Annual Report 2019

PREPARE
TO PERFORM

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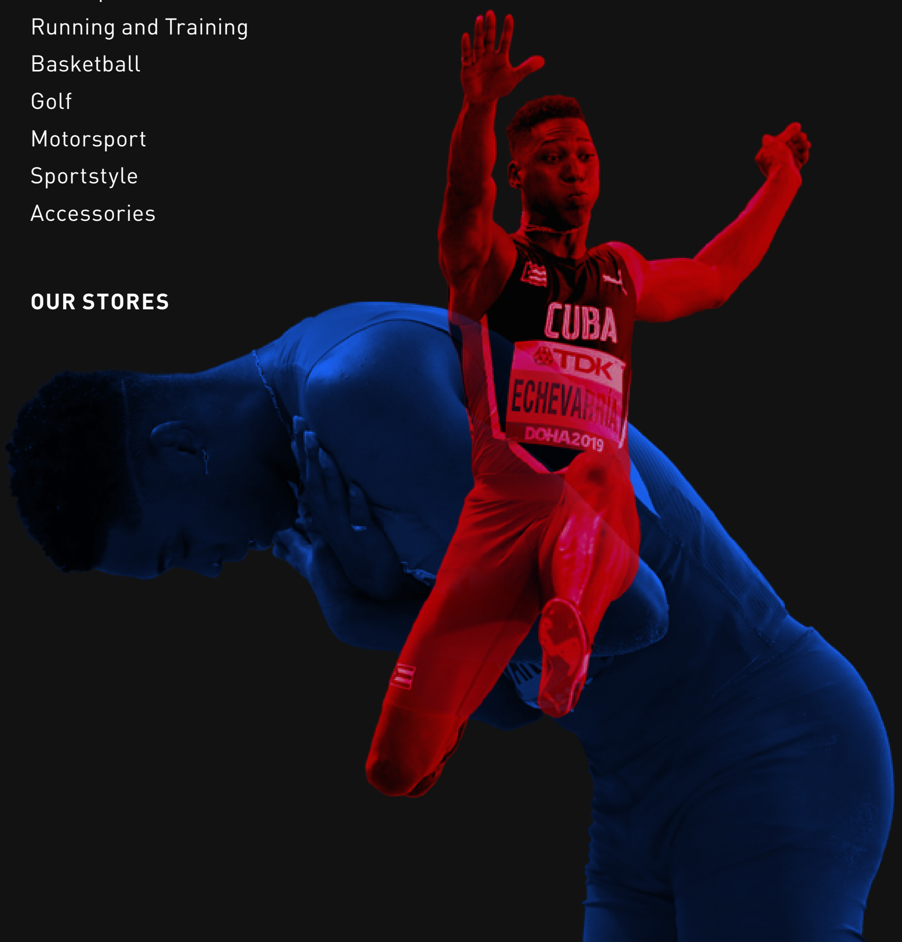

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PURE PERFORMANCE

ABOUT PERFORMANCE

To our Shareholders

Bjørn Gulden, Chief Executive Officer (CEO)

CEO-LETTER

↗ **BJØRN GULDEN**
CHIEF EXECUTIVE OFFICER PUMA

DEAR SHAREHOLDERS,

This letter would have been much easier to write three months ago. We had just finished the best year in PUMA's company history, with €5,502 million in revenues and €440 million in EBIT - the highest that PUMA has ever achieved. We had double-digit growth in all regions and in all divisions. All business units reported growth and we felt the PUMA brand had become stronger in all markets around the world. Our order book for 2020 was very positive, with strong and balanced growth in all regions, so we were really looking forward to this year. January started well with strong wholesale numbers, a strong eCommerce performance and record sales in our owned and operated stores. Then, in the last week of January, in the middle of the Chinese New Year celebration, COVID-19 hit the city of Wuhan in China. The Chinese market, both for retail and production, basically shut down. Over the next six weeks, the whole business in China, except for eCommerce, basically disappeared. Other Asian markets, especially those which normally have a lot of Chinese tourists, were also heavily impacted. Our focus was to ensure that our staff in China was safe, to solve the supply chain issues by ensuring deliveries from other sourcing countries, and to limit the financial damage of the retail shut down in the domestic Chinese market. Our sales in the rest of the world were very strong and none of us expected COVID-19 to develop into a global pandemic.

We were wrong. As China started to recover in mid-March, the virus had started to spread globally and by the end of the month basically 80% of our retail doors, both owned and operated as well as partner stores, were closed. Most retail partners had also closed their warehouses and did not accept shipments anymore. The only channel that continued to work was eCommerce. Direct to Consumer (DTC) eCommerce, although it is growing at almost 50%, is nowhere close to be able to compensate for the lost business within offline channels, as it is less than 10% of our business in normal times. The COVID-19 pandemic had hit a quarter that would have otherwise been great.

This development has basically continued in April. While the Chinese market is recovering and some other Asian markets, like South Korea and Japan, are slowly improving, the rest of the world has still basically shut down for the sales of sport and sport lifestyle products.

There have been some store openings in the Netherlands, Austria and Germany, while in Sweden, stores have been open the whole time. But it is still far too early to talk about any recovery. The industry is in a crisis where basically 70-80% of the retail space is closed, where almost all organized sports activities have stopped and where global consumers are very worried about their health.

Our PUMA mantra to manage this difficult situation has been from the beginning "To manage the crisis in the short term without hindering the mid-term momentum".

This means to first survive this phase of little revenue, then recover and stabilize the business in the markets and channels that are opening up again, and then finally utilize PUMA's momentum to achieve growth again for 2021.

In order to get through this crisis, we are working closely with all our partners such as retailers, suppliers, landlords, banks and authorities. We are reducing costs and cash outflows wherever possible as well as securing additional financing to ensure that we, together with our partners, can sustain the value chain in this period. Suspending dividend payments and suspending the Management Board's salary by 100% for now as well as reducing salaries of our senior management between 25% -35% are essential measures to achieve additional financing given the circumstances.

I am very impressed by how all of our employees and most of our partners have cooperated in these difficult weeks. Our goal is to survive this crisis together.

We are currently creating and distributing a lot of digital content to stay connected with our customers. This also increases the traffic to our PUMA eCommerce platforms. We are also in the process of finalizing the Spring/ Summer 2021 product range, where we will ensure that we can sell in the collections digitally to all our retail partners. We have not reduced investment in product development, and we will present full new ranges in all categories and all divisions both for Spring/ Summer 2021 and Autumn/ Winter 2021.

I am convinced that our industry will be very strong after the crisis. People will probably do even more sports than before. Health and a healthy lifestyle will be more important and the impact of global sports brands on global fashion will, in my opinion, be even greater than before. The crisis will change the landscape, but those brands that survive will be in a relatively stronger position than before.

And PUMA will be strong. The fact that 2019 was the best year in PUMA's history has put us in a better position to manage this crisis. All regions and all product divisions contributed with a double-digit sales growth, which underlines the ongoing successful execution of our FOREVER FASTER strategy and demonstrates PUMA's enormous potential. On our way towards becoming the Fastest Sports Brand in the world, we have further refined our strategic priorities. In addition to brand heat and desirability, a competitive product range, a leading offer for women, improved quality of distribution, organizational speed and building our sports performance credibility in the US through our re-entry into Basketball, we have now added communicating sustainability and a focus on local relevance as two further strategic objectives.

Sustainability has been deeply embedded in our processes and is a big part of how we work every day. We have been acting in a sustainable way, but have not been vocal enough about it. For consumers worldwide, sustainability has become more important, so we will also make our actions more visible. In 2019, we already reached nine out of our 10FOR20 sustainability targets and developed our next set of targets for 2025, which we are announcing in this report.

In February, we launched a sportswear collection made from recycled plastic in collaboration with recycling company First Mile. The shoes and apparel are made from recycled yarn that is manufactured from collected plastic bottles.

Local relevance is key in our industry and is gaining importance every day. Different countries have different sports that people follow and participate in. For us, it is key to be a part of that everywhere. One of the best examples of local relevance is our partnership with Virat Kohli, the captain of the Indian cricket team. Cricket is by far the most relevant sport in India and by partnering with Virat, we gain credibility as a sports brand in the Indian market. Netball and Australian Rules Football are relevant sports in Australia and New Zealand. Rugby plays a major role in South Africa, whereas Handball is followed in vast parts of Europe.

In PUMA's first full NBA Basketball season after our comeback in 2018, Toronto Raptors shooting guard Danny Green was the first PUMA athlete to win the NBA Finals since Isiah Thomas in 1990. With the support of JAY-Z, our Creative Director for basketball, we continued to launch additional performance basketball shoes and signed new highly talented NBA players such as RJ Barrett (New York Knicks), Kyle Kuzma (Los Angeles Lakers) and Marcus Smart (Boston Celtics).

In 2019, PUMA further improved its brand heat and desirability among consumers and accounts. We continued to work with relevant influencers on a global as well as local basis and further expanded our sports endorsements, such as entering into partnerships with the football clubs Manchester City, and Valencia CF.

In track and field, the World Athletics Championships in Doha were an important event for our 115 athletes and 12 national federations with Norwegian hurdler Karsten Warholm successfully defending his title over 400 metres hurdles. In Motorsport, we signed a long-term agreement with Porsche as well as a separate collaboration with Porsche Design to create premium lifestyle products.

We added another bestseller to our Footwear offer, the RALPH SAMPSON, a classic basketball silhouette. This underpins that we are generating credibility in basketball, which we have leveraged into other categories. The RS-X-franchise continued to resonate well with our customers, as did the CALI franchise, presented by PUMA's ambassador Selena Gomez. Other key styles included the PUMA FUTURE football boot and running & training shoes based on our LQD CELL and HYBRID technology platforms. In the fourth quarter, we launched the RS-X3, CALI SPORT and the RIDER, which is inspired by one of the jogging shoes launched in the 1980s. Creating a leading product offer for women remains a priority for PUMA and we have capitalized on this growing segment in the global sportswear market. We continue to see more and more women taking up sports worldwide. Athletic wear has long made its way into everyday outfits. "Where the gym meets the runway" continues to be the theme for our initiatives in the women´s segment.

PUMA improved the quality of its distribution and expanded its presence in key sports performance and Sportstyle accounts around the world, in part by strengthening our relationships with key retailers by being a flexible and service-oriented business partner. We also upgraded our owned-and-operated retail store network with further refurbishments and in August, we opened our New York flagship store on Fifth Avenue.

We continued to invest in our distribution and logistics network. Our new highly automated multichannel distribution center in Geiselwind, Germany is expected to be operational in early 2021 as planned. A new, also highly automated distribution hub just outside of Indianapolis will enter operations later this year.

There is no question that the issues and uncertainties associated with the COVID-19 pandemic present major challenges for PUMA and will have an impact on our short-term performance. However, there will be a time after COVID-19 and we believe strongly that the future of the sporting goods industry and for PUMA, in particular, is bright. Positive underlying trends such as increasing sports participation and more casual wardrobe remain steady or will even accelerate as a result of the crisis. I am extremely proud of our employees and for their spirit with which they are working through this crisis. I also recognize that for you as shareholders this is a tough time. Therefore, I want to thank you, our shareholders, for your continuing support, your confidence and above all for your trust.

Bjørn Gulden
Chief Executive Officer PUMA

REPORT BY THE SUPERVISORY BOARD

↗ JEAN-FRANÇOIS PALUS
CHAIRMAN OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

PUMA closes the year 2019 with record net sales and is growing faster in many areas, beating both the markets and its competitors. The positive development of all key performance indicators is a remarkable success – even without considering the background of increasing global uncertainties. The 2019 financial year has begun with a change in the Management Board. Anne-Laure Descours was appointed Chief Sourcing Officer. Especially in times when production sites are at the centre of trade wars, it is of great advantage for PUMA to have in Anne-Laure Descours an experienced expert who is located in Hong Kong and who makes the necessary decisions, if needed in coordination with our production partners. One focus of the Supervisory Board's work was the discussion and decision on the share split, which intended to make PUMA shares more attractive for all investors.

In the financial year 2019, 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 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 corporation 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 2019 two extraordinary and a constitutive meeting of the Supervisory Board took place. Urgent matters were decided using electronic means of communication. All members participated in drawing up the resolutions. Where 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	7/7	100
Thore Ohlsson	7/7	100
Héloïse Temple-Boyer (since 18.4.2019)	4/4	100
Fiona May (since 18.4.2019)	4/4	100
Jean-Marc Duplaix (until 18.4.2019)	3/3	100
Béatrice Lazat (until 18.4.2019)	3/3	100
Martin Köppel	7/7	100
Bernd Illig	7/7	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 expected figures, both in writing and orally. The Supervisory Board verified all of these explanations using the supporting documents, which were always submitted in good 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 rise to any doubts that the Management Board were managing the Group in anything other than a lawful and proper manner.

MAIN ADVISORY FOCUS

In the financial year 2019, the focus was primarily on the following topics: change in the Management Board with the resignation of Lars Radoor Sørensen as Chief Operating Officer and appointment of Anne-Laure Descours as Chief Sourcing Officer; audit and approval of the 2018 financial statements; setting the agenda for the Annual General Meeting of April 18, 2019; ongoing business and sales development; the Group's financial position; business and budget planning for 2019 and medium-term planning, including investments; further improvements of the compliance management and the internal control systems as well as material litigation in the Group; and a proposal to the Annual General Meeting on the election of Héloïse Temple-Boyer and Fiona May to the Company's Supervisory Board.

As every year, the Personnel Committee and the Supervisory Board set the target achievements for the variable remuneration of the members of the Management Board regarding 2018, and decided on the bonus for the members of the Management Board and the targets for the remuneration of the members of the Management Board in 2019.

The share split was a central topic of discussion for the Supervisory Board in the first quarter of 2019, as the price of PUMA shares had risen considerably in recent years and PUMA shares were no longer affordable for the PUMA consumer. The share split was intended to bring the shares closer to other stocks in the MDAX and make the shares more attractive to a broader investing public.

CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose any conflicts of interest immediately. 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 Nominating 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 three times in 2019. The discussions focused on proposals for determining the bonus payments for the members of the Management Board. In addition, the Personnel Committee dealt with the definition of the targets for 2019 and discussed the personnel composition of the Management Board. The Supervisory Board was given corresponding recommendations for resolution.

AUDIT COMMITTEE

The Audit Committee held four regular meetings in financial year 2019. In particular, the Audit Committee is responsible for the annual and consolidated financial statements, the quarterly reports and the half-yearly financial report, accounting issues and monitoring the accounting process, the effectiveness of the internal control system, risk management and the risk management system, internal audits, and compliance management; 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.

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 one meeting in the past fiscal year. The Nominating Committee recommended that the Supervisory Board propose to the Annual General Meeting on April 18, 2019 that Ms. Héloïse Temple-Boyer (Group Managing Director of Artemis S.A.S., Paris/France) and Ms. Fiona May (Independent Management Consultant, Calenzano/Italy) be proposed for election to the Supervisory Board.

CORPORATE GOVERNANCE

As in previous years, the Supervisory Board addressed current developments in the German Corporate Governance Code (GCGC) in the financial year 2019. 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.

Pursuant to Paragraph 3.10 of the GCGC, the Supervisory Board reports on corporate governance in the Corporate Governance Report. 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, 2019 is available to our shareholders at any time on the Company's website under http://about.puma.com/de/investor-relations/corporate-governance/declaration-of-compliance/.

ANNUAL FINANCIAL STATEMENTS ADOPTED

The annual financial statements for PUMA SE prepared by the Management Board in accordance with 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 2019, 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 April 18, 2019 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 their assessments of market and procurement risks, financial risks (including currency risks) 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 18, 2020 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 2019 financial year. The 2019 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 € 0.50 per dividend entitled share for the financial year 2019. In this context, the liquidity situation of the Company, the financing and the effects on the capital market were discussed. A total amount of around € 74.8 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of around € 85.9 million will be carried forward.

Finally, in its meeting on February 18, 2020, the Supervisory Board was presented the first draft of the non-financial report in accordance with §§ 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB) and the state of data collection was discussed. 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, 2020.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

Mr. Jean-Marc Duplaix (Chief Financial Officer (CFO) of Kering S.A., Paris/France) and Ms. Béatrice Lazat (Human Resources Director, Kering S.A., Paris, France) each resigned from their positions as members of the Supervisory Board of PUMA SE effective April 18, 2019. On April 18, 2019, the Annual General Meeting elected Ms. Héloïse Temple-Boyer (Group Managing Director of Artemis S.A.S., Paris, France) and Ms. Fiona May (Independent Management Consultant, Calenzano/Italy) as members of the Supervisory Board of PUMA SE. Their term of office ends – as do those of the other members of the Supervisory Board – at the end of the Annual General Meeting which decides on the discharge for the fiscal year 2022.

PERSONNEL CHANGES IN THE MANAGEMENT BOARD

Mr. Lars Radoor Sørensen resigned from his office as member of the Management Board of PUMA SE with effect from January 31, 2019. Mr. Radoor Sørensen's successor for IT and Logistics was Mr. Michael Lämmermann, CFO of PUMA SE, with effect from February 1, 2019. Ms. Anne-Laure Descours was appointed as Mr. Radoor Sørensen's successor for the Sourcing division with effect from February 1, 2019.

We would like to express our sincere thanks to all departing members of the Supervisory Board and Management Board for their work.

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 2019.

Herzogenaurach, February 18, 2020

On behalf of the Supervisory Board

Jean-François Palus
Chairman

BRAND PERFORMANCE

Our Brand and Products

Adam Petrick, Global Director Brand Marketing

"WE DON'T MAKE OUR BRAND – OUR CONSUMERS DO."

In 2019, Adam Petrick, PUMA's Global Director Brand Marketing, talked about PUMA's brand strategy in The CMO Podcast by Jim Stangle.

Stangle led transformations on brands like Hershey, Lexus, Nestle, SC Johnson and Shire. He began to see a common thread that truly significant transformation is born from authentically activating a brand's higher purpose. In The CMO Podcast, he takes a unique look at the thought process and motivation of Marketing leaders.

This is a condensed excerpt of the entire podcast, which you can find here.

JIM: Adam, you have done what few have done. You have kept a 71-year-old brand relevant. You´ve made it a real Sportstyle brand, attracted amazing talent like Jay-Z, Rihanna and Cara Delevingne, while competing with Adidas and Nike. What can we learn from what you´ve done to give this brand the energy, relevance, magnetism and growth?

ADAM: Right now is an interesting moment. In 2013, we were in really bad shape and we had to reinvent this brand. We knew that we had a great logo, a great history and great people. We developed a brand concept that reflected all of that and put it into perspective for where we wanted to go next. That was a great opportunity to take what I had learned from the previous 14 years about fashion, style, culture and the connection with the consumers and blend that with the longer-term mark of the PUMA brand, which is going back 71 years. PUMA has always competed in providing athletes with the gear that they need to perform at their very best - from Maradona and Pelé up to Usain Bolt.

In this latest 15-year cycle, we went from being a sports brand to a culture fashion brand - and then we tried to marry those two. We had the opportunity to bring something together that was a performance brand, based on innovation and servicing athletes. This is the heart and soul of what we do, but we do it in a way that's different from our competition. We said let's start from sports, let's go through creativity, fashion and culture and let's talk about activism.

JIM: When did you know you were starting to turn the corner after 2013?

Adam Petrick, Global Director Brand Marketing

ADAM: We had some luck and some influential people. Nobody hates PUMA, and the brand awareness is high. We have the best logo, everybody knows and recognizes it. When you have that heritage, people will take a risk. Rihanna was the first to take a risk on us. Having the conversation of whether somebody like her would work with PUMA was the turning point.

JIM: For your size, you're punching above your weight in the sort of people you're attracting. Do you think it's that spirit of collaboration, openness and listening?

ADAM: Our philosophy is: We don't make our brand, our consumers make our brand and by extension our ambassadors. We choose ambassadors based on who they are and on their values. If we just sign someone based on their Social Media KPIs such as the number of followers, that´s probably not going to work. I think it matters that we truly care, truly listen and truly go out of our way to do whatever they find interesting in our brand.

JIM: You are ceding control to people who also care?

ADAM: We were doing research, trying to figure out who these people are and if they are aligned from a value standpoint. If we think we can do the right thing together, then why not give them the keys? That's important to us. The same thing applies for our consumers. If they want to shoot a campaign for PUMA, we'll give them a camera and they can send us the pictures and we'll post them. This allows our audience to say: "I'm a part of the creation of this brand, I'm invested in it."

JIM: We talked about brand purpose. What does that mean at PUMA?

ADAM: Our purpose was to be in a place where everybody who wants to play can play. This means we are open and allowing for everybody who wants to take part to do so. It also extends to the areas of being supportive of universal equality and extending our values into places that other companies might not be comfortable going, because you've got to pick a side. If I can feel good about extending that purpose into a territory that might be risky, I don't care. We go back a long way as a brand in trying to do the right thing. Those are powerful shoulders to stand on.

JIM: Tell me about your job! Your title is Global Director of Brand and Marketing? How do you spend your time?

ADAM: I spend almost all day talking to my colleagues. My job is to inspire, to get people to be thinking the right way, to prevent mistakes. My day is getting up and get on the phone: phone calls, meetings, video conferences with Germany, text messaging simultaneously. It's a lot of communication.

JIM: What have been your lessons in building this lifestyle brand?

ADAM: This idea that the brand itself is a long-term project, it's never finished. PUMA for me personally is like this giant enormous sculpture and every day I come in with my little hammer and try to constantly refine and improve it. That's a long-term view. And it has to start with a really strong sense of values. You have to know what you stand for and why you choose to operate in the way you do.

JIM: Anything else that would help others to learn from?

ADAM: We did focus on product and product creation. At that point, we had to invest more in technology and innovation. We were a style company, almost a "casual company." We had to go back and revisit what the design aesthetic was and the ideas behind the product. A lot came from the idea that sports has to be at the center of everything. If you ground the product in something that is true to the brand, then you will yield something more consistent and meaningful over time. Attention has to be paid on the why of the product, that's my advice.

JIM: How do you stay in touch with sports, culture, business? What are your habits?

ADAM: Staying in touch is about listening to our ambassadors, we want them to inform us. There are hundreds of athletes. Listen to people who aren't in the offices and seeing what they think is important. Taking clues from that is valuable. That's a competitive advantage. My advice: Who do you have outside of your organization that's telling you the truth?

TEAMSPORT

INCREASING PRESENCE ON INTERNATIONAL FOOTBALL PITCHES

2019 was the year in which PUMA signed the largest deal in football in its company history – both in terms of size and ambition: We partnered up with City Football Group, the parent company of reigning English Premier League Champions Manchester City. PUMA also teamed up with Valencia CF, one of the best clubs in the Spanish football league LaLiga.

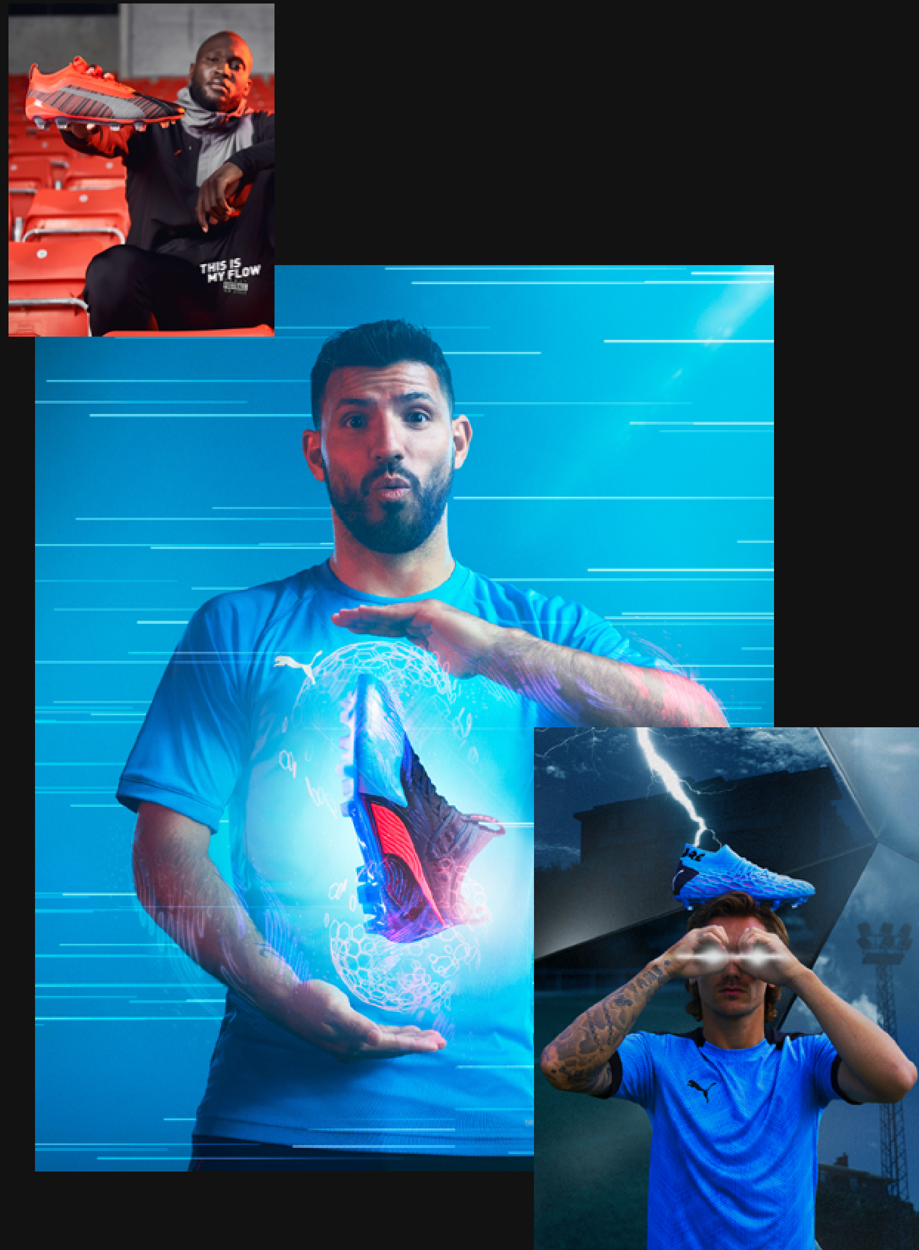
These investments ensure that we have a title contending presence in all major football leagues, increasing PUMA's international exposure and sports performance positioning.

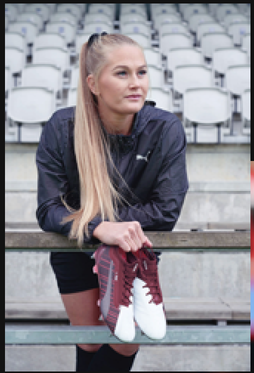
We boosted our brand visibility in Spain even further by becoming the official match ball partner of LaLiga Santander and LaLiga 1|2|3. This means that all goals in one of the world's strongest competitions are scored with PUMA's LaLiga 1 football.

We also expanded our portfolio of national football teams, adding Egypt and Morocco to a total roster of twelve squads.

EXCELLENT BALL CONTROL IN ALL SITUATIONS

Our players performed well all year, showing off our key football boots, the FUTURE and the PUMA ONE. While the **FUTURE** provides an optimal feel for the boot through a unique lacing system that benefits an agile playing style, the **PUMA ONE** has a soft k-leather upper for excellent ball control in all situations. Romelu Lukaku continued as our main ambassador for the PUMA ONE, while Antoine Griezmann and Luis Suárez endorse the PUMA FUTURE. Also sporting the PUMA FUTURE is Jan Oblak, one of the world's leading goalkeepers.





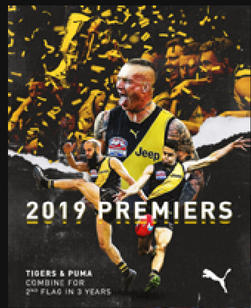
PUMA'S COMMITMENT TO WOMEN'S FOOTBALL

One of the largest football moments of the year was the Women's World Cup in France, in which PUMA team Italy reached the quarter finals. We underscored our commitment to Women's Football by supporting a total of 78 players during the tournament. To celebrate the sports, we launched the latest evolution of the PUMA ONE as the "**PUMA ONE Trailblazer**," an exclusive launch of the latest version of the **PUMA ONE** in a Women's World Cup colorway worn by our leading female players.

Other important tournaments in 2019 included the Africa Cup of Nations in Egypt, where PUMA team Senegal was the runner up, and the Copa América in Brazil with Uruguay reaching the quarter-finals and with Sergio Agüero and Luis Suárez finishing joint-second in the tournament top goal scorers.

HANDBALL, NETBALL, AND RUGBY

Teamsport takes all shapes and sizes and PUMA did also very well off the football pitch. Denmark took the title at the Handball World Championships, New Zealand won the Women's Netball World Championships and in Australia, the Richmond Tigers were victorious in the AFL Grand Final. PUMA players also played an important part in South Africa's victory of the Rugby World Cup, with Duane Vermeulen being voted Player of the Match in the final.



RUNNING & TRAINING

The highlight of the year in PUMA's Running & Training category took place in Doha in Qatar: The IAAF World Athletics Championships. The numerous medals that PUMA-sponsored athletes brought home gave PUMA an unprecedented visibility: over 115 sponsored athletes contended, PUMA athletes won eleven medals, twelve national federations wore PUMA gear, and more than 20 medals were awarded to athletes wearing PUMA apparel. These results proved that our running technologies and innovations work.

WORLD-CHAMP SENSATIONS IN DOHA

A stunning sensation on the track in Qatar was Norwegian hurdler **Karsten Warholm**, who we had signed in the summer of 2019. The 23-year-old took home the gold medal in the 400m men's hurdles by beating his opponent with an impressive 0.24-second advantage. He remains the 400m hurdles World Champion. If this wasn't enough, Karsten also won the Men's European Athlete of the Year award and was nominated for the World Athletics Awards 2019 as the Male Athlete of the Year.

18-year old Ukrainian high-jumper **Yaroslava Mahuchikh** claimed the silver medal as the youngest field event medalist in the history of the Championships. To honor her incredible 2019 season, she won the **World Athletics Rising Star Award**, after she had equaled the U20 World Indoor Record and broke the U20 World Outdoor Record in addition to her success at the World Championships.

More outstanding performances came from American triple-jumper **Will Claye**, Canadian sprinter Andre de Grasse, Swedish-American pole-vaulter **Mondo Duplantis**, Jamaican discus-thrower **Fedrick Dacres**, Cuban long-jumper **Juan-Miguel Echevarria**, Jamaican 400m hurdler **Rushell Clayton**, and Jamaican sprinter **Shericka Jackson**.

Jamaica, PUMA's long-term partner in Track & Field, was the third most successful federation, winning a total of twelve medals.

STABLE AS ~~HELL~~ CELL

In 2019, we launched a new cushioning technology called **LQD CELL** (pronounced: /' likwid/ /sel/). It is a shock-absorbing compound that is coupled with PUMA's foam products in strategic locations on the foot to improve stability, softness, and absorption—overall, offering **stable cushioning**.

The huge benefit of LQD CELL is that it is an extremely versatile technology. Depending on the shoe's needs, it can be mixed with our proprietary energy-returning foams in different parts of the sole, allowing LQD CELL to work in different ways, and offering various benefits to the athlete.

We integrated this cushioning system in the **LQD CELL Shatter**, PUMA's women's training shoe. LQD CELL Shatter is a provocative silhouette, designed for the bold female athlete. It has a unique midsole shape which offers immediate cushioning and energy return, while the internal heel counter provides additional heel support for training movements.

Needless to say, we provide the same benefits for men. **The LQD CELL Tension**, PUMA's men's training shoe, was engineered for dynamic training and comes in a bold design with prominent colour pops. An EVA-foam (ethylene-vinyl acetate) wrap-up provides lateral support and the TPU (thermoplastic polyurethane) heel clip offers optimal heel stability. The rubber outsole provides maximum traction and durability for the ultimate grip, ideal for high-intensity training.

ADRIANA LIMA BRINGS BOXING PASSION TO PUMA COLLECTION

PUMA and international supermodel and businesswoman **Adriana Lima** debuted a boxing-inspired collection in 2019, featuring classic performance pieces with a streetwear influence. Boxing has been very dear to Adriana for more than 18 years and this passion made her create a collection that not only allows you to perform to your fullest, but also makes you look great while doing so.

All of these 2019 Running and Training events are proof of the fact that PUMA successfully accomplished its mission to create fast products for the fastest athletes out there.

PUMA INSPIRES WITH SELENA GOMEZ COLLECTIONS

In 2019, PUMA made waves with two training and lifestyle collections in collaboration with singer, actress, and producer **Selena Gomez**. The Spring/Summer 19 collection was inspired by Selena's rise from her hometown in rural Texas to her fast-paced Los Angeles life today, while the Autumn/Winter 19 collection featured rugby-inspired looks and classic silhouettes.

BASKETBALL

2019 was the year in which PUMA's business unit Basketball PUMA Hoops became a household name in basketball again. Between major player signings, new silhouette drops, an official partnership with the NBA and the brand's presence at the biggest cultural and sporting events, PUMA Hoops became the biggest disrupter on and off the court last year.

AN ALL-STAR UPROAR

PUMA launched the brand's second basketball silhouette **Uproar** to coincide with NBA All-Star Weekend in Charlotte. PUMA Hoops and Uproar became the buzz of Queen City that couldn't be ignored. We brought the heat with an activation space that boasted a customization bar in collaboration with Chinatown Market, on-site basketball challenges with our Hoops roster including **Danny Green, DeAndre Ayton, Marvin Bagley** and **Kevin Knox**, and post-game performances by PUMA talent including **Rapsody, A-Boogie Wit Da Hoodie, YBN Cordae** and **Yo Gotti**. As an encore, ambassador **J. Cole** rocked his own PUMAs courtside and during his halftime show.

RETURN OF AN ICON

The spring of 2019 saw the return of one of basketball's most legendary names – **Ralph Sampson**. The 7'4" center terrorized the NBA in the 80s, all while wearing his signature PUMAs. In honor of Ralph and the legacy he left, we brought back the PUMA Ralph Sampson, complete with a sleek, ´80s inspired silhouette and Ralph's signature stamped on the side. A perfect pair of kicks to rock on the streets, PUMA Ralph Sampson has already become an instant classic for the brand.

ALL EYES ON PUMA AT COMPLEXCON

PUMA Hoops stole the show at the 2019 ComplexCon. Hosted in Chicago, this was the first time that the preeminent festival for culture, music, art and style took place outside of Long Beach, so PUMA Hoops had to go big or go home. We dropped jaws with huge exhibitions that featured **the Legacy**, a true performance staple inspired by the brand's sports heritage and built for the next generation of hoops players. We hosted NBA2K gaming stations, on-site customization and even a dunk contest held on our custom PUMA Hoops court. PUMA Hoops ambassadors like **DeAndre Ayton, Marvin Bagley III, Walt "Clyde" Frazier, Katie Lou Samuelson, Gunna** and **DaniLeigh** were on hand to take our experience above anything else at ComplexCon.

THE PUMA HOOPS FAM GROWS

2019 was a big year for the PUMA Hoops family. We made waves with the addition of six new ambassadors, including the #1 draft pick in the WNBA **Jackie Young**, as well as **RJ Barrett, Kyle Kuzma, Kevin Porter Jr., Katie Lou Samuelson,** and **Marcus Smart**. We're not known for doing things quietly, so we announced these signings in the most PUMA ways possible, with events on LA's Fairfax Ave., pop-up food trucks outside of Madison Square Garden, humor-driven videos on social and everything in between.

CLYDE HARDWOOD TAKES ITS FIRST STEPS

In season two of PUMA Hoops, we introduced the Clyde Hardwood, a shoe that turns heads on and off the court. To officially unveil the newest addition to the Clyde franchise, PUMA Hoops hosted a Fireside Chat in NYC that featured current New York Knicks Stars **RJ Barrett** and **Kevin Knox**, and the legend himself, **Walt "Clyde" Frazier**, to talk basketball history, PUMA Hoops, and of course the Clyde Hardwood. On launch day, we organized a King of the Court basketball tournament and dunk contest at the Brooklyn Bridge Park on a pop-up floating basketball court overlooking the NYC skyline. All of our athletes debuted the Hardwood on court for the start of the season, **RJ Barrett** rocked them in the Jahnkoy Fashion Show during Fashion Week in NYC and **J.Cole** leaked the new silhouette during several training runs with **Chris Brickley**.

GOLF

TEN YEARS WITH RICKIE FOWLER

2019 marked the ten-year anniversary of PUMA's partnership with star golfer Rickie Fowler. At the time, the 20-year old was just starting out in the golf world, but he had the confidence and swagger that made him stand out. Our partnership with him soon turned into one of the most successful collaborations in the business. As Rickie prepared to make his colorful debut on the professional scene in 2009, he did so with PUMA by his side. Now, ten years later, this partnership has impacted on-course style more than any other. Rickie introduced the golf world to flat brim hats and bright monotone outfits, he brought high-top shoes normally found on a court to the tee box, he's worn joggers when most are in pleated pants, had the world talking about an untucked button-down shirt when the norm is a tucked in polo – together Rickie and PUMA have been setting trends and will continue to make an indelible mark on golf fashion.

GOLF GEAR THAT TAKES YOU FROM THE OFFICE TO THE COURSE

In 2019, COBRA and PUMA Golf continued to bring exceptional, industry-leading equipment, apparel, footwear and accessories to golfers around the world, pushing the boundaries of what is expected in the golf space.

PUMA Golf delivered lifestyle-inspired apparel and two footwear franchises - the NXT and PWRADAPT - for golfers of all ages and skill levels that take you seamlessly from the office to the course.

Throughout the year, we focused on important sports and golf moments to communicate exciting products and collaborations. We celebrated the FedExCup Playoffs with stylish City Caps and introduced patriotic-themed gear around the U.S. Open, made even better with a major win from PUMA ambassador Gary Woodland. We kicked off the year in Hawaii with untucked apparel and continued to launch Limited Edition products around each golf major in 2019.

INNOVATION IS KING

COBRA Golf, PUMA's brand for innovative golf equipment, introduced the KING F9 SPEEDBACK family, delivering more speed, precision, and performance. The KING F9 driver features the breakthrough SPEEDBACK Technology, which, for the first time in golf, successfully combined a highly aerodynamic clubhead shape with low CG, a game-changing advancement in the way a driver is engineered. The new driver brought success from the very start, with Bryson DeChambeau winning the 2019 Shriners Hospitals for Children Open and the 2019 Omega Dubai Desert Classic immediately after putting the driver in play. Lexi Thompson followed suit with a win at the Shoprite LPGA Classic, and Rickie Fowler had a huge win at Waste Management Phoenix Open, where he relied on the F9 Speedback driver as well as on a F9 Speedback 4-iron.

MOTORSPORT

In 2019, PUMA Motorsport continued successfully on its path to bring the race track to the street by introducing exclusive apparel and next-level performance footwear for drivers and fans alike. We also set out on a mission to widen our Motorsport audience and attract new consumer groups such as the gaming scene.

SIMPLY DELIVERING GRIP AND PERFORMANCE

We launched an entirely new shoe innovation, the Hi OCTN, which features an outsole and midsole inspired by rugged off-road tires to deliver grip and performance. We used this style to venture off to attract new consumer groups – in this case gamers. For the Hi OCTN x NFS, which came in an entirely new silhouette, we collaborated with Need for Speed, one of the most credible partners and iconic racing games on the planet. Gamers were able to customize their character to wear the Hi OCTN x NFS in the game, offering a perfect interaction between the product and the target group.

ATTRACTING THE YOUNG

Events, Social Media and exclusive product launches speed up the game to attract younger audiences by offering them something exclusive. The launch event of the Hi OCTN in Miami was the perfect platform to attract attention and spread the word via media, social media and influencer channels. Big names on stage like Hip Hop star French Montana rounded up an evening of success.

ONLY WORKING WITH THE BEST

We continued to cooperate with our partners from Mercedes-AMG Petronas Motorsport, Scuderia Ferrari, Aston Martin Red Bull Racing and BMW M Motorsport, sponsoring the best drivers in the world. At the beginning of last year, we were able to add Porsche to our portfolio of the best motorsport partners in the world.

PUMA's drivers delivered amazing results. Lewis Hamilton (Mercedes-AMG Petronas Motorsport) continued his legacy by claiming his 6th F1 World Champion title. Together with Valtteri Bottas (2nd in F1 World Championships), Mercedes gained their 6th consecutive World Constructor Championship title in Formula 1 since 2014. The drivers completing the top 5 in the Formula 1 Championship – Max Verstappen (Aston Martin Red Bull Racing), Charles Leclerc (Scuderia Ferrari) and Sebastian Vettel (Scuderia Ferrari) – were also dressed in PUMA.

BMW M Motorsport celebrated a successful DTM season with Marco Wittmann racing in 3rd position overall in the World Championships. Team Penske secured three drivers in the top ten of the NASCAR Cup Series and Porsche will be offering great opportunities for PUMA in their debut season in Formula E, which started in December 2019.

SPORTSTYLE

In 2019, PUMA's Sportstyle category continued to disrupt the fashion and street scene with the successful RS series, an exaggerated footwear silhouette that was inspired by running shoes of the early 2000s.

The RS range perfectly underpinned PUMA's mission in Sportstyle: to target everyone who is looking for an authentic style rooted in sports to serve the requirements of everyday modern life – be it for the street, the office or day-to-day leisure.

Celebrating extreme reinventions, the RS showcased bulky designs, bold colorways and eye-catching material mixes combined with a revamped version of the RS technology that offers high rebound and comfort through its high-quality cushioning.

COMMEMORATING THE PAST AND EMBRACING THE FUTURE: WE CALL IT "FUTRO"

Towards the end of last year, PUMA's legendary 80s running shoe, the FAST RIDER, made a vibrant, playful splash on the streets. We launched the FAST RIDER OG to celebrate the iconic running shoe from the 1980s that kicked off a new era as Germany's first "jogging" shoe 40 years ago when the sport of running moved from the track to the streets. While the PUMA FAST RIDER OG showcased the original shock-absorbing "Federbein" outsole with the RIDERFOAM midsole for high rebound in 80s inspired colors, we merged the best of the past and future in the FUTURE RIDER and STYLE RIDER. These styles featured futro silhouettes, newly developed RIDERFOAM for extra comfort, bold materials, playful color blocking and a subtle corrugated outsole inspired by the original "Federbein."

