and temperatures experienced in Texas and other parts of the country in February 2021 caused us to temporarily close two of our fulfillment centers and affected the shipping of merchandise in and out of fulfillment centers. These types of events could impact our merchandise supply chain, including our ability to ship merchandise to or receive returned merchandise from clients in the impacted region, and could impact our ability or the ability of third parties to operate our sites and ship merchandise. In addition, these types of events could negatively impact consumer spending in the impacted regions.

In fact, the COVID-19 pandemic disrupted our operations in and caused us to temporarily close our offices and require that most of our employees work from home; disrupted our operations in and caused us to close fulfillment centers; required us to implement various operational changes to ensure the health and safety of our employees; had a range of negative effects on the operations of our third-party providers and vendors, including our merchandise supply chain and shipping partners; and negatively impacted consumer spending and the economy generally due to measures taken to contain the spread of COVID-19, such as government-mandated business closures, office closures, and travel and transportation restrictions. We experienced reduced capacity in the third quarter of fiscal year 2020 as we temporarily closed three of our fulfillment centers and we implemented additional safety protocols. These efforts resulted in significantly less capacity in our fulfillment centers during the third quarter of fiscal year 2020, which resulted in delayed Fix shipments, a significant Fix backlog, delayed inventory and return processing, extended wait times for clients, and inventory management challenges. The COVID-19 pandemic and resulting economic disruption also led to significant volatility in the capital markets. Since the COVID-19 pandemic, most non-fulfillment center employees continue to work in a remote capacity with some in a hybrid of in-person and remote work. Remote working environments present additional risks, uncertainties and costs that could affect our performance, including increased operational risk, uncertainty regarding office space needs, heightened vulnerability to cyber attacks, potential reduced productivity, changes to our Company culture, potential strains to our business continuity plans, and increased costs to ensure our offices are safe and functional as hybrid offices that enable effective collaboration of both remote and in-person colleagues. The COVID-19 pandemic caused many risks as described above and throughout these risk factors to materialize and adversely affected our business and operating results. Any future natural disasters, pandemics, or crises could disrupt our operations or negatively impact consumer spending, adversely affecting our business and results of operations.

Cybersecurity, Legal and Regulatory Risks

System interruptions that impair client access to our website or other performance failures in our technology infrastructure could damage our business.

The satisfactory performance, reliability, integrity and availability of our website, mobile application, internal applications, and technology infrastructure (and those of our third-party vendors and service providers) are critical to our business. We rely on our website and mobile application to engage with our clients and sell them merchandise. We also rely on a host of internal custom-built applications to run critical business functions, such as styling, merchandise purchasing, warehouse operations, and order fulfillment. In addition, we rely on a variety of third-party, cloud-based solution vendors for key elements of our technology infrastructure. These systems may be vulnerable to damage or interruption and we have experienced interruptions in the past. For example, in February 2017, as a result of an outage with Amazon Web Services, where much of our technology infrastructure is hosted, we experienced disruptions in applications that support our warehouse operations and order fulfillment that caused a temporary slowdown in the number of Fix shipments we were able to make. Additionally, the launch of a new client experiences or offerings requires investments

in and the development of new technology, which may be susceptible to performance issues or interruptions. Interruptions may be caused by a variety of events, including human error, our failure to update or improve our proprietary systems, cyber attacks, fire, flood, earthquake, power loss, or telecommunications failures. Any failure or interruption of our website, mobile application, internal business applications, or our technology infrastructure (including any such issues with our third-party vendors and service providers) could harm our ability to serve our clients, which would adversely affect our business and operating results.

Compromises of our data security or that of our third-party service providers could cause us to incur unexpected expenses and may materially harm our reputation and operating results.

In the ordinary course of our business, we and our vendors and service providers collect, process, and store certain personal information and other data relating to individuals, such as our clients and employees, which may include personally identifiable information, including but not limited to, name, address, social security numbers, client payment card information, and client style preferences. We rely substantially on commercially available systems, software, tools, and monitoring to provide security for our processing, transmission, and storage of personal information and other confidential information. There can be no assurance, however, that we or our vendors will not suffer a data compromise, that malicious actors will not gain access to personal information or other sensitive data, including payment card data or confidential business information, or that any such data compromise or unauthorized access will be discovered in a timely fashion. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, and we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. As we have moved to a more remote and hybrid work force, and as our vendors and other business partners have also moved to permanent or hybrid remote work as well, we and our partners may be more vulnerable to cyber attacks. In addition, our employees, contractors, vendors, or other third parties with whom we do business may accidentally or intentionally circumvent security measures in order to misappropriate such personal information, confidential information, or other data, or may inadvertently release or compromise such data.

Compromise of our data security or the data security of third parties with whom we do business, failure to prevent or mitigate the loss of personal or business information, and delays in detecting or providing prompt notice of any such compromise or loss could disrupt our operations, damage our reputation, and subject us to litigation, government action, or other additional costs and liabilities that could adversely affect our business, financial condition, and operating results.

Some of our software and systems contain open source software, which may pose particular risks to our proprietary applications.

We use open source software in the applications we have developed to operate our business and will use open source software in the future. We may face claims from third parties demanding the release or license of the open source software or derivative works that we developed from such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. In addition, our use of open source software may present additional security risks because the source code for open source software is publicly available, which may make it easier for malicious actors to determine how to breach our website and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business and operating results.

Adverse litigation judgments or settlements resulting from legal proceedings in which we are or may be involved could expose us to monetary damages or limit our ability to operate our business.

Currently, we are involved in various legal proceedings, including the securities litigation and other matters described elsewhere herein. We have in the past and may in the future become involved in other private actions, collective actions, investigations, and various other legal proceedings by clients, employees, suppliers, competitors, government agencies, stockholders, or others. The results of any such litigation, investigations, and other legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, damage our reputation, require significant amounts of management time, and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have an adverse effect on our business, financial condition, and operating results.

Any failure by us or our vendors to comply with product safety, labor, or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers, may damage our reputation and brand, and harm our business.

The merchandise we sell to our clients is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission, and similar state and international regulatory authorities. As a result, such merchandise could in the future be subject to recalls and other remedial actions. Product safety, labeling, and licensing concerns may result in us voluntarily removing selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased client service costs and legal expenses, which could have a material adverse effect on our operating results.

Some of the merchandise we sell, including our children's merchandise, may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance, we

cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, some of our agreements with our vendors may not indemnify us from product liability for a particular vendor's merchandise or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

We purchase our merchandise from numerous domestic and international vendors. Our standard vendor terms and conditions require vendors to comply with applicable laws. We have hired independent firms that conduct audits of the working conditions at the factories producing our Owned Private Label Brands products. If an audit reveals potential problems, we require that the vendor institute corrective action plans to bring the factory into compliance with our standards, or we may discontinue our relationship with the vendor. The loss of an Owned Private Label Brands vendor due to failure to comply with our standards could cause inventory delays, impact our clients' experiences, and otherwise harm our operating results. In addition, failure of our vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. Furthermore, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with clients or result in legal claims against us.

China's Xinjiang Uyghur Autonomous Region (the "XUAR") is the source of large amounts of cotton and textiles for the global apparel supply chain. The United States Treasury Department placed sanctions on China's Xinjiang Production and Construction Corporation ("XPCC") for serious human rights abuses against ethnic minorities in XUAR. Additionally, the U.S.'s Uyghur Forced Labor Prevention Act ("UFLPA"), empowers the U.S. Customs and Border Protection Agency (the "U.S. CBP") to withhold release of items produced in whole or in part in the XUAR, or produced by companies included on a government-created UFLPA entity list, creating a presumption that such goods were produced using forced labor. XPCC controls many of the cotton farms and much of the textile industry in the region, and many large factories in XUAR produce fabrics and yarn for apparel. Although we do not intentionally source any products or materials from the XUAR (either directly or indirectly through our suppliers), we have no known involvement with XPCC or its subsidiaries and affiliates, and we prohibit our apparel vendors from doing business with XPCC or using forced labor, we do not have the ability to completely map our product supply chain, and we could be subject to penalties, fines or sanctions if any of the vendors from which we purchase goods is found to have dealings, directly or indirectly, with XPCC or entities it controls. Additionally, our products or materials (including potentially non-cotton materials) could be held or delayed by the U.S. CBP, which would cause delays and unexpectedly affect our inventory levels. Even if we were not subject to penalties, fines or sanctions, if products we source are linked in any way to XPCC, the XUAR, or an entity on the UFLPA entity list, our reputation could be damaged.

Our use of personal information, other personal data, and sensitive information subjects us to privacy laws and other obligations (such as cybersecurity and data protection in contracts), and our compliance with or failure to comply with such obligations could harm our business.

We collect and maintain significant amounts of personal information and other data relating to our clients and employees. Numerous laws, rules, and regulations in the United States and internationally, including the European Union's General Data Protection Regulation (the "GDPR"), California's Consumer Privacy Act (the "CCPA"), California Privacy Rights Act of 2020 ("CPRA"), and the UK's Data Protection Act (the "UK GDPR"), govern privacy and the collection, use, and protection of personal information. These laws, rules, and regulations evolve frequently and may be inconsistent from one jurisdiction to another or may be interpreted to conflict with our practices. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws, rules, and regulations, or with other obligations to which we may be or become subject, may result in actions against us by governmental entities, private claims and litigation, fines, penalties, or other liabilities. Any such action could be expensive to defend, damage our reputation, and adversely affect our business and operating results.

The CCPA, as amended by the CPRA (collectively, "CCPA"), applies to personal information of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for administrative fines of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the CPRA expanded the CCPA's requirements, including by adding a new right for individuals to correct their personal information and establishing a new regulatory agency to implement and enforce the law. A number of other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These developments further complicate compliance efforts, and increase legal risk and compliance costs for us and the third parties upon whom we rely. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination, and security of data. Further, the SEC has adopted new rules that require us to provide greater disclosures around proactive security protections that we employ and regarding security incidents. Any such disclosures, including those under state data breach notification laws, can be costly, and the disclosures we make to comply with, or the failure to comply with, such requirements could lead to adverse consequences.

The costs of compliance with and other burdens imposed by privacy and data security laws and regulations may reduce the efficiency of our marketing, lead to negative publicity, make it more difficult or more costly to meet expectations of or commitments to clients, or lead to significant fines, penalties or liabilities for noncompliance, any of which could harm our business. These laws could also

impact our ability to offer our products in certain locations. The costs, burdens, and potential liabilities imposed by existing privacy laws could be compounded if other jurisdictions in the U.S. begin to adopt similar or more restrictive laws.

Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit clients' use of our service or harm our brand and reputation. Furthermore, our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in such contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. Also, although we maintain insurance, the costs related to significant security breaches or disruptions could be material and could cause us to incur significant expenses beyond any of our insurance coverage.

Any of these matters could materially adversely affect our business, financial condition, or operating results.

Unfavorable changes or failure by us to comply with evolving internet and eCommerce regulations could substantially harm our business and operating results.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and eCommerce. These regulations and laws may involve taxes, privacy and data security, consumer protection, the ability to collect or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts, or gift cards. Furthermore, the regulatory landscape impacting internet and eCommerce businesses is constantly evolving. For example, California's Automatic Renewal Law requires companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with consumers. As a result, a wave of consumer class action lawsuits was brought against companies that offer online products and services on a subscription or recurring basis. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, lost business, and proceedings or actions against us by governmental entities or others, which could impact our operating results. Further, any additional regulations that govern our business, including additional automatic renewal laws, may be costly to comply with or cause us to have to alter the way we run our business.

If the use of "cookie" tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information we collect would decrease, which could harm our business and operating results.

Cookies are small data files that are sent by websites and stored locally on an internet user's computer or mobile device. We, and third parties who work on our behalf, collect data via cookies that is used to track the behavior of visitors to our sites, to provide a more personal and interactive experience, and to increase the effectiveness of our marketing. However, internet users can easily disable, delete, and block cookies directly through browser settings or through other software, browser extensions, or hardware platforms that physically block cookies from being created and stored.

Privacy regulations restrict how we deploy our cookies and this could potentially (a) increase the number of internet users that choose to proactively disable cookies on their systems or (b) cause our business partners, service providers, or vendors to no longer maintain their cookie processes. We may have to develop alternative systems to determine our clients' behavior, customize their online experience, or efficiently market to them if clients block cookies or regulations introduce additional barriers to collecting cookie data.

If we cannot successfully protect our intellectual property, our business would suffer.

We rely on trademark, copyright, trade secrets, patents, confidentiality agreements, and other practices to protect our brands, proprietary information, technologies, and processes. Our principal trademark assets include the registered trademarks "Stitch Fix" and "Fix," multiple private label clothing and accessory brand names, and our logos and taglines. Our trademarks are valuable assets that support our brand and consumers' perception of our services and merchandise. We also hold the rights to the "stitchfix.com" internet domain name and various other related domain names, which are subject to internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names in the United States or in other jurisdictions in which we may ultimately operate, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our operating results would be adversely impacted.

The patents we own in the United States and those that may be issued in the future may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property or survive a legal challenge, as the legal standards relating to the validity, enforceability, and scope of protection of patent and other intellectual property rights are uncertain. Our limited patent protection may restrict our ability to protect our technologies and processes from competition. We primarily rely on trade secret laws to protect our technologies and processes, including the algorithms we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position.

We may be accused of infringing intellectual property rights of third parties.

We are also at risk of claims by others that we have infringed their copyrights, trademarks, or patents, or improperly used or disclosed their trade secrets. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure that we will achieve a favorable outcome of any such claim. If any such claims are valid, we may be compelled to cease our use of such intellectual property and pay damages, which could adversely affect our business. Even if such claims are not valid, defending them could be expensive and distracting, adversely affecting our operating results.

Risks Relating to Taxes

Changes in U.S. tax or tariff policy regarding apparel produced in other countries could adversely affect our business.

A predominant portion of the apparel we sell is originally manufactured in countries other than the United States. International trade disputes that result in tariffs and other protectionist measures could adversely affect our business, including disruption and cost increases in our established patterns for sourcing our merchandise and increased uncertainties in planning our sourcing strategies and forecasting our margins. For example, in recent years, the U.S. government imposed significant new tariffs on China related to the importation of certain product categories, including apparel, footwear, and other goods. A substantial portion of our products are manufactured in China. As a result of these tariffs, our cost of goods imported from China increased slightly. Additionally candidate Trump has proposed additional 60% tariffs on goods shipped from China. If Trump is re-elected president, these proposed tariffs or other tariffs on goods shipped from China would likely increase the cost of our merchandise and negatively impact our operating results. Although we continue to work with our vendors to mitigate our exposure to current or potential tariffs, there can be no assurance that we will be able to offset any increased costs. Other changes in U.S. tariffs, quotas, trade relationships, or tax provisions could also reduce the supply of goods available to us or increase our cost of goods. Although such changes would have implications across the entire industry, we may fail to effectively adapt to and manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall risk from potential changes in U.S. laws and policies, as we make business decisions in the face of such uncertainty, we may incorrectly anticipate the outcomes, miss out on business opportunities, or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could adversely affect our revenues, reduce our profitability, and negatively impact our business.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our clients would have to pay for our offering and adversely affect our operating results.

In general, we had not historically collected state or local sales, use, or other similar taxes in any jurisdictions in which we do not have a tax nexus, in reliance on court decisions and/or applicable exemptions that restrict or preclude the imposition of obligations to collect such taxes with respect to the online sales. In addition, we have not historically collected state or local sales, use, or other similar taxes in certain jurisdictions in which we do have a physical presence, in reliance on applicable exemptions. In June 2018, the U.S. Supreme Court decided, in *South Dakota v. Wayfair, Inc.*, that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. All states have now enacted legislation to require sales and use tax collection by remote vendors and by online marketplaces. The details and effective dates of these collection requirements vary from state to state. While we now collect, remit, and report sales tax in all states that impose a sales tax, it is still possible that one or more jurisdictions may assert that we have liability from previous periods for which we did not collect sales, use, or other similar taxes, and if such an assertion or assertions were successful it could result in substantial tax liabilities, including for past sales taxes and penalties and interest, which could materially adversely affect our business, financial condition, and operating results.

Federal income tax reform could have unforeseen effects on our financial condition and results of operations.

New income or other tax laws or regulations could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws and regulations could be interpreted, modified, or applied adversely to us. For example, the Tax Cuts and Jobs Act (the “Tax Act”) and CARES Act enacted many significant changes to the U.S. tax laws. Future guidance from the IRS and other tax authorities with respect to the Tax Act and CARES Act may affect us, and certain aspects of the Tax Act and CARES Act could be repealed or modified in future legislation. Further regulatory or legislative developments may also arise. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or our clients, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows.

We may be subject to additional tax liabilities, which could adversely affect our operating results.

We are subject to income- and non-income-based taxes in the United States under federal, state, and local jurisdictions. The governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation. Various tax authorities may disagree with tax positions we take and if any such tax authorities were to successfully challenge one or more of our tax positions, the results could have a material effect on our operating results. Further, the ultimate amount of tax payable in a given financial statement period may be materially impacted by sudden or unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. The determination of our overall provision for income and other taxes is inherently uncertain as it requires significant judgment around complex transactions and calculations. As a result, fluctuations in our ultimate tax

obligations may differ materially from amounts recorded in our financial statements and could adversely affect our business, financial condition, and operating results in the periods for which such determination is made.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of August 3, 2024, we had federal and state net operating loss carryforwards of \$186.7 million and \$328.5 million, respectively. The federal net operating loss carryforwards may be carried forward indefinitely; state net operating loss carryforwards will expire, if not utilized, beginning in 2025. The ability to use our net operating loss carryforwards depends on the availability of future taxable income. In addition, as of August 3, 2024, we had federal and California research and development tax credit carryforwards of \$57.1 million and \$24.1 million, respectively. The federal research and development credits will begin to expire in 2036, if not utilized; California research and development credits do not have an expiration date. A portion of our tax attributes are subject to Sections 382 and 383 of the Internal Revenue Code and similar state provisions, which sets limitations arising from ownership changes. Any potential limitations on our ability to offset future income with our tax attributes could result in increased future tax liability to us.

Risks Relating to Ownership of Our Class A Common Stock

The market price of our Class A common stock may continue to be volatile or may decline steeply or suddenly regardless of our operating performance and we may not be able to meet investor or analyst expectations. You may lose all or part of your investment.

The market price of our Class A common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated decreases in our client base, the level of client engagement, client acquisition and retention, and revenue and other operating results;
- variations between our actual operating results and the expectations of securities analysts, investors, and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information, or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our Company, or our failure to meet these estimates or the expectations of investors;
- repurchases of our Class A common stock pursuant to our share repurchase program, which could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our directors, executive officers, and their affiliates;
- additional shares of our Class A common stock being sold into the market by us or our existing stockholders, or the anticipation of such sales;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of companies in our industry, including our vendors and competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- targeted efforts of social media or other groups to transact in and affect the price of Stitch Fix stock, such as the activity in early 2021 targeting GameStop Corp and others;
- lawsuits threatened or filed against us;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war or incidents of terrorism, public health crises such as the COVID-19 pandemic, adverse weather events and climate conditions, or responses to these events.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many eCommerce and other technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, beginning in October 2018, we and certain of our directors and officers were sued in putative class action and derivative lawsuits alleging violations of the federal securities laws for allegedly making materially false and misleading statements. And on August 26, 2022, a class action lawsuit alleging violations of federal securities laws was filed by certain of our stockholders naming as defendants us, certain of our officers and directors for allegedly making materially false and misleading statements regarding our Freestyle offering. We may be the target of additional litigation of this type in the future as well. Such securities litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business.

Moreover, because of these fluctuations, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and could diminish our cash reserves.

In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date. During fiscal 2024, we did not repurchase any shares of our common stock and we had \$120.0 million remaining in share repurchase capacity as of August 3, 2024. Although our Board of Directors has authorized this repurchase program, the program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. The actual timing and amount of repurchases remain subject to a variety of factors, including stock price, trading volume, market conditions and other general business considerations. In addition, the terms of our first lien credit agreement with Citibank, N.A., as agent and lender ("the 2023 Credit Facility"), impose limitations on our ability to repurchase shares. The share repurchase program may be modified, suspended, or terminated at any time, and we cannot guarantee that the program will be fully consummated or that it will enhance long-term stockholder value. The program could affect the trading price of our stock and increase volatility, and any announcement of a termination of this program may result in a decrease in the trading price of our stock. In addition, this program could diminish our cash and cash equivalents and marketable securities.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, then the trading price of our Class A common stock could decline. In addition, shares underlying any outstanding options and restricted stock units will become eligible for sale if exercised or settled, as applicable, and to the extent permitted by the provisions of various vesting agreements and Rule 144 of the Securities Act. All the shares of Class A and Class B common stock subject to stock options and restricted stock units outstanding and reserved for issuance under our 2011 Equity Incentive Plan, our 2017 Incentive Plan, and our 2019 Inducement Plan (collectively, our "Incentive Plans") have been registered on Form S-8 under the Securities Act and such shares are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our Class A common stock could decline.

The dual class structure of our common stock concentrates voting control with our directors, executive officers, and their affiliates, and may depress the trading price of our Class A common stock.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As a result, the holders of our Class B common stock, including certain of our directors, executive officers, and their affiliates, are able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. As of September 18, 2024, 16,832,911 of our 126,837,837 shares outstanding were held by our directors, executive officers, and their affiliates, and 12,621,359 of such shares held by our directors, executive officers, and their affiliates were shares of Class B common stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock and some stock indices may not allow public companies utilizing dual or multi-class capital structures to be included in their indices.

We do not currently intend to pay dividends on our Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our Class A common stock.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay any cash dividends on our Class A common stock in the foreseeable future. As a result, any investment return on our Class A common stock will depend upon increases in the value for our Class A common stock, which is not certain.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our Class A common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our Class A common stock by acting to discourage, delay, or prevent a change of control of our Company or changes in our management that the stockholders of our Company may deem advantageous. These provisions:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;
- permit the Board of Directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions of our certificate of incorporation and bylaws;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the Board of Directors is expressly authorized to make, alter, or repeal our bylaws;
- restrict the forum for certain litigation against us to Delaware;
- reflect the dual class structure of our common stock; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated

with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

General Risk Factors

Future securities sales and issuances could result in significant dilution to our stockholders and impair the market price of our Class A common stock.

We may issue additional equity securities in the future. We also issue awards for Class A common stock to our existing and new employees and others under our Incentive Plans. The number of shares subject to such awards is typically based on target dollar values, and therefore the number of shares increases as our stock price decreases. Future issuances of shares of our Class A common stock or the conversion of a substantial number of shares of our Class B common stock, or the perception that these sales or conversions may occur, could depress the market price of our Class A common stock and result in dilution to existing holders of our Class A common stock. Also, to the extent outstanding options to purchase shares of our Class A common stock or Class B common stock are exercised or options or other stock-based awards are issued or become vested, there will be further dilution. The amount of dilution could be substantial depending upon the size of the issuances or exercises and our stock price. Furthermore, we may issue additional equity securities that could have rights senior to those of our Class A common stock. As a result, holders of our Class A common stock bear the risk that future issuances of debt or equity securities may reduce the value of our Class A common stock and further dilute their ownership interest.

