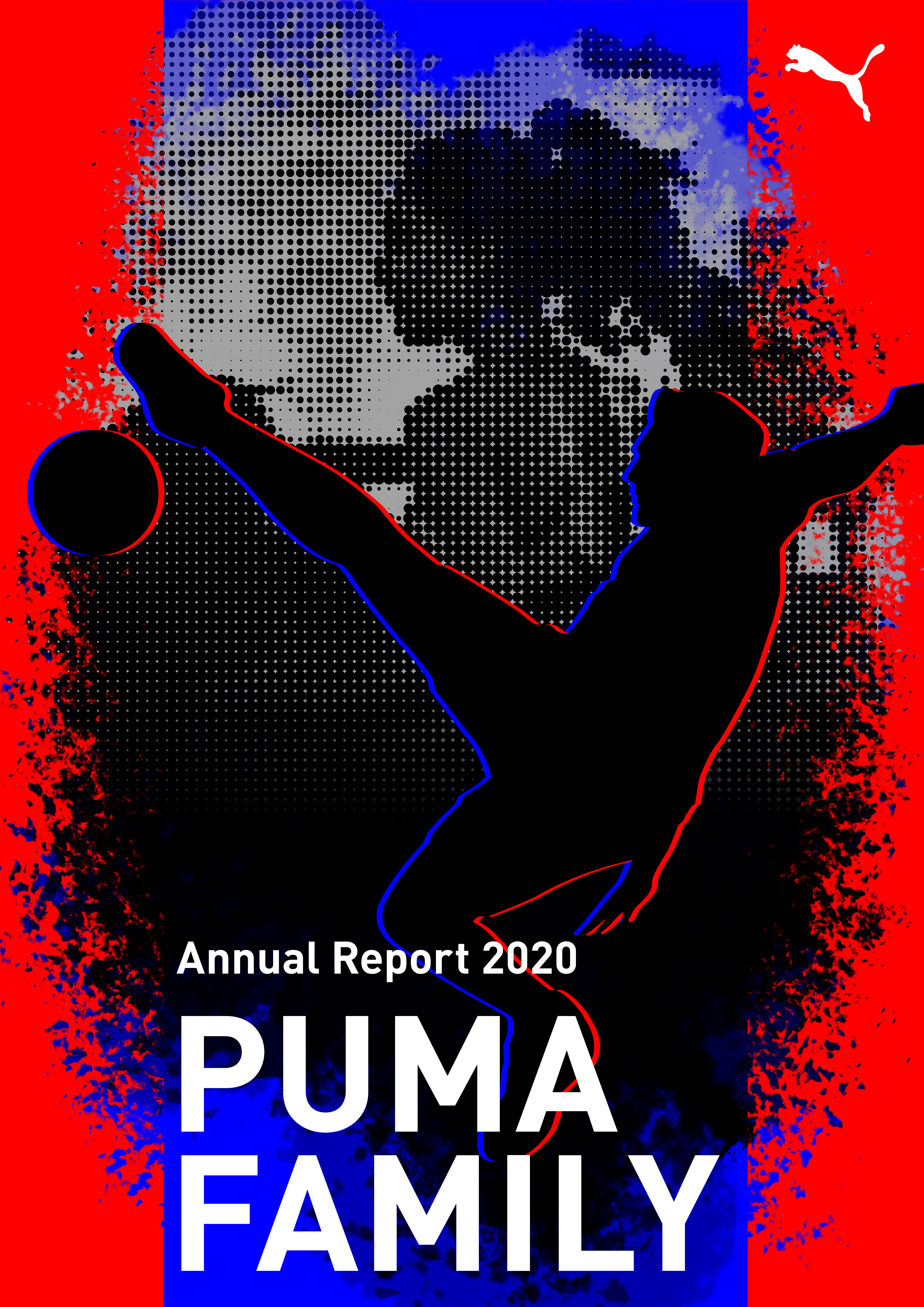


Annual Report 2020

PUMA FAMILY

TABLE OF CONTENTS

04 TO OUR SHAREHOLDERS
05 CEO Letter
09 Report by the Supervisory Board

14 OUR PEOPLE
15 PUMA family
17 Culture
22 Personal Journey

24 SUSTAINABILITY
25 Foreword
27 PUMA's 10FOR25 Sustainability Strategy
35 Social Aspects
44 Health and Safety
46 Environment
72 Summary and Outlook
73 GRI Index
90 Deloitte Assurance Statement

93 COMBINED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020

94 Overview 2020

98 PUMA Group Essential Information

98 Commercial Activities and Organizational Structure

98 Targets and Strategy

100 Product Development and Design

102 Sourcing

104 Employees

107 Management System

108 Information regarding the Non-financial Report

109 Economic Report

109 General Economic Conditions

110 Sales

112 Regional Development

114 Results of Operations

118 Dividends

119 Net Assets and Financial Position

122 Cash Flow

125 Statement regarding the Business Development and the Overall Situation of the Group

126 Comments on the Financial Statements of PUMA SE in accordance with the German Commercial Code (HGB)

130 Further Information

130 Information concerning Takeovers

132 Compensation Report

139 Corporate Governance Statement in accordance with Section 289f and Section 315d HGB

150 Risk and Opportunity Report

161 Outlook Report

163 CONSOLIDATED FINANCIAL STATEMENTS

164 Consolidated Statement of Financial Position

166 Consolidated Income Statement

167 Consolidated Statement of Comprehensive Income

168 Consolidated Statement of Cash Flows

170 Statement of Changes In Equity

172 Notes to the Consolidated Financial Statements

261 Declaration by the Legal Representatives

262 Independent Auditor's Report

270 ADDITIONAL INFORMATION

271 The PUMA Share

273 PUMA Year-on-Year Comparison

275 PUMA Group Development

278 Imprint

TO OUR SHAREHOLDERS

05 CEO Letter
09 Report by the Supervisory Board

CEO-LETTER

↗ **BJØRN GULDEN**
CHIEF EXECUTIVE OFFICER PUMA

DEAR SHAREHOLDERS,

I hope this letter finds you healthy and in good spirit despite all the negative impact of COVID-19. 2020 was surely a very difficult year for all of us - for me it was definitely the most difficult year in my life.

We started the year 2020 with a very positive feeling: we had a very solid order book, our sales at the end of 2019 were strong, our new products were very well received and the start in January was also positive.

Then COVID-19 hit the city of Wuhan in China and we immediately set our focus on securing our supply chain as approx. 30% of our sourcing is done in the country as well as on reducing the damage from the "shutdown" of physical retail in China. During the first two weeks, we did not even think that this would turn into a global pandemic.

It then became obvious that COVID-19 was unfortunately spreading globally and that we were in a situation we had never been in before. We were in the middle of a worldwide pandemic in which basically all physical retail stores selling sports and sports-inspired products had to shut down globally during the months of March and April.

Back then we quickly focused on three main areas: Deal with COVID, continue to drive the business and continue to do the right thing, such as focusing on Sustainability and #REFORM.

Deal with COVID meant first and foremost to ensure the **health and safety** of our people. Among other things, this included the following measures: organize work from home wherever possible, set up digital communication tools, buy and distribute masks for our employees, organize regular testing (PCR and Quick Tests), sanitize our working spaces on a regular basis, install health and safety equipment in all our stores and in general do whatever we could to ensure that our PUMA employees felt as good and safe as possible. I am very proud of how our People & Organization teams (previously called Human Resources) around the world worked and organized all these measures. So far, we have been lucky: none of our almost 16,000 employees has died of COVID-19 and "only" four colleagues were hospitalized, but recovered 100% and are fully back to work.

The second priority was to secure **financing and liquidity**. The uncertainty around the pandemic and its impact on our business has made us act quickly to secure as much financing as possible. We did not know if the lockdowns would last one month, two months or even longer. We prepared for a "worst case scenario" of a four-month lockdown and managed to get financing that would "keep us alive" throughout this period. A consortium of twelve banks led by the German state-owned *Kreditanstalt für Wiederaufbau* (KfW) gave us an additional credit line of € 900 million - together with existing credit facilities this provided us with a total financing of around €1,800 million.

We never used this additional credit line and it has been replaced by other credit facilities in the meantime. The KfW-led credit line was not a "gift" by the German state. It was a regular credit line for which we paid high, above-market fees for availability and that gave the KfW preference compared to other creditors. Nevertheless, this credit line was crucial for us because it gave us security and allowed us to make sound business decisions in a time of high uncertainty. I would like to thank the KfW and the other eleven banks for their fast and unbureaucratic processes, and for making this "life insurance" available to us.

The third priority was to quickly find solutions to continue working upstream with our **retail partners** and downstream with our **suppliers**. Our objective was to avoid high cancellations that could have caused massive problems for our suppliers including the loss of thousands of jobs among their employees. We offered all our retail partners delayed deliveries and extended payment terms. We slowed down shipments, asked our suppliers to slow down their production without laying off people and to extend payment terms by one month. We agreed to hold some inventories in the factories, some in temporary warehouses in Asia and of course in our normal warehouses. Most retailers agreed to this approach and I am very proud that we managed to get through 2020 with cancelling less than 1% of our orders with our suppliers. We continue to work with all of our suppliers and none of them had to lay off workers due to the crisis.

As most physical retail stores had to shut down globally in March and April, the **eCommerce channels** became even more important. Our focus was to strengthen our own puma.com channel, the marketplaces, the pure eCommerce players, but also the eCommerce channels of our Brick & Mortar retail partners. This caused massive changes in our marketing activities with budget shifts to performance marketing and significant pressure on our logistics to service the increased eCommerce demand. I am very pleased on how quickly and flexible both our marketing and logistics teams acted during this turbulent time.

We also **continued to drive the business** during this period. This meant maximizing our sales short-term while at the same time investing into the development of new product ranges and strong marketing in order to continue the positive mid-term momentum for the brand. We did everything to please and service our retail partners in the best way possible, we rather gave deep discounts instead of building excess inventories, we continued to develop full new collections for the year 2021 and used the marketing opportunities that will benefit PUMA mid-term while we reduced our overall marketing spent. During the crisis, we signed football icon Neymar Jr., the most exciting rookie in the NBA LaMelo Ball, the currently most popular female artist Dua Lipa and the very youth culture relevant DJ Snake. All these exciting additions to the PUMA family were done because we are confident that they will further strengthen the relevance of our brand both during the pandemic and also later in the "new normal".

I am very thankful that our supervisory board showed us their trust and support by allowing us to do these investments in the middle of the year.

We also continued to focus on what we call **"do the right thing"**. This includes both our **social responsibility** and the **environmental sustainability** of our business practices. We want to be a good corporate citizen and have a positive impact on our society as a whole. As part of our **#REFORM** platform, we focused on three main aspects: **gender equality**, an **end to systematic racism** and **LGTBQ+ rights**. Everybody on this planet should be treated equally and we at PUMA want to do our part to fight any form of discrimination. Sustainability also continued to be a key focus area for us, and we strive to leave the planet to our children in a better condition than we inherited it from our parents. In 2020, we launched our **10FOR25 sustainability targets** which will guide our ambitious sustainability actions until 2025. We also continue to support the UN Global Compact and its 10 principles for sustainable development. We also launched multiple sustainable product collections as well as our new **FOREVER BETTER** communication platform. Both responsibility and sustainability are and will continue to be an important part of PUMA's values.

After a very difficult second quarter during which most of the markets had either lockdowns or other restrictions, we experienced a very strong third quarter. In the third quarter, our Net Sales increased by 13.3% (in constant currency) to € 1,583 million – the highest revenue PUMA has ever had in a quarter – and the third quarter EBIT of € 190 million (12% of Net Sales) shows the potential of our company. The fourth quarter started with 25% growth in October before new restrictions, especially in Europe, slowed our revenue growth once again. We ended the fourth quarter with Net Sales being up 9.1% (in constant currency) and an EBIT of € 63 million (+15% vs last year).

The full financial year 2020 was "destroyed" mainly due to the terrible second quarter, but I hope that the strong second half of 2020 demonstrated the continued momentum of PUMA. We are very optimistic about the future of both the sports industry and for PUMA. During the pandemic, we have seen that the consumers continued to buy our products, queued up in front of the sneaker stores when they reopened, started to do more individual sports and we foresee team sports to "explode" again once the restrictions will be lifted. We see a continued trend for sportive casual wear both in footwear and apparel, comfort being more and more important to the consumer and sports brands still being in strong demand across all markets.

While we do not have a “crystal ball”, we clearly foresee that the pandemic will continue to have a negative impact on our business also in 2021. We believe that the negative impact will be strongest in the first half and believe that it will weaken during the second half. Given the uncertainty around the future development of the pandemic, we do not feel comfortable giving you a specific financial outlook for the full year. But as of today, **we expect that 2021 will be a better financial year than 2020, both in terms of Net Sales and EBIT**.

Let us hope that 2022 will be a “new normal” year.

Stay strong and stay healthy,

Bjørn Gulden
Chief Executive Officer PUMA

REPORT BY THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

In the financial year 2020, PUMA had to overcome unique and unforeseeable challenges due to the COVID-19 pandemic. In particular, the negative effect on our full-year revenue and earnings due to closed retail stores all over the world and the uncertainty regarding the future development, forced us to withdraw our guidance for the financial year 2020 in March 2020. However, thanks to the strategy and actions of PUMA's Management Board and the dedication of all our employees, we managed to mitigate the negative impact of the COVID-19 pandemic without hindering our mid-term growth momentum. We protected the health and safety of our employees, ensured sufficient financial liquidity, worked very closely with our suppliers to stabilize the supply chain, drove additional sales wherever possible and continued to be a reliable and flexible business partner. The Management Board, in close cooperation with the Supervisory Board, always reacted decisively and consistently and took measures to mitigate the impact of the COVID-19 pandemic while investing into the future of PUMA. Thereby, we laid the foundation for a successful 2021, in which PUMA will return to growth.

In the financial year 2020, the Supervisory Board has exercised all its duties under the law, statutes and company rules. The Supervisory Board has dealt extensively with the status and the development of PUMA, particularly in view of the COVID-19 pandemic, and has regularly advised and supervised the Management Board in its management of the Company.

In this regard, the Supervisory Board has in its four regular meetings discussed and resolved on the Company's business policies, all relevant aspects of corporate development and corporate planning, the Company's economic situation, including its net assets, financial position and results of operations, and all key decisions for the Group. The Management Board has informed the Supervisory Board regularly, comprehensively, and in a timely manner in written and verbal form about the implementation of all decisions and about all major business transactions. Furthermore, in 2020 one extraordinary meeting of the Supervisory Board took place. Urgent matters were decided via circular resolutions using electronic means of communication. All members participated in drawing up the resolutions. Whenever necessary, representatives of the shareholders and employees held separate preliminary discussions prior to the meetings.

Plenary Supervisory Board	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Jean-François Palus	5/5	100
Thore Ohlsson	5/5	100
Héloïse Temple-Boyer	5/5	100
Fiona May	5/5	100
Martin Köppel	5/5	100
Bernd Illig	5/5	100

The Supervisory Board discussed in detail all of the Company's key business transactions, based on the reports by the Management Board and the Committees, and presented its own ideas. The Management Board has provided the Supervisory Board with detailed information on any deviations of the business performance from the budgeted figures, both in writing and orally. The Supervisory Board verified these explanations using the supporting documents, which were always submitted in appropriate time before the meetings. The Supervisory Board was involved in all key decisions at an early stage. In addition, the Chairman of the Supervisory Board maintained, and continues to maintain, regular verbal or written contact with the CEO and keeps himself informed of all major developments. Overall, these discussions did not give any indication that the Management Board was managing the Group in anything other than a lawful and proper manner.

The Supervisory Board members took part, on their own initiative, in the educational and training measures necessary for the performance of their duties. The Company supports the Supervisory Board members in their training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and report about them in the meetings. The Supervisory Board intensively dealt with the Act Implementing the Second Shareholders' Rights Directive (ARUG II) introducing the legal requirement to approve a compensation system for the members of the Management Board and with the German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic.

MAIN ADVISORY FOCUS

In the financial year 2020, the focus was primarily on the following topics: Audit and approval of the 2019 financial statements and the non-financial report, continuous assessment of the impacts and the handling of the COVID-19 pandemic, approval of the loan under participation of the state owned bank Kreditanstalt für Wiederaufbau (KfW), later in the year the partial refinancing of the KfW loan, setting the agenda for the Annual General Meeting of May 7, 2020, approval of the Management Board's decisions regarding the conduct of the Annual General Meeting as a virtual shareholders' meeting without the physical presence of shareholders or their proxies, ongoing business and sales development, markets and trends, the Group's financial position, business and budget planning for 2021 and medium-term planning, including investments, further improvements of the compliance management and the internal control system as well as material litigation in the Group.

As every year, the Personnel Committee and the Supervisory Board determined the target achievements for the variable remuneration of the Management Board members related to 2019 and decided on the bonus for the members of the Management Board. Upon recommendation of its Personnel Committee the Supervisory Board made a decision on target setting for the Management Board compensation for the financial year 2020.

CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose to its Chair any conflicts of interest without undue delay. In the past year, no such disclosures were made.

COMMITTEES

The Supervisory Board has established three committees to perform its duties: The Personnel Committee, the Audit Committee and the Nominating Committee. The Personnel Committee and the Audit Committee each comprise two shareholder representatives and one employee representative. The Nominating Committee is composed only of shareholder representatives. The composition of the committees can be found in the notes to the consolidated financial statements. The Supervisory Board receives regular reports on their work.

PERSONNEL COMMITTEE

The Personnel Committee has the task of preparing the conclusion and amendment of employment contracts with the members of the Management Board and establishing policies for Human Resources and personnel development. It met twice in 2020 and mainly dealt with the compensation system for the Management Board to be proposed to the shareholders for resolution at the Annual General Meeting in 2021. Furthermore, the discussions focused on proposals for determining the bonus payments for the members of the Management Board and the definition of the targets for 2020. The Supervisory Board was given corresponding recommendations for resolutions.

Personnel Committee	Attendance at meetings	Attendance in %
Jean-François Palus	2/2	100
Fiona May	2/2	100
Martin Köppel	2/2	100

AUDIT COMMITTEE

The Audit Committee held four regular meetings in financial year 2020. In particular, the Audit Committee is responsible for the review of the accounting, particularly comprising the consolidated financial statements and the group management report (including the Corporate Social Responsibility reporting), interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement. In addition, heads of Group functions were available for reports and questions on individual agenda items at committee meetings.

Audit Committee	Attendance at meetings	Attendance in %
Thore Ohlsson	4/4	100
Héloïse Temple-Boyer	4/4	100
Bernd Illig	4/4	100

NOMINATING COMMITTEE

The Nominating Committee has the task of proposing suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It held no meeting in the last financial year.

CORPORATE GOVERNANCE

As in previous years, the Supervisory Board addressed current developments in the German Corporate Governance Code (GCGC) in the financial year 2020. The GCGC contains essential statutory regulations and recommendations for the management and supervision of listed companies and standards for responsible corporate governance. The corporate governance standards have long been a part of the corporate routine. Accordingly, the Supervisory Board also considered the adjustments in the GCGC effective as of March 20, 2020.

Pursuant to Principle 22 of the GCGC, the Supervisory Board reports on corporate governance in the Corporate Governance Statement. With very few exceptions, the Company satisfies the requirements of the GCGC and explains these system-related exceptions in the Statement of Compliance. The Statement of Compliance of November 9, 2020 is available to our shareholders at any time on the Company's website under https://about.PUMA.com/en/investor-relations/corporate-governance at STATEMENT OF COMPLIANCE.

ANNUAL FINANCIAL STATEMENTS ADOPTED

The annual financial statements for PUMA SE prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch/HGB), the consolidated financial statements and the combined management report for PUMA SE and the PUMA Group, each for the financial year 2020, prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS) have been audited by the statutory auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, who were appointed at the Annual General Meeting on May 7, 2020 and commissioned by the Supervisory Board to audit the annual financial statements and the consolidated financial statements and have been given an unqualified auditor's opinion.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktiengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Supervisory Board has been updated by the Management Board regularly on all relevant risks in this regard, in particular its assessments of market and procurement risks, financial risks (including currency risks as well as risks due to the COVID-19 pandemic) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Management Board's and Supervisory Board's recommendation on the appropriation of net profit were made available to all members of the Supervisory Board in a timely manner. At the meeting of the Audit Committee on February 23, 2021 and at the subsequent Supervisory Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Management Board and the members of the Supervisory Board. No discrepancies were detected.

The Supervisory Board reviewed in detail the annual financial statements, the combined management report for PUMA SE and the PUMA Group, the Management Board's and the Supervisory Board's recommendation on the appropriation of net profit and the consolidated financial statements and raised no objections. In accordance with the recommendation of the Audit Committee, the Supervisory Board agreed with the results of the audit of both statements and approved the annual financial statements of PUMA SE and the consolidated financial statements for the financial year 2020. The 2020 annual financial statements have thus been adopted.

The Management Board and the Supervisory Board resolved to propose to the Annual General Meeting a distribution of a dividend of € 0.16 per dividend entitled share to the shareholders for the financial year 2020. In this context, the liquidity situation of the Company, the financing and the effects on the capital market were discussed. The payout is conditional to an overall sound macroeconomic environment. A total amount of around € 23.9 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of around € 366.5 million will be carried forward.

In its meeting on February 23, 2021, the Supervisory Board was presented the state of data collection for the non-financial report in accordance with §§ 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB). As soon as the non-financial report is finalised, it will be submitted to the Supervisory Board for approval and will be published on the website of the Company by April 30, 2021.

THANKS

We would like to express our gratitude and recognition to the Management Board, the management teams at the Group companies, the Works Council and all our employees for their hard work and their outstanding cooperation in 2020.

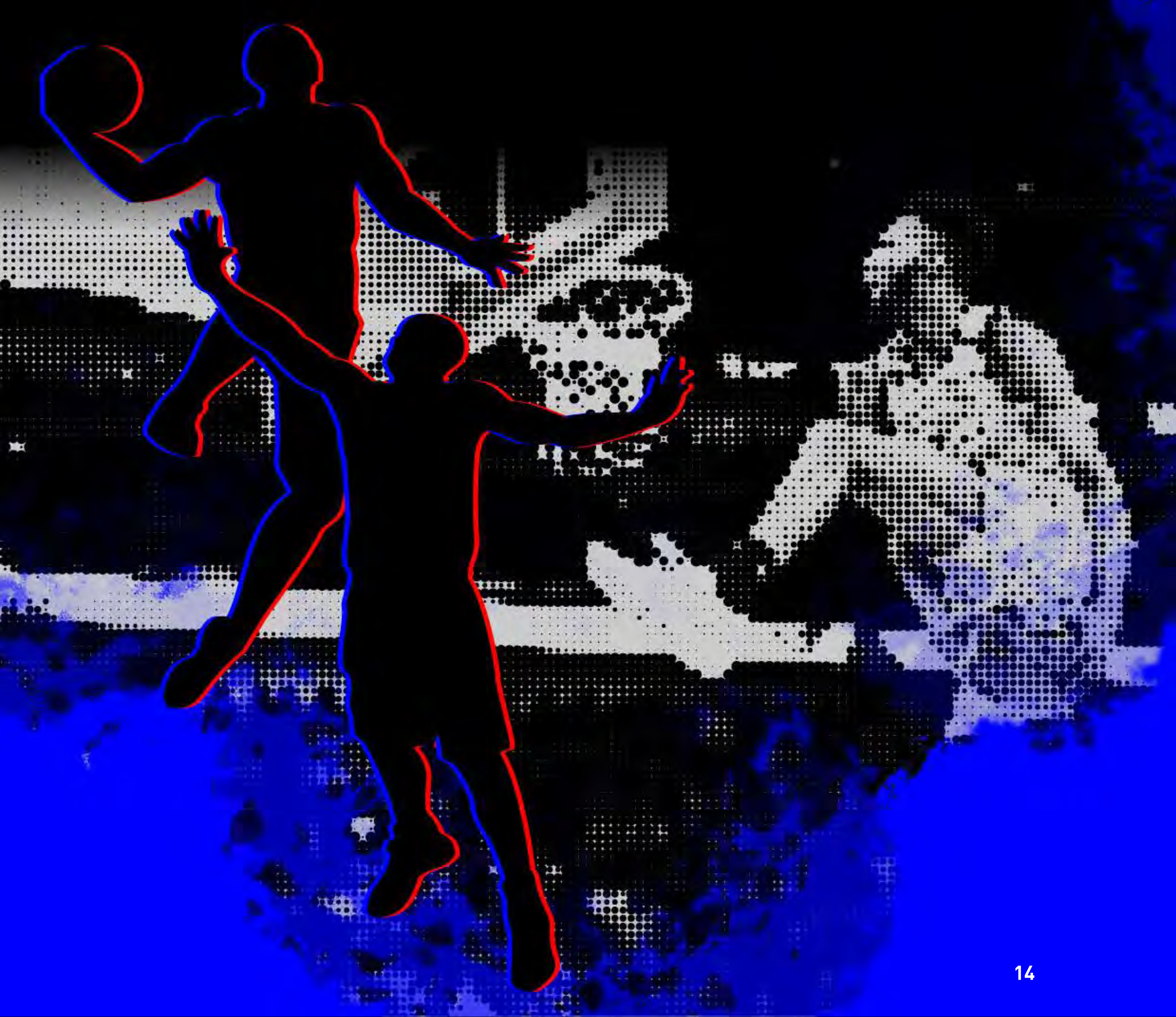
Herzogenaurach, February 23, 2021

On behalf of the Supervisory Board

Jean-François Palus
Chairman

OUR PEOPLE

15 PUMA family
17 Culture
22 Personal Journey



PUMA FAMILY

Over the past few years, our main strategic priorities have been to put our employees first, continue our digital transformation, and build an agile learning organization. This foundation supported us as we tackled the main challenges of 2020. During this year marked by the pandemic, our priority more than ever was to keep our PUMA family safe, informed, and engaged.

Our employees are our most important asset. Giving prompt and accurate information about the pandemic and its immediate effects on their day-to-day routine was essential. During the period when most markets were in lockdown and nearly all employees were being asked to work from home, our existing digital infrastructure and our flexible work schedules and mobile working policies helped us to quickly adjust to the new work requirements and even expedited our digital transformation. This enabled us to adapt to the new business requirements and stay connected with our employees while they were working from other locations. During the pandemic, our digital learning platform was leveraged to support our employees in the areas of wellbeing, resilience and mindfulness, and professional development.

All those measures contributed to high employee engagement and helped the PUMA family to master this challenging year; we feel well equipped to continue on our path to greater growth.

DIGITILIZATION

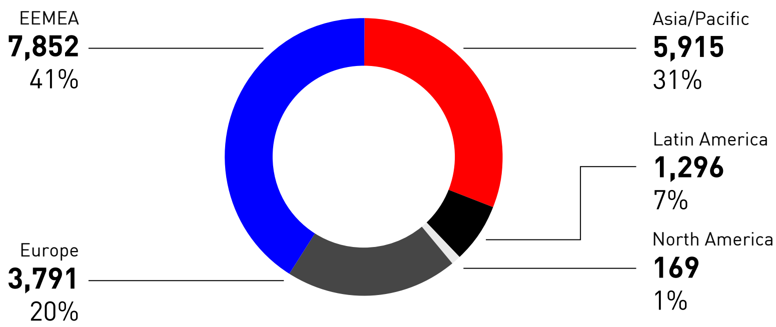
In 2020, we greatly accelerated the digitalization of our business processes, making them even simpler and faster around the world. Since 2017, we have been using "Workday" as our main software solution for nearly all HR processes. This gives employees and managers access to all the processes and tools required to carry out everyday personnel management tasks. Managers also have access to user-friendly dashboards that show them information and give them data-driven insights, which are necessary for their planning and personnel management. The analysis of our global data, which is centrally available, gives us a solid basis for strategic decisions and measurable results. Using Microsoft Teams globally, we were well prepared for the challenges that global contact and travel restrictions presented and able to continue working together smoothly.

COMMUNITY ENGAGEMENT

2020 was also a challenging year for community engagement. Due to local regulations mandating fewer social contacts and social distancing, we often had to change the way we engage with our local communities through projects all around the world and find new ways of engaging. One example of our activities was the "Big Smile" project. PUMA Ukraine donated items to orphanages for the children's first day of school. PUMA employees in Hong Kong provided laptops to underprivileged children to support their home-schooling activities. In Germany, employees packed food parcels containing special treats such as cookies, chocolate, and specialty coffee to distribute to local food banks, which then handed them out to people in need.

Our goal was to reach a total number of hours spent on community engagement equal to our annual average FTE (full-time equivalent). We encouraged all our employees around the world to participate and record projects and employee engagement on an online platform. In total, initiatives led by our subsidiaries on five continents contributed a total of 19,023 hours (2,376 for PUMA SE) of community engagement. Projects ranged from protecting the environment and promoting health and fitness to fighting discrimination and supporting the education of children in need. Often these projects were carried out in cooperation with local non-profit organizations. Considering that the number of FTEs in 2020 was 13,016 (919 for PUMA SE), we reached our target.

↗ G.01 COMMUNITY ENGAGEMENT 2020



CHARITY CAT

Charity Cat was founded in 2004 by a team of about 20 PUMA employees. Since then, this non-profit organization has grown to include many other PUMA employees and even some external members.

All members are volunteers who donate their free time to different charitable projects, both local and international, supporting long-term collaborations as well as short-term work for good causes.

Charity Cat supported organizations such as "from heart to heart" in the Philippines, which carried out a large rice supply campaign in a Philippine village to support the poorest; the "Bambamarca" health center in Peru for the construction of a hospital; the "Fundación Sonrisas de León" in Colombia, which distributes food and support to further develop poor and structurally weak neighborhoods in Cartagena; as well as the "Fonmeh" orphanage in Haiti and the "Kinder- und Jungendhaus BOLLE" in Berlin.

CULTURE

The PUMA working culture is unique and driven by our employees. In the year of the pandemic, our culture clearly helped us to take fast decisions, be agile, and have the resilience and trust in one another to find new solutions and ways of working. A key factor is the diversity of our teams and the ongoing effort to ensure that communication with all of our employees is transparent and swift.

DIVERSITY & EQUALITY

Diversity and equality were important topics around the world this year after scenes of police brutality in the United States kicked off widespread protests in many countries. As a company with offices all across the globe and employees of many different nationalities and backgrounds, it was important for us to ease our employees' concerns and reiterate our strong belief that diversity makes us better. Diversity and equality are the most important ingredients for the growth of our brand. Diverse teams with different skillsets and backgrounds are a crucial resource when it comes to creative thinking, decision-making, and driving innovation forward.

We have made this belief in diversity and inclusion a part of PUMA's working culture and we encourage all of our employees to show their own personality. One of our values as an employer sums this up as: "Be You!". This also means that a fair work environment and equal opportunities for all PUMA employees, regardless of their gender, nationality, ethnicity, religion, disability, age, or sexual orientation, have been a cornerstone of our policy for many decades. These commitments are also reiterated in our PUMA Code of Ethics (2005) and in our Diversity Charter (2010).

In 2020, we conducted a global survey, rolled out locally, to understand how our employees feel about equality at PUMA. We invited our employees to engage in open dialog on this topic with the senior management at all PUMA locations all over the world. We also set up the Employee Resource Group PUMA North America and similar informal advisory committees elsewhere to make sure our employees know that we are listening to their concerns regarding diversity and equality. We also raised awareness of this topic on our internal communication channels and invited employees to talk openly about racism, discrimination and equality, and how it impacts their lives.

Moreover, we organized additional training sessions on diversity and equality. For our employees, we run online training course campaigns – through LinkedIn Learning and Good Habitz, for example – and used virtual learning nuggets to provide further perspectives on the topic. Furthermore, we emphasized diversity and equality as part of our management training programs ILP and Speed Up.

To show that we welcome people of all sexual orientations at PUMA, the front of our PUMA Brand Center lit up in the colors of the rainbow during Pride Month. Plus, a live DJ set was streamed from our PUMA Bridge for a virtual Pride event in Nuremberg in cooperation with CSD Nuremberg. Our employees also engaged in several activities together with CSD Nuremberg which were possible given the local safety measures.

PUMA welcomes all genders and constantly strives to be an attractive place for people of all genders to work. In 2020, we continued to see a well-balanced gender distribution across all locations. The male-to-female ratio was 50% to 50%.

We continued to work on extending this gender balance to all management levels and raising the proportion of women in leadership positions. In order to empower women, we offer specific training and access to inspirational networks. We believe that the interaction with experienced female executives will encourage our female employees to aim for leadership positions at PUMA. In 2020, 43% of management positions across the group were held by women.

↗ T.01 PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS (in %)

Region	2016	2017	2018	2019	2020
Europe	30	31	31	35	**34**
EEMEA	40	38	43	42	**44**
North America	45	46	48	50	**48**
Latin America	34	35	38	38	**40**
Asia/Pacific	43	41	44	43	**48**
Total	38	38	40	41	**43**

We have already reached our target to have at least 30% female representation on the Supervisory Board and 20% on the Management Board. We are on track to reach our ambitious targets to have 30% female representation at the first management level below the Management Board and 40% female representation at the second management level below the Management Board, in each case by October 2021.

WELLBEING

At PUMA, fostering the wellbeing of our people is a top priority. Therefore, we are dedicated to constantly improving the health and wellbeing of our employees by offering a wide range of services and benefits. The wellbeing approach was started at our headquarters in Herzogenaurach. It has now been embraced by all PUMA subsidiaries around the world and has been adapted to local needs and regulations. This topic has never been more important than during the COVID-19 pandemic of 2020.

Our wellbeing approach focuses on four aspects: Flex, Social, Finance, and Athlete. As a sports brand, we focus on giving our employees as many options as possible to live their passion for sports. Therefore, we offer different training courses such as yoga, jumping fitness, and body toning. Besides our huge variety of courses, we provide free gym access, sports courts for football, basketball, and tennis, as well as beach volleyball. A major highlight of 2020 was the opening of our new tennis court at the PUMA headquarters in Herzogenaurach. We also introduced our Room of Silence, which can be used for meditation, prayer, or just to find a calm minute.

During much of the pandemic, it was no longer possible to hold wellbeing events, including training courses. Sports facilities also had to be closed in many countries. In order to support our people while working from home, we converted our initiatives into digital offerings. We did this by placing an extended focus on our 360-degree wellbeing approach, offering support in the areas of sports, resilience, nutrition, and creative childcare solutions. We created the PUMA Home Academy, a global platform which hosted the categories Wellbeing, Learning, and Engage. Besides daily information, we offered online sports and yoga sessions, daily nutrition and recipe ideas, as well as activities with kids for parents who work at home. Our regular "Be Well Weeks", where we promote a healthy lifestyle, usually covering a variety of topics such as nutrition, health checks, and information about the latest trends in exercise and sport, had to be held digitally in 2020.

FLEXIBLE WORKING CONDITIONS

At PUMA, we focus on creating an attractive work environment in order to positively influence employee engagement and foster loyalty to the company and commitment to our goals. Flexibility in the workplace allows our workforce to arrange their working conditions to balance their professional and private lives.

Offering flexible working hours, mobile working, and part-time work, we were well prepared to give our employees the maximum flexibility to meet the challenges posed by the pandemic.

In Germany, employees can take advantage of free consulting and placement services provided by a cooperation partner. Offering a parent-child office, daycare spots, and summer camps for children during school breaks, our headquarters in Herzogenaurach were awarded the German "Audit Beruf & Familie" (audit workandfamily) certificate. During the past year, we also provided virtual childcare by introducing online classes for children during school holidays to support our employees working from home.

Our goal is to minimize the number of employee-initiated exits and to keep the percentage of employees in permanent employment above 80%. In 2020, 88% of our employees worldwide had a permanent contract and the employment of over 29% of our employees was covered by a collective bargaining agreement. The turnover rate is strongly dependent on the share of the retail business in the respective markets and the region. In total, the turnover rate was 17% (4% for non-retail employees and 25% for retail employees). The percentage of employees working part-time was 21% at the end of 2020.

↗ T.02 EMPLOYMENT CONTRACTS (PERMANENT /FIXED TERM)

				Permanent				Fixed Term
	Total	Female	Male	Diverse	Total	Female	Male	Diverse
EUROPE	3,190	1,602	1,588	0	627	359	268	0
EEMEA	3,672	1,482	2,190	0	215	122	93	0
North America	2,093	1,139	954	0	760	414	345	1
Latin America	1,820	659	1,161	0	88	43	45	0
Asia/Pacific	3,831	2,325	1,504	2	404	244	160	0
Total	**14,606**	**7,207**	**7,397**	**2**	**2,094**	**1,182**	**911**	**1**

↗ T.03 EMPLOYMENT CONTRACTS (FULL-TIME / PART-TIME) (in %)

Employment contracts	Female	Male	Diverse	Total
Full-time	47	53	0	**100**
Part-time	60	40	0	**100**

OCCUPATIONAL HEALTH AND SAFETY

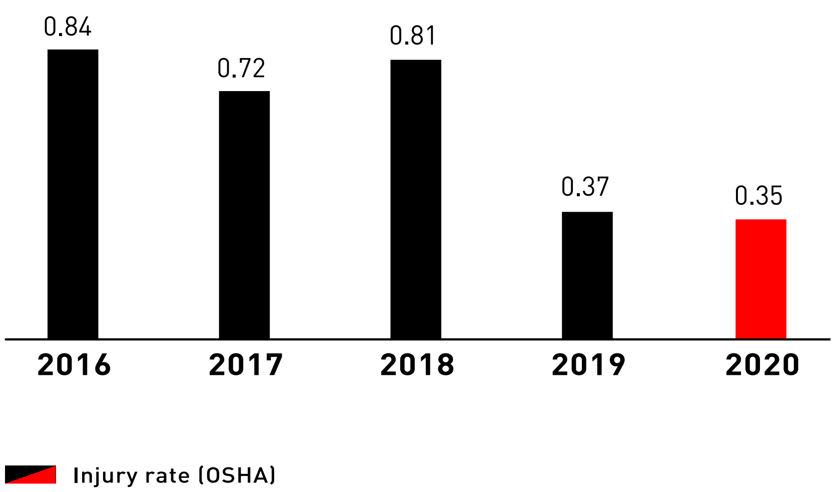
Providing a work environment that keeps our employees healthy and safe is a key priority. The corona pandemic was handled directly by our top management from the start. In frequent update calls, our CEO and our Global Director People & Organization directly addressed our PUMA community globally by providing new information on both the business situation and health and safety measures. From early on we implemented a new strict hygiene and safety concept, which complied with all applicable health and safety regulations, i.e. distancing rules, installing hand-sanitizer dispensers and a requirement to wear masks. We are constantly reviewing our hygiene and safety measures and are adjusting them to the present circumstances. This included buying protective gloves and masks, as well as rapid tests when they became available. This way we kept the risk of infection to an absolute minimum.

We set ourselves the goal of consistently reducing the average injury rate every year. In 2020, our goal was to stay below an injury rate of 0.50 according to the Occupational Safety and Health Administration (OSHA). As well as conducting safety-related training courses at all our locations, we also offer online training programs to prepare employees for potential emergency situations and thus reduce the number of accidents. Last year, we conducted a total of 21,143 hours of safety training. Over the past year, 6,482 employees were trained in fire safety and 5,240 in first aid. The overall number of safety training hours increased by 35% compared to the previous year, demonstrating PUMA's continued focus on this issue.

On a global scale, only 51 occupational accidents which required work to be stopped were recorded in 2020. This is a decline of 11% compared to the previous year and continues the positive trend seen in recent years. According to the Occupational Safety and Health Administration (OSHA), this equates to an injury rate of 0.35 compared to 0.37 in 2019, meaning we improved our performance. The (OSHA) injury rate for PUMA SE stood at 0.13 and was at 0.22 in the previous year.

A further indicator of employee engagement and the health of our workforce is the rate of absence due to sickness, which was 1.68% in 2020. The rate of occupational diseases is zero.

↗ G.02 INJURY RATE ACCORDING TO OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA rate)



FEEDBACK

Feedback is an essential part of our PUMA culture and feedback from inside and outside enables us to constantly improve. In 2020, the feedback function in Workday was extended to include a new feature - the feedback certificates - where employees can give one another feedback quickly and easily. This is another initiative to foster an open feedback culture which supports regular conversations and learning opportunities for employees and managers alike. During the year, pulse surveys were also conducted in order to quickly obtain employee feedback on current topics and thereby gain valuable insights from our employees. In addition, regular benchmarking is carried out with the industry and this is reflected, for example, in our Top Employer certification, our Great Place to Work award, and the audit berufundfamilie.

AWARDS

During 2020, PUMA received several awards which recognize our ongoing efforts to create a diverse, inclusive, and equal workforce.

We are proud to have been recognized by the Financial Times for the second year in a row in its “Diversity Leaders” ranking for Europe. PUMA North America was also listed as one of the “Best Employers for Diversity” in 2020 among 500 companies across all industries that demonstrate a strong commitment to diversity and inclusion. As part of our continued efforts to further develop PUMA’s working culture, we received the “Top Employer” award for the second consecutive year in Europe and also proudly received this award for the first time in South Africa. Underlining our global efforts, we also received the “Great Place to Work” award for India and Argentina.

PERSONAL JOURNEY

As a company, we can only reach our goals if we attract, recruit, and retain talent for PUMA. Competing for the best suitable talent on the market, our intention is to raise awareness of PUMA as an employer of choice which offers challenging roles, while providing professional talent management and unique development opportunities.

RECRUITING

It is crucial that we are perceived as an employer of choice and attract external candidates who want to join the unique PUMA working culture. In order to connect with these potential candidates, we use digital platforms and social media for our target group-specific, individual recruiting measures, as well as our career website. Last year, we optimized the candidate journey in our ATS Applicant Tracking System (Workday) to even better meet the needs of external and internal applicants. At the same time, we reconsidered our global recruitment standards, aligned and communicated with our P&O colleagues across all markets. Extensive networks of qualified applicants and up-to-date candidate pools help us to quickly fill vacancies.

TALENT MANAGEMENT

We believe that our employees are the driver of their personal career journey. With an integrated talent management approach, we foster a feedback and results-driven culture at PUMA and a self-driven learning attitude. We regularly evaluate all employees, set up individual development plans, and identify the right people to prepare them to drive PUMA's future.

We conduct talent conferences globally to assess the entire PUMA workforce, including all levels of management. Employees are evaluated on criteria such as individual performance and competencies, potential, ambition, and mobility. The targeted analysis of our employees' profiles allows us to match internal talent with upcoming vacancies. This helps us to find potential successors within the company and to foresee and address our organization's future competency needs. Last year, we were able to fill most of our key positions worldwide through internal promotions or horizontal transfers.

DEVELOPMENT

Our employees' ongoing professional and personal development also ensures that our workforce has the necessary expertise both to guarantee internal growth and to drive the business. Therefore, we offer a wide range of training courses and workshops, both online and offline, standardized or specially tailored to individual needs.

Shifting our focus to a self-driven learning culture, we provide a state-of-the-art learning infrastructure integrated into the Workday Human Capital Management system for internal and external training courses. With the launch of LinkedIn Learning and Good Habitz, more than 16,500 different online training courses are available for personal and professional development across a wide variety of learning categories. In 2020, we continued to adapt our training offerings to the challenges resulting from the increased amount of time spent working from home. Learning content such as mental wellbeing, resilience, mindfulness, and emotional stability, which was also promoted through Home Academy, helps us as an employer to provide our employees worldwide with the best possible support during the pandemic. Due to contact restrictions, face-to-face training was largely replaced by virtual concepts to enable us to continue to provide this training. In 2020, 17,372 employees worldwide participated in training courses and workshops over a total of 122,256 hours.

Our clear goal is to build an agile learning organization. To kick-start this, we continued to drive our agile coach program where PUMA employees from all departments are trained in agile ways of working.

First, best practices were generated in our business and resonated well with external and internal project participants. We have also piloted and evaluated a blended approach on selected training courses, which we will extend to additional training courses in 2021.

LEADERSHIP TRAINING ILP / ILP²

During this time of unprecedented change, the role that PUMA leaders play in fulfilling our mission to become forever faster has become more important than ever before. To reach our goals, we rely on resilient managers who can navigate through the crisis and master the new complex challenges the pandemic presents. The set of competencies we defined, which are necessary to successfully lead a team in an increasingly complex and volatile work environment, prepared our leaders well for the challenges faced through the pandemic. PUMA leaders receive intensive training and coaching, including interactive learning, roleplay simulations and best practice learning, as well as joint projects. Particular points of focus include mindful leadership, agile working methods, and diversity and inclusion. The program consists of different modules, providing leaders with the opportunity to apply the newly acquired knowledge in between seminars. To ensure seamless leadership development, most courses in 2020 were digital and participants connected with their trainers and peers through MS Teams.

SPEED UP / SPEED UP²

Accelerating our employees' progress is essential for organizational success. Driving that ambition, two selective development programs, Speed Up and Speed Up2, are designed to unlock the potential of our talent. To prepare them for the next steps in their career, we provide an intense curriculum, including cross-functional projects and tasks, coaching, mentoring, job swaps, and targeted training courses. Participants also benefit from exposure to top management and establish strong networks globally. Due to the current situation, we developed a virtual kick-off module for the third global cohort, which we identified in 2020, and will start in 2021.

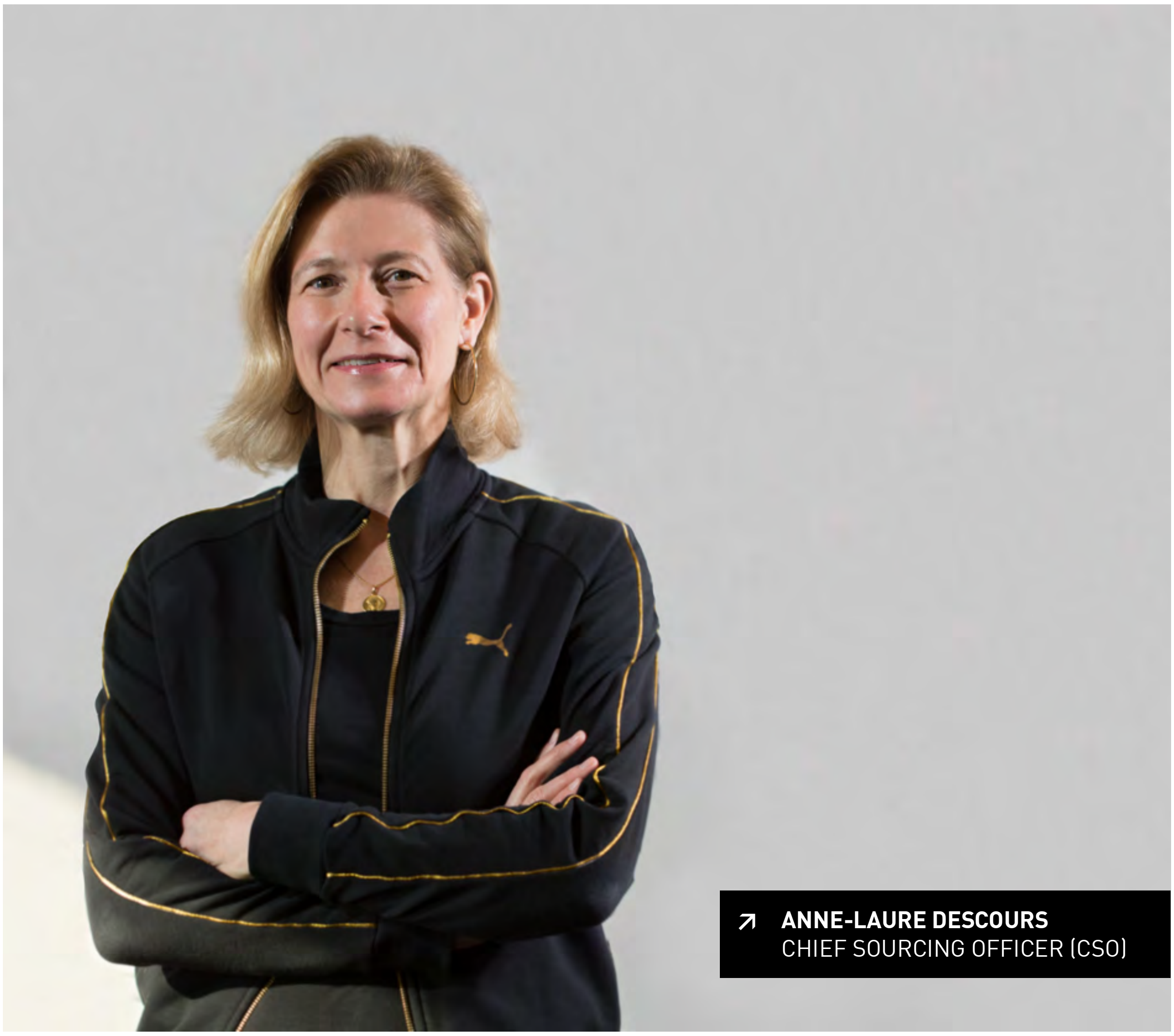
FUTURE TALENTS

Identifying talent at a very early stage is key to fostering the next generation of employees who will contribute to PUMA's future success. A varied range of initiatives at universities, both locally and internationally, gives us the opportunity to approach potential employees and identify suitable candidates. We offer a lot of options within an international working environment, creating the perfect conditions for people starting their careers. In 2020, 14 dual-program students and trainees joined the PUMA headquarters in Herzogenaurach. In total, PUMA had 43 apprentices and dual-program students by the end of 2020, majoring in a range of subjects from International Business to IT. Another way of getting to know PUMA is an internship, where students are given the opportunity to gain six months' work experience.

SUSTAINABILITY

25 Foreword
27 PUMA's 10FOR25 Sustainability Strategy
35 Social Aspects
44 Health and Safety
46 Environment
72 Summary and Outlook
73 GRI Index
90 Deloitte Assurance Statement

“THE COVID-19 PANDEMIC HAS SHOWN THE IMPORTANCE OF SUSTAINABILITY AND PARTNERSHIP.”
- Foreword Anne-Laure Descours, CSO



↗ **ANNE-LAURE DESCOURS**
CHIEF SOURCING OFFICER (CSO)

2020 was the first year of our new 10FOR25 sustainability strategy. Before the COVID-19 crisis, we saw the interest of our customers, investors, employees, and other stakeholders in our sustainability programs increase significantly. Despite the pandemic, this trend continued and even intensified during 2020, as we launched our first sustainability-focused lighthouse collections in partnership with First Mile and Central St. Martins London.

2020 clearly was dominated by the pandemic. We had started the year with fresh momentum when the virus hit our sourcing and sales market. Our sourcing team worked hard to shift production orders from one country to another while assisting the affected vendors to ensure they were kept afloat financially and workers’ health was protected.

Then the virus spread globally and lockdowns in almost all sales markets brought our business to a halt in April and May. In an effort to ensure PUMA's financial stability, we worked very closely with our manufacturers and customers to delay orders, extend payment terms and react flexibly to the challenging business environment.

Our established PUMA Vendor Finance Program, which is linked to our suppliers' sustainability performance, proved very valuable during this time and we saw the amount of financed volume more than double on previous years.

To protect our business partners and their hundreds of thousands of workers, we also refrained from canceling orders. During all of 2020, we canceled less than 1 % of our orders and in the rare cases where we had to cancel orders, we covered the costs for materials and other expenses our suppliers had incurred.

As our People and Organization team was protecting our own staff with strict hygiene measures, an extended work-from-home policy, and flexitime, our sustainability team worked with other brands and our suppliers to ensure our manufacturing partners also applied effective hygiene measures. We closely monitored the number of factories which had to temporarily shut down production and any potential implications for the workers due to the closures.

Having the ability to articulate one's needs and concerns is a key tenet of human rights. Providing workers with avenues to advocate for themselves is a top priority for PUMA as part of our commitment to being a fair market leader. In addition to the internal PUMA hotline system, in 2020 we continued to promote third-party grievance platforms such as MicroBenefits and Amader Kotha. By December 2020, our worker hotlines counted a record number of 1,122 cases and we succeeded in solving almost all of them.

Throughout the year, we have kept an open dialogue with relevant stakeholders including governments, international organisations and other interested parties, to ensure that our long-standing human rights due diligence mechanisms are updated, communicated and observed, as we are committed to comply with any latest regulations.

Our factory level auditing and capability building programs and environmental protection programs were affected by travel restrictions. Nevertheless, we continued our efforts where possible and managed to record 490 factory audits, 127 facility level Higg Index Environmental Assessments and 125 wastewater tests.

We finished the year by issuing green finance tools for PUMA, by hitting our 2025 target of using 100% more sustainable cotton fabrics already in 2020 and by training our designers on the principles of circularity.

We look forward to overcoming the COVID-19 crisis in 2021 and are determined to accelerate our sustainability journey for our customers, employees, suppliers, investors, and the wider PUMA family. We believe we are stronger together and responsible business conduct is not only an ethical imperative but also makes perfect business sense.

PUMA'S 10FOR25 SUSTAINABILITY STRATEGY

Our 10FOR25 sustainability strategy is an evolution of our previous sustainability strategy which was built on creating maximum positive impact. Following an extensive materiality analysis process and stakeholder dialogue, we decided to merge our Human Rights and Social Compliance categories, upgrade our Material targets to Product targets and add the new target categories of Circularity, Plastics and the Oceans, Fair Wages, and Biodiversity. In order to keep the number of target areas manageable, we removed Stakeholder Dialogue, Environmental Profit and Loss (EP&L) accounting, and Corporate Governance from our target matrix. Stakeholder Dialogue and EP&L will be continued as important tools to measure and finetune our sustainability targets. Because corporate governance is growing in importance, it will be reported separately in future.

With our new 10FOR25 sustainability strategy we continue our path to fully integrate sustainability into all our core business functions. Sustainability targets are included in the bonus arrangements of every member of our global Leadership team, from the CEO to the team heads.

After working hard on our sustainability performance in the background rather than center stage, we decided to communicate our sustainability efforts more actively in the future and have added this new focus to the strategic priorities for PUMA.

STAKEHOLDER DIALOGUE

During 2020 we continued our active stakeholder dialogue, although in a different way. Because all sustainability-related conferences and meetings in our industry had to be conducted virtually, we also held our Regional Supplier and Stakeholder Round Table Meetings in the form of virtual events. As we were deeply involved in global industry-level stakeholder meetings about social compliance, climate change, and chemicals, we decided to postpone our own global stakeholder meeting scheduled for 2020. This freed up resources for our top management to participate in the annual event of the UN-lead Fashion Industry Charter for Climate Action (attended by our CEO), and the Industry Summit on Social Compliance (attended by our CSO). Other PUMA business leaders participated in the Copenhagen Fashion Summit. In addition, we trained our design and product teams on the concept of circularity with the help of the expert organization Circle Economy.

We also engaged in regional one-on-one consultations with key organizations including Better Work Vietnam, Bangladesh and Indonesia, the Fair Labor Association, the Fair Wage Network, the International Organization for Migration, other brands, and critical suppliers to review our workplan on human rights, health, safety, and fair income for 2025. Next year, we plan to engage in even more partnerships for training courses on women empowerment and to continue to open up our hotline to include migrant workers by using specific guidelines and tools.

Despite tight budgets due to the implications of the pandemic, we retained our partnerships with all relevant sustainability organizations and even added new memberships with the formalization of the Fashion Pact and the Industry Summit into own organizations.

↗ G.01 MATRIX OF KEY PARTNERSHIP INITIATIVES

Human Rights		Chemicals	Product	Climate Change		Health and Safety	Water and Air	Biodiversity	Plastic and the Oceans	Circularity	Fair Income
ILO Better Work (Bangladesh, Cambodia, Indonesia, Vietnam)	UN Global Compact (Germany)	Zero Discharge of Hazardous Chemicals Foundation (ZDHC)	Textile Exchange	Fashion Industry Charter for Climate Action (UNFCCC)	German Corporation for International Cooperation (GIZ) (Vietnam, Bangladesh, Cambodia, Pakistan)	RMG Sustainability Council (Bangladesh)	Zero Discharge of Hazardous Chemicals Foundation (ZDHC)	Fashion Pact	Fashion Pact	Circle Economy	Fair Labor Association (FLA)
Fair Labor Association (FLA)	Fair Factories Clearinghouse (FFC)	AFIRM Group	Better Cotton Initiative (BCI)	Carbon Disclosure Project (CDP)	World Wildlife Fund (WWF) (China)	ITC-ILO	Sustainable Apparel Coalition (SAC)	Forest Stewardship Council (FSC)	Textiles Exchange	Textiles Exchange	Fair Wage Network (Bangladesh, Cambodia)
Social and Labor Convergence Program (SLCP)	Amader Kotha (Bangladesh)	Federation of the European Sporting Goods Industry (FESI)	Bluesign® Technologies	Stiftung 2 Grad (Germany)	World Resource Institute (WRI) (Mexico)		Institute of Public and Environmental Affairs (IPE) (China)		Microfiber Consortium	Federation of the European Sporting Goods Industry (FESI)	
Industry Summit	MicroBenefits (China, Vietnam)	GoBlu	Leather Working Group	International Finance Corporation (IFC) (Bangladesh)							
Better Buying	Partnership for Sustainable Textiles (Germany)		First Mile & Central St. Martins	Apparel Impact Institute (China, Taiwan, Vietnam)							

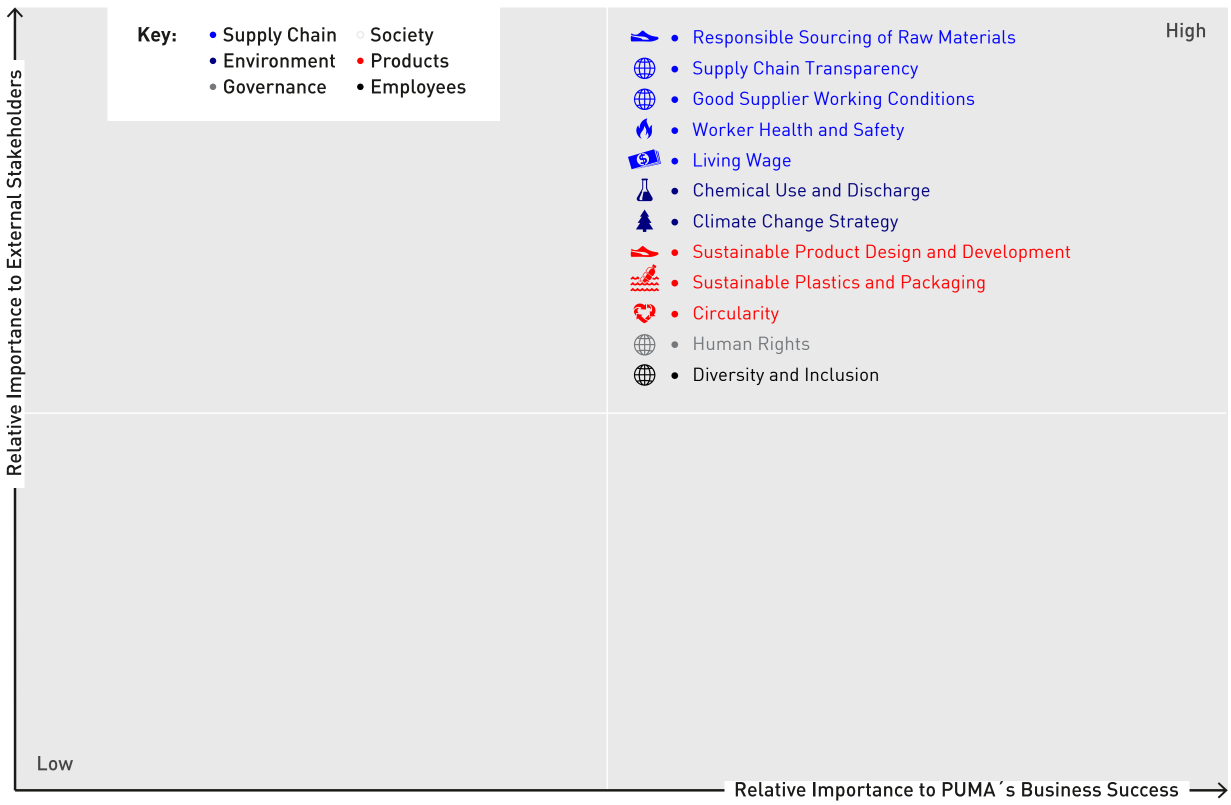
international national

AFIRM: Apparel and Footwear International RSL Management, BCI: Better Cotton Initiative, CDP: Carbon Disclosure Project, FESI: Federation of the European Sporting Industry, FFC: Fair Factories Clearinghouse, FSC: Forest Stewardship Council, FLA: Fair Labor Association, GIZ: German Corporation for International Cooperation, IFC: International Finance Corporation, ILO: International Labor Organization, IPE: Institute of Public and Environmental Affairs, ITC: International Training Center, RMG: Ready Made Garments, SAC: Sustainable Apparel Coalition, SLCP: Social and Labor Convergence Program, UNFCCC: United Nations Framework Convention Climate Change, WRI: World Resource Institute, WWF: World Wide Fund for Nature, ZDHC: Zero Discharge of Hazardous Chemicals Foundation

MOST MATERIAL ASPECTS

For the new target period, we reviewed our most material aspects based on a detailed materiality analysis conducted in 2018/2019, including external and internal stakeholder interviews, a survey, and a stakeholder dialogue meeting. Coordinated by Business for Social Responsibility (BSR), the process resulted in the materiality matrix displayed in Graph G.02 below. Although the Water and Air target is not specifically identified in the formal materiality analysis process, we retained this target, the only one we did not achieve in the last reference period. Honoring our commitment to the Fashion Pact as well as the growing importance of the issue, we also included a new target: Biodiversity.