Another bestseller that derived directly from our 80s archive and was worn by Selena Gomez was the PUMA Cali. This futro sneaker was inspired by the original PUMA California, a style born out of the courts in 1983 from Argentinean grand slam champ Guillermo Vilas. The PUMA Cali is a stylish ode to retro vibes. While it kept its sport-inspired leather upper true to the original and the characteristic rubber sole, the new version got a bold remake.

BOXING GEAR MEETS PARISIAN CULTURE: PUMA X BALMAIN

For the first time ever, PUMA and French luxury fashion house BALMAIN created – together with PUMA ambassador Cara Delevingne – a unique collection that blends sport and luxury fashion. The line featured pieces inspired by traditional boxing gear mixed up with Parisian couture and elevated with a stark color palette plus design elements straight out of BALMAIN's atelier.

PUMA SELECT

Throughout 2019, PUMA SELECT continued to collaborate with renowned brands and fresh and upcoming designers across the world, such as Karl Lagerfeld, Helly Hansen, HAN KJØBENHAVN, Les Benjamins, Jahnkoy and others.

FOR OUR NEXT GENERATION: PUMA KIDS

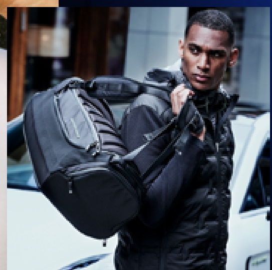
In 2019, PUMA introduced various collections for kids in partnership with popular brands like Sesame Street and Hello Kitty, featuring playful patterns, cute prints with popular cartoon characters, and bright colors. Understanding the kids' need for freedom, PUMA elevates style with comfortable cuts and high-quality material.

ACCESSORIES

Accessories have always played a crucial role in our business, as they complement our ranges with innovative and trendy products across Sportstyle, Running, Training, Motorsport and, for the first time in 2019, Basketball.

The fastest growing segment in 2019 was, in fact, our Women's Accessories business. It was boosted by exciting campaigns such as the PUMA x Balmain debut collection, created with Cara Delevingne, which included bags, beanies, gloves, a headband and a choker. The Training capsule collection of Adriana Lima also included a full range of accessories.

A key growth driver across all categories was our headwear segment - be it in collaborations with up-and-coming fashion labels such as Rhude and Ader Error, or in Motorsport, where Formula 1 drivers such as Max Verstappen, Sebastian Vettel and Charles Leclerc wore their PUMA caps with pride all season.



BRAND PERFORMANCE

Our Stores

NEW YORK, NEW YORK!

In August 2019, we opened our biggest PUMA Flagship Store globally at the most prestigious shopping location in the world: Fifth Avenue in New York City. Just a stone's throw away from Rockefeller Center, the store offers an immersive PUMA brand experience on 1,670 square meters. Spread over two floors, customers can find the latest PUMA products, race down the streets of New York City in our Formula 1 race simulators, test the latest PUMA football boots in a virtual San Siro Stadium or personalize their shopping in our customization studio. The changing rooms at the store are fitted with "magic mirrors," which allow customers to try on clothes virtually and take selfies when trying on new PUMA gear.

Our brand ambassadors Walt "Clyde" Frazier, Boris Becker and Usain Bolt joined PUMA Basketball's creative director Jay-Z in a star-studded opening event in August, making sure that every New Yorker was aware that PUMA is back in town.

PUMA Flagship Store Facts
Address: Fifth Avenue, Corner 49th Street
Size: 1,670 square meters
Product Areas: Accessories, Basketball, Golf, Kids, Motorsport, NYC Zone, Running/Training, Select, Sportstyle, Teamsport

IAPM MALL, SHANGHAI, CHINA

We were excited to open our store in Shanghai right before Christmas in the IAPM Mall. With a sales area of 601 square meters, the store features the best of PUMA products and a Select zone, which shoppers can access through a separate entrance. This new landmark boosts PUMA's DNA and shows off our Motorsport credentials in a one-of-a-kind F1 simulator with a personalized Shanghai track.

The location at the IAPM mall, known around the world, positions PUMA as one of the big sports and fashion brands on the Asian market.

CHONGQING, CHINA

With a total sales area of 492 square meters, PUMA opened a full-price store in Chongqing in China in December. Located in one of the busiest streets of this populous city, the store is easily recognized by its impactful façade, which elegantly displays the extended catalog of product the brand can offer to consumers.

SCALO MILANO, ITALY

In June 2019, PUMA opened a 472-square-meter store in a premium outlet village located only a short drive away from the city center of Milan, Italy. As sponsor of AC Milan, the brand has dedicated a permanent area to Teamsport, offering a wide range of customization services to the customers.

ONE TEAM PERFORMANCE

Our People

Dietmar Knoess, Global Director People & Organization

PREPARE FOR GROWTH

PEOPLE & ORGANIZATION

We focus on our employees in everything we do. In order to send this strong message of people centricity both internally and externally we have renamed the Human Resources department "People & Organization" in 2019. It is our employees who allow us to push sports and culture forward and as an organization, we have to adapt quickly to new market situations and adjust to the fundamental changes of a modern working world. As we prepare our infrastructure for further growth, we put a special focus on digitalization, and we provide a work environment that fosters agile thinking, creativity and interaction. We ensure that our employees are familiar with agile working methods and encourage them to be versatile and adaptable while we support their wellbeing by creating the conditions for a good work-life balance and encourage their personal development.

WORKDAY – CENTRAL SYSTEMS

To support PUMA's growth, we continue to work on shaping our People & Organization infrastructure through digitalization. Simplifying and aligning our processes worldwide enables us to quickly respond to changing needs.

In 2019, we reached the next level of digitalization. Our leading human capital management system "Workday," which we introduced globally in 2017, is an important part of our digital strategy. It includes the modules "recruiting," "talent and performance," "time recording and absence management" and "learning." This means that only one software solution is used for major parts of important personnel processes. In 2019, we continued to link Workday with other systems and have steadily increased the number of employees and applicants who regularly and actively use the system. Our employees benefit from a single and easy-to-use system that is fully responsive. Furthermore, the system provides global data in real time, which enables us to conduct large scale analyses and visualize this data on dashboards. The insight we gain offers a solid basis for continuous process improvement and decisions.

NEW OFFICES

We are committed to provide modern places of work for our employees all over the world. Preparing for further growth, we have rolled out an innovative global office concept for our new offices and have refurbished already existing ones. These offices offer dynamic environments to promote creativity, focus, and collaboration. Our employees can choose between the different areas and a variety of office features, depending on the type of work they are doing.

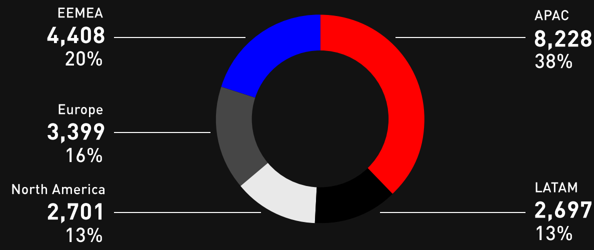
At our headquarters in Herzogenaurach, we reopened the renovated and refurbished canteen. To foster communication, the new design concept offers various areas for our employees to not only have lunch or coffee but also have meetings and conversations. Besides a new coffee bar, we set up different food stations, which provide a variety of healthy international food.

COMMUNITY ENGAGEMENT

2019 was a very successful year for community engagement at PUMA. With the support of our employees, we continued to engage with local communities through a variety of different projects all around the world. One example was the project "Mission to Seafarers," where PUMA employees in the United Arab Emirates packed and distributed essential hygiene products for struggling fishermen. The PUMA team in Vietnam built book shelves for kids who attend primary school in a province without a library. In Russia, a team of pupils from orphanages was provided with football equipment and PUMA employees hosted a football tournament for them.

Our goal was to reach a total number of hours spent on community engagement equal to our average FTE (Full Time Equivalent) per year. We encouraged all of our employees around the world to participate, and recorded projects and employee engagement on an online platform. In total, initiatives led by our subsidiaries on 5 continents contributed a total of 21,433 hours (1,783 for PUMA SE) of community engagement. Projects ranged from protecting the environment to promoting health and fitness, fighting discrimination or supporting education for children in need. Often these projects were done in cooperation with local non-profit organizations. Considering that the number of FTEs in 2019 was 13,348 (968 for PUMA SE), we far exceeded our target.

↗ G.01 COMMUNITY ENGAGEMENT 2019



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 spend their free time for different charitable projects, both local and international, supporting long-term collaborations as well as short-term work for good causes.

CULTURE

DIVERSITY & EQUALITY

Diversity & Equality are the most important ingredients for PUMA's growth. Diverse teams with different skill sets and backgrounds are the most successful resource when it comes to creative thinking, decision making and driving innovation forward. They ensure that we design and develop products that meet the requirements of our consumers around the world. The people working together at our global headquarters in Herzogenaurach come from 70 different nations. PUMA's unique company culture reflects, embraces and respects the individuality of every single employee by giving the opportunity to everybody to achieve their full potential.

To ensure a fair work environment and equal opportunities for all PUMA employees, regardless of their gender, nationality, ethnicity, religion, disability, age or sexual orientation, we committed ourselves to the PUMA Code of Ethics (2005) and to our Diversity Charter (2010).

A well-balanced gender distribution across all locations is one of our strengths. The male to female ratio is 51 percent to 49 percent. This ratio has been stable over the past years, proving that we provide an equally attractive work environment for all genders.

At PUMA, our goal is to achieve gender balance at all management levels. We continue our efforts to raise the proportion of women in leadership positions. In order to empower women, we offer specific training and access to inspirational networks. The interaction with experienced female executives should encourage our female employees to aim for leadership positions in our organization. In 2019, 41% of management positions across the group were held by women.

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

Region	2015	2016	2017	2018	**2019**
EUROPE	30	30	31	31	35
EEMEA	39	40	38	43	42
North America	42	45	46	48	50
LATAM	33	34	35	38	38
APAC	42	43	41	44	43
Total	**37**	**38**	**38**	**40**	**41**

We have already reached our target to have at least 30% of women on the Supervisory Board and 20% on the Management Board. We are on track to reach our ambitious targets to have 30% of women at the first management level below the Management Board and 40% of women at the second management levels below the Management Board, both until October 2021.

For 2020, PUMA's ambitions regarding diversity and equality were recognized by the Financial Times with the "Leader in Diversity" award for Europe.

WELLBEING

We invest in a range of services and benefits to improve the health and wellbeing of our employees. We believe that employees are more motivated and perform better if they feel well and keep a healthy work-life balance. Our Wellbeing concept was started at our headquarters in Herzogenaurach and was adapted to local needs and regulations elsewhere. Today, it plays an important part at all our PUMA subsidiaries globally.

Our wellbeing program includes four components: flex, athlete, finance and social.

As a sports company, we of course offer a wide range of sports and workout opportunities, such as regular internal sports classes, sports events, free gym access and our different outdoor courts for football, volleyball and basketball. Our courses range from meditation and yoga, to TRX and HIIT. For employees at our headquarters, we offered 34 events and 23 weekly sports courses in 2019, with a total of 1,478 registrations. Through regular "Be Well Weeks," we promote a healthy lifestyle, covering a variety of topics such as nutrition, health checks and information about the latest trends in exercise and sport.

FLEXIBLE WORKING CONDITIONS

Being committed to our people's wellbeing, we offer great working conditions which are rooted in our unique culture. To enable our employees to balance their professional and private lives, we have different models such as flexible working hours, mobile office, part time work and sabbaticals. Our employees can choose from these models at different stages in their careers. Offering a parent-child-office, day care spots and summer camps for children during school breaks, our headquarters in Herzogenaurach was awarded the German "Audit Beruf & Familie" (audit job and family) certificate. Special treats for our PUMA kids included the "BVB Kids Football Camp 2019" which was conducted by professional coaches of German football club Borussia Dortmund as well as a "digital day" held during the summer camp. The latter was supported by German organization Haba "Digitalwerkstatt," which teaches digital skills to kids.

Our goal is to minimize the number of employee-initiated exits and to keep the percentage of employees in permanent employment above 80%. In 2019, 87% of our employees worldwide had a permanent contract and the employment of over 34% 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 25% (9% for non-retail employees and 42% for retail employees). The percentage of employees working part-time was 22% at the end of 2019.

↗ T.02 EMPLOYMENT CONTRACTS (PERMANENT / TEMPORARY)

	Permanent				Temporary			
	Total	Female	Male	Diverse	Total	Female	Male	Diverse
EUROPE	3,130	1,571	1,559	0	535	291	244	0
LATAM	1,699	590	1,109	0	162	72	90	0
North America	2,445	1,313	1,131	1	688	353	335	0
EEMEA	3,408	1,311	2,097	0	217	120	97	0
APAC	3,606	2,128	1,478	0	524	323	201	0
Total	**14,288**	**6,913**	**7,374**	**1**	**2,126**	**1,159**	**967**	**0**

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

Employment contracts	Female	Male	Diverse	**Total**
Full-time	46	54	0	**100**
Part-time	59	41	0	**100**

OCCUPATIONAL HEALTH AND SAFETY

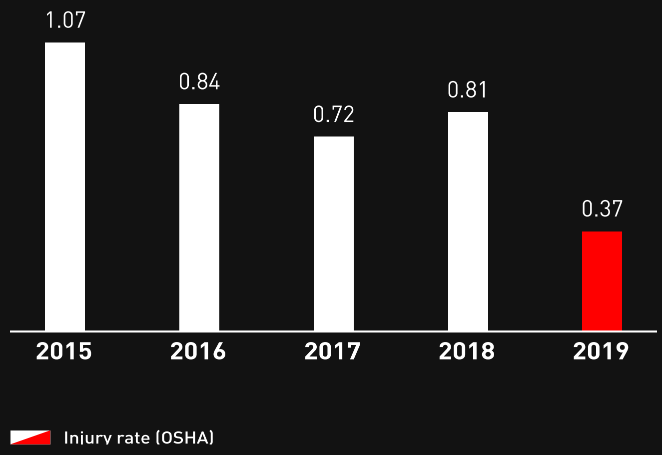
We strive to keep our people healthy and safe by providing a work environment in which health and safety issues are taken seriously. Our goal is to constantly reduce the average injury rate. In 2019, we aimed to stay below an injury rate of 1.0 (OSHA). We conduct safety-related training courses all over the world, including online training programs, to prepare employees for potential emergency situations and reduce the number of accidents.

We provided a total of 15,665 hours of safety training in 2019. In the past year, 6,454 employees were trained in fire evacuation and 2,402 in first aid. The overall number of safety training hours increased 30% compared to the previous year, demonstrating PUMA's continued focus on this issue.

Worldwide, only 57 occupational accidents which required work to be stopped were recorded in 2019. This is a decline of 43.7% compared to the previous year and continues the positive trend seen in recent years. According to the Occupational Safety and Health Administration (OSHA), this corresponds to an injury rate of 0.37 compared to 0.81 in 2018, meaning we did not only meet the target we set ourselves in 2019, but also sharply improved our performance. The (OSHA) injury rate for PUMA SE stood at 0.22 and was at 0.90 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 1.55 % in 2019. The rate of occupational diseases is zero.

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



FEEDBACK TO PERFORM

Feedback from inside and outside PUMA is very important to us. It shows if we are moving in the right direction and it helps us to constantly improve. This way, we are able to regularly compare ourselves with other companies and receive valuable insight from our employees.

EMPLOYEE OPINION SURVEY

In the past year, we conducted a global employee survey with the assistance of the external provider Willis Towers Watson, to get feedback from our employees and involve them in shaping their work environment. More than 9,750 employees participated and used the opportunity to share their opinion on their workplace and work life. We are proud of the result of 91% employee engagement and appreciate the high level of commitment of our employees and their loyalty to the brand. Coming from 67% in our last survey this is a great improvement. The results were communicated on a global, local and departmental level, and necessary improvement measures were defined.

We encourage our employees to give constant feedback and one way is through the external rating platform Glassdoor.

AWARDS

We are especially proud that our offices in Europe, including UK, Spain, Italy, France and Germany, were audited and received the European Top Employer award, participating the first time. With its certification, the Top Employer institute recognized PUMA's efforts to provide an outstanding culture and work environment.

During 2019, PUMA also received several other awards for its outstanding work culture and for embracing diversity.

PERSONAL JOURNEY

PEOPLE CONNECTION & ATTRACTION

To support our company strategy and to ensure the success of our business, we focus on connecting with potential candidates, attracting the right people and developing our talents. With an integrated talent management approach, we foster a performance-learning and performance-driven culture at PUMA. We systematically evaluate all employees, develop them based on their needs, identify talents and prepare them for driving the future success of PUMA.

We conduct talent conferences globally every year to assess the entire PUMA workforce, including all levels of management. Employees are evaluated on criteria such as individual performance and competencies, potential, ambition, career progression and mobility. The targeted analysis of our employees' profiles allows us to not only prepare individual development plans, but also to match internal talent with vacancies. This helps us to find potential successors within the company and to foresee and to address the future competency needs of our organization.

We can only drive our mission to become the fastest sports brand in the world and ensure PUMA's long-term success with the right people. This becomes particularly important in a constantly changing and increasingly complex environment. Therefore, it is crucial that we are perceived as a top employer 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. Extensive networks of qualified applicants and up-to-date candidate pools help us to quickly fill vacancies.

DEVELOPMENT

We believe in nurturing talent within and therefore we are committed to promote the professional and personal development of all our employees. By doing so, we also ensure that our people have the necessary expertise to guarantee continuous growth and market competence. Life-long learning is a necessity, particularly in times of a rapidly changing world. Considering the 70-20-10-rule, learning is optimized when it is done 70% on the job, 20% learning from others and 10% training and self-study. We offer a large number of online and offline training courses and workshops that are standardized or tailored to individual needs. Fostering self-directed learning, we provide a state-of-the-art learning infrastructure integrated in the Human Capital Management System Workday for internal and external training courses. Furthermore, our employees have the possibility to create their own content and share it with other PUMA employees. Ensuring that everyone has access everywhere and at all times, Workday Learning is available on all mobile devices. In 2019, 15,827 employees worldwide participated in training courses and workshops with a total of 199,496 hours.

To prepare and motivate our staff for digital change, we have started to train employees to become "agile coaches." These coaches apply agile working methods, pass on their knowledge to other colleagues on site, have the right mindset, and are also available as experts on the subject. In addition to the management content already available in the ILP (International Leadership Program), we send our staff on external and internal training courses to learn agile methods such as Scrum, Design Thinking and KanBan. The high level of interest and steadily increasing numbers of staff attending these courses show that we are moving in the right direction.

LEADERSHIP TRAINING ILP/ ILP²

Our PUMA leaders play an important role in fulfilling our mission to become forever faster. We are only able to reach our goals through their commitment and passion. They are responsible for driving and shaping our PUMA working culture and our success depends on their skills and leadership expertise. That is why we defined a set of leadership competencies, which is necessary to successfully lead a team in an increasingly complex and volatile work environment. To equip our staff with such competencies and ensure a common understanding of leadership throughout the organization, we designed the International Leadership Program (ILP & ILP²). PUMA leaders receive intensive training and coaching, including interactive learning, roleplay simulations and best practice learning, as well as joint projects. Areas of focus are in particular mindful leadership and agile working methods. The program consists of different modules, providing leaders with the opportunity to apply the newly acquired knowledge in between seminars.

SPEED UP/SPEED UP^2

Accelerating the progress of our employees is essential for organizational success. Driving that ambition, two selective development programs, Speed Up and Speed Up^2, are designed to unlock the potential of our talents. To prepare them for the next steps in their career, we provide an intense curriculum, including cross-functional projects and tasks, coaching, mentoring, and job swaps as well as targeted training courses. Participants also benefit from exposure to top management and establish strong networks globally.

FUTURE CHAMPIONS

We are constantly looking for future talent we can develop successfully and pass on the relevant skills to take over challenging roles within the PUMA Group. A varied range of initiatives at universities, both locally and internationally, gives us the opportunity to approach potential employees and identify suitable candidates. Within a global work environment, we provide various options for graduates taking their first career step.

In 2019, ten dual-program students and trainees joined the PUMA Headquarters in Herzogenaurach. In total, PUMA had 42 apprentices and dual-program students by the end of 2019, majoring in a range of subjects, from International Business to IT. Another way of getting to know PUMA is an internship for students, in which they are given the opportunity to gain 6 months of work experience.

ONE PLANET PERFORMANCE

Sustainability

Anne-Laure Descours, Chief Sourcing Officer (CSO)

INTRODUCTION

In 2019, we completed our 10FOR20 sustainability strategy and reached our targets one year ahead of schedule. At the same time, we finalized the new 10-FOR25 sustainability targets in collaboration with our major stakeholders.

Throughout the sustainability section of this Annual Report, we will list our most material sustainability topics and the approach we took to manage these. We will also discuss the key performance indicators we set, and the results achieved for each individual target area.

Overall, we made good progress and achieved the majority of key performance indicators (KPIs) we had set in nine out of ten target areas. The performance in one target area (Water & Air) remained below expectations. Since we still firmly believe that we need close control over the emissions to air and water of our suppliers, we will carry the targets for this area forward into our new targets for 2025.

The concept of sustainability in itself is a long-term journey and much remains to be done, both within our industry and our company, to achieve a truly sustainable business model and conduct. In our support of the United Nations Sustainable Development Goals and tackling the Climate Crisis, we are happy to report that we have hit all four of our bonus-relevant sustainability targets related to Climate Action, Human Rights, and Health & Safety as well as Anti-Corruption.

Special highlights of the year 2019 were

- the agreement and publication of a Science Based Carbon Emission Target paired with
- a significant reduction of greenhouse gas emissions by purchasing renewable energy and renewable energy attribute certificates;
- the re-accreditation of our social compliance program by the Fair Labor Association;
- achieving zero fatal accidents at PUMA and its finished goods suppliers for the second year in a row;
- surveying more than 20,000 workers at suppliers for working conditions via a mobile app;
- an increase in the pass rate of our material tests for chemicals to 98.9% and wastewater tests at suppliers with wet-processing for chemical parameters to 94% and above;
- an increase in community hours donated by PUMA staff globally;
- the elimination of recruitment fees for migrant workers within our Tier 1 supplier base;
- the launch of our Forever Better product sustainability platform;
- increasing the usage of more sustainable cotton from Better Cotton Initiative (BCI) to over 80%; and
- increasing the usage of certified polyester (bluesign® & OEKO-TEX) to over 90%.

"WE WANT TO EMBED SUSTAINABILITY INTO ALL OF OUR PRODUCTS." – FOREWORD ANNE-LAURE DESCOURS, CSO

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

One of the lasting memories of 2019 will be the image of young people taking over the streets to protest the inaction of governments and the industry in the face of climate change. As a company which counts many of these young people among its customers, PUMA cannot idly sit by and do nothing. While we recognize that many problems our industry faces require industrywide solutions, PUMA has made good progress on its sustainability commitments in 2019. Of the ten target areas we set ourselves in 2015 as 10FOR20 Targets we achieved good progress in nine areas, and we will increase our level of ambition in the next cycle until 2025, for example by adding targets on more sustainable products, biodiversity and fair wages as well as protecting the ocean from plastic pollution.

This includes setting a science-based target for our CO_2 emissions for the first time. In short, PUMA will reduce its carbon emissions by the amount that scientists say is necessary to keep climate change within the boundaries set out by the Paris Agreement. We believe that one-off sustainable collections are good for reporting purposes but do little to improve the environmental footprint of the company as a whole. That is why we sharply ramped up the use of more sustainable materials, such as Better Cotton and bluesign®-certified polyester in all of our products. As the materials used for our products define more than half of the environmental footprint, this is how we can make an impact at scale, and our customers can rest assured that we are working on improving our sustainability performance throughout our product range.

Beyond the environmental aspects of our sustainability strategy, we have also made progress in improving the working conditions at our suppliers, for example by phasing out recruitment fees for migrant workers at our finished goods manufacturers. In this context, we are encouraged that our social compliance program for PUMA's vendors and suppliers was once again approved by the Fair Labor Association, of which we have been a member since 2004.

It is not enough to ask our suppliers to treat their workers well, we also have to set the right economic conditions. In 2019, we implemented new standards on how we as a company should treat our manufacturing partners so they can make the improvements of working conditions happen.

To share product-centric and consumer-facing information in a more accessible way, we have partnered with sustainability communication experts Futerra and launched Forever Better, a consumer-oriented website which highlights our sustainability efforts (https://about.puma.com/en/forever-better).

There is still work to be done on our way towards becoming a more sustainable company, be it on climate action, a more circular business model or full supply chain transparency. For the challenges we cannot tackle on our own, we continue to work with our industry peers and suppliers. The latest example of such an industry-wide approach is the "Fashion Pact" initiated by the French government, of which PUMA is a part.

Through such initiatives we can shape a more sustainable future and make sure that our products can also be enjoyed by the next generations of athletes.

PUMA SUSTAINABILITY STRATEGY 10FOR20

Our 10FOR20 sustainability strategy aims to create maximum positive impact. This holds true for our products, as well as for working conditions at PUMA and its supply chain, and the communities around us. We don't want to grab quick headlines with niche sustainability collections, although such collections can help to create consumer awareness. Rather, we want to deeply integrate sustainability into all core business functions and all PUMA products. This way our sustainability strategy is integrated with our overall company strategy and our sustainability efforts are much more authentic.

STAKEHOLDER DIALOGUE (10FOR20 TARGET AREA 1)

Target Description:
Continue and expand PUMAs Stakeholder Dialogue and Public Non-Financial Reporting in accordance with global standards; increase sustainability communication towards consumers.

Relates to United Nations Sustainable Development Goal 17.

17 PARTNERSHIPS FOR THE GOALS

Example from the 10FOR20 Action Plan:

- Conduct a global stakeholder meeting
- Conduct regional stakeholder meetings in all key sourcing regions

KPIs:

- Thematic and regional coverage of partnership initiatives
- Percentage of suppliers reached via round table meetings
- Publicly report on PUMA's sustainability performance
- Inform consumers on PUMA's sustainability initiatives

Ever since our first global Stakeholder Meeting in 2003, we aim to align our sustainability program and actions with the expectations of our most relevant stakeholders. Therefore, we are constantly talking to our investors, suppliers, customers, consumers, athletes, industry peers, NGOs, scientists and of course our biggest asset, our employees.

For us, a stakeholder dialogue means not shying away from inconvenient topics and admitting that we cannot solve everything on our own. It means working on these topics in close collaboration with experts and our industry peers and, of course, always in line with anti-trust regulations.

For the first time in 2019, we invited more than 50 relevant stakeholders to our PUMA headquarters in Herzogenaurach. This way we shared the PUMA spirit with our guests, while at the same time allowing our top management (including our CEO and CSO) to participate on both days.

↗ PARTICIPANTS OF THE STAKEHOLDER MEETING 2019

We focused our discussion on the hot topics of climate change, living wages, plastics and oceans as well as circularity, and used the feedback provided during the event to sharpen our 10FOR25 targets. As an immediate outcome of the meeting, we agreed to align our Climate Action Target to a 1.5 Degree Scenario and increased our recycled polyester target from a proposed 25% to 75% until 2025. For a more detailed description of the results, please refer to section 8 (Summary and Outlook).

We also conducted supplier round tables in all major sourcing regions (China, Vietnam & Cambodia, Bangladesh, Indonesia, India, Europe & Africa, and Latin America), reaching almost 600 supplier participants. This way we can openly discuss our sustainability vision with our manufacturing partners and ensure their buy-in for our individual sustainability programs.

We have been transparent about our sustainability efforts ever since we published our first sustainability report in 2003. We continue to inform the public in our annual report as well as on our corporate website (https://about.puma.com/en/sustainability).

Our new consumer-facing Forever Better website will be updated frequently with product-related sustainability information. It will also highlight collections with a special sustainability focus, such as the First Mile Collection, which uses recycled polyester, and the Day Zero Collection, which uses water saving technologies.

To improve the sustainability performance of the materials used in our products, we are working together with a number of partners such as bluesign Technologies, the Leather Working Group, the Better Cotton Initiative, the Forest Stewardship Council, and Sustainable Apparel Coalition as well as Textile Exchange. Overall, our global sustainability initiatives are supported by regional partnerships with organizations such as the Bangladesh Accord on Fire and Building Safety, the Indonesia Protocol on Freedom of Association, the Chinese National Textile and Apparel Council and the German Partnership for Sustainable Textiles. Another example of local action would be our work with UNICEF to support water and hygiene standards in South Africa. Lastly, we are active members of the World Federation of the Sporting Goods Industry as well as the European Sporting Goods Industry Federation.

↗ G.01 MATRIX OF KEY PARTNERSHIP INITIATIVES

Social Compliance	Human Rights	Chemicals	Materials	Climate Change	Health and Safety	Water and Air	Governance
ILO Better Work (Bangladesh, Cambodia, Vietnam)	Right to Play	ZDHC	Textile Exchange	United Nations Climate (UNFCCC)	Bangladesh Accord	ZDHC	UN Global Compact (Germany)
FLA	UN Global Compact (Germany)	AFIRM	BCI	CDP	Cambodia Road Safety Program	SAC	
Fair Wage Network (Bangladesh, Cambodia)	Soccer Aid (UK)	FESI	BLUESIGN Technologies	Stiftung 2 Grad (Germany)		IPE (China)	
SLCP			Leather Working Group	IFC (Bangladesch, Vietnam)		UNICEF (South Africa)	
				Apparel Impact Institute (China & Taiwan)			

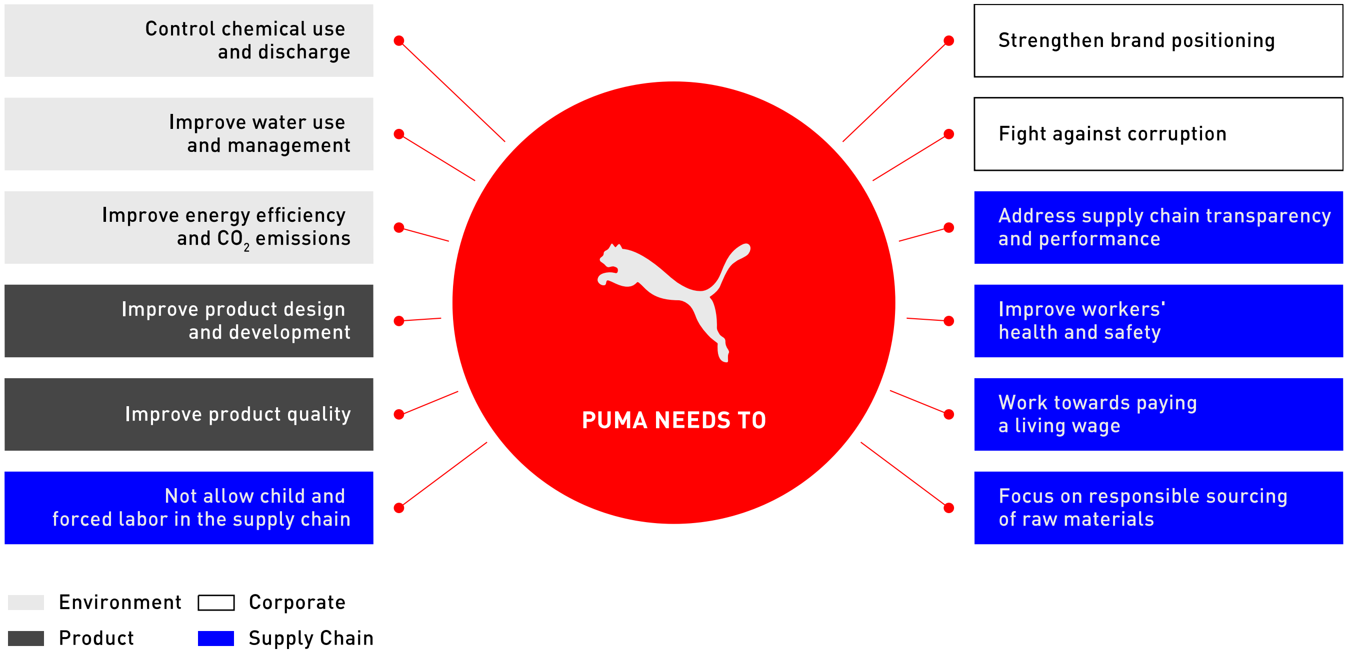
global local

AFIRM: Apparel and Footwear International RSL Management, BCI: Better Cotton Initiative, CDP: Carbon Disclosure Project, FESI: Federation of the European Sporting Goods Industry, FLA: Fair Labor Association, IFC: International Finance Corporation, ILO: International Labor Organization, IPE: Institute of Public and Environmental Affairs, SLCP: Social and Labor Convergence Program, ZDHC: Zero Discharge of Hazardous Chemicals

MOST MATERIAL ASPECTS

The most material aspects and targets for the 10FOR20 target period remained unchanged and are displayed in figures 1 and 2 below.

↗ G.02 MOST MATERIAL ASPECTS



G.03 10FOR20 TARGETS

Social Compliance
(Relates to SDG 3, 5, 8 and 10)

Compliance with industry standards/ ILO Core Conventions for all key suppliers, including suppliers of finished goods, components, and materials

Stakeholder Engagement
(Relates to SDG 17)

Stakeholder dialogue; Public reporting (GRI); Consumer information

Governance
(Relates to SDG 8 and 16)

Maintain and run a state of the art Compliance Management System (incl. anti-corruption measures)

Environmental P&L
(Relates to SDG 7 and 12)

Continue to report yearly on our environmental impact

Human Rights
(Relates to SDG 3, 4, 5 and 10)

Embed Human Rights across our operations and suppliers. Positively impact the communities where PUMA is present

PUMA SUSTAINABILITY STRATEGY 10FOR20

Water & Air
(Relates to SDG 6)

Industry Good Practice for effluent treatment and air emissions are met by 90% of PUMA key suppliers or responsible for significant air emissions

Health & Safety
(Relates to SDG 3)

Zero fatal accidents; Injury rate below industry average

Climate
(Relates to SDG 13)

Science-based CO_2 reduction target to be developed (2016) and implemented (2020)

Chemicals
(Relates to SDG 3 and 6)

Zero Discharge of Hazardous Chemicals from our supply chain

Materials
(Relates to SDG 12 and 15)

More sustainable alternatives used for our key materials (cotton, polyester, leather, cardboard, PU)

* SDGs: Sustainable Development Goals from the United Nations.

↗ T.01 PUMA 10FOR20 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

Target	Baseline 2015	Performance 2019	Planned Action 2020	Target 2020	Status
01 **Stakeholder Engagement**	Talks at Banz; Supplier Round Tables	Global Stakeholder Meeting at Headquarters; Regional Supplier Round Tables with 590 participants; Forever Better Website launched.	Stakeholder Dialogue Meetings, Supplier Round Tables and Public Reporting will be continued. Consumer outreach will be intensified.	Stakeholder dialogue, public reporting, consumer information	Achieved
02 **Human Rights**	Human Rights Screening	Human Rights Assessments carried out for PUMA and supply chain; Recruitment Fees eliminated from T1 suppliers; 21,433 community engagement hours;	Continue implementation of Human Rights policies; focus on elimination of recruitment fees for T2 suppliers, carry out an analysis on conflict minerals.	Embed Human Rights across our operations and suppliers. Positively impact communities where PUMA is present.	Achieved, target area will be moved to 2025 targets
03 **Social Compliance**	All Tier 1 suppliers frequently audited; Workers complaints received and progressed	All Tier 1 suppliers and core T2 suppliers frequently audited; Amount of Zero Tolerance Issues prevailing at year end: 0 Joint industry assessment tool (SLCP) rolled out in China Percentage of shared audits: 43%	No Zero Tolerance Issues prevailing at year end Implement joint industry assessment tool (SLCP) Increase percentage of shared audits to 50%	Compliance with industry standards/ILO Core Conventions for all core suppliers, including suppliers of finished goods as well as component and material suppliers.	Achieved. Target will be merged with Human Rights going forward

BCI: Better Cotton Initiative, EP&L: Environmental Profit and Loss, FSC: Forest Stewardship Council, ILO: International Labor Organization, LWG: Leather Working Group, MRSL: Manufacturing Restricted Substance List, OHS: Occupational Health and Safety, PFCs: Polyfluorinated Chemicals, PU: Polyurethane, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substance List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Program, VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals.

Target	Baseline 2015	Performance 2019	Planned Action 2020	Target 2020	Status
04 **Climate Change**	Science-Based Target (SBT) development announced	Science based target accepted and published: Scope 1 and 2: -35% Scope 3: -60% relative to sales Coverage of 75% of all electricity used by renewable energy tariffs or certificates. PUMA (Scope 1&2) Scope 1: -8.6% Scope 2: -5.5% Scope 2 (RECs) - 47.9% Combined: -38.5% (absolute) Suppliers (Scope 3): -4.9% increase relative to sales	Coverage of 90% of all electricity used globally by renewable energy tariffs or renewable energy certificates. Offset remaining Scope 1 and 2 emissions. Focus on savings for Scope 3 emissions (supply chain)	Science based reduction target to be developed and implemented	Achieved for Scope 1&2. Scope 3 work in progress. Target will be moved to 10FOR25 targets
05 **Chemicals**	Commitment to Zero Discharge of Hazardous Chemicals	RSL compliance rate of 98.9% Wastewater tests from core suppliers show 94% compliance on individual chemical parameters PFCs eliminated from PUMA products VOC Index below 16g/pair	Keep RSL compliance rate over 98% Improve wastewater compliance rate on individual chemical parameters above 95% Reduce VOC consumption per pair of shoes below 15g/pair	Zero discharge of hazardous chemicals from our supply chain.	Phase out of intentional use of hazardous chemicals (ZDHC MRSL and PFCs) achieved. Target will be moved to 10FOR25 Targets

BCI: Better Cotton Initiative, EP&L: Environmental Profit and Loss, FSC: Forest Stewardship Council, ILO: International Labor Organization, LWG: Leather Working Group, MRSL: Manufacturing Restricted Substance List, OHS: Occupational Health and Safety, PFCs: Polyfluorinated Chemicals, PU: Polyurethane, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substance List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Program, VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals.

Target	Baseline 2015	Performance 2019	Planned Action 2020	Target 2020	Status
06 Water & Air	Start of wastewater testing and publication	Bi-Annual Wastewater Tests established at all core suppliers with Wet-processing. Compliance rate of conventional parameters above 90% for 16 out of 17 parameters. First draft of ZDHC Air Emissions Guideline available	Improve compliance rate of conventional wastewater parameters to above 90% for all parameters Pilot Draft ZDHC Air Emissions Guideline	Industry good practice on water treatment and air emissions are met by 90% of PUMA core suppliers	Target not yet achieved. Will be carried to the new 10FOR25 Targets
07 Materials	bluesign (polyester), Leather Working Group (leather), and FSC (paper & cardboard) certification used in significant volumes	Apparel: Cotton BCI 80% Polyester: bluesign & OEKO-TEX: 98% Responsible Down: 100% Footwear: Leather: LWG: 98% Cardboard & Paper: FSC/Recycled: 100% Accessories: Polyester: bluesign& OEKO-TEX >99%	BCI >90% FSC/Recycled >90% LWG >90% bluesign&OEKO-TEX > 90% Responsible Down 100%	More sustainable materials used for our key materials; FSC 90% LWG 90% bluesign 50% BCI 50%	Original 2020 Targets already achieved in 2018. 2020 Target for cotton and polyester upgraded to 90% Targets will be merged into a more sustainable products target
08 EP&L	Kering Group EP&L published (including PUMA figures)	PUMA EP&L 2018 published; Reduction per unit of turnover from 2013 to 2018 of 13.6%	Keep publishing EP&L values, Keep reducing the value per unit of turnover	Continue to report yearly on our impact; PUMA EP&L value significantly reduced	Target achieved. EP&L impact will be reported on PUMA website

BCI: Better Cotton Initiative, EP&L: Environmental Profit and Loss, FSC: Forest Stewardship Council, ILO: International Labor Organization, LWG: Leather Working Group, MRSL: Manufacturing Restricted Substance List, OHS: Occupational Health and Safety, PFCs: Polyfluorinated Chemicals, PU: Polyurethane, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substance List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Program, VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals.

Target	Baseline 2015	Performance 2019	Planned Action 2020	Target 2020	Status
09 **Health & Safety**	OHS part of compliance audits	Fatal Accidents PUMA: 0 Suppliers: 0 Injury Rate PUMA: 0.37 Core Suppliers: 0.5	Zero fatal accidents; Average injury rate of PUMA entities below 1	Zero fatal accidents; injury rates below industry average; Significantly reduce injury rates;	Target achieved. Will be continued as part of 10FOR25 targets
10 **Governance**	PUMA Code of Ethics training with low participation rate; Ethics training participation rate: 60%	PUMA Code of Ethics training participation rate: 99% (staff with email accounts) 97.6% of suppliers (99% of core suppliers) trained in anti-corruption Anti-corruption section included in supplier audit tool	Ensure PUMA staff (with email account) training rate remains over 95% Keep supplier training rate over 95%	Maintain and run a state-of-the-art compliance system	Target achieved. Will be part of normal Governance routine at PUMA going forward.

BCI: Better Cotton Initiative, EP&L: Environmental Profit and Loss, FSC: Forest Stewardship Council, ILO: International Labor Organization, LWG: Leather Working Group, MRSL: Manufacturing Restricted Substance List, OHS: Occupational Health and Safety, PFCs: Polyfluorinated Chemicals, PU: Polyurethane, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substance List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Program, VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals.

