AMER SPORTS 1Q25 EARNINGS SCRIPT

Welcome everyone. Thanks for joining Amer Sports earnings call for the first quarter of fiscal year 2025. Earlier this morning we announced our financial results for the quarter ended March 31, 2025, and the release can be found on our IR website investors.amersports.com.

A quick reminder to everyone that today's call will contain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements reflect our current expectations and beliefs only. They are subject to certain risks and uncertainties that could cause actual results to differ materially. Please see the safe harbor statement in our earnings release and SEC filings. We will also discuss certain non-IFRS financial measures. Please refer to our earnings release for important information regarding such non-IFRS financial measures, including reconciliations to the most comparable IFRS financial measures.

We'll begin with prepared remarks from our CEO James Zheng and CFO Andrew Page, followed by a Q&A session, until approximately 9:00 am Eastern. James will cover key operational and brand highlights, then Andrew will provide a financial review at both the group and segment level, and also walk through our guidance for the second quarter and full year 2025. Arc'teryx CEO Stuart Haselden will join for the Q&A session.

With that, I'll turn the call over to James.

Thanks Omar.

Amer Sports began 2025 with a great performance in the first quarter, delivering sales, adjusted margins, and EPS well above expectations. We generated 23% sales growth — or 26% ex-currency — and we also expanded our adjusted operating margin by nearly 500 basis points. Our performance was led by strong growth and profitability in both Technical Apparel and Outdoor Performance, as well as solid sales and margin results in Ball & Racquet.

In addition to the continued broad-based strength from our flagship brand Arc'teryx, I'd like to highlight the growing momentum behind Salomon sneakers. We are really starting to see consumers all around the world respond to their unique performance and style attributes.

Furthermore, our market-leading hardgoods equipment franchises delivered better-than-expected results, for both Winter Sports Equipment and Wilson Ball & Racquet.

Although we are off to a great start in 2025, given macro uncertainty related to U.S. tariffs, we are operating our business with discipline and flexibility. Andrew will provide a more detailed discussion of our tariff exposure, mitigation strategies, and financial impacts. But I 'd like to emphasize that I believe we are very well positioned to manage through a wide range of tariff scenarios given our premium brands with pricing power, secular growth trends, and relatively low US revenue exposure.

Looking near- and long-term, we believe Amer Sports is a uniquely positioned company within the global sports and outdoor space. Several factors give me confidence for the rest of this year and well beyond:

First, we own and operate a unique portfolio of premium outdoor and sports brands. Each one is empowered by technical innovation and is positioned at the pinnacle of its segment. Our brands have high conversion and satisfaction, but are still small players with room to grow.

Second, Arc'teryx is a breakout growth story with great growth and profitability for the outdoor industry driven by its disruptive DTC model and unique competitive position. It is still very under-penetrated globally and still has a tremendous long-term growth opportunity.

Third, we believe Salomon sneakers have unique performance and design attributes, and the brand is experiencing accelerating momentum globally, but still has small market share of the global sneaker market.

Fourth, Wilson and our Winter Sports Equipment brands have authentic heritage, premium positioning, high performance products, and leading market positions. These high-market-share brands will deliver slower long-term growth in their core equipment businesses, but they still have large Softgoods potential, especially Wilson Tennis 360.

And fifth. We believe we have a very strong, differentiated platform in Greater China, where we continue to deliver best-in-class performance with great momentum across all three big brands.

Before I turn it over to Andrew allow me to briefly recap key brand highlights from our three segments.

Starting with Technical Apparel, which is led by our fastest growing and largest brand, Arc'teryx.

Arc'teryx delivered another great quarter, with strong growth across all regions, channels, and categories — especially footwear and women's, which continue to grow faster than the brand overall. We are encouraged to see the Technical Apparel momentum continue in the DTC channel, where we generated a +19% omni-comp in Q1. Importantly, our DTC growth was driven by strong performance in both stores and online.

We believe Arc'teryx stores are very differentiated from both a product and experience perspective. And they continue to be critical to the Arc'teryx growth strategy, especially how we engage with local consumers and community.

Arc'teryx net new store openings were flat in Q1, as 4 openings were offset by the closure of 4 legacy locations as part of our ongoing strategy to optimize the quality and productivity of our store fleet.