↗ G.02 MOST MATERIAL ASPECTS



TOPIC	TARGET ISSUES
Responsible Sourcing of Raw Materials	Products
Supply Chain Transparency	Human Rights
Good Supplier Working Conditions	Human Rights
Worker Health and Safety	Health and Safety
Living Wage	Fair Income
Chemical Use and Discharge	Chemicals
Climate Change Strategy	Climate
Sustainable Product Design and Development	Products
Sustainable Plastics and Packaging	Plastic and Oceans
Circularity	Circularity
Human Rights	Human Rights
Diversity and Inclusion	Human Rights

↗ G.03 PUMA'S 2025 SUSTAINABILITY TARGETS

PUMA SUSTAINABILITY TARGETS 2025

Human Rights (SDG 3, 5, 8 and 10*)	**Biodiversity** (SDG 14 and 15*)	**Fair Income** (SDG 1, 2 and 10*)	**Products** (SDG 12*)
Health and Safety (SDG 3*)			**Circularity** (SDG 9, 12, 14 and 15*)
Chemicals (SDG 3 and 6*)	**Water and Air** (SDG 6, 14 and 15*)	**Climate** (SDG 7 and 13*)	**Plastics and the Oceans** (SDG 3, 14, and 15*)

*SDG: United Nations Sustainable Development Goals

PUMA 10FOR25 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

↗ T.01 PUMA 10FOR25 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

Target	Baseline	Action scheduled for 2021	Target for 2025	Status
01 **Human Rights**	Equal gender distribution in almost all PUMA entities; no specific training yet in factories	ITC-ILO training on harassment and violence at work for local sustainability staff (train the trainer)	Target 1: Train 100,000 direct and indirect staff members on women empowerment	Not started yet
	T2 supplier mapping ongoing; subcontractor mapping not yet started	Complete T2 supplier mapping; start comprehensive T3 supplier mapping	Target 2: Map subcontractors and T2 suppliers for human rights risks	In progress
	19,000 community hours (some activities paused due to COVID-19)	Increase level of community engagement to 23,000 hours	Target 3: 25,000 hours of global community engagement per year	In progress
02 **Health and Safety**	Zero fatal accidents since 2018	ITC-ILO training on OHS for sustainability staff (train the trainer)	Target 1: Zero fatal accidents (PUMA and suppliers)	Achieved for 2020
	Supply-chain injury rate reduced from 0.5 to 0.4	ITC-ILO training on OHS for sustainability staff (train the trainer)	Target 2: Reduce accident rate to 0.5 (PUMA and suppliers)	Achieved for 2020
	Bangladesh Accord in transition; other activities paused in 2020 due to COVID-19	Resume Building Safety Assessment Program in 2021; conduct building inspections in India and Pakistan	Target 3: Building safety policy operational in all high-risk countries	In progress

Target	Baseline	Action scheduled for 2021	Target for 2025	Status
03 Chemicals	0.59% of RSL failure cases at the product level among all products	Pilot OEKO-TEX®-certified polyester used in footwear; continue staff and supplier training	Target 1: Ensure 100% of PUMA products are safe to use	Achieved for 2020
	1.2% RSL failure rate	Reduce RSL failure rate to below 1.1%	Target 2: Reduce Restricted Substances List (RSL) failures to under 1%	In progress
	VOC index of 15 gr/pair	Continue VOC Reduction Program	Target 3: Reduce organic solvent usage to under 10 gr/pair	In progress
04 Water and Air	Target achieved for all parameters (90% compliance with ZDHC Wastewater Guidelines on parameter level)	Roll out supplier chemical conformity reports	Target 1: 90% compliance with ZDHC Wastewater Guidelines	Achieved for 2020
	Draft ZDHC Air Emission Guidelines issued; supplier mapping completed	Start air emissions testing	Target 2: 90% compliance with ZDHC Air Emissions Guidelines	Not started yet
	2% water reduction in textile production YOY	Expand Water Efficiency Program	Target 3: 15% of water reduction per pair or piece based on 2020 baseline	Not started yet
05 Climate	Initial mapping of 1.5 degree alignment completed	Execute alignment as part of wider industry target (Fashion Industry Charter)	Target 1: Align PUMA's Climate target with 1.5 degrees global warming scenario	In progress
	100% renewable electricity for PUMA entities (including RECs)	100% renewable electricity for PUMA entities	Target 2: 100% renewable electricity for PUMA entities	Achieved
	Solar Photovoltaic Feasibility Programs in place; first suppliers started purchasing off-site renewable electricity	Finalize feasibility studies and start installing solar panels; accelerate off-site renewable electricity purchase	Target 3: 25% renewable energy for core suppliers	In progress
06 Plastics and the Oceans	400 tons of plastic bags used in PUMA stores	50% reduction to 200 tons	Target 1: Eliminate plastic bags from PUMA stores globally	In progress
	Joined Microfiber Consortium	Test PUMA's main synthetic fabrics for microfiber shedding	Target 3: Support scientific research on microfibers	In progress
	Internal circularity training and workshop; biodegradability standards introduced	Continue research until standards are met	Target 3: Research biodegradable plastics options for products	In progress

Target	Baseline	Action scheduled for 2021	Target for 2025	Status
07 **Circularity**	Task force launched under leadership of PUMA Retail team	Pilot takeback scheme in one market	Target 1: Establish takeback schemes in all major markets	In progress
	Apparel: 1.6 gr/piece Footwear: 17.1 gr/pair Textiles: 8.9 kg/ton Leather: 0.2 kg/m2	Expand program to reduce production waste to landfills	Target 2: Reduce production waste to landfills by at least 50%	Not started yet
	0.6% recycled cotton used; recycled leather and rubber used at pilot scale	Expand use of recycled cotton, leather, and rubber; add recycled nylon	Target 3: Develop recycled material options for cotton, leather, and rubber	Target achieved; usage figures will be reported going forward
08 **Products**	Target achieved for cotton and down, and 99.5% for polyester (apparel and accessories). Leather (footwear) close to target 97.9%.	Maintain cotton, polyester, and down performance; achieve target for leather; increase percentage of certified polyester used in footwear	Target 1: Procure 100% of cotton, polyester, leather, and down from certified sources	Achieved for 2 out of 4 materials
	16.7% of recycled polyester used	Implement developed material strategy; explore opportunity to recycle pre-consumer apparel waste	Target 2: Increase recycled polyester use to 75% (apparel & accessories)	In progress
	81% of apparel and 47% of accessories classified as more sustainable	Increase percentage further	Target 3: 90% of apparel and accessories classified as more sustainable	In progress
	24% of footwear with at least one more sustainable component	Use more sustainable materials for each part of our footwear	90% of all footwear contains at least one more sustainable component	
09 **Fair Income**	Bangladesh and Cambodia assessed during previous period; work paused in 2020 due to COVID-19	Assess one additional country (Indonesia)	Target 1: Fair-wage assessments for top 5 sourcing countries	In progress
	33% core T1 factories have elected workers' representative	Conduct supplier and staff training on workers' committees; develop tool to assess the efficiency of workers' committees	Target 2: Effective and freely elected worker representatives at all core suppliers	In progress
	90% of core T1 and T2 suppliers use bank transfer payments	Follow up on factories with no digital payment	Target 3: Ensure bank transfer payments for all core suppliers	In progress

Target	Baseline	Action scheduled for 2021	Target for 2025	Status
	Attended Fashion Pact's biodiversity webinars	Learn more about biodiversity SBTs	Target 1: Support setting up a biodiversity SBT	Not started yet
10 **Biodiversity**	Cotton target achieved; leather target (97.9%) achieved; viscose target achieved (sourced exclusively from a reliable supplier (Lenzing))	Achieve target for leather	Target 2: Procure 100% of cotton, leather, and viscose from certified sources	2 out of 3 materials achieved
	No exotic skins or hides used	Publish new Animal Welfare Policy	Target 3: Zero use of exotic skins or hides	Achieved

ILO: International Labor Organization, ITC: International Training Center, OHS: Occupational Health and Safety, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substances List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Program, T2 Supplier: supplier of materials or components, T3 Supplier: supplier of yarn hides, etc., VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals

The 10FOR25 targets also are linked directly to the four main sustainability-related risks identified in our due diligence process:

A. Potential human rights violations or incidents in our supply chain (T1 and T2*)

B. Potential incidents of environmental pollution in our supply chain (T1 or T2)

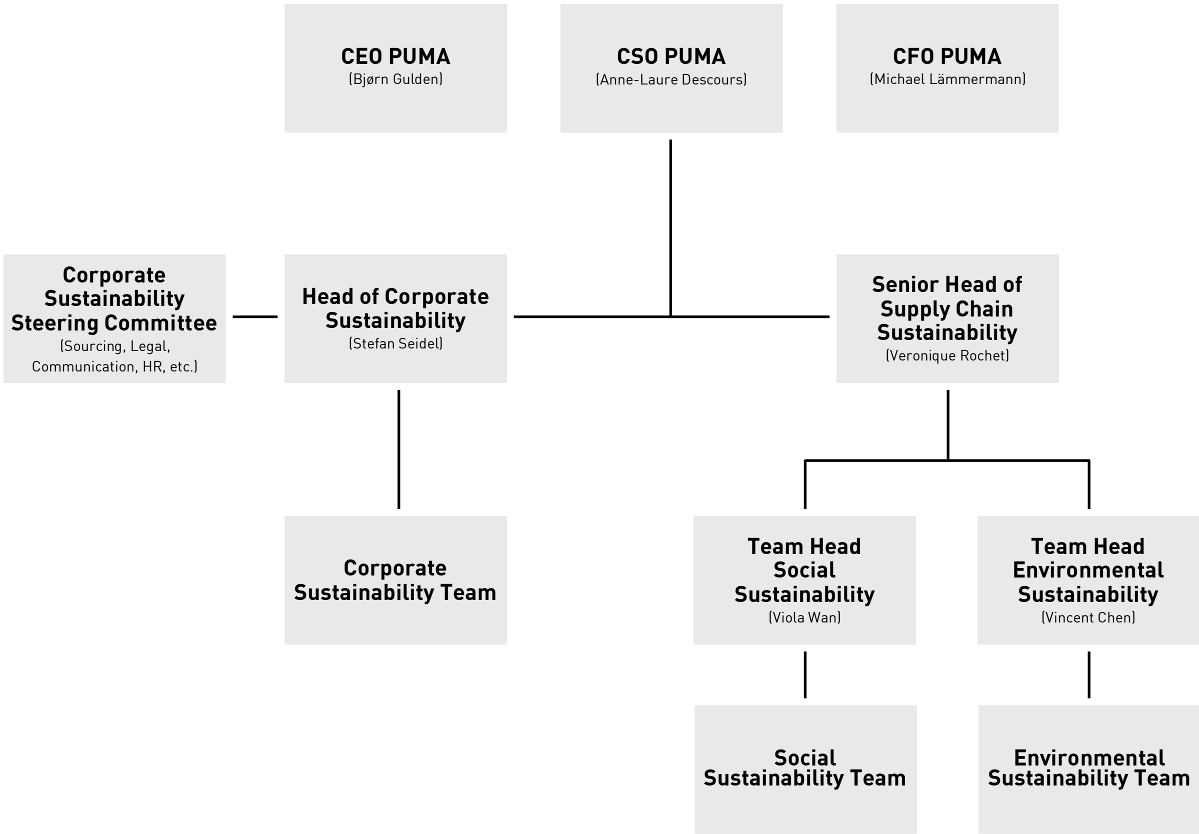
C. Potential non-compliance with chemical regulations during production (T1 or T2)

D. Negative effects of climate change

Further details on PUMA's overall risk management can be found in the Risk Management section. Net risks as outlined in the CSR Directive Implementation Act (§315c in relation to §289c, section 3, number 3 and 3 German Commercial Code (HGB), were not identified in 2020.

* T1 manufacturers of PUMA products; T2 manufacturers of materials and components

↗ G.04 PUMA SUSTAINABILITY ORGANISATION 2020



SCOPE OF DATA COLLECTION

In this report we cover the PUMA Group. We have provided separate reports for PUMA SE and the PUMA Group within the "Governance and our People" section only. Our materiality analysis and EP&L clearly indicate that a major aspect of our impact originates in the manufacturing of materials and components, not in the assembly of finished goods. We therefore have extended our data collection to include our core suppliers of components and materials.

DATA SOURCES

To ensure a high level of transparency and promote the sharing of environmental and social data with our industry peers, we have chosen to use external databases, most of which are publicly accessible:

- The Fair Factories Clearinghouse for sharing compliance-audit data with other brands
- The wastewater platform from the Zero Discharge of Hazardous Chemicals Foundation (ZDHC) for sharing supplier data on wastewater testing
- The ZDHC Chemicals Gateway for the use of safe chemicals (pilot)
- The China-based NGO IPE for the publication of suppliers' environmental data
- IPE's Green Supply Chain Map of environmental performance data of some of our core suppliers in China http://wwwen.ipe.org.cn/GreenSupplyChain/Main.html
- The HIGG Index Platform from the Sustainable Apparel Coalition https://apparelcoalition.org/the-higg-index/

Also, we use our sustainability data collection tool to record social and environmental performance data from PUMA-owned and -operated sites and from the core suppliers that manufacture our products.

SOCIAL ASPECTS

2020 was dominated by the COVID-19 pandemic. Our major challenges regarding social sustainability aspects were:

A. To protect our PUMA staff members and their jobs

B. To work with our business partners, particularly our suppliers, to help them maintain social protection for their staff

C. To ensure the physical and mental wellbeing of our direct and indirect employees

Our highlights in 2020 included:

- Diversified tools for factory workers to voice their opinions; capturing more than 17,500 workers' feedback concerning improvement via a mobile APP survey – a 224% increase – with 99.9% resolution of substantial issues
- Zero fatal accidents at PUMA and its direct suppliers for the third year in a row
- Accelerated pace towards shared industry compliance-assessment tools; increase in the percentage of converted external compliance reports from 43% to 54%
- 490 audit reports from 406 suppliers despite travel restrictions and partial lockdowns
- Closer engagement with suppliers through frequent and open dialog including quarterly surveys and webinars

HUMAN RIGHTS

Relates to United Nations Sustainable Development Goals 3, 5, 8 and 10

Examples of the 10FOR25 human rights targets:
Target 1: Train 100,000 direct and indirect staff on women empowerment
Target 2: Map subcontractors and T2 suppliers for human rights risks
Target 3: 25,000 hours of community engagement globally per year

KPIs:
- Percentage of worker complaints resolved
- Number of factories with an A, B+, B-, C or D grade
- Number of T2 suppliers and subcontractors included in our risk mapping
- Number of zero-tolerance issues prevailing at year end
- Number of employee hours spent on community engagement (KPI shared with HR)
- Number of workers trained on women empowerment

PUMA's sustainability policies are aligned with the United Nations' Declaration of Human Rights, the International Labor Organization's Core Labor Conventions, and the ten principles of the United Nations Global Compact. The observance of human rights was part of our first Code of Conduct developed in 1993 and has guided our business ethics ever since. In 2019, we established a Responsible Purchasing Policy and a related training program to ensure our sourcing practices are aligned with our Code of Conduct. In 2020, we focused on keeping our suppliers in business and safeguarding workers' health, employment, and income through several measures including:

1. Order and Production Management

- Minimizing order cancellations; 0.35% of orders were canceled in 2020
- The canceled orders were not yet in production, we compensated for raw material liabilities
- Agreeing on order delays with our customers during the difficult lockdown period
- Extending our production lead times by 19% on average to facilitate more flexibility along the supply chain

2. Financing and Payments

- Expanding our PUMA Vendor Financing Program with an increase in supplier participation from 21% in 2019 to 30% in 2020. Average usage of the program in 2019 was 10% (USD 196m) of the invoice volume with eligible vendors, which increased to 31% in 2020 (USD 587m)
- Extending payment terms for our suppliers and our customers
- Paying all orders in full and on time
- No late-delivery penalties

3. Guidance and Best-Practices Sharing

Our Sustainability team held three virtual meetings with our suppliers to share best practices and guidelines on social distancing, hygiene measures, and on-time and full payment to workers. Close to 700 people from more than 300 factories attended each session.

↗ T.02 ORDER CANCELLATIONS DUE TO COVID-19

Cancellations (%)	FTW	APP	ACC	Total
Full Year 2020	0.43%	0.34%	0.10%	0.35%

In previous years, we had conducted human rights risk assessments at the corporate and the supply chain level and communicated the results in our 2016 and 2017 Annual Reports. The most salient risks to human rights are forced or bonded labor in our supply chain and, at the farm level, child labor.

It has been the long-standing practice of PUMA to continuously and rigorously monitor our supply chain and conduct human rights due diligence on all of our suppliers globally, including those in major production hubs such as Vietnam, Bangladesh and China. When we became aware of the report by the Australian Strategic Policy Institute (ASPI), we appreciated it as an opportunity to further review our supply chain. As a result of the assessments, we could find no evidence supporting the allegations.

Due to the COVID-19 pandemic, we postponed our activities to eliminate recruitment fees in Taiwan to 2021.

Our Community Engagement Program also has been affected severely by the pandemic. Nevertheless, the efforts of our employees to create positive impact locally by supporting social, health, and environmental causes continued where possible and we were able to donate 19,000 community hours in 2020.

SOCIAL COMPLIANCE

Compliance with our Vendor Code of Conduct remains the foundation of our human rights due diligence process. Since 1999, all direct PUMA suppliers have been frequently audited for compliance with ILO Core Labor Standards, internationally accepted Health and Safety provisions, and basic environmental standards. In recent years, we have also included our most relevant material and component suppliers in our audit program.

Each year, we collect between 300 and 500 audit or assessment reports issued by PUMA's Compliance team, the ILO Better Work Program, our industry peers, or independent experts accredited by the Social and Labor Convergence Program (SLCP).

Despite travel restrictions and partial lockdowns, in 2020 we were able to collect 490 audit reports from 406 suppliers. Four percent of our T1 suppliers failed to meet our requirements. If the company in question was an active PUMA supplier, we worked together to improve the situation. A pass grade was awarded to 89% of companies subjected to a second audit. Seven factories did not manage to sufficiently improve their performance and were consequently removed from our active supplier factory base. Applicants that failed their first audits were not taken on as suppliers.

Our Social and Labor Compliance Program has been accredited by the Fair Labor Association since 2007 and was re-accredited most recently in 2019.

To avoid duplication and prevent auditing fatigue, in 2020 we increased the percentage of shared assessments to 54%, from 43% in 2019. As part of our commitment to the Industry Summit and the Social and Labor Convergence Program, we will further increase our adoption of SLCP-based assessments to at least 50% in 2022. We believe that SLCP is an ideal tool for building long-term relationships with suppliers and supporting them to own their social and labor data.

We employ a team of compliance experts spread across all our major sourcing regions. They regularly visit and audit our core manufacturing partners. We also work with external compliance auditors and with the International Labor Organization's Better Work Program. Each PUMA supplier factory has to undergo one mandatory compliance audit per year and all issues identified need to be remedied as part of a corrective-action plan.

↗ T.03 AUDIT RESULTS 2018-2020

Number of factories audited	2020			2019		2018	
	T1	T2		T1	T2	T1	T2
A (Pass)	82	5		107	10	82	15
B+ (Pass)	116	26		126	17	148	29
B- (Pass)	125	35		121	10	128	42
C (Fail)	11	2		19	2	17	7
D (Fail)	4			4	0	5	0
Total	338	68		377	39	380	93
			406		418		473
Pass/Fail (%)	96/4	97/3		94/6	95/5	94/6	91/9

The extensive nature of the SLCP verified data set has helped to identify additional issues for remediation, which explains why the number of factories with A and B+ grades decreased. We noticed improvements in occupational health and safety, risk management and transparency. Reducing overtime and increasing social security coverage remains a focus of our efforts.

Beyond auditing, we track social key performance indicators such as average payments vs. minimum wage payments, overtime hours or coverage by collective bargaining agreements. Those data are discussed under the Fair Wages target.

We operate multiple worker voice channels. If workers are not satisfied with the responses offered by factories via their respective internal grievance system, we encourage the use of the PUMA Hotline to raise complaints or request consultations. Phone numbers and email addresses for this hotline are published on our Code of Conduct posters displayed at every factory globally. We also use WeChat, Zalo, Facebook, and other social media to connect with workers and have established more formalized compliance and human resources apps at selected core suppliers.

In 2020, a total of 101 complaint issues were raised to PUMA's feedback system across six countries, 44% more than during the previous year. Our team resolved 99% of them. Also, we received 1,021 feedback requests from workers through the MicroBenefits Program in China and Vietnam and the Amader Kotha Helpline in Bangladesh. Initially established as a project by the Alliance for Bangladesh Worker Safety following the Rana Plaza tragedy, the hotline provides a safe, timely, and effective communication channel for the purpose of identifying and resolving safety and other concerns of workers of PUMA's Bangladesh suppliers. Last year, workers raised 703 issues concerning safety, compensation, abuse, etc., a 123% increase year-over-year. Calls related to COVID-19 represented almost half of the total calls received between March and July 2020. Using the app-based technology provided by MicroBenefits in China and Vietnam, we covered more than 30,000 workers from 20 core suppliers. In 2020, we received and resolved 318 grievances or queries from those apps.

We also received five third-party complaints from external organizations related to PUMA's manufacturing partners. They focused on freedom of association, fair compensation, and discrimination. Four complaints were resolved by year end, one is still under follow-up due to the fact that we received it late in the year.

↗ T.04 WORKERS' COMPLAINTS 2018 – 2020

Workers' complaints	2020	2019	2018
Total received – external channels	**1021**		
Total received – PUMA Hotline	101	70	55
Total confirmed	984	61	44
Resolved	983	61	44
Not resolved	1	0	0
Resolved (%)	**99.9%**	**100%**	**100%**

↗ CASE STUDY

In spring of 2020, we received a tip-off through the Amader Kotha Helpline of possible workers' retrenchment in one of the Bangladeshi factories producing for PUMA. We immediately engaged with the supplier and the Better Work Bangladesh team. Due to the complexity of the case, it took months to evaluate the nature of the process and to investigate whether labor laws were being followed. Nevertheless, a Memorandum of Understanding (MoU) with the affected workers and the factory was signed. Over the summer, a trade union federation contacted PUMA and other brands with concerns related to the retrenchment of workers. PUMA worked with the other brands, Better Work Bangladesh, the employer association, and IndustriAll to coordinate a peaceful resolution. After the signing of an MoU, workers were re-instated or compensated.

All issues identified during our auditing and hotline activities are classified as zero-tolerance issues (such as child labor or forced labor), critical issues, or other issues.

As the name implies, zero-tolerance issues lead to the immediate failure of an audit. If these issues are reported for a new factory, the factory will not be allowed to produce PUMA goods. Established suppliers must remedy all zero-tolerance issues immediately by conducting a root-cause analysis and implementing preventive measures to avoid the issue from reoccurring in the future. As a last resort, business relationships will be terminated if the factory fails to cooperate. Other issues also are followed up by our Compliance team.

During 2020, we identified and were able to remedy four zero-tolerance issues (workers' compensation below legal requirement, failure to renew business license).

↗ T.05 ZERO-TOLERANCE ISSUES (ZTIS) FOR THE LAST THREE YEARS

Country	2020	2019	2018	Total
Bangladesh	4	0	0	
Cambodia	0	0	1	
China	0	1	1	
Indonesia	0	1	1	
Vietnam	0	1	2	
Total	**4**	**3**	**5**	

↗ ENGAGEMENT WITH BETTER WORK

Despite the challenges we were facing, in 2020 PUMA continued to be a committed partner of Better Work. Established as a partnership between the UN's International Labor Organization and the International Finance Corporation, a member of the World Bank Group, Better Work brings governments, global brands, factory owners, unions, and workers together to improve working conditions in the garment industry and the competitiveness of the sector. By ensuring its suppliers participate in the program, PUMA supports factory ownership and long-term solutions built on effective worker-management dialog, efficient management systems, and a commitment to ongoing learning and improvement. PUMA collaborates on national and policy-level issues, using its voice to support positive change in the apparel sector more broadly. We look forward to continuing to work together to help make the global garment industry more resilient and responsible.

TARA RANGARAJAN
Head of Communications, Brand Engagement, and Americas, Better Work

FAIR INCOME

Target description:

- Carry out fair-wage assessments including mapping of a specific wage ladder for top five sourcing countries to help improve their wage levels and practices
- Ensure bank transfer payment to workers by all core suppliers by 2022
- Ensure effective and freely elected worker representation at all core T1 suppliers through collaboration with other brands

Relates to United Nations Sustainable Development Goals 1, 2 and 10

KPIs:

- Percentage of average wages compared to minimum wage
- Percentage of workers with permanent contracts
- Percentage of workers with social insurance coverage
- Percentage of workers paid via bank transfer
- Percentage of factories with freely elected worker representation
- Percentage of factories with collective bargaining agreements
- Number of countries with fair wage assessments over the last five years

For the definition of fair wages, PUMA follows the requirements for compensation set out in the Code of Conduct published by the Fair Labor Association (FLA):

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

https://www.fairlabor.org/our-work/labor-standards

The Fair Wage Network conducted wage assessments in Bangladesh and Cambodia and evaluated the wage systems of selected factories across 12 dimensions, focusing on five major areas: legal compliance, wage levels, wage adjustments, pay systems, and social dialog and communication.

https://fair-wage.com/12-dimensions/

As part of our efforts to ensure fair wage practices at the factories of our suppliers, we have defined the full payment of minimum wage as a zero-tolerance issue. This means that to be taken on as or to remain active PUMA suppliers, companies have to pay minimum wages in full compliance with local regulations. Provisions around payment of overtime hours and social insurance also are clearly articulated in the PUMA Code of Conduct and are scrutinized regularly based on our Compliance Audit Program.

For other dimensions of fair wages, we had asked the Fair Wage Network to conduct formal fair wage assessments at our core suppliers based in Bangladesh (2018) and Cambodia (2019). We had planned to expand these efforts to Indonesia in 2020 but postponed them to a time after the COVID-19 pandemic.

↗ T.06 FAIR INCOME TARGET STATUS

Sub-targets	Baseline 2020	Target 2025
Bank transfer payment (% of core T1 and T2 suppliers)	90%	100%
Percentage of core T1 factories with freely elected worker representation	33%	100%
Fair wage assessments (mapping of a specific wage ladder for top five sourcing countries)	2 out of 5	5 out of 5

The formal fair wage assessments revealed generally high levels of performance in the following areas:

Payment of wages:	Wages were found to be paid regularly and in full
Minimum wage:	Starting wage level at least at or above the minimum wage
Wage costs:	General increase in wage costs over the last three years which confirms moderate wage improvements

In Bangladesh, areas that require improvement include the lack of social dialog on income to ensure wages cover workers' expenses. While social dialog on wages has been identified as performing high in Cambodia, further efforts should be made for workers to access the necessary information on minimum wage.

Also, we will expand the use of the Fair Labor Association's Fair Wage Dashboard to gauge wages based on diverse benchmarks (minimum wage, average wage, living wage) aligned with other FLA members.

↗ CASE STUDY

In 2016, the FLA assessed a strategic facility in rural Tay Ninh Province, Vietnam. A follow-up assessment to measure remediation progress was conducted in 2019; hours of work and compensation violations were identified. The piece-rate system in place at the factory discouraged workers from taking sick leave or breaks during the workday, putting pregnant workers and new mothers at disproportionate risk. Workers earned an average net monthly wage of 74% of the Global Living Wage Coalition's living wage estimate. Further, the average worker's compensation for overtime constituted 60% of their total wages. PUMA and the factory worked together to identify the root causes of the violations related to hours of work and compensation. On average, the workers' net monthly wage increased by 43% between 2016 and 2019. By 2019, the average net wage for workers had increased to 4.7 million VND (roughly USD202) and overtime wages had decreased to 1.6 million VND (roughly USD71). By adjusting the factory's payment system and production planning, PUMA and the factory successfully reached a living-wage agreement for the workers.

Table T.07 confirms that most of our core suppliers pay basic wages that exceed minimum wage significantly, 13% on average. Adding overtime and bonus payments, this figure increases to 54.7%, a reduction from previous years which can be attributed to the financial implications of the COVID-19 pandemic and a reduction of average overtime from 7.1 to 5.4 hours per week. Social insurance coverage increased by 2% to 95.6% and the percentage of permanent workers was raised from 69.1% to 74.4%.

↗ T.07 SOCIAL KPIS PUMA CORE SUPPLIERS 2018-2020

2020	SOUTH ASIA			SOUTHEAST ASIA					EMEA	2020	2019	2018
KPI	Bangladesh	India	Pakistan	China	Cambodia	Indonesia	Philippines	Vietnam	Turkey	Average	Average	Average
Gross wage paid above minimum wage excluding overtime and bonuses (%)	14.8	13.9	34.5	7.0	8.8	4.9	0.0	31.7	1.6	13.0	17.6	20.9
Gross wage paid above minimum wage including overtime and bonuses (%)	51.1	13.9	39.9	168.3	55.5	31.9	19.4	89.3	22.8	54.7	73.1	83.7
Workers covered by social insurance (%)	100.0	100.0	99.9	69.1	100.0	91.0	100.0	100.0	100.0	95.6	93.6	95.3
Overtime (hours per week)	10.5	0.0	0.0	14.6	4.5	4.6	6.1	5.4	3.2	5.4	7.1	6.1
Workers covered by a collective bargaining agreement (%)	0.0	0.0	0.0	94.1	48.3	0.0	0.0	100.0	0.0	26.9	25.4	26.7
Female workers (%)	41.6	45.0	8.8	61.2	83.7	80.1	70.8	79.8	58.6	58.8	59.4	56.0
Permanent workers (%)	100.0	100.0	99.9	29.4	44.0	62.3	88.2	45.6	100.0	74.4	69.1	68.0
Annual turnover rate (%)	34.8	7.7	21.8	55.2	46.5	28.8	8.5	42.0	24.2	29.9	38.2	36.8
Injury rate (%)	0.4	0.9	0.0	0.6	0.2	0.2	0.7	0.2	0.2	0.4	0.5	0.6
Number of suppliers	8	1	2	17	6	3	2	18	1	58	59	50

*Data received from 58 PUMA core suppliers representing 81.4% of 2020 production volume; reporting period for data collection: November 2019 – October 2020

HEALTH AND SAFETY

Target description:
- Zero fatal accidents
- Reduce accident rate to 0.5 at PUMA and at suppliers
- Building safety operational in high-risk countries

Relates to United Nations Sustainable Development Goal 3

3 GOOD HEALTH AND WELL-BEING

Examples of the 10FOR25 action plan:
- Expand building safety projects to include Indonesia
- Ensure professional risk assessments are conducted regularly

KPIs:
- Number of fatal accidents at Tier 1 and core Tier 2 factories
- Average injury rate at PUMA (reported in the Our People section)
- Average injury rate at core Tier 1 suppliers
- Number of factories subject to our Building Safety Assessment Program

Due to special circumstances resulting from the COVID-19 pandemic, in 2020 we added the following measures and KPIs:

- Informing our supplier base that we expect full compliance with national health and safety measures
- In the absence of national health and safety measures, demanding compliance with the safety measures recommended by the ILO Better Work Program and/or the World Health Organization
- Best-practices sharing of suppliers on health and safety measures during our Round Table Meetings

Ensuring safe working conditions for our own employees and hundreds of thousands of indirect employees at our manufacturing partners is an ethical imperative but also makes good business sense. In 2015, we set a target of zero fatal accidents and also aimed to reduce the number of work-related accidents.

Apart from our ongoing auditing program that includes occupational health and safety assessments, we implemented our Building Safety Assessment Program in countries where we identified risks. We also set up professional risk assessments at all our major manufacturing partners.

From 2015 to the end of 2019, our Building Safety Assessment Program covered the following countries:

↗ T.08 BUILDING SAFETY ASSESSMENT PROGRAM

Country	No. of factories	Comments
Bangladesh	11	Part of our ongoing membership of the Bangladesh Accord
India	5	In partnership with AsiaInspection
Indonesia	4	In partnership with AsiaInspection
Pakistan	6	In partnership with Elevate

None of our suppliers have been involved in any structural building safety incidents or factory fires since 2015.

As part of our audit program, we continue to ascertain that our suppliers conduct health and safety risk assessments and have functional health and safety committees in place.

We are happy to report that we recorded zero fatal accidents at our suppliers for 2018, 2019, and 2020 as well as slightly reduced accident rates at our core suppliers.

↗ T.09 INJURY RATES AT CORE SUPPLIERS

Country	Injury rate 2020	Injury rate 2019	Injury rate 2018
Bangladesh	0.4	0.3	0.3
Cambodia	0.2	0.5	3.2
China	0.6	0.5	0.5
Indonesia	0.2	0.2	0.3
Vietnam	0.2	0.3	0.3
Average	**0.4**	**0.5**	**0.6**
Fatal accidents	**0**	**0**	**0**

As we believe that the health and safety of the people working for PUMA and in PUMA production always come first, we will continue to work with our own entities and suppliers to avoid infections and accidents.

ENVIRONMENT

The purpose of our environmental efforts is to ensure that PUMA and its suppliers are in full environmental compliance and any negative impact on the environment is reduced.

We frequently conduct efficiency audits at our own entities. Compulsory in the European Union, these audits help us identify energy saving opportunities at our offices, stores, and warehouses and roll them out on a global basis.

As far as our suppliers are concerned, our PUMA compliance audits (detailed in the Human Rights section) contain a dedicated section on environmental and chemical compliance. For example, during each audit we inspect environmental permits, waste management, and effluent treatment plants.

In addition, we continued to ask all our core suppliers to complete the Environmental Facilities Module developed by the Sustainable Apparel Coalition. In 2020, a total of 127 assessments – a 19% increase compared to 2019 – were subjected to external verification, which equates to an on-site environmental audit. This figure is complemented by audits our suppliers frequently undergo to obtain environmental certifications such as those issued by bluesign®, OEKO-TEX® GOTS, GRS, or the Leather Working Group.

↗ T.10 ENVIRONMENTAL ASSESSMENTS OF SUPPLIERS

Assessment Type	2020	2019	2018
HIGG FEM 3.0	127	107	43
bluesign®	23	24	26
Leather Working Group	12	13	15

Going forward, we will continue to encourage our suppliers to carry out environmental assessments that follow industry standards. In 2020, we also developed a scoring system for the HIGG Facility Environmental Module of the Sustainable Apparel Coalition. We will report our core suppliers' aggregate scores starting in 2021.

Further data on the environmental performance of PUMA and our suppliers can be found in the Climate and the EP&L sections.

CLIMATE

Target description:
Existing science-based CO_2 emission target:

- Reduce greenhouse gas emissions from PUMA's own entities (Scope 1 and 2) by 35% compared to the 2017 baseline (absolute reduction)
- Reduce emissions from PUMA's supply chain (Scope 3: purchased goods and services) by 60% relative to sales

New 10FOR25 targets

- Align PUMA's CO_2 emission target with a 1.5 degree scenario (that is, what is required to limit global warming to 1.5 degrees)
- Move 100% of PUMA's own entities to renewable electricity
- Expand the use of renewable energy at PUMA's core suppliers to 25%

Relates to United Nations Sustainable Development Goals 7 and 13

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Examples of the 10FOR25 action plan:

- Work with industry peers on climate action through the Fashion Industry Charter for Climate Action and the Fashion Pact
- Join industry-level energy efficiency programs for suppliers in our top five sourcing regions
- Join industry-level programs for renewable energy in our top five sourcing regions
- Replace all coal-fired boilers at PUMA's core suppliers
- Reduce emissions from the transport of goods by transitioning to more carbon-efficient modes of transport
- Gradually transition to materials with a lower carbon footprint such as recycled polyester
- Switch all PUMA offices, stores, and warehouses to renewable electricity tariffs or renewable energy attribute certificates
- Gradually move PUMA's fleet vehicles to alternative engines (hybrid, electric, or hydrogen)

KPIs:

- Direct CO_2 emissions from own entities (Scope 1)
- Indirect CO_2 emissions from own entities (Scope 2)
- Indirect CO_2 emissions from manufacturing, business travel, and transport of goods (Scope 3)
- Percentage of core suppliers covered by energy efficiency programs
- Percentage of core suppliers covered by renewable energy programs
- Percentage of core suppliers with coal fired boilers (Tier 1 and Tier 2)

During the UN Climate Conference in Paris in 2015, PUMA agreed to set a science-based CO_2 emissions target. In 2018, PUMA co-founded the Fashion Industry Charter for Climate Action, an industry-wide coalition which aims at aligning the fashion industry's emissions with the targets included in the Paris Agreement. One year later, PUMA agreed and published its science-based emission target (SBT) with the SBT Coalition and joined the Fashion Pact, which also includes a climate action commitment.

In 2020, we continued our transition to renewable energy for the offices, stores, and warehouses under our control. Through renewable energy tariffs and the purchase of renewable energy attribute certificates (RECs) where no such tariffs were available, we increased the coverage of renewable electricity within our own Scope 2 emissions to 100%. To further reduce our Scope 1 emissions, which can be attributed largely to the vehicles in our fleet, in 2020 we introduced the first six hydrogen cars and expanded the number of electric cars from two to nine. For the future, we plan to increase the number of cars with alternative engines by 10% each year.

We combined our SBT agreement with an increased effort to support the use of renewable electricity by purchasing RECs for countries where PUMA has a major presence and renewable electricity cannot be purchased directly. We purchased RECs worth 50% of PUMA's emissions from electricity for 2018 retroactively and increased that figure to 74% in 2019 and to 100% in 2020.

In this way, we managed to lower our combined Scope 1 and 2 emissions by 71% compared to 2019 and by 89% compared to 2017. Taking these RECs into account, we already have hit our science-based emissions target of 35% for Scope 1 and 2 emissions. We also achieved the absolute 45% reduction required to align our target with a 1.5 degree scenario.

Over the coming years, we will aim at replacing the RECs certificates with renewable energy tariffs and/or power purchase agreements where possible and as mentioned above, expanding the percentage of cars equipped with alternative engines by 10% each year.

For our Scope 3 emissions, we decided to focus entirely on purchased goods and services since this also is the category in which many of our indirect emissions are created. In addition, we set a target to reduce emissions from the transport of goods by 20% relative to the volume transported.

To reduce the emissions from the production of our PUMA goods, we worked with our suppliers on several programs ranging from energy efficiency to installing on-site solar photovoltaic power plants to generate renewable energy. The details are shown in the table below:

↗ T.11 SUPPLIER CLIMATE ACTION PROGRAMS

Country	Vietnam	China/Taiwan	Bangladesh	Cambodia	Indonesia	Total
Efficiency Program	Clean by Design (CbD)	Clean by Design (CbD) Low Carbon Manu-facturing Program (LCMP)	Partnership for Cleaner Textiles (PaCT)			
Renewable Energy Program	GIZ Solar PV		Partnership for Cleaner Textiles (PaCT) GIZ Solar PV	GIZ Solar PV	GIZ Solar PV	
Number of factories covered (energy efficiency/renewable energy projects)	20	10	10	1		41
Percentage of core factories covered (energy efficiency/ renewable energy projects)	50%	24%	80%	13%		34%
Percentage of core factories with coal fired boilers	13%	8%	0%	13%		8%

In 2021, we will continue working with all our core suppliers to agree on individual reduction plans. We also plan to launch a program to replace the coal fired boilers used by our core supplier base, ideally under the umbrella of the Fashion Industry Charter for Climate Action.

↗ CASE STUDY

When the sun rises over the outskirts of Ho Chi Minh City in Vietnam, the large flat roof of the Leading Star factory starts to generate electricity and reduce carbon emissions in PUMA's supply chain.

The factory, which makes knits and woven apparel for PUMA, installed solar panels on its roof last year in cooperation with PUMA and German development agency GIZ PDP. After the first phase of the project was completed in December 2020, Leading Star was able to reduce its carbon emissions from electricity by 25%. Per year, this installation alone will save 1,331 tonnes of CO_2. There are plans to expand the solar installation so that half of the electricity used by the factory will come from solar panels.

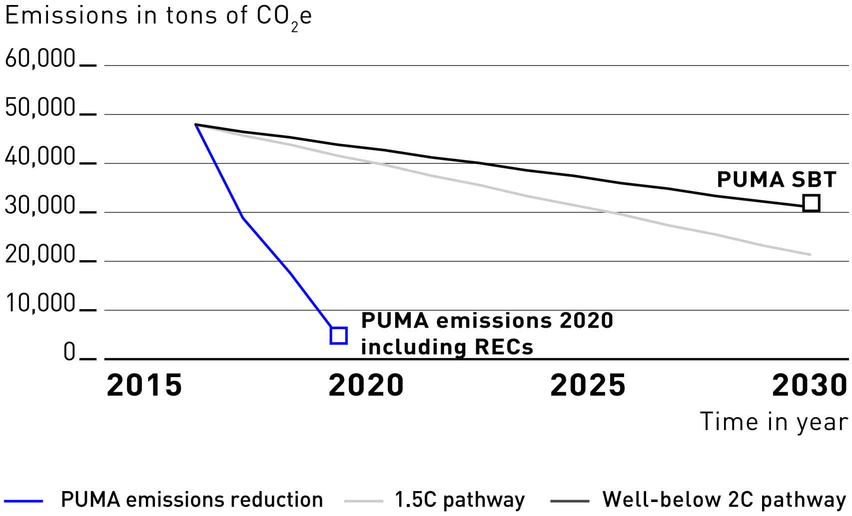
In China, Ningbo Shenzhou implemented the Clean by Design Program. Thanks to better resource data management, increased staff awareness, steam valve and pipeline insulation, and an equipment upgrade, it has seen annual energy savings of up to 7.7% and water savings of up to 13.0%. CO_2 emissions have been reduced by 9.7%.

↗ PUMA CLIMATE ACTION PROGRAM

PUMA continues to play a key role in driving industry action, both through a leadership role in the UN-convened Fashion Industry Charter for Climate Action and through an active role in the Fashion Pact, a global coalition of companies in the fashion and textile industry working together to help stop global warming, restore biodiversity, and protect the oceans. PUMA has not only taken decisive action to meet its own goals around operational and supply chain renewable energy sources, but it has also supported the rollout of a collective program to rapidly scale improvements on sourcing renewable energy within key countries. I look forward to seeing even more ambition from PUMA in the future, as it continues its leadership role on climate action, delivers its existing goals, and aligns its climate targets with a 1.5-degree pathway.

LAILA PETRIE
CEO 2050, Co-Chair of the Fashion Industry Charter Steering Committee,
Climate delivery partner for the Fashion Pact

↗ G.05 AGREED EMISSION TARGETS (SCOPE 1 AND 2*) (t CO_2e)



* Including renewable energy attribute certificates

The reduction of our Scope 3 emissions at the factory level is complemented by purchases of more sustainable – and therefore less carbon-intensive – raw materials. In 2020, we used 82.8% bluesign®- or OEKO-TEX®-certified polyester and 16.7% recycled polyester for apparel and accessories, 100% cotton from the Better Cotton Initiative, and 97.9% leather from Leather Working Group medal rated tanneries. In addition, 99.0% of our primary paper and cardboard packaging was recycled or FSC-certified paper. By 2025, we aim to use 75% recycled polyester.

↗ T.12 SCOPE 1 AND SCOPE 2 CO_2E EMISSIONS FROM PUMA

CO_2e emissions[1-6] (absolute figures)	2020	2019	2018	2017	% Change 2019/2020	% Change 2017/2020
Scope 1 – direct CO_2e emissions fossil fuels	**4,179**	6,326	6,918	7,678	-34%	-46%
Vehicle fleet	1,985	3,618	4,073	4,134	-45%	-52%
Heating	2,194	2,708	2,845	3,545	-19%	-38%
Scope 2 – indirect CO_2e emissions (location based)	**29,839**	40,986	43,366	40,029	-27%	-25%
Scope 2 – indirect CO_2e emissions (market based)	**1,078**	11,533	22,128	40,029	-91%	-97%
Electricity (location-based)	28,761	39,282	42,145	38,914	-27%	-26%
Electricity (market-based)	0	9,828	20,907	38,914	-100%	-100%
Steam	1,078	1,705	1,221	1,115	-37%	-3%
Total Scope 1 and 2 (location-based)	**34,018**	47,312	50,284	47,707	-28%	-29%
Total Scope 1 and 2 (market-based)	**5,257**	17,858	29,046	47,707	-71%	-89%
Scope 1 and 2 relative to sales (t CO_2e per € million sales) (location-based)	6.5	8.6	10.8	11.5	-24%	-43%
Scope 1 and 2 relative to sales (t CO_2e per € million sales) (market-based)	1.0	3.2	6.2	11.5	-69%	-91%

↗ T.13 PUMA'S SCOPE 3 CO_2E EMISSIONS FROM SELECTED VALUE CHAIN ACTIVITIES

CO_2e emissions[1-6] (absolute figures)	2020	2019	2018	2017	% Change 2019/2020	% Change 2017/2020
Scope 3 – indirect CO_2e emissions from corporate value chain	**211,108**	250,240	222,315	208,525	-16%	1%
Purchased goods and services – Tier 1 suppliers	113,561	123,769	126,590	123,061	-8%	-8%
Fuel- and energy-related activities*	2,855					
Upstream transportation and distribution	91,775	107,744	104,347	105,380	-15%	-13%
Inbound	67,842	98,386	98,386	98,386	-31%	-31%
Outbound**	23,933	9,358	5,961	6,994	156%	242%
Business travel	1,751	18,727	15,582	14,394	-91%	-88%
Upstream leased assets*	1,166					
Total Scope 1-3 (market-based)	**216,365**	268,098	251,361	256,232	-19%	-16%
Annual sales PUMA (in € million)	5,234	5,502	4,648	4,136	-5%	27%
Total Scope 1-3 relative to sales (t CO_2e per € million sales) (market-based)	41.3	48.7	54.1	62.0	-15%	-33%
Total Scope 3 relative to sales (t CO_2e per € million sales)	40.3	45.5	47.8	50.4	-11%	-20%

* Emissions from the respective Scope 3 categories were reported under Scope 1 and 2 in previous years.

** In 2020, upstream outbound values were adjusted to fully cover the e-commerce business and exclude B2B express volumes.

1. PUMA's greenhouse gas reporting is in line with the GHG Protocol International Accounting Standard.
2. Methodological changes over the last three years have influenced results. In 2020, updated emission factors were applied and the consolidated structure changed due to full alignment with the GHG Protocol.
3. The consolidation scope follows the operational control approach, including PUMA-owned or -operated offices, warehouses, stores, and own industrial sites (Argentina).
4. Outsourced Tier 1 production is accounted in the Scope 3 emissions under Purchased goods and services, covering CO_2 emissions from all three product divisions (Accessories, Apparel, and Footwear).
5. PUMA applied emission factors from internationally recognized sources such as the International Energy Agency (IEA) (2019) and DEFRA Conversion Factors (2020). For some Scope 3 emissions, emission factors are based on supplier- and industry-specific emission factors.
6. For sea freight transportation, PUMA follows the recommendation and new methodology of the Clean Cargo Working Group that has transitioned from the use of tank-to-wheel (TTW) CO_2 to well-to-wheel (WTW) CO_2-equivalent emission factors for all fuels.

CHEMICALS

Target description:
- 100% of all PUMA products are safe to use
- Reduce RSL failures to below 1%
- Reduce organic solvent usage under 10 gr/pair

Relates to Sustainable United Nations Development Goals 3 and 6

KPIs:
- Number and pass rate of Restricted Substance List (RSL) tests
- Percentage of failure cases at the product level among all styles gone to sales
- Percentage of chemicals used by our core suppliers who are in compliance with the Manufacturing Restricted Substances List (MRSL) issued by the Zero Discharge for Hazardous Chemicals Foundation (ZDHC)
- VOCs used in footwear production (VOC index for shoes)

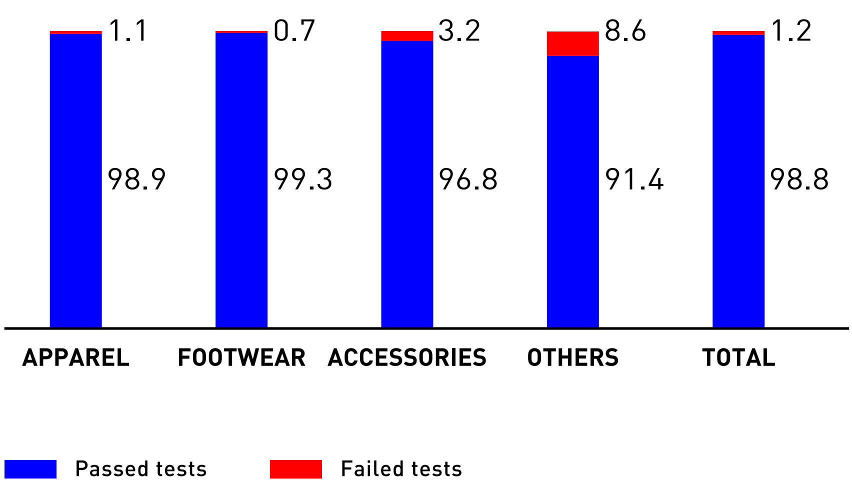
While the effects of potentially hazardous chemicals on human health have yet to be assessed in full, PUMA takes precautionary measures to prevent harm to human health and the environment from its products and operations.

All the materials used in PUMA products are subject to our Restricted Substance List (RSL) Testing Program to ensure compliance with global chemicals regulations.

Rather than applying internal testing standards, for our tests we rely on the AFIRM Group's Product RSL and on the Manufacturing RSL developed by the Hazardous Chemicals Foundation (ZDHC).

Since 2018, we have increased the number of RSL tests from 5,318 to 7,465 and decreased our failure rate from 1.9% to 1.2%. When materials fail an RSL test, they cannot be used for PUMA products until the failure has been corrected and they successfully pass the test. In this way, we mitigate the risk of product-level RSL failures.

↗ G.06 2020 RSL FAILURE RATE BY DIVISION (%)



↗ T.14 RSL TEST STATISTICS 2018-2020

Product Division	2020		2019		2018		Variation 2019/2020 (%)		Variation 2018/2020 (%)	
	No. of test reports	Compliance rate (%)	No. of test reports	Compliance rate (%)	No. of test reports	Compliance rate (%)	No. of test reports	Compliance rate	No. of test reports	Compliance rate
Footwear	5,117	99.3	4,668	99.2	3,512	98.4	9.6	0.1	45.7	0.9
Apparel	1,318	98.9	1,239	99.1	988	98	6.4	-0.2	33.4	0.9
Accessories	878	96.8	639	96.2	764	97.1	37.4	0.6	14.9	-0.3
Others	152	91.4	59	100.0	54	100	157.6	-8.6	181.5	-8.6
Total	**7,465**	**98.8**	**6,605**	**98.9**	**5,318**	**98.1**	**13.0**	**-0.1**	**40.4**	**0.7**

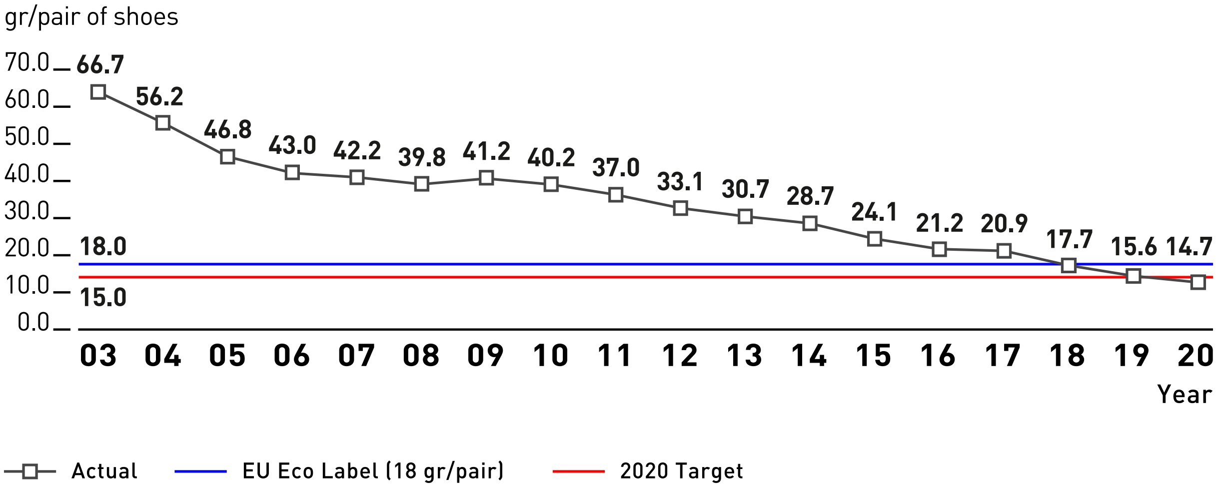
At the manufacturing level, as part of our Zero Discharge of Hazardous Chemicals commitment we continued to ban the intentional use of 11 priority chemical groups classified as particularly hazardous. This phase-out was supported by the increased use of bluesign®- and OEKO-TEX®-certified materials. While the use of most of these chemical groups was never intentional, poly-fluorinated chemicals (PFCs) were used until 2017 for water repellent finishes on apparel and footwear products. In 2020, we engaged in detailed discussions with Gore-Tex on the potential use of its bluesign®-certified membranes and finishes which are either completely PFC-free or free from PFCs of environmental concern.

The phase-out of hazardous substances is reflected in the results of wastewater tests performed by our core wet-processing suppliers: compliance levels of over 94% for each of the parameters listed in the ZDHC MRSL. Most parameters show compliance rates of 100% or close to 100%, except for harmful AZO Dyes (98% compliance) and PFCs (94% compliance). Although phased out by PUMA, the two chemicals still were found in a small number of samples because we share production lines with other brands and retailers.

During 2020, we also successfully piloted the MRSL tracking tool BHive by Goblu. This tool uses a relatively simple mobile phone application at the chemical-inventory level to track and trace the percentage of MRSL-compliant chemicals used by suppliers.

With the help of our footwear suppliers we managed to further reduce the number of solvents or volatile organic compounds (VOCs) per pair to below 15 grams in line with our target projection for 2020. This reduction was a direct result of our long-standing VOC Program, which saw the first targets achieved as early as 2003. We are confident that the use of new technologies such as hotmelt adhesives, water-based adhesives, and improved VOC content in the products of major adhesive suppliers will help us reduce the amount of organic solvents to below 10 gr/pair by 2025.

↗ G.07 VOC INDEX DEVELOPMENT OVER TIME*



* Since 2019 figure-based for core suppliers in alignment with the general reporting scope

WATER AND AIR

Target description:

- Industry good practice for effluent treatment is met by 90% of core PUMA suppliers with wet-processing facilities
- Industry good practice for air emissions is met by 90% of core PUMA suppliers with significant emissions
- Reduce water consumption at PUMA core suppliers per pair or piece by 15% (based on 2020 baseline)

Relates to United Nations Sustainable Development Goals 6, 14 and 15

Examples of the 10FOR25 action plan:

- Ensure regular wastewater testing at relevant suppliers
- Ensure regular air-quality assessments at relevant suppliers
- Support the development of an industry-wide air quality standard

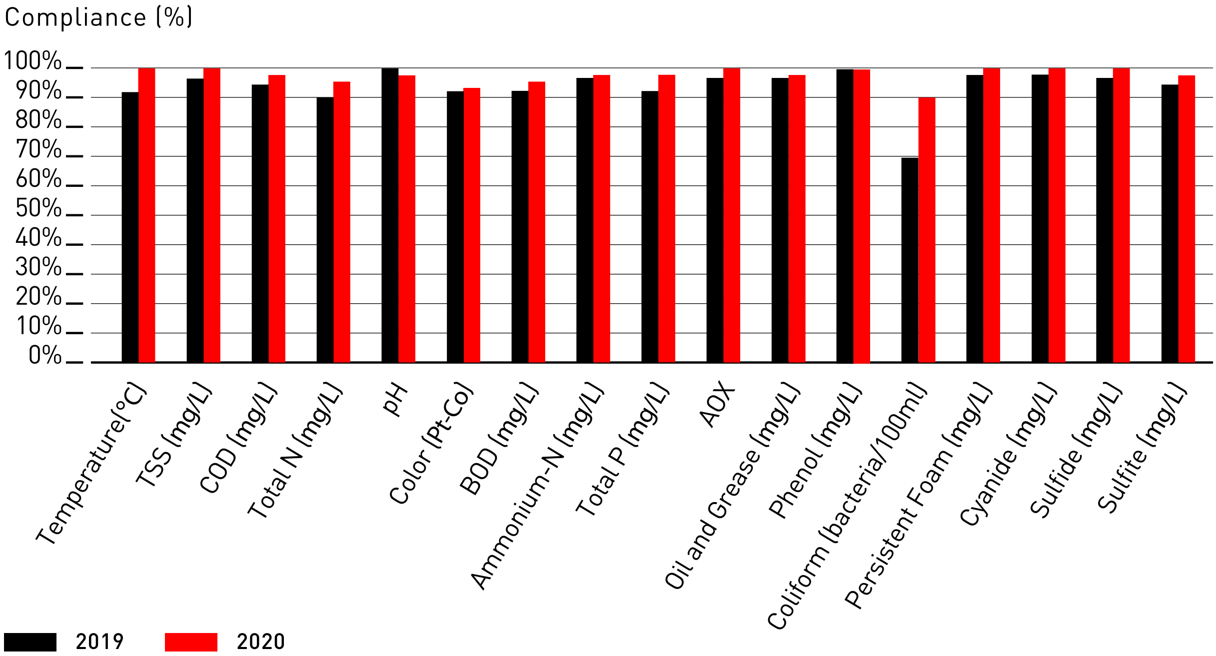
KPIs:

- Percentage of core suppliers meeting good practice standards for wastewater
- Percentage of core suppliers meeting good practice standards for air emissions
- Percentage of water saved per pair/piece

Since 2015, we have increased the number of wastewater tests from 33 to 72 suppliers and 125 test reports, covering approximately 96% of all our core suppliers with industrial wet-processing facilities.

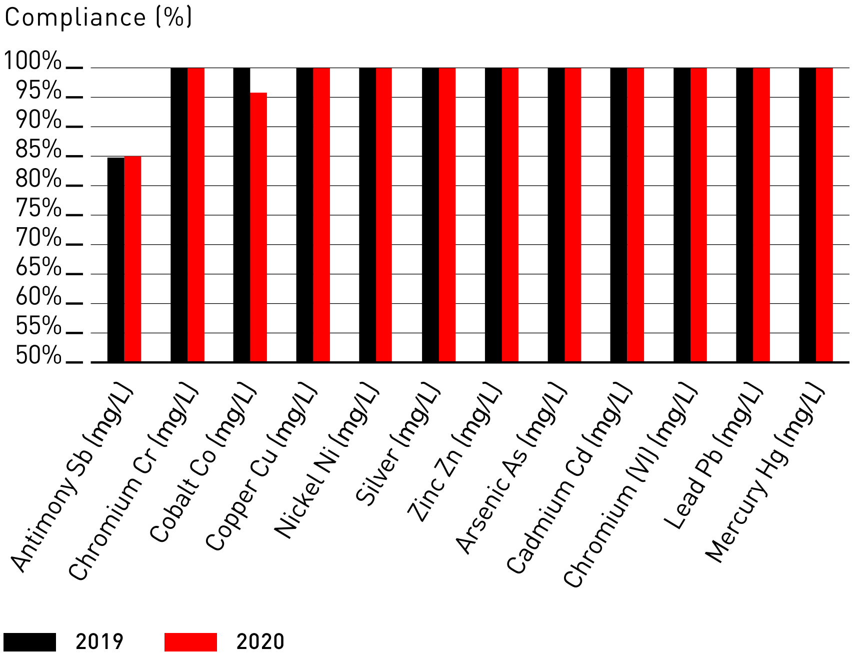
The test results confirm that priority hazardous chemicals have been phased out as planned. Regarding the conventional wastewater parameters that apply only to suppliers that discharge their wastewater directly into natural water bodies, in 2019 we failed to hit our target of 90% compliance for one out of 17 parameters (coliform bacteria). However, our suppliers closed this gap in 2020. Consequently, all our core suppliers now are 90% in compliance with the ZDHC Wastewater Guidelines (foundational level). This means we also have achieved our last remaining wastewater target from the 10FOR20 cycle.

↗ G.08 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – CONVENTIONAL PARAMETERS



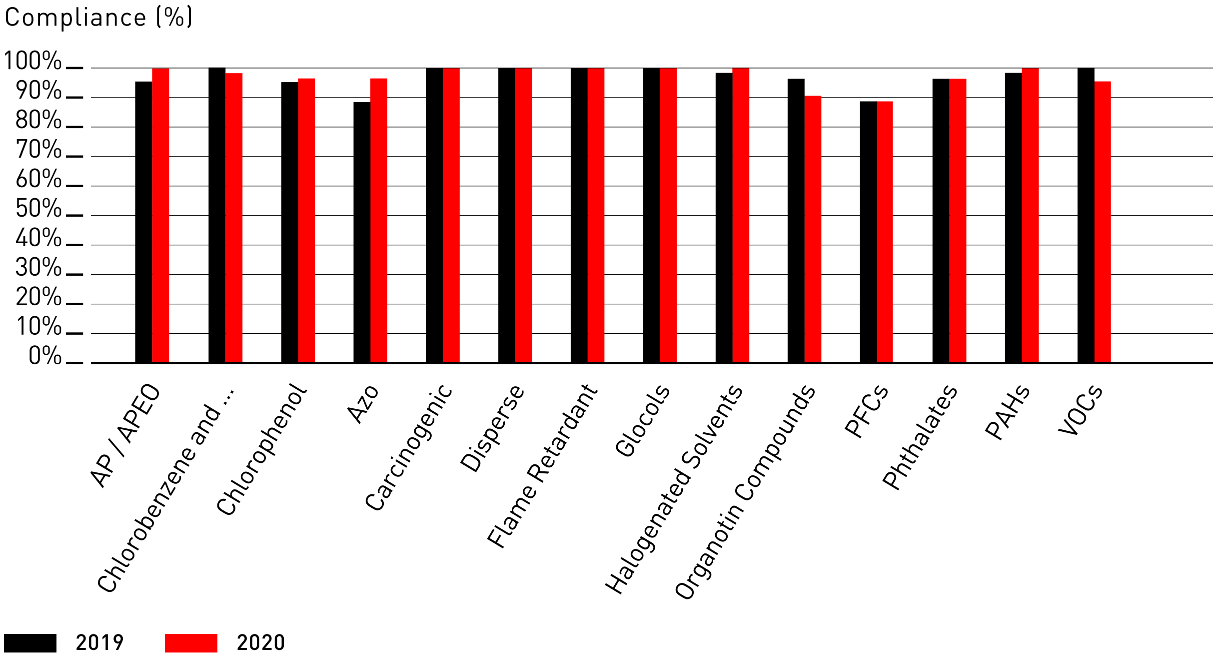
In terms of heavy metals and the chemical parameters regulated in the ZDHC MRSL, the suppliers we tested were able to keep their high compliance rates above 90% for each parameter measured, with the exception of antimony. However, antimony is exempt from the ZDHC Wastewater Guidelines for polyester producers because they use it as a catalyzer.

↗ G.09 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – HEAVY METALS



* Antimony is exempt for mills that produce or dye polyester fabric.

↗ G.10 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – RESTRICTED CHEMICALS



Since the publication of the ZDHC Air Emission Guidelines was delayed by the impact of COVID-19 in 2020, we decided to conduct an internal study to monitor our supply chain's performance regarding air emissions. We examined a random sample of 30 core factories air emissions test reports (including point sources of gas and ambient air quality) for compliance with global (covering major supply chain regions such as China, Vietnam, Bangladesh, Cambodia, and Indonesia) and local regulations. The result shows that 100% of the core factories sampled were compliant.

PLASTICS AND THE OCEANS

Target description:

- Support initiative and scientific research on microfibers, work with core suppliers to reduce microfiber release
- Research biodegradable polyester for use in PUMA products
- Eliminate plastic bags from PUMA stores and review the impact of hangers and fixtures

Relates to United Nations Sustainable Development Goals 3, 14 and 15

KPIs:

- Tons of plastic bags used in PUMA stores
- Percentage of PUMA offices that have eliminated single-use plastic
- Percentage of plastic packaging recycled

↗ T.15 ELIMINATION OF SINGLE USE PLASTICS

Sub-targets	Baseline 2020	Target 2025
Plastic shopping bags (stores, tons)	400	0
Plastic bags (product packaging, tons)	245	
Plastic bags recycled (product packaging, recycled (%))	4.9%	
Offices that have eliminated single-use plastic (%)	0%	100%

Plastic pollution of our oceans is one of the most urgent challenges to sustainability of our time. As a company that uses polymers for most of its products, we have a special responsibility to work on this issue. Avoiding plastic pollution also is one of the three pillars of the Fashion Pact, of which PUMA is a founding member. Also, several countries and regions have formed initiatives to ban certain types of single-use plastics or plastic bags.

Therefore, we have added the Plastics and the Oceans target to our 10FOR25 sustainability strategy.

Plastic shopping bags and single-use plastics aggravate the problem of plastic pollution significantly. By eliminating them from our stores and office environment we can set a positive example for our consumers and colleagues and at the same time reduce our use of plastics by several hundred tons per year.

In recent years, we switched our shopping bags to FSC-certified paper bags or polyethylene bags with 80% recycled content. During 2020, our Retail division devised a detailed plan to completely phase out plastic bags from our global stores.

Our stores ordered 430 tons of polyethylene bags in 2019 and 400 tons in 2020. We plan to halve this figure in 2021. By 2023 at the latest, we want to replace all polyethylene bags for consumers with paper bags.

At the same time, we switched other plastic items in our retail stores, such as hangers and shoe fixtures, to recycled polymers. We also started working on more environmentally friendly solutions for our B2B product packaging for apparel and accessories, which is also based on polyethylene bags, in collaboration with the Fashion Pact.

At our offices, we have challenged our catering partners and employees to avoid single-use plastics such as coffee cups, lids, stirring sticks, cutlery, or straws.

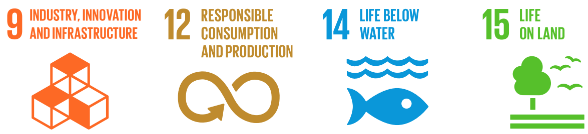
While Plastics and the Oceans is a new target and we are not quite there yet on a global scale, we have started to eliminate single-use coffee cups and cutlery, for example, at our headquarters in Germany.

CIRCULARITY

Target description:

- Set up or join product takeback schemes in major markets
- Reduce production waste to landfills by at least 50% (shared target)
- Develop recycled materials as alternatives to leather, rubber, cotton, and polyurethane (shared targets)

Relates to United Nations Sustainable Development Goals 9, 12, 14 and 15



KPIs:

- Percentage of major markets with takeback scheme
- Amount of waste sent to landfills
- Percentage of recycled polyester, cotton, leather, rubber, and polyurethane

↗ T.16 CIRCULARITY TARGET STATUS

Sub-targets	Baseline 2020	Target 2025
Takeback schemes	Pilot in Hong Kong	All major markets covered
Recycled material options (leather, rubber, cotton, and polyurethane)	3 out of 4 available (polyurethane under research)	4 out of 4
Production waste to landfills:	Apparel: 1.6 gr/piece Footwear: 17.1 gr/pair Textiles: 8.9 kg/ton Leather: 0.2 kg/m^2	50% reduction

PUMA's exploration of the issue of circularity dates back to 2011 when we partnered with Cradle to Cradle co-founder Michael Braungart. Our rich history as the first company in our industry to develop a Cradle to Cradle-certified collection – our InCycle collection launched in 2013 – led us to put circularity back on the agenda with our 10FOR25 sustainability strategy.

We are aware that the linear business model currently applied in our industry is far from the ideal concept of a circular economy. Despite our best efforts to use more sustainable materials at scale, PUMA is no exception.

Therefore, we have set circularity targets for ourselves, for example, scaling up the use of recycled polyester and cotton and using recycled alternatives to leather, rubber, and polyurethane (PU), the materials we use most frequently after cotton and polyester.

We also have started to encourage our suppliers to reuse and recycle the fabric waste they are creating for PUMA production, either through applications outside of our industry or ideally, by recycling offcuts into polyester or cotton yarns.

At the end of 2020, our material toolboxes included recycled options for all the above materials and nylon. For recycling and recycled PU, we have entered into a research project with a large chemical company and aim to announce our first pilot in 2021.

To demonstrate our responsibility as a producer and to secure options for more circular material streams in the future, we also have set the target to offer takeback schemes in all our major markets by 2025.

In our efforts to extend the lifespan of our products and re-integrate used materials into our production, we started a project group headed by our Retail division. We aim to pilot the first takeback options in 2021, complementing our existing takeback pilot scheme in Hong Kong.

At the same time, we partnered with Circle Economy and held a virtual workshop on the definition and concept of a circular economy and circular product design for our designers, product line managers, developers, and sourcing teams. The training addressed the challenges and opportunities in our industry to enhance the cyclability of our products, for example, by designing for longevity, easy disassembly, modularity, etc.

To communicate our use of recycled materials, we launched our First Mile collection made from recycled plastic bottles. The concept was well-received and was promoted by several PUMA ambassadors including Formula One champion Lewis Hamilton and Antoine Griezmann, the star of Spanish football club FC Barcelona.

