AMER SPORTS 2Q25 EARNINGS SCRIPT

Welcome everyone. Thanks for joining Amer Sports earnings call for the second quarter of fiscal year 2025. Earlier this morning we announced our financial results for the quarter ended June 30, 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 third 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' strong momentum continued in the second quarter, as our unique portfolio of premium technical brands continues to create white space and take share in sports and outdoor markets around the world.

We remain confident in our ability to manage through higher tariffs and other near-term macro uncertainties, while also ensuring that we develop each of our unique brands for high quality, long duration growth.

The recent Salomon footwear acceleration, Arc'teryx's continued momentum, and steady results from our equipment franchises position us well for another strong performance in 2025 and beyond.

In Q2, we delivered strong results across sales, margins, and EPS. We generated 23% sales growth — or 22% excluding currency impact — and we also expanded our adjusted operating margin by 260 basis points. Our performance was led by very strong growth and profitability in both Outdoor Performance and Technical Apparel as well as a solid performance in Ball & Racquet.

Andrew will provide a more detailed update on our tariff exposure, but I would like to emphasize that I believe we are 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.

As I mentioned, we believe Amer Sports is a uniquely positioned company within the global sports and outdoor space. Several factors give me confidence for our near- medium- and long-term outlook:

First, we own a unique portfolio of premium, innovation driven sports and outdoor brands.

Second, Arc’teryx is a breakout story with leading growth and profitability for the outdoor industry driven by its disruptive Direct-to-Consumer model.

Third, Salomon sneakers have unique performance and design positioning, and the brand is experiencing a global acceleration but still has a small share of the global sneaker market.

Fourth, Wilson and our Winter Sports Equipment franchises have high performance products and leading share, but will deliver slower long-term growth, except for Wilson softgoods which has significant long-term potential.

And fifth. We have a strong, differentiated platform in Greater China, where we continue to deliver best-in-class performance 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 largest brand, Arc'teryx.

Arc'teryx delivered another quarter of broad-based strength across 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 Direct-to-consumer channel, where we generated a very solid +15% omni-comp in Q2 despite facing the highest 2-year omni-comp comparison of 2025.

Arc'teryx stores continue to be critical to the growth strategy, especially how we engage with local consumers and community.

Arc'teryx opened 7 net new stores in Q2, with 12 openings offset by the closure of 5 legacy locations as part of our ongoing strategy to optimize the quality and the productivity of our store fleet. 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.

In EMEA, key new store locations this quarter include our first Arc'teryx stores in Milan and Stockholm.

In North America, we opened a new mountain town shop at the Banff resort in Canada, which has been experiencing strong traffic since opening in April. It has been one of the top performing shops in the region — another proof point that Arc'teryx can be relevant year round, even in summer. We opened a new flagship in Vancouver, on Robson Street — the best location in the city, with excellent performance since opening in July. We are also very excited about the Alpha store flagship opening in New York City in Q4, right on 5th Avenue at Rockefeller center, one of the highest traffic shopping locations in the world.

In China, we opened our first brand store in the iconic Peninsula Hotel chain in Beijing. The store represents our most elevated expression of the brand, designed for top-tier luxury shopping experiences.

For 2025, we continue to plan to open approximately 25 net new Arc'teryx stores globally, with the most coming in North America. Our store opening plan incorporates a similar level of gross new stores as in 2024, partially offset by the closure of certain outlets and other sub-optimal locations. We believe a high-quality retail network is much more important to long-term success than chasing fast-paced store expansion.

In Greater China we are focused on optimizing Arc'teryx's retail footprint, rather than pushing new store expansion. This year Arc’teryx will have net store closures in Greater China, including some legacy partner doors and factory outlets. However, Arc’teryx will still meaningfully increase its presence in China with larger format, higher quality more productive locations.

Looking ahead to 2026, we are planning Arc'teryx to have net store openings in China, after years of rationalizing the store fleet in the region.

Community engagement remains critical to elevating Arc'teryx's brand awareness. In July, we hosted the 14th annual Arc'teryx Academy in Chamonix, France, drawing thousands of participants from around the world to our climbing clinics and also drove strong sales to our local shop. Community engagement activities during Q2 included the 5th Arc'teryx Climbing Academy in Langdale Valley in the UK, and our All Rise climbing event in the San Francisco Bay area.

