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VALUATION OF FIRMS IN IPO AND M&AS FIELD LAB

Macroeconomic Analysis of Birkenstock's IPO

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Abstract:

This thesis examines Birkenstock Holding plc's October 2023 IPO and its subsequent market performance. Despite strong brand equity and robust fundamentals, the stock declined 12.9% on its debut, reflecting valuation concerns and unfavorable market conditions. Through industry analysis and a multi-method valuation framework (DCF, APV, FTE, EVA, and Multiples), the firm's intrinsic value is estimated at \$36-\$40 per share, below the \$46 IPO price yet consistent with mid-2025 trading levels. A macroeconomic regression explains about 20% of post-IPO return variation, driven primarily by sectoral discretionary demand rather than inflation, interest rates, or investor sentiment.

Keywords: Initial Public Offerings; Equity Valuation; Intrinsic Value; Post-IPO Performance; Market Dynamics; Financial Modelling; Discounted Cash Flow; Adjusted Present Value; Relative Valuation; Market Efficiency; Empirical Analysis; Regression Analysis.

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Introduction

Initial public offerings (IPOs) remain one of the most scrutinized events in financial markets, as they crystallize the valuation assigned by investors to a company transitioning into public ownership. The pricing of an IPO reflects a complex interplay between firm fundamentals, investor sentiment, market conditions, and sector-specific expectations. However, empirical evidence shows that IPO valuations frequently display substantial deviations from intrinsic value in the short run, manifesting as underpricing, overpricing, or post-IPO corrections, making them a natural setting for studying valuation discrepancies and market efficiency.

In October 2023, Birkenstock Holding plc, a 249-year-old global footwear brand, went public on the New York Stock Exchange in one of the most anticipated consumer-sector IPOs of the year. Despite the company's strong brand equity, premium positioning, and growing profitability, Birkenstock's IPO performance was unexpectedly weak: the stock declined approximately 13% on the first trading day, marking one of the poorest debuts among billion-dollar IPOs in the previous decade. This outcome occurred amid a challenging macroeconomic environment, characterized by inflation, tightening financial conditions, and subdued investor risk appetite, while the broader footwear industry grappled with price-sensitive consumers and an increasingly competitive landscape. Comparable footwear IPOs, such as Allbirds and Dr. Martens, had experienced significant post-listing value destruction, further affecting investor sentiment.

Research Problem

This thesis examines the extent to which Birkenstock's IPO valuation was grounded in the company's fundamental performance and broader sector dynamics. It evaluates whether the offering price appropriately captured Birkenstock's cash-flow generation capacity, competitive

positioning, and long-term growth trajectory. By applying multiple intrinsic valuation frameworks and comparing their outputs to the company's post-IPO market pricing, the analysis highlights where misalignments may have occurred. Particular attention is given to the sensitivity of valuation outcomes to key assumptions such as revenue growth, operating margins, and discount rates. Given the prominence of intangible assets, especially brand equity, pricing power, and customer loyalty, in consumer-branded IPOs, this research offers timely insights for both academic inquiry and investment practice.

Industry, Competitive Landscape and Company Analysis

Global Footwear Market Overview

The global footwear industry, valued at USD 457.1 billion in 2024 and projected to reach USD 588.2 billion by 2030, is a structurally important segment of the consumer discretionary market, growing at a CAGR of 4.3% (Research, Footwear Market (2025 - 2030) 2025). Despite its maturity, the industry remains dynamic due to evolving consumer lifestyles, technological innovations, and a shift toward digital and direct-to-consumer models. While overall growth is moderate, it conceals stark differences: premium, sustainable, and wellness-driven segments are expanding far faster than traditional low-cost mass-market categories.

Footwear demand is split into athletic and non-athletic categories, with non-athletic making up 66.3% of global revenue in 2024. Birkenstock operates in this space, focusing on premium-casual and comfort footwear, segments buoyed by rising demand for ergonomic design, durability, and wellness-focused products.

Key markets relevant to Birkenstock are all outpacing the broader industry: the sustainable footwear segment is expected to grow at 6.3%-6.4% CAGR through 2030 (Research, Sustainable Footwear Market To Reach \$12.96 Billion By 2030 2024), Premium footwear is forecast to expand at 8.8% CAGR (Technavio 2025), while the clogs segment, which includes Birkenstock's Boston model, may grow at approximately 11% CAGR (Insights

2024).

These trends place Birkenstock at the crossroads of the largest revenue pool and fastest-growing niches in the industry. With its addressable markets expanding at 6%–11% CAGR, the brand is well positioned to benefit from global shifts toward premiumization, sustainability, and comfort.

Growth Segments in the Footwear Industry

Building on the broader market context, industry expansion over the next decade will be disproportionately shaped by several high-growth segments that reflect deeper structural shifts in global consumer behavior. These segments are not merely outgrowing the mass market, they are redefining how value is created within the footwear landscape by concentrating demand around functionality, longevity, authenticity, and lifestyle integration. Their evolution helps explain why companies positioned around wellness, sustainability, and premium craftsmanship - such as Birkenstock - are experiencing stronger momentum than the industry average.

A central engine of growth within the sector is the continued rise of premium and accessible luxury footwear, which benefits consumers' willingness to trade up for higher-quality, longer-lasting products (Technavio 2025). Unlike traditional fashion cycles, premium footwear growth is anchored in durable consumption patterns: higher income elasticity, elevated materials standards, and the increasing conflation of style with functional benefits. Market forecasts indicate that this segment is expanding at a pace far above the industry baseline, supported by product categories that blend lifestyle appeal with technical credibility. This dynamic is especially pronounced in advanced economies, where demand is being driven by a shift away from fast fashion toward investment pieces, giving structurally strong margins to brands with enduring designs and recognizable heritage.

Another transformative growth engine is the sustainable footwear segment, which is

evolving from a niche preference to a mainstream expectation. Regulatory pressure - in particular from EU frameworks such as the CSRD and supply-chain transparency directives, has accelerated the adoption of renewable materials, low-impact inputs, and traceable production systems (Research, Sustainable Footwear Market To Reach \$12.96 Billion By 2030 2024). At the consumer level, younger demographics exhibit a markedly higher willingness to pay for environmentally responsible products, reinforcing sustainability as a premium attribute rather than a cost-reduction exercise. Importantly, this trend favors brands with authentic, material-based sustainability narratives rather than marketing-driven claims, allowing firms with natural-material heritage or verifiable environmental footprints to capture disproportionate value.

Complementing these shifts is the rapid expansion of comfort, orthopedic, and wellness-oriented footwear, a segment supported by global demographic trends and changing lifestyle habits. Aging populations in Europe, North America, and East Asia are increasingly prioritizing ergonomic features (arch support, anatomical shaping, and pressure-relief technologies) while younger consumers associate comfort with daily productivity, injury prevention, and long-term health. As wellness becomes a cross-generational value proposition, this segment is expected to remain one of the fastest-growing components of the global market (Research, Footwear Market (2025 - 2030) 2025) (McKinsey 2025).

Finally, the clogs and hybrid indoor-outdoor category has emerged as a distinctive high-growth segment, driven by the blending of professional, domestic, and leisure environments. The expansion of hybrid work, increased time spent at home, and adoption of comfort-first dress norms across industries have accelerated demand for versatile footwear that can transition seamlessly across contexts (Insights 2024). High adoption across healthcare, hospitality, and service professions further supports sustained growth. With a projected double-digit CAGR through 2030, clogs represent not only a fashion phenomenon but also a functional solution to

modern lifestyle patterns, explaining their broad cultural adoption beyond traditional use cases.

Consumer Trends

The Fundamental Shift to Comfort and Wellness

Consumer behavior increasingly prioritizes functional comfort over pure fashion, establishing foot health as a non-perishable value proposition. This demand is not limited to performance footwear; rather, it is a broad cultural trend where individuals, including older consumers and those with health concerns, are guided by functionality and ergonomic design rather than aesthetic concerns, actively seeking footwear that mitigates injury risk (Puszczalowska-Lizis, et al. 2022) (MDPI 2022). This structural emphasis on foot health, a trend accelerated by the long-term adoption of athleisure (McKinsey 2025), ensures that Birkenstock's signature anatomical footbed possesses verified market relevance and resilience against fast-fashion competitors.

Premium Casualization and the Search for Authentic Value

Footwear has permanently transitioned from a necessity to a lifestyle item that blends style, function, and self-expression. This evolution fuels premium casualization, characterized by strong demand for versatile, high-quality products that justify a price premium. Therefore, brands must emphasize consistency of values - such as enduring craftsmanship - rather than merely longevity of design to maintain consumer trust, particularly among digitally native consumers like Gen Z, who prioritize a brand's authentic values and personality (Lund University School of Economics and Management 2023).

Sustainability as a Non-Negotiable Pricing Lever

Sustainability is no longer a niche marketing tactic but a structural mandate that directly influences pricing power and brand preference. Consumers, particularly Millennials and Generation Z, are increasingly willing to pay a significant premium for products that demonstrate environmental awareness, transparent ethical sourcing, and social responsibility

(Bioengineer.org 2025). Studies focused specifically on the footwear sector confirm that environmental beliefs and social responsibility are key determinants of a consumer's willingness to pay a premium, and this trend favors brands, like Birkenstock, whose core materials (cork, natural materials) offer an inherently verified and authentic sustainability narrative, granting them a measurable advantage over competitors utilizing less credible, purely marketing-driven "green" claims.

Digital Transformation and Direct-to-Consumer (DTC) Control

The competitive landscape is rapidly being redefined by the widespread adoption of the Direct-to-Consumer model, driven by the structural necessity of digitizing the value chain for improved profitability and customer intelligence. Leading brands like Nike have successfully demonstrated that pivoting to DTC is central to profitability strategies, driven by digital innovation and data analytics (Liu, Liu e Zhang 2021). This channel shift allows for enhanced profit margins, direct access to consumer data, improved brand storytelling, and tighter inventory control (Causeartist 2025). This emphasis on digital efficiency and direct customer relationships is critical for modern brands, as it allows them to better manage price sensitivity while delivering the precise, customized value sought by today's conscious consumer.

Competitive Landscape and Industry Dynamics

Birkenstock operates within a competitively intense, moderately concentrated yet fragmented footwear market, where rivalry is structurally high due to low consumer switching costs and the constant pressure for product innovation. Its strategic objective is to mitigate these inherent structural risks by focusing exclusively on high-growth, values-led niches rather than competing in the price-sensitive mass market.

Birkenstock's sustained competitive advantage is anchored in three non-replicable pillars, allowing it to navigate intense rivalry and enforce pricing discipline. The first is the Anatomical Moat (Functional Superiority): The firm's central competitive defense is its

patented contoured anatomical footbed, and this intellectual property establishes a core functional differentiation that sets Birkenstock apart from both fashion-led rivals and utilitarian substitutes.

The second is Heritage and Authenticity: Birkenstock leverages its deep, 250-year heritage not merely as a marketing claim but as a guarantor of quality and enduring value. Studies on competitive strategy confirm that differentiation in "low-tech" industries like footwear is achieved through a focus on brand image and tradition (Marques, Guedes e Ferreira 2017). By emphasizing the consistency of its craftsmanship (cork, natural leather) rather than the longevity of a single design, the brand secures long-term loyalty against rivals and minimizes inventory risk.

The third is Accessible Luxury and Segment Capture: The strategic repositioning into the accessible luxury segment is key to capturing superior margins. This allows the firm to benefit from the Luxury Footwear Market's projected 7.0% CAGR and the demand for premium pricing (Research, Luxury Footwear Market (2024 - 2030) 2025). Crucially, this strategy captures value-conscious consumers who are "trading down to accessible brands" from traditional high-end luxury goods (Bain & Company 2025). Furthermore, the verifiable commitment to natural materials aligns the brand with the high growth of the Sustainable Footwear Market, which is forecasted to grow at a 6.3% to 6.4% CAGR (Research, Sustainable Footwear Market To Reach \$12.96 Billion By 2030 2024).

Finally, the strategic shift toward the Direct-to-Consumer (DTC) model ensures a higher-margin distribution channel, providing greater profitability and essential customer data for managing complexity and reducing inventory write-downs (Causeartist 2025). This synthesis confirms that Birkenstock's robust competitive edge is derived from a rare combination of heritage-backed functional superiority and modern strategic agility.

Company Overview

Birkenstock operates as a vertically integrated premium-footwear enterprise, maintaining stringent control over the design, production, and distribution of its products. This model is predicated on the dual pillars of functional orthopedic design and elevated global fashion status, allowing the company to command premium pricing and maintain high profitability margins.

