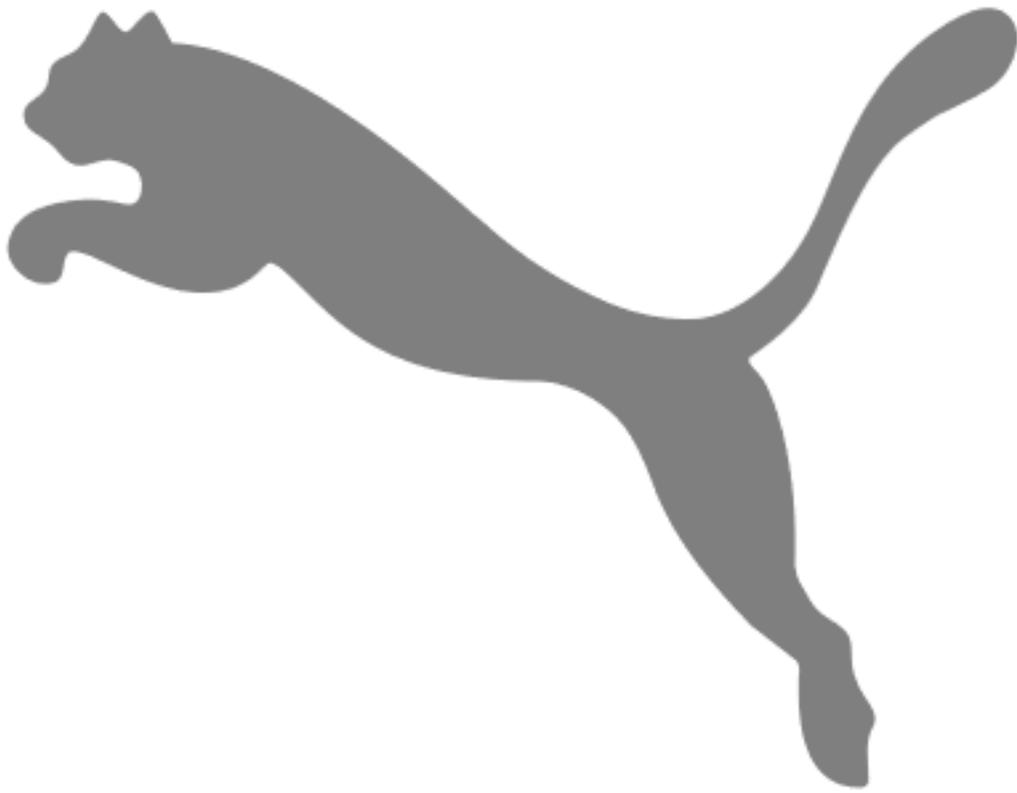


**PUMA**  
**Q4 & FY 2025**  
**TRANSCRIPT**



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**Warwick Okines** – BNP Paribas

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Please note that the transcript has been edited to enhance comprehensibility.

## PRESENTATION

Manuel Bösing

Hello, everyone, and welcome to the PUMA conference call for the fourth quarter and full year 2025. Joining me today are our CEO, Arthur Hoeld, and our CFO, Markus Neubrand. Before we start, please take note of the cautionary statement regarding forward-looking information. Arthur and Markus will guide you through today's presentation, covering our business recap, financial update and outlook for the year ahead. After the presentation, we will open the floor for your questions.

For the Q&A session, we kindly ask that you limit your initial questions to two per person. This will allow as many participants as possible the opportunity to take part in the discussion. We will begin with a short video, and afterwards, Arthur will take over. With that, please enjoy the video.

Arthur Hoeld

Good afternoon, and welcome from my side here from Herzogenaurach as well. Yes, I think that video summarised perfectly what a great brand we are, what a great potential we have. But it certainly also highlighted some of the challenges that we have started to take on last year. So, allow me to take you on that journey and the progress that we have made over the last few months.

However, starting, of course, when we talk about PUMA, we want to start with sports, the foundation that we built upon. Some of the highlights last year were definitely, Mondo Duplantis taking the world title and at the same time, the world record, in pole vaulting at the Tokyo World Championships. That also made him, the fourth time, the men's World Athlete of the Year. Amanal Petros, featuring the Fast-R 3, was winning the silver medal in the marathon race, and then, subsequent to that in Valencia, set the third-fastest European time ever.

We are very happy that, to date, we have ten teams qualified for the FIFA World Cup, and that gives us strong, strong presence at one of the most prolific sporting events later this year. HYROX, a key partnership that we have extended last year, sees increasing popularity, building a community way beyond what we have imagined beforehand. And we have key athletes who are breaking world records almost on a weekly basis. In Formula 1, last year, we had two out of five teams in the top Constructors' Championships.

And as you've seen from our recent announcements, we're very proud to add McLaren, the current champion in the team and individual championships, to our roster for 2026. And then, last but not least, with Dennis Schröder and the German team winning the Euro champs at the same time, we are looking forward to Tyrese Haliburton coming back in

the new season. So, there's a lot of positivity, a lot of great achievements that PUMA, as a brand, has seen in the year 2025.

And we also do see our foundation for future success in exactly those areas, first and foremost, providing innovative technologies for our athletes, for our teams, for our high-performing sportspeople. Whether it's apparel technologies like CLOUDSPUN or dryCELL, or the best technology in the running world out there with Nitro, we're extremely proud of the developments and of the success stories our teams have achieved in recent months.

Second to that, our brand will be built on community platforms, connecting with consumers around the world, connecting new, different and engaging ways to really set the tone and set the standard, where PUMA will be at the forefront of conversations again. And, of course, it's also about global reach. A brand that is globally recognised, but globally also connects, on the highest level, with partnerships that have been, either long lasting, or will be added freshly and newly to excite our audience out there. And that all will be built on 77 years of history, history that was made out of great products, great athletes and great partnerships that have built PUMA into one of the greatest brands on Earth to date.

