J.P.Morgan

North America Equity Research
17 November 2025

US Retailing

Global Luxury & Brands Conference: Key Themes, Fieldwork & Mgmt Access Takes

Retailing – Department Stores & Specialty Softlines

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Following our 7th Annual Global Luxury & Brands Conference in Paris and recent follow-up management access across our broader US Retailing - Department Stores / Specialty Softlines coverage - we thought value-add to share our top sector themes, management/industry key takeaways, and model implications.

I. Top 5 Global Brand Sector Themes:

(1) US Consumer On Track To Date w/ "Cautious Forward Planning" = Beat/ Raise Potential: Across our Global Brands, management teams broadly characterized the US consumer as "**resilient**" and continuing to respond to newness/product innovation at full-price, with zero signs of unit elasticity headwinds or pricing pushback cited to date against initial strategic actions taken in light of tariffs. In fact, **BIRK** management cited US consumers **trading up** within the brand to more premium and higher ASP offerings with full-price realization in the region of 95%+ across channels even following a strategic low-single-digit pricing increase passed through in the US on July 1. Similarly, **RL** cited "encouraging broad-based momentum" with zero indications of demand deterioration through early holiday across outlets, wholesale partners, or the core consumer, including no signs of price elasticity to date from consumers, and **LUXE** described "very strong" growth in the US market with top customers continuing to drive higher spend & increasingly towards higher AOV categories such as Fine Jewelry & RTW. Importantly, trends to date broadly cited represent potential upside opportunity relative to more "cautious" initial outlooks into 4Q (Oct-Dec) reflecting North America revenue growth of +1% on average (=350bps below 3Q +4.5% on average) with management teams on recent earnings calls prudently embedding macro "uncertainty" in the US and "potential" tariff-related pressures consumer behavior into forward looking guidance (including **RL/TPR** most notably assuming a 1,000bps QoQ deceleration in the region into 4Q by our work = upside opportunity).

- Looking more broadly, we note an **incremental positive** on the tariff/macro backdrop in the US following the White House's executive order that exempts a wide range of agricultural products that cannot be sourced from the U.S. from import tariffs. **Further, within our 10/14 1,000+ US Consumer Survey = Widening Income Bifurcation; Sub-Sector Implications - the most notable survey takeaway was 39% of high-income consumers intend to increase their non-essential spending over the next 12 months representing a +2,100bps improvement relative to our November**

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price ($)	Rating Cur	Rating Prev	Price Target Cur	End Date	Prev	End Date
Amer Sports	AS US	14,162.92	30.37	OW	n/c	50.00	Dec-26	53.00	n/c
Birkenstock	BIRK US	7,539.46	40.14	OW	n/c	66.00	Dec-26	n/c	n/c
Tapestry Inc	TPR US	21,762.59	101.41	OW	n/c	148.00	Dec-26	147.00	n/c
NIKE, Inc.	NKE US	94,824.01	64.17	OW	n/c	86.00	Dec-26	100.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 14 Nov 25.

See page 27 for analyst certification and important disclosures.

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survey and highest reading since initiation of our Cost of Living survey in Sept '22.

(2) Customer Acquisition Focus On Gen-Z/Millennials w/ Card Data Flagging Potential Holiday Catalyst: A key theme across the conference was focus on capturing new customer acquisition notably across Gen-Z & Millennial customer demographics to maximize lifetime value opportunity across cohorts. Specifically, **TPR** cited focus on acquiring new customers at the point of market entry (= 18-27 year old demographic) and retaining these customers over their lifetime, noting roughly 25M women in Coach's existing markets every year will turn 18 years old looking to make their first handbag purchase over $100 (including ~5M consumers alone in China). Further, **BIRK** and **RL** cited a ***disproportionate*** share of new customer acquisition across Gen-Z, supporting growth of the "Core" product assortment across each brand, respectively

- Taking a step back and leveraging our US Chase Credit Card spending data – Gen Z and Millennials have been leading Consumer spending growth (+7.5% on average the trailing six months), outpacing +1.6% spending growth on average across Gen X & Baby Boomers by ~590bps the last six months. **Importantly and representing a potential inflection in Consumer Spending into Holiday (JPM forecasting +5.0% US Apparel/Footwear Holiday growth > +4.0% trailing 3-year avg) – November to date spending from Gen Z and Millennial consumer accelerated to +9.3% (from 7.0% in October) with spending from older customer cohorts (Gen X and Baby Boomers) roughly doubling their YOY spending growth rate relative to October (+3.5% in Nov > +1.2% in October).** Digging deeper, we note Gen X and Baby Boomers both spending growth slow by ~150bps on average during the month of October *(vs. trailing 3 months)* coinciding in part w/ the "CNN-effect" headline risk with the government shutdown, with November-to-date spending growth across both demographics restored immediately to the pre-shutdown spending growth rates. *Source: J.P. Morgan, select Chase credit and debit card transaction data. See here for disclaimers and methodology.*

(3) Stable Europe Demand Backdrop w/ China Having Reached a Potential Floor: Outside of the US, management teams cited demand strength within Europe (similar to the US) despite mixed macro signals across countries over the trailing twelve months. Notably, management teams struck a more optimistic tone on China particularly relative to last year's conference - pointing to potential "stabilization" in the region and early signs of the region moving past its bottom. Leading across brands, **TPR** reported over 20% growth within China at the Coach brand in C3Q, with management citing an opportunity to scale Coach stores in the region notably densely populated regions (i.e. Wuhan) to tap into point-of-market-entry customer acquisition. By category, Sporting Good laterals pointed to the Outdoor category as the fastest growth Sportswear segment in the China market, in addition to high-end positioned brands (> mass brands), with **AS's** Salomon and Arc'teryx brands both positioned at the high-end/outdoor market & taking share within a fragmented category by our work. Interestingly, **NKE** cited the middle-income cohort in China beginning to show signs of stabilization, which was further echoed by **CPRI** noting signs of a slight rebound seen recently in the China market. At the high-end, **LUXE** also noted China as likely having reached a bottom "more optimistic today for luxury in the region relative to a year ago", w/ *our European analyst counterpart C. Battistini similarly citing a "definitely more constructive" tone on China versus last year following some improvement seen in 3Q across European Luxury*.

(4) Pivot to Top-of-Funnel Marketing Supports Long-Term Brand-Building: Within marketing, management teams at this year's conference broadly spoke to a shift within advertising budgets to more **top-of-funnel** campaigns (focused on brand-building storytelling, large-scale global events), in addition to **middle-funnel** strategies to leverage global influencers, while reducing exposure to performance marketing/lower-funnel activities (i.e. "click bait" ads typically tied to a promotional offer). Specifically, **RL** cited a notable inflection over the last 1.5 years into greater top-of-funnel marketing investments (which are proving to drive ever greater ROIs across near-term revenues & long-term brand equity), with a "rolling thunder" or "always on" approach taken by amplifying large-scale global events such as the Olympics, US Open, and Wimbledon, while also staying relevant during Back to School/Holiday consumer moments and leveraging social media and data-driven approach. **TPR** similarly cited a notable shift from performance marketing to upper-funnel marketing (with aspirations to drive upper-funnel marketing mix to 60% > 45% today > almost non-existent 6 years ago in 2019). Building on the success of the Beyonce collaboration this year, **LEVI** pointed to marketing opportunities into FY26 similarly focused on the top-of-funnel across global Sports moments (Superbowl & World Cup) and Music (leveraging the brand's partnership with Shaboozey). Lastly, **CPRI** cited the Michael Kors recently launched *Hotel Stories* campaign to emphasize the brand's Jet Set brand codes/ heritage as leveraging social media influencers through a middle-funnel marketing focus (vs. performance/lower-funnel marketing historically). **Taking a step back, we note marketing as a % of sales has increased +250bps on average across our coverage to 8.5% of sales (> 6% pre pandemic)**, including most notably TPR and RL increasing marketing as a % of sales by +650bps and +300bps vs pre pandemic, respectively.

(5) Balancing Distribution Strategy Across Wholesale & DTC Channels: With the majority of our Global Brands on a healthier base of channel distribution today, management teams struck a more balanced tone across DTC relative to Wholesale channels (vs. "rip the bandaid off" distribution haircuts to Wholesale exiting the pandemic). To that point, while management teams broadly expect DTC growth to continue to outpace wholesale growth multi-year, management teams positively spoke to strategic wholesale accounts as playing an important role driving additional new customer acquisition across different customer cohorts notably citing **younger consumer preference for in-person physical shopping**. As an example, **RL** cited Macys.com and Luxury wholesale accounts as equally important wholesale partners to support the brand's growth in the channel, and **NKE** recently expanded distribution new accounts across both the top of the market (i.e. Aritzia) and mass channels (i.e. AMZN) with an intent to flow more product consistently over the coming quarters. Further, **BIRK** cited a **channel agnostic** approach to growth, with "new to brand" customer acquisition notably seen across family footwear partner such as Journeys and DSW in the US.

Figure 1: Boss' Dept Stores & Specialty Softlines Coverage Attendees

Company	Ticker	Attendees	Date Attending
Birkenstock	BIRK US	**Oliver Reichert**, Chief Executive Officer **Ivica Krolo**, Chief Financial Officer **Megan Kulick**, Director of Investor Relations	Nov-13
Capri Holdings	CPRI US	**John Idol**, Chairman and Chief Executive Officer **Jennifer Davis**, VP, Investor Relations	Nov-12
Levi Strauss & Co	LEVI US	**Harmit Singh**, Chief Financial & Growth Officer **Aida Orphan**, VP, Investor Relations	Nov-12
LuxExperience	LUXE US	**Michael Kliger**, Group Chief Executive Officer **Stefanie Muenz**, Head of Investor Relations	Nov-13
Ralph Lauren Corp	RL US	**Patrice Louvet**, President and Chief Executive Officer **Justin Picicci**, Chief Financial Officer **Iris Langlois-Meurinne**, Chief Marketing Officer **Corinna Van der Ghinst**, SVP Head of Investor Relations	Nov-12
Tapestry	TPR US	**Todd Kahn**, Chief Executive Officer & Brand President, Coach **Christina Colone**, Global Head of Investor Relations **Maddison Miller**, Director of Investor Relations	Nov-12
VF Corp	VFC US	**Bracken Darrell**, President & Chief Executive Officer **Paul Vogel**, Chief Financial Officer **Allegra Perry**, VP, Investor Relations	Nov-12

Source: J.P. Morgan.