If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.

We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). Specifically, the Sarbanes-Oxley Act requires management to assess the effectiveness of our internal controls over financial reporting and to report any material weaknesses in such internal control. We have experienced material weaknesses and significant deficiencies in our internal controls previously. Management has concluded that our internal control over financial reporting was effective as of August 3, 2024. However, our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, it could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources.

Even if we do not detect deficiencies, our internal control over financial reporting will not prevent or detect all errors and fraud, and individuals, including employees and contractors, could circumvent such controls. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

In addition, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. Should we encounter such difficulties, our investors could lose confidence in the reliability of our reported financial information and trading price of our Class A common stock. could be negatively impacted.

We may not be able to generate sufficient capital to support and grow our business, and outside capital might not be available or may be available only by diluting existing stockholders.

We require sufficient cash and liquidity to run our business, finance our operations, and pay for capital expenditures. We may not be able to generate sufficient cash to fund our working capital and capital expenditures needs. We also may require additional funds to support growth or respond to business challenges. We are party to a credit agreement with Citibank, N.A. but a deterioration in our capital structure or the quality of our earnings could result in noncompliance with our debt covenants, which would limit our ability to utilize our credit facility.

We also may want or need to engage in equity or debt financings to secure additional funds. The capital market environment, including market disruptions, limited liquidity, or interest rate fluctuations, may increase the cost of financing or restrict access to a potential source of liquidity. Additionally, if we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock.

Our 2023 Credit Facility also contains covenants limiting our ability to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock, and make investments, in each case subject to certain exceptions, and contains financial covenants requiring us to maintain a minimum liquidity level and a minimum total consolidated fixed charge coverage Ratio above specified levels, measured in each case at the end of each fiscal quarter. The restrictive covenants of this or any future debt financing secured may make it more difficult for us to obtain capital and to pursue business opportunities. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to generate sufficient capital or obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business and to respond to business challenges could be significantly limited, and our business and prospects could fail or be adversely affected.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business, or our market, or if they change their recommendations regarding our Class A common stock adversely, the trading price or trading volume of our Class A common stock could decline.

The trading market for our Class A common stock is influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our Class A common stock, provide a more favorable recommendation about our competitors, or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our Class A common stock to decline.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity**Risk Management and Strategy**

At Stitch Fix, we recognize the importance of robust cybersecurity measures to protect our systems, data, and the interests of our stakeholders. We have implemented a comprehensive cybersecurity risk management strategy and governance framework to identify, assess, manage, mitigate, and respond to cybersecurity risks and threats.

Stitch Fix views its cybersecurity strategy through a multi-pronged lens encompassing prevention, detection, and response to ensure holistic coverage of the program and our environments.

Prevention

Our cybersecurity program starts with prevention, which includes risk assessment and identification. We utilize that information to design an effective layer of controls as a baseline. We regularly conduct assessments to identify and evaluate potential cybersecurity risks. This process involves analyzing our systems, networks, and data infrastructure to identify vulnerabilities and potential threats. Our cybersecurity program also includes a dedicated function for third party risk management, in which we oversee the identification and mitigation of risk associated with outsourcing to third party vendors and service providers, particularly focused on vendors who process sensitive information.

In addition to our risk assessment processes, we prioritize cybersecurity awareness and training programs for our employees. These initiatives aim to educate our workforce about potential threats, best practices for data protection, and the importance of maintaining security measures. We train our employees through annual security training, phishing simulations, and regular communications about cybersecurity topics and threats.

Detection

Our cybersecurity program includes tools and processes designed to detect unusual network activity, anomalous cybersecurity events, and breaches. We utilize a variety of preventative measures and detective tools.

Response

We have developed an incident response plan to ensure a swift and effective response in the event of a cybersecurity incident. This plan includes predefined roles and responsibilities, communication protocols, and steps to contain and remediate any vulnerabilities that may lead to a breach.

Governance

Our Chief Information Security Officer (“CISO”) oversees the Company’s cybersecurity program. Our CISO, who reports to our Chief Technology Officer (“CTO”), has over 20 years of experience in information technology, risk, and cybersecurity leadership, and has previously held both CISO and CTO roles.

The Audit Committee of our Board of Directors provides oversight for our cybersecurity program and our enterprise risk management process, which evaluates enterprise level risks and strategies, including our cybersecurity risk. The Audit Committee receives updates from management on the effectiveness of our cybersecurity program. The Audit Committee also reviews plans on how management will enhance the program, receives updates on special topics that help the Committee provide effective oversight of the program, and is notified in the event of certain cybersecurity incidents.

Although we have not experienced a material cybersecurity breach, we cannot guarantee that we will not experience a cyber threat or incident in the future. For more information regarding the cybersecurity risks we face, see Item 1A. Risk Factors in this Annual Report.

Item 2. Properties.

Our principal physical properties are located in the United States. Our corporate headquarters are located in San Francisco, California, and comprise approximately 134,000 square feet of space. Given our more distributed workforce, and our recent reduction in headcount, we are actively marketing approximately 96,000 square feet of this space for sublease.

We also currently lease and operate three fulfillment centers in the United States. We currently utilize a total of approximately 2,114,000 square feet, at which we receive merchandise from vendors, ship products to clients, and receive and process returns from clients. These facilities are located in Arizona, Indiana, and Georgia. We currently sublease approximately 1,012,000 square feet space at our former Salt Lake City, Utah fulfillment center.

We believe our facilities are sufficient for our current needs.

Item 3. Legal Proceedings.

The information contained in Note 8, “Commitments and Contingencies” under the heading “Contingencies” in the Notes to the Consolidated Financial Statements included within Item 8. Financial Statements and Supplementary Data to this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Common Stock

Our Class A common stock, par value \$0.00002 per share, is listed on the Nasdaq Global Select Market, under the symbol “SFIX” and began trading on November 17, 2017. Prior to that date, there was no public trading market for our Class A common stock. There is no public trading market for our Class B common stock, par value \$0.00002 per share.

Holders of Record

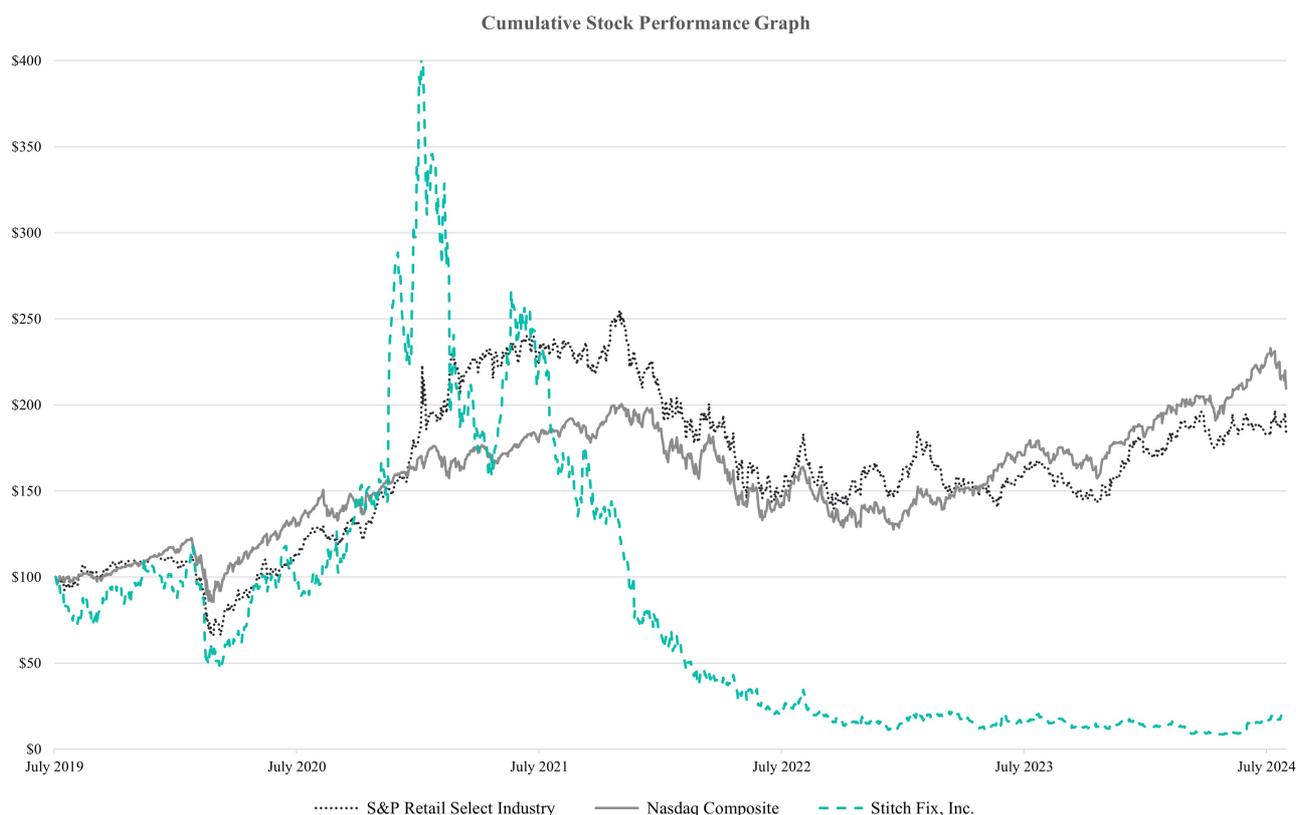
As of the close of business on September 18, 2024, there were 36 stockholders of record of our Class A common stock and 14 stockholders of record of our Class B common stock. The actual number of holders of our Class A and Class B common stock is greater than the number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our Board of Directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Cumulative Stock Performance Graph

The following graph compares the cumulative total return to stockholders on our Class A common stock relative to the cumulative total returns of the Standard and Poor’s Retail Select Industry Index (S&P Retail Select Industry) and Nasdaq Composite Index (Nasdaq Composite). An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our Class A common stock and in each index on August 3, 2019, and its relative performance is tracked through August 3, 2024. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our Class A common stock.



The information under “Cumulative Stock Performance Graph” is not deemed to be “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act, and is not to be incorporated by reference in any filing of Stitch Fix under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report and irrespective of any general incorporation language in those filings.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date (the “2022 Repurchase Program”). We may repurchase shares from time to time through open market repurchases, privately negotiated transactions, or other means, including through Rule 10b5-1 trading plans. The actual timing, number and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including price, trading volume, market conditions, and other general business conditions. During fiscal 2024, we did not repurchase any shares of our common stock and we had \$120.0 million remaining in share repurchase capacity as of August 3, 2024.

Item 6. [Reserved]

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and related notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K (“Annual Report”). We use a 52- or 53-week fiscal year, with our fiscal year ending on the Saturday that is closest to July 31 of that year. The fiscal year ending August 3, 2024 (“fiscal 2024”) consists of 53 weeks, and the fiscal years ended, July 29, 2023 (“fiscal 2023”), and July 30, 2022 (“fiscal 2022”) consisted of 52 weeks. Throughout this Annual Report, all references to quarters and years are to our fiscal quarters and fiscal years unless otherwise noted.

In addition, this discussion contains forward-looking statements that reflect our plans, estimates, and beliefs, and involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in or implied by these forward-looking statements as a result of several factors, including those discussed in the section titled “Risk Factors” included under Part I, Item 1A and elsewhere in this Annual Report. See “Special Note Regarding Forward-Looking Statements” in this Annual Report.

A discussion regarding our financial condition and results of operation for fiscal 2024, compared to fiscal 2023, and for fiscal 2023 compared to fiscal 2022, is presented below.

Business Overview

In 2011, Stitch Fix introduced an innovative approach to shopping for clothing and accessories. We were inspired by the opportunity to create a client-first styling experience, offering an alternative to impersonal, time-consuming and inconvenient traditional shopping. Clients engage with us by (1) receiving a curated shipment of items informed by our algorithms and chosen by a Stitch Fix Stylist (a “Fix”); or (2) purchasing directly from our website or mobile app based on an individualized assortment of outfit and item recommendations (“Freestyle”). Clients choose to schedule regular shipments or order a Fix on demand. Then, after receiving a Fix, they can purchase the items they want to keep and return the other items, if any.

Discontinued Operations

During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. Accordingly, any discussion of historical information in Management’s Discussion and Analysis below reflects the results of the UK business as a discontinued operation, and, amounts and disclosures below relate to the Company’s continuing operations for all periods presented, unless otherwise noted. Refer to Note 14, “Discontinued Operations” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report for further details.

Financial Overview

For fiscal 2024, we reported \$1.3 billion of net revenue representing a year-over-year decline of 16.0% as compared to fiscal 2023. As of August 3, 2024, and July 29, 2023, we had approximately 2,508,000 and 3,121,000 active clients, respectively, representing a year-over-year decline of 19.6%. Refer to the section titled “Key Financial and Operating Metrics” below for information on how we define and calculate active clients.

During fiscal 2024 and fiscal 2023, we experienced a decline in net revenue year-over-year primarily due to our challenges in acquiring and retaining clients. We expect these challenges in acquiring and retaining active clients to continue having a negative compounding effect on net revenue in fiscal 2025. We remain focused on retaining current clients, improving the conversion of new clients, and enhancing our overall client experience for new and existing clients.

Net loss from continuing operations for fiscal 2024 was \$118.9 million, compared to a net loss from continuing operations of \$150.3 million for fiscal 2023. Despite lower revenues year-over-year, our net loss in fiscal 2024 was lower due to several restructuring actions that took place in both fiscal 2023 and fiscal 2024 as described below, which reduced fixed and variable operating expenses, in addition to a reduction in advertising expense. For more information on the components of net loss from continuing operations, refer to the section titled “Results of Operations” below.

Restructuring

During fiscal 2024 and fiscal 2023, in furtherance of and as an expansion of the restructuring plan announced in June 2022 (the “2022 Restructuring Plan”), we undertook several restructuring actions. These actions were taken to reduce our future fixed and variable operating costs and allow us to centralize key capabilities, strengthen decision-making to drive efficiencies, and ensure we are allocating resources to our most critical priorities. In connection with activities taken for the 2022 Restructuring Plan and activities in furtherance of and as an expansion of the 2022 Restructuring Plan, described further below, we have recorded the following:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Cash restructuring charges:			
Severance and employee-related benefits ⁽¹⁾	\$ 10,065	\$ 18,142	\$ 10,869
Lease termination ⁽¹⁾	1,466	—	—
Other ⁽¹⁾	3,090	722	—
Non-cash restructuring charges:			
Asset impairments ^(1, 2)	19,283	16,874	6,154
Accelerated depreciation ⁽¹⁾	9,021	2,805	—
Inventory impairment ⁽³⁾	—	—	719
Other ⁽¹⁾	913	1,364	—
Total restructuring	\$ 43,838	\$ 39,907	\$ 17,742

⁽¹⁾ Recorded in selling, general, and administrative expenses on the consolidated statements of operations and comprehensive loss.

⁽²⁾ Includes impairments of both operating lease right-of-use assets and property and equipment.

⁽³⁾ Recognized in cost of goods sold on the consolidated statements of operations and comprehensive loss.

Below is a summary of the restructuring actions taken to date in connection with the 2022 Restructuring Plan:

- In fiscal 2022, the 2022 Restructuring Plan reduced our then-current employee workforce by approximately 4%, including approximately 15% of our then-salaried positions.
- In furtherance of and as an expansion of the 2022 Restructuring Plan, in January 2023, we implemented a plan of termination that reduced our then-current employee workforce by approximately 6%, including approximately 20% of our then-salaried positions.
- In furtherance of and as an expansion of the 2022 Restructuring Plan, in June 2023, we announced the closure of our fulfillment centers in Bethlehem, Pennsylvania and Dallas, Texas. The Bethlehem, Pennsylvania location ceased operations during the fiscal quarter ended October 28, 2023, and the Dallas, Texas location ceased operations during the fiscal quarter ended April 27, 2024.
- In furtherance of and as an expansion of the 2022 Restructuring Plan, in January 2024, we implemented an organization realignment that resulted in the further elimination of styling leadership and corporate positions.
- In furtherance of and as an expansion of the 2022 Restructuring Plan, in January 2024, we revised our compensation model for full-time Stylists to move to a part-time only model, whereby Stylists who opted to continue with the Company received one-time restructuring bonuses. These bonuses will be paid over three quarters, with the last payment in the first quarter of fiscal 2025.
- In furtherance of and as an expansion of the 2022 Restructuring Plan, in the fourth quarter of fiscal 2024, we recorded impairments related to a portion of our corporate office space due to a change in the use of this space.

We have \$3.3 million in restructuring related liabilities as of August 3, 2024, and we expect substantially all cash payments in connection with expenses incurred to date related to the 2022 Restructuring Plan will be completed in the first quarter of fiscal 2025. Refer to Note 13, “Restructuring” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report for further details of restructuring actions taken.

We are continuing to evaluate other fixed and variable operating costs, including further rationalizing our real estate footprint and continuing to optimize and be disciplined in our marketing strategy to better position ourselves for profitability. However, our future results of operations will depend on our ability to successfully navigate current business challenges and the overall macroeconomic environment.

Key Financial and Operating Metrics

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 from continuing operations (“Adjusted EBITDA”) is frequently used by investors and securities analysts in their evaluations of companies, and that this supplemental measure facilitates comparisons between continuing operations of companies. We believe free cash flow from continuing operations (“Free Cash Flow”) is an important metric because it represents a measure of how much cash from continuing 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 and net other (income) expense as these items are not components of our core business;
- Adjusted EBITDA does not reflect our provision (benefit) for income taxes, 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;
- Adjusted EBITDA excludes costs incurred related to discrete restructuring plans and other one-time costs attributable to our continuing operations that are fundamentally different in strategic nature and frequency from ongoing initiatives. We believe exclusion of these items facilitates a more consistent comparison of operating performance over time, however these costs do include cash outflows; 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 loss from continuing operations excluding interest income, other (income) expense, net, provision (benefit) for income taxes, depreciation and amortization, stock-based compensation expense, and restructuring and other one-time costs related to our continuing operations. The following table presents a reconciliation of net loss from continuing operations, the most comparable GAAP financial measure, to Adjusted EBITDA for each of the periods presented:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Adjusted EBITDA:			
Net loss from continuing operations	\$ (118,885)	\$ (150,336)	\$ (181,605)
Add (deduct):			
Interest income	(11,250)	(5,841)	(924)
Other (income) expense, net	(1,631)	25	394
Provision (benefit) for income taxes	(1,661)	871	(2,335)
Depreciation and amortization ⁽¹⁾	35,489	38,375	33,533
Stock-based compensation expense ⁽²⁾	76,756	102,072	124,944
Restructuring and other one-time costs ⁽³⁾	50,463	45,749	26,206
Adjusted EBITDA	\$ 29,281	\$ 30,915	\$ 213

⁽¹⁾ For fiscal 2024 and 2023, depreciation and amortization excluded \$12.1 million and \$2.8 million, respectively, reflected in “Restructuring and other one-time costs.”

⁽²⁾ For fiscal 2022, stock-based compensation expense excluded \$1.1 million reflected in “Restructuring and other one-time costs.”

⁽³⁾ For fiscal 2024, restructuring charges were \$43.8 million and other one-time costs were \$6.7 million in one-time professional services fees. For fiscal 2023, restructuring charges were \$39.9 million and other one-time costs were \$5.8 million in retention bonuses for continuing employees. For fiscal 2022, restructuring charges were \$17.7 million and other one-time costs were \$8.5 million in retention bonuses for continuing employees. Refer to Note 13, “Restructuring” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report for more details.

Free Cash Flow

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

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Free Cash Flow reconciliation:			
Net cash provided by operating activities from continuing operations	\$ 28,207	\$ 73,230	\$ 75,217
Deduct:			
Purchases of property and equipment from continuing operations	(13,965)	(18,863)	(44,957)
Free Cash Flow	\$ 14,242	\$ 54,367	\$ 30,260
Net cash provided by (used in) investing activities from continuing operations	\$ (78,742)	\$ 64,476	\$ 11,627
Net cash used in financing activities from continuing operations	\$ (15,493)	\$ (15,085)	\$ (59,580)

Operating Metrics

	August 3, 2024	July 29, 2023	July 30, 2022
Active Clients (in thousands)	2,508	3,121	3,590
Net Revenue per Active Client	\$533	\$510	\$562

Active Clients

We believe that the number of active clients is a key indicator of the overall health of our business. We define an active client as a client who checked out a Fix or was shipped an item via Freestyle in the preceding 52 weeks, measured as of the last day of that period. Clients check out a Fix when they indicate which items they are keeping through our mobile application or on our website. We consider each Women's, Men's, or Kids account as a client, even if they share the same household. We had 2,508,000 and 3,121,000 active clients as of August 3, 2024, and July 29, 2023, respectively, representing a year-over-year decline of 19.6%. The decline in active clients is due to dormant clients outpacing new client additions during the year, which we largely attribute to client conversion and retention challenges.

Net Revenue per Active Client

We believe that net revenue per active client is an indicator of client engagement and satisfaction. 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. Net revenue per active client was \$533 and \$510 as of August 3, 2024, and July 29, 2023, respectively, representing a year-over-year increase of 4.5%.

Factors Affecting Our Performance

Macroeconomic Environment

Our business and operating results are subject to national and global economic conditions and their impact on consumer discretionary spending. As the macroeconomic environment is experiencing inflation, rising interest rates, recessionary concerns, tightening labor markets, and general uncertainty regarding the overall future political and economic environment, we cannot predict whether or when such circumstances may improve or worsen or what impact such circumstances could have on our business.

Inventory Management

We leverage our data science to buy and manage our inventory, including merchandise assortment and fulfillment center optimization. Because our merchandise assortment directly correlates to client success, we may at times optimize our inventory to prioritize long-term client success over short-term gross margin impact. To ensure sufficient availability of merchandise, we generally enter into purchase orders well in advance and frequently before apparel trends are confirmed by client purchases. As a result, we are vulnerable to demand and pricing shifts and availability of merchandise at the time of purchase. We incur inventory write-offs and changes in inventory reserves that impact our gross margins. Moreover, our inventory investments will fluctuate with the needs of our business.

Client Acquisition and Engagement

To grow our business, we must continue to acquire clients and successfully engage and retain them. Our marketing strategy aims to preserve liquidity and achieve profitability, while simultaneously attracting long-term customers to fuel a return to growth. We utilize both digital and offline channels to attract new visitors to our website or mobile app and subsequently convert them into clients. Our marketing costs are largely composed of advertising, client referrals, and public relations expenses. At any given time, our advertising efforts may include, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. Our marketing expenses have varied from period to period and we expect this trend to continue.