The 10FOR20 targets are also directly linked to the 4 significant 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 to chemical regulations during production (T1 or T2)

D. Negative effects of Climate Change

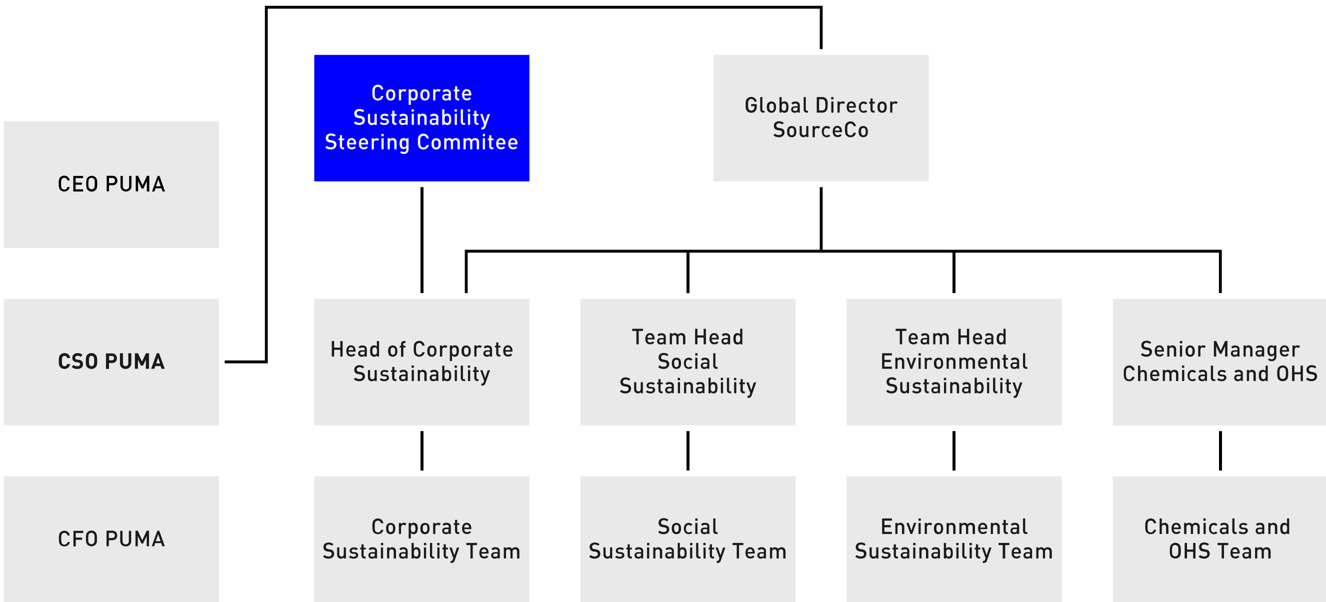
Further details on PUMAs overall risk management can be found in the risk management section on of this Annual Report.

* Manufacturers of PUMA products; T2 Manufacturers of Materials and Components

During 2019, the most material aspects for the new target period 2025 were further refined in an intensive stakeholder consultation process and are discussed in the chapter Summary and new Targets for 2025.

This 2019 Sustainability Section will still follow the 10FOR20 Methodology (figure 3), while from 2020 onwards we will use the updated 10FOR25 materiality analysis and targets.

↗ G.04 PUMA SUSTAINABILITY COMMITTEE 2019



SCOPE OF DATA COLLECTION

In this report we cover the PUMA Group. Our materiality analysis and EP&L clearly indicate that a major part of our impact originates in the manufacturing of materials and components and not in the assembly of finished goods. We therefore added our core suppliers of components and materials to the scope of our data collection.

DATA SOURCES

To ensure a high degree of transparency and to promote the sharing of environmental and social data with our industry peers, we have chosen to work with external and often public databases:

- The Fair Factories Clearinghouse to share compliance audit data with other brands.
- The wastewater platform of the Zero Discharge of Hazardous Chemicals (ZDHC) for sharing supplier data on wastewater testing.
- The Chinese NGO IPE for the publication of supplier environmental data.
- IPE's Green Supply Chain Map, which enables the public to see the environmental performance of some of our core suppliers in China.

We also collect social and environmental performance data of our company's own sites and from our core suppliers manufacturing our products.

SOCIAL ASPECTS

HUMAN RIGHTS (10FOR20 TARGET NO 2)

Target Description:
Embed Human Rights across our operations and suppliers. Positively impact the communities where PUMA is present.

Relates to United Sustainable Development Goals 3,4,5,10

Examples from the 10FOR20 Action Plan:

- Identify Human Rights hotspots in the Supply Chain
- Mitigate the Risk of Forced/Bonded Labor
- Promote Community Engagement

KPIs:

- Number of Zero Tolerance Issues prevailing at year end (shared KPI with Social Compliance)
- Number of employee hours spent on community engagement (shared KPI with HR)

PUMA's sustainability policies are aligned with the UN 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 has been a part of our first Code of Conduct in 1993 and has guided our business ethics since then. In 2019 we established a Responsible Purchasing Policy and a respective training program to ensure our sourcing practices are aligned with our Code of Conduct.

In previous years, we conducted human rights risk assessments at Corporate and Supply Chain respectively and communicated the results in our 2016 and 2017 Annual Reports. The most critical risks to human rights are forced/bonded labor in our supply chain and, at the farm level, also the risk of child labor.

To mitigate the risk of forced and bonded labor we have advised our suppliers to eliminate any recruitment fees. Such fees were previously paid by migrant workers to labor contractors for bringing them to apparel factories in Mauritius and Malaysia. We also updated our Forever Better Handbook on Social Standards accordingly and, together with other brands, succeeded in eliminating recruitment fees from our suppliers in Mauritius. In Malaysia we had only one active supplier, with whom we no longer work, so that there are no recruitment fees at our Tier 1 suppliers. There are still some challenges in the second tier of our supply chain (fabric manufacturing in Taiwan), which we are currently working on. We hope to resolve this issue by the end of 2020.

To ensure human rights are observed in cotton farming, we have joined the Better Cotton Initiative in 2015. We have since scaled up our use of BCI Cotton from zero to 80% currently. At the end of 2020 we aim increase that figure to 90% and at the latest by 2025, our target is to purchase 100% of our cotton from certified, more sustainable sources (BCI and organic cotton, recycled cotton).

Additionally, we have identified community engagement as an important vehicle to create a positive impact locally, including on Social and Human Rights causes.

Therefore, we have a community engagement program in place at PUMA. In 2019, our PUMA colleagues around the globe spent 21,433 hours in community engagement work. For more details on our community engagement program and HR programs please refer to the People@PUMA section of this report.

SOCIAL COMPLIANCE (10FOR20 TARGET NO 3)

Target Description:
Compliance with industry standards / ILO Core Conventions for all core suppliers, including suppliers of finished goods as well as component and material suppliers.

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

Examples from the 10FOR20 Action Plan:

- Align Compliance Assessments at the Industry Level
- Measure and manage social KPIs (supply chain)
- Disclose full core supplier list and audit tool

KPIs:

- Number of Zero Tolerance Issues prevailing at year end
- Percentage of worker complaints resolved

Our social compliance program dates back to 1999 and was accredited by the Fair Labor Association in 2019 for the third time. In 2019, we continued our partnerships with the Fair Labor Association, the Better Work Program of the International Labor Organization and International Finance Corporation and the Social and Labor Convergence Program (SLCP), supporting the roll out of SLCP 2019 operations in China. A total of 43 PUMA China and Taiwan core T1 and T2 suppliers completed SLCP assessments.

Duplicate audits by numerous brands can create an administrative burden on a single vendor and be an inefficient use of resources. That is why we heightened our collaborative efforts in this area to increase the percentage of shared audits with other companies from 39% to 43% of PUMA suppliers. This is how we aim to reduce costs and resources and maximize the efficiency of how we monitor our collective supply chain as an industry.

In total, we conducted 475 audits in 418 factories with 94% of our Tier 1 vendors earning a passing grade. Six percent of T1 suppliers failed to meet our requirements. If this happened to an active PUMA supplier, we worked with these partners to improve the situation. 62% of those receiving a second audit received passing grades. Nine factories could not sufficiently improve their performance and were consequently removed from our active supplier factory base. Those that applied to be suppliers but failed their first audits were not admitted.

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

↗ T.02 AUDIT RESULTS 2017-2019

Factory audits	2019			2018		2017	
	T1	T2	Warehouses	T1	T2	T1	T2
A (Pass)	107	10	0	82	15	87	13
B+ (Pass)	126	17	1	148	29	122	27
B- (Pass)	121	10	0	128	42	118	34
C (Fail)	19	2	1	17	7	18	3
D (Fail)	4	0	0	5	0	9	1
Total	377	39	2	380	93	354	78
			418		473		432
Pass/Fail %	94/6	95/5	50/50	94/6	91/9	92/8	95/5

Beyond auditing, we track social key performance indicators such as average payments vs. minimum wage payments, overtime hours or coverage by collective bargaining agreements.

Table 3 confirms that a majority of our core suppliers pay basic wages clearly above the minimum wage, on average 17.6%. Adding overtime and bonus payments, this figure increases to 73.1%, a slight reduction from previous years which can be attributed to increases in minimum wage figures. Social insurance coverage remains above 90% and the percentage of permanent workers is getting close to 70%.

↗ T.03 SOCIAL KPIS PUMA CORE SUPPLIERS 2017-2019

2019	LATIN AMERICA	SOUTH ASIA			EAST AND SOUTH ASIA					EMEA	2019	2018	2017
KPI	**Mexico**	**Bangladesh**	**India**	**Pakistan**	**China**	**Cambodia**	**Indonesia**	**Philippines**	**Vietnam**	**Turkey**	**Average**	**Average**	**Average**
Gross wage paid above minimum wage excluding overtime and bonuses (%)	59.1	22.9	18.5	22.1	7.6	8.6	1.6	0.0	33.6	2.4	**17.6**	20.9	26.1
Grodd wage paid above minimum wage including overtime and bonuses (%)	158.3	70.5	28.7	31.0	170.2	66.8	39.7	35.1	108.1	22.4	**73.1**	83.7	86.7
Workers covered by social insurance (%)	86.0	100.0	97.7	99.0	64.3	100.0	100.0	95.5	93.9	100.0	**93.6**	95.3	95.7
Overtime work (hours per week)	2.5	10.2	0.0	0.2	18.9	7.8	7.0	10.3	8.7	5.2	**7.1**	6.1	6.8
Workers covered by a collective bargaining agreement (%)	0.0	0.0	0.0	0.0	94.4	28.2	33.3	0.0	98.4	0.0	**25.4**	26.7	21.5
Female workers (%)	49.8	42.7	47.3	8.9	64.0	84.3	88.8	69.0	80.4	59.0	**59.4**	56.0	59.3
Permanent workers (%)	14.6	100.0	100.0	100.0	25.5	30.9	97.9	68.5	53.3	100.0	**69.1**	68.0	63.6
Annual Turnover Rate (%)	61.0	33.4	6.6	20.8	63.0	43.3	17.2	64.8	40.0	32.2	**38.2**	36.8	40.3
Injury Rate(%)	0.2	0.3	0.0	0.0	0.5	0.5	0.2	2.7	0.3	0.3	**0.5**	0.6	0.4
No. Of suppliers											**59**	50	59

* Data received from 59 PUMA core suppliers representing 82% of 2019 production volume; reporting period for data collection: November 2018 – October 2019

We operate a PUMA worker compliance hotline. Phone numbers and email addresses of this hotline are visible on our Code of Conduct posters, which are displayed at every PUMA supplier globally. We also use social media such as WeChat to connect with workers and have established more formalized compliance and HR apps at selected core suppliers.

In total, 61 complaint issues across 7 countries were raised to PUMA's feedback system, 39% more than in the previous year. 100% were resolved by our team. In India we broke through the zero-complaints threshold, with one worker reaching out to PUMA about a compensation issue.

We also received 11 third-party complaints from external organizations related to PUMA manufacturing partners. The third-party complaints focused on freedom of association, fair compensation and discrimination. All 11 third-party complaints were resolved by year end.

↗ T.04 WORKER COMPLAINTS 2017 - 2019

Worker Complaints	2019	2018	2017
Total received	70	55	81
Total Confirmed	61	44	74
Resolved	61	44	70
Not Resolved	0	0	4
Resolution Rate (in %)	**100**	100	95

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

As the name implies, zero tolerance issues lead to the immediate failure of an audit. In case of a new factory, this factory will not be allowed to produce PUMA goods. For an existing factory, zero tolerance issues must be remedied immediately. This includes a root-cause analysis and preventive action must be taken to avoid the issue from reoccurring in the future. As a last resort, business relationships will be terminated if the factory is not cooperating. Other issues are also followed up by our compliance team.

During 2019 we identified 3 zero tolerance issues and were able to remedy all of them.

↗ T.05 ZERO TOLERANCE ISSUES (ZTIS) FOR THE LAST 3 YEARS

Country	2019	2018	2017	Grand Total
Cambodia		1		**1**
China	1	1		**2**
Indonesia	1	1	1	**3**
Vietnam	1	2	2	**5**
Grand Total	**3**	**5**	**3**	**11**

Moving from auditing to remediation and capacity building in our supply chain, we have set up capability-building initiatives to make suppliers more resilient and self-sufficient. To improve HR management skills and educate HR managerial team members, human resource management workshops were launched at 10 PUMA footwear suppliers in China.

↗ CAPACITY BUILDING ON FAIR WAGES

In 2018 and 2019, PUMA moved to an operational phase on wage issues. With the support of the Fair Wage Network, it carried out a series of fair wage assessments at its core suppliers in Bangladesh and Cambodia. Some of them were certified by the Fair Wage scheme, based on their performance across 12 fair wage dimensions. A number of its other suppliers operating in those two countries will implement a remediation phase to improve their pay practices.
PUMA's aim for 2025 is to expand this assessment and remediation exercise to suppliers from other countries. This should lead to fairer and also more efficient pay practices.

DANIEL VAUGHAN-WHITEHEAD
Fair Wage Network
Co-Founder and Chair

ENVIRONMENT

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

We conducted 19 energy efficiency audits last year at our own entities, following up on a first audit cycle in 2015. These audits, which are compulsory in the European Union, help us identify energy saving opportunities at our offices, stores and warehouses, which we can then roll out on a global basis.

As far as our suppliers are concerned, our PUMA compliance audits (as described in the Social Compliance Section of this report) contain a dedicated section on environmental and chemical compliance. During each audit, we check, for example, environmental permits, waste management and effluent treatment plants.

In addition, we continued to ask all of our Core Suppliers to complete the Environmental Facilities Module of the Sustainable Apparel Coalition. 127 of those assessments were externally verified in 2019, which equates to an onsite environmental audit. This figure is complemented by audits which our suppliers undergo frequently to obtain environmental certifications such as from bluesign®, OEKO-TEX, GOTS, GRS or the Leather Working Group.

CLIMATE CHANGE (10FOR20 TARGET NO. 4)

Target Description:
Science based CO_2 reduction target to be developed (2016) and implemented (2020).

Relates to United Nations Sustainable Development Goal 13

13 CLIMATE ACTION

Interim Target:
Relative reduction of Scope 1,2 and 3 CO_2 emissions by 3% per year

Examples for the 10FOR20 Action Plan:

- Work with Industry Peers on Climate Action
- Extend large scale climate change projects in supply chain

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)

During the UN Climate Conference in Paris 2015, PUMA agreed to set a science-based CO_2 emissions target. After two attempts in 2017 and 2018, and the formation of the Fashion Industry Charter on Climate Action in 2018, we finally agreed our Science Based CO_2 Emissions Target with the Science Based Target Coalition in 2019 and published the target in June.

The year 2019 also saw the formation of 7 working groups as part of the Fashion Charter on Climate Action. PUMA is active in 5 of those working group and chairs the Steering Committee of the Charter. PUMA also co-chairs the Working Group on Sector Decarbonization.

https://unfccc.int/climate-action/sectoral-engagement/global-climate-action-in-fashion/about-the-fashion-industry-charter-for-climate-action

↗ ABOUT THE FASHION INDUSTRY CHARTER FOR CLIMATE ACTION

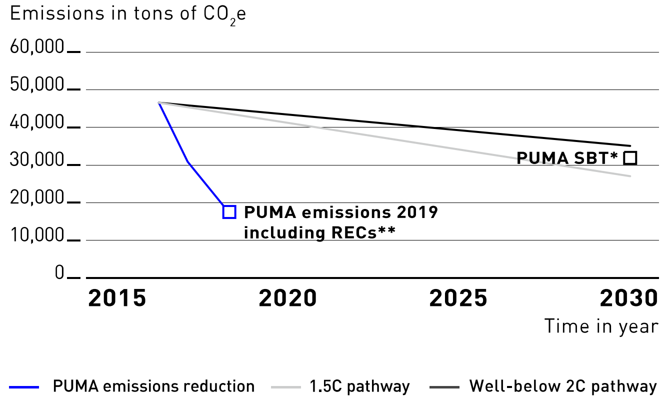
On a global stage, PUMA has played an instrumental role in creating the UN-convened Fashion Industry Charter for Climate Action and in mobilizing its suppliers, peers and partners in the industry and beyond to join his industry-wide collaboration platform on climate. As a founding signatory, PUMA continues to play a key role by chairing the Steering Committee of the Fashion Charter and is actively engaged in supporting working groups focused on decarbonization, manufacturing/energy and financial tools. We look forward to working with PUMA going forward as it aligns its climate targets with science (1.5 degree temperature goal) and together with other signatories of the charter continue to push for more ambitious, rapid, robust and credible processes to get there.

LINDITA XHAVERI-SALIHU
Sectors Engagement Lead UN Climate Change, Global Climate Action

We combined our SBT agreement with an increased effort to support the use of renewable electricity by purchasing Renewable Energy Attribute Certificates (RECs) for those 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 retrospectively and increased that figure to 75% in 2019.

In this way, we managed to lower our combined Scope 1 and 2 Emissions by 38% compared to 2018 and 63% compared to 2017. Taking these RECs into account, we hit our Science Based Emissions Target of 35% reduction for Scope 1 and 2 Emissions in 2019, one year ahead of schedule.

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



* Science based CO_2 reduction target
** Renewable Energy Attribute Certificates

In an attempt to balance our increasing Scope 3 emissions, we expanded the reach of our energy efficiency programs to China and Taiwan by joining the Clean by Design Program of the Apparel Impact Institute (https://apparelimpact.org/).

As part of our commitment to all, four of our fabric producers with wet-processing units have been entered into the Clean by Design program in a first phase (two more will be engaged in the first batch 2020), and we reserved the right to expand coverage further, should the program prove successful.

Another effort to reduce our Tier 1 carbon footprint further was made by joining WWF's Low Carbon Manufacturing Program. We recruited our largest garment factory to participate in the starter phase, identifying energy saving opportunities and providing online carbon accounting training.

Our program in Vietnam, which is run in partnership with IFC, has shown positive results, with 5500 tons of CO_2 saved from energy efficiency measures. Our vendors also committed to install 2 megawatt hours of solar panels to create electricity.

↗ SOLAR INSTALLATION AT PUMA VENDOR IN VIETNAM

The reduction of our Scope 3 emissions at factory level is complemented by purchasing more sustainable – and therefore also less carbon-intensive – raw materials. For example, after hitting our 50% bluesign® certified polyester target in 2018 already, we set new, more ambitious targets. In 2019 we achieved use of over 90% bluesign® or OEKO-TEX certified polyester and by 2025, we aim for 75% recycled polyester usage.

↗ T.06 SCOPE 1 AND SCOPE 2 CO_2E EMISSIONS FROM PUMA

CO_2e-Emissions [1 - 8] (absolute figues)	2019	2018	2017	2016	2015	% Change 2019/18	% Change 2019/2015
Scope 1 – Direkte CO_2e-Emissions Fossile Fuels (T)	6,326	6,918	7,678	6,854	7,296	-8.6	-13.3
Car Fleet	3,618	4,073	4,134	3,746	4,087	-11.2	-11.5
Heating	2,708	2,845	3,545	3,107	3,209	-4.8	-15.6
Scope 2 - Indirect CO_2e Emissions Electricity & Steam [T]	40,986	43,366	40,029	37,300	35,591	-5.5	15.2
Scope 2 - Indirect CO_2e Emissions Electricity & Steam [T] incl. RECs	11,533	22,128	40,029	37,300	35,591	-47.9	-67.6
Electricity (excl. RECs)	39,282	42,145	38,914	36,046	34,445	-6.8	14.0
Electricity (incl. RECs)	9,828	20,907	38,914	36,046	34,445	-53.0	-71.5
Steam	1,705	1,221	1,115	1,254	1,146	39.6	48.8
Subtotal Scope 1-2	***47,312***	*50,284*	*47,707*	*44,153*	*42,887*	*-5.9*	10.3
Subtotal Scope 1-2 incl. RECs	***17,858***	*29,046*	*47,707*	*44,153*	*42,887*	-38.5	-58.4
SCOPE 1-2 CO_2e EMISSIONS RELATIVE TO SALES (in tons CO_2e per € million sales per year)	**8.6**	10.8	11.5	12.2	12.7	-20.5	-32.1
SCOPE 1-2 CO_2e EMISSIONS RELATIVE TO SALES (in tons CO_2e per € million sales per year) (incl. RECs)	**3.2**	6.2	11.5	12.2	12.7	-48.1	-74.4

↗ T.07 PUMA'S SCOPE 3 CO_2E EMISSIONS FROM SELECTED SUPPLY CHAIN ACTIVITIES

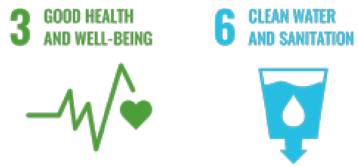
CO_2e-Emissions[1-8] (absolute figures)	2019	2018	2017	2016	2015	% Change 2019/18	% Change 2019/2015
Scope 3 - Other indirect emissions [T]	272,540	222,315	208,525	196,896	192,305	22.6	41.7
Scope 3 - Other indirect emissions [T] incl. RECs	250,240	222,315	208,525	196,896	192,305	12.6	30.1
CO_2e Emissions from Business Travel Transportation [T]	18,727	15,582	14,394	12,167	10,191	20.2	83.8
CO_2e Emissions from B2B transport of goods [T]	98,386	74,182	64,076	48,484	57,085	32.6	72.3
CO_2e Emissions from B2C transport of goods [T]	9,358	5,961	6,994	16,223	6,321	57.0	48.0
CO_2e Emissions from Suppliers							
CO_2e Emissions from production in Tier 1 supply chain [T]	146,069	126,590	123,061	120,023	118,708	15.4	23.0
CO_2e Emissions from production in Tier 1 supply chain [T] incl. RECs	123,769	126,590	123,061	120,023	118,708	-2.2	4.3
SCOPE 3 CO_2e EMISSIONS RELATIVE TO SALES (in tons CO_2e per € million sales per year)	**49.5**	47.8	50.4	54.3	56.8	3.6	-12.7
SCOPE 3 CO_2e **EMISSIONS RELATIVE TO SALES** (in tons CO_2e per € million sales per year) (incl. RECs)	**45.5**	47.8	50.4	54.3	56.8	-4.9	-19.9
Total Scope 1-3 [T]	*319,852*	*272,599*	*256,232*	*241,049*	*235,192*	*17.3*	*36.0*
Total Scope 1-3 [T] incl. RECs	*268,098*	*251,361*	*256,232*	*241,049*	*235,192*	*6.7*	*14.0*
Annual Sales PUMA (in € million)	5,502	4,648	4,136	3,627	3,387	**18.4**	**62.4**
TOTAL CO_2e EMISSIONS RELATIVE TO SALES (in tons CO_2e per € million sales per year)	58.1	58.6	62.0	66.5	69.4	**-0.9**	**-16.3**
TOTAL CO_2e EMISSIONS RELATIVE TO SALES (in tons CO_2e per € million sales per year) (incl. RECs)	48.7	54.1	62.0	66.5	69.4	**-9.9**	**-29.8**

1. PUMA uses its own methodology for CO_2 accounting, with reference to the GHG protocol.
2. The consolidation scope follows the operational control approach, including PUMA-owned or operated offices, warehouses, stores and own industrial sites (Argentina).
3. Outsourced Tier 1 production is accounted in the scope 3 emissions, covering CO_2 emissions from all three divisions (Accessories, Apparel, and Footwear).
4. We apply the "min. 90% rule" for data collection from PUMA entities, covering at least 90% of PUMA's FTE employees worldwide. The residual will be extrapolated.
5. PUMA applies the location-based approach for scope 2, using emission factors by ADEME. In addition to the location-based approach, the market-based approach is used where renewable energy or energy certificates are purchased. Scope 3 emissions factors are based on additional company and industry-specific emission factors.
6. Data includes extrapolations or estimations where no real data can be provided.
7. Methodological changes over the last three years influence results.
8. Tier 1 supplier emissions focus on energy related emissions

CHEMICALS (10FOR20 TARGET NO. 5)

Target Description and Examples of the 10FOR20 Action Plan:
Zero Discharge of Hazardous Chemicals from our Supply Chain by 2020.

Relates to Sustainable United Nations Development Goals 3,6



KPIs:

- Number and pass rate of RSL tests
- Percentage of Products without PFC
- VOC Index for Shoes

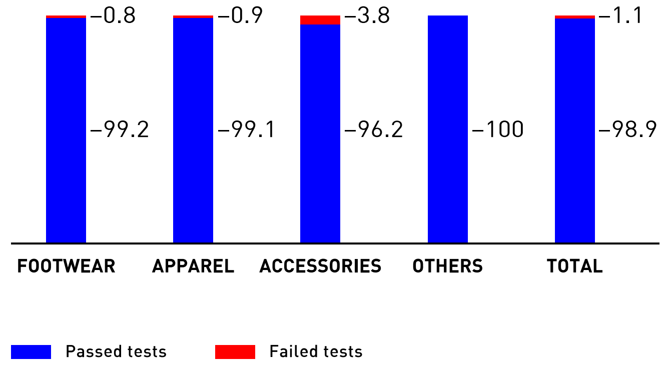
While the effects of potentially hazardous chemicals on human health have yet to be completely assessed, PUMA takes precautionary measures to prevent potential harm to human health and the environment from its products and operations.

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

For testing purposes, we rely on the Product RSL developed by the AFIRM Group as well as the Manufacturing RSL developed by ZDHC rather than own PUMA testing standards.

Since 2015, we have increased the amount of RSL tests by 183 to 6605 while the failure rate decreased from 7.7% to 1.1%. When materials fail an RSL test, they cannot be used for PUMA products until the failure is corrected and they successfully pass the test. In this way we mitigated the risk of product level RLS failures, of which there were none in 2019.

↗ G.06 RSL FAILURE RATE 2019 BY DIVISION (%)



↗ T.08 RSL TEST STATISTICS 2015-2019

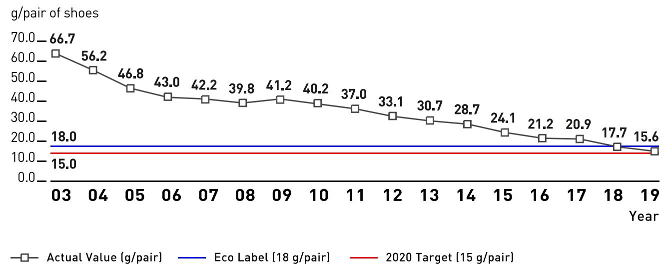
Product Division	2019		2018		2017		2016		2015		Variation 2018/2019 (%)		Variation 2015/2019 (%)	
	# of Test Reports	Compliance Rate (%)	# of Test Reports	Compliance Rate (%)	# of Test Reports	Compliance Rate (%)	# of Test Reports	Compliance Rate (%)	# of Test Reports	Compliance Rate (%)	# of Test Reports	Compliance Rate	# of Test Reports	Compliance Rate
Footwear	4668	99.2	3512	98.4	2707	97.9	1781	96	1150	92.1	32.9	0.8	305.9	7.1
Apparel	1239	99.1	988	98	925	99.1	500	98	480	93.1	25.4	1.1	158.1	6.0
Accessories	639	96.2	764	97.1	753	96	677	94	624	92.0	-16.4	-0.9	2.4	4.3
Others	59	100.0	54	100	44	95.5	78	94	82	93.9	9.3	0.0	-28.0	6.1
Total	**6605**	**98.9**	5318	98.1	4429	97.8	3028	96	2336	92.3	24.2	0.8	182.7	6.6

At manufacturing level, we phased out the intentional use of 11 priority chemical groups classified as particularly hazardous as part of our Greenpeace Detox commitment. This phase-out was supported by the increasing use of bluesign® and OEKO-TEX certified materials as well as substituting PFC-based water-repellent finishes. We also trained our supplier base, for example during supplier round table meetings. While most of those chemical groups were never intentionally used in the first place, poly-fluorinated chemicals (PFCs) were used until 2017 for water-repellent finishes on apparel and footwear products.

The phase-out of these substances is illustrated by the results of wastewater tests by our core wet-processing suppliers. These tests show compliance levels of over 94% for each of the Manufacturing Restricted Substance List (MRSL) parameters listed in the ZDHC MRSL. Most parameters show compliance rates of 100% or close to 100%, with the exception of harmful AZO Dyes (94.2% compliance) and PFCs (95% compliance). Those two parameters were already phased out by PUMA, but due to shared production with other brands and retails at the same suppliers could still be found in a small number of samples.

With the help of our footwear suppliers, we also managed to further reduce the amount of solvents or volatile organic compounds (VOCs) per pair of shoes to 15.6 g/pair in line with our 2020 target projection. We achieved this reduction by frequent VOC reduction meetings with our footwear suppliers and chemical companies. In those meetings we shared best practices from leading suppliers and new technological developments.

↗ G.07 VOC INDEX DEVELOPMENT OVER TIME



* 2019 figure based on core suppliers, in alignment with general reporting scope.

WATER&AIR (10FOR20 TARGET NO 6)

Target Description:
Industry good practice for effluent treatment is met by 90% of PUMA core suppliers with wet processing facilities. Industry good practice for air emissions is met by 90% of PUMA core suppliers with significant air emissions.

Relates to United Nations Sustainable Development Goal 6

6 CLEAN WATER AND SANITATION

Examples for the 10FOR20 Action Plan:

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

KPIs:

- Percentage of Core Suppliers with wet processing covered
- Percentage of Core Suppliers meeting good practice standards for wastewater quality (good practice for air still not defined yet)

Since 2015, we increased the amount of wastewater testing from 33 suppliers to 70 suppliers and 125 test reports, thereby covering 90% of all core suppliers with industrial wet-processing facilities.

The test results imply that the phase-out of priority hazardous chemicals has been largely completed as planned. On the testing results of conventional wastewater parameters, which are only applicable to suppliers which directly discharge their wastewater into natural water bodies, 16 out of 17 measured parameters show equally high compliance levels of 90% or above.

One parameter, namely coliform bacteria* (70%) remained below our 90% compliance threshold against the ZDHC wastewater quality guidelines. We will work with the 30% non-compliant suppliers on the installation of disinfection units to hit the coliform bacteria target as well.

To further improve the wastewater quality performance, we initiated wastewater treatment training, starting in Greater China. While waiting for more training being offered by the ZDHC, our plan is to provide training sessions in all of our major sourcing regions.

Our air emissions target aims for an industry good practice standard for air emissions. This standard is under development by the ZDHC and PUMA actively supports the standard development.

Therefore, we consider that we have not yet met both the water and air targets for 2020. We will move these targets forward to our next target period for 2025.

* Coliform bacteria are universally present in large numbers in the feces of warm-blooded animals (or humans). While coliforms themselves are not normally causes of serious illness, they are easy to culture, and their presence is used to indicate that other pathogenic organisms of fecal origin may be present https://en.wikipedia.org/wiki/Coliform_bacteria

MATERIALS (10FOR20 TARGET NO 7)

Target Description:
Use sustainable material alternatives for PUMA's key materials: cotton, polyester, leather, polyurethane and cardboard.

Relates to United Nations Sustainable Development Goals 12,15

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Examples for the 10FOR20 Action Plan:

- Increase bluesign® certified polyester usage to 50% by 2020 (updated target 90%)
- Increase Better Cotton Initiative fiber volume to 50% by 2020 (updated target 90%)
- Increase the usage of FSC certified and/or recycled paper and cardboard to 90% by 2020
- Keep the percentage of leather from LWG medal rated tanneries above 90%
- Explore the use of water-based polyurethane

KPIs:

- Percentage figures for each material

The PUMA Environmental Profit and Loss Account attributes more than 50% of PUMA's environmental impact to material and raw material production. Therefore we have placed a high priority on the large-scale use of more sustainable raw materials. As part of our 10FOR20 strategy, we set targets for more sustainable raw materials used in our apparel, such as cotton and polyester, but also for footwear leather, polyurethane and cardboard.

With the exception of polyurethane (PU), we had already achieved our targets by the end of 2018. We therefore increased our level of ambition for certified cotton and polyester from 50% to 90%, and added OEKO-TEX to the list of applicable certification standards for polyester. Our material sourcing teams instructed our material vendors to purchase more sustainable cotton and certified polyester where feasible. This effort was supported by increased demand from our business units for more sustainable materials at product level. The results are 82% cotton from the Better Cotton Initiative and organic cotton, and 98% certified polyester in our apparel ranges and exclusive use of certified polyester in our accessories division.

Regarding more sustainable PU, we piloted water-based PU in 2018 and so far have sold approximately 300,000 pairs of sneakers using water-based PU. While we found some technical limitations in the use of water-based PU, the significant price increase compared to conventional PU has so far prevented us from further increasing the use of this material. We hope that together with our industry peers we can scale up the production volume of water-based PU and eliminate any technical issues as well as bring the price down to a competitive level.

PUMA X FIRST MILE COLLECTION USES SUSTAINABLE YARN MADE FROM RECYCLED PLASTIC TO POSITIVELY IMPACT COMMUNITIES WITHIN THE FIRST MILE NETWORK.

↗ PUMA X FIRST MILE COLLECTION USES SUSTAINABLE YARN MADE FROM RECYCLED PLASTIC.

↗ T.09 DEVELOPMENT OF MORE SUSTAINABLE MATERIAL USAGE SINCE 2015

Division	Material Targets	% of Total 2015	% of Total 2016	% of Total 2017	% of Total 2018	% of Total 2019	Target 2020
	Cotton from BCI	3% (organic)	19%	40%	50%	BCI+Organic: 82% BCI cotton: 80% Organic cotton: 2%	50% (90%)
Apparel	bluesign® certified Polyester	15%	24%	47%	66%	bluesign+Oeko-Tex+Recycled: 98% bluesign: 55% Oeko-Tex: 42% Recycled: 1%	50% (90%)
Accessories	bluesign® certified Polyester	20%	21%	34%	46%	bluesign+Oeko-Tex: 100% bluesign: 54% Oeko-Tex: 46%	50% (90%)
Footwear	FSC® certified and/or recycled Paper&Cardboard	85%	78%	95%	92%	Product Packaging 100%	90%
Footwear	LWG Medal Rated Leather	99%	94%	99%	99%	98%	90%

Apart from our original targets on BCI Cotton and certified polyester, we also started using recycled polyester and organic cotton for some of our sustainability focused collections.

EP&L IMPACT (10FOR20 TARGET NO 8)

Target Description:
Continue to report on the EP&L every year

Relates to United Nations Sustainable Development Goals 7,12

Examples for the 10FOR20 Action Plan:

- Regularly publish updated PUMA EP&L data
- Introduce industry aligned product sustainability tools for design and development

KPI:

- Annual EP&L Values PUMA

Following PUMA's spin-off from Kering, we re-integrated the calculation of the PUMA EP&L into our own sustainability efforts. The year 2019 was a transition year to migrate the EP&L systems into our own IT landscape. At the end of the year, we were able to calculate our 2018 EP&L results: (https://about.puma.com/en/sustainability/environment)

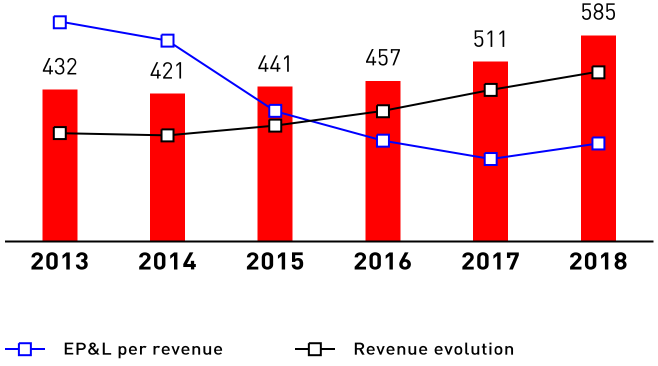
↗ G.08 PUMA EP&L 2018

Total EP&L Value 585 Mio Euro*			Tier 0: Stores, Warehouses & Offices	Tier 1: Assembly	Tier 2: Manu-facturing	Tier 3: Raw material processing	Tier 4: Raw material production
	Air pollution	8 %					
	Carbon emission	35 %					
	Land use	13 %					
	Waste	12 %					
	Water use	26 %					
	Water pollution	6 %					
	Total	100 %	6 %	28 %	6 %	30 %	30 %

* without value-channel footwear

Based on our 10FOR20 targets, we are reporting on PUMA's progress towards gradually lowering the EP&L value relative to our financial revenue. While there was an increase in EP&L Value from 2017 to 2018, mainly caused by a more detailed material analysis, the overall trend between 2013 and 2018 remains positive with a decrease of EP&L value per revenue of 13.6%.

↗ G.09 PUMA EP&L TREND 2013 TO 2018 (in € million)



* without value-channel footwear

For an overview of the environmental KPIs of PUMA entities and its Core Tier 1 suppliers, please see table 10. Together with data on our material consumption and manufacturing locations (tables 11 and 12 below), these figures form the basis of the PUMA EP&L.

↗ T.10 E-KPIS PUMA AND SUPPLY CHAIN[1-6]

	2019	2018	2017	2016	2015	% Change 2019/18	% Change 2019/2015
Energy							
Excl. RECs:							
Electricity consumption (MWh)	61,499	66,512	64,119	63,339	59,888	-7.5	2.7
Electricity consumption from renewable tariff (MWh)	11,547	11,695	11,611	12,049	11,360	-1.3	1.7
Percentage renewable electricity consumption	16%	15%	18%	19%	19%		
Incl. RECs:							
Electricity consumption (MWh)	61,499	66,512	64,119	63,339	59,888	-7.5	2.7
Electricity consumption from renewable tariff (MWh)	48,816	36,746	11,611	12,049	11,360	32.8	329.7
Percentage renewable electricity consumption	79%	55%	18%	19%	19%		
Energy from non-renewable fuels (oil, natural gas, etc.) (MWh)	10,975	11,724	14,430	12,593	14,314	-6.4	-23.3
Energy from steam (MWh)	7,915	5,734	5,155	5,775	5,029	38.0	57.4
Total Energy Consumption	80,389	83,970	83,704	81,707	79,231	-4.3	1.5
Energy consumption from PUMA production (MWh)*	246,160	195,866	194,881	180,041	149,709	25.7	64.4

* Includes suppliers of tier 1

1. Figures include PUMA owned or operated offices.
2. Includes paper consumption for offices usage in offices, warehouses and stores, card board and paper bags consumption.
3. Data includes extrapolations or estimations where no real data could be provided.
4. Excludes on-site generated and consumed energy as well as energy produced on site and sold to the grid.
5. 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.
6. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results.

	2019	2018	2017	2016	2015	% Change 2019/18	% Change 2019/2015
Waste, paper and water							
Waste (tons)	3,154	4,877	5,293	5,302	5,007	-35.3	-37.0
Recycled waste (tons)	1,111	2,282	3,419	3,275	2,949	-51.3	-62.3
Percentage recycled waste	35%	47%	65%	62%	59%		
Waste from PUMA produktion [T]*	24,205	16,682	14,686	12,257	11,433	45.1	111.7
Paper and cardboard consumption [T]**	2,281	2,292	2,756	3,337	3,465	-17.2	-34.2
Certified or recycled paper and cardboard consumption [T]	1,818	1,120	2,025	2,512	2,498	62.3	-27.2
Percentage certified or recycled paper consumption	80%	49%	74%	75%	72%		
Paper and cardboard consumption from PUMA production [T]*	14,863	13,607	14,129	15,269	13,357	9.2	11.3
Water (m^3)	95,291	89,676	106,397	107,025	104,221	6.3	-8.6
Water from PUMA production (thous. m^3)*	2,572	2,030	2,149	2,145	1,774	26.7	45.0

* Includes suppliers of tier 1

** Including paper bags, direct and indirect paper and cardboard consumption

1. Figures include PUMA owned or operated offices
2. Includes paper consumption for offices usage in offices, warehouses and stores, card board and paper bags consumption.
3. Data includes extrapolations or estimations where no real data could be provided.
4. Excludes on-site generated and consumed energy as well as energy produced on site and sold to the grid.
5. 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.
6. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results.

We have worked with our core suppliers for almost 10 years on energy efficiency as well as reducing water consumption and waste, for example as part of the Vietnam Improvement Program (VIP) or the Partnership for Cleaner Textiles (PaCT) run by the IFC.

The results of these efforts are visible in a positive overall trend of energy and water consumption per pair or piece of product since 2015, although we see a slight increase in average footwear figures due to changes in our supplier base. New factories had been setup but were not running as efficiently as existing production lines, which caused this slight increase. Going forward, we will work with our suppliers on increasing the efficiency of the new production lines and set new targets to reduce the amount of waste.

↗ T.11 2019 FOOTWEAR E-KPI RESULTS

Summary of Supplier e-KPIs	Weighted					Change		Range 2019		
Value	Value 2015	Value 2016	Value 2017	Value 2018	Value 2019	2019-2018	2019-2015	Min	Max	Number of Suppliers
Energy/pair (kWh)	1.5	1.6	1.4	1.2	1.3	4%	-15%	0.40	2.08	24
CO_2/pair (Scope 1, 2 and 3) (kg)	1.4	1.1	1.0	0.9	1.0	3%	-29%	0.25	1.69	24
Water/pair (l)	18.3	18.4	14.5	14.5	15.2	5%	-17%	1.03	61.51	24
Waste/pair (g)	113.6	105.2	115.9	109	127	17%	12%	8.51	230.89	24

↗ T.12 2019 APPAREL E-KPI-ENABLON RESULTS

Summary of Supplier e-KPIs	Weighted					Change		Range 2019		
Value	Value 2015	Value 2016	Value 2017	Value 2018	Value 2019	2019-2018	2019-2015	Min	Max	Number of Suppliers
Energy/pair (kWh)	1.5	0.6	0.7	0.6	0.6	0%	-62%	0.13	4.24	23
CO_2/pair (kg)	1.4	0.4	0.3	0.3	0.2	-6%	-83%	0.07	2.40	23
Water/pair (l)	18.3	6.8	7.6	4.2	4.4	5%	-76%	0.8	59	23
Waste/pair (g)	113.6	50.6	44.0	46.5	56.3	21%	-50%	2	186	23

Since 2017, we also measure average environmental key performance indicators (E-KPIs) from the manufacturing of fabric as well as artificial and genuine leather. As we have included our main material suppliers into our energy and water efficiency programs and other brands have also expanded their resource efficiency programs at our shared material suppliers, we can see a positive performance trend. The notable improvements in reducing CO_2 emissions can partially be attributed to changing boilers from coal or oil to less polluting fuel sources such as rice husk or natural gas.

