

## AMER SPORTS 1Q26 EARNINGS SCRIPT

Welcome everyone. Thanks for joining Amer Sports earnings call for the first quarter of fiscal year 2026. Earlier this morning we announced our financial results for the quarter ended March 31, 2026, and the release can be found on our IR website [investors.amersports.com](https://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 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 and Salomon CEO Guillaume Meyzenq will join for the Q&A session.

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

Thanks Omar.

Our excellent momentum continued in Q1, as our unique portfolio of technical sports and outdoor brands are creating white space and taking share globally. All segments, geographies, and channels performed extremely well in the quarter, led by exceptional Salomon Softgoods growth, a strong Arc'teryx omni-comp, and solid Wilson Tennis 360 growth.

And we delivered strong results across the P&L, including **32%** sales growth and 160 basis points of adjusted operating margin expansion. All four regions achieved solid double-digit revenue growth. And that strong momentum has continued in Q2.

Looking forward, given the continued broad-based momentum across our portfolio and the talented and ambitious teams we have in place around the world, we are very confident in the future outlook for Amer Sports Group. Several factors give me that confidence:

**First**, we own and operate a unique portfolio of premium, innovation-driven sports and outdoor brands. These brands are still only small-to-medium size, with significant room to grow globally.

**Second**, Arc'teryx is a breakout outdoor brand, with leading growth and profitability for the industry driven by its disruptive DTC model.

**Third**, demand for Salomon's unique outdoor sneaker offering is inflecting globally, but the brand still only has a small share of the very large global sneaker market.

**Fourth**, our Wilson and Winter Sports equipment franchises have leading market positions, which we believe will deliver slower long-term growth — except for Wilson Softgoods, which we believe is unique in the market place and has significant potential.

**And fifth**. We believe we have a strong and differentiated platform in Greater China and APAC, where we continue to deliver best-in-class performance across our portfolio.

Before I turn it over to Andrew, I will briefly recap key highlights from our three segments.

#### **Starting with Technical Apparel.**

**Arc'teryx** delivered another great quarter, with broad-based strength across regions, channels, and categories — including another exceptional performance from women's. Strong momentum in the DTC channel continued, driven by a +19% omni-comp.

We continue to envision Arc'teryx as a truly global brand with significant runway in all major markets, and we are encouraged that the brand is generating strong double-digit growth across all 4 regions, including a notable acceleration in North America.

**Women's** momentum continued in Q1, growing faster than any other category for Arc'teryx. Our confidence in the Women's opportunity is rising as we are both: ONE) attracting new female consumers to the brand, and TWO) driving higher engagement and spend with existing female consumers. We really see brand affinity with women rising as we improve fit, style, and function while building expanded assortments, leveraging our unique design advantages.

Our decision to redesign core ABCG models for HER, while also expanding feminine color palettes, is working well. We also believe that success in bottoms, with franchises like the Clarkia, Leutia, and Nia pants, is also helping us unlock the female consumer.

On the Men's side we're excited to welcome a new Arc'teryx Men's Designer. Paxton Madison joins us most recently from Mountain Hardware, and North Face prior to that. His leadership will be instrumental as we continue to push the boundaries of our Men's offering when it comes to solving problems for the mountain athlete with technical performance and beautiful design.

**Footwear** had another great quarter, with strong growth across regions led by both existing styles and new launches. Popular existing styles include the Norvan LD 4 trail shoe, which has strong consumer affinity and is our biggest volume driver — followed by the Kopec hiking shoe.

And we launched the Sytan 2 in Q1, which is a technical trail run racing shoe. Looking forward, we are confident Arc'teryx has an exciting pipeline of shoe releases for the upcoming years. We are investing in our design capabilities and commercial teams on the ground in the U.S., and building a strong infrastructure for both DTC and wholesale channels.

Our **Veilance** sub-brand also had strong double-digit growth in Q1. We expect 2026 to be a year of impact for the brand as we invest in newness, further develop our collections, and expand distribution — all of which is creating excitement and engagement in the marketplace.

**Circularity and ReBIRD** continue to be at the heart of Arc'teryx. In Q4 we increased the credit guests receive when they trade in used Arc'teryx products, and this continues to drive strong triple-digit growth in trade-in activity in North America, albeit off a small base.

