

Notice

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**Report of the Administrative Board of PUMA SE
to the Annual General Meeting**

**on item 9 of the agenda pursuant to Art. 5 SE Regulation, § 221 para. 4, §
186 para. 4 (2) AktG**

**(authorisation to issue warrants and/or convertible bonds, profit
participation rights or participating bonds and Contingent Capital 2018)**

Under agenda item 9 a) it is proposed to authorise the Administrative Board to issue bearer and/or registered convertible bonds and/or warrant bonds and participation rights and/or participating bonds (or any combination thereof) (together hereinafter 'Bonds') with or without a maturity restriction in the total nominal amount of up to EUR 1,000,000,000.00 and to grant the holders of Bonds conversion or warrant rights (also with conversion or warrant obligation) on up to 3,016,492 new bearer shares of the company with a pro rata amount of the share capital of up to EUR 7,722,219.52 (representing approximately 20% of the company's current share capital) according to the terms and conditions of the convertible bonds or warrant bonds ('Conditions').

This authorisation is intended to expand the company's options for financing its activities, as explained in more detail below, and to open the way for the Administrative Board, especially in the event of favourable capital market conditions, to provide flexible and timely financing in the interest of the company. The authorisation is to be issued for a five-year term until 11 April 2023. The contingent capital instrument used to underpin this authorisation, which by law may have a total volume of up to 50% of the share capital, contributes significantly to securing this flexibility.

Benefits of the financing instrument

Adequate capitalisation is an essential foundation for business development and successful market presence of the company. By issuing Bonds of the type described above, the company may, depending on the current market conditions, use attractive financing options and terms to attract capital to the company at a low rate of interest. The issuance of Bonds enables the acquisition of borrowed capital, which, depending on the nature of the terms of the Bonds, can be classified as equity or an equity-equivalent for both an internal rating of the financing banks as well as for balance sheet purposes. The realised conversion and/or option premiums benefit the company. In addition, the issuance of Bonds, possibly in conjunction with other instruments such as a capital increase, will open up new investor groups. The possibility of providing

for an obligation to exercise the conversion/warrant right or a tender right of the issuer, as well as the possibility of servicing these rights or obligations by delivering treasury shares, paying a cash settlement or delivering shares from authorised capital, expands the scope for the design of such financing instruments. For reasons of flexibility, the company should also issue the Bonds through subordinate Group companies, which, depending on the market situation, use the German or international capital markets and issue the Bonds in a foreign legal currency, such as one of an OECD state, in addition to euros.

Conversion/warrant price

The conversion or warrant price for a share must not fall below 80% of that volume-weighted average exchange prices of the shares of the company of the same class on the Xetra trading system (or in a functionally comparable successor system to the Xetra system) on the Frankfurt Stock Exchange on the last ten trading days before the day on which the Administrative Board adopts the resolution for the issuance of the Bonds. If the shareholders have a subscription right to the Bond, the option is alternatively offered to determine the conversion or warrant price of a share on the basis of the volume-weighted average of the share prices shares of the same class of the company in XETRA trading (or in a functionally equivalent successor system replacing the XETRA system) on the Frankfurt Stock Exchange during the period from the beginning of the subscription period to the third day prior to the announcement of the final terms pursuant to § 186 para. 2 (2) AktG (inclusive), whereby this must also be at least 80% of the determined value. In the case of Bonds with a conversion/warrant obligation or a tender right of the issuer to deliver shares, the conversion/warrant price may alternatively be adjusted to the stock market price of the company's share in the time-related context of the determination of the conversion/warrant price in accordance with the further specification of the conversion/warrant conditions, even if this is below the minimum price (80%) stated above. This shall apply without prejudice to § 9 para. 1 of German Stock Corporation Act (AktG) and § 199 para. 2 of the German Stock Corporation Act (AktG).

Without prejudice to § 9 para. 1 and § 199 AktG, the conversion/warrant price may be adjusted following a more detailed determination of the underlying terms of the respective Bond due to dilution protection or an adaptation clause if, for example, there were changes in the company's capital during the term of the Bonds, such as a capital increase or capital reduction or a share split. Furthermore, dilution protection or adjustments may be provided in connection with dividend payments, the issuance of further convertible/warrant bonds, conversion measures and in the case of other events affecting the value of the conversion or warrant rights that occur during the term of the Bonds (such as a third party gaining control). Dilution protection and/or adjustments may be provided, in particular, by granting subscription rights, by changing the conversion/warrant price or by changing or granting cash components.