Core Value Proposition: Orthopedic Functionality Meets Accessible Luxury

Birkenstock's enduring competitive advantage is rooted in its foundational commitment to foot health, a core value proposition that distinguishes it from general footwear manufacturers. This commitment provides structural protection against transient fashion trends and underpins the brand's resilience and enduring customer loyalty.

The core differentiation of the Birkenstock product lies in its proprietary anatomical footbed, establishing a deep scientific heritage for the brand. The functional origins are detailed in the "System Birkenstock," articulated by Carl Birkenstock in his 1949 publication, *Fußorthopädie: Das System Carl Birkenstock*. This work described the delicate anatomy of the foot and promoted *Naturgewolltes Gehen* (walking as nature intended) to correct foot ailments, attracting customers seeking genuine functional benefits (Birkenstock, Orthopedic Innovation s.d.).

The footbed itself constitutes critical physical intellectual property (IP), crafted from specialized, sustainably sourced materials. It features a core of natural cork and natural latex, which provides crucial elasticity, insulation, and shock-absorption properties. This core is stabilized by two layers of natural jute fiber, topped with high-quality suede. Through a period of repeated wear, this layered structure molds to the individual user's foot shape, creating a personalized fit that reinforces long-term customer satisfaction and brand dependency (Birkenstock, Materials s.d.).

A critical aspect of the Birkenstock business model is the functional protection inherent in its manufacturing setup. The company's commitment to producing all its footbeds in Germany and assembling over 95% of its products within the European Union establishes a structural barrier against competition (Birkenstock, Profile s.d.). This highly controlled, vertically integrated European supply chain prevents the specific expertise and proprietary composition of the multi-layered cork-latex matrix from being easily reverse-engineered or replicated by competitors utilizing outsourced, distant supply chains (Birkenstock, Production and Manufacturing s.d.). This control over functional IP ensures the sustainability of the brand's superior product quality, which, in turn, justifies its consistent premium price positioning in the global market.

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Birkenstock has masterfully navigated a strategic position within the "accessible luxury" niche, balancing quality and perceived exclusivity with broad appeal. This positioning allows the brand to successfully attract a wide consumer base, from budget-conscious individuals to luxury-seeking shoppers, providing a versatile foothold in the global footwear market.

The brand has significantly enhanced its status through strategic collaborations with

high-end fashion houses and designers, including Valentino, Dior, Manolo Blahnik, and Rick Owens (Birkenstock, Valentino in collaboration with Birkenstock s.d.) (Birkenstock, Dior by Birkenstock collaboration introduced in Paris s.d.) (Birkenstock, Birkenstock and Manolo Blahnik launch their remarkable, regal collaboration s.d.) (Birkenstock, Birkenstock and Rick Owens extend their collaboration for a second season s.d.). These partnerships validate Birkenstock's fashion credibility and create a "halo effect" that elevates the perception of its core products, linking orthopedic comfort with high-end fashion innovation. This process is known in the industry as the "Elevation Game," a strategy wherein design-led brands move upmarket to capture segments of former high-end shoppers squeezed out by rising ultra-luxury prices.

Birkenstock segments its wholesale product line into specific quality tiers, restricting access to its most premium lines, such as the 1774 collection and specialized collaboration products, to a curated group of brand partners. By mimicking the controlled distribution methods of established luxury brands, the company creates a sense of scarcity and heightened desire among consumers, which prevents brand dilution and protects pricing integrity across its entire product portfolio. This distribution discipline is critical for long-term margin preservation, particularly as the comfort footwear market becomes increasingly competitive.

Operational Segmentation and Multi-Channel Strategy

Birkenstock's operations are analyzed across both product segments and the distribution segments, with the latter representing the most dynamic area of strategic focus for the company following its 2021 acquisition by L Catterton.

Product Segmentation and Portfolio Layering

The Footwear segment remains the core revenue driver for the organization, centered on iconic, evergreen models such as Arizona and Boston. These core products are characterized by low SKU volatility and resilient, consistent demand, which is a key advantage allowing the

company to minimize inventory risk and maximize manufacturing efficiency. The Accessories & Lifestyle segment provides complementary products, such as socks and belts, which reinforce the overall brand identity and offer consumers lower-cost entry points into the Birkenstock ecosystem.

Crucially, Birkenstock manages its product offering across a spectrum of price points and exclusivity. The introduction of high-end premium lines, such as the 1774 collection, allows the company to maximize its Average Selling Price (ASP) and appeal to luxury consumers. Conversely, the availability of highly accessible products, such as the lower-priced EVA models, ensures broad audience relevancy. This layered product strategy is crucial for sustaining the accessible luxury positioning, allowing the brand to appeal simultaneously to functional users and high-fashion clientele (Securities and Exchange Commission s.d.).

The company employs a deliberate omnichannel distribution strategy combining traditional wholesale partnerships (B2B) with a rapidly growing Direct-to-Consumer (DTC) channel, encompassing both e-commerce platforms and company-owned stores.

The DTC channel is a strategic priority for long-term growth because it delivers significantly higher gross margins and enables the direct capture of valuable customer data. This direct connection allows the company to strengthen brand loyalty and optimize marketing expenses. Birkenstock is aggressively expanding this presence, targeting the opening of 150 owned stores by 2027 (Capital 2025). For the year ended September 30, 2024, DTC revenue increased by 20% to €716.7 million (up €118.0 million from 2023), driven by a growth in the number of pairs sold across all regions, with DTC penetration stable at 40% (Birkenstock, United States - Securities and Exchange Commission Form 20-F - Birkenstock Holding plc 2024).

However, the Wholesale channel remains vital for volume and broad market reach, maintaining Birkenstock's status as a "must carry" brand for many retailers. This channel also

demonstrated robust performance, growing 22% year-over-year for the year ended September 30, 2024 (Birkenstock, United States - Securities and Exchange Commission Form 20-F - Birkenstock Holding plc 2024).

The two channels operate in a synergistic relationship. Birkenstock's owned stores and e-commerce platforms do more than just generate higher margins; they serve as critical "test beds" for assessing consumer demand for individual models across different regions. The detailed, proprietary data captured through the DTC channel, including sell-through rates and regional preferences, is then leveraged to inform inventory and strategic decisions made by wholesale partners. This control over demand intelligence grants Birkenstock significant bargaining leverage with B2B retailers, allowing the company to dictate terms, ensure distribution integrity, and minimize the risk of inventory surplus or deep discounting in the third-party channel.

Historical Financial Performance

Birkenstock Holding plc has experienced rapid growth and strong financial performance in recent years. The company's revenue has nearly doubled over the last few years, rising from roughly €960 million in 2021 to €1.8 billion in 2024, corresponding to a ~23% compound annual growth rate (CAGR) in the 2021-2024 period, showcasing the firm's success in expanding its global footprint (**as seen in Table 1 and 2**) (Network 2024).

Top-line growth has been driven by both higher sales volumes and notable price increases, as Birkenstock capitalized on its brand strength and premium positioning (for instance, in 2022, volume grew only ~3% while revenue grew ~29%, implying significant pricing power). Meanwhile, profitability remains robust. Gross profit margins have hovered ~60-62% in recent years, well above industry averages, thanks to the company's vertically integrated production and pricing strategy (**as seen in Figure 1**) (IPOScoop s.d.) (Network 2024). This translates into excellent operating profitability: Birkenstock's EBITDA margin

reached ~ 35% in 2022 and was 32.4% in 2023, levels that are structurally high for the footwear industry **(as seen in Figure 1)**. Such margins underscore the firm's efficient cost structure and ability to command premium prices.

Beyond growth and profitability, cash flow generation has been strong and improving. High margins and disciplined cost management have allowed Birkenstock to convert ~25% of its revenues into free cash flow **(as seen in Table 3 and 4)**. Notably, the capital structure improved materially post-IPO. Prior to its October 2023 IPO, Birkenstock carried substantial debt as a result of its private-equity ownership, which had leveraged the balance sheet. A significant portion of the IPO proceeds was used to pay down debt, cutting net leverage roughly in half **(as seen in Table 5 and 6)**. As a result, Birkenstock's net debt-to-EBITDA ratio fell from an elevated level (well above 3× EBITDA) to a more moderate level on the order of ~ 2 × EBITDA, greatly reducing financial risk. Lower debt has in turn improved interest coverage and lowered the company's cost of debt, strengthening the balance sheet. Overall, the firm's financial trajectory over the historical period can be characterized by rapid revenue growth, high and stable profitability, strong cash generation, and a transition to a more conservative capital structure. These elements collectively indicate a sound financial footing entering the public markets.

Financial Analysis

Revenue Growth and Drivers

Birkenstock has sustained solid top-line expansion driven by multiple structural factors. Key drivers of the company's revenue growth include:

- **Global Category Penetration:** Birkenstock has benefited from the worldwide shift toward comfort-oriented footwear and casual lifestyle trends. Demand for ergonomic sandals and clogs has grown steadily, and Birkenstock's iconic products are at the forefront of this comfort-footwear category expansion. Even as overall footwear

markets grew at mid-single digits, Birkenstock's brand-specific momentum enabled it to significantly outpace the industry's growth rate.

- **Geographic Diversification:** The firm's continued expansion across regions has added new revenue streams. Birkenstock achieved strong growth in North America and Asia-Pacific, which have become increasingly important to the revenue mix. In 2023, the Americas region led with ~21% revenue growth and remained the largest contributor to sales, and the Asia-Pacific/Middle East/Africa region was the fastest-growing (~29% year-on-year) **(as seen in Figure 3)** (C. L. Investopedia 2024). This broad-based geographic growth has reduced the company's reliance on any single market and provided access to a larger customer base. The ongoing penetration of North American and Asian markets is a significant driver of Birkenstock's top-line trajectory, with further headroom as brand awareness deepens abroad.
- **Channel Shift to Direct-to-Consumer (DTC):** Birkenstock's expanding DTC channel has contributed meaningfully to revenue growth and quality. The company has strategically increased direct sales through its own e-commerce and retail stores, which both boost revenue and enhance margins. DTC sales grew ~29% in 2023, lifting DTC penetration to about 40% of total revenue **(as seen in Table 2 and Figure 4)** (Network 2024). This is up from ~37,5% a year prior, reflecting a 250-basis point increase in the DTC mix. The greater focus on DTC not only adds revenue (through better reach and customer experience) but also gives Birkenstock more control over pricing and inventory, supporting its growth in a sustainable way.
- **Product Strategy - Evergreen Icons:** Another subtle driver of Birkenstock's revenue stability and growth is its product mix characterized by evergreen core products. Classic silhouettes like Arizona, Boston, and Gizeh sandals generate consistent, year-round demand with low fashion volatility. This means that revenue is less prone to sharp

swings or markdown cycles. New product extensions and collaborations (for example, fashion partnerships) augment growth on top of the core, but the backbone of revenue is durable. This evergreen demand has helped Birkenstock grow revenues steadily even when discretionary spending fluctuates, as loyal customers and the timeless appeal of its products create a resilient revenue base.

Together, these drivers have yielded strong and consistent revenue growth. Looking forward, capacity expansion (e.g. new manufacturing facilities) and continued brand strength are expected to support further growth. (C. L. Investopedia 2024).

Costs Growth and Drivers

While revenues have grown rapidly, Birkenstock has managed its cost base effectively, resulting in stable or improved profit margins. The growth in costs has generally been in line with, or slightly below, the growth in revenues. The breakdown of major cost components and their drivers is as follows:

- **Cost of Sales:** Birkenstock's cost of sales (materials, manufacturing, and logistics for products) has increased with higher sales volume, but not as quickly as revenue, having a CAGR of ~12% while revenues a ~23% year-over-year (**as seen in Figure 5**). (IPOScoop s.d.), (Network 2024). Several factors contributed to this trend: economies of scale in production, cost efficiencies from vertical integration, and pricing power. Because Birkenstock manufactures the majority of its products in-house (with over 95% of footbeds and products made in Germany or the EU), it can control production costs and benefit from scale as volumes grow (IPOScoop s.d.). (Network 2024). Birkenstock's ability to hold COGS relatively steady as a percentage of sales, around 38-40%, reflects an efficient production model and the premium value consumers place on its products (**as seen in Figure 5**).
- **Selling, distribution and general expenses:** Birkenstock's expenses have grown in

absolute terms as the business has expanded but remains well-controlled relative to revenue. In the period leading up to and immediately after the IPO, the company did increase spending on marketing (to support brand heat and DTC expansion) and on organizational infrastructure. In fact, selling and administrative expenses surged in fiscal 2023, rising faster than sales and contributing to a decline in net profit (**as seen in Figure 5**) (C. L. Investopedia 2024). EBITDA margin eased from 35.0% to 32.4% that year, indicating that expenses grew slightly more than revenue (**as seen in Figure 1**) (Network 2024). The drivers of this cost growth include investments in direct-to-consumer capabilities (e.g. e-commerce logistics, store operations, customer service) and branding/marketing campaigns to capitalize on global demand. Notably, still maintaining its costs and margins steadily. (C. L. Investopedia 2024)

- **Cost-to-Sales Ratios and Efficiency:** Overall, Birkenstock's cost-to-sales ratios have remained favorable. Cost of sales has been about 38-40% of revenue (yielding ~60% gross margin), and total operating costs (including selling, marketing, G&A) have been about 25-28% of revenue, leaving a comfortable EBITDA margin in the low-to-mid 30s (**as seen in Figure 1 and 5**). These ratios compare favorably to many peers in the footwear industry, where gross margins are often lower (due to outsourcing or lower pricing power) and SG&A can consume a larger share of revenue. Birkenstock's high gross margin attests to its value-added manufacturing and brand strength, while its moderate SG&A ratio reflects disciplined spending.