Shifting to product —
Footwear continued to be Arc'teryx's fastest growing category in Q2, growing faster than the brand overall despite comparing against triple-digit growth last year.

This Spring we launched the Norvan LD4, an elevation of the most popular model 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, and continue to believe footwear will be a large and profitable growth avenue for Arc'teryx.

Women's also continued its great momentum in Q2 with double-digit growth across all regions, outperforming the brand overall. 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 continued to see explosive growth in Q2, stocking out quickly across stores and ecommerce. Arc'teryx is experiencing rising brand awareness and affinity with women in the U.S. and Europe as we've improved fit, style, and function.

Moving to the Outdoor Performance segment, which delivered an outstanding quarter led by Salomon Footwear and Apparel. Salomon brand momentum continues to accelerate across all regions, with very strong momentum in both Sportstyle AND performance lines.

By region, Salomon softgoods continued very strong growth in Greater China and APAC, while growth in both EMEA and Americas accelerated meaningfully. Direct-to-Consumer remained the fastest growing channel for the brand, including a 28% omni-comp with strength in both stores and ecommerce. In addition to sneakers, Salomon apparel, bags, and socks are also experiencing great momentum, especially Salomon running vests.

Sportstyle is doing very well globally and continues to lead footwear growth. The momentum of our first ever global footwear launch of the XT-Whisper from Q1 continued into Q2, and is especially resonating with younger female consumers.

On the performance side, we are very pleased with our new Aeroglide 3 running shoe, one of the best footwear launches in Salomon history, including traction in the run specialty channel. 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.

In May we launched our new GRVL line, which offers consumers a more versatile-than-ever running shoe that performs great on various types of terrain from hard pavement to loose terrain in parks and on trails. While it's still very small, our GRVL line is seeing strong early response from consumers and retailers.

Another key launch for the quarter was the X Ultra 5, the latest update to our iconic X Ultra hiking boot known for lightweight and stability and upgraded technology.

Regionally, EMEA is also experiencing very strong consumer demand for Salomon sneakers, with strong sell-through, re-orders and pre-orders driven by both Performance and Sportstyle.

In Asia, DTC continues to be the critical growth channel for Salomon led by our highly productive Salomon "compact shop" format. We opened 16 net new Salomon shops in Greater China this quarter, including both owned stores and partner stores, bringing our total count to 234. We are on track to reach approximately 290 Salomon shops in Greater China this year, and we believe Salomon has the opportunity to grow to several hundred locations over time.

We recently opened our second Salomon flagship in Shanghai, a 7,300 square foot pinnacle expression of the brand, located in the French Concession district, known for its boutique shopping. The 3-level store offers a more immersive experience for customers and has performed very well in its first month.

In APAC, we opened 10 new Salomon stores in Q2, five in Korea and five in Japan, including prime locations in the Marunouchi neighborhood of Tokyo and Sungsu in Seoul. Overall awareness and demand for Salomon footwear is rapidly growing across Asia.

In the Americas, we continue to lay the groundwork to support significant future growth, and Salomon softgoods grew strong double-digits in Q2. Our first U.S. store in New York City continues to show incredible traction with consumers, and we plan to open 3-4 more in the greater New York area this year or early next year, as well as continue to expand our presence in key wholesale accounts. New locations this fall include Woodbury Commons and Williamsburg Brooklyn. We are also opening stores in Chicago and West Hollywood this year and will focus on San Francisco, Los Angeles and Miami in 2026.

And from a wholesale perspective, Salomon is seeing growing demand across a variety of retailers including REI, Nordstrom, and run specialty shops.

Lastly, as we continue to elevate Salomon's brand awareness, we are excited about the upcoming Milano Cortina Olympics where Salomon is a Premium Partner, outfitting all volunteers. This will be an especially important moment for the brand in its home market of Europe.

Before I discuss Ball & Racquet highlights, let me cover the Wilson management transition.

As you saw on our press release, Joe Dudy has decided to step down as President & CEO of Wilson to pursue new endeavors outside the company. Our Group CFO Andrew Page has been appointed interim President & CEO of Wilson and the Ball & Racquet segment and will continue in his current role as Amer Sports CFO. The company has begun a comprehensive search for the next Wilson leader.

We are grateful for Joe Dudy's 30 years of service at Wilson and wish him well as he begins a new chapter. His contributions have been critical to the brand's success, especially the last six years as CEO. Looking forward, I have full confidence in Andrew Page to lead Wilson during this transition while also continuing to execute his responsibilities as Amer Sports CFO.