Marketing expense is recorded in selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss. The largest component of our marketing expense is advertising, which was \$111.4 million in fiscal 2024, compared to \$111.6 million in fiscal 2023. We expect advertising expense to approximate 8% to 9% of revenue in fiscal 2025; however, we will continue to be methodical about our approach when we are making investments in advertising, and may adjust our spending up or down based on performance.

Operations and Infrastructure

We intend to leverage our data science and deep understanding of our clients’ needs to make targeted investments in technology and product. In the second quarter of fiscal 2023, we decided to close our Salt Lake City fulfillment center in order to optimize network capacity. In June 2023, we announced the intended closures of our fulfillment centers in Bethlehem, Pennsylvania and Dallas, Texas. The Bethlehem, Pennsylvania location ceased operations during the fiscal quarter ended October 28, 2023 and the Dallas, Texas location ceased operations during the fiscal quarter ended April 27, 2024. Refer to Note 13, “Restructuring” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report for further details.

Merchandise Mix

We offer apparel, shoes, and accessories across categories, brands, product types, and price points. We currently serve our clients in the following categories: Women’s, Petite, Maternity, Men’s, Plus, and Kids. We carry a mix of third-party branded merchandise, including premium brands, and our own Owned Private Label Brands. We also offer a wide variety of product types, including denim, dresses, blouses, skirts, shoes, jewelry, and handbags. We sell merchandise across a broad range of price points and may further broaden our price point offerings in the future.

Historically, changes in our merchandise mix have not caused significant fluctuations in our gross margin; however, categories, brands, product types, and price points do have a range of margin profiles. For example, our Owned Private Label Brands have generally contributed higher margins than our third-party brands, which have generally contributed lower margins. We continue to evolve our merchandise mix to improve the client experience and attract new active clients. Shifts in merchandise mix will result in fluctuations in our gross margin from period to period.

Components of Results of Operations

Revenue

We generate revenue from the sale of merchandise through our Fix and Freestyle offerings. With our Fix offering, we charge a nonrefundable upfront fee, referred to as a “styling fee,” that is credited towards any merchandise purchased. We offer Style Pass to provide select clients with an alternative to paying a styling fee per Fix. Style Pass clients pay a nonrefundable annual fee for unlimited styling that is credited towards merchandise purchases. We deduct discounts, sales tax, and estimated refunds to arrive at net revenue, which we refer to as revenue throughout this Annual Report. We also recognize revenue resulting from estimated breakage income on gift cards.

Cost of Goods Sold

Cost of goods sold consists of the costs of merchandise, expenses for inbound freight and shipping to and from clients, inventory write-offs and changes in our inventory reserve, payment processing fees, and packaging materials costs, offset by the recoverable cost of merchandise estimated to be returned. We expect our cost of goods sold to fluctuate as a percentage of revenue primarily due to how we manage our inventory and merchandise mix. Our classification of cost of goods sold may vary from other companies in our industry and may not be comparable.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses (“SG&A”) consist primarily of compensation and benefits costs, including stock-based compensation expense, for our employees including our Stylists, fulfillment center operations, data analytics, merchandising, engineering, marketing, client experience, and corporate personnel. SG&A also includes marketing and advertising costs, third-party logistics costs, facility costs for our fulfillment centers and offices, professional service fees, information technology costs, and depreciation and amortization expense. As a result of our restructuring and cost reduction actions throughout fiscal years 2024, 2023, and 2022, we expect SG&A in fiscal 2025 to decrease as compared to fiscal 2024. Our classification of certain components within SG&A may vary from other companies in our industry and may not be comparable.

Interest Income

Interest income is generated from our cash equivalents and investments in available-for-sale securities.

Provision (Benefit) for Income Taxes

Our provision (benefit) for income taxes consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, and changes in the valuation of our net federal and state deferred tax assets.

Results of Operations

Comparison of the Fiscal Years Ended August 3, 2024, July 29, 2023, and July 30, 2022

The following table summarizes our financial results from continuing operations:

(in thousands)	For the Fiscal Year Ended			2024 vs. 2023	2023 vs. 2022
	August 3, 2024	July 29, 2023	July 30, 2022	% Change	% Change
Revenue, net	\$ 1,337,468	\$ 1,592,521	\$ 2,017,804	(16.0)%	(21.1)%
Cost of goods sold	745,430	916,908	1,131,132	(18.7)%	(18.9)%
Gross profit	592,038	675,613	886,672	(12.4)%	(23.8)%
Selling, general, and administrative expenses	725,465	830,894	1,071,142	(12.7)%	(22.4)%
Operating loss	(133,427)	(155,281)	(184,470)	(14.1)%	(15.8)%
Interest income	11,250	5,841	924	92.6 %	*
Other income (expense), net	1,631	(25)	(394)	*	(93.7)%
Loss before income taxes	(120,546)	(149,465)	(183,940)	(19.3)%	(18.7)%
Provision (benefit) for income taxes	(1,661)	\$ 871	\$ (2,335)	*	*
Net loss from continuing operations	\$ (118,885)	\$ (150,336)	\$ (181,605)	(20.9)%	(17.2)%

* Not meaningful

The components of our results from continuing operations as a percentage of net revenue were as follows:

	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Revenue, net	100.0 %	100.0 %	100.0 %
Cost of goods sold	55.7 %	57.6 %	56.1 %
Gross margin	44.3 %	42.4 %	43.9 %
Selling, general, and administrative expenses	54.2 %	52.2 %	53.1 %
Operating loss	(10.0)%	(9.8)%	(9.1)%
Interest income	0.8 %	0.4 %	— %
Other income (expense), net	0.1 %	— %	— %
Loss before income taxes	(9.0)%	(9.4)%	(9.1)%
Provision (benefit) for income taxes	(0.1)%	0.1 %	(0.1)%
Net loss from continuing operations	(8.9)%	(9.4)%	(9.0)%

Note: Due to rounding, percentages in this table may not sum to totals.

Revenue and Gross Margin

Revenue in fiscal 2024, which included a \$21.6 million impact of an extra week, decreased by \$255.1 million, or 16.0%, as compared to revenue in fiscal 2023. The decline in revenue was primarily attributable to a 19.6% decline in active clients from July 29, 2023 to August 3, 2024, which led to a decrease in sales of merchandise. Partially offsetting the revenue decline was an improvement in

revenue per active client, which was driven by an increase in the average order value with the number of items kept by our clients per Fix increasing, and an extra week of revenue in the current year.

Gross margin for fiscal 2024, increased by 190 basis points as compared to fiscal 2023. The increase in gross margin was primarily driven by improved product margins and transportation leverage as our carrier mix yielded more favorable rates year over year.

Revenue in fiscal 2023 decreased by \$425.3 million, or 21.1%, as compared to revenue in fiscal 2022. The decline in revenue was primarily attributable to a 13.1% decline in active clients from July 30, 2022 to July 29, 2023, which led to a decrease in sales of merchandise. Revenue was also impacted by a 9.3% decline in net revenue per active client in fiscal 2023, as compared to fiscal 2022, as clients spent less during the year.

Gross margin for fiscal 2023, decreased by 150 basis points as compared to fiscal 2022. The decrease was primarily attributable to higher product and transportation costs as a percentage of revenue in fiscal year 2023, substantially offset by our improved inventory position, as we better aligned our inventory composition, which led to lower inventory write-offs as a percentage of revenue.

Selling, General, and Administrative Expenses

SG&A in fiscal 2024, which included an extra week, decreased by \$105.4 million, or 12.7%, as compared to fiscal 2023, primarily due to a \$111.6 million decrease in compensation and benefits expense, including lower stock-based compensation, largely driven by our restructuring actions, and reductions in variable labor costs due to lower sales volumes. SG&A was also impacted by \$19.3 million non-cash impairment charges recorded in fiscal 2024, as compared to the non-cash impairment charges of \$16.9 million recorded in fiscal 2023. These decreases were partially offset by one-time professional service fees in fiscal 2024.

SG&A as a percentage of revenue increased to 54.2% in fiscal 2024, as compared to 52.2% in fiscal 2023. The increase in SG&A as a percentage of revenue was primarily driven by revenue declining at a faster rate than SG&A in fiscal year 2024.

SG&A in fiscal 2023 decreased by \$240.2 million, or 22.4%, as compared to fiscal 2022, primarily due to a \$147.8 million decrease in compensation and benefits expense, including lower stock-based compensation, largely driven by our restructuring actions and reductions in variable labor costs due to lower sales volumes. These decreases were partially offset by a year-over-year increase of \$19.5 million in restructuring and other one-time costs. SG&A expense was also impacted by a \$78.3 million reduction in our advertising expense as compared to fiscal 2022, as a result of our decision to reduce advertising spend in fiscal 2023.

SG&A as a percentage of revenue decreased to 52.2% in fiscal 2023, as compared to 53.1% in fiscal 2022. The decrease in SG&A margin was primarily related to reductions in advertising, which was 7.0% of net revenue in fiscal 2023, as compared to 9.4% of net revenue in fiscal 2022. This was partially offset by restructuring and other one-time costs, which increased as a percentage of net revenue from 1.3% in fiscal 2022 to 2.9% in fiscal 2023.

Provision for Income Taxes

The following table summarizes our effective tax rate for the periods presented:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Loss from continuing operations before income taxes	\$ (120,546)	\$ (149,465)	\$ (183,940)
Provision (benefit) for income taxes	(1,661)	871	(2,335)
Effective tax rate	1.4 %	(0.6)%	1.3 %

Our effective tax rate and provision for income taxes decreased in fiscal 2024 as compared to fiscal 2023, primarily due to reserve releases in fiscal 2024 from lapses in statutes of limitation and effective settlement of prior year tax positions.

Our effective tax rate and provision for income taxes increased in fiscal 2023 as compared to fiscal 2022, primarily due to increases in federal income taxes and less reserve releases due to lapses in statutes of limitation.

Liquidity and Capital Resources

Sources of Liquidity

Our principal sources of liquidity include our cash, cash equivalents, investments, cash flows from continuing operations, and borrowing capacity under our credit facility. As of August 3, 2024, we had \$162.9 million of cash and cash equivalents, which included \$0.7 million held outside the U.S. in the UK, and \$84.1 million of short-term investments with contractual maturities of 12 months or less. We will use our cash balances in the UK to settle the remaining liabilities attributable to our discontinued operations.

Credit Facility

On December 4, 2023, we entered into a first lien credit agreement with Citibank, N.A., as agent and lender, which provides for a \$50.0 million revolving credit facility maturing on December 4, 2026 (the “2023 Credit Facility”). The 2023 Credit Facility includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$30.0 million. Availability of the 2023 Credit Facility will be based upon a borrowing base formula and periodic borrowing base certifications valuing certain of our accounts receivable, credit card receivables, and inventory as reduced by certain reserves, if any. Our borrowing availability based on balances as of August 3, 2024 was \$45.0 million, and our excess availability was \$25.0 million as a result of outstanding letters of credit and no outstanding borrowing.

For information on the terms of the 2023 Credit Facility, refer to Note 7, “Credit Agreement” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Uses of Cash

Our primary uses of cash include operating costs such as merchandise purchases, lease obligations, compensation and benefits, marketing, and other expenditures necessary to support our business.

We believe our existing cash, cash equivalents, investment balances, and the borrowing available under our 2023 Credit Facility, if needed, will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months and beyond.

Share Repurchases

In January 2022, our Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date (the “2022 Repurchase Program”). We may repurchase shares from time to time through open market repurchases, privately negotiated transactions, or other means, including through Rule 10b5-1 trading plans. The actual timing, number and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including price, trading volume, market conditions, and other general business conditions. Repurchases will be funded from the Company’s existing cash and cash equivalents or future cash flow. The repurchase program may be modified, suspended, or terminated at any time. The Company made no repurchases of Class A common stock in fiscal 2024 or fiscal 2023. As of August 3, 2024, the Company had repurchased 2,302,141 shares of Class A common stock for \$30.0 million, and \$120.0 million remained available under the 2022 Repurchase Program authorization.

Cash Flows

The following table summarizes our cash flows for the periods indicated below:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Net cash provided by operating activities from continuing operations	\$ 28,207	\$ 73,230	\$ 75,217
Net cash provided by (used in) investing activities from continuing operations	(78,742)	64,476	11,627
Net cash used in financing activities from continuing operations	(15,493)	(15,085)	(59,580)
Net increase (decrease) in cash and cash equivalents from continuing operations	\$ (66,028)	\$ 122,621	\$ 27,264

Cash Provided by Operating Activities from Continuing Operations

During fiscal 2024, cash provided by operating activities from continuing operations was \$28.2 million, which consisted of a net loss from continuing operations of \$118.9 million, adjusted by non-cash charges of \$124.6 million and a \$22.5 million change in net operating assets and liabilities. The non-cash charges were primarily driven by \$76.8 million of stock-based compensation expense and \$44.5 million of depreciation, amortization, and accretion, \$19.3 million of asset impairment, partially offset by \$15.1 million of changes in inventory reserves. The change in net operating assets and liabilities was primarily due to a change of \$47.7 million in gross inventory balances due to a decline in inventory receipts to bring inventory balances in line with current demand.

During fiscal 2023, cash provided by operating activities from continuing operations was \$73.2 million, which consisted of a net loss from continuing operations of \$150.3 million, adjusted by non-cash charges of \$145.0 million and a change of \$78.5 million in our net operating assets and liabilities. The non-cash charges were primarily driven by \$102.1 million of stock-based compensation expense, \$42.1 million of depreciation and amortization, and \$16.9 million in asset impairment charges. The change in net operating assets and liabilities was primarily due to a change of \$76.0 million in our inventory balance due to a decline in inventory receipts to bring inventory balances in line with current demand, and a cash inflow of \$53.0 million from income tax refunds, partially offset by a decrease of \$60.1 million in accounts payable and accrued liabilities due to timing of payments.

During fiscal 2022, cash provided by operating activities from continuing operations was \$75.2 million, which consisted of a net loss from continuing operations of \$181.6 million, adjusted by non-cash charges of \$182.9 million and a change of \$73.9 million in our net operating assets and liabilities. The non-cash charges were primarily driven by \$126.1 million of stock-based compensation expense, \$35.7 million of depreciation and amortization, \$14.7 million in inventory reserves, and \$6.2 million in asset impairment charges. The change in net operating assets and liabilities was primarily due to an increase of \$67.4 million in accounts payable balance due to timing of inventory receipts and payments.

Cash Provided (Used in) by Investing Activities from Continuing Operations

During fiscal 2024, cash used in investing activities from continuing operations was \$78.7 million. This was primarily due to the purchase of available-for-sale securities of \$97.3 million and the purchases of property and equipment of \$14.0 million, partially offset by the maturities of available-for-sale securities of \$32.2 million.

During fiscal 2023, cash provided by investing activities from continuing operations was \$64.5 million, primarily related to net cash flow from purchases, sales, and maturities of \$82.5 million of highly rated available-for-sale securities, partially offset by \$18.9 million in purchases of property and equipment.

During fiscal 2022, cash provided by investing activities was \$11.6 million, primarily related to net cash flow from purchases, sales, and maturities of \$56.6 million of highly rated available-for-sale securities, partially offset by \$45.0 million in purchases of property and equipment.

Cash Used in Financing Activities from Continuing Operations

During fiscal 2024, cash used in financing activities was \$15.5 million, which was primarily due to payments for tax withholding related to vesting of restricted stock units of \$16.1 million, partially offset by proceeds from the exercise of stock options of \$1.0 million.

During fiscal 2023, cash used in financing activities from continuing operations was \$15.1 million, which was primarily due to payments for tax withholding related to vesting of restricted stock units of \$15.1 million.

During fiscal 2022, cash used in financing activities from continuing operations was \$59.6 million, which was primarily due to payments for tax withholding related to vesting of restricted stock units of \$31.1 million and repurchases of common stock of \$30.0 million, partially offset by proceeds from the exercise of stock options of \$1.5 million.

Effect of Exchange Rate Changes on Cash and Cash Equivalents

Cash and cash equivalents at both August 3, 2024 and July 29, 2023 were impacted based on fluctuations in the exchange rate of the British pound sterling to the U.S. dollar.

Contractual Obligations and Other Commitments

Our most significant contractual obligations relate to purchase commitments of inventory and operating lease obligations on our fulfillment centers and corporate office. As of August 3, 2024, we had \$132.9 million of enforceable and legally binding inventory purchase commitments, predominantly due within one year. For information on our contractual obligations for operating leases, refer to Note 4, "Leases" within the Notes to the Consolidated Financial Statements included in Part II, Item 8 Financial Statements and Supplementary Data of this Annual Report.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies, estimates, and judgments that we believe to have the most significant impacts to our consolidated financial statements are described below.

Inventory, net

Inventory, net consists of finished goods which are recorded at the lower of cost or net realizable value using the first-in-first-out ("FIFO") method. We establish a reserve for excess and slow-moving inventory we expect to write off or sell below cost as liquidations based on historical trends, which considers factors such as the age of the inventory and sell through rate for a particular item. In addition, we estimate and accrue shrinkage as a percentage of inventory out to the client and also accrue for damaged items and items we intend to liquidate. Estimates are made to reduce the inventory value for lost, stolen, damaged, or liquidated items to net realizable value. If actual experience differs significantly from our estimates due to changes in client merchandise preferences, client demand, or economic conditions, additional inventory write-downs may be required which could adversely affect our operating results. A 10% change in our inventory reserves estimate as of August 3, 2024 would result in a change in reserves of approximately \$2.4 million.

We have not made any material changes to our assumptions included in the calculations of the lower of cost or net realizable value reserves during fiscal 2024 or fiscal 2023.

Stock-Based Compensation

We grant stock options and restricted stock units (“RSUs”) to our employees and members of our Board of Directors, and recognize stock-based compensation expense based on the fair value of such awards at grant date. We estimate the fair value of stock options using the Black-Scholes option-pricing model. This model requires us to use certain estimates and assumptions such as:

- Expected volatility of our common stock—based on an even blend of historical and implied volatility of our common stock;
- Expected term of our stock options—the period that our stock options are expected to be outstanding based on historical averages.
- Expected dividend yield—as we have not paid and do not anticipate paying dividends on our common stock, our expected dividend yield is 0%; and
- Risk-free interest rates—based on the U.S. Treasury zero coupon notes in effect at the grant date with maturities equal to the expected terms of the options granted.

We record stock-based compensation expense net of estimated forfeitures so that expense is recorded for only the stock options and RSUs that we expect to vest. We estimate forfeitures based on our historical forfeiture of stock options and RSUs adjusted to reflect future changes in facts and circumstances, if any. We will revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates.

We will continue to use judgment in evaluating assumptions related to our stock-based compensation expense. As we continue to accumulate data related to our common stock, we may have refinements to our estimates and assumptions which could impact our future stock-based compensation expense.

Revenue Recognition

Revenue is recognized net of sales taxes, discounts, and estimated refunds. We record a refund reserve based on our historical refund patterns. The impact of our refund reserve on our operating results may fluctuate based on changes in client refund activity over time.

We also sell gift cards to clients and establish a liability based on the face value of such gift cards. If a gift card is not used, we will recognize estimated gift card breakage revenue proportionately to customer usage of gift cards over the expected gift card usage period, subject to requirements to remit balances to governmental agencies.

We have not made any material changes to our revenue recognition accounting policies during fiscal 2024.

Recent Accounting Pronouncements

For recent accounting pronouncements, refer to Note 2, “Significant Accounting Policies” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

Our cash equivalents and investments in available-for-sale securities are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair market value of our investments. However, due to the short-term nature of our investment portfolio as of August 3, 2024, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio. As such, we do not expect a sudden change in market interest rates would have a material impact on our consolidated financial results.

Foreign Currency Risk

During fiscal 2024, our revenue was earned in U.S. dollars and British pound sterling. Our operations in the UK, which are classified as discontinued operations, exposed us to fluctuations in foreign currency exchange rates on our operating expenses. Fluctuations in foreign currency exchange rates could have resulted in transaction gains or losses on transactions in currencies other than the U.S. dollar or British pound sterling. During fiscal 2024, a hypothetical 10% increase or decrease in exchange rates would not have had a material impact on our consolidated financial results.

Inflation Risk

Our costs are subject to inflationary pressures, which we expect to continue, and if those pressures become significant, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations. The primary inflationary factors affecting our business are merchandise costs, shipping and freight costs, and labor costs. Additionally, although difficult to quantify, we believe inflation is having an adverse effect on our clients’ discretionary spending habits, which has impacted and may continue to impact net revenue.

Item 8. Financial Statements and Supplementary Data.

**STITCH FIX, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Stitch Fix, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Stitch Fix, Inc. and subsidiaries (the “Company”) as of August 3, 2024, and July 29, 2023, the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flow, for each of the fiscal years ended August 3, 2024, July 29, 2023 and July 30, 2022 and the related notes (collectively referred to as the “financial statements”). We also have audited the Company’s internal control over financial reporting as of August 3, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 3, 2024, and July 29, 2023, and the results of its operations and its cash flows for each of the fiscal years ended August 3, 2024, July 29, 2023 and July 30, 2022, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 3, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the financial statements have been retrospectively adjusted for discontinued operations of the UK business.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory, Net - Excess and Slow-Moving Inventory Reserve - Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company establishes inventory reserves to record its inventory at the lower of cost or net realizable value. A portion of the inventory reserves represents an amount for excess and slow-moving inventory on hand that is expected to be written-off or otherwise disposed of below cost at a future date. The Company's estimate of the appropriate amount of the excess and slow-moving inventory reserve utilizes certain inputs and involves judgment. Such inputs include data associated with historical trends, historical inventory write-off activity, and the on-hand inventory aging. The calculation and analysis of historical trend data, historical write-off activity, and the application of this analysis to on-hand inventory involves complex calculations.

We identified the estimated inventory reserve for excess and slow-moving inventory as a critical audit matter given the estimation uncertainty is impacted by a number of subjective factors including current and future customer merchandise preference, consumer spending trends and economic conditions. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the methodology and the reasonableness of these subjective factors in combination with assumptions and inputs including historical inventory trends, historical inventory write-off activity, and the on-hand inventory aging used to determine excess and slow-moving inventory.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the excess and slow-moving inventory reserve included the following, among others:

- We tested the effectiveness of controls over management's excess and slow-moving inventory reserve estimate.
- We compared actual write-off activity in the current year to the excess and slow-moving inventory reserve estimated by the Company in the prior year to evaluate management's ability to accurately estimate the excess and slow-moving inventory reserve.
- We evaluated the appropriateness of and performed audit procedures over specified inputs supporting management's excess and slow-moving inventory reserve estimate, including the age of on-hand inventory, historical inventory trends, and historical write-off activity.
- We evaluated the appropriateness and consistency of management's methods and assumptions used in developing their estimate of the excess and slow-moving inventory reserve, which included consideration of write-off trends by merchandise category, on-hand inventory aging distribution and the impact of current and future customer merchandise preference, consumer spending trends and economic conditions.
- We reperformed the calculation of the excess and slow-moving inventory reserve utilizing the inputs, assumptions, and methodology consistent with management's estimate.
- We looked for indications that the reserve for excess and slow-moving inventory may be understated by evaluating write-off activity of inventory subsequent to August 3, 2024.