Profitability Assessment

Birkenstock operates with structurally high profit margins relative to the footwear industry, reflecting its strong brand positioning and operational efficiencies. The company's gross profit margin has been around 60% or higher in recent years, significantly outperforming typical peers (many mass-market footwear companies have gross margins in the 40-50% range)

(as seen in Figure 1) (IPOScoop s.d.) (Network 2024). This superior gross margin is attributable to Birkenstock's vertical integration and pricing power. By controlling its production (including owning factories that produce its signature footbeds) and sourcing materials primarily from Europe, Birkenstock ensures high product quality and avoids middle-man markups. Moreover, the enduring consumer demand for its products allows for premium pricing with minimal discounting, making customers willing to pay full price for the authentic Birkenstock quality and comfort, and the company deliberately limits supply to maintain scarcity. These factors result in a high value-added per unit, which is captured in the gross margin.

Moving further, Birkenstock's EBITDA and operating margins are also very robust. EBITDA margin has consistently been in the mid-30s (% of revenue) **(as seen in Figure 1)** (IPOScoop s.d.). Even after a slight dip to ~32% in 2023 due to stepped-up operating expenses, this margin remains well above industry averages (where 20-25% EBITDA margins are more common for branded footwear firms). The strong EBITDA performance indicates that Birkenstock's operating costs are efficiently managed, and the business benefits from scalability. As revenue grew rapidly, many expenses (administrative costs, basic overhead) did not rise as fast, allowing the company to achieve operating leverage **(as seen in Figure 5)**. Birkenstock's business model, centered on a relatively narrow product focus and long-lived styles, inherently supports higher profitability: the company doesn't need to reinvent its product line every season or chase short-term fashion trends, which avoids excess design and inventory costs. (Network 2024).

Cash Flow Generation and Working Capital

Birkenstock exhibits strong cash flow generation, supported by its high profitability and low working capital requirements. The company's ability to turn earnings into cash is one of its financial strong suits. Free Cash Flow (FCF) has been consistently robust **(as seen in Table**

3 and 4). This is due in large part to Birkenstock's high operating margins and prudent reinvestment needs. With an EBITDA margin in the 30-35% range, Birkenstock generates a substantial amount of operating cash flow relative to revenue. Even after paying cash taxes and interest (which were elevated pre-IPO due to debt), and funding necessary capital expenditures, the firm has historically produced significant FCF. A critical factor underpinning strong cash flow is efficient working capital management. Birkenstock's business model inherently has low working capital intensity.

The company's products are perennial sellers, which means inventory risk is low. Inventory turns are reasonably high because classic models sell continuously. Moreover, Birkenstock can produce in relatively small batches year-round (thanks to its owned factories) rather than large seasonal buildups, keeping inventory levels optimized. The evergreen styles also mean unsold inventory can be carried into the next season without markdowns, avoiding cash losses. As a result, inventory investment has grown roughly in line with sales and not more. There have been no indications of excessive stock build-up on the balance sheet despite rapid growth **(as seen in Table 7)**.

A significant portion of Birkenstock's sales still comes from wholesale partners (especially in parts of Europe and legacy accounts globally). Those partners typically have standard commercial payment terms. The company has managed its accounts receivable well, with DSOs (days sales outstanding) likely within normal range, and no major issues in collection given the strong demand for product (retailers are keen to stay in good standing to receive stock). Meanwhile, the increasing mix of DTC sales (40% of revenue in 2023) is positive for cash flow, DTC sales are paid by consumers immediately (credit card or cash), which effectively reduces receivables relative to sales. As Birkenstock's DTC channel grows, the overall accounts receivable as a % of sales has been trending downward, further contributing to cash flow strength **(as seen in Table 7)** (Network 2024).

Birkenstock's cash conversion cycle (the net time between outlay of cash for production and collection of cash from customers) is becoming relatively short. This efficient cycle means that Birkenstock does not need to inject a lot of incremental cash as it grows; growth can be funded largely out of internally generated cash. The company's track record in recent years confirms this: it managed to grow revenue ~20-30% annually without any liquidity crunch and even reduced its net debt using operating cash flows and IPO funds. (C. L. Investopedia 2024).

Capital Structure and Leverage

Birkenstock's capital structure has undergone a significant improvement following its IPO, moving from a leveraged profile toward a more moderate, balanced one (**as seen in Table 5 and 6**). Pre-IPO, the company had operated with elevated leverage as a result of its private equity ownership (by L Catterton). This high leverage meant that a considerable portion of operating cash flows was being allocated to interest payments and debt servicing, and it increased the firm's financial risk (IPOScoop s.d.).

The October 2023 IPO marked a turning point. Birkenstock issued new shares to the public, raising capital for the company (in addition to shares sold by the existing shareholder). The primary proceeds, on the order of \$0.5 billion, were used predominantly to pay down debt. This deliberate deleveraging strategy substantially reduced Birkenstock's leverage. Post-IPO, the net debt-to-EBITDA ratio dropped to a much more comfortable level. Based on 2023 figures, one can infer net debt/EBITDA moved to roughly $\sim 2\times$. In other words, Birkenstock now carries moderate leverage typical of a healthy operating company rather than a highly leveraged buyout structure. This reduction in debt has multiple positive implications:

- **Improved Credit Profile:** The post-IPO leverage level ($\sim 2 \times$ EBITDA) positions Birkenstock as a much less risky credit. This lowers the risk of financial distress and increases the company's capacity to take on additional financing if needed for expansion. It's plausible that credit rating agencies would interpret the improved

leverage profile as justification for an upward adjustment in Birkenstock's existing rating, for example, moving from BB - to BB + (2 recovery rating), reflecting a much stronger credit position relative to its previous, more leveraged structure (Global 2024). The stronger balance sheet also enhances the company's standing with suppliers and partners, as it signals long-term stability.

- **Financial Flexibility:** With a leaner capital structure, Birkenstock has more flexibility to allocate capital strategically. The cash that was previously required for debt service can now potentially be used for growth investments, dividends (if considered in the future), or share buybacks, etc. (C. L. Investopedia 2024).

Overall Financial Health

Considering the above aspects together, Birkenstock's overall financial health is very strong. The company combines growth, profitability, cash generation, and balance sheet strength in a way that few of its peers do. The rapid revenue growth (driven by global expansion and brand momentum) has been achieved without sacrificing margin or efficiency, a sign of a high-quality business model. Birkenstock consistently earns healthy profits, as evidenced by its 60%+ gross margins and ~ + 30% EBITDA margins, indicating a significant competitive advantage and pricing power. This profitability, in turn, translates into robust operating cash flows. The firm's high cash conversion and low working capital need mean it can finance its own expansion and return value (by paying down debt) simultaneously. In essence, Birkenstock's core operations generate more than enough cash to fund growth initiatives, which is the hallmark of a financially sound company.

Moreover, the transformation of the capital structure post-IPO has mitigated financial risk. Birkenstock now carries only moderate leverage and has a solid equity cushion. Its interest obligations are easily covered by earnings, and it faces no short-term solvency concerns. The improved leverage profile also complements the company's steady cash flow, resulting in a

resilient financial position that can withstand economic or market volatility.

Valuation Methodologies

To estimate Birkenstock Holding plc's intrinsic value, this analysis uses a multi-method approach. Combining different methodologies helps reduce model-specific bias and allows for cross-validation. All methods are based on the same financial projections and market assumptions. The main approaches include discounted cash flow analysis and relative valuation.

Discounted Cash Flow (DCF)

The DCF method estimates Birkenstock's enterprise value by projecting unlevered free cash flows and discounting them using the Weighted Average Cost of Capital (WACC) (**as seen in Table 8**). This valuation uses a 10-year forecast to reflect expected growth and margin trends, followed by a terminal value based on a conservative long-term growth rate. Subtracting net debt from the enterprise value yields equity value. DCF is well-suited to Birkenstock, as it reflects long-term cash generation based on operating fundamentals, with WACC capturing both business and capital structure risk.

Adjusted Present Value (APV)

The APV method separates valuation into two parts: the unlevered firm value (as if fully equity-financed) and the value from financing effects, mainly tax shields on debt. This is especially relevant for Birkenstock, given its post-IPO deleveraging. Unlevered cash flows are discounted at the unlevered cost of equity, while tax shields are valued separately. Since Birkenstock reduced its debt significantly, the tax shield adds only modest value, emphasizing that most of its worth comes from operations. APV is useful for highlighting financing impacts and offers a solid check against the DCF, particularly when capital structure is shifting.

Flow to Equity (FTE)

The FTE method values equity by projecting cash flows available to shareholders after

accounting for interest and debt repayments, then discounting them at the cost of equity. Unlike DCF and APV, which estimate enterprise value, FTE focuses directly on what equity holders receive. For Birkenstock, it involves forecasting net income adjusted for non-cash items, working capital, capex, and debt service. These flows are discounted using the levered cost of equity. FTE naturally incorporates debt effects within the cash flows and serves as a useful consistency check alongside DCF and APV.

Economic Value Added (EVA)

The EVA method measures value creation by calculating the difference between Net Operating Profit After Tax (NOPAT) and the capital charge (Invested Capital $\times$ WACC). A positive EVA means the company's return on invested capital (ROIC) exceeds its cost of capital, signaling value creation. For Birkenstock, this approach highlights how much value is added beyond a normal return, reinforcing the firm's ability to generate economic profit through its premium positioning and operational efficiency. EVA also serves as a useful cross-check to DCF, as both converge to similar value estimates when applied consistently.

Trading Multiples (Relative Valuation)

This method estimates Birkenstock's value by comparing its financial metrics with those of similar publicly traded companies in the footwear and consumer luxury sectors. Key multiples such as EV/Revenue, EV/EBITDA, and P/E (trailing and forward) are used to benchmark valuation. The analysis considers both average (optimistic) and median or lower-quartile (conservative) peer multiples to reflect different market perspectives.

Relative valuation reflects real-time market sentiment and helps identify how Birkenstock is priced compared to its peers. It captures elements like investor risk appetite or sector trends that intrinsic models may overlook. This approach serves as a useful cross-check against DCF and APV, highlighting whether the market may be over- or underpricing Birkenstock based on current conditions.

Valuation Results and Synthesis

Using the above methodologies, we obtain a range of valuation outcomes for Birkenstock. All valuations are conducted as of November 6, 2025 (the analysis date), using consistent financial projections and discount rate assumptions. The results are expressed in terms of per-share equity value (for comparability to the IPO price and market price). Below is a summary of the valuation results from each approach:

The DCF analysis values Birkenstock's equity between \$23 and \$35 per share, depending on assumptions **(as seen in Table 11)**. This range is based on a 10-year forecast of unlevered free cash flows, discounted at a WACC between 9.24% and 10.24%, with terminal growth rates from 2.3% to 2.7%. Sensitivity analysis shows that even small adjustments in WACC or growth rates lead to meaningful valuation shifts (roughly 10-15%) **(as seen in Tables 9 and 10)** but results consistently cluster in the mid-\$30s. This reinforces the strength of the base case estimate around \$35. The pessimistic scenario reflects lower revenue growth and higher cost ratios, aligning with a more cautious view of market and operational risks.

The APV analysis estimates an implied equity value in the range of approximately \$23 to \$35 per share for Birkenstock, closely mirroring the DCF result **(as seen in Table 12)**. This outcome reflects the dominance of the unlevered firm value, as Birkenstock's post-IPO deleveraging significantly reduced the impact of tax shields. As with the DCF, sensitivity to assumptions like the unlevered cost of equity and growth rates is present but limited, and the core valuation clusters around \$35 per share.