Now to the Ball & Racquet segment.

Ball & Racquet growth trends continued to be solid in Q2, with 11% growth driven by strength in Sportswear, and Racquet Sports.

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

On court, we are thrilled by the recent win by 18-year-old Canadian Victoria Mboko at the National Bank Open in Montreal. She is our first ever Wilson head-to-toe Tennis 360 athlete to win a WTA-1000 tournament, and is now ranked in the top 25 of the world.

With consumers, Wilson Performance Racquets continue to shine, including the successful launch our Roger Federer Classics Collection this quarter. In Pickle ball, we are also experiencing strong response to our Vesper paddle.

Wilson Softgoods continued its excellent growth, more than doubling in 2Q25. We continue to see a strong response to the Intrigue women's tennis shoe, which was recently chosen as the best new tennis shoe by *Women's Health* magazine. We also continue to excel in China, and will open approximately 50 more Wilson Tennis 360 shops in China this year.

In North America, the new Tennis 360 concept store in the Dallas North Park Mall continues to perform very well, and we are excited about our new shop in Beverly Hills. And we continue to expand our Tennis 360 test at Dick's Sporting Goods and other retail partners.

Beyond racquet sports, solid trends in baseball bats were offset by softer sales in gloves, inflatables, and golf.

Now I'll turn it over to Andrew.

Thanks James. I will discuss tariffs in more 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 to manage through a variety of tariff scenarios.

More importantly, the inflection of Salomon footwear adds a strong second leg of growth to Arc'teryx's already exceptional sales and margin trajectory, significantly elevating the long-term value creation potential of our unique brand portfolio.

Given our strong first half results and continued operating and financial momentum — and despite higher tariffs than assumed in our previous guidance — we are raising our full year revenue and EPS expectations.

This updated guidance assumes the current 30% U.S. tariff on goods from China and the latest tariff rates on all other countries will stay in place for the remainder of 2025. Although the impact of tariffs to our Ball & Racquet segment will be slightly higher than expected, given the mitigation strategies already underway across brands, we still expect negligible tariff impact to our consolidated results this year and beyond.

Ok let's go through Q2 results.

Amer Sports grew sales 23% in Q2 on a reported basis, or 22% ex-currency. The strong sales performance was led by Outdoor Performance, followed by Technical Apparel. Ball & Racquet also continued to deliver solid growth in the quarter.

By channel, the Group continues to be driven by DTC, which grew 40% led by Salomon in Greater China and APAC as well Arc'teryx globally. Wholesale grew 9% at the Group level, led by Salomon.

Regional growth was led by Asia Pacific, which increased 45%, and China, which grew 42%. EMEA accelerated to 18% growth, and the Americas grew 6% in Q2. The Americas deceleration was driven by normalizing growth in Ball & Racquet and a tougher comparison due to a shift in wholesale shipments from Q3 into Q2 in 2024.

Amer Sports continues to achieve very strong growth in China, and there are several reasons why we are confident in our future growth opportunities in this important consumer market:

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

<u>Additionally:</u> Our authentic brands are known for their expertise, quality, and technical innovation, which resonates well with Chinese consumers, and our brands are still small in China.

<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 250 basis points to 58.7% in Q2, primarily driven by favorable channel, geographic, product, and brand mix, as well as by lower discounts compared to prior year, and partially offset by the headwinds in transportation, logistics and materials.

Adjusted SG&A expenses as a percentage of revenues deleveraged by 140 basis points and represented 54.7% of revenues in Q2. Outdoor Performance achieved SG&A leverage on very strong growth, which was offset by slight deleverage at Technical Apparel due to retail expansion, and Ball & Racquet due to ongoing investments in Sportswear.

Led by gross margin expansion, we generated a 260 basis point increase in our adjusted operating margin from 2.9% last year to 5.5% in Q2. Note that we received $19 million of government grants in the second quarter of 2025, which were received in the second half of 2024. This benefited adjusted operating margin by approximately 150 basis points in Q2.

Corporate expenses were $34 million, up from $25 million in Q2 of last year. D&A was $81 million which includes $39 million of ROU depreciation.

Adjusted net finance cost in the quarter was $22 million, comprised of $30 million of interest expense, partially offset by $8 million of Fx gains on the remeasurement of certain monetary assets.