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Figure 2: Full List of Attending Companies

Company	Ticker	Attendees	Date Attending
adidas	ADS GR	**Sebastian Steffen**, Head of Investor Relations	Nov-13
Anta Sports	2020 HK	**Suki Wong**, Senior Investor Relations and ESG Director, Anta Sports **Pamela Yeung**, Senior Investor Relations Manager	Nov-13
Birkenstock	BIRK US	**Oliver Reichert**, Chief Executive Officer **Ivica Krolo**, Chief Financial Officer **Megan Kulick**, Director of Investor Relations	Nov-13
Breitling	N/A	**Lars Kästle**, CFO & Managing Director **Aleksandar Simoski**, Global Head of Investor Relations & Strategic Controlling	Nov-12
Brunello Cucinelli	BC IM	**Luca Lisandroni**, Chief Executive Officer	Nov-12
Capri Holdings	CPRI US	**John Idol**, Chairman and Chief Executive Officer **Jennifer Davis**, VP, Investor Relations	Nov-12
Ermenegildo Zegna	ZGN US	**Paola Durante**, Chief of External Relations **Alice Poggioli**, Investor Relations Director	Nov-12
EssilorLuxottica	EL FP	**Stefano Grassi**, Chief Financial Officer **Giorgio Iannella**, Head of Investor Relations	Nov-13
Ferrari	RACE US	**Nicoletta Russo**, Head of Investor Relations **Angelica Gasco**, Investor Relations Specialist	Nov-12
Ferretti	YACHT IM	**Alberto Galassi**, Chief Executive Officer, Ferretti **Marco Zammarchi**, Chief Financial Officer **Margherita Sacerdoti**, Head of Investor Relations and Sustainability **Francesco Tambini**, Investor Relations Specialist	Nov-12
Hermes International	RMS FP	**Antoine Riou**, Investor Relations	Nov-12
Kering	KER FP	**Claire Voinnesson-Roblet**, Head of Investor Relations and Financial Communications **Victoria Gérard**, Investor Relations Officer **Aurélie Husson-Dumoutier**, Investor Relations Manager **Armelle Poulou**, Chief Financial Officer	Nov-13
Levi Strauss & Co	LEVI US	**Harmit Singh**, Chief Financial & Growth Officer **Aida Orphan**, VP, Investor Relations	Nov-12
LuxExperience	LUXE US	**Michael Kliger**, Group Chief Executive Officer, LuxExperience **Stefanie Muenz**, Head of Investor Relations	Nov-13
LVMH	MC FP	**Rodolphe Ozun**, Director of Financial Communications **Rebecca Bernheim**, Investor Relations Manager **Hugo Rugi**, Investor Relations Analyst	Nov-13
Moncler	MONC IM	**Roberto Eggs**, Chief Business Strategy & Global Market Officer, Moncler **Elena Mariani**, Strategic Planning and Investor Relations Director	Nov-13
Pandora	PNDORA DC	**Alexander Lacik**, Chief Executive Officer **Bilal Aziz**, Head of Investor Relations & Treasury	Nov-12
Prada	1913 HK	**Andrea Bonini**, Chief Financial Officer **Alberto Carlucci**, Head of Investor Relations **Emilia Ricci**, Strategic Corporate Finance and IR Manager	Nov-13
Puma	PUM GR	**Markus Neubrand**, Chief Financial Officer **David Steinbusch**, Senior Manager Investor Relations	Nov-13
Ralph Lauren Corp	RL US	**Patrice Louvet**, President and Chief Executive Officer, Ralph Lauren **Justin Picicci**, Chief Financial Officer **Iris Langlois-Meurinne**, Chief Marketing Officer **Corinna Van der Ghinst**, SVP Head of Investor Relations	Nov-12
Tapestry	TPR US	**Todd Kahn**, Chief Executive Officer & Brand President, Coach **Christina Colone**, Global Head of Investor Relations **Maddison Miller**, Director of Investor Relations	Nov-12
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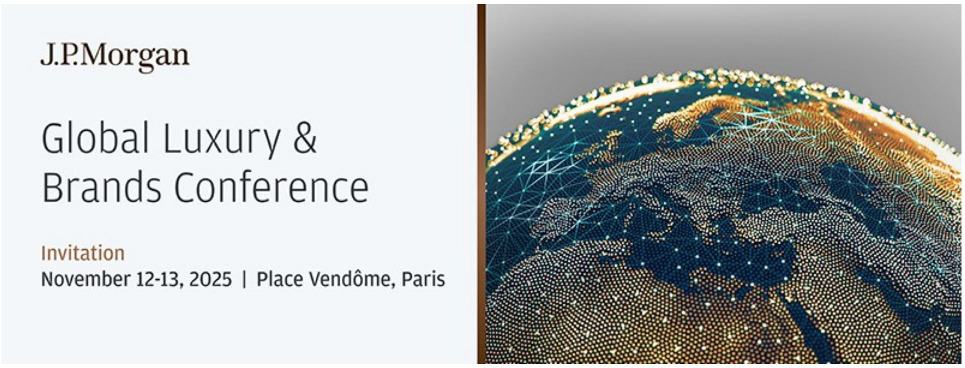

II. Company Specific Management Access Takeaways & Model Implications

Ralph Lauren (RL) – Remain Overweight w/ $430 Price Target

We hosted President & CEO Patrice Louvet, CFO Justin Picicci, Chief Marketing Officer Iris Langlois-Meurinne, and SVP, Head of Investor Relations Corinna Van der Ghinst at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Full-Funnel Marketing = Global New Customer Acquisition & Market Share "Amplifier": The key message from CEO Louvet was significant growth ahead for the Ralph Lauren brand at less than 2% market share today within a fragmented $400B premium/luxury total addressable market, with RL's *Next Great Chapter* Investor Day plan calling for a +mid-single-digit revenue CAGR c/c through FY28 and diversified growth across regions *(Asia forecasted +HSD% through FY28, Europe +MSD, N. America +LSD%)*, categories, and channels. **Representing a near-term "unlock" driving the brand's accelerated pace of revenue growth*(+12% constant-currency revenue growth TTM > +6.1% c/c growth in FY23/24)*, management cited a pivot over the last 1.5 years from below-the-line/performance marketing to full-funnel marketing with the output being new customer acquisition *(1.5M new customers/quarter)* disproportionately focused on high-income individuals, Gen-Z, and Women. In addition, management cited new customer acquisition seen across channels, including wholesale (spanning across macys.com and a "very strong response" across Luxury accounts) and DTC (~two-thirds of sales), citing each part of the brand's ecosystem designed to trade customers "in" and trade customers "across" segments**. Further, management cited Unit Growth paired with AUR growth has been seen across China/Digital in addition to high-potential categories (Women, Handbags, Outerwear).

- **Product & Distribution Set The Foundation For Multi-Year Sustainable Growth**. Importantly, mgmt noted the amplified marketing approach builds on the foundation built multi-year across the combination of (i) product *(w/ a strong talent bench beneath Ralph Lauren across categories & 70% core product focus)* & (ii) distribution *(after rationalizing wholesale door count, off-price exposure, and daigou/promotional ecommerce activity)* – with the combination of brand-building marketing, product innovation, and a cohesive go-to-market strategy supporting the brand's opportunity to capture market share against a fragmented peer set.
- **Digging deeper on the multi-pronged marketing strategy:** management cited marketing investments *(raised to 7.5-8.5% of sales FY28 target vs. ~4% pre-pandemic)* as focused on (i) being "**always on**" and top of mind with the consumer by amplifying large-scale global events such as the Olympics, US Open, Wimbledon, while also staying relevant during Back to School/Holiday consumer moments *(vs. historical peak to lull marketing momentums from fashion shows)*, (ii) building the brand's fashion credentials

across categories (including serving as the largest luxury fashion brand across major league sports), (iii) leveraging social media & a data-driven approach (i.e. "Ralph Lauren Holiday" viral tagline), and (iv) driving increased baskets through outfitting/styling suggestions (i.e. Ask Ralph AI feature).

(2) 3 Key Near-Term Areas of Embedded North America Consumer "Caution" = FY26 Upside Drivers: Near-term, management's consolidated revenue outlook over the balance of the year assumes +MSD% c/c growth in 3Q & an implied -MSD% decline in 4Q at the midpoint (= Flat constant-currency 2H26 growth, or a ~1,300bps deceleration vs. 1H26 actual results). Specifically, mgmt noted 3 areas of 2H moderation built into the outlook:

- **(i) North America DTC –** management embedded revenues to moderate tied to unit degradation among outlet/value channel customers tied to lateral pricing actions with zero signs of softening global demand for the RL brand seen to date.
- **(ii) North America Wholesale** – mgmt embedded revenues to moderate on partner cancellations, moderating sell-out trends, and softening replenishment/re-orders. **Importantly, management cited "encouraging broad-based momentum" with no indications of demand deterioration through early holiday across outlets, wholesale partners, or the core consumer, including no signs of elasticity to date from consumers.**
- **(iii) 2H26 gross margin** – mgmt's outlook embeds a promotional backdrop in North America less favorable relative to 1H26 (*w/ 1H26 gross margins outperforming mgmt expectations by +50bps largely on above-plan full-price selling mix evidenced by 1H26 AUR growth +13% > +HSD% guidance*), which is not embedded to continue into 2H26 given the macroeconomic backdrop.

On upside, management confirmed "extra dry powder" on core product (inventory ~70% core) to support better-than-anticipated potential demand across DTC/ wholesale channels, with sustained +double-digit N/A revenue growth (vs. 3Q's N/A "up slightly" guidance) driving an incremental +500bps to consolidated topline growth by our math (= +10% c/c 3Q consolidated revenue growth > +MSD% c/c consolidated guidance & Street +6.4% c/c).

(3) No "Ceiling" to Profitability Over Time w/ Durable Margin Drivers in Place Today: Multi-year, management's 9/16 Investor Day outlook calls for +100-150bps c/c operating margin expansion from FY25-28 based on a "balanced" contribution from gross margin relative to SG&A leverage, with management recently raising on 11/6 FY26's current outlook to +60-80bps of operating margin expansion c/c (> +40-60bps expansion c/c prior 8/7 guidance). **To that point, management cited top/bottom-line outperformance within the 3-yr plan is expected to flow-through as upside vs. management's FY28 targets *(after considering how much to reinvest behind those gains)* - pointing to FY28 operating margins of 15.2-15.7% flowing through FY26's current upside (> 15.0-15.5% 9/16 target) & CEO Louvet citing "no ceiling" to operating margins for the company**. Importantly, management cited a relatively even contribution from four "*evergreen*" durable drivers of: (i) geographic & channel mix w/ Asia the highest AUR region outpacing N/A & DTC outpacing wholesale, (ii) product mix elevation as management elevates materials/fabrics within the "core" and drives high-potential category growth (i.e. Women's, handbags, and outerwear), (iii) promotion optimization through targeted/personalized offers on improved data capabilities & with segmentation only in early innings today, and (iv) like-for-like pricing primarily used to offset "structural" cost inflation. On expenses, having now scaled infrastructure investments across stores, technology, and marketing, CFO Picicci reiterated expectations to now leverage SG&A expenses annually at the forecasted +mid-single-digit revenue CAGR, while at the same time increasing marketing (targeted 7.5-8.5% by FY28) and reinvesting on store expansion.

- **Breaking Down 2H Gross Margin Puts/Takes:** On gross margin, mgmt's 3Q gross margin outlook calls for +50-70bps expansion c/c including structural mix drivers (channel, geographic, product and full-price selling mix) and strategic pricing actions, more than offsetting the "progressive" tariff headwind in 3Q (w/ tariff headwinds in magnitude in 3Q > 2Q). Management's FY26 gross margin outlook of +10-30bps c/c expansion Y/Y implies 4Q gross margin compression of ~200bps c/c at the high-end, with mgmt confirming "nuances" to 4Q gross margin led by (i) unusually high gross profit margin comparisons Y/Y, and (ii) "peak" tariff headwind (in-line w/ mgmt's plan) on the smallest quarter on revenue seasonality. To that point, management characterized 4Q's gross margin to reflect a "transition quarter" with the magnitude of mitigation actions expected to meaningfully increase moving through FY27 as mitigation efforts from sourcing, normal course pricing and a pullback on discounting take greater effect more broadly (including 2H27 GPM opportunity > 1H27).