The FTE analysis estimates Birkenstock's equity value at approximately \$39 per share, aligning closely with the results from DCF and APV **(as seen in Table 13)**. This method discounts the cash flows available to equity holders using the cost of equity, explicitly incorporating debt service into the forecast. The resulting valuation confirms the internal consistency across models, showing that both enterprise-based and equity-focused approaches

lead to similar outcomes. The coherence in cash flow assumptions and capital structure treatment reinforces confidence in an intrinsic value in the mid to high \$30s per share.

The EVA analysis estimates Birkenstock's equity value at approximately \$37 per share, consistent with the DCF result **(as seen in Table 14)**. EVA capitalizes the firm's positive economic profits, calculated as the excess of ROIC over the roughly 10 percent WACC. This confirms that Birkenstock is expected to generate value through returns above its cost of capital. Since EVA is theoretically equivalent to DCF, the close match in enterprise value reinforces the accuracy of assumptions.

The comparable companies valuation provides a wider dispersion of implied values, reflecting varying market multiples. We derived two different scenarios, using averages of peers' multiples and median of peers' multiples.

Applying the average multiples to Birkenstock's metrics yields an implied value of approximately \$42 per share for Birkenstock **(as seen in Table 15)**. This higher end of the range is driven by comparison to companies like On Holding or Deckers, which trade at rich multiples due to their growth prospects.

Using median industry multiples or aligning with more mature/lower-growth peers implies a value closer to \$25 per share for Birkenstock. This lower end comes from benchmarks like Dr. Martens or Caleres, whose trading multiples are more subdued. If investors were to value Birkenstock with caution, emphasizing its moderate growth relative to the most explosive peers, the stock could be priced around the \$25 mark.

Intrinsic valuation models (DCF, APV, FTE, EVA) converge around \$35-\$39 per share, showing strong internal consistency and reflecting Birkenstock's solid cash flow fundamentals **(as seen in Table 16)**. Relative valuation introduces a broader range (\$30-\$42), depending on market sentiment and peer comparables. Still, the most reasonable multiples suggest a fair value between \$35 and \$40.

Bringing both approaches together, a blended average points to a consolidated equity value of approximately \$37 per share. This midpoint is supported by both the intrinsic and relative valuation outcomes, offering a balanced and well-grounded estimate of Birkenstock’s fair value as of mid-2025.

Football Field Summary

The football field chart illustrates the range of Birkenstock’s valuation estimates across multiple methodologies, including DCF, APV, FTE, EVA, and trading multiples. Values span from just above \$20 to over \$42 per share, with most methods clustering in the mid-to-high \$30s. This consistency highlights a strong central valuation zone, while the outer bounds reflect more aggressive or conservative assumptions.

To consolidate these perspectives, we used an equal-weighted average of all methods, arriving at a fair value of \$37.27 per share (**as seen in Figure 6**). The chart helps visualize this midpoint and reinforces the view that Birkenstock’s equity is most reasonably valued near the high \$30s under current conditions.

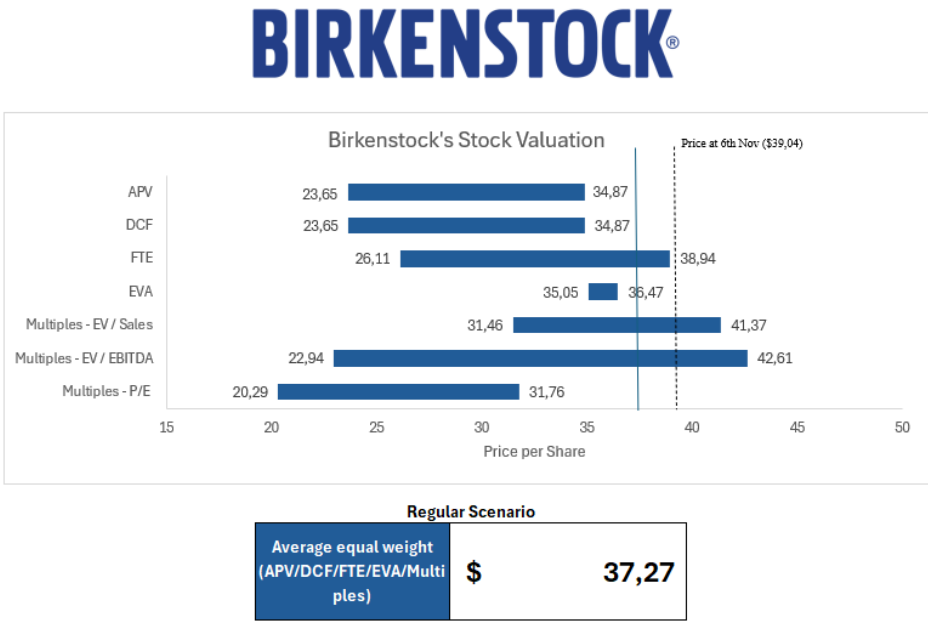


Figure 6 - Football Field Chart of Birkenstock’s Equity Valuation

Final Valuation and Interpretation

Bringing together the results of all valuation methodologies, we derive a blended fair equity value of approximately \$37.27 per share for Birkenstock Holding plc. This estimate is based on an equal-weighted average of all approaches applied, including Discounted Cash Flow (DCF), Adjusted Present Value (APV), Flow to Equity (FTE), Economic Value Added (EVA), and comparable company analysis. The close alignment across these different models enhances the credibility of the final valuation and provides a well-supported benchmark for the company's intrinsic worth.

At this valuation level, Birkenstock's implied market capitalization is approximately \$7.3 billion, calculated using the post-IPO share count. The estimate is notably below the company's IPO price of \$46 per share, set in October 2023, but closely matches the stock's actual trading levels by mid-2025. Following its public debut, Birkenstock's shares declined by roughly 12.9 percent on the first day (Investopedia C. L., 2024), and continued to trade below the IPO level in the following months. By 2025, the market price had stabilized in the mid-30s, suggesting that the market had gradually corrected the initial overvaluation and aligned more closely with the company's fundamentals.

The convergence of intrinsic valuation methods around the \$35 to \$39 range demonstrates internal consistency and affirms that Birkenstock's fair value is well anchored by its free cash flow profile, return on capital, and capital structure. Meanwhile, the relative valuation based on trading multiples provides a wider spread, from \$25 to \$42, reflecting varied investor expectations and peer performance. Nonetheless, the central range suggested by comparable analysis remains in the mid to upper 30s, reinforcing the credibility of the final estimate.

By averaging intrinsic and market-based valuations, the \$37.27 figure represents a balanced interpretation that incorporates both fundamental performance and prevailing market

sentiment. It suggests that the company was fairly valued to slightly undervalued as of the analysis date, especially considering the market's adjustment since the IPO.

Several key insights emerge from this synthesis. First, the stock's intrinsic value is driven primarily by operational strength rather than speculative sentiment. Second, while there is some valuation risk, the margin of error appears moderate. Upside potential exists if Birkenstock executes effectively on its strategic initiatives, including geographic expansion, product diversification, and sustained margin performance. On the downside, any material operational underperformance or deterioration in brand perception could pressure margins and drag valuation toward the lower end of the range. The spread between the optimistic and conservative scenarios, approximately \$30 to \$42 per share, equates to a deviation of about 25% in either direction from the midpoint, which is reasonable for a premium consumer stock in a volatile macro environment.

Valuation sensitivity is also a critical consideration. Adjustments to the discount rate, terminal growth assumptions, or margin projections can lead to meaningful changes in equity value. For example, a small increase in WACC or a slight reduction in terminal growth could reduce the DCF-derived valuation by several dollars per share. Similarly, if Birkenstock's EBITDA margins were to contract due to rising input costs or competitive pricing pressure, the intrinsic value would adjust downward.

The final valuation of \$37.27 per share represents a well-supported estimate of Birkenstock's intrinsic equity value as of November 2025. This assessment reflects both the company's solid operating fundamentals and the evolving investor sentiment observed in the public market.

Conclusion

This thesis has conducted a comprehensive analysis of Birkenstock Holding plc, integrating financial fundamentals and market performance to assess the company's value and

prospects. The findings show that Birkenstock is a distinctive and resilient business, supported by a strong brand heritage, vertically integrated operations, and sustained profitability. These strengths translate into robust revenue growth, high margins, and solid cash flow generation, underpinning long-term value creation. The company's ability to command premium pricing while maintaining cost efficiency, together with its strategic expansion into direct-to-consumer channels, reinforces both top-line growth and operational control.

The valuation analysis places Birkenstock's fair equity value at approximately \$37 per share, broadly in line with its mid-2025 trading levels following the post-IPO market correction. While this confirms that the company is fairly valued based on current fundamentals, future market performance will depend on execution. Key drivers include continued geographic expansion, scaling production capacity, and preserving brand relevance in an increasingly competitive footwear market. At the same time, risks remain, notably exposure to discretionary consumer spending, potential margin pressure, competitive intensity, and macroeconomic factors such as currency movements and supply-chain disruptions.

From an investor's perspective, Birkenstock represents a solid long-term opportunity with measured upside potential, and its strong brand equity and loyal customer base provide a degree of economic moat, supporting durable earnings over time. However, unlocking further value in public markets will require disciplined capital allocation and strategic agility. Investors should therefore focus on execution in growth initiatives and the evolving macro and competitive environment when assessing Birkenstock's long-term investment appeal.

Macroeconomic Analysis of Birkenstock's IPO

Macroeconomic context at IPO Date

Birkenstock's IPO took place in October 2023, during one of the most challenging macroeconomic environments for equity issuance in over a decade. Global financial markets were still adjusting to the most aggressive monetary tightening cycle since the early 2000s, and risk-asset valuations were heavily influenced by volatility in inflation expectations and treasury yields.

Market Volatility

Market volatility heavily influenced investor perception of Birkenstock during two key periods: its IPO in late 2023 and the re-pricing phase between November 2024 and March 2025. These moments are essential to understand the stock's initial weakness and later resilience.

At the time of the IPO, market conditions were unfavorable. Global IPO volumes had fallen 33% (Evalueserve 2024) , and demand for new listings, especially in Consumer Discretionary, was weak. Most IPOs required price concessions (WilmerHale 2023) , and investor focus shifted to companies with strong fundamentals (EY 2024). The poor performance of Instacart and Klaviyo increased caution (Reuters 2023), leading investors to demand higher risk premiums. Research shows that in volatile environments, investors treat implied volatility as a sign of uncertainty (Oskar Vigren 2024), becoming more hesitant toward new stocks. Birkenstock entered this climate with a premium-casual positioning, leading to conservative valuations amid concerns over discretionary spending (McKinsey 2025).

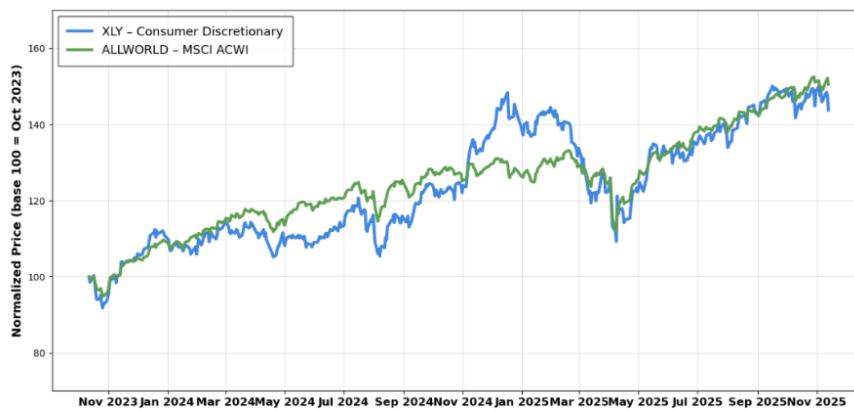


Figure 11 - Performance of the Consumer Discretionary Sector (XLY) vs. Global Equity Market (MSCI All World), 2023-2025

Between November 2024 and March 2025, Birkenstock's performance followed a different path. During this time, neither the MSCI All-World Index nor the Fear & Greed Index fully explained movements in the stock. Instead, three shifts in U.S. consumer behavior helped support the stock.

First, consumer fundamentals improved. Goldman Sachs projected a 5.2% increase in discretionary cash flow for 2025 (Goldman Sachs 2024), driven by rising confidence, easing inflation, and rate-cut expectations. This boosted premium spending, helping the sector outperform during market pullbacks.

Second, Q4 2024 saw record retail sales (Mastercard 2024). Birkenstock entered the season with low inventory and held firm on pricing, avoiding discounts. This reinforced its pricing power and demand resilience, protecting the stock from broader volatility.