/s/ Deloitte & Touche LLP

San Francisco, California

September 25, 2024

We have served as the Company's auditor since 2014.

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

	August 3, 2024	July 29, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 162,862	\$ 239,437
Short-term investments	84,106	18,161
Inventory, net	97,903	130,548
Prepaid expenses and other current assets	21,839	27,692
Current assets, discontinued operations	—	9,623
Total current assets	366,710	425,461
Property and equipment, net	51,517	79,757
Operating lease right-of-use assets	63,780	104,533
Other long-term assets	4,857	2,681
Long-term assets, discontinued operations	—	2,046
Total assets	\$ 486,864	\$ 614,478
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 87,058	\$ 96,730
Operating lease liabilities	21,817	28,210
Accrued liabilities	73,007	69,893
Gift card liability	6,749	10,328
Deferred revenue	9,217	11,366
Other current liabilities	5,201	8,802
Current liabilities, discontinued operations	502	12,782
Total current liabilities	203,551	238,111
Operating lease liabilities, net of current portion	95,685	125,418
Other long-term liabilities	606	3,639
Total liabilities	299,842	367,168
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Class A common stock, \$0.00002 par value – 2,000,000,000 shares authorized at August 3, 2024 and July 29, 2023; 104,742,401 and 90,217,226 shares issued at August 3, 2024 and July 29, 2023; and 102,440,260 and 90,217,226 shares outstanding at August 3, 2024, and July 29, 2023, respectively	1	1
Class B common stock, \$0.00002 par value – 100,000,000 shares authorized at August 3, 2024, and July 29, 2023; 22,318,035 and 25,405,020 shares issued and outstanding at August 3, 2024, and July 29, 2023, respectively	1	1
Additional paid-in capital	684,650	615,236
Accumulated other comprehensive income (loss)	(335)	527
Accumulated deficit	(467,253)	(338,413)
Treasury stock at cost - 2,302,141 and 2,302,141 shares as of August 3, 2024, and July 29, 2023, respectively	(30,042)	(30,042)
Total stockholders' equity	187,022	247,310
Total liabilities and stockholders' equity	\$ 486,864	\$ 614,478

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Revenue, net	\$ 1,337,468	\$ 1,592,521	\$ 2,017,804
Cost of goods sold	745,430	916,908	1,131,132
Gross profit	592,038	675,613	886,672
Selling, general, and administrative expenses	725,465	830,894	1,071,142
Operating loss	(133,427)	(155,281)	(184,470)
Interest income	11,250	5,841	924
Other income (expense), net	1,631	(25)	(394)
Loss before income taxes	(120,546)	(149,465)	(183,940)
Provision (benefit) for income taxes	(1,661)	871	(2,335)
Net loss from continuing operations	(118,885)	(150,336)	(181,605)
Net loss from discontinued operations, net of income taxes	(9,955)	(21,637)	(25,516)
Net loss	\$ (128,840)	\$ (171,973)	\$ (207,121)
Other comprehensive income (loss):			
Change in unrealized loss on available-for-sale securities, net of tax	267	1,738	(2,050)
Foreign currency translation	(1,129)	2,316	(4,888)
Total other comprehensive income (loss), net of tax	(862)	4,054	(6,938)
Comprehensive loss	\$ (129,702)	\$ (167,919)	\$ (214,059)
Loss per share from continuing operations, attributable to common stockholders:			
Basic	\$ (0.99)	\$ (1.31)	\$ (1.67)
Diluted	\$ (0.99)	\$ (1.31)	\$ (1.67)
Loss per share from discontinued operations, attributable to common stockholders:			
Basic	\$ (0.08)	\$ (0.19)	\$ (0.23)
Diluted	\$ (0.08)	\$ (0.19)	\$ (0.23)
Loss per share attributable to common stockholders:			
Basic	\$ (1.07)	\$ (1.50)	\$ (1.90)
Diluted	\$ (1.07)	\$ (1.50)	\$ (1.90)
Weighted-average shares used to compute loss per share attributable to common stockholders:			
Basic	120,214,198	114,684,980	108,762,589
Diluted	120,214,198	114,684,980	108,762,589

The accompanying notes are an integral part of these consolidated financial statements.

Stitch Fix, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance as of July 31, 2021	107,955,988	\$ 2	\$ 416,755	\$ 3,411	\$ 40,681	—	\$ —	\$ 460,849
Issuance of common stock upon exercise of stock options	176,977	—	1,534	—	—	—	—	1,534
Issuance of restricted stock units, net of tax withholdings	3,459,966	—	(31,742)	—	—	—	—	(31,742)
Stock-based compensation	—	—	136,111	—	—	—	—	136,111
Repurchase of common stock	—	—	—	—	—	(2,302,141)	(30,042)	(30,042)
Net loss	—	—	—	—	(207,121)	—	—	(207,121)
Other comprehensive loss, net of tax	—	—	—	(6,938)	—	—	—	(6,938)
Balance as of July 30, 2022	111,592,931	\$ 2	\$ 522,658	\$ (3,527)	\$ (166,440)	(2,302,141)	\$ (30,042)	\$ 322,651
Issuance of common stock upon exercise of stock options	121,687	—	161	—	—	—	—	161
Issuance of restricted stock units, net of tax withholdings	6,209,769	—	(15,583)	—	—	—	—	(15,583)
Stock-based compensation	—	—	108,000	—	—	—	—	108,000
Net loss	—	—	—	—	(171,973)	—	—	(171,973)
Other comprehensive income, net of tax	—	—	—	4,054	—	—	—	4,054
Balance as of July 29, 2023	117,924,387	\$ 2	\$ 615,236	\$ 527	\$ (338,413)	(2,302,141)	\$ (30,042)	\$ 247,310
Issuance of common stock upon exercise of stock options	268,954	—	1,028	—	—	—	—	1,028
Issuance of restricted stock units, net of tax withholdings	8,867,095	—	(16,261)	—	—	—	—	(16,261)
Stock-based compensation	—	—	84,647	—	—	—	—	84,647
Net loss	—	—	—	—	(128,840)	—	—	(128,840)
Other comprehensive loss, net of tax	—	—	—	(862)	—	—	—	(862)
Balance as of August 3, 2024	127,060,436	\$ 2	\$ 684,650	\$ (335)	\$ (467,253)	(2,302,141)	\$ (30,042)	\$ 187,022

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Cash Flows from Operating Activities from Continuing Operations			
Net loss from continuing operations	\$ (118,885)	\$ (150,336)	\$ (181,605)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities from continuing operations:			
Change in inventory reserves	(15,094)	(17,919)	14,666
Stock-based compensation expense	76,756	102,072	126,056
Depreciation, amortization, and accretion	44,489	42,122	35,707
Asset impairment	19,283	16,874	6,154
Other	(869)	1,884	300
Change in operating assets and liabilities:			
Inventory	47,739	76,047	1,495
Prepaid expenses and other assets	3,096	11,257	9,347
Income tax receivables	431	52,978	1,070
Operating lease right-of-use assets and liabilities	(11,935)	(2,996)	4,770
Accounts payable	(9,746)	(40,366)	67,403
Accrued liabilities	5,304	(19,698)	(4,873)
Deferred revenue	(2,150)	(2,824)	(3,716)
Gift card liability	(3,579)	(205)	634
Other liabilities	(6,633)	4,340	(2,191)
Net cash provided by operating activities from continuing operations	28,207	73,230	75,217
Cash Flows from Investing Activities from Continuing Operations			
Proceeds from sale of property and equipment	350	842	—
Purchases of property and equipment	(13,965)	(18,863)	(44,957)
Purchases of securities available-for-sale	(97,322)	(258)	(94,420)
Sales of securities available-for-sale	—	6,524	45,351
Maturities of securities available-for-sale	32,195	76,231	105,653
Net cash provided by (used in) investing activities from continuing operations	(78,742)	64,476	11,627
Cash Flows from Financing Activities from Continuing Operations			
Proceeds from the exercise of stock options, net	1,028	161	1,534
Payments for tax withholdings related to vesting of restricted stock units	(16,090)	(15,129)	(31,072)
Repurchase of common stock	—	—	(30,042)
Other	(431)	(117)	—
Net cash used in financing activities from continuing operations	(15,493)	(15,085)	(59,580)
Net increase (decrease) in cash and cash equivalents from continuing operations	(66,028)	122,621	27,264
Cash Flows from Discontinued Operations			
Net cash used in operating activities from discontinued operations	(9,687)	(15,400)	(19,822)
Net cash used in investing activities from discontinued operations	—	(150)	(1,394)
Net cash used in financing activities from discontinued operations	(172)	(454)	(670)
Net decrease in cash and cash equivalents from discontinued operations	(9,859)	(16,004)	(21,886)
Effect of exchange rate changes on cash and cash equivalents	(688)	1,885	(4,228)
Net increase (decrease) in cash and cash equivalents	(76,575)	108,502	1,150
Cash and cash equivalents at beginning of period	239,437	130,935	129,785
Cash and cash equivalents at end of period	\$ 162,862	\$ 239,437	\$ 130,935
Supplemental Disclosure			
Cash paid for income taxes	\$ 1,457	\$ 1,111	\$ 868
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 1,258	\$ 1,226	\$ 2,443
Capitalized stock-based compensation	\$ 4,979	\$ 6,421	\$ 7,626

The accompanying notes are an integral part of these consolidated financial statements.

STITCH FIX, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Stitch Fix, Inc. (“we,” “our,” “us,” or “the Company”) is an online personal styling service that helps people discover the styles they will love that fit perfectly so they always look - and feel - their best. Clients engage with us by (1) receiving a curated shipment of items informed by our algorithms and chosen by a Stitch Fix Stylist (a “Fix”); or (2) purchasing directly from our website or mobile app based on an individualized assortment of outfit and item recommendations (“Freestyle”). Clients choose to schedule regular shipments or order a Fix on demand. Then, after receiving a Fix, they can purchase the items they want to keep and return the other items, if any. We are incorporated in Delaware and have operations in the United States. Previously, we also had operations in the United Kingdom (“UK”). During the first quarter of fiscal 2024, we ceased operations of our UK business and met the requirements to report the UK business as a discontinued operation for all periods presented.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The consolidated financial statements include the accounts of Stitch Fix, Inc. and our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Our fiscal year is a 52-week or 53-week period ending on the Saturday closest to July 31. The fiscal year ended August 3, 2024 (“fiscal 2024”) consisted of 53 weeks, with the extra week occurring in the fourth fiscal quarter ending August 3, 2024. The fiscal years ended July 29, 2023 (“fiscal 2023”), and July 30, 2022 (“fiscal 2022”) consisted of 52 weeks.

Discontinued Operations

During the first quarter of fiscal 2024, we ceased operations of our UK business and met the accounting requirements for reporting the UK business as a discontinued operation. Accordingly, the consolidated financial statements reflect the reclassification of the UK business as a discontinued operation for all periods presented in our consolidated financial statements. Unless otherwise noted, amounts and disclosures throughout these Notes to Consolidated Financial Statements relate to the Company's continuing operations. Refer to Note 14, “Discontinued Operations” for further details.

Segment Information

We have one operating segment and one reportable segment as our chief operating decision maker, who is our Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance.

Use of Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in our consolidated financial statements and the accompanying footnotes.

Significant estimates and assumptions are used for inventory, stock-based compensation expense, and revenue recognition. Actual results could differ from those estimates, and such differences may be material to our consolidated financial statements.

Change in Accounting Principle

Effective August 1, 2021, we completed the implementation of a new inventory management process and system, which enhances our procure-to-pay processes. In connection with this implementation, we changed our inventory costing method from specific identification to the first-in-first-out (“FIFO”) method. We believe this change in accounting principle is preferable because it streamlines our inventory accounting process, is generally consistent with the physical flow of our inventories, and is more consistent with the inventory costing method used by industry peers. This change in accounting principle did not have a material effect on inventory, net or cost of goods sold for all periods presented; therefore, prior comparative financial statements have not been restated.

Cash and Cash Equivalents

Cash consists of bank deposits and amounts in transit from banks for client credit card and debit card transactions that will process in less than seven days. Cash equivalents consist of investments in short-term money market funds.

Investments

Our investments have been classified and accounted for as available-for-sale securities. We determine the appropriate classification of our investments at the time of purchase and reevaluate the classification at each balance sheet date. Available-for-sale securities with maturities of 12 months or less are classified as short-term and available-for-sale securities with maturities greater than 12 months are classified as long-term. Our available-for-sale securities are carried at fair value, with unrealized gains and losses, net of taxes,

reported within accumulated other comprehensive income (loss) (“AOCI”) in stockholders’ equity. The cost of securities sold is based upon the specific identification method.

For debt securities with an amortized cost basis in excess of estimated fair value, we determine what amount of that deficit, if any, is caused by expected credit losses. The portion of the deficit attributable to expected credit losses is recognized in other income (expense), net in our consolidated statements of income, and was immaterial during fiscal 2024 and fiscal 2023. The allowance for expected credit losses on our available-for-sale debt securities was immaterial at both August 3, 2024 and July 29, 2023.

We have elected to present accrued interest receivable separately from short-term investments in our consolidated balance sheets. Accrued interest receivable was \$0.6 million and \$0.1 million as of August 3, 2024, and July 29, 2023, respectively, and was recorded in prepaid expenses and other current assets in the consolidated balance sheets. We have also elected to exclude accrued interest receivable from the estimation of expected credit losses on our available-for-sale securities and reverse accrued interest receivable through interest income when amounts are determined to be uncollectible. We did not write off any accrued interest receivable during fiscal 2024 or fiscal 2023.

Foreign Currency

During the first quarter of fiscal 2024, we ceased operations of our UK business and met the requirements to report the UK business as a discontinued operation. The functional currency of our UK business was the British pound sterling. We translated assets and liabilities to U.S. dollars using period-end exchange rates, and average monthly exchange rates for revenues, costs, and expenses. Prior to being classified as a discontinued operation, we recorded translation gains and losses in AOCI as a component of stockholders’ equity. During the twelve months ended August 3, 2024, historical foreign currency translation losses, which were previously recognized in AOCI, were fully reclassified from equity to loss from discontinued operations, net of income taxes in the consolidated statements of operations and comprehensive loss. Refer to Note 9, “Accumulated Other Comprehensive Income (Loss)” and Note 14, “Discontinued Operations” for further details.

Net foreign exchange transaction gains and losses attributable to continuing operations resulting from the conversion of the transaction currency to functional currency are recorded in other income (expense), net in the consolidated statements of operations and comprehensive loss.

Fair Value Measurements

We apply fair value accounting for assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis, using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes three levels of the fair value hierarchy as follows:

- Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3: Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Inventory, net

Inventory, net consists of finished goods which are recorded at the lower of cost or net realizable value using the first-in-first-out (FIFO) method. Gross inventory costs include both merchandise costs and in-bound freight costs. Inventory, net includes reserves for excess and slow-moving inventory we expect to write off based on historical trends, inventory we intend to liquidate, damaged inventory, and shrinkage.

Our total inventory reserves, which reduce inventory in our consolidated balance sheets, were \$23.6 million and \$38.7 million as of August 3, 2024, and July 29, 2023, respectively. We have not made any material changes to our assumptions included in the calculations of the lower of cost or net realizable value reserves during fiscal 2024 or fiscal 2023.

Property and Equipment, net

Property and equipment, net is recorded at cost less accumulated depreciation and amortization. Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the respective assets. Repair and maintenance costs are expensed as incurred.

The estimated useful lives of our assets are as follows:

	Estimated useful life
Computer equipment and capitalized software	3 years
Office furniture and equipment	5 years
Leasehold improvements	Shorter of lease term or estimated useful life

We capitalize eligible costs to develop our proprietary systems, website, and mobile app. Capitalization of such costs begins when the preliminary project stage is completed and it is probable that the project will be completed and the software will be used to perform the function intended. A subsequent addition, modification, or upgrade to internal-use software is capitalized to the extent that it enhances the software's functionality or extends its useful life. Costs related to design or maintenance are expensed as incurred.

Leases

Our leasing portfolio consists of operating leases, which include lease arrangements for our corporate offices and fulfillment centers. Operating leases with a term greater than one year are recorded on the consolidated balance sheets as operating lease right-of-use assets and operating lease liabilities at the commencement date. These balances are initially recorded at the present value of future minimum lease payments, which is calculated using our incremental borrowing rate and the expected lease term. Certain adjustments to our operating lease right-of-use assets may be required for items such as initial direct costs paid or incentives received.

We have subleased certain portions of our fulfillment centers and corporate offices due to the reduction in square footage needs for our current operations. Sublease income is recorded as a reduction to rent expense, which is reflected in selling, general, and administrative expense ("SG&A") in the consolidated statement of operations and comprehensive loss. We continue to seek sublease arrangements for certain corporate office space and fulfillment centers.

Impairment of Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount exceeds the estimated fair value of the impaired assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell.

If a right-of-use asset is impaired, the carrying value is adjusted to the estimated fair value of the right-of-use asset and is disconnected from the lease liability and amortized on a straight-line basis over the remaining lease term. The lease liability continues to be accreted using the same constant periodic discount rate as before the impairment. Thus, after impairment, the operating lease is no longer accounted for using the straight-line treatment of total lease expense.

In the fourth quarter of fiscal 2024, we identified triggering events requiring impairment testing of our right-of-use lease asset associated with our San Francisco headquarters. We recorded an asset impairment charge of \$19.3 million, related to a portion of our corporate office space, which was allocated between operating lease right-of-use assets and property and equipment, net to record the corresponding assets at their estimated fair market value. The significant assumptions used in the discounted cash flow models for each of the asset groups included projected sublease income based on estimated market rental rates, expected vacancy periods prior to the commencement of future subleases, and expected lease incentives offered to future tenants. These fair value measurements qualify as level 3 measurements in the fair value hierarchy. Refer to Note 4, "Leases" and Note 13, "Restructuring" for further information.

Revenue Recognition

We generate revenue primarily from the sale of merchandise to clients in a Fix and when clients purchase merchandise directly from Freestyle. Clients create an online account on our website or mobile app, complete a style profile, and order a Fix or merchandise to be delivered on a specified date.

Each Fix represents an offer made by us to the client to purchase merchandise. The client is charged a nonrefundable upfront styling fee before the Fix is shipped. As an alternative to the styling fee, we offer select clients the option to purchase a Style Pass. Style Pass clients pay a nonrefundable annual fee for unlimited Fixes that is credited towards merchandise purchases. If the offer to purchase merchandise is accepted, we charge the client the order amount for the accepted merchandise, net of the upfront styling fee or Style Pass annual fee. For each Fix, acceptance occurs when the client checks out the merchandise on our website or mobile app. We offer a discount to clients who purchase all of the items in the Fix.

We recognize revenue through the following steps: (1) identification of the contract, or contracts, with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Our styling fee and Style Pass arrangements represent the option to purchase merchandise. These fees and arrangements are not distinct within the context of the contract with our Fix customers and therefore do not give rise to separate performance obligations. Both the upfront styling fee and Style Pass annual fee are included in deferred revenue until the performance obligation is satisfied when the client exercises his or her option to purchase merchandise (i.e., upon checkout of a Fix) or when the option(s) to purchase merchandise expire(s).

Revenue is recognized when control of the promised goods is transferred to the client. For a Fix, control is transferred when the client accepts or rejects the offer to purchase merchandise. Upon acceptance by purchasing one or more items within the Fix at checkout, the total amount of the order, including the upfront styling fee, is recognized as revenue. If none of the items within the Fix are accepted at checkout, the upfront styling fee is recognized as revenue at that time. The Style Pass annual fee is recognized at the earlier of (i) the time at which a client accepts and applies the Style Pass fee to an offer to purchase merchandise or (ii) upon expiry of the annual period. Under Style Pass arrangements, if a client does not accept any items within the Fix, the annual fee will continue to be deferred until it is applied to a future purchase or upon expiry of the annual period. If a client would like to exchange an item, we recognize revenue at the time the exchanged item is shipped, which coincides with the transfer of control to the customer. For a Freestyle purchase, control is transferred and revenue is recognized upon shipment to the client.

We deduct discounts, sales tax, and estimated refunds to arrive at net revenue. Sales tax collected from clients is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities. All shipping costs are accounted for in cost of goods sold and all handling costs are accounted for as fulfillment costs within SG&A, and are therefore not evaluated as a separate performance obligation. Discounts are recorded as a reduction to revenue when the order is accepted. We record a refund reserve based on our historical refund patterns. Our refund reserve, which is included in accrued liabilities in the consolidated balance sheets, was \$6.4 million and \$6.5 million as of August 3, 2024, and July 29, 2023, respectively.

We have five types of contractual liabilities: (i) cash collections of upfront styling fees, which are included in deferred revenue and are recognized as revenue upon the earlier of application to a merchandise purchase or expiry of the offer, (ii) cash collections of Style Pass annual fees, which are included in deferred revenue and are recognized upon the earlier of application to a merchandise purchase or expiry of the Style Pass annual period, (iii) unredeemed gift cards, which are included in gift card liability and recognized as revenue upon usage or inclusion in gift card breakage estimates, (iv) referral credits, which are included in other current liabilities and are recognized as revenue when used, and (v) cash collections of Freestyle purchases, which are included in deferred revenue and are recognized as revenue upon shipment.

We sell gift cards to clients and establish a liability based upon the face value of such gift cards. We reduce the liability and recognize revenue upon usage of the gift card. If a gift card is not used, we will recognize estimated gift card breakage revenue proportionately to customer usage of gift cards over the expected gift card usage period, subject to requirements to remit balances to governmental agencies. All commissions paid to third parties upon issuance of gift cards are recognized in SG&A as incurred, as on average, gift cards are used within a one-year period. Similarly, referral credits that are considered incremental costs of obtaining a contract with a customer are recognized in SG&A when issued, as on average, referral credits are used within a one-year period.

We expect deferred revenue for upfront styling fees, Freestyle orders, and Style Pass annual fees to be recognized within one year. On average, our gift card liability and other current liabilities are also recognized within one year.