However, we also recognised, last year, that we have to start to do things differently in our organisation and in our brand. We have called out a three-year transformation journey that was clearly starting, middle of last year, with the so-called Reset. Let me give you a brief update on what we have achieved and what we've done in those last five to six months since we called this out.

So, 2025 was not just a year of reset. We have clearly communicated and acted upon key measures and key activities that will take PUMA into a different area and allow us to really fulfil our growth ambitions in the years to come. From a distribution perspective, we have talked about cleaning up undesirable Wholesale business, reducing our overstock with Wholesale partners and, at the same time, reducing our discounts in our own channels. And I'll come to talk a little bit more in detail about that one.

From a cash perspective, we have become a much more prolific organisation, in terms of managing our cash situation. We have definitely reduced our PO placements in order to avoid a further oversupply, for example, for our 2026 business. And at the same time, we have also reset our opex operations. We have, for example, significantly

reduced our range size and our complexity and also committed to working on our operational inefficiencies as an organisation and as a company.

When I talk about rightsizing measures across our business, I wanted to give you some details and a bit more flavour of what that meant for us. For example, when it comes to undesirable Wholesale business, we will decrease our business by the double digits over the next couple of years, until the end of this year. We have already started to reduce our discounting policy in our own e-commerce channels, as well as our retail channels. This had, already, a significant impact, not just on our top line, but more importantly, that people and consumers start to see us again as a serious brand and as a brand that commands value.

And, last but not least, as I said, both our inline and non-inline product range will decrease double digit. The season where that will come into fruition will be the spring/summer 27 season. A lot of measures that we talked about that are now already in place will show up in the market in the seasons to come. We also have committed to focusing on streamlining our organisation. The adjustments we've promised were about 20% of our whitecollar positions reduced between 25 and 2026.

500 of those positions have been reduced in the first half of 2025, within the so-called nextlevel programme. One third of the additional 900 positions, we have reduced in the second half of last year. That leaves another two thirds of those 900 positions that we're actively engaging with at this point in time. So, we are committed, and we're executing, to become a better, to become a more streamlined, but also more efficient organisation going forwards.

An organisation is, of course, built on strong leadership, senior leadership, that has the capabilities to transform this organisation. What you see here on this chart is the already communicated new addition of Andreas Hubert as the Chief Operating officer, as well as the extended responsibilities for Maria Valdes. Her role was transformed from being in charge, in terms of products only, to now adding a responsibility for go-to-market and brand marketing to fulfil a new operating model that we, as an organisation, will be carrying in the future.

You also see a significant amount of other changes that I will not go into detail on today, but they've all been announced over the last three to six months, basically. Allow me to briefly touch on that new brand and operating model. What

is new, that we're basically bringing all the elements together that allow us to develop successful and promising and cut-through marketing stories and concepts in the future.

That means brand marketing, product creation and the go-to-market teams are all united under one team and will, in the future, develop concepts and propositions right from the get-go, and then take them also fully through into the sales and into the conversations with our customers and with our DTC colleagues. Under Maria's leadership, we have also restructured our categories with a full ownership proposition moving forward.

We have also clearly called out what we say, the four priorities, the four DNA categories for PUMA in the future. They will be football, running and training now as two separated categories that previously were homed under one leadership, and a focus on sports style, which is the select and the prime business, which has been split from the core business. So, clearly, a commitment to growth and to growth across a global scale, with a dedicated viewpoint on how we will show up as a brand in the future.

Also, at the same time, we have developed a new go-to-market calendar that will come fully into provision for the spring/summer 28 season. That means we're going to have a more focused approach in terms of alignment internally, an improved selling readiness, but also higher efficiencies when, as a brand, we go to market. The second significant change that we are undergoing at the moment is under leadership of Matthias as our Chief commercial officer.

We are going to transform our home region, Europe, from an organisation that has a very small regional layer, almost with seven different competencies and different cluster centres, which led to a very decentralised structure, duplicate a lot of efforts and ultimately, also a pretty inconsistent brand activation. In the future, as of later this year, we're going to increase our region layer, our European layer. We're going to have three more streamlined clusters across Central, North and South.

And that also will mean, in the future, we're going to have more consistency, stronger efficiencies, there will be a regional ownership of the key growth levers and also allowing us for faster and more aligned decision making. So, these were some of the measures we talked about last year and the execution that was started. But of course, we'll transition into 2026. With that, I'll hand over to Markus to talk you through the results.

Thank you, Arthur, and hello to everybody from my side. Following Arthur's remarks, I will now walk you through the key financial metrics and explain how the reset measures he outlined impacted PUMA's Q4 and full year results. On the top line, we saw substantial currency-adjusted sales decline of nearly -21% in Q4, leading to a sales decline, in full year 2025, of around 8%. The notable reduction in sales of around 8% was primarily attributable to our reset measures initiated during the second half of 2025.

Our reset measures can be split up mainly into three buckets. The largest impact came from cancellations of undesirable business. We've also had partners in the mass merchant space, followed by inventory takebacks and lower DTC promotions to improve brand perception. From a retail perspective the reset was particularly pronounced in Americas, especially in the US, EMEA and China.

Now, let's have a look at the sales breakdown by channel. Wholesale saw a decline of around 28% in Q4, due to significant takebacks to clear excess inventory in the channel, along with immediate actions to reduce exposure to mass merchants in North America and to phase out undesirable business in Latin America, EMEA and Asia Pacific. In full year 2025, Wholesale decreased by 13%.

Direct-to-Consumer sales dropped to 8% in Q4, with owned and operated stores down about 1% and e-commerce falling by 20% due to fewer promotions aimed at strengthening PUMA's brand. For the full year, D2C increased 3%, supported by both brick and mortar and e-commerce. Correspondingly, the Q4 DTC share rose substantially to 41.1% from 35.5% in Q4 2024. For the full year, the DTC share increased to 32.4%.

Moving on to the sales breakdown by regions, EMEA sales decreased by around 24% in Q4 and -7% in full year 2025. Lower sales were driven by a weaker Wholesale performance due to the reduction of undesired business and inventory takebacks, as well as lower DTC business on the back of reduced promotions. In the Americas region, sales fell by 22% in the fourth quarter and by -10% on a full year basis. The decline was mainly attributable to North America, where sales decreased by slightly more than 33% in Q4 and -19% in the full year, as a result of the distribution cleanup in the mass merchant business in the US.