Key new store locations this quarter include two stores in China, one in Georgetown Washington DC, as well as our new Chamonix location, which is our first mountain town store in Europe, and has attracted great consumer interest since day 1.

Arc'teryx's store expansion strategy includes of a mix of different formats ranging from multi-level large scale Alpha Flagship stores to small-format, very distinct, Mountain town shops.

For 2025, we plan to open approximately 25 net new Arc'teryx stores globally, which incorporates a similar level of gross openings as in 2024, partially offset by the closure of certain outlets and other sub-optimal locations. We are focused on positioning Arc'teryx for sustainable long-duration growth. And developing a high-quality store network is critical to our success, and much more important than chasing fast-paced new store expansion.

For example— in Greater China we will continue to focus on optimizing Arc'teryx's retail footprint, rather than pushing new store expansion. This year we will have net store closures in China, including closing some legacy partner doors — but will grow our own store count, continuing to open larger format, high quality locations. We expect to grow revenues strong double-digits, driven by comp-store growth and replacing small less productive stores with large format high quality locations.

In Beijing, we will soon open a brand store within the Peninsula hotel, and we have plans to open 2 more shops at other Peninsula locations later this year. We are very excited that Arc'teryx will be the first sports brand to sit alongside traditional luxury brands inside this iconic hotel chain.

We also recently opened another mountain town store in Banff, a popular mountain destination in Canada, and it is a great addition to our small-but-growing portfolio of authentic mountain town locations, including Chamonix, Shangri-La, and Whistler.

Community engagement continues to be a key part of our strategy to raise brand awareness. In March we hosted our first ever Arc'teryx Academy in California at Mammoth Mountain. The event drew thousands of participants, achieved record-breaking ReBIRD sales, created 6 million media impressions, and saw a direct lift in sales in Arc'teryx stores in the Los Angeles area, as well as ecomm.

Shifting to product —
Footwear continued to be Arc'teryx's fastest growing category in Q1, as consumers continue to respond positively to what we believe is the best line of technical performance footwear designed for mountains.

This Spring we launched the Norvan LD4, an elevation of the popular silhouette made for long-distance mountain running. We also launched the Vertex Speed, which is a mountain running shoe designed to climb through technical vertical terrain.

Looking forward, Arc'teryx has an exciting pipeline for shoe launches in the second half of 2025. We believe footwear will become a sizeable and profitable growth avenue for Arc'teryx both in own retail, ecomm, and in certain wholesale accounts over time. We have now structured footwear as a separate business unit with a dedicated P&L and team focused on the category.

Women's also continued its great momentum in Q1 with double-digit growth across all regions and channels, outperforming the rest of the brand in every region. We see a big opportunity to serve women in the outdoors differently through pinnacle design and performance. A great example of our design focus on women's is the Clarkia pant, which has seen explosive growth in Q1, stocking out quickly. We are seeing rising brand awareness and affinity with women in the US and Europe as we've improved fit, style, and function.

ReBird also continues to be one of our priority strategies which we believe will truly separate us from the marketplace. Our products are long-lived and built for repair. We experience especially strong consumer engagement in all of our locations with a ReBird center. At the end of Q1, we had 25 ReBird service centers globally.

Lastly onto Veilance, which we view as the city expression of Arc'teryx. Like footwear, Veilance also now has its own P&L and management team. Our new Veilance leadership is sharply focused on developing the best product, merchandising, marketing, and go-to market strategies to drive Veilance's long-term growth opportunity. For the first time Veilance was present at Fashion Week in Paris, where the brand was positioned alongside luxury players, and received very positive feedback from buyers, industry, and media.

Moving to the Outdoor Performance segment, which delivered an excellent quarter led by Salomon Footwear and Apparel. Winter Sports Equipment results were also better than expected.

Global brand momentum behind Salomon sneakers is accelerating. Not only is the Salomon footwear franchise continuing to grow very well in China and APAC, it is now also starting to inflect in both the U.S. and Europe. Our brand awareness has doubled the past couple years, and we are now seeing very strong momentum in both Sportstyle AND our performance lines.