In the quarter, our adjusted income tax expense was $5 million, which equates to an adjusted effective tax rate of 12%. A discrete item related to a return-to-provision adjustment benefitted our ETR in Q2.

Adjusted net income in Q2 was $36 million, compared to $25 million in the prior year period. Adjusted diluted earnings per share was $0.06 compared to adjusted diluted earnings per share of $0.05 last year.

Now turning to segment results:

Technical Apparel revenues increased 23% to $509 million led by Arc'teryx. Growth was fueled by 31% DTC expansion, including a 15% omni-comp, a solid result facing the toughest two-year stacked comp comparison of 2025. Lower levels of outlet sales had a negative impact on the Technical Apparel omni-comp, as Arc'teryx continues to shift more focus on full-price sales, and limiting online and in-store outlet sales. The DTC momentum continues to be fueled by both new and existing consumers across all regions, channels and product categories. Technical Apparel wholesale revenues grew 4%, negatively impacted by a shift in shipments from Q3 into Q2 last year.

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

Technical Apparel adjusted operating margin declined 10 basis points to 13.9%, as slight gross margin expansion and higher Other Operating income was offset by growing SG&A investments.

Lastly, we recently entered into an asset purchase agreement to acquire substantially all of the assets and certain liabilities of Nelson Sports Inc, the exclusive distributor for Arc'teryx and Veilance products in Korea since 2001. We expect the transaction to close in the second half of 2025 after which the country will be operated fully Brand direct versus a traditional distributor model. Korea is a large sports and luxury consumer market, still with strong growth potential for Arc'teryx.

Moving to our Outdoor Performance Segment, which saw revenues increase 35% to $414 million, driven by very strong performance in Salomon footwear, apparel, and bags and socks.

By channel, Outdoor Performance DTC grew 63%, led by new doors and higher productivity across markets, especially Greater China and APAC. Ecomm is also growing across regions driven by higher traffic. Wholesale grew 18%, driven by strong sell-through and reorders in Softgoods.

Regionally, the Outdoor Performance growth rate was led by Greater China and APAC, followed by accelerating growth in both EMEA and 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 opportunities in all three major consumer regions, and have the right talent and team structures in place to take a meaningful share of the global sneaker market over time.

For our Winter Sports Equipment brands, while Q2 is by far the smallest quarter of the year, we have solid pre-orders for the upcoming Winter season as we continue to take market share in skiing. We also see growth opportunities in both snowboarding and in protective equipment. Winter Sports Equipment is expected to represent only 28% of the Outdoor Performance Segment in 2025, down from 46% in 2022.

Outdoor Performance adjusted operating profit margin expanded 720 basis points from last year to 5.1% in Q2. Margin expansion was led by gross margin thanks to positive channel, region and product mix, as well as favorable product cost due to our footwear cost optimization initiatives. This margin expansion was also driven by SG&A leverage on very strong revenue growth.

Before I get into the results of Ball and Racquet, I'd also like to thank Joe Dudy and acknowledge his distinguished 30-year career with Amer sports and the Wilson franchise. Joe was instrumental in many key achievements of the brand; most recently growing the brand to over one billion dollars in annual revenues and setting the stage for its next growth inflection driven by Tennis 360.

Now moving to results.

Ball and Racquet Revenue increased 11% to $314 million driven by Softgoods and Racquet Sports. We are pleased with the continued growth in Ball & Racquet 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 approximately 15% of Segment sales, and also our Racquet sports franchises. We continue to see very strong momentum in Tennis 360 across the globe, especially in China.

Golf, Inflatables and Baseball were all down slightly. Golf grew strong double-digits in EMEA, but this was offset by lower sell-in in the US. However, for H1 overall, golf has solid growth. The inflatables market conditions are challenging, and weaker baseball gloves sales are offsetting growth in bats.

Regionally the Ball & Racquet growth rate was led by China, APAC and EMEA, while Americas was roughly flat.

Ball & Racquet segment adjusted operating profit margin increased 200 basis points to 3.1% due to higher gross margin driven by favorable product, channel, and region mix, which offset higher duties and slight SG&A deleverage on continued Softgoods investment.