Our On-Mountain Academies remain a critical role in community engagement, and the Mammoth Mountain Academy we hosted in February was again a great success, with 22 thousand attendees over the weekend, and 42 clinics hosted by Arc'teryx athletes. Academies are becoming a key platform for ReBIRD, generating consumer awareness, interest, and ReBIRD sales.

**Peak Performance**, our other Technical Apparel brand, delivered solid growth in Q1. After the brand returned to growth in 2025, the turnaround remains on track so far in 2026, with sales increases across key channels and regions. The brand also continued to improve

profitability driven by concentrated efforts to reduce promotions and increase full-price selling, especially in the Nordic markets.

**Moving to the Outdoor Performance segment**, which was led by another outstanding quarter from Salomon Softgoods. The investments we are making to grow Salomon brand awareness and the distribution footprint are paying off, as Salomon footwear momentum is expanding across regions, channels — and in both Sportstyle and Performance.

We are also excited to share that we are seeing a clear acceleration in North America as we leverage the rising brand awareness to expand distribution with both new and existing wholesale partners.

We also saw solid performance from our Winter Sports Equipment franchises, which continue taking share despite challenging market conditions.

As you know, Salomon footwear has become a very important growth engine, not just for Salomon, but for Amer Sports Group. We are excited to see a demand inflection for Salomon's unique outdoor sneaker offering, especially since the brand still only has a small share of the global sneaker market.

I would like to highlight a few factors that give us confidence that Salomon is well positioned to achieve its growth potential, and do it in the right way:

**Number 1: Global Sportstyle momentum continues.** We believe Salomon is connecting with younger consumers and female consumers in a way traditional Outdoor brands have not. Sportstyle is critical to developing Salomon's position as *the* Modern Outdoor sneaker brand, including franchises such as the XT-6 and XT-Whisper.

**Second, our Performance and running lines are also working well.** We continue to believe our new GRVL franchise is helping to unlock the run category for Salomon like never before. Salomon is gaining traction in the Run Specialty channel in North America and EMEA. Recent running launches include the S/LAB Phantasm 3, which is an ultra-lightweight racing shoe engineered for elite performance, as well as the Aero Glide 4 with OptiFoam 2.

**Third is Salomon's amazing brand heat in Greater China and Asia**, where we believe we operate the most productive and profitable sneaker shops in the industry. Greater China was Salomon's fastest growing region in Q1, driven by both Sportstyle and Performance, as well as strong growth in apparel. Salomon is also experiencing surging demand in Korea and Japan, both large sneaker markets.

**Fourth, our epicenter strategy is working.** Our strategy to open a handful of brand stores alongside strategic elevated wholesale distribution in key Metro markets around the world is critical to elevating Salomon's presence and awareness. Our tier-1 global epicenter cities include: Paris, London, Shanghai, Beijing, Tokyo, New York, and LA. We have seen both rising brand awareness and accelerating revenues in our epicenter cities.

**Fifth is the strong pull demand we are seeing from consumers in Europe, Salomon's home market,** driving strong reorders, preorders and sell-through. Sportstyle continues to be the growth driver, but we have also seen a real inflection in GRVL in Europe, supported by marketing campaigns, in-store events, and running event activations. Also we are seeing high ecomm demand growth in Europe, even as we expand our retail and wholesale footprint.

**Six is North America,** which is the largest sneaker market in the world, but is still a small business for us. In the U.S. we are seeing a clear growth inflection driven by Sportstyle and Performance. Not only are we expanding our shelf space and sell-through in existing wholesale partner doors, but we are also now starting to move Salomon footwear into key wholesale partners in the U.S.. As you know, there is strong demand for Salomon sneakers in the U.S. but still very limited distribution for consumers to find our products.

**Moving to Ball & Racquet highlights.** Ball & Racquet grew 13% in Q1 driven by continued strength in Softgoods, and Racquet Sports. Our Tennis 360 products continue to resonate very well with consumers, from performance racquets to tennis apparel and footwear. And Wilson **Softgoods** continued its exceptional trajectory, with very strong growth across all 3 major regions.

