VGR

// Q2 FY2027

DECKERS BRANDS

UGG HOKA Teva

VGR MARKET INTELLIGENCE

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01

Executive Summary

Primary source: Deckers Brands, "Deckers Brands Reports Second Quarter Fiscal Year 2027 Financial Results", Exhibit 99.1 to the Form 8-K, 22 October 2026. https://www.sec.gov/Archives/edgar/data/910521/000091052126000028/deckex991pressrelease-9302.htm Analysis by Pau Almar, VGR.

Net sales rose 3.5% to $1,480.6m, but a $46.0m tariff refund carries the profit: without it the operating margin rose 38bp, not 348bp

Deckers reported second-quarter net sales of $1,480.6m against $1,430.8m, up 3.5% and 2.8% in constant currency. Gross margin was 60.5% against 56.2%, operating income $389.5m against $326.5m and diluted EPS $2.31 against $1.82, up 27%. The company states that IEEPA tariff net refunds of $46.0m reduced cost of sales and are worth about 310bp of gross and operating margin and $0.28 of EPS. Removing the refund, gross margin was 57.4%, up 117bp, operating income $343.5m, up 5.2%, and EPS $2.03, up 11.5%. Selling, general and administrative expenses rose 5.9% to $505.7m, faster than sales, and took 80bp of margin.

HOKA grew 6.8% and UGG 3.5%, wholesale rose 5.5% and direct-to-consumer fell 1.8%, with comparable DTC down 6.4%

HOKA added $43.1m to $677.2m and UGG $26.8m to $786.4m; the other brands lost $20.2m to $17.0m, which the company ties to the phase-out of Koolaburra. Wholesale added $57m to $1,093m, 73.8% of sales. DTC fell to $387.5m, 26.2% of sales against 27.6%. International sales rose 9.0% to $644.7m and domestic sales fell 0.4% to $835.8m. The release gives no growth split between price, volume and mix, and no brand-level currency growth.

The company bought back $299.3m, 96% of the quarter's net income, and cash fell to $1,209.7m with no borrowings

Six-month repurchases were $637.5m, 144% of six-month net income of $443.1m, and the diluted share count fell 8.4% to 135.3m, which lifted EPS growth above net income growth of 16.8%. Cash is $697.5m below its 31 March level. Inventories of $860.8m were 3.0% above a year earlier on sales up 3.5%.

Full-year guidance is $5.700bn to $5.725bn of sales and $7.80 to $7.95 of EPS, of which about $0.52 is refunds

The guidance implies a second half with gross margin of about 58.3%, operating margin of about 23.9% and EPS of $4.56 to $4.71. The release does not state the prior outlook, so the size of the raise is not measurable from this document.

WHAT TO WATCH

Third-quarter release, quarter ending 31 December 2026; date not stated in the release. Direct-to-consumer comparable net sales. A continuation is a second decline after -6.4%; a break is growth.

Same release. SG&A as a percentage of net sales. A continuation is a rate above the prior-year quarter after +80bp in the second quarter; the guided 35.5% for the full year implies about 34.3% in the second half.

Same release. Gross margin excluding any further tariff refund. A continuation is a rate near 57%; the outlook assumes no refunds beyond those received by 8 October.

02

The period in figures

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DECKERS BRANDS · NYSE: DECK · SECOND QUARTER FY2027 · USD AS PUBLISHED

FINANCIAL YEAR ENDS 31 MARCH 2027 · PERIOD ENDED 30 SEPTEMBER 2026 · REPORTED 22 OCTOBER 2026 · ANALYSIS 26 OCTOBER 2026

NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
+3.5%	+11.4%	+19.3%	+16.8%
1,480.6 vs 1,430.8	895.1 vs 803.8	389.5 vs 326.5	313.1 vs 268.2
	GROSS MARGIN	OPERATING MARGIN	RoS
	60.5%	26.3%	21.1%
	from 56.2%	from 22.8%	from 18.7%
NET REVENUES, CONSTANT CURRENCY	DTC COMPARABLE SALES	DILUTED EPS	DAYS OF INVENTORY
+2.8%	-6.4%	$2.31	132.3
vs +3.5% reported	company-stated	from $1.82, +26.9%	from 119.9

$m, quarter against the same quarter a year earlier; all lines as reported, including the $46.0m tariff refund in cost of sales and $3.0m of interest in other income; growth, margins and RoS are VGR arithmetic on the company's thousands

Deckers reports in US dollars under US GAAP; its fiscal year ends on 31 March, so the quarter is the second of fiscal 2027 and the six months to 30 September are its first half. The release states a constant-currency change for group net sales only. Every figure is from the release.