In 2021, we plan to scale up our use of recycled materials. We will continue our partnership with First Mile and launch our first collections made from recycled cotton.

PRODUCTS

Target description:
- 90% of PUMA apparel and accessories products contain >50% more sustainable materials
- 90% of our footwear contains at least one more sustainable component
- Increase use of recycled polyester (apparel and accessories) to 75% by 2025 (shared target)

Relates to United Nations Sustainable Development Goal 12

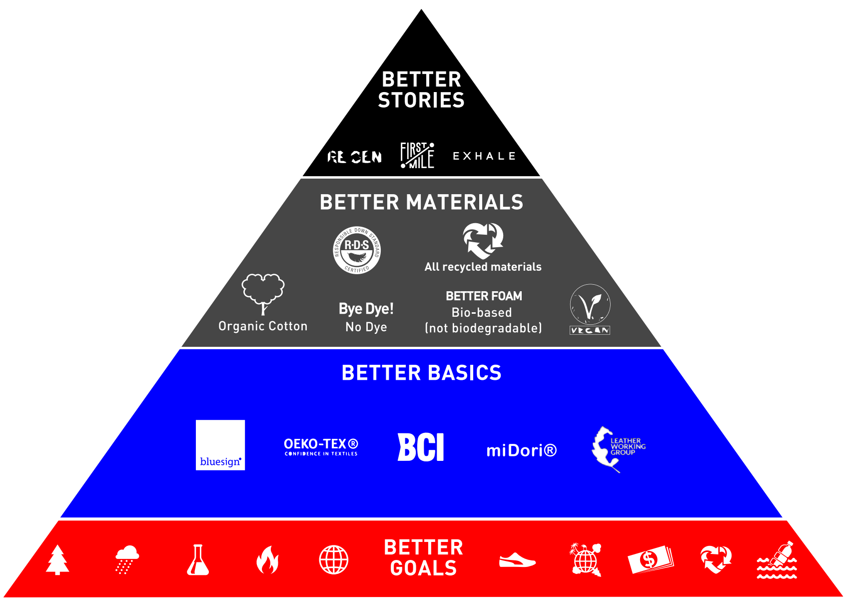
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KPIs:
- Percentage of apparel and accessories with 50% more sustainable material
- Percentage of footwear with at least one more sustainable component
- Percentage of recycled polyester used in apparel and accessories

The PUMA Environmental Profit and Loss Account (EP&L) attributes more than 50% of our environmental impact to material and raw-material production. Against this background, we have decided to prioritize the large-scale use of more sustainable raw materials. In our 10FOR20 strategy, we had set 90% targets for more sustainable raw materials such as cotton, polyester, leather, and cardboard.

For the new targets we intend to have achieved by 2025, we have extended previous targets and have agreed to source 100% of our cotton, polyester, leather, down feathers, and cardboard from more sustainable sources. In addition to measuring the use of more sustainable materials, we will now also determine the percentage of more sustainable products, that is, products made with a significant proportion of more sustainable materials. As defined in our PUMA Sustainability Index, or S-Index, more sustainable apparel or accessories products have at least 50% more sustainable materials. For footwear, we currently measure sustainability as including one or more components made from more sustainable materials.

↗ G.11 PUMA FOREVER BETTER PYRAMID



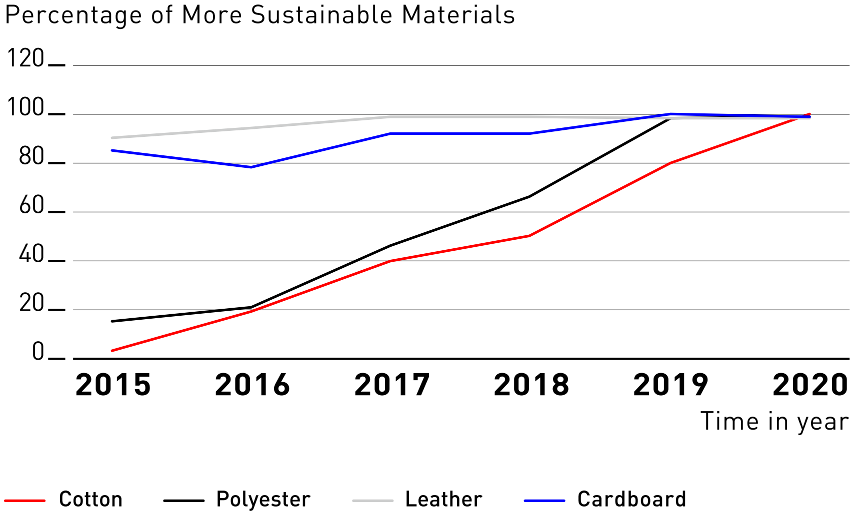
KPIs:

↗ T.17 MORE SUSTAINABLE PRODUCTS STATUS

Product Category	Baseline 2020	Target 2025
Apparel with at least 50% more sustainable material	81%	90%
Accessories with at least 50% more sustainable material	47%	90%
Footwear with at least one more sustainable component	24%	90%

Our long-term efforts to scale up more sustainable materials in partnership with our material suppliers has helped us achieve our target of using 100% more sustainable cotton as early as 2020, five years ahead of schedule. For polyester (99.5% in apparel and accessories), leather (98% in footwear), and cardboard (99% shoeboxes and labels) we came very close to achieving our targets.

↗ G.12 MORE SUSTAINABLE MATERIALS DEVELOPMENT



As in previous years, a large percentage of our more sustainable materials can be attributed to cotton from the Better Cotton Initiative, bluesign®- and/or OEKO-TEX®-certified polyester, and Leather Working Group (LWG)-certified leather. In addition, we only use down feathers certified by the Responsible Down Standard, and 100% of our viscose is made by Lenzing, one of the world's leading viscose suppliers with a proven track record on sustainability. Therefore, more than 80% of our apparel products already are classified as more sustainable products, in line with the definition in our PUMA Sustainability Index.

In accessories we also have made good progress: 47% of our products are more sustainable.

Coverage and calculation are more complex for footwear because all our shoes are made from a number of components. The main materials we use include polyester, polyurethane, rubber, leather, and nylon. In line with our previous targets, we have achieved 98% coverage of LWG-certified leather. For the other materials, in 2020 our Sourcing teams worked to find more sustainable solutions that also are cost-efficient. For example, we now are using recycled materials for all our counters and many of our linings and have replaced the polyester-based backing of all polyurethane (PU) materials, which we use as an alternative to leather, with recycled polyester.

By the end of 2020, 24% of our footwear products had at least one major component classified as more sustainable. This calculation is based on the use of 98% more sustainable leather (from LWG-certified tanneries). In 2021, we will work on more accurate internal reporting and on scaling up the use of more sustainable materials with a clear vision to achieve our 2025 targets.

Besides switching our core materials to more sustainable versions, our product teams have created several sustainability-focused collections and initiatives. Under our Forever Better Platform, we launched two lighthouse initiatives in 2020: First Mile, and our Day Zero collection in partnership with Central St. Martin's College, London.

While First Mile emphasized the collection and recycling of used plastic bottles and on the related human stories, our Day Zero collection was inspired by the severe water shortage in Cape Town, South Africa. It focused on water saving technologies such as dope-dyed polyester or digital printing.

Complementing our lighthouse initiatives, we had further sustainability focused collections in our product ranges, for example our Time4change and Downtown collections.

↗ T.18 DEVELOPMENT OF MORE SUSTAINABLE MATERIAL USAGE*

Division	Material Targets	% of Total 2020		% of Total 2019	% of Total 2018	Target 2025
	BCI cotton: 99.4% Recycled cotton: 0.6%	100%	BCI cotton: 80% Organic cotton: 2%	82%	50%	100%
Apparel	Polyester: bluesign®: 35.5% OEKO-TEX®: 45.35% Recycled: 18.7%	99.5%	bluesign®: 55% OEKO-TEX®: 42% Recycled: 1%	98%	66%	100%
	RDS-certified down feathers	100%		100%		100%
	Viscose from green-shirt rated fiber producers**	100%	Viscose from green-shirt rated fiber producers**	100%		100%
	BCI cotton: 100%					
Accessories	Polyester: bluesign®: 57.6% OEKO-TEX®: 40.4% Recycled: 2.1%	100%	bluesign®: 54% OEKO-TEX®: 46%	100%	46%	100%
	LWG Medal Rated leather/recycled leather	97.9%		97.7%	99%	100%
Footwear	Recycled polyester	12.1%		6%		
			-		-	TBD
	Recycled or natural rubber	11.9%	-		-	NA
	Recycled or solvent-free PU	0%	-		-	NA
	Number of vegan styles	15				
Product packaging	Recycled paper and cardboard: 86.3% FSC-certified: 12.7%	99%	Product packaging	100%	92%	100%

* Figures excluding trims and licensee production, in line with previours years' reporting

** Green-shirt rated fiber producers, as determined by the annual Canopy Hot Button report, encourage existing fiber suppliers to commit to CanopyStyle and a Canopy Audit (https://hotbutton.canopyplanet.org/).

BIODIVERSITY

Target description:

- Support the industry in setting a science-based target for biodiversity
- 100% of cotton, leather, and down procured from certified sources (shared target)
- Zero use of exotic skins and hides

Relates to United Nations Sustainable Development Goals 14 and 15

KPIs:

↗ T.19 SUSTAINABLY SOURCED BIO-BASED MATERIALS*

Sub-targets	Baseline 2020	Target 2025
Science Based Target (SBT)	Joined Fashion Pact activities on biodiversity	SBT set
Cotton (BCI and/or recycled)	100%	100%
Leather (LWG-certified tanneries)	98%	100%
Down (RDS-certified)	100%	100%
Sustainably sourced viscose / MMCF	100%	100%
Cardboard and paper (FSC and/or recycled)	99% (product packaging supply chain)	100%

* excluding trims and licensee production

Scientific reports point to the fact that the loss of biodiversity has increased over the last decade. Once extinct, species can never be brought back and are lost forever. Not only because our logo features a wild animal, we have decided to dedicate one of our 10FOR25 targets to biodiversity.

PUMA's impact on biodiversity is indirect yet severe. We use approximately 30,000 tons of cotton and 2,400 tons of leather per year for our products. Both cotton farming and cattle ranching require extensive land use and have been cited to reduce biodiversity, for example, by transitioning virgin forest to farmland in South America or depleting the Aral Lake in Central Asia for cotton farming during the Soviet Union era.

In addition, our annual paper and cardboard consumption amounts to 18,500 tons (supply chain only), the equivalent of 6,000 trees.

To mitigate the loss of biodiversity resulting from the production of our materials, we have set ambitious targets: As of 2020, 100% of our cotton fibers, 97.9% of our leather, and 99% of our cardboard originates from preferred sources such as BCI cotton, LWG-certified leather, and recycled and/or FSC-certified cardboard.

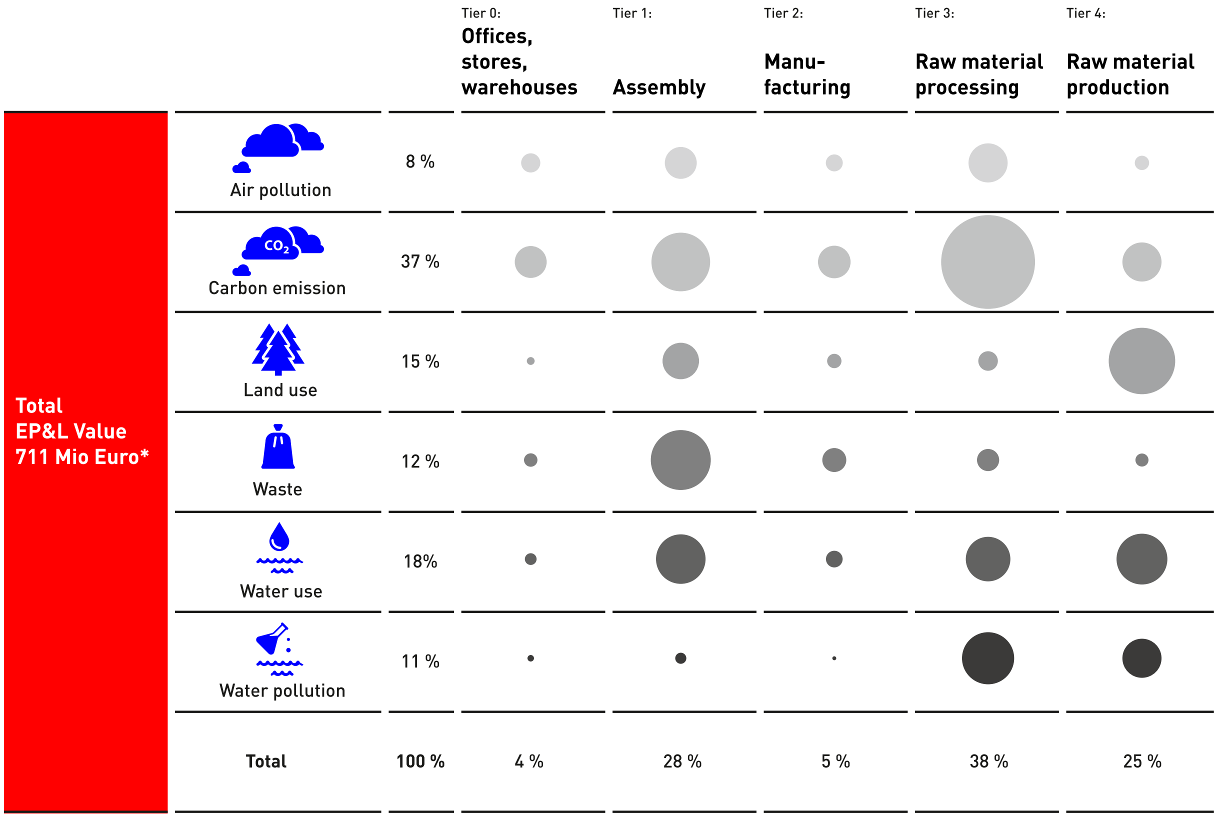
In addition, in 2020 we mapped out our viscose supply chain to ensure that we procure 100% of our viscose from suppliers committed to reducing the risk of sourcing from Ancient and Endangered Forests.

In 2021, we will publish an updated Animal Welfare policy and plan to increase our preferred leather and paper/cardboard volumes to 100%. Not least because we are a signatory to the Fashion Pact, we also will continue to expand our biodiversity strategy.

ENVIRONMENTAL PROFIT AND LOSS ACCOUNT AND E-KPIS

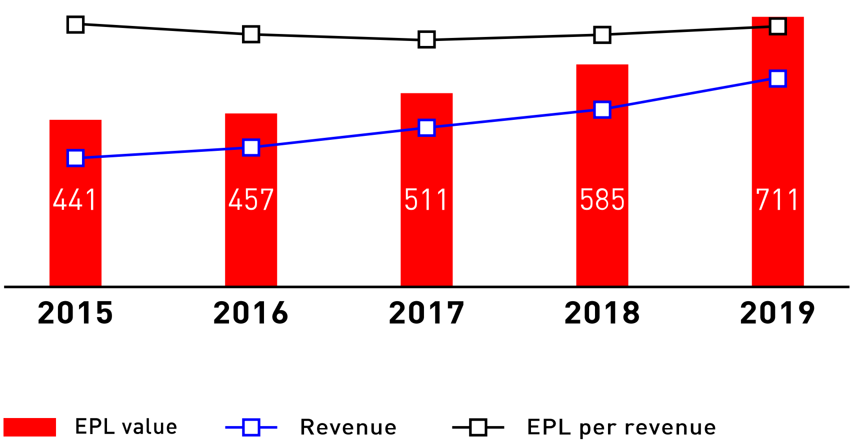
At PUMA, we pioneered the concept of an EP&L in 2011 with the publication of our first corporate EP&L on climate and water. Since then, the EP&L has been expanded into other impact categories and has been further developed by Kering, PUMA's former majority owner. Today, we continue to collect supply chain data to populate our PUMA EP&L, which we consider to be a good indicator of where the highest impact lies within our value chain, rather than a precise measurement tool. Because determining the individual values is very complex, we have incorporated the results of the 2019 EP&L into this report. We plan to publish our 2020 EP&L in 2021.

↗ G.13 EP&L RESULTS 2019



The chart above shows that the environmental impact of our value chain is dominated by material processing, while product assembly and raw material production also are important stages of our value chain.

↗ **G.14 PUMA EP&L TREND 2015-2019*** (in € million)



* Since 2019 expanded scope of covered business activities and impacts

Our EP&L trend from 2015 to 2019 clearly indicates an increase in the EP&L value and in revenue. This means that our environmental footprint also is expanding. Compared to the increased revenue, our EP&L value has remained stable.

With our ambitious product sustainability targets and updated supplier data in our EP&L we hope to reduce the EP&L value per revenue significantly over the next five-year target period.

For an overview of the environmental KPIs of PUMA's entities and core Tier 1 suppliers, please see figures T.20 and T.21 below. Together with data on our material consumption and manufacturing locations (T.22 and T.23 below), these figures form the basis of the PUMA EP&L.

↗ T.20 E-KPIS PUMA AND TIER 1 PRODUCTION – ENERGY[1-4]

	2020	2019	2018	2017	% Change 2019/2020	% Change 2017/2020
Energy (MWh)						
Energy from electricity (PUMA own entities)						
Non-renewable electricity consumption	0	12,683	29,766	52,508	-100%	-100%
Electricity consumption from renewable sources (green tariffs and on-site photovoltaic)	10,839	11,547	11,695	11,611	-6%	-7%
Electricity consumption guaranteed with EACs	50,526	37,269	25,051	0	36%	n/a
Total electricity consumption (PUMA own entities)	**61,365**	61,499	66,512	64,119	0%	-4%
Percentage of renewable electricity consumption (excluding EACs)	18%	16%	15%	18%		
Percentage of renewable electricity consumption (including EACs)	100%	79%	55%	18%		
Energy from non-renewable fuels (oil, natural gas, etc.)	10,739	10,975	11,724	14,430	-2%	-26%
Energy from steam	6,247	7,915	5,734	5,155	-21%	21%
Total energy consumption (PUMA own entities)	**78,350**	80,389	83,970	83,704	-3%	-6%
Non-renewable energy consumption from PUMA production (Tier 1) (MWh)*	221,641	246,160	195,866	194,881	-10%	14%
Renewable energy consumption from PUMA production (Tier 1) (MWh)*	3,013					
Percentage of renewable energy consumption from PUMA production	1%					

* Includes Tier 1 suppliers

1. Figures include PUMA-owned or -operated offices, warehouses, and stores.
2. Data includes extrapolations or estimates where no real data could be provided.
3. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers. Franchised stores are excluded.
4. Methodological changes over the last three years have influenced results.

↗ T.21 E-KPIS WASTE, PAPER AND WATER OF PUMA AND TIER 1 PRODUCTION

	2020	2019	2018	2017	% Change 2019/2020	% Change 2017/2020
Waste, paper, and water						
Waste PUMA own entities (tons)	3,021	3,154	4,877	5,293	-4%	-43%
Recycled waste PUMA own entities (tons)	847	1,111	2,282	3,419	-24%	-75%
Recycled waste PUMA own entities (%)	28%	35%	47%	65%		
Waste from PUMA production (Tier 1 suppliers, tons)	23,498	24,205	16,682	14,686	-3%	60%
Percentage production waste to landfills (Tier 1)	9%					
Paper and cardboard consumption PUMA (tons)*	2,638	2,281	2,292	2,756	16%	-4%
Certified or recycled paper and cardboard consumption PUMA (tons)	1,848	1,818	1,120	2,025	2%	-9%
Percentage of certified or recycled paper consumption (%)	70%	80%	49%	74%		
Paper and cardboard consumption from PUMA production (shoe boxes, hangtags) (tons)	18,538	14,863	13,607	14,129	25%	31%
Percentage of certified or recycled paper and cardboard consumption from PUMA production (%)	99%	100%	98%	n/a		
Water PUMA own entities (m^3)	96,569	95,291	89,676	106,397	1%	-9%
Water from PUMA production Tier 1 suppliers (k m^3)	2,332	2,572	2,030	2,149	-9%	9%

* Including paper bags, office paper, and cardboard consumption of offices, warehouses, and stores

1. Figures include PUMA-owned or -operated offices, warehouses, and stores.
2. Data includes extrapolations or estimations where no real data could be provided.
3. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers. Franchised stores are excluded.
4. Methodological changes over the last three years have influenced results.

We continue to work with our core suppliers to reduce their environmental footprint. In 2020, we joined the Apparel Impact Institute's Clean by Design Program and expanded our cooperation with the International Finance Corporation on resource efficiency and renewable energy in Bangladesh. We joined forces with the German Development Agency GIZ to conduct solar photovoltaic feasibility studies at 22 suppliers across Asia. Also, we worked with the World Wildlife Fund to train our suppliers on climate action.

There is an overall trend of carbon emission reduction (within our core Tier 1 suppliers) per pair of footwear (28%) or piece of apparel product (26%) since 2017. During the same period, our core Tier 1 suppliers have been able to reduce the amount of water per piece of apparel significantly by 39%, while water consumption at Tier 1 footwear suppliers increased by 4%.

Apparel and footwear suppliers reported an increase in production waste of 23% and 25% respectively, figures that show there still is work to be done on that KPI. However, as detailed in this report, most of our Tier 1 production waste is recycled, with only 9% of waste ending up in landfills.

↗ T.22 FOOTWEAR E-KPI RESULTS

Summary of supplier e-KPIs	Weights				Change		
Value	2020	2019	2018	2017	2019-2020	2017-2020	Number of Suppliers
Energy/pair (kWh)	1.31	1.30	1.25	1.40	1%	-7%	22
CO_2/pair (kg)	0.74	0.96	0.93	1.00	-23%	-26%	22
Water/pair (l)	15.08	15.21	12.30	14.50	-1%	4%	22
Waste/pair (g)	144.80	126.66	108.51	115.90	14%	25%	22
Waste to landfills/pair (g)	17						

↗ T.23 APPAREL E-KPI RESULTS

Summary of supplier e-KPIs	Weights				Change		
Value	2020	2019	2018	2017	2019-2020	2017-2020	Number of Suppliers
Energy/piece (kWh)	0.56	0.57	0.57	0.72	-2%	-23%	21
CO_2/piece (kg)	0.22	0.24	0.26	0.31	0%	-28%	21
Water/piece (l)	4.60	4.39	4.20	7.58	5%	-39%	21
Waste/piece (g)	54.27	56.33	46.50	44.00	-4%	23%	21
Waste to landfills/piece (g)	1.6						

Since 2017, we also have been measuring average environmental key performance indicators (E-KPIs) from fabric and leather manufacturing. As we have included our main material suppliers in our energy and water efficiency programs and other brands also have expanded their resource efficiency programs to include our shared material suppliers, we can see a positive trend in performance. Some of the CO_2 emissions reductions can be attributed to coal and oil for boilers being replaced with less polluting fuel sources such as rice husk or natural gas.

↗ T.24 LEATHER E-KPI RESULTS

Summary of supplier e-KPIs	Weights				Change		
Value	2020	2019	2018	2017	2019-2020	2017-2020	Number of factories
Energy/m^2 (kWh)	7.0	8.2	8.7	9.1	-14%	-23%	6
CO_2/m^2 (kg)	2.7	3.2	3.2	3.4	-15%	-20%	6
Water/m^2 (l)	68.3	74.7	90.2	91.8	-8%	-26%	6
Waste/m^2 (kg)	0.7	0.8	0.8	1.6	-13%	-56%	6

↗ T.25 TEXTILES E-KPI RESULTS

Summary of supplier e-KPIs	Weights				Change		
Value	2020	2019	2018	2017	2019-2020	2017-2020	Number of factories
Energy/t (kWh)	13,049.1	12,636.3	13,386.80	13,679.11	3%	-5%	21
CO_2/t (t)	4.47	4.37	4.45	4.45	2%	0%	21
Water/t (m^3)	103.4	105.5	122.78	119.30	-2%	-13%	21
Waste/t (kg)	78.9	62.08	70.63	299.59	27%	-74%	21

SUMMARY AND OUTLOOK

Looking back at our last target cycle with the 10FOR20 Targets, we can say that we have achieved one of the targets we had missed, related to the wastewater quality from our core suppliers with wet-processing facilities. In 2019, we reported a failure to achieve 90% compliance with the parameter of coliform bacteria. This gap was closed in 2020. Likewise, we were able to achieve our long-term target of 15grams VOC per pair of shoes, after having reported 15.4 grams in 2019. We exceeded our 90% target for more sustainable cotton, up from 82% in 2019 to 100% in 2020. This leaves us with only the air quality target open from the previous target period, and we also made some progress here by checking a sample of 30 core factories for compliance to local air quality regulations. The check revealed full compliance for all of the factories reviewed.

2020 was dominated by the global COVID-19 pandemic and the new challenges it brought for PUMA and our business partners. Our strategy to collaborate closely with our core suppliers and wholesale partners paid off during this difficult period. As a result, we were able to limit order cancellations and support our suppliers with our long-term Vendor Financing Program that is linked to sustainability. Taking this concept further, we also secured green financing tools for PUMA, in collaboration with ING and Bank of America.

By and large, our 10FOR25 target cycle started out successfully. We significantly increased our internal and external communications on more sustainable products via our Forever Better Platform https://about.puma.com/en/forever-better.

At the same time, we were able to source 100% of our cotton, (close to 100%) polyester, viscose and down feathers for our apparel and accessories ranges from responsible sources. Our footwear division also made good progress, with nearly all leather as well as paper and cardboard coming from responsible sources.

In addition to introducing more sustainable versions for our base materials, we increased the percentage of recycled polyester in apparel from 1% in 2019 to 18.7% in 2020 and have started to use recycled cotton (0.6%). In line with our circularity targets, we developed recycled options for leather, rubber, and nylon and trained our design and development teams on the principles of circularity.

The reduction of our carbon footprint due to the decrease in air-freight and employee business travel clearly can be attributed to the COVID-19 crisis. More importantly, we accelerated the transition to renewable energy: We leased the first six hydrogen cars for PUMA's fleet, increased our own renewable electricity coverage to 100%, and assisted our suppliers with introducing on-site or off-site renewable energy. The base of our program has been secured and we hope to be able to expand it to meet our ambitious targets by 2025.

Last but not least, we are happy to report that the pandemic has caused the PUMA family to come even closer together. We look forward to a great 2021 and will keep working hard every day to continue our sustainability journey.

GRI INDEX

Index to Separate Combined Non-Financial Report and GRI Content

This report constitutes a separate combined non-financial report in accordance with sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). This consolidated non-financial report consists of the chapter "Sustainability", the section "Culture" in the chapter "Our People" as well as the sections "Corporate Social Responsibility" and "Complance Management System" in the Chapter "Further Information".

The reporting period covered is January 1st, 2020 to December 31st, 2020. No restatements of information have been made in this report. We have provided separate reports for PUMA SE and the PUMA Group within the "Governance and People at PUMA" section only. Separate reporting of other sustainability data would not add any meaningful new information or value and would require significant additional resources, so we have omitted it here. Information about PUMA's business model is set out in the Financial section of this Annual Report on page 98. We have not identified any most significant non-financial performance indicators according to §289c, section 3, number 5 German Commercial Code (HGB). This combined sustainability report has undergone a voluntary "limited assurance" with focus on accordance with German CSR Implementation Act (CSR-RUG) by Deloitte.

Since 2003 PUMA's sustainability reports are based on the guidelines of the Global Reporting Initiative (GRI), which developed detailed and widely recognized standards on sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option. This option enables us to report on the impacts related to our economic, environmental, social, and governance performance. It includes topics that are material to PUMA's business and our key stakeholders, and that constitute our sustainability targets. These targets have been systematically developed in accordance with the feedback from PUMA's stakeholders.

GENERAL DISCLOSURES

ORGANIZATIONAL PROFILE

		Description	CSR Directive Implementation*	Page
102-1	Name of the organization		x	98
102-2	Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	x	98
102-3	Location of headquarters		x	98
102-4	Location of operations		x	102-103
102-5	Ownership and legal form		x	139, 177
102-6	Markets served	a. Markets served, including: i. Geographic locations where products and services are offered; ii. Sectors served; iii. Types of customers and beneficiaries.	x	112-114
102-7	Scale of the organization		x	104, 166
102-8	Information on employees and other workers	The reporting organization shall report the following information: a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	x	19, 20, 104
102-9	Supply chain		x	102
102-10	Significant changes to the organization and its supply chain	a. Significant changes to the organization's size, structure, ownership, or supply chain, including: i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; ii. Changes in the share capital structure and the other capital formation, maintenance, and alteration operations (for private sector organizations);	x	110-114

* CSR Directive Implementation Act: Index to Non-Financial Statement

		Description	CSR Directive Implementation*	Page
		iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.		
102-11	Precautionary principle or approach		x	53
102-12	External initiatives		x	27-28
102-13	Membership of associations		x	27-28

STRATEGY

		Description	CSR Directive Implementation*	Page
102-14	Statement from senior decision-maker		x	5-7
102-15	Key impacts, risks, and opportunities		x	33, 150-160

ETHICS AND INTEGRITY

		Description	CSR Directive Implementation*	Page
102-16	Values, principles, standards, and norms of behavior		x	37, 139-149

GOVERNANCE

		Description	CSR Directive Implementation*	Page
102-18	Governance structure	The reporting organization shall report the following information: a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	x	139-149
102-21	Consulting stakeholders on economic, environmental, and social topics		x	27-28

* CSR Directive Implementation Act: Index to Non-Financial Statement

STAKEHOLDER ENGAGEMENT

		Description	CSR Directive Implementation*	Page
102-40	List of stakeholder groups		x	27-28
102-41	Collective bargaining agreements		x	19, 43
102-42	Identifying and selecting stakeholders		x	27-28
102-43	Approach to stakeholder engagement		x	27-28
102-44	Important topics and concerns	The reporting organization shall report on the following information: a. Key topics and concerns that have been raised through stakeholder engagement, including: i. How the organization has responded to those key topics and concerns, including through its reporting; ii. The stakeholder groups that raised each of the key topics and concerns.	x	27-28

REPORTING PRACTICE

		Description	CSR Directive Implementation*	Page
102-45	Entities included in the consolidated financial statements	The reporting organization shall report the following information: a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	x	178-182
102-46	Defining report content and topic boundaries	The reporting organization shall report the following information: a. An explanation of the process for defining the report content and the topic boundaries. b. An explanation of how the organization has implemented the Reporting Principles	x	29, 34
102-47	List of material topics		x	29
102-48	Restatements of information		x	73
102-49	Changes in reporting		x	73
102-50	Reporting period		x	73
102-51	Date of most recent report		x	73
102-52	Reporting cycle		x	73

* CSR Directive Implementation Act: Index to Non-Financial Statement

		Description	CSR Directive Implementation*	Page
102-53	Contact point for questions regarding the report		x	274
102-54	Claims of reporting in accordance with the GRI Standards	The reporting organization shall report the following information: a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	x	73
102-55	GRI content index	The reporting organization shall report the following information: a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. The number of the disclosures (for disclosures covered by the GRI Standards); ii. The page number(s) or URL(s) where the information can be found, either within the report or in the other published materials; iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	x	73-89
102-56	External assurance	The reporting organization shall report the following information: a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	x	90-92

* CSR Directive Implementation Act: Index to Non-Financial Statement

SPECIFIC STANDARD DISCLOSURES

ENVIRONMENTAL TOPICS

MANAGEMENT APPROACH

Materials

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	63-64
103-2	The management approach and its components		x	63-64
103-3	Evaluation of the management approach		x	63-64

MATERIALS

		Description	CSR Directive Implementation*	Page
301-1	Materials used by weight or volume	Part omitted: Materials used by weight or volume Reason: Confidentiality constraints Explanation: The total materials' weights are obtained to calculate the target progress. For confidentiality reasons, only the percentages reached are disclosed.	x	63-64

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Energy

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	46-47
103-2	The management approach and its components		x	46-47
103-3	Evaluation of the management approach		x	46-47

ENERGY

		Description	CSR Directive Implementation*	Page
302-3	Energy intensity	The reporting organization shall report the following information: a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both.	x	51-52, 70-71

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Emissions

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	47-48
103-2	The management approach and its components		x	47-48
103-3	Evaluation of the management approach		x	47-48

EMISSIONS

		Description	CSR Directive Implementation*	Page
305-1	Direct (Scope 1) GHG emissions		x	51
305-2	Energy indirect (Scope 2) GHG emissions		x	51
305-3	Other indirect (Scope 3) GHG emissions		x	52
305-4	GHG emissions intensity		x	51-52
305-5	Reduction of GHG emissions		x	51-52

* CSR Directive Implementation Act: Index to Non-Financial Statement

SOCIAL TOPICS

MANAGEMENT APPROACH

Supplier Social Assessment

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	37
103-2	The management approach and its components		x	37
103-3	Evaluation of the management approach		x	37

SUPPLIER SOCIAL ASSESSMENT

		Description	CSR Directive Implementation*	Page
414-1	New suppliers that were screened using social criteria	The reporting organization shall report the following information: a. Percentage of new suppliers that were screened using social criteria.	x	37
414-2	Negative social impacts in the supply chain and actions taken	The reporting organization shall report the following information: a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	x	37-40

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Freedom of Association and Collective Bargaining

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	37-38, 41
103-2	The management approach and its components		x	37-38, 41
103-3	Evaluation of the management approach		x	37-38, 41

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

		Description	CSR Directive Implementation*	Page
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The reporting organization shall report the following information: a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. Type of operation (such as manufacturing plant) and supplier; ii. Countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	x	42-43

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Forced or Compulsory Labor

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	35-37
103-2	The management approach and its components		x	35-37
103-3	Evaluation of the management approach		x	35-37

FORCED OR COMPULSORY LABOR

		Description	CSR Directive Implementation*	Page
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	The reporting organization shall report the following information: a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: i. Type of operation (such as manufacturing plant) and supplier; ii. Countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.	x	36-37

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Human Rights Assessment

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	35-37
103-2	The management approach and its components		x	35-37
103-3	Evaluation of the management approach		x	35-37

HUMAN RIGHTS ASSESSMENT

		Description	CSR Directive Implementation*	Page
412-1	Operations that have been subject to human rights reviews or impact assessments	The reporting organization shall report the following information: a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	x	38

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Occupational Health and Safety

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	18, 20
103-2	The management approach and its components		x	18, 20
103-3	Evaluation of the management approach		x	18, 20

OCCUPATIONAL HEALTH AND SAFETY

		Description	CSR Directive Implementation*	Page
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		x	20

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Diversity and Equal Opportunity

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary			17-18, 146-147
103-2	The management approach and its components			17-18, 146-147
103-3	Evaluation of the management approach			17-18, 146-147

DIVERSITY AND EQUAL OPPORTUNITY

		Description	CSR Directive Implementation*	Page
405-1	Diversity of governance bodies and employees	The reporting organization shall report the following information: a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; b. Percentage of employees category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).		17-18, 146-147

* CSR Directive Implementation Act: Index to Non-Financial Statement

ECONOMIC TOPICS

MANAGEMENT APPROACH

Anti-Corruption

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary		x	141-142
103-2	The management approach and its components		x	141-142
103-3	Evaluation of the management approach		x	141-142

ANTI-CORRUPTION

		Description	CSR Directive Implementation*	Page
205-2	Communication and training about anti-corruption policies and procedures		x	141-142

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Economic Performance

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its boundary			150-151
103-2	The management approach and its components			150-151
103-3	Evaluation of the management approach			150-151
201-2	Financial implications and other risks and opportunities due to climate change			156

* CSR Directive Implementation Act: Index to Non-Financial Statement

MANAGEMENT APPROACH

Tax

		Description	
207-1	Approach to tax	A description of the approach to tax, including: i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.	„WE PAY OUR FAIR SHARE" is the core principle the PUMA-Group is taking into consideration for its global tax strategy. In this regard, PUMA fully commits to act in accordance with all international tax regulations and to fulfill any tax obligations arising from its business activities. PUMA is not following artificial structures solely to save taxes by those. Of course, taxes play a role in business decisions so to know those and so to do the right thing, however, tax consequences are not the relevant drivers for failing a final sign off on business strategies in this regard. It is key for PUMA to pay an appropriate portion of its pre-tax profit to tax administrations in the respective countries. Paying tax is accepted as a general business principle of PUMA. An effective tax rate of around 25% over the last years confirms to this. As it's a general principle for PUMA to follow tax rules and to pay applicable taxes, taxes as such are not a material issue within the sustainably approach. Consequently, Puma does not report in detail on the GRI-Standard in this regard.

DELOITTE ASSURANCE STATEMENT

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT

Translation – German version prevails

To PUMA SE, Herzogenaurach

Our engagement
We have performed a limited assurance engagement on the Separate Non-Financial Group Report of PUMA SE (hereinafter: "the Company") in accordance with Section 315b German Commercial Code (HGB), which was combined with the Non-Financial Report of the parent company, PUMA SE, Herzogenaurach, in accordance with Section 289b German Commercial Code (HGB) for the period from January 1 to December 31, 2020 (hereinafter: "Combined Non-Financial Report"). This Combined Non-Financial Report consists of the chapter "Sustainability", the section "Culture" in the chapter "Our People" and the sections "Compliance Management System" and "Corporate Social Responsibility" in the chapter "Corporate Governance Statement in accordance with Section 289f and Section 315d HGB" of the Annual Report 2020 of PUMA SE, Herzogenaurach. The sections under "Environmental Profit and Loss Account" (EP&L) including tables G.13 and G.14 in the chapter "Sustainability" as well as case studies and references to interviews, the Company's website and external websites were not part of our engagement.

Responsibility of the legal representatives
The legal representatives of PUMA SE are responsible for the preparation of the Combined Non-Financial Report in accordance with Sections 315b, 315c German Commercial Code (HGB) in connection with Sections 289c to 289e German Commercial Code (HGB).

In preparing the Combined Non-Financial Report, the legal representatives used the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) with the option "Core" and have indicated these within the Combined Non-Financial Report.

The responsibility of the Company's legal representatives includes the selection and application of appropriate methods for preparing the Combined Non-Financial Report as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. In addition, the legal representatives are responsible for such internal control they have determined necessary to enable the preparation of the Combined Non-Financial Report that is free from material misstatements, whether intentional or unintentional.

The accuracy and completeness of the environmental data in the Combined Non-Financial Report are inherently subject to limits that result from the manner in which data is collected and calculated and assumptions made.

Practitioner´s responsibility
Our responsibility is to express a limited assurance conclusion on the Combined Non-Financial Report, based on the assurance engagement we have performed.

We are independent of the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm applies the German national legal requirements and the German professional pronouncements on quality control, in particular the Professional Charter for German Public Auditors and German Sworn Auditors (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW), which comply with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

We conducted our assurance engagement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement in a form that enables us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the information disclosed in the Combined Non-Financial Report has not complied, in all material respects, with Sections 315b, 315c in connection with Sections 289c to 289e German Commercial Code (HGB). In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and, therefore, a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was performed from November 2020 to April 2021, we conducted, amongst others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Interview of the legal representatives and relevant employees that participated in the preparation of the Combined Non-Financial Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Combined Non-Financial Report as well as about the information within the Combined Non-Financial Report
- Identification of the risks of material misstatement within the Combined Non-Financial Report
- Analytical evaluation of selected disclosures within the Combined Non-Financial Report
- Reconciliation of the disclosures within the Combined Non-Financial Report with the respective data within the consolidated financial statements as well as the management report
- Evaluation of the presentation of the disclosures

Practitioner's conclusion
Based on the assurance work performed and evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the Combined Non-Financial Report of the Company, for the period from January 1 to December 31, 2020 has not complied, in all material aspects, with Sections 315b, 315c German Commercial Code (HGB) in connection with Sections 289c to 289e German Commercial Code (HGB). The audit opinion only refers to the chapter "Sustainability", the section "Culture" in the chapter "Our People" and the sections "Compliance Management System" and "Corporate Social Responsibility" in the chapter "Corporate Governance Statement in accordance with Section 289f and Section 315d HGB" of the Annual Report 2020 of PUMA SE, Herzogenaurach. Our opinion does not refer to sections under "Environmental Profit and Loss Account" (EP&L) including tables G.13 and G.14 in the chapter "Sustainability" as well as case studies and references to interviews, the Company's website and external websites.

Purpose of the assurance statement
We issue this report on the basis of the engagement agreed with PUMA SE, Herzogenaurach. The limited assurance engagement has been performed for purposes of PUMA SE, Herzogenaurach, and the report is solely intended to inform PUMA SE, Herzogenaurach, on the results of the assurance engagement.

Liability
The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility exclusively refers to PUMA SE, Herzogenaurach, and is also restricted under the engagement agreed with PUMA SE, Herzogenaurach, on November 13, 2019 as well as in accordance with the "General engagement terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German public auditors and German public audit firms)" from January 1, 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V. We do not assume any responsibility to third parties.

Munich/Germany, April 6, 2021

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: Signed:

Dr. Thomas Reitmayr Sebastian Dingel

(German Public Auditor)

COMBINED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020

94 Overview 2020
98 PUMA Group Essential Information
98 Commercial Activities and Organizational Structure
98 Targets and Strategy
100 Product Development and Design
102 Sourcing
104 Employees
107 Management System
108 Information regarding the Non-financial Report
109 Economic Report
109 General Economic Conditions
110 Sales
112 Regional Development
114 Results of Operations
118 Dividends
119 Net Assets and Financial Position
122 Cash Flow
125 Statement regarding the Business Development and the Overall Situation of the Group
126 Comments on the Financial Statements of PUMA SE in accordance with the German Commercial Code (HGB)
130 Further Information
130 Information concerning Takeovers
132 Compensation Report
139 Corporate Governance Statement in accordance with Section 289f and Section 315d HGB
150 Risk and Opportunity Report
161 Outlook Report

Combined Management Report:
This report combines the Management Report of the PUMA Group and the Management Report of PUMA SE.

OVERVIEW 2020

Throughout 2020, the COVID-19 pandemic presented PUMA with several challenges that affected almost all parts of our business. When the pandemic started in China in January, some factories of our suppliers had to shut down or could not operate at full capacity, which was a challenge for our supply chain. To ensure the safety and health of our customers and employees, we implemented hygiene measures at our offices, warehouses and retail stores. As the virus spread to other parts of the world, large sporting events were either cancelled or postponed and most of our owned and operated stores had to be closed completely or partially in the second quarter. While the third quarter was once again very strong, new lockdowns and travel restrictions had a negative impact on our business in the fourth quarter. We had to quickly react to all of these changes. PUMA's mantra was to survive and manage this crisis short-term without hindering our mid-term momentum. Therefore, we determined three key objectives: to limit the inevitable decline in sales as much as possible, to secure the supply chain and to reduce costs as well as to ensure liquidity.

To make sure that our brand did not lose momentum, we continued to invest in a full line of products for the upcoming seasons and welcomed several new marketing partners. In September, we signed a long-term contract with football star Neymar Jr., one of the most successful athletes of his generation. Neymar Jr. played in the PUMA KING football boot, which was also worn in the past by PUMA football legends Pelé, Cruyff and Maradona. We also welcomed English singer and songwriter Dua Lipa as a Women's ambassador, who will appear in important campaigns for the brand. Canadian model Winnie Harlow joined the PUMA family in early 2020, and already headed the marketing campaigns for several new footwear franchises, including the KYRON and the MILE RIDER.

We expanded our presence in basketball by signing one of the top picks of the 2020 NBA draft, LaMelo Ball. At the start of the year, we signed Grammy Award-winning artist J. Cole, who combines the worlds of music and basketball. PUMA also announced a partnership with creative director June Ambrose, who will create girls and women's collections throughout 2021 and beyond.

In football, Dutch club PSV Eindhoven, and Ukrainian club Shakhtar Donetsk as well as the national federations of Iceland and Paraguay joined the PUMA family, just to name a few. To also expand our brand's presence in other teamsports, we signed the German Handball Federation. In track and field, we signed a new partnership with the Australian and South African Athletics Federations. PUMA also signed Jamaican athletes Tajay Gayle, the long-jump World Champion, as well as Omar McLeod, the reigning Olympic Champion in 110-meter hurdles and the 2017 World Champion over the same distance.

Our regular sell-in meetings, during which we usually welcome sales managers from all over the world in Herzogenaurach, were held digitally for the first time in 2020 because of the pandemic. We also looked for ways to design and develop our products digitally, without the need for people to travel to the factories in Asia, and with a reduced number of samples to be physically shipped from those factories to Germany. For the most part, we also communicated digitally with our retail partners, for example during pre-line and sell-in meetings.

We maintained a strong dialogue with our manufacturers, customers, landlords, banks, logistic partners and other partners to ensure that we took measures together to sustain the entire value chain. To ensure that our manufacturing partners could continue to operate, we cancelled as few orders as possible, while securing more favorable payment terms. We also worked with our retail partners, logistic partners and suppliers to adjust delivery dates and at the same time to extend payment terms to share the burden across the whole value chain.

Despite the crisis, we did not neglect the social and environmental aspects of our supply chain and announced our ten new sustainability targets for 2025, 10FOR25. Examples of these targets include PUMA's commitment to further lower its CO_2 emissions and to use at least 75% recycled polyester across all apparel and accessories products by 2025. We are also in the process of phasing out plastic bags from all of our retail stores globally.

To further strengthen our e-commerce business in this exceptional time, we quickly reacted to the increased demand in our e-commerce stores and strongly increased our investments in performance marketing. We improved the speed of our e-commerce platform PUMA.com and adapted our offering to the stay-at-home situation by giving more space to leisurewear as well as sports apparel. Our e-commerce business delivered strong growth in 2020.

We also made good progress with the upgrade of our logistics network, as we opened our new distribution center in Indianapolis, USA. The center will speed up delivery times, as most US customers can now be reached within two days. We continued to work on our central European warehouse in Geiselwind, Germany, which is expected to be operational in the second quarter of 2021.

When sales slowed down sharply in the first half of the year, we reacted quickly by reducing costs and cash outflows wherever possible. We also secured additional liquidity to ensure that we could survive the crisis, together with our partners. In May, PUMA secured a new credit facility of €900 million through a banking consortium of twelve banks, including a direct participation of the Kreditanstalt für Wiederaufbau (KfW) of €625 million. So far, we have not made use of this credit facility and by the end of the year we reduced it by €700 million to only €200 million. In December, for refinancing purposes, PUMA secured new promissory note loans of €250 million and increased its existing credit lines at banks by €450 million. We used short-time work programs or comparable foreign schemes to reduce costs. The suspension of the dividend payment and the suspension of 100% of the Management Board's salary as well as the reduction of salaries of our senior management by 25%-35% in April and May 2020 were essential measures to reduce cash outflow.

When many of our brand ambassadors and consumers were confined at home, we looked for new ways of engaging with our audience. We created a series of live videos on social media platforms, which we called #StrongerTogether. These live videos included talks with our football ambassadors Sergio Agüero and Nikita Parris, yoga sessions with Sportstyle ambassador Cara Delevingne, interviews with Formula 1 driver Max Verstappen or workouts with pole vaulter Mondo Duplantis. Apart from supporting PUMA's social media channels and e-commerce, these videos also created significant coverage in traditional media outlets.

Even though regular competitions, such as the Olympic Games in Tokyo, were cancelled or postponed in 2020, our athletes still entered the history books and set new personal bests. PUMA athlete Armand "Mondo" Duplantis entered the history books this year by setting a new pole vault world record. In February, he cleared 6.18-meters at an indoor event and in September, he broke the 26-year-old outdoor record by jumping 6.15-meters. In June, Norway's Karsten Warholm achieved the current best result ever in a solo race in the 300-metre hurdles. In motorsport, PUMA brand ambassador Sir Lewis Hamilton became Formula 1 World Champion for the seventh time, equaling Michael Schumacher's existing record of seven world titles. In golf, PUMA player Bryson DeChambeau won the U.S. Open.

The COVID-19 pandemic has shown that local relevance is key and that the market situation can vary significantly between regions. To reflect this, we empowered decision-making by local management even more. Additionally, different countries have different sports that people follow and participate in. One of the best examples of local relevance is our partnership with Virat Kohli, the captain of the Indian national cricket team. Cricket is by far the most popular sport in India and by partnering with Virat, PUMA gains credibility as a sports brand in India.

PUMA's sales and business development in the financial year 2020 were characterized by temporal and regional differences during the course of the COVID-19 pandemic. PUMA started the year with a very positive order book and strong and balanced growth in all regions. Following a good start to the year for China with double-digit sales growth in wholesale, e-commerce and our own retail stores, the Chinese market shut down in the last week of January. For the following six weeks, almost all business in China - with the exception of e-commerce - came to a standstill. As China began to recover from mid-March, the virus spread around the world, leaving nearly 80% of our own retail stores and many of our retail partners' stores closed by the end of the first quarter. As a result, PUMA's sales declined by 1.3% currency-adjusted during the first quarter. The business environment was particularly difficult in April and May, with most of our own stores and those of our retail partners closed during this period. Retail stores began to open again from June onwards, initially in EMEA and Asia, and later in North America. Due to this extremely difficult business environment, PUMA recorded a currency-adjusted sales decrease of 30.7% during the second quarter. After 85% of PUMA's own retail stores reopened at the beginning of July and the business environment improved significantly, third-quarter sales saw a currency-adjusted increase of 13.3% year-on-year, driven by a very strong recovery in EMEA and the Americas.
During the fourth quarter, however, the number of COVID-19 infections again rose sharply worldwide. This once again led to restrictions and consumer sentiment worsened. PUMA nevertheless achieved a currency-adjusted sales growth of 9.1% in the fourth quarter. By adding up the four quarters, sales for the full year 2020 recorded a currency-adjusted decrease of 1.4%. In the reporting currency, the Euro, this corresponds to a decrease in sales of 4.9% from €5,502 million in the previous year to €5,234 million in 2020. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum.

The negative impact of the COVID-19 pandemic not only affected PUMA's net sales, but was also the main reason for the decline in profitability respectively operating result (EBIT) during the past financial year. PUMA's gross profit margin fell by 180 basis points from 48.8% in the previous year to 47.0% in 2020. This was mainly due to negative currency exchange effects from hedging due to a less favorable annual average US dollar hedging rate in 2020 compared to the previous year. In addition, increased sales promotions to limit the decline in sales as far as possible and to optimize inventory levels, alongside increased write-downs on inventories, contributed to the decline in gross profit margin in 2020. By contrast, the higher share of sales from our own-retail activities, including our e-commerce business, and an improved regional sales mix had a slightly positive effect on the development of gross profit margin.

The strong focus on cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter led to a 0.3% decrease in other operating income and expenses during the financial year 2020. Nevertheless, compared to sales, the cost ratio increased from 41.3% in the previous year to 43.3%. Higher costs for warehousing and logistics in connection with increased e-commerce business and higher write-downs on receivables were offset by reduced spending in sales and marketing.

Due to the decline in sales and gross profit margin, which could not be compensated for by the reduction in other operating expenses, the operating result (EBIT) saw an overall decrease of 52.5%, from €440.2 million in the previous year to €209.2 million in 2020. This corresponds to a decline in EBIT margin from 8.0% in the previous year to 4.0% in 2020. The declining financial result, resulting from higher interest expenses and higher negative currency conversion differences, also contributed to a 69.9% year-on-year reduction in consolidated net earnings and earnings per share in the past financial year. Consolidated net earnings fell from €262.4 million in the previous year to €78.9 million, while earnings per share fell accordingly from €1.76 in the previous year to €0.53. This enabled PUMA to achieve positive net earnings and positive earnings per share during the past financial year, despite the severe negative impact of the COVID-19 pandemic, particularly in the second quarter.

Positive net earnings enable the Management Board and the Supervisory Board to propose a dividend payout of €0.16 per share for the financial year 2020 to the Annual General Meeting on May 5, 2021. This corresponds to a payout ratio of 30.3% of consolidated net earnings and is in accordance with PUMA's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. However, payment is subject to the condition that the macroeconomic conditions allow for a payout. The dividend was waived in the previous year in order to reduce cash outflows during the COVID-19 pandemic.

The performance of the PUMA share price during 2020 was also strongly influenced by the negative effects of the COVID-19 pandemic. Based on the previous year's numbers, PUMA's share price started 2020 at a price of €68.35, before falling to a low of €42.14 in mid-March 2020, at the height of the COVID-19 crisis on the capital markets worldwide. The PUMA share price then recovered significantly from this low by the end of the year, rising to €92.28 - an increase of 35.0% on the previous year. The market capitalization of the PUMA Group increased accordingly to around €13.8 billion at year-end 2020 (previous year: €10.2 billion).

PUMA GROUP ESSENTIAL INFORMATION

COMMERCIAL ACTIVITIES AND ORGANIZATIONAL STRUCTURE

PUMA SE operates as a European stock corporation with Group headquarters in Herzogenaurach, Germany. In the internal reporting, our business activities are mapped according to three regions (EMEA, the Americas and Asia/Pacific) and three product divisions (footwear, apparel and accessories). A detailed description can be found in the segment reporting in chapter 25 of the Notes to the Consolidated Financial Statements.

Our revenues are derived from the sale of products from the PUMA and Cobra Golf brands via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. We market and distribute our products worldwide primarily via our own subsidiaries. There are distribution agreements in place with independent distributors in a small number of countries.

As of December 31, 2020, 101 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as distribution, marketing, product development, sourcing and administration. A full list of all subsidiaries can be found in chapter 2 of the Notes to the Consolidated Financial Statements.

TARGETS AND STRATEGY

PUMA has continued its brand mission to become the fastest sports brand in the world. Therefore, we continued to focus on the following six strategic priorities: create brand heat, develop product ranges that are right for our consumers, build a comprehensive offer for women, improve the quality of our distribution, increase the speed and efficiency of our organizational infrastructure and strengthen our positioning in the North American market by leveraging our re-entry into basketball. In 2020, we also added an even stronger focus on local relevance and sustainability as additional strategic priorities for PUMA.

For more than 70 years, PUMA has created **brand heat** by partnering with the most famous and successful athletes: Usain Bolt, Sir Lewis Hamilton, Pelé, Maradona, Tommie Smith, Boris Becker, Linford Christie, Serena Williams, Heike Drechsler and Martina Navratilova, just to name a few. Today, PUMA continues to strengthen its position as a sports brand through partnerships with some of the most famous ambassadors: the Italian national football team, star strikers Antoine Griezmann, Romelu Lukaku, Sergio Agüero and Luis Suarez, top football manager Pep Guardiola, international top clubs Manchester City, Borussia Dortmund, Valencia CF, Olympique Marseille and AC Milan, golf stars Lexi Thompson, Rickie Fowler and Bryson DeChambeau, seven-time Formula 1 world champion Sir Lewis Hamilton, Norwegian hurdler and world champion Karsten Warholm, Canadian sprinter André De Grasse, Swedish pole vault world record holder Mondo Duplantis and the Jamaican and Cuban Olympic Federations. In 2020, we also added Brazilian football star Neymar Jr. to our roster of world-class assets, underlining our continued focus on the football category. Teaming up with the best athletes, teams and federations is key in keeping the credibility of the PUMA brand at the highest levels. To connect with young, trend-setting consumers, PUMA also drives brand heat by working with icons of culture and fashion such as Selena Gomez, Cara Delevingne, Winnie Harlow and Dua Lipa. This has made PUMA one of the hottest sports and fashion brands for young consumers.

PUMA aims to design "cool stuff that works" and in 2020, we significantly improved our **product offering** across all our business units. In performance footwear, we keep on moving forward with the revolutionary PUMA ULTRA football boot and our running & training shoes based on our proprietary NITRO, HYBRID and XETIC technology platforms.

In Sportstyle, we continued to see strong sell-through of our key footwear product families of RS, RIDER, and CALI. The demand from our consumers for these franchises has been maintained through the launch of strong new models in 2020. The Classics pillar with models such as the iconic SUEDE, the RALPH SAMPSON or the SPEEDCAT also continued to perform strongly throughout the year.

In apparel and accessories, we saw a good development across the portfolio, especially from motorsport and basketball apparel as well as our essentials offering, which includes socks and underwear.

Our COBRA Golf and PUMA Golf business also showed a strong performance in 2020, mainly driven by higher sales of our innovative COBRA Golf clubs. Especially our COBRA Golf SPEEDZONE Drivers enjoyed market share growth globally with the introduction of the innovative CNC Milled Infinity Face leading to maximum ball speed and higher precision - a first in the golf industry.

Creating a leading product offer for **women** remains a priority for PUMA and we continue our mission to be the most fashion-forward sports brand for the female consumer. In 2020 we evolved our positioning of "PUMA owns the space where the gym meets the runway" as more and more women take up sports worldwide and athletic wear has long made its way into everyday outfits. As we identified a culture shift in our female consumer from "me" to "we" we defined our new "She Moves Us" communications platform, which celebrates women who move together to achieve and connect – through sport, culture and values.

Returning to **basketball**, with an approach that resonated well on and off the court, was an important step towards increasing our credibility as a sports brand in North America. With the support of JAY-Z, our Creative Director for basketball, we developed a strong product offering across footwear, apparel and accessories that can be worn on and off the court. We also continued to work with highly talented NBA players across several teams and gained great on-court visibility when PUMA athletes Kyle Kuzma and Danny Green won this year's NBA Championship with the Los Angeles Lakers. Signing a long-term partnership with the top 2020 NBA prospect LaMelo Ball further underlines our commitment to basketball. Our basketball business also continues to grow beyond the key North American market, and we saw continued strength in our performance basketball product portfolio and basketball inspired Sportstyle product families such as the RALPH SAMPSON.

While basketball is especially important for North America, we also focused on ensuring **strong local relevance** in all our other markets worldwide. As the PUMA brand and products continue to resonate well around the world, we see an increased need to focus on the sports, ambassadors, collaboration partners and communication platforms that are most relevant in the different markets. A good example for this is India, where we have a market-leading position in part due to our strong presence in the nation's most popular sport of cricket and our long-term partnership with Virat Kohli, the captain of the Indian national cricket team. We also continued to strengthen our position in other locally relevant sports such as handball, netball, rugby or Australian rules football. Over the years, we have also established a strong portfolio of locally relevant brand ambassadors and influencers that complement our roster of top global assets and strengthened our presence on locally relevant communication platforms such as Weibo, Youku or WeChat in China. In order to be closer to the market and to ensure a strong local relevance of our products, we also have Regional Creation Centers in key markets such as North America, Europe, India, China and Japan that work in part on joint product creation projects with local collaboration partners.

PUMA improved the quality of its **distribution** and expanded its presence in key Sports Performance and Sportstyle accounts around the world. We continued to strengthen the relationships with our retailers by being a flexible and service-oriented business partner, also throughout the COVID-19 crisis. By improving sell-through, we further expanded the shelf space given to us in our partners' retail stores. In parallel, we also continued to invest in our direct-to-consumer business which includes our owned-and-operated retail stores as well as our e-commerce business. Due to mandatory store closures during the COVID-19 crisis and an accelerated shift towards digital, we saw strong growth in our e-commerce business and invested in our respective front-end and back-end capabilities. We continued to improve the user experience and product offering on our existing e-commerce channels and launched a new e-commerce site in the important Mexican market. We also increased our investments into performance marketing to drive traffic and conversion in all our e-commerce channels. Furthermore, PUMA continued to upgrade its owned-and-operated retail store network and opened selective new doors around the world.

Operationally, we continued to improve **infrastructure**, processes and systems that are required to support our overall growth ambition. In 2020, a strong focus was put on expanding our logistical network in key markets. Our new, highly automated multi-channel distribution center in Indianapolis, USA successfully went live in the second quarter of 2020 and an additional multi-channel distribution center in Geiselwind, Germany is expected to open in the second quarter of 2021. New state-of-the-art distribution centers like the ones in Geiselwind and Indianapolis are providing us with the required back-end infrastructure to support our future growth in the wholesale and direct-to-consumer channels.

Beyond distribution center expansion, PUMA continued to focus on standardization of ERP systems and enhancements of product development tools. This, combined with improvements of the overall IT infrastructure, enabled faster and better communication and information exchange within PUMA and with our external partners. Due to the travel restrictions during the COVID-19 crisis, we also invested in additional digital capabilities along the whole go-to-market process, from virtual product development to virtual sell-in meetings.

In sourcing, the long-term collaboration with suppliers remains the key component of our sourcing strategy to ensure a stable sourcing base, consistent quality of our products and being well prepared for changes in the trade environment. The strong collaboration with our suppliers, who are mainly based in Far East, has helped us during the COVID-19 crisis and contributed to a very resilient supply chain situation throughout the year.

While social, economic and environmental **sustainability** has always been a core value for PUMA, we want to place an even higher strategic emphasis on this topic with a special focus on increasing the number of sustainable products in our ranges and stronger consumer-facing communication. In 2020 we officially announced our 10FOR25 targets that outline our ambitious sustainability-related objectives until the year 2025 and which link back to the United Nation's Sustainable Development Goals. In 2020, we also launched our FOREVER BETTER communication platform that will serve as the overarching umbrella of all our consumer-facing communication on sustainability. Because of our increased focus on developing more sustainable products, we successfully introduced the PUMA x FIRST MILE and PUMA x CENTRAL SAINT MARTINS sustainability collections with strong feedback from our retailers and end consumers. Other product highlights include the Time4Change youth collection made of organic cotton. PUMA also continued its leading role at the Fashion Charter for Climate Action and continued to work with key stakeholders on all levels to promote more sustainable business practices within our industry. In relation to human rights, we took all required actions to safeguard our suppliers and workers during the pandemic by honoring our purchasing commitments and ensuring that all workplace safety and legal standards are met through our long-standing social compliance program.

PRODUCT DEVELOPMENT AND DESIGN

In 2020, we significantly improved our product offering across all our business units. As a company with more than 70 years of history of moving sports and culture forward, our designers have access to a vast archive and often take inspiration for tomorrow's styles from yesterday's classics.

The RIDER, originally a running shoe from the 1980s, was one of our most important footwear styles in 2020 and it was introduced in several new versions and colors throughout the year.

In our Sportstyle business unit, we continued to see strong sell-through of our main footwear franchises RS and CALI. The appetite from our consumers for these franchises was maintained, as we launched several new models in 2020, such as the RS Fast.

The RS even found its way into our lineup of golf products, where it sold well as the RS-G golf shoe.

Together with Grammy-winning artist J.Cole, PUMA also designed a basketball shoe that uses RS foam, the RS-DREAMER. It was worn on the basketball court by our PUMA Hoops athletes and sold out quickly.

Classic silhouettes, including the iconic PUMA SUEDE or the SPEEDCAT, also continued to perform well throughout the year. We brought together some of the most iconic shoes from our history, such as the RALPH SAMPSON, the ROMA and the RIDER to create the Rudolf Dassler Legacy Collection.

In performance footwear, we continued to develop the revolutionary PUMA ULTRA football boot, which was relaunched in August as the ULTRA 1.1. This boot featured PUMA exclusive MATRYXEVO® technology, which provides a very high level of stability, durability and traction.

In Motorsport, PUMA made the dreams of motorsport fans come true, as we sold the professional racing boot SPEEDCAT PRO, which Formula One drivers such as Sir Lewis Hamilton, Max Verstappen or Charles Leclerc wear on race day, to a wider audience for the first time.

In Running & Training, shoes based on our proprietary HYBRID technology sold well. As part of a sponsored research collaboration with MIT Design Lab, PUMA also developed a new cushioning technology called XETIC. It combines the properties of mechanical cushioning and foam. XETIC was first introduced in the CALIBRATE RUNNER and will continue to be used in footwear styles across different business units.

Our COBRA Golf and PUMA Golf business also showed a strong performance in 2020, driven by high sales of our innovative golf clubs, such as the SPEEDZONE Driver. This product was used by Bryson DeChambeau to win the U.S. Open, which boosted demand. PUMA Golf also launched the Excellent Golf Wear Collection, which was designed to perform on the course but remained routed in lifestyle.

In apparel and accessories, we saw a good development across the portfolio, especially in Motorsport, Core and Prime apparel, where we presented several special collections.

Alongside PUMA ambassador and LGBTQ+ activist Cara Delevingne, we launched the "From PUMA with Love" pack to celebrate Pride Month. The Unity Collection highlighted PUMA's sports heritage, and featured simple black and white designs with pops of color, drawn from international flags. In a collaboration with New York design studio KidSuper, PUMA combined elements of football culture with retro tailoring, bold prints, vivid color combinations.

In Motorsport, PUMA released two legacy collections with Porsche, which were inspired by the history of the German car brand and the legendary Porsche 911 Turbo.

We also continued to offer products for professional gamers and launched a new collection with esports brand Cloud9, which for the first time also included matching footwear.

We also presented new collections with a focus on sustainability. Our sportswear collection with First Mile is made with recycled yarn that is manufactured from plastic bottles collected in the First Mile network. Our collaboration with London-based design school Central Saint Martins implemented cutting edge dyeing technologies such as "Dope Dye" and digital printing, to reduce the use of chemicals and water.

Still at an experimental stage, our innovation department presented the "Design to Fade" biodesign project, which explored sustainable alternatives for dyeing and making textiles.

Research and product development at PUMA mainly comprise the areas of innovation (new technologies), product design and model and collection development. The research and product development activities range from the analysis of scientific studies and customer surveys through the generation of creative ideas to the implementation of innovations in commercial products. The activities in research and product development are directly linked to sourcing activities.

As of December 31, 2020, a total of 1,049 people were employed in research and development/ product management (previous year: 999). In 2020, research and development/ product management expenses totaled €102.6 million (previous year: €114.3 million), of which €56.6 million (previous year: €61.7 million) related to research and development.