Tapestry, Inc. (TPR) – Remain Overweight, Raising Price Target to $148

We hosted Coach CEO & Brand President Todd Kahn, Global Head of Investor Relations Christina Colone, and Director of Investor Relations Maddison Miller at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Building to a $10B Coach Brand Multi-Year w/ Point of Market New Customer Acquisition: Coach CEO Kahn characterized the 9/10 Investor Day target of +mid-single-digit revenue growth at Coach as a "**floor**" for the brand, having already started off strong start *(w/+LDD% growth anticipated in FY26 & +21% c/c growth YTD)*. To that end, Coach CEO Kahn noted the long-term aspiration is build to a **$10B Coach brand** *(vs. ~$5.9B TTM today & relative to mgmt's implied FY28 target of $6.5B)* on consistent Mid-30s operating margins *(= FY28 target & relative to TTM 33.8%)* **by acquiringnew customers at the point of market entry (= 18-27 year old demographic) and retaining these customers over their lifetime.** To that end, Coach CEO Kahn noted roughly 25M women in Coach's existing markets (who can afford their handbags) every year will turn 18 years old looking to make their first handbag purchase over $100 (including ~5M consumers alone in China), with Point of Market Entry customers to represent ~85% of new customer acquisition through FY28. In addition, management sees ~75% of new customers to be acquired Internationally *(with TPR 6% penetrated of Gen Z in North America relative to less than 1% in all other geographies)*, noting a significant whitespace for growth in **China** (notably in densely populated university areas such as Wuhan to capture Gen-Z customers) and **Europe** (w/ initial traction of Coach in the UK to-date, relative to France as the next large opportunity and distribution opportunities across Digital/Wholesale). Positively, management also noted Gen Z 1-year retention rates continue to outperform the balance of cohorts by ~150bps (= increased purchase frequency), Gen-Z customers are beginning to influence older age generations, and Gen-Z customers are transacting with the brand at higher AURs (= +15% Handbag AUR growth the last twelve months).

Setting the foundation for new customer acquisition, management pointed to the brand's investments across (i) **product** with a ~30% reduction on the tail of inventory ~5 years ago to focus on clear distinct product families such as Tabby/Empire/Brooklyn, (ii) **marketing** w/ the budget more than tripled from ~3% of sales spent in FY19 to 11% of sales today **and a notable shift from performance marketing to Upper-Funnel marketing (~45% of mix today w/ a goal to drive this higher to 60% relative to almost non-existent ~6 years ago)**, and (iii) data/digital infrastructure w/ the brand ~85%+ DTC enabling firsthand insights on customer data, in addition to management implementing ethnographic studies to ensure brand messaging continues to cut-through directly to the target Point of Market Entry customer demographic.

- **Put together, management sees Coach's revenue growth go-forward as driven by the combination of "core" Handbag category on unit growth *(new customer acquisition***

at Point of Market Entry) **and AUR growth** ***(bolstered by Gen-Z acquisition, product innovation, and marketing)*****, in addition to "non-core" category opportunities such as Men's (now beginning to inflect as a positive contributor to comps) and Footwear (focused on sneakers/Gen-Z relevant categories & importantly a basket-builder driving operating margin accretion).**

(2) Near-Term Consistent Coach Momentum Across Regions w/ Units Inflection: Building on 1Q's brand momentum (+21% Y/Y c/c) – management confirmed October/2Q to-date revenue growth at the Coach brand tracking consistently driven by AUR/unit growth momentum, notably in the Handbags category w/ leading families *Tabby, New York, Teri*, alongside strength in the Footwear category (led by the *Soho* sneaker). *Illustrating global brand heat – the Lyst index ranked Coach's Brooklyn Bag and Cherry Charms within its Top 10 hottest items global list in C2Q, with the Empire Bag ranking within the Top 10 for C3Q, and Coach overall ranking as #5 across brands.*

- **Drilling down on 2QTD momentum at the Coach brand (in-line w/ 21% total Coach brand growth in 1Q) – our work points to "consistency" in momentum across all regions – including North America sustaining into 2QTD +Mid-20s revenue growth (w/ 1Q N. America +26%) – pointing to "stack-breaking" upside in 2Q & 2H based on current momentum and relative to management's outlook embedding total Coach revenues low-double-digit Y/Y in 2Q & FY26.** Driving the 2-yr stacked growth upside into 2QTD, our work points to sustained Handbag unit growth momentum *("at least" mid-single-digit growth seen in 1Q)* and Handbag AUR growth (*+Mid-Teens growth in 1Q)*, despite cycling up against more challenging Y/Y comparisons in the month of October.

(3) Mid-30s Operating Margin Profile Multi-Year w/ Self-Funded Marketing Reinvestments: Following structural changes at Coach under CEO Kahn's leadership since taking the helm in March '20 *(SKU rationalization, reduction in promotional activity across Outlets/DTC, and amplified marketing/brand messaging)*, Coach has realized over +800bps of gross margin expansion to 78.2% TTM and nearly +700bps of operating margin expansion to 33.8% TTM, despite increasing Marketing as a % of sales by +800bps over the same period (11% of sales today > 3% pre-pandemic). Said differently, Coach CEO Kahn cited tight expense discipline against non-marketing SG&A expenses in order to fuel brand-building reinvestments across marketing/DTC store expansion and drive top-line growth (+5.4% CAGR relative to 2019) and gross profit dollar growth expansion. Looking ahead, management cited expectations to expand to Mid-30s operating margins in FY28 supported by: (i) AUR improvement (product innovation, higher mix of full-price selling, and newly acquired customer cohorts transacting at higher AURs – noting "inflation plus 1%" as a floor for pricing and significant room within the $200-500 sweet spot range to acquire new Gen-Z customers), (ii) favorable geographic mix (China), (iii) tariff cost mitigation, and (iv) **SG&A leverage, even net of marketing reinvestments.** *Importantly, TPR has a more variable expense profile today relative to pre-pandemic w/ key investments outlined (digital, marketing) variable in nature and enabling cost flexibility if needed.*

Levi Strauss & Co (LEVI) - Remain Overweight w/ $33 Price Target

We hosted Chief Financial & Growth Officer Harmit Singh and VP Investor relations Aida Orphan for group meetings at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Bottom-Up Build to Support Brand > Category Growth Sustaining into FY26: Building up to management's mid-single-digit revenue growth algorithm multi-year (aligned w/ prior 10/9 comment stating "*we're solidly on track to be a mid-single-digit growth company*"), CFO Singh cited expectations for growth by geography led by: (i) **Asia** +HSD%

(matching +7.7% growth TTM), (ii) **Europe** +MSD-HSD% growth *(matching +6.6% TTM organic growth)*, and (iii) Americas/US +LSD-MSD% *(prudently below +9.1% TTM organic growth)* and supported by DTC growth > Wholesale growth Flat to Slightly Positive. A key point - management noted the global denim category is forecasted to grow globally +mid-single-digits *(+4% by Euromonitor)*, with LEVI historically growing at a rate ~2x the denim category including (i) pre-pandemic (+4% LEVI growth FY14-19 > category -0.9%) & (ii) over the trailing twelve months w/ LEVI organic growth +8.1% > category +4%). **To that point, management cited an opportunity to continue to drive revenue growth *outpacing* the category led by *above-category* growth across Women's, Tops, and Non-Denim (= underpenetrated categories), International, and the DTC channel relative to *in-line* category growth within Men's and more modest growth assumptions within the Wholesale channel, supporting the build to mid-single-digit(+) revenue growth.** Further, management cited the "core" Denim category continues to see strong momentum within LEVI fueled by new silhouettes (denim skirts, dresses, jumpsuits), fabric innovation (i.e. lightweight fabrications), and expanded product offerings across price points (i.e. Blue Tab launch), which are collectively increasing the total addressable market for the LEVI brand (including the premium category alone adding an incremental +$10B TAM expansion alone).

- **Further into FY26, management cited expectations for a roughly consistent marketing budget at 7% of sales, which will be focused on driving continued cultural momentum (following the Beyonce collaboration this past year) through top-of-funnel marketing campaigns across global Sports moments (citing a new brand campaign to launch around the Superbowl at LEVI Stadium and World Cup games hosted at Levi's stadium) & Music (i.e. Shaboozey partnership tapping into the Quiet Western opportunity), in addition to more influencers globally YOY.**

(2) Global Momentum Across Regions Into Holiday: Looking ahead, management's 4Q outlook calls for organic revenue growth of +1% (vs. 3Q +6.9%), equating to a +9% 2-yr organic revenue growth stack (vs. 3Q +10.9%), pointing to incremental upside to +3% revenue growth on sustained 2-yr stacks from 3Q. **To that point, management cited a globally "resilient" consumer, including within (i) the US** where LEVI averages a household income demographic of $100-200K *(noting DTC on the higher-end vs. wholesale on the lower side)* and mgmt noted consumers continue to respond to newness/product innovation, against tightly managed trade inventories in the industry (= full-price selling upside lever), and **(ii) Europe where management previously cited a +double-digit exit rate in August out of 3Q (vs. total 3Q +3%), with strong momentum continuing into 4Q by our work supporting upside relative to mgmt's implied low-to-mid-single-digit 4Q Europe revenue guidance.** Additionally, management said the denim category overall in the US improved progressively throughout the year, from ~Flattish growth in 1Q, to +2% growth in 2Q, and +4% growth in 3Q, supported by broader casualization tailwinds and diversified drivers across silhouettes (i.e. Looser Fit, Slim Fit, and Western).

(3) Multiple Gross Margin Expansion Levers into FY26 Despite Tariffs: Multi-year, CFO Singh cited structural mix drivers *(channel, regional, category, and promotional mix)* continue to support annual gross margin expansion of +30-40bps as a baseline multi-year. Specifically into FY26 – and outside of structural mix drivers – management noted tariffs will represent a wrap-around headwind into 1H26 (w/ FY25 expected to realize a ~20bps net tariff headwind after initial impact in 3Q/4Q). **That said, CFO Singh cited multiple offsetting drivers to tariffs including: (i) favorability on cotton input costs, (ii) continued SKU rationalization, and (iii) increased SKU commonality (>30% in FY26 vs. 30% in FY25 vs. HSD% in FY24) support greater volume leverage & buying efficiencies – supporting in our view an *at least* "algorithm" year of gross margin expansion (= JPMe +35bps expansion Y/Y > Street +15bps Y/Y).**

(4) FY26 SG&A Leverage at +MSD Revenue Growth w/ Distribution Idiosyncratic Cost Opportunity: At +mid-single-digit revenue growth, CFO Singh confirmed SG&A expenses are expected to **leverage** annually, even net of DTC store investments, inflation, and volume growth, and with marketing as a % of sales at 7% expected to remain relatively consistent. **In addition to "core" SG&A leverage at +mid-single-digit revenue growth, management cited an opportunity to drive ~100-200bps of improvement against Distribution expenses (vs. ~7% of sales today) following the company's recent remapping of its distribution centers which has resulted in 1x expenses associated with running parallel DCs to ensure a smooth transition**. To that point, management previously cited the cost of running parallel DCs to begin to abate into early 2026 (2Q26 onwards by our work), in addition to the overall distribution center remapping to drive to long-term savings from improved cost/unit productivity.

Birkenstock (BIRK) – Remain Overweight w/ $66 Price Target

We hosted CEO Oliver Reichert , CFO Ivica Krolo, and Director of Investor Relations Megan Kulick for group meetings at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Brand Heat Remains Strong Across All Regions: Looking across regions, CEO Reichert cited **strong brand heat for Birkenstock seen across every single geography today**. (i) In the **US** - management cited zero "hiccups" as a result of +low-single-digit average price increase taken in early July ahead of tariffs, with zero signs of consumer pushback to pricing nor partner cancellations, **noting trading up within the brand taking place to more premium/higher ASP products** and 95%+ full-price realization in the region across channels. (ii) **Europe** -management clarified demand has not softened in the region with growth seen across countries, including in Germany. (iii) **Asia** - management continues to anticipate top-line growth **double** the rest of world, self-restricting the pace of China expansion today. Driving the brand momentum, management cited new customer acquisition notably at the younger customer demographic (16-25 years old), or "new to brand" consumers supporting growth of the core silhouettes. **Put together, management cited the brand is coming from a position of strength out of Back to School and into Holiday** – with 4Q25 (Sept-end) pre-announced on 9/25 to see reported top-line growth of at least +18% constant-currency growth.