Salomon sneakers surpassed $1 billion of sales in 2024, but is still tiny relative to the $180 billion global sneaker market. We believe Salomon sneakers have an authentic and unique market position with technical features designed for athletes on a variety of terrains, but also great for everyday use. Our unique style and technical attributes are resonating with consumers at a time when they are more receptive than ever to wearing new sneaker brands. Long-term we expect Salomon Softgoods to grow <u>strong double-digits annually</u>.

In Q1, Salomon footwear and apparel continued its very strong growth in Greater China and APAC, while Americas accelerated, and EMEA continued its solid growth. DTC remained the fastest growing channel for the brand, and the Sportstyle offering continues to lead footwear growth. In addition to shoes, Salomon apparel, bags and socks are also experiencing great momentum.

A key brand highlight in Q1 was our first ever global footwear launch with the XT-Whisper, a new addition to our Sportstyle offering. This global synchronized launch has been a massive success, and was welcomed with excitement by customers around the globe. We did XT-Whisper collaborations with KITH and Sandy Liang in the U.S., and have seen great results from our "Whisper Girl" campaign in China.

On the performance side, we have been very pleased with the launch of the road running shoe Aeroglide 3, one of the best footwear launches in Salomon history. Aeroglide 3 uses a foam called optiFOAM Evo, which we believe represents a disruptive, new-generation material, offering the runner a new level of rebound and comfort for running on road or trail.

We are also very excited by the GRVL launch this month, a new line that offers consumers a more versatile-than-ever running shoe that performs great on various types of terrain from pavement to parks and trails.

Regionally, Salomon Softgoods is continuing to experience great sell-through and solid order books in Europe, both for Sportstyle and Performance. Sell-through for retailers continues to be strong, which is translating to healthy growth in our order books.

In Asia, DTC continues to be the critical growth channel for Salomon. Our Salomon "compact shop" format developed in China works very well, and we believe these stores generate significantly higher sales-per-square-foot vs. industry average — and continues to improve. We are continuing to expand our compact shops in Greater China, opening 22 net new Salomon shops in Q1, including both owned stores and partner stores, bringing our total count to 218. We are on track to reach nearly 300 Salomon shops in Greater China this year. We believe Salomon has the opportunity to grow to several hundred locations over time in just tier 1 and 2 cities from only 8 stores 4 years ago.

Our new Salomon flagship in Shanghai has continued to perform very well in the first few months. We will open a second Shanghai flagship in August, which will be located in the former French Concession district, known for its boutique shopping.

In the U.S., we continue to lay the groundwork to support significant future growth. And we are seeing more and more signals that the brand is gaining momentum in the world's largest sneaker market. Our first U.S. store in New York City continues to show incredible traction with consumers, and the brand is seeing strong buzz with key sneaker retailers across the City. We plan to open 3-4 more Salomon shops in the greater New York area this year, as well as continue to expand our presence in key wholesale accounts. Beyond New York, we will also focus on San Francisco and Los Angeles as epicenter markets for Salomon sneakers.

In addition to the success of Salomon sneakers, our Winter Sports Equipment brands delivered a better-than-expected end of the ski season with strong sell-through at retail, leading to better at-once reorders.

Moving to Ball & Racquet highlights. We are pleased that Ball & Racquet growth trends continued to be solid in Q1, with 12% growth driven by strength in Sportswear, Racquet Sports, and Golf.

Our Tennis 360 continues to resonate very well with consumers, from performance racquets to Softgoods, especially in Greater China.

Wilson's Performance Racquets business continues to shine, including the January launch of the Clash V3, which is off to a solid start. And in Pickle ball, we are experiencing strong response to our Vesper paddle launch.

Wilson Tennis 360 Softgoods also continued its excellent growth, nearly doubling in 1Q25. We have seen very strong response to the Intrigue women's tennis shoe. We also continue to excel in China, and will open approximately 50 more Wilson Tennis 360 shops in China this year, including both owned and partner doors, bringing the total to almost 100.

In North America, the new Tennis 360 concept store in the Dallas North Park Mall is off to a very good start. This is also true of our Tennis Footwear and Apparel test in 50 Dick's Sporting Goods locations, where we are selling through better than the competitors.

Lastly, we were pleased to see Wilson Golf have a solid improvement in sales and margin in Q1 led by the Dynapower launch this Spring, which has received positive reviews in the golf influencer community.