SOURCING

THE SOURCING ORGANIZATION

PUMA Group's sourcing functions, referred to as PUMA Group sourcing (PGS), manages all sourcing related activities for PUMA and Cobra, including vendor selection, product development, price negotiation and production control. These activities are centrally managed by PUMA International Trading GmbH (PIT), the group's global trading entity, with its head office in the Corporate headquarters in Herzogenaurach (Germany). In addition, PIT is responsible for procurement and supply into the PUMA distribution channels worldwide. PIT receives volume forecasts from PUMA subsidiaries and licensees worldwide, translates these forecasts into production plans which are subsequently distributed to the referenced vendors. The PUMA subsidiaries confirm their forecasts into purchase orders to PIT, which in turn consolidates these requirements and purchases from the vendors. There is a clear buy/sell relationship between the sales-subsidiaries and PIT and between PIT and the vendors, for added transparency.

The centralization of both the sourcing and procurement functions, along with the rollout of a cloud-based purchase order collaboration and payment platform, linking the sales-subsidiaries, PIT and the vendors, has enabled the digitalization of the supply chain creating transparency, operational efficiency and reducing complexity. For example, container fill rates are optimized, foreign currency risks are managed by PIT directly via a centralized currency hedging policy, and all payments to vendors are automated and paper free.

In order to meet our customers' requirements concerning service, quality, social and environmental compliance we focus on six core strategic pillars of collaboration, product, quality, growth management, margins and landed cost, and sustainability. The centralization of sourcing and procurement allows for continuous improvements in all of these areas.
Furthermore, the integration of the PUMA sustainability function (social, environmental and chemical) into PGS, ensures these focus areas are part of our day to day business.

This year has been exceptionally challenging for almost all parts of our business and not least for our supply chain, especially in the first half of the year. When the COVID-19 pandemic first hit China and other parts of Asia, our suppliers had to close their factories or could only operate at reduced capacity. We immediately focused our efforts on tracking and restoring production capacities with our partners. As the supply chain situation in Asia improved, Europe, America and the remaining parts of the world were impacted by COVID-19 and consequential lockdowns. Many stores of our wholesale partners, as well as our own retail stores, had to close temporarily and therefore no longer accepted new products. From the beginning we emphasized the responsibility to find solutions in such exceptional circumstances together with our partners. We wanted to sustain the entire value chain and get through this crisis together. PUMA cancelled very few orders with suppliers, in total less than 1% of the total order volume 2020. We agreed with some suppliers on longer lead times in order to react to the decreased demand in the sales markets. We were in close conversation with our manufacturers, customers, lessors, banks, logistics partners and other partners to find solutions and, for example, to extend payment terms in order to spread the burden of the COVID-19 pandemic across the entire value chain.

Another key aspect to mitigate the impact on the supply chain was the PUMA Vendor Financing Program, which has been in place since 2016 and saw increased adoption among our partners during this year. The program allows vendors to be paid earlier and is based on PUMA's credit rating. The International Finance Corporation (IFC), the banks BNP Paribas and HSBC, as well as our newest partner Standard Chartered, offer our suppliers attractive financing conditions and the opportunity to maintain their own credit lines under this program.

THE SOURCING MARKETS

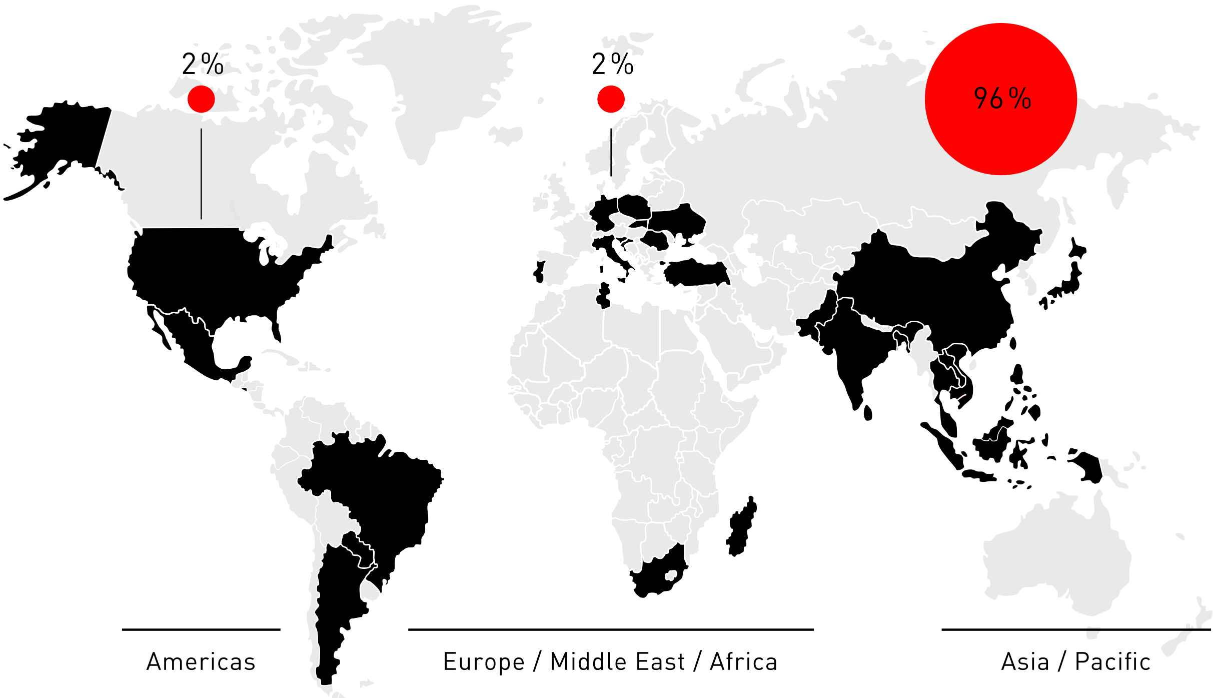
During the financial year 2020, PIT purchased from 139 independent suppliers (previous year: 131) in 31 countries worldwide. Strategic cooperation with long-standing partners not only remained one of the key competitive advantages, but also proved crucial in 2020 to ensure stable sourcing in such exceptional times.

Asia remains the strongest sourcing region overall with 96% of the total volume, followed by EMEA with 2% (thereof Europe with 1% and Africa with 1%) and the Americas with 2%.

As a result, the six most important sourcing countries (94% of the total volume) are all located on the Asian continent. Once more, Vietnam was the strongest production country with a total of 35%. Vietnam thus continued to increase its share of the sourcing volume by two percentage points compared to 2019. China followed at 26%. Bangladesh, which focuses on apparel, is in third place at 14%. Cambodia was in fourth place at 13%. Indonesia, which focuses on footwear production, produces 4% of the total volume and is in fifth place. India is in sixth place at 2%.

Rising wage costs, fluctuating commodity prices and macroeconomic influences, such as changes in the trade environment due to tariffs, have continued to influence sourcing markets in 2020. Such impacts need to be taken into account in allocating the production to ensure a secure and competitive sourcing of products. In this regard sourcing has extended its local supply chain for the China sales-subsidiary to provide the right organizational setup with a focus on design, costing and lead time. To mitigate the negative impact of the international trade environment, alternative sourcing locations for the US market have been used since the fourth quarter of 2019.

↗ G.01 SOURCING REGIONS OF PUMA (in %)

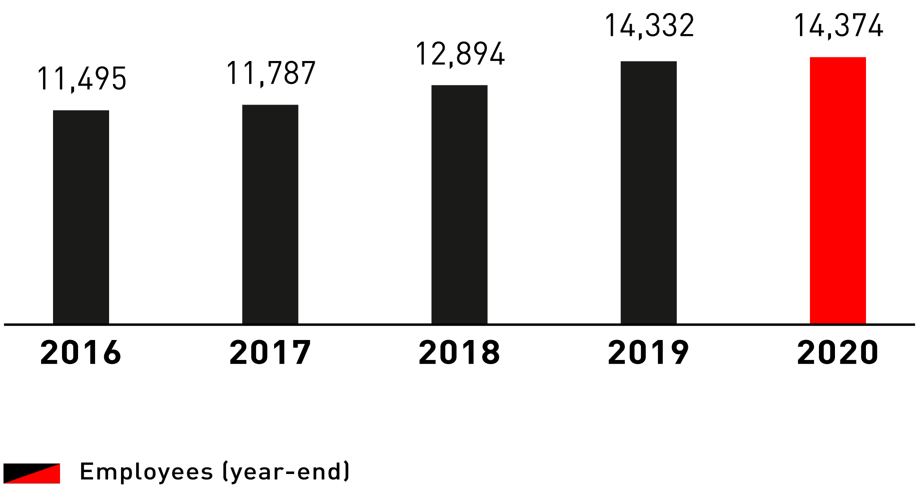


EMPLOYEES

NUMBER OF EMPLOYEES

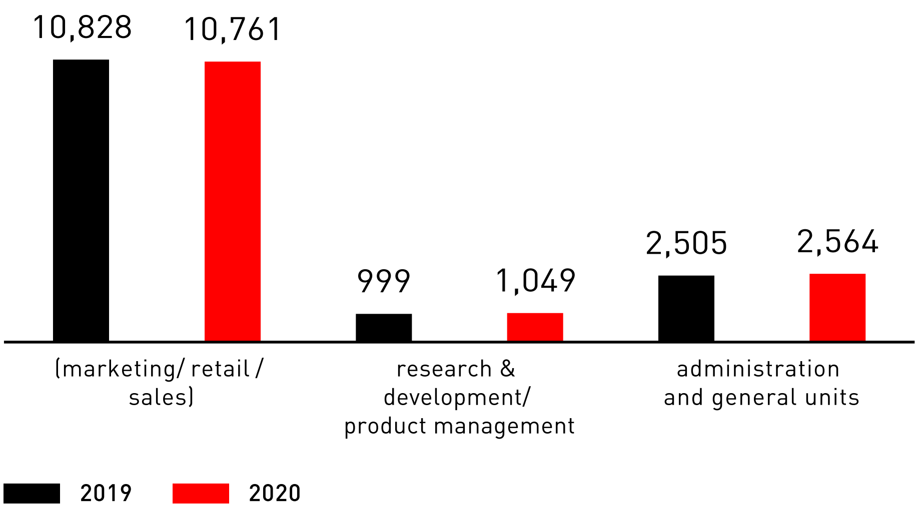
The global number of employees on a **yearly average** was 13,016 employees in 2020, compared to 13,348 in the previous year. The annual average number of employees saw a slight decline due to short-time work programs or comparable foreign schemes as a result of the COVID-19 pandemic. Personnel expenses decreased overall by 8.9% in 2020, from €640.5 million to €583.7 million. On average, personnel expenses per employee were €44.8 thousand, compared to €48.0 thousand in the previous year.

↗ **G.02 DEVELOPMENT EMPLOYEES**



As of **December 31, 2020**, the number of employees was 14,374, compared to 14,332 in the previous year. This represents a slight increase of 0.3% in the number of employees compared to the previous year. The development in the number of employees per area is as follows:

↗ **G.03 EMPLOYEES** (Year-end)



TALENT RECRUITMENT AND DEVELOPMENT

The past financial year has been marked by the extraordinary challenges posed by the global COVID-19 pandemic. Nevertheless, we have managed to successfully master all that 2020 threw at us, adapting locally to the new conditions as quickly as possible - with our main focus being on the well-being of our employees. The development of our organization through digital transformation and the establishment of an agile learning platform and culture provided the basis for this rapid adaptability. This was another reason why we were able to keep our business operating as smoothly as possible during the various phases of extensive social distancing measures imposed by governments around the world and the expansion of existing mobile working (working from home) arrangements within the workforce. The provision of additional IT equipment and targeted support for the mental well-being of our employees during the crisis were key elements. During these COVID-19 times, of course particular emphasis was placed on creating a safe working environment and avoiding financial cuts for our employees. Thanks to the strong feeling of solidarity and a high level of engagement among our employees, we feel well-positioned to continue along our path to further growth.

To further expand our position in the market, it is crucial to have highly qualified and motivated staff whom we can retain for the long term. Particularly in this constantly changing and increasingly complex environment, the creativity and innovative strength of our employees are an important element in ensuring our competitiveness and facilitating growth in the future.

We use digital platforms and social media for our target group-specific, individual recruiting measures, as well as our career website, to attract external candidates. A range of initiatives at universities gives us the opportunity to approach potential employees and identify suitable candidates. Extensive networks of qualified applicants and candidate pools help us to quickly fill vacancies. In the competitive labor market, being an attractive employer and being perceived as such by current and potential employees are of critical importance. Top employer rankings and multiple awards evidence PUMA's attractiveness.

Digitalization and the associated global simplification and acceleration of business processes were driven forward in 2020. Since 2017, we have been using the "Workday" software solution for almost all personnel processes. This software provides employees and managers with the processes and tools required for daily personnel management. In addition, easy-to-use dashboards provide managers with the information and data-driven insights they need for planning and management. The analysis of our centrally available global data provides a solid basis for strategic decisions and measurable results.

Our aim is to develop our employees in an international environment and at the same time successfully and sustainably retain them in our company. Based on the Workday software, a systematic succession plan is created as part of talent management in addition to the performance assessment and target-setting. We identify the talent available within the group as part of annual performance reviews and global talent conferences and foster talent development based on individual development plans. This type of talent management means that we can offer our employees attractive career and development opportunities. Over the past year, we continued to fill the majority of our key positions through internal promotions or horizontal moves around the world.

In order to cope with the dynamic changes in the market and be successful in the long run, it is essential that our workforce has the necessary expertise to guarantee continuous growth and market competence, particularly in times of major transformation and extensive change. We ensure this through the ongoing professional and personal development of our employees. For this reason, we expanded the range of training that we provide, which includes a number of online and offline training courses and workshops, either standardized or tailored to individual needs, even further in 2020. With "LinkedIn Learning" and "Good Habitz" our employees have been able to access more than 16,500 different online training courses since the beginning of last year. A wide range of learning categories are available for self-directed personal and professional development. Learning content covering topics such as mental well-being, resilience, mindfulness and emotional stability in particular helped us as an employer to provide the best possible support to our employees around the world in this exceptional situation. Due to social distancing measures, face-to-face training was largely replaced with digital options so that we could continue to offer these courses.

With a range of apprenticeships and dual-study programs, as well as study-related internships, we offer adequate entry-level and development opportunities for talented individuals at all levels. In addition, we actively promote the systematic development of our professionals and managers.

All managers worldwide complete our internal global leadership training program, consisting of the ILP ("International Leadership Program") and ILP². In this way, we ensure a common understanding of leadership globally throughout the company. The program helps to develop participants over a longer period, provides them with the opportunities to apply the newly acquired knowledge in practice between the individual modules and to share knowledge with other seminar participants to learn from each other. They receive intensive training and coaching, including interactive learning, role play simulations and best practice learning, as well as joint projects. The digitalization and the changing work environment lead to new challenges for managers in particular. The key topics are therefore coaching, mindful leadership and agile working methods. The training course "from employee to manager" prepares staff that are about to take on a management role for the first time. In addition to the training module, the program also offers individual coaching.

Using Speed Up and Speed Up², we conduct development programs for employees at different levels. Various groups consisting of top talents are given intensive preparation for the next step in their careers by taking on interdisciplinary projects and tasks, targeted training courses, mentoring and coaching, as well as job rotations. Increased visibility to upper management, the creation of cross-functional cooperation and establishing a strong network are also important components of this program.

WORKS COUNCIL

The trust-based collaboration with the Works Councils is an important part of our corporate culture. In 2020, the European Works Council of PUMA SE represented employees from 13 European countries and had 16 members. The German Works Council of PUMA SE has 15 members and represents the employees of the PUMA Group in Germany. A designated member of the Works Councils represents the interests of employees with disabilities.

COMPENSATION

We at PUMA offer our employees a targeted and competitive compensation system, which consists of several components. In addition to a fixed base salary, the PUMA bonus system, profit-sharing programs and various social benefits form part of an attractive and performance-based compensation system. In addition, we offer our employees comprehensive services in the areas of further development, employee motivation, health management and wellbeing. We also offer long-term incentive programs for the senior management level that honor the sustainable development and performance of the business. The bonus system is transparent and globally standardized. Incentives are exclusively linked to company goals. Due to the global COVID-19 pandemic, members of senior management around the world voluntarily gave up part of their base salary and the entire long-term incentive for 2020 to improve cash flow and earnings. To reward the special efforts made by our employees in this challenging time, we also gave a PUMA product voucher to all PUMA Group employees worldwide. This is particularly beneficial to employees in the lower pay grades.

MANAGEMENT SYSTEM

We use a variety of **indicators to manage** our performance in relation to our top corporate goals. We have defined **growth and profitability as key targets** within finance-related areas. Our focus therefore is on improving sales and operating result (EBIT). These are the financial control parameters that are of particular significance. Moreover, we aim to minimize working capital and improve free cash flow. Our Group's **Planning and Management System** has been designed to provide a variety of instruments in order to assess current business developments and derive future strategy and investment decisions. This involves the continuous monitoring of key financial indicators within the PUMA Group and a monthly comparison with budget targets. Any deviations from the targets are analyzed in detail and appropriate countermeasures are taken in the event such deviations have a negative impact.

Changes in net sales are also influenced by **currency exchange effects**. This is why we also state any changes in sales in Euro, the reporting currency, adjusted for currency exchange effects in order to provide information that is relevant to the decision-making process when assessing the revenue position. Currency-adjusted sales are used for comparison purposes and are based on the values that would arise if the foreign currencies included in the consolidated financial statements were not translated at the average rates for the previous reporting year, but were instead translated at the corresponding average rates for the current year. As a result, currency-adjusted figures are not to be regarded as a substitute or as superior financial indicators, but should instead always be regarded as additional information.

We use the indicator **free cash flow** in order to determine the change in cash and cash equivalents after deducting all expenses incurred to maintain or expand the organic business of the PUMA Group. Free cash flow is calculated from the cash flow from operating activities and investment activities. We also use the indicator **free cash flow before acquisitions**, which goes beyond free cash flow and includes an adjustment for incoming and outgoing payments that are associated with shareholdings.

We use the indicator **working capital** in order to assess the financial position. Working capital is essentially the difference between current assets - including in particular inventories and trade receivables - and current liabilities. Cash and cash equivalents, the positive and negative market values of derivative financial instruments and current finance and lease liabilities are not included in working capital.

Non-financial performance indicators are of only minor importance at PUMA.

The calculation of the key financial control parameters that PUMA uses is defined as follows:

The recognition of net sales is based on the provisions of IFRS 15 Revenue from contracts with customers.

PUMA's gross profit margin is calculated as cost of sales divided by net sales. Cost of sales mainly comprise the carrying amounts of inventory that were recognized as expenses during the reporting period.

PUMA's operating result (EBIT) is the sum of net sales and royalty and commission income, minus cost of sales and other operating income and expenses (OPEX). EBIT is defined as operating result, less depreciation and amortization, provisions and impairment loss, before interest (= financial result) and before taxes. The financial result includes interest income and interest expenses as well as currency conversion differences. The EBIT margin is calculated as EBIT divided by net sales.

PUMA's working capital is calculated based on the sum of current assets less the sum of current liabilities. In addition, cash and cash equivalents and positive and negative market values of derivative financial instruments are deducted. The market values of derivative financial instruments are recognized in the balance sheet in the items Other Current Assets and Other Current Liabilities, not attributable to working capital. Current financial and lease liabilities are also not part of working capital.

We also use the EBITDA indicator, which represents the operating result before interest (= financial result), taxes and depreciation and amortization, to assess the results of operations. EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortization, which may also contain any incurred impairment expenses relating to fixed assets and financial assets. The EBITDA margin is calculated as EBITDA divided by net sales.

INFORMATION REGARDING THE NON-FINANCIAL REPORT

In accordance with Sections 289b and 315b of the German Commercial Code (Handelsgesetzbuch - HGB), we are required to make a non-financial declaration for PUMA SE and the PUMA Group within the Combined Management Report or present a non-financial report external to the Combined Management Report, in which we report on environmental, social and other non-financial aspects. PUMA has been publishing Sustainability Reports since 2003 under the provisions of the Global Reporting Initiative (GRI) and since 2010 has published financial data and key sustainability indicators in one report. In this context, we report the information required under Sections 289b and 315b of the HGB in the Sustainability chapter of our Annual Report. The Non-financial Report for the financial year 2020 will be available by April 30, 2021, at the latest on the following page of our website: https://about.PUMA.com/en/investor-relations/financial-reports

Furthermore, important sustainability information can always be found in the Sustainability section of PUMA's website: http://about.PUMA.com/en/sustainability

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast issued by the Kiel Institute for the World Economy (ifw Kiel) dated December 16, 2020, in the past financial year the global economy suffered a historic downturn due to the COVID-19 pandemic. The experts at ifw Kiel expect global gross domestic product (GDP) to decline by 3.8% overall in 2020, which is by far the strongest economic decline in the past 70 years. Following the drastic economic downturn caused by the COVID-19 pandemic in the spring, the global economy recovered strongly until the fall; however, growth weakened during the fourth quarter as a result of a further wave of infections and the measures to contain it. Nevertheless, with the exception of only a few countries, economic development remains on an upward trend, especially in Europe. This is due, not least, to the continued strong expansionary monetary policy pursued by central banks in industrialized countries. The majority of these banks have again extended the expansionary measures they introduced in the spring in response to the COVID-19 crisis, or have pushed back expectations for the timing of tightening measures. Interest rates in the emerging markets have also tended to fall further in recent months. Expansionary economic policies and an expectation of overcoming the pandemic, mainly due to success in the development of an effective vaccine against COVID-19, are already being reflected in the financial markets.

SPORTING GOODS INDUSTRY

2020 was a very difficult year for the sporting goods industry. Wide-reaching lockdown measures and area-wide retail store closures aimed at containing the COVID-19 pandemic had a very negative impact on the sporting goods industry worldwide, particularly during the second quarter. Furthermore, this could only be partially offset by rising e-commerce sales. In addition, the sporting goods industry was further impacted by the cancellation or postponement of major sporting events, such as the European Football Championship and the Tokyo Olympic Games. However, as a result of the COVID-19 pandemic, more exercise and physical activity, as well as an increasingly healthy and sustainable lifestyle, continued to gain in importance for an ever-increasing proportion of the world's population. The "stay-at-home" situation has also resulted in the increased popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure").

SALES

ILLUSTRATION OF SALES DEVELOPMENT IN 2020 COMPARED TO THE OUTLOOK

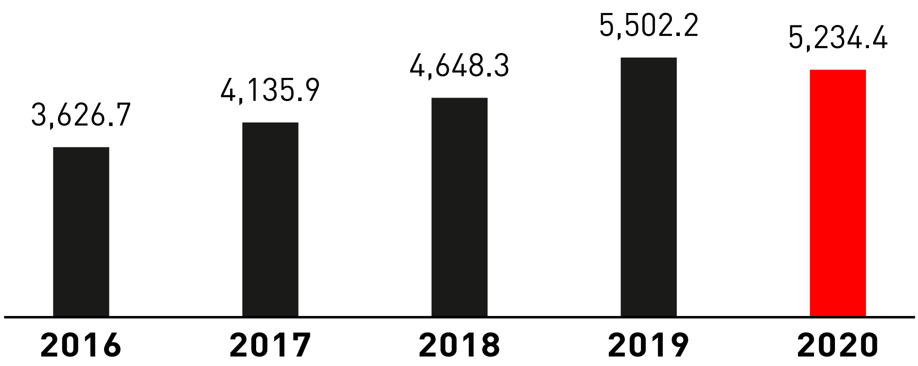
PUMA's 2019 Management Report had predicted a currency-adjusted growth in net sales of around 10% for the financial year 2020. However, due to the significant negative impact and considerable uncertainty of the COVID-19 pandemic, this forecast had to be withdrawn when the results were published for the first quarter of 2020.

More details on sales development in the financial year 2020 are provided below.

NET SALES

PUMA's net sales in the reporting currency Euro decreased by 4.9% to €5,234.4 million in the financial year 2020 as a result of the worldwide negative impact of the COVID-19 pandemic (previous year: €5,502.2 million). Sales recorded a currency-adjusted decrease of 1.4%. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum.

↗ **G.04 SALES** (€ million)

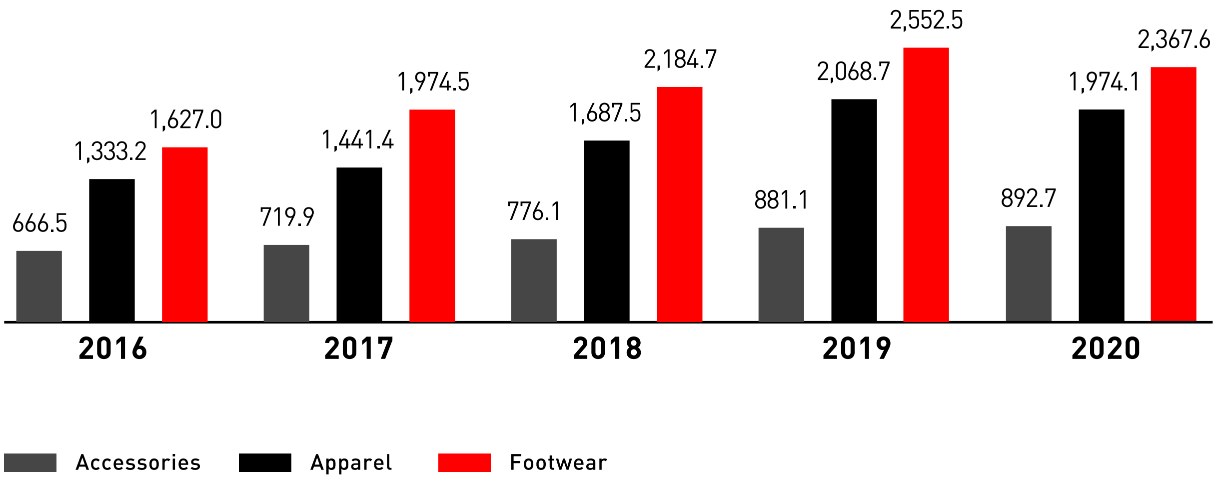


In the **Footwear** division, sales fell in the reporting currency, the Euro, by 7.2% to €2,367.6 million. Currency-adjusted sales decreased by 3.1%. The decline in sales affected all categories, except Sportstyle and Basketball. The share of this division in total net sales fell from 46.4% in the previous year to 45.2% in 2020.

In the **Apparel** division, sales fell in the reporting currency, the Euro, by 4.6% to €1,974.1 million. Sales saw a currency-adjusted decrease of 1.5%. A decline in sales was recorded in all categories except Sportstyle, Motorsport and Basketball. The share of the Apparel division increased slightly to 37.7% of Group sales (previous year: 37.6%).

In the reporting currency, the Euro, the **Accessories** division recorded a slight sales increase of 1.3% to €892.7 million, despite the COVID-19 pandemic. This corresponds to a currency-adjusted sales growth of 3.5%. Higher sales, particularly of socks, bodywear and Cobra golf clubs, contributed to this increase in sales. The division's share in Group sales increased accordingly from 16.0% in the previous year to 17.1% in 2020.

↗ **G.05 SALES BY PRODUCT DIVISIONS** (€ million)

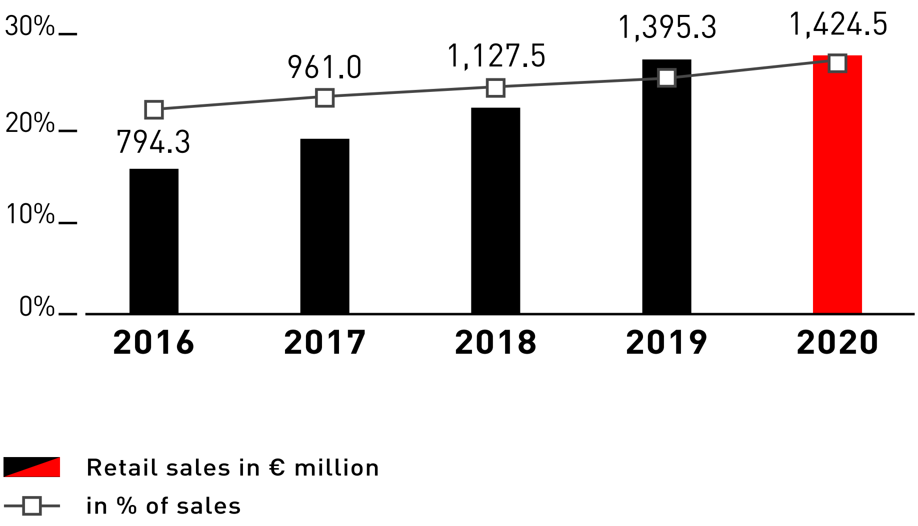


RETAIL BUSINESSES

PUMA's own retail activities include direct sales to our consumers ("Direct to Consumer business"). This includes selling to our customers in PUMA's own retail stores, the so-called "Full Price Stores", "Factory Outlets", and the e-commerce business on our own online platforms. Our own retail businesses ensure regional availability of PUMA products and the presentation of the PUMA brand in an environment suitable to our brand positioning.

PUMA's retail sales increased by 6.4% currency-adjusted to €1,424.5 million in the financial year 2020. This corresponds to a share of 27.2% in total sales (previous year: 25.4%). While sales at PUMA's own retail stores declined in 2020 due to restrictions aimed at containing the COVID-19 pandemic and the resulting temporary closure of stores in many countries around the world, our e-commerce business recorded strong growth of over 60%, supported by an increased focus on performance marketing and successful promotions. In addition, our e-commerce activities on special days in the online business - such as Singles' Day in China, the world's biggest online shopping day, on November 11, as well as "Black Friday" on November 27 and "Cyber Monday" on November 30 - turned out to be particularly successful.

↗ **G.06 RETAIL SALES**



LICENSING BUSINESS

PUMA grants licenses to independent partners for various product divisions, such as watches, glasses, safety shoes and gaming accessories such as the Playseat. In addition to design, development and manufacture, these companies are also responsible for product distribution. Income from license agreements also includes some distribution licenses for different markets. PUMA's royalty and commission income decreased by 36.0% to €16.1 million in the financial year 2020. Alongside the negative effects of the COVID-19 pandemic, this decrease was due, among other things, to the expiry of license agreements at the end of 2019.

REGIONAL DEVELOPMENT

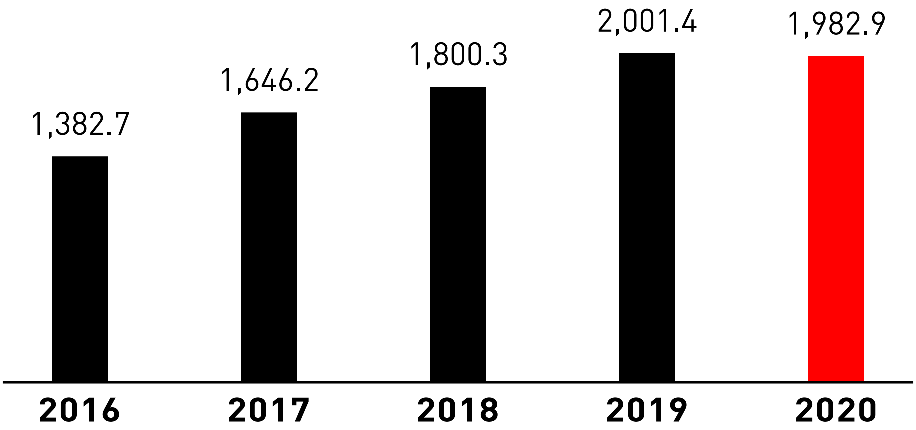
In the following explanation of the regional distribution of sales, the sales are allocated to the customer's actual region ("customer site"). It is divided into three geographical regions (EMEA, the Americas and Asia/Pacific). A more detailed regional presentation of the sales according to the registered office of the respective Group company can be found in chapter 25 of the Notes to the Consolidated Financial Statements.

PUMA's net sales fell in the reporting currency, the Euro, by 4.9% in the financial year 2020. This corresponds to a currency-adjusted sales decrease of 1.4% compared to the previous year. All regions were affected by the significant negative impact of the global COVID-19 pandemic.

In the **EMEA** region, sales fell in the reporting currency, the Euro, by 0.9% to €1,982.9 million. This represents a slight sales increase of 1.5%, currency adjusted. While sales growth was achieved in France, Spain, Russia, Ukraine and Turkey, for example, Italy, the UK, the Nordics and South Africa, among others, recorded declining sales. The EMEA region accounted for an increased 37.9% of Group sales in 2020, compared to 36.4% in the previous year.

With regard to product divisions, sales revenue from Footwear recorded a currency-adjusted decline of 0.9%. Sales of Apparel saw a currency-adjusted increase of 5.4% due to positive developments in the Sportstyle and Motorsport categories. Accessories sales were down by 0.4%, currency adjusted.

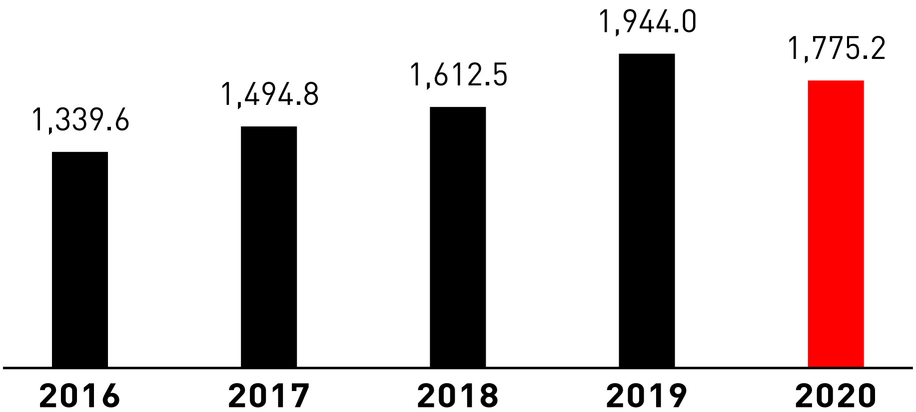
↗ **G.07 EMEA SALES** (€ million)



In the **Americas** region, sales fell in the reporting currency, the Euro, by 8.7% to €1,775.2 million. Currency-adjusted sales decreased by 3.0%. Both North America and Latin America recorded negative currency exchange effects and a decrease in sales. In particular, the weakness of the Argentine peso against the Euro had a significant negative impact on sales in Latin America in the reporting currency, the Euro. The share of the Americas region in Group sales decreased slightly from 35.3% in the previous year to 33.9% in 2020.

With regard to product divisions, both Footwear (currency-adjusted -3.3%) and Apparel (currency-adjusted -9.6%) recorded a decline in sales compared to the previous year. By contrast, sales in the Accessories division saw a currency-adjusted increase of 9.5%, due in particular to an increase in sales of Cobra golf clubs, socks and bodywear.

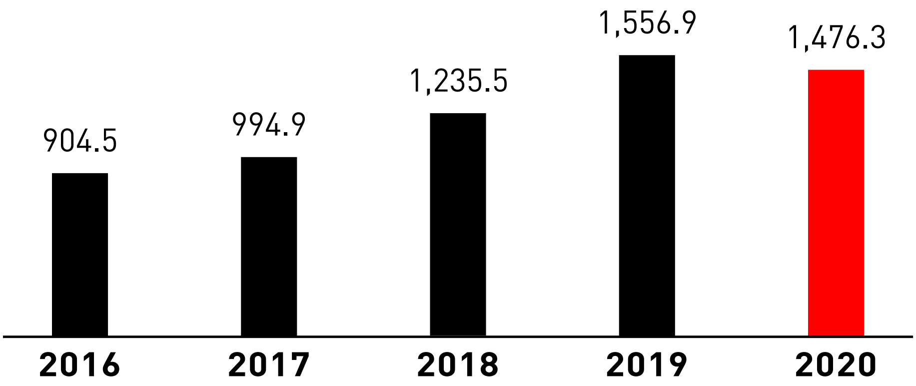
↗ **G.08 AMERICAS SALES** (€ million)



In the **Asia/Pacific** region, sales fell in the reporting currency, the Euro, by 5.2% to €1,476.3 million. This corresponds to a currency-adjusted sales decrease of 3.2%. While a positive sales development was seen in Greater China in 2020, sales fell in India, Japan and South Korea, among other countries. The share of the Asia/Pacific region in Group sales fell slightly from 28.3% in the previous year to 28.2% in 2020.

In terms of product divisions, sales revenue from Footwear (currency-adjusted -5.2%) and from Apparel and Accessories (both currency-adjusted -1.5%) saw a decrease.

↗ **G.09 ASIA/PACIFIC SALES** (€ million)



RESULTS OF OPERATIONS

↗ **T.01 INCOME STATEMENT**

	2020		2019		
	€ million	%	€ million	%	+/- %
Net Sales	**5,234.4**	100.0%	**5,502.2**	100.0%	-4.9%
Cost of sales	-2,776.4	-53.0%	-2,815.8	-51.2%	-1.4%
Gross profit	**2,458.0**	47.0%	**2,686.4**	48.8%	-8.5%
Royalty and commission income	16.1	0.3%	25.1	0.5%	-36.0%
Other operating income and expenses	-2,264.9	-43.3%	-2,271.3	-41.3%	-0.3%
Operating result (EBIT)	**209.2**	4.0%	**440.2**	8.0%	-52.5%
Financial result	-46.8	-0.9%	-22.6	-0.4%	107.2%
Earnings before taxes (EBT)	**162.3**	3.1%	**417.6**	7.6%	-61.1%
Income taxes	-39.2	-0.7%	-108.6	-2.0%	-63.9%
Tax rate	24.2%		26.0%		
Net earnings attributable to non-controlling interests	-44.2	-0.8%	-46.6	-0.8%	-5.1%
Net earnings	**78.9**	1.5%	**262.4**	4.8%	-69.9%
Weighted average shares outstanding (million)	149.56		149.52		0.0%
Weighted average shares outstanding, diluted (million)	149.56		149.52		0.0%
Earnings per share in €	0.53		1.76		-69.9%
Earnings per share, diluted in €	0.53		1.76		-69.9%

ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2020 COMPARED TO THE OUTLOOK

In the outlook of the 2019 Annual Report, PUMA forecasted a slight improvement in the gross profit margin for the financial year 2020. PUMA expected a slightly weaker increase of other operating income and expenses (OPEX) compared to net sales. The forecast for the operating result (EBIT) was within a range of between €500 million and €520 million. In addition, a significant improvement in net earnings was expected for the financial year 2020. However, due to the significant negative impact and considerable uncertainty of the COVID-19 pandemic, this forecast had to be withdrawn when the results were published for the first quarter of 2020.

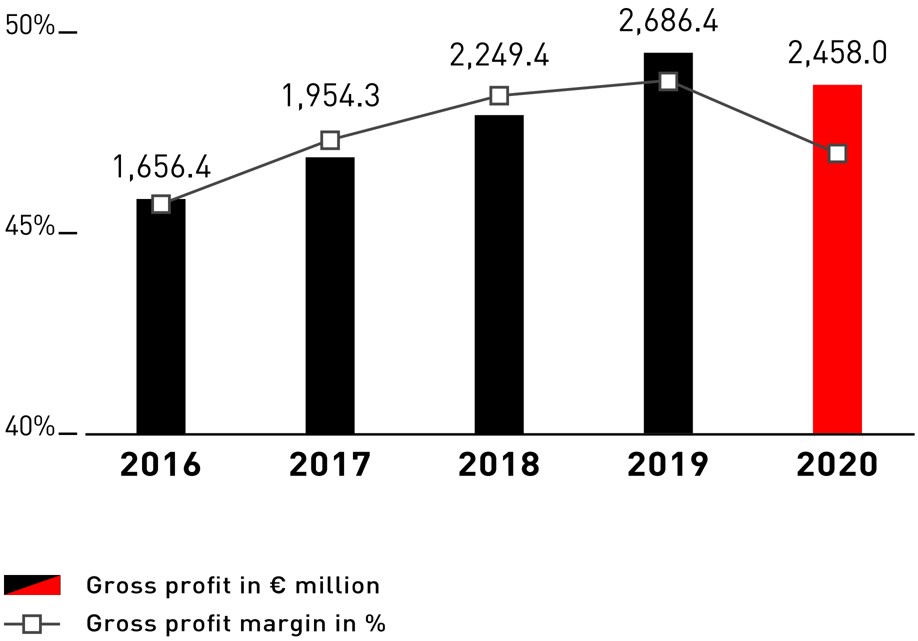
More details on earnings development in the past financial year are provided below.

GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2020 decreased by 8.5% from €2,686.4 million to €2,458.0 million. The gross profit margin fell by 180 basis points from 48.8% to 47.0%. This was mainly due to negative currency exchange effects from hedging due to a less favorable annual average US dollar hedging rate in 2020 compared to the previous year. In addition, increased sales promotions to limit the decline in sales as far as possible and to optimize inventory levels, alongside increased write-downs on inventories, contributed to the decline in gross profit margin in 2020. In contrast, the higher proportion of sales from our own-retail activities and an improved regional sales mix had a slightly positive effect on the development of gross profit margin.

The gross profit margin in the Footwear division decreased from 46.4% in the previous year to 45.7% in 2020. The Apparel gross profit margin fell from 51.1% to 48.5%, and in Accessories it also decreased from 50.5% to 47.0%.

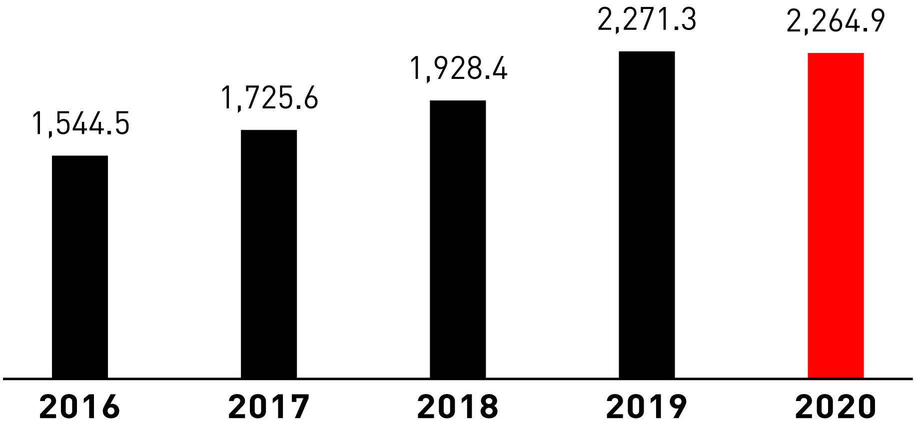
↗ **G.10 GROSS PROFIT/GROSS PROFIT MARGIN**



OTHER OPERATING INCOME AND EXPENSES

The strong focus on cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter led to a slight decrease in other operating income and expenses of 0.3%, from €2,271.3 million to €2,264.9 million in the financial year 2020. Nevertheless, compared to sales, the cost ratio increased from 41.3% in the previous year to 43.3%.

↗ **G.11 OPERATING EXPENSES** (€ million)



Within sales expenses, marketing/ retail expenses decreased by 5.6% to €1.050,2 million, while the cost ratio remained almost unchanged compared to the previous year at 20.1% of sales. Other sales expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 4.9% to €743.9 million. This increase was mainly due to higher costs for warehousing and logistics in connection with the increased e-commerce business. The cost ratio of the other sales expenses was 14.2% of sales in 2020 compared to a cost ratio of 12.9% in the previous year.

Research and development/ product management expenses decreased by 10.2% to €102.6 million compared to the previous year and the cost ratio fell slightly to 2.0%. Other operating income in the past financial year amounted to €0.4 million and consisted primarily of income arising from the sale of fixed assets. General and administrative expenses increased by 8.5% to €368.8 million in 2020, mainly due to increased write-downs on receivables, as the negative macroeconomic impact of the COVID-19 pandemic increased the risk of default on receivables in the financial year 2020. This led to an increase in the cost ratio of general and administrative expenses to 7.0%. Depreciation and amortization is included in the relevant costs and total €275.7 million (previous year: €246.4 million). In addition, the respective costs include impairment losses relating to goodwill and right-of-use assets totaling €18.0 million (previous year: €0.0 million).

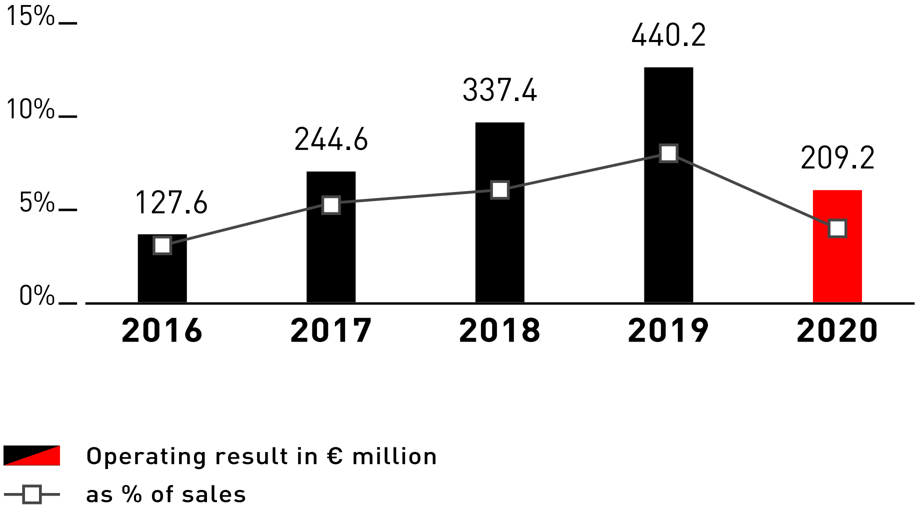
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortization (EBITDA) decreased by 26.8%, from €686.6 million to €502.9 million, in the financial year 2020. The EBITDA margin reduced accordingly from 12.5% in the previous year to 9.6% in 2020.

OPERATING RESULT (EBIT)

The decline in sales and gross profit margin due to the negative impact of the COVID-19 pandemic, which could not be compensated for by the reduction in other operating expenses, led to an overall decrease in the operating result (EBIT) of 52.5%, from €440.2 million in the previous year to €209.2 million in 2020. This corresponds to a decline in EBIT margin from 8.0% in the previous year to 4.0% in 2020.

↗ G.12 OPERATING RESULT - EBIT



FINANCIAL RESULT

The financial result decreased in 2020 from a total of €-22.6 million in the previous year to €-46.8 million. This development is attributable, on the one hand, to losses from currency conversion differences amounting to €-3.9 million in 2020 compared to gains from currency conversion of €10.2 million in the previous year. On the other hand, the interest result, the net balance of interest income and interest expenses, fell from a total of €-32.8 million in the previous year to €-42.9 million in 2020. The decrease in interest result was mainly attributable to an increase of €11.6 million in expenses from interest components related to cash flow hedging ("swap points").

EARNINGS BEFORE TAXES (EBT)

In the financial year 2020, PUMA generated earnings before taxes of €162.3 million. This corresponds to a decrease of 61.1% compared to the previous year (€417.6 million). Tax expenses were €39.2 million compared to €108.6 million in the previous year, while the tax rate decreased slightly from 26.0% to 24.2% in 2020.

NET EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net earnings attributable to non-controlling interests relate to companies in the North American market, in each of which the same shareholder holds a minority stake. The earnings attributable to these interests decreased by 5.1% to €44.2 million in the financial year 2020 (previous year: €46.6 million). These companies concern PUMA United North America and PUMA United Canada. The business purpose of these companies is the sale of socks, bodywear and children's apparel on the North American market.

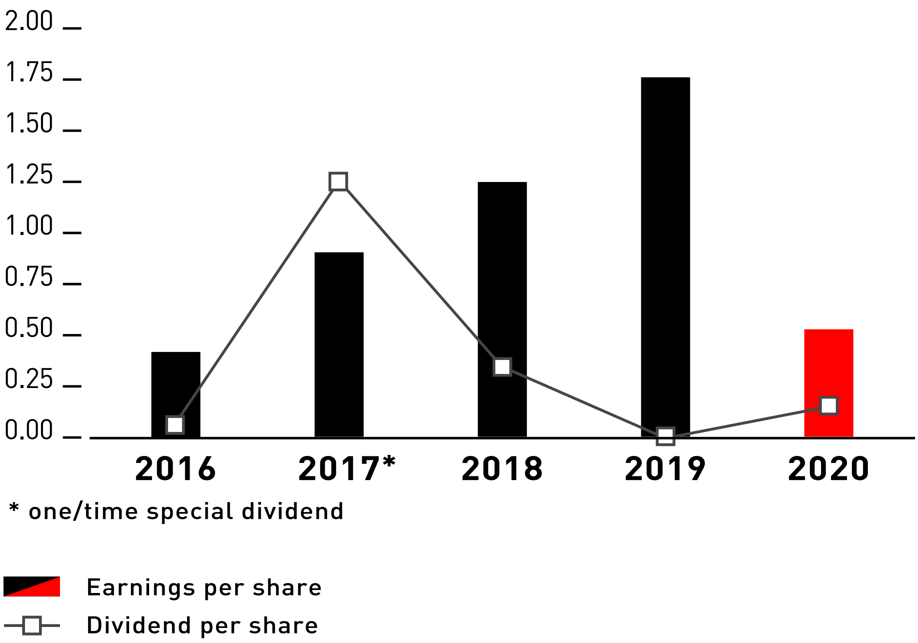
NET EARNINGS

In the financial year 2020, consolidated net earnings decreased by 69.9% from €262.4 million to €78.9 million, enabling PUMA to achieve positive net earnings despite the significant negative effects of the COVID-19 pandemic. Earnings per share and diluted earnings per share decreased accordingly from €1.76 in the previous year to €0.53 in 2020.

DIVIDENDS

Based on the positive net earnings, the Management Board and the Supervisory Board propose to the Annual General Meeting on May 5, 2021 that a dividend of €0.16 per share be paid out from retained earnings of PUMA SE for the financial year 2020. The payout ratio for financial year 2020 is 30.3% of consolidated net earnings. This is in accordance with PUMA SE's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. The payment of the dividend is to take place in the days after the Annual General Meeting at which the decision is made on the payout. However, payment is subject to the condition that the macroeconomic conditions allow for a payout. The dividend was waived in the previous year in order to reduce cash outflows during the COVID-19 pandemic.

↗ **G.13 EARNINGS/DIVIDEND PER SHARE** (in €)



NET ASSETS AND FINANCIAL POSITION

↗ T.02 BALANCE SHEET

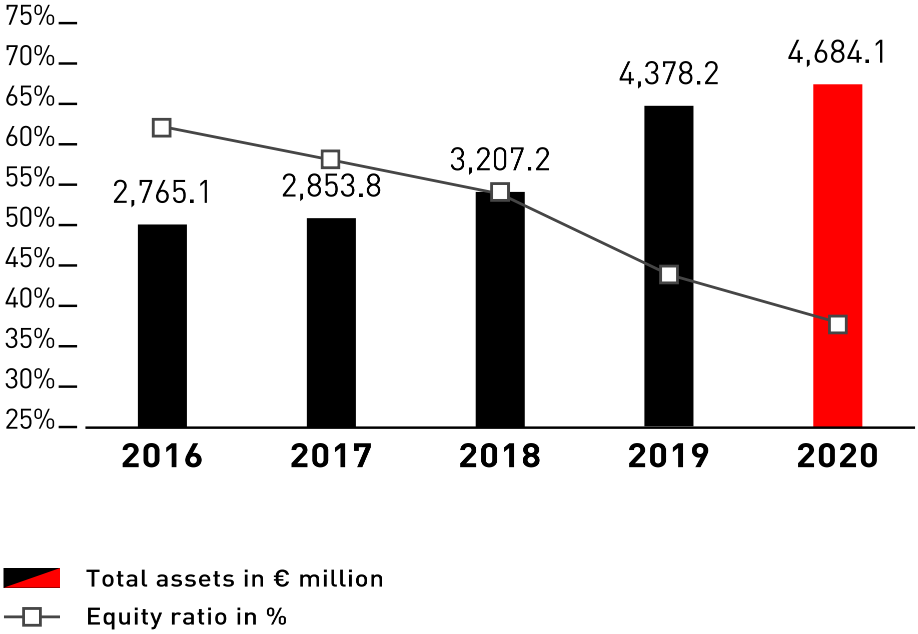
	12/31/2020		12/31/2019		
	€ million	**%**	**€ million**	**%**	**+/- %**
Cash and cash equivalents	655.9	14.0%	518.1	11.8%	26.6%
Inventories	1,138.0	24.3%	1,110.2	25.4%	2.5%
Trade receivables	621.0	13.3%	611.7	14.0%	1.5%
Other current assets (working capital)	174.5	3.7%	196.0	4.5%	-11.0%
Other current assets	23.7	0.5%	45.2	1.0%	-47.6%
Current assets	**2,613.0**	55.8%	**2,481.2**	56.7%	5.3%
Deferred taxes	277.5	5.9%	237.7	5.4%	16.7%
Right-of-use assets	877.6	18.7%	719.0	16.4%	22.1%
Other non-current assets	916.0	19.6%	940.3	21.5%	-2.6%
Non-current assets	**2,071.0**	44.2%	**1,897.0**	43.3%	9.2%
Total assets	**4,684.1**	100.0%	**4,378.2**	100.0%	7.0%
Current financial liabilities	121.4	2.6%	10.2	0.2%	-
Trade payables	941.5	20.1%	843.7	19.3%	11.6%
Other current liabilities (working capital)	526.2	11.2%	524.9	12.0%	0.3%
Current lease liabilities	156.5	3.3%	144.8	3.3%	8.0%
Other current liabilities	127.2	2.7%	35.3	0.8%	-
Current liabilities	**1,872.8**	40.0%	**1,558.9**	35.6%	20.1%
Deferred taxes	40.6	0.9%	53.0	1.2%	-23.3%
Pension provisions	38.2	0.8%	34.1	0.8%	11.8%
Non-current lease liabilities	775.2	16.6%	600.5	13.7%	29.1%
Other non-current liabilities	193.4	4.1%	211.4	4.8%	-8.6%
Non-current liabilities	**1,047.4**	22.4%	**899.0**	20.5%	16.5%
Shareholders' equity	**1,763.9**	37.7%	**1,920.3**	43.9%	-8.1%
Total liabilities and shareholders' equity	**4,684.1**	100.0%	**4,378.2**	100.0%	7.0%

Working capital	**465.8**		**549.4**		-15.2%
- in % of net sales	8.9%		10.0%		

EQUITY RATIO

PUMA continues to have an extremely solid capital base. As of the balance sheet date, the shareholders' equity of the PUMA Group decreased by 8.1%, from €1,920.3 million in the previous year to €1,763.9 million as of December 31, 2020. Despite positive consolidated net earnings in the past financial year, negative effects of the changes in value recognized directly in equity - particularly in connection with the currency conversion of financial statements of foreign subsidiaries that do not prepare their accounts in the reporting currency, the Euro, and the market valuation of derivative financial instruments in connection with cash flow hedging - contributed to a decrease in the Group's equity. As of the balance sheet date, the balance sheet total rose by 7.0%, from €4,378.2 million in the previous year to €4,684.1 million. This resulted in a decrease of the equity ratio, from 43.9% in the previous year to 37.7% as of December 31, 2020.

↗ G.14 TOTAL ASSETS/EQUITY RATIO



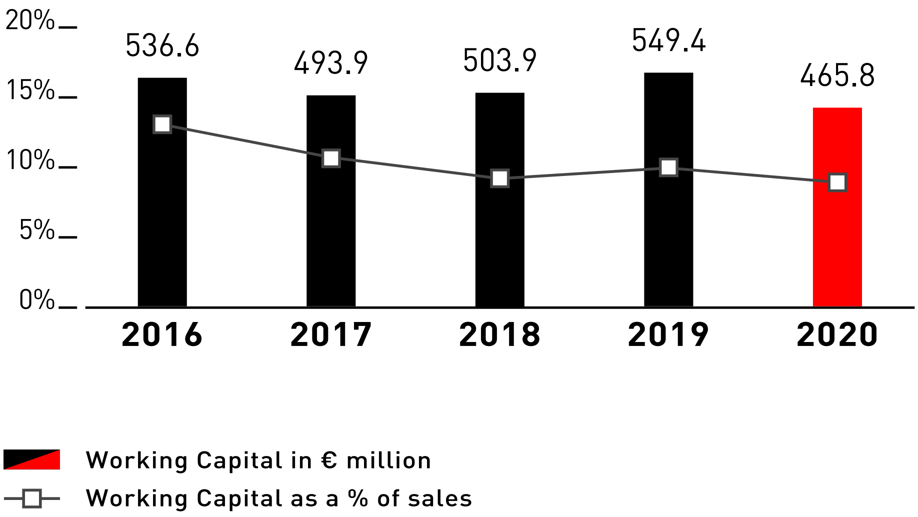
WORKING CAPITAL

Despite the significant negative impact of the COVID-19 pandemic on our sales development in 2020, we managed to reduce working capital by 15.2% from €549.4 million in the previous year to €465.8 million as of December 31, 2020. In relation to net sales in the respective financial year, this corresponds to a decrease in the working capital ratio from 10.0% in the previous year to 8.9% at the end of 2020.

As a result of sales promotions over the past financial year aimed at limiting the decline in sales as far as possible and to optimize inventory levels, inventories increased only slightly by 2.5% from €1,110.2 million to €1,138.0 million as of the balance sheet date. Despite sales growth in the third and fourth quarters of 2020, trade receivables increased only slightly by 1.5%, from €611.7 million to €621.0 million. In contrast, other current assets included in working capital decreased by 11.0% from €196.0 million to €174.5 million.

On the liabilities side, trade payables increased by 11.6%, from €843.7 million to €941.5 million, due to extended payment terms with our suppliers. Other current liabilities, which are included in working capital and include, among other things, customer bonus and warranty provisions, increased only slightly by 0.3% from €524.9 million to €526.2 million in 2020.

↗ G.15 WORKING CAPITAL



OTHER ASSETS AND OTHER LIABILITIES

Other current assets, which only include the positive market value of derivative financial instruments, decreased compared to the previous year from €45.2 million to €23.7 million.

Right-of-use assets increased by 22.1% compared to the previous year, from €719.0 million to €877.6 million. This increase was mainly due to the expansion of our logistics network and the opening of our new distribution center in Indianapolis, USA. The right-of-use assets referred to own retail stores totaling €355.2 million (previous year: €419.6 million), warehouses and offices totaling €464.3 million (previous year: €281.7 million) and other lease items, mainly technical equipment and machines and motor vehicles, totaling €58.1 million as of December 31, 2020 (previous year: €17.7 million). On the liabilities side, this led to an increase in current and non-current lease liabilities.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, decreased slightly by 2.6% from €940.3 million to €916.0 million in 2020. This decline was due to lower investment in fixed assets in order to limit cash outflows as far as possible during the course of the COVID-19 pandemic.

The current financial liabilities, which include both current liabilities to banks and the current portion of the promissory note loans (€100.0 million; previous year: €0.0 million), increased from €10.2 million in the previous year to €121.4 million as of December 31, 2020.

Other current liabilities, which include the negative market value of derivative financial instruments, increased from €35.3 million to €127.2 million, due to the weaker US Dollar exchange rate on reporting date December 31, 2020 compared to the balance sheet date in the previous year.

Pension provisions increased from €34.1 million in the previous year to €38.2 million.

Other non-current liabilities, which mainly include promissory note loans totaling €145.0 million (previous year: €160.0 million), amounted to €193.4 million (previous year: €211.4 million) as of the balance sheet date.

CASH FLOW

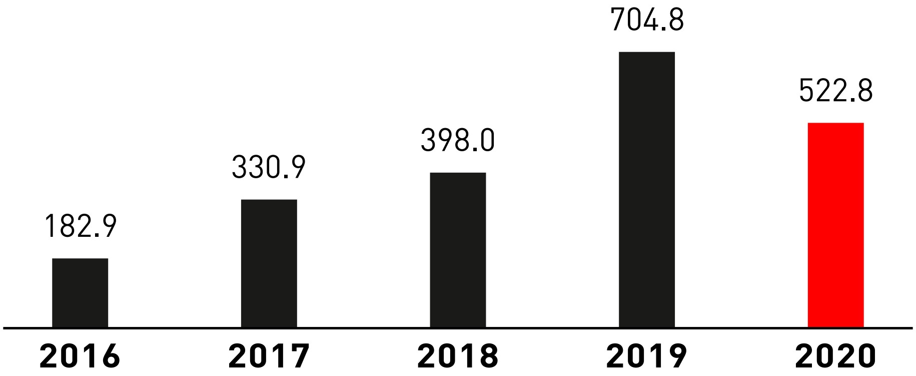
↗ T.03 CASH FLOW STATEMENT

	2020 € million	2019 € million	+/- %
Earnings before taxes (EBT)	**162.3**	**417.6**	-61.1%
Financial result and non-cash expenses and income	360.4	287.2	25.5%
Gross cash flow	**522.8**	**704.8**	-25.8%
Change in net current assets	-11.9	-44.5	-73.2%
Tax payments and dividends received	-89.3	-111.5	-19.9%
Net cash from operating activities	**421.5**	**548.8**	-23.2%
Payments for acquisitions	0.0	-1.2	-
Payments for investing in fixed assets	-151.0	-218.4	-30.9%
Other investing activities	5,5	0,8	-
Net cash used in investing activities	**-145.5**	**-218.7**	-33.5%
Free cash flow	**276.0**	**330,0**	-16.4%
Free cash flow (before acquisitions)	**276.0**	**331.2**	-16.7%
- in % of net sales	5.3%	6.0%	
Dividend payments to equity holders of the parent company	0.0	-52.3	-100.0%
Dividend payments to non-controlling interests	-45.6	-18.6	145.1%
Proceeds from borrowings	94.2	0.0	-
Repayments of borrowings	0.0	-17.6	-100.0%
Repayments of lease liabilities	-135.0	-140.8	-4.2%
Other proceeds/payments	-43.0	-43.6	-1.5%
Net cash used in financing activities	**-129.2**	**-272.9**	-52.6%
Exchange rate-related changes in cash and cash equivalents	-8.9	-2.8	-
Change in cash and cash equivalents	**137.8**	**54,3**	153.9%
Cash and cash equivalents at the beginning of the financial year	518.1	463.7	11.7%
Cash and cash equivalents at the end of the financial year	**655.9**	**518.1**	26.6%

NET CASH FROM OPERATING ACTIVITIES

Gross cash flow decreased by 25.8% from €704.8 million to €522.8 million in 2020. This decrease was due to lower earnings before taxes (EBT -61.1%). In contrast, non-cash expenses increased as a result of the increase in right-of-use assets, which led to higher depreciation and amortization in 2020.

↗ **G.16 GROSS CASH FLOW** (€ million)



A strong focus on working capital management significantly contributed to the fact that the cash outflow from the change in net current assets* improved from €-44.5 million in the previous year to €-11.9 million in the financial year 2020. The cash outflow from tax payments and dividends received decreased from €-111.5 million in the previous year to €-89.3 million. Overall, this resulted in a decrease in net cash from operating activities by €127.3 million, from €548.8 million to €421.5 million. Despite the significant negative impact of the COVID-19 pandemic in 2020, PUMA was therefore able to largely limit the decline in net cash from operating activities.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities decreased in the financial year 2020, from €218.7 million to €145.5 million. Due to the significant negative impact of the COVID-19 pandemic, we reacted quickly and adjusted our investment planning for 2020 accordingly to limit cash outflows as far as possible. This resulted in a decrease of investments in fixed assets from €218.4 million in the previous year to €151.0 million in 2020. The investments mainly concerned logistics and IT infrastructure. As a result of the COVID-19 pandemic, investments in own retail stores declined in the past financial year.

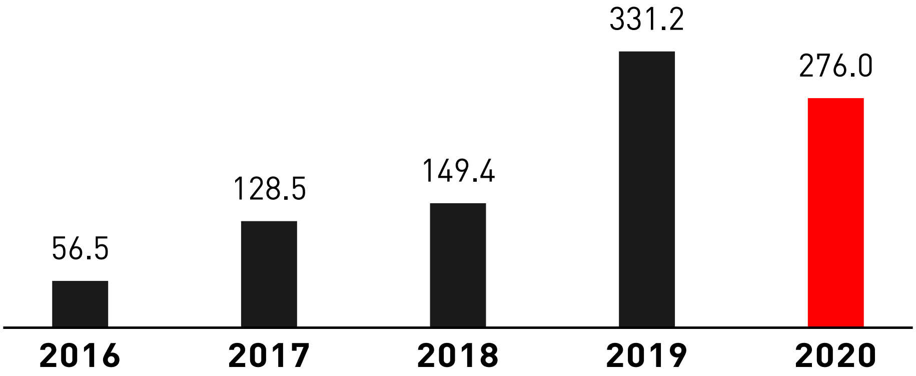
* Net current assets include working capital line items plus current assets and liabilities, which are not part of the working capital calculation. Current lease liabilities are not part of the net current assets.

FREE CASH FLOW BEFORE ACQUISITIONS

The free cash flow before acquisitions is the balance of the cash inflows and outflows from operating and investing activities. In addition, an adjustment is made for incoming and outgoing payments that relate to shareholdings, where applicable.

Free cash flow before acquisitions decreased from €331.2 million in the previous year to €276.0 million in the financial year 2020. Free cash flow before acquisitions was 5.3% of net sales compared to 6.0% in the previous year.