Authorised capital, treasury shares, cash settlement, variable terms and conditions

The terms and conditions may provide or permit that in the case of the exercise of conversion or warrant rights or the fulfilment of the corresponding obligations, shares may also be granted from authorised capital or treasury shares of the company. In the conditions - in order to further increase the flexibility - it can also be provided or permitted that the company does not or doesn't only grant shares in the company to a party entitled to a conversion or warrant or corresponding obligations in the event of exercising the conversion or warrant right or fulfilling the corresponding obligations, but pays the equivalent in whole or in part in cash. Such virtual Bonds enable the company to provide financing close to the capital market, without the actual need for a corporate capital measure. This takes into account the fact that an increase in the share capital may possibly be unwelcome in the future at the time of the exercise of the conversion or warrant rights or the fulfilment of corresponding obligations. Apart from this, the use of the option of cash payment protects shareholders from the decline in their shareholding and from the dilution of the assets of their shares as no new shares are issued. The cash equivalent value to be paid corresponds to that volume-weighted average exchange price of the shares of the same class in the company on the Xetra trading system (or in a functionally comparable successor system to the Xetra system) on the Frankfurt Stock Exchange during a timeframe specified in the conditions, according to the conditions. Furthermore, it can be provided that the number of shares to be granted upon exercise of the conversion or warrant rights or after fulfilment of the corresponding obligations or a corresponding exchange ratio is variable and can be rounded up or down to an integer number. In addition, for settlement-technical reasons, a payment to be made in cash may be determined and/or provided that combines residual amounts and/or can be compensated in cash.

Subscription rights of shareholders and exclusion of subscription rights

Shareholders should in principle be entitled to subscription rights when issuing convertible and/or warrant bonds. In order to facilitate settlement, the option should be used to issue the Bonds to one or more banks or one or more companies within the meaning of § 186 para. 5 (1) AktG with the obligation to offer the Bonds to the shareholders in accordance with their subscription rights (indirect subscription right within the meaning of § 186 para. 5 AktG).

However, the Administrative Board should be able to exclude the subscription right in certain circumstances in the interest of the company and the shareholders.

This initially concerns the exclusion of the subscription right for fractional amounts (clause (1)). Fractional amounts may result from the respective issue volume and the presentation of a practicable subscription ratio. The exclusion of the subscription right for fractional amounts makes it possible to use the requested authorisation for round amounts while maintaining a smooth

subscription ratio. This facilitates the settlement of shareholders' subscription rights. The exclusion therefore promotes practicability and facilitates the execution of a Bond issuance. The value of fractional amounts per shareholder is usually low, but the expense of issuing Bonds without a subscription right for fractional amounts is significantly higher. The exclusion of the subscription right for fractional amounts seems appropriate in this light.

The exclusion of the subscription right for the purpose of granting holders/creditors of previously issued conversion/warrant rights or conversion/warrant obligations to shares in the company in order to compensate for dilution subscription rights to the extent that they are entitled to after exercising these rights or fulfilling these obligations (clause (2)) is based on considerations of effectiveness and flexibility. For the purpose of facilitating their placement on the capital market, Bonds must be provided with anti-dilution protection, which serves to grant the holders the right to subscribe to new Bonds of future issuances, as shareholders are entitled to. The holders of Bonds are therefore placed as if they were already shareholders. For the Bonds to have such a protection against dilution, the subscription right of the shareholders to these Bonds must be able to be excluded. This facilitates the placement of the Bonds and therefore serves the interests of the shareholders in an optimal financial structure of the company. In addition, the exclusion of the subscription right in favour of the holders of Bonds which grant a warrant or conversion right or justify a warrant or conversion obligation, has the advantage that in the case of a utilisation of the authorisation, the warrant or conversion price for the holders of existing Bonds which grant a warrant or conversion right or justify a warrant or conversion obligation, does not need to be reduced according to the respective terms of the Bond. This allows a higher inflow of funds and is therefore in the interest of the company and its shareholders.