↗ T.13 2019 EKPIS LEATHER PRODUCTION

Summary of Supplier e-KPIs	Weighted/m^2			Change		Range 2019		
Value	Value 2017	Value 2018	Value 2019	2019-2018	2019-2017	Min	Max	Number of Suppliers
Energy/m^2 (kWh)	9.1	8.7	8.2	-5%	-10%	2.3	10.1	6
CO_2/m^2 (kg)	3.4	3.2	3.2	2%	-5%	1.0	4.7	6
Water/m^2 (l)	91.8	90.2	74.7	-17%	-19%	5	117	6
Waste/m^2 (kg)	1.6	0.8	0.8	-8%	-50%	0.0	2	6

↗ T.14 2019 EKPIS TEXTILES PRODUCTION

Summary of Supplier e-KPIs	Weighted			Change		Range 2019		
Value	Value 2017	Value 2018	Value 2019	2019-2018	2019-2017	Max	Min	Number of Suppliers
Energy/t (kWh)	13,679.11	13,386.80	12,636.3	-6%	-8%	35,208.4	2,707.4	17
CO_2/t (t)	4.45	4.45	4.4	-2%	-2%	14.6	1.2	17
Water/t (m^3)	119.30	122.78	105.5	-14%	-12%	229.0	–	17
Waste/t (kg)	299.59	70.63	62.08	-12%	-79%	532.4	–	17

HEALTH AND SAFETY (10FOR20 TARGET NO 9)

Target Description:
Zero fatal accidents at PUMA and within suppliers; average injury rate for suppliers below 2 (interim target 2017) and PUMA below 1.5

Relates to the United Nations Sustainable Development Goal 3

3 GOOD HEALTH AND WELL-BEING

Examples for the 10FOR20 Action Plan:

- Expand building safety projects to 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 People at PUMA section)
- Average Injury Rate of Core Tier 1 Suppliers

Ensuring safe working conditions for our own employees and hundreds of thousands of indirect employees at our manufacturing partners is an ethical imperative but it 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, which includes occupational health and safety assessments, we implemented our Building Safety Program in countries where we identified a risk. We have also set up professional risk assessments at all our major manufacturing partners.

From 2015 till the end of 2019 our building safety assessment program covered the following countries:

↗ T.15

Country	No 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

In that context we are happy to report that none of our suppliers have been involved in any structural building safety incident or factory fire since 2015.

We continue to check the availability of health and safety risk assessments and function health and safety committees at our suppliers through our audit program.

We are happy to report that our efforts have resulted in zero fatal accidents for the years 2018 and 2019, as well as slightly reduced accident rates at our core suppliers.

↗ T.16

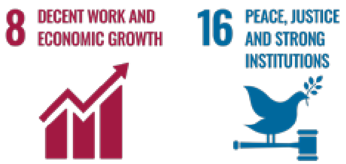
Country	Injury Rate 2017	Injury Rate 2018	Injury Rate 2019
Bangladesh	0.7	0.3	**0.3**
Cambodia	1.2	3.2	**0.5**
China	0.5	0.5	**0.5**
Indonesia	0.4	0.3	**0.2**
Vietnam	0.4	0.3	**0.3**
Average	0.6	0.6	**0.5**
Fatal Accidents	1	0	**0**

As we believe that every accident is one too many, we aim to further reduce accident rates as part of our 2025 sustainability strategy and targets.

GOVERNANCE (10FOR20 TARGET NO 10)

Target Description:
Maintain and run a state-of-the-art Compliance Management System (including Anti-Corruption measures).

Relates to United Nations Sustainable Development Goals 8, 16



Examples for the 10FOR20 Action Plan:

- Increase participation rate in Code of Ethics training
- Introduce a PUMA Anti-Corruption Policy

KPIs:

- Percentage of PUMA employees trained on anti-corruption
- Percentage of PUMA Core suppliers trained in anti-corruption

COMPLIANCE MANAGEMENT SYSTEM AT PUMA

PUMA is a global sports company, aiming for sustainable growth and innovation. PUMA recognizes the legal and reputational risks inherent in running a global business in a fast-paced environment where laws and customs differ from country to country. As outlined in the Corporate Governance Report, 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.

PUMA's Chief Compliance Officer is based at the headquarter in Herzogenaurach and reports to the CEO of PUMA SE. A network of Local Compliance Officers in operating subsidiaries across the world supports the Chief Compliance Officer. They ensure that Compliance measures are rolled out globally and are in line with local laws and customs. Local Compliance Officers also act as a first point of contact for employees and help with the investigation of incidents. PUMA promotes a "speak-up culture" where employees are encouraged to raise any compliance issues with their manager, Local Compliance Officer or People & Organization Partner. To give employees as many channels as possible to report incidents there is also a web-based whistleblowing platform. The platform allows employees to report from anywhere, at any time, using their own language and anonymously, if they choose. All incidents are investigated immediately and thoroughly, and the required disciplinary steps or improvement measures are taken. There is regular and ad-hoc incident reporting to the top management. In 2019, the Compliance team received 33 reports about alleged violations. Three of these concerned alleged bribery/kickbacks. One case was closed after the investigation did not confirm the allegation. In the other two cases the investigation is still ongoing.

The PUMA Code of Ethics sets out the principles governing our actions and values. It contains - among others - rules on the handling of conflicts of interest, personal data, and insider information, and prohibits anti-competitive behavior as well as corruption in any form. The Code of Ethics is an integral part of every employment contract. In order to further reduce the risk of misconduct, the PUMA Code of Ethics is complemented by comprehensive policies governing selected risk areas such as anti-corruption, violation of competition law and anti-money laundering in detail. The Code of Ethics as well as the PUMA compliance policies apply to all subsidiaries.

ANTI-CORRUPTION MEASURES

Prevention of bribery is one of the key aspects of the Compliance Management System. At PUMA, we have a zero-tolerance approach regarding bribery and corruption in any form, and this is clearly communicated by top level management.

Employees are first introduced to the rules of the Code of Ethics and the PUMA-Group compliance policies when they start working for PUMA; reminders are sent out to them on a regular basis. The Code of Ethics and the rest of the compliance policies are available for everyone on the Compliance site on the Intranet. Every year PUMA rolls out a group-wide mandatory e-learning on the PUMA Code of Ethics. To make sure that employees are familiar with all topics described in the Code of Ethics, the e-learning covers different topics every year. The 2019 e-learning course included the topics (i) prevention of bribery, (ii) inappropriate behavior in the workplace and (iii) safeguarding data. Sponsor of the campaign was the Management Board of PUMA SE, above all the CEO Bjørn Gulden, who promoted the e-learning course to all PUMA employees[1]. 99% of the employees of the PUMA Group with a PUMA email account (PUMA SE appr. 97%) have completed the e-learning[1] course. In addition, groups of employees selected on the basis of risk exposure, are being provided with more in-depth knowledge in regular face-to-face trainings. Last year the focus areas of these trainings were anti-corruption and competition law.

To implement our Anti-Corruption measures also at our PUMA suppliers, the PUMA Vendor Code of Conduct contains a paragraph on Ethical Business Practices and the PUMA supplier compliance audit tool includes several questions on Anti-Corruption. Each year, we train our suppliers on Anti-Corruption measures during our Supplier Round Table Meetings. In the year 2019 we increased the training coverage among our Core Suppliers from 93% (in 2018) to 99%.

Highlights: 99% of all PUMA staff globally with email account completed our Code of Ethics Training and 99% of our Core Suppliers were trained in Anti-Corruption.

[1] Excluding employees on long-term leave, store staff, warehouse and factory employees.

SUMMARY AND NEW TARGETS FOR 2025

TARGET SUMMARY 2020

At the beginning of the new decade in 2020 we can summarize our 10FOR20 Target achievement as follows:

Out of the 10 target areas set in 2015, we have achieved our desired progress in 9 areas.

Particularly in the area of more sustainable materials the progress has been faster than anticipated and we clearly exceeded the targets for the materials we use the most - cotton and polyester - with 82% and 98% target sourcing respectively.

We also see good progress in the area of Social Compliance and Chemicals Management, where we constantly met our yearly targets during the target period and achieved significant progress, for example with the elimination of recruitment fees for migrant workers at our contract factories and the phase-out of PFCs.

In the area of Health and Safety, we struggled to meet our Zero Fatal Accidents target in the first few years but hit the target from 2018 onwards.

Our Climate Action program received a boost in 2018 with the creation of the Fashion Charter on Climate Action Initiative under the umbrella of UN Climate. We used the positive momentum to finalize and publish our science-based CO_2 emission reduction target in 2019 and at the same time invested at a large scale into renewable energy – thus reducing our own emissions significantly.

The only target area where progress is falling significantly behind our expectations is the target area of Water & Air.

When we set our targets for Water & Air in 2015, we did not anticipate that it would take our industry more than four years to develop a standard for air emissions and we also were more optimistic about achieving the standards set in the ZDHC Wastewater Quality Guideline.

Therefore, we have decided to move those targets to our new target period for 2025. However, we aim to complete these targets much earlier.

NEW TARGETS 2025

Following a formal materiality analysis process in 2018 and extensive internal and external stakeholder dialogue in 2019, our Board of Management has signed off on our new 2025 target areas.

We decided to replace the activities which contribute to performance improvements more indirectly, such as Stakeholder Dialogue and the calculation of the EP&L, with new target areas which make a direct impact, such as Plastics and the Oceans and Biodiversity. Both topics are also part of the Fashion Pact initiated by the French Government in 2019 and signed by PUMA.

In addition, we decided to merge the target areas for Social Compliance and Human Rights because of the wide overlap between them, while giving the topic of Fair Income, which has been pointed out as very important by many stakeholders, more prominence by creating a separate target area.

Finally, we upgraded our existing Materials target area into a Products target area and added Circularity as a new target area, due to the growing interest and importance of the topic.

Corporate Governance will no longer be reported under the umbrella of our sustainability program but instead as a separate and very important objective within the company.

G.10 PUMA SUSTAINABILITY TARGETS 2025

*SDG: United Nations Sustainable Development Goals

↗ T.17

Target Area	Target 1	Target 2	Target 3
Human Rights (1)	Train 100,000 direct and indirect staff on women empowerment	Mapping of sub-contractors and T2 suppliers for human rights risks	25,000 hours of community engagement globally per year
Health & Safety (2)	Zero Fatal Accidents (PUMA and Suppliers)	Reduce accident rate to 0.5 (PUMA and suppliers)	Building safety operational in all high-risk countries
Chemicals (3)	Ensure 100% of PUMA products are safe to use	Reduce Restricted Substances Failures to under 1%	Reduce organic solvent usage to under 10gr/pair
Water & Air (4)	90% compliance with Wastewater Quality Guideline of ZDHC	90% with Air Quality Guideline of ZDHC	15% of water reduction per pair or piece of product
Climate (5)	Align target with 1.5 degrees	100% Renewable Energy for PUMA entities	25% Renewable Energy for core suppliers
Plastic & Oceans (6)	Eliminate Plastic Bags from PUMA stores globally	Support scientific research on microfibers	Research biodegradable plastic options for products
Circularity (7)	Take Back Scheme for all major markets	Reduce production waste to landfill by at least 50%	Develop recycled material options for cotton, leather and rubber
Products (8)	100% of cotton, polyester, leather and down from certified sources	Increase recycled polyester use to 75% (apparel)	90% of all footwear contains at least one recycled component
Fair Income (9)	Fair Wage Assessments for top 5 sourcing countries	Effective and freely elected worker representatives at all core suppliers	Ensure bank transfer payments to workers at all core suppliers
Biodiversity (10)	Support setting up an Science Based Target (SBT) on Biodiversity	100% of cotton, leather and viscose from certified sources	Zero use of exotic skins or hides

Over the next 5 years we will work hard to realize those new targets. Similar to the target period from 2015 to 2020 we will not shy away from increasing our level of ambition in case we hit individual targets earlier than expected.

With growing concerns about climate change, the loss of biodiversity and plastic pollution, our world is facing an environmental crisis. At PUMA we are ready to act and contribute to solutions to solve this crisis!

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 sections and disclosures referenced in the following overview in column "CSR Directive Implementation Act: Index to Non-financial Statement" as well as the chapter "Sustainability" and the section "Culture" in the chapter "Our People".

The reporting period covered is January 1st, 2019 to December 31st, 2019. 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 113. 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	113
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	113
102-3	Location of headquarters		x	113
102-4	Location of operations		x	119
102-5	Ownership and legal form		x	163,197
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	130-131
102-7	Scale of the organization		x	120-132
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	41-42, 120
102-9	Supply chain		x	118-119

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

		Description	CSR Directive Implementation*	Page
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 other capital formation, maintenance, and alteration operations (for private sector organizations); iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	x	127-131
102-11	Precautionary principle or approach		x	73
102-12	External initiatives		x	52-53
102-13	Membership of associations		x	52-53

STRATEGY

		Description	CSR Directive Implementation*	Page
102-14	Statement from senior decision-maker		x	5-7
102-15	Key impacts, risks, and opportunities		x	60, 172-178

ETHICS AND INTEGRITY

		Description	CSR Directive Implementation*	Page
102-16	Values, principles, standards, and norms of behavior		x	62, 163-171

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

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	163-171
102-21	Consulting stakeholders on economic, environmental, and social topics		x	51-53

STAKEHOLDER ENGAGEMENT

		Description	CSR Directive Implementation*	Page
102-40	List of stakeholder groups		x	51-53
102-41	Collective bargaining agreements		x	41, 65
102-42	Identifying and selecting stakeholders		x	51-53
102-43	Approach to stakeholder engagement		x	51-53
102-44	Wichtige Themen und hervorgebrachte Anliegen	The reporting organization shall report 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	51-53

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

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	198-202
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 for defining report content.	x	54, 61, 63
102-47	List of material topics		x	54
102-48	Restatements of information		x	91
102-49	Changes in reporting		x	91
102-50	Reporting period		x	91
102-51	Date of most recent report		x	91
102-52	Reporting cycle		x	91
102-53	Contact point for questions regarding the report		x	284
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	91
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 disclosure (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 other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	x	91-106

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

		Description	CSR Directive Implementation*	Page
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 and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the 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	107-108

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

SPECIFIC STANDARD DISCLOSURES

ENVIRONMENTAL TOPICS

GRI 103: MANAGEMENT APPROACH 2016

Materials

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	75-76
103-2	The management approach and its components		x	75-76
103-3	Evaluation of the management approach		x	75-76

GRI 301: MATERIALS 2016

		Description	CSR Directive Implementation*	Page
301-1	Materials used by weight or volumeMaterials 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	77

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

GRI 103: MANAGEMENT APPROACH 2016

Energy

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	68-70
103-2	The management approach and its components		x	68-70
103-3	Evaluation of the management approach		x	68-70

GRI 302: ENERGY 2016

		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	80, 82-83

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

GRI 103: MANAGEMENT APPROACH 2016

Emissions

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	68-70
103-2	The management approach and its components		x	68-70
103-3	Evaluation of the management approach		x	68-70

GRI 305: EMISSIONS 2016

		Description	CSR Directive Implementation*	Page
305-1	Direct (Scope 1) GHG emissions		x	71
305-2	Energy indirect (Scope 2) GHG emissions		x	71
305-3	Other indirect (Scope 3) GHG emissions		x	72
305-4	GHG emissions intensity		x	71-72
305-5	Reduction of GHG emissions		x	71-72

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SOCIAL TOPICS

GRI 103: MANAGEMENT APPROACH 2016

Supplier Social Assessment

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

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016

		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	63
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	63-66

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GRI 103: MANAGEMENT APPROACH 2016

Freedom of Association and Collective Bargaining

		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

GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016

		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	65-66

GRI 103: MANAGEMENT APPROACH 2016

Forced or Compulsory Labor

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	62
103-2	The management approach and its components		x	62

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		Description	CSR Directive Implementation*	Page
103-3	Evaluation of the management approach		x	62

GRI 409: FORCED OR COMPULSORY LABOR 2016

		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	62

GRI 103: MANAGEMENT APPROACH 2016

Human Rights Assessment

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

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GRI 412: HUMAN RIGHTS ASSESSMENT 2016

		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	64

GRI 103: MANAGEMENT APPROACH 2016

Occupational Health and Safety

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	40, 42
103-2	The management approach and its components		x	40, 42
103-3	Evaluation of the management approach		x	40, 42

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016

		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	42

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GRI 103: MANAGEMENT APPROACH 2016

Diversity and Equal Opportunity

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	39-40, 170-171
103-2	The management approach and its components		x	39-40, 170-171
103-3	Evaluation of the management approach		x	39-40, 170-171

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

		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; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee 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).		39-40, 170-171

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ECONOMIC TOPICS

GRI 103: MANAGEMENT APPROACH ANTI-CORRUPTION 2016

Anti-corruption

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary		x	86-87
103-2	The management approach and its components		x	86-87
103-3	Evaluation of the management approach		x	86-87

GRI 205: ANTI-CORRUPTION 2016

		Description	CSR Directive Implementation*	Page
205-2	Communication and training about anti-corruption policies and procedures		x	86-87

GRI 103: MANAGEMENT APPROACH 2016

Economic Performance

		Description	CSR Directive Implementation*	Page
103-1	Explanation of the material topic and its Boundary			172
103-2	The management approach and its components			172
103-3	Evaluation of the management approach			172

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GRI 201: ECONOMIC PERFORMANCE 2016

		Description	CSR Directive Implementation*	Page
201-2	Financial implications and other risks and opportunities due to climate change			174

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DELOITTE ASSURANCE STATEMENT

INDEPENDENT AUDITOR’S REPORT ON A LIMITED ASSURANCE ENGAGEMENT [1]

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, 2019 (hereinafter: “Combined Non-Financial Report”). This Combined Non-Financial Report consists of the chapter “Sustainability” and the section "Culture" in the chapter "Our People" of the Annual Report of PUMA SE. The section “EP&L Impact” in the chapter “Sustainability” as well as references to the Annual Report, 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.

This 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 company applies the German national legal requirements and the German profession’s pronouncements for quality control, in particular the by-laws governing the rights and duties of public auditors and chartered accountants (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], 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 disclo-

1 We have performed a limited assurance engagement on the German version of the Combined Non-Financial Report and issued an independent audit report in German language, which is authoritative. The following text is a convenience translation of the independent auditor’s report.

sed 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 2019 to April 2020, 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, 2019 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" and the section "Culture" in the chapter "Our People" of the Annual Report of PUMA SE, Herzogenaurach. Our opinion does not refer to section "EP&L Impact" in the chapter "Sustainability" as well as references to the Annual Report, 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 20, 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.

München/Germany, April 17, 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Thomas Reitmayr)	(ppa. Thomas Krick)
Wirtschaftsprüfer	Director

PURE PERFORMANCE

Combined Management Report*

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

Michael Lämmermann, Chief Financial Officer (CFO)

OVERVIEW 2019

↗ **MICHAEL LÄMMERMANN**

CHIEF FINANCIAL OFFICER (CFO)

In 2019, the PUMA Group (hereinafter PUMA) continued on its path to become the fastest sports brand in the world, by further strengthening its sports performance positioning. PUMA entered into many new partnerships with internationally renowned football clubs and the brand increased its visibility at key sports events globally through the numerous victories of our sponsored athletes and teams.

Our brand ambassadors Selena Gomez and Cara Delevingne created new Sportstyle collections that made waves on the catwalks and in the streets. We also opened our flagship store in New York City and even entered the virtual world of esports. All of this strengthened the PUMA brand and helped us live up to our vision of being "Forever Faster".

In our sports performance business, the year started with a bang, as we announced our partnership with Manchester City in February. This deal is PUMA's largest ever, both in terms of scope and ambition. We were also excited to welcome Pep Guardiola, one of the most celebrated football managers in the world, as a brand ambassador.

In Spain, we signed a contract with Valencia CF, one of the most respected clubs in Spanish football. We also became the official match ball partner of Spanish football league LaLiga Santander and LaLiga 1|2|3. This means that all goals in one of Europe's strongest professional football leagues are now scored with the PUMA LaLiga 1 football.

The Women's World Cup in France was one of the highlights of the football year and firmly put women's football in the spotlight. During this tournament, PUMA sponsored quarter finalist Italy and a total of 78 players. To highlight our commitment to the sport, PUMA launched the latest evolution of the PUMA ONE football boot as the „PUMA ONE Trailblazer", exclusively worn by our leading female players. PUMA is now in the position to have a title-contending presence in all major football leagues and with the national teams of Egypt and Morocco joining the PUMA family in 2019, we now sponsor 12 federations.

Our PUMA teams were also successful in other team sports: Denmark took the title at the Handball World Championships in Denmark and Germany. New Zealand won the Women's Netball World Championships and the Richmond Tigers were victorious in the AFL Grand Final in Australia. PUMA also played an important role in the Rugby World Cup, with Duane Vermeulen being voted Player of the Match in the final.

The World Athletics Championships in Doha were an important event for our track and field athletes. PUMA enjoyed a high level of visibility during the tournament by supporting a total of 115 athletes and 12 national federations. Norwegian hurdler Karsten Warholm successfully defended his title over 400m hurdles and was later voted European Male Athlete of the Year. During the tournament 22 medals were won by athletes wearing PUMA.

PUMA also welcomed new partners in Motorsport, where we signed a long-term contract with Porsche to become the exclusive technical partner for racing apparel and footwear. We launched a separate collaboration with Porsche Design to create premium lifestyle products inspired by motorsports, which aim at the higher end of the market.

Our Formula 1 teams Mercedes AMG Petronas, Scuderia Ferrari and Aston Martin Red Bull Racing once again dominated the Formula 1 season, where PUMA further expanded its leading presence by becoming the official trackside retail partner during F1 race weekends. Our brand ambassador Lewis Hamilton was crowned Formula 1 Champion for the sixth time.

Making sure we also support the female champions of tomorrow, PUMA partnered with W Series, the first racing competition for upcoming female talent in motorsport.

In our Golf category, we celebrated the 10-year anniversary with golf ambassador Rickie Fowler, one of the most vibrant ambassadors of the brand. Our latest addition to our roster of golf players, Gary Woodland, won the US Open in June.

Also in North America, PUMA's first full NBA Basketball season - after our return to the sport in 2018 - saw Toronto Raptors shooting guard Danny Green become the first PUMA athlete to win the NBA Finals since Isiah Thomas in 1990. We launched our first basketball shoe, the CLYDE COURT, in several new colors as well as two additional performance basketball shoes, the UPROAR and the CLYDE HARDWOOD. Both products were highly visible on court throughout the NBA Season, the All-Star Game, the Playoffs and the NBA Finals.

Deriving straight from the basketball court, the lifestyle shoe RALPH SAMPSON was one of our most important footwear styles in 2019. In the "chunky"-shoe category, several new colorways and collaborations within the RS-X-franchise continued to resonate well with our customers. Sneakers with a bulkier appearance, often referred to as "chunky" or "dad" shoes, have been an important trend over the past two years. The CALI franchise, presented by PUMA's ambassador Selena Gomez, was successful within the women's lifestyle category.

Selena also launched her second collection with PUMA, but she was not the only women's brand ambassador to get creative with personal collections in 2019: Cara Delevingne teamed up with PUMA and French luxury fashion house Balmain, while Adriana Lima presented a line of products reflecting her experience in fitness and boxing.

As esports is becoming increasingly relevant for our consumers, PUMA announced its first-ever partnership in virtual sports with esports team cloud9. We also created our first products to meet the needs of esports athletes and gamers, such as an active gaming seat and active gaming socks. Through these partnerships, we are positioning ourselves to benefit from the fast-growing gaming and esports markets. Keeping it high-tech, our first-ever smartwatch helps athletes train, stay motivated, track goals and connect with others while on the go.

On the operational side, we continued to invest in our distribution and logistical network as well as in organizational processes. We celebrated the topping out ceremony for our new multichannel distribution center in Geiselwind, Germany, which is expected to be operational in early 2021. In addition, PUMA North America announced the opening of a new distribution hub just outside of Indianapolis for 2020. In August, we opened our New York flagship store on Fifth Avenue, which provides a deeply immersive brand experience and marks another milestone for our company.

PUMA's net sales increased in the financial year 2019 by 16.7% currency-adjusted. In the reporting currency, the Euro, this corresponds to an increase in sales of 18.4% from € 4,648 million in the previous year to € 5,502 million in 2019. The increase of our brand heat and the continued focus on the improvement of our product range significantly contributed to the sales growth. This was particularly a result of the consistent implementation of our "Forever Faster" corporate strategy. Furthermore, we once again demonstrated our ability to react quickly and flexibly to changes and trends in our market environment. Despite the increase in uncertainty in the economic environment, as a result of the trade conflict between the United States of America and China, and in connection with Brexit, PUMA was able to achieve strong sales growth in the financial year 2019. Therefore, the currency-adjusted sales growth of around 10% prospected in the previous Combined Management Report for 2019 and the forecast of a currency-adjusted sales growth of around 15%, that was adjusted upwards during the year, were exceeded. As a consequence, PUMA was able to exceed the € 5 billion sales mark for the first time in the history of the company.

In addition to the strong sales growth, the increased gross profit margin contributed significantly to the increase in profitability in the financial year 2019. PUMA's gross profit margin improved by 40 basis points from 48.4% in the previous year to 48.8% in 2019. The main drivers for the development of the gross profit margin were the product mix and the regional mix and a higher proportion of our own retail sales. A slightly positive currency effect also contributed to the improved gross profit margin.

Other operating income and expenses in total increased in 2019 by 17.8%. The increase was mainly driven by higher sales-related costs, including costs for logistics, and higher expenses for marketing and investments in our own retail stores. The slightly lower increase compared to sales reflects the achieved operating leverage and results in a decrease of our cost ratio from 41.5% in the previous year to 41.3% in 2019. The continued focus on strict control of other operating income and expenses also significantly contributed to our improved profitability in 2019.

The operating result (EBIT) increased in the past financial year by 30.5% from € 337.4 million to € 440.2 million and was therefore above the guidance from the beginning of 2019, which had originally forecast an operating result within a range of between € 395 million and € 415 million. We were also able to slightly exceed the guidance, as adjusted during the year, for an operating result within a range of between € 420 million and € 430 million. The improvement in profitability is overall the result of the strong sales growth in combination with an improved gross profit margin and a slight operating leverage. This is also reflected in the development of consolidated net earnings and earnings per share, which increased by 40.0% compared to the previous year. Consolidated net earnings increased from € 187.4 million in the previous year to € 262.4 million, and earnings per share increased accordingly from € 1.25 in the previous year to € 1.76. As a result, PUMA was able to fully achieve or even slightly exceed the financial targets of the previous financial year.

The strong business development enables the Management Board and the Supervisory Board to propose to the Annual General Meeting on May 7, 2020, a dividend payout of € 0.50 per share for the financial year 2019. This corresponds to a payout ratio of 28.5% of net earnings and means a dividend increase of 42.8% compared to the previous year. The dividend proposal is in accordance with PUMA's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. In the previous year, a dividend of € 0.35 per share was distributed (payout ratio previous year: 27.9%).

To make PUMA more attractive for retail investors and in order to further diversify its shareholder base, the Management Board decided in 2019 to exercise a stock split with a 1:10 ratio. The stock split was subsequently approved by the Annual General Meeting on April 18, 2019. The stock split was carried out on June 10, 2019. The shareholders received nine additional shares for every share held on this date. The market price per share was accordingly adjusted at a ratio of 1:10. The PUMA share price developed very well in 2019. At the end of the year, the share price was at € 68.35. Taking the stock split into account, this represents an increase of 60.1% compared to the previous year's € 42.70. The market capitalization of the PUMA Group increased accordingly to around € 10.2 billion at year-end 2019 (previous year: € 6.4 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 26 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, 2019, 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 to focus on six strategic priorities to guide it on its way to become the fastest sports brand in the world. We focus on brand heat, a competitive product range, a leading offer for women, improving our distribution quality and organizational speed as well as leveraging our re-entry into basketball to strengthen our position on the North American market.

For more than 70 years, PUMA has created **brand heat** by partnering with the greatest athletes: Usain Bolt, 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 elite 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 and AC Milan, golf stars Lexi Thompson and Rickie Fowler, the six-time Formula 1 world champion Lewis Hamilton, Norwegian hurdler and world champion Karsten Warholm, Canadian sprinter André De Grasse and the Jamaican and Cuban Olympic Federations. Teaming up with the best athletes, teams and federations is key in keeping PUMA's brand credibility at high 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 and Adriana Lima. 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 2019, we significantly improved our **product offering.** Our most important performance footwear styles included the PUMA FUTURE football boot and our running & training shoes based on our LQD CELL and HYBRID technology platforms. In Sportstyle, our bestselling models were the RS-X, CALI and the RALPH SAMPSON. At the end of the year, we launched the RS-X3, CALI SPORT and the RIDER, which is inspired by one of the first jogging shoes launched in the 1980s. With these models, we see ourselves in a good starting position for 2020. In apparel, we saw strong growth across the portfolio, especially from "Big Cat" logo applications and motorsport apparel.

Creating a leading product offer for **women** remains a priority for PUMA, to capitalize on this growing segment in the global sportswear market. More and more women take up sports worldwide and athletic wear has long made its way into everyday outfits. "Where the gym meets the runway" continues to be the theme for our initiatives in the women´s segment. In 2019, our best-selling sneakers for women were the CALI, DEFY and MUSE.

Returning to **basketball**, with an approach that resonated well beyond 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 added the UPROAR and the CLYDE HARDWOOD as new performance shoes to this category in 2019. We added young and highly talented NBA players to our roster such as RJ Barrett (New York Knicks), Kyle Kuzma (Los Angeles Lakers) and Marcus Smart (Boston Celtics). While revenues from basketball performance products are still small, as expected, we are already seeing the benefits of being back on court, as sales of Sportstyle products and other performance categories in the US have picked up. Bringing back the court-style sneaker RALPH SAMPSON from our basketball archive, now one of our best-selling shoes in 2019, would not have been possible without re-entering basketball.

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 our relationships with key retailers by being a flexible and service-oriented business partner. By improving sell-through, we further expanded the shelf space given to us in our partners' retail stores. As sell-through in wholesale improved, we expanded our retail store network and achieved like-for-like sales growth, while registering continued strong growth of our eCommerce business. Furthermore, PUMA upgraded its owned-and-operated retail store network with further refurbishments. On a regional basis, the Asia/Pacific, driven by China, and Americas regions contributed with double-digit increases, while EMEA continued to grow, despite a difficult market environment.

Operationally, we continued to improve **infrastructure**, processes and systems that are required to support our overall growth ambition. In 2019, a strong focus was put on expanding our logistical network with the project launch of two new multi-channel distribution center initiatives, one in Geiselwind, Germany and one outside of Indianapolis, USA – both are expected to be operational in 2020 and early 2021. 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, enables us a faster and better communication and information exchange. PUMA's global trading entity (PUMA International Trading GmbH - PIT), which manages global order and invoice flows centrally, has extended its scope in order to support streamlining transactional processes and ensuring faster lead times for growing markets and allowing us to come one step closer to our mantra of being "Forever Faster". 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.

In addition to our business priorities, social, economic and environmental **sustainability** remains a core value for PUMA. In 2019, we delivered our 10FOR20 sustainability targets and developed our next set of sustainability targets for 2025, with a renewed focus on increasing the amount of sustainable products. In addition, we continued our leading role at the Fashion Charter for Climate Action under the umbrella of UN Climate and signed the Fashion Pact. The Fashion Pact is a global coalition of companies in the fashion and textile industry, along with suppliers and distributors, all committed to a common core of environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans. The Pact was launched at the 2019 G7 summit in France. Our long-standing social compliance program has been supplemented by the aspect of a more responsible procurement policy and has been recognized by the renewed accreditation by the Fair Labor Association.

PRODUCT DEVELOPMENT AND DESIGN

Building on more than 70 years of sports innovation and leading design, PUMA is in the very fortunate situation of having an inspiring archive of products. PUMA's designers can take inspiration from iconic historic styles to mix the past and the present. In 2019, many of our most successful models derived from our history.

As the heir of RS Running System series, which was first introduced some 40 years ago, the RS-X continued to do well in the "Chunky Shoe" segment. In 2019, the RS-X made a bold entry into the market as the RS-X Trophy in black and gold and dropped in several other versions during the year.

In 2019, PUMA also built on its CELL technology platform, which uses hexagonal cells in the heel for superior cushioning and stability. We used CELL in the retro CELL Alien and CELL Endura models, which stayed true to their ancestors from the 80s. We also went one step further by creating new CELL shapes, using the updated LQD CELL technology. LQD CELL is versatile enough to work across a variety of shoe designs and offers stable cushioning as a constant benefit. The first product to use this new technology was the LQD CELL Origin AR sneaker, which came to life with an augmented reality app on mobile phones. LQD CELL technology was deployed throughout the year in several training products.

After returning to basketball last year, PUMA relaunched the "Ralph Sampson" sneaker, named after the legendary basketball star, which was first introduced in the 1980s. This shoe is a new successful addition to our offering and was presented in different colors and styles throughout 2019.

Towards the end of 2019, PUMA revived the RIDER, one of the first jogging shoes. Launched in October as the FAST RIDER OG, our designers reinterpreted the "Federbein" sole, which imitates the shock-absorbing qualities of a car suspension for additional comfort and high rebound. PUMA will continue to add new products to the RIDER franchise in 2020.

The CALI and the NOVA, presented by our brand ambassadors Selena Gomez and Cara Delevingne respectively, continued to be our most successful Sportstyle franchises for women. Both ambassadors were deeply involved in the design process and created their own collections. Cara Delevingne teamed up with PUMA and French luxury brand Balmain for a boxing-inspired line of products. Supermodel and women's training ambassador Adriana Lima also presented a collection aimed at women who want to look their best, even during the toughest workouts. PUMA also teamed up with a selected number of brands and designers, such as Ader Error, Helly Hansen and Les Benjamins to create cool and stylish collections.

Throughout its history, PUMA has catered to the needs of professional athletes. We launched new versions of our PUMA FUTURE football boot in 2019. Made for agile players, the FUTURE allows for sharp turns and complex movements on the football pitch.

Together with Swiss apparel technology group X-Bionic, PUMA launched a collection of thermoregulating running gear, which keeps athletes at an optimal temperature at all times.

We also started a line of products for professional gamers and esports athletes. Together with Dutch gaming accessories maker PLAYSEAT, PUMA launched a gaming seat, which takes gamers away from slouching on the sofa and towards a more active sitting position. The seat was accompanied by the launch of gaming socks, a further example of how our Innovation department is looking for new ways to provide products for this fast-growing market.

Keeping it high-tech, PUMA also launched its first smartwatch in 2019, which should help athletes get the best out of their workouts with a built-in heart rate tracking, GPS and many of their favorite apps.

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, 2019, a total of 999 people were employed in research and development/ product management (previous year: 946). In 2019, research and development/ product management expenses totaled € 114.3 million (previous year: € 97.8 million), of which € 61.7 million (previous year: € 54.0 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, environment, chemical and occupational health and safety) into operations, since 2016, has ensured these areas are part of our day to day business.

In 2019 further operating improvements were realized in sourcing, in particular with regards to the centralization and standardization of processes and systems, capacity management and data analysis. To avoid production peaks and subsequent delays on product availability, sourcing has proactively coordinated ordering windows for earlier production visibility and additionally, reduced production lead time by prepositioning supply of materials. Short-lead time programs have been further increased to react on latest developments and trends in the markets. 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 have been allocated for the US market in the fourth quarter of 2019.

2019 saw the continued growth and expansion of the PUMA Vendor Finance Program for our suppliers. This innovative program launched in 2016 allows vendors to be paid earlier and the rate of interest charged is dependent on their sustainability performance. PUMA developed this program initially with the International Finance Corporation (IFC), the trade finance arm of the World Bank. The program has been expanded for the first time to include private international banks. Since the program is based on PUMA's credit rating our vendors are able to benefit from the best possible interest rates and maintain their own lines of credit.

THE SOURCING MARKETS

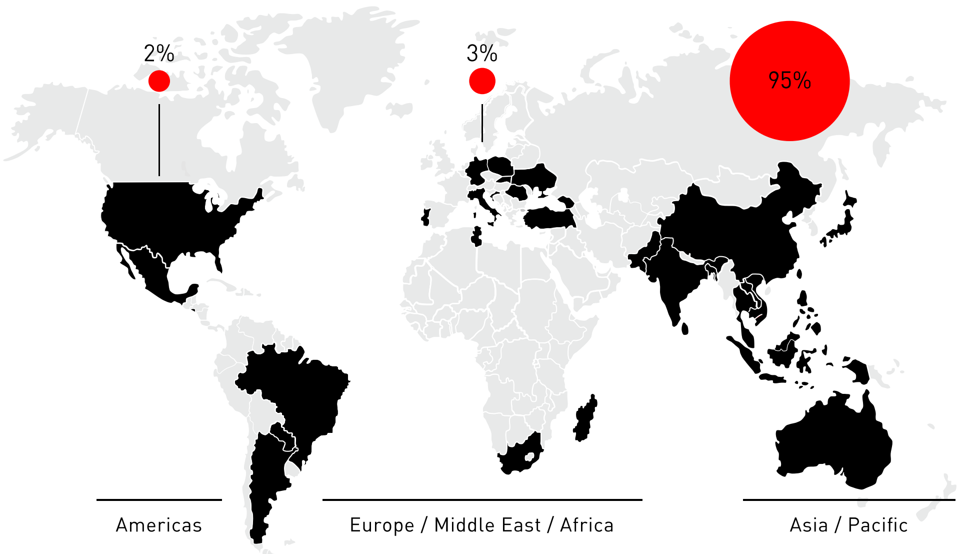
During the financial year 2019, PIT purchased from 131 independent suppliers (previous year: 152) in 32 countries worldwide. The strategic cooperation with long-term partners remained to be one of the key competitive advantages in 2019 to ensure stable sourcing of a significantly increased sourcing volume, in particular in the apparel division.

Asia remains the strongest sourcing region overall with 95% of the total volume, followed by EMEA with 3% (thereof Europe with 1.5% and Africa with 1.5%) and the Americas with 2%.

As a result, the six most important sourcing countries (93% of the total volume) are all located on the Asian continent. Once more, Vietnam was the strongest production country with a total of 33%. China followed at 25%. Bangladesh, which focuses on apparel, is in third place at 15%. Bangladesh thus continued to increase its share of the sourcing volume by two percentage points compared to 2019. 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 3%.

Rising wage costs and macroeconomic influences, such as changes in the trade environment due to tariffs, have continued to influence sourcing markets in 2019. Such impacts need to be taken into account in allocating the production. This is a significant component of our sourcing strategy to ensure secure and competitive sourcing of products and, furthermore, to successfully manage the increasing sourcing volumes due to the positive business development.

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



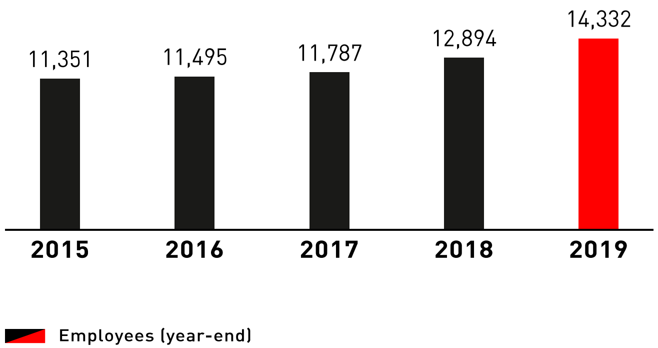
EMPLOYEES

NUMBER OF EMPLOYEES

The global number of employees on a **yearly average** was 13,348 employees in 2019 compared to 12,192 in the previous year. This increase resulted mainly from the retail area due to the increased number of own retail stores.

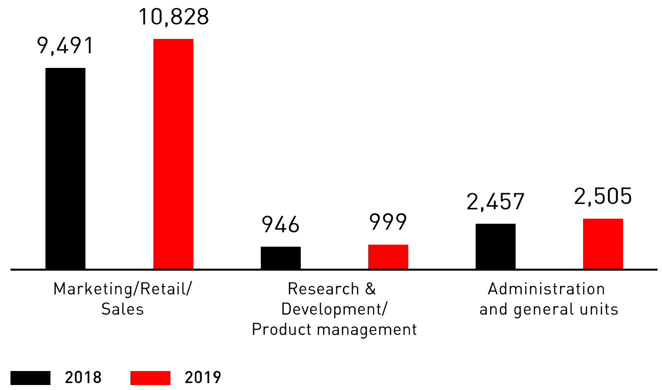
Personnel expenses in 2019 increased overall by 14.6% from € 553.8 million to € 634.5 million. On average, personnel expenses per employee were € 47.5 thousand compared to € 45.4 thousand in the previous year.

↗ G.02 **DEVELOPMENT EMPLOYEES**



As of **December 31, 2019,** the number of employees was 14,332, compared to 12,894 in the previous year. This represents a 11.2% increase 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

In a business environment undergoing rapid change, PUMA must be able to adapt quickly to new market situations to ensure success over the long term. We have therefore created a modern working environment that fosters agile thinking, creativity and interaction. We provide our employees with general working conditions and flexible working opportunities that offer them a good work-life balance. We ensure that our employees are familiar with agile working methods and encourage them to be versatile and adaptable. During this change process and the associated impact on the organization, the employee is always the focus of our actions. In order to take this into account both internally and externally, we have renamed the Human Resources department "People & Organization".

To support our company strategy and to ensure our business success, our main focus is on acquiring and developing talent. Having and retaining highly qualified and motivated personnel in the long term is the main part of our strategy to ensure future competitiveness and growth. This becomes particularly important in an ever-changing, increasingly complex environment. 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 current 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.

The digitalization, the related simplification and acceleration of business processes made further progress. "Workday", one of the leading human capital management systems, which we introduced globally in 2017, contains the modules "recruiting", "talent and performance", "time recording and absence management" and "learning". As a result, only one software solution is used for major parts of important personnel processes. In 2019, we continued to link Workday with other systems and have steadily increased the number of employees and applicants who regularly and actively use the system. The evaluation of our centrally available global data enables us to conduct large-scale analyses. The resulting conclusions offer a solid basis for continuous process improvement and decisions.