↗ **G.17 FREE CASH FLOW (BEFORE ACQUISITIONS)** (€ million)



NET CASH USED IN FINANCING ACTIVITIES

The net cash used in financing activities decreased overall from a cash outflow of €272.9 million in the previous year to a cash outflow of €129.2 million in 2020. This decrease resulted, on the one hand, from the waiver of dividend payments for the financial year 2019 to PUMA SE shareholders, in order to limit cash outflows in 2020 as far as possible during the course of the COVID-19 pandemic. On the other hand, proceeds from borrowings of €94.2 million in 2020, compared with the repayment of financial liabilities of €17.6 million in the previous year, contributed to the decrease in net cash used in financing activities.

The net cash used in financing activities also included payouts to non-controlling interests totaling €45.6 million (previous year: €18.6 million) and the repayment of lease liabilities and related interest expenses totaling €164.3 million in 2020 (previous year: €170.5 million).

As of December 31, 2020, PUMA had cash and cash equivalents of €655.9 million, an increase of 26.6% compared to the previous year (€518.1 million). The PUMA Group also had credit lines totaling €1,639.1 million as of December 31, 2020 (previous year: €687.6 million). Unutilized credit lines totaled €1,372.7 million on the balance sheet date, compared to €514.1 million in the previous year. In order to ensure the liquidity of the PUMA Group, even in the event of a longer lasting pandemic, we have therefore secured additional credit lines in the past financial year as a contingency reserve, in line with our strategic priorities for dealing with the COVID-19 pandemic.

STATEMENT REGARDING THE BUSINESS DEVELOPMENT AND THE OVERALL SITUATION OF THE GROUP

2020 was a very difficult year for the sporting goods industry due to the COVID-19 pandemic. Our approach was to manage the crisis short term without hindering PUMA's mid-term momentum. Accordingly, our primary goal was to survive the crisis, to recover and then to emerge stronger from the crisis with growth. The health and safety of our employees, business partners and customers were given top priority. We were also very focused on limiting the inevitable decline in sales wherever possible, protecting the supply chain, reducing costs and securing liquidity.

With respect to our organizational development and progress within our logistics network, the opening of the new Indianapolis distribution center in the USA was a major milestone for PUMA. In addition, work continued in 2020 at our new logistics center for Central Europe located in Geiselwind, Germany, which is expected to become operational in the second quarter of 2021.

We are very proud of how we have handled this difficult period so far. Our employees worldwide have helped us survive this crisis thanks to their flexibility, pragmatism, determination and positive attitude. In doing so, they have worked closely with our manufacturers, customers, lessors, banks, logistics partners and other partners to ensure that we are able to find solutions together to maintain the business and value chain. Our long-standing and reliable cooperation with many of our partners was one of the most important success factors for us in managing the pandemic during the past financial year.

The sales development seen in the individual quarters, which varied considerably during the year due to the development of the COVID-19 pandemic, resulted in a currency-adjusted sales decrease of 1.4% for the full year 2020 compared to 2019. While sales in wholesale and in our own retail stores declined, our e-commerce business recorded significant sales growth. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum. However, despite the cost reduction measures initiated immediately at the end of the first quarter and during the second quarter, the COVID-19 pandemic had a significant negative impact on our profitability. As a result of the decline in sales and gross profit margin, which could not be compensated for by cost-saving measures, our operating result (EBIT) saw an overall decrease of 52.5% to €209.2 million in 2020 (previous year: €440.2 million). Earnings per share amounted to €0.53 in 2020 (previous year: €1.76). Despite the severe negative impact of the COVID-19 pandemic, particularly in the second quarter, PUMA was thus able to achieve positive net earnings and positive earnings per share for the full year 2020.

With regard to the balance sheet, we believe that PUMA continues to have an extremely solid capital base. As of the balance sheet date, the PUMA Group's equity amounted to more than €1.7 billion and the equity ratio was just under 38%.

Our consistent focus on strict working capital management and our efforts to secure our liquidity in 2020 have resulted in an increase in cash and cash equivalents (to €655.9 million) and an increase in our unutilized credit lines as of the balance sheet date (to €1,372.7 million). In this context, the new credit line of €900 million, taken out in May last year via a banking consortium of twelve banks - including a direct commitment by the German state-owned development bank KfW (Kreditanstalt für Wiederaufbau) in the amount of €625 million - was already reduced by €700 million to just €200 million at the end of 2020, as PUMA secured new promissory note loans of €250 million in December 2020 for refinancing purposes and increased its existing credit lines with banks by €450 million.

As a result, the net asset, financial and income situation of the PUMA Group is overall solid at the time the Combined Management Report was prepared. This enables the Management Board and the Supervisory Board to propose to the Annual General Meeting on May 5, 2021, a dividend of €0.16 per share for the financial year 2020. This corresponds to a payout ratio of 30.3% in relation to the consolidated net earnings and is in line with our dividend policy.

COMMENTS ON THE FINANCIAL STATEMENTS OF PUMA SE IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

The annual financial statements of PUMA SE are prepared in accordance with the rules of the German Commercial Code (German GAAP, HGB), taking into account the SEAG (German SE Implementation Act) and the German Stock Corporation Act (AktG).

PUMA SE is the parent company of the PUMA Group. PUMA SE's results are to a large extent influenced by the directly and indirectly held subsidiaries and shareholdings. The business development of PUMA SE is essentially subject to the same risks and opportunities as the PUMA Group.

PUMA SE is responsible for wholesale business in the DACH area, consisting of the home market of Germany, Austria, and Switzerland. Furthermore, PUMA SE is also responsible for pan-European distribution for individual key accounts and for sourcing products from European production countries, as well as global licensing management. In addition, PUMA SE acts as a holding company within the PUMA Group and is as such responsible for international product development, merchandising, international marketing, the global areas of finance, operations and PUMA's strategic direction.

RESULTS OF OPERATIONS

↗ T.04 PROFIT AND LOSS STATEMENT (GERMAN GAAP, HGB)

	2020		2019		
	€ million	**%**	**€ million**	**%**	**+/- %**
Net Sales	**709.7**	100.0%	**722.3**	100.0%	**-1.7%**
Other operating income	**40.4**	5.7%	**62.1**	8.6%	**-34.9%**
Material expenses	-237.2	-33.4%	-233.8	-32.4%	1.5%
Personnel expenses	-94.2	-13.3%	-107.2	-14.8%	-12.1%
Depreciation	-25.4	-3.6%	-24.8	-3.4%	2.6%
Other operating expenses	-512.1	-72.2%	-560.8	-77.6%	-8.7%
Total expenses	**-868.9**	-122.4%	**-926.6**	-128.3%	**-6.2%**
Financial result	**359.5**	50.7%	**223.5**	30.9%	**60.8%**
Income before taxes	**240.7**	33.9%	**81.3**	11.3%	**195.9%**
Taxes on income	-11.0	-1.6%	-12.8	-1.8%	-14.0%
Net income	**229.7**	32.4%	**68.5**	9.5%	**235.4%**

Net sales decreased overall by 1.7% to €709.7 million in the financial year 2020, due to the negative impact of the COVID-19 pandemic. This was the result of decreased revenue from product sales as well as reduced commission income in connection with license management. Revenue from PUMA SE product sales decreased by 1.2% to €350.5 million. The royalty and commission income included in net sales decreased by 1.9% to €329.2 million. Other revenue, which mainly consisted of recharges of costs to affiliated companies, totaled €30.0 million in 2020 (previous year: €32.1 million).

Other operating income amounted to €40.4 million in 2020 (previous year: €62.1 million) and includes in particular realized and unrealized gains from currency conversion related to the measurement of receivables and liabilities in foreign currencies.

The total **expenditure** from material expenses, personnel expenses, depreciation and other operating expenses decreased by 6.2% to €868.9 million compared to the previous year (2019: total of €926.6 million). The increase in material expenses compared to the previous year was mainly due to higher inventory write-downs. The decrease in personnel expenses was related to short-term work programs resulting from the COVID-19 pandemic and lower performance-related staff bonuses. Other operating expenses decreased year-on-year due to cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter. However, the decrease in marketing and administration expenses was partially offset by higher costs for warehousing and logistics.

The **financial result** improved by 60.8% compared to the previous year, to €359.5 million. The increase was mainly due to significantly higher dividends from shareholdings in affiliated companies, while the income from the transfer of profits from affiliated companies decreased and expenses from loss transfers increased.

Despite a slight decline in sales, the decreased expenses and the improved financial result led to a significant increase in **earnings before taxes** of 195.9%, from €81.3 million in the previous year to €240.7 million in 2020. **Taxes on income** amounted to €11.0 million (previous year: €12.8 million). Accordingly, PUMA SE's **net income** under German Commercial Code (German GAAP, HGB) increased by 235.4% in the financial year 2020 to €229.7 million (previous year: €68.5 million).

NET ASSETS

↗ T.05 BALANCE SHEET (GERMAN GAAP, HGB)

	12/31/2020		12/31/2019		
	€ million	**%**	**€ million**	**%**	**+/- %**
Total fixed assets	1,072.0	58.5%	1,053.7	63.0%	1.7%
Inventories	65.5	3.6%	59.8	3.6%	9.5%
Receivables and other current assets	424.3	23.1%	504.8	30.2%	-16.0%
Cash and cash equivalents	260.2	14.2%	47.2	2.8%	450.8%
Total current assets	750.0	40.9%	611.8	36.6%	22.6%
Others	11.5	0.6%	8.0	0.5%	43.6%
Total assets	**1,833.5**	100.0%	**1,673.5**	100.0%	**9.6%**
Shareholders' equity	815.1	44.5%	582.8	34.8%	39.9%
Accruals/provisions	89.0	4.9%	112.1	6.7%	-20.6%
Liabilities	929.4	50.7%	978.6	58.5%	-5.0%
Total liabilities and shareholders' equity	**1,833.5**	100.0%	**1,673.5**	100.0%	**9.6%**

Fixed assets increased by 1.7% to €1,072.0 million in 2020, mainly due to further investments in IT infrastructure

Within **current assets**, inventories increased by 9.5% to €65.5 million. In contrast, receivables and other current assets fell by 16.0% to €424.3 million compared to the previous year. This development is primarily due to the decrease in receivables from affiliated companies. The decrease in receivables from affiliated companies as of the balance sheet date resulted from offsetting these receivables against liabilities to affiliated companies. Cash and cash equivalents increased by 450.8% to €260.2 million compared to the previous year.

On the **liabilities side**, equity rose by 39.9% to €815.1 million, as a result of the net income in 2020. This led, despite an increased balance sheet total, to an increase of the equity ratio at the balance sheet date, from 34.8% in the previous year to 44.5% as of December 31, 2020.

Accruals and provisions decreased by 20.6% to €89.0 million compared to the previous year due to lower provisions for personnel and outstanding invoices. The decrease in liabilities by 5.0% to €929.4 million was mainly due to reduced liabilities to affiliated companies as a result of the offsetting. In contrast, liabilities to banks increased as a result of the issue of new promissory note loans in 2020.

FINANCIAL POSITION

↗ T.06 CASH FLOW STATEMENT (GERMAN GAAP, HGB)

	2020	2019	
	€ million	€ million	+/- %
Net cash from operating activities	**24.9**	**27.6**	**-9.8%**
Net cash used in investing activities	**-194.7**	**-114.0**	**70.8%**
Free cash flow	**-169.9**	**-86.4**	**96.6%**
Net cash from financing activities	**382.8**	**74.2**	**>100%**
Change in cash and cash equivalents	**213.0**	**-12.2**	**>-100%**
Cash and cash equivalents at the beginning of the financial year	47.2	59.5	-20.7%
Cash and cash equivalents at the end of the financial year	**260.2**	**47.2**	**>100%**

Net cash from operating activities in 2020 is based on the significant increase in earnings before taxes. However, taking into account the equally significant increase in non-cash expenses in connection with higher dividends from shareholdings in affiliated companies, the net cash from operating activities in the past financial year was almost unchanged at €24.9 million (previous year: €27.6 million).

The **net cash used in investing activities** in 2020 includes investments in fixed assets and cash outflows from the granting of receivables to affiliated companies. This resulted in an overall decrease in free cash flow from €-86.4 million in the previous year to €-169.9 million in 2020.

Net cash from financing activities showed a cash inflow of €382.8 million in 2020 (previous year: €74.2 million). The cash inflow was mainly attributable to an increase in liabilities to affiliated companies and an increase in liabilities to banks due to the issue of new promissory note loans. In order to limit cash outflows during the COVID-19 pandemic, the dividend payout was waived in 2020. In the previous year, a payout of €52.3 million to equity holders was included in the net cash used in financing activities.

OUTLOOK

We expect a moderate increase in net sales in PUMA SE's financial statements under German Commercial Code (German GAAP, HGB) for the financial year 2021. However, due to significant lower dividends from shareholdings in affiliated companies, we expect earnings before taxes to decline significantly in the financial year 2021.

FURTHER INFORMATION

INFORMATION CONCERNING TAKEOVERS

The following information, valid December 31, 2020, is presented in accordance with Art. 9 p. 1 c) (ii) of the SE Regulation in conjunction with Sections 289a, 315a German Commercial Code (HGB). Details under Sections 289a, 315a HGB which do not apply at PUMA SE are not mentioned.

Composition of the subscribed capital (Sections 289a [1][1][1], 315a [1][1][1] HGB)
On the balance sheet date, subscribed capital totaled € 150,824,640.00 and was divided into 150,824,640 no-par value shares with a proportional amount in the statutory capital of € 1.00 per share. As of the balance sheet date, the Company held 1,240,781 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][1][3], 315a [1][1][3] HGB)
As of December 31, 2020, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. It was held by the Pinault family via several companies controlled by them (ranked by size of stake held by the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounted to 9.8% of the share capital according to Kering's press release from October 6, 2020. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 38.3% of the share capital.

Statutory provisions and regulations of the Articles of Association on the appointment and dismissal of the members of the Management Board and on amendments to the Articles of Association (Sections 289a [1][1][6], 315a [1][1][6] HGB)
Regarding the appointment and dismissal of the members of the Management Board, reference is made to the applicable statutory requirements of § 84 German Stock Corporation Act (AktG). Moreover, Section 7[1] of PUMA SE's Articles of Association stipulates that Management Board shall consist of two members in the minimum; the Supervisory Board determines the number of members in the Management Board. The Supervisory Board may appoint deputy members of the Management Board and appoint a member of the Management Board as chairperson of the Management Board. Members of the Management Board may be dismissed only for good cause, within the meaning of Section 84[3] of the AktG or if the employment agreement is terminated, for which in each case a resolution must be adopted by the Supervisory Board with a simple majority of the votes cast.

Amendments to the Articles of Association of the Company require a resolution by the Annual General Meeting. Resolutions of the Annual General Meeting require a majority according to Art. 59 SE Regulation and Sections 133[1], 179 [2] [1] AktG (i.e. a simple majority of votes and a majority of at least three quarters of the share capital represented at the time the resolution is adopted). The Company has not made use of Section 51 SEAG.

Authority of the Management Board to issue or repurchase shares (Sections 289a [1][1][7], 315a [1][1][7] HGB)
The authority of the Management Board to issue shares result from Section 4 of the Articles of Association and from the statutory provisions:

<u>Authorized Capital</u>

The Management Board shall be authorized with the approval of the Supervisory Board to increase the share capital of the Company by up to € 15,000,000.00 by issuing, once or several times, new no-par value bearer shares against contributions in cash and/or kind until April 11, 2022 (Authorized Capital 2017). In case of capital increases against contributions in cash, the new shares may, partially or completely, be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect pre-emption right).

The shareholders shall generally be entitled to pre-emption rights. However, the Management Board shall be authorized with the approval of the Supervisory Board to partially or completely exclude pre-emption rights

- to avoid peak amounts;
- in case of capital increases against contributions in cash if the pro-rated amount of the share capital attributable to the new shares for which pre-emption rights have been excluded does not exceed 10% of the share capital and the issue price of the newly created shares is not significantly lower than the relevant exchange price for already listed shares of the same class, Section 186 (3) sentence 4 AktG. The 10% limit of the share capital shall apply at the time of the resolution on this authorization by the Annual General Meeting as well as at the time of exercise of the authorization. Shares of the Company (i) which are issued or sold during the term of the Authorized Capital 2017 excluding shareholders' pre-emption rights directly or respectively applying Section 186 (3) sentence 4 AktG or (ii) which are or can be issued to service option and convertible bonds applying Section 186 (3) sentence 4 AktG while excluding shareholders' pre-emption rights during the term of the Authorized Capital 2017, shall be counted towards said limit of 10%;
- in case of capital increases against contributions in cash insofar as it is required to grant pre-emption rights regarding the Company's shares to holders of option or convertible bonds which have been or will be issued by the Company or its direct or indirect subsidiaries to such an extent to which they would be entitled after exercising option or conversion rights or fulfilling the conversion obligation as a shareholder;
- in case of capital increases against contributions in kind for carrying out mergers or for the (also indirect) acquisition of companies or parts of companies, participation in companies or other assets including intellectual property rights and receivables against the Company or any companies controlled by it in the sense of Section 17 AktG.
- The total amount of shares issued or to be issued based upon this authorization while excluding shareholders' pre-emption rights may neither exceed 20% of the share capital at the time of the authorization becoming effective nor at the time of exercising the authorization; this limit must include all shares which have been disposed of or issued or are to be issued during the term of this authorization based on other authorizations while excluding pre-emption rights or which are to be issued because of an issue of option or convertible bonds during the term of this authorization while excluding pre-emption rights. The Management Board shall be entitled with the approval of the Supervisory Board to determine the remaining terms of the rights associated with the new shares as well as the conditions of the issuance of shares.

The Management Board of PUMA SE did not make use of the existing Authorized Capital 2017 in the current reporting period.

Conditional Capital

The Annual General Meeting of April 12, 2018 has authorized the Management Board until April 11, 2023 with the approval of the Supervisory Board to issue once or several times, in whole or in part, and at the same time in different tranches bearer and/or registered option and/or convertible bonds, and participation rights and/or participating bonds or combinations thereof with or without maturity restrictions in the total nominal amount of up to € 1,000,000,000.00.

The share capital is conditionally increased by up to € 30,164,920.00 by issue of up to 30,164,920 new no-par value bearer shares (Conditional Capital 2018). The conditional capital increase shall only be implemented to the extent that option/conversion rights are exercised, or the option/conversion obligations are performed or tenders are carried out and to the extent that other forms of performance are not applied.

No use has been made of this authorization to date.

Authorization to purchase treasury shares

The resolution adopted by the Annual General Meeting on May 7, 2020 authorized the Management Board to purchase treasury shares up to a value of 10% of the share capital until May 6, 2025.

Significant agreements of the Company which are subject to a change of control as a result of a takeover bid and the resulting effects (Section 289a [1][1][8], 315a [1][1][8] HGB)
Material financing agreements of PUMA SE with its creditors contain the standard change-of-control clauses. In the case of change of control the creditor is entitled to termination and early calling-in of any outstanding amounts.

For more details, please refer to the relevant disclosures in chapter 17 of the Notes to the Consolidated Financial Statements.

COMPENSATION REPORT

COMPENSATION PHILOSOPHY

The Management Board compensation system is designed to create incentives for a sustainable and profit-oriented company performance. The objective of the compensation system is to stimulate the implementation of long-term Group strategy by ensuring that the relevant success parameters that govern the performance-based compensation are aligned with the PUMA SE management system. Furthermore, the long-term interests of our shareholders are taken into account by making the variable compensation strongly dependent on the performance of the PUMA SE share.

With a greater share of performance-based and therefore variable compensation, the intention is to reward the contribution of our Management Board members towards a sustainable development of our Company, while negative deviations from the set targets will result in a significant reduction of variable compensation.

An updated Management Board compensation system that complies with the requirements of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II) and the recommendations of the German Corporate Governance Code as amended on December 16, 2019 is to be submitted to the Annual General Meeting for approval on May 5, 2021.

GOVERNANCE IN COMPENSATION MATTERS

It is the responsibility of the PUMA SE Supervisory Board to determine the compensation of the Management Board. The entire Supervisory Board decides on matters relating to the compensation of the Management Board members based on the respective recommendations of the Personnel Committee which is comprised of members of the Supervisory Board. Criteria for calculating the total compensation are the responsibilities and performance of the individual Management Board member, the economic situation of PUMA SE, long-term strategic planning and related goals, the sustainability of targeted results and the Company's long-term prospects.

OVERVIEW OF COMPENSATION ELEMENTS

The compensation of the Management Board consists of non-performance-based and performance-based components. The non-performance-based components comprise the basic compensation, company pension contributions and other fringe benefits, while the performance-based components are divided into two parts, a bonus and a component with long-term incentive effect:

↗ G.18 TARGET COMPENSATION STRUCTURE

Long-term performance-related remuneration	CEO: 54%* OBM: 36%*	**Long-term incentive** · Future design in accordance with the compensation system that is to be submitted to the Annual General Meeting in 2021 for approval
Short-term performance-related remuneration	CEO: 23%* OBM: 32%*	**Bonus** · Performance targets: 60% operating profit (EBIT); 20% free cashflow; 15% individual targets set annually by the Supervisory Board; 5% sustainability targets · Cap: 150% of the target bonus
Non-performance-related remuneration	CEO: 23%* OBM: 32%*	**Basic compensation**
Company pension scheme and other non-performance-related fringe benefits		

*Figures in % of target compensation (total 100 %)
CEO: Chief Executive Officer / OBM: Ordinary Board Member

CHANGE IN COMPENSATION COMPONENTS IN 2020 DUE TO THE COVID-19 PANDEMIC AND LOAN COMMITMENTS FROM KFW BANKENGRUPPE

At the beginning of the COVID-19 pandemic in March 2020, all members of the Management Board of PUMA SE voluntarily waived their respective basic compensation for the months of April and May 2020 to show solidarity with those employees of PUMA for whom short-time work was applied for and with other employees who also forwent part of their remuneration for the months of April and May 2020. For the same reason, all members of the Supervisory Board also waived part of their annual compensation.

In addition, all members of the Management Board waived their respective bonus payment for the financial year 2020, including the bonus for the individual performance of members of the Management Board. The Management Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe.

TARGET COMPENSATION STRUCTURE

NON-PERFORMANCE-BASED COMPENSATION AND FRINGE BENEFITS

Basic Compensation
The members of the Management Board receive a fixed basic salary which is paid monthly. This salary is based on the duties and responsibilities of the member of the Management Board. For employment periods of less than twelve months in a calendar year, all compensation payments are paid on a prorated basis. For the months of April and May 2020, the members of the Management Board voluntarily waived their basic compensation.

Fringe Benefits
In addition, the Management Board members receive in-kind compensation, such as use of company cars, accident insurance and D&O insurance. These are part of the non-performance-based compensation.

Company Pension
Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested.

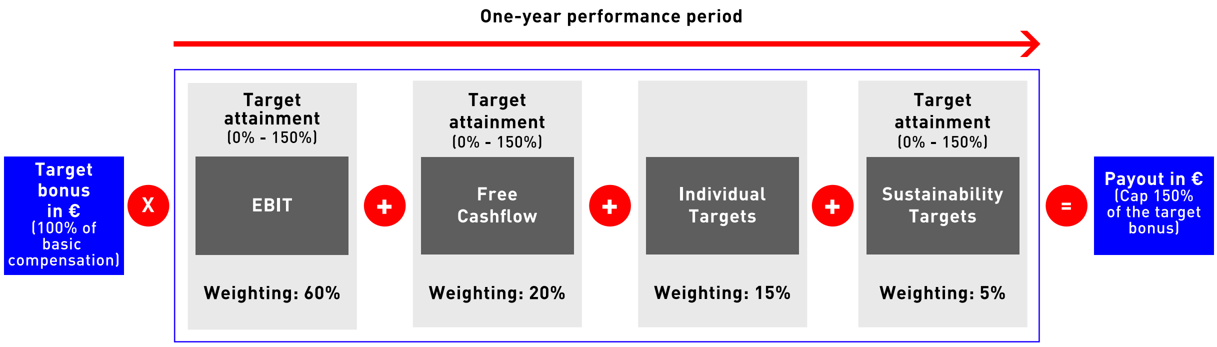
Performance-based Compensation
In addition to the non-performance-based compensation, the members of the Management Board receive performance-based and therefore variable compensation. The amount of this compensation is based on the attainment of previously defined financial and non-financial targets. It consists of a bonus and a component with a long-term incentive effect. In the event of any outstanding performance, the Supervisory Board may, at its discretion, grant the members of the Management Board a voluntary one-off payment.

Short-term variable Compensation — Bonus
All members of the Management Board waived short-term variable compensation for the financial year 2020. However, the short-term variable compensation system as it would have been applied if the Management Board had not waived it in 2020 is described below for the sake of completeness.

As part of the performance-based compensation, the bonus is primarily based on the financial goals of the operating result (EBIT) and free cash flow (FCF) of the PUMA Group and the individual performance of the respective Management Board member as well as the attainment of Group-wide sustainability targets. The two financial success targets are weighted with 60% for EBIT and 20%, respectively, for FCF. The individual performance is included in the calculation with a weighting of 15%. The degree to which the sustainability targets have been achieved is taken into account in the calculation with a weighting of 5%. If 100% of the target is achieved ("target bonus"), the amount of the bonus is 100% of the annual basic compensation for the Chair of the Management Board and the Management Board members.

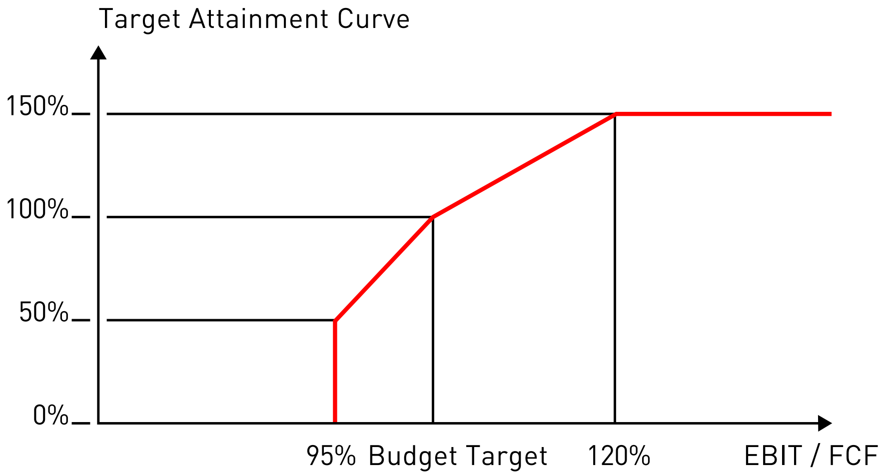
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ G.19 STI-PLAN



An identical target attainment curve has been created, respectively, for the two financial goals. If the budget target for EBIT or FCF is reached, the target attainment is 100% (target value). If EBIT/FCF are less than 95% of the target value, this results in a target attainment of 0%. If EBIT/FCF reach 95% of the target value, the target attainment is 50%. If EBIT/FCF reach 120% or more of the target value, the target attainment is limited to 150% (maximum value). Target attainments between the determined target attainment points are interpolated. This results in the following target attainment curve for the EBIT and FCF performance targets:

↗ G.20 TARGET ATTAINMENT CURVE EBIT/FCF



Individual Performance Target Attainment
The Supervisory Board assesses the individual performance of the Management Board member based on previously defined criteria, such as sustainable leadership, strategic vision and good corporate governance. The Supervisory Board determines target criteria for assessing individual performance every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Target Attainment Sustainability Targets
The sustainability targets include goals to reduce CO_2 emissions, compliance targets and occupational health and safety objectives. They are applied throughout the PUMA Group and measured quantitatively on a standardized basis. The Supervisory Board determines four target criteria for calculating the sustainability targets every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Long-term variable share-based compensation

In the financial year 2020, no long-term variable compensation was granted to members of the Management Board. The Supervisory Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe. The long-term incentive program then to be granted will be in line with the compensation system that will be presented for approval at the upcoming Annual General Meeting.

Rules for Terminating Management Board Activity and other Contractual Provisions

In the event of a temporary disablement due to illness, the Management Board member retains his or her entitlement to full contractual compensation up to a total duration of six months but for no longer than the end of the employment contract. The Management Board member must offset payments received from health insurance companies or pension insurances in the form of sick pay or pension benefits against the compensation payments, insofar as these benefits are not fully based on contributions by the Management Board member.

In the case of an early termination of the employment contract without good cause within the meaning of section 626 (1) of the German Civil Code (BGB), any payments to be agreed to the Management Board member, including fringe benefits, will not exceed the amount of two annual compensations (severance cap) and must not exceed the value of the compensation for the remaining duration of the Management Board employment contract. The calculation of the severance cap is based on the total compensation of the past financial year and also on any expected total compensation for the current financial year. In the event of an early termination of the employment contract before the end of the relevant performance period for the bonus and/or the three-year vesting period of the long-term variable compensation, the contract makes no provision for an early payout of the variable compensation components. If the member of the Management Board becomes permanently disabled during the term of the employment contract, the contract is terminated on the day on which the permanent disability is determined. A permanent disability exists within the meaning of this provision, if the member of the Management Board is no longer able, due to illness or accident, to fulfill the responsibilities assigned to him or her. In this respect, the specific duties and particular responsibility of the member of the Management Board must be taken into account.

If the member of the Management Board dies during the term of the employment contract, his or her widow or widower and children, provided they have not yet reached the age of 27, are entitled as joint creditors to receive the unreduced continued payment of the fixed compensation for the month in which the death occurred and for the six following months, but for no longer than up to the end of the regular term of the contract.

MANAGEMENT BOARD COMPENSATION

The following tables show the compensation paid during the financial year and inflows during or for the reporting year and the total related pension expenses for all Management Board members. *

↗ T.07 COMPENSATION PAID (€ million)

	2019	2020	2020 (min)	2020 (max)
Basic Compensation	2.0	1.7	1.7	1.7
Fringe Benefits	0.1	0.1	0.1	0.1
Total	**2.1**	**1.8**	**1.8**	**1.8**
Short-term variable compensation	2.7	0.0	0.0	0.0
Long-term variable share-based compensation				
LTI 2019 (2019 to 2021)	3.9	0.0	0.0	0.0
Total variable compensation	**6.6**	**0.0**	**0.0**	**0.0**
Pension expenses	0.4	0.4	0.4	0.4
Total compensation	**9.1**	**2.2**	**2.2**	**2.2**

* The grants and inflows shown below include the portion of the compensation of Ms. Anne-Laure Descours granted to Ms. Descours for her services as a member of the Management Board of PUMA SE. In addition, Ms. Descours receives compensation for her function as General Manager PUMA Group Sourcing of World Cat Ltd, Hong Kong, a subsidiary of PUMA SE.

T.08 INFLOW (€ million)

	2019	2020
Basic Compensation	2.0	1.7
Fringe Benefits	0.1	0.1
Total	**2.1**	**1.8**
Short-term variable compensation	2.7	2.6
Long-term variable share-based compensation		
LTI 2016 (2016 to 2018)	1.7	6.7
LTI 2017 (2017 to 2019)		6.7
Total variable compensation	**4.3**	**16.0**
Pension expenses	0.4	0.4
Total compensation	**6.8**	**18.3**

When adding the individual items, there may be slight deviations as a result of rounding.

Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. During the financial year, PUMA allocated €0.4 million for members of the Management Board (previous year: €0.4 million). The present value of the pension benefits granted to active Management Board members of €13.0 million as of December 31, 2020 (previous year: €10.8 million) was netted against the equally high and pledged asset value of the pension liability insurance on the balance sheet. The majority of the present value is attributable to the pension benefits financed by deferred compensation.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

In the reporting year, €0.8 million was spent on pro-rata basic compensation, pro-rata fringe benefits and short-term and long-term variable compensation for former members of the Management Board.

There were pension obligations to former members of the Management Board and their widows/widowers amounting to €3.2 million (previous year: €3.3 million) as well as contribution-based pension commitments in connection with the deferred compensation of former members of the Management Board and Managing Directors amounting to €11.3 million (previous year: €11.6 million). Both items were recognized as liabilities within pension provisions to the extent they were not offset against asset values of an equal amount. Pension obligations to former members of the Management Board and their widows/widowers were incurred amounting to €0.2 million (previous year: €0.2 million).

SUPERVISORY BOARD COMPENSATION SYSTEM

In the reporting year, all members of the Supervisory Board waived part of their annual compensation. The following describes the Supervisory Board compensation system if no components are waived.

The Supervisory Board compensation system has been changed to purely fixed compensation. The Articles of Association were amended following the shareholders' decision at the Annual General Meeting on May 7, 2020. As for the Management Board, the relevant criteria for calculating the compensation are the responsibilities and performance of the individual Supervisory Board member, the economic situation of PUMA SE, the long-term strategic planning and related goals, the sustainability of achieved results and the Company's long-term prospects. For this reason, the Supervisory Board compensation consists of a fixed, non-performance-based amount.

The Supervisory Board compensation conforms to § 15 of the Articles of Association, according to which each Supervisory Board member receives a fixed annual compensation of € 25,000.00. This amount is payable after the Annual General Meeting for the respective financial year. In addition to the fixed, annual compensation, the members of the Supervisory Board are entitled to an increase of their fixed compensation based on their position on the board and their membership of committees. The Chair of the Supervisory Board and the Vice Chair receive an additional fixed annual amount of € 25,000.00 and € 12,500.00, respectively. The chair of a committee additionally receives € 10,000.00, and the members of a committee € 5,000.00, respectively. The respective committees are the Personnel Committee, the Audit Committee and the Sustainability Committee.

A member of the Supervisory Board who is only active for part of a financial year receives prorated remuneration calculated on the basis of the period of activity determined for full months.

SUPERVISORY BOARD COMPENSATION

The compensation for the Supervisory Board for financial years 2019 and 2020 are shown in the table below.

↗ T.09 SUPERVISORY BOARD COMPENSATION (€ million)

	Fixed compensation		Committee compensation		**Total**	
	2019	**2020**	2019	**2020**	**2019**	**2020**
Total	0.2	0.1	0.0	0.0	**0.2**	**0.1**

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289F AND SECTION 315D HGB

Effective implementation of the principles of corporate governance is an important aspect of PUMA's corporate policy. Transparent and responsible corporate governance is a key prerequisite for achieving corporate targets and for increasing the Company's value in a sustainable manner. The Management and the Supervisory Board work closely with each other in the interests of the entire Company to ensure that the Company is managed and monitored in an efficient way that will ensure sustainable added value through good corporate governance. In the following the Management Board and the Supervisory Board report on the corporate governance at PUMA SE in accordance with Principle 22 of the German Corporate Governance Code (DCGK). This section also includes the Statement of Compliance in accordance with Art. 9(1)c(ii) of the SE Regulation (SE-VO) in conjunction with Section 289f and Section 315d German Commercial Code (HGB). Pursuant to Section 317(2) Sentence 6 of the HGB, the purpose of the audit of the statements pursuant to Section 289f (2) and (5) and Section 315d of the HGB is limited to determining whether such statements have actually been provided.

PUMA SE has the legal form of a European company (Societas Europaea, or SE). Being a SE headquartered in Germany, PUMA SE is subject to European and German law for SEs while remaining subject to German stock corporation law. As a company listed in Germany, PUMA SE adheres to the German Corporate Governance Code.

PUMA SE has a dual management system featuring strict personal and functional separation between the Management Board and the Supervisory Board (two-tier board). Accordingly, the Management Board manages the company while the Supervisory Board monitors and advises the Management Board.

STATEMENT OF COMPLIANCE PURSUANT TO SECTION 161 AKTG FOR 2020:

The Management Board and the Supervisory Board of PUMA SE declare that - since the last Statement of Compliance from November 9, 2019 - PUMA SE has been and will be in compliance with the recommendations issued by the "Government Commission on the German Corporate Governance Code" in its version dated February 7, 2017 ("Code 2017") and its version dated December 16, 2019 (effective as of March 20, 2020, "Code 2020"), with the exceptions mentioned below.

EXCEPTIONS TO THE RECOMMENDATIONS OF THE CODE 2017

In the period since the last Statement of Compliance was issued on November 9, 2019, the following recommendations of the Code 2017 have not been complied with. With the announcement of the Code 2020 on March 20, 2020, the Code 2017, which was valid until then, was replaced by the Code 2020.

- In derogation of No. 3.8 p. 3 of the Code 2017, members of the Supervisory Board are provided with D&O insurance with no deductible. The Supervisory Board feels that it can dispense with a deductible for members of the Supervisory Board, because the D&O insurance is group insurance for people in Germany and abroad, and a deductible is fairly unusual abroad.
- In derogation of No. 4.2.3 p. 2 s. 6 of the Code 2017 the compensation of the members of the Management Board does not show the maximum amount limits in total or their variable compensation components. This is due to the fact that neither the existing PUMA Monetary Units Plans 2016/2017/2018 nor the PUMA Board Member Bonus Plan nor the discretionary extra bonus clause provide for a maximum amount. PUMA complies with the Code 2017 with regard to the PUMA Monetary Units Plan for 2019 as it provides for a maximum amount.
- In derogation of No. 4.2.3 p. 2 s. 8 of the Code 2017 subsequent amendments to the performance targets or comparison parameters are not excluded. This provides the possibility to the Supervisory Board to react to extraordinary effects using its equitable discretion.
- According to No. 4.2.3 p. 3 of the Code 2017 the target level of pension benefits for every pension commitment shall be established by the Supervisory Board. Due to the defined contribution plans, PUMA does not comply with this recommendation.
- In accordance with the authorization by the Annual General Meeting on April 12, 2018, pursuant to Section 286 p. 5 HGB, the Company shall not publish the amounts of compensation for individual members of the Management Board until the authorization expires (Nos. 4.2.4 and 4.2.5 of the Code). The members of the Management Board shall adhere to the authorization when they prepare the annual financial statements. Based on the authorization of the Annual General Meeting, and in derogation of No. 4.2.5 p. 3 of the Code 2017 the information stated in this Section regarding the compensation of the members of the Management Board is not included in the Compensation Report.
- The Annual General Meeting of PUMA SE decided on May 7, 2020 to convert the remuneration of the Supervisory Board to a purely fixed compensation and to delete § 15.3 of the Articles of Association for this purpose. Since prior to this resolution of the Annual General Meeting the remuneration of the Supervisory Board contained a variable component to allow members of the Supervisory Board to participate in the success of the company, there was a deviation from No. 5.4.6 p. 2 s. 2 of the Code 2017, since the performance-related remuneration was not linked to a sustainable corporate development. The deviation no longer exists since May 7, 2020.
- In derogation of No. 5.4.6. p. 3 of the Code 2017, the compensation of the Supervisory Board members is not shown individually. In the opinion of PUMA SE, this is not additional information relevant to the capital market as the respective remuneration regulations included in the Articles of Association are in the public domain.

EXCEPTIONS TO THE RECOMMENDATIONS OF THE CODE 2020

Since the announcement of the Code 2020 on March 20, 2020, all recommendations of the Code 2020 have been (with the below mentioned exception) and will be complied with, as far as PUMA has to comply with these recommendations.

The Annual General Meeting of PUMA SE decided on May 7, 2020 to convert the remuneration of the Supervisory Board to a purely fixed compensation and to delete § 15.3 of the Articles of Association for this purpose. Since prior to this resolution of the Annual General Meeting the remuneration of the Supervisory Board contained a variable component to allow members of the Supervisory Board to participate in the success of the company, there was a deviation from G. 18 s. 2 of the Code 2020, since the performance-related remuneration was not linked to the long-term development of the company. The deviation no longer exists since May 7, 2020.

Herzogenaurach, November 9, 2020
PUMA SE

For the Management Board

Bjørn Gulden

Michael Lämmermann

For the Supervisory Board

Jean-François Palus

The Statement of Compliance can be downloaded on the company's homepage (http://about.PUMA.com under “INVESTOR RELATIONS / CORPORATE GOVERNANCE”). The Statements of Compliance of the past five years are also accessible on this website.

RELEVANT DISCLOSURES OF CORPORATE GOVERNANCE PRACTICES THAT ARE APPLIED BEYOND THE REGULATORY REQUIREMENTS

CORPORATE SOCIAL RESPONSIBILITY

In order to fulfill our ecological and social responsibility as a global sporting goods manufacturer, PUMA has developed groupwide guidelines on environmental management and on compliance with workplace and social standards. PUMA is convinced that only on such a foundation can a lasting and sustainable corporate success be achieved. That is why PUMA is committed to the principles of the UN Global Compact. The PUMA Code of Conduct prescribes ethical and environmental standards with which both employees and suppliers are required to comply. Detailed information on the company's corporate social responsibility strategy can be found in the Sustainability section of the Annual Report or on the company's homepage (http://about.PUMA.com under “SUSTAINABILITY”).

COMPLIANCE MANAGEMENT SYSTEM

PUMA’s management acts in compliance with laws and self-imposed standards of conduct. PUMA has set up a Compliance Management System (CMS) to systematically prevent, detect and sanction violations in the areas of corruption, money laundering, conflicts of interest, antitrust law, fraud and embezzlement. Violations of the law or internal guidelines will not be tolerated.

The PUMA Code of Ethics is an important building block of the CMS and is binding for employees of all subsidiaries worldwide. It defines the guidelines and values that shape PUMA's identity. PUMA expects all employees to be aware of these values and to act accordingly. The Code of Ethics contains rules, among other things, on dealing with conflicts of interest and personal data and prohibits insider trading, anti-competitive behavior and corruption in any form. In order to familiarize employees with the rules of the Code of Ethics and to establish uniform behavioral guidelines, the Code of Ethics is flanked by specific Group-wide guidelines.

All employees are familiarized with the regulatory areas of the Code of Ethics through ongoing mandatory e-learning. In addition, employees selected on the basis of risk-based principles are given in-depth knowledge in classroom training or more comprehensive e-learnings. In 2020, the e-learning on the Code of Ethics covered the topics of anti-corruption and reporting of compliance violations ("speak up culture"). All PUMA employees were encouraged by the CEO of PUMA SE to complete the e-learning. The clear Tone from the Top resulted in 98.7% of PUMA employees Group-wide (98.3% PUMA SE) successfully completing the e-learning on the Code of Ethics. In-depth e-learning took place in the area of antitrust law for all sales employees in the PUMA Group. 99% of the employees in the target group completed the e-learning. Due to the COVID-19 pandemic, classroom training was replaced by virtual training. For example, a "train the trainer" course was held for employees from the Social Sustainability area. These were then able to communicate PUMA's expectations in the areas of anti-corruption and conflict of interest clearly and consistently in their own training sessions with sourcing suppliers.

In 2020 PUMA developed a comprehensive Business Partner Due Diligence Policy. Upon a risk-based approach all existing processes regarding the onboarding of high-risk business partners were analyzed, consolidated and redefined. In the future, the due diligence process will be supported by a compliance screening tool to which all local compliance officers will have access.

The Management Board is responsible for the proper functioning of the CMS. It is supported by a compliance organization consisting of the Chief Compliance Officer and compliance officers in the main operating Group companies. The Chief Compliance Officer of PUMA SE reports directly to the CEO of PUMA SE. The local Compliance Officers also serve as direct contact persons for employees and support them by appropriate communication measures as well as in dealing with and processing compliance incidents. To facilitate cooperation within the global compliance organization, regular virtual meetings are held with local Compliance Officers. These provide an opportunity to exchange experience and knowledge. This informal exchange of information is supplemented by a compliance reporting process, which was documented and formalized in written form in 2020. This process includes, among other things, that the Chief Compliance Officer reports to the Audit Committee of the Supervisory Board of PUMA SE about the current status of the implementation of compliance structures and serious compliance violations. The Chief Compliance Officer works closely with the Legal Department and Internal Audit. In addition, regular meetings of the "PUMA SE Risk & Compliance Committee" take place. At the meetings of this committee, compliance risks are analyzed and evaluated and appropriate measures (guidelines, training, etc.) are defined and approved. The review of the implementation of the requirements in the compliance guidelines is regularly part of the audit plan of the internal audit department.

PUMA has a Group-wide electronic whistleblower platform, which is operated by an external provider and to which employees and third parties can report protected illegal or unethical conduct. Violations from all risk areas can be reported. Insofar as they do not fall within the competence of the compliance organization, the responsible specialist departments are responsible for identifying and taking measures. The introduction of the platform was communicated throughout the Group by the CEO and the communication was flanked by appropriate information material. Every year, the local compliance officers expressly draw attention to the whistleblower system through appropriate communication measures or in face-to-face training sessions. Whistleblowers who report misconduct in good faith are protected from retaliation. All reports are followed up immediately and, if confirmed, appropriate measures are taken. In 2020, the Compliance department at headquarters received 47 reports of alleged violations. The majority of cases did not fall within the remit of the Compliance department. In two cases from 2019 in which allegations of corruption were made, the investigation was concluded in 2020 without the allegations being confirmed. In addition to the whistleblower platform, there is a global hotline for whistleblowers from the supply chain.

DESCRIPTION OF THE WORKING PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

PUMA SE has three bodies – the Management Board, the Supervisory Board and the Annual General Meeting.

MANAGEMENT BOARD

The Management Board of PUMA SE manages the company on its own responsibility with the goal of sustainable value creation. It develops PUMA's strategic orientation and coordinates it with the Supervisory Board. In addition, it ensures group-wide compliance with legal requirements and an effective risk management and internal control system.

The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board has set a general age limit of 70 years for the members Management Board. The Management Board currently consists of three members and has a CEO. Further information on the areas of responsibility of the members of the Management Board and their mandates can be found in the Notes to the Consolidated Financial Statements (last chapter). No member of the Management Board has, in aggregate, more than two Supervisory Board mandates in non-group listed companies or comparable functions.

The members of the Management Board are obliged to disclose conflicts of interest to the Chair of the Supervisory Board and to the CEO without undue delay and to inform the other members of the Management Board accordingly. They may only assume sideline activities, in particular supervisory board and comparable mandates outside the PUMA Group, with the prior consent of the Supervisory Board. In the past fiscal year, the members of the Management Board of PUMA SE did not report any conflicts of interest.

The principles of cooperation of the Management Board of PUMA SE are set out in the Rules of Procedure for the Management Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SUPERVISORY BOARD

The German Codetermination Act does not apply to PUMA SE as a European company. Rather, the size and composition of the Supervisory Board are determined by the Articles of Association of PUMA SE and the Agreement on the Involvement of Employees in PUMA SE dated July 11, 2011 and its amendment dated February 7, 2018. The Supervisory Board of PUMA SE consists of six members, four of whom are shareholder representatives and two of whom are employee representatives. Shareholder representatives are being elected individually. CVs of the individual Supervisory Board members are available on the Internet and are updated regularly. The term of office of the current Supervisory Board members ends at the end of the Annual General Meeting which resolves on the discharge of the members of the Supervisory Board for the financial year 2022. Further information on the members of the Supervisory Board, their mandates and the term of their membership can be found in the Notes to the Consolidated Financial Statements (last chapter). Supervisory Board members who are not a member of any Management Board of a listed company have not accepted more than five Supervisory Board mandates at non-group listed companies or comparable functions.

The Supervisory Board appoints the members of the Management Board and may dismiss them at any time for good cause. Initial appointments are for three years. The Supervisory Board determines the remuneration system for the Management Board and reviews it regularly (most recently in 2018). It determines the individual total compensation of each member of the Board of Management, taking into account the ratio of the Management Board compensation to compensation in the MDAX (horizontal comparison) and to the average compensation of the first management level below the Management Board (n-1) as well as to the average compensation of all employees (vertical comparison). The relevant workforce is the workforce of PUMA SE. Variable compensation components have a multi-year, mainly future-related assessment basis. Variable remuneration components that last several years are not paid out prematurely. Starting in the 2019 fiscal year, the Supervisory Board has set maximum limits for the individual compensation of the Management Board both in total and with regard to its variable components. It is planned to submit a further developed Management Board remuneration system to the Annual General Meeting on May 5, 2021 for approval, which complies with the requirements of the Act Implementing the Second Shareholders' Directive (ARUG II), follows the recommendations of the Code 2020 and is even more strongly aligned with shareholder interests.

The Supervisory Board monitors and advises the Management Board on the implementation of the strategy. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all issues of relevance to the Company relating to strategy, planning, business development, the risk situation, risk management and compliance management system. It deals with deviations in the course of business from the established plans and targets, stating the reasons. The Supervisory Board is involved by the Management Board in decisions of paramount importance for the company or beyond the ordinary course of business of PUMA SE and the PUMA Group to which it has rights of approval.

Together with the Management Board, the Supervisory Board ensures succession planning for future Management Board positions and key functions in the PUMA Group. On the basis of group-wide talent conferences, the Management Board develops recommendations for potential internal successor appointments, which it discusses regularly with the Supervisory Board. In making its recommendations, the Management Board takes into account the Diversity Concept adopted by the Supervisory Board for the composition of the Management Board (see below).

Between the meetings, the Chair of the Supervisory Board is in regular contact with the CEO in order to discuss issues of strategy, business development, the risk situation, risk management and compliance of PUMA. Prior to Supervisory Board meetings, the Management Board or the CEO regularly speaks separately to the employee representatives and the shareholder representatives. At the end of the regular meetings, the Supervisory Board always has the opportunity to discuss issues even in the absence of the Management Board. It also makes regular use of this opportunity. The members of the Supervisory Board also participate in the meetings by telephone or video conference.

The Supervisory Board regularly reviews the efficiency of its activities. The last time this review took place was at the beginning of 2019. The Supervisory Board was supported by an external law firm that generated 56 questions that were answered by each of the Supervisory Board members. The results were evaluated and implementation measures agreed upon.

No Supervisory Board member is a member of a governing body of, or exercises advisory functions at, significant competitors of the company; no Supervisory Board member holds any personal relationships with a significant competitor of the company.

The company supports the Supervisory Board in its training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and address them in the meetings. In an onboarding program, new members of the Supervisory Board not only receive training from the legal department on their rights and duties, but also have the opportunity in particular to meet the members of the Management Board and other executives for a bilateral exchange on current management issues and thus gain an overview of relevant topics of the company.

The principles of cooperation of the Supervisory Board of PUMA SE are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of PUMA SE exercise their rights, in particular their information and voting rights, at the Annual General Meeting. Each share has one vote. Our shareholders can exercise their voting rights themselves or through a proxy appointed by the company and bound by instructions. All documents and information on the Annual General Meeting are available on the website of PUMA SE.

As part of our comprehensive investor relations and public relations work, we are in close contact with our shareholders. We inform shareholders, financial analysts, shareholders' associations, the media and the interested public comprehensively and regularly about the situation of the Company and inform them without undue delay about significant business changes. The Chair of the Supervisory Board is also prepared to discuss Supervisory Board-specific issues with investors within an appropriate framework.

In addition to other communication channels, we make intensive use of the Company's website for our investor relations work. At http://about.PUMA.com/en/investor-relations, all material information published in the 2020 financial year, including annual, quarterly and half-yearly financial reports, press releases, voting rights announcements by major shareholders, presentations and the financial calendar, can be accessed.

DESCRIPTION OF THE WORKING PRACTICES AND THE COMPOSITION OF THE COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board meets at least every three months. Meetings must also be held if the best interests of the Company so require or if a member of the Supervisory Board requests that the meeting be convened. The Supervisory Board has established three committees to perform its duties and receives regular reports on their work. The principles of cooperation of the Supervisory Board of PUMA SE and the duties of the committees are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under “INVESTOR RELATIONS / CORPORATE GOVERNANCE”.

The Personnel Committee consists of three members. The Personnel Committee is responsible for entering into and making changes to the Management Board members’ employment contracts and for establishing policies for Human Resources and personnel development. The entire Supervisory Board decides on issues involving the Management Board members’ compensation based on recommendations from the Personnel Committee. The members of the Personnel Committee are Jean-François Palus (Chair), Fiona May and Martin Koeppel.

The Audit Committee consists of three members. The Chair of the Audit Committee must be an independent shareholder representative and must have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG. In particular, the Audit Committee is responsible for the review of the accounting comprising particularly of the consolidated financial statements and the group management report (including CSR reporting), interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement. The recommendation of the Supervisory Board on the selection of the statutory auditors must be based on a corresponding recommendation by the Audit Committee. Once the Annual General Meeting has appointed the statutory auditors, and the Supervisory Board has issued the audit assignment, the Audit Committee shall work with the statutory auditors to specify the scope of the audit and the audit areas of focus. The statutory auditors shall attend a meeting to review the annual financial statements and the consolidated financial statements and shall report on the key findings of their audit. They shall also inform the Committee about other services they have provided in addition to auditing services and shall confirm their independence. Each month, the Audit Committee shall receive financial data on the PUMA Group, which will allow the tracking of developments in net assets, financial position, results of operations and the order books on a continual basis. The Audit Committee shall also deal with issues relating to the balance sheet and income statement and shall discuss these with the Management Board. In addition, when the internal audit projects are completed, the Audit Committee shall receive the audit reports, which must also include any actions taken. The members of the Audit Committee are Thore Ohlsson (Chair), Héloïse Temple-Boyer and Bernd Illig.

The Nominating Committee has three members, who are representatives of the shareholders on the Supervisory Board. The Nominating Committee proposes suitable shareholder candidates to the Supervisory Board for its voting recommendations to the Annual General Meeting. The members of the Nominating Committee are Jean-François Palus (Chair), Héloïse Temple-Boyer and Fiona May.

The current composition of the committees can further be found in the Notes to the Consolidated Financial Statements (last chapter).

DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD

A) OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of PUMA SE is composed in such a way that its members as a group possess the appropriate knowledge, skills and professional experience necessary for the proper performance of their duties. The composition of the Supervisory Board is primarily determined by appropriate qualification, taking into account diversity and the appropriate involvement of women. Based on Section C.1 of the Code 2020, the Supervisory Board has set targets for his composition that have been fulfilled. In detail:

- The members of the Supervisory Board as a group have the experience and knowledge in the field of management and/or monitoring market-oriented companies as well as in the business segments and sales markets of PUMA. Details of this are presented under lit. b) of this chapter.
- A sufficient number of members have strong international backgrounds. This target has been clearly surpassed simply because of the international origins of Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May.
- The Supervisory Board has an appropriate number of independent members. With Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May four out of six members of the Supervisory Board are considered independent.
  The Code 2020 does not contain a conclusive definition of independence regarding the shareholder representatives in the supervisory board, but rather lists examples of circumstances that may indicate a lack of independence. It is the task of the supervisory board to assess the independence of the members of the supervisory board on the basis of these indications and evaluate whether a member has a personal or business relationship with the company or its management board that may cause a substantial – and not merely temporary – conflict of interest. Against this backdrop, PUMA's Supervisory Board believes that there are currently no specific indications of relevant circumstances or relationships for any member of the Supervisory Board that could constitute a material and not merely temporary conflict of interest and that would therefore interfere with their independence.
  With regard to Supervisory Board members Jean-François Palus and Héloïse Temple-Boyer, the Supervisory Board is of the opinion that their functions as Directeur Général Délégué of Artémis S.A.S. do not impair their independence within the meaning of the Code 2020. Artémis S.A.S. is not a controlling shareholder, as Artémis S.A.S. is neither a majority shareholder nor does it have a de facto majority at the Annual General Meeting.
  With regard to the members of the Supervisory Board Mr. Jean-François Palus and Mr. Thore Ohlsson, the Supervisory Board believes that the length of their tenure as members of the Supervisory Board, which each exceeds 12 years, does not interfere with their independence within the meaning of the Code 2020 as it does not give rise to a material conflict of interest. This is due to the fact that Mr. Palus and Mr. Ohlsson currently hold positions in the management and supervisory boards of several other companies. They both have demonstrated a high level of professionalism during their long experience in the management of various companies and the Supervisory Board believes that both would avoid any circumstances that may give rise to conflict of interest. There are no other indications of a conflict of interest in Mr. Palus' and Mr. Ohlsson's person.

Jean-François Palus as the Chair of the Supervisory Board, Thore Ohlsson as the Chair of the Audit Committee and Jean-François Palus as the Chair of the Personnel Committee are all considered independent from the Management Board, the company and a controlling shareholder. No former member of the Management Board is member of the Supervisory Board.

- Thore Ohlsson, the Chair of the Audit Committee has specific knowledge and experience in applying accounting principles and internal control procedures, is familiar with audits and is independent. Jean-François Palus and Héloïse Temple-Boyer also bring this specific knowledge with them.
- The members have sufficient time to perform his/her mandate in the Supervisory Board. Prior to each election proposal, the Supervisory Board examines whether the candidates concerned are able to complete the time required for the office.
- The Supervisory Board prevents potential significant and not only temporary conflicts of interest of its members by regularly monitoring and critically scrutinizing its members' other activities. There were no indications of actual conflicts of interest in the 2020 financial year. If a conflict of interest would occur each member of the Supervisory Board informs the Chair of the Supervisory Board without undue delay.
- According to Section 1(4) of the Rules of Procedure for the Supervisory Board, Supervisory Board members may, in principle, not be over 70 years of age and their maximum term of office may not exceed three terms. In setting this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favor of a flexible rule limit that provides the necessary leeway for an appropriate assessment of the circumstances of the individual case, sufficiently broadly defines the circle of potential candidates and also allows re-election. Thore Ohlsson has reached the statutory age limit. After careful consideration, he was nevertheless proposed by the Supervisory Board for re-election in 2018 in order to ensure the necessary continuity after the spin-off from Kering S.A. in the best interests of the company. All other Supervisory Board members did not reach the standard age limit at the time of their election.

B) PROFILE OF SKILLS AND EXPERTISE

The Supervisory Board has determined a competence profile for the entire Board. It stipulates that the members of the Supervisory Board as a whole must cover the following professional competencies:

- Managing of large or mid-sized international companies (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson)
- Leadership experience in the sporting or luxury goods industry (Jean-François Palus, Héloïse Temple Boyer, Thore Ohlsson, Fiona May)
- International corporate background (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson, Fiona May)
- Leadership experience with various disribution channels, including e-commerce (Jean-François Palus, Thore Ohlsson)
- Expertise in building strong international brands (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson, Fiona May)
- Marketing, sales and digital know how (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson)
- Financial expertise (accounting, treasury, risk management, corporate governance) (Jean-François Palus, Thore Ohlsson, Héloïse Temple-Boyer)
- Expertise in serving on the Administrative or Supervisory boards of publicly listed companies (Jean-François Palus, Heloise Temple-Boyer)
- Experience with mergers & acquisitions (Jean-François Palus, Thore Ohlsson)
- Understanding of the industrial constitution law and advocating the interests of the employees (Martin Koeppel, Bernd Illig)
- HR expertise (Jean-François Palus)
- IT expertise (Bernd Illig).

The Supervisory Board of PUMA SE is currently composed in such a way that it has the competence profile as an overall body.

C) COMMITMENTS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH ART. 9(1)C(II) OF THE SE REGULATION (SE-VO) IN CONNECTION WITH SECTION 76(4), SECTION 111(5) AKTG

The Supervisory Board shall define a target figure for the proportion of women on the Supervisory Board and the Management Board. The Management Board, for its part, shall set target figures for the proportion of women in the two management levels below the Management Board.

For the Supervisory Board of PUMA SE, a target figure of 30% has been set for the targeted proportion of women. The implementation period for this target is October 31, 2021. As of December 31, 2020, the six-member Supervisory Board included two women, Fiona May and Héloïse Temple-Boyer, resulting in a female representation of 33%.

The Supervisory Board has set a target of 20% for the Management Board, provided that PUMA SE has five or more members. The implementation period for this target is October 31, 2021. The Management Board, which consisted of three members as of December 31, 2020 including Anne-Laure Descours, will be composed of 33% women and 66% men.

Together with the Supervisory Board, the Management Board has set a target of 25% for the first management level below the Management Board and 30% for the second management level below the Management Board. At Group level, the proportion of women is to increase to 30% for the first management level below the Management Board and to 40% for the second management level. The implementation deadline here, too, is October 31, 2021.

DIVERSITY CONCEPT FOR THE MANAGEMENT BOARD

The Supervisory Board and the Management Board promote an agile, open corporate culture in which the advantages of diversity are consciously utilized, and everyone can freely unfold their potential for the best of the company. PUMA strives to fill Management Board positions and senior management positions primarily with people developed within the company.

The Supervisory Board's decision regarding a particular appointment to the Management Board is always taken in consideration of the company's best interests based on the professional and personal suitability of the candidate. It must be ensured that the members of the Management Board as a whole have the knowledge, skills and experience required for the best possible fulfillment of the tasks of a member of the Management Board of a sporting goods manufacturer such as PUMA. It is not necessary for every member of the Management Board to reflect the technical requirements laid out in the following. The diversity concept for the Management Board therefore stipulates that gender, internationality, age, educational background and experience must be taken into account in its composition:

- Gender

PUMA aims to have 20% women on the Management Board by October 31, 2021, provided that the Board has five or more Management Board members. In order to achieve this goal, the Management Board ensures that an appropriate proportion of female candidates are included on the succession lists within the framework of the internal global management structure for the development of junior staff for the Management Board. In the future, the participation of women in the Management Board is to be guaranteed in the event of a necessary replacement, in particular by giving special consideration to women in various equally qualified candidates. Insofar as external candidates are to be appointed, suitably qualified female candidates shall be considered in particular. The same applies to the filling of management functions. In order to involve women even more in management functions in the future, PUMA promotes the compatibility of family and career, for example through part-time and half-day models as well as flexible working hours and the provision of childcare places. With Anne-Laure Descours a woman is represented on the Management Board. The proportion of women on the Management Board is therefore currently 33%.

- Internationality

PUMA is a globally operating company. An appropriate number of board members must therefore have international experience either due to their origin or due to their many years of professional experience abroad. Notwithstanding the several years of international experience of all board members, this goal has been exceeded simply because of the international origins of Bjørn Gulden and Anne-Laure Descours.

- Age

The Supervisory Board ensures a balanced age structure in the Management Board. This is important to ensure the continuity of the Management Board's work and to facilitate smooth succession planning. In principle, members of the Management Board may not be older than 70 years. All members of the Management Board are below the standard age limit.

- Training and experience background

With regard to the educational and professional background, the selection of Management Board members should be based on the competencies required in the PUMA Management Board in general as well as for the respective Management Board with regard to corporate management, strategy development, finance and accounting, supply chain, sales and HR. The same criteria apply here as were developed for the competence profile of the Supervisory Board. These competencies do not have to be acquired as part of university studies or other educational training, but may also have been acquired in other ways within or outside PUMA. The members of the board have all the above mentioned competences.

The current composition of the Management Board implements the diversity concept.

REMUNERATION REPORT

The remuneration report prepared by the Management Board and the Supervisory Board is published at https://about.PUMA.com/en/investor-relations/corporate-governance.

RISK AND OPPORTUNITY REPORT

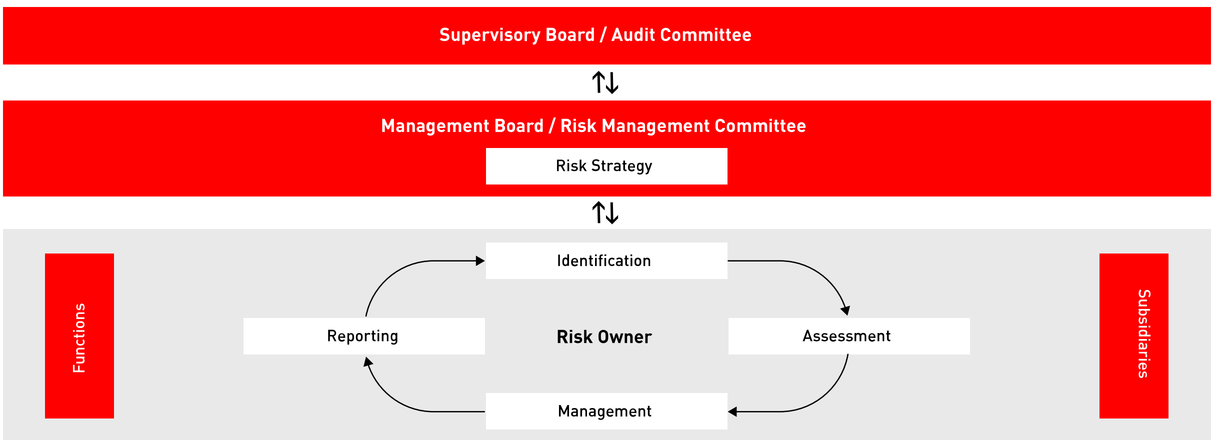
PUMA is continuously exposed to opportunities and risks in the competitive, fast-paced and international sport and lifestyle industry. The risk strategy is therefore to take business risks in a calculated manner in order to implement the corporate strategy with all its opportunities. For this purpose, effective risk and opportunity management is required so that opportunities can be recognized and utilized, and risks identified and managed at an early stage. We define risks as potential future developments or events that may lead to a negative deviation from targets for the company. Similarly, opportunities are potential future developments or events that may result in a positive deviation from targets.

RISK MANAGEMENT SYSTEM

PUMA takes a conscious and controlled approach to risks in order to achieve the company's goals. The aim of the risk management system is to identify and manage material or even existence-threatening risks in particular at an early stage in order to support the achievement of the company's goals. In addition, compliance with the related laws, regulations and standards must be ensured, as well as transparency in relation to the risk situation from the perspective of partners such as customers, suppliers and investors. Therefore, PUMA has established an appropriate risk management organization which is able to identify risks at an early stage and manage them in accordance with the corporate strategy and promote risk awareness within the PUMA Group to facilitate risk-based decisions. Opportunity management is not part of the risk management system and is the responsibility of operational management teams.