For FY26: we expect management to outline an initial FY26 financial guide at mid-teens "plus" constant-currency revenue growth (= Street +15.5% c/c) and 20%+ earnings growth – in-line with the company's go-forward "base-line" top & bottom-line annual growth algorithm in our view. To this point, we model FY26 EPS of €2.05 representing +21% EPS growth with potential upside to our embedded +16.3% c/c revenue growth – setting up a beat/raise opportunity throughout the year.

- Near-term, management cited today's sole concern into Holiday is the ability to deliver enough product (particularly given B2B demand > capacity by at least 20% across current partners today). **To this point – our recent fieldwork points to potential upside to our +16.9% 1Q26 c/c revenue growth translating to a 36% 2-year stack, which if held constant through the year would equate to a 18%+ FY26 c/c revenue growth (exceeding our model at +16.3% and +15.5% Consensus).**

(2) 5K Distribution "Potential" Door Expansion Opportunity Across B2B Over Time: Incremental to 12,000+ B2B doors globally today, **management outlined an additional 5,000 B2B doors in Americas/EMEA that are not currently being serviced by Birkenstock today** (= 17,000 total global opportunity), citing each region remains underpenetrated today notably across the Sport & Recovery, Outdoor Specialty, and Family segment channels *(w/ younger customer acquisition a notable accelerator post-IPO)*. More specifically, management cited opportunities for EMEA across "best" doors, ski resorts, golf pro-shops, with outdoor sports relatively small today in EMEA (only having "just started" distribution across FL, JD, Snipes), while in the US, management noted an opportunity to expand to incremental doors within existing partners (i.e., DKS/FL). **Specifically, managementclarified that there is not a specific timeline to expand to the additional 5K B2B doors, <u>but rather a point to illustrate the brand as underpenetrated in quality partners to date.</u>** In addition, management cited expanded shelf space within existing B2B partners through expanded breadth (new use-occasions/category expansion) & increased depth of existing silhouettes. **Further, management confirmed no cannibalization against the B2B business to date upon the opening of new retail doors (w/ DTC stores running high-single-digit comps on average with zero change to the target of 150 DTC stores by FY27), representing a key unlock of the dual-channel growth with full-price sell-through of 95%+ (vs global brands ~70% on average) driving channel agnostic growth**.

- **Wholesale EBITDA Margins Remain 400-500bps > Direct to Consumer:** mgmt noted wholesale EBITDA margins stand roughly ~400-500bps higher than DTC today (attributed to higher variable costs on DTC e-commerce shipments), while wholesale margins compared to brick/mortar stores within DTC are "roughly similar", <u>supporting management's continued channel agnostic approach to growth</u>.

(3) Reaffirmed Revenue Growth and EBITDA Margin Profile = 20%+ EPS Growth Algorithm: Management reiterated confidence in a long-term algorithm of **<u>at least</u>**+mid-teens revenue growth on 60% GPM and 30%+ EBITDA margins, **<u>translating to a 20% annual EPS growth algorithm</u>, supported by share repurchases (with mgmt noting ability to be opportunistic on share repurchase)**. Breaking down the drivers, we model adj. EBITDA margin expansion of +40bps annually in FY26-28, equating to 32.9% adj. EBITDA margins by FY28 driven by a combination of gross margin expansion (production efficiencies and annual pricing) and slight SG&A leverage (led by G&A expense leverage despite accelerated store openings) translating to a +21% 3-year EPS growth CAGR by our model *(against our revenue +16.0% growth FY26-28)*. **<u>Importantly, our model prudently reflects no incremental share repurchases.</u>** To that end, we note net leverage "on track" to be 1.5x by FY25-end (vs. 1.7x as of 3Q25), with our forecasted ~€425M of FCF over the next 3 years remaining post Capex supporting potential debt repayments and/or share repurchases **<u>(= +3-4% annual EPS growth accretion should FCF be used entirely for share repurchases)</u>. Said differently, at high-teens revenue growth c/c the next 3 years (or +16% reported), our model math points to the potential for a <u>+25% EPS growth algorithm</u> inclusive of +3-4% EPS growth accretion from share repurchases & +21% operational EPS growth.**

Capri Holdings (CPRI) – Remain Overweight w/ $30 Price Target

We hosted CEO John Idol and VP of Investor Relations Jennifer Davis for group meetings at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Breaking Down the Full-Price Comp Inflection at Kors: Drilling down within 2Q's inflection to positive full-price retail comps at the Michael Kors brand *(which occurred **<u>ahead</u>** of mgmt's initial expectations to occur later this year),* **our work points to full-price retail comps reaching<u>+mid-single-digit growth</u>** in 2Q (> 1Q full-price comps down slightly). Specifically, the 500bps(+) sequential acceleration was supported by (i) **strength across core leather goods** led by Icons (*Laila, Hamilton, and Nolita*) & Trend-driven product following mgmt's pricing architecture reset, <u>with management in "chase mode" on inventory</u>, in addition above-plan results across Ready-to-Wear, (ii) **the return of lapsed customersback into the brand** w/ mgmt also targeting the Millennial customer demographic *(core 26-32 years old)*, and (iii) **improved marketing** through the *Hotel Stories* campaign to emphasize the brands Jet Set brand codes/heritage and leveraging social media influencers through middle-funnel marketing focus (vs. performance/lower-funnel marketing historically). **Looking ahead, management's 11/4 outlook calls for Kors' retail sales trends to continue to improve in 2H26 (vs. 1H26 retail sales -MSD%), positioning the channel for a return to growth in FY27, with our work pointing to embedded improvement driven by full-price retail comps through year-end supported by current product/marketing momentum.** *Worth noting on full-price stores – CEO Idol noted retail store closures will largely be complete by the end of FY26 (w/ closures driving a -LSD% headwind to retail sales year-to-date), with plans to also renovate ~50% of the store fleet & key department store locations over the next 3 years as part of an ongoing investment to elevate the brand & improve sales productivity (w/ the recently renovated Rockefeller Center location in NYC already seeing significant increase in traffic/sales versus last year).*

(2) Quality of Sales Reset Actions Near-Term at Outlet and Wholesale: Outside of full-price retail comps turning positive in 2Q, management cited "single digit" declines at POS within Wholesale at Kors, in addition to our estimates pointing to a negative mid-to-high-single-digit same-store-sales decline within Outlet stores. On Outlets, management noted over 60% of the current decline experienced in the channel is from deliberate actions to drive higher Quality of Sales (i.e. shutting down the Daigou business), **equating to an underlying low-single-digit Outlet comp decline by our estimates.** On the improvement path from here, our model reflects consistent negative mid-to-high-single-digit comp declines in Outlets in 2H (= 2Q), with potential upside opportunity in 4Q26 (> 3Q) in Outlets by our work supported by the introduction of more trend-right product at greater scale and the full lap of daigou-related Outlet headwinds **in 2Q/3Q27 (= positive Outlet comp inflection opportunity)**. **On Wholesale,** management noted door count reductions will be lapped in 1Q27, noting additional reductions within the Off-Price segment planned to occur in FY27, equating to an anticipated Wholesale decline into FY27 (albeit less negative than FY26) consistent w/ mgmt's 11/4 commentary "*I think for next year, I wouldn't say there's going to be an improvement in the wholesale revenues, because again, we're going to do some cleanup work around off-price*".

- **Putting the pieces together, our model reflects "underlying" *(excluding the $20M wholesale shipment timing out of 2Q into 3Q)* 2H26 Kors revenues -3.7%, representing a +80bps sequential improvement (vs. 2Q -4.5% underlying) supported by full-price comp sequential improvement, unchanged Outlet comps (vs. 2Q), and "single-digit" Wholesale POS declines by our bottom-up build. Into FY27, our model reflects +1.8% Kors revenue growth Y/Y (vs. Street +1.7%), inclusive of +3% retail sales growth (+MSD% Full-Price comps vs. Flattish Outlets) and a -2% decline within Wholesale.**

(3) Jimmy Choo Full Price Comp Inflection w/ Handbag Oppty Multi-Year: Within Jimmy Choo's 2Q negative low-single-digit retail sales decline (> 1Q -MSD%), management clarified full-price comps turned positive, with all regions showing sequential improvement supported by management's refocused strategy across core footwear in addition to the Handbag category citing phenomenal" sell-through on bags at the opening price point of $1,000-$1,500 with the an "open lane" opportunity relative to traditional European Luxury peers. **To that end, management cited a significant revenue & profit opportunity associated with increasing the mix of the handbag category to 30-40% of the store business (vs. ~23% today), with long-term aspirations to drive Jimmy Choo's operating margins above the MSD% FY28 target to HSD%+ over time.** Worth noting on distribution, management cited the brand is only expected to see ~5-10 store closures next year and to move past the sizeable headwind from Net-a-Porter's restructuring this year.

(4) Gross Margin Inflection Underlying Combined w/ Tight SG&A Management: While Quality of Sales actions taken across Outlets and Wholesale rationalization are near-term constraining revenue growth, management cited a significant margin expansion opportunity following these actions, noting FY26 gross margins "underlying" excluding tariffs would have expanded +50bps on improved full-price selling mix/reduced discounting. In addition, management sees an opportunity to mitigate the "majority" of tariff headwinds into FY27 through the combination of vendor negotiations and selective price adjustment actions, which by our math points to a potential +100bps opportunity to gross margins from tariffs alone, in addition to ongoing full-price selling improvements. Further on expenses, management sees SG&A $'s "roughly flattish" over the next two years, translating to ~110bps of SG&A leverage on average over FY27/28 on our model.

(5) Versace Transaction On Track w/ Capital Allocation Oppty: Worth noting, CPRI expects the Versace transaction to close this quarter, with mgmt reiterating intent to use proceeds to drive a reduction in debt on the balance sheet, w/ the Versace transaction driving $1.375B of proceeds relative to current debt levels of $1.76B. Looking forward, management expects meaningful interest expense savings into FY27 (following debt paydown when the Versace transaction closes), while interest income favorability continues on net investment hedges, translating to incremental bottom-line upside Y/Y into FY27 (vs. FY26's $90M net interest income guidance).

VF Corp (VFC) – Remain Neutral w/ $14 Price Target

We hosted CEO Bracken Darrell, CFO Paul Vogel, and VP of Investor Relations Allegra Perry for group meetings at our Global Luxury & Brands Conference in Paris and thought value-add to share our key takeaways.

(1) Negative HSD% Underlying Revenue Decline at Vans w/ Traffic The Largest Constraint: Drilling down within 2Q's -11% constant-currency decline at Vans, management quantified ~20% of the decline associated with value-channel reset actions, equating to a negative high-single-digit "underlying" revenue decline at Vans (commensurate with the trailing 3 quarters -HSD% underlying on our estimates). **On initial greenshoots "under the hood" at the brand – management cited growth in (i) non-icons during 2Q driven by the *Super Lowpro*, the *Skate Loafer*, and the *Crosspath XC*, (ii) initial pockets of the Icons showing growth in the quarter, including the Authentic franchise supported by the Valentino collab and Old Skool Women's. Importantly, CEO Darrell cited his "conviction" in the brand's return to growth remains predicated on more newness/product launches ahead (albeit with no clear timeline outlined for the brand's revenue growth inflection noting growth across the Icons is required).** Further, following management's deliberate actions to close ~20% of the DTC store fleet and reduce Value Channel wholesale exposure to roughly one-third of WS sales (vs. ~50% prior), CEO Darrell clarified Vans distribution as now "**right sized, but not right performing" with traffic remaining the biggest constraint to brick/mortar performance (& a circular reference back to product/newness)**. Outside of product, management noted the shift to social-first marketing and the brand's partnership with SZA *(collection to come down the line)* have supported Vans re-establishment within its core **Skate** community, with the largest customer recapture opportunity across **Youth and Women**. On initial marketing traction, mgmt cited improved digital traffic throughout BTS coincided with the "Warped Tour" campaigns on the push to younger generations, with opportunity ahead on "Meet the Vans" Holiday campaign.