With that, I'll turn it over to Andrew.

Thanks James. Before I start, I want to take the time to thank our more than 13,000 Amer employees around the world. Our passionate teammates are critical to developing innovative products, engaging with consumers, and building our brands for the long term. And they also do a great job navigating the ever-changing macro environment with discipline and flexibility.

I will discuss tariffs in detail when I provide guidance. But I want to start by saying that we are very confident that our fundamental business momentum, diverse global footprint, clean balance sheet, and strong brand portfolio with pricing power will give us significant flexibility and firepower to manage through a variety of tariff scenarios.

Let's go through Q1 results first.

Amer Sports grew sales 23% in Q1, on a reported basis, and 26% in constant-currency. The strong Group sales performance was led by both Technical Apparel and Outdoor Performance, while Ball & Racquet also delivered very solid growth in the quarter.

By channel, the Group continues to be led by DTC, which grew 39% led by Salomon footwear in Greater China and APAC. We also saw solid wholesale growth of 12% led by Arc'teryx.

Regional growth was led by Asia Pacific, which increased 49%, followed by China, which grew 43%. EMEA accelerated to 12% growth, and the Americas grew 12% in Q1.

We continue to achieve very strong growth in China, and there are several reasons why we are doing so well there, and are also confident in our future growth in this important consumer market:

<u>Number one:</u> Our brands compete in one of the high-quality and fastest-growing consumer segments in China: the premium sports and outdoor market. The outdoor trend in China continues to be very robust, attracting younger consumers, female consumers, and luxury shoppers.

<u>Additionally:</u> Our still small, specialized brands are known for their expertise, high quality, and technical innovation, which resonates with Chinese shoppers.

<u>Third and most important:</u> We have a great team in China. Our deep expertise and unique, scalable operating platform gives us a significant competitive advantage across the portfolio.

Turning to profitability, adjusted gross margin increased 330 basis points to 58.0% in Q1, primarily driven by favorable channel, geographic, and product mix, as well as by lower discounts compared to prior year. Going forward, we expect our highest gross margin franchise Arc’teryx, to continue to be the biggest underlying driver of our ongoing gross margin expansion.

Adjusted SG&A expenses as a percentage of revenues leveraged by 160 basis points and represented 42.6% of revenues in Q1. Both the Technical Apparel and Outdoor Performance segments achieved SG&A leverage on very strong growth. This was partially offset by slight deleverage at Ball & Racquet due to ongoing investments in Tennis 360 and DTC growth.

Driven by both gross margin expansion and SG&A leverage, we generated a 490 basis point increase in our adjusted operating margin from 10.9% last year to 15.8% in Q1.

Adjusted corporate expenses were $19 million, up from $17 million in Q1 of last year. D&A was $78 million which includes $36 million of ROU depreciation.

Adjusted net finance cost in the quarter was $17 million, comprised of $22 million of interest expense, partially offset by $5 million of Fx gains and other items related to the weakening US dollar.

In the quarter, our adjusted income tax expense was $64 million, which equates to an adjusted effective tax rate of 30%. Better than expected, primarily due to our over-delivery on operating income.

Adjusted net income in Q1 was $148 million, compared to $50 million in the prior year period. Adjusted diluted earnings per share was $0.27 compared to adjusted diluted earnings per share of $0.11 last year.

Turning to segment results:

Technical Apparel revenues increased 28% to $664 million led by Arc'teryx. Growth was fueled by 31% DTC expansion, including a 19% omni-comp, a very good result comparing against a 36% omni-comp in the first quarter of last year. Arc'teryx DTC momentum continues to be fueled by both new and existing consumers across all regions, channels and product categories. Technical Apparel wholesale revenues grew 22%, driven by Arc'teryx.

Although it is a small part of the Technical Apparel segment, it is worth noting that we are making good progress with our Peak Performance brand, and cleaning up the marketplace in EMEA and the Nordics, shifting it to more of a full-price and DTC oriented brand. Peak's healthier core franchise is a solid base for new brand President, Stefano Saccone, to lead the brand through the next phase of its journey.

Regionally, Technical Apparel growth was led by Asia Pacific, followed by Greater China, the Americas and EMEA. All regions grew strong double digits fueled by Arc'teryx.