The Management Board of PUMA SE bears overall responsibility for the risk management system. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. The Risk Management Committee, which consists of the PUMA SE Management Board and selected managers, is responsible for the design, review and adaptation of the risk management system. The risk management function of the Group Internal Audit, Risk Management & Internal Control Department has been assigned to prepare regular risk reports for the Risk Management Committee. Their remit is to enhance operational coordination of the risk management process and support risk owners. The responsibilities, tasks and processes relating to the risk management system are defined in guidelines. The structure and design of the risk management system is as follows:

↗ G.21 RISK MANAGEMENT SYSTEM



The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified by performing a bottom-up analysis within the risk owner's area of responsibility and are regularly reported to the risk management function and/or the local monitoring bodies in structured interviews or on an ad-hoc basis. The risks are assessed using a systematic methodology based on the probability of occurrence, extent of damage and level of control using qualitative criteria. Regular risk identification and assessment is carried out by the risk management function every six months with all major functional areas. The risks recorded and assessed are also reviewed in a top-down assessment by the Risk Management Committee. This ensures that adequate consideration is given to interdependencies and the overall risk situation.

The risk owners are responsible for the operational management of identified risks. Risks can be managed by avoiding, reducing, diversifying or transferring the risk in order to achieve the aimed and acceptable residual risk. Within the reporting process, material or even existence-threatening risks are coordinated and managed with the Risk Management Committee or the Management Board. The methodology and structure of the risk management system are continuously assessed in terms of their effectiveness, and adapted or improved when required.

RISKS

The following explanations of risk categories are presented based on their relative importance.

COVID-19 PANDEMIC

The COVID-19 pandemic was identified as a new risk in the financial year 2020 and was considered the most significant business risk for the PUMA Group. This risk relates to the macroeconomic and social impacts of the pandemic, caused for example by lockdowns, government-ordered closures of retail stores, restrictions on store opening hours, a reduction in store traffic, travel restrictions and social distancing measures, the cancellation or postponement of major sporting events, and the exclusion or limitation in the numbers of spectators. These consequences have led or may in the future lead to declines in revenue and challenges in maintaining business operations. Furthermore, we are faced with new requirements, regulations and further measures in relation to the health and safety of our employees and customers. The COVID-19 pandemic has also had a negative impact on existing sourcing and supply chain risks, as well as default risks of receivables.

In 2020 the COVID-19 pandemic has developed rapidly and dynamically, and the extent and duration of the resulting impact on our business was and remains extremely difficult to predict. However, we assume that the situation created by the COVID-19 pandemic will not be long term.

Our aim is to survive this crisis, to stabilize and recover, and then to emerge stronger than before without hindering PUMA's mid-term growth. Our approach is local, as different markets are going through these phases at different times. Our main focus is on the health and safety of our employees and customers, securing the liquidity of the PUMA Group by securing credit lines, maintaining close and reliable cooperation with our partners, suppliers and customers, strengthening and expanding the supply chain, digitalizing key business processes and further strengthening our e-commerce business. In particular, we strengthened the partnership with our suppliers by cancelling only a very small proportion of orders with our suppliers and agreeing extended payment terms in return. The unused credit lines of the PUMA Group serve as a safety reserve for the potential consequences of the COVID-19 pandemic. The significant increase in credit lines in the 2020 financial year results from the conclusion of a syndicated credit facility in May of €900 million from 11 commercial banks and the Kreditanstalt für Wiederaufbau (KfW) as "bridge financing" for a maximum of 2 years. This credit line has not been used so far and could already be reduced by €700 million to only €200 million by the end of 2020. For the refinancing and planned redemption of this "bridge financing", we secured a new promissory note loan in the amount of €250 million with a term of 3 or 5 years and increased existing syndicated credit lines by €450 million.

SOURCING AND SUPPLY CHAIN

The majority of PUMA products is produced in selected Asian countries, in particular in Vietnam, China, Bangladesh, Cambodia, Indonesia and India. Production in these countries contains considerable risks for us. These risks arise, for example, from changes in sourcing and wage costs, supply bottlenecks for raw materials or components, and quality issues, as well as from the possibility of overdependence on individual manufacturers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. Generally, long-term master framework agreements are agreed upon to secure the required production capacities for the future. A quality control process and the direct and partnership-like collaboration with manufacturers should permanently secure the quality and availability of our products. Sourcing and the supply chain must also react to risks, like changes in duties and tariffs as well as trade restrictions. The transport of products to the distribution countries is also exposed to the risk of delays and failures by warehouse and logistics service providers.

We therefore continuously analyze political, economic and legal framework conditions and have further enhanced our close cooperation with our logistics partners in order to be able to react to changes in the supply chain early on and to continuously strengthen the supply chain. The collaboration with warehouse and logistics service providers is accordingly secured by selection processes, consistent contractual terms and permanent monitoring of relevant indicators.

The COVID-19 pandemic caused delays and interruptions in sourcing and supply chain operations, especially in the first half of the financial year 2020, and this led to an increase in the individual risk. To counter this risk, we have intensified our cooperation with suppliers and logistics partners in order to be able to react flexibly and solution-oriented to the circumstances.

INFORMATION TECHNOLOGY

The ongoing digitalization of the business environment exposes PUMA to risks in information technology. Key business procedures and processes may be significantly disrupted by the failure of IT systems, and external attacks or wrong behaviour may result in the loss of confidential and sensitive data, as well as high costs, loss of revenue and reputational damage.

To mitigate these risks, we continuously carry out technical and organizational measures and invest in the renewal and security of our IT landscape. IT systems are regularly checked, maintained and undergo security tests. In addition, all employees are continuously sensitized using guidelines, training courses and information campaigns.

PRODUCT AND MARKET ENVIRONMENT

The risk posed by market-specific product influences, in particular the risk of substitutability in the highly competitive sport and lifestyle market, is decisively countered by the early recognition and taking advantage of relevant consumer trends. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors.

Targeted investments in product design and product development are to ensure that the characteristic PUMA design of the entire product range is consistent with the overall brand strategy ("Forever Faster"), thereby creating a unique level of brand recognition.

BRAND IMAGE

Brand image and brand desirability are of key importance for us, as consumer behavior can have a negative effect on the brand as well as a positive one. Accordingly, we have formulated the guiding principle of "We want to become the fastest sports brand in the world" in order to underline the company's long-term direction and strategy. The "Forever Faster" brand promise does not just stand for PUMA's product range as a sports company, but also applies to all company processes.

We manage brand image risks in particular through cooperation with brand ambassadors who embody the core of the brand and PUMA's brand values ("brave," "confident," "determined" and "joyful") and have a large potential for influencing PUMA's target group. Therefore, we are strengthening our position as a sports brand through partnerships with top athletes such as star striker Antoine Griezmann, sprint legend Usain Bolt, multiple Formula 1 world champion Sir Lewis Hamilton, pro golfer Rickie Fowler, NBA player Danny Green, cricketer Virat Kohli, 400-meter hurdles world champion Karsten Warholm, and many other top athletes. In 2020, superstar and professional football player Neymar Jr. also became a PUMA brand ambassador. In football, PUMA has long-term sponsorship agreements with top clubs, such as Manchester City, Borussia Dortmund, AC Milan, Olympique Marseille and the Italian national team. PUMA also intensified its involvement in basketball, athletics, handball and other sports. We reach young trendsetters via brand ambassadors and collaborations in the music, movie and fashion scene, such as Jay-Z, Meek Mill, Adriana Lima, Cara Delevingne, Selena Gomez, Winnie Harlow and Dua Lipa, and also increasingly via global and local influencers in social networks.

MACROECONOMIC DEVELOPMENTS

As an internationally operating group, PUMA is exposed to global macroeconomic developments and the associated risks having an impact on our sales and sourcing markets. For example, economic developments in important sales markets may have an effect on consumer behavior. This can have positive or negative effects on the planned sales and results. Likewise, political changes, social developments and environmental events can also be reflected in changes in legal and macroeconomic conditions. This may happen, for example, in connection with protest movements such as those seen in Hong Kong and other parts of the world, or as a consequence of Brexit.

Overall, we manage these challenges with geographic diversification and the development of alternative scenarios for the possible occurrence of serious events. This applies in particular to political developments and possible changes in legal framework conditions which are continuously monitored by PUMA and incorporated into appropriate measures, such as the adjustment of the supply chain to the UK due to the Brexit.

ORGANIZATIONAL CHALLENGES AND PROJECT RISKS

PUMA's organizational structure with its group headquarters in Herzogenaurach, a central sourcing organization and globally positioned distribution companies gives the group a global orientation. This results in a risk for us that the flow of goods and information are not sufficiently supported by modern warehouse, logistics and IT infrastructure. For this reason, existing business processes must be continually optimized and adapted. This is carried out systematically through targeted optimization projects, which are planned and managed centrally by the specialized departments.

CURRENCY RISKS

As an international company, PUMA is subject to currency risks resulting from the disparity between the respective amounts of currency used on the purchasing and sales sides and from exchange-rate fluctuations.

PUMA's biggest sourcing market is Asia, where most payments are settled in US dollars (USD), while sales of the PUMA Group are mostly invoiced in other currencies. PUMA manages currency risk in accordance with internal guidelines. Currency forward contracts are used to hedge existing and future financial liabilities in foreign currencies.

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts on customary market terms with reputable international financial institutions. As of the end of 2020, the net requirements for the 2021 planning period were adequately hedged against currency effects.

Foreign exchange risks may also arise from intra-group loans granted for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting intra-group loans denominated in foreign currencies into the functional currencies of the group companies (EUR).

In order to disclose market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments that are denominated in a currency that is not the functional currency and are monetary in nature. Differences resulting from the conversion of the individual financial statements to the group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

Currency sensitivity analysis are based on the following assumptions: Material original monetary financial instruments (cash and cash equivalents, receivables, interest-bearing and non-interest-bearing liabilities) are either denominated in the functional currency or are transferred into the functional currency using currency forward transactions.

Currency forward contracts used to hedge against payment fluctuations caused by exchange rates are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these contracts have an effect on the hedge reserve in equity and the fair value of these hedging contracts.

DEFAULT RISKS

PUMA's business activities result in the company being exposed to default risk that is managed by continuously monitoring outstanding receivables and recognizing impairment losses, where appropriate. The default risk is limited where possible by credit insurance and the maximum default risk is reflected by the carrying amounts of the financial assets recognized on the balance sheet. Due to the negative macroeconomic effects of the COVID-19 pandemic, the default risk of receivables increased in the financial year 2020. As a result, value adjustments to receivables increased compared to the previous year. Furthermore, default risks to a lesser extent arise from the counterparty's other contractual financial obligations such as bank deposits and derivative financial instruments.

LIQUIDITY RISK

PUMA continually analysis short-term capital requirements through rolling cash flow planning at the level of the individual companies in coordination with the central Treasury department. PUMA maintains a liquidity reserve, for example, in the form of cash and confirmed credit facilities in order to ensure the company's solvency, financial flexibility and a strategic liquidity buffer. In this respect, as of December 31, 2020, the PUMA Group had unused credit lines totaling €1,372.7 million.

Medium and long-term funding requirements that cannot be directly covered by net cash from operating activities are financed by taking out medium and long-term loans. For this purpose, various promissory note loans were issued in July 2018, December 2019 and December 2020, each in several tranches with a fixed and a variable coupon and each with different residual terms. The utilized promissory note loans total €245.0 million as at December 31, 2020 and have a remaining term of between one and five years.

DISTRIBUTION STRUCTURE

PUMA utilizes various distribution channels, such as the traditional wholesale business with our retail partners and the PUMA-owned retail and e-commerce business to reduce its dependency on individual distribution channels. The wholesale business is defined by strong partnerships and represents the largest revenue share overall. The company's own retail and e-commerce business is intended to ensure a higher gross profit margin, better control on distribution and presentation of PUMA products exclusively in the desired brand environment.

In the wholesale business, up-and-coming retailers, including those offering their own brands, and competitors pose the risk of intensified competition for consumers and market shares. Consumer purchase behavior is also changing, focusing more on e-commerce and a combination of stationary and digital trade. This requires continuous adjustment of the distribution structure. Distribution through the company's own retail stores and e-commerce channels is, however, also associated with various risks for us. These include the necessary investments in expansion and infrastructure, setting up and refurbishing stores, higher fixed costs and leases with long-term lease obligations. This can have an adverse impact on profitability in case of a business decline.

In order to avoid risks, we carry out permanent monitoring of distribution channels and regular reporting by the Controlling and specialized departments. A detailed location and profitability analysis is carried out in our distribution channels before making any investment decision. The company's reporting and controlling system allows us to detect negative trends early on, and to take the countermeasures required to manage individual stores. In e-commerce, global activities are harmonized and investments in the IT platform are made to further optimize purchase transaction settlement and further improve the shopping experience for consumers.

COUNTERFEIT PRODUCTS

Counterfeit products can undermine consumer confidence in the brand and damage PUMA's brand image. Fighting brand piracy is therefore a high priority for us. The PUMA team responsible for the protection of intellectual property not only ensures that we have a strong global portfolio of property rights, such as brands, designs and patents, but also works closely with customs and police forces and provides input regarding the implementation of effective legislation to protect intellectual property.

REPORTING IN THE MEDIA

A negative media report about PUMA, such as a product recall, the infringement of laws or internal or external requirements, and exposure on social media in this age of "fake news", as well as workforce diversity and tolerance, can also cause significant damage to brand image and ultimately result in the loss of sales and profit, regardless of whether these events actually happened or were just rumors.

We encounter this risk via careful press, social media and public relations work and through monitoring of the press and social media environment. This is managed from the group headquarters in Herzogenaurach, Germany, and the subsidiary in the U.S. In addition, PUMA continuously seeks an open dialog with key external stakeholders, such as suppliers, NGOs and industry initiatives, and has institutionalized this as part of regularly held "Sustainability Stakeholder Meetings."

SUSTAINABILITY

Sustainability topics are highly important in sourcing, but also throughout the entire value chain. There is a risk that suppliers will violate core labor standards of ILO (International Labour Organization), not comply with environmental standards or use hazardous chemicals in production. This would violate our requirements to suppliers and also lead to negative reporting and potentially to a loss of revenue. Adherence to applicable standards is ensured through regular audits of supplier companies.

In addition, climate change and the resulting increase in customer requirements with regard to sustainability are leading to a stronger ecological focus in our product range, both at our own locations and along the production and supply chain. A more efficient use of resources and reduction of greenhouse gas emissions as well as the increased use of sustainable production materials are crucial parts of our sustainability strategy.

PUMA's sustainability report (the Non-financial Report) for the financial year 2020 will be available by April 30, 2021 at the latest on the following page of our website: https://about.PUMA.com/en/investor-relations/financial-reports. Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: http://about.PUMA.com/en/sustainability

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are important factors for successful business development. We encourage independent thinking and action, which are key in an open corporate culture with flat hierarchies. Our human resources strategy seeks to ensure this successful philosophy on a long-term and sustainable basis. To achieve this goal, a control process is in place to detect and assess human-resource risks. Accordingly, special attention has been paid to talent management, identifying key positions and high-potential individuals, and optimizing talent placement and succession planning. We have also instituted additional national and global regulations and guidelines to ensure compliance with legal provisions and safeguard the health and safety of our employees. We will continue to make targeted investments in the human-resource needs of particular functions or regions in order to meet the future requirements of our corporate strategy.

LEGAL RISKS

As an internationally operating group, PUMA is exposed to various legal risks. These include contractual risks or risks that a third party could assert claims and litigation for infringement of its trademark rights, patent rights or other rights. The continuous monitoring of contractual obligations and the integration of internal and external legal experts in contractual matters is to ensure that any legal risks are avoided.

COMPLIANCE RISKS

PUMA is exposed to the risk that employees violate laws, directives and company standards (compliance violations). These risks, such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant monetary and reputational damage. Therefore, we use various tools to manage these risks. This includes an integrated compliance management system, the internal control system, group controlling and the internal audit department. As part of the compliance management system, awareness measures are carried out regarding critical compliance topics, such as corruption prevention and cartel law, and corresponding guidelines and a global network of compliance officers are introduced in the group. PUMA employees also have access to an whistleblowing system for reporting unethical behavior.

TAX RISKS

In an international business environment, applicable tax regulations must be observed. By means of appropriate internal rules of conduct, employees are required to comply with and adhere to the relevant tax regulations. In addition to compliance with national tax regulations to which the individual group companies are subject, there are increasing risks in the course of intra-group transfer pricing, which must be applied for various internal business transactions in accordance with the arm's length principle between individual group companies. In all tax areas PUMA has taken adequate precautions with internal and external tax experts in order to comply with the relevant tax regulations, but also to be able to react to changes in the constantly changing tax environment. For the group-internal transfer prices a corresponding documentation exists, which was prepared according to international and national requirements and standards. There are guidelines and specifications for determining transfer prices for intra-group transactions that are customary for foreign companies, which comply with the applicable procedural rules and are binding on the employees acting on behalf of the group. By means of internal tax reporting, external and internal tax experts are able to control and monitor tax developments at PUMA on an ongoing basis. Both the Management Board and the Supervisory Board are continuously informed about tax developments at PUMA in order to identify and avoid tax risks as early as possible.

INTEREST-RATE RISKS

At PUMA, changes in interest rates do not have a significant impact on interest rate sensitivity and therefore do not require the use of interest rate hedging instruments.

RISK OVERVIEW TABLE

The following table summarizes the risk categories described above based on their relative importance and any changes during the year:

↗ **T.10 OVERVIEW OF RISK CATEGORIES** (Order according to relative importance)

	Classification of risk category	Description	Change compared to previous year
COVID-19 Pandemic	Strategic	E.g. store closures, supply problems, employee and customer health	New
Sourcing and Supply Chain	Operational	E.g. sourcing costs, supply bottlenecks, quality issues	(COVID-19) ↗
Information Technology	Operational	E.g. cyberattacks, system failures	-
Product and Market Environment	Strategic	E.g. trends, customer requirements	-
Brand Image	Strategic	E.g. brand heat, brand ambassadors	-
Macroeconomic Developments	Strategic	E.g. economic development, political situation, legal framework conditions	-
Organizational Challenges and Project Risks	Strategic	E.g. IT infrastructure, construction projects	-
Currency Risks	Financial	E.g. exchange rate fluctuations	-
Default risks	Financial	E.g. payment claims against customers	(COVID-19) ↗
Liquidity Risk	Financial	E.g. cash, credit lines	-
Distribution Structure	Strategic	E.g. change in the distribution landscape	-
Counterfeit Products	Regulatory	E.g. brand piracy	-
Reporting in the Media	Strategic	E.g. negative press, social media	↗
Sustainability	Regulatory	E.g. human rights, environmental standards	↗
Personnel Department	Operational	E.g. key positions	-
Legal Risks	Regulatory	E.g. trademark law, patent law	-
Compliance Risks	Regulatory	E.g. fraud, corruption	-
Tax Risks	Financial	E.g. transfer prices	-
Interest-Rate Risks	Financial	E.g. variable-rate financial liabilities	-

OPPORTUNITIES

Opportunities should be identified by PUMA at an early stage, assessed and - where possible - used. Due to the close connection to the relevant goals, identified opportunities are incorporated into planning by Controlling. Operational management teams in the respective regions, markets and departments are responsible for opportunity management. The following key opportunity categories were identified for the planning period and beyond.

In terms of macroeconomic conditions, the effects of the COVID-19 pandemic are currently seen as strengthening of the sport and lifestyle sector. If PUMA succeeds in emerging stronger from the crisis without hindering mid-term growth potential, the company has an opportunity to increase its market share. At a time when working from home is increasing and indoor and team sports are limited, items such as running, fitness, golf and lounge products have become more relevant. The product range in these areas is therefore being expanded and improved. Furthermore, postponed sporting events such as the Olympic Games and the European Football Championship, as well as the easing of restrictions, may lead to a further increase in the consumption of sporting goods or catch-up effects. In addition, there are opportunities in the regulatory environment, for example in connection with a reduction in trade restrictions and protectionism, particularly in connection with the outcome of the US election.

In terms of the distribution structure, the COVID-19 pandemic has significantly accelerated the growth of the e-commerce business. Stronger partnerships in the wholesale business also offer opportunities for future business development. New sales formats and improvements to the shopping experience in our own retail stores can also open up positive business prospects. In this area, new, state-of-the-art multi-channel distribution centers in key markets will also support the further optimization of delivery capacity in the future.

In information technology, improved, tailored communication with customers via digital channels and new ways of presenting products, for example, offer opportunities. In addition, new or more efficient processes may add value or result in cost optimization. Here, too, the COVID-19 pandemic has accelerated the digitalization of important business processes, for example with regard to product design and the purchasing process for our wholesale customers. It has also contributed to the further development of the IT environment.

With end customers paying more attention to sustainability, there is an opportunity to make further progress with existing PUMA activities and improve communication in this area, which could increase demand for sustainable products.

Furthermore, in the area of finance, for example, favorable exchange rate developments offer the opportunity to positively influence the group's financial results.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION

The assessment of the overall risk situation of the Group and PUMA SE is the result of a consolidated view of the risk and opportunity categories described above. Compared to what was presented in our 2019 Annual Report, our assessment of PUMA's overall risk situation has been expanded mainly to account for the effects of the COVID-19 pandemic described above, which is currently the biggest challenge. The Management Board is currently not aware of any significant risks that, either individually or in combination with other risks, could jeopardize the continued existence of the Group and PUMA SE.

However, we cannot exclude the possibility that in the future factors that are currently unknown to us or that we currently assess as immaterial might influence the continued existence of the Group and PUMA SE and its consolidated companies. Also due to the extremely solid balance sheet structure and equity ratio, as well as the strong liquidity position and the positive business outlook, the Management Board does not see any significant threat to the continued existence of the PUMA Group and PUMA SE.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS IT RELATES TO THE GROUP'S ACCOUNTING PROCESS

The Management Board of PUMA SE is responsible for the preparation and accuracy of the annual financial statements, the consolidated financial statements and the combined management report of PUMA SE. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards that apply in the EU, the requirements of the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the German SE Implementation Act (SEAG). Certain disclosures and amounts are based on current estimates by the Management Board and the management.

The Management Board is responsible for maintaining and regularly monitoring a suitable internal control and risk management system covering the consolidated financial statements and the disclosures in the combined management report. This control and risk management system is designed to ensure the compliance and reliability of the internal and external accounting records, the presentation and accuracy of the consolidated financial statements, and the combined management report and the disclosures contained therein. It is based on a series of process-integrated monitoring steps and encompasses the measures necessary to accomplish these, such as internal instructions, organizational and authorization guidelines, the relevant company guidelines (e.g. "Anti-Corruption/Anti-Bribery," "Cyber Fraud"), a clear separation of functions within the Group and the dual-control principle. The adequacy and operating effectiveness of these measures are regularly reviewed by the Group Internal Audit, Risk Management & Internal Control Department.

For monthly financial reporting and consolidation, PUMA has a group-wide reporting and controlling system that allows to regularly and promptly detect deviations from projected figures and accounting irregularities and, where necessary, to take countermeasures.

The risk management system can regularly, as well as on an ad-hoc basis, identify events that could affect the company's economic performance and its accounting process so that it can analyze and evaluate the resulting risks and take the necessary actions to counter them.

In preparing the consolidated financial statements and the combined management report, it is also sometimes necessary to make assumptions and estimates that are based on the information available on the balance sheet date and which will affect the reported amounts and recognition of assets and liabilities, income and expenses, contingent liabilities, and other data that must be reported, as well as how these are presented.

The Audit Committee of the Supervisory Board meets on a regular basis with the independent statutory auditors, the Management Board and the Group Internal Audit, Risk Management & Internal Control Department to discuss the results of the internal audits and statutory audits with reference to the internal control and risk management system as it relates to the accounting process. At the annual meeting on the financial statements, the auditor reports to the Audit Committee and to the Supervisory Board on the results of the audit of the annual and consolidated financial statements.

In addition to the measures described, the Group Internal Audit, Risk Management & Internal Control Department carries out so-called Internal Control Self-Assessments (ICSA) for all essential business processes across the Group. In this way, the internal control system is expanded beyond the accounting process, in line with the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to support the objectives of ensuring proper financial reporting, improving the efficiency and effectiveness of the processes, and ensuring compliance with legal framework conditions. The use of a standardized software system (GRC tool) is intended to ensure the systematic and uniform implementation of ICSA across the entire company. In these, process owners evaluate the existing control framework based on internal and external guidelines and best-practice standards. The objective is to continuously improve the internal control system and to identify specific risks and potential for improvement in the control environment at process level in order to define appropriate recommendations for action and enable these to be implemented timely by the process owners. The results of the ICSA are reported to the Audit Committee and the statutory auditors and are used specifically by the Group Internal Audit, Risk Management & Internal Control Department in risk-oriented audit planning.

OUTLOOK REPORT

GLOBAL ECONOMY

Following the historic economic downturn resulting from the global COVID-19 pandemic in 2020, experts at the Kiel Institute for the World Economy (ifw Kiel) expect global gross domestic product (GDP) to rise robustly by 6.1% in 2021 (winter forecast dated December 16, 2020). The strong recovery of the global economy is based on the assumption that the population will become increasingly vaccinated in 2021 and that the risks of infection will be sustainably reduced, leading to a progressive normalization of economic conditions. Provided that vaccination programs are implemented quickly and comprehensively, this should help to reduce economic uncertainty and increasing household consumption spending, supported by low interest rates and income-supporting fiscal policies. However, the greatest risks to economic development stems from uncertainty about the future course of the COVID-19 pandemic, should vaccination of the population turn out to be more difficult or take longer than expected. At the same time, the normalization process could also take place more quickly if conditions are favorable, leading to greater economic momentum.

SPORTING GOODS INDUSTRY

Provided that the continued course of the COVID-19 pandemic does not result in a renewed significant negative impact on the macroeconomic conditions, we expect the sporting goods industry to grow in 2021. We expect demand for sporting goods to increase in 2021 as the trend toward increased sports activities and healthier lifestyles continues and becomes even more significant as a result of the COVID-19 pandemic. This applies equally to the increasing popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure"). We also expect that major sporting events postponed to 2021 - the Tokyo Summer Olympics and the European Football Championship - will also help to support growth in the sporting goods industry.

OUTLOOK 2021

Our sales and profitability rebounded strongly in the third quarter of 2020 after a very weak second quarter, which was severely impacted by the COVID-19 pandemic. Given this strong rebound, we anticipated that 2021 would become what 2020 was initially supposed to be: a year characterized by double-digit sales growth compared to the 2019 baseline and a strong improvement in our operating result (EBIT) driven by a slight improvement in our gross profit margin and operational leverage (2019 EBIT: €440.2 million).

However, as we enter the year 2021 more than 50% of the retail stores that are selling our products in Europe are currently closed due to various lockdown measures. As the number of COVID-19 cases continues to rise around the world, more and more markets are closing down retail stores in compliance with local restrictions and several governments have already extended their lockdowns into February or even March. By consequence, a part of our business in 2021 will be once again negatively impacted by the COVID-19 pandemic despite a strong orderbook and high demand from our retail partners and customers. We will continue to mitigate the consequences of the COVID-19 pandemic wherever possible but foresee a negative impact on our business especially in the first half of 2021.

We currently believe that the first quarter and also the beginning of the second quarter will be heavily impacted but that we will see a recovery until the end of the second quarter and strong improvements throughout the third and fourth quarter. Given that vaccination campaigns are already under way in almost all parts of the world, we remain confident especially for the second half of 2021. For the full year 2021 we consequently expect at least a moderate increase in sales in constant currency (2020: €5,234.4 million) and that both our operating result (EBIT 2020: €209.2 million) and net earnings (2020: €78.9 million) will show a significant improvement compared to 2020. The development of our gross profit margin and our OPEX-ratio for 2021 will depend on the degree and duration of the negative impact of the COVID-19 pandemic on our sales.

Our quick recovery in the third quarter and the beginning of the fourth quarter of 2020 and our strong orderbook for the year 2021 combined with very good feedback from retailers and customers around the world make us confident for the mid-term success and growth of PUMA.

INVESTMENTS

Investments in fixed assets of around €200 million are planned for 2021. The majority of these investments will be in infrastructure in order to create the operating conditions required for the planned long-term growth. The investments mainly concern own distribution and logistics centers and further investments in the expansion and modernization of the Group's own retail stores.

FOUNDATION FOR LONG-TERM GROWTH

The Management Board and the Supervisory Board have set long-term strategic priorities. Action plans are being implemented in a targeted and value-oriented manner. We believe that the corporate strategy "Forever Faster" provides the basis for medium- and long-term positive development.

Herzogenaurach, February 2, 2021

The Management Board

Gulden Lämmermann Descours

CONSOLIDATED FINANCIAL STATEMENTS

164 Consolidated Statement of Financial Position
166 Consolidated Income Statement
167 Consolidated Statement of Comprehensive Income
168 Consolidated Statement of Cash Flows
170 Statement of Changes In Equity
172 Notes to the Consolidated Financial Statements
261 Declaration by the Legal Representatives
262 Independent Auditor's Report

CONSOLIDATED FINANCIAL STATEMENTS

↗ T.01 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12/31/2020 € million	12/31/2019 € million
ASSETS			
Cash and cash equivalents	3	655.9	518.1
Inventories	4	1,138.0	1,110.2
Trade receivables	5	621.0	611.7
Income tax receivables	22	21.3	34.2
Other current financial assets	6	52.9	76.6
Other current assets	7	124.1	130.5
Current assets		**2,613.0**	**2,481.2**
Deferred tax assets	8	277.5	237.7
Property, plant and equipment	9	406.9	394.8
Right-of-use assets	10	877.6	719.0
Intangible assets	11	443.5	454.6
Other non-current financial assets	12	58.8	71.5
Other non-current assets	12	6.8	19.3
Non-current assets		**2,071.0**	**1,897.0**
Total assets		**4,684.1**	**4,378.2**

	Notes	12/31/2020 € million	12/31/2019 € million
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current financial liabilities	13	121.4	10.2
Trade payables	13	941.5	843.7
Income taxes	22	89.2	88.9
Current lease liabilities	10	156.5	144.8
Other current provisions	16	35.3	34.8
Other current financial liabilities	13	151.1	60.5
Other current liabilities	13	377.8	376.0
Current liabilities		**1,872.8**	**1,558.9**
Non-current lease liabilities	10	775.2	600.5
Deferred tax liabilities	8	40.6	53.0
Pension provisions	15	38.2	34.1
Other non-current provisions	16	38.9	43.2
Other non-current financial liabilities	13	153.7	163.8
Other non-current liabilities	13	0.7	4.4
Non-current liabilities		**1,047.4**	**899.0**
Subscribed capital	17	150.8	150.8
Capital reserve	17	84.8	83.0
Other reserves	17	1,514.2	1,668.0
Treasury stock	17	-27.4	-28.1
Equity attributable to the shareholders of the parent		1,722.4	1,873.6
Non-controlling interests	17, 29	41.5	46.7
Shareholders' equity		**1,763.9**	**1,920.3**
Total liabilities and shareholders' equity		**4,684.1**	**4,378.2**

T.02 CONSOLIDATED INCOME STATEMENT

	Notes	2020 € million	2019 € million
Sales	19, 25	**5,234.4**	**5,502.2**
Cost of sales	25	-2,776.4	-2,815.8
Gross profit	25	**2,458.0**	**2,686.4**
Royalty and commission income		16.1	25.1
Other operating income and expenses	20	-2,264.9	-2,271.3
thereof impairment losses on trade receivables and other financial assets	5	*-30.7*	*-3.4*
Operating result (EBIT)		**209.2**	**440.2**
Financial income	21	35.4	25.8
Financial expenses	21	-82.3	-48.4
Financial result		**-46.8**	**-22.6**
Earnings before taxes (EBT)		**162.3**	**417.6**
Taxes on income	22	-39.2	-108.6
Consolidated net earnings for the year		**123.1**	**309.0**
attributable to:			
Non-controlling interests	17, 29	44.2	46.6
Equity holders of the parent (net earnings)		**78.9**	**262.4**
Earnings per share (€)	23	0.53	1.76
Earnings per share (€) – diluted	23	0.53	1.76
Weighted average shares outstanding (million)	23	149.56	149.52
Weighted average shares outstanding, diluted (million)	23	149.56	149.52

↗ T.03 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2020	2019
		€ million	**€ million**
Consolidated net earnings before attribution		**123.1**	**309.0**
Currency changes		-138.9	1.9
Cash flow hedge			
Release to the income statement, net after tax		8.1	34.2
Market value for cashflow hedges, net after tax		-87.7	-77.1
Items expected to be reclassified to the income statement in the future		**-218.5**	**-41.0**
Remeasurements of the net defined benefit liability, net after tax		-3.3	-4.1
Neutral effects financial assets through other comprehensive income (FVTOCI), net after tax		-14.7	3.4
Items not expected to be reclassified to the income statement in the future		**-18.0**	**-0.7**
Other result		**-236.5**	**-41.8**
Comprehensive income		**-113.4**	**267.3**
attributable to:	Non-controlling interests	40.4	46.9
	Equity holders of the parent	-153.8	220.4

In contrast to the previous year, the tax amounts included in the other result are listed in chapter 8.

↗ T.04 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 € million	2019 € million
Operating activities			
Earnings before taxes (EBT)		162.3	417.6
Adjustments for:			
Depreciation and impairment	9, 10, 11	293.8	246.4
Non-realized currency gains/losses, net		26.3	1.9
Financial income	21	-35.4	-15.3
Financial expenses	21	78.4	48.4
Changes from the sale of fixed assets		2.4	2.1
Changes to pension provisions	15	-1.0	-1.2
Other non-cash effected expenses/income		-4.0	5.0
Gross cash flow	26	**522.8**	**704.8**
Changes in receivables and other current assets	5, 6, 7	-50.0	-69.8
Changes in inventories	4	-109.7	-188.8
Changes in trade payables and other current liabilities	13	147.7	214.1
Net cash from operational business activities		**510.8**	**660.3**
Dividends received	12	0.0	0.3
Income taxes paid	22	-89.3	-111.8
Net cash from operating activities	26	**421.5**	**548.8**

	Notes	2020 € million	2019 € million
Investing activities			
Payment for acquisitions	17	0.0	-1.2
Purchase of property and equipment	9, 11	-151.0	-218.4
Proceeds from sale of property and equipment		1.6	2.3
Payment for other assets	12	-4.5	-6.0
Interest received	21	8.4	4.5
Net cash used in investing activities		**-145.5**	**-218.7**
Financing activities			
Repayment of lease liabilities	10	-135.0	-140.8
Repayment of current financial liabilities	13	0.0	-10.4
Raising of current financial liabilities	13	112.5	0.0
Repayment of non-current financial liabilities	13	-18.3	-7.1
Dividend payments to equity holders of the parent	17	0.0	-52.3
Dividend payments to non-controlling interests	17, 29	-45.6	-18.6
Interest paid	21	-43.0	-43.6
Net Cash used in financing activities	26	**-129.2**	**-272.9**
Exchange rate-related changes in cash and cash equivalents		-8.9	-2.8
Change in cash and cash equivalents		**137.8**	**54.3**
Cash and cash equivalents at beginning of the financial year		518.1	463.7
Cash and cash equivalents at end of the financial year	3, 26	**655.9**	**518.1**

↗ T.05 STATEMENT OF CHANGES IN EQUITY (€ million)

			Other reserves						
	Subscribed capital	**Capital reserve**	Revenue reserves incl. Retained Earnings	Difference from currency conversion	Cash flow hedges	**Treasury stock**	**Equity before non-controlling interests**	**Non-controlling interests**	**TOTAL equity**
12/31/2018	**38.6**	**193.6**	**1,691.5**	**-225.6**	**34.1**	**-28.9**	**1,703.3**	**18.9**	**1,722.2**
Consolidated net earnings of the year			262.4				**262.4**	46.6	309.0
Net income directly recognized in equity			-0.7	1.5	-42.8		**-42.0**	0.3	-41.8
Total comprehensive income			**261.7**	**1.5**	**-42.8**		**220.4**	**46.9**	**267.3**
Dividends paid to equity holders of the parent company / non-controlling interests			-52.3				**-52.3**	-18.6	-70.9
Decrease of capital of non-controlling interests								-0.5	-0.5
Increase of capital from the company's own funds	112.2	-112.2							
Utilization / Issue of treasury stock		1.6				0.7	**2.3**		2.3
12/31/2019	**150.8**	**83.0**	**1,900.9**	**-224.2**	**-8.8**	**-28.1**	**1,873.6**	**46.7**	**1,920.3**

	Subscribed capital	Capital reserve	Other reserves: Revenue reserves incl. Retained Earnings	Other reserves: Difference from currency conversion	Other reserves: Cash flow hedges	Treasury stock	Equity before non-controlling interests	Non-controlling interests	TOTAL equity
12/31/2019	**150.8**	**83.0**	**1,900.9**	**-224.2**	**-8.8**	**-28.1**	**1,873.6**	**46.7**	**1,920.3**
Consolidated net earnings of the year			78.9				**78.9**	44.2	123.1
Net income directly recognized in equity			-18.0	-135.9	-78.8		**-232.7**	-3.9	-236.5
Total comprehensive income			**60.9**	**-135.9**	**-78.8**		**-153.8**	**40.4**	**-113.4**
Dividends paid to equity holders of the parent company / non-controlling interests							**0.0**	-45.6	-45.6
Utilization / Issue of treasury stock		1.8				0.8	**2.5**		2.5
12/31/2020	**150.8**	**84.8**	**1,961.8**	**-360.0**	**-87.6**	**-27.4**	**1,722.4**	**41.5**	**1,763.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Under the PUMA and Cobra Golf brand names, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and parent company of the PUMA Group; its registered office is on PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria), the register number is HRB 13085.

The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter shortly referred to as the “Group” or “PUMA”) were prepared in accordance with the “International Financial Reporting Standards (IFRS)” accounting standards issued by the International Accounting Standards Board (IASB), as they are to be applied in the EU, and the supplementary accounting principles to be applied in accordance with Section 315e (1) of the German Commercial Code (HGB). The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2020, have been applied.

The items contained in the financial statements of the individual Group companies are measured based on the currency that corresponds to the currency of the primary economic environment in which the Company operates. The consolidated financial statements are prepared in euros (EUR or €). The presentation of amounts in millions of euros with one decimal place may lead to rounding differences since the calculation of individual items is based on figures presented in thousands.

The cost of sales method is used for the income statement.

The following new and amended standards and interpretations have been used for the first time in the current financial year:

↗ T.06 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standard	Title
First-time adoption in the current financial year	
Amendments to IFRS 16	COVID-19 related Rent Concessions
Amendments to Conceptual Framework	Updated Conceptual Framework
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform (Phase 1)

The standards and interpretations used for the first time as of January 1, 2020 had the following effects on the consolidated financial statements:

AMENDMENTS TO IFRS 16 COVID-19-RELATED RENT CONCESSIONS

The amendments to IFRS 16 in respect of COVID-19-related rent concessions enable lessees to make use of a practical recognition exemption. This means that PUMA, as a lessee, may waive the evaluation of whether COVID-19-related rent concessions – e.g. a deferral of or exemption from rent/lease payments for a specific period of time – constitute lease modifications as defined in IFRS 16. PUMA has decided to make use of this elective right for all rent concessions that fall within the scope of this measure and to apply the recognition exemption retroactively from January 1, 2020.

This practical recognition exemption applies only to rent concessions that are a direct consequence of the COVID-19 pandemic and that meet the following requirements cumulatively:

(a) The change to the lease payments may only result in a change to the consideration that is substantively equal to or less than the consideration before the rent concessions were granted. Accordingly, a (net) increase to the consideration would not fall within the scope of the practical recognition exemption.

b) The provision may only be exercised for payments that would have been due on or before June 30, 2021 pursuant to the original contractual agreement.

c) The changes must not be accompanied by any additional material changes to the terms and conditions of the contract. For example, a three-month suspension of lease payments before June 30, 2021, combined with a three-month lease extension at the end of the agreement term under practically the same conditions, does not constitute a material change to the contractual terms or conditions.

Where the above conditions are met, PUMA may represent the rent concessions on the balance sheet as if they were variable lease payments and recognize them in the income statement in the period in which the rent concessions were granted. In the case of final exempted lease payments, it must be checked whether the lease liability is to be written off in accordance with the provisions of IFRS 9 "Financial Instruments." This simplifies the recognition of rent concessions on the balance sheet, as it is no longer necessary to check whether the conditions for a contractual modification apply and any changes must not be recognized as a contractual modification in the balance sheet.

As a result of this practical recognition exemption, in the financial year 2020 PUMA recognized €13.7 million in rent concessions as variable lease payments in the income statement. This also led to a reversal of lease liabilities in almost the same amount. Furthermore, lease payments were deferred and, for some contracts, the underlying lease term was extended by a period of up to three months. In these cases, no adjustment was made to the amount of lease liabilities.

The information regarding leases in financial year 2020 is presented in chapter 10.

CHANGES IN OTHER STANDARDS AND INTERPRETATIONS

The amendments to the other standards and interpretations described below, which were to be initially adopted as of January 1, 2020, did not affect the PUMA consolidated financial statements.

The amendments concern the revision of the IFRS Conceptual Framework, which includes revised definitions of assets and liabilities, along with new guidelines on measurement and write-off, reporting and disclosure. Alongside the revised Conceptual Framework, amendments to references to the conceptual framework in some standards were also issued.

Changes to IAS 1 and IAS 8 (Definition of Material) further clarify the definition of "material" and align the various definitions used in the Conceptual Framework and in the standards themselves.

The narrowly defined amendments to IFRS 3 (Definition of a Business) aim to clarify whether an entity has acquired a business or a group of assets. The amendments are applicable to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

The interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7) concerns specific requirements for the accounting of hedge relationships in interest rate hedge deals. As PUMA does not use interest rate hedging instruments, this amendment has no effect on the consolidated financial statements.

NEW, BUT NOT YET MANDATORY STANDARDS AND INTERPRETATIONS

The following standards and interpretations have been released but will only become effective in later reporting periods and are not applied earlier by the Group.

↗ T.07

Standard	Title	Date of adoption *	Planned adoption
Endorsed			
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	1/1/2021	1/1/2021
Amendments to IFRS 4	Extension of the temporary exemption from the Application of IFRS 9 in IFRS 4	1/1/2021	1/1/2021
Endorsement pending			
Amendments to IFRS 3	References to the Conceptual Framework	1/1/2022	1/1/2022
Amendments to IAS 37	Onerous contracts: Contract performance costs	1/1/2022	1/1/2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before intended use	1/1/2022	1/1/2022
Annual Improvements 2018 – 2020	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1/1/2022	1/1/2022
IFRS 17 (including amendment IFRS 17)	Insurance contracts	1/1/2023	1/1/2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1/1/2023	1/1/2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets	postponed indefinitely	

* Adjusted by EU endorsement, if applicable

PUMA does not expect any significant effects on the consolidated financial statements from these amendments.

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared as of December 31, 2020, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.

Subsidiaries are companies in which the Group has existing rights that give it the current ability to direct the relevant activities. The main activities are those that have a significant influence on the profitability of the company. Control is therefore considered to exist if the Group is exposed to variable returns from its relationship with a company and has the power to govern those returns through its control of the relevant activities. As a rule, control is based on PUMA's direct or indirect majority of the voting rights. Consolidation begins at the point in time from which control is possible. It ends when this no longer exists.

The recognition of business combinations is based on the acquisition method. The assets, debts and contingent liabilities that can be identified as part of a business combination are generally stated at their fair value as of the acquisition date, regardless of the size of non-controlling interests. At the time of the acquisition, there is a separately exercisable right to vote on whether the interests of the non-controlling shareholders are valued at fair value or at proportional net asset value.

The surplus of the consideration transferred that exceeds the Group's share in the net assets stated at fair value is reported as goodwill. If the consideration transferred is lower than the amount of the net assets stated at fair value, the difference is reported directly in the income statement.

Based on the structure of agreements with shareholders holding non-controlling interests in specific Group companies, PUMA is the economic owner when it has a majority stake. The companies are fully included in the consolidated financial statements and, therefore, non-controlling interests are not disclosed. The present value of the capital shares attributable to the non-controlling shareholders and the present value of the residual purchase prices expected due to corporate performance are included in the capital consolidation as acquisition costs for the holdings. The costs directly attributable to the purchase and later differences of the present values of the expected residual purchase prices are recognized in the income statement in accordance with IFRS 3.

With respect to the remaining controlling interests, losses attributable to non-controlling interests are allocated to the latter even if this results in a negative balance in non-controlling interests.

Receivables within the Group are offset against internal liabilities. As a general rule, any set-off differences arising from exchange rate fluctuations are recognized in the income statement to the extent that they accrued during the reporting period. If receivables and liabilities are long-term and capital-replacing in nature, the currency difference is recognized directly in equity and under Other Comprehensive Income.

In the course of the expense and income consolidation, inter-company sales and intra-group income are offset against the expenses attributable to them. Interim profits not yet realized within the Group as well as intra-group investment income are eliminated.

GROUP OF CONSOLIDATED COMPANIES

In addition to PUMA SE, the consolidated financial statements include all subsidiaries in which PUMA SE directly or indirectly holds existing rights that give it the current ability to direct the relevant activities. At present, control of all Group companies is based on a direct or indirect majority of voting rights.

Associated companies are generally accounted for in the Group using the equity method. As of December 31, 2020, the Group does not comprise any associated companies.

The changes in the number of Group companies (including the parent company PUMA SE) in the financial year 2020 were as follows:

↗ T.08

As of	**12/31/2019**	**102**
Formation of companies		1
Disposal of companies		1
As of	**12/31/2020**	**102**

The addition to the group of consolidated companies relates to the formation of stichd NA, Inc., USA.

The disposal in the group of consolidated companies relates to the liquidation of PUMA Racing Ltd., Malta.

The changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

The Group companies are allocated to regions as follows:

↗ T.09

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
	- parent company -				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria Puma Dassler Gesellschaft m.b.H.	Austria	Salzburg	direct	100%
3.	stichd austria gmbh	Austria	Salzburg	indirect	100%
4.	Puma Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%
5.	PUMA DENMARK A/S	Denmark	Skanderborg	indirect	100%
6.	PUMA Estonia OÜ	Estonia	Tallinn	indirect	100%
7.	PUMA Finland Oy	Finland	Helsinki	indirect	100%
8.	PUMA FRANCE SAS	France	Illkirch-Graffenstaden	indirect	100%
9.	stichd france SAS	France	Boulogne Billancourt	indirect	100%
10.	PUMA International Trading GmbH	Germany	Herzogenaurach	direct	100%
11.	PUMA Europe GmbH	Germany	Herzogenaurach	direct	100%
12.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
13.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
14.	stichd germany gmbh	Germany	Düsseldorf	indirect	100%
15.	PUMA Logistik-Verwaltungs GmbH	Germany	Herzogenaurach	indirect	100%
16.	PUMA UNITED KINGDOM LTD	Great Britain	London	indirect	100%
17.	PUMA PREMIER LTD	Great Britain	London	indirect	100%
18.	STICHD UK LTD	Great Britain	Mansfield	indirect	100%

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
19.	STICHD SPORTMERCHANDISING UK LTD	Great Britain	London	indirect	100%
20.	GENESIS GROUP INTERNATIONAL LIMITED	Great Britain	Manchester	direct	100%
21.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*
22.	PUMA ITALIA S.R.L.	Italy	Assago	indirect	100%
23.	STICHD ITALY SRL	Italy	Assago	indirect	100%
24.	Puma Sport Israel Ltd.	Israel	Hertzeliya	indirect	100%
25.	PUMA MALTA LIMITED	Malta	St.Julians	indirect	100%
26.	Puma Benelux B.V.	Netherlands	Leusden	direct	100%
27.	PUMA Teamwear Benelux B.V.	Netherlands	Leusden	indirect	100%
28.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
29.	stichd group B.V.	Netherlands	's-Hertogenbosch	direct	100%
30.	stichd international B.V.	Netherlands	's-Hertogenbosch	indirect	100%
31.	stichd sportmerchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
32.	stichd B.V.	Netherlands	's-Hertogenbosch	indirect	100%
33.	stichd logistics B.V.	Netherlands	's-Hertogenbosch	indirect	100%
34.	stichd licensing B.V.	Netherlands	's-Hertogenbosch	indirect	100%
35.	PUMA NORWAY AS	Norway	Fornebu	indirect	100%
36.	PUMA POLSKA sp. z o.o.	Poland	Warsaw	indirect	100%
37.	PUMA SPORTS ROMANIA SRL	Romania	Voluntari	indirect	100%
38.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
39.	PUMA Slovakia s.r.o. v likvidácii	Slovakia	Bratislava	indirect	100%
40.	PUMA SPORTS DISTRIBUTORS (PTY) LTD	South Africa	Cape Town	indirect	100%
41.	PUMA SPORTS S A (PTY) LTD	South Africa	Cape Town	indirect	100%

* subsidiaries which are assigned to be economically 100% PUMA Group

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
42.	PUMA IBERIA SLU	Spain	Madrid	direct	100%
43.	STICHDIBERIA S.L.	Spain	Cornella de Llobregat	indirect	100%
44.	Nrotert AB	Sweden	Helsingborg	direct	100%
45.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
46.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
47.	stichd nordic AB	Sweden	Helsingborg	indirect	100%
48.	MOUNT PUMA AG	Switzerland	Oensingen	direct	100%
49.	Puma Retail AG	Switzerland	Oensingen	indirect	100%
50.	stichd switzerland ag	Switzerland	Egerkingen	indirect	100%
51.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
52.	PUMA UKRAINE LIMITED LIABILITY COMPANY	Ukraine	Kiew	indirect	100%
53.	PUMA Middle East FZ-LLC	United Arab Emirates	Dubai	indirect	100%
54.	PUMA UAE (L.L.C)	United Arab Emirates	Dubai	indirect	100%*
	Americas				
55.	PUMA Sports Argentina S.A. (former Unisol S.A.)	Argentina	Buenos Aires	indirect	100%
56.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
57.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
58.	PUMA United Canada ULC	Canada	Vancouver	indirect	51%
59.	PUMA CHILE SpA	Chile	Santiago	direct	100%
60.	PUMA SERVICIOS SpA	Chile	Santiago	indirect	100%
61.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%

* subsidiaries which are assigned to be economically 100% PUMA Group

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
62.	Servicios Profesionales RDS, S.A. de C.V.	Mexico	Mexico City	indirect	100%
63.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
64.	GLOBAL LICENSE STICHD GROUP MEXICO S.A. de C.V.	Mexico	Mexico City	indirect	100%
65.	Importationes Brand Plus Licensing S.A. de C.V.	Mexico	Mexico City	indirect	100%
66.	Distribuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
67.	Distribuidora Deportiva PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
68.	PUMA Retail Peru S.A.C.	Peru	Lima	indirect	100%
69.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
70.	PUMA Suede Holding, Inc.	USA	Wilmington	indirect	100%
71.	PUMA North America, Inc.	USA	Wilmington	indirect	100%
72.	Cobra Golf Incorporated	USA	Wilmington	indirect	100%
73.	PUMA United Canada Holding, Inc.	USA	Wilmington	indirect	100%
74.	PUMA United North America LLC	USA	Dover	indirect	51%
75.	Janed Canada, LLC	USA	Wilmington	indirect	51%
76.	stichd NA, Inc.	USA	Wilmington	indirect	100%
	Asia/ Pacific				
77.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
78.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
79.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
80.	PUMA China Ltd. (彪马（上海）商贸有限公司)	China	Shanghai	indirect	100%
81.	stichd china ltd. (斯梯起特贸易（上海）有限公司)	China	Shanghai	indirect	100%
82.	Guangzhou World Cat Information Consulting Services Company Ltd. (广州寰彪信息咨询服务有限公司)	China	Guangzhou	indirect	100%
83.	World Cat Ltd. (寰彪有限公司)	China	Hongkong	direct	100%

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
84.	Development Services Ltd.	China	Hongkong	direct	100%
85.	PUMA International Trading Services Ltd.	China	Hongkong	indirect	100%
86.	PUMA ASIA PACIFIC LTD (彪馬亞太區有限公司)	China	Hongkong	direct	100%
87.	PUMA Hong Kong Ltd. (彪馬香港有限公司)	China	Hongkong	indirect	100%
88.	stichd Limited	China	Hongkong	indirect	100%
89.	PUMA Sports India Private Ltd.	India	Bengaluru	indirect	100%
90.	PUMA India Corporate Services Private Ltd.	India	Bengaluru	indirect	100%
91.	World Cat Sourcing India Private Ltd.	India	Bengaluru	indirect	100%
92.	PT. PUMA Cat Indonesia	Indonesia	Jakarta	indirect	100%
93.	PUMA Japan K.K. (プーマ ジャパン株式会社)	Japan	Tokyo	indirect	100%
94.	PUMA Korea Ltd. (푸마코리아 유한회사)	Korea (South)	Seoul	direct	100%
95.	Stichd Korea Ltd	Korea (South)	Incheon	indirect	100%
96.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	indirect	100%
97.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
98.	PUMANILA IT SERVICES INC.	Philippines	Manila	indirect	100%
99.	PUMA Sports SEA Trading Pte. Ltd.	Singapore		indirect	100%
100.	PUMA SEA Holding Pte. Ltd.	Singapore		indirect	100%
101.	PUMA Taiwan Sports Ltd. (台灣彪馬股份有限公司)	China (Taiwan)	Taipei	indirect	100%
102.	World Cat Vietnam Sourcing & Development Services Company Limited (CÔNG TY TNHH DỊCH VỤ PHÁT TRIỂN & NGUỒN CUNG ỨNG WORLD CAT VIỆT NAM)	Vietnam	Ho Chi Minh City	indirect	100%

PUMA Mostro GmbH, PUMA Sprint GmbH, PUMA International Trading GmbH, PUMA Europe GmbH and PUMA Logistik-Verwaltungs GmbH have made use of the exemption provision under Section 264 (3) of the German Commercial Code (HGB).

CURRENCY CONVERSION

In general, monetary items in foreign currencies are converted in the individual financial statements of the Group companies at the exchange rate valid on the balance sheet date. Any resulting currency gains and losses are immediately recognized in the income statement. Non-monetary items are converted at historical acquisition and manufacturing costs.

The assets and liabilities of foreign subsidiaries, the functional currency of which is not the euro, have been converted to euros at the average exchange rates valid on the balance sheet date. Expenses and income have been converted at the annual average exchange rates. Any differences resulting from the currency conversion of net assets relative to exchange rates that had changed in comparison with the previous year were adjusted against equity.

The significant conversion rates per euro are as follows:

↗ T.10

	2020		2019	
Currency	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.2271	1.1422	1.1234	1.1195
CNY	8.0225	7.8747	7.8205	7.7355
JPY	126.4900	121.8458	121.9400	122.0058
GBP	0.8990	0.8897	0.8508	0.8778

The currency area Argentina has been in a hyperinflationary environment since 2018. The effects on the consolidated financial statements were analyzed in accordance with IAS 29 and IAS 21.42. The application of the aforementioned standards would have resulted in an increase in assets as of December 31, 2020 of €14.7 million (mainly property, plant and equipment, intangible assets and inventories) and an adjustment of equity of €14.7 million. Furthermore, the operating result (EBIT) would have decreased by €4.4 million. The effects were considered insignificant and did not lead to an adjustment in the context of the group accounting.

ACCOUNTING AND VALUATION PRINCIPLES

FINANCIAL INSTRUMENTS

Financial instruments are classified and recognized in accordance with IFRS 9. Under IFRS 9, the subsequent measurement of financial instruments is carried out according to the classification at "amortized cost" (AC), at "fair value through profit or loss" (FVPL) or at "fair value through other comprehensive income" (FVOCI). The classification is based on two criteria: the Group's business model for asset management and the question of whether the contractual cash flows of the financial instruments represent "exclusively payments of principal and interest" toward the outstanding principal amount.

For long-term investments (equity instruments), IFRS 9 under certain conditions allows a measurement at fair value through other comprehensive income (FVOCI). If these interests, however, are disposed of or written off, the gains and losses from these interests which were not realized up to this point are reclassified to retained earnings in accordance with IFRS 9.

DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

In relation to the accounting of hedge relationships, PUMA made use of the elective right to continue applying the rules of IAS 39 for hedge accounting.

Derivative financial instruments are recognized at fair value at the time a contract is entered into and thereafter. At the time a hedging instrument is concluded, PUMA classifies the derivatives either as hedges of a planned transaction (cash flow hedge) or as hedges of the fair value of a recognized asset or liability (fair value hedge).

At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of and continuously after the hedge accounting.

Changes in the market value of derivatives that are intended and suitable for cash flow hedges and that prove to be effective are adjusted against equity, taking into account deferred taxes. If there is no complete effectiveness, the ineffective part is recognized in the income statement. The amounts recognized in equity are recognized in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in equity are included in the initial measurement of the acquisition costs of the respective asset or liability.

Changes in the fair value of derivatives that qualify for and are designated as fair value hedges are recognized directly in the consolidated income statement, together with changes in the fair value of the underlying transaction attributable to the hedged risk. The changes in the fair value of the derivatives and the change in the underlying transaction attributable to the hedged risk are reported in the consolidated income statement under the item relating to the underlying transaction.

The fair values of the derivative instruments used to hedge planned transactions and to hedge the fair value of a recognized asset or liability are shown under other short-term and long-term financial assets respectively liabilities.

LEASES

PUMA has concluded leases exclusively as lessee.

The leases are respectively identified on an individual contract level. PUMA recognizes for all leases a right-of-use asset and a respective lease liability, with the exception of short-term leases (defined as leases with a term of no more than 12 months) and low-value lease agreements (with an acquisition value of the assets of less than €5,000). In the case of a short-term lease or low-value lease, the Group depreciates the lease payments on a straight-line basis over the term of the lease agreement as other operating expense.

In addition, right-of-use assets are not recognized for intangible assets. PUMA has made use of the elective right and decided not to apply IFRS 16 with regard to leases for intangible assets.

The lease liability at initial recognition is measured at the present value of the not yet paid lease payments at the beginning of the lease agreement. The present value is calculated using the incremental borrowing rate, as the interest rate underlying the lease contract is usually not known.

The following lease payments are included in the measurement of the lease liability:

- Fixed lease payments (including in-substance fixed payments), less any incentive payments to be received;
- Variable lease payments based on an index or rate, initially measured based on the index or rate at the start of the lease agreement; as a result, future adjustments after changes in the index or interest rate remain unrecognized;
- Exercise price of purchase options, if PUMA is sufficiently certain that it will exercise them;
- Expected payments from residual value guarantees; and
- Penalties for the early termination of lease agreements, if PUMA is sufficiently certain that it will exercise this termination option and if this was taken respectively into account when determining the term of the lease agreement.

A number of lease agreements, particularly for real estate properties, contain extension and termination options. When determining agreement terms, all facts and circumstances are taken into account that offer an economic incentive to exercise the extension option or not exercise the termination option. The changes in the term of a lease due to the exercise or non-exercise of such options are only taken into account for the agreement term if they are sufficiently certain.

The lease liability is recognized as a separate line item on the consolidated balance sheet.

As described in chapter 1 above, from January 1, 2020 PUMA will apply the practical recognition exemption for COVID-19-related rent concessions to all rent concessions falling within the scope of this measure. Where the conditions are met, the rent concessions will be represented on the balance sheet as if they were variable lease payments. Consequently, the rent concessions will be recognized in the income statement in the period in which they were granted.

The subsequent measurement of the lease liability is done by increasing the carrying amount by adding the accrued interest of the lease liability (using the effective interest method) and by reducing the carrying amount of the lease liability by the lease payments made. Where COVID-19-related rent concessions involve exemption from lease payments, the carrying amount of the lease liability is reduced by the exempted lease payments.

If the term of the lease has changed and this is not a COVID-19-related rent concession, or if a material event has led to a change in the assessment relating to the exercise of a purchase option, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an updated interest rate and will adjust the corresponding right-of-use asset accordingly.

If lease payments have changed due to index or interest rate changes or due to a change in the expected payments to be made due to a residual value guarantee, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an unchanged discount rate. The corresponding right-of-use asset is adjusted accordingly.

If a lease is changed and this is not a COVID-19-related rent concession, and the change in the lease is not recognized as a separate lease, PUMA will remeasure the lease liability based on the lease term for the new lease. As part of this, the changed lease payments are discounted using the updated interest rate at the time the change becomes effective.

The right-of-use assets comprise the respective lease liability as part of initial measurement. Lease installments that are paid before or at the beginning of the lease must be added. Lease incentives received from the lessor must be deducted and initial direct costs must be included. If dismantling obligations exist with regard to the leased assets, they are included in the measurement of the right-of-use assets. The subsequent measurement of the right-of-use assets is at acquisition cost less accumulated depreciation and impairment losses.

The right-of-use assets are generally depreciated over the term of the lease. If the useful life of the asset underlying the lease is shorter, this limits the depreciation period accordingly. Depreciation starts with the commencement of the lease.

The right-of-use assets are recognized as a separate line item in the consolidated balance sheet.

The right-of-use assets are subject to impairment of assets in accordance with IAS 36. As a general rule, the right-of-use assets are tested for impairment (impairment test) if there is any indication that the value of the asset could be impaired. The right-of-use assets, in particular in connection with the Group's own retail stores, are subjected to an impairment test if there are indicators or changes in planning assumptions that suggest that the carrying amount of the assets may not be recoverable. For this purpose, a so-called "triggering event test" is carried out after the annual budget planning has been prepared or on an occasional basis.

The value in use is determined for each retail store using the discounted cash flow method. The value in use is determined on the basis of the planned cash flows for the retail stores according to the budget, which is prepared on a bottom-up basis and approved by management. The forecast period is derived from the expected useful lives of the respective retail store and is reviewed annually. With reference to the bottom-up budget, country- and CGU-specific sales and cost developments are used as a basis for the remaining useful life. The growth rates used are based on the expected nominal retail growth in the respective market for the respective planning year. All retail stores are experiencing growth rates in a single-digit to low double-digit percentage range. Cash flows were discounted at a weighted average cost of capital rate of between 3.7% and 18.9% when determining the value in use of retail stores. This was based on a risk-free interest rate on equivalent term structures of 0.4% and a market risk premium of 7.8%. The value in use is compared with the carrying amount of the assets allocated to the retail store (in particular, right-of-use assets from the lease, tenant fixtures, inventories and proportionate corporate assets allocated to the central areas). If the carrying amount of the assets of the retail stores exceeds the determined value in use, the fair value of the cash-generating unit is also calculated. If an impairment occurs, the fair value of the right-of-use asset is determined separately, taking into account materiality aspects, using internal or external data sources.

Where there are indications that stores that have previously been written down have achieved a turnaround and are again recoverable, an additional triggering event test is carried out and, where applicable, a reversal of impairment loss is recorded to the maximum amount of the amortized costs.

Variable lease payments that are not dependent on an index or interest rate are not included in the valuation of the lease liabilities. These payments are recognized in the income statement as other expenses as soon as PUMA has received the underlying benefit. This applies primarily to turnover-based rents for retail stores.

As part of the practical expedient, IFRS 16 permits omitting to separate between non-leasing components and leasing components. With regard to land and buildings, PUMA generally does not apply the practical expedient so that the right-of-use assets relating to land and buildings only contain leasing components. With regard to other right-of-use assets (comprising technical equipment & machines and motor vehicles), the practical expedient is generally applied, as a result of which the leasing components and non-leasing components are both recognized.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. To the extent that bank deposits are not immediately required to finance current assets, they are invested as fixed-term deposits for a term of up to three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

Cash and cash equivalents are measured at amortized cost. They are subject to the impairment requirements in accordance with IFRS 9 "Financial Instruments." PUMA monitors the credit risk of these financial instruments taking into account the economic situation, external credit rating and/or premiums for credit default swaps (CDS) of other financial institutions. The credit risk from cash and cash equivalents is classified as immaterial, due to the relatively short terms and the investment-grade credit rating of the counterparty, which signals a low probability of default.

INVENTORIES

Inventories are measured at acquisition or manufacturing costs or at the lower net realizable values derived from the selling price on the balance sheet date. The acquisition cost of merchandise is determined using an averaging method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices, in a manner that is standard throughout the Group.

TRADE RECEIVABLES

Trade receivables are initially measured at the transaction price and subsequently at amortized cost with deduction of value adjustments, in the form of a provision for risks. The transaction price according to IFRS 15 "Revenue from Contracts with Customers" is the amount of the consideration expected by the company for the delivery of goods or the provision of services to customers, not taking into account the amounts collected on behalf of third parties.

When determining the provision for risks for trade receivables, PUMA uniformly applies the simplified method in order to determine the expected credit losses over the remaining lifetime of the trade receivables (called "lifetime expected credit losses") in accordance with the provisions of IFRS 9 "Financial Instruments." For this, trade receivables are classified by geographic region to suitable groups with shared credit risk characteristics. The expected credit losses are calculated using a matrix that presents the age structure of the receivables and depicts a likelihood of loss for the individual maturity bands of the receivables on the basis of historic credit loss events and future-based factors. The percentage rates for the loss likelihoods are checked regularly to ensure they are up to date. If objective indications of a credit impairment are found regarding the trade receivables of a certain customer, a detailed analysis of this customer's specific credit risk is conducted and an individual provision for risks is established for the trade receivables with respect to this customer. If a credit insurance is in place, it is taken into account in the amount of the provision for risks.

