AMER SPORTS 2Q EARNINGS: MANAGEMENTS PREPARED REMARKS

Hello everyone. Thanks for joining Amer Sports earnings call for the second quarter of fiscal year 2024. Earlier this morning we announced our financial results for the quarter ended June 30, 2024, 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 l laws. These forward-looking statements reflect our current expectations and beliefs only, and 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 updated guidance. Arc'teryx CEO Stuart Haselden will join for the Q&A session.

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

Thanks Omar. We are pleased to announce strong second quarter results — with sales, margin, and EPS ahead of our guidance. The momentum behind our unique portfolio of premium sports and outdoor brands continues, and we are generating top-tier growth and margin expansion within our industry. Our global end markets are healthy and growing, and we are taking market share, positioning us to deliver another record year in 2024.

We generated 16.0% sales growth in Q2, or plus-18% on a constant currency basis led by our flagship brand, Arc'teryx. Although we benefited from a 2-point shift of wholesale shipments from 3Q into 2Q, our underlying growth momentum is clear. We achieved nearly a 3% adjusted operating margin, also well above our expectations, as we continue to enjoy strong gross margin expansion driven by the pricing power of our brands and a healthy mix-shift toward our highest-margin franchise, Arc'teryx.

Looking forward, several factors give me confidence for the rest of 2024 and beyond:

First, we own and operate a unique and valuable portfolio of premium outdoor and sports brands. Each one is fueled by technical innovation and positioned at the pinnacle of its

respective segment. Our brands have high engagement, conversion, and satisfaction with consumers everywhere, but are still relatively small players on the global stage with significant room to grow.

Second, Arc’teryx is a breakout growth story with unprecedented growth and profitability for the outdoor industry, and is charting new territory with its disruptive DTC model and strong competitive position. Arc'teryx's world-class products plus the authentic and deep connection with consumers is allowing us to have strong success in large new categories, such as footwear and women's. And also incredible momentum across all major geographies.

Third, Salomon, Wilson, and all of our other brands are also healthy. They have long-standing authentic heritage, premium positioning, and high performance products. Both Salomon and Wilson have leading market share within their heritage equipment businesses, but still have very small soft goods franchises with large growth opportunities ahead, especially in Salomon footwear.

And fourth. While other consumer companies are having challenges in Greater China, we generated more than 50% growth there as we continue to well outperform the market. Importantly, we are seeing strong momentum across all of our big 3 brands.

A few reasons I would like to highlight, why we are doing so well in China:

Number one: Our brands compete in one the healthiest and fastest-growing consumer segments in China: the premium sports and outdoor market. The outdoor trend in China is very strong. Even beyond the traditional male consumer, the outdoor category is attracting younger consumers, female consumers, and we also see more luxury shoppers spending in our categories.

Second: The China consumer landscape today has evolved into a market of winners & losers, with some brands doing extremely well, and others underperforming. Our still small, specialized brands with deep expertise and high quality and performance resonate strongly with Chinese shoppers.

Thirdly and most important: We believe we have the best team in China. Our deep expertise and unique, scalable operating platform gives us a significant competitive advantage across the portfolio.

Before Andrew's financial discussion, I would like to share some key highlights from our segments in Q2.

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

Arc'teryx delivered another very strong quarter with healthy growth across all regions, channels, and categories, especially footwear, women's, and hardshell jackets. Arc'teryx's brand momentum was most evident in the very strong omni-comp performance against a very difficult growth comparison from last year.

Globally, Arc'teryx is well executing its retail expansion plan, opening 17 net new brand stores in 1H, including 13 net new locations in 2Q, bringing the total owned brand store count to 125. Key new locations this quarter include Bloor Street in Toronto, as well as Le Marais and La Madeleine in Paris, which have emerged as standout locations with high engagement from local consumers in France. We also opened three stores in Greater China, and one Los Angeles store in Brentwood. All of these new stores have performed exceptionally well.

We are also excited to open our NYC Soho flagship this week with grand opening set for early September. This new Alpha store will feature our most pinnacle expression of ReBIRD yet, including shoppable REGEAR in-store for the first time, a large ReBIRD Service Centre facility for care and repair, and much more.