The following table summarizes the balances of contractual liabilities included in deferred revenue, gift card liability, and other current liabilities as of the dates indicated:

(in thousands)	August 3, 2024	July 29, 2023
Deferred revenue:		
Upfront styling fees	\$ 4,859	\$ 6,075
Style Pass annual fees	3,426	4,521
Freestyle orders	932	770
Total deferred revenue	\$ 9,217	\$ 11,366
Gift card liability	\$ 6,749	\$ 10,328
Other current liabilities:		
Referral credits	\$ 179	\$ 362

The following table summarizes net revenue recognized during fiscal 2024, which was previously included in deferred revenue, gift card liability, and other current liabilities at July 29, 2023:

(in thousands)	Revenue Recognized From Amounts Previously Included in Deferred Balances at July 29, 2023	
Upfront styling fees	\$	6,067
Style Pass annual fees		4,307
Freestyle orders		554
Gift card liability		4,559
Referral credits		128

Cost of Goods Sold

Cost of goods sold consists of the costs of merchandise, expenses for shipping to and from clients and inbound freight, inventory write-offs and changes in our inventory reserve, payment processing fees, and packaging materials costs, offset by the recoverable cost of merchandise estimated to be returned.

Selling, General, and Administrative Expenses

SG&A expenses consist primarily of compensation and benefits costs, including stock-based compensation expense, for our employees including our Stylist, fulfillment center operations, data analytics, merchandising, engineering, client experience, marketing, and corporate personnel. SG&A expenses also include marketing and advertising, third-party logistics costs, facility costs for our fulfillment centers and offices, professional services fees, information technology, and depreciation and amortization.

Advertising Expenses

Marketing expense is recorded in SG&A in the consolidated statements of operations and comprehensive loss, and the largest component of our marketing expense is advertising expense. At any given time, our advertising efforts may include, social media marketing, keyword search campaigns, affiliate programs, partnerships, campaigns with celebrities and influencers, display advertising, television, radio, video, content, direct mail, email, mobile “push” communications, SMS, and search engine optimization. Costs associated with the production of advertising, such as writing, copy, printing, and other production costs are expensed as incurred. Costs associated with communicating advertising on online influencer campaigns and on all television and radio campaigns are expensed the first time the advertisement is run. All other online advertising costs are expensed as incurred. We recorded advertising expense of \$111.4 million, \$111.6 million, and \$189.9 million for fiscal 2024, fiscal 2023, and fiscal 2022, respectively.

Marketing Programs

We have a client referral program under which we issue credits for future purchases to clients when their referral results in a new client who has ordered a Fix or made a purchase on Freestyle. We record a liability at the time of issuing the credit and reduce the liability upon application of the credit to a client’s purchase. We also have an affiliate program under which we make cash payments to lifestyle or fashion influencers or others who refer clients in high volumes. Amounts related to both of these programs are included within selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss.

Income Taxes

We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which they are expected to be realized or settled.

Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the amount that is more likely than not to be realized. We consider many factors when assessing the likelihood of future realization, including our recent cumulative loss, earnings expectations in earlier future years, and other relevant factors.

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. We recognize interest and penalties related to unrecognized tax benefits, if any, as income tax expense.

Stock-Based Compensation Expense

We measure stock-based compensation expense associated with option awards made to employees and members of our board of directors based on the estimated fair values of the awards at the grant date using the Black-Scholes option-pricing model. We measure stock-based compensation expense associated with restricted stock unit (“RSU”) awards made to employees and members of our

board of directors based on the fair values of those awards at the grant date. For options and RSU's with service conditions only, stock-based compensation expense is recognized, net of forfeitures, over the requisite service period using the straight-line method such that an expense is only recognized for those awards that we expect to vest. For RSU's with performance conditions, the Company will settle bonuses for a fixed dollar amount by issuing a variable number of RSU's, and stock-based compensation expense is recorded over the fiscal year in which performance is assessed. Except for performance-based stock awards, forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures of performance-based stock awards are recorded in the period in which they occur.

We record stock-based compensation of stock options granted to employees by estimating the fair value of stock-based awards using the Black-Scholes option-pricing model and amortizing the fair value of the stock-based awards granted over the applicable vesting period of the awards on a straight-line basis. The fair value of stock options granted to employees was estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions:

- *Fair Value of Common Stock* - The fair value of the shares of common stock underlying our stock options has been determined based on market prices.
- *Expected Term* - The expected term represents the period that our stock options are expected to be outstanding and is determined for the vast majority of our awards using historical averages.
- *Expected Volatility* - The expected volatility was estimated based on an even blend of our historical volatility since IPO and the implied volatility of Stitch Fix call options in the 30 days preceding a stock option grant.
- *Risk-Free Interest Rate* - The risk-free interest rate is based on the U.S. Treasury zero coupon notes in effect at the time of grant for periods corresponding with the expected term of the option.
- *Expected Dividend* - We have not paid dividends on our common stock and do not anticipate paying dividends on our common stock; therefore, we use an expected dividend yield of zero.

Comprehensive Loss

Comprehensive loss represents all changes in stockholders' equity during a period from sources other than transactions with stockholders. Comprehensive loss includes the net loss for the period, the gain (loss) due to foreign currency translation, and the change in unrealized gain (loss) on available-for-sale securities.

Concentration of Credit Risks

We are subject to concentrations of credit risk principally from cash and cash equivalents and investment securities. The majority of our cash is held by one financial institution within the United States. Our cash balance held by this institution exceeds federally insured limits. The associated risk of concentration for cash is mitigated by banking with credit-worthy institutions. The associated risk of concentration for cash equivalents and investments is mitigated by maintaining a diversified portfolio of highly rated instruments.

No client accounted for greater than 10% of total revenue, net in fiscal 2024, fiscal 2023, or fiscal 2022.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). This update is designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This standard also enhances interim disclosure requirements and provides new segment disclosure requirements for entities with a single reportable segment. This standard is effective for us beginning in fiscal 2025 for the annual period, and the interim periods thereafter. We are currently evaluating the impact that this standard will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This update enhances the transparency and decision usefulness of income tax disclosures by improving the income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The update also includes certain other amendments to improve the effectiveness of income tax disclosures. This standard is effective for us beginning in fiscal 2026 with early adoption permitted. We do not anticipate this standard to have a material impact on our consolidated financial statements or related disclosures.

3. Fair Value Measurements

Our financial instruments consist of cash, cash equivalents, investments, accounts payable, and accrued liabilities. At August 3, 2024 and July 29, 2023, the carrying values of cash, accounts receivable, accounts payable, and accrued liabilities approximated fair value due to their short-term nature. We measure our cash equivalents and investments on a recurring basis at fair value within Level 1 or Level 2 of the fair value hierarchy because we value these investments using unadjusted quoted market prices; or alternative pricing sources and models utilizing market observable inputs, respectively. Further, the Company measures the fair value of certain lease right of use assets and other long-lived assets subject to long-lived asset impairment using Level 3 unobservable inputs. Refer to Note 2 “Significant Accounting Policies” and Note 13 “Restructuring” for further details.

Our cash equivalents and investments accounted for as available-for-sale securities that were measured at fair value on a recurring basis as of August 3, 2024, and July 29, 2023 were as follows:

(in thousands)	August 3, 2024				July 29, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents:								
Money market funds	\$ 84,594	\$ —	\$ —	\$ 84,594	\$ 80,251	\$ —	\$ —	\$ 80,251
Investments:								
U.S. Treasury securities	13,603	—	—	13,603	7,226	—	—	7,226
Corporate bonds	—	67,527	—	67,527	—	10,935	—	10,935
U.S. Agency Securities	—	2,976	—	2,976	—	—	—	—
Total	\$ 98,197	\$ 70,503	\$ —	\$ 168,700	\$ 87,477	\$ 10,935	\$ —	\$ 98,412

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2, or Level 3 for fiscal 2024 and fiscal 2023.

The following table sets forth the amortized cost, gross unrealized losses, and fair values of our investments accounted for as available-for-sale securities as of August 3, 2024, and July 29, 2023:

(in thousands)	August 3, 2024				July 29, 2023		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Losses	Fair Value
Investments:							
U.S. Treasury securities	\$ 13,588	16	(1)	13,603	\$ 7,266	\$ (40)	\$ 7,226
Corporate bonds	67,451	88	(12)	67,527	11,069	(134)	10,935
U.S. Agency Securities	2,973	3	—	2,976	—	—	—
Total	\$ 84,012	\$ 107	\$ (13)	\$ 84,106	\$ 18,335	\$ (174)	\$ 18,161

No significant available-for-sale securities held as of the periods presented have been in a continuous unrealized loss position for more than 12 months as of August 3, 2024.

The fair value and gross unrealized losses for those investments that were in a continuous unrealized loss position as of July 29, 2023, were as follows:

(in thousands)	Less Than 12 Months		More Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Investments:						
U.S. Treasury securities	\$ 265	\$ (1)	\$ 6,961	\$ (39)	\$ 7,226	\$ (40)
Corporate bonds	—	—	10,935	(134)	10,935	(134)
Total	\$ 265	\$ (1)	\$ 17,896	\$ (173)	\$ 18,161	\$ (174)

During fiscal 2024, all investments that were in a continuous unrealized loss position as of July 29, 2023, matured. As of August 3, 2024, we have no investments in a continuous loss position. We evaluate securities for expected credit losses on a quarterly basis with consideration given to the financial condition and near-term prospects of the issuer, whether we intend to sell the securities, and whether it is more likely than not that we will be required to sell the securities before recovery of their amortized cost basis. As of August 3, 2024, the losses on our available-for-sale securities were immaterial. We have the current intent and ability to retain these securities until maturity or recovery of the amortized cost basis. Therefore, expected credit losses as of August 3, 2024, were immaterial.

The fair values of available-for-sale securities by contractual maturity as of August 3, 2024, were as follows:

(in thousands)	August 3, 2024			
	One Year or Less	Over One Year Through Five Years	Over Five Years	Total
Investments:				
U.S. Treasury securities	\$ 13,603	\$ —	\$ —	\$ 13,603
Corporate bonds	67,527	—	—	67,527
U.S. Agency Securities	2,976	—	—	2,976
Total	\$ 84,106	\$ —	\$ —	\$ 84,106

4. Leases

Our leasing portfolio includes lease arrangements for our corporate offices and fulfillment centers. Such leases generally have original lease terms between five years and eleven years, and often include one or more options to renew. We have not considered any of our renewal options reasonably certain to be exercised at lease commencement and do not have residual value guarantees associated with our leases.

As of August 3, 2024, the Company subleases certain office and warehouse space to third parties. These subleases have total original lease terms ranging from three years to eight years that will expire at various dates by fiscal year 2032, one of which includes an option to extend the sublease for an additional two years.

The future lease payments as of August 3, 2024, were as follows:

(in thousands)	August 3, 2024
2025	\$ 27,444
2026	29,276
2027	26,342
2028	22,544
2029	9,169
Thereafter	19,598
Total undiscounted future minimum lease payments ⁽¹⁾	134,373
Less: imputed interest	16,871
Total discounted future minimum lease payments	\$ 117,502

⁽¹⁾ Total future minimum lease payments have not been reduced by minimum sublease income of approximately \$29.8 million.

The weighted average remaining term for our leases as of August 3, 2024, and July 29, 2023, was 5.1 years and 5.6 years, respectively. The weighted average discount rate for our leases as of August 3, 2024, and July 29, 2023, was 5.2%.

Supplemental Cash Flow Information

(in thousands)	For the Fiscal Year Ended	
	August 3, 2024	July 29, 2023
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 35,461	\$ 32,513
Operating lease right-of-use assets obtained in exchange for operating lease liabilities, net of impairments and other reductions ⁽¹⁾	(21,055)	561

⁽¹⁾ In fiscal 2023, we amended our lease agreement for our fulfillment center in Phoenix, AZ, to extend the lease term by five years. In fiscal 2024 and 2023, we recorded impairment charges related to a portion of our corporate office space of \$16.6 million and \$14.2 million, respectively. Refer to Note 13, "Restructuring" for further details on the impairment charge. In fiscal 2024, we entered into an early termination of our lease at our Dallas warehouse, resulting in removal of the right-of-use asset which was included in the \$1.5 million loss on lease termination, recorded within selling, general, and administrative expenses on the consolidated statements of operations and comprehensive loss.

Operating Lease Cost

Operating lease cost is recorded on a straight-line basis over the lease term. For impaired operating leases, the right-of-use asset is depreciated on a straight-line basis over the remaining lease term. Certain leases contain variable payments, which are expensed as incurred and not included in our operating lease right-of-use assets and operating lease liabilities. These amounts primarily include payments for maintenance, utilities, taxes, and insurance on our office and fulfillment center leases.

The components of our rent expense, which are recorded in selling, general, and administrative expense in the consolidated statement of operations and comprehensive loss, were as follows:

(in thousands)	For the Fiscal Year Ended	
	August 3, 2024	July 29, 2023
Operating lease cost	\$ 26,949	\$ 29,724
Variable lease costs	8,807	7,369
Short-term lease costs	13	41
Operating lease impairment ⁽¹⁾	16,562	14,168
Loss on early termination	1,465	—
Sublease income ⁽²⁾	(8,216)	(7,832)
Total	\$ 45,580	\$ 43,470

⁽¹⁾ Refer to Note 13, "Restructuring" for more details.

⁽²⁾ During fiscal 2024 and fiscal 2023, we had subleases for certain portions of fulfillment centers and our corporate offices due to the reduction in square footage needs for current operations and our recent commitment to a more distributed workforce for corporate employees. We continue to seek sublease arrangements for certain corporate offices and fulfillment centers.

5. Property and Equipment, net

Property and equipment, net consisted of the following:

(in thousands)	August 3, 2024	July 29, 2023
Computer equipment	\$ 7,136	\$ 9,005
Office furniture and equipment	39,604	51,073
Leasehold improvements	40,279	51,382
Capitalized software	120,003	105,483
Construction in progress	163	—
Total property and equipment	207,185	216,943
Less: accumulated depreciation and amortization	(155,668)	(137,186)
Property and equipment, net	\$ 51,517	\$ 79,757

Depreciation and amortization expense for fiscal 2024, fiscal 2023, and fiscal 2022 was \$44.9 million, \$41.2 million, and \$33.5 million, respectively.

6. Accrued Liabilities

Accrued liabilities consisted of the following:

(in thousands)	August 3, 2024	July 29, 2023
Compensation and related benefits	\$ 13,804	\$ 12,836
Advertising	6,967	6,625
Sales taxes	6,583	5,358
Shipping and freight	10,998	8,628
Accrued accounts payable	10,607	4,058
Inventory purchases	14,473	22,684
Sales refund reserve	6,417	6,509
Other	3,158	3,195
Total accrued liabilities	\$ 73,007	\$ 69,893

7. Credit Facility

Prior to December 4, 2023, we were party to an amended and restated credit agreement, entered into June 2, 2021 and amended on July 29, 2022 (the “Amended Credit Agreement”) with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company (successor by purchase to the Federal Deposit Insurance Corporation as Receiver for Silicon Valley Bridge Bank, N.A. (as successor of Silicon Valley Bank)), and other lenders, to provide a revolving line of credit of up to \$100.0 million, including a letter of credit sub-facility in the aggregate amount of \$30.0 million, and a swingline sub-facility in the aggregate amount of \$40.0 million.

On December 4, 2023, we entered into a first lien credit agreement with Citibank, N.A., as agent and lender, which provides for a \$50.0 million revolving credit facility maturing on December 4, 2026 (the “2023 Credit Facility”). Upon entry into the 2023 Credit Facility, the Amended Credit Agreement was terminated. The 2023 Credit Facility includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$30.0 million. Availability of the 2023 Credit Facility is based upon a borrowing base formula and periodic borrowing base certifications valuing certain of our accounts receivable, credit card receivables, and inventory as reduced by certain reserves, if any. Our borrowing availability based on balances as of August 3, 2024, was \$45.0 million, and our excess availability was \$25.0 million as a result of outstanding letters of credit and no outstanding borrowing.

The 2023 Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee equal to 0.30% based on the average daily undrawn portion of the 2023 Credit Facility, payable quarterly.

The interest rate applicable to the 2023 Credit Facility will be, at our option, either (a) the Adjusted Term SOFR rate for the applicable interest period (subject to a 0.00% floor), plus a margin of 2.00% or (b) the Base Rate plus a margin of 2.00%. The Base Rate is the highest of (a) the federal funds rate plus 0.50%, (b) the Wall Street Journal prime rate and (c) the Adjusted Term SOFR rate for a one month interest period plus 1.00%.

Debt under the 2023 Credit Facility is guaranteed by substantially all of our material domestic subsidiaries and is secured by substantially all of our assets. The 2023 Credit Facility contains affirmative and negative covenants, indemnification provisions, and events of default. The 2023 Credit Facility also contains financial covenants that require us to maintain a minimum liquidity level and, if applicable, a minimum total consolidated fixed charge coverage ratio during the periods set forth in the 2023 Credit Facility. As of August 3, 2024, we were in compliance with all financial covenants.

8. Commitments and Contingencies

Contingencies

We record a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also disclose material contingencies when we believe a loss is not probable but reasonably possible. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although we cannot predict with assurance the outcome of any litigation or tax matters, we do not believe there are currently any such actions, including the matters below, that, if resolved unfavorably, would have a material impact on our operating results, financial position, and cash flows.

On August 26, 2022, a class action lawsuit alleging violations of federal securities laws was filed by certain of our stockholders in the U.S. District Court for the Northern District of California, naming as defendants us and certain of our officers and directors. An amended complaint was filed on August 15, 2023. The lawsuit alleges violations of the Securities Exchange Act of 1934, as amended, by us and our officers for allegedly making materially false and misleading statements regarding our Freestyle offering between December 2020 and June 2022. The plaintiffs seek unspecified monetary damages and other relief. The Company filed a motion to dismiss on November 1, 2023. The plaintiffs filed an Opposition to Motion to Dismiss on December 22, 2023, and the Company filed a Reply in Support of Motion to Dismiss on February 6, 2024. A hearing on the Motion to Dismiss was held on April 18, 2024, and the Motion to Dismiss was granted on July 16, 2024, with leave to amend. The plaintiffs filed an amended complaint on September 13, 2024.

On March 17, 2023, a derivative action was filed against certain former directors in the Court of Chancery for the State of Delaware, based on the same factual allegations underlying the securities class action. It seeks damages and restitution to be paid to the Company by the individual defendants, governance changes, and attorney’s fees and costs. The case is stayed pending resolution of the motion to dismiss in the securities class action. On May 24, 2024, another derivative action was filed, also in the Court of Chancery for the State of Delaware. It alleges claims based on the same allegations underlying the securities class action and seeks the disgorgement and redistribution of alleged insider trading profits by the insider trading defendants to stockholders, damages and restitution to be paid to the Company by the individual defendants, governance changes, and attorney’s fees and costs.

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to vendors, directors, officers, and other parties with respect to certain matters. We have not incurred any material costs as a result of such indemnifications and have not accrued any liabilities related to such obligations in our consolidated financial statements.

Purchase Commitments

As of August 3, 2024, we had \$132.9 million of enforceable and legally binding inventory purchase commitments, predominantly due within one year.

9. Accumulated Other Comprehensive Income (Loss)

The tables below present the changes in AOCI by component and, if applicable, the reclassifications out of AOCI for fiscal 2024 and fiscal 2023:

(in thousands)	Changes in Accumulated Other Comprehensive Income (Loss)		
	Available-for-sale Securities	Foreign Currency Translation	Total
Balance at July 29, 2023	\$ (602)	\$ 1,129	\$ 527
Other comprehensive income (loss) before reclassifications ⁽¹⁾	267	(2,274)	(2,007)
Release of cumulative foreign currency translation adjustments associated with discontinued operations ⁽²⁾	—	1,145	1,145
Net change in AOCI	267	(1,129)	(862)
Balance at August 3, 2024	\$ (335)	\$ —	\$ (335)

(in thousands)	Changes in Accumulated Other Comprehensive Income (Loss)		
	Available-for-sale Securities	Foreign Currency Translation	Total
Balance at July 30, 2022	\$ (2,340)	\$ (1,187)	\$ (3,527)
Other comprehensive loss before reclassifications ⁽¹⁾	1,593	2,316	3,909
Amounts reclassified from AOCI	145	—	145
Net change in AOCI	1,738	2,316	4,054
Balance at July 29, 2023	\$ (602)	\$ 1,129	\$ 527

⁽¹⁾ There was no associated income tax effect for losses on available-for-sale securities during fiscal 2024 and fiscal 2023, as we have recorded a valuation allowance against these deferred tax balances.

⁽²⁾ During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. Accordingly, in the first quarter of fiscal 2024, we reclassified historical foreign currency translation losses, which were previously recognized in AOCI, from stockholders' equity to loss from discontinued operations, net of income taxes in the consolidated statements of operations and comprehensive loss. Refer to Note 2, "Summary of Significant Accounting Policies" and Note 14, "Discontinued Operations" for further details.

10. Stock-Based Compensation

Stock Plans

2011 Equity Incentive Plan

In 2011, we adopted the 2011 Equity Incentive Plan (the "2011 Plan"). The 2011 Plan provided for the grant of stock-based awards to employees, directors, and non-employees under terms and provisions established by the Board of Directors.

The 2011 Plan allowed for the grant of incentive stock options or nonqualified stock options as well as restricted stock units ("RSU"), restricted stock awards ("RSA"), and stock appreciation rights. Only incentive and nonqualified stock options were granted under the 2011 Plan. Employee stock option awards generally vested 25% on the first anniversary of the grant date with the remaining shares subject to the option vesting ratably over the next three years subject to the employee's continued service with the Company. Options generally expire after 10 years. Effective upon our initial public offering in 2017, the 2011 Plan was replaced by the 2017 Incentive Plan.

2017 Incentive Plan

In November 2017, we adopted our 2017 Incentive Plan (the "2017 Plan"). The remaining shares available for issuance under our 2011 Plan became reserved for issuance under the 2017 Plan. Our 2017 Plan provides for the grant of Class A incentive stock options, nonqualified stock options, stock appreciation rights, RSAs, RSUs, performance stock awards, performance cash awards, and other forms of stock awards to employees, directors, and consultants, including employees and consultants of our subsidiaries. Employee stock option awards generally begin to vest six months after the grant date with the remaining shares subject to the option vesting ratably over the next thirty months. Options generally expire after 10 years. RSU awards made to employees generally vest ratably on a quarterly basis subject to the employee's continued service with the Company. As of August 3, 2024, the number of shares authorized for issuance under the 2017 Plan was 44,038,883 shares of Class A common stock, and the number of shares available for grant was 5,239,593.

The following table summarizes the shares available for grant under the 2017 Plan:

	Shares Available for Grant
Balance at July 29, 2023	7,212,154
Authorized	5,781,112
Granted	(16,162,749)
Forfeited	8,409,076
Balance at August 3, 2024	5,239,593

2019 Inducement Plan

In October 2019, our Board of Directors adopted our 2019 Inducement Plan (the “2019 Plan”). Our 2019 Plan provides for the grant of Class A nonqualified stock options and RSU awards to individuals who satisfy the standards for inducement grants under the relevant Nasdaq Stock Market rules. As of August 3, 2024, the number of shares authorized for issuance under the 2019 Plan was 10,750,000 shares of Class A common stock and the number of shares available for grant was 1,046,447.