Insofar as Bonds with warrant or conversion rights or warrant or conversion obligations are to be issued, the Administrative Board shall be authorised to exclude the subscription rights of shareholders in accordance with § 221 para. 4 (2) AktG in analogous application of § 186 para. 3 (4) AktG, to the extent that the Bonds are issued for cash consideration and the issue price is not materially lower than the theoretical market value of the Bonds with warrant or conversion rights or warrant or conversion obligation determined in accordance with accepted, in particular financial mathematical methods (Section (3)). This gives the company the opportunity to take advantage of favourable market situations at short notice and quickly and to achieve better conditions for setting the interest rate and the issue price of the Bonds by setting the conditions close to the market. A determination of the conditions close to the market and a smooth placement of the Bonds would normally not be possible if the subscription right was maintained. Indeed, § 186 para. 2 (2) AktG permits publication of the subscription price (and therefore the conditions of these Bonds) until the third last day of the subscription period. However, given the frequent volatility on the stock markets, a market risk then also persists for several days, which leads to haircuts and hence non-market conditions. Also, in the case of the existence of

a subscription right, the successful placement with third parties is endangered or associated with additional expenses because of the uncertainty of its exercise. Finally, if a subscription right is granted, the company cannot react to favourable or unfavourable market conditions in the short term due to the length of the subscription period, but is exposed to declining share prices during the subscription period, which may lead to an unfavourable equity procurement for the company.

Due to the requirement that the issue price may not be materially lower than the theoretical market value of Bonds with warrant or conversion rights or warrant or conversion obligations calculated in accordance with recognised, in particular financial mathematical methods, in analogous application of § 186 para. 3 (4) AktG, the financial interests of shareholders and their need for protection against dilution of the value of their shareholdings are taken into account. If the issue price does not materially fall below the theoretical market value of the Bonds with warrant or conversion rights or warrant or conversion obligations calculated according to recognised methods, in particular financial mathematical methods, the value of a subscription right of the shareholders drops to practically zero. To this extent, the shareholders will not incur any significant economic disadvantage due to the exclusion of subscription rights.

Furthermore, the voting rights of the shareholders are protected from undue dilution of their share ownership by the fact that the authorisation to exclude the subscription right when issuing Bonds against cash payment only applies to the extent to which the shares issued and to be issued to service the warrant or conversion rights or in the event of fulfilment of the warrant or conversion obligations only amount to a total of a proportionate amount of the share capital of no more than 10% of the share capital at the time the resolution of the Annual General Meeting takes effect or, if lower, 10% of the share capital of the company at the time the authorisation is exercised. The pro rata amount of share capital attributable to shares issued or sold during the term of this authorisation in direct, analogous or equivalent application of § 186 para. 3 (4) AktG shall be offset against this maximum amount. In this way, it is ensured that no Bonds are issued under exclusion of the subscription right of the shareholders, to the extent that this would lead to shareholders' subscription rights to new or treasury shares in an amount of more than 10% of the shares currently outstanding being excluded, taking into account capital increases or certain placements of treasury shares in direct, analogous or corresponding application of § 186 para. 3 (4) AktG.

Finally, the subscription right may also be excluded where bonds are being issued against contribution of assets in kind (Item number (4)). Amongst other things, this enables the company to use the bonds as acquisition currency in suitable cases, in the context of mergers or for the (also indirect) acquisition of companies, parts of companies, participations in companies, receivables or other assets. With this authorization, the Company can respond quickly and flexibly to advantageous opportunities for corporate expansion through the acquisition against the issue of bonds, also in the interest of the Company and

its shareholders and all other stakeholders in the national and international market. The administration will carefully examine in each individual case whether it should make use of this authorization if and when acquisition opportunities materialize. It will exclude the subscription right of shareholders only where this is in the carefully weighted interest of the company.