Sales in Asia Pacific dropped by nearly 13% in Q4 and by 7% in full year 2025. This was mainly driven by a decline in the Greater China Wholesale business, which was partially offset by robust growth in the Direct-to-Consumer channel.

Overall, Greater China sales declined by almost 20% in Q4. From a product division perspective, Footwear sales in Q4 decreased by around 25% due to a broad decline across most categories.

Within Footwear, we saw growth in the Sportstyle Prime & Select segment, driven by the Speedcat family, with particularly strong performance in the Asia Pacific region in the past quarter. However, the training category remained resilient and delivered healthy growth. Despite an overall decrease in the Running category as a result of the distribution cleanup, Performance Running showed strong growth, driven by the success of the Velocity Nitro 4.

Our Apparel sales fell 14% in Q4, reflecting widespread declines across categories. This was partially offset by growth in Training, with continued strong momentum in HYROX. Accessories decreased by 18% in the past quarter, mainly due to golf. On a full year basis, all product divisions declined in the high single digits.

Moving on to the operating performance in the fourth quarter, gross profit margin was down -7.5 percentage points, and I will elaborate a bit more on that development in just a minute. Royalty and commission income was up 36%, mainly due to a transition from a business partnership to a licensing agreement structure with United Legwear. Operating expenses, excluding one-time effects, fell by roughly 8% to 887 million during the quarter. This decrease was driven by positive results from the cost-efficiency programme and reduced expenses in the DTC channel, which were a consequence of lower sales, compared to the same quarter last year.

Driven by lower sales and lower gross profit, adjusted EBIT came in at -€229 million, down €315 million versus Q4 2024. One-time effects amounted to around €79 million, mainly related to the cost-efficiency programme and a goodwill impairment. Reported EBIT, including one-time effects, was around -€308 million, and our loss from continued operations came at -€335 million. As indicated, let's take a closer look at the gross profit margin in Q4.

First and foremost, the drop was primarily attributable to increased promotions in the Wholesale channel and inventory reserves, resulting from the distribution cleanup, both as a result of the reset measures we commenced in the second half of 2025. Additionally, we saw headwinds from unfavourable currency effects from Turkish lira, the US dollar and the Argentine peso, as well as a slightly negative regional mix.

These negative effects were partially offset by a favourable channel and product mix and slightly lower freight cost. In addition, lower sourcing costs, including duties, were tailwinds, and therefore more than offsetting the negative impact from US tariffs.

Now, looking at full year 2025 operating performance, the gross profit margin was down, year over year, by 260 basis points. Also, here, I will dive deeper into the drivers in a minute. The royalty and commission income increased by 4.4% to €92 million. Opex, excluding one-time effects, remained flat at around €3.5 billion. I will give more colour on that development shortly. Due to reduced sales and gross profit, adjusted EBIT, excluding one-time effects, fell to -€166 million.

We incurred one-time effects of around €192 million. Consequently, the reported EBIT came in at -€357 million. Loss from continuing operations came in at around -€644 million. In light of the net loss recorded in fiscal year 2025, and in order to maintain liquidity, the Management Board and the Supervisory Board of PUMA will propose, at the 2026 Annual General Meeting, that no dividend should be paid out for 2025.

Turning to gross profit margin development in fiscal year 2025, gross profit margin was down 260 basis points to 45%. On a full year level, increased promotions in the Wholesale channel and inventory reserves represented the main headwind. We also saw negative currency effects impacting gross margin, mainly from Turkish lira, Argentinian peso and Mexican peso.

This was partially offset by favourable channel and product mix, as well as the reduced sourcing costs, including new deals. We managed to limit the adverse impact of US tariffs to around €30 million in 2025. In 2026, we expect a substantial improvement versus 2025, especially due to lower promotions, including inventory reserves and a favourable channel mix.

Now, let's take a closer look at opex and one-time effects, respectively. Opex, excluding one-time effects, was flat at around €3.5 billion, both channel mix as a DTC share, especially e-commerce, increased from 28.9 to 32.4%, and other opex offset lower marketing expenses, as well as savings from the efficiency programme. Looking at marketing expenses, I want to highlight that we deliberately did not reduce marketing expenses any further than we did.

In constant currency, it even remained stable year over year, as we see this cost position as an essential lever to

elevate brand perception. Other opex includes higher depreciation and amortisation costs resulting from investments in DTC and infrastructure, along with approximately €30 million in accounts receivable write-offs, precluded an opex decline. Due to significantly lower group sales, the opex ratio increased by 640 basis points to 48.5%.

We recorded material, one-time effects, mainly related to the cost-efficiency programme and goodwill impairments. Personal expenses accounted for €102 million. These expenses are linked to our cost-efficiency programme, targeting a global headcount reduction. Impairments were €63 million, related to goodwill impairments in Japan, Canada, as well as in digital infrastructure. Closing unprofitable stores and other non-operating costs reached €27 million.

Looking forward, we anticipated significantly less one-time effects than what we saw last year. These costs will mainly focus on personal expenses. Overall, in 2026, we do not expect materially lower opex in absolute terms, as we will continue to invest in our brand, as well as marketing, and expect stronger growth in DTC versus Wholesale.

Let me shed some more light on the drivers of the reported EBIT margin development. Reported EBIT margin was down from 6.5% in fiscal year 2024 to -4.9% in fiscal year 2025. The negative development in gross profit margin had an impact of -2.6 percentage points. The effect of royalty and commission income had a slightly positive impact of 20 basis points.

While opex remained flat in absolute terms, the significant decrease in sales caused the opex ratio to rise by 6.4 percentage points. One-time effects of €192 million also had a negative effect, on margin, of 2.6 percentage points.