Our aim is to help each of our employees to develop 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 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.

The ongoing professional and personal development of our employees also ensures that our workforce has the necessary expertise to guarantee continuous growth and market competence particularly in times of digital change. The range of training we provide therefore includes a number of online and offline training courses and workshops that are standardized or tailored to individual needs. The constant development of our PUMA training programs ensures that our employees have innovative and diverse opportunities to expand their qualifications and develop their existing skills or acquire new skills at any time. This approach helps employees to achieve their personal goals and PUMA to reach its corporate goals.

In 2019, we have started to train employees to become "agile coaches" in order to prepare and motivate our workforce for the digital change. These coaches apply agile working methods, can pass on their knowledge to other colleagues on site and are also available as experts on the subject. In addition to the management content already available on the ILP (International Leadership Program), we send our staff on external and internal training courses to qualify in agile methods such as Scrum, Design Thinking and KanBan. The high level of interest and steadily increasing numbers of staff attending these courses show that we are on the right path.

To provide adequate entry-level and development opportunities to talented individuals at all levels, including the range of different apprenticeships and dual-study programs, we also promote the systematic training of our professionals and managers.
To ensure a common understanding of leadership throughout the company, all managers complete our international leadership training program comprising the seminar series ILP and ILP^2. 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. Our goal is to provide our staff with the required skills and expertise to successfully lead their teams. 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 Up[4], we conduct development programs for employees on 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.

In the past year, we conducted a global employee survey with the help of the external provider Wills Towers Watson in order to get feedback from our employees and involve them in the design of their work environment. More than 9,750 employees participated and used the opportunity to share their opinion on their workplace and work life. We are proud of 91% employee engagement and appreciate the high level of commitment of our employees and their loyalty to the brand. The category “change” received the lowest positive responses with 63% and was identified as an important future area of action. The results were communicated on a global, local and departmental level and necessary improvement measures were defined.

WORKS COUNCIL

The trust-based collaboration with the Works’ Councils is an important part of our corporate culture. In 2019, the European Works Council of PUMA SE represented employees from 15 European countries and had 18 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 and intangible benefits form part of a performance-based compensation system. 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.

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, gross profit margin, 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 volumes 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 investments in companies.

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 as control variables at PUMA.

The calculation of key financial control parameters that PUMA uses are 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 contains interest income and interest expenses and currency conversion differences and the income from associated companies in the previous year. 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 finance and lease liabilities are also not part of working capital.

In order to present the impact of the first-time application of IFRS 16 Leases on the results of operations of the PUMA Group as transparently as possible, we also present the impact of the new accounting standard on the operating result before interest (= financial result), taxes and depreciation and amortization (EBITDA). EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortization, which may also contain any incurred impairment expenses relating to property, plant and equipment 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 (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 2019 will be available by April 30, 2020, at the latest on the following page of our website: https://about.puma.com/en/investor-relations/financial-reports

Furthermore, important sustainability information can be found on PUMA's website in the section Sustainability at any time: http://about.puma.com/en/sustainability

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast of the Kiel Institute for the World Economy (ifw Kiel) dated December 11, 2019, the momentum of the global economy has slowed down in 2019. The experts at ifw Kiel expect global gross domestic product (GDP) to rise by 3.0% in 2019. This represents a slight decline of 0.2% compared to the summer forecast. The forecast for 2019 is also 0.7% below the growth in global GDP in 2018 (3.7%).

In 2019, the global economy was burdened by an intensification of the trade conflict between the United States of America and China. The increase in customs duties and the extension of tariffs to additional product groups has greatly reduced trade between the two countries, leading to greater economic uncertainty in world trade and weaker industrial production. In the advanced economies, the overall economic situation continued to deteriorate. In the United States of America, the strong fiscal stimuli, particularly in the form of the tax reform from 2018, have expired. In contrast, the pace of expansion in the euro zone has not slowed further, primarily due to brisk private consumer demand. In Japan and the United Kingdom, industrial production even picked up. Overall, the economic gap between the advanced economies, which had been observed in the previous year, narrowed in the course of 2019.

In the emerging markets, on the other hand, economic momentum has stabilized in 2019, as the financial environment in particular has improved. A more expansive monetary policy and lower interest rates in the United States of America have led to less devaluation pressure on the currencies in the emerging markets and enabled a noticeable reduction in key interest rates. However, the economic development in the individual emerging markets varies. While GDP growth rates declined in China and India, Brazil, Russia and the other Asian emerging markets recorded an increase in the pace of expansion.

SPORTING GOODS INDUSTRY

Despite geopolitical tensions and trade conflicts, the sporting goods industry continued to grow strongly worldwide in 2019. 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. In addition, the popularity of athletic footwear and apparel as an integral part of everyday fashion ("athleisure") increased. In addition, higher household incomes due to a stable labor market led to an increase in consumer spending on sporting goods.

SALES

ILLUSTRATION OF SALES DEVELOPMENT IN 2019 COMPARED TO THE OUTLOOK

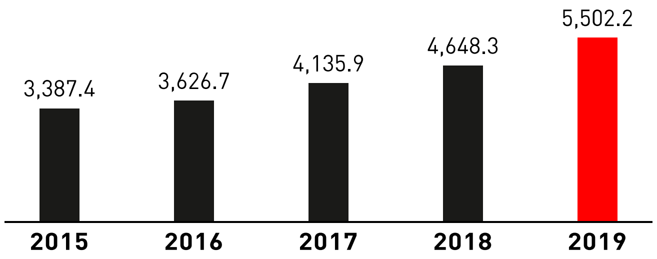
PUMA's 2018 Management Report had predicted a currency-adjusted growth in net sales of around 10% for the financial year 2019. This forecast was increased several times throughout the year and PUMA ultimately expected a currency-adjusted sales growth of around 15% for the financial year 2019. PUMA was able to surpass the revised forecast for the financial year 2019, exceeding the originally planned sales target.

More details on sales development are provided below.

NET SALES

In the financial year 2019, PUMA's net sales grew in the reporting currency, the Euro, by 18.4% to € 5,502.2 million and, as a result, sales exceeded the € 5 billion mark for the first time. The currency-adjusted sales growth was 16.7%. All regions and all product divisions contributed to this development with double-digit growth.

↗ **G.07 SALES** (€ million)

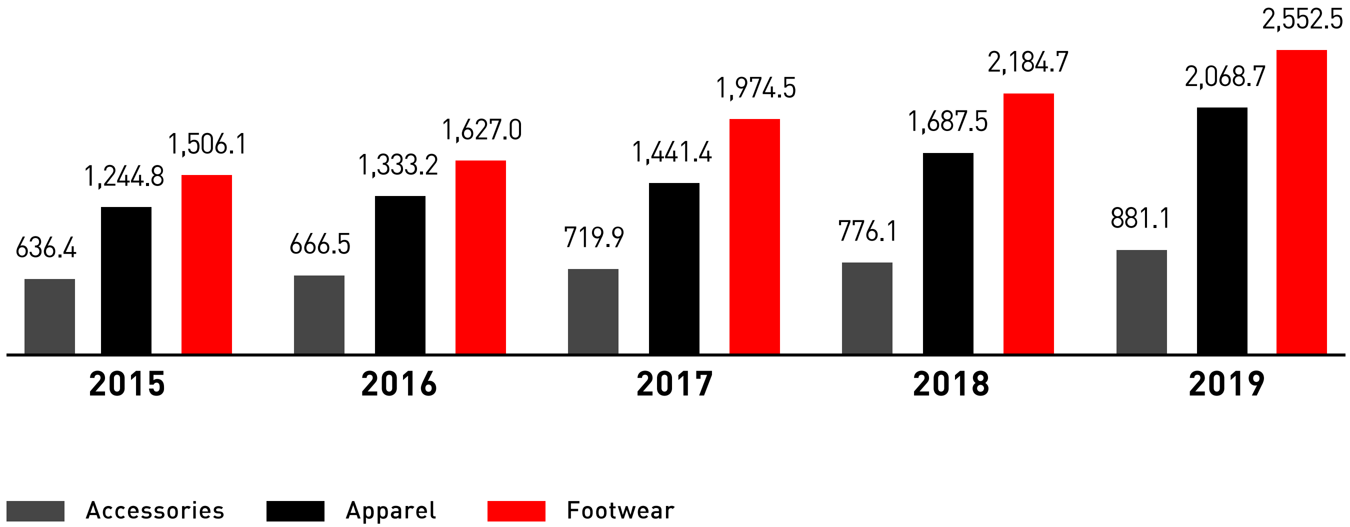


In the **Footwear** division, sales increased in the reporting currency, the Euro, by 16.8% to € 2,552.5 million. Currency-adjusted sales increased by 15.6%. The strongest growth was therefore achieved in the Sportstyle, Running and Training, and Motorsport categories. The share of this division in total net sales fell slightly from 47.0% in the previous year to 46.4% in 2019.

In the **Apparel** division, sales increased in the reporting currency, the Euro, by 22.6% to € 2,068.7 million. Currency-adjusted sales increased by 20.5%. As a result, sales in the Apparel division exceeded the € 2 billion mark for the first time. The Sportstyle category was the main driver of sales growth. The Running and Training, and Motorsport categories also contributed to this growth. The share of the Apparel division increased to 37.6% of Group sales (previous year: 36.3%).

The **Accessories** division reported an increase in sales in the reporting currency, the Euro, by 13.5% to € 881.1 million. This corresponds to a currency-adjusted sales growth of 11.1%. Higher sales, particularly with socks and bodywear, as well as Cobra golf clubs contributed to this increase in sales. The division's share in Group sales decreased slightly from 16.7% in the previous year to 16.0% in 2019.

↗ G.08 SALES BY PRODUCT DIVISIONS (€ million)



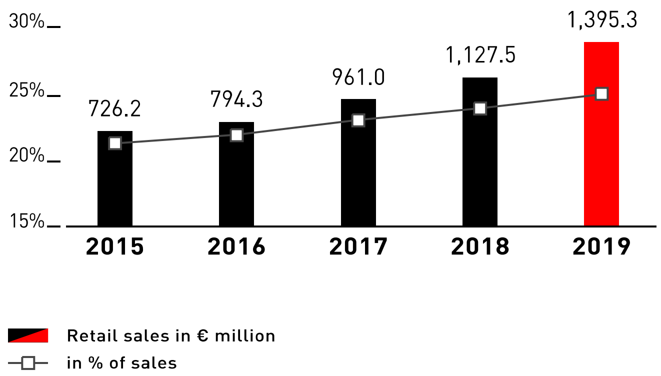
RETAIL BUSINESSES

PUMA's 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 22.0% currency-adjusted to € 1,395.3 million in the financial year 2019. This corresponds to a share of 25.4% in total sales (previous year: 24.3%). The increase in sales resulted from both the increase in like-for-like sales and from the targeted expansion of our portfolio of own retail stores. In addition to the opening of additional retail stores at selected locations worldwide, such as on Fifth Avenue in New York, we continued optimizing our portfolio of own retail stores in the past financial year, which also included modernizing existing retail stores in line with the "Forever Faster" store concept. This makes it possible to improve the shopping experience for our customers even further and to present PUMA products and related technologies in an even more attractive environment. This strengthens PUMA's position as a sports brand.

Our e-commerce business continued to record far above-average growth in 2019. This was brought about by, for example, the expansion of the product range in online stores worldwide and by our targeted sales promotions in the online business. 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, the so-called "Black Friday" and "Cyber Monday", turned out to be particularly successful.

↗ G.09 RETAIL SALES



LICENSING BUSINESS

For various products (such as watches, eyewear, and fragrances), PUMA issues licenses authorizing independent partners to design, develop, manufacture, and sell these products. Sales revenue from license agreements also includes some distribution licenses for different markets. PUMA's licensing and commission income increased in the financial year 2019 by 53.9% to € 25.1 million. The increase was the result of new collaborations.

REGIONAL DEVELOPMENT

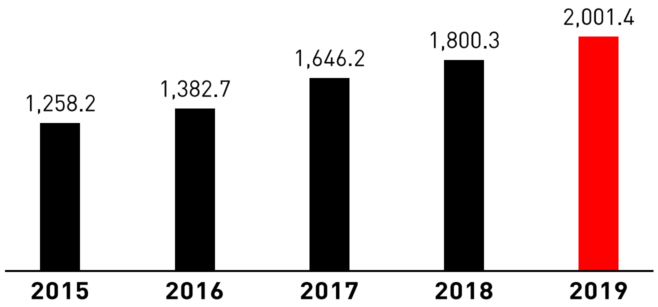
In the following explanation of the regional distribution of sales, the sales are allocated to the customer's actual region ("customer site"). It is divided into three geographic regions (EMEA, America and Asia/Pacific). A more detailed regional presentation of the sales according to the registered office of the respective Group company can be found in chapter 26 in the Notes to the Consolidated Financial Statements.

PUMA's net sales increased in the reporting currency, the Euro, by 18.4% in the financial year 2019. This corresponds to a currency-adjusted sales growth of 16.7% compared to the previous year. All regions contributed to this development with double-digit growth.

In the **EMEA** region, sales rose in the reporting currency, the Euro, by 11.2% to € 2,001.4 million (currency-adjusted +11.2%). As a result, the EMEA region exceeded the 2 billion Euro sales mark for the first time. Particularly strong growth came from Germany, Italy and Spain, which recorded sales growth in the double digits. Russia, Ukraine and Turkey also developed very well with double-digit growth rates. The EMEA region accounted for 38.7% of Group sales compared to 36.4% in the previous year.

With regards to product divisions, sales revenue from footwear recorded currency-adjusted growth of 8.6%. Sales from apparel increased by 14.8% currency-adjusted and sales from accessories grew by 10.6% currency-adjusted.

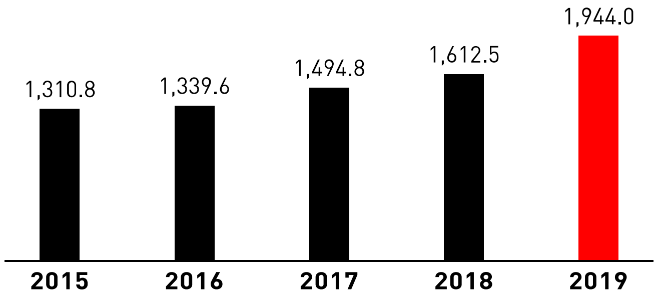
↗ **G.10 EMEA SALES** (€ million)



In the **Americas** region, sales increased in the reporting currency, the Euro, by 20.6% to € 1,944.0 million. Currency-adjusted sales increased by 17.9%. Both North America and Latin America contributed with double-digit growth rates to the increase in sales. While North America recorded positive currency exchange effects, the weakness of the Argentine Peso compared to the Euro, however, resulted in a noticeably negative currency exchange effect on the sales in the reporting currency (Euro). The share of the Americas region in Group sales increased slightly from 34.7% in the previous year to 35.3% in 2019.

With regards to product divisions, both footwear (currency-adjusted +19.2%) and apparel (currency-adjusted +21.5%) recorded excellent sales growth compared to the previous year. Accessories sales were up by 8.8% currency-adjusted.

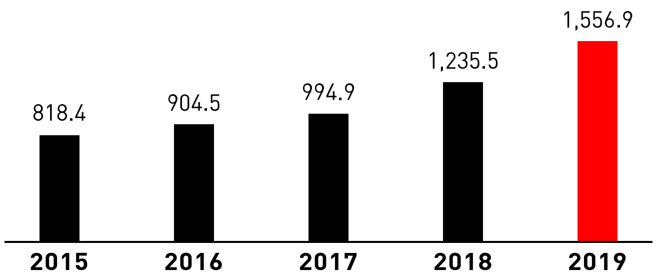
↗ **G.11 AMERICAS SALES** (€ million)



In the **Asia/Pacific** region, sales growth was particularly strong. Here, sales increased in the reporting currency, the Euro, by 26.0% to € 1,556.9 million. This corresponds to a currency-adjusted increase in sales of 22.8%. The main drivers of growth in the region were Greater China and India in particular, with both countries recording above-average double-digit growth rates. The share of the Asia/Pacific region in Group sales increased from 26.6% in the previous year to 28.3% in 2019.

In terms of product divisions footwear (currency-adjusted +20.1%) and apparel (currency-adjusted +26.0%) as well as accessories (currency-adjusted +21.8%) developed very well with double-digit growth rates.

↗ **G.12 ASIA/PACIFIC SALES** (€ million)



RESULT OF OPERATIONS

↗ T.01 INCOME STATEMENT

	2019		2018		
	€ million	%	€ million	%	+/- %
Net sales	**5,502.2**	100.0%	**4,648.3**	100.0%	18.4%
Cost of sales	-2,815.8	-51.2%	-2,399.0	-51.6%	17.4%
Gross profit	**2,686.4**	48.8%	**2,249.4**	48.4%	19.4%
Royalty and commission income	25.1	0.5%	16.3	0.4%	53.9%
Other operating income and expenses	-2,271.3	-41.3%	-1,928.4	-41.5%	17.8%
Operating result (EBIT)	**440.2**	8.0%	**337.4**	7.3%	30.5%
Financial result / income from associated companies	-22.6	-0.4%	-24.0	-0.5%	-5.8%
Earnings before tax (EBT)	**417.6**	7.6%	**313.4**	6.7%	33.3%
Taxes on income	-108.6	-2.0%	-83.6	-1.8%	30.0%
Tax rate	-26.0%		-26.7%		
Net earnings attributable to non-controlling interests	-46.6	-0.8%	-42.4	-0.9%	10.0%
Net earnings	**262.4**	4.8%	**187.4**	4.0%	40.0%
Weighted average shares outstanding (million)*	149.52		149.47		0.0%
Weighted average shares outstanding, diluted (million)*	149.52		149.47		0.0%
Earnings per share in €*	1.76		1.25		40.0%
Earnings per share, diluted in €*	1.76		1.25		40.0%

* The earnings per share and the number of outstanding shares in the prior-year period were retrospectively adjusted to the stock split, carried out in Q2 2019, at a ratio of 1:10

IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 16 LEASES

The following explanations refer to the impact of the first-time application of the new accounting standard IFRS 16 Leases as of 1 January 2019. As part of the transition to the new accounting for leases, PUMA elected to use the partial exemption provision and has not performed a retrospective adjustment of previous years' numbers. The comparative numbers presented in the IFRS Income Statement above for the financial year 2018 remained unchanged and have been calculated based on the previous accounting standard for leases in accordance with IAS 17.

We will therefore present below the impact of the first-time application of IFRS 16 on the results of operations of the PUMA Group in the financial year 2019 to ensure in this way a full comparability with the reported numbers in the previous year.

The first-time application of IFRS 16 in the financial year 2019 had a positive effect on the operating result (EBIT) in the amount of € +19.2 million. This was caused by a decrease in rental expenses by € 167.3 million and an increase in depreciation relating to the rights of use recognized in the balance sheet of € 148.1 million. Taking the interest effects (€ -29.7 million) and deferred tax effects (€ +2.8 million) into account, there was overall a slightly negative effect on the consolidated net earnings in the amount of € -7.7 million in the financial year 2019. In relation to the earnings per share and the diluted earnings per share, this corresponds to a decrease of € -0.05.

Please refer to the Notes to the Consolidated Financial Statements, chapter 1 General for a detailed description of the new accounting standards and the effects of the first-time application of IFRS 16 Leases.

ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2019 COMPARED TO THE OUTLOOK

In the outlook of the 2018 Annual Report, PUMA forecasted a slight improvement in the gross profit margin for the financial year 2019. 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 € 395 million and € 415 million. This forecast already included the impact of the application of the new accounting rules for leases in accordance with IFRS 16. In addition, a significant improvement in net earnings was expected for the financial year 2019.

The forecasts for the operating result were adjusted upward several times throughout the year, and PUMA now expected an operating result (EBIT) within a range of between € 420 million and € 430 million. In accordance with previous forecasts, the Management Board continued to expect a significant improvement in net earnings for the financial year 2019.

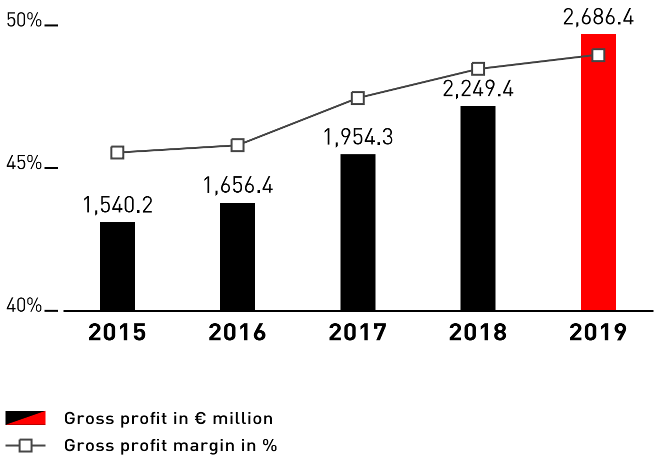
PUMA was able to fully achieve the increased forecasts in 2019, and even slightly exceed them with regard to the operating result. This means that PUMA slightly exceeded the originally targeted improvement in operating result for 2019. More details on earnings development are provided below.

GROSS PROFIT MARGIN

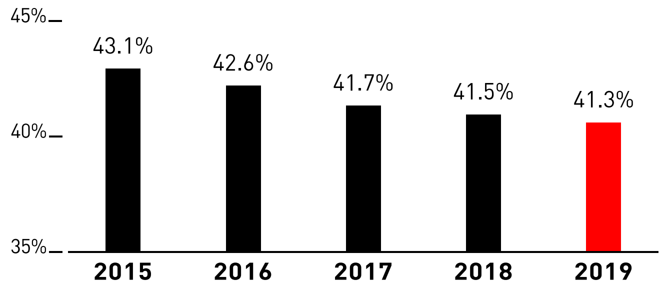
PUMA's gross profit in the financial year 2019 increased by 19.4% from € 2,249.4 million to € 2,686.4 million. The gross profit margin improved by 40 basis points from 48.4% to 48.8%. The main drivers for the development of the gross profit margin were the product mix and the regional mix and a higher proportion of our own retail sales. A slightly positive currency effect also contributed to the improved gross profit margin.

The gross profit margin in the Footwear division increased from 45.8% in the previous year to 46.4% in 2019. The Apparel gross profit margin improved from 50.9% to 51.1% and in Accessories, it also increased from 50.3% to 50.5%.

↗ G.13 GROSS PROFIT/GROSS PROFIT MARGIN



↗ G.14 OPERATING EXPENSES (% of sales)



OTHER OPERATING INCOME AND EXPENSES

In the financial year 2019, further targeted expenditures were made for marketing and investments in our own retail to position PUMA as the fastest sports brand in the world and to increase PUMA's brand heat. Investments in retail were also made to have an even more attractive presentation of PUMA products and related innovations and technologies. In addition to investments in the modernization of our own retail stores, many additional retail stores were also opened at select locations across the globe in 2019, such as on Fifth Avenue in New York. Moreover, further progress was made in modernizing our IT infrastructure. The strong increase in sales has also caused an increase in sales-related costs, particularly in the logistics area. This led to an increase in operating income and expenses in the financial year 2019 of 17.8% from € 1,928.4 million to € 2,271.3 million. As a percentage of sales, the cost ratio improved from 41.5% to 41.3% due to the slightly lower increase of those expenses. The consistent focus on the strict cost control continued to be a top priority for PUMA, and the achieved operating leverage, reflected in the decrease of the cost ratio by 0.2%, significantly contributed to the improved profitability and achievement of the financial goals in 2019.

Within sales expenses, the expenses for marketing/retail grew by 19.4% from € 931.2 million to € 1,112.1 million. This development is primarily connected to the consistent implementation of the "Forever Faster" brand campaign and the increased number of own retail stores. At 20.2% of sales, the cost ratio remained almost unchanged compared to the previous year. Other sales expenses, which mainly include sales-related costs and transport costs, increased by 19.7% to € 709.2 million. This increase is primarily due to a higher number of own retail stores and higher sales-related expenses in the e-commerce area. The cost ratio of the other sales expenses was 12.9% of sales in 2019.

Research and development/ product management expenses increased by 16.9% to € 114.3 million compared to the previous year and the cost ratio remained stable at 2.1%. Other operating income in the past financial year amounted to € 4.2 million and consisted primarily of income arising from the release of provisions for purchase price liabilities and income from the sale of non-current assets. Administrative and general expenses increased in 2019 by 3.6% from € 328.1 million to € 340.0 million. The cost ratio of administrative and general expenses decreased accordingly from 7.1% to 6.2%. Depreciation and amortization is included in the relevant costs and total € 246.4 million (previous year: € 81.5 million). The increase year-on-year is mainly the result from the depreciation of rights of use assets in relation with the first-time application of IFRS 16 Leases.

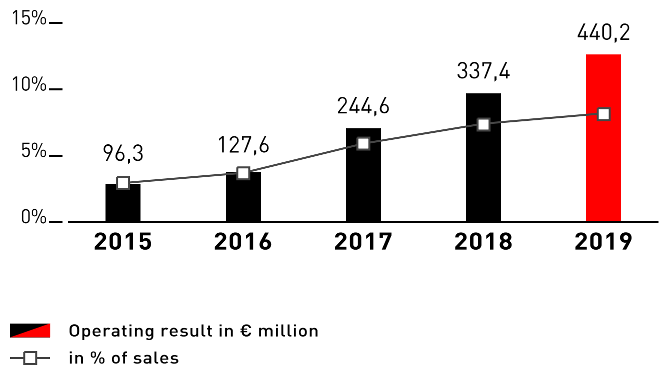
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortization increased by 63.7% in the financial year 2019 from € 419.5 million to € 686.6 million. The increase was positively impacted in the amount of € 167.2 million by the first-time application of the new accounting standard for leases (IFRS 16). Without this effect from the first-time application of IFRS 16, PUMA's EBITDA would have improved by around € 100 million or 23.8% to € 519.4 million year-on-year.

OPERATING RESULT (EBIT)

In the financial year 2019, the operating result increased by 30.5% from € 337.4 million in the previous year to € 440.2 million. This result is slightly above the adjusted EBIT forecast within a range of between € 420 million and € 430 million. The significant improvement in profitability in 2019 resulted from the strong sales growth combined with the slight improvement in gross profit margin and the slightly lower increase in other operating income and expenses compared to sales. The EBIT margin rose accordingly from 7.3% in the previous year to 8.0%.

↗ G.15 OPERATING RESULT - EBIT



FINANCIAL RESULT

The financial result improved from overall € -24.0 million in the previous year to € -22.6 million in 2019, despite the additional interest expense of € 29.7 million from the compounding of lease liabilities in connection with the new accounting standard for leases (IFRS 16). This positive development is primarily the result of gains from currency conversion differences of € 10.2 million in 2019, compared to a loss from the currency conversion of € -14.4 million in the previous year. In addition, interest income of € 4.0 million in the previous year increased to € 7.2 million in 2019, and interest expenses fell from € 14.6 million in the previous year to € 13.9 million this year.

EARNINGS BEFORE TAX (EBT)

In the financial year 2019, PUMA generated earnings before taxes of € 417.6 million. This corresponds to an increase of 33.3% year-on-year (€ 313.4 million). Tax expenses were € 108.6 million compared to € 83.6 million in the previous year, and the tax ratio decreased slightly from 26.7% to 26.0% in 2019.

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 this shareholder increased by 10.0% to € 46.6 million in the financial year 2019 (previous year: € 42.4 million). These companies concern PUMA North America and PUMA United Canada, which were created in the past financial year from a merger and renaming of the companies, Janed, PUMA Accessories and PUMA Kids Apparel. The business purpose of these companies is the sale of socks, bodywear and children's apparel on the North American market.

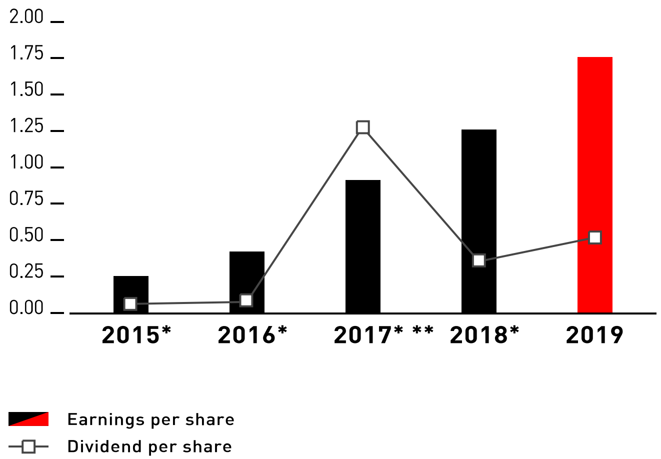
NET EARNINGS

Consolidated net earnings increased in the financial year 2019 by 40.0% from € 187.4 million to € 262.4 million. The significant improvement in net earnings mainly resulted from the strong sales growth combined with the improvement in the gross profit margin and operating leverage. The improved financial result and a slightly lower tax rate also had a positive effect on the net earnings in 2019. Taking the stock split at a ratio of 1:10 into account, the earnings per share and diluted earnings per share increased accordingly by 40.0% from € 1.25 in the previous year to € 1.76 in 2019.

DIVIDENDS

The Management Board and the Supervisory Board will propose to the Annual General Meeting on May 7, 2020, to distribute a dividend of € 0.50 per share for the financial year 2019 from PUMA SE's net profit. This corresponds to an overall increase in the dividend or dividend payout of 42.8% in 2019 compared to the previous year. The payout ratio for financial year 2019 is 28.5% 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 that decides on the distribution. A dividend of € 0.35 per share was distributed for the previous year, taking into account the 1:10 stock split.

↗ G.16 **EARNINGS / DIVIDEND PER SHARE** (in €)



* Earnings per share and the number of outstanding shares 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

NET ASSETS AND FINANCIAL POSITION

↗ T.02 BALANCE SHEET

	12/31/2019		12/31/2018		
	€ million	%	€ million	%	+/- %
Cash and cash equivalents	518.1	11.8%	463.7	14.5%	11.7%
Inventories	1,110.2	25.4%	915.1	28.5%	21.3%
Trade receivables	611.7	14.0%	553.7	17.3%	10.5%
Other current assets (working capital)	196.0	4.5%	187.7	5.9%	4.4%
Other current assets	45.2	1.0%	72.6	2.3%	-37.8%
Current assets	**2,481.2**	56.7%	**2,192.8**	68.4%	13.2%
Deferred taxes	237.7	5.4%	207.6	6.5%	14.5%
Right-of-use assets*	719.0	16.4%	0.0	0.0%	–
Other non-current assets	940.3	21.5%	806.8	25.2%	16.5%
Non-current assets	**1,897.0**	43.3%	**1,014.4**	31.6%	87.0%
Total assets	**4,378.2**	100.0%	**3,207.2**	100.0%	36.5%
Current financial liabilities	10.2	0.2%	20.5	0.6%	-50.3%
Trade payables	843.7	19.3%	705.3	22.0%	19.6%
Other current liabilities (working capital)	524.9	12.0%	447.3	13.9%	17.3%
Current lease liabilities*	144.8	3.3%	0.8	0.0%	–
Other current liabilities	35.3	0.8%	21.3	0.7%	65.7%
Current liabilities	**1,558.9**	35.6%	**1,195.2**	37.3%	30.4%
Deferred taxes	53.0	1.2%	47.7	1.5%	11.0%
Pension provisions	34.1	0.8%	28.9	0.9%	18.1%
Non-current lease liabilities*	600.5	13.7%	7.5	0.2%	–
Other non-current liabilities	211.4	4.8%	205.7	6.4%	2.8%
Non-current liabilities	**899.0**	20.5%	**289.7**	9.0%	210.3%
Shareholders' equity	**1,920.3**	43.9%	**1,722.2**	53.7%	11.5%
Total liabilities and shareholders' equity	**4,378.2**	100.0%	**3,207.2**	100%	36.5%
Working capital	**549.4**		**503.9**		9.0%
- in % of sales	10.0%		10.8%		

* Right-of-use assets / lease liabilities due to the first-time application of IFRS 16 Leases as of January 1, 2019

IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 16 LEASES

The following explanations refer to the impact of the first-time application of the new accounting standard IFRS 16 Leases as of January 1, 2019. As a result of the new standard all leases must be accounted for in the form of a right-of-use asset on the asset side of the balance sheet and a related current or non-current lease liability on the liabilities side of the balance sheet. As part of the transition to the new accounting for leases, PUMA elected to use the partial exemption provision and has not performed a retrospective adjustment of the previous year's figures. In the balance sheet above, the rights-of-use relating to assets and the lease liabilities were added as additional balance sheet items. The previous year's figures remained unchanged. In order to ensure full comparability with the reported previous year's figures, the impacts of the first-time application of IFRS 16 on PUMA Group's net assets in the financial year 2019 will be presented and explained below.

The recognition in the balance sheet of the right-of-use assets in the amount of € 719.0 million and the related current lease liabilities (€ 144.8 million) and non-current lease liabilities (€ 600.5 million) resulted in a significant increase of the balance sheet total as of the balance sheet date on December 31, 2019. The right-of-use assets refer to own retail stores totaling € 419.6 million, warehouses and distribution centers totaling € 175.7 million and other lease items, mainly technical equipment and machines and motor vehicles totaling € 123.7 million as of December 31, 2019.

The significantly increased balance sheet total specifically resulted in a decrease of the equity ratio. The equity ratio, calculated as a quotient of equity and balance sheet total, decreased from 53.7% in the previous year to 43.9% as of December 31, 2019. In absolute numbers, the equity of the PUMA Group, however, increased by 11.5% from € 1,722.2 million to € 1,920.3 million. If the lease liabilities recognized in the balanced sheet were disregarded for comparison purposes, the equity ratio as of December 31, 2019 would be almost unchanged at 52.9%.

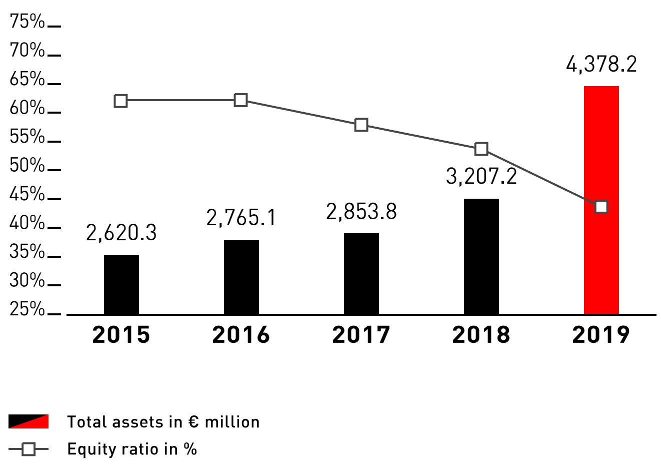
The new leasing standard analogously caused a significant increase of the debt ratio, calculated as the quotient of debt capital to equity. The ratio of debt to equity was at 86% at the end of 2018. Due to the recognition of the lease liabilities on the balance sheet, the debt ratio has now increased to 128% as of December 31, 2019. If, for comparison purposes, the lease liabilities recognized on the balance sheet were disregarded, this would result in an almost unchanged debt ratio of 89.2% as of December 31, 2019.

Please refer to the Notes to the Consolidated Financial Statements, chapter 1 General for a detailed description of the new accounting standards and the effects of the first-time application of IFRS 16 Leases.

EQUITY RATIO

PUMA continues to have an extremely solid capital base. As of the balance sheet date, the shareholders' equity of the PUMA Group increased by 11.5% from € 1,722.2 million in the previous year to € 1,920.3 million as of December 31, 2019. Due to the previously explained impact of the first-time application of IFRS 16 Leases, the balance sheet total rose by 36.5% from € 3,207.2 million in the previous year to € 4,378.2 million. This resulted in a calculated decrease of the equity ratio from 53.7% in the previous year to 43.9% as of December 31, 2019.

↗ G.17 TOTAL ASSETS / EQUITY RATIO



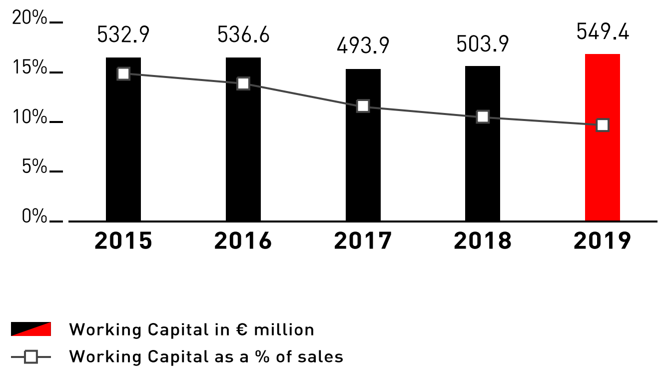
WORKING CAPITAL

Despite the significant increase in net sales and the increased number of our own retail stores, working capital rose only by 9.0% in the past financial year from € 503.9 million to € 549.4 million. As a percentage of total sales of the respective financial year, this corresponds to a decrease of the working capital ratio from 10.8% in the previous year to 10.0% as of year-end 2019.

Inventories increased by 21.3% from € 915.1 million to € 1,110.2 million as of the balance sheet date. This increase is related to early purchase of products to balance supplier capacities and to secure product availability for our customers. In addition, a higher number of own retail stores and the expected increase in sales resulted in higher inventory. Trade receivables increased by 10.5% from € 553.7 million to € 611.7 million due to the active receivables management. Other current assets included in working capital increased slightly by 4.4% from € 187.7 million to € 196.0 million.

On the liabilities side, trade payables increased by 19.6% from € 705.3 million to € 843.7 million. Other current liabilities included in working capital increased by 17.3% from € 447.3 million to € 524.9 million. The increase in other current liabilities was primarily the result of higher customer bonus and warranty provisions due to the strong sales growth.

↗ G.18 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 € 72.6 million to € 45.2 million.

Right-of-use assets of € 719.0 million and related current and non-current lease liabilities resulted from the first-time application of IFRS 16 Leases. The right-of-use assets referred to own retail stores totaling € 419.6 million, warehouses and distribution centers totaling € 175.7 million, and other leased items, mainly technical equipment, machines and motor vehicles totaling € 123.7 million as of December 31, 2019.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, rose as a consequence of the investment in non-current assets by 16.5% from € 806.8 million to € 940.3 million.

Other current liabilities, which include the negative market value of derivative financial instruments, increased compared to the previous year from € 21.3 million to € 35.3 million.

Pension provisions increased from € 28.9 million in the previous year to € 34.1 million.

Other non-current liabilities, which mainly include the promissory note loans totaling € 160.0 million, were € 211.4 million on the balance sheet date (previous year: € 205.7 million).

CASH FLOW

↗ T.03 CASH FLOW STATEMENT

	2019 € million	2018 € million	+/- %
Earnings before tax (EBT)	**417.6**	**313.4**	33.3%
Financial result and non-cash affected expenses and income	287.2	84.7	–
Gross cash flow	**704.8**	**398.0**	77.1%
Change in current assets, net	-44.5	-38.0	17.3%
Tax payments and dividends received	-111.5	-81.9	36.1%
Net cash from operating activities	**548.8**	**278.1**	97.3%
Payments for acquisitions/ proceeds from the sale of shareholdings	-1.2	23.5	–
Payments for investing in fixed assets	-218.4	-130.2	67.7%
Other investing activities	0.8	1.4	-43.6%
Net cash used in investing activities	**-218.7**	**-105.3**	107.8%
Free cash flow	**330.0**	**172.9**	90.9%
Free cash flow (before acquisitions)	**331.2**	**149.4**	121.7%
- in % of sales	6.0%	3.2%	
Dividend payments to equity holders of the parent company	-52.3	-186.8	-72.0%
Dividend payments to non-controlling interests	-18.6	-55.7	-66.6%
Proceeds from borrowings	0.0	145.2	-100.0%
Repayments of borrowings	-17.6	-16.6	5.8%
Repayments of lease liabilities	-140.8	-1.8	–
Other proceeds/ payments	-43.6	-12.6	–
Net cash used in financing activities	**-272.9**	**-128.3**	112.7%
Exchange rate-related changes in cash and cash equivalents	-2.8	4.2	–
Changes in cash and cash equivalents	**54.3**	**48.7**	11.5%
Cash and cash equivalents at the beginning of the financial year	463.7	415.0	11.7%
Cash and cash equivalents at the end of the financial year	**518.1**	**463.7**	11.7%

IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 16 LEASES

The first-time application of the new accounting standard IFRS 16 Leases as of January 1, 2019 resulted in a significant change in the presentation of lease payments in the cash flow statement. Previously, all lease payments from operating leases were allocated to net cash from operating activities in accordance with IAS 17. Starting in financial year 2019, lease payments were recognized as part of net cash used in financing activities since these payments are now considered to be repayments of lease liabilities. This consequently also affected free cash flow which is calculated as the sum of net cash from operating activities and investing activities. In order to ensure full comparability with the unadjusted previous year's figures, the impacts of the first-time application of IFRS 16 on the PUMA Group's cash flow statement in the financial year 2019 will be presented and explained below.

In relation to the depreciation of right-of-use assets recognized in the balance sheet and the interest expenses linked to lease liabilities, the first-time application of IFRS 16 in the financial year 2019 led to an increase in gross cash flow and net cash from operating activities of € 170.5 million. This is because the depreciation and interest are non-cash expenses. This also resulted in an increase of free cash flow and free cash flow before acquisitions of € 170.5 million. Lease payments in the financial year 2019 were allocated to net cash used in financing activities. This cash outflow was accordingly charged an additional € 170.5 million compared to the previous year.

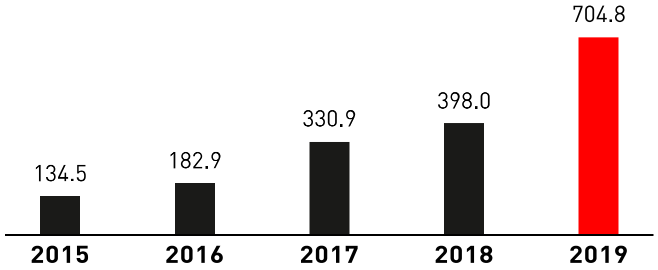
The first-time application of IFRS 16 had no impact on cash and cash equivalents.