Shifting to product —

Recall that Arc'teryx recently launched its first footwear line that was designed, developed, and sourced by our in-house footwear team. We continue to be extremely pleased with the reception to what we believe is the best line of technical performance footwear designed for the mountain athlete.

Since the launch, penetration of footwear to Arc'teryx total revenues has jumped from 6% to 10%, often selling out of our most popular styles, especially the Kragg. Because of the unique position of Arc'teryx footwear in the market, the strong sales in our DTC channel, and enthusiastic interest from key wholesale accounts, our confidence is growing that footwear will become a very sizeable and profitable growth avenue for the brand both in own stores and brand-relevant wholesale accounts.

Women's continues to perform extremely well, growing faster than the brand overall. Women's outperformance is driven by Softshell and Windshell, particularly the Gamma and Squamish franchises. Women's share of sales is already more than 20% of the business, and we see great upside in the category as we add more colorways, models and style options that resonate with her.

In May, Arc'teryx also recently opened a cutting edge creation center in Tokyo. This design space will serve as an innovation hub reflecting local creativity, culture and the outdoor community.

A quick update on our new ePE product, which complies with the ban on PFAS "forever" chemicals traditionally used in waterproof materials. Sales of our iconic Beta Jacket have accelerated since switching to compliant materials. Our customers love the look, feel and performance of the new material.

Arc'teryx also continues to execute cutting edge community engagement programs. This summer, Arc'teryx launched gym residencies in climbing gyms from New York to Paris to San Francisco, as part of the brand's "Summer of Climb". Investments in brand awareness and activations that feed off the global excitement and popularity of climbing is driving awareness and positioning Arc'teryx, which is at the heart of this phenomenon.

Moving to the Outdoor Performance segment, which also delivered upside to our expectations led by Salomon footwear, partially offset by softer trends in Winter Sports Equipment. A quick reminder that Outdoor Performance is comprised of two businesses that operate in unique environments. First Winter Sports Equipment, which includes ski, snowboard, and snow sport equipment across the Salomon, Atomic, and Armada brands. These are longstanding Winter Sports Equipment franchises that already have high market shares, a very strong competitive position, and industry leading scale and profitability — although less growth runway ahead given the already high market shares.

Then we also have the Salomon footwear and apparel franchise, which is a higher margin, faster growing business, but still with very low market share of the global sneaker market. Today it represents approximately 66% of Outdoor Performance segment sales, up significantly from 54% in 2022. We believe Salomon sneakers have an authentic and unique market position with technical features designed for the mountain, but also great for everyday use. Salomon shoes offer consumers unique style and technical attributes at a time when consumers are more receptive than ever to wearing new sneaker brands. Looking forward, we expect Salomon Soft goods to grow double-digits annually over the long-term.

In the second quarter, Salomon footwear showed especially strong traction in Greater China and in APAC, where consumers love our Sportstyle offering that combines a distinct trendy look with high technical features. In China, we have created an entire new category, called Outdoor sneakers, which especially resonates with young consumers. We opened 27 Salomon shops in Q2, including both owned stores and licensed stores, in Greater China, bringing our total count to 136. We expect to end 2024 with about 200 owned and licensed Salomon stores in China, with the opportunity to grow to several hundred locations just in tier 1 and 2 cities.

In 2Q we also opened a new shop in Osaka, Japan, which has become one of our highest productivity stores, well received by both local consumers and tourists.

In the brand's home market of France, ahead of the recent Paris Olympics, we opened a Salomon flagship on the Champs Elysee in addition to our recent store opening in Le Marais. Both new stores have performed extremely well in the first months, and represent the high demand consumers have to engage with the Salomon brand in its own environment. The Champs Elysee store has created a landmark presence to showcase the breadth and depth of Salomon's unique offering in its home market, while Le Marais shop is a footwear-only concept store, which has proven to be a particularly successful model that we will replicate across EMEA with three more stores in Paris, two in London, and two in Milan.

We are also excited to share that we will open in October a pop-up shop in New York City in Soho, which will seed the market with our first brand store in the city ahead of our plans to open 1-2 permanent New York stores in 2025.