Now I would like to take a closer look at working capital. Inventories rose by 2% reported and 11% currency adjusted to around €2.1 billion, partly driven by inventory takebacks from Wholesale partners to clean up distribution. This was partially offset by deliberate decrease in purchase volume that we adopted as a strategy to moderate inventory expansion and prevent excess supply.

Trade receivables decreased by around 27% to just over €900 million, mainly due to a significant sales decrease in the fourth quarter. Trade payables decreased by 33% to €1.3 billion, mainly reflecting reduced purchasing volume in the fourth quarter. Working capital overall exceeded €1.5 billion, increasing by 20% against last year, and accounted

for 21% of group sales, compared to about 15% in fiscal year 2024.

Staying within working capital, let's take a closer look at inventory development. Our inventory cleanup is slightly ahead of plan. We completed the majority of targeted takebacks, and you can see that Q4 inventory started to decline slightly against the level seen in Q3. The decline was mainly driven by active inventory reduction measures, including clearance through factory outlets and selected Wholesale partners, as well as a restatement effect related to PUMA United.

We aim to further reduce inventories this year through our own factory outlets and Wholesale partners, supported by targeted promotions and disciplined purchasing. We remain firmly committed to restoring inventories to normalised levels by the end of 2026.

Let's move on to cash flow and a change in our cash position. We ended the year 2024 with around €370 million of available cash. Due to negative earnings before taxes and increased net working capital, we ended fiscal year 2025 with a negative operating cash flow of around €320 million. Investing cash flow included capex of €206 million, focused on digital infrastructure, investments in our DTC channels and initiatives to strengthen long-term competitiveness.

Our operating cash flow and investing cash flow summed up to a negative free cash flow of -€530 million. Financing cash flow amounted to around €400 million and included around €1 billion proceeds from additional financial liabilities to support the operating business and finance working capital. Overall, the cash flow development led to a decline in cash against last year to €290 million. In 2026, we expect our free cash flow to be positive.

This brings us to net debt development. The additional financial liabilities resulted in an increase in net debt to just over €1 billion. End of 2025, we saw a financial headroom of €1.5 billion, including a cash position of €290 million, as shown before, and unutilised credit lines of around €1.2 billion to invest in our strategic priorities. In February 2026, we were able to secure another private placement of €100 million.

With this additional financing instrument, we reduced the bridge facility from €500 to 350 million and secured slightly more favourable financing conditions. The bridge facility was fully syndicated with our core banks. Given the currently elevated level of net debt, deleveraging is a clear priority, and we target to reduce net debt over the coming

years. This concludes my remarks on the financials, and I will now hand back to Arthur for the outlook for fiscal year 2026.

Arthur Hoeld

Markus, thank you very much. So, let's look forward into 2026, and I want to explain to you again why this year is a year of transition before the company then will enter a growth period again. It's very important to realise that the Reset measures will now need to be executed throughout the year of 2026. That means, for example, first and foremost, our ongoing efforts to clean up the marketplace and to be diligently working on inventory liquidation will have a high priority for us.

I've briefly talked about the new brand operating model that, between brand, product and go-to-market, will fully show the effects in 2027. And, to remain in sporting goods terms, that muscle needs to be trained throughout the 2026 calendar year. We are also, of course, working on our high share of budgets that are allocated to long-term commitments. So, reshaping our marketing working budgets to be most effective from a consumer and from a brand proposition perspective remains a high priority for us.

The organisational changes that I alluded to will, of course, need to be executed and then reshaped throughout the year of 2026. And then, last but not least, you've been notified that, at the end of January, we do have a new strategic investor with Anta joining us throughout the year. That, of course, will mean a further transition, a further elaboration on how we're going to set ourselves up as a brand, as a business, moving forwards.

What remains constant, however, is that our commitment, our North Star, to become a top three sports brand, remains unchallenged. We're very clear that it's our ambition to return to above industry growth rates as of 2027 and to return to healthy profits in the same manner. Being a sports brand also means that we have a very clear idea, a very clear outlook, in terms of how we want to be perceived and how we want to do this. It's important to say, we're going to be one global sports brand.

Our brand has a global footprint. Our brand has a global priority, and a brand that activates itself globally within the same manner and tone. And we'll play this with two distinct pillars, of course, an elevated proposition when it comes to our heritage of the 77 years of the archive, the great stories that we have achieved over the many decades in the sporting goods industry.

And at the same time, high attention to our innovations, to driving performance with athletes and teams alike across the globe and making sure that PUMA is going to be seen as a sports brand that can help to innovate and can help to push boundaries in sports.

For 26, I'm incredibly excited, of course, about the sports moments that are there to come, and which we've achieved already. At the very beginning of the year, we had an all-PUMA final at the African Cup of Nations, where Senegal and Morocco were playing the final, and Senegal, for the second time in a row, took the championship. Just a couple of weeks later, in Denmark, at the European Handball Championships, we had another All-PUMA final with Germany and Denmark playing in that game.

The title was won by Denmark, led by Mathias Gidsel, who is a key ambassador for PUMA in this sport. We're also extremely excited about our future propositions, our opportunities, when it comes to running, long-distance running and marathons. Just a couple of days ago, there was a new European record set by Yann Schrub in a 10K race. That was the fifth-fastest-ever time globally recorded, actually.

Moving on to HYROX, as I said already, a couple of times, a key partnership for us that we extended in October for another five years. There'll be a massive event happening in May in New York, and we're also equally excited about the World Championships in Stockholm later on this year. The comeback of Tyrese Haliburton in the NBA, performing and outperforming what he's started until end of last year. And then, of course, the pending start of the Formula 1 season again, with McLaren as a new additional partner to our roster.

To support that, we've had, already, several very exciting product launches at the beginning of the year, full sellout of the first-ever handball personalised proposition with Matthias Gidsel. The HYROX family has finally gotten its own dedicated piece of footwear. For the first time ever, we have created a dedicated shoe, a dedicated piece of footwear, that has started to sell last week already. The sellout ratios and the response is absolutely phenomenal.