$M	Q2 27	Q2 26	CHANGE
Net sales	1,480.6	1,430.8	+3.5%
Cost of sales	585.4	627.0	-6.6%
Gross profit	895.1	803.8	+11.4%
SG&A	505.7	477.3	+5.9%
Income from operations	389.5	326.5	+19.3%
Total other income, net	14.0	15.8	-11.6%

$M	Q2 27	Q2 26	CHANGE
Income tax expense	90.3	74.2	+21.7%
Net income	313.1	268.2	**+16.8%**
Diluted EPS, $	2.31	1.82	**+26.9%**
Diluted shares, m	135.3	147.7	**-8.4%**

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), condensed consolidated statements of comprehensive income. Changes are VGR arithmetic on the disclosed thousands. Other income is printed in brackets in the release but is an addition to operating income.

03

The restatement bridge

Two items separate the reported quarter from a comparable one. The first is the IEEPA tariff refund: $46.0m of net refunds reduced cost of sales and $3.0m of interest was booked in other income. The company gives the margin effect as about 310bp and the EPS effect as about $0.28. The second is the Koolaburra phase-out, which depresses the other brands, wholesale and domestic lines, with no amount disclosed.

$M	AS REPORTED	REFUND	EXCLUDING REFUND
Net sales	1,480.6		1,480.6
Gross profit	895.1	(46.0)	849.1
Gross margin	60.5%	(310bp)	57.4%
Income from operations	389.5	(46.0)	343.5
Operating margin	26.3%	(310bp)	23.2%
Diluted EPS, $	2.31	(0.28)	2.03

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), footnote (1). The ex-refund column is VGR arithmetic on the company's $46.0m, $0.28 and 310bp; the prior-year quarter is not restated because the release reports no refund in it.

Against the prior-year gross margin of 56.2%, the ex-refund margin of 57.4% is up 117bp; the other 311bp of the reported 428bp rise is refund. Operating margin ex-refund is up 38bp on 22.8%. The release does not say what drove the 117bp, such as price, product cost or mix.

04

Growth composition

$M	Q2 27	Q2 26	CHANGE
HOKA	677.2	634.1	+6.8%
UGG	786.4	759.6	+3.5%
Other brands	17.0	37.2	-54.3%
Wholesale	1,093.0	1,036.0	+5.5%
Direct-to-consumer	387.5	394.6	-1.8%
Domestic	835.8	839.5	-0.4%
International	644.7	591.3	+9.0%

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), quarter review. Wholesale is stated as $1.093 billion and $1.036 billion. Changes as stated by the company.

Brands, channels and geographies each sum to net sales of $1,480.6m. HOKA is 45.7% of sales against 44.3%, UGG 53.1% unchanged, international 43.5% against 41.3%. The growth is the 2.8% of constant currency plus 0.7 points of currency, on the rounded figures. No perimeter change is disclosed other than the Koolaburra phase-out, and no price, volume or mix split is given.

05

The estate

The release gives no store count, selling space or retail sales. DTC comparable net sales fell 6.4% in the quarter while total DTC fell 1.8%, so the 4.6-point gap comes from DTC operations outside the comparable base; the release does not say what they are. Estate productivity is not calculable.