The Wilson brand is unique in its ability to outfit tennis athletes from head to toe, including racquets and accessories. We are pleased to see an increasing number of the world's top tennis players wearing head-to-toe Wilson kits at key events, including Marta Kostyuk winning the Madrid Open and men's top-10 player Alex de Minaur at Indian Wells.

In Q1 we launched version 10 of our iconic **Blade** racquet. The launch of Blade has been well received in the market across all channels, with reorders from key customers coming in already. We're also seeing strong validation of the Blade v10 on tour, with world No. 1 Aryna Sabalenka, who won Indian Wells and the Miami Open playing with a blacked out version of the new Blade before it was launched publicly.

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

Thanks James.

Q1 was a great start to the year, with strong sales, margin expansion, and EPS growth. The investments we have been making behind our biggest opportunities are paying off in terms of both sales growth and margin expansion. Today we are experiencing exceptional trends across each of our three biggest growth engines: Arc'teryx, Salomon Softgoods, and Wilson Tennis 360 — which are all still relatively small franchises with significant room to expand.

### **Turning to our Q1 results**

**Amer Sports grew sales** 32% in Q1 on a reported basis, or 26% ex-currency. The strong Group sales performance was led by Outdoor Performance and Technical Apparel. Ball & Racquet also had impressive double-digit sales growth.

**By channel**, the Group continues to be driven by DTC, which grew 45% led by Salomon and Arc'teryx. At the group level, DTC represented approximately 50% of revenue in Q1. Wholesale grew 21%, led by Salomon.

**Growth was also very strong across all geographies.** Regional growth was led by Asia Pacific, which increased 53%, and China, which grew 45%. EMEA accelerated to 27%, and the Americas grew 18% in Q1.

As it relates to our EMEA region, I wanted to touch on the Middle East conflict, which thus far has had a relatively low impact on our business. The region represents less than 1% of our global sales, and the impact on both consumer demand as well as our supply chain and logistics operations, has been immaterial thus far. We recently renegotiated our annual shipping contracts, and this has also been incorporated into our latest guidance. That said, we continue to closely monitor this rapidly evolving situation, which could create some logistical and cost headwinds should the price of oil remain elevated longer term.

**Turning to profitability**, adjusted gross margin increased 200 basis points to 60.0% in Q1, primarily driven by favorable channel, geographic, product, and brand mix.

**Adjusted SG&A** expenses as a percentage of revenues increased 60 basis points and represented **43.2%** of revenues in Q1. This is a better SG&A rate than what was implied in our previous guidance as we were able to leverage the higher sales growth against fixed

costs. SG&A leverage in both Technical Apparel and Outdoor Performance was offset by deleverage at Ball & Racquet due to ongoing investments in Wilson Tennis 360 and higher corporate expenses.

Led by strong gross margin expansion, we generated a **160** basis point increase in our adjusted operating margin from **15.8%** last year to **17.4%** in **Q1**.

Corporate expenses were **\$52 million**, up from **\$27 million** in **Q1** of last year, mostly related to higher IT, personnel, and deferred compensation expense. D&A was **\$103 million** which includes **\$50 million** of ROU depreciation.

Adjusted net finance cost in the quarter was \$30 million, which comprised primarily of \$25 million from interest expense, with the remaining \$5 million driven mostly by Fx losses associated with the revaluation and settlement of monetary balances.

**In the quarter, our adjusted income tax expense was** \$86 million, which equates to an adjusted effective tax rate of **28%**.

Adjusted net income in **Q1** was **\$218 million**, compared to **\$148 million** in the prior year period. Adjusted diluted earnings per share was **\$0.38** compared to adjusted diluted earnings per share of **\$0.27** last year.

#### **Now turning to segment results:**

**Technical Apparel** revenues increased **33%** to **\$885 million** led by Arc'teryx. Growth was fueled by **41%** DTC expansion, including a +19% omni-comp. Technical Apparel wholesale revenues grew **16%**.

**Regionally**, the Technical Apparel growth rate was led by Asia Pacific and Greater China, followed by accelerating growth in the Americas and EMEA. It gives us high confidence in Arc'teryx's global growth trajectory that all regions continued to grow strong double digits.