And then, last but not least, in Running, we continue to innovate with the Deviate Nitro Elite 4. So, three propositions that were all launched already, or are being launched, in the first quarter of the year, which will also give me a lot of confidence that Nitro, as the best running

platform, as the best running proposition, will really start to break through in the world of sports.

At the same time, we're, of course, also very concerned and very continuously working on connecting ourselves to culture and celebrating sports culture around the globe. We continue to believe in the prosperity of the Speedcat. We have had a really great activation period throughout the Paris Fashion Week with the Suede, which we believe, will be the next iconic pillar in our roster for PUMA in the sports lifestyle area.

And we've also, in the background, continued to excite and innovate, with collaborations that we believe will excite consumers around the globe. So, many things have started to happen already to make sure, with our brand moving forward, we're going to elevate our game. And the objectives for 2026 are pretty simple and pretty straightforward on this page. First and foremost, the continuation of that three-year transformation journey that we embarked upon last year. We will transform our company and our brand to succeed in the future with the measures that were outlined previously. It is our foremost goal to accelerate PUMA's brand momentum in order to achieve commercial success, and the first step here really has to be to drive our brand through the multitude of product launches, integrated storytelling and a much more succinct go-to-market process to subsequently achieve commercial success.

We also will shift towards a higher-quality revenue, with an improved focus on profitability. That also means that we operate in channels, which allow for better profitability, which also allow for better pricing and, in our very own channels, reduce discounting policy. We're going to elevate the financial discipline, and we'll deliver reliable results, as we've promised already in 2025.

And, last but not least, in order to win, we're going to continue to build a build a high-performing team around the world, not just from a structural perspective, as I've outlined, but also by getting the best people into the jobs to do the job for PUMA moving forward.

Now let's take a look at 2026 and the outlook. What are the expectations and the underlying assumptions for this year? From a sales perspective, as for top line, we expect a constant currency sales decline in the low- to mid-single-digit percentage range. FX headwinds are expected of around three percentage points. From a regional perspective, the primary driver for the sales decline will be reduced sales in North America, which is a further

consequence of our strategy to streamline the distribution they've already initiated in 2025.

On the other, more positive, side, sales will grow in Latin America, the Middle East, Africa and India. Anta's recent acquisition of 29% stake in our company will most likely negatively impact our business in Greater China in 2026. Nevertheless, we believe that this partnership will deliver substantial mid- to long-term benefits for our brand and our company. With regards to sales channels, we anticipate a decrease in Wholesale sales, while our Direct-to-Consumer business is expected to grow, currency adjusted.

We also expect that the second half of 26 will be stronger than the first half. Additionally, sales in the first quarter of 26 should align with our full year outlook. Due to expected sales decline, our reported EBIT is forecasted to range between -€50 million to -150 million. This includes one-time effects, which are projected to be significantly lower, compared to last year.

As Markus already mentioned, we also anticipate a substantial improvement in our gross margin, while opex are not expected to materially lower, in absolute terms, as we continue to invest and strengthen our DTC channels. And finally, our capex is expected to come in at around €200 million and will focus mainly on our digital infrastructure and investments in our own channels.

So, I trust you've seen from us that we are engaged in building a strong foundation for this business and for this brand to then return to profitable growth in 2026. And that year of transition is absolutely required for us to make the appropriate adjustments and to execute the promises, which we've given in 25. That being said, we are at the end of the presentation, and I want to hand back to Manuel. Thank you.

## Q&A

Manuel Bösing

Thank you, Arthur. Thank you, Markus. We are now ready to start the Q&A session. Operator, please open the lines for questions.

Operator

Ladies and Gentlemen, at this time, we will begin the Question & Answer session. Anyone who wishes to ask a question may press star, followed by one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star, followed by two. If you are using

speaker equipment today, please lift the handset before making your selections. Anyone who has a question may press star, followed by one at this time.

In the interest of time, please limit yourself to two questions only. One moment for the first question, please. The first question comes from the line of William Woods from Bernstein. Please go ahead.

William Woods

Hi. Good afternoon. The first question is on inventory and inventory clearance. When you look at how much inventory is still out there in Wholesale channels, how much do you think is out there? And do you think there's still a way to go to clear some of that Wholesale inventory?

And then the second one is on kickstarting the brand heat and brand growth again. I suppose, how do you think about doing that over the next six months? Is this something that you're going to start doing in H2? And what do you think we should be looking for, in terms of seeing that inflection into H2 and into 2027? Thanks.

Markus Neubrand

Thank you, William, for your questions. I will start with the first part, and then Arthur will answer on the brand momentum. Regarding inventory, I shared, also in my prepared remarks, with the reset in 2025, we've completed the majority of the targeted takebacks from the Wholesale accounts, so that's where we've been making very good progress. On top of it, and I think, as you've seen, that we are slightly ahead of plan, also with the development from Q3 to Q4.

We've been making good progress as we reduced our purchase orders, as Arthur also outlined in the presentation. And, of course, are targeting to further reduce the excess inventory through our own factory outlets and also selected Wholesale partners. So, rest assured, I think we are firmly committed, also, to come back to normalised inventory levels at the end of 2026.

Arthur Hoeld

Thanks, Markus. And, yes, William, allow me to talk about the plans, how to increase our brand heat. So, we have not just reorganised our teams for future success in spring/summer 27, but, of course, we have taken immediate measures when it comes to 26. The platforms that are provided for us are the World Cup in North America, of course, our partnership with HYROX, a much better communication, and much more succinct conversation about Nitro as a platform, and then engaging with our style audience differently.

Some of those things you've seen already happening around Paris, where we ignited a conversation around the Suede. We are going to be continuously focused on Speedcat as the second pillar, when it comes to our style proposition. And what you can expect, also from a consumer perspective, is a shift away from conventional, above-the-line media purchasing, to a much more grassroots, much more personal, conversation that will help us also to engage with consumers more in the long term and more frequently than just sporadically popping up.

You'll also see a highlighted conversation around products, to make sure our consumers do understand what, for example, a great technology like Nitro will mean for them in the future and what benefit it can provide, versus just having a very generic conversation about running as a proposition. So, these are some of the things consumers can expect from us now already but definitely heading into the second half of this year.