06

Margin architecture

% OF NET SALES	Q2 27	Q2 26	CHANGE, BP
Gross margin, reported	60.5%	56.2%	+428
Gross margin, excl. refund	57.4%	56.2%	+117
SG&A	34.2%	33.4%	-80
Operating margin, reported	26.3%	22.8%	+348
Operating margin, excl. refund	23.2%	22.8%	+38
Net margin	21.1%	18.7%	+241
Six months: gross margin	58.8%	56.0%	+280

% OF NET SALES	Q2 27	Q2 26	CHANGE, BP
Six months: operating margin	21.8%	20.5%	**+126**

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1). SG&A is signed by its effect on the margin. VGR arithmetic on the company's thousands.

The 117bp of underlying gross margin gain was absorbed 80bp by SG&A, leaving 38bp at the operating line. For the half the SG&A rate rose to 37.0% from 35.5%, a 154bp deleverage. The company attributes the quarter's earnings to marketplace management and expense control; the SG&A figures show expenses growing 5.9% against sales growth of 3.5%. No segment or brand profit is disclosed, so margin by brand is not calculable.

07

Inventory

Inventories were $860.8m at 30 September 2026 against $835.6m a year earlier, up 3.0% on net sales up 3.5%. On quarterly cost of sales and a 90-day basis, days of inventory were 132.3 against 119.9. Cost of sales this year is reduced by the $46.0m refund; without it the figure is 122.7 days, 2.8 days above last year. Inventory is 76.8% above 31 March 2026, a build the release does not explain. No write-down figure is disclosed. The movement is moderate: inventory is growing broadly in line with sales.

08

Working capital, cash and capital structure

$M	30 SEP 2026	31 MAR 2026	CHANGE
Cash and cash equivalents	1,209.7	1,907.2	**-36.6%**
Trade accounts receivable	675.2	319.0	+111.7%
Inventories	860.8	487.0	+76.8%
Trade accounts payable	647.9	384.5	+68.5%
Total stockholders' equity	2,321.5	2,499.6	**-7.1%**

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), condensed consolidated balance sheets. Cash was $1,414m on 30 September 2025 as stated in the text of the release, so cash is down 14.4% in a year. VGR arithmetic.

Receivables plus inventories less payables came to $888.1m against $421.5m at 31 March, a build of $466.6m. The prior-year September balance sheet is not in the release, so the year-on-year working-capital comparison is not calculable beyond inventory. The company has no borrowings, so net cash equals cash of $1,209.7m. Cash flow from operations and free cash flow are not reported in the release.

09

Capital allocation

	Q2 27	FIRST HALF
Shares repurchased, m	3.2	6.5
Amount, $m	299.3	637.5
Average price, $	93.65	98.77
Share of net income	95.6%	143.9%

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), capital allocation paragraph. Share of net income is VGR arithmetic: 299.3 / 313.1 and 637.5 / 443.1.

The authorization has approximately $4.4 billion remaining. The EPS outlook assumes $1.0 billion of repurchases for the full year, so $362.5m remains to be bought in the second half, if the guidance is met with that figure. Capital expenditure and dividends are not in the release.

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Earnings quality

$M UNLESS STATED	Q2 27	Q2 26	CHANGE
Tariff refund in cost of sales	46.0		
Interest on refund, in other income	3.0		
Total other income, net	14.0	15.8	**-11.6%**
Effective tax rate	22.4%	21.7%	+71bp
Diluted EPS growth	+26.9%		
Diluted EPS growth excl. $0.28	+11.5%		
Net income growth	+16.8%		

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1). Effective tax rate is VGR arithmetic: tax expense / income before income taxes.

The $0.28 refund benefit accounts for 15.4 of the 26.9 points of reported EPS growth. Excluding it the growth is 11.5%. Net income grew 16.8% against a share count down 8.4%. Operating income excluding the refund grew 5.2% against SG&A growth of 5.9%. The refund is a one-time recovery of past tariffs, and the company's own outlook assumes no more beyond those received by 8 October, so the margin benefit does not recur at the same size.