- **Worth noting on margins**, Active segment (namely Vans) operating margins declined 270bps Y/Y in 2Q, inclusive of gross margins down ~200bps Y/Y, with mgmt clarifying the overall headline promotional rates remain lower, **though more sales volume was concentrated during the "peak" Back to School period on promotion resulting in**

YOY gross margin contraction.

(2) Top Focus On The North Face Brand: On The North Face, management outlined mixed growth opportunities across regions, citing significant opportunity for **product elevation** within the Americas (> Europe > APAC) relative to "**stabilizing**" trends seen within APAC, particularly China, following long periods of growth in the region, while reiterating the long-term opportunity seen to double the size of The North Face brand (vs. $3.7B revenues as of FY25). More specifically, CEO Darrell noted he is "most excited" by the "elevation" opportunity at TNF to sell into luxury while still catering to the mass market – **with the US the largest opportunity for more elevated product** – and initial more premium product launched to date across (i) *Red Box* launched in late July, (ii) the *Summit* series head-to-toe offering (which represents <1% of the business), and (iii) another line "even higher" coming soon. In addition to a more premium apparel/footwear offering, management also cited an opportunity to triple the size of the existing Footwear category to offer an improved head-to-toe offering. **Conversely in APAC, TNF realized +7% c/c growth in 2Q in the region relative to +16% TTM (with total VFC APAC revenues declining -2% c/c in the quarter), with management citing the brand having enjoyed a multi-year period of "grow, grow, grow, and then flat line" in the region** noting the "plateauing in APAC" at the North Face brand within the range of initial expectations as it relates to the FY28 Investor Day plan.

(3) 10% Operating Margin Target "On Track" Despite Revenues To Date < FY24 Base. Management noted "we still feel confident about the 10% operating margin" target from the 10/30/24 Investor Day *(vs. TTM 6.5% operating margins)*, with more significant progress to-date made against gross margins (TTM 54.0% gross margin vs. ~55% FY28 target) relative to SG&A as % of sales 47.5% TTM (vs. ~45% FY28 target). **To that end, management noted the 55% gross margin target initially planned was thought of as the "minimum", with margins seen currently "not that far" from the 55% target, with a "clear path" despite tariffs.** On SG&A, management noted tight SG&A expense management near-term, with some back-end weighted expense savings initiatives in the plan to help bridge to the ~45% FY28 target. **In addition, management acknowledged *"something's got to grow"* to result in a Flat revenue bridge vs. FY24 as trailing twelve months revenues stand ~4% below the FY24 ex-Supreme revenue base of $9.92B. Put together,** our work points to the ~10% operating margin target potentially achieved with gross margin ***outperformance*** (vs. mgmt's 55% target), offsetting an SG&A rate potentially above the ~45% target should revenues not reaccelerate over the next 2.5 years to bridge to ~Flat vs. FY24 revenue base (currently tracking -4% to date).

Nike, Inc. (NKE) – Remain Overweight w/ $86 Price Target - Recent Fieldwork & Management Access Takes

Following our recent global fieldwork, management/industry access, and 10-Q analysis - we thought value-add to share our key takeaways and model implications. *Our updated financial model with detailed quarterly historical builds is available upon request.*

Key Model Implications – Our Model Versus Consensus:

(1) 2Q EPS – we model 2Q EPS of $0.36 (in-line w Street) based on (i) reported revenues -0.3% Y/Y (vs. mgmt's negative low-single-digit revenue outlook) modeling N/A revenues above Consensus, (ii) gross margins down -350bps Y/Y (vs. mgmt's -300bps to -375bps Y/Y guidance), and (iii) SG&A dollar growth of +6.9% Y/Y (= Street).

(2) 2H26 EPS – we model 2H26 EPS of $0.56 or **25% below Consensus** at $0.77 with the largest delta being gross margin (JPM modeling Flat in 2H26 vs. Street mis-modeled at +90bps in our view) with management flagging China, Converse, and Tariff headwinds relative to "underlying" full-price selling tailwind in North America/EMEA.

- **3Q26 EPS** – we see management guiding 3Q EPS below Consensus at $0.46 on P/L components (JPM at $0.34) modeling -0.4% **reported revenues (vs Street+1.5%) with N/A & EMEA momentum offset by China/Converse/APLA, gross margins down -50bps Y/Yto 41% (below Street mis-modeled +30bps Y/Y to 41.8% in our view) with China/Converse/tariff headwinds more than offsetting "underlying" full-price selling recovery, and SG&A dollar growth of +2.4% Y/Y (vs. Street +1.7%).** *Our full-year FY26 EPS of $1.42 remains unchanged (below Street at $1.64) based on +0.6% revenue growth, 41.0% gross margin, and 35.4% SG&A rate of sales.*

Remain Overweight with our $86 Dec '26 price target based on NKE's 1.8x pre-pandemic PEG on high-teens growth profile (& high 20's pre-pandemic multiple on 10% Op Margin math), with a risk/reward of $68 *(NKE's pre-pandemic 27x multiple on our CY27 EPS)* by $108 *(= 27x on ~$4 EPS power on ~12% legacy operating margin profile).*

Recent Fieldwork & Key Mgmt Access Takes:

- **North America & EMEA "Healthy" Exiting 1Q:** Importantly, **management emphasized North America *(42% of sales)* remains the furthest ahead across a number of dimensions.** First, **management characterized the inventory/channel backdrop in both N. America and EMEA as "healthy" today** particularly feeling good about where inventory levels exited 1Q in both regions. On actions, mgmt cited North America momentum built through elevating and transforming the marketplace by giving consumers more access to the brand and in more premium environments w/ over 1,300 running spaces reset in 1Q and the Nike brand launched on Amazon & Aritzia driving growth across multiple sport dimensions, with each of Running, Training, and Basketball +Double-Digits in 1Q and Sportswear also growing in 1Q (despite a 30% decline in classic footwear franchises).
- **"N/A Momentum Building" w/ Modest Wholesale Growth for Full Year:** In addition to North America leading across geographies, management noted Wholesale *(56% of revenues)* continues to lead across channels, with **"momentum" building across partners** notably in North America evidenced by Spring orderbooks "Up" versus prior year & led by Sport (vs. Holiday orderbooks "up" > Fall "nearly Flat"). Specifically, management cited building strength across both (i) **existing accounts** with favorable adoption and sell-throughs of newness (Running first prioritized, followed by Basketball in 2Q, Football/World Cup into Spring, and Training thereafter) and (ii) **new accounts** across both the top of the market (Aritzia) and mass channels (AMZN) adopting Nike brand footwear & looking to flow more product consistently over the coming quarters. **As a result, relative to +5% constant-currency wholesale growth in 1Q, management's guidance calls for "wholesale revenue to return to modest growth for FY26".**
- **AF1s/AJ1s Inventories On Track w/ Dunks The Final Piece of "Win-Now":** Drilling down on inventories down 1.7% Y/Y exiting 1Q (vs. reported revenues +1.1%) on a consolidated basis, management noted as of the 9/30 EPS Call that AF1s are "stabilizing" & AJ1 inventory levels are "returning to health", with heavy markdowns to return inventory levels to healthy weeks of supply no longer immediately required across the marketplace noting increased signals of AF1s/AJ1s in certain geographies (i.e. North America) returning to a "pull" marketplace following the introduction of new colorways. **On the other hand, management noted the Dunk franchise continues to be managed down aggressively in all geographies as of the 9/30 EPS Call, with liquidation efforts to continue beyond 2Q (likely complete exiting 3Q in our view).** To that end, management cited on the 9/30 EPS Call "*we're pleased with the progress that we've made and the actions that we put into place to exit Q2 and enter the second half in a healthy*

position. I think that we would expect or we do expect that we should start to see some gross margin benefit in the second half from lapping these aggressive actions".

- **Converse "Early Stage" Global Market Reset:** Management cited **Converse** *(~5% of revenues and gross profit)* under new leadership is in early stages of resetting its marketplace and brand, **which is expected to face revenue and gross margin headwinds throughout FY26. Specifically, management noted as of the 9/30 EPS Call "*the Chuck Taylor is in the early stages of a global market reset*", noting inventory growth exited 1Q ~600bps > sales growth.**

- **Finer Point on Greater China Likely On the 2Q Call: Management emphasized Greater China *(~15% of revenues & gross profit)* will face revenue and gross margin headwinds throughout FY26.** Specifically near-term, management cited (i) Greater China continues to face store traffic declines in Nike-owned and partner doors resulting in lower in season sell-through rates, (ii) Digital remains a highly promotional marketplace with consumer shopping moments extending longer on local platforms with deeper discounts, and (iii) clearance inventory remains elevated (despite reported China inventories declining 11% in 1Q < sales -9%). **As a result, we see management citing actions to reset inventory to a pull market in the region will expend through year-end and outline a strategic multi-year plan to refresh China's 5,000+ monobrand stores around Sport over time, through improved localization, experience (storytelling), and product creation.**
- **Tariff Headwinds Throughout FY26:** Relative to 1Q's -100bps net tariff headwind, management's 2Q guidance contemplates a -175bps net headwind from tariffs, with 2H26 implied to see a -100bps headwind, bridging to FY26 guidance for a net tariff headwind of -120bps.

Amer Sports (AS) – Remain Overweight w/ $50 Price Target - 3Q25 Preview & Lateral Fieldwork

3Q25 Model Breakdown: Ahead of AS's 3Q25 EPS print (Tuesday 11/18 before market open), we are modeling EPS of $0.25 (in-line w/ Street $0.25) based on +27.6% reported revenue growth (**above** Street +26.2%) and in-line w/ management's 9/18 Investor Day preannouncement stating "*Amer Sports now expects third quarter 2025 year-over-year revenue growth to be in the high 20s percentage as compared to previous guidance of approximately 20% growth.*" **Specifically by segment,** we are modeling 3Q reported revenue growth **led by Outdoor Performance (Salomon)** +40.6% Y/Y (> Street +30.5%), followed by Technical Apparel reported revenue growth of +26.7% (vs. Street +30.4%), representing a sequential acceleration relative to 2Q's +23.6% revenue growth and inclusive of +20% omni-comp growth (> 2Q's +15% comp), and Ball & Racquet segment revenues +6.2% Y/Y (vs. Street +8.3%), **consistent w/ mgmt previously stating on 9/18 "*we expect Amer Sports to deliver very strong third quarter results across all three segments, led by continued exceptional growth from Salomon Softgoods and an Arc'teryx reacceleration.*"** **On the bottom-line**, we model adj. operating margins of 13.2% (vs. Street 13.4%) and consistent with management's 9/18 Investor Day preannouncement of "*the Company now expects adjusted operating margin to be at or above the high end of the previous guidance range of 12–13%*", reflecting +120bps gross margin expansion Y/Y to 56.7% (above mgmt's prior 8/19 ~56.5% guidance & relative to Street 56.9%) and ~110bps of SG&A expense deleverage to 43.3% of sales (= Street).