William Woods

Understood. Thank you.

Operator

The next question comes from the line of Warwick Okines from BNP Paribas. Please go ahead.

Warwick Okines

Thanks. Good afternoon, everyone. Two questions for me, please. Firstly, you're reducing your dependence on the undesirable Wholesale, as you've described. But actually, through this inventory cleanup process, you're having to use mass merchants to help you clear. So, does that hurt the brand in the short term? And then, the second question is actually around Anta. Does it still make sense to hold a strategy update in Q2, given that you've got a new partner coming on board? And actually, if you don't mind, a sort of subset to that, you made a comment about China in your outlook, and Anta, and I didn't quite understand that. Perhaps you could elaborate? Thank you.

Arthur Hoeld

Oh, okay. Thank you very much for those questions. So, I'll start with the inventory cleaning. We have taken a significant amount of inventory back. That doesn't mean we're then going to relaunch them in the market with mass merchants. We have, of course, engaged with Wholesale partners on those inventories, on those packs. And we have a dedicated plan in place with our very own channels, to gradually, throughout the year, liquidate that inventory to fulfil the promise that Markus was alluding to, that our inventories, by the end of this year, will be on a level playing field again.

Secondly, a very good question regarding the strategy update. Yes, we have initially talked about having a full strategy update for Q2, but as you've alluded to, with a new

partner coming on board, it is more than prudent for us to fully assess the new factors, the new opportunities that this partnership will bring to us. And therefore, instead of giving you a full strategy update, we are committed to updating you on our progress as we go through the upcoming quarter reports. But we'll, of course, discuss, with a future partner, more long-term ambition and more long-term strategy as we go along. Thank you very much.

And then, to your third question, the impact on China that I was alluding to, let me just put this into perspective. Our business in China is just shy of around about €500 million in 2025. The split of our business in China is reverse than it is globally. So, about 70% of our business, we do in DTC channels, and 30% is in Wholesale, primarily with franchise partners. Our Greater China Wholesale business, we do, of course, have ongoing commitments with our Wholesale partners.

Now, as Anta enters as a strategic partner, we're very grateful for that, it does bring a unique DTC approach. Our partners do anticipate that PUMA's distribution model might shift, in the future, towards a more DTC-led share versus where we are today. These anticipated results might lead to commitments with our Wholesale partners not being extended, such, for example, as new store openings, renovations, or even their ordering.

We expect this to lead to a negative impact in our Greater China business in 2026, as these commitments might not be extended. However, we do anticipate that the medium- to long-term benefits for us are significantly outweighing that short-term volatility. So, a collaboration with a strategic partner. We're also possessing unparalleled expertise in this region. We are positioned to access one of the largest sports markets globally and differentiate ourselves over the medium to long term.

So, in our outlook in 26, a potential short-term impact on our Wholesale business is assumed and reflected in both sales and profitability.

Warwick Okines

That's really helpful. Thank you so much.

Operator

The next question comes from the line of Anne-Laure Bismuth from HSBC. Please go ahead.

Anne-Laure Bismuth

Yes. Hi. Good afternoon. Thank you for taking my questions. I will start with the first one about the fact that you used to be the go-to brand for the Formula 1 or the lifestyle basketball, but given the increase in the competition, particularly in Formula 1, on which category can you

differentiate yourself versus the competition? And my second question is about the rightsizing of the Wholesale distribution. How far are you in the process? You talk about a double-digit decline in the US, but will you also rightsize Wholesale in other regions?

And what do you see as a healthy balance between DTC and Wholesale for the group going forward? Thank you very much.

Arthur Hoeld

Thanks for the question, Anne-Laure. So, let me start with our focus and which categories we are going to differentiate ourselves. Well, first and foremost, as I said, Nitro has the best platform in performance running. It's a key differentiator for us. From a results perspective, from a testing perspective, we are far outpacing competition there at the moment. We'll definitely also differentiate ourselves in the space of training, with a unique partnership that is HYROX, an exclusive partnership that we've extended over the last five years, and that would be unrivalled.

And no one else in the sporting goods industry can compete, match against that. I would also like to point out, because you said Formula 1, there we're, of course, not just giving up our competitive advantage, because we will add, with McLaren, winning the defending champion, both in Constructors, but also individual titles, next to Ferrari and Aston Martin, I would say, an unrivalled positioning.

And in the other categories that I don't know well, deeper on, of course, we're looking at competitive advantages versus other sporting goods players in there. But I'm very confident, specifically with the three platforms I've mentioned previously, that we have a very promising roster for us to differentiate ourselves as a brand and to create a brand heat moving forward.

Second question was about rightsizing of Wholesale in other regions. The effort that we have started was not just focusing on North America, where we most likely have the highest exposure to mass merchants, but an effort was started everywhere across the globe. We are working with Matthias's team on a very clear and globally consistent segmentation pyramid when it comes to Wholesale customers, and we're also making sure that, with our future efforts, our Wholesale business remains healthy.

That means we have, as we've communicated last time, proactively reduced purchase orders for the early half of 2026. But at the same time, with the measures I've just mentioned a few minutes ago, we are keen to grow in the better Wholesale channels, the branded Wholesale

channels, where we can also appear as a premium brand and command full-price sell-throughs.

And the last question, I think, was related to an ideal or healthy mix. I think the proximity of what the industry overall, at the moment is positioned in, i.e., a 60/40 split, 60% healthy Wholesale business, and 40% DTC, will also be the areas we will be landing on as a brand in the future. Thank you.

Operator

The next question comes from the line of Jürgen Kolb from Kepler Cheuvreux. Please go ahead.

Jürgen Kolb

Yes, very good. Thanks very much. Two questions really. First one on the previous question, really, the breakdown. Arthur, you mentioned 60/40. Within this 40%, where do you see the digital contribution? And, in this respect as well, I think you were targeting to hire a dedicated manager for your digital business. Has that already been done? And the second thing is maybe a little bit longer term out. As you and the whole team has obviously gone through the numbers and the strategies and what have you, longer-term view, gross profit margin potential, what do you think is possible for this group?