OTHER FINANCIAL ASSETS

Other financial assets are classified based on the business model for control and the cash flows of the financial assets. In the Group, financial assets are generally held under a business model that provides for "holding" the asset until maturity, in order to collect the contractual cash flows. The subsequent measurement of the other financial assets is therefore always carried out at amortized cost, taking into account the respective impairment losses. The business model "trading" is not used.

The non-current assets contain loans and other assets. Non-interest-bearing non-current assets are discounted to present value if the resulting effect is significant.

NON-CURRENT INVESTMENTS

The investments recognized under non-current financial assets belong to the category "measured at fair value through other comprehensive income" (FVOCI), since these investments are held over the long term for strategic reasons.

All purchases and disposals of non-current investments are recorded on the trade date. Non-current investments are initially recognized at fair value plus transaction costs. They are also recognized at fair value in subsequent periods if this can be reliably determined. Unrealized gains and losses are recognized in the Other Comprehensive Income, taking into account deferred taxes. The gain or loss on disposal of non-current investments is transferred to retained earnings.

The category "measured at fair value through profit or loss" (FVPL) is not used with regard to non-current investments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition costs, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of the assets involved. Buildings are subject to a useful life of between ten and fifty years, and a useful life of between three to ten years is assumed for movable assets. The acquisition costs of property, plant and equipment also include interest on borrowings in accordance with IAS 23, insofar as these accrue and the effect is significant.

Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalized to the extent that the criteria for capitalization of an asset item apply.

GOODWILL

Goodwill resulting from a business combination is calculated based on the difference between the transferred consideration and the Group's share in the fair value of the acquired assets and liabilities.

Goodwill amounts are allocated to the Group's cash-generating units that are expected to benefit from the synergy effects resulting from the business combination.

An impairment test of goodwill per group of cash-generating units (usually the smallest company level at which goodwill is monitored) is performed once a year and whenever there are indicators of impairment and can result in an impairment loss. There is no reversal of an impairment loss for goodwill. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

OTHER INTANGIBLE ASSETS

Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are measured at acquisition costs, net of accumulated amortization. The useful life of intangible assets is between three and ten years. Depreciation is done on a straight-line basis.

If the capitalization requirements of IAS 38.57 "Intangible Assets" are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalized at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortization and impairment losses. In the Group, own work capitalized is generally depreciated on a straight-line basis over a useful life of 3 years.

The item also includes acquired trademark rights, which are assumed to have an indefinite useful life in light of the history of the brands and due to the fact that the brands are continued by PUMA.

IMPAIRMENT OF ASSETS

Intangible assets with an indefinite useful life are not amortized according to schedule but are subjected to an annual impairment test. Property, plant and equipment, right-of-use assets, and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the level of a group of cash-generating units. If it is determined within the scope of the impairment test that an asset needs to be written down, then the goodwill, if any, of the group of cash-generating units is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets within the application scope of IAS 36. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the amortized costs. There is no reversal of an impairment loss for goodwill.

Impairment tests are performed using the discounted cash flow method. For determining the fair value less costs to sell and value in use, the expected cash flows are based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions. As part of the fair value determination less cost to sell, no special synergies of cash-generating units are taken into account, and corporate planning data is adjusted to the assumptions of market participants, if required. Moreover, there is a difference between the fair value less costs to sell and the value in use because the costs to sell are also taken into account.

Trademarks with an indefinite useful life are subjected to an impairment test based on the relief-from-royalty method during the financial year or when the occasion arises. Should indications of a value impairment of a self-used trademark arise, the recoverability of the trademark is not only measured individually using the relief-from-royalty method, but the recoverable amount of the group of cash-generating units to which the trademark is to be allocated is also determined.

See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

In general, these items are recognized at their acquisition cost, taking into account transaction costs and subsequently recognized at amortized cost. Non-interest or low-interest-bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions, and are compounded until their maturity at their repayment amount.

The category "measured at fair value through profit or loss" (FVPL) is not used with regard to financial liabilities.

Current financial liabilities also include those long-term loans that have a maximum residual term of up to one year.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In addition to defined benefit plans, some companies apply defined contribution plans, which do not result in any additional pension commitment other than the current contributions. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This method takes into account not only known pension benefits and pension rights accrued as of the reporting date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future cash outflows at the rate of return on senior, fixed-rate corporate bonds. The currencies and maturity periods of the underlying corporate bonds are consistent with the currencies and maturity periods of the obligations to be satisfied. In some of the plans, the obligation is accompanied by a plan asset. In that case, the pension provision shown is reduced by the plan asset.

Revaluations, consisting of actuarial profits and losses, changes resulting from use of the asset ceiling and return on plan assets (without interest on the net debt) are immediately recorded under Other Comprehensive Income. The revaluations recorded in Other Comprehensive Income are part of the retained earnings and are no longer reclassified into the income statement. Past service costs are recorded as an expense if changes are made to the plan.

Details regarding the assumed life expectancy and the mortality tables used are shown in chapter 15.

OTHER PROVISIONS

Provisions are recognized if the Group, as a result of a past event, has a current obligation and this obligation is likely to result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. The provisions are recognized at their settlement value as determined on the basis of the best possible estimate and are not offset by income. Non-current provisions are discounted.

Provisions for the expected expenses from warranty obligations pursuant to the respective national sales contract laws are recognized at the time of sale of the relevant products, according to the best estimate in relation to the expenditure needed in order to fulfill the Group's obligation.

Provisions are also recognized to account for onerous contracts. An onerous contract is assumed to exist where the unavoidable costs for fulfilling the contract exceed the economic benefit arising from this contract.

Provisions for restructuring measures are also recorded if a detailed, formal restructuring plan has been prepared, which has created a justified expectation that the restructuring measures will be carried out by those concerned due to its implementation starting or its major components being announced.

TREASURY STOCK

Treasury stock is deducted from equity at its market price as of the date of acquisition, plus incidental acquisition costs. Pursuant to the authorization of the Annual General Meeting, treasury stock can be repurchased for any authorized purpose, including the flexible management of the Company's capital requirements.

MANAGEMENT INCENTIVE PROGRAMS

PUMA uses cash-settled share-based payments and key performance indicator-based long-term incentive programs.

For cash-settled share-based payments, a liability is recorded for the services received and measured with its fair value upon recognition. Until the debt is cleared, its fair value is recalculated on every balance sheet date and on the settlement date and all changes to the fair value are recognized in the income statement.

During the three-year term of the respective programs, the medium-term targets of the PUMA Group with regard to operating result (EBIT), cash flow and gross profit margin are determined for key figure-based compensation processes and recognized in the income statement as Other Provisions with their respective degree of target achievement.

RECOGNITION OF SALES REVENUES

The Group recognizes sales revenues from the sale of sporting goods. The sales revenues are measured at fair value of the consideration to which the Group expects to be entitled from the contract with the customer, taking into account returns, discounts and rebates. Amounts collected on behalf of third parties are not included in the sales revenues. The Group records sales revenues at the time when PUMA fulfills its performance obligation to the customer and has transferred the right of disposal over the product to the customer.

The Group sells footwear, apparel and accessories both to wholesalers and directly to customers through its own retail stores. Meanwhile, the sales-related warranty services cannot be purchased separately and do not lead to services that go beyond the assurance of the specifications at the time of the transfer of risk. Accordingly, the Group records warranties in the balance sheet in conformity with IAS 37 provisions, contingent liabilities and contingent assets.

In the case of sales of products to wholesalers, the sales revenue is recorded at the date on which the right of disposal over the products is transferred to the customer, in other words, when the products have been shipped to the specific location of the wholesaler (delivery). After delivery, the wholesaler bears the inventory risk and has full right of disposal over the manner and means of distribution and the selling price of the products. In the case of sales to end customers in the Group's own retail stores, the sales revenues are recorded at the date when the right of disposal over the products is transferred to the end customer, in other words, the date on which the end customer buys the products in the retail shop. The payment of the purchase price is due as soon as the customer purchases the products.

Under certain conditions and according to the contractual stipulations, the customer has the option to exchange products or return them for a credit. The amount of the expected returns is estimated on the basis of past experience and is deducted from sales revenues by a provision for returns. The asset value of the right arising from the product return claim is recorded under Inventories and leads to a corresponding reduction of cost of sales.

ROYALTY AND COMMISSION INCOME

The Group records royalty and commission income from the licensing of trademark rights to third parties. Income from royalties is recognized in the income statement in accordance with the invoices to be submitted by the licensees. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced if the underlying purchase transaction is classified as realized.

ADVERTISING AND PROMOTIONAL EXPENSES

Advertising expenses are recognized in the income statement as of the date of their accrual. In general, promotional expenses stretching over several years are recognized as an expense over the contractual term on an accrual basis. Any expenditure surplus resulting from this allocation of expenses after the balance sheet date are recognized in the form of an impairment of assets or a provision for anticipated losses in the financial statements.

PRODUCT DEVELOPMENT

PUMA continuously develops new products in order to meet market requirements and market changes. Research costs are expensed in full at the time they are incurred. Development costs are also recognized as an expense when they do not meet the recognition criteria of IAS 38 "Intangible Assets."

GOVERNMENT GRANTS

In the financial year 2020, PUMA received government grants related to income at a global level for the first time as a result of the COVID-19 pandemic; these were then deducted from the corresponding expenses in the income statement. Grants are received via country-specific, one-off emergency aid schemes relating to the global COVID-19 pandemic and via country-specific short-time work programs, provided that they meet the requirements of IAS 20 and other comparable measures.

Pursuant to IAS 20.7, government grants related to income are recognized when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Grants related to income are deducted from the corresponding expenses in the income statement (net presentation).

FINANCIAL RESULT

The financial result includes interest income from financial investments and interest expenses from loans, along with interest income and expenses in connection with derivative financial instruments. Financial results also include interest expenses from lease liabilities, discounted, non-current liabilities and from pension provisions that are associated with business combinations or arise from the measurement of pension commitments.

Exchange rate effects that can be directly allocated to an underlying transaction are shown in the respective income statement item.

INCOME TAXES

Current income taxes are determined in accordance with the tax regulations of the respective countries where the individual Group companies conduct their operations.

DEFERRED TAXES

Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation procedures, which are levied by the same taxation authority and can be netted, are charged to each taxable entity and recognized either as deferred tax assets or deferred tax liabilities.

With regard to the leases that were capitalized, tax deduction potential is allocated to the respective right-of-use asset. If temporary differences arise during subsequent valuation from a netting perspective of right-of-use asset and lease liability, deferred tax items will be created, provided the requirements under IAS 12 are met.

Deferred tax assets may also include claims for tax reductions that result from the expected utilization of existing losses carried forward to subsequent years and which is sufficiently certain to materialize. Deferred tax assets or liabilities may also result from accounting treatments that do not affect the income statement. Deferred taxes are calculated on the basis of the tax rates that apply to the reversal in the individual countries and that are in force or adopted as of the balance sheet date.

Deferred tax assets are recognized only to the extent that the respective tax advantage is likely to materialize. Value adjustments are recognized on the basis of the past earnings situation and the business expectations for the foreseeable future, if this criterion is not fulfilled.

ASSUMPTIONS AND ESTIMATES

The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the measurement and presentation of the recognized assets and liabilities, income and expenses, as well as contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual development differs from the expectation, the premises and, if necessary, the carrying amounts of the relevant assets and liabilities are adjusted with an effect on profit or loss.

All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. PUMA applies scenarios that assume that the situation created by the COVID-19 pandemic will not be long term. Accordingly, PUMA does not expect that the impact on the consolidated financial statements will be significant or serious. Assumptions and estimates are made in particular with regard to evaluating the control of companies with non-controlling interests, the measurement of goodwill and brands, pension obligations, derivative financial instruments, leases and taxes. The most significant forward-looking assumptions and sources of estimation and uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

Goodwill and Brands

A review of the impairment of goodwill is based on the calculation of the value in use as a leading valuation concept. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behavior. As it is currently difficult to predict what the global consequences of the COVID-19 pandemic will be in the short and medium term, these assumptions and estimates are generally subject to increased uncertainty. However, it is assumed that COVID-19 vaccine will be made available and that large parts of the population in the main PUMA markets will be immunized in 2021, and that consequently, business activities for the financial year 2021 will largely normalize to the level seen before the outbreak of the COVID-19 pandemic. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). The "relief from royalty method" is used to value brands. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

Pension Obligations

Pension obligations are determined using an actuarial calculation. This calculation is contingent on a large number of factors that are based on assumptions and estimates regarding the discount rate, the expected return on plan assets, future wage and salary increases, mortality and future pension increases. Due to the long-term nature of the commitments made, the assumptions are subject to significant uncertainties. Any change in these assumptions has an impact on the carrying amount of the pension obligations. The Group determines at the end of each year the discount rate applied to determine the present value of future payments. This discount rate is based on the interest rates of corporate bonds with the highest credit rating that are denominated in the currency in which the benefits are paid and the maturity of which corresponds to that of the pension obligations. See chapter 15 for further details, in particular regarding the parameters used for the calculation.

Taxes

Tax items are determined taking into account the various prevailing local tax laws and the relevant administrative opinions and, due to their complexity, may be subject to different interpretations by persons subject to tax on the one hand and the tax authorities on the other hand. Differing interpretations of tax laws may result in subsequent tax payments for past years; depending on the management's assessment, these differing opinions may be taken into account using the most probable amount for the respective case.

The recognition of deferred taxes, in particular with respect to tax losses carried forward, requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of occurrence and the amount of future taxable income. The taxable income from the relevant corporate planning is derived for this judgment. This takes into account the past financial position and the business development expected in the future. Due to the currently difficult to predict short- and medium-term consequences of the global COVID-19 pandemic, these assumptions and estimates are generally subject to increased uncertainty. Deferred tax assets on losses carried forward are recorded in the event of companies incurring a loss only if it is highly probable that future positive income will be achieved that can be offset against these tax losses carried forward in the next 5 years. See chapter 8 for further information and detailed assumptions.

Derivative Financial Instruments

The assumptions used for estimating derivative financial instruments are based on the prevailing market conditions as of the balance sheet date and thus reflect the fair value. See chapter 24 for further information.

Leases

The measurement of the lease liabilities is based on assumptions for the discount rates used, the lease term and the identification of fixed lease payments. To determine the present value of future minimum lease payments, PUMA uses country- and currency-specific interest rates on borrowings with compatible terms. In addition to the basic lease period, the Group includes extension options in the determination of the lease term if management is sufficiently certain that such an option will be exercised after taking into account all facts and circumstances. The fixed lease payments also include firmly agreed upon minimum amounts for agreements with a predominantly variable lease amount.

NOTES TO THE CONSOLIDATED BALANCE SHEET

3. CASH AND CASH EQUIVALENTS

As of December 31, 2020, the Group has €655.9 million (previous year: €518.1 million) in cash and cash equivalents. The average effective interest rate of financial investments was 1.5% (previous year: 0.9%). There are no restrictions on disposition.

4. INVENTORIES

Inventories are allocated to the following main groups:

↗ **T.11** (€ million)

	2020	2019
Raw materials, consumables and supplies	15.4	18.5
Finished goods and merchandise/inventory		
Footwear	324.7	364.0
Apparel	273.9	294.4
Accessories/Other	128.3	127.2
Goods in transit	351.7	267.0
Inventory adjustments related to returns	43.9	39.0
Total	**1,138.0**	**1,110.2**

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments in the amount of €115.7 million (previous year: €76.3 million), approx. 69.6% (previous year approx. 66.7%) were recognized as an expense under cost of sales in the financial year 2020.

The amount of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

The right to return goods represents the merchandise value of the products where a return is expected.

5. TRADE RECEIVABLES

This item consists of:

↗ T.12 (€ million)

	2020	2019
Trade receivables, gross	682.9	648.5
Less provision for risks	-61.9	-36.8
Trade receivables, net	**621.0**	**611.7**

Due to an increase in sales in the third and fourth quarters of 2020, the gross carrying amounts of trade receivables increased slightly. The negative effects caused by the COVID-19 pandemic led to an increased probability of default on trade receivables as of December 31, 2020, resulting in an increase of the provision for risks.

The change of the provision for risks for financial assets in the "trade receivables" class measured at amortized cost relates to receivables in connection with sales revenues from contracts with customers and has developed as follows:

↗ T.13 (€ million)

	2020	2019
Status of provision for risks as of January 1	**36.8**	**37.7**
Changes in scope	0.0	0.0
Exchange rate differences	-2.7	0.1
Additions	33.9	4.9
Utilization	-3.1	-2.3
Reversals	-2.9	-3.6
Status of provision for risks as of December 31	**61.9**	**36.8**

The age structure of the trade receivables is as follows:

↗ **T.14** (€ million)

2020	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	682.9	551.5	56.7	15.9	11.7	47.1
Provision for risks	61.9	15.2	4.1	2.6	2.8	37.2
Net carrying amount – Trade receivables	621.0	536.3	52.6	13.3	8.9	9.9
Expected loss rate		2.8%	7.3%	16.4%	23.9%	78.9%

Receivables due for more than 90 days are allocated to Level 3 as "objectively impaired," the remaining receivables are allocated to Level 2.

↗ **T.15** (€ million)

2019	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	648.5	533.0	54.9	23.4	9.4	27.8
Provision for risks	36.8	3.9	2.1	3.5	3.1	24.2
Net carrying amount – Trade receivables	611.7	529.1	52.8	19.9	6.3	3.6
Expected loss rate		0.7%	3.8%	14.9%	33.4%	86.9%

With respect to the net carrying amount of trade receivables, PUMA assumes that the debtors will satisfy their payment obligations or that, in the event of a default, the net carrying amount will be covered by existing credit insurance. There are no significant risk concentrations as the customer base is very broad and there are no correlations.

6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

↗ **T.16** (€ million)

	2020	2019
Fair value of derivative financial instruments	23.6	45.2
Other financial assets	29.3	31.4
Total	**52.9**	**76.6**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

7. OTHER CURRENT ASSETS

This item consists of:

↗ **T.17** (€ million)

	2020	2019
Prepaid expense relating to the subsequent period	50.4	63.1
Other receivables	73.6	67.4
Total	**124.1**	**130.5**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

Other receivables mainly include VAT receivables amounting to €38.9 million (previous year: €30.1 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

↗ T.18 (€ million)

	2020	2019
Tax loss carryforwards	103.4	89.5
Non-current assets	39.2	39.6
Current assets	60.1	48.7
Provisions and other liabilities	97.5	79.7
Deferred tax assets (before netting)	**300.3**	**257.5**
Non-current assets	49.8	61.2
Current assets	8.2	7.9
Provisions and other liabilities	5.4	3.7
Deferred tax liabilities (before netting)	**63.4**	**72.7**
Deferred tax assets, net	**236.9**	**184.8**

Of the deferred tax assets €141.6 million (previous year: €117.1 million) are current, and of the deferred tax liabilities €9.7 million (previous year: €8.9 million) are current.

As of December 31, 2020, tax losses carried forward amounted to a total of €571.7 million (previous year: €515.0 million). This results in a deferred tax asset of €145.4 million (previous year: €141.4 million). Deferred tax assets were recognized for these items in the amount at which the associated tax advantages are likely to be realized in the form of future profits for income tax purposes. Accordingly, deferred tax assets for tax loss carryforwards in the amount of €41.9 million (previous year: €52.0 million) were not recognized; of these, €39.9 million (previous year: €51.3 million) cannot expire, but €11.3 million (previous year: €13.6 million) will never be usable due to the absence of future expectations. The remaining unrecognized deferred tax receivables of €2.1 million (previous year: €0.7 million) will expire within the next six years.

In addition, no deferred taxes were recognized for deductible temporary differences amounting to €6.3 million (previous year: €4.4 million) because their realization was not expected as of the balance sheet date.

Deferred tax liabilities for withholding taxes from possible dividends on retained earnings of subsidiaries that serve to cover the financing needs of the respective company were not accumulated, since it is most likely that such temporary differences will not be cleared in the near future.

Deferred tax assets and liabilities are netted if they relate to a taxable entity and can in fact be netted. Accordingly, they are shown in the balance sheet as follows:

↗ **T.19** (€ million)

	2020	2019
Deferred tax assets	277.5	237.7
Deferred tax liabilities	40.6	53.0
Deferred tax assets, net	**236.9**	**184.8**

The changes in deferred tax assets (net) were as follows:

↗ **T.20** (€ million)

	2020	2019
Deferred tax assets, net as of January 1	184.8	159.9
Recognition in the income statement	56.7	28.8
Adjustment related to remeasurements of the net defined benefit liability, recognized in other comprehensive income	1.1	1.1
Adjustment related to the market value of currency hedging contracts, recognized in other comprehensive income		
thereof released to profit and loss for the period	0.1	-1,4
thereof fair value measurement of cash flow hedges	5.1	2.7
Exchange rate differences	-11.0	-6.3
Deferred tax assets, net as of December 31	**236.9**	**184.8**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at their carrying amounts consist of:

↗ **T.21** (€ million)

	2020	2019
Land and buildings, including buildings on third-party land	131.9	118.0
Technical equipment and machinery	8.4	9.8
Other equipment, factory and office equipment	154.6	175.3
Assets under construction	112.0	91.7
Total	**406.9**	**394.8**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to €411.4 million (previous year: €378.1 million).

The changes in property, plant and equipment in the financial year 2020 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes of the consolidated financial statements.

10. LEASES

The Group rents and leases offices, warehouses, facilities and fleets of vehicles and sales rooms for its own retail business. Rental agreements for the retail business are concluded for terms of between five and fifteen years. The remaining rental and lease agreements typically have residual terms of between one and five years. Some agreements include options to renew and price adjustment clauses.

The carrying amounts for **right-of-use assets** recognized on the balance sheet relate to the following asset classes:

↗ **T.22** (€ million)

	2020	**2019**
Land and buildings – Retail stores	355.2	419.6
Land and buildings – Warehouses & Offices	464.3	281.7
Others (Technical equipment & machines and motor vehicles)	58.1	17.7
Total	**877.6**	**719.0**

The changes in right-of-use assets in the financial year 2020 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes to the consolidated financial statements.

The following **lease liabilities** result:

↗ **T.23** (€ million)

	2020	**2019**
Current lease liabilities	156.5	144.8
Non-current lease liabilities	775.2	600.5
Total	**931.7**	**745.3**

The amounts recognized in the income statement are as follows:

↗ **T.24** (€ million)

	2020	2019
Depreciation of right-of-use assets (incl. impairment losses) (included in operating expenses)	186.4	148.0
Profit (-)/loss (+) from disposal/revaluation of right-of-use assets/liabilities (included in operating expenses)	0.0	-0.3
Interest expense (included in financial expenses)	29.3	29.7
Short-term leases (included in operating expenses)	5.6	6.9
Leases of low-value assets (included in operating expenses)	0.6	0.7
Variable lease payments (included in operating expenses)	11.5	28.3
Total	**233.4**	**213.4**

Variable lease payments are incurred in connection with the Group's own retail stores. These are based on the sales revenue amount and are therefore dependent on the overall economic development.

As a result of the COVID-19 pandemic, PUMA was exempted from – by agreement with the lessors – rent payments of €13.7 million (previous year: €0.0 million), which were recognized as variable lease payments in the income statement.

Due to reduced earnings prospects, impairment expenses totaling €16.1 million were incurred in the financial year 2020 (previous year: €0.0 million) relating to right-of-use assets in connection with the Group's own retail stores. There were no impairments to the other categories of right-of-use assets.

Total cash outflows from lease liabilities in 2020 amounted to €164.2 million (previous year: €170.5 million).

In 2020, PUMA entered into lease agreements that had not yet commenced by year-end. As a result, no lease liabilities and corresponding right-of-use assets had been recognized as of December 31, 2020. Future lease payments in connection with these agreements amount to €4.7 million (previous year: €7.4 million) for the next year, €24.1 million for years two to five (previous year: €74.1 million) and €9.0 million for the subsequent period (previous year: €176.7 million). The lease terms for these are up to 10 years.

The maturity analysis of lease liabilities is as follows:

↗ **T.25** (€ million)

	2020	2019
Residual term of:		
1 to 2 years	180.5	169.4
2 to 5 years	463.3	443.5
more than 5 years	435.6	248.1
Total (undiscounted)	1,079.4	861.0
Interests	-147.7	-115.7
Total	**931.7**	**745.3**

11. INTANGIBLE ASSETS

Intangible Assets mainly include goodwill, intangible assets with indefinite useful lives, assets associated with the Company's own retail activities and software licenses.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. Impairment tests with regard to goodwill were performed in the past financial year using the discounted cash flow method. The data from the three-year plan for the respective cash-generating unit or group of cash-generating units was used as a basis for this. Planning on the level of the cash-generating units was thereby derived from the PUMA Group's three-year plan. Assuming that a COVID-19 vaccine is made available and that large parts of the population in the main PUMA markets are immunized in 2021, Group-level planning shows that business activities for the financial year 2021 will largely normalize to the level seen before the outbreak of the COVID-19 pandemic. On this basis, and assuming that COVID-19 will not have a long-term negative impact on the global economy, further sales growth and a further improved EBIT margin are expected in subsequent financial years. Alongside the normalization of business activities to the level seen before the outbreak of the COVID-19 pandemic, planned sales growth is based on the good future growth prospects in the sporting goods industry and on the gaining of market shares by PUMA. This is to be achieved, in particular, via the continued consistent implementation of the Forever Faster corporate strategy and the increase in PUMA's brand heat. The improvement in EBIT-margin in the planning period is the result of a slight increase in gross profit margin due, for example, to a higher share of own retail sales as a result of above-average growth of the e-commerce distribution channel. Furthermore, the slightly weaker percentage increase of other operating income and expenses compared to sales is also expected to contribute to the improvement of the EBIT-margin; for example, the operating requirements for planned sales growth over the coming years have essentially been met, meaning that economies of scale can be realized. The planning of investments and working capital is based on historical experience and is carried out in accordance with strategic objectives. The future tax payments are based on current tax rates. For periods beyond the budget planning, an annual growth rate is determined and used to forecast future cash flows beyond the three-year period. The assumed growth rate is based on long-term expectations on inflation rate and may not exceed the long-term average growth rates for the business area in which the respective cash-generating unit, or group of cash-generating units, operates.

The recoverable amount for the respective cash-generating unit or group of cash-generating units was determined on the basis of the value-in-use. This resulted in an impairment loss for one cash-generating unit.

The group of cash-generating units "South Africa" includes goodwill before impairment of €1.9 million (previous year: €2.3 million). These are allocated to the EEMEA segment. Due to an adjustment of earnings prospects, when calculating the recoverable amount an impairment loss of €1.9 million was incurred. The recoverable amount of €30.3 million was determined by a value-in-use calculation with a discount rate of 12.4% p.a. (previous year: 10.8% p.a.) and a growth rate of 1.7% (previous year: 2.0%). The impairment is included in the item "Other Operating Income and Expenses" in the consolidated income statement.

In connection with the Golf business unit (CPG – Cobra PUMA Golf), the Cobra brand exists as an intangible asset with an indefinite useful life amounting to €115.9 million (previous year: €126.6 million). The carrying amount of the Cobra brand is significant in comparison to the overall carrying amount of the intangible assets with an indefinite useful life. It was assigned to the North America business segment, where the headquarter of Cobra PUMA Golf is located. The recoverable amount of the Cobra brand (level 3) was determined using the relief-from-royalty method. A discount rate of 6.4% p.a. (previous year: 5.9% p.a.), a royalty rate of 8% (previous year: 8%) and a 1.7% growth rate (previous year: 2%) was used.

If indications of a value impairment of a self-used trademark should arise, the trademark is not only valued individually using the relief-from-royalty method, but the recoverable amount of the group of cash-generating units to which the trademark is to be allocated is also determined. In 2020, there were no indications of an impairment.

In the financial year, development costs in connection with Cobra brand golf clubs amounting to €1.8 million (previous year: €1.8 million) were capitalized. Development costs are allocated to the item Other Intangible Assets in "Changes in Fixed Assets." Current amortization of development costs amounted to €2.3 million in the financial year (previous year: €1.8 million).

The changes in intangible assets in the financial year are shown in "Changes in Fixed Assets" of Appendix 1 to the notes to the consolidated financial statements. The item other intangible assets includes advance payments in the amount of €22.8 million (previous year: €9.9 million).

The current amortization of intangible assets in the amount of €24.4 million (previous year: €23.5 million) is included in the other operating expenses. Of this, €3.8 million relate to sales and distribution expenses (previous year: €4.6 million), €0.1 million to expenses for product management/ merchandising (previous year: €0.1 million), €2.3 million to development expenses (previous year: €1.8 million), and €18.3 million to administrative and general expenses (previous year: €17.0 million). Impairment expenses exceeding current depreciation of €1.9 million (previous year: €0.0 million) were incurred.

Goodwill is allocated to the Group's identifiable group of cash-generating units (CGUs) according to the countries where the activities are carried out. Summarized by regions, goodwill is allocated as follows:

↗ **T.26** (€ million)

	2020	2019
PUMA UK	1.6	1.7
Genesis	6.8	7.2
Subtotal Europe	8.4	8.8
PUMA South Africa	0.0	2.3
Subtotal EEMEA	0.0	2.3
PUMA Canada	9.1	9.8
PUMA United	1.8	2.0
Subtotal North America	10.9	11.7
PUMA Argentina	14.2	15.5
PUMA Chile	0.5	0.5
PUMA Mexico	9.3	10.7
Subtotal Latin America	24.1	26.8
PUMA China	2.5	2.5
PUMA Taiwan	13.0	13.3
Subtotal Greater China	15.5	15.8
PUMA Japan	43.3	44.9
Subtotal Asia/ Pacific (without Greater China)	43.3	44.9
stichd	139.4	139.4
Total	**241.5**	**249.7**

Assumptions used in conducting the impairment tests in 2020:

↗ **T.27**

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	8.0%-8.1%	6.8%
EEMEA*	28.0%	16.3%	12.4%
North America*	26.7%	8.0%	6.3%
Latin America	27.0%-30.0%	10.7%-51.3%	8.2%-60.3%
Greater China	20.0%-25.0%	7.0%-9.5%	5.7%-7.5%
Asia/ Pacific (without Greater China)*	31.8%	8.7%	6.3%
stichd*	25.0%	7.6%	6.1%

* The information for EEMEA, North America, Asia/ Pacific (without Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

The tax rates used for the impairment test correspond to the actual tax rates in the respective countries. The cost of capital (WACC) was derived from a weighted average cost of capital calculation taking into account a market-weighted five-year average debt/equity structure and financing costs, respectively taking into account the main competitors of the respective group of cash-generating units.

In addition, a growth rate of 1.7% (previous year: 2%) is generally assumed. A growth rate of less than 1.7% (previous year: less than 2%) was applied only in justified exceptional cases, where the long-term expectations on inflation rate for the country in which the cash-generating unit operates were lower than the assumed growth rate; this applies, in particular, to Japan and Taiwan.

The cash-generating unit stichd includes goodwill of €139.4 million (previous year: €139.4 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 6.1% p.a. (previous year: 5.9% p.a.) and a growth rate of 1.7% (previous year: 2%).

Sensitivity analyses with regard to the impairment tests carried out as of the balance sheet date show that neither an increase in discount rates by one percentage point, respectively, nor a reduction in growth rates by one percentage point, respectively, results in any indication of impairment. Furthermore, due to the increased uncertainty as a result of the COVID-19 pandemic, in the financial year 2020 additional sensitivity analyses were carried out with regard to the impairment tests. Alongside an increase in discount rates by one percentage point, respectively, and a simultaneous reduction in growth rates by one percentage point, respectively, these analyses also assume a reduction in operating result (EBIT) of 10% respectively in the underlying three-year plan. This resulted in an indication of impairment in the amount of €1.6 million.

The following table contains the assumptions for the performance of the impairment test in the previous year:

↗ T.28

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	7.4%-7.5%	6.4%
EEMEA*	28.0%	14.4%	10.8%
North America*	26.7%	7.6%	6.1%
Latin America	27.0%-30.0%	9.9%-31.2%	7.7%-56.6%
Greater China	20.0%-25.0%	6.8%-7.8%	5.8%-6.3%
Asia/ Pacific (without Greater China)*	31.8%	8.1%	5.9%
stichd*	25.0%	7.2%	5.9%

* The information for EEMEA, North America, Asia/ Pacific (without Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

12. OTHER NON-CURRENT ASSETS

Other non-current financial and non-financial assets consist of:

↗ T.29 (€ million)

	2020	2019
Investments	25.3	40.0
Fair value of derivative financial instruments	2.5	1.3
Other financial assets	30.9	30.1
Total of other non-current financial assets	**58.8**	**71.5**
Other non-current non-financial assets	6.8	19.3
Other non-current assets, total	**65.6**	**90.8**

The investments relate to the 5.0% shareholding in Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien (BVB) with registered office in Dortmund, Germany.

The other financial assets mainly include rental deposits of €26.8 million (previous year: €26.8 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

13. LIABILITIES

The residual terms of liabilities are as follows:

↗ T.30 (€ million)

	2020				2019			
		Residual term of				Residual term of		
	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Financial liabilities	**266.4**	121.4	145.0		**173.5**	10.2	163.3	
Trade payables	**941.5**	941.5			**843.7**	843.7		
Other liabilities*								
Liabilities from other taxes	**50.5**	50.5			**39.5**	39.5		
Liabilities relating to social security	**9.9**	9.9			**7.2**	7.2		
Payables to employees	**79.0**	79.0			**114.0**	114.0		
Refund liabilities	**227.4**	227.4			**208.3**	208.3		
Liabilities from derivative financial instruments	**135.2**	126.9	8.3		**38.2**	34.1	4.0	
Other liabilities	**36.0**	35.1	0.8		**38.1**	38.0	0.8	0.1
Total	**1,745.9**	1,591.8	154.1		**1,462.5**	1,295.1	168.2	0.1

* The maturity analysis on lease liabilities is presented in chapter 10.

PUMA has confirmed credit lines amounting to a total of €1,639.1 million (previous year: €687.6 million). This significant increase compared with the previous year is a consequence of securing additional credit lines in order to safeguard PUMA against any negative cash shortfalls resulting from the COVID-19 pandemic. In May 2020, for example, a syndicated credit line of €900.0 million was agreed with 11 commercial banks and the KfW (Kreditanstalt für Wiederaufbau) to provide “bridge financing” for a maximum period of 2 years. By the end of December, €700.0 million had already been refinanced through a new promissory note loan (€250.0 million) with 3 and 5-year terms and an adjustment and increase of the previously €350.0 million syndicated credit facility to a new €800.0 million.

Under financial liabilities, €0.0 million (previous year: €0.0 million) was utilized from credit lines granted only until further notice. Unutilized credit lines totaled €1,372.7 million as of December 31, 2020, compared to €514.1 million the previous year.

The effective interest rate of the financial liabilities ranged between 0.1% and 14.8% (previous year: 0.1% to 8.5%).

The liabilities from refund obligations result from contracts with customers and include obligations from customer return rights as well as obligations connected with customer bonuses.

The table below shows the cash flows of the non-derivative financial liabilities and of the derivative financial instruments with a positive and negative fair value:

The current financial liabilities can be repaid at any time.

↗ T.31 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2020	Cashflow 2021		Cashflow 2022		Cashflow 2023 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	266.4	0.8	121.4	0.7		1.6	145.0
Trade payables	941.5		941.5				
Other liabilities	24.6		24.2		0.1		0.3
Derivative financial liabilities and assets							
Cash-Inflow from derivative financial instruments			2,893.7		495.3		
Cash-Outflow from derivative financial instruments			2,999.4		502.0		

The following values were determined in the previous year:

T.32 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2019	Cashflow 2020		Cashflow 2021		Cashflow 2022 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	173.5	0.7	10.2	0.6	103.3	0.7	60.0
Trade payables	843.7		843.7				
Liabilities from acquisitions							
Other liabilities	26.9		26.9		0.0		
Derivative financial liabilities and assets							
Cash-Inflow from derivative financial instruments			2,847.9		506.3		
Cash-Outflow from derivative financial instruments			2,831.1		505.1		

14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

↗ **T.33** (€ million)

	Measurement categories under IFRS 9	Carrying amount 2020	Fair value 2020	Carrying amount 2019	Fair value 2019
Assets					
Cash and cash equivalents	[1] AC	655.9	655.9	518.1	518.1
Trade receivables	AC	621.0	621.0	611.7	611.7
Other current financial assets	AC	29.3	29.3	31.4	31.4
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	25.7	25.7	45.5	45.5
Derivatives without hedging relationship (fair value)	[2] FVPL	0.4	0.4	1.1	1.1
Other non-current financial assets	AC	30.9	30.9	30.1	30.1
Non-current investments	[3] FVOCI	25.3	25.3	40.0	40.0
Liabilities					
Financial liabilities (current and non-current)	AC	266.4	266.4	173.5	173.5
Trade payables	AC	941.5	941.5	843.7	843.7
Other financial liabilities (current and non-current)	AC	24.6	24.6	26.9	26.9
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	134.9	134.9	36.6	36.6
Derivatives without hedging relationship (fair value)	[2] FVPL	0.3	0.3	1.6	1.6
Total financial assets at amortised cost		**1,337.1**	**1,337.1**	**1,191.3**	**1,191.3**
Total financial liabilities at amortised cost		**1,232.5**	**1,232.5**	**1,044.1**	**1,044.1**
Total financial assets at FVOCI		**25.3**	**25.3**	**40.0**	**40.0**

1) AC = at amortised cost
2) FVPL = fair value through PL
3) FVOCI = fair value through OCI

Financial instruments that are measured at fair value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.

Level 2: Use of input factors that do not involve the quoted prices stated under Level 1, but can be observed for the asset or liability either directly (i.e., as price) or indirectly (i.e., derivation of prices).

Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

The fair value of the investments held for strategic reasons only refers to equity instruments of the category "fair value through OCI" (FVOCI) and is determined on the basis of level 1. The market values of derivative assets or liabilities were determined on the basis of level 2.

Cash and cash equivalents, trade receivables and other receivables have short maturities. Accordingly, as of the reporting date, the carrying amount approximates fair value. Receivables are stated at nominal value, taking into account deductions for default risk.

The fair values of other financial assets correspond to their carrying amount as the interest calculation occurs at the prevailing market interest rates on the balance sheet date. Other (current and non-current) financial assets include €34.2 million (previous year: €34.6 million) that were pledged as rental deposits at usual market rates.

The current liabilities to banks can be repaid at any time. Accordingly, as of the reporting date, the carrying amount approximates fair value. The non-current bank liabilities consist of fixed-interest loans. The carrying amount represents a reasonable approximation of their fair value as the interest rate differential is not significant at the reporting date.

Trade payables have short residual maturities; their carrying amounts therefore approximate fair value.

The remaining financial liabilities have short residual maturities; the recognized amounts therefore approximate fair value.

The fair values of derivative financial instruments at the balance sheet date are determined on the basis of current market parameters, i.e. reference prices observable on the market, taking into account forward premiums and discounts. The discounted result of the comparison of the forward price on the reporting date with the forward price on the valuation date is included in the measurement. The fair values are also checked for the counterparty's non-performance risk. In doing this, PUMA calculates credit value adjustments (CVA) or debt value adjustments (DVA) on the basis of an up/down method, taking current market information into account. No material deviations were found, so that no adjustments were made to the fair value determined.

Net result by measurement categories:

↗ **T.34** (€ million)

	2020	2019
Financial assets at amortised cost	-21.0	4.7
Financial liabilities at amortised cost	-8.5	-6.5
Derivatives without hedging relationship	1.6	-2.1
Financial assets at FVOCI	-14.7	3.4
Total	**-42.6**	**-0.5**

The net result was determined by taking into account interest income and expense, currency exchange effects, changes in provisions for risks as well as gains and losses from sales.

General administrative expenses include changes in risk provisions for receivables.

15. PENSION PROVISIONS

Pension provisions result from employees' claims for benefits, which are based on the statutory or contractual regulations applicable in the respective country, in the event of invalidity, death or when a certain retirement age has been reached. Pension commitments in the PUMA Group include both benefit- and contribution-based pension commitments and include both obligations from current pensions and rights to pensions payable in the future. The pension entitlements are financed by both provisions and funds.

The risks associated with the pension commitments mainly concern the usual risks of benefit-based pension plans in relation to possible changes in the discount rate and, to a minor degree, inflation trends and recipient longevity. In order to limit the risks of changed capital market conditions and demographic developments, plans with the maximum obligations were agreed or insured a few years ago in Germany and the UK for new hires. The specific risk of obligations based on salary is low within the PUMA Group. The introduction of an annual cap for pensionable salary in the UK plan in 2016 covers this risk for the highest obligations. The UK plan is therefore classified as a non-salary obligation.

↗ **T.35** (€ million)

	Germany	UK	Other Companies	PUMA Group
Present Value of Pension Claims 12/31/2020				
Salary-based obligations				
Annuity	0.0	0.0	10.2	10.2
One-off payment	0.0	0.0	10.0	10.0
Non-salary-based obligations				
Annuity	35.0	49.0	0.0	84.0
One-off payment	7.5	0.0	0.0	7.5
Total	**42.5**	**49.0**	**20.2**	**111.7**

The following values were determined in the previous year:

↗ **T.36** (€ million)

	Germany	UK	Other Companies	PUMA Group
Present Value of Pension Claims 12/31/2019				
Salary-based obligations				
Annuity	0.0	0.0	9.4	9.4
One-off payment	0.0	0.0	9.2	9.2
Non-salary-based obligations				
Annuity	28.0	44.8	0.0	72.8
One-off payment	7.3	0.0	0.0	7.3
Total	**35.3**	**44.8**	**18.6**	**98.7**

The main pension arrangements are described below:

The general pension scheme of PUMA SE generally provides for pension payments to a maximum amount of €127.82 per month and per eligible employee. It was closed for new members beginning in 1996. In addition, PUMA SE provides individual commitments (fixed sums in different amounts) as well as contribution-based individual commitments (in part from salary conversion). The contribution-based commitments are insured plans. There are no statutory minimum funding requirements. The scope of obligation for domestic pension claims amounts to €42.5 million at the end of 2020 (previous year: €35.3 million) and thus comprises 38.0% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to €31.6 million. The corresponding pension provision amounts to €10.9 million.

The defined benefit plan in the United Kingdom has not been available to new hires since 2006. This defined benefit plan includes salary and length of service-based commitments to provide old age, invalidity and surviving dependents' retirement benefits. In 2016, a growth cap of 1% p.a. was introduced on the pensionable salary. Partial capitalization of the old-age pension is permitted. There are statutory minimum funding requirements. The obligations regarding pension claims under the defined benefit plan in the UK amount to €49.0 million at the end of 2020 (previous year: €44.8 million) and thus accounts for 43.9% of the total obligation. The obligation is covered by assets amounting to €37.0 million. The provision amounts to €12.0 million.

The changes in the present value of pension claims are as follows:

↗ **T.37** (€ million)

	2020	2019
Present Value of Pension Claims January 1	**98.7**	**85.8**
Cost of the pension claims earned in the reporting year	2.7	2.3
Past service costs	0.0	0.0
(Profits) and losses from settlements	0.0	0.0
Interest expense on pension claims	1.5	2.0
Employee contributions	6.7	1.0
Benefits paid	-3.4	-2.2
Effects from transfers	0.9	-0.4
Actuarial gains (-) and losses	7.4	8.0
Currency exchange effects	-2.8	2.2
Present Value of Pension Claims December 31	**111.7**	**98.7**

The changes in the plan assets are as follows:

↗ **T.38** (€ million)

	2020	2019
Plan Assets January 1	**64.6**	**56.9**
Interest income on plan assets	1.0	1.3
Actuarial gains and losses (-)	3.0	2.8
Employer contributions	1.9	1.8
Employee contributions	6.7	1.0
Benefits paid	-1.6	-1.0
Effects from transfers	0.0	0.0
Currency exchange effects	-2.2	1.8
Plan Assets December 31	**73.5**	**64.6**

The pension provision for the Group is derived as follows:

↗ T.39 (€ million)

	2020	2019
Present value of pension claims from benefit plans	111.7	98.7
Fair value of plan assets	-73.5	-64.6
Financing Status	**38.2**	**34.1**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Pension Provision December 31	**38.2**	**34.1**

In 2020, benefits paid amounted to €3.4 million (previous year: €2.2 million). Contributions in 2021 are expected to amount to €2.4 million. Of this, €0.9 million is expected to be paid directly by the employer. Employer contributions to external plan assets amounted to €1.9 million in 2020 (previous year: €1.8 million). Employer contributions in 2021 are expected to amount to €2.0 million.

The changes in pension provisions are as follows:

↗ T.40 (€ million)

	2020	2019
Pension Provision January 1	**34.1**	**28.9**
Pension expense	3.2	3.0
Actuarial gains (-) and losses recorded in Other Comprehensive Income	4.4	5.2
Employer contributions	-1.9	-1.8
Direct pension payments made by the employer	-1.8	-1.2
Transfer values	0.9	-0.4
Currency exchange differences	-0.7	0.4
Pension Provision December 31	**38.2**	**34.1**
of which assets	0.0	0.0
of which liabilities	38.2	34.1

The expenses in the 2020 financial year are structured as follows:

↗ **T.41** (€ million)

	2020	2019
Cost of the pension claims earned in the reporting year	2.7	2.3
Past service costs	0.0	0.0
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension claims	1.5	2.0
Interest income on plan assets	-1.0	-1.3
Administration costs	0.0	0.0
Expenses for Defined Benefit Plans	**3.2**	**3.0**
of which personnel costs	2.7	2.3
of which financial costs	0.5	0.7

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for the financial year 2020 amounted to €13.6 million (previous year: €14.0 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

↗ **T.42** (€ million)

	2020	2019
Revaluation of Pension Commitments	**7.4**	**8.0**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	0.2	-0.8
Actuarial gains (-) and losses resulting from changes in financial assumptions	6.8	8.1
Actuarial gains (-) and losses due to adjustments based on experience	0.4	0.7
Revaluation of Plan Assets	**-3.0**	**-2.8**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Adjustment of administration costs	0.0	0.0
Total Revaluation Amounts recorded directly in Other Comprehensive Income	**4.4**	**5.2**

Plan assets investment classes:

↗ **T.43** (€ million)

	2020	2019
Cash and cash equivalents	3.0	2.6
Equity instruments	0.8	0.6
Bonds	7.3	0.9
Investment funds	12.4	20.1
Derivatives	8.0	6.1
Real estate	3.7	4.1
Insurance	31.6	24.1
Others	6.5	6.1
Total Plan Assets	**73.5**	**64.6**

Of which investment classes with a quoted market price:

↗ **T.44** (€ million)

	2020	2019
Cash and cash equivalents	3.2	2.6
Equity instruments	0.8	0.6
Bonds	7.3	0.9
Investment funds	12.4	20.1
Derivatives	8.0	6.1
Real estate	3.1	3.5
Insurance	0.0	0.0
Others	6.4	5.8
Plan Assets with a quoted Market Price	**41.2**	**39.6**

Plan assets still do not include the Group's own financial instruments or real estate used by Group companies.

The plan assets are used exclusively to fulfill defined pension commitments. Legal requirements exist in some countries for the type and amount of financial resources that can be chosen; in other countries (for example Germany) they can be chosen freely. In the UK, a board of trustees made up of company representatives and employees is in charge of asset management. Its investment strategy is aimed at long-term profits and tolerable volatility. It was revised once again in 2020 and the risk profile was reduced.

The following assumptions were used to determine pension obligations and pension expenses:

↗ **T.45**

	2020	2019
Discount rate	1.28%	1.64%
Future pension increases	2.08%	2.16%
Future salary increases	1.65%	1.66%

The indicated values are weighted average values. A standard interest rate of 1.00% was applied for the eurozone (previous year: 1.00%).

The 2018 G guideline tables were used as mortality tables for Germany. For the UK, the mortality was assumed based on basic table series S2 taking into account life expectancy projections in accordance with CMI2019 with a long-term trend of 1%.

The following overview shows how the present value of pension claims from benefit plans would have been affected by changes to significant actuarial assumptions.

↗ **T.46** (€ million)

	2020	2019
Effect on present value of pension claims if		
the discount rate were 50 basis points higher	-7.3	-8.0
the discount rate were 50 basis points lower	8.4	6.2

Salary and pension trends have only a negligible effect on the present value of pension claims due to the structure of the benefit plans.

The weighted average duration of pension commitments is 18 years (previous year: 18 years).

16. OTHER PROVISIONS

↗ **T.47** (€ million)

Provisions for:	2019	Currency adjustments, retransfers	Addition	Utilization	Reversal	2020	2020 Thereof non-current	2019 Thereof non-current
Warranties	**1.4**	0.0	0.5	-0.5	-0.1	**1.3**	0.0	0.0
Purchasing risks	**9.4**	-0.3	4.5	0.0	-7.9	**5.6**	0.0	0.0
Litigation risks	**23.7**	-0.6	8.7	-2.7	-0.9	**28.3**	10.5	10.0
Personnel	**22.4**	0.0	11.4	-15.1	0.0	**18.7**	18.7	22.4
Others	**21.0**	-2.3	7.3	-3.1	-2.6	**20.3**	9.7	10.7
Total	**77.9**	**-3.3**	**32.5**	**-21.4**	**-11.6**	**74.2**	38.9	43.2

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that the majority of these expenses will fall due within the first six months of the next financial year. Purchasing risks relate primarily to materials and molds that are required for the manufacturing of shoes.

Other provisions comprise in particular provisions in relation with dismantling obligations and other risks.

Current provisions are expected to be paid out in the following year, non-current provisions are expected to be paid out in a period of up to ten years. There are no significant compounding effects. The recognition and measurement of provisions is based on past experience from similar transactions. All events until the preparation of the consolidated financial statements are taken into account here.

17. SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

The subscribed capital corresponds to the subscribed capital of PUMA SE.

With resolution of the Annual General Meeting of April 18, 2019, the Company was authorized to carry out a capital increase from Company funds and subsequently perform a stock split at a ratio of 1 to 10. As of the balance sheet date, the subscribed capital in accordance with the Articles of Association corresponds to €150,824,640.00 and is divided into 150,824,640 no-par value voting shares. This corresponds to a proportional amount of €1.00 per share.

Changes in the circulating shares:

↗ T.48

	2020	2019
Circulating shares as of January 1, share	**149,547,801**	**14,951,470**
Issue of new shares as part of the stock split on June 10, 2019	0	134,563,230
Issue of Treasury Stock	36,058	33,101
Circulating shares as of December 31, share	**149,583,859**	**149,547,801**

The issue of treasury stock relates to compensation payments in connection with promotional and advertising agreements.

CAPITAL RESERVE

The capital reserve includes the premium from issuing shares, as well as amounts from the grant, conversion and expiration of share options.

REVENUE RESERVES INCL. RETAINED EARNINGS

The revenue reserves incl. retained earnings include the net income of the financial year as well as the income achieved in the past by the companies included in the consolidated financial statements to the extent that it was not distributed.

DIFFERENCE FROM CURRENCY CONVERSION

The equity item for currency conversion serves to record the differences from the conversion of the financial statements of subsidiaries with non-euro accounting compared to the date of first consolidation of the subsidiaries.

CASH FLOW HEDGES

The “cash flow hedges” item includes the market valuation of derivative financial instruments. The item amounting to €-87.6 million (previous year: €-8.8 million) is offset by deferred taxes of €5.1 million (previous year: €-0.1 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on May 7, 2020 authorized the Company to purchase treasury shares up to a value of 10% of the share capital until May 6, 2025. If purchased through the stock exchange, the purchase price per share may not exceed 10% or fall below 20% of the closing price for the Company's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last three trading days prior to the date of purchase.

The Company did not make use of the authorization to purchase treasury stock during the reporting period.

As of the balance sheet date, the Company holds a total of 1,240,781 PUMA shares in its own portfolio, which corresponds to 0.82% of the subscribed capital.

AUTHORIZED CAPITAL

As of December 31, 2020, the Company's Articles of Association provide for authorized capital totaling €15,000,000.00:

Pursuant to Section 4.2. of the Articles of Association, the Management Board is authorized with the consent of the Supervisory Board to increase the Company's share capital by April 11, 2022 by up to €15,000,000.00 (Authorized Capital 2017) by issuing new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions. In case of capital increases against contributions in cash, the new shares may be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect pre-emption right). The shareholders shall generally be entitled to pre-emption rights. However, the Management Board is authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights in whole or in part in the cases specified in Section 4.2. of the Articles of Association.

The Management Board of PUMA SE did not make use of the existing authorized capital in the current reporting period.

CONDITIONAL CAPITAL

By resolution of the Annual General Meeting of April 12, 2018, the Management Board was authorized until April 11, 2023, with the consent of the Supervisory Board, through one or more issues, altogether or in parts and in various tranches at the same time, to issue bearer or registered options and/or convertible bonds, profit-sharing rights or participation bonds or a combination of these instruments with or without a term limitation in a total nominal amount of up to €1,000,000,000.00.

In this connection, the share capital was increased conditionally by up to €30,164,920.00 by the issue of up to 30,164,920 new units of registered stock (Conditional Capital 2018). The conditional capital increase will be performed only insofar as use is made of options or conversion rights or a conversion or option obligation is fulfilled or insofar as deliveries are made and if other forms of fulfillment are not used for servicing.

No use has been made of the authorization to date.

DIVIDENDS

The amounts eligible for distribution relate to the retained earnings of PUMA SE, which is determined in accordance with German Commercial Law.

The Management Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of €0.16 per circulating share, or a total of €23.9 million (with respect to the circulating shares as of December 31, 2020), be distributed to the shareholders from the retained earnings of PUMA SE for the financial year 2020.

Proposed appropriation of the retained earnings of PUMA SE:

↗ T.49

	2020	2019
Retained earnings of PUMA SE as of December 31, € million	390.4	160.7
Retained earnings available for distribution, € million	390.4	160.7
Dividend per share, €	0.16	0.00
Number of circulating shares*	149,583,859	149,553,847
Total dividend*, € million	23.9	0.0
Carried forward to the new accounting period*, € million	366.5	160.7

* Previous year's values adjusted to the outcome of the Annual General Meeting

A dividend payment is subject to PUMA's continued positive economic development in connection with the ongoing COVID-19 pandemic.

NON-CONTROLLING INTERESTS

This item comprises the remaining shares of non-controlling interests. The composition is shown in chapter 29.

CAPITAL MANAGEMENT

The Group’s objective is to retain a strong equity base in order to maintain both investor and market confidence and to strengthen future business performance.

Capital management relates to the consolidated equity of PUMA. This is shown in the consolidated balance sheet as well as the reconciliation statement concerning “Changes in Equity.”

18. MANAGEMENT INCENTIVE PROGRAMS

In order to bind the management to the company by a long-term incentive, virtual shares with cash settlement and other long-term incentive programs are used at PUMA.

The current programs are described below:

EXPLANATION OF "VIRTUAL SHARES", TERMED "MONETARY UNITS"

Monetary units were granted on an annual basis beginning in 2013 as part of a management incentive program. Monetary units are based on the PUMA share performance. Each of these monetary units entitles the holder to a cash payment at the end of the term. The entitled cash payment compares the performance using the average virtual appreciation rights of the last thirty trading days before the start of the year of issue with the virtual appreciation rights of the last thirty trading days before the exercise date. Monetary units are subject to a vesting period of three years. After that, there is an exercise period of two years (starting with each quarterly publication date for a period of 30 days) which can be freely used by participants for the purposes of execution. The fundamental exercise condition after the vesting period is the existence of an active employment relationship with PUMA until the end of the vesting period.

In the financial year 2020, an expense of €11.0 million was recorded for this purpose on the basis of the employment contract commitments to the Management Board members.

↗ T.50 VIRTUAL SHARES (MONETARY UNITS)

Issue date	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	
Term	5	5	5	5	5	Years
Vesting period	3	3	3	3	3	Years
Base price PUMA share at issue	20.00	24.00	37.10	44.40	67.69	EUR/share
Reference value PUMA-share at the end of the financial year	N/A	N/A	86.23	57.49	28.74	EUR/share
Participants in year of issue	3	3	3	3	3	Persons
Participants at the end of the financial year	2	2	2	3	3	Persons
Number of monetary units as of 1/1/2020	88,620	107,360	117,440	97,320	65,993	Shares
Number of monetary units exercised in the FY	-88,620	-107,360	0	0	0	Shares
Number of monetary units expired in the FY	0	0	-4,923	0	0	Shares
Final number of monetary units as of 12/31/2020	**0**	**0**	**112,517**	**97,320**	**65,993**	**Shares**

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all monetary units were multiplied by a factor of 10.

This commitment consisting of share-based remuneration transactions with cash compensation is recorded as personnel provisions and remeasured at fair value on every balance sheet date, provided it has not been exercised yet. The expenses are recorded over the vesting period. Based on the prorated average share price of the last thirty trading days in 2020 and taking into account the intra-year exercise date in 2020, the provisions for this program amounted to €17.2 million at the end of the financial year.

EXPLANATION OF THE "GAME CHANGER 2020" PROGRAM

In addition, in 2017, an additional Long-Term Incentive Program, the global "Game Changer 2020" program, was launched. Participants in this program consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The aim of this program is to bind this group of employees to the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

The term of the program is 3 years and is based on the medium-term objectives of the PUMA Group in terms of EBIT (70%), cash flow (15%) and gross profit margin (15%). For this purpose, a corresponding provision is set up each year when the respective currency-adjusted targets are met. The resulting balance of €3.7 million were paid out to the participants in March 2020. The payment was subject to the condition that the individual participant was in an unterminated employment relationship with a company of the PUMA Group as of December 31, 2019. No further expenses were incurred for this program in the year under review.

EXPLANATION OF THE "MOMENTUM 2020" PROGRAM

In addition, a global program called "Momentum" was launched in 2017, which is subject to the same parameters (employment until December 31, 2019 and payout in March 2020) as the Game Changer 2020 program. The difference to the Game Changer program lies in the different participants. While the participants in the Game Changer program consist of top executives, the "Momentum" program includes employees who are not part of this group.

In March 2020, an amount of €2.3 million was paid out to the participants. No further expenses were incurred for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2021" PROGRAM

In 2018, the Long-Term Incentive Program (LTIP) "Game Changer 2.0" was launched. Participants in this program consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The objective of this program is to retain these employees in the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

The LTIP "Game Changer 2.0" consists of two plan parts, a Performance Cash Plan and a Performance Share Plan, each with a 50% share. The Performance Cash Plan gives a reward for PUMA's financial performance, while the Performance Share Plan gives a reward for its performance in the capital market.

The performance period of the Performance Cash Plan is three years and is based on the average medium-term targets of the PUMA Group for EBIT (70%), cash flow (15%) and net sales (15%). Payment is made in cash and is limited to a maximum of 200% of the granted proportionate target amount (cap).

The Performance Share Plan uses virtual shares to manage the incentive. The term is up to five years, divided into a three-year performance period and a subsequent, two-year exercise period, in which the virtual shares are paid out in cash. A payout is only possible at the three exercise times (6, 12 or 18 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the value of a virtual share. The payout is limited to a maximum of 200% of the granted prorated target amount (cap) and is only performed if an exercise hurdle of +10% share-price appreciation was exceeded once during the performance period.

The program is subject to the condition that the individual participant is in an unterminated employment relationship with a company of the PUMA Group as of December 31, 2020. A prorated share of €1.0 million was set aside as a provision for the "Game Changer 2.0 – 2021" program during the reporting period and €0.4 million was released.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2022" PROGRAM

In 2019, the global "Game Changer 2.0 – 2022" program was launched, which is subject to the same parameters as the "Game Changer 2.0 – 2021" program (employment relationship until December 31, 2021 and payout March 2022). In the reporting year, a prorated amount of €1.3 million was set aside as a provision for this program and €0.2 million was released.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2023" PROGRAM

In 2020, the global "Game Changer 2.0 – 2023" program was launched, which is subject to the same basic parameters as the "Game Changer 2.0 – 2021" program (employment relationship until December 31, 2022 and payout March 2023). However, as part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). In the reporting year, a prorated amount of €0.8 million was set aside as a provision for this program.

↗ T.51 GAME CHANGER 2.0 (PERFORMANCE SHARE PLAN)

Program addendum	2021	2022	2023	
Issue date	1/1/2018	1/1/2019	1/1/2020	
Term	5	5	5	Years
Vesting period	3	3	3	Years
Base price at program start	37.10	44.40	67.69	EUR/share
Reference value at the end of the financial year	74.20	43.12	28.74	EUR/share
Participants in year of issue	48	64	60	Persons
Participants at the end of the financial year	39	58	60	Persons
Number of “virtual shares” as of 1/1/2020	43,000	44,407	28,201	Shares
Number of “virtual shares” expired in the FY	-6,750	-5,167	0	Shares
Number of “virtual shares” exercised in the FY	0	0	0	Shares
Final number of “virtual shares” as of 12/31/2020	36,250	39,240	28,201	Shares

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all virtual shares were multiplied by a factor of 10.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19. SALES

The net sales of the Group are broken down by product divisions and distribution channels as follows:

↗ T.52 BREAKDOWN BY DISTRIBUTION CHANNELS (€ million)

	2020	2019
Wholesale	3,809.9	4,106.9
Retail	1,424.5	1,395.3
Total	**5,234.4**	**5,502.2**

↗ T.53 BREAKDOWN BY PRODUCT DIVISIONS (€ million)

	2020	2019
Footwear	2,367.6	2,552.5
Apparel	1,974.1	2,068.7
Accessories	892.7	881.1
Total	**5,234.4**	**5,502.2**

20. OTHER OPERATING INCOME AND EXPENSES

According to the respective functions, other operating income and expenses include personnel, advertising, sales and distribution expenses as well as rental and leasing expenditure, travel costs, legal and consulting expenses and other general expenses. Typical operating income that is associated with operating expenses was offset. Rental and lease expenses associated with the Group's own retail stores include turnover-based rental components.

Other operating income and expenses are allocated based on functional areas as follows:

↗ T.54 (€ million)

	2020	2019
Sales and distribution expenses	1,794.0	1,821.2
Product management / merchandising	46.0	52.6
Research and development	56.6	61.7
Administrative and general expenses	368.7	340.0
Other operating expenses	**2,265.3**	**2,275.5**
Other operating income	**0.4**	**4.2**
Total	**2,264.9**	**2,271.3**
Of which personnel expenses	578.5	633.7
Of which scheduled depreciation	275.7	246.4
Of which impairment expenses	18.0	0.0

Within the sales and distribution expenses, marketing/ retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's own retail activities. Other sales and distribution expenses include logistic expenses and other variable sales and distribution expenses. The impairment expenses of €18.0 million concern the impairment of goodwill (€1.9 million) and the impairment of right-of-use assets (€16.1 million).

In the consolidated financial statements of PUMA SE, fees of €0.8 million (previous year: €0.9 million) are recorded as operating expenses for the auditor of the consolidated financial statements. The fees break down into costs for audit services of €0.7 million (previous year: € 0.8 million) and other assurance services amounting to €0.1 million (previous year: €0.1 million), in particular for EMIR audits and the review of the combined non-financial report as well as for tax consultancy services of less than €0.0 million (previous year: less than €0.0 million).

Other operating income, which in the previous year mainly included income from the reduction of liabilities from acquisitions in the amount of €2.1 million, comprises income from the sale of fixed assets in the amount of €0.4 million (previous year: €2.0 million).

Overall, other operating expenses include personnel costs, which consist of:

↗ T.55 (€ million)

	2020	**2019**
Wages and salaries	441.9	490.2
Social security contributions	63.2	66.8
Expenses from share-based remuneration with cash compensation	14.1	12.6
Expenses for retirement pension and other personnel expenses	59.3	64.2
Total	**578.5**	**633.7**

In the financial year 2020, the personnel costs presented above include government grants amounting to a figure in the low double-digit millions granted in connection with the global COVID-19 pandemic; this amount was deducted from the corresponding expenses.

In addition, cost of sales includes personnel costs in the amount of €5.2 million (previous year: €6.8 million).

The average number of employees for the year was as follows:

↗ T.56 EMPLOYEES

	2020	**2019**
Marketing/ retail/ sales	9,654	9,883
Research & development/ product management	1,002	986
Administrative and general units	2,361	2,479
Total annual average	**13,016**	**13,348**

As of the end of the year, a total of 14,374 individuals were employed (previous year: 14,332).

21. FINANCIAL RESULT

The financial result consists of:

↗ **T.57** (€ million)

	2020	2019
Interest income	8.4	7.2
Income from currency-conversion differences, net	0.0	10.2
Others	27.0	8.5
Financial income	**35.4**	**25.8**
Interest expense	-14.1	-13.9
Interest expense – Leasing liability	-29.3	-29.7
Interest accrued on liabilities from acquisitions	0.0	-0.1
Valuation of pension plans	-0.5	-0.7
Expenses from currency-conversion differences, net	-3.9	0.0
Others	-34.5	-4.1
Financial expenses	**-82.3**	**-48.4**
Financial result	**-46.8**	**-22.6**

The item Others in financial income includes interest components (SWAP points) of €27.0 million (previous year: €8.2 million) from financial instruments in connection with currency derivatives, and dividend income of €0.0 million (previous year: €0.3 million) from the investment in Borussia Dortmund GmbH & Co. KGaA (BVB).

The item Others in financial expenses includes interest components (SWAP points) of €34.5 million (previous year: €4.1 million) from financial instruments in connection with currency derivatives.

In addition, expenses from currency translation differences of more than €3.9 million (previous year: income of €10.2 million) are included, which are to be assigned to the financing area.