Please refer to the Notes to the Consolidated Financial Statements, chapter 1 General for a detailed description of the new accounting standards and the effects of the first-time application of IFRS 16 Leases.

NET CASH FROM OPERATING ACTIVITIES

The increased earnings before taxes (EBT +33.3%) and the significantly increased non-cash expenses, particularly with the depreciation of the right-of-use assets recognized on the balance sheet in the financial year 2019, resulted in an increase in gross cash flow of 77.1% from € 398.0 million to € 704.8 million.

↗ G.19 **GROSS CASH FLOW** (€ million)



The continuing strong focus on working capital management significantly contributed to the fact that the cash outflow from the change in net current assets* only increased from € -38.0 million in the previous year to € -44.5 million in the financial year 2019. Cash outflow from tax payments and dividends received increased from € -81.9 million in the previous year to € -111.5 million in the financial year 2019. Overall, this resulted in an improvement of net cash from operating activities by € 270.7 million from € 278.1 million to € 548.8 million. Even without the aforementioned one-off effect of € 170.5 million relating to the first-time application of IFRS 16 Leases, net cash from operating activities would have improved by slightly more than € 100 million in 2019 compared to the previous year.

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

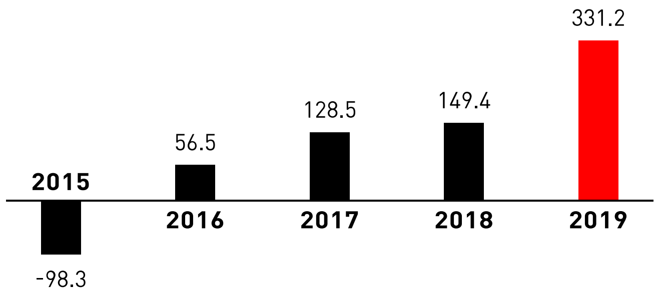
NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities rose from € 105.3 million to € 218.7 million in the financial year 2019. The investments in fixed assets increased in accordance with our investment plan from € 130.2 million in the previous year to € 218.4 million in 2019. The increase referred primarily to investments in own retail stores and into the new multi-channel distribution center in Germany. In addition, investments into the improvement of the IT infrastructure continued.
Payments for acquisitions in 2019 were related to the acquisition of the remaining shares of the Genesis Group International Ltd.

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.
Free cash flow before acquisitions increased from € 149.4 million in the previous year to € 331.2 million in the financial year 2019. Free cash flow before acquisitions was 6.0% of sales compared to 3.2% in the previous year.
Without the one-off positive effect of € 170.5 million as a result of the first-time application of IFRS 16 Leases, the free cash flow before acquisitions would have improved by 7.6% or € 11.3 million in 2019 compared to the previous year.

↗ G.20 **FREE CASH FLOW (BEFORE ACQUISITIONS)** (€ million)



NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities mainly includes € 52.3 million in dividend payments to shareholders of PUMA SE in the financial year 2019 (previous year: € 186.8 million) and dividend payments to non-controlling interests of € 18.6 million (previous year: € 55.7 million). Furthermore, the net cash used in financing activities for the first time contains the repayment of lease liabilities and related interest expenses totaling € 170.5 million. Overall, the net cash used in financing activities was € 272.9 million in 2019 (previous year: cash outflows of € 128.3 million).
Without the one-off negative effect of € 170.5 million as a result of the first-time application of IFRS 16 Leases, net cash used in financing activities would have decreased by € 25.9 million in 2019 compared to the previous year.

As of December 31, 2019, PUMA had cash and cash equivalents of € 518.1 million, an increase of 11.7% compared to the previous year (€ 463.7 million). The PUMA Group also had credit lines totaling € 687.6 million as of December 31, 2019 (previous year: € 691.9 million). Unutilized credit lines totaled € 514.1 million on the reporting date, compared to € 501.0 million in the previous year.

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

Overall, we are very satisfied with the business and economic development of the PUMA Group in the past financial year. In 2019, PUMA was able to fully achieve or even slightly exceed its financial targets, which had already been raised during the year. We owe this in particular to the further consistent implementation of our "Forever Faster" corporate strategy. We have therefore continued to make targeted investments in marketing and concluded contracts with internationally renowned football clubs, such as Manchester City and Valencia CF, to strengthen our position as a sports brand and further increase our brand heat. Moreover, the strategic focus on the further improvement of our product range for women and the return to basketball have significantly contributed to the successful business performance in 2019. The opening of our new flagship store on Fifth Avenue in New York and the project launch of our new multi-channel distribution centers in Germany and the U.S. represented additional milestones in PUMA's organizational development in the past financial year.

PUMA was again able to record a strong growth in sales with a currency-adjusted sales growth of 16.7% in 2019. All regions and all product divisions contributed to this development with double-digit growth. In 2019, we were also once again able to make significant improvements in terms of profitability. In 2019, the operating result (EBIT), net earnings and earnings per share increased by more than 30% compared to the previous year. In addition to the strong sales growth, this is primarily due to the improvement in the gross profit margin and also to the decrease in the cost ratio of other operating expenses. In the past financial year, the operating result of € 440.2 million was even slightly above our forecast of € 420 million to € 430 million, which had been raised during the year. Earnings per share rose by 40% from € 1.25 to € 1.76 compared to the previous year. This means we fully achieved and even slightly exceeded our profitability targets in the past financial year.

With regards to the balance sheet, we believe that PUMA has continued to have an extremely solid capital base. On the balance sheet date, the equity of the PUMA Group was more than € 1.9 billion (previous year: € 1.7 billion) and the equity ratio was just under 44%. Furthermore, the consistent focus on working capital management contributed to the fact that working capital increased by only 9% compared to the previous year despite the significant increase in sales. The increase in earnings before taxes (EBT) and the working capital management in the past financial year also contributed to a significant improvement in cash flow. Free cash flow before acquisitions improved in 2019 by 7.6% or € 11.3 million to € 331.2 million, even if the one-off positive effect of € 170.5 million from the first-time application of IFRS 16 is disregarded. Cash and cash equivalents amounted to € 518.1 million on the balance sheet date (previous year: € 463.7 million).

As a result, the 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 7, 2020, a dividend of € 0.50 per share for the financial year 2019. This corresponds to a payout ratio of 28.5% 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)

PUMA SE's financial statements have been prepared pursuant to the rules of the German Handelsgesetzbuch (HGB - German Commercial Code).

PUMA SE is the parent company of the PUMA Group. PUMA SE's results are significantly 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 region, consisting of the home market of Germany, Austria, and Switzerland. Furthermore, PUMA SE is also responsible for the pan-European distribution for individual key accounts and 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)

	2019		2018		
	€ million	%	€ million	%	+/- %
Net sales	**722.3**	100.0%	**675.3**	100.0%	**7.0%**
Other operating income	**62.1**	8.6%	**50.8**	7.5%	**22.4%**
Material Expenses	-233.8	-32.4%	-224.9	-33.3%	3.9%
Personnel Expenses	-107.2	-14.8%	-101.7	-15.1%	5.5%
Depreciation	-24.8	-3.4%	-20.1	-3.0%	23.5%
Other operating expenses	-560.8	-77.6%	-492.1	-72.9%	13.9%
Total expenses	**-926.6**	-128.3%	**-838.8**	-124.2%	**10.5%**
Financial Result	**223.5**	30.9%	**212.9**	31.5%	**5.0%**
Income before taxes	**81.3**	11.3%	**100.1**	14.8%	**-18.7%**
Income Tax	-12.8	-1.8%	-16.8	-2.5%	-23.5%
Net income	**68.5**	9.5%	**83.3**	12.3%	**-17.8%**

Net sales rose in the financial year 2019 overall by 7.0% to € 722.3 million. The increase resulted from both increased product sales and commission income from license management. Revenue from PUMA SE product sales increased by 7.6% to € 354.6 million. The royalty and commission income included in net sales increased by 10.7% to € 335.6 million. The other revenue, which mainly consisted of recharges of costs to affiliated companies was € 32.1 million in 2019 (previous year: € 42.4 million).

Other operating income amounted to € 62.1 million in 2019 (previous year: € 50.8 million) and includes in particular realized and unrealized gains from currency conversion related to the measurement of receivables and payables in foreign currencies on the balance sheet date.

The total **expenditure** from material expenses, personnel expenses, depreciation and other operating expenses increased by 10.5% to € 926.6 million compared to the previous year (previous year: total € 838.8 million). The increase in material expenses was associated with the increase in sales. Depreciation increased primarily due to investments in IT and the expansion of the administration building in Herzogenaurach in the previous year. Other operating expenses increased compared to the previous year due to higher marketing expenditures as a result of new sponsoring agreements with clubs and athletes. Furthermore, higher warehousing and freight costs, in relation to the increase in sales and higher inventory, contributed to the increase in other operating expenses.

The **financial result** improved compared to the previous year by 5.0% to € 223.5 million. The improvement was due to higher dividends from affiliated companies, while the income from the transfer of profits from affiliated companies decreased and expenses from loss transfers increased.

Income before taxes fell in 2019 by 18.7% from € 100.1 million to € 81.3 million. **Taxes on income** amounted to € 12.8 million (previous year: € 16.8 million). These include current income taxes for 2019 totaling € 2.1 million, taxes on income from previous years of € 0.1 million, and expenditures for foreign withholding taxes on license and dividend payments in 2019 of € 15.8 million. In addition, income tax reimbursements of € 5.2 million for previous years, after a mutual agreement procedure has been settled, are included. **Net income** in the financial year 2019 was € 68.5 million compared to € 83.3 million in the previous year.

NET ASSETS

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

	12/31/2019		12/31/2018		
	€ million	%	€ million	%	+/- %
Total non-current assets	1,053.7	63.0%	657.9	48.4%	60.2%
Inventories	59.8	3.6%	52.9	3.9%	13.2%
Receivables and other current assets	504.8	30.2%	576.4	42.4%	-12.4%
Cash and cash equivalents	47.2	2.8%	59.5	4.4%	-20.6%
Total current assets	611.8	36.6%	688.8	50.6%	-11.2%
Other	8.0	0.5%	13.9	1.0%	-42.5%
Total assets	**1,673.5**	100.0%	**1,360.6**	100.0%	**23.0%**
Shareholders' equity	582.8	34.8%	564.3	41.5%	3.3%
Accruals / provisions	112.1	6.7%	101.5	7.5%	10.5%
Liabilities	978.6	58.5%	694.5	51.0%	40.9%
Other	0.0	0.0%	0.3	0.0%	-100.0%
Total liabilities and shareholders' equity	**1,673.5**	100.0%	**1,360.6**	100.0%	**23.0%**

Non-current assets increased in 2019 by 60.2% to € 1,053.7 million. The increase was mainly due to capital increases at the subsidiaries of PUMA SE, leading to an increase in these investments in affiliated companies. The investments in a new building with showrooms at the Herzogenaurach location and in IT also contributed to the increase.

Within **current assets**, inventories increased by 13.2% to € 59.8 million. By contrast, trade receivables and other assets fell by 12.4% to € 504.8 million compared to the previous year. This development is primarily due to the decrease in receivables from affiliated companies. Cash and cash equivalents decreased by 20.6% to € 47.2 million compared to the previous year.

On the **liabilities** side, equity increased by 3.3% to € 582.8 million due to the net income for 2019, taking into account the dividend paid out in 2019. Provisions increased by 10.5% to € 112.1 million compared to the previous year due to higher provisions for personnel and outstanding invoices. The increase in liabilities by 40.9% to € 978.6 million was mainly the result of an increase in liabilities to affiliated companies. Due to this development, the equity ratio fell from 41.5% to 34.8% on the balance sheet date.

FINANCIAL POSITION

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

	2019	2018	
	€ million	€ million	+/- %
Net cash from operating activities	**27.6**	**-12.9**	**> -100%**
Net cash used in investing activities	**-114.0**	**-72.7**	**56.8%**
Free cash flow	**-86.4**	**-85.6**	**1.0%**
Net cash from financing activities	**74.2**	**25.7**	**>100%**
Change in cash and cash equivalents	**-12.2**	**-59.9**	**-79.6%**
Cash and cash equivalents at beginning of the financial year	59.5	119.4	-50.2%
Cash and cash equivalents at the end of the financial year	**47.2**	**59.5**	**-20.6%**

Net cash from operating activities improved to € 27.6 million. This is primarily the result of a reduction in working capital as of the balance sheet date due to higher liabilities to affiliated companies. **Net cash used in investing activities** increased from € -72.7 million to € -114.0 million due to investments in non-current assets and equity interests in affiliated companies. Free cash flow remained nearly unchanged at € -86.4 million compared to the previous year (€ -85.6 million).

Net cash from financing activities showed a cash inflow of € 74.2 million in 2019 (previous year: € 25.7 million). The cash inflow was mainly due to an increase in liabilities to affiliated companies. This led to an overall reduction in cash and cash equivalents from € 59.5 million to € 47.2 million. In addition, PUMA SE has access to a syndicated credit line of € 350.0 million, which at the balance sheet date had not been utilized. The credit line is to be used for general corporate financing purposes, such as the financing of short-term, seasonal financing needs from goods purchases. In addition, medium- and long-term funding needs are covered by a promissory note loan of € 160.0 million (previous year: € 160.0 million).

OUTLOOK

For the financial year 2020 we expect an increase of sales at a mid-single-digit rate and a moderate increase of income before taxes.

FURTHER INFORMATION

INFORMATION CONCERNING TAKEOVERS

The following information, valid December 31, 2019, 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][3] 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 EUR 1.00 per share. As of the balance sheet date, the Company held 1,276,839 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][1][3], 315a [1][1][3] HGB)

As of December 31, 2019, 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 15.7% of the share capital according to Kering's press release from May 16, 2018. The shareholding of Artémis S.A.S. and Kering S.A. amounts to 44.22% of the share capital according to their voting rights notification as of May 24, 2018.

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 German Stock Corporation Act (AktG) or if the employment agreement is terminated, in which 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] German Stock Corporation Act (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 EUR 15,000,000.00 by issuing, once or several times, new no par-value bearer shares against contributions in cash and/or kind until 11 April 2022 (Authorized Capital 2017). 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 preemption 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 Authorised 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 Authorised 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, participation in companies or parts of 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 12 April 2018 has authorized the Management Board until 11 April 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 convertible bonds and/or bonds with warrants, and participation rights and/or participating bonds or combinations thereof with or without maturity restrictions in the total nominal amount of up to EUR 1,000,000,000.00 (Conditional Capital 2018).

The share capital is conditionally increased by up to EUR 30,164,920.00 by issue of up to 30,164,920 new no-par bearer shares. 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 6, 2015 authorized the company to purchase treasury shares up to a value of 10% of the share capital until May 5, 2020.

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 the Notes to the Consolidated Financial Statements (chapter 18).

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.

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, 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.21 TARGET COMPENSATION STRUCTURE

Long-term performance-related remuneration	CEO: 54%* OBM: 36%*	**PUMA Monetary Units Plan 2019** · Virtual share participation with payout in cash · Blocking period: 3 years followed by a 2-year exercise period with the possibility of quarterly payout · Performance target: PUMA SE share price development · Cap: 300% of grant value
Short-term performance-related remuneration	CEO: 23%* OBM: 32%*	**Bonus** · Performance targets: 60% operating profit (EBIT); 20% free cash flow; 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%*	**Base Salary**
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

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.

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, and 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

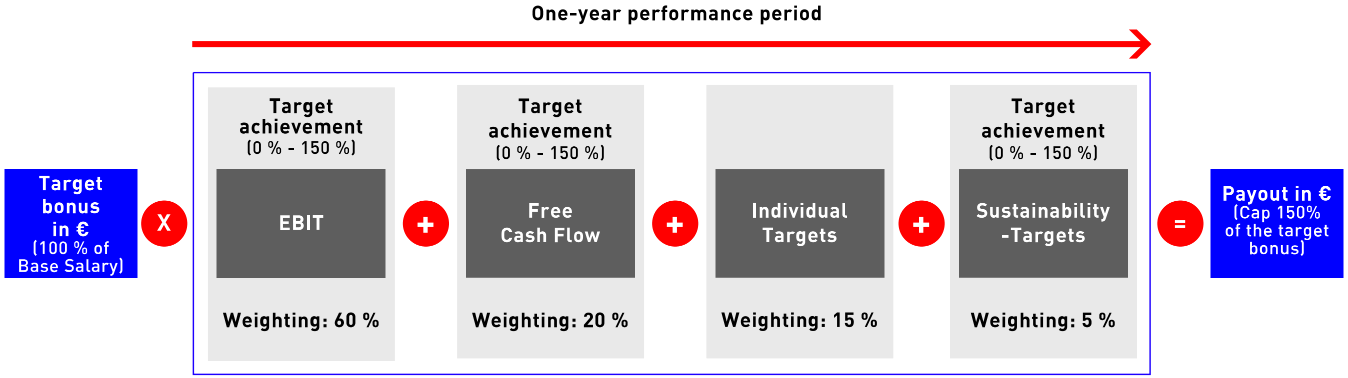
In addition to the non-performance-based compensation, the members of the Management Board receive performance-based and therefore variable compensation. The amount of this compensation is based on the attainment of previously defined financial and non-financial targets. It consists of a bonus and a 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

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 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 sustainability targets include goals to reduce CO_2 emissions, compliance targets and occupational health and safety objectives, are applied throughout the PUMA Group and measured quantitively on a standardized basis. 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.

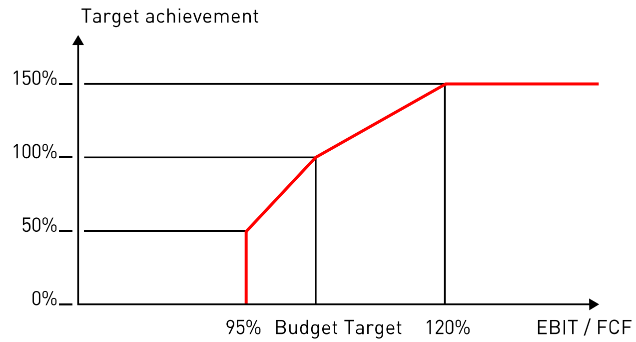
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ G.22 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 above target value, the target attainment is limited to 150% (maximum value). Target attainments between the determined target attainment points are interpolated on a linear basis. This results in the following target attainment curve for the EBIT and FCF performance targets:

↗ G.23 TARGET ATTAINMENT CURVE EBIT/FCF



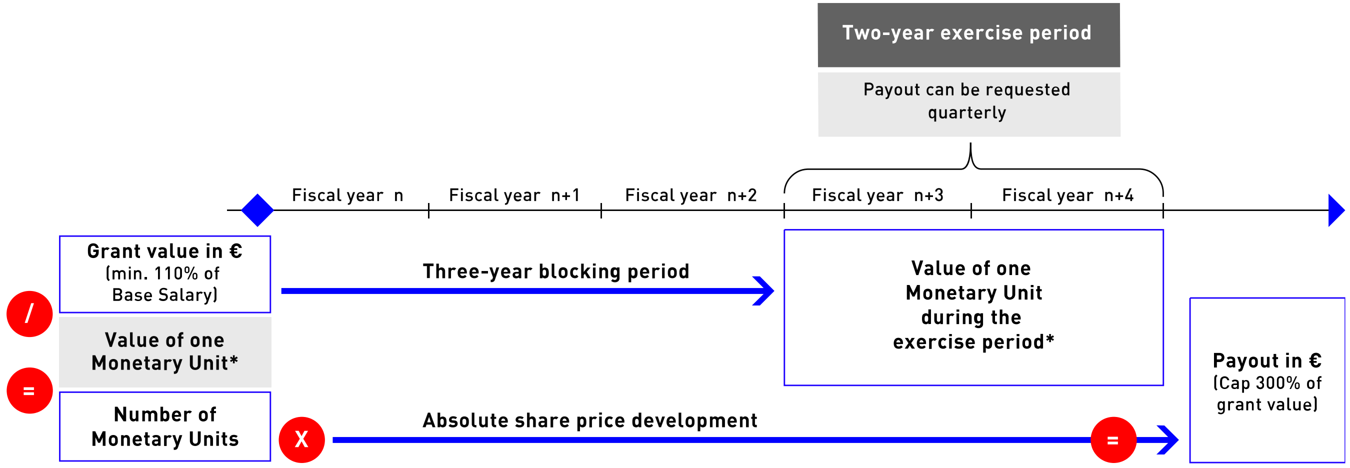
TARGET ATTAINMENT SUSTAINABILITY TARGETS

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. For every target criterion that has been met or exceeded, a target attainment percentage of 1.25% is credited.

LONG-TERM VARIABLE SHARE-BASED COMPENSATION – PUMA MONETARY UNITS PLAN 2019 (LTI)

The long-term variable compensation program of PUMA SE (PUMA Monetary Units Plan) is designed as a future-oriented, virtual shareholding with cash payments. As part of this program, virtual shares of PUMA SE, the "Monetary Units", are allocated at the start of a three-year vesting period, at the end of which the holder is eligible to receive a cash payment. The amount of the allocation value is 240% of the annual basic salary for the Chair of the Management Board and 110% of the basic salary for the other Management Board members. The number of the allocated Monetary Units is determined by dividing the allocation value by the value of one PUMA Monetary Unit. The relevant value of a Monetary Unit for the tranche of the following year is calculated once per year at the end of December as the average value of the PUMA SE share over the past 30 trading days. The amount of the cash payment is therefore a result of the absolute development of the PUMA SE share. At the end of the three-year vesting period, the Management Board members are able to exercise their Monetary Units within a period of two years. The payment of the amount can be requested on a quarterly basis. The value of the Monetary Units is the average value of the PUMA SE share over the last 30 trading days before the next quarterly report. The fundamental exercise condition after the vesting period is the existence of an active employment relationship with PUMA SE until the end of the vesting period.

↗ G.24 LTI-PLAN



* The value of one Monetary Unit is equal to the Ø share price over the last 30 trading days before the beginning of the blocking period respectively 30 trading days before the next quarterly report.

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, shall 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)

	2018	2019	2019 (min)	2019 (max)
Fixed compensation	2.3	2.0	2.0	2.0
Fringe Benefits	0.1	0.1	0.1	0.1
Total	**2.4**	**2.1**	**2.1**	**2.1**
Short-term variable compensation	2.8	2.7	0.0	3.0
Long-term variable share-based compensation				
LTI 2019 (2019 to 2021)		3.9	0.0	11.8
LTI 2018 (2018 to 2020)	4.3			
Total variable compensation	**7.0**	**6.6**	**0.0**	**14.8**
Pension expenses	0.5	0.4	0.4	0.4
Total compensation	**9.9**	**9.1**	**2.4**	**17.3**

* 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)

	2018	2019
Fixed compensation	2.3	2.0
Fringe Benefits	0.1	0.1
Total	**2.4**	**2.1**
Short-term variable compensation	2.8	2.7
Long-term variable share-based compensation		
LTI 2016 (2016 to 2018)		1.7
LTI 2015 (2015 to 2017)	8.8	
Total variable compensation	**11.6**	**4.3**
Pension expenses	0.5	0.4
Total compensation	**14.4**	**6.8**

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: € 0.5 million). The present value of the pension benefits granted to active Management Board members of € 10.8 million as of December 31, 2019 (previous year: € 10.1 million) was netted against the pledged asset value of the pension liability insurance on the balance sheet.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

The appointment of Lars Radoor Sørensen as member of the Management Board was terminated by mutual agreement with effect from the end of January 31, 2019. At this point, Mr. Sørensen's Management Board employment contract had a remaining term through December 31, 2020. Mr. Sørensen's Management Board employment contract was terminated by mutual agreement with effect from the end of January 31, 2020. For the period from January 31, 2019 until January 31, 2020, the basic salary and short-term variable compensation was paid out assuming a target attainment of 100%. The tranche of the long-term variable compensation was prorated for 2018-2020 and reduced by 11/36. No tranche was granted for 2019-2021. The compensation components for Mr. Sørensen based on his work as a Management Board member are included in section "Management Board Compensation".

There were pension obligations to former members of the Management Board and their widows/widowers amounting to € 3.3 million (previous year: € 3.2 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 € 11.6 million (previous year: € 10.6 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

The Supervisory Board compensation system consists of two components. As for the Management Board, the relevant criteria for calculating the compensation are the responsibilities and performance of the individual Supervisory Board member, the long-term strategic planning and related goals, the sustainability of achieved results and the Company's long-term prospects. For this reason, the first component of the Supervisory Board compensation is a fixed, non-performance-based amount, while the second component is a performance-based compensation.

The non-performance-based component 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 participation in committees. The Chair of the Supervisory Board and the Vice Chair receive an additional fixed annual amount of € 25,000.00 respectively € 12,500.00. 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.

In addition to the fixed compensation, each Supervisory Board member receives annual performance-based compensation equal to € 20.00 for each € 0.01 by which the earnings per share figure as disclosed in the consolidated financial statements exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000.00 per year. If earnings per share in the financial year are below the minimum amount, no performance-related compensation is payable. The Chair of the Supervisory Board receives € 40.00 for every € 0.01 exceeding the minimum amount per share and a maximum of € 20,000.00 per year. The Vice Chair receives € 30.00 for every € 0.01 exceeding the minimum amount per share and a maximum of € 15,000.00 per year.

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 2018 and 2019 are shown in the table below.

↗ T.09 SUPERVISORY BOARD COMPENSATION (€ million)

	Fixed compensation		Variable compensation		Committee compensation		**Total**	
	2018	**2019**	2018	**2019**	2018	**2019**	**2018**	**2019**
Total	0.2	**0.2**	–	**–**	0.0	**0.0**	**0.2**	**0.2**

CORPORATE GOVERNANCE REPORT INCLUDING THE STATEMENT ON CORPORATE GOVERNANCE 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 Section 3.10 of the German Corporate Governance Code. 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 HGB. Pursuant to Section 317 (2) Sentence 6 of the German Commercial Code (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 an 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 (DCGK).

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 2019:

In their Statement of Compliance the Management Board and the Supervisory Board of PUMA SE declare at least once a year whether the DCGK has been and is being observed. On November 9, 2019, the Management Board and the Supervisory Board declared that PUMA SE has complied and will comply with the recommendations of the DCGK (version dated February 7, 2017) since the last Statement of Compliance dated November 9, 2018, with the following exceptions and, if not, why not.

EXCEPTIONS TO THE CODE'S RECOMMENDATIONS

- In derogation of No. 3.8 p. 3 of the Code, 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.
- According to No. 4.2.3 p. 2 s. 4 of the Code both positive and negative developments shall be taken into account when determining variable remuneration components. As regards negative developments this recommendation is deviated from, since the structure of the PUMA Monetary Unit Plan may not fully comply with the purpose of the recommendation, but it comes fairly close.

- In derogation of No. 4.2.3 p. 2 s. 6 of the Code 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.

- In derogation of No. 4.2.3 p. 2 s. 8 of the Code 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 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 the information stated in this Section regarding the compensation of the members of the Management Board is not included in the Compensation Report.

- In derogation of No. 5.4.6 p. 2 s. 2 of the Code, members of the Supervisory Board receive performance-based compensation that is not linked to the sustainable success of the Company. The compensation was authorized by the Annual General Meeting on April 12, 2018, it is stipulated in the Articles of Association and is deemed to be proper and correct by PUMA SE.

- In derogation of No. 5.4.6. p. 3 of the Code, 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.

Herzogenaurach, November 09, 2019
PUMA SE
For the Management Board | For the Supervisory Board

Bjørn Gulden	Michael Lämmermann	Jean-François Palus

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. The PUMA Code of Conduct was revised in 2016 and explicitly addresses PUMA's obligation and commitment in respect of human rights and combating corruption. 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. In the past fiscal year, comprehensive face-to-face training courses were held in particular in the areas of anti-corruption and antitrust law. In 2019, all PUMA employees were encouraged by the CEO of PUMA SE to complete the e-learning on the Code of Ethics on the topics of anti-corruption, data protection and inappropriate behavior in the workplace. The clear Tone from the Top resulted in 99% of PUMA employees successfully completing the e-learning on the Code of Ethics.

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. The Audit Committee of the Supervisory Board of PUMA SE is regularly informed 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 2019, the Compliance Department at headquarters received 33 reports of alleged violations. In three of these cases, allegations of corruption were made. In two of these cases, the investigation is still ongoing; in the third case, the investigation has been completed and could not confirm the allegation. 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 can be found in the Notes to the Consolidated Financial Statements (last chapter).

The members of the Management Board are obliged to disclose conflicts of interest to the Supervisory Board without delay and to inform the other members of the Management Board accordingly. They may only assume secondary 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 "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 11 July 2011 and its amendment dated 7 February 2018. The Supervisory Board of PUMA SE consists of six members, four of whom are shareholder representatives and two of whom are employee representatives. 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 can be found in the Notes to the Consolidated Financial Statements (last chapter).

The Supervisory Board appoints the members of the Management Board and may dismiss them at any time for good cause. Initial appointments are generally 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.

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. The Supervisory Board receives regular reports on succession planning and the criteria applied by the Management Board in this regard.

Prior to Supervisory Board meetings, the Management Board 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 members of the Supervisory Board attend on their own responsibility courses of training and further training that might be necessary for the performance of their tasks, and are supported by the Company in doing so. 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.

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 immediately about significant business changes. The Chairman 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 about.puma.com/en/investor-relations, all material information published in the 2019 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 "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 Audit Committee consists of three members. The Chairman 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 accounting issues and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, internal audits, 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 Nominating Committee has three members, who may only be 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 current composition of the committees can 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 5.4.1 of the Code, 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.
- Including the employees' representative on the Supervisory Board, the Supervisory Board has an appropriate number of independent members. In the opinion of the Supervisory Board, there are currently no concrete indications of relevant circumstances that speak against independence with regard to any of the shareholder representatives on the Supervisory Board. No member of the Supervisory Board exercises directorships or advisory functions for major competitors. 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 German Corporate Governance Code. The Code does not contain an exhaustive definition of independence, but only mentions examples of circumstances that speak against it. According to the Code, a member of the Supervisory Board is not considered independent if he or she has a personal or business relationship with the company, its executive bodies, a controlling shareholder or a company affiliated with the latter, and this relationship may give rise to a material and not merely temporary conflict of interest. It is the task of the Supervisory Board to assess the independence of the individual Supervisory Board members on the basis of these indications. 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.
- The Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control procedures and is independent. Thore Ohlsson has this knowledge and is independent. Jean-François Palus and Héloïse Temple-Boyer also bring this 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 2019 financial year.
- 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. Mr 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. As of December 31, 2019, 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 Management Board, which consisted of three members as of December 31, 2019 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.

The current composition of the Supervisory Board largely implements the diversity concept.

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 largely implements the diversity concept.

DIRECTORS' DEALINGS

Transactions by management personnel in PUMA shares reported to the Company are published at https://about.puma.com/de-de/investor-relations/the-puma-share. Mr. Jean-François Palus reported in May 2019 that he received PUMA shares in 2018 as part of the distribution of a dividend in kind by Kering S.A. (Paris) to its shareholders. In October and November 2019, Mr. Palus also reported that, as part of a related transaction, he first sold his PUMA shares and shortly thereafter repurchased the same number. Mr. Bjørn Gulden reported a purchase in PUMA shares on 3 January 2020.

RISK AND OPPORTUNITY REPORT

Entrepreneurial activities are always associated with opportunities and risks. This is particularly true for the fast-moving sports and lifestyle industry in which PUMA globally operates and is therefore continuously exposed to risks and opportunities that must be identified and managed. We need effective risk and opportunity management through which risks and opportunities can be systematically recognized and monitored. A risk is defined as one or more future events with unplanned, adverse effects for the company up to any threat to the continued existence of the company. Similarly, an opportunity is defined as one or more events with unplanned, positive consequences for the company.

The Management Board of PUMA SE has overall responsibility for the risk and opportunity management system. The Risk Management Committee (RMC) is a management-level committee and responsible for the design and monitoring of the risk management system and therefore also the first point of contact for risk reporting. The task of operationally coordinating the group-wide risk management system has been transferred to Group Internal Audit & Governance, Risk Management & Internal Control (GRC). Opportunity management is not part of the risk management. Individual risk interviews are conducted with selected executives as risk owners below the Management Board throughout the company at regular intervals of currently twice a year. The objective of these interviews is to systematically identify, validate and categorize risks and record countermeasures. The Group Internal Audit & GRC department provides a uniform framework for the assessment of risks. The assessment considers the probability of occurrence, the potential effect and the control of the risk.
The risks identified and assessed during the risk interviews are presented to the RMC in an aggregated form in a so-called risk heat map. The RMC consists of a defined group of executives from various corporate divisions, including the Management Board. Chair of the RMC is the Chief Financial Officer as member of the Management Board. The results of the RMC meetings are reported to the Audit Committee as sub-committee of the Supervisory Board by the Chair of the RMC and the Head of the Group Internal Audit & GRC department. An integrated GRC tool used to document the risk management processes is available to the Group Internal Audit & GRC department and to the risk owners.

PUMA also has a comprehensive reporting and controlling system, which is an essential component of its risk management approach. PUMA's reporting and controlling system is based on monthly financial reporting as well as the review and plausibility reports on reported information issued by the Controlling department.

Managers analyze opportunities and risks in annual planning discussions around the world, setting targets and defining courses of action based on the results. The comprehensive reporting system continuously monitors and generates reports on compliance with the set targets. This enables PUMA to promptly identify any deviations or negative developments, and to initiate any necessary countermeasures in a timely manner.

RISK AND OPPORTUNITY CATEGORIES

The following explanations of opportunities and risks are shown in the order of their relative importance.

MACROECONOMIC DEVELOPMENTS

As an internationally operating group, PUMA is exposed to global macroeconomic developments and the associated risks. 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 and social developments may result in changes in the legal framework conditions, such as in connection for example with Brexit and cur-

rency exchange rate fluctuations.
Overall, PUMA manages 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.

BRAND IMAGE

Brand image and brand desirability are of key importance for PUMA, as consumer behavior can have a negative effect on the brand as well as a positive one. Accordingly, PUMA has 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.
PUMA manages 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. PUMA has therefore strengthened its position as sports brand through partnerships with top athletes, such as star striker Antoine Griezmann, sprint legend Usain Bolt, multiple Formula 1 world champion Lewis Hamilton and pro golfer Rickie Fowler. In 2019, we were able to sign further brand ambassadors, such as the goalkeeper Jan Oblak, the football manager Pep Guardiola, and Karsten Warholm, the 400-meter hurdles world champion. 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's return to basketball and its engagement in athletics and other sports should also be viewed in this context. PUMA reaches young trendsetters via brand ambassadors and collaborations in the music, movie and fashion scene, such as with Jay-Z, Meek Mill, Adriana Lima, Cara Delevingne and Selena Gomez, and also increasingly through influencers in social networks.

INFORMATION TECHNOLOGY

The ongoing digitalization of PUMA's business environment exposes the company to risks, but it also increasingly provides opportunities. The failure of IT systems may significantly disrupt important business procedures and processes. External attacks or wrong behavior, for example, may result in the loss of confidential and sensitive data, and lead to high costs, loss of revenue and reputational damage. Opportunities arise, for example, from improved, tailored communication with customers via digital channels and new opportunities for product presentation. In addition, new or more efficiently supported processes may add value or result in cost optimization.
To mitigate these risks and use the existing opportunities inherent in digitalization at the same time, PUMA continuously carries out technical and organizational measures and invests in the renewal and security of its 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.

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 is associated with significant risks for PUMA, which result, for example, from exchange rate fluctuations, changes in sourcing and wage costs, supply bottlenecks for raw materials or components, quality issues, but also from natural disasters and political instability. Moreover, risks may result from an 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 production capacities required in the future. A quality assurance process and the direct collaboration with manufacturers should permanently secure the quality of PUMA products.
Sourcing and the supply chain must also respond to risks and opportunities, including changes in duties and tariffs as well as trade restrictions. PUMA accordingly continuously analyzes political and legal framework conditions in order to

be able to react to changes at an early stage.
The transport of products into the distribution countries is exposed to the risk of delays and disruptions among service providers. The collaboration with service providers is accordingly secured by selection processes, uniform contractual terms and permanent monitoring of relevant indicators.

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 PUMA's requirements to suppliers and also lead to negative reporting. Adherence to applicable standards is ensured through regular audits of supplier companies.
Climate change and increasing customer requirements with regard to sustainability are leading to a stronger ecological focus both in our own locations and along the production and supply chain. A more efficient use of resources and reduction of greenhouse gas emissions and the increased use of sustainable production materials are expressions of PUMA's sustainability strategy.

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.

COUNTERFEIT PRODUCTS

Counterfeit products can cause damage to consumer confidence in the brand and can damage PUMA's brand image. For this reason, PUMA has made fighting brand piracy a high priority. 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.

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 represents overall the largest revenue share. The focus on the company-own retail and e-commerce business is intended to ensure a higher gross profit margin, better distribution control and exclusive presentation of PUMA products 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 PUMA. 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 should business decline.
In order to avoid risks and take advantage of opportunities, PUMA carries 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.

REPORTING IN THE MEDIA

A negative media report about PUMA, such as a product recall, infringement of laws, or internal or external requirements, can also cause significant damage to the brand and ultimately result in the loss of sales and profit, regardless of whether these events actually happened or were just rumors. PUMA manages this risk by way of careful press, social media and public relations work which is managed from its group headquarters in Herzogenaurach, Germany, and its 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."

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 PUMA that the flows of goods and information are not sufficiently supported by modern 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 a specialized department.

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are important factors for a successful business development and represent a significant opportunity for our business. PUMA encourages independent thinking and action, which are key in an open corporate culture with flat hierarchies. PUMA's 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 managing talent, identifying key positions and high-potential individuals, and optimizing talent placement and succession planning. PUMA has instituted additional national and global regulations and guidelines to ensure compliance with legal provisions. PUMA will continue to make targeted investments in the human-resource needs of particular functions or regions in order to meet the future requirements of its 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, PUMA uses 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 are introduced in the group. PUMA employees also have access to an integrity system for reporting unethical behavior.

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 2019, the net requirements for the 2020 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 (Euro).

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 being denominated in a currency that is not the functional currency and is 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 primary 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.

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.

DEFAULT RISKS

Because of its business activities, PUMA is 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. Furthermore, default risks result to a lesser extent from the counterparty's other contractual financial obligations such as bank deposits and derivative financial instruments.

LIQUIDITY RISK

PUMA continually analyzes 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, there was a syndicated credit line amounting to € 350.0 million as of December 31, 2019, which was not utilized as of the balance sheet date.
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, promissory note loans were issued in four tranches in July 2018 (one tranche each with a fixed and a variable coupon with a residual term of 2 years for a total of € 100.0 million and one tranche each with a residual term of 4 years for a total of € 60.0 million). Furthermore, an additional promissory note loan totaling € 70.0 million was concluded in December 2019 with payout in January 2020. This promissory note loan comprises two tranches with a fixed and a variable coupon and a term of 5 years.

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.

SUMMARY

The assessment of the overall risk situation of the group and PUMA SE is the result of a consolidated view of the individual risks described above. The Management Board is currently not aware of any significant risks that, either independently or in combination with other risks, could jeopardize the continued existence of the group and PUMA SE. In 2019, there was no significant change in the overall assessment of the risk situation compared to the previous year.
However, we cannot exclude the possibility that in the future factors that are currently unknown to us or that we currently assess as immaterial could influence the continued existence of the group and PUMA SE and its consolidated companies. Due to the extremely solid balance sheet structure and equity ratio, as well as the positive business outlook, the Management Board does not see any risks that could jeopardize 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 company's 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, internal instructions, organizational and authorization guidelines, the PUMA Code of Ethics, 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 & GRC department.

For monthly financial reporting and consolidation, PUMA has a group-wide reporting and controlling system that allows it 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 classified.

The Supervisory Board's Audit Committee meets regularly with the independent statutory auditors, the Management Board, and the Group Internal Audit & GRC department to discuss the results of the statutory audits of the financial statements and of the audit review with regard 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 Supervisory Board on the results of the audit of the annual and consolidated financial statements.

In addition to the risk and opportunity management described, the Group Internal Audit & GRC department carries out so-called Internal Control Self-Assessments (ICSA) at the process level for all essential business processes. 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 at process level to be able to introduce countermeasures. The results of the ICSA are reported to the Audit Committee and are used specifically by the Group Internal Audit & GRC department in risk-oriented audit planning.

OUTLOOK

GLOBAL ECONOMY

After the dynamics of the global economy have slowed down in 2019, experts at the Kiel Institute for the World Economy (ifw Kiel) expect global gross domestic product (GDP) to rise by 3.1% in 2020 (winter forecast dated December 11, 2019). This corresponds to a slight increase in the GDP growth rate of 0.1% compared to 2019. Accordingly, the global economy is expected to stabilize overall in 2020.

Experts expect that the increase in production in the advanced economies will remain moderate in 2020. While economic momentum in the United States of America continues to slow down and the "Brexit" will continue to put a strain on the UK economy in 2020, ifw Kiel expects the economy in the euro zone to remain at a similar level compared to 2019. The expansion of the Chinese economy is likely to lose further momentum in 2020. In the other emerging markets, however, the rise in production is likely to increase slightly. Trade policy uncertainties continue to weigh on the outlook and remain a risk for the forecast.

SPORTING GOODS INDUSTRY

If there are no significant negative effects from the overall economic development, we expect the sporting goods industry to continue its stable growth in 2020. It can be assumed that the trend towards sports activities and a healthy lifestyle will continue and thus the demand for sporting goods will also continue to rise. In addition, major sporting events in 2020, especially the Tokyo Summer Olympics and the European Football Championship, should help to support growth in the sporting goods industry.

OUTLOOK 2020

Our business developed strongly in 2019, both in terms of sales and profitability. We are confident that the positive development will continue in 2020.

For the full year 2020, we therefore expect currency-adjusted sales growth of around 10%. We forecast the gross profit margin to show a slight improvement compared to last year (2019: 48.8%) and operating expenses (OPEX) to increase at a slightly lower rate than sales. Based on the current exchange rate levels we expect an operating result (EBIT) for the financial year 2020 in a range between € 500 million and € 520 million (2019: € 440.2 million). We also expect a significant improvement of net earnings in 2020.