When you target more, the better distribution channels, less discounting, maybe a little bit better distribution mix, and when we're talking about stronger focus on higher-priced products, just your thoughts as to what you think could be possible in a longer-term perspective? Thank you.

Arthur Hoeld

Thank you very much, Jürgen. I'll take the first part, and then Markus will elaborate a little bit on the second part. But, of course, as I said, those are connected to each other. So, from a DTC, and specifically from an e-commerce, perspective, yes, we do anticipate significantly higher growth rates in our e-commerce business. That's why we also said, from a capex perspective, we are going to over-invest in our digital capabilities as a company, which, to a large degree, will, of course, benefit our digital platforms and our digital business moving forward.

We do see PUMA, at the moment, underpenetrated versus competition, but also under-penetrated within our own ecosystem. The position of the global VP of e-commerce, a role that we've split recently, we are making significant progress, and I'm pretty confident that, in the next few weeks, we can also give you an update in that regard.

Markus Neubrand

Jürgen, thank you for your second question. Let me start with walking you through what are the gross profit margin drivers also for 2026. We also, as we shared in the prepared

remarks, I think, are expecting a substantial improvement in our gross profit margin in 2026, mainly driven by, of course, slow [00:56:47 ?] promotions, and, of course, also the change in inventory reserves.

In terms of the overall, and I think your question was also going beyond 2026, looking at the mid-term development, we will provide more information on mid-term targets in due course and take, of course, the recent developments, and I think then also, now, on the shareholder side, as Arthur also mentioned earlier, into account, and include this in our discussion. Coming out of the reset, I think, in 2025, it's not prudent to provide a mid-term target or ambitions at this point in time.

Jürgen Kolb

Got it. Thank you very much.

Markus Neubrand

Welcome.

Operator

The next question comes from the line of Thierry Cota from Bank of America. Please go ahead.

Thierry Cota

Yes, good afternoon, Gentlemen. Thank you very much for taking my questions. First, around the takebacks, please, could you give us the amount of takebacks that were realised last year, in million euros in the second half? And what was the organic growth rate X takebacks in Q4? and secondly, Arthur, I didn't fully understand what you said regarding 27 targets, when you said, healthy profitability should evolve in the same manner. I'm quoting what you said.

I think you've been extremely clear on the growth and the idea of growing faster than the industry, which I think you put, last time we talked, at about 5% growth, so above that, but on healthy profitability, where do you place it for next year and going forward, please? Thank you.

Arthur Hoeld

Thank you for your questions. Looking at the first chart, and I think, going back to your inventory takebacks, and also that you understand the magnitude of the reset, in the financial parts, the first chart that I shared also gave you an illustrative indication that our sales decline, on a currency-adjusted basis, for the full year 2025, is mainly driven by the reset initiatives. And from the reset initiatives, the reduction of the undesirable business has the biggest impact, then followed by the takebacks, and, of course, the reduced promotions.

And these three, of course, also factor, as in those key drivers, also of the reset, of course, impacted also our fourth quarter results in 2025.

Markus Neubrand

Yes, and let me allude to the 2027 comments I've made. So, we do expect to grow above the industry average at that point in time. That, without having a crystal ball, should be something in the low single digits to mid-single digits, and we are committed to developing our plans, and therefore also guide around that one. From a profitability perspective, yes, we will be turning into a healthy company again, as of 27 and beyond. However, at this point in time, I would not make any comment in terms of where that will be exactly, and I hope and I trust, you would understand that at this point in time.

Thierry Cota

Thank you.

Operator

The next question comes from the line of Piral Dadhania from RBC. Please go ahead.

Piral Dadhania

Okay, good afternoon. Thank you for taking my questions as well. Two, please. The first is just on the product offer. I think you talked about rationalising the range. Could you maybe just elaborate a bit on which categories you've had to cut down on? In particular, is it more Footwear or Apparel, and within which category, if possible? Going forward, do you expect to run this kind of range size, or should we expect it to maybe grow in the future as the product pipeline starts to populate?

And just in relation to the price positioning, you've given us a lot in terms of what you've done, in terms of inventory clearance. How do you view the current PUMA price positioning in the marketplace, relative to your competitors and the brand equity? And is there any scope for change there? And then, secondly, just on Wholesale, could you maybe just give us a flavour, as to what the type of conversations you're having with your partners is like? Are they encouraged by the reset actions that you're taking? Are they giving you indications that they will support the expansion of your market share?

And do you have a sales team on the ground in your major markets to help to develop those relationships, or do you need to invest in that capability? Thank you.

Markus Neubrand

Okay, thank you very much. So, let me start with the product range and the size of that range. So, we have, across the board, investigated, in which categories, Footwear, Apparel, but also in which sports, we're going to reduce. Overall, I can say, in every category that is out there, we have started to reduce our range. And we have complexified our offer, basically. That should allow us, across the board, in each and every area, to be more pointed, to be better from a

storytelling perspective, and to be more streamlined towards our consumers and also our customers.

I do not anticipate that that will bounce back in the very near term, because I'm very convinced we have a very sufficient product offering across all categories, across all sports, and also to cater for the short- to mid-term opportunities for PUMA as a brand. Should we decide to go into other sports, other categories, in the future, that, of course, would need to be revised. From a current price positioning of PUMA, I think we've alluded to that.

Of course, our first and foremost concern is to reduce the discounting of our very own products, starting in our DTC channels, and then also figuring out a way, how to play in the better, in the more ambitious, sales channels in the future. I am, however, very, very encouraged by our success that I've just alluded to. The Running and the Training Footwear franchise I mentioned that had tremendous sell-outs at the beginning of the year already are commanding price points of around about €250 each.