22. INCOME TAXES

↗ **T.58** (€ million)

	2020	2019
Current income taxes		
Germany	11.0	12.8
Other countries	84.9	124.6
Total current income taxes	**95.9**	**137.5**
Deferred taxes	**-56.7**	**-28.8**
Total	**39.2**	**108.6**

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge and trade tax. Thus, a weighted mixed tax rate of 27.22% continued to apply for the financial year.

Reconciliation of the theoretical tax expense with the effective tax expense:

↗ **T.59** (€ million)

	2020	2019
Earnings before income tax	**162.3**	**417.6**
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	44.2	113.7
Tax rate difference with respect to other countries	-7.1	-12.8
Other tax effects:		
Income tax for previous years	-4.7	-4.5
Losses and temporary differences for which no tax claims were recognized	6.8	1.0
Changes in tax rates	-0.4	2.0
Non-deductible expenses for tax purposes and non-taxable income and other effects	0.4	9.3
Effective tax expense	**39.2**	**108.6**
Effective tax rate	24.2%	26.0%

The tax effect resulting from items that are directly credited or debited to equity is shown in chapter 8.

23. EARNINGS PER SHARE

The earnings per share are determined in accordance with IAS 33 by dividing the consolidated annual surplus (consolidated net earnings) attributable to the shareholders of the parent company by the average number of circulating shares.

The calculation is shown in the table below:

↗ T.60

	2020	2019
Consolidated net earnings € million	**78.9**	**262.4**
Average number of circulating shares	149,561,440	149,521,683
Average number of circulating shares, diluted	149,561,440	149,521,683
Earnings per share in €	0.53	1.76
Earnings per share, diluted in €	0.53	1.76

24. MANAGEMENT OF THE CURRENCY RISK

In the financial year 2020, PUMA designated currency hedges as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, which is converted to euros, as well as for other currency risks resulting from internal resale to PUMA subsidiaries.

Furthermore, currency swaps and currency forward transactions are used to hedge foreign exchange risks when measuring intra-group loans denominated in foreign currencies.

The nominal amounts of open exchange rate-hedging transactions, which relate mainly to cash flow hedges, refer primarily to currency forward transactions in a total amount of €3,026.5 million (previous year: €2,842.6 million). These underlying transactions are expected to generate cash flows in 2021 and 2022. For further information, please refer to the explanations in chapter 13.

The market values of open exchange rate-hedging transactions on the balance sheet date consist of:

↗ T.61 (€ million)

	2020	2019
Currency hedging contracts, assets (see chapters 6 and 12)	26.1	46.5
Currency hedging contracts, liabilities (see chapters 13 and 14)	-135.2	-38.2
Net	-109.1	8.3

The changes in effective cash flow hedges are shown in the schedule of changes in shareholders' equity and the statement of comprehensive income.

In order to disclose market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments that are denominated in a currency that is not the functional currency and are monetary in nature. Differences resulting from the conversion of the individual financial statements to the group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

Currency sensitivity analyses are based on the following assumptions:

Material non-derivative monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, lease liabilities, non-interest-bearing liabilities) are either denominated directly in the functional currency or transferred into the functional currency through the use of currency hedging contracts.

Currency hedging contracts used to hedge against payment fluctuations caused by exchange rates are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these contracts have an effect on the hedge reserve in equity and the fair value of these hedging contracts.

If, as of December 31, 2020, the USD had appreciated (devalued) against all other currencies by 10%, the hedge reserve in equity and the fair value of the hedging contracts would have been €151.9 million higher (lower) (December 31, 2019: €150.6 million higher (lower)).

Currency risks and other risk and opportunity categories are discussed in greater detail in the Combined Management Report in the Risk and Opportunity Management section as well as in chapters 2 and 13 of the Notes to the consolidated financial statements.

ADDITIONAL INFORMATION

25. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with the PUMA internal reporting structure, apart from stichd. The geographical region forms the business segment. Sales revenue, the operating result (EBIT) and other segment information are allocated to the corresponding geographical regions according to the registered office of the respective Group company.

The internal management reporting includes the following reporting segments: Europe, EEMEA (Eastern Europe, Middle East and Africa), North America, Latin America, Greater China, Rest of Asia/ Pacific (excluding Greater China) and stichd. These are reported as reportable business segments in accordance with the criteria of IFRS 8.

The reconciliation includes information on assets, liabilities, expenses and income in connection with centralized functions that do not meet the definition of business segments in IFRS 8. Central expenses and income include in particular central sourcing, central treasury, central marketing and other global functions of the Company headquarters.

The Company's main decision-maker is defined as the entire Management Board of PUMA SE.

With the exception of sales of goods by stichd amounting to €30.0 million (previous year: €32.7 million), there are no significant internal sales between the business segments, which are therefore not included in the presentation.

The operating result (EBIT) of the business segments is defined as gross profit less the attributable other operating expenses plus royalty and commission income and other operating income, but not considering the costs of the central departments and the central marketing expenses.

The external sales, operating result (EBIT), inventories and trade receivables of the business segments are regularly reported to the main decision-maker. Amounts recognized by the Group from the intra-group profit elimination on inventories in connection with intra-group sales are not allocated to the business segments in the way that they are reported to the main decision-maker. Investments, depreciation and non-current assets at the level of the business segments are not reported to the chief operating decision-maker. Intangible assets are allocated to the business segments in the manner described under chapter 11. Segment liabilities, the financial result and income taxes are not allocated to the business segments and are therefore not reported to the chief operating decision-maker at the business segment level.

Non-current assets and depreciation comprise the carrying amounts and depreciation of property, plant and equipment, right-of-use assets and intangible assets during the past financial year. The investments comprise additions to property, plant and equipment and intangible assets.

Since PUMA is active in only one business area, the sporting goods industry, products are additionally allocated according to the footwear, apparel and accessories product segments in accordance with the internal reporting structure.

SEGMENT REPORTING 1-12/ 2020

↗ T.62 REGIONS (€ million)

	External Sales		EBIT		Investments	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Europe	1,229.3	1,267.6	104.4	182.6	44.7	76.2
EEMEA*	688.0	735.8	129.1	124.2	11.8	23.3
North America	1,349.5	1,408.7	160.6	220.3	23.3	20.7
Latin America	403.2	516.6	59.2	95.5	3.3	8.4
Greater China	788.9	755.7	209.6	251.3	17.0	29.4
Asia/ Pacific (without Greater China) *	460.0	521.4	33.3	62.5	7.4	9.8
stichd **	315.5	296.3	79.0	87.6	3.3	4.1
Total business segments	**5,234.4**	**5,502.2**	**775.2**	**1,023.9**	**110.8**	**172.0**

	Depreciation		Inventories		Trade Receivables (3rd)	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Europe	48.3	39.6	343.0	309.6	117.4	140.5
EEMEA*	42.5	40.0	176.9	198.0	85.6	75.3
North America	52.1	49.8	260.5	323.6	112.2	130.7
Latin America	14.1	15.2	96.8	93.1	101.5	99.0
Greater China	41.6	33.8	156.3	118.3	56.8	50.1
Asia/ Pacific (without Greater China) *	32.6	26.1	89.7	91.1	83.9	61.3
stichd	8.0	6.7	75.4	50.8	47.0	42.7
Total business segments	**239.2**	**211.2**	**1,198.7**	**1,184.5**	**604.5**	**599.6**

* Due to a change in the structure of the internal organization, Southeast Asia was allocated to the EEMEA region and the prior-year figures were adjusted accordingly

** Due to a change in the internal reporting structure in financial year 2020, the previous year's figures have been adjusted by reclassifying €14.8 million from EBIT of the stichd business segment to other business segments.

↗ T.62 CONTINUATION T.62 REGIONS (€ million)

	Long-term Assets	
	1-12/2020	1-12/2019
Europe	421.5	284.8
EEMEA*	114.6	143.1
North America	495.1	445.1
Latin America	63.7	80.9
Greater China	86.1	93.9
Asia/ Pacific (without Greater China) *	162.2	150.5
stichd	176.8	162.2
Total business segments	**1,520.1**	**1,360.5**

* Due to a change in the structure of the internal organization, Southeast Asia was allocated to the EEMEA region and the prior-year figures were adjusted accordingly

↗ T.63 PRODUCT External Sales (€ million) Gross Profit Margin (in %)

	External Sales		Gross Profit Margin	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019
Footwear	2,367.6	2,552.5	45.7%	46.4%
Apparel	1,974.1	2,068.7	48.5%	51.1%
Accessories	892.7	881.1	47.0%	50.5%
Total	**5,234.4**	**5,502.2**	**47.0%**	**48.8%**

RECONCILIATIONS

↗ T.64 RECONCILIATIONS (€ million)

	EBIT	
	1-12/2020	1-12/2019
Total business segments	**775.2**	**1,023.9**
Central areas	-262.3	-251.1
Central expenses Marketing	-303.8	-332.5
Consolidation	0.0	0.0
EBIT	**209.2**	**440.2**
Financial result	**-46.8**	**-22.6**
EBT	**162.3**	**417.6**

	Investments		Depreciation	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019
Total business segments	**110.8**	**172.0**	**239.2**	**211.2**
Central areas	36.9	47.7	36.5	35.2
Consolidation	0.0	0.0	0.0	0.0
Total	**147.7**	**219.6**	**275.7**	**246.4**

	Inventories		Trade Receivables (3rd)		Long-term assets	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Total business segments	**1,198.7**	**1,184.5**	**604.5**	**599.6**	**1,520.1**	**1,360.5**
Not allocated to the business segments	-60.7	-74.3	16.5	12.1	207.9	208.0
Total	**1,138.0**	**1,110.2**	**621.0**	**611.7**	**1,728.0**	**1,568.5**

26. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7 and is structured based on cash flows from operating, investment and financing activities. The indirect method is used to determine the cash outflow/inflow from ongoing operating activities. The gross cash flow, derived from earnings before income tax and adjusted for non-cash income and expense items, is determined within the cash flow from ongoing operating activities. Cash outflow/inflow from operating activities, reduced by investments in property, plant and equipment as well as intangible assets is referred to as free cash flow.

The financial resource fund reported in the cash flow statement includes all payment methods and equivalent payment methods shown under "Cash and cash equivalents," i.e., cash in hand, checks and current bank balances.

The following table shows the cash and non-cash changes in financial liabilities in accordance with IAS 7.44A:

↗ T.65 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2020 (€ million)

			Non-cash changes			
	Notes	**As of Jan. 1, 2020**	Currency changes	Others	**Cash changes**	**As of Dec. 31, 2020**
Financial liabilities						
Lease liabilities	10	745.3	-60.5	381.8	-135.0	931.7
Current financial liabilities	13	10.2	-1.3	0.0	112.5	121.4
Non-current financial liabilities	13	163.3	0.0	0.0	-18.3	145.0
Total		**918.8**	**-61.7**	**381.8**	**-40.7**	**1,198.1**

↗ T.66 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2019 (€ million)

			Non-cash changes			
	Notes	As of Jan. 1, 2019	Currency changes	Others	Cash changes	As of Dec. 31, 2019
Financial liabilities						
Lease liabilities*	10	623.9	12.2	250.0	-140.8	745.3
Current financial liabilities	13	20.5	0.1	0.0	-10.4	10.2
Non-current financial liabilities	13	170.4	0.0	0.0	-7.1	163.3
Total		**814.8**	**12.3**	**250.0**	**-158.4**	**918.8**

* adjusted opening values (please refer to chapter 1 first-time application IFRS 16)

The lease liabilities of €931.7 million (previous year: €745.3 million) break down into current lease liabilities of €156.5 million (previous year: €144.8 million) and non-current lease liabilities of €775.2 million (previous year: €600.5 million).

The non-current financial liabilities of €145.0 million (previous year: €163.3 million) are part of the other non-current financial liabilities.

27. CONTINGENCIES

CONTINGENCIES

As in the previous year, there were no reportable contingencies.

28. OTHER FINANCIAL OBLIGATIONS

The Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

↗ **T.67** (€ million)

	2020	2019
Under license, promotional and advertising agreements:		
2021 (2020)	286.1	277.6
2022 – 2025 (2021 – 2024)	617.6	613.7
from 2026 (from 2025)	244.4	336.4
Total	**1,148.1**	**1,227.8**

As is customary in the industry, the promotional and advertising agreements provide for additional payments on reaching pre-defined goals (e.g. medals, championships). Although these are contractually agreed upon, they naturally cannot be exactly foreseen in terms of their timing and amount.

In addition, there are other financial obligations totaling €202.3 million, of which €140.1 million relate to the years from 2022. These include service agreements of €167.3 million as well as other obligations of €35.0 million.

29. DISCLOSURES RELATED TO NON-CONTROLLING INTERESTS

The summarized financial information about subsidiaries of the Group in which non-controlling interests exist is presented below. This financial information relates to all companies with non-controlling interests in which the identical non-controlling shareholder holds an interest. The figures represent the amounts before intercompany eliminations.

Evaluation of the control of companies with non-controlling interests:

The Group holds a 51% capital share in PUMA United North America LLC, PUMA United Canada ULC and Janed Canada LLC (inactive company). With these companies, there are profit-sharing arrangements in place which differ from the capital share for the benefit of the respective identical non-controlling shareholder. PUMA receives higher license fees in exchange.

The contractual agreements with these companies respectively provide for PUMA a majority of the voting rights at the shareholder meetings and thus the right of disposal regarding these companies. PUMA is exposed to fluctuating returns from the turnover-based license fees and controls the relevant activities of these companies. The companies are accordingly included in the consolidated financial statements as subsidiaries with full consolidation with recognition of the shares of non-controlling interests.

The share of non-controlling interests existing on the balance sheet date relates to PUMA United North America LLC, PUMA United Canada ULC and Janed Canada, LLC (inactive) with €41.5 million (previous year: €46.7 million).

↗ **T.68** (€ million)

	12/31/2020	12/31/2019
Current assets	51.9	82.2
Non-current assets	3.5	3.8
Current liabilities	14.6	35.5
Non-current liabilities	0.0	0.0
Equity attributable to equity holders of the parent	40.8	50.6
Non-controlling interests	41.5	46.7

↗ **T.69** (€ million)

	2020	2019
Sales	258.0	298.3
Net income	40.1	47.1
Profit attributable to non-controlling interests	44.2	46.6
Other comprehensive income of non-controlling interests	-3.9	0.3
Total comprehensive income of non-controlling interests	40.4	46.9
Dividends paid to non-controlling interests	45.6	18.6

↗ **T.70** (€ million)

	2020	2019
Net cash from operating activities	48.4	23.8
Net cash used in investing activities	0.0	0.0
Net cash used in financing activities	-49.2	-23.4
Changes in cash and cash equivalents	-0.8	0.1

30. MANAGEMENT BOARD AND SUPERVISORY BOARD

Disclosures pursuant to Section 314 (1) No. 6 HGB (German Commercial Code [Handelsgesetzbuch])

Pursuant to Sections 286 (5), 314 (3) Sentence 1 HGB, the publication of the individual remuneration of the members of the Management Board in accordance with Section 285 No. 9 a) Sentences 5 to 8 and Section 314 (1) No. 6 a) Sentences 5 to 8 HGB may be waived for five years if the Annual General Meeting so resolves.

By resolution of the Annual General Meeting on April 12, 2018, the Company was authorized to waive the disclosure requirements pursuant to Section 285 No. 9 a) Sentences 5 to 8 and Section 314 (1) No. 6 a) Sentences 5 to 9 of the German Commercial Code for the financial year beginning January 1, 2018 and for all subsequent financial years ending December 31, 2022 at the latest.

The Supervisory Board is of the opinion that the shareholders' legitimate interest in information is sufficiently taken into account by disclosing the total remuneration of the members of the Management Board. In accordance with its statutory obligations, the Supervisory Board will ensure the appropriateness of individual remuneration.

COMPENSATION PHILOSOPHY

The Management Board compensation system is designed to create incentives for a sustainable and profit-oriented company performance. The objective of the compensation system is to stimulate the implementation of long-term Group strategy by ensuring that the relevant success parameters that govern the performance-based compensation are aligned with the PUMA SE management system. Furthermore, the long-term interests of our shareholders are taken into account by making the variable compensation strongly dependent on the performance of the PUMA SE share.

With a greater share of performance-based and therefore variable compensation, the intention is to reward the contribution of our Management Board members towards a sustainable development of our Company, while negative deviations from the set targets will result in a significant reduction of variable compensation.

An updated Management Board compensation system that complies with the requirements of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II) and the recommendations of the German Corporate Governance Code as amended on December 16, 2019 is to be submitted to the Annual General Meeting for approval on May 5, 2021.

GOVERNANCE IN COMPENSATION MATTERS

It is the responsibility of the PUMA SE Supervisory Board to determine the compensation of the Management Board. The entire Supervisory Board decides on matters relating to the compensation of the Management Board members based on the respective recommendations of the Personnel Committee which is comprised of members of the Supervisory Board. Criteria for calculating the total compensation are the responsibilities and performance of the individual Management Board member, the economic situation of PUMA SE, long-term strategic planning and related goals, the sustainability of targeted results and the Company's long-term prospects.

OVERVIEW OF COMPENSATION ELEMENTS

The compensation of the Management Board consists of non-performance-based and performance-based components. The non-performance-based components comprise the basic compensation, company pension contributions and other fringe benefits, while the performance-based components are divided into two parts, a bonus and a component with long-term incentive effect:

↗ G.01 TARGET COMPENSATION STRUCTURE

Long-term performance-related remuneration	CEO: 54%* OBM: 36%*	**Long-term incentive** · Future design in accordance with the compensation system that is to be submitted to the Annual General Meeting in 2021 for approval
Short-term performance-related remuneration	CEO: 23%* OBM: 32%*	**Bonus** · Performance targets: 60% operating profit (EBIT); 20% free cashflow; 15% individual targets set annually by the Supervisory Board; 5% sustainability targets · Cap: 150% of the target bonus
Non-performance-related remuneration	CEO: 23%* OBM: 32%*	**Basic compensation**
Company pension scheme and other non-performance-related fringe benefits		

*Figures in % of target compensation (total 100 %)
CEO: Chief Executive Officer / OBM: Ordinary Board Member

CHANGE IN COMPENSATION COMPONENTS IN 2020 DUE TO THE COVID-19 PANDEMIC AND LOAN COMMITMENTS FROM KFW BANKENGRUPPE

At the beginning of the COVID-19 pandemic in March 2020, all members of the Management Board of PUMA SE voluntarily waived their respective basic compensation for the months of April and May 2020 to show solidarity with those employees of PUMA for whom short-time work was applied for and with other employees who also forwent part of their remuneration for the months of April and May 2020. For the same reason, all members of the Supervisory Board also waived part of their annual compensation.

In addition, all members of the Management Board waived their respective bonus payment for the financial year 2020, including the bonus for the individual performance of members of the Management Board. The Management Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe.

TARGET COMPENSATION STRUCTURE

NON-PERFORMANCE-BASED COMPENSATION AND FRINGE BENEFITS

Basic Compensation
The members of the Management Board receive a fixed basic salary which is paid monthly. This salary is based on the duties and responsibilities of the member of the Management Board. For employment periods of less than twelve months in a calendar year, all compensation payments are paid on a prorated basis. For the months of April and May 2020, the members of the Management Board voluntarily waived their basic compensation.

Fringe Benefits
In addition, the Management Board members receive in-kind compensation, such as use of company cars, accident insurance and D&O insurance. These are part of the non-performance-based compensation.

Company Pension
Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested.

Performance-based Compensation
In addition to the non-performance-based compensation, the members of the Management Board receive performance-based and therefore variable compensation. The amount of this compensation is based on the attainment of previously defined financial and non-financial targets. It consists of a bonus and a component with a long-term incentive effect. In the event of any outstanding performance, the Supervisory Board may, at its discretion, grant the members of the Management Board a voluntary one-off payment.

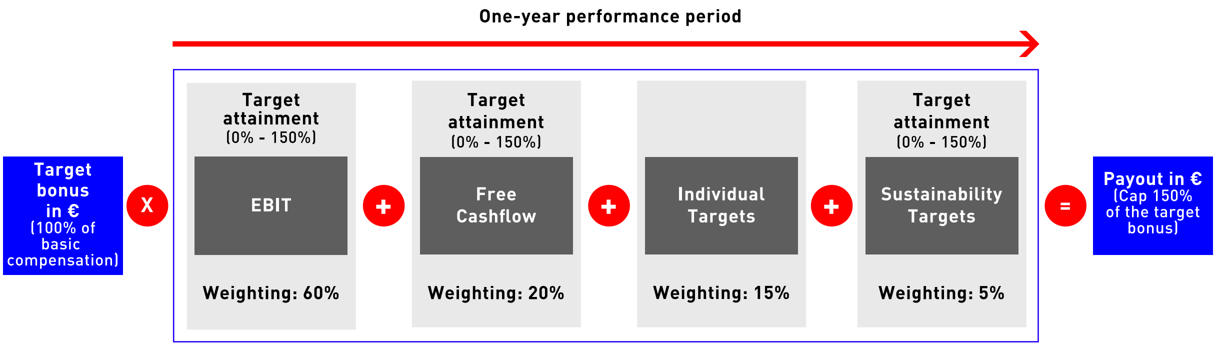
Short-term variable Compensation — Bonus
All members of the Management Board waived short-term variable compensation for the financial year 2020.

However, the short-term variable compensation system as it would have been applied if the Management Board had not waived it in 2020 is described below for the sake of completeness.

As part of the performance-based compensation, the bonus is primarily based on the financial goals of the operating result (EBIT) and free cash flow (FCF) of the PUMA Group and the individual performance of the respective Management Board member as well as the attainment of Group-wide sustainability targets. The two financial success targets are weighted with 60% for EBIT and 20%, respectively, for FCF. The individual performance is included in the calculation with a weighting of 15%. The degree to which the sustainability targets have been achieved is taken into account in the calculation with a weighting of 5%. If 100% of the target is achieved ("target bonus"), the amount of the bonus is 100% of the annual basic compensation for the Chair of the Management Board and the Management Board members.

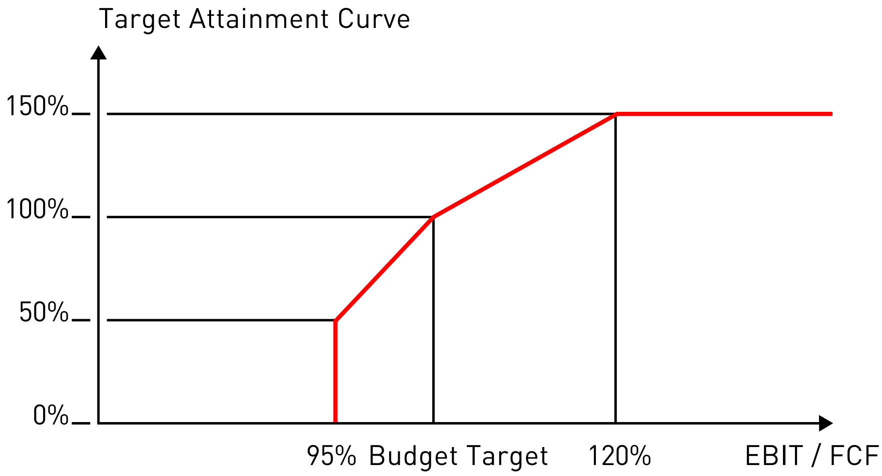
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ G.02 STI-PLAN



An identical target attainment curve has been created, respectively, for the two financial goals. If the budget target for EBIT or FCF is reached, the target attainment is 100% (target value). If EBIT/FCF are less than 95% of the target value, this results in a target attainment of 0%. If EBIT/FCF reach 95% of the target value, the target attainment is 50%. If EBIT/FCF reach 120% or more of the target value, the target attainment is limited to 150% (maximum value). Target attainments between the determined target attainment points are interpolated. This results in the following target attainment curve for the EBIT and FCF performance targets:

↗ G.03 TARGET ATTAINMENT CURVE EBIT/FCF



Individual Performance Target Attainment

The Supervisory Board assesses the individual performance of the Management Board member based on previously defined criteria, such as sustainable leadership, strategic vision and good corporate governance. The Supervisory Board determines target criteria for assessing individual performance every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Target Attainment Sustainability Targets
The sustainability targets include goals to reduce CO_2 emissions, compliance targets and occupational health and safety objectives. They are applied throughout the PUMA Group and measured quantitatively on a standardized basis. The Supervisory Board determines four target criteria for calculating the sustainability targets every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Long-term variable share-based compensation
In the financial year 2020, no long-term variable compensation was granted to members of the Management Board. The Supervisory Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe. The long-term incentive program then to be granted will be in line with the compensation system that will be presented for approval at the upcoming Annual General Meeting.

Rules for Terminating Management Board Activity and other Contractual Provisions
In the event of a temporary disablement due to illness, the Management Board member retains his or her entitlement to full contractual compensation up to a total duration of six months but for no longer than the end of the employment contract. The Management Board member must offset payments received from health insurance companies or pension insurances in the form of sick pay or pension benefits against the compensation payments, insofar as these benefits are not fully based on contributions by the Management Board member.

In the case of an early termination of the employment contract without good cause within the meaning of section 626 (1) of the German Civil Code (BGB), any payments to be agreed to the Management Board member, including fringe benefits, will not exceed the amount of two annual compensations (severance cap) and must not exceed the value of the compensation for the remaining duration of the Management Board employment contract. The calculation of the severance cap is based on the total compensation of the past financial year and also on any expected total compensation for the current financial year. In the event of an early termination of the employment contract before the end of the relevant performance period for the bonus and/or the three-year vesting period of the long-term variable compensation, the contract makes no provision for an early payout of the variable compensation components. If the member of the Management Board becomes permanently disabled during the term of the employment contract, the contract is terminated on the day on which the permanent disability is determined. A permanent disability exists within the meaning of this provision, if the member of the Management Board is no longer able, due to illness or accident, to fulfill the responsibilities assigned to him or her. In this respect, the specific duties and particular responsibility of the member of the Management Board must be taken into account.

If the member of the Management Board dies during the term of the employment contract, his or her widow or widower and children, provided they have not yet reached the age of 27, are entitled as joint creditors to receive the unreduced continued payment of the fixed compensation for the month in which the death occurred and for the six following months, but for no longer than up to the end of the regular term of the contract.

MANAGEMENT BOARD COMPENSATION

The following tables show the compensation paid during the financial year and inflows during or for the reporting year and the total related pension expenses for all Management Board members. *

↗ T.71 COMPENSATION PAID (€ million)

	2019	2020	2020 (min)	2020 (max)
Basic Compensation	2.0	1.7	1.7	1.7
Fringe Benefits	0.1	0.1	0.1	0.1
Total	**2.1**	**1.8**	**1.8**	**1.8**
Short-term variable compensation	2.7	0.0	0.0	0.0
Long-term variable share-based compensation				
LTI 2019 (2019 to 2021)	3.9	0.0	0.0	0.0
Total variable compensation	**6.6**	**0.0**	**0.0**	**0.0**
Pension expenses	0.4	0.4	0.4	0.4
Total compensation	**9.1**	**2.2**	**2.2**	**2.2**

* The grants and inflows shown below include the portion of the compensation of Ms. Anne-Laure Descours granted to Ms. Descours for her services as a member of the Management Board of PUMA SE . In addition, Ms. Descours receives compensation for her function as General Manager PUMA Group Sourcing of World Cat Ltd, Hong Kong, a subsidiary of PUMA SE.

↗ T.72 INFLOW (€ million)

	2019	2020
Basic Compensation	2.0	1.7
Fringe Benefits	0.1	0.1
Total	**2.1**	**1.8**
Short-term variable compensation	2.7	2.6
Long-term variable share-based compensation		
LTI 2016 (2016 to 2018)	1.7	6.7
LTI 2017 (2017 to 2019)		6.7
Total variable compensation	**4.3**	**16.0**
Pension expenses	0.4	0.4
Total compensation	**6.8**	**18.3**

When adding the individual items, there may be slight deviations as a result of rounding.

Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. During the financial year, PUMA allocated €0.4 million for members of the Management Board (previous year: €0.4 million). The present value of the pension benefits granted to active Management Board members of

€13.0 million as of December 31, 2020 (previous year: €10.8 million) was netted against the equally high and pledged asset value of the pension liability insurance on the balance sheet. The majority of the present value is attributable to the pension benefits financed by deferred compensation.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

In the reporting year, €0.8 million was spent on pro-rata basic compensation, pro-rata fringe benefits and short-term and long-term variable compensation for former members of the Management Board.

There were pension obligations to former members of the Management Board and their widows/widowers amounting to €3.2 million (previous year: €3.3 million) as well as contribution-based pension commitments in connection with the deferred compensation of former members of the Management Board and Managing Directors amounting to €11.3 million (previous year: €11.6 million). Both items were recognized as liabilities within pension provisions to the extent they were not offset against asset values of an equal amount. Pension obligations to former members of the Management Board and their widows/widowers were incurred amounting to €0.2 million (previous year: €0.2 million).

SUPERVISORY BOARD COMPENSATION SYSTEM

In the reporting year, all members of the Supervisory Board waived part of their annual compensation. The following describes the Supervisory Board compensation system if no components are waived.

The Supervisory Board compensation system has been changed to purely fixed compensation. The Articles of Association were amended following the shareholders' decision at the Annual General Meeting on May 7, 2020. As for the Management Board, the relevant criteria for calculating the compensation are the responsibilities and performance of the individual Supervisory Board member, the economic situation of PUMA SE, the long-term strategic planning and related goals, the sustainability of achieved results and the Company's long-term prospects. For this reason, the Supervisory Board compensation consists of a fixed, non-performance-based amount.

The Supervisory Board compensation conforms to § 15 of the Articles of Association, according to which each Supervisory Board member receives a fixed annual compensation of €25,000.00. This amount is payable after the Annual General Meeting for the respective financial year. In addition to the fixed, annual compensation, the members of the Supervisory Board are entitled to an increase of their fixed compensation based on their position on the board and their membership of committees. The Chair of the Supervisory Board and the Vice Chair receive an additional fixed annual amount of €25,000.00 and €12,500.00, respectively. The chair of a committee additionally receives €10,000.00, and the members of a committee €5,000.00, respectively. The respective committees are the Personnel Committee, the Audit Committee and the Sustainability Committee.

A member of the Supervisory Board who is only active for part of a financial year receives prorated remuneration calculated on the basis of the period of activity determined for full months.

SUPERVISORY BOARD COMPENSATION

The compensation for the Supervisory Board for financial years 2019 and 2020 are shown in the table below.

↗ T.73 SUPERVISORY BOARD COMPENSATION (€ million)

	Fixed compensation		Committee compensation		**Total**	
	2019	**2020**	2019	**2020**	2019	**2020**
Total	0.2	0.1	0.0	0.0	**0.2**	**0.1**

31. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships to related companies and persons that control or are controlled by the PUMA Group must be reported. All natural persons and companies that can be controlled by PUMA, that can exercise relevant control over the PUMA Group or that are under the relevant control of another related party of the PUMA Group are considered as related companies or persons within the meaning of IAS 24.

As of December 31, 2020, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. This is held by the Pinault family via several companies that the family controls (in order of proximity to the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounts to 9.8% of share capital according to Kering's press release from October 6, 2020. Together, Artémis S.A.S. and Kering S.A. hold 38.4% of the share capital. Since Artémis S.A.S. and Kering S.A. hold more than 20% of the voting rights in PUMA SE, they are presumed to have significant influence according to IAS 28.6. They and all other companies directly or indirectly controlled by Artémis S.A.S. that are not included in the consolidated financial statements of PUMA SE are considered as related parties in the following.

In addition, the disclosure obligation pursuant to IAS 24 extends to transactions with associated companies as well as transactions with other related companies and persons. These include non-controlling shareholders in particular.

Transactions with related companies and persons largely concern the sale of goods and services. These were concluded under normal market conditions that are also customary with third parties.

The following overview illustrates the scope of the business relationships:

↗ **T.74** (€ million)

	Deliveries and services rendered		Deliveries and services received	
	2020	2019	**2020**	2019
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	1.7	2.2	0.2	0.4
Other related companies and persons	0.0	0.0	17.1	18.5
Total	**1.7**	**2.2**	**17.3**	**18.9**

↗ **T.75** (€ million)

	Net receivables from		Liabilities to	
	2020	2019	**2020**	2019
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	0.0	0.0	0.0	0.0
Other related companies and persons	0.0	0.0	5.5	7.9
Total	**0.0**	**0.0**	**5.5**	**7.9**

In addition, dividend payments of €45.6 million were made to non-controlling shareholders in the financial year 2020 (previous year: €18.6 million).

Receivables from related companies and persons are, with one exception, not subject to value adjustments. Only with respect to the receivables from a non-controlling shareholder and its group of companies were gross receivables in the amount of €52.2 million adjusted in value for a subsidiary of PUMA SE in Greece as of December 31, 2020 (previous year: €52.2 million). As in the previous year, no expenses were recorded in this respect in the financial year 2020.

Classification of the remuneration of key management personnel in accordance with IAS 24.17:

The members of key management personnel in accordance with IAS 24 are the Management Board and the Supervisory Board. These are counted as related parties.

In the financial year 2020, the expenses for key management personnel of PUMA SE for short-term benefits amounted to €2.7 million (previous year: €5.9 million) and for share-based compensation €0.0 million (previous year: €3.9 million). In addition, no expenses were incurred for other long-term benefits or for benefits due to the termination of employment in the reporting year (previous year: €0.5 million). Accordingly, total expenses for the reporting year amount to €2.7 million (previous year: €10.3 million).

The compensation report of PUMA SE contains further details on the compensation of the Management Board and the Supervisory Board.

32. CORPORATE GOVERNANCE

In November 2020, the Management Board and the Supervisory Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) and published it on the Company's website (www.PUMA.com). Please also refer to the corporate governance statement in accordance with section 289f and section 315d HGB (Handelsgesetzbuch, German Commercial Code) in the Combined Management Report.

33. EVENTS AFTER THE BALANCE SHEET DATE

The syndicated credit line of €200 million from 11 commercial banks and the Kreditanstalt für Wiederaufbau (KfW) existing as of December 31, 2020, which was concluded as "bridge financing" against possible cash shortfalls due to the COVID-19 pandemic, was terminated on February 1, 2021 and is no longer available as of February 15, 2021. The termination took place because PUMA was already able to refinance itself in the 2020 financial year through a new promissory note loan (€250.0 million) with a term of 3 respectively 5 years and an increase of the syndicated credit facility previously amounting to €350.0 million to a new €800.0 million.

34. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on February 2, 2021 for distribution to the Supervisory Board. The task of the Supervisory Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, February 2, 2021

The Management Board

Gulden Lämmermann Descours

This is a translation of the German version. In case of doubt, the German version shall apply.

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

↗ T.76 CHANGES IN FIXED ASSETS 2019 (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 12/31/2019	Balance 12/31/2018
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	169.0		3.0		-0.7	171.3	-47.7	-0.1	-6.2		0.6	-53.4	117.9	121.4
Technical equipment and machines	22.5	-1.6	0.5		-0.2	21.3	-10.2	0.8	-2.3		0.2	-11.5	9.8	20.8
Other equipment, factory and office equipment	404.1	18.6	93.7		-27.6	488.7	-266.8	-4.7	-66.4		24.4	-313.4	175.3	137.3
Payments on account and assets under construction	15.2	-13.2	90.6		-0.9	91.7							91.7	15.2
	610.8	**3.8**	**187.8**		**-29.3**	**773.1**	**-324.7**	**-4.0**	**-74.9**		**25.2**	**-378.3**	**394.8**	**294.6**

	Purchase costs						**Accumulated depreciation**						**Carrying amounts**	
	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 12/31/2019	Balance 12/31/2018
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	409.6	8.2	97.7		-6.5	509.0			-90.3		1.0	-89.3	419.6	
Real Estate – Warehouses & offices	188.9	4.0	143.6		-4.5	332.0		-0.1	-51.0		0.8	-50.3	281.7	
Others (technical equipment and machines and vehicles)	18.0		7.8		-1.0	24.8	-0.8		-6.7		0.4	-7.0	17.7	
	616.5	**12.3**	**249.0**		**-12.1**	**865.7**	**-0.8**	**-0.1**	**-148.0**		**2.2**	**-146.7**	**719.0**	
INTANGIBLE ASSETS														
Goodwill	290.5	4.1				294.6	-44.8	-0.1				-44.9	249.7	245.7
Intangible assets with an indefinite useful life	141.8	2.4				144.2	-17.7					-17.7	126.5	124.2
Other intangible assets	183.7	3.0	31.8		-2.4	216.1	-116.1	-0.3	-23.5		2.2	-137.8	78.3	67.5
	616.0	**9.5**	**31.8**		**-2.4**	**654.9**	**-178.6**	**-0.5**	**-23.5**		**2.2**	**-200.4**	**454.5**	**437.4**

1) In the financial year 2019 there was no impairment on property, plant and equipment (previous year: € 0.6 million, see chapter 9), on right-of-use assets (see chapter 10) and on intangible assets (see chapter 11).

↗ T.77 CHANGES IN FIXED ASSETS 2020 (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers[1)]	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 12/31/2020	Balance 12/31/2019
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	171.3	13.2	6.4		-0.6	190.3	-53.4	0.9	-6.5		0.5	-58.3	131.9	117.9
Technical equipment and machines	21.3	-1.0	0.9		-0.1	21.1	-11.5	0.6	-2.0		0.1	-12.8	8.4	9.8
Other equipment, factory and office equipment	488.7	-18.5	51.8		-27.1	494.9	-313.4	20.1	-72.4		25.3	-340.4	154.6	175.3
Payments on account and assets under construction	91.7	-31.8	53.6		-1.5	112.0							112.0	91.7
	773.1	**-38.1**	**112.7**		**-29.3**	**818.3**	**-378.3**	**21.7**	**-80.9**		**25.9**	**-411.4**	**406.9**	**394.8**

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 12/31/2020	Balance 12/31/2019
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	509.0	-42.7	84.1		-13.2	537.2	-89.3	10.8	-114.4		10.9	-182.0	355.2	419.6
Real Estate – Warehouses & offices	332.0	-76.2	321.1		-10.4	566.5	-50.3	8.8	-64.3		3.6	-102.2	464.3	281.7
Others (techniqual equipment and machines and vehicles)	24.8	45.4	6.0		-2.7	73.4	-7.0	-3.2	-7.7		2.6	-15.3	58.1	17.7
	865.7	**-73.4**	**411.2**		**-26.3**	**1,177.2**	**-146.7**	**16.5**	**-186.4**		**17.1**	**-299.6**	**877.6**	**719.0**
INTANGIBLE ASSETS														
Goodwill	294.6	-6.3				288.3	-44.9		-1.9			-46.8	241.4	249.7
Intangible assets with an indefinite useful life	144.2	-10.6				133.6	-17.7					-17.7	115.9	126.5
Other intangible assets	216.1	-3.9	34.8		-6.4	240.6	-137.8	3.0	-24.4		4.7	-154.6	86.1	78.3
	654.9	**-20.8**	**34.8**		**-6.4**	**662.5**	**-200.4**	**3.0**	**-26.3**		**4.7**	**-219.1**	**443.4**	**454.5**

1) In the financial year 2020 there was no impairment on property, plant and equipment (previous year: € 0.0 million, see chapter 9), impairment on right-of-use assets of € 16.1 million (previous year: € 0.0 million, see chapter 10) and impairment on intangible assets of € 1.9 million (previous year: € 0.0 million, see chapter 11).

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR MANDATES STATUS: DECEMBER 31, 2020

MEMBERS OF THE MANAGEMENT BOARD AND THEIR MANDATES

Bjørn Gulden
Chief Executive Officer (CEO)

Membership of other supervisory boards and controlling bodies:

- Salling Group A/S, Brabrand/Denmark (Chairman)
- Borussia Dortmund GmbH & Co. KGaA, Dortmund
- Tchibo GmbH, Hamburg

Michael Lämmermann
Chief Financial Officer (CFO)

Anne-Laure Descours
Chief Sourcing Officer (CSO)

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Jean-François Palus
(Chairman)
Paris, France

Group Managing Director and member of the Board of Directors of Kering S.A., Paris/France, responsible for Strategy, Operations and Organization

Membership of other supervisory boards and controlling bodies:[1)]

- Kering Americas, Inc., New York/USA
- Kering Tokyo Investment Ltd., Tokyo/Japan
- Sowind Group S.A., La Chaux-de-Fonds/Switzerland
- Guccio Gucci S.p.A., Florence/Italy
- Gucci America, Inc., New York/USA
- Kering Eyewear S.p.A., Padua/Italy
- Yugen Kaisha Gucci LLC, Tokyo/Japan
- Birdswan Solutions Ltd., Haywards Heath/West Sussex/United Kingdom
- Paintgate Ltd., Haywards Heath/West Sussex/United Kingdom
- Kering Asia Pacific Ltd., Hong-Kong/China
- Kering South East Asia PTE Ltd., Singapore
- Boucheron S.A.S., Paris/France

1) All mandates of Mr Palus are mandates within the Kering-Group. Kering S.A. is a listed company.
All other companies within the Kering-Group are not listed.

Thore Ohlsson
(Deputy Chairman)
Falsterbo, Sweden

President of Elimexo AB, Falsterbo/Sweden

Membership of other supervisory boards and controlling bodies:

- Elite Hotels AB, Stockholm/Sweden
- Tomas Frick AB, Vellinge/Sweden
- Tjugonde AB, Malmö/Sweden
- Dofab AB, Malmö/Sweden
- Orrefors Kosta Boda AB, Kosta/Sweden

Héloïse Temple-Boyer (member since April 18, 2019)
Paris, France

Deputy CEO of ARTÉMIS S.A.S., Paris/France

Membership of other supervisory boards and controlling bodies [2]:

- Kering S.A., Paris/France
- Giambattista Valli S.A.S., Paris/ France
- Société d'exploitation de l'hebdomadaire le Point S.A., Paris/France
- Royalement Vôtre Editions S.A.S., Paris/France
- ACHP Plc, London/United Kingdom
- Christie's International Plc, London/United Kingdom
- Palazzo Grassi S.p.A., Venice/Italy
- Compagnie du Ponant S.A.S., Marseille/France

Fiona May (member since April 18, 2019)
Calenzano, Italy

Independent Management Consultant

Membership of other supervisory boards and controlling bodies:

- R.C.S. Media Group Active Team Srl, Milano/Italy

Martin Koeppel
(Employees' Representative)

Weisendorf, Germany

Chairman of the Works Counsel of PUMA SE

2) All mandates are mandates within the ARTÈMIS-Group. Kering S.A. is a listed company.

Bernd Illig
(Employees' Representative)

Bechhofen, Germany

Administrator IT Systems of PUMA SE

SUPERVISORY BOARD COMMITTEES

Personnel Committee
- Jean-François Palus (Chairman)
- Fiona May
- Martin Köppel

Audit Committee
- Thore Ohlsson (Chairman)
- Héloïse Temple-Boyer
- Bernd Illig

Nominating Committee
- Jean-François Palus (Chairman)
- Héloïse Temple-Boyer
- Fiona May

DECLARATION BY THE LEGAL REPRESENTATIVES

We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group management report, which is combined with the Management report of PUMA SE for the financial year 2020, provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

Herzogenaurach, February 2, 2021

The Management Board

Gulden Lämmermann Descours

INDEPENDENT AUDITOR'S REPORT

To PUMA SE, Herzogenaurach/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of PUMA SE, Herzogenaurach/Germany, and its subsidiaries ("PUMA" or "the Group") which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group ("combined management report") of PUMA SE, Herzogenaurach/Germany, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the consolidated corporate governance statement included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill
2. Recoverability of the Cobra brand

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)

b) Auditor's response

1. RECOVERABILITY OF GOODWILL

a) The consolidated financial statements of PUMA SE show goodwill in the amount of mEUR 241.5 corresponding to approximately 5.2% of the consolidated balance sheet total or 13.7% of the group equity.

Each financial year or in case of signs of impairment, goodwill is subject to impairment tests. The impairment tests are performed by PUMA SE applying the "discounted cash flow method". The valuations are based on the present values of the future cash flows which are in turn based on the three-year plan (detailed planning horizon) valid at the date of the impairment test. This detailed planning horizon is subsequently extended assuming long-term growth rates. Discounting is performed using the weighted average cost of capital (WACC). Here, the recoverable amount is determined on the basis of the value in use and a possible need for impairment is determined by comparing the value in use with the carrying amount.

The outcome of this valuation highly depends on the executive directors' assessment of future cash inflows, the long-term growth rates as well as the WACC rates applied for discounting and therefore involves uncertainties and discretion. Thus, the assessment of the recoverability of the goodwill was classified as a key audit matter within the scope of our audit.

Information on the goodwill, provided by the executive directors, is disclosed in chapter 2 "Significant consolidation, accounting and valuation principles" and in chapter 11 "Intangible assets" of the notes to the consolidated financial statements.

b) Within the scope of our risk-based audit approach, we particularly gained an understanding of the systematic approach applied when performing the impairment tests. We satisfied ourselves, that the valuation model used adequately presents the requirements of the relevant standards, whether the necessary input data are completely and accurately determined and taken over and whether the calculations within the model are performed correctly. We assured ourselves of the appropriateness of the future cash inflows used for the computation by particularly reconciling these cash flows with the current three-year plan, as well as by interviewing the executive directors or persons appointed by them with regard to the material assumptions underlying this plan. In addition, we performed a critical assessment of the plan under consideration of general and industry-specific market expectations.

Since a material portion of the respective value in use results from the forecast cash inflows for the period after the three-year planning horizon (phase of perpetuity), we in particular performed a critical assessment of the sustainable growth rate used within the perpetuity phase by means of general and industry-specific market expectations. Since relatively low changes of the discount rate used may already have a material effect on the amount of the recoverable amount, we also validated the parameters used for determining the discount rate (WACC = weighted average cost of capital) involving internal experts from the financial advisory sector and reproduced the computation scheme.

Due to the possibly material significance and taking into account the fact that the valuation of the goodwill also depends on the economic framework conditions that cannot be influenced by the Group, we additionally performed a critical assessment of the sensitivity analyses performed by PUMA SE for the cash-generating units (CGUs) with low headroom (present values compared to the carrying amount) in order to be able to assess a possible impairment risk in case of change of a material valuation assumption.

2. RECOVERABILITY OF THE COBRA BRAND

a) For the Cobra brand, the consolidated financial statements of PUMA SE disclose a brand value in the amount of mEUR 115.9 with an indefinite useful life, which corresponds to approximately 2.5% of the consolidated balance sheet total or 6.6% of the group equity.

The Cobra brand is subject to an impairment test conducted annually or in case of a triggering event. The impairment test is conducted by PUMA SE based on the relief from royalty method. According to this approach, the value of the brand results from future royalties that a company would have to pay for the use of the brand if they had to license it. The approach uses forecast revenue generated from the Cobra brand based on the effective three-year plan (detailed planning horizon) valid at the time the impairment test is conducted. This detailed planning horizon is subsequently extended assuming long-term growth rates. Discounting is performed using the weighted average cost of capital (WACC). Here, the recoverable amount is determined on the basis of the value in use and a possible need for impairment is determined by comparing the value in use with the carrying amount. If there are indications of impairment of the brand used by the Group itself, the recoverability of the brand is evaluated by reference to the recoverable amount of the cash-generating unit to which the brand is allocated.

The outcome of this valuation highly depends on the executive directors' assessment of the future revenue generated from the Cobra brand, the royalty rate, the long-term growth rate as well as the WACC rate applied for discounting and therefore involves uncertainties and discretion. Thus, the recoverability of the Cobra brand was classified as key audit matter within the scope of our audit.

Information on the Cobra brand, provided by the executive directors, is disclosed in chapter 2 "Significant consolidation, accounting and valuation principles" and in chapter 11 "Intangible assets" of the notes to the consolidated financial statements.

b) As part of our risk-based audit approach, we first examined on the basis of the information available to us and in discussions with the executive directors and with persons appointed by them, that there are no indications of impairment of the brand used by the Group itself and that the recoverability of the brand can be assessed separately by use of the relief-from-royalty method as part of the impairment test. We have followed the methodological procedure for performing the impairment test using the relief-from-royalty method. In this regard, we examined, whether the valuation model adequately reflects the conceptual requirements of the relevant standards, whether the necessary input data are completely and accurately determined and whether the calculations applied to the model are made correctly. We satisfied ourselves of the appropriateness of the assumed future revenue (Cobra branded sales) on which the computation is based by reconciling these sales particularly with the effective three-year plan as well as by interviewing the executive directors and persons appointed by them with regard to the material assumptions underlying this plan. In addition, we performed a critical assessment of the plan under consideration of general and industry-specific market expectations. Since a material portion of the value in use results from the forecast revenue for the period following the three-year plan (phase of perpetuity), we particularly reviewed the sustainable growth rate applied to the perpetuity phase by means of general and industry-specific market expectations. As even relatively small changes of the expected royalty rate and the used discount rate may have a material effect on the value in use, we also assessed the parameters involved in the assumed royalty rate and determination of the discount rate involving internal valuation experts from the financial advisory sector and recalculated the computation scheme. We critically assessed the used royalty rate by based on average industry rates.

Due to the potential material significance and as the measurement of the brand also depends on general economic conditions that are beyond the Group's control, we additionally critically assessed the sensitivity analyses concerning the Cobra brand conducted by PUMA SE in order to be able to determine a potential impairment risk in case a material assumption underlying the measurement changes.

OTHER INFORMATION

The executive directors and the supervisory board are responsible for the other information. The other information comprises:

- the report of the supervisory board,
- the consolidated corporate governance statement pursuant to Section 315d HGB included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report,
- the executive directors' confirmation pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, respectively, regarding the consolidated financial statements and the combined management report,
- the separate combined non-financial statement which will be published after the issuance of this auditor's report, and
- all other parts of the annual report which will be published after the issuance of this auditor's report,
- but not the consolidated financial statements, not the audited content of the group management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board as well are responsible for the declaration according to Section 161 German Stock Corporation Act (AktG), which is part of the corporate governance statement pursuant to Section 289f and Section 315d HGB included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information stated above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC FILES OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURSUANT TO SECTION 317 (3B) HGB

AUDIT OPINION

In accordance with Section 317 (3b) HGB, we have assessed with reasonable assurance whether the electronic files of the consolidated financial statements and of the combined management report (hereafter referred to as "ESEF files") prepared for publication, contained in the accompanying file, which has the SHA-256 value 7BE69424E242C20952ED8ECCAB6CFF8D4AB508CA52E98846CC3C5097B4CA1944, meet, in all material respects, the requirements concerning the electronic reporting format ("ESEF format") pursuant to Section 328 (1) HGB. In accordance with the German legal requirements, this audit only covers the transfer of the consolidated financial statements' and the combined management report's information into the ESEF format, and therefore covers neither the information contained in these electronic files nor any other information contained in the file stated above.

In our opinion, the electronic files of the consolidated financial statements and of the combined management report prepared for publication contained in the accompanying file stated above meet, in all material respects, the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the above "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report", we do not express any audit opinion on the information contained in these electronic files and on any other information contained in the file stated above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic files of the consolidated financial statements and of the combined management report contained in the accompanying file stated above in accordance with Section 317 (3b) HGB and on the basis of the IDW Draft Auditing Standard: Audit of the Electronic Files of the Annual Financial Statements and of the Management Report prepared for Publication pursuant to Section 317 (3b) HGB (IDW Draft AuS 410). Our responsibilities in this context are further described in the section "Auditor's Responsibilities for the Audit of the ESEF Files". Our audit firm has applied the Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF FILES

The executive directors of the parent are responsible for the preparation of the ESEF files based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal control as they have determined necessary to enable the preparation of ESEF files that are free from material violations against the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB, whether due to fraud or error.

The executive directors of the parent are also responsible for the submission of the ESEF files together with the auditor's report and the accompanying audited consolidated financial statements and the audited combined management report as well as other documents to be filed with the publisher of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of the ESEF files as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF FILES

Our objectives are to obtain reasonable assurance about whether the ESEF files are free from material violations, whether due to fraud or error, against the requirements pursuant to Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material violations against the requirements pursuant to Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF files in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- assess the technical validity of the ESEF files, i.e. whether the file containing the ESEF files meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as of the balance sheet date as to the technical specification of this file.
- evaluate whether the ESEF files enable a XHTML copy of the audited consolidated financial statements and of the audited combined management report whose content is identical with these documents.
- evaluate whether the ESEF files have been tagged using inline XBRL technology (iXBRL) in a way that enables an appropriate and complete machine-readable XBRL copy of the XHTML copy.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 7 May 2020. We were engaged by the supervisory board on 15 September 2020. We have been the group auditor of PUMA SE, Herzogenaurach/ Germany, without interruption since the financial year 2012.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr Thomas Reitmayr.

Munich, February 2, 2021

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

signed: (Dr. Thomas Reitmayr)	signed: (Stefan Otto)
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

ADDITIONAL INFORMATION

271 The PUMA Share
273 PUMA Year-on-Year Comparison
275 PUMA Group Development
278 Imprint

THE PUMA SHARE

The PUMA share had a very positive performance in the financial year 2020. The closing price of PUMA shares on the last trading day in the financial year 2020 (December 30) was € 92.28, which was 35.0% higher than the closing price of the previous year. The market capitalization of the PUMA Group rose accordingly from € 10.2 billion at the end of the financial year 2019 to € 13.8 billion at the end of the financial year 2020. PUMA shares started into 2020 at a price of € 68.35. In the following twelve months, the price ranged between € 42.14 (March 18, 2020 / -38.3%) and € 92.28 (December 30, 2020 / +35.0%). The daily trading volume of PUMA shares increased from an average of 387 thousand shares in the previous year to an average of 423 thousand shares in the financial year 2020. Compared to the MDAX, which rose 7.7% in the financial year 2020, the PUMA share performed significantly better.

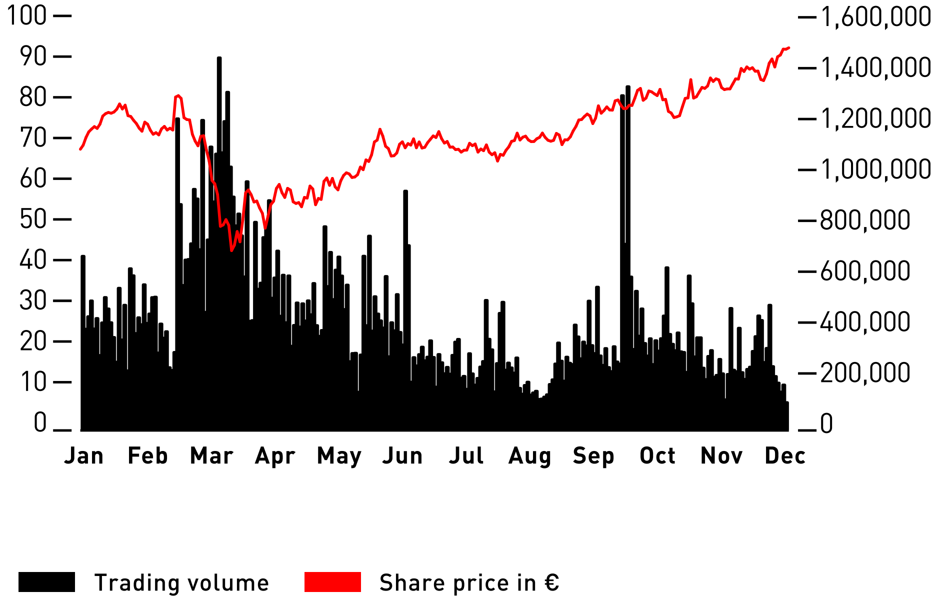
↗ T.01 KEY DATA PER SHARE*

		2020	2019	2018	2017	2016	2015	2014
End of year price	€	**92.28**	68.35	42.70	36.30	24.97	19.87	17.26
Highest price listed	€	**92.28**	72.95	52.50	39.14	24.97	21.29	23.50
Lowest price listed	€	**42.14**	43.00	31.70	24.35	16.82	14.19	15.71
Daily trading volume (Ø)	**amount in thousands**	**423**	387	444	67	34	94	72
Earnings per share	€	**0.53**	1.76	1.25	9.09	4.17	2.48	4.29
Gross cashflow per share	€	**3.50**	4.71	2.66	2.21	1.22	0.90	1.15
Free cashflow (before acquisitions) per share	€	**1.85**	2.22	1.00	0.86	0.38	-0.66	0.42
Shareholders' equity per share	€	**11.79**	12.84	11.52	11.09	11.53	10.84	10.83
Dividend per share	€	**0.16**	0.50	0.35	1.25**	0.08	0.05	0.05

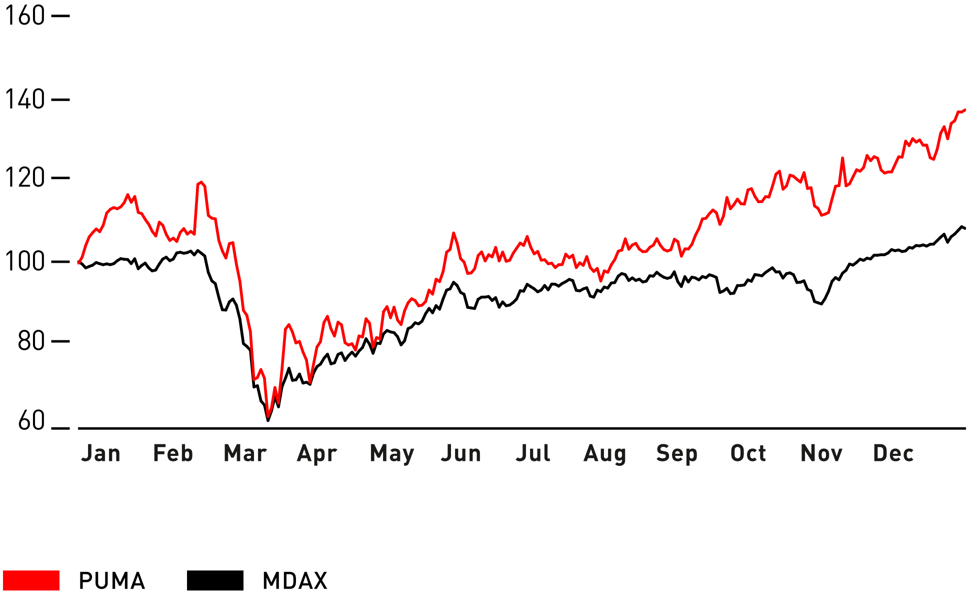
* Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

** one/time special dividend

↗ G.01 PUMA SHARE PERFORMANCE / TRADING VOLUME



↗ G.02 SHARE DEVELOPMENT – REBASED



The PUMA share has been registered for the regulated market on German stock exchanges since 1986. It is listed in the Prime Standard Segment and the Mid-Cap Index MDAX of the German Stock (Deutsche Börse). Moreover, membership in the FTSE4Good index was once again confirmed.

PUMA YEAR-ON-YEAR COMPARISON

↗ T.02 **PUMA YEAR-ON-YEAR COMPARISON** (in € million)

	2020	2019	Deviation
Sales			
Consolidated sales	**5,234.4**	5,502.2	-4.9%
– Footwear	**2,367.6**	2,552.5	-7.2%
– Apparel	**1,974.1**	2,068.7	-4.6%
– Accessories	**892.7**	881.1	1.3%
Result of operations			
Gross profit	**2,458.0**	2,686.4	-8.5%
EBIT	**209.2**	440.2	-52.5%
EBT	**162.3**	417.6	-61.1%
Net earnings	**78.9**	262.4	-69.9%
Profitability			
Gross profit margin	**47.0%**	48.8%	-1.8%pt
EBT margin	**3.1%**	7.6%	-4.5%pt
Net earnings margin	**1.5%**	4.8%	-3.3%pt
Return on capital employed (ROCE)	**15.1%**	29.6%	-14.5%pt
Return on equity (ROE)	**4.5%**	13.7%	-9.2%pt
Balance sheet information			
Shareholders' equity	**1,763.9**	1,920.3	-8.1%
– Equity ratio	**37.7%**	43.9%	-6.2%pt
Working capital	**465.8**	549.4	-15.2%
– in % of consolidated sales	**8.9%**	10.0%	-1.1%pt
Cash flow and investments			
Gross cash flow	**522.8**	704.8	-25.8%
Free cash flow	**276.0**	330.0	-16.4%
Investments (before acquisition)	**151.0**	218.4	-30.9%
Acquisition investments	**0.0**	1.2	-100.0%

	2020	2019	Deviation
Employees			
Number of employees (annual average)	**13,016**	13,348	-2.5%
Sales per employee (k€)	**402.2**	412.2	-2.4%

PUMA share			
Share price (in €)	**92.28**	68.35	35.0%
Average outstanding shares (in million)	**149.56**	149.52	0.0%
Number of shares outstanding as of Dec, 31 (in million)	**149.58**	149.55	0.0%
Earnings per share (in €)	**0.53**	1.76	-69.9%
Market capitalization	**13,804**	10,222	35.0%
Average trading volume (amount/day)	**422,629**	386,863	9.2%

PUMA GROUP DEVELOPMENT

↗ T.03 **PUMA GROUP DEVELOPMENT** (in € million)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sales										
Consolidated sales	**5,234.4**	5,502.2	4,648.3	4,135.9	3,626.7	3,387.4	2,972.0	2,985.3	3,270.7	3,009.0
– Change in %	**-4.9%**	18.4%	12.4%	14.0%	7.1%	14.0%	-0.4%	-8.7%	8.7%	11.2%
– Footwear	**2,367.6**	2,552.5	2,184.7	1,974.5	1,627.0	1,506.1	1,282.7	1,372.1	1,595.2	1,539.5
– Apparel	**1,974.1**	2,068.7	1,687.5	1,441.4	1,333.2	1,244.8	1,103.1	1,063.8	1,151.9	1,035.6
– Accessories	**892.7**	881.1	776.1	719.9	666.5	636.4	586.3	549.4	523.6	433.9
Result of operations										
Gross profit	**2,458.0**	2,686.4	2,249.4	1,954.3	1,656.4	1,540.2	1,385.4	1,387.5	1,579.0	1,493.4
– Gross profit margin	**47.0%**	48.8%	48.4%	47.3%	45.7%	45.5%	46.6%	46.5%	48.3%	49.6%
Royalty and commission income	**16.1**	25.1	16.3	15.8	15.7	16.5	19.4	20.8	19.2	17.6
EBIT[1]	**209.2**	440.2	337.4	244.6	127.6	96.3	128.0	191.4	290.7	333.2
– EBIT margin	**4.0%**	8.0%	7.3%	5.9%	3.5%	2.8%	4.3%	6.4%	8.9%	11.1%
EBT	**162.3**	417.6	313.4	231.2	118.9	85.0	121.8	53.7	112.3	320.4
– EBT margin	**3.1%**	7.6%	6.7%	5.6%	3.3%	2.5%	4.1%	1.8%	3.4%	10.6%
Net earnings	**78.9**	262.4	187.4	135.8	62.4	37.1	64.1	5.3	70.2	230.1
– Net margin	**1.5%**	4.8%	4.0%	3.3%	1.7%	1.1%	2.2%	0.2%	2.1%	7.6%

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Marketing/retail	**1,050.2**	1,112.1	931.2	822.9	732.3	697.6	599.7	544.1	609.3	550.7
Personnel	**583.7**	640.5	553.8	549.1	493.1	483.8	425.3	415.7	438.8	393.8
Balance sheet										
Total assets	**4,684.1**	4,378.2	3,207.2	2,853.8	2,765.1	2,620.3	2,549.9	2,308.5	2,530.3	2,581.8
Shareholders' equity	**1,763.9**	1,902.3	1,722.2	1,656.7	1,722.2	1,619.3	1,618.3	1,497.3	1,597.4	1,605.2
– Equity ratio	**37.7%**	43.4%	53.7%	58.1%	62.3%	61.8%	63.5%	64.9%	63.1%	62.2%
Working capital	**465.8**	549.4	503.9	493.9	536.6	532.9	455.7	528.4	623.7	534.0
– thereof: inventories	**1,138.0**	1,110.2	915.1	778.5	718.9	657.0	571.5	521.3	552.5	536.8
Cash flow										
Free cash flow	**276.0**	330.0	172.9	128.5	49.7	-98.9	39.3	29.2	-8.2	16.8
Investments (incl. acquisitions)	**151.0**	218.4	130.2	122.9	91.1	79.5	96.4	76.3	172.9	115.3
Profitability										
Return on equity (ROE)	**4.5%**	13.8%	10.9%	8.2%	3.6%	2.3%	4.0%	0.4%	4.4%	14.3%
Return on capital employed (ROCE)	**15.1%**	29.6%	25.8%	20.7%	10.3%	7.9%	11.5%	5.6%	8.6%	28.7%
Additional information										
Number of employees (year-end)	**14,374**	14,332	12,894	11,787	11,495	11,351	11,267	10,982	11,290	10,836
Number of employees (annual average)	**13,016**	13,348	12,192	11,389	11,128	10,988	10,830	10,750	10,935	10,043

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PUMA share*										
Share price (in €)	**92.28**	68.35	42.70	36.30	24.97	19.87	17.26	23.50	22.49	22.50
Earnings per share (in €)	**0.53**	1.76	1.25	0.91	0.42	0.25	0.43	0.04	0.47	1.54
Average outstanding shares (in million)	**149.56**	149.52	149.47	149.43	149.40	149.40	149.40	149.40	149.67	149.81
Number of shares outstanding as of Dec, 31 (in million)	**149.58**	149.55	149.51	149.46	149.40	149.40	149.40	149.40	149.39	149.35
Market capitalization	**13,804**	10,222	6,384	5,426	3,730	2,968	2,578	3,511	3,359	3,360

1) EBIT before special items

* Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

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