INVESTMENTS

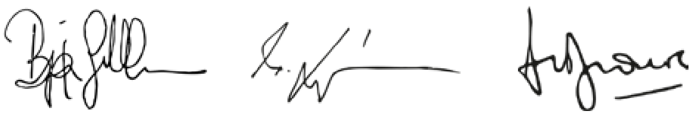
Investments in fixed assets of around € 200 million are planned for 2020. The majority of these investments will be in infrastructure in order to create the operating requirements for the planned long-term growth. The investments mainly concern own distribution and logistics centers and further investments 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 the 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. We therefore confirm our medium-term target of an average annual growth rate of currency-adjusted sales of around 10% (CAGR) and the achievement of a 10% EBIT margin by 2021/ 2022.

Herzogenaurach, January 31, 2020

The Management Board



Gulden Lämmermann Descours

PURE PERFORMANCE

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

↗ T.01 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12/31/2019 € million	12/31/2018 € million
ASSETS			
Cash and cash equivalents	3	518.1	463.7
Inventories	4	1,110.2	915.1
Trade receivables	5	611.7	553.7
Income tax receivables	23	34.2	33.9
Other current financial assets	6	76.6	111.2
Other current assets	7	130.5	115.2
Current assets		**2,481.2**	**2,192.8**
Deferred tax assets	8	237.7	207.6
Property, plant and equipment	9	394.8	294.6
Right-of-use assets	10	719.0	0.0
Intangible assets	11	454.6	437.5
Other non-current financial assets	12	71.5	65.4
Other non-current assets	12	19.3	9.4
Non-current assets		**1,897.0**	**1,014.4**
Total assets		**4,378.2**	**3,207.2**

	Notes	12/31/2019 € million	12/31/2018 € million
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current financial liabilities	13	10.2	20.5
Trade payables	13	843.7	705.3
Income taxes	23	88.9	68.0
Current lease liabilities	10	144.8	0.8
Other current provisions	16	34.8	39.6
Other current financial liabilities	13	60.5	56.4
Other current liabilities	13	376.0	304.6
Current liabilities		**1,558.9**	**1,195.2**
Non-current lease liabilities	10	600.5	7.5
Deferred tax liabilities	8	53.0	47.7
Pension provisions	15	34.1	28.9
Other non-current provisions	16	43.2	26.3
Liabilities from acquisitions	17	0.0	3.3
Other non-current financial liabilities	13	163.8	173.2
Other non-current liabilities	13	4.4	2.9
Non-current liabilities		**899.0**	**289.7**
Subscribed capital	18	150.8	38.6
Capital reserve	18	83.0	193.6
Retained earnings	18	1,668.0	1,499.9
Treasury stock	18	-28.1	-28.9
Equity attributable to the shareholders of the parent		1,873.6	1,703.3
Non-controlling interest	18, 30	46.7	18.9
Shareholders' equity		**1,920.3**	**1,722.2**
Total liabilities and shareholders' equity		**4,378.2**	**3,207.2**

CONSOLIDATED INCOME STATEMENT

↗ T.02 CONSOLIDATED INCOME STATEMENT

	Notes	2019 € million	2018 € million
Sales	20, 26	**5,502.2**	**4,648.3**
Cost of sales	26	-2,815.8	-2,399.0
Gross profit	26	**2,686.4**	**2,249.4**
Royalty and commission income		25.1	16.3
Other operating income and expenses	21	-2,271.3	-1,928.4
thereof impairment losses of trade receivables and other financial assets	*5*	*-3.4*	*-6.2*
Operating result (EBIT)		**440.2**	**337.4**
Result from associated companies	22	0.0	-1.5
Financial income	22	25.8	11.6
Financial expenses	22	-48.4	-34.1
Financial result		**-22.6**	**-24.0**
Earnings before taxes (EBT)		**417.6**	**313.4**
Taxes on income	23	-108.6	-83.6
Consolidated net earnings for the year		**309.0**	**229.8**
attributable to: Non-controlling interest	18, 30	-46.6	-42.4
Equity holders of the parent (net earnings)		**262.4**	**187.4**
Earnings per share (€)*	24	1.76	1.25
Earnings per share (€) - diluted*	24	1.76	1.25
Weighted average shares outstanding (million)*	24	149.52	149.47
Weighted average shares outstanding, diluted (million)*	24	149.52	149.47

*The average number and diluted number of shares as well as the earnings per share in the same period of pervious year were adjusted retrospectively to the 1:10 share split in the second quarter.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

↗ T.03 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		After tax	Tax impact	Before tax	After tax	Tax impact	Before tax
		2019	2019	2019	2018	2018	2018
		€ million	€ million	€ million	€ million	€ million	€ million
Net earnings before attribution		**309.0**		**309.0**	**229.8**		**229.8**
Currency changes		1.9		1.9	-11.7		-11.7
Cash flow hedge							
Release to the income statement		34.2	-1.4	35.5	42.9	-3.5	46.4
Market value for cash flow hedges		-77.1	2.7	-79.8	35.6	-1.6	37.2
Share in the other comprehensive income of at equity accounted investments		0.0		0.0	-0.2		-0.2
Items expected to be reclassified to the income statement in the future		**-41.0**	**1.3**	**-42.4**	**66.7**	**-5.1**	**71.8**
Remeasurements of the net defined benefit liability		-4.1	1.1	-5.2	0.3	-0.3	0.6
Neutral effects financial assets through other comprehensive income (FVTOCI)		3.4		3.4	9.1		9.1
Items not expected to be reclassified to the income statement in the future		**-0.7**	**1.1**	**-1.8**	**9.4**	**-0.3**	**9.7**
Other result		**-41.8**	**2.4**	**-44.2**	**76.1**	**-5.4**	**81.5**
Comprehensive income		**267.3**	**2.4**	**264.9**	**305.9**	**-5.4**	**311.3**
attributable to:	Non-controlling interest	46.9		46.9	43.4		43.4
	Equity holder of the parent	220.4	2.4	218.0	262.5	-5.4	267.8

CONSOLIDATED STATEMENT OF CASH FLOWS

↗ T.04 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2019 € million	2018 € million
Operating activities			
Earnings before tax (EBT)		417.6	313.4
Adjustments for:			
Depreciation	9, 10, 11	246.4	81.5
Non-realized currency gains/losses, net		1.9	-15.7
Result from associated companies		0.0	1.5
Financial income	22	-15.3	-11.3
Financial expenses	22	48.4	19.7
Changes from the sale of fixed assets		2.1	1.0
Changes to pension accruals	15	-1.2	-0.6
Other non-cash effected expenses/income		5.0	8.6
Gross cash flow	27	**704.8**	**398.0**
Changes in receivables and other current assets	5, 6, 7	-69.8	-61.2
Changes in inventories	4	-188.8	-122.8
Changes in trade payables and other current liabilities	13	214.1	146.0
Cash inflow from operating activities		**660.3**	**360.1**
Dividends received	12	0.3	0.9
Income taxes paid	23	-111.8	-82.9
Net cash from operating activities	27	**548.8**	**278.1**

	Notes	2019 € million	2018 € million
Investing activities			
Payment for acquisitions	17	-1.2	0.0
Proceeds from sale of long-term shareholdings		0.0	23.5
Purchase of property and equipment	9, 11	-218.4	-130.2
Proceeds from sale of property and equipment		2.3	1.5
Payment for other assets	12	-6.0	-3.6
Interest received	22	4.5	3.5
Net cash used in investing activities		**-218.7**	**-105.3**
Financing activities			
Repayment of lease liabilities	10	-140.8	-1.8
Repayment of current financial liabilities	13	-10.4	-16.6
Repayment of non-current financial liabilities	13	-7.1	0.0
Raising of non-current financial liabilities	13	0.0	145.2
Dividend payments to equity holders of the parent	18	-52.3	-186.8
Dividend payments to non-controlling interests	18, 30	-18.6	-55.7
Interest paid	22	-43.6	-12.6
Net Cash used in financing activities	27	**-272.9**	**-128.3**
Exchange rate-related changes in cash flow		-2.8	4.2
Change in cash and cash equivalents		**54.3**	**48.7**
Cash and cash equivalents at beginning of the financial year		463.7	415.0
Cash and cash equivalents at end of the financial year	3, 27	**518.1**	**463.7**

STATEMENT OF CHANGES IN EQUITY

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

			Reserves							
	Subscribed capital	**Capital reserve**	Revenue reserves incl. retained earnings	Difference from currency conversion	Cash flow hedges	At equity accounted investments	**Treasury stock**	**Equity before non-controlling interests**	**Non-controlling interests**	**TOTAL equity**
12/31/2017	**38.6**	**192.6**	**1,681.5**	**-212.6**	**-44.8**	**0.2**	**-30.0**	**1,625.5**	**31.2**	**1,656.7**
Net earnings			187.4					**187.4**	42.4	229.8
Net income directly recognized in equity			9.4	-13.0	78.8	-0.2		**75.0**	1.1	76.1
Total comprehensive income			196.8	-13.0	78.8	-0.2		**262.5**	43.4	305.9
Dividends paid to equity holders of the parent company / non-controlling interests			-186.8					**-186.8**	-55.7	-242.5
Utilization / Issue of treasury stock		1.0					1.1	**2.2**		2.2
12/31/2018	**38.6**	**193.6**	**1,691.5**	**-225.6**	**34.1**	**0.0**	**-28.9**	**1,703.3**	**18.9**	**1,722.2**

	Subscribed capital	Capital reserve	Reserves: Revenue reserves incl. retained earnings	Reserves: Difference from currency conversion	Reserves: Cash flow hedges	Reserves: At equity accounted investments	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**	**0.0**	**-28.9**	**1,703.3**	**18.9**	**1,722.2**
Net earnings			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**	**0.0**	**-28.1**	**1,873.6**	**46.7**	**1,920.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Under the "PUMA" brand name, 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. The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2019, 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	
IFRS 16	Leases
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendment IAS 28	Long-term Interests in Associates and Joint Ventures
Amendment IFRS 9	Prepayment Features with Negative Compensation
IFRIC 23	Uncertainty Transactions and Advance Consideration
AIP 2015 – 2017	Improvements to IFRS

The standards and interpretations used for the first time as of January 1, 2019 had the following effects on the consolidated financial statements:

FIRST-TIME ADOPTION OF IFRS 16 – LEASES

In this financial year, PUMA has for the first time applied IFRS 16 leases as the new standard became mandatory for financial years commencing on or after January 1, 2019.

The effect of the new leasing standard IFRS 16 was that all leases, except short-term and low-value leases, were recognized in the form of a right-of-use asset and a corresponding leasing liability. A differentiation between operating and finance leases is no longer required. The impacts of the initial application of IFRS 16 on the consolidated financial statements will be described in the following.

PUMA mainly concludes leasing contracts as an operating lessee. With the application of IFRS 16, the reporting of leases previously recognized as operating leases and not recognized on the balance sheet has changed. In accordance with the new standard, PUMA recognizes for all leases, except short-term leases with a duration of less than 12 months and low-value lease assets:

(a) in the consolidated balance sheet, a right-of-use asset and a corresponding lease liability which are initially valued at the present value of future lease payments;

(b) depreciation of the right-of-use assets and interest expenses for the lease liabilities in the consolidated income statement;

(c) the lease installments in the cash flow statement; here, the repayment and interest portions are separately recognized within the cash inflows/outflows from financing activities.

The first-time application of IFRS 16 by PUMA is done based on the modified retrospective method. This method did not require adjustment of the previous year's numbers. Instead, at the time of initial application (January 1, 2019), the cumulated effects of the initial application of IFRS 16 are recognized as a correction item in the opening balance.

PUMA has made use of the exemption provision which does not require to newly evaluate whether a contract contains a lease or not during the transition to IFRS 16. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts that were concluded or amended before January 1, 2019. For all contracts that were concluded or amended on or after January 1, 2019, PUMA already applies the definition of a lease based on the guidelines stipulated by IFRS 16. As part of the implementation of the new leasing standard, PUMA has not determined any material changes as a result of the new definition of leases in accordance with IFRS 16.

PUMA has elected to fully use all recognition exemptions provided for by IFRS 16 for the application of the standard. For the country portfolios of leases, PUMA has applied a term-specific discount rate. The weighted average of the incremental borrowing rate was 4.6%. The incremental borrowing rate was determined on a country- and currency-specific basis and with comparable terms based on the risk-free market rate. Furthermore, a specific risk premium was added for every subsidiary.

As part of the initial application of IFRS 16, PUMA has decided not to perform an impairment test. As of December 31, 2018, no provisions existed for onerous contracts from leases in accordance with IAS 37. Consequently, at the time of initial application on January 1, 2019, no adjustment of the right-of-use assets relating to provisions for onerous contracts from leases was necessary.
In addition, PUMA has elected to use the exemption provisions for short-term leases with a term of less than 12 months and low-value lease assets and recognized the underlying lease expense in operating expenses on a straight-line basis in accordance with IFRS 16. Similarly, initial direct costs when measuring the right-of-use assets were disregarded at the time of initial application. In addition, PUMA retrospectively determined the term of the leases, for example with regard to extension and termination options ("use of hindsight").

The measurement of the right-of-use assets occurred at the transition point in the amount of the lease liabilities that were corrected by the amount of the prepaid or deferred lease payments recognized on the balance sheet as of December 31, 2018.

In addition, lease incentives of the lessee (e.g. rent-free periods and incentive payments) were recognized during the measurement of the right-of-use asset and lease liability, whereas under IAS 17, these were recognized as deferred liabilities and reported as a reduction of rental expenses on a straight-line basis.

The right-of-use assets recognized on the balance sheet are subject to impairment of assets in accordance with IAS 36. In contrast, for operating leases under IAS 17, an assessment is made whether the contract is an onerous contract according to IAS 37 with regards to provisions.

With regards to the leases that were previously recognized as finance leases, PUMA assumed the carrying amount of the leased asset and the lease liability under IAS 17 for the valuation of the right-of-use asset and the lease liability at the time of initial adoption of IFRS 16. The carrying amount of the finance leases was € 8.3 million as of December 31, 2018 as shown in the reconciliation presented below.

The following table represents the reconciliation of the obligations arising from the operating leases as of December 31, 2018 with the lease liabilities recognized on the balance sheet as of January 1, 2019:

↗ T.07

	€ million
Obligations from operating leases as of Dec. 31, 2018	**875.2**
Discounting at the average weighted incremental borrowing rate of 4.6% at the date of first-time application of IFRS 16	-113.2
Liabilities from finance leases as of Dec. 31, 2018	8.3
(less) short-term leases and leases of low-value assets that are recognized as an expense on a straight-line basis	-8.2
Operating lease agreements with commencement date after Jan. 1, 2019	-270.2
Differences from the exercise of extension options	132.0
Lease liability recognized on Jan. 1, 2019	**623.9**

The change in accounting policies affected the balance sheet as of January 1, 2019 as follows:

↗ T.08

	Jan. 1, 2019 € million
Decrease in property, plant and equipment	-8.4
Increase in rights of use	+615.8
Decrease in advance payments made	-3.2
Increase in balance sheet total assets	**+604.2**
Increase in lease liabilities	+615.6
Decrease in trade payables	-9.9
Decrease in other non-current liabilities	-1.3
Decrease in other current liabilities	-0.2
Increase in balance sheet total liabilities and shareholders' equity	**+604.2**

There was no impact on retained earnings as of January 1, 2019.

The change in accounting policies had the following effects on the income statement in financial year 2019:

↗ T.09

	2019 (without application of IFRS 16)	Effects from first-time application of IFRS 16	2019 as reported
	€ million	€ million	€ million
Other operating income and expenses	-2,290.4	+19.2	-2,271.3
Operating result (EBIT)	**421.1**	**+19.2**	**440.2**
Financial result	7.1	-29.7	-22.6
Earnings before taxes (EBT)	**428.2**	**-10.6**	**417.6**
Taxes on income	-111.4	+2.8	-108.6
Net earnings	**270.2**	**-7.7**	**262.4**

The initial application of IFRS 16 had the following effect on earnings per share and diluted earnings per share:

↗ T.10

	Effect on earnings per share	Effect on diluted earnings per share
	2019 € per share	2019 € per share
Effect of the first-time application of IFRS 16	-0.05	-0.05

The change in accounting policies had the following effects on the cash flow statement in financial year 2019:

↗ T.11

	2019 (without application of IFRS 16)	Effects from first-time application of IFRS 16	2019 as reported
	€ million	€ million	€ million
Net cash from operating activities	+378.3	+170.5	548.8
Net cash used in investing activities	-218.7		-218.7
Net cash used in financing activities	-102.4	-170.5	-272.9
Cash and cash equivalents (without exchange-rate related changes)	+57.1	-	+57.1

Lease payments from short-term leases and lease payments from leases relating to low-value assets and variable lease payments which were not taken into account measuring the lease liabilities are still reported under net cash from operating activities.

The application of IFRS 16 had no effect on cash and cash equivalents.

The information regarding leases in financial year 2019 is presented in chapter 10.

CHANGES IN IAS 19 PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT

The amendments to IAS 19 require that in the event of an amendment, curtailment or settlement of a defined benefit pension plan, the current service cost and net interest for the remaining financial year must be revalued applying current actuarial assumptions which were used during the required remeasurement of the net liability (of the asset). In addition, it was clarified that the effect on the asset ceiling that might arise from the plan amendment, curtailment or settlement must be measured in a second step and recognized in other comprehensive income. The application of the amendments had no effects on the consolidated financial statements as respective plan amendments, curtailments or settlements have not occurred.

AMENDMENTS TO IFRIC 23 UNCERTAINTY TRANSACTIONS AND ADVANCE CONSIDERATION

IFRIC 23 clarifies the accounting of current and deferred tax liabilities where uncertainties exist regarding their income tax-related treatment. Such uncertainties may arise if the application of the respectively applicable tax law is not clear with regard to a specific business case and is therefore also dependent on the interpretation of the law by the taxation authority. PUMA, however, is not aware of the respective interpretation at the time the financial statements are prepared. IFRIC 23 specifies that a company should only take these uncertainties into account with regard to recognized tax liabilities or claims if it is probable that the respective tax amounts will have to be paid or reimbursed. It is in this case to be assumed that the taxation authority will exercise its right to review declared amounts and will have full knowledge of all pertaining information.

In these cases, PUMA will always perform an individual assessment of tax-related matters and will measure these with the most probable amount.

The application of IFRIC 23 had no effect on the consolidated financial statements as it did not change the recognized tax liabilities or claims.

The explanations regarding the assumptions made and estimates used with regard to taxes are presented in chapter 2 Significant Consolidation, Accounting and Valuation Principles.

CHANGES IN OTHER STANDARDS AND INTERPRETATIONS

The application of the amendment to IAS 28 (Long-term Interests in Associates and Joint Ventures) had no effect on the consolidated financial statements as PUMA does not hold any such interests.

The application of the amendment to IFRS 9 (Prepayment features with negative compensation) had no effect on the consolidated financial statements as PUMA has not concluded any agreements regarding financial instruments with these types of termination provisions.

The application of amendments as a result of the annual improvements to the IFRS (Annual Improvements 2015 – 2017) consecutively apply to step business combinations (IFRS 3), joint arrangements (IFRS 11), capitalization of borrowing costs (IAS 23), and income tax consequences of dividend payments (IAS 12). The application had 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.12

Standard	Title	Date of adoption*	Planned adoption
Endorsed			
Amendments to IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform	1/1/2020	1/1/2020
Amendments Conceptual Framework	Amendments to References to the Conceptual Framework	1/1/2020	1/1/2020
Amendment IAS 1 and IAS 8	Definition of Material	1/1/2020	1/1/2020
Endorsement pending			
Amendments to IFRS 3	Definition of a Business	1/1/2020	1/1/2020
IFRS 17	Insurance Contracts	1/1/2021	1/1/2021

* 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, 2019, 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 by crediting them in the income statement.

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, 2019, 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 2019 were as follows:

↗ T.13

As of	**12/31/2018**	**104**
Formation of companies		3
Disposal of companies		5
As of	**12/31/2019**	**102**

The additions to the group of consolidated companies relate to the formation of:

- PUMA Logistik-Verwaltungs GmbH, Germany,
- PUMA United Canada Holding, Inc., USA and
- PUMA United Canada ULC, Canada

The disposals in the group of consolidated companies relate to the mergers of the following companies within the consolidation scope:

- PUMA Kids Apparel North America, LLC, USA
- PUMA Kids Apparel Canada, LLC, USA
- PUMA Accessories North America, LLC, USA
- PUMA North America Accessories Canada, LLC, USA

Furthermore, Sport Equipment TI Cyprus Ltd. u.Li., Cyprus was liquidated during the financial year.

During the financial year, Janed, LLC, USA was renamed to PUMA United North America LLC, USA, and the Dobotex companies to "stichd".

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.14

DECEMBER 31, 2019

No.	Companies/Legal Entities	Country	Region/City	Shareholder	Share in Capital
	parent company				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria PUMA Dassler Ges. 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 Deutschland 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%
19.	STICHD SPORTMERCHANDISING UK LTD	Great Britain	London	indirect	100%
20.	Genesis Group International Ltd.	Great Britain	Manchester	direct	100%
21.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*

* subsidiaries which are assigned to be economically 100% PUMA Group

DECEMBER 31, 2019

No.	Companies/Legal Entities	Country	Region/City	Shareholder	Share in Capital
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 Ltd.	Malta	St.Julians	indirect	100%
26.	PUMA Racing Ltd.	Malta	St.Julians	indirect	100%
27.	PUMA Benelux B.V.	Netherlands	Leusden	direkt	100%
28.	PUMA Teamwear Benelux B.V.	Netherlands	Leusden	indirect	100%
29.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
30.	stichd group B.V.	Netherlands	's-Hertogenbosch	direct	100%
31.	stichd international B.V.	Netherlands	's-Hertogenbosch	indirect	100%
32.	stichd sportmerchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
33.	stichd B.V.	Netherlands	's-Hertogenbosch	indirect	100%
34.	stichd logistics B.V.	Netherlands	's-Hertogenbosch	indirect	100%
35.	stichd licensing B.V.	Netherlands	's-Hertogenbosch	indirect	100%
36.	PUMA Norway AS	Norway	Oslo	indirect	100%
37.	PUMA Polska Sp. z o.o.	Poland	Warsaw	indirect	100%
38.	PUMA Sports Romania Srl	Romania	Bucharest	indirect	100%
39.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
40.	PUMA Slovakia s.r.o. v likvidácii	Slovakia	Bratislava	indirect	100%
41.	PUMA Sports Distributors (Pty) Ltd.	South Africa	Cape Town	indirect	100%
42.	PUMA Sports South Africa (Pty) Ltd.	South Africa	Cape Town	indirect	100%
43.	PUMA Iberia S.L.U	Spain	Madrid	direct	100%
44.	STICHDIBERIA S.L.	Spain	Barcelona	indirect	100%
45.	Nrotert AB	Sweden	Helsingborg	direct	100%
46.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
47.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
48.	stichd nordic AB	Sweden	Helsingborg	indirect	100%
49.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%
50.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%

DECEMBER 31, 2019

No.	Companies/Legal Entities	Country	Region/City	Shareholder	Share in Capital
51.	stichd switzerland ag	Switzerland	Egerkingen	indirect	100%
52.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
53.	PUMA Ukraine TOV	Ukraine	Kiev	indirect	100%
54.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%
55.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100%*
	Americas				
56.	PUMA Sports Argentina S.A.	Argentina	Buenos Aires	indirect	100%
57.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
58.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
59.	PUMA United Canada ULC	Canada	Vancouver	indirect	51%
60.	PUMA CHILE SPA	Chile	Santiago	direct	100%
61.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%
62.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%
63.	Servicios Profesionales RDS, S.A. de C.V.	Mexico	Mexico City	indirect	100%
64.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
65.	GLOBAL LICENSE STICHD GROUP MEXICO S.A. de C.V.	Mexico	Mexico City	indirect	100%
66.	Importationes Brand Plus Licensing S.A. de C.V.	Mexico	Mexico City	indirect	100%
67.	Distribuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
68.	Distribuidora Deportiva PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
69.	PUMA Retail Peru S.A.C.	Peru	Lima	indirect	100%
70.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
71.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%
72.	PUMA North America, Inc.	USA	Westford	indirect	100%
73.	Cobra Golf Incorporated	USA	Carlsbad	indirect	100%
74.	PUMA United Canada Holding, Inc.	USA	Wilmington	indirect	100%
75.	PUMA United North America LLC	USA	Wilmington	indirect	51%
76.	Janed Canada, LLC	USA	New York	indirect	51%

* subsidiaries which are assigned to be economically 100% PUMA Group

DECEMBER 31, 2019

No.	Companies/Legal Entities	Country	Region/City	Shareholder	Share in Capital
	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.	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.	China	Guangzhou	indirect	100%
83.	World Cat Ltd.	China	Hongkong	direct	100%
84.	Development Services Ltd.	China	Hongkong	direct	100%
85.	PUMA International Trading Services Ltd.	China	Hongkong	indirect	100%
86.	PUMA Asia Pacific Ltd.	China	Hongkong	direct	100%
87.	PUMA Hong Kong Ltd.	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 Ltd.	Indonesia	Jakarta	indirect	100%
93.	PUMA JAPAN K.K.	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.	China	Taiwan	indirect	100%
102.	World Cat Vietnam Sourcing & Development Services Co. Ltd.	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.15

	2019		2018	
Currency	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.1234	1.1195	1.1450	1.1810
CNY	7.8205	7.7355	7.8751	7.8081
JPY	121.9400	122.0058	125.8500	130.3959
GBP	0.8508	0.8778	0.8945	0.8847

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, 2019 of € 8.1 million (mainly property, plant and equipment, intangible assets and inventories) and an adjustment of equity of € 8.1 million. Furthermore, the operating result (EBIT) would have decreased by € 2.9 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 "amortised 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.

PUMA has no financial instruments to be assigned to the business model "Sell" and valued under IFRS 9 at "fair value through profit or loss" (FVPL).

For long-term interests (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 due to impairment, 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 current financial asserts or other current financial 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 a value of less than € 5,000 at contract conclusion). In the case of a short-term lease or low-value lease agreement, 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 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.

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.

If the term of a lease has changed 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 the change in the lease is not recognized as a separate lease, PUMA will remeasure the lease liability based on the lease term. 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. This approach is described in the following section "Impairment of Assets".

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 risk-free fixed-term deposits, presently 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 amortised 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 relative 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 amortised cost with deduction of value adjustments. 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.

For determining the value adjustments to 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 value adjustment is recognized 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 value adjustment.

OTHER ASSETS

Other assets are initially measured at fair value, taking into account transaction costs, and subsequently measured at amortised costs after deduction of value adjustments.

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 held exclusively 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 amortised cost. The business model "trading" and the category "measured at fair value through profit or loss" (FVPL) are 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 in the Group.

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 amortised 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 amortised 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.

The inclusion of the right-of-use assets due to the initial application of IFRS 16 resulted in an increase of the carrying amounts to be tested. This has an effect on the impairment tests in 2019. In contrast, the initial application of IFRS 16 also resulted in an increase of the recoverable amount because lease payments were eliminated from Free cash flow. In addition, due to the recognition of the lease liabilities of peer group companies on the balance sheet, their debt ratio has increased and consequently the weighted average capital costs (WACC) have decreased.

Overall, the adjustments did not have any effect on the result of the impairment tests.

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 amortised 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. Liabilities from finance lease agreements are recorded as of the beginning of the lease transaction at the amount of the present value of the minimum lease amount, or at the lower fair value, and are adjusted by the repayment amount of the lease installments.

The category "measured at fair value through profit or loss" (FVPL) is not used in the Group with regard to financial liabilities.

As a general rule, 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 SHARES

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 share-based remunerations with cash compensation, 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".

FINANCIAL RESULT

The financial result includes the results from associated companies and interest income from financial investments as well as interest expenses from loans and in connection with 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 Company conducts its 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 shown 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 debts 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. 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 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. 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. 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. Please 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 25 for further information..

Leases

The measurement of the lease liabilities is based on assumptions for the discount rates used, the term of the lease agreements and the deferral 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 agreement 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 BALANCE SHEET

3. CASH AND CASH EQUIVALENTS

As of December 31, 2019, the Group has € 518.1 million (previous year: € 463.7 million) in cash and cash equivalents. The average effective interest rate of financial investments was 0.9% (previous year: 0.8%). There are no restrictions on disposition.

4. INVENTORIES

Inventories are allocated to the following main groups:

↗ T.16 (€ million)

	2019	2018
Raw materials, consumables and supplies	18.5	18.0
Finished goods and merchandise/inventory		
Footwear	364.0	313.2
Apparel	294.4	213.6
Accessories/Other	127.2	109.0
Goods in transit	267.0	228.0
Inventory adjustments related to returns	39.0	33.5
Total	**1,110.2**	**915.1**

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments in the amount of € 76.3 million (previous year: € 64.4 million), approx. 66.7% (previous year approx. 68.1%) were recognized as an expense under cost of sales in the financial year 2019.

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.17 (€ million)

	2019	2018
Trade receivables, gross	648.5	591.3
Less value adjustments	-36.8	-37.7
Trade receivables, net	**611.7**	**553.7**

The value adjustments to trade receivables relate to receivables in connection with sales revenues from contracts with customers and developed as follows:

↗ T.18 (€ million)

	2019	2018
Status of value adjustments as of January 1	**37.7**	**37.8**
Changes in scope	0.0	0.0
Exchange rate differences	0.1	-0.2
Additions	4.9	9.9
Utilization	-2.3	-8.0
Reversals	-3.6	-1.7
Status of value adjustments as of December 31	**36.8**	**37.7**

The age structure of the trade receivables is as follows:

↗ T.19 (€ 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
Value adjustment	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%

Receivables due for more than 90 days are allocated to Level 3 as "objectively impaired", the remaining receivables are allocated to Level 2.

↗ T.20 (€ million)

2018	Total	Not due	0–30 days	31–90 days	91–180 days	Over 180 days
Gross carrying amount-Trade receivables	591.3	478.9	53.8	22.2	8.1	28.3
Value adjustment	37.7	5.7	0.7	3.6	3.3	24.5
Net carrying amount - Trade receivables	553.7	473.3	53.0	18.6	4.9	3.8
Expected loss quote		1.2%	1.4%	16.1%	40.1%	86.4%

With respect to the net carrying amount of trade receivables, PUMA assumes that the debtors will satisfy their payment obligations. 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.21 (€ million)

	2019	2018
Fair value of derivative financial instruments	45.2	72.6
Other financial assets	31.4	38.6
Total	**76.6**	**111.2**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

The decrease in derivative financial instruments is mainly due to the lower US dollar exchange rate.

7. OTHER CURRENT ASSETS

This item consists of:

↗ T.22 (€ million)

	2019	2018
Prepaid expense relating to the subsequent period	63.1	49.7
Other receivables	67.4	65.5
Total	**130.5**	**115.2**

The amount shown is due within one year. The fair value corresponds to the carrying amount.

Other receivables mainly include VAT receivables amounting to € 30.1 million (previous year: € 41.9 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

↗ T.23 (€ million)

	2019	2018
Tax loss carryforwards	89.5	76.2
Non-current assets	39.6	41.6
Current assets	48.7	46.8
Provisions and other liabilities	79.7	63.5
Deferred tax assets (before netting)	**257.5**	**228.0**
Non-current assets	61.2	53.5
Current assets	7.9	8.6
Provisions and other liabilities	3.7	6.1
Deferred tax liabilities (before netting)	**72.7**	**68.2**
Deferred tax assets, net	**184.8**	**159.9**

Of the deferred tax assets € 117.1 million (previous year: € 105.5 million) are current, and of the deferred tax liabilities € 8.9 million (previous year: € 11.8 million) are current.

As of December 31, 2019, tax losses carried forward amounted to a total of € 515.0 million (previous year: € 541.1 million). This results in a deferred tax asset of € 141.4 million (previous year: € 147.6 million). Deferred tax liabilities 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 € 52.0 million (previous year: € 71.4 million) were not recognized; of these, € 51.3 million (previous year: € 71.1 million) cannot expire, but € 13.6 million (previous year: € 13.3 million) will never be usable due to the absence of future expectations. The remaining unrecognized deferred tax receivables of € 0.7 million (previous year: € 0.3 million) will expire within the next six years.

In addition, no deferred taxes were recognized for deductible temporary differences amounting to € 4.4 million (previous year: € 4.8 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.24 (€ million)

	2019	2018
Deferred tax assets	237.7	207.6
Deferred tax liabilities	53.0	47.7
Deferred tax assets, net	**184.8**	**159.9**

The changes in deferred tax assets were as follows:

↗ T.25 (€ million)

	2019	2018
Deferred tax assets, previous year	207.6	207.9
Recognition in the Income Statement	33.2	11.0
Adjustment against Other Comprehensive Income	-3.0	-11.4
Deferred tax assets	**237.7**	**207.6**

The changes in deferred tax liabilities were as follows:

↗ T.26 (€ million)

	2019	2018
Deferred tax liabilities, previous year	47.7	37.6
Recognition in the Income Statement	4.4	8.1
Adjustment against Other Comprehensive Income	0.9	2.1
Deferred tax liabilities	**53.0**	**47.7**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at their carrying amounts consist of:

↗ T.27 (€ million)

	2019	2018
Land and buildings, including buildings on third-party land	118.0	121.4
Technical equipment and machinery	9.8	20.8
Other equipment, factory and office equipment	175.3	137.3
Assets under construction	91.7	15.2
Total	**394.8**	**294.6**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to € 378.1 million (previous year: € 325.4 million).

In the previous year, the item Other equipment, factory and office equipment included leased objects (finance leasing) in the amount of € 0.2 million, and the item Technical equipment and machines included € 8.3 million. With the adoption of IFRS 16, these will now be presented under right-of-use assets.

The changes in property, plant and equipment in the financial year 2019 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes of the consolidated financial statements. During the reporting year, there are no impairment expenses that exceed current depreciation (previous year: € 0.6 million).

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.28 (€ million)

	2019	2018
Land and buildings - Retail stores	419.6	-
Land and buildings - Warehouses & Offices	281.7	-
Others (Technical equipment and machines and motor vehicles)	17.7	-
Total	**719.0**	**-**

In the previous year, leased items from finance leases were recognized under Property, Plant and Equipment (chapter 9).

The changes in right-of-use assets in the financial year 2019 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes to the consolidated financial statements. Impairment losses in accordance with IAS 36 were not incurred in the financial year.

The following **lease liabilities** result:

↗ T.29 (€ million)

	2019	2018
Current lease liabilities	144.8	0.8
Non-current lease liabilities	600.5	7.5
Total	**745.3**	**8.3**

The amounts recognized in the income statement are as follows:

↗ T.30 (€ million)

	2019
Depreciation of right-of-use assets (included in operating expenses)	148,0
Profit (-)/loss (+) from disposal/revaluation of right-of-use assets/lease liabilities (included in operating expenses)	-0.3
Interest expense (included in financial expenses)	29.7
Short-term leases (included in operating expenses)	6.9
Leases of low-value assets (included in operating expenses)	0.7
Variable lease payments (included in operating expenses)	28.3
Total	**213.4**

Variable lease payments are based on the sales revenue amount and are therefore dependent on the overall economic development of the next years.

Total cash outflows from lease liabilities in 2019 amounted to € 170.5 million (previous year: € 1.8 million exclusively for leases classified as finance leases).

As of December 31, 2019, PUMA has non-recognized liabilities of € 1.6 million from short-term leases. The difference to the expenses from current leases recognized in the income statement in 2019 results from the expiring leases in the first application year of IFRS 16.

In 2019, 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, 2019. The future lease payments in connection with these agreements amount to € 7.4 million for the next year, € 74.1 million for years two to five, and € 176.7 million for the subsequent period. The lease terms for these are up to 15 years.

The maturity analysis of lease liabilities is as follows:

↗ **T.31** (€ million)

	2019	**2018**
Residual term of:		
1 to 2 years	169.4	1.7
2 to 5 years	443.5	8.3
more than 5 years	248.1	-
Total (undiscounted)	**861.0**	**10.0**
Interests	-115.7	-1.7
Total	**745.3**	**8.3**

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. Group-level planning shows an overall average annual sales growth of around 10% on a currency-adjusted basis and forecasts an EBIT margin of around 10% by 2021/2022. In addition to the sales growth, the improved EBIT margin in the planning period also resulted from the slight increase in the gross profit margin and the slightly weaker percentage increase of other operating income and expenses compared to sales. The planning of investments and working capital is primarily based on past experience. The future tax payments are based on current tax rates. Cash flows beyond the three-year period as a rule are forecast with a steady growth rate of 2.0% (previous years: 2.0%).
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 did not result in an impairment loss.

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 € 126.6 million (previous year: € 124.2 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 headquarters 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 5.9% p.a. (previous year: 6.1% p.a.), a royalty rate of 8% (previous year: 8%) and a 2% growth rate (previous year: 2%) were applied.
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 2019, 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: € 1.7 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 € 1.8 million in the financial year (previous year: € 1.1 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 € 9.9 million (previous year: € 21.3 million).

The current amortization of intangible assets in the amount of € 23.5 million (previous year: € 17.2 million) is included in the other operating expenses. Of this, € 4.6 million relate to sales and distribution expenses (previous year: € 3.5 million), € 0.1 million to expenses for product management/ merchandising (previous year: € 1.2 million), € 1.8 million to development expenses (previous year: € 0.0 million), and € 17.0 million to administrative and general expenses (previous year: € 12.5 million). As in the previous year, there were no impairment expenses that exceed current depreciation.

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.32 (€ million)

	2019	**2018**
PUMA UK	1.7	1.6
Genesis	7.2	6.8
Subtotal Europe	8.8	8.4
PUMA South Africa	2.3	2.2
Subtotal EEMEA	2.3	2.2
PUMA Canada	9.8	9.1
PUMA United (former Janed)	2.0	1.9
Subtotal North America	11.7	11.1
PUMA Argentina	15.5	15.2
PUMA Chile	0.5	0.5
PUMA Mexico	10.7	10.1
Subtotal Latin America	26.8	25.9
PUMA China	2.5	2.5
PUMA Taiwan	13.3	12.8
Subtotal Greater China	15.8	15.3
PUMA Japan	44.9	43.5
Subtotal Asia/Pacific (without Greater China)	44.9	43.5
stichd	139.4	139.4
Total	**249.7**	**245.7**

Assumptions used in conducting the impairment tests in 2019:

↗ T.33

	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)

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 capital cost 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 2% (previous year: 2%) is generally assumed. A growth rate of less than 2% (previous year: less than 2%) was only used in justified exceptional cases.

The cash-generating unit stichd (formerly 'Dobotex') 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 5.9% p.a. (previous year: 6.3% p.a.) and a growth rate of 2% (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. The sensitivity analysis with a one percentage point increase in the discount rate and the sensitivity analysis with a one percentage point reduction of the growth rate likewise do not show any indication of impairment.

The following table contains the assumptions for the performance of the impairment test in the previous year:

↗ T.34

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	17.0%-19.0%	7.6%-7.9%	6.7%
EEMEA*	28.0%	15.3%	11.4%
North America*	26.4%	8.2%	6.5%
Latin America	27.0%-30.0%	10.3%-39.5%	8.0%-52.6%
Greater China	17.0%-25.0%	7.0%-9.0%	6.1%-7.2%
Asia/Pacific (without Greater China)*	30.0%	8.3%	6.1%
stichd*	25.0%	7.8%	6.3%

* The information for EEMEA, North America, Asia/Pacific (without Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

A growth rate of 2% was generally assumed, and a growth rate of under 2% has only been used in exceptional cases where this is justified.

12. OTHER NON-CURRENT ASSETS

Other non-current financial and non-financial assets consist of:

↗ T.35 (€ million)

	2019	2018
Non-current investments	40.0	36.6
Fair value of derivative financial instruments	1.3	3.1
Other financial assets	30.1	25.6
Total of other non-current financial assets	**71.5**	**65.4**
Other non-current non-financial assets	19.3	9.4
Other non-current assets, total	**90.8**	**74.8**

The non-current 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: € 22.5 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

In the financial year 2019, there were no indicators of impairment of other non-current assets.

13. LIABILITIES

The residual terms of liabilities are as follows:

↗ T.36 (€ million)

	2019				2018			
		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	**173.5**	10.2	163.3		**190.9**	20.5	170.4	
Trade payables	**843.7**	843.7			**705.3**	705.3		
Liabilities from acquisitions					**3.3**		3.3	
Other liabilities*								
Liabilities from other taxes	**39.5**	39.5			**41.8**	41.8		
Liabilities relating to social security	**7.2**	7.2			**6.5**	6.5		
Payables to employees	**114.0**	114.0			**94.9**	94.9		
Refund liabilities	**208.3**	208.3			**154.9**	154.9		
Liabilities from market valuation of forward exchange transactions	**38.2**	34.1	4.0		**22.8**	20.7	2.1	
Other liabilities	**38.1**	38.0	0.8	0.1	**45.5**	42.2	2.2	1.4
Total	**1,462.5**	1,295.1	168.2	0.1	**1,265.9**	1,086.9	178.0	1.4

* The maturity analysis for the lease liabilities is shown in chapter 10.

PUMA has confirmed credit facilities amounting to a total of € 687.6 million (previous year: € 691.9 million). Under financial liabilities, € 0.0 million (previous year: € 1.5 million) was utilized from credit lines granted only until further notice. Unutilized credit lines totaled € 514.1 million as of December 31, 2019, compared to € 501.0 million the previous year.

The effective interest rate of the financial liabilities ranged between 0.1% and 8.5% (previous year: 0.1% to 8.4%).

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.37 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2019	Cash flow 2020		Cash flow 2021		Cash flow 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 forward exchange transactions			2,847.9		506.3		
Cash-Outlow from forward exchange transactions			2,831.1		505.1		

The following values were determined in the previous year:

↗ T.38 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2018	Cash flow 2019		Cash flow 2020		Cash flow 2021 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	190.9	0.8	20.5	0.7	7.1	1.4	163.3
Trade payables	705.3		705.3				
Liabilities from acquisitions	3.3				3.3		
Other liabilities	36.4		36.4				0.0
Derivative financial liabilities and assets							
Cash-Inflow from forward exchange transactions			2,461.2		366.5		
Cash-Outlow from forward exchange transactions			2,402.0		363.0		

The future cash flows from lease liabilities are shown in chapter 10.