Stock Options

Stock option activity under the 2011 Plan, 2017 Plan, and 2019 Plan was as follows:

	Options Outstanding			
	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance at July 29, 2023	8,106,110	\$ 7.06	8.78	\$ 4,770
Granted	4,191,676	3.37		
Exercised	(268,954)	3.82		
Forfeited	(1,933,980)	6.79		
Balance at August 3, 2024	10,094,852	\$ 5.67	8.36	\$ 4,272
Options vested and exercisable at August 3, 2024	4,157,276	\$ 8.50	7.23	\$ 838
Options vested and expected to vest at August 3, 2024	10,051,147	\$ 5.67	8.35	\$ 4,242

The weighted-average grant date fair value of options granted during fiscal 2024, fiscal 2023, and fiscal 2022 was \$2.09, \$2.72, and \$6.26 per share, respectively. The total grant date fair value of options that vested during fiscal 2024, fiscal 2023, and fiscal 2022 was \$7.1 million, \$11.8 million, and \$14.0 million, respectively. The aggregate intrinsic value of options exercised during fiscal 2024, fiscal 2023, and fiscal 2022 was \$0.1 million, \$0.4 million, and \$3.5 million, respectively. The aggregate intrinsic value of options exercised is the difference between the fair value of the underlying common stock on the date of exercise and the exercise price for in-the-money stock options.

Restricted Stock Units

Employee RSUs are granted under the 2017 Plan and 2019 Plan, settle into Class A common stock, and generally vest ratably on a quarterly basis subject to the employee’s continued service with the Company.

The following table summarizes the RSU award activity under the 2017 Plan and 2019 Plan:

	Unvested RSUs	
	Class A Common Stock	Weighted-Average Grant Date Fair Value
Unvested at July 29, 2023	11,455,577	\$ 10.47
Granted	14,029,968	3.21
Vested	(8,867,095)	6.39
Forfeited	(8,379,011)	6.99
Unvested at August 3, 2024	8,239,439	\$ 6.04

Performance-Based Stock Awards

In fiscal 2023, the Company incurred stock-based compensation expense under compensation arrangements with certain of its employees under which the Company settled bonuses for a fixed dollar amount by issuing a variable number of restricted stock units. The awards had both service and performance conditions. During the first quarter of fiscal 2024, the Company issued 848,489 RSUs based on the Company's trailing seven-day average share price, following the Company's public release of fiscal 2023 financial results. Stock-based compensation expense is recorded over the fiscal year in which performance is assessed.

Stock-Based Compensation Expense

Stock-based compensation expense for options and RSUs granted to employees was \$76.8 million, \$102.1 million, and \$126.1 million for fiscal 2024, fiscal 2023, and fiscal 2022, respectively. As a result of the 2022 Restructuring Plan, described in Note 13, "Restructuring," stock-based compensation expense decreased by \$4.4 million in fiscal 2023 due to forfeitures of previously granted awards above our estimate. Stock-based compensation expense is included in selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company recognized no income tax benefit from stock-based compensation expense during fiscal 2024 and fiscal 2023 as the Company currently maintains a full valuation allowance against its net deferred tax assets.

As of August 3, 2024, the total unrecognized compensation expense related to unvested options and RSUs, net of estimated forfeitures, was \$51.0 million, which we expect to recognize over an estimated weighted average period of 1.6 years.

The fair value of stock options granted to employees was estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions:

	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Expected term (in years)	3.7 - 5.5	3.2 - 5.5	3.1 - 5.5
Volatility	77.3% - 79.9%	80.3% - 87.3%	62.1% - 79.2%
Risk free interest rate	4.1% - 4.8%	3.6% - 4.4%	0.8% - 2.9%
Dividend yield	— %	— %	— %

11. Income Taxes

The components of loss from continuing operations before income taxes were as follows:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Loss from continuing operations before income taxes:			
United States	\$ (120,546)	\$ (149,465)	\$ (183,940)
Total loss from continuing operations before income taxes	\$ (120,546)	\$ (149,465)	\$ (183,940)

The components of the income tax provision (benefit) were as follows:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Current:			
Federal	\$ (1,663)	\$ 951	\$ 137
State	2	(80)	(2,472)
Total current	\$ (1,661)	\$ 871	\$ (2,335)
Deferred:			
Total deferred	\$ —	\$ —	\$ —
Total income tax provision (benefit)	\$ (1,661)	\$ 871	\$ (2,335)

The reconciliation of our effective tax rate to the statutory federal rate was as follows:

(in thousands, except percentages)	For the Fiscal Year Ended					
	August 3, 2024		July 29, 2023		July 30, 2022	
Taxes at federal statutory rate	\$ (25,315)	21.0 %	\$ (31,388)	21.0 %	\$ (38,628)	21.0 %
State taxes, net of federal effect	(11)	0.0 %	(214)	0.1 %	(2,731)	1.5 %
Stock-based compensation	8,376	(6.9)%	14,917	(10.0)%	8,840	(4.8)%
Change in valuation allowance	22,179	(18.4)%	25,022	(16.7)%	36,816	(20.0)%
R&D credits	(6,032)	5.0 %	(8,426)	5.6 %	(7,921)	4.3 %
Uncertain tax positions	(1,545)	1.3 %	31	0.0 %	18	0.0 %
Return to provision	(207)	0.2 %	2	0.0 %	157	(0.1)%
Other	894	(0.7)%	927	(0.6)%	1,114	(0.6)%
Effective tax rate	\$ (1,661)	1.4 %	\$ 871	(0.6)%	\$ (2,335)	1.3 %

Note: Due to rounding, percentages in this table may not sum to totals.

The components of net deferred tax assets were as follows:

(in thousands)	August 3, 2024	July 29, 2023
Deferred tax assets:		
Inventory reserve and UNICAP	\$ 11,816	\$ 16,514
Accruals and reserves	1,937	2,796
Research and development credits	48,424	44,923
Capitalized research and development costs	40,094	31,416
Stock-based compensation	7,892	10,511
Deferred revenue	1,661	1,095
Operating lease liability	30,889	40,423
Net operating losses	59,938	49,734
Other	2,071	1,996
Gross deferred tax assets	\$ 204,722	\$ 199,408
Less: valuation allowance	(176,732)	(154,757)
Deferred tax assets, net of valuation allowance	\$ 27,990	\$ 44,651
Deferred tax liabilities:		
Depreciation and amortization	\$ (10,747)	\$ (16,585)
Operating lease right-of-use assets	(16,767)	(27,505)
Other	(476)	(561)
Gross deferred tax liabilities	\$ (27,990)	\$ (44,651)
Net deferred tax assets, net of valuation allowance	\$ —	\$ —

Our effective tax rate and provision for income taxes decreased in fiscal 2024 as compared to fiscal 2023, primarily due to reserve releases in fiscal 2024 from lapses in statutes of limitation and effective settlement of prior year tax positions.

Our effective tax rate and provision for income taxes increased in fiscal 2023 as compared to fiscal 2022, primarily due to increases in federal income taxes and less reserve releases due to lapses in statutes of limitation.

As of August 3, 2024 and July 29, 2023, we had federal net operating loss carryforwards of \$186.7 million and \$152.7 million, respectively, which will be carried forward indefinitely. As of August 3, 2024, and July 29, 2023, we had federal research and development tax credit carryforwards of \$57.1 million and \$49.5 million, respectively. The research and development tax credits will expire beginning in 2036, if not utilized.

As of August 3, 2024 and July 29, 2023, we had state net operating loss carryforwards of \$328.5 million and \$274.7 million, respectively. These state net operating loss carryforwards will expire, if not utilized, beginning in 2025. As of August 3, 2024, and July 29, 2023, we had California research and development tax credit carryforwards of \$24.1 million and \$23.9 million, respectively, which are not subject to expiration. Utilization of the net operating loss carryforwards, tax credits, and other tax attributes may be subject to various limitations due to the ownership change limitations provided by IRC Section 382 and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before their utilization and reduce our ability to offset future income with our tax attributes.

Uncertain Tax Positions

A reconciliation of our unrecognized tax benefits is as follows:

(in thousands)	August 3, 2024	July 29, 2023	July 30, 2022
Balance at the beginning of the year	\$ 29,916	\$ 26,106	\$ 23,625
Lapse of statute of limitations	(377)	(474)	(2,191)
Increase related to prior period tax positions	2,572	1,134	309
Decrease related to prior period tax positions	(1,927)	—	(12)
Increase related to current year tax positions	2,632	3,150	4,375
Balance at the end of the year	\$ 32,816	\$ 29,916	\$ 26,106

The amount of unrecognized tax benefits relating to our tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. The Company does not expect its gross unrecognized tax benefits to change significantly within the next 12 months. As of August 3, 2024, the total amount of

unrecognized tax benefits, if recognized, would not affect the Company's effective tax rate due to the existence of carryforwards and the valuation allowance in the United States and applicable U.S. state jurisdictions.

We recognize interest related to uncertain tax positions in our provision for income taxes. As of August 3, 2024, no interest or penalties have been recorded.

We file income tax returns in the U.S. federal and various state and local jurisdictions. As of August 3, 2024, our fiscal 2020 through fiscal 2023 tax returns are subject to potential examination in one or more jurisdictions.

We regularly assess whether it is more likely than not that we will realize our deferred tax assets in each taxing jurisdiction in which we operate. We consider many factors when assessing the likelihood of future realization, including our recent cumulative loss, earnings expectations in earlier future years, and other relevant factors. We continue to record a full valuation allowance on our U.S. federal and state net deferred tax assets due to cumulative historical losses. The valuation allowance primarily relates to federal and state deferred tax assets, including unrealized credit carryforwards and net operating losses. The valuation allowance increased by \$22.0 million in fiscal 2024, and by \$28.3 million in fiscal 2023.

A reconciliation of our valuation allowance was as follows:

(in thousands)	August 3, 2024	July 29, 2023
Valuation allowance at the beginning of the year	\$ 154,757	\$ 126,463
Valuation allowance charged to expense	29,246	35,836
Valuation allowance credited to other accounts	(7,271)	(7,542)
Valuation allowance at the end of the year	<u>\$ 176,732</u>	<u>\$ 154,757</u>

12. Loss Per Share from Continuing Operations Attributable to Common Stockholders and Common Stock

Basic and diluted loss per share from continuing operations attributable to common stockholders is presented in conformity with the two-class method required for participating securities: Class A and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting, conversion, and transfer rights. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock.

Basic net loss per share from continuing operations attributable to common stockholders is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted-average number of common shares outstanding during the period.

For the calculation of diluted loss per share from continuing operations, net loss from continuing operations attributable to common stockholders for basic loss per share is adjusted by the effect of dilutive securities. Diluted net loss per share from continuing operations attributable to common stockholders is computed by dividing the net loss from continuing operations attributable to common stockholders by the weighted-average number of common shares outstanding, including all potentially dilutive common shares. In periods of loss, there are no potentially dilutive common shares to add to the weighted-average number of common shares outstanding. The undistributed losses are allocated based on the contractual participation rights of the Class A and Class B common shares as if the losses for the year have been distributed. As the liquidation and dividend rights are identical, the undistributed loss is allocated on a proportionate basis.

The table below presents a reconciliation of the numerator and denominator used in the calculation of basic and diluted loss per share from continuing operations attributable to Class A and Class B common stockholders:

(in thousands except share and per share amounts)	August 3, 2024	July 29, 2023	July 30, 2022
Numerator:			
Net loss from continuing operations attributable to Class A and Class B common stockholders	\$ (118,885)	\$ (150,336)	\$ (181,605)
Denominator:			
Weighted-average shares of common stock - basic	120,214,198	114,684,980	108,762,589
Weighted-average shares of common stock - diluted	120,214,198	114,684,980	108,762,589
Loss per share from continuing operations attributable to Class A and Class B common stockholders:			
Basic	\$ (0.99)	\$ (1.31)	\$ (1.67)
Diluted	\$ (0.99)	\$ (1.31)	\$ (1.67)

As the Company has reported net loss from continuing operations for each of the periods presented, all potentially dilutive securities were considered antidilutive. The following common stock equivalents were excluded from the computation of diluted loss per share from continuing operations because their effect would have been antidilutive for the periods presented:

	August 3, 2024	July 29, 2023	July 30, 2022
Restricted stock units that settle into Class A common stock	8,239,439	11,455,577	19,217,622
Stock options to purchase Class A common stock	9,368,354	7,297,653	3,629,617
Stock options to purchase Class B common stock	726,498	808,457	1,073,947
Total	18,334,291	19,561,687	23,921,186

Share Repurchase Program

In January 2022, the Company's Board of Directors authorized a share repurchase program to repurchase up to \$150.0 million of our outstanding Class A common stock, with no expiration date (the "2022 Repurchase Program"). The actual timing, number, and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital.

We did not repurchase any shares in fiscal 2024 or fiscal 2023. As of August 3, 2024, \$120.0 million remained available under the 2022 Repurchase Program authorization. The table below summarizes the share repurchase activity in fiscal 2022 under our share repurchase program:

	July 30, 2022
Number of shares repurchased	2,302,141
Weighted-average price per share	\$ 13.03
Aggregate purchase price (in thousands) ⁽¹⁾	\$ 30,042

⁽¹⁾ Amount includes broker commissions

Repurchases under the 2022 Repurchase Program during any given fiscal period will reduce the number of weighted-average common shares outstanding for the respective period.

13. Restructuring

In June 2022, we announced a restructuring plan (the "2022 Restructuring Plan") to reduce our future fixed and variable operating costs and allow us to centralize key capabilities, strengthen decision-making to drive efficiencies, and ensure we are allocating resources to our most critical priorities.

In furtherance of and as an expansion of the 2022 Restructuring Plan, in January 2023, we implemented a plan of termination ("January 2023 Reduction in Force"). The January 2023 Reduction in Force reduced our then-current employee workforce by approximately 6%, including approximately 20% of our then-salaried positions. During fiscal 2023, we recorded an aggregate \$36.4 million of restructuring charges related to this action, primarily consisting of severance and employee-related benefits; impairment related to a portion of our corporate office space; and accelerated depreciation expense related to assets at our Salt Lake City fulfillment center, which were not transferred to other fulfillment centers in our network and for which we did not have immediate plans to use.

In furtherance of and as an expansion of the 2022 Restructuring Plan, in June 2023, we announced the intended closures of our fulfillment centers in Bethlehem, Pennsylvania and Dallas, Texas (the “Bethlehem and Dallas Closures”). The Bethlehem, Pennsylvania location ceased operations during the fiscal quarter ended October 28, 2023, and the Dallas, Texas location ceased operations during the fiscal quarter ended April 27, 2024. During fiscal 2023, we recorded an aggregate \$2.6 million related to this action, primarily consisting of severance and employee-related benefits, and accelerated depreciation expense and other restructuring costs. During fiscal 2024, we recorded \$18.5 million of restructuring charges related to the Bethlehem and Dallas closures, \$4.6 million consisting of severance and employee-related benefits, \$8.8 million related to accelerated depreciation expense, \$1.5 million in lease termination costs associated with our Dallas warehouse, and \$3.6 million in other restructuring costs.

In furtherance of and as an expansion of the 2022 Restructuring Plan, in January 2024, we implemented an organization realignment that resulted in the further elimination of styling leadership and corporate positions. During fiscal 2024, we recorded \$2.9 million related to this action, primarily consisting of severance and employee-related benefits.

In January 2024, we revised our compensation model for full-time Stylists to move to a part-time only model, whereby Stylists who opted to continue with the Company received one-time restructuring bonuses over the next three quarters. During fiscal 2024, we recorded \$2.6 million related to this action, primarily consisting of severance and employee-related benefits.

In the fourth quarter of fiscal 2024, we recorded \$19.3 million of impairment related to a portion of our corporate office space due to a change in the use of this space, as a furtherance and expansion of the 2022 Restructuring Plan. This charge was allocated between operating lease right-of-use assets and property and equipment, net on the consolidated balance sheets to record the corresponding assets at their estimated fair market value, with the expense being recorded within selling, general, and administrative expenses on the consolidated statements of operations and comprehensive loss. The estimated fair value of the right-of-use asset and the property and equipment, net measured on a nonrecurring basis was determined using Level 3 inputs and is based on an income approach using discounted future cash flows using a discount rate commensurate with the risk. See Note 2 “Significant Accounting Policies” on Impairment of Long-Lived Assets for details.

The components of total restructuring charges were as follows:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Cash restructuring charges:			
Severance and employee-related benefits ⁽¹⁾	\$ 10,065	\$ 18,142	\$ 10,869
Lease termination ⁽¹⁾	1,466	—	—
Other ⁽¹⁾	3,090	722	—
Non-cash restructuring charges:			
Asset impairments ^(1, 2)	19,283	16,874	6,154
Accelerated depreciation ⁽¹⁾	9,021	2,805	—
Inventory impairment ⁽³⁾	—	—	719
Other ⁽¹⁾	913	1,364	—
Total restructuring	\$ 43,838	\$ 39,907	\$ 17,742

⁽¹⁾ Recorded in selling, general, and administrative expenses on the consolidated statements of operations and comprehensive loss.

⁽²⁾ Includes impairments of both operating lease right-of-use assets and property and equipment.

⁽³⁾ Recognized in cost of goods sold on the consolidated statements of operations and comprehensive loss.

The following table provides the changes in the Company’s restructuring related liabilities, which are included within accounts payable and accrued liabilities on the consolidated balance sheets:

(in thousands)	Severance and Employee Related Benefits and Other
Balance at July 30, 2022	\$ 290
Charges incurred	18,863
Cash payments	(17,230)
Balance at July 29, 2023	\$ 1,923
Charges incurred	14,621
Cash payments	(13,284)
Balance at August 3, 2024	<u>\$ 3,260</u>

We expect substantially all of the cash payments to be completed by the end of the first quarter of fiscal 2025.

14. Discontinued Operations

In June 2023, we announced that we would enter a consultation period, in accordance with UK law, to explore exiting the market in the UK. During the first quarter of fiscal 2024, we ceased operations of our UK business and the accounting requirements for reporting the UK business as a discontinued operation were met. As a result, the UK business is presented in the accompanying financial statements as a discontinued operation for all periods presented.

Cash from our UK business is recorded as continuing operations on the consolidated balance sheets, as any cash remaining after the settlement of outstanding liabilities related to the UK business is expected to be repatriated into the U.S.

The following table summarizes the major classes of assets and liabilities of discontinued operations, which are summarized separately in the consolidated balance sheets:

(in thousands)	August 3, 2024	July 29, 2023
Inventory, net	—	6,628
Prepaid expenses and other current assets	—	2,995
Current assets, discontinued operations	—	9,623
Operating lease right-of-use assets	—	1,565
Other long-term assets	—	481
Long-term assets, discontinued operations	—	2,046
Total assets, discontinued operations	\$ —	\$ 11,669
Accounts payable	\$ —	\$ 2,586
Operating lease liabilities	—	1,132
Accrued liabilities	502	8,903
Other current liabilities	—	161
Current liabilities, discontinued operations	502	12,782
Total liabilities, discontinued operations	\$ 502	\$ 12,782

The key components of loss from discontinued operations were as follows:

(in thousands)	For the Fiscal Year Ended		
	August 3, 2024	July 29, 2023	July 30, 2022
Revenue, net	\$ 9,377	\$ 45,902	\$ 55,008
Cost of goods sold	6,771	29,994	33,207
Gross profit	2,606	15,908	21,801
Selling, general, and administrative expenses	11,618	38,425	45,377
Operating loss	(9,012)	(22,517)	(23,576)
Interest income	187	379	6
Other (income) expense, net ⁽¹⁾	(176)	1,120	(1,961)
Loss before income taxes	(9,001)	(21,018)	(25,531)
Provision (benefit) for income taxes	954	619	(15)
Net loss from discontinued operations, net of income taxes	\$ (9,955)	\$ (21,637)	\$ (25,516)

⁽¹⁾ For the twelve months ended August 3, 2024, Other income (expense), net includes the loss from the release of historical foreign currency translation adjustments related to the exit of the UK business in the first quarter of fiscal 2024. Refer to Note 2, "Summary of Significant Accounting Policies" for further details.

During fiscal 2023, we recorded an aggregate \$4.7 million of expenses related to the exit and wind down of the UK business, primarily consisting of losses from firm purchase commitments for future receipts of inventory, inventory write-downs to net realizable value, and fixed asset impairment charges. These charges were recorded in both cost of goods sold and selling, general, and administrative expenses from discontinued operations.

In fiscal 2024, we recorded \$5.3 million of expense associated with the exit of the UK business, which consisted primarily of severance and employee-related benefits, and early contract termination charges. These charges were recorded in selling, general, and administrative expenses from discontinued operations. We expect future expenses associated with the exit of the UK business to be immaterial.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this Annual Report.

Based on the evaluation of our disclosure controls and procedures as of August 3, 2024, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 3, 2024.

Management’s Report on Internal Control Over Financial Reporting

Management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. GAAP.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on evaluation under these criteria, management determined that our internal control over financial reporting was effective as of August 3, 2024.

Deloitte & Touche LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting and, as part of the audit, has issued a report on the effectiveness of our internal control over financial reporting as of August 3, 2024, which is included under “Item 8. Financial Statements and Supplementary Data” of this Annual Report.

Changes in Internal Control over Financial Reporting

There were no changes during the fiscal year ended August 3, 2024, in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

Item 9B. Other Information.**Rule 10b5-1 Trading Plans**

During the fiscal quarter ended August 3, 2024, none of our directors or Section 16 officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this item regarding directors and director nominees, executive officers, the Board of Directors and its committees, certain corporate governance matters, the Company's Insider Trading Policy, and compliance with Section 16(a) of the Exchange Act is incorporated by reference to the information set forth under the captions "Proposal 1: Election of Directors," "Executive Officers," "Executive Compensation Policies and Practices," and "Delinquent Section 16(a) Reports" in the definitive proxy statement for our 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement").

We have adopted a written code of business conduct and ethics ("Code of Conduct") that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer and principal accounting officer. The Code of Conduct is available on our corporate website at <https://investors.stitchfix.com> under "Documents" under the section entitled "Governance." If we make any substantive amendments to our Code of Conduct or grant any of our directors or executive officers any waiver, including any implicit waiver, from a provision of our Code of Conduct, we will disclose the nature of the amendment or waiver on our website or in a Current Report on Form 8-K.

Item 11. Executive Compensation.