As you know, we are undergoing a management transition at Salomon and I am operating as interim brand CEO while we perform a comprehensive search for the next brand leader over the next 12 months. Over four months in the role, I am confident in the Salomon brand and our team, as we continue to optimize the go-to market strategy and sales structure to maximize the potential of Salomon footwear.

Moving on to Ball and Racquet highlights. We were pleased that Ball & Racquet returned to growth in 2Q as we expected driven by improving sell-in to the retail channel. While still in its early stages, our tennis 360 strategy is proving to be a key driver for the Wilson franchise led by apparel and footwear growth, accelerating expansion of Wilson tennis-360 shops in China, and key new product launches.

We are particularly excited that Roger Federer is back and active with the Wilson brand again. Roger will have his own line of premium performance racquets, bags and accessories

at Wilson called the RF, which launched on his birthday, August 8. As you know, Roger is a living legend in tennis and this new product line has been met with a very enthusiastic response from the market.

Wilson is also launching the first tennis shoe designed explicitly for female tennis players, called the Intrigue. This shoe combines the comfort and support of modern foam technology without loosing any of the side-to-side stability required for tennis. Our 360 tennis athlete Marta Kostyuk will wear it for the first time in the US Open later this month.

Wilson tennis AND Wilson China had a big moment recently during the Summer Olympics when Qinwen Zheng won Gold playing with her Wilson racquet. This feat did not go unnoticed in her home country, as sales of Wilson racquets rose 2000% that day. There are 19 million tennis participants in Greater China.

Last but not least, Caitlin Clark is also elevating brand heat as the face of Wilson Basketball. Her signature basketball collection, sold exclusively online so far, sold out in record time. And we expect our Caitlin Clark franchise to accelerate in H2 with the launch in select wholesale accounts.

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

Thank you James.

I am excited to discuss our strong Q2 performance and the set-up for the remainder of the year. Our underlying results exceeded our guidance on sales, gross margin, operating margin, and earnings per share, giving us confidence to raise full year guidance.

Before diving in on our financial performance in Q2 and going through our updated guidance, I want to quickly discuss two timing items that affected Q2 and the cadence of our guidance for the rest of 2024.

First, there was 2-point top-line benefit from early shipments of certain wholesale orders that moved into Q2 from Q3, driving approximately 1 cent of the EPS upside.

Second, we had a 4-cent EPS benefit in Q2 related to the resolution of uncertain tax positions that were contemplated in the full year guidance that we previously provided, but were expected to be resolved in Q3 and Q4 this year. Excluding these timing shifts, our underlying operations still drove a strong beat in the quarter, which is reflected in our full

year top- and bottom-line guidance raise.

With that, let me focus on Q2 results and guidance. The fast growth of our high-margin Arc'teryx franchise is elevating the financial profile of Amer Sports Group in total. This dynamic allows us to deliver strong profitable growth for shareholders while reinvesting in the many long-term growth opportunities across our portfolio.

At the Group level, Amer Sports grew sales 16.0% in Q2, or 18.3% at constant-currency — well ahead of the expectations we set back in May, even excluding the 2-point wholesale shift from 3Q. The strong Group sales performance was led by Technical Apparel and Outdoor Performance.

By channel, the Group continues to be led by DTC, which grew 40% led by Arc'teryx. Group wholesale revenues improved +2% year-over-year.

Regional growth was led by Greater China, which increased 54%, followed by Asia Pacific, which grew 45%. EMEA grew 1% and Americas returned to slight growth with sales up 1%.

Turning to profitability, adjusted gross margin increased 200 basis points to 55.8% in Q2, primarily driven by positive segment, product, channel, and regional mix shift. The company's highest gross margin business, Arc'teryx, continues to grow significantly faster than the other brands, the biggest driver of gross margin expansion.

As expected, adjusted SG&A expenses as a percentage of revenues increased 210 basis points and represented 52.9% of revenues in Q2, mainly driven by SG&A deleveraging at Ball & Racquet and higher spend related to DTC investments, including new store openings and higher retail personnel costs. We were pleased to achieve an adjusted SG&A rate in 2Q that was better than what was contemplated in our guidance last quarter, a reflection of the expense leverage in our business model when we deliver meaningful sales upside to our forecast.