Looking ahead to 4Q25: We are modeling 4Q25 EPS of $0.28 (vs. Street $0.28) based on +21.6% revenue growth Y/Y (**above** Street +20.2% & relative to management's 8/19 implied 4Q revenue guidance of +15.3-18.5% growth), +125bps gross margin expansion Y/Y to 57.7% (vs. Street 57.5%), and 120bps of SG&A expense deleverage Y/Y to 44.5% of sales (vs. Street 44.3%), equating to a 13.1% operating margin (vs. Street 13.2%). Drilling down within our 4Q +21.6% reported revenue growth, we model Salomon/Outdoor Performance

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segment revenue growth of +30.4% Y/Y (> Street +23%), followed by Arc'teryx/Technical Apparel +20.7% (vs. Street +23.7%), and Ball & Racquet revenues +6.0%.

- Illustrating **global** brand momentum across Arc'teryx & Salomon further – we note Arc'teryx Google Trends search data accelerated by +60 points quarter-over-quarter to 3Q growth of +65% Y/Y (vs. +5% in 2Q) with +64% Y/Y growth sustained into October (4QTD), with Salomon Google Trends similarly accelerating to +31% Y/Y growth (vs. +18% in 2Q) and further improving to +41% growth in October (4QTD).
- **Importantly on China** *(= #1 debate point into the print by our incoming call volume following the 9/21 announcement of social media backlash following Arc'teryx's fireworks show in Tibet due to concerns of environment effects)*, our model reflects 3Q consolidated China revenue growth of +43% Y/Y (vs. 2Q +42% Y/Y & 1Q +44%) and +34% growth in 4Q Y/Y, with year-over-year China growth led by Salomon, followed by Arc'teryx, and Ball & Racquet. Importantly, lateral global brand peers at our Global Luxury & Brands Conference cited the Outdoor category remains the fastest growth segment in the China market, in addition to high-end positioned brands (> mass brands), with Salomon and Arc'teryx both positioned at the high-end/outdoor market & taking share within a fragmented category. **Further, on 4QTD trends on the ground in China, our work points to a tale of two halves in the month of October due to weather, with 1H of October negatively impacted by warm weather (13 degrees Celsius) coinciding with the Golden Week holiday, relative to cold snap in 2H October driving favorable sell-throughs across Down Jackets/Winter Jackets, with incremental opportunity into November with weather forecasted colder Y/Y.**

Remain Overweight with our Dec '26 PT of $50 based on ~18x our FY27 EBITDA supported by SOTP analysis, or ~35x our FY27 EPS (1.4x Global Sportswear peer PEG average against management's long-term 25% EPS CAGR as outlined at Investor Day).

Adj. EPS Estimate Changes

Company	BBG Ticker	CCY	FY1E	Prev	Cur	Δ	FY2E	Prev	Cur	Δ
Amer Sports	AS US	USD	'25	0.84	0.85	1.25%	'26	1.11	1.10	(0.79%)
Birkenstock	BIRK US	EUR	'25	1.70	1.70	-	'26	2.05	2.05	0.26%
Tapestry Inc	TPR US	USD	'26	5.64	5.63	(0.1%)	'27	6.35	6.39	0.57%
NIKE, Inc.	NKE US	USD	'26	1.42	1.42	0.09%	'27	2.24	2.12	(5.56%)

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Amer Sports *(Overweight; Price Target: $50.00)*

Investment Thesis

We rate Amer Sports Overweight. We view the combination of premium, market-shaping brands (including Arc'teryx, Salomon, Wilson, Atomic and Peak Performance), management's business transformation (new leadership, brand-direct operating model), an accelerated DTC sales mix, and growing brand penetration in Greater China as positive. This translates into a long-term growth algorithm of low-to-mid-teens(+) top-line (balanced across channels, regions, and segments) and +mid-to-high-teens(+) EBITDA growth algorithm.

Valuation

We lower our Dec '26 price target to $50 (vs. $53 prior) based on ~18x our FY27 EBITDA supported by SOTP analysis (with Arc'teryx growing 15%+ on ~21% operating margins, representing >70% of segment operating income), or ~35x our FY27 EPS (1.4x Global Sportswear peer PEG average against management's long-term 25% EPS CAGR as outlined at Investor Day).

Risks to Rating and Price Target

Downside risks to our rating and price target include:

- **DTC expansion** – Any failure to execute planned growth could render our estimates and price target too high.
- **International exposure** – The ongoing macroeconomic headwinds in China (= 19% sales mix & key growth driver) could result in slower-than-expected growth in China, rendering our estimates too high.
- **Low brand awareness** – Store underperformance vs. expectations may lead to additional investment in traditional marketing, resulting in greater expenses and rendering our estimates too high.
- **Wholesale partners** – If any of the major wholesale partners reduce/discontinue purchases, it could adversely impact AS Sales growth.
- **Discretionary consumer spending risk** – Amer's merchandise mix is primarily discretionary goods and is hence susceptible to macroeconomic downturn, which could pressure consumers' overall ability to spend and therefore weigh on revenue growth & margins.
- **ANTA Sports relationship** – Anta Sports and Amer have entered into an agreement under which Anta will provide certain IT support services; if ANTA fails to perform under the agreement or plans to exit the investment, it could lead to decline/dilution in the stock price.
- **Debt leverage** – If AS fails to execute against top/bottom-line expectations, there could be a downside risk associated with the required increased debt burden & therefore interest expense.

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Investment Thesis, Valuation and Risks

Birkenstock *(Overweight; Price Target: $66.00)*

Investment Thesis

We rate Birkenstock Overweight. We view the combination of brand heritage (> 250 year history, inventors of the "footbed"), management's "engineered distribution" strategy, a highly loyal customer base (average US customer owns 3.6 pairs today), and recently expanded production capacity supporting +mid-to-high-teens(+) revenue growth on stable adjusted EBITDA margins of ~30% (~10 points above global footwear peers).

Valuation

Our Dec '26 price target of $66 is unchanged & based on ~22x our CY27 EPS of €2.58 (or $3.00 in USD), equating to a 1x PEG to our forward EPS growth of 21.8%.

Risks to Rating and Price Target

- **International Exposure:** Over 46% of the company's revenues are generated outside the United States, with plans to grow the international business further. There are risks inherent in operating in new markets, and any failure to execute growth could render our estimates and price target too aggressive.
- **Commodity Prices:** With the company's exposure to leather, EVA, cork, adhesives, natural latex, jute, copper, wool felt, and brass buckles, any shift toward an unfavorable costing environment could pressure GPM, thus rendering our estimates and price target too aggressive.
- **Key Personnel Risk:** CEO Oliver Reichert (with >14 years of tenure) has been "instrumental" in driving Birkenstock success, from combining 38 legal entities into single transparent body in 2012 to growing brand by 7x during his tenure. Any situation resulting in the end of his service could create disruption in operations and worsen the firm's financial health.
- **Discretionary consumer spending risk:** Birkenstock's merchandise mix is primarily discretionary goods, which reach a variety of household income and age demographics. Therefore, Birkenstock is susceptible to macroeconomic risk such as a slowdown in consumer spending, decline in consumer confidence, and high levels of unemployment, which could pressure consumers' overall ability to spend on discretionary merchandise and therefore weigh on revenue growth and margins.

Investment Thesis, Valuation and Risks

Tapestry Inc *(Overweight; Price Target: $148.00)*

Investment Thesis

We see TPR's bottom-line growth accelerating with opportunities across the top line, gross margin, SG&A, and capital allocation driving a return to double-digit compounding TSR, by our model. Specifically, we note the combination of (i) early-inning AUR expansion operating in a mid-to-high single-digit global growth category, (ii) increased digital penetration (30% today vs. high-single digits pre-pandemic) that is customer and bottom-line accretive, and (iii) $300M "Program Accelerate" expense efficiencies driving accelerated bottom-line growth. We rate TPR Overweight.

Valuation

We raise our Dec '26 price target to $148 (vs. $147 prior) based on ~22x our revised CY27E EPS of $6.75 (or ~16x our CY27E EBITDA of $1.945B), supported by our linear regression analysis relative to TPR's 3-yr pre-pandemic average P/E multiple of ~15x, with management's FY28 Targets calling for operating margins ~700bps above pre-pandemic on a revenue growth profile ~300bps faster relative to pre-pandemic.

Risks to Rating and Price Target

- Increased competition in affordable luxury industry;
- Increased promotional activity in the luxury industry;
- Failure to successfully execute on brand turnarounds at Kate Spade and Stuart Weitzman;
- Brand dilution from online outlet distribution;
- Fashion miss: TPR is exposed to the rapid pace of change in fashion; and
- Decreased consumer confidence and consumer discretionary spending.

Investment Thesis, Valuation and Risks

NIKE, Inc. *(Overweight; Price Target: $86.00)*

Investment Thesis

NKE is the global athletic market leader with diversification across product categories, geographies, and distribution, and we see the model at an inflection for revenue growth to re-accelerate into 2H26/FY27 following several quarters of franchise product lifecycle management & inventory liquidation headwinds. Further, we see opportunity for NKE to recapture over 500bps of operating margin erosion on improved full-price selling & reception to new product innovation and as NKE begins to leverage on SG&A expenses with an inflection to topline growth.

Valuation

We are lowering our Dec '26 Price Target to $86 (vs. $100 prior) based on 34x our revised CY27 EPS of $2.53 (= NKE's 1.8x pre-pandemic PEG on high-teens growth profile).

Risks to Rating and Price Target

The economic climate, particularly the employment picture, can affect consumer spending and the sportswear industry. A greater-than-expected downturn in household spending could cause sales trends to decelerate below our current assumptions rendering our estimates too high. Roughly 50% of the company's revenues are generated outside of the United States, w/ downside risk to our price target if the USD strengthens further. With the company's exposure to manufacturing in Southeast Asia, trade policy changes notably in Vietnam could render our estimates too high should NKE not be able to mitigate against tariff related costs.

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Amer Sports: Summary of Financials

Income Statement - Annual	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	**4,400**	**5,184**	**6,425**	**7,403**	**8,510**
COGS	(2,088)	(2,295)	(2,720)	(3,053)	(3,423)
Gross profit	**-**	**-**	**-**	**-**	**-**
SG&A	-	-	-	-	-
Adj. EBITDA	**611**	**802**	**1,105**	**1,378**	**1,724**
D&A	(179)	(231)	(317)	(404)	(510)
Adj. EBIT	**432**	**571**	**788**	**973**	**1,214**
Net Interest	-	-	-	-	-
Adj. PBT	**25**	**354**	**685**	**870**	**1,110**
Tax	(143)	(112)	(196)	(244)	(300)
Minority Interest	-	-	-	-	-
Adj. Net Income	**(117)**	**236**	**479**	**617**	**801**
Reported EPS	(0.30)	0.47	0.85	1.10	1.43
Adj. EPS	**(0.30)**	**0.47**	**0.85**	**1.10**	**1.43**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	388	502	560	561	561
Same Store Sales Growth	-	-	-	-	-

Income Statement - Quarterly	1Q25A	2Q25A	3Q25E	4Q25E
Revenue	**1,473A**	**1,236A**	**1,728**	**1,988**
COGS	(619)A	(511)A	(749)	(841)
Gross profit	**-**	**-**	**-**	**-**
SG&A	-	-	-	-
Adj. EBITDA	**310A**	**149A**	**306**	**340**
D&A	(78)A	(81)A	(78)	(80)
Adj. EBIT	**232A**	**67A**	**228**	**260**
Net Interest	-	-	-	-
Adj. PBT	**216A**	**46A**	**198**	**225**
Tax	(64)A	(5)A	(59)	(68)
Minority Interest	-	-	-	-
Adj. Net Income	**148A**	**36A**	**138**	**157**
Reported EPS	0.27A	0.06A	0.25	0.28
Adj. EPS	**0.27A**	**0.06A**	**0.25**	**0.28**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	558A	561A	561	561
Same Store Sales Growth	-	-	-	-