Insofar as profit participation rights or income bonds without option rights, conversion rights, option obligations or conversion obligations are issued, the Administrative Board shall be authorized to exclude the subscription rights of the shareholders in their entirety if these profit participation rights or participating bonds are so equipped as to be similar to obligations. This is the case if they do not give rise to any membership rights in the Company, do not grant a share in the liquidation proceeds and the amount of the interest is not calculated on the basis of the amount of the net income, retained earnings or dividend, and the interest and the issue price of the participation rights or participating bonds correspond to the current market conditions for comparable borrowings at the time of issue of same. If the above conditions are met, the exclusion of subscription rights will not adversely affect shareholders, since in any event these profit participation rights or participating bonds do not create a membership right and do not grant a share in the liquidation proceeds or in the profits of the company. Of course it can be stipulated that the granting of interest shall depend on the existence of an annual profit, a profit retained or a dividend. On the other hand, a provision that would increase the interest as a consequence of a higher year-end profit, a higher profit retained or a higher dividend would not be permissible. As a result of the issue of profit participation rights and / or participating bonds, neither the voting right nor the participation of the shareholders in the company and its profits will be changed or diluted. Since the conditions for the issue of profit participation rights or participation bonds must be in line with market conditions, the right of the shareholders to subscribe to them does not represent any significant economic value either that would be lost by the exclusion of the subscription right.

Concrete plans for the use of the authorization to issue convertible bonds and/or bonds with warrants do not exist at this point in time. Administrative Board shall for every individual case carefully examine whether or not the Board shall exercise the power to issue bonds and to exclude individuals from subscription rights. An exploitation of these possibilities will only take place if, in the opinion of the Administrative Board, this is in the well-weighted interest of the Company and its shareholders and is proportionate.

The Administrative Board will report on each utilization of the authorizations granted in Agenda item 9 b) at the next Annual General Meeting.

Conditional Capital

The option or conversion rights or option or conversion obligations associated with the bonds are to be served, as a rule, from the Conditional Capital 2018 that is to be provided for this purpose. The issue amount shall in this case

correspond to the conversion or option price. Conversion of option rights as well as conversion and option obligations from bonds which have been issued against non-cash contribution may not be served from the conditional capital. To serve those, it is necessary to use treasury shares or to proceed to an increase of non-cash capital.

Adaptation to the two-tier management system

The change of the management system proposed under Agenda item 6, if adopted, also requires an adaptation of the competence of PUMA SE for the authorization and amendment of the statutes to the two-tier system, as proposed under Agenda item 9. In particular, the responsibilities initially proposed under a) to c) for the Administrative Board should be allocated to the Management Board and the Supervisory Board as (future) PUMA SE bodies in accordance with the legal distribution of powers in the two-tier system.

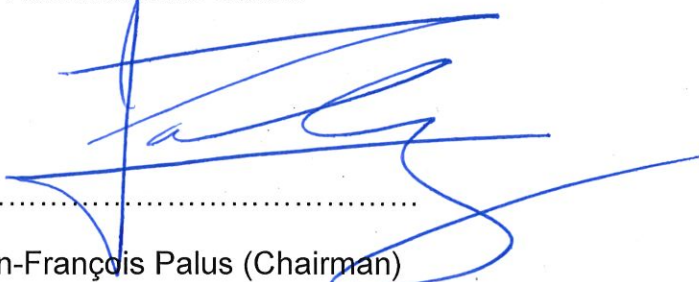
For this reason, from the entry in the commercial register of the statute change to be resolved under Agenda item 6 b) and the change from a single-tier to a dual-tier management system, the authorization of the Administrative Board proposed under Agenda item 9 a) shall apply, with the proviso that from that date the Management Board shall be in charge from this moment in time, with the approval of the Supervisory Board. Likewise, from the registration of the amendment to the Articles of Association under Agenda item 6 b) in the commercial register and the change from a single-tier to a two-tier management system, which becomes effective as a result, the creation of Conditional Capital 2018 as proposed under Agenda items 9 b) and c) shall apply with the proviso that the Management Board shall be in charge, with the approval of the Supervisory Board, from this point in time. In order to implement this change in the version, the Supervisory Board should be authorised to make a clarification.

The proposed resolution under Agenda item 9 d) serves to implement the adaptation to a two-tier system. With the exception of the distribution of competencies, as adapted (Management Board and Supervisory Board instead of Administrative Board), the above made statements for the exclusion of subscription rights shall apply, *mutatis mutandis*, to the two-tier system as well.

Herzogenaurach, March 2, 2018

PUMA SE

The Administrative Board



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Jean-François Palus (Chairman)