Stores continue to be central to Arc'teryx's growth aspirations, and we plan to open 30 to 35 net new Arc'teryx stores in 2026 across all markets. Our store opening plan incorporates a similar level of gross new stores as in 2025, partially offset by the continued closure of certain outlets and other sub-optimal locations.

We are planning 10 to 12 net new store openings in Greater China in 2026, with openings weighted toward 2H and Q4. After multiple years of optimizing the fleet, we are excited to resume new store expansion in this large and important consumer market.

In Q1, we had 5 openings in China, offset by 5 closures. Key new locations include the **Grand Gateway 66** store in Shanghai, a great example of the benefit when we relocate from a third floor location to the ground level, with much higher traffic and a more premium location amongst the luxury brands.

In Q1, Arc'teryx growth accelerated in **North America** and we delivered strong double-digit omni-comps in the US. We are seeing significant progress in brand awareness in the U.S., with unaided brand awareness growing to 12% from 8% last fall, led by top of funnel marketing strategies. We believe brand experience and community are still untapped areas for Arc'teryx to unlock higher conversion rates in the U.S. market, and we will be doubling down on those activities in 2026.

One new store worth highlighting is our latest San Francisco area location in Burlingame, which opened in March. It has performed very well so far, and will play an important role in continuing to develop Arc'teryx in warmer markets.

I also want to highlight our Rockefeller Center store, where we are encouraged by the building sales trajectory over the course of this past Winter. Also, our mountain town strategy continues to resonate, as new stores in Aspen and Park City got off to great starts despite low snow in the Rockies this past Winter.

**Technical Apparel adjusted operating margin expanded** 250 basis points to **26.4%**, driven by both gross margin expansion due to positive region and channel mix, as well as modest SG&A leverage on strong sales.

**Moving to our Outdoor Performance Segment, which saw** revenues increase **42%** to **\$714 million**, driven by very strong performance in Salomon footwear, apparel, and bags and socks.

By channel, Outdoor Performance DTC grew 57%, led by new doors and higher productivity across markets, especially Greater China, APAC and the Americas. Outdoor Performance achieved a 29% omni-comp, with strength in both stores and ecommerce. Ecomm is continuing to grow across regions driven by higher traffic, especially in the Americas and APAC. Outdoor Performance wholesale grew 34%, driven by strong sell through and reorders in Softgoods.

**Regionally**, the Outdoor Performance growth rate accelerated across all geographies, led by Greater China and APAC, followed by the Americas and EMEA.

The popularity of Salomon footwear continues to inflect globally, and we are doing everything we can to ensure we are well positioned to fully develop this large opportunity in the right way over time. Salomon is positioned for significant growth in all major consumer regions, and we are working hard to build the right team, operational, go-to-market, and brand building functions to support our growth.

In Asia, DTC continues to be the critical growth channel for Salomon led by our highly productive Salomon shops. We opened 9 net new Salomon shops in **Greater China** this quarter, including both owned stores and partner stores, bringing our total count at quarter end to 302 doors.

For full year 2026, we now expect to open 45 net new stores in Greater China, a slight increase from the 35 we communicated last quarter, as more high quality locations have become available to us and our partners. Keep in mind, although our net new store openings are slower than the nearly 100 new doors the last couple years, we are focused on upgrading the fleet by opening larger format, highly productive doors in the highest traffic shopping centers, with more space to incorporate apparel and accessories. This is a very similar playbook to what we followed for Arc'teryx the last few years in Greater China.

A great example of this is the new Salomon Flagship we recently opened in Beijing's highest footfall shopping center, Chaoyang Hopson One, known for its premium, trend-driven retail. With over 8000 square feet, the new flagship offers a full range of footwear and apparel, and a highly elevated consumer experience.

**In APAC**, another region where Salomon is experiencing explosive growth, we opened net 5 new Salomon stores in Q1. These were all in Japan and Korea, both very large and sophisticated sneaker markets. Salomon's overall brand awareness and desirability continues to grow very rapidly across Asia.

**In the Americas**, as James mentioned, Salomon footwear is seeing a material growth acceleration. The brand is seeing great DTC demand in both stores and ecomm, and we are also excited to share that we are beginning to expand U.S. wholesale in a more meaningful way.

Not only are we improving sell through and expanding shelf space within existing wholesale partners, such as Nordstrom and REI, we are also now starting to move Salomon footwear into key doors with new U.S. retailers, like Foot Locker and JD Sports.