That is very much at the top of the pyramid, from an industry perspective. So, as a brand, we're absolutely capable and competent to sell products at those high and premium price points, at very good ratios. And, last but not least, you talked about the sentiment of our Wholesale partners. Yes, I'm not just travelling frequently. I was in the US recently, around the All-Star Weekend. I've pretty much met, as my team has, all major Wholesale partners. They do believe in our story. They are supporting the reset of our brand, and they do believe in a significantly brighter future for the PUMA brand.

That, of course, entails the hard work I was alluding to, in 2026, and us convincing them with more, with better propositions, as of spring/summer 2027. And yes, of course, in all markets, not just the major markets, we have sales teams on the ground. Those sales teams, however, are also reorganised and adjusted to make sure they're going to cater for our opportunities. First and foremost, for example, in the specialist channels that are catering for the running consumers, where we, as a brand, have started to invest already significantly as of the end of 2025. Thank you.

Piral Dadhania

Thank you.

Operator

The next question comes from the line of Adam Cochrane from Deutsche Bank. Please go ahead.

Adam Cochrane

Good afternoon. Thanks, guys. First question I've got is, do you think that, given the balance sheet and the cash

position, there's any constraints that have been put on your plan because of the current financial position? Or is everything that you want to do, able to do within the current resources, given the available liquidity that you pointed out?

And the second question is really one, in terms of the shape of sales throughout 2026. I know that you talked about the second half being stronger than the first half, but given the Q3/Q4 split, there's some quite big moving parts within that. What I'm trying to get to grips with is, how bad could Q1 be? And I think you answered earlier, but I didn't quite work out exactly what you were trying to say. What was the organic growth rate in Q4 without the takeback? And is that the way we should think about Q1?

And then, the other bit that I was thinking about is, these products that you bought back, does that actually boost your sales growth next year, or is it a risk that it dilutes it because people purchase the discounted product rather than full-priced product? I suppose, just getting an idea of how you think about that. Thanks.

Markus Neubrand

Thank you, Adam, for your questions. On the balance sheet, as we've worked through, especially with the fourth quarter, and you've seen, also the press release we issued in December, where we secured additional financing, and if I look, also, and what I shared in my prepared remarks, at the end of 2025, we had total €1.5 billion of financial headroom available between our cash and also the unutilised credit lines. So, in terms of the additional financing, and I think then also, and providing additional financial flexibility to support, also the investments into strategic priorities, we've completed, I think, what we've planned. Then Arthur will take you through the phasing of 2026.

Arthur Hoeld

Yes, I think your question was specifically on the first half. And I just want to reiterate, maybe that wasn't clear enough, what I said during the presentation. So, we do expect our sales in the first quarter to align with our full year outlook. And that full year outlook, just to remind again, was a constant current sales decline in the low to mid-single digits. Let's just not forget, we have taken a significant amount of purchase orders out of the first half in 26 last year already.

So, we've been collaborating and working with our Wholesale partners, primarily in order to avoid a further overstock situation. And that will, of course, have an impact on our top-line results in the first half. That is all baked, however, in our outlook. And then, at the same time, you've asked about the organic performance in the fourth quarter.

A similar answer to that, with us taking significant stock out of the market, that, of course, has reduced our top-line performance in the third, but more specifically, as Markus pointed out, in the fourth, quarter.

Will those takeback products materially impact our performance in 26? No, not really, because that is exactly the purpose, why we took those products out of the market, why we've put them in our own inventory positions and why we have developed plans, both with Wholesale customers and within our own DTC channels, to liquidate them in a more responsible and in a more planned manner throughout the year of 2026.

I would like to point out, at this moment as well, however, when we talk about a significantly reduced discounting policy, we will, at the appropriate moments in time when the entire industry is going into discount mode, of course, do the same from a PUMA perspective. And these will be the windows that allow us, as a brand, then to liquidate our overstock and residual products, like competition will be doing in the future. Thank you.

Operator

We now have time for one more question, which comes from the line of Robert Krankowski from UBS. Please go ahead.

Robert Krankowski

Hello. Two questions for me, please. The first one will be on gross margin. We heard that there is going to be a substantial improvement to gross margin, and you mentioned specifically the promotional activity. Are there any other positives that we should be thinking about gross margin, maybe specifically the FX hedging in the second half? How material can it be for 2026? And the second one would be just clarification on the industry growth, because now we heard that it's going to be low single digit to mid-single digit, potentially in 2027. I think, previously, it was roughly 5%.

What has realistically changed in the last few months? Is there anything new that you realised, or what, basically, is driving the change in the view, if you could share any more details? Thanks.

Markus Neubrand

Thank you, Robert, for your questions, and let me guide you through the gross margin drivers for 2026. We expect, I think, as we shared earlier, a substantial improvement in our gross profit margin. And the drivers are mainly promotions as we continue with the efforts to reduce promotions in our DTC channels and inventory reserves. In addition, also, we expect some tailwind from the channel mix. I think, as we also talked about, we expect a stronger growth in the DTC channel compared to Wholesale.

And I think there's still a little bit of shift in the distribution mix, contributes also to the gross profit margin development. As you pointed out, and of course, also given the weaker US dollar, the weaker US dollar is, with our hedging policy, a tailwind in the second half of 2026, but it's a slight tailwind. So, that's why we didn't call it out earlier when we talked about the key gross profit margin drivers.

Arthur Hoeld

Thank you. Yes, and Robert, to your second point, let me just clarify. I did not fully give you an outlook of the perceived industry growth. I was saying, of course, we expect a mid-single-digit 5%, roughly, growth in the market. However, it would not be prudent, at this point in time, to commit to such a growth. What we are committing to, of course, is that, should the industry average be that 5% or mid-single digit, PUMA will grow above that industry standard in 27.

Again, we'll update you later in the year as we have more transparency, also on how the year 26, as an industry, unfolds, to then project that growth for the next year. Thank you.

Operator

There are no further questions at this time. I hand back to Manuel Bösing for closing comments.

Manuel Bösing

Thank you very much, Moira, and thanks to everyone for your questions. We appreciate your interest in PUMA, and we look forward to speaking with you again soon. This concludes our call for Q4 and full year 2025. Thank you, everyone, and goodbye.