Turning to the balance sheet. We ended the quarter with $640 million of net debt. Using the mid-point of our 2025 adjusted operating profit guidance, our net-debt-to-adjusted-EBITDA ratio was approximately 0.6x at the end of Q2. Our balance sheet is in a healthy position to support our company as we navigate tariff and other external uncertainties. Looking forward, paying down debt which carries non-deductible interest remains an effective use for excess cash.

We exited the quarter with inventories up 29% year-over-year, higher than our 23% sales growth, mainly driven by Arc'teryx. This higher inventory is primarily driven by three factors: 1) early receipt of Fall 2025 merchandise which included tariff mitigation tactics; 2) higher goods-in-transit from lower airfreight usage, which means we carry the goods on our books much longer; and 3) Fx translation from the weaker US dollar. While we expect inventory growth to remain moderately elevated though the end of 2025, we are very comfortable with the quality of Arc'teryx's goods and expect to work it down and return to normal inventory growth rates as we progress through 2026.

Driven by strong profit growth and disciplined working capital management, we generated $108 million of operating cash flow in 1H. And for the full year 2025, we expect to generate solid operating cash flow growth from 2024 levels.

Now moving to guidance—

We remain confident that we are well positioned to manage through a variety of tariff scenarios given our low exposure to the U.S., our high-end consumer base, the untapped pricing power of our brand portfolio, and our clean balance sheet and strong cash flow dynamics. And given mitigation strategies underway, we continue to expect negligible impact to our Group P&L from higher tariffs in 2025, and beyond.

For the full year 2025, given the upside in Q2 and our continued momentum — and despite a slightly higher tariff impact — we are raising our full year revenue and EPS expectations. This guidance assumes incremental U.S. tariffs on imports from China remain at 30%, Vietnam at 20%, Europe at 15%, and Rest-of-World at the latest rates.

We are raising 2025 revenue growth guidance from 15 – 17% to 20% – 21%, including an approximate 100-basis-point benefit from favorable Fx impact at current exchange rates.

By segment, we are raising our Technical Apparel revenue growth guidance from approximately 20 – 22% to 22 – 25%, including continued strong omni-comp growth. We are also increasing our Outdoor Performance sales growth expectations from mid-teens to 22 – 25%, and Ball & Racquet from mid-single-digits to 7 – 9% growth.

We are raising our full-year adjusted gross margin guidance from 56.5 – 57% to approximately 57.5%. And we are also raising our adjusted operating margin guidance from 11.5 – 12% to 11.8 – 12.2%.

By Segment, we continue to expect an adjusted operating margin of approximately 21% for Technical Apparel. For Outdoor Performance we are raising adjusted operating margin guidance from approximately 9.5% to 11 – 11.5%. For Ball & Racquet we are maintaining our adjusted operating margin guidance of 3 – 4%. Ball & Racquet will experience a slight drag from higher tariffs in 2H because of a few factors: 1) the termination of the steel and aluminum exemption under which Wilson racquets and bats previously fell; 2) higher actual tariff rates in Vietnam and other sourcing markets than the 10% Rest-of-World assumption we last guided; and 3) some shipments of Wilson softgoods had unfavorable timing and we were hit by the temporary 145% China tariff.

We are now assuming full-year net finance cost of approximately $105 million and an effective tax rate of 28 — 30%. The lower effective tax rate is primarily driven by higher profit generation from low tax jurisdictions as well as the discrete items in Q2 that I mentioned.

Other operating income will be approximately $20 million for the full year, and net income attributable to non-controlling interest will be approximately $10 million. We now expect adjusted diluted EPS of 77 – 82 cents, versus our prior guidance of 67 — 72 cents, which is based on 561 million fully diluted shares outstanding. 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 THIRD QUARTER GUIDANCE, we expect reported revenue growth for the Group to be approximately 20%, which includes an approximate 150 basis point benefit from Fx.

We expect adjusted gross margin to be approximately 56.5% in Q3, and an adjusted operating profit margin between 12 – 13%.

Our net finance costs for the quarter should be between $30 to 35 million and the effective tax rate should fall between 28 — 30%. We expect adjusted diluted EPS of 20 to 22 cents per share.

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.

Lastly before Q&A. We will be hosting our first ever investor day on September 18 in Vancouver at Arc'teryx headquarters which will be webcast. Although we will provide a high-level Group update, the primary focus of the meeting will be a deep dive into the Arc'teryx brand and its many unique opportunities.

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

Q&A – OPERATOR