There is growing demand for Salomon sneakers in the U.S., and we are strategically sequencing our U.S. wholesale rollout to align with our epicenter market strategy. Keep in mind, this expansion into new wholesale accounts will include a small number of doors initially.

Accordingly, we are seeing very strong North America order books for Fall/Winter 2026 with growing demand across a variety of high quality existing and new retail partners. And we have improved our inventory position to respond to the growing demand.

In terms of own retail in North America, we are further strengthening our presence in New York City, and just recently opened a Salomon brand store in the Upper West Side of Manhattan, and in Q3 we will open a Salomon store in the Flatiron district of New York. We also opened our first Salomon shop in Mexico City, as the brand is also enjoying accelerating awareness and desirability across LatAm markets.

We will continue to focus on our epicenter strategy in 2026 and beyond, particularly New York, Los Angeles, Miami, and San Francisco. We currently plan to open 7-10 new Salomon shops in the Americas this year.

In EMEA, we continue to expand our store fleet in key epicenters, and we will further develop our Europe epicenters into Spain, Germany and other key UK cities in 2026. In Q1, we opened our first brand store in Copenhagen, Denmark, which has delivered a very positive start.

Lastly, our **Winter Sports Equipment franchises** had a solid Q1 despite challenging weather and market conditions. While the market for cross country and touring remains pressured vs. the COVID highs, the core Alpine "en piste" market remains healthy despite low snow in certain regions.

**Outdoor Performance** adjusted operating profit margin expanded 480 basis points from last year to 20.4% in Q1. The margin expansion was led by gross margin thanks to positive channel, region and product mix, as well as SG&A leverage on strong growth.

We were pleased to deliver strong margin expansion in Q1 after making the decision last quarter to accelerate investments to support Salomon's long-term growth, including

marketing, retail expansion, and talent acquisition. We believe these types of investments are critical to deliver the kind of results we saw in Q1, as well as position the brand for high quality long-term growth.

I would add that we believe this is one of the advantages of our portfolio. The strong sales growth and margin expansion at the Group level gives us the flexibility to invest behind early stage growth opportunities, such as Salomon sneakers and also Wilson Tennis 360, in a way that they could not as standalone entities.

***Moving to Ball & Racquet***, where revenue increased 13% to **\$347 million** driven by Softgoods and Racquet Sports.

We continue to see very strong momentum in Tennis 360 globally. By category, the growth was led by Softgoods, up very strong double digits with continued momentum in all regions. Strong racquets growth was driven by China and EMEA.

Beyond Tennis, we saw solid growth in golf driven by commercial clubs and golf balls, while Inflatables were slightly down. Baseball also declined, impacted by the timing of shipments in bats and gloves, partially offset by growth in baseball uniforms and apparel.

Regionally, the Ball & Racquet growth rate was led by Greater China, APAC and EMEA.

We opened one net new Wilson brand store in Q1 in Korea. We have extensive store opening plans for China this year, given the performance of existing Wilson Tennis 360 shops. For the full year, we now plan to open approximately 40 net new Wilson Tennis 360 shops in China, between owned and partner doors.

**APAC** also continues to drive meaningful Wilson Softgoods growth. We are seeing strong growth in Korea retail, as well as in Australia in racquet, golf, and apparel.

**In North America**, we saw strong retail growth in Wilson Softgoods, offset by the timing of product launches in racquets and golf, as well as lapping some big sell-in programs in inflatables and baseball last year.

We also continue to expand our Tennis 360 offering into more Dick's Sporting Goods locations, including House of Sports. We are planning to expand our Dick's footprint from 250 doors to 400 by the end of 2026.

**Ball & Racquet segment adjusted operating profit margin** decreased **370** basis points to **3.6%** as positive product, channel, and region mix was more than offset by higher SG&A, as we made the decision to make key investments to support Wilson softgoods growth, including signing new Tennis 360 athletes. Higher gross tariff and freight costs also negatively impacted margin year over year.