Finally, wellness-oriented consumption continued gaining traction. High-income consumers prioritized comfort, health, and quality (McKinsey 2025), aligning perfectly with Birkenstock's product focus. Industry reports confirmed that premium brands kept pricing steady despite macro pressures (McKinsey, 2025; Bain & Company, 2024), supporting Birkenstock's perceived value and investor confidence.

Inflation

Inflation typically weighs on consumer discretionary stocks because higher prices

reduce household purchasing power and real income. This relationship is visible throughout the 2023 to 2025 period. When 5-year breakeven inflation increased, returns across the sector, including Birkenstock, generally declined. This pattern reflects the mechanism described in academic research, where inflation shocks increase uncertainty and lower the present value of future cash flows (Geert Bekaert 2010).

In earlier phases, inflation pressures were a clear headwind. As essential expenses like housing and food took up more of household budgets, spending shifted away from higher-priced non-essential goods (J.P. Morgan Wealth Management 2023). Consumers leaned toward more functional and durable products, raising concerns about sustained demand for premium casual footwear (Circana, As Consumer Trade-Offs Impact Fashion Spending, Innovation and Connection Strategies Create Opportunities for Growth, Circana Reports 2023).



Figure 12 - Cumulative Performance of Birkenstock, Peer Group, and 5-Year Inflation (2023-2025)

However, from November 2024 to March 2025, the pattern shifted. Although inflation expectations rose, the pressure came mainly from services rather than goods, which limited the direct impact on discretionary spending (J.P. Morgan Wealth Management 2023). At the same time, consumers leaned toward practical, wellness-oriented products, aligning with Birkenstock's focus on comfort and durability (Circana, As Consumer Trade-Offs Impact Fashion Spending, Innovation and Connection Strategies Create Opportunities for Growth, Circana Reports 2023). Even in an inflationary environment, demand for long-lasting fashion

remained strong. While rising inflation expectations still affected financial discounting (Geert Bekaert 2010), the muted pressure on goods helped preserve real-world consumer demand. This supports why Birkenstock outperformed both its peers and the broader sector during this phase.

Interest Rates and Treasury Yields

Birkenstock's IPO in October 2023 coincided with a sharp rise in long-term interest rates. The U.S. 10-year Treasury yield climbed past 5 percent, reflecting the Federal Reserve's firm stance against inflation (Reuters 2023) (Investopedia, 10-Year Treasury Yield Breaches 5% Before Retreating, Whipsawing Stocks 2023). As shown in the chart, this increase in yields aligned with a decline in Birkenstock's stock, following the classic pattern where higher rates reduce the value of future cash flows, especially for premium or growth-oriented stocks (Nils Lunneryd 2025).

This effect played out through two key mechanisms. First, higher yields raised discount rates in valuation models, reducing equity values. Second, with government bonds offering better returns, investors demanded a higher equity risk premium to justify exposure to consumer-facing stocks (Alden, Interest Rate Effects on Equities: Valuation Impacts 2021).



Figure 13 - Birkenstock Price vs. U.S. 10-Year Treasury Yield (2023-2025)

Between November 2024 and March 2025, the trend shifted. As Treasury yields increased, Birkenstock not only recovered but outperformed both its peers and the broader market. Rather than viewing higher yields as a warning of persistent inflation or imminent

monetary tightening, markets began to interpret them as evidence of economic resilience and stronger-than-expected consumer demand. This sentiment was supported by a series of positive indicators during the 2024 holiday season. Reports from (Mastercard 2024) (McKinsey 2025) (Bain & Company 2024) highlighted robust spending in discretionary categories, particularly in health, wellness, and premium lifestyle segments. Birkenstock, with its positioning in comfort-focused footwear and brand equity anchored in quality and durability, likely benefitted from this trend.

Birkenstock’s IPO had a clear financial goal: reduce debt. The company cut its Net Debt-to-Equity ratio from 76.4% in 2022 to just over 40% by 2024, nearly halving leverage in two years. This move, common among private-equity-backed firms exiting the LBO phase, was especially strategic in a high-rate environment.

	2022	2023	2024
Revenues (€ M)	1 242 833	1 491 911	1 804 690
Leverage Ratio (Net Debt / Equity)	76,36%	69,50%	40,34%
ROA	3,91%	1,55%	3,92%
ROE	7,94%	3,13%	7,30%
Treasury Yield (Average per year)	2,95%	3,96%	4,21%

Table 14 - Selected Financial Metrics and Capital Structure Indicators for Birkenstock, 2022-2024

With borrowing costs at decade highs, staying highly leveraged would have increased interest expenses and financial risk. By using IPO proceeds to deleverage, Birkenstock strengthened its balance sheet, lowered exposure to rate shocks, and positioned itself more securely for long-term growth.

Empirical Model: Regression Analysis (OLS)

This section presents an empirical assessment of how macroeconomic factors have influenced Birkenstock’s daily stock-return behavior following its IPO in October 2023. Building on the previous analysis of inflation dynamics, interest rate sensitivity, and sectoral demand trends, the objective is to identify which macro-financial variables most significantly shape Birkenstock’s short-term market performance.

To that end, an Ordinary Least Squares (OLS) regression model is developed focusing exclusively on macroeconomic drivers. The model includes U.S. consumer discretionary spending expectations (proxied by XLY returns), medium-term inflation expectations (5-year breakeven rates), long-term interest rates (10-year U.S. Treasury yield), and behavioral sentiment proxies (CNN Fear&Greed Index). This framework evaluates whether Birkenstock's premium positioning, brand loyalty, and post-IPO deleveraging have insulated it from broader macroeconomic shocks, or whether the stock remains exposed to fluctuations in inflation, monetary policy, and aggregate demand.

Econometric Framework and Data Construction

Daily stock returns for Birkenstock (BIRK) were calculated as continuously compounded log-returns. The time series of adjusted closing prices was sourced from Google Finance and processed externally prior to import and final computation in Python. All data preparation, cleaning, merging, and modeling were conducted in Python using pandas, numpy, yfinance, and statsmodels, ensuring full reproducibility of the econometric analysis.

The dataset spans from the first full month following the IPO (November 2023) to November 2025, yielding a balanced two-year observation window that captures (i) the immediate post-IPO price discovery phase and (ii) the subsequent period of operational stability and deleveraging. This time frame is appropriate for analyzing return dynamics of newly listed firms, as early post-IPO months often exhibit heightened volatility, underpricing corrections, and sensitivity to market sentiment.

Data Construction and Pre-Processing

Time series data for BIRK and the Consumer Discretionary ETF (XLY) were obtained from Google Finance, while macroeconomic variables, including the 5-year breakeven inflation rate and the U.S. 10-year Treasury yield, were sourced from FRED. All series were transformed into log-returns using $r_t = \ln\left(\frac{P_t}{P_{t-1}}\right)$, consistent with continuous compounding methods in asset

pricing.

Datasets were aligned on intersecting trading days to ensure temporal consistency. Missing values in macroeconomic series were forward filled where appropriate to preserve continuity. To address timing effects, US10Y and Inflation5Y were included in the model with a one-day lag, reflecting delayed market adjustment to macroeconomic signals. XLY returns and the Fear & Greed Index were treated contemporaneously to capture real-time investor sentiment.

Since returns are stationary by construction, differencing was not required. However, macroeconomic variables expressed in levels were converted to daily changes to ensure stationarity.

Econometric Methodology

All regressions were estimated using Ordinary Least Squares (OLS) with Newey-West standard errors to correct for heteroskedasticity and autocorrelation, common features of financial return data. This method adjusts the covariance matrix using a weighted average of autocovariances, yielding more reliable standard errors and improving the robustness of hypothesis testing.

Model diagnostics included Variance Inflation Factors (VIFs) to assess multicollinearity, the Durbin-Watson statistic to detect residual autocorrelation, and the Jarque-Bera test to evaluate normality. As typical for financial data, residuals were found to be non-normally distributed. The condition number of the design matrix was also reviewed to confirm numerical stability.

All diagnostics were computed through custom Python functions within the Jupyter notebook environment, ensuring full reproducibility.

Macro-Economic Factor Model

This regression assesses whether Birkenstock's short-term stock returns respond

systematically to broad macro-financial variables, beyond equity market or firm-specific effects. The model isolates four explanatory factors from November 2023 to November 2025: sector-wide consumer demand, medium-term inflation expectations, long-term interest rates, and investor risk sentiment. These variables were chosen to reflect the main macroeconomic narratives shaping financial markets during Birkenstock’s post-IPO trading window, including elevated inflation, rate volatility, and behavioral shifts in discretionary spending.

The regression was estimated using Ordinary Least Squares (OLS) with Newey-West standard errors, with Birkenstock’s daily return as the dependent variable:

$$BIRK_t = \beta_0 + \beta_1 XLYRet_t + \beta_2 Inflation5Y_lag1_t + \beta_3 US10Y_lag1_t + \beta_4 FearGreed_t + \varepsilon_t$$

	(1)
const	-0.0286 (0.285)
XLY_Ret	0.8038 (0.000)
US10Y_lag1	1.1847 (0.030)
Inflation5Y_lag1	-0.8332 (0.375)
FearGreed	-4,983e-05 (0.431)
R-Squared	0.161
Adj. R-squared	0.153
F-Statistic	14.98
Prob (F-Statistic)	1.96e-11

Figure 15 - OLS Regression Results for the Macro-Factor Model (Birkenstock Daily Returns)

Lagged values were used for US10Y and Inflation5Y to reflect delayed market processing of macroeconomic signals, which often influence asset pricing with a short lag. In contrast, XLY returns, and the Fear & Greed Index were included contemporaneously to capture same-day shifts in equity sector performance and sentiment.

Figure 6 summarizes the results. The XLY return exhibits a large, positive, and highly significant coefficient (0.8038, $p < 0.001$), confirming that Birkenstock's returns co-move strongly with discretionary sector performance. This supports the notion that the company remains sensitive to consumption trends and investor expectations for retail spending.

The 10-year Treasury yield, included with a one-day lag, has a positive and statistically significant coefficient (1.1847, $p = 0.030$). This suggests that rising yields, often associated with improving growth expectations, correlate with Birkenstock's outperformance. This pattern deviates from the typical discretionary stock response to tighter financial conditions, indicating that Birkenstock may be viewed as a premium, resilient brand within the sector.

The 5-year breakeven inflation rate, also lagged, has a negative coefficient (-0.8332) that is not statistically significant. While the direction aligns with the idea that higher inflation pressures consumer spending, the lack of significance suggests that Birkenstock's pricing power and brand positioning offer some insulation from inflation-related headwinds.

The Fear & Greed Index coefficient is negative but statistically insignificant, indicating that short-term swings in sentiment have not meaningfully influenced Birkenstock's price dynamics. This result is consistent with Birkenstock's fundamentals-driven investor base and its relatively low exposure to speculative sentiment compared to high-growth or technology stocks.

The model explains about 16 percent of the variation in Birkenstock's daily returns (Adj. $R^2 = 0.153$). While lower than pure market-based models, this result is still economically relevant, suggesting that Birkenstock is partially influenced by macro-financial conditions, particularly those affecting sector-wide consumption and yield expectations.

Conclusion of Empirical Model Analysis

The macroeconomic regression offers a clear view of the key forces influencing Birkenstock's short-term stock performance after its IPO. Among the variables tested, the

Consumer Discretionary ETF (XLY) stands out as the most important. Its strong and significant coefficient confirms that sector-wide demand expectations play a central role in driving daily return movements, which is consistent with the company's exposure to U.S. consumer spending cycles.

Other macroeconomic indicators, like breakeven inflation, showed weaker or insignificant effects. The negative coefficient makes sense, since higher inflation typically reduces real income. But its lack of significance suggests that Birkenstock's focus on wellness, durability, and pricing stability helped it stay somewhat detached from inflation trends. During this period, markets were more focused on disinflation and growth in tech and AI, which likely reduced the influence of inflation expectations on a brand like Birkenstock.

The Fear and Greed Index also failed to explain Birkenstock's return behavior. That outcome reflects how sentiment-driven trading has been centered on high-growth sectors, while traditional consumer companies attracted less emotional market reaction. Birkenstock's demand base and brand image likely appealed more to long-term, fundamentals-based investors.

Finally, the positive and marginally significant result for the 10-year Treasury yield suggests that Birkenstock has become less sensitive to rate changes, possibly because of its post-IPO debt reduction and stronger capital structure.

Birkenstock's exposure to macroeconomic forces seems selective and shaped by context. The company reacts clearly to changes in discretionary demand but appears more insulated from inflation, interest rate shifts, and sentiment volatility. That outcome reflects both its financial resilience and the way investor attention was concentrated on other parts of the market during this period.