These factors allowed us to generate a 50 basis point increase in our adjusted operating margin from 2.4% last year to 2.9% in 2Q24, above our guidance of approximately 0%.

Adjusted corporate expenses were $25 million, vs $6 million in Q2 of last year driven by higher personnel costs due to increased headcount and share-based compensation. D&A was $63 million which includes $29 million of ROU depreciation.

Adjusted net finance cost in the quarter was $45 million, at the low end of the range of $45-50 million we guided to on our last call.

In the quarter we had an adjusted income tax benefit of $42 million, which included the resolution of certain discrete tax items that I mentioned above, resulting in a $20 million benefit to net income, or approximately 4 cents per share.

Adjusted net income was $25 million in Q2, compared to an adjusted net loss of $(86) million in the prior year period. Adjusted diluted earnings per share was 5 cents compared to adjusted diluted loss per share of -22 cents last year.

We exceeded the mid-point of our Q2 EPS guidance by about 10 cents, but please keep in mind this includes the 5 cents of timing shifts I discussed, that were already contemplated in our full-year guidance.

Now turning to segment results,

Technical Apparel revenues increased 34% to $407 million led by Arc'teryx. Growth was fueled by 39% DTC expansion, including a 26% omni-comp, a great result comparing against an 80% omni-comp last year in the second quarter. Our omni-comp metric incorporates growth from both owned retail stores and e-commerce sites that have been open at least 13 months. Arc'teryx DTC momentum was fueled by both new and existing consumers, and both strong traffic and conversion trends in stores and on-line.

The Arc’teryx brand continues to experience broad-based strength, and is outperforming across every region, channel, and category. DTC remains the core growth engine, but we also experienced strength in the wholesale channel, which grew 24% for the segment.

Regionally, Technical Apparel growth was led by Asia Pacific, followed by Greater China, and the Americas, which were partially offset by declines in EMEA. Arc'terx is generating strong results in Europe, especially new store openings, but this is off a small base, and was offset by a decline in Peak Performance, which continues to go through a brand reset to focus on greater full-price selling.

Technical Apparel adjusted operating margin expanded 110 basis points to 14.2%, driven primarily by gross margin from favorable channel and geographic mix. The Technical Apparel segment margin also benefited from modest SG&A leverage on Arc'teryx's strong sales growth, while continuing key growth investments.

Outdoor Performance Segment revenues increased 11% to $304 million driven by strong double-digit top-line performance in Salomon footwear & apparel and in the DTC channel,

particularly in Asia Pacific and Greater China. This was partially offset by a decline in Winter Sports Equipment. Outdoor Performance sales also benefited from earlier-than-anticipated shipments that shifted from 3Q into 2Q.

By channel, Outdoor Performance DTC grew 55%, while wholesale sales declined slightly, negatively impacted by slower pre-orders in the North America sporting goods and ski channels, which increasingly relies on replenishment orders.

2024 will be a slightly softer year for Winter Sports Equipment due to slower trends in North America where ski equipment sales are rebasing after a strong run through and beyond COVID. This is in addition to cautious orders in EMEA after two tough snow seasons in Europe. Given our great brands and scale advantages, we expect to take market share. Although we don't expect Winter Sports Equipment to be a high-growth business, the industry remains healthy, and consumer demand for ski vacations remains consistent and strong irrespective of weather, especially as resorts have become adept at making their own snow. Winter Sports Equipment now represents one-third of Outdoor Performance, and long-term we expect this business to grow low-single digits annually.

Regionally, Outdoor Performance sales growth was led by Greater China, APAC, and EMEA, offset by a decline in the Americas, which has been affected by softer pre-orders, as retailers increasingly rely on replenishment.

The Outdoor Performance segment adjusted operating profit margin expanded 380 basis points to -2.1%. This was driven by a combination of gross margin gains and SG&A leverage. Gross margin gains were mainly driven by a favorable region and channel mix, lower discounts, and we also leveraged expenses, including payroll, administrative, and IT costs.