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Guidance and the implied requirement

ITEM	FY27 OUTLOOK	SIX MONTHS	IMPLIED SECOND HALF
Net sales	$5.700bn to $5.725bn	$2,500.1m	$3,199.9m to $3,224.9m
Gross margin	about 58.5%	58.8%	about 58.3%
SG&A, % of sales	about 35.5%	37.0%	about 34.3%
Operating margin	about 23%	21.8%	about 23.9%
Diluted EPS	$7.80 to $7.95	$3.24	$4.56 to $4.71

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1), outlook. The second half is VGR arithmetic: full-year guidance less the six months to 30 September; the margins are approximate because the guidance is. Tax is guided at about 23%.

The outlook includes about 150bp of margin and $0.52 of EPS from refunds received through 8 October. Excluding them the guidance is about 57.0% gross margin, 21.5% operating margin and $7.28 to $7.43 of EPS, by VGR subtraction of the stated figures. The company does not give the prior outlook, so whether the sales range moved cannot be tested; the release headlines EPS guidance as raised. Full-year sales growth is not calculable because fiscal 2026 net sales are not in the release. HOKA is guided to high-single-digit growth, above the 6.8% of the quarter; UGG to low-single-digit, in line with 3.5%.

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Disclosure delta and metrics not reported

- Cash flow statement, free cash flow and capital expenditure.
- Store count, selling space, and DTC split between own stores and online.
- Brand-level profit and brand-level constant-currency growth.
- EBITDA and depreciation.
- The prior full-year outlook and the third-quarter outlook.
- The Koolaburra revenue amount in the prior-year base.
- Prior-year September receivables, payables and equity.

The release states constant currency for group net sales and comparable sales for DTC, which the company defines as stores open throughout both periods, calculated in constant currency.

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The company's account, tested

CLAIM	DISPOSITION
Record revenue of $1.48 billion (release headline)	Not testable: prior quarterly peaks are not in the release
Earnings "above our expectations" through "disciplined marketplace management and a focus on expense control" (CEO)	Partly supported: ex-refund EPS rose 11.5%, but SG&A grew 5.9% against sales up 3.5%
EPS up 27% to $2.31, including a $0.28 refund benefit (release)	Supported by the disclosed figures: +26.9%; +11.5% excluding the benefit
Net benefit to gross and operating margin of about 310bp (release)	Supported by the disclosed figures: 46.0 / 1,480.6 = 3.11 points
Full-year EPS guidance raised (release)	Not testable: the prior outlook is not stated
Inventories $860.8m against $835.6m (release)	Supported by the disclosed figures: +3.0%, below net sales growth of 3.5%

Source: Deckers Brands release, 22 October 2026 (8-K Exhibit 99.1). Dispositions are VGR's; arithmetic in Deckers_Q2 FY2027_Source_Figures.md.

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Method, sources and precision

Primary source: the Exhibit 99.1 press release of 22 October 2026 with its unaudited condensed statements. Cross-foot checks: brands, channels and geographies each sum to net sales within $0.1m of rounding; net sales less cost of sales gives gross profit; gross profit less SG&A gives operating income; operating income plus other income, net gives pre-tax income; pre-tax income less tax gives net income. All tie to the thousand. Percentages carry one decimal; basis points are whole.

FIGURE	PRECISION
Growth rates, margins, bp changes, brand and channel lines	Exact on disclosed thousands; lines to the $0.1m printed
Ex-refund margins and EPS; days of inventory	Refund figures are rounded; days use period-end balances
Implied second half	Bounded by the company's approximations
Free cash flow, store productivity, prior outlook, full-year growth	Not calculable: not disclosed

VGR arithmetic, Deckers_Q2 FY2027_Source_Figures.md, PARTS 2 and 3.

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Analysis by Pau Almar, VGR.

METHODOLOGY

VGR Standardised Financial Analysis Methodology v5.
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PRIMARY SOURCE

Deckers Brands, "Deckers Brands Reports Second Quarter Fiscal Year 2027 Financial Results", Goleta, California, 22 October 2026 (Exhibit 99.1 to Form 8-K):
https://www.sec.gov/Archives/edgar/data/910521/000091052126000028/deckex991pressrelease-9302.htm

WORKING RECORD

Deckers_Q2 FY2027_Source_Figures.md. Figures in US dollars as published; nothing converted.

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