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Appendix

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Income Statement						
Revenue	499 347,0	462 664,0	962 011,0	1 242 833,0	1 491 911,0	1 804 690,0
Cost of Sales	(213 197,0)	(311 693,0)	(524 890,0)	(493 031,0)	(566 117,0)	(744 013,0)
Gross Profit	286 150,0	150 971,0	437 121,0	749 802,0	925 794,0	1 060 677,0
Selling and distribution expenses	(111 808,0)	(123 663,0)	(235 471,0)	(347 371,0)	(455 851,0)	(507 122,0)
General administration expenses	(52 628,0)	(31 039,0)	(83 667,0)	(86 589,0)	(171 388,0)	(113 444,0)
Foreign exchange gain (loss)	(1 523,0)	20 585,0	19 062,0	45 516,0	(36 056,0)	(19 641,0)
Other income (expense), net	1 280,0	(1 673,0)	(393,0)	1 669,0	(1 810,0)	612,0
Profit from operations	121 471,0	15 181,0	136 652,0	363 027,0	260 689,0	421 082,0
Finance cost, net	(1 753,0)	(28 958,0)	(30 711,0)	(112 503,0)	(107 036,0)	(127 300,0)
Profit before taxation	119 718,0	(13 777,0)	105 941,0	250 524,0	153 653,0	293 782,0
Income tax expense	(20 694,0)	(3 428,0)	(24 122,0)	(63 413,0)	(78 630,0)	(102 180,0)
Net profit	99 024,0	(17 205,0)	81 819,0	187 111,0	75 023,0	191 602,0
Items that will be reclassified to profit (loss) if certain conditions are met:						
Cumulative translation adjustment gain (loss)	8 037,0	23 736,0	31 773,0	106 276,0	(97 301,0)	(62 432,0)
Items that are reclassified to profit (loss):						
Net position of fair value changes of the cash flow hedge	0,0	0,0	0,0	0,0	(345,0)	345,0
Items that will not be reclassified to profit in subsequent periods:						
Remeasurement of defined benefit plans	22,0	0,0	22,0	0,0	0,0	0,0
Other comprehensive income (loss), net of tax	8 059,0	23 736,0	31 795,0	106 276,0	(97 646,0)	(62 087,0)
Total comprehensive income (loss)	107 083,0	6 531,0	113 614,0	293 387,0	(22 623,0)	129 515,0
Earnings per share						
Basic		(0,1)	(0,1)	1,0	0,4	1,0
Diluted		(0,1)	(0,1)	1,0	0,4	1,0

Table 1 - Income Statement (Birkenstock Holding plc)

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Income Statement						
By Segment						
B2B	362 360,0	271 559,0	633 919,0	772 883,0	887 957,0	1 083 721,0
DTC	136 022,0	190 216,0	326 238,0	466 668,0	598 664,0	716 687,0
Other	965,0	889,0	1 854,0	3 282,0	5 290,0	4 282,0
By Geography						
Americas			487 993,0	667 387,0	804 690,0	943 710,0
Europe			375 292,0	449 131,0	529 507,0	644 888,0
APMA			96 872,0	123 033,0	152 424,0	211 810,0
Other			1 854,0	3 282,0	5 290,0	4 282,0
Sales	499 347,0	462 664,0	962 011,0	1 242 833,0	1 491 911,0	1 804 690,0
Other net income	1 280,0	(1 673,0)	(393,0)	1 669,0	(1 810,0)	612,0
Total Operating Income	500 627,0	460 991,0	961 618,0	1 244 502,0	1 490 101,0	1 805 302,0
Cost of Sales	(213 197,0)	(311 693,0)	(524 890,0)	(493 031,0)	(566 117,0)	(744 013,0)
Selling and distribution expenses	(111 808,0)	(123 663,0)	(235 471,0)	(347 371,0)	(455 851,0)	(507 122,0)
General administration expenses	(52 628,0)	(31 039,0)	(83 667,0)	(86 589,0)	(171 388,0)	(113 444,0)
Operating Profit	122 994,0	(5 404,0)	117 590,0	317 511,0	296 745,0	440 723,0
Statutory taxes	(28 042,6)	1 351,0	(29 397,5)	(79 377,8)	(74 186,3)	(110 180,8)
Tax Adjustments	6 601,7	(6 872,3)	2 363,3	(782,0)	(40 216,8)	(28 734,5)
Core Result	101 553,1	(10 925,3)	90 555,8	237 351,3	182 342,0	301 807,8
Foreign exchange gain (loss)	(1 523,0)	20 585,0	19 062,0	45 516,0	(36 056,0)	(19 641,0)
Non-Core Profit	(1 523,0)	20 585,0	19 062,0	45 516,0	(36 056,0)	(19 641,0)
Statutory Taxes	347,2	(5 146,3)	(4 765,5)	(11 379,0)	9 014,0	4 910,3
Other comprehensive income (loss), net of tax	8 059,0	23 736,0	31 795,0	106 276,0	(97 646,0)	(62 087,0)
Non-core Results	6 883,2	39 174,8	46 091,5	140 413,0	(124 688,0)	(76 817,8)
Income tax expense	(1 753,0)	(28 958,0)	(30 711,0)	(112 503,0)	(107 036,0)	(127 300,0)
Tax Shield	399,7	7 239,5	7 677,8	28 125,8	26 759,0	31 825,0
Financial Results	(1 353,3)	(21 718,5)	(23 033,3)	(84 377,3)	(80 277,0)	(95 475,0)
Total comprehensive income for the period	107 083,0	6 531,0	113 614,0	293 387,0	(22 623,0)	129 515,0

Table 2 - Restatement - Income Statement (Birkenstock Holding plc)

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Cash Flow Statement						
Cash flows from operating activities						
Net profit	99 024,0	(17 205,0)	81 819,0	187 111,0	75 023,0	191 602,0
Adjustments to reconcile net profit to net cash flows from operating activities:						
Depreciation and amortization	25 872,0	29 021,0	54 893,0	81 261,0	83 413,0	101 291,0
Loss on disposal of property, plant and equipment	405,0	0,0	405,0	97,0	0,0	229,0
Change in expected credit loss	358,0	511,0	869,0	207,0	0,0	(839,0)
Finance cost, net	1 753,0	28 958,0	30 711,0	112 503,0	107 036,0	127 300,0
Net exchange differences	7 336,0	(13 537,0)	(6 201,0)	(46 363,0)	36 056,0	7 170,0
Non-cash operating items	(125,0)	9,0	(116,0)	(669,0)	65 726,0	2 813,0
Income tax expense	20 694,0	3 428,0	24 122,0	63 413,0	78 630,0	102 180,0
Income tax paid	(8 285,0)	(25 594,0)	(33 879,0)	(18 408,0)	(6 698,0)	(14 960,0)
MIP personal income tax paid	0,0	0,0	0,0	0,0	0,0	(11 426,0)
Reimbursement MIP personal income tax paid	0,0	0,0	0,0	0,0	0,0	11 587,0
Changes in working capital:						
Inventories	(66 734,0)	74 734,0	8 000,0	(159 105,0)	(95 620,0)	(47 959,0)
Right to return assets	(656,0)	84,0	(572,0)	(641,0)	1 327,0	(335,0)
Trade and other receivables	(57 064,0)	46 359,0	(10 705,0)	(5 286,0)	(26 663,0)	(27 451,0)
Trade and other payables	42 911,0	(22 799,0)	20 112,0	11 201,0	10 648,0	12 506,0
Accrued liabilities	(97,0)	(82,0)	(179,0)	1 677,0	18 870,0	(8 366,0)
Other current financial liabilities	(1 305,0)	13 002,0	11 697,0	(31 401,0)	(3 775,0)	1 962,0
Other current provision	4 318,0	4 532,0	8 850,0	13 149,0	2 427,0	(4 902,0)
Contract liabilities	3 102,0	(2 532,0)	570,0	(401,0)	5 085,0	1 157,0
Prepayments	0,0	0,0	0,0	7 592,0	(565,0)	(8 389,0)
Other current financial assets	0,0	0,0	0,0	0,0	0,0	(4 553,0)
Other	(1 101,0)	(12 522,0)	(13 623,0)	18 199,0	7 814,0	(1 916,0)
Net cash flows provided by operating activities	70 406,0	106 367,0	176 773,0	234 136,0	358 734,0	428 701,0
Cash flows from investing activities						
Interest received, net of taxes withheld	0,0	0,0	0,0	0,0	1 846,0	6 347,0
Purchases of property, plant and equipment	(7 332,0)	(8 955,0)	(16 287,0)	(70 777,0)	(102 152,0)	(65 434,0)
Proceeds from sale of property, plant and equipment	1,0	1 974,0	1 975,0	1 977,0	339,0	18,0
Purchases of intangible assets	(4 346,0)	(460,0)	(4 806,0)	(1 814,0)	(795,0)	(8 466,0)
Proceeds from sale of intangible assets	251,0	1 234,0	1 485,0	5,0	29,0	0,0
Receipt of government grant	0,0	0,0	0,0	0,0	0,0	8 739,0
Business combination, net of cash acquired	0,0	0,0	0,0	(1 037,0)	0,0	0,0
Net cash flows (used in) investing activities	(11 426,0)	(6 207,0)	(17 633,0)	(71 646,0)	(100 733,0)	(58 796,0)
Cash flows from financing activities						
IPO Proceeds, net of transaction costs	0,0	0,0	0,0	0,0	0,0	449 214,0
Proceeds from loans and borrowings	97 649,0	0,0	97 649,0	0,0	0,0	634 524,0
Repayment of loans and borrowings	0,0	(3 935,0)	(3 935,0)	(9 516,0)	(52 782,0)	(1 296 032,0)
Payment of transaction costs related to refinancing	0,0	0,0	0,0	0,0	0,0	(5 463,0)
Interest paid	(979,0)	0,0	(979,0)	(67 978,0)	(111 986,0)	(90 093,0)
Distributions to shareholders	(151 673,0)	0,0	0,0	0,0	0,0	0,0
Payments of lease liabilities	(14 299,0)	(8 619,0)	(22 918,0)	(25 406,0)	(28 796,0)	(37 793,0)
Interest of lease liabilities	(594,0)	(861,0)	(1 455,0)	(2 417,0)	(5 721,0)	(9 402,0)
Net cash flows (used in) financing activities	(69 896,0)	(13 415,0)	68 362,0	(105 317,0)	(199 285,0)	(355 045,0)
Net increase in cash and cash equivalents	(10 916,0)	86 745,0	227 502,0	57 173,0	58 716,0	14 860,0
Cash and cash equivalents at beginning of period	96 177,0	145 378,0	241 555,0	235 343,0	307 078,0	344 408,0
Net foreign exchange difference	1 609,0	3 220,0	4 829,0	14 562,0	(21 386,0)	(3 424,0)
Cash and cash equivalents at end of period	86 870,0	235 343,0	473 886,0	307 078,0	344 408,0	355 844,0

Table 3 - Cash Flow Statement (Birkenstock Holding Plc)

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Cash Flow Statement						
Recurrent NOPLAT	101 553,1	(10 925,3)	90 555,8	237 351,3	182 342,0	301 807,8
Depreciation and Amortization	25 872,0	29 021,0	54 893,0	81 261,0	83 413,0	101 291,0
Loss on disposal of property, plant and equipment	405,0	0,0	405,0	97,0	0,0	229,0
Change in expected credit loss	358,0	511,0	869,0	207,0	0,0	(839,0)
Net exchange differences	7 336,0	(13 537,0)	(6 201,0)	(46 363,0)	36 056,0	7 170,0
Non-cash operating items	(125,0)	9,0	(116,0)	(669,0)	65 726,0	2 813,0
Recurrent Gross Cash Flow	135 399,1	5 078,8	140 405,8	271 884,3	367 537,0	412 471,8
Change in Net Working Capital	-	-	-	-	(46 191,6)	(66 720,6)
Capex and Change in Intangible	-	-	-	-	15 921,0	(77 021,0)
Change in Non-current deferred income	-	-	-	-	10 634,0	3 103,0
Core and Recurrent UFCF	135 399,1	5 078,8	140 405,8	271 884,3	347 900,4	271 833,2
Non-Core EBIT	(327,8)	52 702,8	52 408,5	187 445,0	(226 470,0)	(86 800,8)
Change in surplus assets	-	-	-	-	25 428,0	424 256,0
Non-Core UFCF	(327,8)	52 702,8	52 408,5	187 445,0	(201 042,0)	337 455,3
Total UFCF	135 071,3	57 781,5	192 814,3	459 329,3	146 858,4	609 288,4
Change in Net Debt	-	-	-	-	(131 974,4)	(608 729,4)
Transactions with Shareholders	-	-	-	-	65 393,0	94 916,0
Finance cost, net	(1 753,0)	(28 958,0)	(30 711,0)	(112 503,0)	(107 036,0)	(127 300,0)
Tax shield	399,7	7 239,5	7 677,8	28 125,8	26 759,0	31 825,0
Cash Flow from Debtholders	(1 353,3)	(21 718,5)	(23 033,3)	(84 377,3)	(146 858,4)	(609 288,4)