Information required by this item regarding executive compensation is incorporated by reference to the information set forth under the captions "Executive Compensation" and "Director Compensation" in our 2024 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information required by this item regarding security ownership of certain beneficial owners and management and securities authorized for issuance under our equity compensation plans is incorporated by reference to the information set forth under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation—Equity Compensation Plan Information" in our 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information required by this item regarding certain relationships and related transactions and director independence is incorporated by reference to the information set forth under the captions "Transactions with Related Persons and Indemnification" and "Proposal 1: Election of Directors—Independence of the Board" in our 2024 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

Information required by this item regarding principal accounting fees and services is incorporated by reference to the information set forth under the caption "Proposal 3: Ratification of Selection of Independent Registered Public Accounting Firm" in our 2024 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report:

- (1) The financial statements are filed as part of this Annual Report under “Item 8. Financial Statements and Supplementary Data.”
- (2) The financial statement schedules are omitted because they are either not applicable or the information required is presented in the financial statements and notes thereto under “Item 8. Financial Statements and Supplementary Data.”
- (3) The exhibits listed in the following Exhibit Index are filed, furnished, or incorporated by reference as part of this Annual Report.

Exhibit Index

Exhibit Number	Description	Incorporation by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1*	Amended and Restated Certificate of Incorporation of Stitch Fix, Inc.	8-K	001-38291	3.1	11/21/2017	
3.2*	Amended and Restated Bylaws of Stitch Fix, Inc.	8-K	001-38291	3.1	6/27/2023	
4.1*	Form of Class A Common Stock Certificate.	S-1/A	333-221014	4.1	11/6/2017	
4.2*	Form of Class B Common Stock Certificate.	S-8	333-221650	4.6	11/17/2017	
4.3*	Description of Class A Common Stock.	10-K	001-38291	4.3	9/25/2020	
10.1*	Amended and Restated Investor Rights Agreement, dated April 10, 2014.	S-1	333-221014	10.1	10/19/2017	
10.2*+	Stitch Fix, Inc. 2011 Equity Incentive Plan, as amended.	S-1	333-221014	10.2	10/19/2017	
10.3*+	Forms of grant notice, stock option agreement, notice of exercise and early exercise stock purchase agreement under the Stitch Fix, Inc. 2011 Equity Incentive Plan, as amended.	S-1	333-221014	10.3	10/19/2017	
10.4*+	Stitch Fix, Inc. 2017 Incentive Plan, as amended.	S-8	333-267543	99.1	9/21/2022	
10.5+	Forms of stock option grant notice, stock option agreement and notice of exercise under the Stitch Fix, Inc. 2017 Incentive Plan.	10-K	001-38291	10.5	9/20/2023	
10.6*	Forms of restricted stock unit grant notice and award agreement for Vice Presidents and above under the Stitch Fix, Inc. 2017 Incentive Plan.	10-K	001-38291	10.6	9/20/2023	
10.7	Forms of restricted stock unit grant notice and award agreement under the Stitch Fix, Inc. 2017 Incentive Plan.	10-K	001-38291	10.7	9/20/2023	
10.8+	Stitch Fix, Inc. 2019 Inducement Plan, as amended.	S-8	333-264376	99.1	4/19/2022	
10.9+	Forms of stock option grant notice, stock option agreement and notice of exercise under the Stitch Fix, Inc. 2019 Inducement Plan.	10-K	001-38291	10.9	9/20/2023	
10.10+	Forms of restricted stock unit grant notice and award agreement under the Stitch Fix, Inc. 2019 Inducement Plan.	10-K	001-38291	10.10	9/20/2023	
10.11*+	Form of Indemnity Agreement entered into by and between Stitch Fix, Inc. and each director and executive officer.	S-1	333-221014	10.7	10/19/2017	
10.12*	Independent Director Compensation Policy.	10-Q	001-38291	10.1	3/9/2021	
10.13	Form of Board of Directors Offer Letter.					X
10.14*+	Offer Letter by and between Matt Baer and Stitch Fix, Inc., dated June 9, 2023.	10-K	001-38291	10.13	9/20/2023	
10.15+	Offer Letter by and between Matt Baer and Stitch Fix, Inc., as modified June 13, 2024.					X

Exhibit Number	Description	Incorporation by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.16*+	Chief Executive Officer Offer Letter, by and between Stitch Fix, Inc. and Katrina Lake, dated January 4, 2023.	10-Q	001-38291	10.2	3/8/2023	
10.17*+	Separation Agreement, by and between Stitch Fix, Inc. and Elizabeth Spaulding, dated January 5, 2023.	10-Q	001-38291	10.3	3/8/2023	
10.18*+	Separation Agreement between Sachin Dhawan and Stitch Fix, Inc., dated July 20, 2023.	10-K	001-38291	10.22	9/20/2023	
10.19*+	Offer Letter, by and between Stitch Fix, Inc. and David Aufderhaar, dated April 4, 2023.	10-Q	001-38291	10.1	6/7/2023	
10.20*+	Offer Letter, by and between Stitch Fix, Inc. and Casey O'Connor, dated November 29, 2022.	10-Q	001-38291	10.1	12/6/2023	
10.21+	Offer Letter, by and between Stitch Fix, Inc. and Tony Bacos, dated October 20, 2023.					X
10.22*	Office Lease, by and between Stitch Fix, Inc. and Post-Montgomery Associates, dated as of November 10, 2015, as amended.	S-1/A	333-221014	10.12	11/6/2017	
10.23*	First Amendment to Original Office Lease, executed February 22, 2016, between Stitch Fix, Inc. and Post-Montgomery Associates.	10-Q	001-38291	10.1	3/13/2018	
10.24*	Second Amendment to Original Office Lease, executed September 6, 2017, between Stitch Fix, Inc. and Post-Montgomery Associates.	10-Q	001-38291	10.2	3/13/2018	
10.25*	Third Amendment to the Office Lease, by and between Stitch Fix, Inc. and Post-Montgomery Associates, dated as of January 29, 2018.	8-K	001-38291	10.1	2/2/2018	
10.26*	Fourth Amendment to the Office Lease, by and between Stitch Fix, Inc. and Post-Montgomery Associates, dated as of June 4, 2018.	10-Q	001-38291	10.2	6/8/2018	
10.27*	Credit Agreement, by and between Stitch Fix, Inc. and Citibank, dated as of December 4, 2023.	10-Q	001-38291	10.2	12/6/2023	
19.1	Stitch Fix, Inc. Insider Trading Policy.					X
21.1	List of Subsidiaries of Stitch Fix, Inc.					X
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1†	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X

Exhibit Number	Description	Incorporation by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					

+ Indicates management contract or compensatory plan.

* Document has been previously filed with the Securities and Exchange Commission and is incorporated herein by reference herein.

† The certification attached as Exhibit 32.1 accompanying this Annual Report is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Stitch Fix, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 25, 2024

Stitch Fix, Inc.

By: /s/ David Aufderhaar

David Aufderhaar

Chief Financial Officer

(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Matt Baer, David Aufderhaar, and Casey O'Connor, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and either of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Matt Baer</u> Matt Baer	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	September 25, 2024
<u>/s/ David Aufderhaar</u> David Aufderhaar	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	September 25, 2024
<u>/s/ Kofi Amoo-Gottfried</u> Kofi Amoo-Gottfried	Director	September 25, 2024
<u>/s/ J. William Gurley</u> J. William Gurley	Director	September 25, 2024
<u>/s/ Katrina Lake</u> Katrina Lake	Founder and Director	September 25, 2024
<u>/s/ Sharon McCollam</u> Sharon McCollam	Director	September 25, 2024
<u>/s/ Elizabeth Williams</u> Elizabeth Williams	Director	September 25, 2024

[Date]

[Director]

Confidential

Via email

Re: Board of Directors of Stitch Fix, Inc.

Dear [Director]:

I am pleased to invite you to join the Board of Directors (the “Board”) of Stitch Fix, Inc. (the “Company”), subject to formal approval by the Board of your election and the satisfactory completion of a background check. Your service as a director of the Company will be governed by the following:

- Your appointment will be effective upon the Board’s formal approval of your appointment, which we expect to be within a few weeks of your acceptance of this offer. At the time of your appointment, the Board will designate you as a Class I, II or III Director. Each class has a different, staggered three year term. Your initial term will depend on the class to which you are assigned and will expire on the date of the Company’s corresponding Annual Meeting of Stockholders (the “Annual Meeting”), unless prior to that date you voluntarily resign or you are removed from the Board. You may be eligible for an additional term if you are so elected or appointed on or after the applicable Annual Meeting. Service on the Board remains at all times subject to removal in accordance with the Company’s Amended and Restated Bylaws, as may be amended from time to time.

- Upon your appointment, you will be subject to all Company policies and procedures, including but not limited to the Corporate Governance Guidelines, Insider Trading and Trading Window Policy and the Code of Conduct, copies of which will be provided to you as part of your director orientation materials. You will also have all of the responsibilities and duties of a director of the Company imposed by Delaware law and other applicable laws, as well as the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as they may be amended from time to time.

- Under the Company’s Independent Director Compensation Policy (the “Policy”), you will receive compensation for your services as a director. Under the current policy, you will receive an annual cash retainer of \$50,000 for your service as a director, payable on a quarterly basis, in arrears. If you are appointed to one or more other committees of the Board, you would receive additional annual cash retainers, payable on a quarterly basis in arrears, for such service.

- In addition, in connection with your appointment, the Board will grant you annual equity awards pursuant to the Policy. The Policy currently provides the following for the initial grant to an independent director: an aggregate value of \$225,000, multiplied by a fraction, the numerator of which is the number of days between your initial appointment to the Board and the then-scheduled next annual stockholder meeting date (which will be in December 2024) and the denominator of which is 365. This equity award will vest on the earlier of the first anniversary of the grant date or the date of the Company’s next annual meeting of shareholders, provided that you are serving as a director of the Company on such vesting date. Immediately following the Company’s next annual meeting of stockholders, you will also be eligible to receive an annual equity award valued at \$225,000. Any such award would be valued on the date of grant and be made in accordance with the Policy. To the extent an equity award is in the form of a

nonqualified stock option to purchase shares of the Company's common stock ("Common Stock"), the exercise price per share will be equal to the closing price of the Company's Common Stock on the applicable grant date. The Policy is subject to modification as approved by the Board. You will be solely responsible for payment of all governmental charges and taxes arising from your service to the Company as a director.

- For so long as you are a member of the Board, the Company will reimburse you for your reasonable out-of-pocket expenses, including reasonable travel and living expenses, incurred in attending Board and committee meetings and in carrying out your duties as a director or committee member.

- You will receive indemnification from the Company pursuant to the Company's standard Indemnification Agreement, which will be provided to you. The Company will also provide you with coverage under its directors and officers insurance policy.

- You agree to inform the Board of any conflicts that may impact your responsibilities as a member of the Board.

- You agree that you will not share with the Company or Board any confidential information or materials of any other person or entity. You also agree that you will not share Company confidential information or materials with any third party except as directed by the Board or to the extent required under applicable laws.

- This letter will be governed by the laws of the State of Delaware, without regard to its principles of conflicts of laws. The terms of this letter are in addition to, and will not be construed to alter any of, your duties as a director of the Company under Delaware or other applicable law.

Please indicate your acceptance of this offer to serve as a director of the Company by electronically signing and dating below.

We look forward to your joining the Board.

Very truly yours,

Katrina Lake
Chairperson

Accepted and Agreed:

Date: _____



STITCH FIX

June 14, 2024

Matt Baer
VIA EMAIL

Re: Modifications to Chief Executive Officer Employment Offer Letter

Dear Matt:

This letter agreement (the “Amendment”) modifies the below sections of the June 9, 2023 offer letter between you and Stitch Fix, Inc. (the “Company”)(the “Agreement”).

- (a) The following paragraph supersedes and replaces Section 1(b) in its entirety:

Duties and Location. You will perform those duties and responsibilities as are customary for the position of Chief Executive Officer and as may be directed by the Board, to whom you will report. While your primary work location is anticipated to be your residence in the State of Connecticut, you will be expected to regularly travel to the Company’s offices in San Francisco, California. Additionally, the Company reserves the right to reasonably require you to perform your duties at places other than your residence and the San Francisco office location from time to time, and to require reasonable business travel. The Company may modify your job title and duties as it deems necessary and appropriate in light of the Company’s needs and interests from time to time; provided, however, that any such modification will not have any effect on the protections afforded to you in the event of your resignation for “Good Reason” all as set forth below.

- (b) The following paragraph supersedes and replaces Section 4 in its entirety:

Expenses. The Company will reimburse you for reasonable travel, entertainment or other expenses incurred by you in furtherance of or in connection with the performance of your duties hereunder, in accordance with the Company’s expense reimbursement policy as in effect from time to time, unless otherwise agreed with the Board.

You hereby expressly consent to the modifications set forth in this Amendment and agree that such modifications do not constitute Good Reason for your resignation from the Company, as defined in the Agreement.

This Amendment will be effective on the date this letter has been signed by both you and the Company. No other provisions of the Agreement are modified by this Amendment. The terms set forth in this Amendment are the sole terms of the agreement between you and the Company on such subject matters, and supersede any other agreements or promises made to you by anyone, whether oral or written, with respect to such subject matters. This Amendment shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. This Amendment may be



STITCH FIX

October 20, 2023

Tony Bacos
10541 Leonardo Place
Littleton CO 80125

Re: Offer of Employment

Dear Tony Bacos,

On behalf of Stitch Fix, Inc. (the “**Company**”), I am pleased to offer you employment at the Company on the terms set forth in this offer letter agreement (the “**Agreement**”). As discussed, the terms of this Agreement govern with respect to your employment, effective as of the date it is signed by you.

1. Employment by the Company.

(a) **Position.** You will serve as the Company’s **Chief Product & Technology Officer**. During the term of your employment with the Company, you will devote your best efforts and substantially all of your business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company’s general employment policies.

(b) **Duties and Location.** You will perform those duties and responsibilities as are customary for the position of **Chief Product & Technology Officer** and as may be directed by the Company’s CEO, to whom you will report. While we understand that your current residence is in the Denver, Colorado area, you will regularly be expected to travel to the Company’s offices in San Francisco, California, as directed by the CEO. Additionally, the Company reserves the right to reasonably require you to perform your duties at places other than your residence and the San Francisco office from time to time, and to require reasonable business travel. The Company may modify your job title and duties as it deems necessary and appropriate in light of the Company’s needs and interests from time to time.

(c) **Start Date.** Your start date will be **November 6, 2023**.

2. Base Salary and Employee Benefits.

(a) **Salary.** You will receive for services to be rendered hereunder base salary paid at the rate of \$600,000 per year, less standard payroll deductions and tax withholdings. Your base salary will be paid on the Company’s ordinary payroll cycle. As an exempt salaried employee, you will be required to work the Company’s normal business hours, and such additional time as appropriate for your work assignments and position, and you will not be entitled to overtime compensation.

(b) **Bonus.** You will be eligible to participate in the Company’s executive bonus program, as such program may be in effect from time to time and subject to the bonus program terms as determined by the Company’s Compensation Committee. The target bonus opportunity for your role under our 2024 fiscal year bonus plan is 50% of your base salary.

(c) **Benefits.** As a regular full-time employee, you will be eligible to participate in the Company’s standard employee benefits offered to executive level employees, as in effect from time to

time and subject to plan terms and generally applicable Company policies. Details about these benefit plans will be provided, upon request.

3. Expenses. The Company will reimburse you for reasonable travel, entertainment or other expenses incurred by you in furtherance or in connection with the performance of your duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

4. Equity Compensation. Following your start date, the Company will recommend to its Compensation Committee that the Company grant you equity awards valued at \$2,500,000 with fifty percent (50%) of that value granted as a stock option (the "Option") and fifty (50%) of that value granted as restricted stock units (the "RSUs"). The number of Class A Common Stock shares subject to the awards will be determined in accordance with the Company's equity grant practices by the Compensation Committee (or its delegate) in its sole discretion. The exercise price per share of the Option will be equal to the closing price quoted on the NASDAQ Global Select Market on the date the Option is granted. The RSU and Option awards shall vest as twenty-five percent (25%) of the shares subject to the RSU and Option on the Company's first quarterly vesting date that is at least six (6) months following your start date. The remaining shares shall vest as follows: 25% of the shares in equal quarterly installments over the next two (2) quarterly vesting dates; 33 1/3% of the shares in equal quarterly installments over the next four (4) quarterly vesting dates; and 16 2/3% of the shares in equal quarterly installments over the next four (4) quarterly vesting dates. The Option and RSU awards will be made in accordance with and subject to the Company's applicable Equity Incentive Plan (the "Plan") and related documents and award grant notices including the Company's incentive compensation recoupment policy, that you will be required to sign. Vesting in the awards is subject to your continued service with the Company through each vesting date, as described in the applicable award agreement, and no right to any equity is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continued vesting or employment.

5. Compliance with Confidentiality Agreement and Company Policies. As a condition of our employment, you agree to the Company's At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidentiality Agreement**"). In addition, you are required to abide by the Company's policies and procedures, as modified from time to time within the Company's discretion (including without limitation, acknowledging in writing that you have read and will comply with any applicable Company Employee Handbook); *provided, however*, that in the event the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

6. Protection of Third Party Information. In your work for the Company, you will be expected not to make any unauthorized use or disclosure of any confidential or proprietary information, including trade secrets, of any former employer or other third party to whom you have contractual obligations to protect such information. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You represent that you are able to perform your job duties within these guidelines, and you are not in unauthorized possession of any unpublished documents, materials, electronically-recorded information, or other property belonging to any former employer or other third party to whom you have a contractual obligation to protect such property. In addition, you represent and warrant that your employment by the Company will not conflict with any prior employment or consulting agreement or other agreement with any third party, that you will perform your duties to the Company

without violating any such agreement(s), and that you have disclosed to the Company in writing any contract you have signed that may restrict your activities on behalf of the Company.

7. At-Will Employment Relationship. You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice. The at-will employment relationship between you and the Company may not be changed, except by a specific written agreement signed by the CEO of the Company. We request that, in the event of resignation, you give the Company at least two (2) weeks' notice.

8. Severance. You will be eligible for the following severance benefits (the "**Severance Benefits**"), each as described and pursuant to the terms and conditions set forth below.

(a) Termination without Cause/Resignation for Good Reason Not in Connection with a Change in Control. If the Company terminates your employment without Cause (as defined below) (other than as a result of your death or disability) or you resign for Good Reason (as defined below) (either such termination referred to as a "**Qualifying Termination**") and the Company is not in a Change in Control Period (as defined in Section 8(b)), and provided such termination or resignation constitutes a Separation from Service (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), then subject to Sections 10 ("Conditions to Receipt of Severance Benefits") and 11 ("Return of Property") below and your continued compliance with the terms of this Agreement (including without limitation Section 5 ("Compliance with Confidentiality Agreement and Company Policies") above), the Company will provide you with the following as your sole severance benefits:

1) Cash Severance. The Company will pay you, as cash severance, six (6) months of your base salary in effect as of your Separation from Service date, less standard payroll deductions and tax withholdings. Subject to Section 14, the Company may pay this severance amount in either a lump sum payment or in installments in the form of continuation of your base salary payments. The Company will notify you of its election within ten (10) business days following the Qualifying Termination. Should the Company elect to pay you in a lump sum, such payment will be made on the Company's first regular payroll date that is more than sixty (60) days following your Separation from Service date. Should the Company elect to pay you in installments, such installments will be paid on the Company's ordinary payroll dates, commencing on the Company's first regular payroll date that is more than sixty (60) days following your Separation from Service date, and shall be for any accrued base salary for the sixty (60)-day period plus the period from the sixtieth (60th) day until the regular payroll date, if applicable, and all salary continuation payments thereafter, if any, shall be made on the Company's regular payroll dates.

2) COBRA Severance. As an additional Severance Benefit, the Company will continue to pay the cost of your health care coverage in effect at the time of your Separation from Service, either under the Company's regular health plan (if permitted), or by paying your COBRA premiums (the "**COBRA Severance**"), for a maximum of six (6) months. The Company's obligation to pay the COBRA Severance on your behalf will cease if you obtain health care coverage from another source (e.g., a new employer or spouse's benefit plan), unless otherwise prohibited by applicable law. You must notify the Company within two (2) weeks if you obtain coverage from a new source. This payment of COBRA Severance by the Company would not expand or extend the maximum period of COBRA coverage to which you would otherwise be entitled under applicable law. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA Severance without

potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your group health coverage in effect on the date of your termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall be made on the last day of each month regardless of whether you elect COBRA continuation coverage and shall end on the earlier of (x) the date upon which you obtain other coverage or (y) the last day of the sixth (6th) calendar month following your Separation from Service date.

(b) Termination without Cause/Resignation for Good Reason in Connection with a Change in Control. In the event of a Qualifying Termination that occurs during the period beginning one month prior to a Change in Control and ending twelve (12) months following the closing of such Change in Control (such period, the “**Change in Control Period**”), provided such Qualifying Termination constitutes a Separation from Service, then subject to Sections 10 (“Conditions to Receipt of Severance Benefits”) and 11 (“Return of Property”) below and your continued compliance with the terms of this Agreement (including without limitation Section 5 (“Compliance with Confidentiality Agreement and Company Policies”) above), then the Company will provide you with the following as your sole severance benefits:

1) Cash Severance. The Company will pay you, as cash severance, twelve (12) months of your base salary in effect as of your Separation from Service date, less standard payroll deductions and tax withholdings. Subject to Section 14, the Company may pay this severance amount in either a lump sum payment or in installments in the form of continuation of your base salary payments. The Company will notify you of its election within ten (10) business days following the Qualifying Termination. Should the Company elect to pay you in a lump sum, such payment will be made on the Company’s first regular payroll date that is more than sixty (60) days following your Separation from Service date. Should the Company elect to pay you in installments, such installments will be paid on the Company’s ordinary payroll dates, commencing on the Company’s first regular payroll date that is more than sixty (60) days following your Separation from Service date, and shall be for any accrued base salary for the sixty (60)-day period plus the period from the sixtieth (60th) day until the regular payroll date, if applicable, and all salary continuation payments thereafter, if any, shall be made on the Company’s regular payroll dates.

2) COBRA Severance. As an additional Severance Benefit, the Company will provide you COBRA Severance for a maximum of twelve (12) months. The Company’s obligation to pay the COBRA Severance on your behalf will cease if you obtain health care coverage from another source (e.g., a new employer or spouse’s benefit plan), unless otherwise prohibited by applicable law. You must notify the Company within two (2) weeks if you obtain coverage from a new source. This payment of COBRA Severance by the Company would not expand or extend the maximum period of COBRA coverage to which you would otherwise be entitled under applicable law. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA Severance without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would be required to pay to continue your group health coverage in effect on the date of your termination (which amount shall be based on the premium for the first month of COBRA coverage), which payments shall be made on the last day of each month regardless of whether you elect COBRA continuation coverage and shall end on the earlier of (x) the date upon which you obtain other coverage or (y) the last day of the twelfth (12th) calendar month following your Separation from Service date.