Technical Apparel adjusted operating margin expanded 110 basis points to 23.8%, driven by SG&A leverage thanks to strong growth.

Moving to our Outdoor Performance Segment, which saw revenues increase 25% to $502 million, driven by very strong performance in Salomon Softgoods and good results in Winter Sports Equipment. The DTC channel grew very healthy double digits driven by new store openings in Asia Pacific and Greater China and well as very solid comps from existing Salomon stores.

Outdoor Performance growth also benefited from a solid performance in Winter Sports Equipment in Q1, following a slow start to the Winter season.

By channel, Outdoor Performance DTC grew 68%, led by Greater China and APAC, and wholesale grew 9%, from the prior year period. The wholesale results were driven by both Salomon Winter Sports Equipment and Salomon Softgoods.

Regionally, Outdoor Performance growth was led by Greater China and APAC, followed by accelerating growth EMEA. The Americas was roughly flat, but only because of the Enve divestiture in 2024. Salomon softgoods saw very good growth in the Americas.

As James alluded to, the popularity of Salomon footwear is inflecting globally, and we are well positioned to appropriately and fully develop this unique opportunity over time. We believe we have very significant growth in all three major consumer regions, and have the right talent and team structures in place to take a more meaningful share of the global sneaker market over time.

Our Winter Sports Equipment business finished on a high note, as good end-of-season snow helped boost retailer sell thru and re-orders. The Nordic, or cross-country, market remains more challenged, but we were able to move a significant amount of inventory at reasonable discounts, leaving us in a very clean position at the end of Winter.

Our assumption is that the Winter Sports Equipment market will grow low single digits in 2025, and over the long term. The ski and snowboard industry is healthy, and given advanced snow-making capabilities industry-wide as well as the growing attraction of winter mountain vacations, demand for "on-piste" skiing is strong.

Winter Sports Equipment now represents one-third of the Outdoor Performance Segment, and the share is shrinking as Salomon Softgoods grows faster.

Outdoor Performance adjusted operating profit margin expanded 990 basis points from last year to 14.7% in Q1, driven by very strong gross margin expansion thanks to channel, region and product mix, as well as favorable product cost. This margin expansion was also driven by SG&A leverage on high growth.

Moving to Ball & Racquet. Revenue increased 12% to $306 million driven by Softgoods, Racquet Sports, and Golf. The strong growth was also helped by easier comparisons from Q1 last year when Wilson was still going through some liquidations to normalize inventory levels. We are pleased with the continued rebound, but would caution that double-digit growth is not sustainable long-term, and we continue to expect Ball & Racquet to grow low-to-mid single digits long term.

By category, the growth was led by Softgoods, which now represents 10% of Ball & Racquet sales, and our marquee Racquet sports franchises. We continue to see very strong momentum in Tennis 360 especially in North America, Greater China and APAC. Golf achieved positive growth thanks to a successful Dynapower product launch, as well as improving sales in Pro Golf Clubs. Inflatables and Baseball were both roughly flat, as baseball bats returned to growth, offset by softer ball glove sales.

Ball & Racquet segment adjusted operating profit margin increased 270 basis points to 6.6% primarily driven by higher gross margin thanks to favorable product mix, channel and region mix. We had slight SG&A deleverage due to continued investments in Tennis 360 and DTC.

Turning to the balance sheet. We ended the quarter with $515 million of net debt, down from $591 million at the end of Q4. Using the mid-point of our 2025 adjusted operating profit guidance, our net-debt-to-adjusted-EBITDA ratio was approximately 0.5x at the end of Q1. Following our $1 billion equity raise and debt pay down last December, our balance sheet is in a healthy position to support our company as we navigate tariff and other external uncertainties. Looking forward, using excess cash to pay down debt which carries non-deductible interest remains a high-return usage of excess cash.

We also exited the quarter in a solid inventory position, up 15% year-over-year, well below our 23% sales growth. Driven by strong profit growth and disciplined working capital management, we generated $164 million of operating cash flow in 1Q25. And for the full year 2025, we expect to generate solid operating cash flow growth from 2024 levels.