Table 4 - Restatement – Cash Flow Statement (Birkenstock Holding Plc)

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Balance Sheet						
Assets						
Non-current assets						
Goodwill	n.a.	n.a.	n.a.	1 674 293,0	1 593 917,0	1 554 621,0
Intangible assets (other than goodwill)	n.a.	n.a.	n.a.	1 815 201,0	1 705 736,0	1 639 393,0
Property, plant and equipment	n.a.	n.a.	n.a.	205 008,0	286 053,0	318 843,0
Right-of-use assets	n.a.	n.a.	n.a.	113 522,0	122 984,0	171 334,0
Deferred tax assets	n.a.	n.a.	n.a.	4 590,0	0,0	117,0
Other assets	n.a.	n.a.	n.a.	16 107,0	38 234,0	37 351,0
Total non-current assets	n.a.	n.a.	n.a.	3 828 721,0	3 746 924,0	3 721 659,0
Inventories	n.a.	n.a.	n.a.	535 605,0	595 092,0	624 807,0
Right to return assets	n.a.	n.a.	n.a.	2 605,0	1 132,0	0,0
Trade and other receivables	n.a.	n.a.	n.a.	66 146,0	91 764,0	114 302,0
Current tax assets	n.a.	n.a.	n.a.	21 743,0	10 361,0	11 263,0
Other current assets	n.a.	n.a.	n.a.	26 729,0	37 789,0	57 065,0
Other current financial assets	n.a.	n.a.	n.a.	0,0	9 651,0	20 617,0
Other current non-financial assets	n.a.	n.a.	n.a.	26 729,0	28 138,0	36 448,0
Cash and cash equivalents	n.a.	n.a.	n.a.	307 078,0	344 408,0	355 843,0
Total Current Assets	n.a.	n.a.	n.a.	959 906,0	1 080 546,0	1 163 280,0
Total Assets	n.a.	n.a.	n.a.	4 788 627,0	4 827 470,0	4 884 939,0
Shareholders' equity and liabilities						
Shareholders' equity						
Ordinary shares	n.a.	n.a.	n.a.	182 721,0	182 721,0	0,0
Share premium	n.a.	n.a.	n.a.	1 894 384,0	1 894 384,0	2 524 270,0
Treasury shares	n.a.	n.a.	n.a.	0,0	0,0	(355 775,0)
Other capital reserve	n.a.	n.a.	n.a.	0,0	65 394,0	68 920,0
Retained earnings	n.a.	n.a.	n.a.	150 954,0	225 976,0	417 578,0
Accumulated other comprehensive income	n.a.	n.a.	n.a.	129 759,0	32 113,0	(29 974,0)
Total shareholders' equity	n.a.	n.a.	n.a.	2 357 818,0	2 400 588,0	2 625 019,0
Liabilities						
Non-current loans and borrowings	n.a.	n.a.	n.a.	1 919 635,0	1 815 695,0	1 169 965,0
Tax receivable agreement liability	n.a.	n.a.	n.a.	0,0	0,0	344 590,0
Non-current lease liabilities	n.a.	n.a.	n.a.	89 911,0	103 049,0	143 199,0
Provisions for employee benefits	n.a.	n.a.	n.a.	2 374,0	2 716,0	2 434,0
Other provisions	n.a.	n.a.	n.a.	2 037,0	2 074,0	2 433,0
Deferred tax liabilities	n.a.	n.a.	n.a.	92 851,0	109 794,0	131 003,0
Non-current deferred income	n.a.	n.a.	n.a.	0,0	10 634,0	13 737,0
Other liabilities	n.a.	n.a.	n.a.	35,0	4 338,0	4 666,0
Total non-current liabilities	n.a.	n.a.	n.a.	2 106 843,0	2 048 300,0	1 812 027,0
Current loans and borrowings	n.a.	n.a.	n.a.	46 606,0	37 343,0	24 670,0
Tax receivable agreement liability	n.a.	n.a.	n.a.	0,0	0,0	15 300,0
Current lease liabilities	n.a.	n.a.	n.a.	26 571,0	27 010,0	40 874,0
Trade and other payables	n.a.	n.a.	n.a.	113 224,0	123 012,0	136 280,0
Accrued liabilities	n.a.	n.a.	n.a.	20 066,0	38 645,0	29 411,0
Other financial liabilities	n.a.	n.a.	n.a.	10 860,0	7 085,0	3 971,0
Other provisions	n.a.	n.a.	n.a.	34 401,0	36 495,0	31 164,0
Contract liabilities	n.a.	n.a.	n.a.	1 924,0	7 018,0	7 999,0
Tax liabilities	n.a.	n.a.	n.a.	50 660,0	83 332,0	144 730,0
Current deferred income	n.a.	n.a.	n.a.	2 080,0	2 680,0	0,0
Other current liabilities	n.a.	n.a.	n.a.	17 573,0	15 961,0	13 494,0
Total current liabilities	n.a.	n.a.	n.a.	323 965,0	378 581,0	447 893,0
Total Liabilities	n.a.	n.a.	n.a.	2 430 808,0	2 426 881,0	2 259 920,0
Total Liabilities & Equity	n.a.	n.a.	n.a.	4 788 626,0	4 827 469,0	4 884 939,0

Table 5 - Balance Sheet (Birkenstock Holding Plc)

(In thousands of Euros)	Predecessor	Successor	2021	2022	2023	2024
Balance Sheet						
Inventories	n.a.	n.a.	n.a.	535 605,0	595 092,0	624 807,0
Trade and other receivables	n.a.	n.a.	n.a.	66 146,0	91 764,0	114 302,0
Operating cash and cash equivalents	n.a.	n.a.	n.a.	24 856,7	29 838,2	36 093,8
Right to return assets	n.a.	n.a.	n.a.	2 605,0	1 132,0	0,0
Current tax assets	n.a.	n.a.	n.a.	21 743,0	10 361,0	11 263,0
Other current non-financial assets	n.a.	n.a.	n.a.	26 729,0	28 138,0	36 448,0
Trade and other payables	n.a.	n.a.	n.a.	(113 224,0)	(123 012,0)	(136 280,0)
Accrued liabilities	n.a.	n.a.	n.a.	(20 066,0)	(38 645,0)	(29 411,0)
Contract liabilities	n.a.	n.a.	n.a.	(1 924,0)	(7 018,0)	(7 999,0)
Current deferred income	n.a.	n.a.	n.a.	(2 080,0)	(2 680,0)	0,0
Other current liabilities	n.a.	n.a.	n.a.	(17 573,0)	(15 961,0)	(13 494,0)
Net Working Capital	0,0	0,0	0,0	522 817,7	569 009,2	635 729,8
Goodwill	n.a.	n.a.	n.a.	1 674 293,0	1 593 917,0	1 554 621,0
Intangible assets (other than goodwill)	n.a.	n.a.	n.a.	1 815 201,0	1 705 736,0	1 639 393,0
Property, plant and equipment	n.a.	n.a.	n.a.	205 008,0	286 053,0	318 843,0
Right-of-use assets	n.a.	n.a.	n.a.	113 522,0	122 984,0	171 334,0
Non-current deferred income	n.a.	n.a.	n.a.	0,0	(10 634,0)	(13 737,0)
Core Non-Current Assets	0,0	0,0	0,0	3 808 024,0	3 698 056,0	3 670 454,0
Core Invested Capital	0,0	0,0	0,0	4 330 841,7	4 267 065,2	4 306 183,8
Deferred tax assets	n.a.	n.a.	n.a.	4 590,0	0,0	117,0
Other assets	n.a.	n.a.	n.a.	16 107,0	38 234,0	37 351,0
Other current financial assets	n.a.	n.a.	n.a.	0,0	9 651,0	20 617,0
Non-current tax receivable agreement liability	n.a.	n.a.	n.a.	0,0	0,0	(344 590,0)
Provisions for employee benefits	n.a.	n.a.	n.a.	(2 374,0)	(2 716,0)	(2 434,0)
Other provisions	n.a.	n.a.	n.a.	(2 037,0)	(2 074,0)	(2 433,0)
Deferred tax liabilities	n.a.	n.a.	n.a.	(92 851,0)	(109 794,0)	(131 003,0)
Other liabilities	n.a.	n.a.	n.a.	(35,0)	(4 338,0)	(4 666,0)
Current tax receivable agreement liability	n.a.	n.a.	n.a.	0,0	0,0	(15 300,0)
Other financial liabilities	n.a.	n.a.	n.a.	(10 860,0)	(7 085,0)	(3 971,0)
Other provisions	n.a.	n.a.	n.a.	(34 401,0)	(36 495,0)	(31 164,0)
Tax liabilities	n.a.	n.a.	n.a.	(50 660,0)	(83 332,0)	(144 730,0)
Adjustments due to rounding differences	n.a.	n.a.	n.a.	(1,0)	(1,0)	0,0
Non-Core Invested Capital	0,0	0,0	0,0	(172 522,0)	(197 950,0)	(622 206,0)
Total Invested Capital	0,0	0,0	0,0	4 158 319,7	4 069 115,2	3 683 977,8
Non-current loans and borrowings	n.a.	n.a.	n.a.	1 919 635,0	1 815 695,0	1 169 965,0
Non-current lease liabilities	n.a.	n.a.	n.a.	89 911,0	103 049,0	143 199,0
Current loans and borrowings	n.a.	n.a.	n.a.	46 606,0	37 343,0	24 670,0
Current lease liabilities	n.a.	n.a.	n.a.	26 571,0	27 010,0	40 874,0
Financial debt	0,0	0,0	0,0	2 082 723,0	1 983 097,0	1 378 708,0
Excess cash and cash equivalents	n.a.	n.a.	n.a.	282 221,3	314 569,8	319 749,2
Net Debt	n.a.	n.a.	n.a.	1 800 501,7	1 668 527,2	1 058 958,8
Total Equity	n.a.	n.a.	n.a.	2 357 818,0	2 400 588,0	2 625 019,0
Total Funds	0,0	0,0	0,0	4 158 319,7	4 069 115,2	3 683 977,8

Table 6 - Restatement - Balance Sheet (Birkenstock Holding Plc)

	Explicit forecast											
(In thousands of Euros)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
NWC												
Days receivables (Sales)	19	22	23	22	23	24	25	26	27	27	27	27
Average												
Days payables (Purchases)		72	64	68	66	65	63	62	60	60	60	60
Average												
Days inventory (COGS)	397	384	307	307	276	246	216	186	156	156	156	156
Average												

Table 7 - Net Working Capital Assumptions and Cash Conversion Cycle Forecast (2022–2033)

Cost of equity	
Leverage - Market equilibrium (peers) leverage	13,14%
Leverage - ND/EBITDA	0,10
Market cap (MV of equity)	9 130 000
Leverage - Historical Birkenstock leverage	12,14%
Leverage - Target leverage	5%
Chosen Leverage D/E:	13,14%
Risk Free Rate (source: Trading Economics)	4,19%
Unlevered Beta (industry average)	1,07
Tax Rate	25%
Re-levered Beta	1,21
Market Risk Premium	5,40%
Levered Cost of equity	10,32%
Unlevered Cost of Equity	9,95%
Cost of Debt	
Debt of Beta	0,00
Risk Free Rate	4,19%
Time until maturity of debt instrument	4
d1	9,00
d2	8,38
N(-d1)	0,00
N(d2)	1,00
Enterprise Value	6 616 748
Net Book Value of Debt	37 687
Volatility (90 days)	30,70%
Rating (S&P)	BB
Spread on debt	2,99%
Cost of Debt	7,18%
WACC	
Weight on Debt	12%
Weight on Equity	88%
WACC	9,74%

Table 8 – WACC Calculation: Cost of Equity, Cost of Debt and Capital Structure Assumptions

In EUR		Perpetual Growth				
		2,10%	2,30%	2,50%	2,70%	2,90%
WACC	10,74%	24,70	25,09	25,49	25,92	26,37
	10,24%	26,82	27,27	27,75	28,25	28,78
	9,74%	29,21	29,75	30,32	30,92	31,55
	9,24%	31,94	32,58	33,26	33,98	34,75
	8,74%	35,07	35,84	36,67	37,55	38,49

Table 9 - Sensitivity Analysis of Implied Share Price to WACC and Perpetual Growth Assumptions (EUR)