Balance Sheet & Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	483	345	337	715	1,292
Accounts receivable	600	607	753	867	997
Inventories	1,100	1,223	1,516	1,747	2,008
Other current assets	169	224	275	315	360
Current assets	**2,352**	**2,399**	**2,880**	**3,645**	**4,657**
PP&E	442	550	554	520	435
LT investments	-	-	-	-	-
Other non current assets	5,580	5,766	5,766	5,766	5,766
Total assets	**8,374**	**8,715**	**9,200**	**9,930**	**10,858**
Short term borrowings	381	137	0	0	0
Payables	427	549	682	786	904
Other short term liabilities	766	852	852	852	852
Current liabilities	**1,574**	**1,538**	**1,534**	**1,638**	**1,756**
Long-term debt	5,940	791	791	791	791
Other long term liabilities	1,016	1,213	1,213	1,213	1,213
Total liabilities	**8,531**	**3,541**	**3,538**	**3,642**	**3,760**
Shareholders' equity	(157)	5,174	5,662	6,288	7,099
Minority interests	-	-	-	-	-
Total liabilities & equity	**8,374**	**8,715**	**9,200**	**9,930**	**10,858**
BVPS	**-**	**-**	**-**	**-**	**-**
y/y Growth	-	-	-	-	-
Net debt/(cash)	5,838	582	454	75	(501)
Cash flow from operating activities	**199**	**425**	**449**	**749**	**1,002**
o/w Depreciation & amortization	221	274	317	404	510
o/w Changes in working capital	-	-	-	-	-
Cash flow from investing activities	**(155)**	**(268)**	**(321)**	**(370)**	**(425)**
o/w Capital expenditure	(124)	(229)	(321)	(370)	(425)
as % of sales	*2.8%*	*4.4%*	*5.0%*	*5.0%*	*5.0%*
Cash flow from financing activities	**35**	**(266)**	**(137)**	**0**	**0**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	104	(2,718)	(137)	0	0
Net change in cash	**79**	**(110)**	**(9)**	**379**	**576**
Adj. Free cash flow to firm	**75**	**196**	**128**	**379**	**576**
y/y Growth	*(144.5%)*	*159.8%*	*(34.7%)*	*196.5%*	*52.1%*

Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
Gross margin	-	-	-	-	-
EBITDA margin	13.9%	15.5%	17.2%	18.6%	20.3%
EBIT margin	9.8%	11.0%	12.3%	13.1%	14.3%
Net profit margin	(2.7%)	4.6%	7.5%	8.3%	9.4%
ROE	101.6%	9.4%	8.8%	10.3%	12.0%
ROA	(1.4%)	2.8%	5.3%	6.4%	7.7%
ROCE	(33.0%)	6.4%	9.0%	10.4%	11.8%
SG&A/Sales	-	-	-	-	-
Net debt/equity	NM	0.1	0.1	0.0	NM
P/E (x)	NM	64.4	35.5	27.6	21.3
P/BV (x)	-	-	-	-	-
EV/EBITDA (x)	32.7	18.4	13.2	10.3	7.9
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.5	0.6	0.7	0.8	0.8
Interest cover (x)	-	-	-	-	-
Operating leverage	181.9%	179.9%	159.1%	154.2%	165.3%
Revenue y/y Growth	24.0%	17.8%	24.0%	15.2%	14.9%
EBITDA y/y Growth	34.9%	31.3%	37.8%	24.7%	25.1%
EBIT y/y Growth	43.6%	32.0%	38.1%	23.5%	24.7%
Tax rate	563.0%	31.6%	28.7%	28.0%	27.0%
Adj. Net Income y/y Growth	286.7%	(301.7%)	102.5%	28.8%	29.9%
EPS y/y Growth	286.7%	(255.8%)	81.4%	28.6%	29.9%
DPS y/y Growth	-	-	-	-	-
Store Count	-	-	-	-	-
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Birkenstock: Summary of Financials

Income Statement - Annual	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	**1,492**	**1,805**	**2,093**	**2,375**	**2,782**
COGS	(566)	(744)	(846)	(955)	(1,112)
Gross profit	**926**	**1,061**	**1,247**	**1,420**	**1,671**
SG&A	(526)	(608)	(696)	(787)	(918)
Adj. EBITDA	**482**	**555**	**666**	**763**	**906**
D&A	(83)	(101)	(115)	(131)	(153)
Adj. EBIT	**399**	**454**	**551**	**632**	**752**
Net Interest	(107)	(101)	(86)	(86)	(86)
Adj. PBT	**292**	**353**	**465**	**547**	**667**
Tax	(85)	(113)	(148)	(164)	(200)
Minority Interest	-	-	-	-	-
Adj. Net Income	**207**	**240**	**318**	**383**	**467**
Reported EPS	1.13	1.28	1.70	2.05	2.50
Adj. EPS	**1.13**	**1.28**	**1.70**	**2.05**	**2.50**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	183	188	187	186	186
Same Store Sales Growth	-	-	-	-	-

Income Statement - Quarterly	1Q25A	2Q25A	3Q25A	4Q25E
Revenue	**362A**	**574A**	**635A**	**522**
COGS	(144)A	(243)A	(251)A	(209)
Gross profit	**218A**	**332A**	**384A**	**313**
SG&A	(142)A	(159)A	(194)A	(201)
Adj. EBITDA	**102A**	**200A**	**218A**	**146**
D&A	(26)A	(27)A	(28)A	(33)
Adj. EBIT	**76A**	**173A**	**190A**	**112**
Net Interest	(24)A	(26)A	(18)A	(18)
Adj. PBT	**52A**	**147A**	**172A**	**94**
Tax	(19)A	(44)A	(56)A	(28)
Minority Interest	-	-	-	-
Adj. Net Income	**33A**	**103A**	**116A**	**66**
Reported EPS	0.18A	0.55A	0.62A	0.35
Adj. EPS	**0.18A**	**0.55A**	**0.62A**	**0.35**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	188A	188A	186A	186
Same Store Sales Growth	-	-	-	-

Balance Sheet & Cash Flow Statement	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	344	356	625	972	1,339
Accounts receivable	92	114	133	150	176
Inventories	595	625	712	817	937
Other current assets	49	68	66	75	88
Current assets	**1,081**	**1,163**	**1,536**	**2,014**	**2,539**
PP&E	286	319	284	248	190
LT investments	-	-	-	-	-
Other non current assets	3,461	3,403	3,432	3,461	3,503
Total assets	**4,827**	**4,885**	**5,252**	**5,723**	**6,232**
Short term borrowings	44	50	21	21	21
Payables	123	136	163	191	219
Other short term liabilities	211	261	284	357	375
Current liabilities	**379**	**448**	**469**	**569**	**615**
Long-term debt	1,816	1,170	1,170	1,170	1,170
Other long term liabilities	233	642	601	615	647
Total liabilities	**2,427**	**2,260**	**2,239**	**2,354**	**2,432**
Shareholders' equity	2,401	2,625	3,013	3,369	3,800
Minority interests	-	-	-	-	-
Total liabilities & equity	**4,827**	**4,885**	**5,252**	**5,723**	**6,232**
BVPS	**-**	**-**	**-**	**-**	**-**
y/y Growth	-	-	-	-	-
Net debt/(cash)	1,516	864	566	219	(148)
Cash flow from operating activities	**359**	**429**	**350**	**477**	**498**
o/w Depreciation & amortization	83	101	115	131	153
o/w Changes in working capital	(80)	(88)	(83)	(37)	(122)
Cash flow from investing activities	**(101)**	**(59)**	**(80)**	**(95)**	**(95)**
o/w Capital expenditure	(102)	(65)	(80)	(95)	(95)
as % of sales	*6.8%*	*3.6%*	*3.8%*	*4.0%*	*3.4%*
Cash flow from financing activities	**(199)**	**(355)**	**(0)**	**(35)**	**(36)**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	(53)	(662)	(0)	1	0
Net change in cash	**37**	**11**	**270**	**346**	**367**
Adj. Free cash flow to firm	**332**	**432**	**328**	**442**	**463**
y/y Growth	*34.6%*	*29.9%*	*(24.0%)*	*34.6%*	*4.8%*

Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
Gross margin	62.1%	58.8%	59.6%	59.8%	60.0%
EBITDA margin	32.3%	30.8%	31.8%	32.1%	32.5%
EBIT margin	26.8%	25.1%	26.3%	26.6%	27.0%
Net profit margin	13.9%	13.3%	15.2%	16.1%	16.8%
ROE	8.7%	9.6%	11.3%	12.0%	13.0%
ROA	4.3%	4.9%	6.3%	7.0%	7.8%
ROCE	6.6%	7.6%	9.4%	10.1%	11.0%
SG&A/Sales	35.2%	33.7%	33.3%	33.2%	33.0%
Net debt/equity	0.6	0.3	0.2	0.1	NM
P/E (x)	30.5	27.0	20.3	16.8	13.8
P/BV (x)	-	-	-	-	-
EV/EBITDA (x)	18.8	15.1	12.2	10.2	8.2
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.3	0.4	0.4	0.4	0.5
Interest cover (x)	4.5	5.5	7.8	8.9	10.6
Operating leverage	65.0%	64.9%	134.3%	109.8%	110.6%
Revenue y/y Growth	20.0%	21.0%	16.0%	13.4%	17.2%
EBITDA y/y Growth	11.0%	15.0%	20.0%	14.5%	18.7%
EBIT y/y Growth	13.0%	13.6%	21.5%	14.8%	19.0%
Tax rate	29.1%	31.9%	31.7%	30.0%	30.0%
Adj. Net Income y/y Growth	18.6%	16.0%	32.3%	20.4%	22.0%
EPS y/y Growth	18.6%	13.0%	32.6%	20.8%	22.0%
DPS y/y Growth	-	-	-	-	-
Store Count	-	-	-	-	-
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: € in millions (except per-share data).Fiscal year ends Sep. o/w - out of which

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Tapestry Inc: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**6,671**	**7,011**	**7,435**	**7,844**	**-**
COGS	(1,782)	(1,722)	(1,864)	(1,891)	-
Gross profit	**4,890**	**5,289**	**5,571**	**5,953**	**-**
SG&A	(3,466)	(3,727)	(3,883)	(4,092)	-
Adj. EBITDA	**1,424**	**1,562**	**1,688**	**1,861**	**-**
D&A	(174)	(163)	(164)	(173)	-
Adj. EBIT	**1,250**	**1,400**	**1,524**	**1,687**	**-**
Net Interest	(18)	(19)	(51)	(51)	-
Adj. PBT	**1,232**	**1,380**	**1,473**	**1,636**	**-**
Tax	(232)	(246)	(268)	(311)	-
Minority Interest	-	-	-	-	-
Adj. Net Income	**1,000**	**1,134**	**1,205**	**1,325**	**-**
Reported EPS	4.29	5.10	5.63	6.39	-
Adj. EPS	**4.29**	**5.10**	**5.63**	**6.39**	**-**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	233	222	214	207	-
Same Store Sales Growth	-	-	-	-	-