Now Moving to tariffs and guidance--

There are several factors that give me confidence that we are well positioned to manage through a variety of tariff scenarios, both near- and long-term. First, we have low exposure to the U.S. — only 26% of revenues — and we enjoy meaningful exposure to high-end consumers. Also, the high functional nature of our products creates personal engagement and a strong value equation for consumers. Thirdly, we believe the brands in our portfolio have significant untapped pricing power. The vast majority of our growth the last several years has come from more units, and not higher pricing. Lastly, our clean balance sheet and strong cash flow dynamics give us the financial flexibility to weather macro challenges as they arise.

Given the upside in the first quarter and our continued operating and financial momentum — and despite higher tariffs — we are raising our full year revenue and EPS expectations. This updated guidance assumes the current 30% tariff on goods arriving to the U.S. from China and 10% tariff on goods coming in from Rest-of-World will stay in place for the remainder of 2025. Given the mitigation strategies we already have underway, we expect the impact to our P&L from higher tariffs to be negligible this year. Our updated guidance implies slower growth in 2H than 1H. However, as we've said before, should strong trends continue and better-than-anticipated demand materialize, we believe we will be well positioned to deliver financial performance ahead of these expectations.

Looking beyond 2025, we are confident in our ability to offset the vast majority of higher import tariffs under a wide range of scenarios through pricing, vendor renegotiation, and supply chain maneuvers.

Since the ultimate tariff outcome is still unknown, we thought it would be helpful to frame our U.S. sourcing exposure. In 2024, U.S. revenue represented 26% of Group revenues. Sourcing from China to the U.S. was approximately 8 points of the 26. Vietnam was also 8, Rest of Asia 6, Europe 3, and Rest of World 1. By brand, slightly more than half of tariff the exposure is in the Ball & Racquet Segment, around 30% in Technical Apparel, and the remainder in Outdoor Performance.

All three segments, including Ball & Racquet, are already implementing and executing measures to offset higher tariffs. Retailers understand the landscape, and price increases are being accepted and implemented for 2H on those product categories most affected.

One last perspective I want to share on tariffs. Even if the higher tariffs had remained in effect for the rest of the year, or if they do return, — i.e. China at 145% and Rest-of-World at the higher rates from before the 90-day pause. We were only anticipating a 5-cent impact from tariffs to full year 2025 EPS after mitigation, or approximately 100 basis points annualized. And over time, we believe we would be able to mitigate the majority of even the higher tariff rates.

For the full year 2025, we are raising our expectations for reported Group revenue growth from 13—15% to 15 – 17%. We are now assuming a 150 basis point drag from unfavorable Fx impact at current exchange rates, compared to the 250 basis point drag incorporated in our prior guidance. We are raising our Technical Apparel revenue growth guidance from approximately 20% to 20 – 22%, Outdoor Performance from low-double digits to now mid-teens%, and Ball & Racquet from low-to-mid-single-digit previously to mid-single-digits currently.

We are keeping our adjusted gross margin expectations at 56.5 – 57% for the full year. We are maintaining our adjusted operating margin guidance of 11.5 – 12%.

For the segments, we continue to expect an adjusted operating margin of approximately 21% for Technical Apparel, approximately 9.5% for Outdoor Performance, and 3 – 4% for Ball & Racquet.

You should assume full-year net finance cost of approximately $120 million and an effective tax rate of 30 – 32%. Other operating income and non-controlling interest will be approximately $10 million each. We now expect adjusted diluted EPS of 67 – 72 cents, versus our prior guidance of 64 — 69 cents, which is based on approximately 560 million fully diluted shares. Also, we are assuming D&A of $350 million, including approximately $180 million of ROU depreciation.

Capex is expected to be approximately $300 million, primarily to support new store expansion, ERP optimization, and distribution and logistics investments.

TURNING TO SECOND QUARTER GUIDANCE, we expect reported revenue growth for the Group in the range of 16 – 18%.

We expect adjusted gross margin to be approximately 57 – 58% in Q2, and an adjusted operating profit margin between 3 – 4%.

Our net finance costs for the quarter should fall between 25 – 30 million and the effective tax rate should be 30 – 32%. We expect adjusted diluted EPS of 0 to 2 cents per share.

As we've said in the past, should strong trends continue and higher-than-expected demand materialize, we will be well positioned to deliver financial performance ahead of these expectations.

With that, I'll turn it back to the operator for questions.