In USD		Perpetual Growth				
		2,10%	2,30%	2,50%	2,70%	2,90%
WACC	10,74%	28,41	28,85	29,32	29,81	30,32
	10,24%	30,84	31,37	31,91	32,49	33,10
	9,74%	33,59	34,21	34,87	35,56	36,29
	9,24%	36,73	37,47	38,25	39,08	39,96
	8,74%	40,33	41,22	42,17	43,18	44,26

Table 10 - Sensitivity Analysis of Implied Share Price to WACC and Perpetual Growth Assumptions (USD)

Core Enterprise Value as of Dec 2024	7 334 874,6
Non-Core Invested Capital	-622 206,0
Total Enterprise Value as of Dec 2024	6 712 668,6
(Net Debt)	-1 058 958,8
Common Equity Value as of Dec 2024	5 653 709,8
Number of Shares Outstanding (m)	186 479,3
Common Share Price	€ 30,32
EUR/USD as of 6 November 2025	1,15
Common Share Price	\$ 34,87

Table 11 – Discounted Cashflow (DCF) Valuation Output

Core Enterprise Value as of Dec 2024	7 334 874,6
Non-Core Invested Capital	-622 206,0
Total Enterprise Value as of Dec 2024	6 712 668,6
(Net Debt)	-1 058 958,8
Common Equity Value as of Dec 2024	5 653 709,8
Number of Shares Outstanding (m)	186 479,3
Common Share Price	€ 30,32
EUR/USD as of 6 November 2025	1,15
Common Share Price	\$ 34,87

Table 12 - Adjusted Present Value (APV) Valuation Output

Non-Core Invested Capital	(622 206,0)
Common Equity Value as of Dec 2024	6 312 796,9
Number of Shares Outstanding (m)	186 479,3
Common Share Price	€ 33,85
Net Debt	1 058 958,8
Total Enterprise Value as of Dec 2024	7 371 755,7
EUR/USD as of 6 November 2025	1,15
Common Share Price	\$ 38,93

Table 13 – Front to Equity (FTE) Valuation Output

Core Enterprise Value as of Dec 2024	7 551 396,8
Non-Core Invested Capital	(622 206,0)
Total Enterprise Value as of Dec 2024	6 929 190,8
(Net Debt)	(1 058 958,8)
Common Equity Value as of Dec 2024	5 870 232,0
Number of Shares Outstanding (m)	186 479,3
Common Share Price	€ 31,48
EUR/USD as of 6 November 2025	1,15
Common Share Price	\$ 36,20

Table 14 - Economic Value Added (EVA) Valuation Output

USD (millions)	Country	Market Cap.	EV	Revenues	EBITDA	Net Income	EV/Revenues	EV/EBITDA	P/E
Crocs, Inc.	USA	4 740 000,0	6 310 000,0	4 102 108,0	1 089 849,0	950 071,0	1,5x	5,8x	5,0x
Deckers Brands	USA	18 350 000,0	16 940 000,0	4 287 763,0	1 038 671,0	759 563,0	4,0x	16,3x	24,2x
Dr. Martens plc	UK	878 760,0	1 130 000,0	877 100,0	196 300,0	69 200,0	1,3x	5,8x	12,7x
Allbirds, Inc.	USA	51 730,0	56 720,0	189 757,0	(81 557,0)	(93 318,0)	0,3x		
On Holding	CH	14 630 000,0	14 130 000,0	2 318 300,0	400 000,0	242 300,0	6,1x	35,3x	60,4x
Caleres, Inc.	USA	1 050 000,0	1 770 000,0	2 722 683,0	205 543,0	107 255,0	0,7x	8,6x	9,8x
Average		6 616 748,3	6 722 786,7	2 416 285,2	474 801,0	339 178,5	2,30x	14,36x	22,40x
Birkenstock Holding plc, USD Millions	UK	9 130 000	10 380 000	1 804 690	554 955	191 602	5,75x	18,70x	47,65x

METHODS, USD (millions)	EV/Sales		EV/EBITDA		P/E	
	Average	Median	Average	Median	Average	Median
Birkenstock's corresponding metric	Sales	Sales	EBITDA	EBITDA	Net income	Net income
Birkenstock's corresponding metric	1 804 690,0	1 804 690,0	554 955,0	554 955,0	191 602,0	191 602,0
Multiple (peers)	4,3x	3,4x	14,4x	8,6x	32,4x	22,7x
Enterprise Value	7 766 584	6 159 921	7 968 258	4 778 904	6 208 519	4 349 144
(Net debt)	(1 058 958,8)	(1 058 958,8)	(1 058 958,8)	(1 058 958,8)	(1 058 958,8)	(1 058 958,8)
Equity Value	6 707 625	5 100 963	6 909 299	3 719 946	5 149 560	3 290 185

Table 15 - Comparable Company Multiples Valuation

Scenario Analysis	
	Share Price, USD
Regular APV/DCF	35,31
Regular FTE	38,94
Regular EVA	36,47
Pessimistic APV/DCF	23,65
Pessimistic FTE	26,11
Pessimistic EVA	35,05

Table 16 - Scenario Analysis of Implied Share Price Across Valuation Methods (USD)

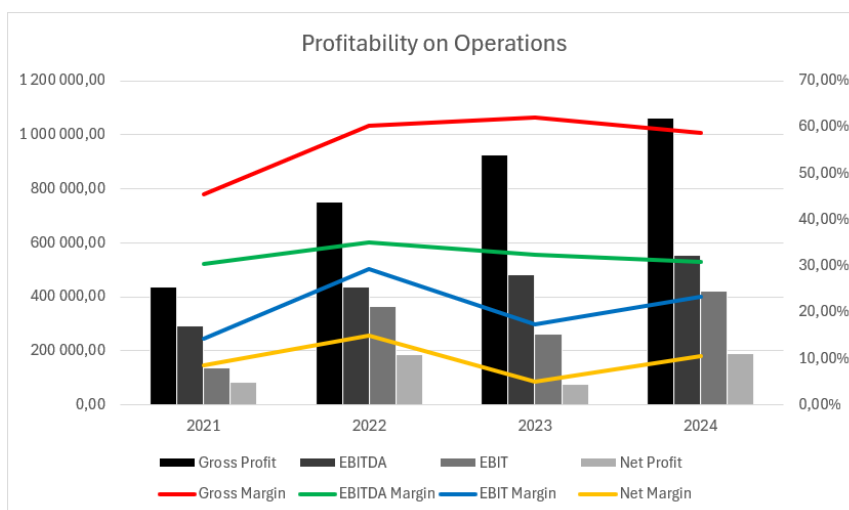


Figure 1 - Profitability on Operations: Income Statement Margins (2021–2024)

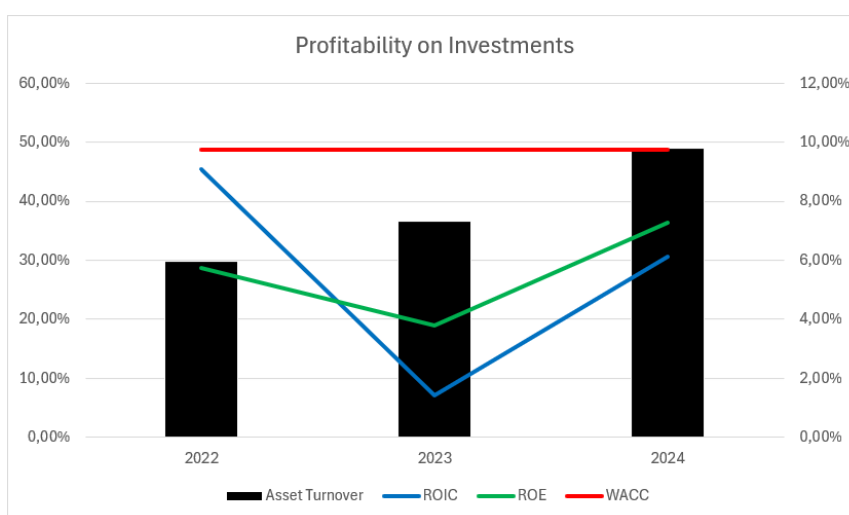


Figure 2 - Profitability on Investments: Asset Efficiency and Return Metrics (2022–2024)

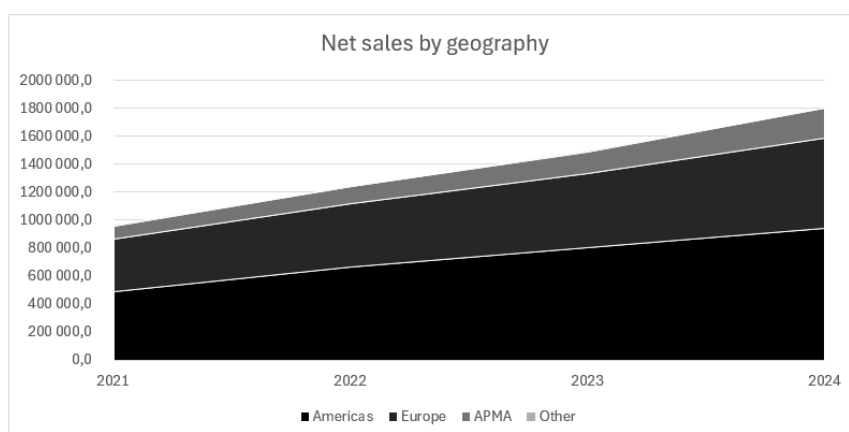


Figure 3 – Net Sales by Geography (2021–2024)

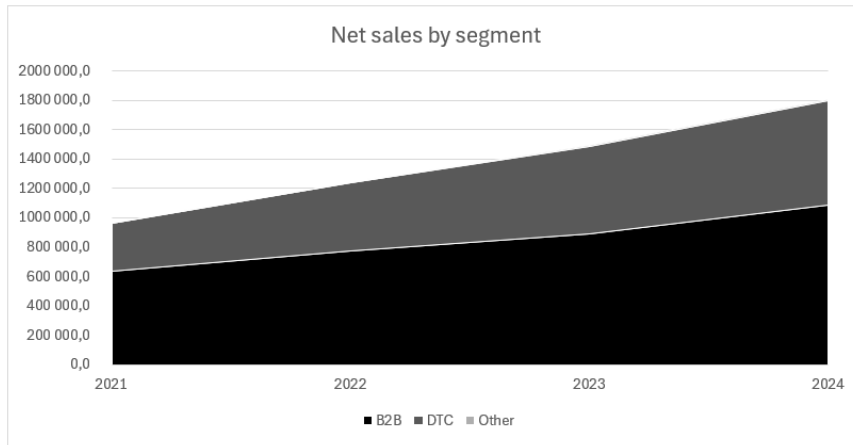


Figure 4 - Net Sales by Segment (2021–2024)

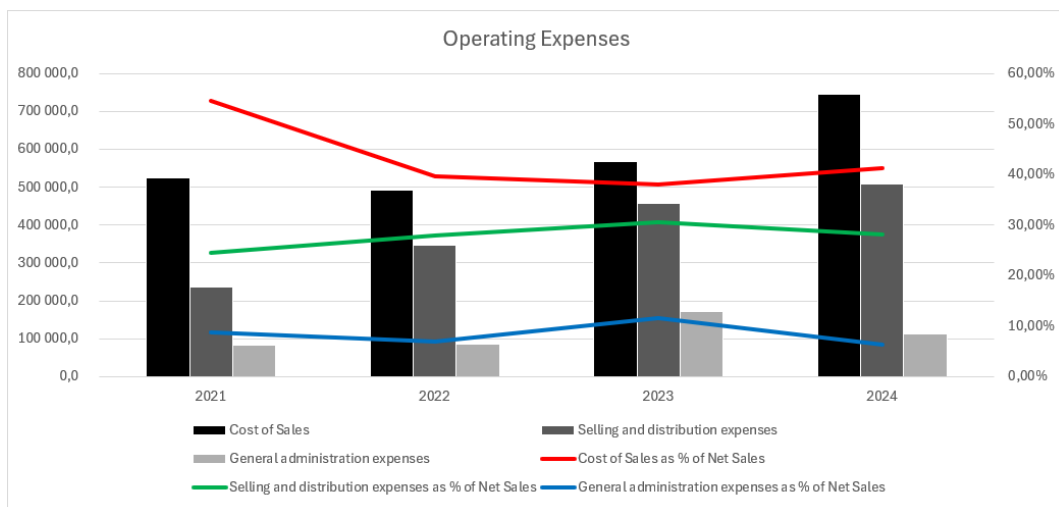


Figure 5 - Operating Expenses and Cost Structure (2021–2024)