Moving to Ball & Racquet. Revenue increased 1% to $283 million as Wilson returned to growth as expected after a double-digit decline in Q1, driven by improving wholesale sell-in. Our tennis 360 strategy continues to be a key driver for the Wilson franchise led by footwear & apparel growth, accelerating expansion of Wilson tennis-360 shops in China, and some of the new footwear and racquet product launches James mentioned.

Golf also returned to growth driven by the Americas and EMEA, led by premium clubs. The growth in Sportswear, Racquets, and Golf was partly offset by declines in Baseball and inflatables.

Ball & Racquet segment adjusted operating profit margin contracted 160 basis points compared to the second quarter 2023 to 1.1%. This margin compression was due to SG&A

deleverage which was driven by retail investments in the US, China and Korea, Footwear & apparel investments and timing of advertising and promotion spend. Generating consistent margin performance is a key management priority for Ball & Racquet given it's low-single-digit growth profile.

We are pleased by our lean inventory position in Ball & Racquet, which is down significantly vs. last year and positions us for much better profitability in 2H, especially in 4Q when we cycle against high discounts last year.

Looking ahead, we are confident that our market leadership position and flow of innovative products positions Ball & Racquet well as market inventories reach balance and retailer orders reaccelerate in 2H, especially in Q4 when we face our easiest comparison and also have our strongest pipeline of new products .

Turning to the Group balance sheet and cash flow. We ended the quarter with $1.8 billion of net debt. Using the midpoint of our 2024 implied adjusted operating profit guidance, our net-debt-to-adjusted-non-IFRS-EBITDA ratio is already approximately 2.6x. Deleveraging our balance sheet remains a priority, and our goal is to reduce our leverage ratio to 1.5x or better over the next few years through both EBITDA expansion AND debt pay down.

Also, our focus on inventory discipline is paying off as inventories finished Q2 in healthy condition, up only 2% year-over-year vs. 16% sales growth. Within our target to grow inventories in-line with, or slower than, sales.

NOW TURNING TO GUIDANCE

Given our strong second quarter results and confidence in our brands and their financial outlook, we are raising our guidance for full-year sales, adjusted operating margin, and adjusted diluted EPS. As we've said on previous earnings calls, should strong trends continue and better-than-anticipated demand materialize, we will be well positioned to deliver financial performance ahead of our expectations.

FOR THE FULL YEAR, we now expect revenue growth of 15-17% which incorporates greater than 30% growth in Technical Apparel, mid-to-high-single-digit revenue growth in Outdoor Performance, and low-to-mid single-digit growth in Ball & Racquet.

We are increasing our adjusted gross profit margin guidance from approximately 54.0% to approximately 54.5%. We also are raising our guidance for our full-year operating margin,

and now expect adjusted operating margin toward the high-end of our previous 10.5-11.0% range.

Our net finance costs for the year will be $200 - 220 million, including approximately $15 million of non-recurring finance costs in the first quarter 2024. We still expect to have an effective tax rate on adjusted pretax income of approximately 38% for the full year 2024. But the rate will be higher in 2H, approximately 50-55%.

We continue to be very focused on designing and implementing strategies to reduce our effective tax rate. And we are confident that we will be able to reduce our effective tax rate to a level that is consistent with other global consumer companies over the next few years.

We now expect to achieve full-year adjusted diluted EPS in the range of 40 to 44 cents vs. our previous guidance "towards the high end of 30 to 40 cents".

Please keep in mind the 5 cent timing shift into Q2 from 2H as you incorporate our revised full year and initial Q3 guidance

Looking at the segments, we expect a 2024 adjusted operating profit margin slightly above 20% for Technical Apparel, high-single digits for Outdoor Performance, and a low-to-mid single-digit adjusted segment margin for Ball & Racquet.

Looking to Q3, we expect Group revenue growth to be 12 - 13%, led by Technical Apparel. A reminder that in Q3, we will face our most challenging growth comparison of the year. We expect Q3 adjusted gross margin to be approximately 54% driven primarily by the mix shift towards Technical Apparel, and an adjusted operating margin between 11.0 and 12.0%.

Based on current interest rates, our net finance costs for the quarter will be $45-50 million and we will have an effective tax rate on adjusted pretax income between 50-55%. We expect adjusted diluted EPS of 8 to 10 cents.

With that, I'll turn it back to the operator for Q&A.