**Turning to the Group balance sheet.** We ended the quarter with \$539 million of net cash, and exited the quarter with inventories up 33% year-over-year, slightly higher than our 32% sales growth. We are very comfortable with the level and quality of our inventory. This higher inventory growth is primarily related to the same factors we've previously disclosed: 1) earlier receipt of seasonal Arc'teryx merchandise to prepare for better in-stock position; 2) higher Arc'teryx goods-in-transit resulting from the greater use of ocean shipping vs. air freight; 3) Fx translation from the weaker US dollar, and 4) the addition of the Arc'teryx Korea inventory following the recent acquisition. We expect inventory growth rates to normalize in 2H26, when we start to cycle our improved in-stock positions and the higher use of ocean freight.

Driven by strong profit growth and disciplined working capital management, we generated **\$172** million of operating cash flow in the first quarter compared to \$164 million last year. And for the full year 2026, we expect to generate solid operating cash flow growth versus 2025 levels.

**Now moving to guidance—**

A couple housekeeping items before I walk through the details.

First on tariffs. Our new updated guidance today assumes that the higher IEEPA tariff rates that were in place before the February Supreme Court ruling remain in place for Q2 and the remainder of 2026. Regarding tariff refunds, we have filed our submission and last week received a small portion of our total submission amount; which does not have an impact on our guidance as presented.

Second, as we mentioned last quarter, beginning in Q1 we discontinued allocating certain corporate expenses to our reportable Segments that are not directly attributable to the operating performance of the Segments. There is no impact to the overall Group adjusted operating profit margin, it is simply reallocating certain costs from Segments to Corporate. Included in our press release and earnings deck is an exhibit that details the costs reallocated from each Segment to Corporate for each quarter of 2025.

**Let's begin with our updated full year 2026 outlook.**

The second quarter is off to a strong start, and given the continued momentum from our highest-margin Arc'teryx franchise, accelerating Salomon Softgoods growth, plus the solid foundation of our equipment franchises, we have the confidence to raise our 2026 sales, margin, and EPS guidance.

We are raising 2026 revenue growth guidance from 16 – 18% to 20 – 22%, which includes a 200 – 250 basis point benefit from favorable Fx impact at current exchange rates.

By segment, we are raising our Technical Apparel 2026 revenue growth guidance from approximately 18 – 20% to 22 – 24%. We are also increasing our Outdoor Performance sales growth expectations from 18 – 20% to 22 – 24%. Our Ball & Racquet sales growth guidance goes from 7 – 9% to 10 – 12%.

We are also raising our full-year adjusted gross margin guidance from approximately 59% to a range of 59 – 59.5%. And we are also raising our adjusted operating margin guidance from 13.1 – 13.3% to 13.4 – 13.7%.

By Segment, we continue to expect an adjusted operating margin of approximately 22% for Technical Apparel. For Outdoor Performance we are raising adjusted operating margin guidance from 14.5 – 14.8% to 15.0 – 15.5%. For Ball & Racquet we continue to expect an adjusted operating margin of 4.7 – 5%.

We are assuming full-year net finance cost of approximately \$70 million and an effective tax rate of 28%.

Other operating income will be approximately \$30 million for the full year, with approximately \$20 million coming in Q2. Net income attributable to non-controlling interest will be approximately \$20 million for the full year. We now expect adjusted diluted EPS of \$1.18 – 1.23, versus our prior guidance of \$1.10 – 1.15, which is based on 586 million fully diluted shares. We are also assuming D&A of \$400 million, including approximately \$200 million of ROU depreciation.

Capex is still expected to be approximately \$400 million, primarily to support our retail expansion and IT infrastructure investments.

**TURNING TO SECOND QUARTER GUIDANCE**, we expect reported revenue growth for the Group in the range of 22 – 24%, which assumes a 200 - 250 basis point benefit from favorable Fx impact at current exchange rates.

We expect adjusted gross margin to be approximately 59.5% in 2Q26, and an adjusted operating profit margin of 6.0 – 7.0%.

Other operating income for the quarter will be approximately \$20 million. Net finance costs will be approximately \$15 million, and our effective tax rate will be approximately 28%.

We expect adjusted diluted EPS of \$0.08 – 0.10 in Q2.

Lastly I would note that should strong trends continue and better-than-anticipated demand materialize, we believe we are well positioned to deliver financial performance ahead of our expectations.

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

**Q&A – OPERATOR**