Income Statement - Quarterly	1Q26A	2Q26E	3Q26E	4Q26E
Revenue	**1,690A**	**2,317**	**1,647**	**1,780**
COGS	(397)A	(601)	(419)	(447)
Gross profit	**1,293A**	**1,716**	**1,228**	**1,334**
SG&A	(902)A	(1,074)	(907)	(1,000)
Adj. EBITDA	**391A**	**642**	**321**	**334**
D&A	(37)A	(43)	(40)	(45)
Adj. EBIT	**354A**	**599**	**282**	**290**
Net Interest	(10)A	(13)	(15)	(15)
Adj. PBT	**344A**	**586**	**267**	**275**
Tax	(47)A	(117)	(51)	(52)
Minority Interest	-	-	-	-
Adj. Net Income	**297A**	**469**	**217**	**223**
Reported EPS	1.38A	2.18	1.01	1.05
Adj. EPS	**1.38A**	**2.18**	**1.01**	**1.05**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	216A	215	214	213
Same Store Sales Growth	-	-	-	-

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	6,142	1,120	868	774	-
Accounts receivable	228	239	254	268	-
Inventories	825	861	896	927	-
Other current assets	1,609	686	727	767	-
Current assets	**8,804**	**2,906**	**2,745**	**2,736**	**-**
PP&E	-	-	-	-	-
LT investments	0	0	0	0	-
Other non current assets	4,593	3,675	3,636	3,587	-
Total assets	**13,396**	**6,581**	**6,381**	**6,323**	**-**
Short term borrowings	303	65	0	0	-
Payables	452	456	475	491	-
Other short term liabilities	656	737	781	824	-
Current liabilities	**1,412**	**1,258**	**1,256**	**1,316**	**-**
Long-term debt	6,937	2,378	2,378	2,378	-
Other long term liabilities	2,150	2,087	2,122	2,156	-
Total liabilities	**10,499**	**5,723**	**5,756**	**5,850**	**-**
Shareholders' equity	2,897	858	625	473	-
Minority interests	0	0	-	-	-
Total liabilities & equity	**13,396**	**6,580**	**6,381**	**6,323**	**-**
BVPS	**-**	**-**	**-**	**-**	**-**
y/y Growth	-	-	-	-	-
Net debt/(cash)	1,099	1,323	1,510	1,604	-
Cash flow from operating activities	**1,256**	**1,217**	**1,377**	**1,507**	**-**
o/w Depreciation & amortization	174	163	164	173	-
o/w Changes in working capital	168	(39)	7	8	-
Cash flow from investing activities	**(1,042)**	**914**	**(125)**	**(125)**	**-**
o/w Capital expenditure	(109)	(123)	(125)	(125)	-
as % of sales	*1.6%*	*1.8%*	*1.7%*	*1.6%*	-
Cash flow from financing activities	**5,214**	**(7,175)**	**(1,507)**	**(1,477)**	**-**
o/w Dividends paid	(321)	(299)	(343)	(377)	-
o/w Net debt issued/(repaid)	5,621	(3,899)	(65)	0	-
Net change in cash	**5,416**	**(5,018)**	**(255)**	**(95)**	**-**
Adj. Free cash flow to firm	**1,161**	**1,110**	**1,294**	**1,423**	**-**
y/y Growth	*42.5%*	*(4.5%)*	*16.6%*	*10.0%*	-

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	73.3%	75.4%	74.9%	75.9%	-
EBITDA margin	21.3%	22.3%	22.7%	23.7%	-
EBIT margin	18.7%	20.0%	20.5%	21.5%	-
Net profit margin	15.0%	16.2%	16.2%	16.9%	-
ROE	38.7%	60.4%	162.6%	241.5%	-
ROA	9.8%	11.4%	18.6%	20.9%	-
ROCE	14.4%	17.1%	39.6%	46.7%	-
SG&A/Sales	51.9%	53.2%	52.2%	52.2%	-
Net debt/equity	0.4	1.5	2.4	3.4	-
P/E (x)	23.7	19.9	18.0	15.9	-
P/BV (x)	-	-	-	-	-
EV/EBITDA (x)	7.1	6.5	6.0	5.5	-
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.7	0.7	1.1	1.2	-
Interest cover (x)	78.2	81.0	32.9	36.3	-
Operating leverage	4280.4%	235.0%	147.1%	195.0%	-
Revenue y/y Growth	0.2%	5.1%	6.0%	5.5%	-
EBITDA y/y Growth	5.1%	9.7%	8.1%	10.2%	-
EBIT y/y Growth	6.6%	12.0%	8.9%	10.7%	-
Tax rate	18.8%	17.8%	18.2%	19.0%	-
Adj. Net Income y/y Growth	6.9%	13.4%	6.3%	10.0%	-
EPS y/y Growth	10.5%	19.0%	10.3%	13.5%	-
DPS y/y Growth	-	-	-	-	-
Store Count	-	-	-	-	-
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Jun. o/w - out of which

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NIKE, Inc.: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**51,362**	**46,309**	**46,583**	**48,391**	**51,115**
COGS	(28,475)	(26,519)	(27,482)	(27,629)	(28,673)
Gross profit	**22,887**	**19,790**	**19,101**	**20,762**	**22,442**
SG&A	(16,576)	(16,088)	(16,493)	(16,872)	(17,261)
Adj. EBITDA	**7,107**	**4,477**	**3,424**	**4,712**	**6,050**
D&A	(796)	(775)	(816)	(823)	(869)
Adj. EBIT	**6,311**	**3,702**	**2,608**	**3,890**	**5,181**
Net Interest	161	107	72	72	72
Adj. PBT	**6,700**	**3,885**	**2,657**	**3,939**	**5,230**
Tax	(1,000)	(666)	(559)	(829)	(1,101)
Minority Interest	-	-	-	-	-
Adj. Net Income	**5,700**	**3,219**	**2,098**	**3,110**	**4,129**
Reported EPS	3.73	2.16	1.42	2.12	2.83
Adj. EPS	**3.73**	**2.16**	**1.42**	**2.12**	**2.83**
DPS	**1.42**	**1.55**	**1.01**	**1.51**	**2.02**
Payout ratio	38.1%	71.5%	71.5%	71.5%	71.5%
Shares outstanding	1,530	1,488	1,478	1,469	1,458
Same Store Sales Growth	-	-	-	-	-

Income Statement - Quarterly	1Q26A	2Q26E	3Q26E	4Q26E
Revenue	**11,720A**	**12,321**	**11,226**	**11,316**
COGS	(6,777)A	(7,378)	(6,625)	(6,702)
Gross profit	**4,943A**	**4,943**	**4,601**	**4,614**
SG&A	(4,016)A	(4,282)	(3,980)	(4,215)
Adj. EBITDA	**1,117A**	**865**	**829**	**614**
D&A	(190)A	(203)	(208)	(215)
Adj. EBIT	**927A**	**661**	**621**	**399**
Net Interest	18A	18	18	18
Adj. PBT	**922A**	**679**	**639**	**417**
Tax	(195)A	(143)	(134)	(88)
Minority Interest	-	-	-	-
Adj. Net Income	**727A**	**537**	**505**	**330**
Reported EPS	0.49A	0.36	0.34	0.22
Adj. EPS	**0.49A**	**0.36**	**0.34**	**0.22**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	1,479A	1,478	1,477	1,476
Same Store Sales Growth	-	-	-	-

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	9,860	7,464	8,258	9,226	9,940
Accounts receivable	4,427	4,717	4,745	4,929	5,207
Inventories	7,519	7,489	7,458	7,673	8,029
Other current assets	3,576	3,692	3,704	3,782	3,900
Current assets	**25,382**	**23,362**	**24,166**	**25,611**	**27,075**
PP&E	5,000	4,828	4,944	5,089	5,242
LT investments	-	-	-	-	-
Other non current assets	7,728	8,389	8,420	8,622	8,926
Total assets	**38,110**	**36,579**	**37,529**	**39,321**	**41,244**
Short term borrowings	1,000	0	0	0	0
Payables	2,851	3,479	2,983	3,069	3,211
Other short term liabilities	6,742	7,087	7,126	7,383	7,770
Current liabilities	**10,593**	**10,566**	**10,109**	**10,452**	**10,981**
Long-term debt	7,903	7,961	7,961	7,961	7,961
Other long term liabilities	5,184	4,839	4,854	4,954	5,104
Total liabilities	**23,680**	**23,366**	**22,924**	**23,367**	**24,046**
Shareholders' equity	14,430	13,213	14,605	15,954	17,198
Minority interests	-	-	-	-	-
Total liabilities & equity	**38,110**	**36,579**	**37,529**	**39,321**	**41,244**
BVPS	**9.43**	**8.88**	**9.88**	**10.86**	**11.80**
y/y Growth	*5.7%*	*(5.8%)*	*11.3%*	*9.9%*	*8.6%*
Net debt/(cash)	(957)	497	(297)	(1,265)	(1,979)
Cash flow from operating activities	**7,429**	**3,698**	**3,172**	**4,606**	**5,636**
o/w Depreciation & amortization	796	775	816	823	869
o/w Changes in working capital	716	(787)	(439)	43	46
Cash flow from investing activities	**894**	**(275)**	**(932)**	**(968)**	**(1,022)**
o/w Capital expenditure	(812)	(430)	(932)	(968)	(1,022)
as % of sales	*1.6%*	*0.9%*	*2.0%*	*2.0%*	*2.0%*
Cash flow from financing activities	**(5,888)**	**(5,820)**	**(1,446)**	**(2,671)**	**(3,899)**
o/w Dividends paid	(2,169)	(2,300)	(1,499)	(2,222)	(2,950)
o/w Net debt issued/(repaid)	0	(1,001)	0	0	0
Net change in cash	**2,419**	**(2,396)**	**794**	**968**	**714**
Adj. Free cash flow to firm	**6,537**	**2,866**	**1,600**	**3,065**	**4,079**
y/y Growth	*52.2%*	*(56.2%)*	*(44.2%)*	*91.5%*	*33.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	44.6%	42.7%	41.0%	42.9%	43.9%
EBITDA margin	13.8%	9.7%	7.4%	9.7%	11.8%
EBIT margin	12.3%	8.0%	5.6%	8.0%	10.1%
Net profit margin	11.1%	7.0%	4.5%	6.4%	8.1%
ROE	40.1%	23.3%	15.1%	20.4%	24.9%
ROA	15.1%	8.6%	5.7%	8.1%	10.3%
ROCE	23.2%	13.8%	9.4%	13.2%	16.7%
SG&A/Sales	32.3%	34.7%	35.4%	34.9%	33.8%
Net debt/equity	NM	0.0	NM	NM	NM
P/E (x)	17.2	29.7	45.2	30.3	22.7
P/BV (x)	6.8	7.2	6.5	5.9	5.4
EV/EBITDA (x)	13.5	21.4	28.0	20.3	15.8
Dividend Yield	2.2%	2.4%	1.6%	2.4%	3.2%
Sales/Assets (x)	1.4	1.2	1.3	1.3	1.3
Interest cover (x)	-	-	-	-	-
Operating leverage	2364.8%	420.2%	(4991.7%)	1265.9%	589.8%
Revenue y/y Growth	0.3%	(9.8%)	0.6%	3.9%	5.6%
EBITDA y/y Growth	7.4%	(37.0%)	(23.5%)	37.6%	28.4%
EBIT y/y Growth	6.7%	(41.3%)	(29.5%)	49.1%	33.2%
Tax rate	14.9%	17.1%	21.1%	21.1%	21.1%
Adj. Net Income y/y Growth	12.4%	(43.5%)	(34.8%)	48.2%	32.8%
EPS y/y Growth	15.4%	(41.9%)	(34.4%)	49.1%	33.8%
DPS y/y Growth	10.6%	9.0%	(34.4%)	49.1%	33.8%
Store Count	-	-	-	-	-
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends May. o/w - out of which

Companies Discussed in This Report (all prices in this report as of market close on 14 November 2025, unless otherwise indicated)
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Completed 17 Nov 2025 03:05 AM EST

Disseminated 17 Nov 2025 03:06 AM EST