3) Accelerated Vesting. As an additional Severance Benefit, the Company shall accelerate the vesting of any equity awards then held by you such that one hundred percent (100%) of such awards shall be deemed immediately vested (and, as applicable, exercisable) as of your Separation from Service date, except to the extent that the equity award grant documentation relating to an equity award contains an explicit provision to the contrary.

9. Resignation Without Good Reason; Termination for Cause; Death or Disability. If, at any time, you resign your employment without Good Reason, or the Company terminates your employment for Cause, or if either party terminates your employment as a result of your death or disability, you will receive your base salary accrued through your last day of employment, as well as any unused vacation (if applicable) accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including any Severance Benefits, other than any rights to which you are entitled under the Company's benefit programs. In addition, under no circumstance will you receive the Severance Benefits under both Sections 8(a) and 8(b) above.

10. Conditions to Receipt of Severance Benefits. Prior to and as a condition to your receipt of any of the Severance Benefits described above, you shall execute and deliver to the Company an effective release of claims in favor of and in a form acceptable to the Company (the "Release") within the timeframe set forth therein, but not later than forty-five (45) days following your Separation from Service date, and allow the Release to become effective according to its terms (by not invoking any legal right to revoke it) within any applicable time period set forth therein (such latest permitted effective date, the "Release Deadline").

11. Return of Company Property. Upon the termination of your employment for any reason, as a precondition to your receipt of the Severance Benefits (if applicable), within five (5) days after your Separation from Service Date (or earlier if requested by the Company), you will return to the Company all Company documents (and all copies thereof) and other Company property within your possession, custody or control, including, but not limited to, Company files, notes, financial and operational information, customer lists and contact information, product and services information, research and development information, drawings, records, plans, forecasts, reports, payroll information, spreadsheets, studies, analyses, compilations of data, proposals, agreements, sales and marketing information, personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones, tablets, handheld devices, and servers), credit cards, entry cards, identification badges and keys, and any materials of any kind which contain or embody any proprietary or confidential information of the Company, and all reproductions thereof in whole or in part and in any medium. You further agree that you will make a diligent search to locate any such documents, property and information and return them to the Company within the timeframe provided above. In addition, if you have used any personally-owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or information of the Company, then within five (5) days after your Separation from Service date you must provide the Company with a computer-useable copy of such information and permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. If requested, you shall deliver to the Company a signed statement certifying compliance with this section prior to the receipt of the Severance Benefits.

12. Outside Activities. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor,

investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange.

13. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

For purposes of this Agreement, “**Cause**” for termination will mean your: (a) conviction (including a guilty plea or plea of nolo contendere) of any felony; (b) commission or attempted commission of or participation in a fraud or act of dishonesty or misrepresentation against the Company; (c) willful and continued failure to follow the lawful directions of the Board or the officers of the Company to whom you report, and failure to cure such failure within a reasonable time after receiving written notice from the Company of the claimed failure; (d) deliberate harm or injury, or attempt to deliberately harm or injure, the Company; (e) willful misconduct that materially discredits or harms the Company or its reputation; (f) material violation or breach of any written and fully executed contract or agreement between you and the Company, including without limitation, material breach of your Confidentiality Agreement, or of any Company policy, or of any statutory duty you owe to the Company; (g) gross negligence or willful misconduct; (h) failure to cooperate with any investigation as requested by the Board or officers of the Company to whom you report or (i) unauthorized use of confidential information that causes material harm to the Company. The determination that a termination is for Cause shall be made by the Company in its sole discretion.

For purposes of this Agreement, you shall have “**Good Reason**” for resigning from employment with the Company if any of the following actions are taken by the Company without your prior written consent: (a) a material reduction in your base salary or target annual bonus (unless pursuant to a salary reduction program applicable generally to the Company’s similarly situated employees); (b) a material reduction in your duties (including responsibilities and/or authorities), *provided, however*, that a change in job position (including a change in title or change resulting from a Change in Control transaction) shall not be deemed a “material reduction” in and of itself unless your new duties are materially reduced from the prior duties; or (c) relocation of your principal place of employment to a place that increases your one-way commute by more than thirty-five (35) miles as compared to your then-current principal place of employment immediately prior to such relocation. In order to resign for Good Reason, you must provide written notice to the Company’s Chief Legal Officer within 90 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for your resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, you must resign from all positions you then hold with the Company not later than 30 days after the expiration of the cure period.

For purposes of this Agreement, “**Change in Control**” shall have the meaning ascribed to such term in the Stitch Fix, Inc. 2017 Incentive Plan, as it may be amended from time to time.

14. Compliance with Section 409A. It is intended that the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended, (the “**Code**”) (Section 409A, together with any state law of similar effect, “**Section 409A**”) provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5)

and 1.409A-1(b)(9). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if the Company (or, if applicable, the successor entity thereto) determines that any of the Severance Benefits constitute “deferred compensation” under Section 409A and you are, on the date of your Separation from Service, a “specified employee” of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code (a “**Specified Employee**”), then, solely to the extent necessary to avoid the incurrence of adverse personal tax consequences under Section 409A, the timing of such Severance Benefits shall be delayed until the earliest of: (i) the date that is six (6) months and one (1) day after your Separation from Service date, (ii) the date of your death, or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments or benefits deferred pursuant to this section shall be paid in a lump sum or provided in full by the Company (or the successor entity thereto, as applicable), and any remaining payments due shall be paid as otherwise provided herein. No interest shall be due on any amounts so deferred. If any of the Severance Benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which you have a Separation from Service, the Release will not be deemed effective any earlier than the Release Deadline. The Severance Benefits are intended to qualify for an exemption from application of Section 409A or comply with its requirements to the extent necessary to avoid adverse personal tax consequences under Section 409A, and any ambiguities herein shall be interpreted accordingly. Notwithstanding anything to the contrary herein, to the extent required to comply with Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A. With respect to reimbursements or in-kind benefits provided to you hereunder (or otherwise) that are not exempt from Section 409A, the following rules shall apply: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one of your taxable years shall not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (ii) in the case of any reimbursements of eligible expenses, reimbursement shall be made on or before the last day of your taxable year following the taxable year in which the expense was incurred, (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit. If the Company’s ability to choose between a lump sum severance payment or a series of severance payments could subject you to adverse taxation under Section 409A, then such severance payments shall be paid in installments in the case of payments under Section 8(a)(1), and in a lump sum in the case of payments under Section 8(b)(1); *provided, however*, that if this difference in default treatment would subject you to adverse taxation under Section 409A, then such severance payments shall be made in a lump sum in the case of payments under Section 8(a)(1) or 8(b)(1).

15. Section 280G; Parachute Payments.

(a) If any payment or benefit you will or may receive from the Company or otherwise (a “**280G Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then any such 280G Payment provided pursuant to this Agreement (a “**Payment**”) shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax

or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”).

(b) Notwithstanding any provision of subsection (a) above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Unless you and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the change in control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section 15 (“**Section 280G; Parachute Payments**”). The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a 280G Payment becomes reasonably likely to occur (if requested at that time by you or the Company) or such other time as requested by you or the Company.

(d) If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 15(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 15(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 15(a), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

16. Dispute Resolution. Section 9 of the Confidentiality Agreement (Arbitration; Legal and Equitable Remedies) shall apply to the terms of this letter and any disputes that may arise in connection with your employment with the Company.

17. Miscellaneous. This Agreement, together with your Confidentiality Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's or Board's discretion in this Agreement, require a written modification approved by the Company and signed by a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic image copies of signatures shall be equivalent to original signatures.

18. Conditional Offer. This offer of employment is conditioned upon the following:

(a) The Company reserves the right to conduct background investigations, drug screens, and/or reference checks on all of its potential employees. If we conduct a background check using an outside agency, you will be provided a disclosure and authorization form and a notice of your rights, as applicable. This job offer is contingent upon our receipt of satisfactory results from such a background investigation, drug screen, and/or reference check, if any.

(b) For purposes of federal immigration law compliance, you will be required to provide to the Company appropriate evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

(c) You will be required to sign an acknowledgment that you have read and will comply with the Company's Code of Conduct. As a Company employee, you will be required to abide by all Company policies and directives.

(d) You are required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, a copy of which will be included with your new hire paperwork. Please note that we must receive your signed agreement within the first three business days of employment.

Please sign and date this Agreement and return it to me on or before 5pm pacific time on **Tuesday, October 24, 2023** if you wish to accept employment at the Company under the terms described above. This offer will expire if I do not receive this signed letter by that date. I would be happy to discuss any questions that you may have about these terms.

We are delighted to be making this offer and the Company looks forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

/s/ Matt Baer

Matt Baer

CEO

Reviewed, Understood, and Accepted:

/s/ Tony Bacos October 20, 2023 _____

Tony Bacos

Date



STITCH FIX™

Insider Trading Policy

Approved by the Board of Directors on June 21, 2023

Because Stitch Fix, Inc. has issued securities that are publicly traded, it is important that you follow this policy and federal and state securities laws. During the course of your relationship with Stitch Fix, Inc. (the “Company”), you will learn information that is material and not publicly known. **It is illegal for you to purchase or sell our securities or the securities of companies working with us on the basis of material, nonpublic information. It is also illegal for you to pass such information on to others who may use it to purchase or sell our securities.** All restrictions in this policy also apply to transactions in the securities of other companies, to the extent you have learned material, nonpublic information about these companies as a result of your role with the Company.

Covered Individuals

This policy (“Policy”) applies to all directors, officers, employees, consultants, and contractors of the Company (“Covered Individuals”). You are responsible for making sure that this policy is followed by anyone living in your household, any other individuals whose transactions are directed by you or subject to your influence or control, and any entities controlled by you or by any of the foregoing persons.

Statement of Policy

This policy prohibits not only illegal activities, but also other trading activities. These additional restrictions are designed to protect both you and the Company from even the appearance of improper activity. Our policy is as follows:

1. Material Nonpublic Information. You may not purchase or sell any type of security while you possess information that is both “material” and “nonpublic” relating to the security or the issuer of such security in breach of a duty of trust or confidence, whether the issuer of such security is the Company or any other company. In addition, if a Covered Individual is in possession of material nonpublic information about other publicly traded companies, such as suppliers, customers, competitors or potential acquisition targets, the Covered Individual may not trade in such other companies’ securities until the information becomes public or is no longer material. Further, no Covered Individual shall purchase or sell any security of any other company, including another company in the Company’s industry, while in possession of material nonpublic information if such information is obtained in the course of the Covered Person’s employment or service with the Company.

2. Definitions.

Material information is information that a reasonable person would consider important in deciding whether to purchase, sell or hold a security, or information that is likely to have a significant effect on the market price of the security. For example, material information may include (but is not limited to) financial results, major partnership or product developments or announcements, merger or acquisition news, litigation filings or results, cybersecurity incidents, governmental actions, key personnel hires or departures, or pending public or private sales of debt or equity securities.

Nonpublic information is information that has not been announced publicly, such as by press release, conference call, a public filing with the U.S. Securities and Exchange Commission (the “SEC”) or similar means of public dissemination. You must wait until the second trading day after the information is publicly announced before you can trade. For example, if the information is publicly announced late on a Tuesday, you cannot trade until Thursday (assuming Wednesday was a trading day). In addition, you are not allowed to purchase or sell securities during any “blackout” period implemented by the Company, as described below.

Securities includes stocks, bonds, notes, debentures, options, warrants, equity and other convertible securities, as well as derivative instruments.

Purchase includes not only the actual purchase of a security, but also any contract to purchase or otherwise acquire a security.

Sale includes not only the actual sale of a security, but also any contract to sell or otherwise dispose of a security.

The following are not considered Purchases or Sales under this Policy:

- cashless exercises of options that do not involve an open-market sale of securities;
- vesting of restricted stock units and settlement of such units in shares of the Company’s stock, as well as Company withholding of shares of stock to satisfy tax withholding obligations in connection with vesting;
- purchases or sales of the Company’s securities made pursuant to a plan adopted in accordance with Rule 10b5-1 (“Rule 10b5-1”) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or transactions under a non-Rule 10b5-1 trading arrangement as defined in Item 408(c) of Regulation S-K.

3. Restrictions on Material Nonpublic Information. You may not discuss material, nonpublic information about the Company with anyone outside the Company or other Covered Individuals who are not in possession of such information. This prohibition covers spouses, family members, friends, other employees without a need to know such information, persons with whom we are doing business (except to the extent that such persons are covered by a non-disclosure agreement and the discussion is necessary to accomplish a business purpose of the Company). This prohibition also includes disclosing material, nonpublic information on social media, blogs, or bulletin boards, even if done anonymously.

4. Trading Windows and Blackout Periods. To limit trading at times when persons covered by this policy may possess material nonpublic information, the Company has instituted quarterly trading windows and blackout periods and may institute special trading blackout periods from time to time. You may purchase or sell our securities only when the trading window period is open and when you do not possess material, nonpublic information about the Company. Directors and officers and certain other employees of the Company must also receive approval prior to trading in the Company’s securities, as described in paragraph 5 below. Trading window periods are those periods of time during which Covered Individuals can trade our securities, so long as they are not in possession of material, nonpublic information. At these times, the trading window is said to be “open.” We also impose the following standard “blackout” periods when the trading window is “closed.”

(a) Quarterly Blackout Period. All equity-eligible Company employees and employees who have previously been granted equity (and their controlled entities and household members) are subject to quarterly blackout periods (“Quarterly Blackout”). The Quarterly Blackout begins 21 days prior to the end of each fiscal quarter and ends at the start of the second full trading day following the date of public disclosure of the financial results for the prior fiscal quarter. This period is a particularly sensitive

time for transactions involving the Company's securities due to the fact that, during this period, individuals may often possess or have access to material nonpublic information relevant to the expected financial results for the quarter. From time to time, the Chief Legal Officer or their designate may update and revise the categories of persons as such officer may deem appropriate.

(b) Special Blackout Periods. In addition, from time to time, we may inform certain personnel that the window is "closed" for them ("Special Blackout"). A Special Blackout may be implemented if, in the judgment of the Chief Legal Officer or their designate, there exists material, non-public information that would make trades by these persons inappropriate. It is important to note that the fact that a Special Blackout has been implemented is considered inside information, it and should not be disclosed to others that the Company has suspended trading. If a Special Blackout has been imposed due to the existence of material, nonpublic information, generally the window period will not re-open until the beginning of the second trading day (e.g., one full trading day has elapsed) after the Company's public dissemination of the material, nonpublic information, or until such time a determination is made that it is no longer material, nonpublic information. The Chief Legal Officer or their designate will notify individuals when a Special Blackout has been implemented and when it has been lifted.

(c) Exceptions. A Covered Individual who believes that special circumstances require them to trade outside an open window period should consult with the Company's Chief Legal Officer or their designate. Permission to trade outside the open window period (during a trading blackout) will be granted only where the circumstances are extenuating and there appears to be no significant risk that the trade may subsequently be questioned. Trading activities that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) or that are small transactions are not exempted from this Policy. The insider trading laws do not recognize any mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

5. Pre-Clearance Requirements for Directors, Officers and Certain Employees. In addition to the requirements of paragraph 4 above, the Chief Legal Officer or their designate will designate a list of persons or categories of persons who (with their controlled entities and household members) ("Covered Insiders") may not engage in any transaction in the Company's securities, including any purchase or sale in the open market, loan, or other transfer of beneficial ownership, without first obtaining pre-clearance of the transaction from the Chief Legal Officer or their designate at least two business days in advance of the proposed transaction. Pre-clearance should not be understood to represent legal advice by the Company that a proposed transaction complies with the law. A request for pre-clearance should include the identity of the Covered Insider, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other securities involved. In addition, the Covered Insider must execute a certification that he or she is not aware of material nonpublic information about the Company. The Chief Legal Officer or their designate, or the Chief Financial Officer for transactions by the Chief Legal Officer, will then determine whether the transaction may proceed and, if required, will coordinate the Company's assistance in complying with the reporting requirements under Section 16(a) of the Exchange Act, if any. Pre-cleared transactions not completed within five business days shall require new pre-clearance under the provisions of this paragraph. Notwithstanding receipt of pre-clearance, if the Covered Insider becomes aware of material nonpublic information, or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established Rule 10b5-1 plan or non-Rule 10b5-1 trading arrangement that has been preapproved in accordance with this policy are not subject to further preclearance. The Company may, at its discretion, shorten such period of time. Additional persons or categories of persons may be designated as Covered Insiders by the Chief Legal Officer or their designate at any time and from time to time as such officer may deem appropriate. None of the Company, the Chief Legal Officer, or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance.

6. Special and Prohibited Transactions.

(a) **Inherently Speculative Transactions.** You may not engage in short sales, transactions in put options, call options or other derivative securities on an exchange or in any other organized market, or in any other inherently speculative transactions with respect to Company securities.

(b) **Hedging Transactions.** You may not engage in hedging or monetization transactions. Such transactions include a number of possible mechanisms, including prepaid variable forwards, equity swaps, collars and exchange funds. These hedging transactions permit a person to continue to own Company securities obtained through employee benefit plans or otherwise without the full risks and rewards of ownership. When that occurs, that person may no longer have the same objectives as the Company's other shareholders.

(c) **Margin Accounts and Pledged Securities.** You are prohibited from holding Company securities in a margin account or otherwise pledging Company's securities as collateral for a loan. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities and therefore is prohibited under this Policy.

7. **Standing and Limit Orders.** Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 plans, as discussed below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when you are in possession of material nonpublic information. We therefore discourage placing standing or limit orders on Company securities. If you determine that you must use a standing order or limit order (other than under an approved Rule 10b5-1 plan), the order should be limited to a short duration and you are required to cancel such instructions immediately in the event restrictions are imposed on your ability to trade pursuant to the Quarterly Blackouts and Special Blackouts as described above.

8. **Prohibition on Recommending our Securities.** You may never recommend to another person that he or she purchase, hold or sell our securities.

9. **Post-Termination Transactions.** If an individual is in possession of material nonpublic information when the individual's service terminates, the individual may not trade in the Company's securities until that information has become public or is no longer material. If a Covered Individual's services terminates during a Quarterly Blackout Period, the individual may not trade in the Company's securities until the Blackout Period ends.

Rule 10b5-1 Plans

The trading restrictions set forth in this policy, other than the prohibitions described above, do not apply to (1) transactions under a previously established contract, plan or instruction to trade in the Company's securities entered into accordance with or that comply with the requirements of Rule 10b5-1 (a "Trading Plan") or (2) transactions under a previously established contract, plan or instruction to trade in the Company's securities that satisfies the elements of a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K (a "Trading Arrangement"), in each case which has been

submitted to and preapproved by the Chief Legal Officer or their designate. So long as the plan or arrangement is properly established, trading pursuant to a plan or arrangement may occur even at a time outside of our trading window period (i.e., during a blackout period) or when the plan participant is aware of material, nonpublic information. Each draft trading plan or arrangement must be reviewed and pre-approved by the Legal department on behalf of the Company, solely to confirm compliance with the guidelines set forth herein and federal securities laws. The Company will not review or pre-approve the trading specifics of any plan or arrangement, just the compliance of the plan or arrangement with federal securities laws. These plans or arrangements may only be established and subsequently amended during an open window and at a time when the Covered Insider is not aware of material, nonpublic information.

Once the plan or arrangement is prepared and becomes effective, it cannot be changed, terminated or deviated from except with approval by our Legal department and only during an open window and at a time when the Covered Insider is not aware of material, nonpublic information. Furthermore, modifications of a Trading Plan that change the amount, price, or timing of the purchase or sale of the securities underlying a Trading Plan will trigger a new cooling-off period as required by Rule 10b5-1. The Chief Legal Officer or their designate may impose such other conditions on the implementation and operation of a Trading Plan or Trading Arrangement as the Chief Legal Officer or their designate deems necessary or advisable. Individuals may not adopt more than one Trading Plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to preapproval by the Chief Legal Officer or their designate. A Covered Insider may not materially amend or modify their existing plan, or terminate and adopt a new plan, more than once per calendar year.

The Company reserves the right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Trading Plan and Trading Arrangement, or the execution of transactions made under a Trading Plan or Trading Arrangement. The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Trading Plan or Trading Arrangement if the Chief Legal Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Trading Plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, and none of the Company, the Chief Legal Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Trading Plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Trading Plan

Consequences of Violations

Violations of either the insider trading laws or this Policy are extremely serious matters. The U.S. Securities and Exchange Commission and the stock exchanges monitor stock trading and routinely investigate suspicious activity. The penalties for violating the insider trading laws are severe (including fines and imprisonment and serious criminal or civil charges against the individual and the Company), and even having to respond to an investigation can result in significant legal expenses and unwanted negative publicity for both you and the Company.

In addition, violation of this policy may result in severe personnel action, including termination of your employment or other relationship with us. The Company reserves the right to take whatever disciplinary or other measure(s) it determines in its sole discretion to be appropriate in any particular situation, including disclosure of wrongdoing to governmental authorities.

Additional Information and Questions

If you have any questions about any aspect of this policy, you are encouraged to contact the Legal Department (asklegal@stitchfix.com).

Interpretation, Amendment, and Implementation of this Policy

The Chief Legal Officer or their designate shall have the authority to interpret and implement this policy. This authority includes interpreting or waiving the terms of the policy, to the extent consistent with its general purpose and applicable securities laws.

List of Subsidiaries of Stitch Fix, Inc.

Name of Subsidiary	Jurisdiction
Stitch Fix Gift Cards, LLC	Virginia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-221650, 333-234058, 333-234323, 333-246358, 333-259820, 333-264376, 333-267543, and 333-274602 on Form S-8 of our report dated September 25, 2024, relating to the financial statements of Stitch Fix, Inc. and its subsidiaries (the “Company”), and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the fiscal year ended August 3, 2024.

/s/ Deloitte & Touche LLP

San Francisco, California
September 25, 2024

CERTIFICATION

I, Matt Baer, certify that:

1. I have reviewed this annual report on Form 10-K of Stitch Fix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2024

/s/ Matt Baer

Matt Baer

Chief Executive Officer and Director

(Principal Executive Officer)

CERTIFICATION

I, David Aufderhaar, certify that:

1. I have reviewed this annual report on Form 10-K of Stitch Fix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2024

/s/ David Aufderhaar

David Aufderhaar

Chief Financial Officer

(Principal Financial and Accounting Officer)

CERTIFICATION

In connection with the Annual Report of Stitch Fix, Inc. (the "Company") on Form 10-K for the period ended August 3, 2024, as filed with the Securities and Exchange Commission (the "Periodic Report"), we, Matt Baer, Chief Executive Officer of the Company, and David Aufderhaar, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

1. The Periodic Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 25, 2024

/s/ Matt Baer

Matt Baer
Chief Executive Officer and Director
(Principal Executive Officer)

/s/ David Aufderhaar

David Aufderhaar
Chief Financial Officer
(Principal Financial and Accounting Officer)