14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

↗ T.39 (€ million)

	Measurement categories under IFRS 9	Carrying amount 2019	Fair value 2019	Carrying amount 2018	Fair value 2018
Assets					
Cash and cash equivalents	[1] AC	518.1	518.1	463.7	463.7
Trade receivables	AC	611.7	611.7	553.7	553.7
Other current financial assets	AC	31.4	31.4	38.6	38.6
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	45.5	45.5	75.7	75.7
Derivatives without hedging relationship (fair value)	[2] FVPL	1.1	1.1	0.0	0.0
Other non-current financial assets	AC	30.1	30.1	25.6	25.6
Non-current investments	[3] FVOCI	40.0	40.0	36.6	36.6
Liabilities					
Financial liabilities (current and non-current)	AC	173.5	173.5	190.9	190.9
Trade payables	AC	843.7	843.7	705.3	705.3
Liabilities from acquisitions	AC	0.0	0.0	3.3	3.3
Lease liabilities (current and non-current)	n.a.	745.3	745.3	8.3	8.3
Other financial liabilities	AC	26.9	26.9	36.4	36.4
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	36.6	36.6	22.5	22.5
Derivatives without hedging relationship (fair value)	[2] FVPL	1.6	1.6	0.3	0.3
Total financial assets at amortised cost		**1,191.3**	**1,191.3**	**1,081.6**	**1,081.6**
Total financial liabilities at amortised cost		**1,044.1**	**1,044.1**	**935.9**	**935.9**
Total financial assets at FVOCI		**40.0**	**40.0**	**36.6**	**36.6**

[1] AC = at amortised cost
[2] FVPL = Fair Value through Profit & Loss
[3] FVOCI = Fair Value through Other Comprehensive Income

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 non-current 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 € 34.6 million (previous year: € 30.4 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.

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment. There are no liabilities from acquisitions as of December 31, 2019. As of December 31, 2018, there was one liability from acquisitions which only affected one company and was discounted with a market interest rate of 0.7%.

The remaining financial liabilities have short residual maturities; the recognized amounts therefore approximate fair value.

The fair values of derivatives with a hedging relationship 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.40 (€ million)

	2019	2018
Financial assets at amortised cost (AC)	4.7	-1.0
Financial liabilities at amortised cost (AC)	-6.5	-22.0
Derivatives without hedging relationship	-2.1	-0.4
Financial assets measured at fair value through other comprehensive income (FVOCI)	3.4	9.1
Total	**-0.5**	**-14.3**

The net result was determined by taking into account interest rates, currency exchange effects, value adjustments as well as gains and losses from sales.

General administrative expenses include write-downs of 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.41 (€ 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 following values were determined in the previous year:

↗ T.42 (€ million)

	Germany	UK	Other Companies	PUMA-Group
Present Value of Pension Claims 12/31/2018				
Salary-based obligations				
Annuity	0.0	0.0	7.3	7.3
One-off payment	0.0	0.0	8.1	8.1
Non-salary-based obligations				
Annuity	25.7	37.6	0.0	63.3
One-off payment	7.1	0.0	0.0	7.1
Total	**32.8**	**37.6**	**15.4**	**85.8**

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 € 35.3 million at the end of 2019 (previous year: € 32.7 million) and thus comprises 35.8% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to € 24.1 million. The corresponding pension provision amounts to € 11.2 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 € 44.8 million at the end of 2019 (previous year: € 37.6 million) and thus accounts for 45.4% of the total obligation. The obligation is covered by assets amounting to € 35.9 million. The provision amounts to € 8.9 million.

The changes in the present value of pension claims are as follows:

↗ T.43 (€ million)

	2019	2018
Present Value of Pension Claims January 1	**85.8**	**81.3**
Cost of the pension claims earned in the reporting year	2.3	7.2
Past service costs	0.0	-0.1
(Profits) and losses from settlements	0.0	0.0
Interest expense on pension claims	2.0	1.8
Employee contributions	1.0	0.2
Benefits paid	-2.2	-1.7
Effects from transfers	-0.4	-0.1
Actuarial gains (-) and losses	8.0	-2.4
Currency exchange effects	2.2	-0.4
Present Value of Pension Claims December 31	**98.7**	**85.8**

The changes in the plan assets are as follows:

↗ T.44 (€ million)

	2019	2018
Plan Assets January 1	**56.9**	**51.6**
Interest income on plan assets	1.3	1.2
Actuarial gains and losses (-)	2.8	-1.8
Employer contributions	1.8	6.8
Employee contributions	1.0	0.2
Benefits paid	-1.0	-0.9
Effects from transfers	0.0	0.0
Currency exchange effects	1.8	-0.2
Plan Assets December 31	**64.6**	**56.9**

The pension provision for the Group is derived as follows:

↗ T.45 (€ million)

	2019	2018
Present value of pension claims from benefit plans	98.7	85.8
Fair value of plan assets	-64.6	-56.9
Financing Status	**34.1**	**28.9**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Pension Provision December 31	**34.1**	**28.9**

In 2019, benefits paid amounted to € 2.2 million (previous year: € 1.7 million). Contributions in 2020 are expected to amount to € 3.1 million. Of this, € 1.9 million is expected to be paid directly by the employer. Contributions to external plan assets amounted to € 1.8 million in 2019 (previous year: € 6.8 million). Contributions in 2020 are expected to amount to € 2.1 million.

The changes in pension provisions are as follows:

↗ T.46 (€ million)

	2019	2018
Pension Provision January 1	**28.9**	**29.7**
Pension expense	3.0	7.7
Actuarial gains (-) and losses recorded in Other Comprehensive Income	5.2	-0.6
Employer contributions	-1.8	-6.8
Direct pension payments made by the employer	-1.2	-0.8
Transfer values	-0.4	-0.1
Currency exchange differences	0.4	-0.2
Pension Provision December 31	**34.1**	**28.9**
of which assets	0.0	0.0
of which liabilities	34.1	28.9

The expenses in the 2019 financial year are structured as follows:

↗ T.47 (€ million)

	2019	2018
Cost of the pension claims earned in the reporting year	2.3	7.2
Past service costs	0.0	-0.1
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension claims	2.0	1.8
Interest income on plan assets	-1.3	-1.2
Administration costs	0.0	0.0
Expenses for Defined Benefit Plans	**3.0**	**7.7**
of which personnel costs	2.3	7.1
of which financial costs	0.7	0.6

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for the financial year 2019 amounted to € 14.0 million (previous year: € 12.5 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

↗ T.48 (€ million)

	2019	2018
Revaluation of Pension Commitments	**8.0**	**-2.4**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	-0.8	0.8
Actuarial gains (-) and losses resulting from changes in financial assumptions	8.1	-2.5
Actuarial gains (-) and losses due to adjustments based on experience	0.7	-0.7
Revaluation of Plan Assets	**-2.8**	**1.8**
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	**5.2**	**-0.6**

Plan assets investment classes:

↗ T.49 (€ million)

	2019	2018
Cash and cash equivalents	2.6	1.4
Equity instruments	0.6	0.0
Bonds	0.9	0.0
Investment funds	20.1	17.3
Derivatives	6.1	5.6
Real estate	4.1	3.1
Insurance	24.1	24.6
Others	6.1	4.9
Total Plan Assets	**64.6**	**56.9**

Of which investment classes with a quoted market price:

↗ T.50 (€ million)

	2019	2018
Cash and cash equivalents	2.6	1.4
Equity instruments	0.6	0.0
Bonds	0.9	0.0
Investment funds	20.1	17.3
Derivatives	6.1	5.6
Real estate	3.5	3.1
Insurance	0.0	0.0
Others	5.8	4.9
Plan Assets with a quoted Market Price	**39.6**	**32.3**

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 low volatility. It was revised in 2017 and 2018 and the risk profile was reduced.

The following assumptions were used to determine pension obligations and pension expenses:

↗ T.51

	2019	2018
Discount rate	1.64%	2.41%
Future pension increases	2.16%	2.31%
Future salary increases	1.66%	1.70%

The indicated values are weighted average values. A standard interest rate of 1.00% was applied for the eurozone (previous year: 1.75%).

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 CMI2018 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.52 (€ million)

	2019	2018
Effect on present value of pension claims if		
the discount rate were 50 basis points higher	-8.0	-6.7
the discount rate were 50 basis points lower	6.2	4.9

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: 17 years).

16. OTHER PROVISIONS

↗ T.53 (€ million)

	2018	Currency adjustments, retransfers	Addition	Utilization	Reversal	2019
Provisions for:						
Warranties	1.9	0.0	1.3	-1.6	-0.2	**1.4**
Purchasing risks	9.8	0.0	8.3	-7.9	-0.7	**9.4**
Litigation risks	25.9	-0.3	6.8	-4.4	-4.3	**23.7**
Personnel	10.9	-0.2	13.3	-1.6	0.0	**22.4**
Other	17.5	0.5	8.1	-4.2	-0.8	**21.0**
Total	**65.9**	**0.1**	**37.8**	**-19.7**	**-6.1**	**77.9**

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.

Provisions for warranties and purchasing risks do not contain any non-current provisions (previous year: € 0.0 million).

Litigation risks contain non-current provisions of € 10.0 million (previous year: € 7.8 million). Provisions for personnel are exclusively non-current provisions. Other provisions comprise in particular provisions in relation with dismantling obligations and other risks. Other provisions include € 10.7 million (previous year: € 7.5 million) in non-current provisions.

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. LIABILITIES FROM ACQUISITIONS

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment.

The conditional liability from acquisitions as of December 31, 2018 related to the acquisition of Genesis Group International Ltd. There were no further liabilities relating to acquisitions of business enterprises with the early exercise of the purchase option in 2019.

↗ T.54 (€ million)

	2019	2018
Due within one year	0.0	0.0
Due in more than one year	0.0	3.3
Total	**0.0**	**3.3**

18. 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. In connection with this, the Company's subscribed capital of previously € 38.6 million (divided into 15,082,464 no-par value shares, which corresponds to a proportional amount of € 2.56 per share) was increased by € 112.2 million to € 150.8 million from Company funds.

As of the balance sheet date, the subscribed capital in accordance with the Articles of Association corresponds to € 150,824,640.00 and is, after the stock split took effect on June 10, 2019, 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.55 (in € Mio.)

	2019	2018
Circulating shares as of January 1, share	**14,951,470**	**14,946,356**
Conversion from Management Incentive Program	0	0
Share buy-back	0	0
Issue of new shares as part of the stock split on June 10, 2019	134,563,230	0
Issue of Treasury Stock	33,101	5,114
Circulating shares as of December 31, share	**149,547,801**	**14,951,470**

CAPITAL RESERVE

The capital reserve includes the premium from issuing shares, as well as amounts from the grant, conversion and expiration of share options.

RETAINED EARNINGS AND RESULTS CARRIED FORWARD

Retained earnings include the net income of the financial year as well as the income of the companies included in the consolidated financial statements achieved in the past to the extent that it was not distributed.

RESERVE 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 € -8.8 million (previous year: € 34.1 million) is offset by deferred taxes of € -0.1 million (previous year: € -1.4 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on May 6, 2015 authorized the Company to purchase treasury shares up to a value of 10% of the share capital until May 5, 2020. If purchased through the stock exchange, the purchase price per share may not exceed or fall below 10% 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 1,276,839 PUMA shares in its own portfolio, which corresponds to 0.86% of the subscribed capital.

AUTHORIZED CAPITAL

As of December 31, 2019, the Company's Articles of Association provide for authorized capital totaling € 15,000,000:

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 (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 (Conditional Capital 2018).

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. 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 € 0.50 per circulating share, or a total of € 74.8 million (with respect to the circulating shares as of December 31, 2019), be distributed to the shareholders from the retained earnings of PUMA SE for the financial year 2019.

Proposed appropriation of the retained earnings of PUMA SE:

↗ T.56

	2019	2018
Retained earnings of PUMA SE as of December 31, € million	160.7	144.5
Retained earnings available for distribution, € million	160.7	144.5
Dividend per share, €	0.50	3.50
Number of circulating shares*	149,547,801	14,951,470
Total dividend*, € million	74.8	52.3
Carried forward to the new accounting period*, € million	85.9	92.2

* Previous year's values adjusted to the outcome of the Annual General Meeting

NON-CONTROLLING INTERESTS

This item comprises the remaining shares of non-controlling interests. The composition is shown in chapter 30.

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."

19. 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 2019, an expense of € 12.6 million was recorded for this purpose on the basis of the employment contract commitments to the Management Board members.

↗ T.57 VIRTUAL SHARES (MONETARY UNITS)

Issue date	1/1/2014	1/1/2015	1/1/2016	1/1/2017	1/1/2018	1/1/2019	
Term	5	5	5	5	5	5	Years
Vesting period	3	3	3	3	3	3	Years
Base price PUMA share at issue	23.20	17.40	20.00	24.00	37.10	44.40	EUR/share
Reference value PUMA-share at the end of the financial year	N/A	N/A	N/A	67.69	45.13	22.56	EUR/share
Reference value PUMA-share at the conversion date	N/A	N/A	69.77	N/A	N/A	N/A	EUR/share
Participants in year of issue	3	3	3	3	3	3	Persons
Participants at the end of the financial year	3	3	3	3	3	3	Persons
Number of monetary units as of 1/1/2019	0	0	113,930	107,360	117,440	97,320	Shares
Number of monetary units exercised in the FY	0	0	-25,310	0	0	0	Shares
Final number of monetary units as of 12/31/2019	0	0	88,620	107,360	117,440	97,320	Shares
Total monetary units	**0**	**0**	**88,620**	**107,360**	**117,440**	**97,320**	**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 2019 and taking into account the intra-year exercise date in 2019, the provisions for this program amounted to € 20.9 million at the end of the financial year.

EXPLANATION OF THE "GAME CHANGER 2019" PROGRAM

In addition, in 2016, an additional Long-Term Incentive Program, the global "Game Changer 2019" 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 € 3.2 million were paid out to the participants in March 2019. 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 12/31/2018. No further expenses were incurred for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2020" PROGRAM

In 2017, the global "Game Changer 2020" program was launched, which is subject to the same parameters as the "Game Changer 2019" program (employment relationship until 12/31/2019 and payout March 2020). In the reporting year, provisions of € 1.1 million were set aside for this program.

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 programs. The difference to the Game Changer programs lies in the different participants. While the participants in the Game Changer programs consist of top executives, the "Momentum" program includes employees who are not part of this group. In the reporting year, provisions of € 0.7 million were set aside for this program.

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 12/31/2020. A prorated share of € 1.9 million was set aside as a provision for the "Game Changer 2.0 – 2021" program during the reporting period.

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 12/31/2021 and payout March 2022). In the reporting year, a prorated amount of € 1.7 million was set aside as a provision for this program.

↗ T.58 GAME CHANGER 2.0 (PERFORMANCE SHARE PLAN)

Program addendum	2021	2022	
Issue date	01/01/2018	01/01/2019	
Term	5	5	Years
Vesting period	3	3	Years
Base price at program start	37.10	44.40	EUR/share
Reference value at the end of the financial year	45.36	22.68	EUR/share
Participants in year of issue	48	64	Persons
Participants at the end of the financial year	44	64	Persons
Number of "virtual shares" as of 1/1/2019	46,660	44,407	Shares
Number of "virtual shares" expired in the FY	-3,660	0	Shares
Number of "virtual shares" exercised in the FY	0	0	Shares
Final number of "virtual shares" as of 12/31/2019	43,000	44,407	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 INCOME STATEMENT

20. NET SALES

The net sales of the Group are broken down by product divisions and distribution channels as follows:

↗ T.59 BREAKDOWN BY DISTRIBUTION CHANNELS (€ million)

	2019	2018
Wholesale	4,106.9	3,520.8
Retail	1,395.3	1,127.5
Total	**5,502.2**	**4,648.3**

↗ T.60 BREAKDOWN BY PRODUCT DIVISIONS (€ million)

	2019	2018
Footwear	2,552.5	2,184.7
Apparel	2,068.7	1,687.5
Accessories	881.1	776.1
Total	**5,502.2**	**4,648.3**

21. 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.61 (€ million)

	2019	2018
Sales and distribution expenses	1,821.2	1,523.6
Product management/merchandising	52.6	43.8
Research and development	61.7	54.0
Administrative and general expenses	340.0	328.1
Other operating expenses	**2,275.5**	**1,949.5**
Other operating income	**4.2**	**21.1**
Total	**2,271.3**	**1,928.4**
Of which scheduled depreciation	246.4	81.5
Of which impairment expenses	0.0	0.6

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.

In the consolidated financial statements of PUMA SE, fees of € 0.9 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 € 0.8 million (previous year: € 0.8 million), 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: € 0.0 million).

Other operating income, which in the previous year mainly included income from the release of provisions in the amount of € 12.1 million, in the current year comprises income from the reduction of liabilities from acquisitions in the amount of € 2.1 million and income from the sale of fixed assets of € 2.0 million (previous year: € 0.3 million).

Overall, other operating expenses include personnel costs, which consist of:

↗ T.62 (€ million)

	2019	2018
Wages and salaries	490.2	437.0
Social security contributions	66.8	56.8
Expenses from share-based remuneration with cash compensation	12.6	5.8
Expenses for retirement pension and other personnel expenses	64.2	54.1
Total	**633.7**	**553.8**

In addition, cost of sales includes personnel costs in the amount of € 6.8 million (previous year: € 8.2 million).

The average number of employees for the year was as follows:

↗ T.63 **EMPLOYEES**

	2019	2018
Marketing/ retail/ sales	9,883	8,851
Research & development/ product management	986	909
Administrative and general units	2,479	2,432
Total annual average	**13,348**	**12,192**

As of the end of the year, a total of 14,332 individuals were employed (previous year: 12,894).

22. FINANCIAL RESULT

The financial result consists of:

↗ T.64 (€ million)

	2019	2018
Result from associated companies	**-**	**-1.5**
Interest income	7.2	4.0
Income from currency-conversion differences, net	10.2	0.0
Others	8.5	7.6
Financial income	**25.8**	**11.6**
Interest expense	-13.9	-14.6
Interest expense - Lease liability	-29.7	-0.5
Interest accrued on liabilities from acquisitions	-0.1	0.0
Valuation of pension plans	-0.7	-0.6
Expenses from currency-conversion differences, net	0.0	-14.4
Others	-4.1	-3.9
Financial expenses	**-48.4**	**-34.1**
Financial result	**-22.6**	**-24.0**

The result from associated companies comprises the result from the shareholding in Wilderness Holdings Ltd. which was deconsolidated in 2018.

The item Others in financial income includes interest components (SWAP points) of € 8.2 million (previous year: € 7.3 million) from financial instruments in connection with currency derivatives, and dividend income of € 0.3 million (previous year: € 0.3 million) from the investment in Borussia Dortmund GmbH & Co. KGaA (BVB).

Due to the first-time application of IFRS 16, a higher interest expense of € 29.7 million is incurred with regard to lease liabilities (previous year: € 0.5 million) which were included in interest expenses in the previous year. The item Others in financial expenses includes interest components (SWAP points) of € 4.1 million (previous year: € 3.9 million) from financial instruments in connection with currency derivatives.

In addition, income from currency translation differences of € 10.2 million (previous year: expenses of € -14.4 million) are included, which are to be assigned to the financing area.

23. INCOME TAXES

↗ T.65 (€ million)

	2019	2018
Current income taxes		
Germany	12.8	16.8
Other countries	124.6	69.7
Total current income taxes	**137.5**	**86.5**
Deferred taxes	**-28.8**	**-2.9**
Total	**108.6**	**83.6**

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.66 (€ million)

	2019	2018
Earnings before income tax	**417.6**	**313.4**
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	113.7	85.3
Tax rate difference with respect to other countries	-12.8	-7.1
Other tax effects:		
Income tax for previous years	-4.5	0.5
Losses and temporary differences for which no tax claims were recognized	1.0	16.5
Changes in tax rates	2.0	0.6
Non-deductible expenses for tax purposes and non-taxable income and other effects	9.3	-12.3
Effective tax expense	**108.6**	**83.5**
Effective tax rate	26.0%	26.7%

The tax effect resulting from items that are directly credited or debited to equity is shown directly in the statement of comprehensive income.

Other effects include withholding tax expenses in the amount of € 11.7 million (previous year: € 7.5 million).

24. 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.67

	2019	2018*
Net earnings € million	**262.4**	**187.4**
Average number of circulating shares	149,521,683	149,473,228
Average number of circulating shares, diluted	149,521,683	149,473,228
Earnings per share in €	1.76	1.25
Earnings per share, diluted in €	1.76	1.25

* Earnings per share and the number of outstanding shares for the prior period were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

25. MANAGEMENT OF THE CURRENCY RISK

In the 2019 financial year, PUMA designated "forward purchase USD" currency derivatives as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, which is converted to euros.

The nominal amounts of open exchange rate-hedging transactions, which relate mainly to cash flow hedges, refer to currency forward transactions in a total amount of € 2,842.6 million (previous year: € 2,401.8 million). These underlying transactions are expected to generate cash flows in 2020 and 2021. 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.68 (€ million)

	2019	2018
Currency forward contracts, assets (see chapters 6 and 12)	46.5	75.7
Currency forward contracts, liabilities (see chapters 13 and 14)	-38.2	-22.8
Net	8.3	52.9

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 being denominated in a currency that is not the functional currency and is 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 forward contracts.

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.

If, as of December 31, 2019, 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 € 150.6 million higher (lower) (December 31, 2018: € 126.2 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.

26. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with our internal reporting structure, with the exception of 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 (formerly Dobotex). 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 stichd's (formerly Dobotex) sales of products amounting to € 32.7 million (previous year: € 26.9 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 taking into account 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. 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. In addition, total impairment expenses in the amount of € 0.0 million (previous year: € 0.6 million, relating to the Europe segment) were recognized.

Since PUMA is active in only one business area, the sports equipment 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/ 2019

↗ T.69 REGIONS (€ million)

	External Sales		EBIT		Investments	
	1-12/2019	1-12/2018	**1-12/2019**	1-12/2018	**1-12/2019**	1-12/2018
Europe	1,267.6	1,171.2	177.0	164.1	76.2	15.0
EEMEA	657.1	523.2	109.2	81.5	20.4	12.2
North America	1,408.7	1,163.1	220.2	180.0	20.7	13.9
Latin America	516.6	431.7	94.7	61.1	8.4	11.1
Greater China	755.7	534.0	249.9	153.4	29.4	21.7
Asia/ Pacific (without Greater China)	600.2	553.0	70.4	83.5	12.8	9.2
stichd	296.3	272.0	102.4	91.4	4.1	3.4
Total business segments	**5,502.2**	**4,648.3**	**1,023.9**	**814.9**	**172.0**	**86.5**

	Depreciation*		Inventories		Trade Receivables (3rd)	
	1-12/2019	1-12/2018	**1-12/2019**	1-12/2018	**1-12/2019**	1-12/2018
Europe	39.6	7.6	309.6	262.5	140.5	131.3
EEMEA	33.6	7.7	171.3	130.7	68.5	67.9
North America	49.8	11.6	323.6	258.9	130.7	109.0
Latin America	15.2	6.9	93.1	93.5	99.0	96.2
Greater China	33.8	15.4	118.3	87.0	50.1	36.0
Asia/ Pacific (without Greater China)	32.5	7.3	117.8	98.4	68.1	71.0
stichd	6.7	2.8	50.8	48.3	42.7	37.8
Total business segments	**211.2**	**59.4**	**1,184.5**	**979.3**	**599.6**	**549.2**

*2019 includes the depreciation and the carrying amount of the right-of-use assets from Leases (IFRS 16)

↗ T.69 CONTINUATION T.69 REGIONS (€ million)

	Long-term Assets*	
	1-12/2019	1-12/2018
Europe	284.8	44.7
EEMEA	130.6	29.5
North America	445.1	187.9
Latin America	80.9	47.4
Greater China	93.9	32.1
Asia/ Pacific (without Greater China)	163.0	73.0
stichd	162.2	143.9
Total business segments	**1,360.5**	**558.5**

*2019 includes the depreciation and the carrying amount of the right-of-use assets from Leases (IFRS 16)

↗ T.70 PRODUCT External Sales (€ million) Gross Profit Margin (in %)

	External Sales		Gross Profit Margin	
	1-12/2019	1-12/2018	**1-12/2019**	1-12/2018
Footwear	2,552.5	2,184.7	46.4%	45.8%
Apparel	2,068.7	1,687.5	51.1%	50.9%
Accessories	881.1	776.1	50.5%	50.3%
Total business segments	**5,502.2**	**4,648.3**	**48.8%**	**48.4%**

RECONCILITATIONS

↗ T.71 RECONCILITATIONS (€ million)

	EBIT	
	1-12/2019	1-12/2018
Total business segments	**1,023.9**	**814.9**
Central areas	-251.1	-199.4
Central expenses marketing	-332.5	-278.2
Consolidation	0.0	0.0
EBIT	**440.2**	**337.4**
Financial result	**-22.6**	**-24.0**
EBT	**417.6**	**313.4**

	Investments		Depreciation*	
	1-12/2019	1-12/2018	**1-12/2019**	1-12/2018
Total business segments	**172.0**	**86.5**	**211.2**	**59.4**
Central areas	47.7	51.8	35.2	22.8
Consolidation	0.0	0.0	0.0	0.0
Total	**219.6**	**138.2**	**246.4**	**82.1**

*2019 includes the depreciation and the carrying amount of the right-of-use assets from Leases (IFRS 16)

↗ T.71 CONTINUATION T.71 RECONCILIATIONS (€ million)

	Inventories		Trade Receivables (3rd)		Long-term Assets*	
	1-12/2019	1-12/2018	**1-12/2019**	1-12/2018	**1-12/2019**	1-12/2018
Total business segments	**1,184.5**	**979.3**	**599.6**	**549.2**	**1,360.5**	**558.5**
Not allocated to the business segments	-74.3	-64.2	12.1	4.5	208.0	173.6
Total	**1,110.2**	**915.1**	**611.7**	**553.7**	**1,568.5**	**732.1**

*2019 includes the depreciation and the carrying amount of the right-of-use assets from Leases (IFRS 16)

ADDITIONAL INFORMATION

27. 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.72 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES 2019 (€ million)

			Non-cash changes		Cash changes	
	Notes	**As of Jan. 1, 2019**	Currency changes	Others		**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)

↗ **T.73 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES 2018** (€ million)

			Non-cash changes		Cash changes	
	Notes	As of Jan. 1, 2018	Currency changes	Others		As of Dec. 31, 2018
Financial liabilities						
Lease liabilities	10	0.4	0.2	9.4	-1.8	8.3
Current financial liabilities	13	29.0	8.1	0.0	-16.6	20.5
Non-current financial liabilities	13	27.9	-2.6	0.0	145.2	170.4
Total		**57.3**	**5.7**	**9.4**	**126.9**	**199.2**

The lease liabilities of € 745.3 million (previous year: € 8.3 million) break down into current lease liabilities of € 144.8 million (previous year: € 0.8 million) and non-current lease liabilities of € 600.5 million (previous year: € 7.5 million).
The non-current financial liabilities of € 163.3 million (previous year: € 170.4 million) are part of the other non-current financial liabilities.

28. CONTINGENCIES AND CONTINGENT LIABILITIES

CONTINGENCIES

As in the previous year, there were no reportable contingencies.

CONTINGENT LIABILITIES

As in the previous year, there were no reportable contingent liabilities.

29. OTHER FINANCIAL OBLIGATIONS

OBLIGATIONS FROM OPERATING LEASE

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.

As of January 1, 2019, the Group has recognized right-of-use assets for these leases, not including short-term leases and low-value leases. Due to the first-time application of IFRS 16 in the reporting year, the obligations arising from lease agreements are not shown in the table below. See chapter 10 for information regarding obligations arising from lease agreements.

In the previous year, the following other financial obligations existed in relation with lease agreements:

↗ T.74 (€ million)

	2019	2018
Under rental and lease agreements:		
2020 (2019)	–	142.8
2021 – 2024 (2020 – 2023)	–	355.7
from 2025 (from 2024)	–	376.7
Total	**–**	**875.2**

FURTHER OTHER FINANCIAL OBLIGATIONS

Furthermore, 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.75 (€ million)

	2019	2018
Under license, promotional and advertising agreements:		
2020 (2019)	277.6	227.4
2021 – 2024 (2020 – 2023)	613.7	867.8
from 2025 (from 2024)	336.4	5.0
Total	**1,227.8**	**1,100.2**

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 € 133.9 million, of which € 112.4 million relate to the years from 2021. These include service agreements of € 131.0 million as well as other obligations of € 2.9 million.

30. 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 remaining on the balance sheet date relates to PUMA United North America LLC (formerly Janed, LLC) and Janed Canada, LLC (inactive) with € 46.7 million (previous year: € 17.6 million).

In July 2019, the following companies were merged into PUMA United North America LLC (formerly Janed, LLC) or into Janed Canada, LLC:

- PUMA Accessories North America, LLC (previous year: € 1.3 million)
- PUMA Kids Apparel North America, LLC (previous year: € 0.0 million)
- PUMA North America Accessories Canada, LLC (previous year: € 0.1 million)
- PUMA Kids Apparel Canada, LLC (previous year: € -0.2 million)

↗ T.76 (€ million)

	2019	2018
Current assets	82.2	41.6
Non-current assets	3.8	3.8
Current liabilities	35.5	21.7
Non-current liabilities	0.0	0.0
Equity attributable to equity holders of the parent	50.6	23.7
Non-controlling interests	46.7	18.9

↗ T.77 (€ million)

	2019	2018
Sales	298.3	265.8
Net income	47.1	42.8
Profit attributable to non-controlling interests	46.6	42.4
Other comprehensive income of non-controlling interests	0.3	1.1
Total comprehensive income of non-controlling interests	46.9	43.4
Dividends paid to non-controlling interests	18.6	55.7

↗ T.78 (€ million)

	2019	2018
Net cash from operating activities	23.8	48.3
Net cash used in investing activities	0.0	0.0
Net cash used in financing activities	-23.4	-56.1
Changes in cash and cash equivalents	0.1	-7.6

31. MANAGEMENT BOARD AND SUPERVISORY BOARD

Disclosures pursuant to Section 314 (1) No. 6 HGB

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 Shareholders' 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 fiscal year beginning January 1, 2018 and for all subsequent fiscal 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.

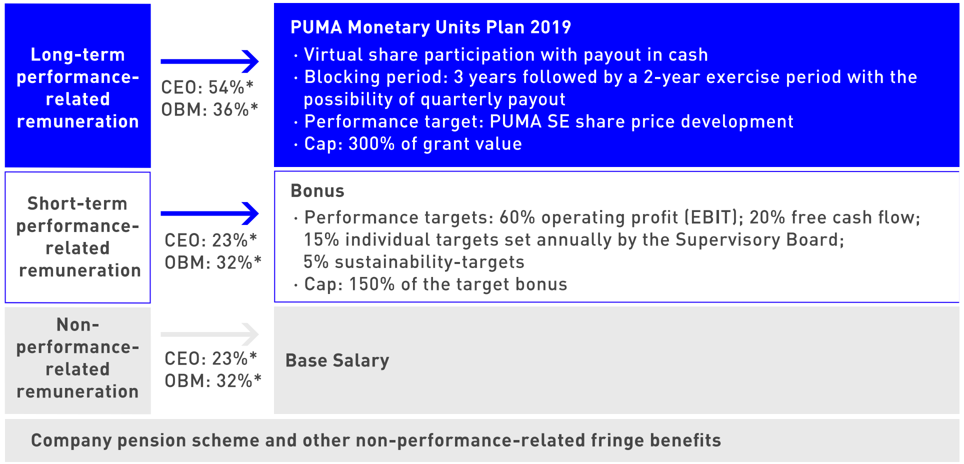
GOVERNANCE IN COMPENSATION MATTERS

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, 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



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

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.

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, and 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

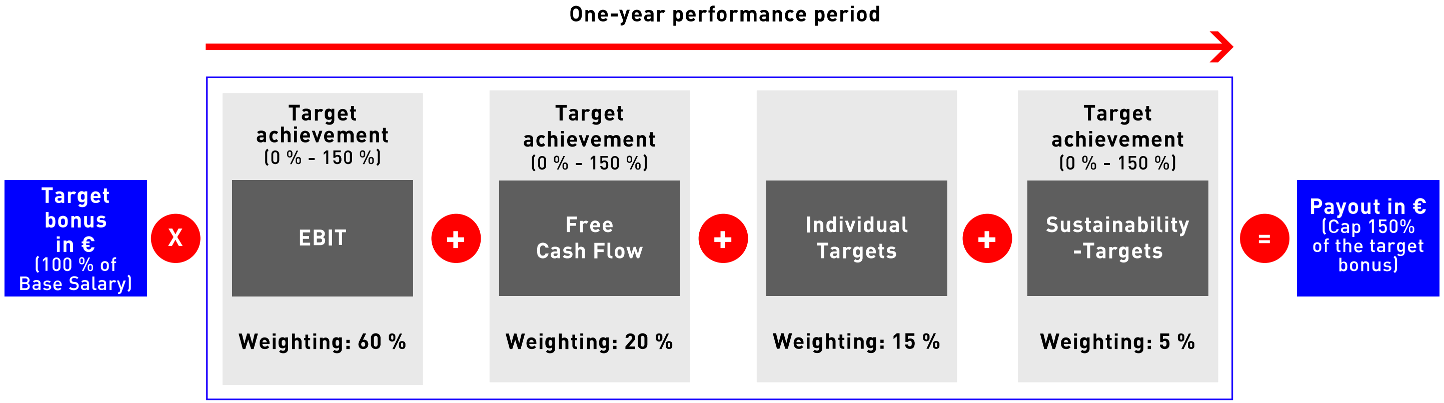
In addition to the non-performance-based compensation, the members of the Management Board receive performance-based and therefore variable compensation. The amount of this compensation is based on the attainment of previously defined financial and non-financial targets. It consists of a bonus and a 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

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 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 sustainability targets include goals to reduce CO_2emissions, compliance targets and occupational health and safety objectives, are applied throughout the PUMA Group and measured quantitively on a standardized basis. 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.

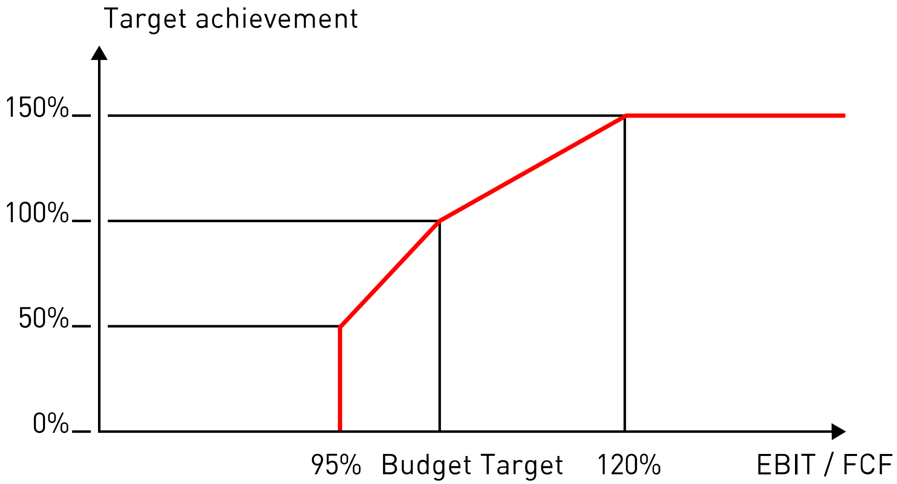
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ 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 above target value, the target attainment is limited to 150% (maximum value). Target attainments between the determined target attainment points are interpolated on a linear basis. This results in the following target attainment curve for the EBIT and FCF performance targets:

↗ G.03 TARGET ATTAINMENT CURVE EBIT/FCF



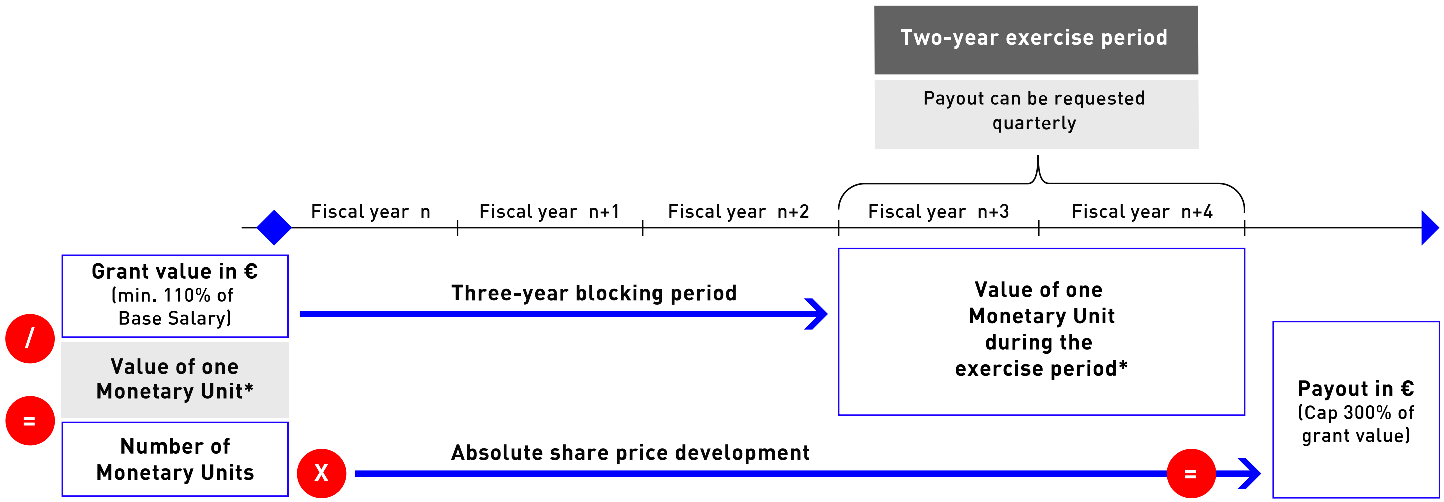
TARGET ATTAINMENT SUSTAINABILITY TARGETS

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. For every target criterion that has been met or exceeded, a target attainment percentage of 1.25% is credited.

LONG-TERM VARIABLE SHARE-BASED COMPENSATION – PUMA MONETARY UNITS PLAN 2019 (LTI)

The long-term variable compensation program of PUMA SE (PUMA Monetary Units Plan) is designed as a future-oriented, virtual shareholding with cash payments. As part of this program, virtual shares of PUMA SE, the "Monetary Units", are allocated at the start of a three-year vesting period, at the end of which the holder is eligible to receive a cash payment. The amount of the allocation value is 240% of the annual basic salary for the Chair of the Management Board and 110% of the basic salary for the other Management Board members. The number of the allocated Monetary Units is determined by dividing the allocation value by the value of one PUMA Monetary Unit. The relevant value of a Monetary Unit for the tranche of the following year is calculated once per year at the end of December as the average value of the PUMA SE share over the past 30 trading days. The amount of the cash payment is therefore a result of the absolute development of the PUMA SE share. At the end of the three-year vesting period, the Management Board members are able to exercise their Monetary Units within a period of two years. The payment of the amount can be requested on a quarterly basis. The value of the Monetary Units is the average value of the PUMA SE share over the last 30 trading days before the next quarterly report. The fundamental exercise condition after the vesting period is the existence of an active employment relationship with PUMA SE until the end of the vesting period.

↗ G.04 LTI-PLAN



* The value of one Monetary Unit is equal to the Ø share price over the last 30 trading days before the beginning of the blocking period respectively 30 trading days before next quarterly report.

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, shall 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.79 COMPENSATION PAID (€ million)

	2018	2019	2019 (min)	2019 (max)
Fixed compensation	2.3	2.0	2.0	2.0
Fringe Benefits	0.1	0.1	0.1	0.1
Total	**2.4**	**2.1**	**2.1**	**2.1**
Short-term variable compensation	2.8	2.7	0.0	3.0
Long-term variable share-based compensation				
LTI 2019 (2019 to 2021)		3.9	0.0	11.8
LTI 2018 (2018 to 2020)	4.3			
Total variable compensation	**7.0**	**6.6**	**0.0**	**14.8**
Pension expenses	0.5	0.4	0.4	0.4
Total compensation	**9.9**	**9.1**	**2.4**	**17.3**

* 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.80 **INFLOW** (€ million)

	2018	2019
Fixed compensation	2.3	2.0
Fringe Benefits	0.1	0.1
Total	**2.4**	**2.1**
Short-term variable compensation	2.8	2.7
Long-term variable share-based compensation		
LTI 2016 (2016 bis 2018)		1.7
LTI 2015 (2015 bis 2017)	8.8	
Total variable compensation	**11.6**	**4.3**
Pension expenses	0.5	0.4
Total compensation	**14.4**	**6.8**

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: € 0.5 million). The present value of the pension benefits granted to active Management Board members of € 10.8 million as of December 31, 2019 (previous year: € 10.1 million) was netted against the pledged asset value of the pension liability insurance on the balance sheet.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

The appointment of Lars Radoor Sørensen as member of the Management Board was terminated by mutual agreement with effect from the end of January 31, 2019. At this point, Mr. Sørensen's Management Board employment contract had a remaining term through December 31, 2020. Mr. Sørensen's Management Board employment contract was terminated by mutual agreement with effect from the end of January 31, 2020. For the period from January 31, 2019 until January 31, 2020, the basic salary and short-term variable compensation was paid out assuming a target attainment of 100%. The tranche of the long-term variable compensation was prorated for 2018-2020 and reduced by 11/36. No tranche was granted for 2019-2021. The compensation components for Mr. Sørensen based on his work as a Management Board member are included in section "Management Board Compensation".

There were pension obligations to former members of the Management Board and their widows/widowers amounting to € 3.3 million (previous year: € 3.2 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 € 11.6 million (previous year: € 10.6 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

The Supervisory Board compensation system consists of two components. As for the Management Board, the relevant criteria for calculating the compensation are the responsibilities and performance of the individual Supervisory Board member, the long-term strategic planning and related goals, the sustainability of achieved results and the Company's long-term prospects. For this reason, the first component of the Supervisory Board compensation is a fixed, non-performance-based amount, while the second component is a performance-based compensation.

The non-performance-based component 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 participation in committees. The Chair of the Supervisory Board and the Vice Chair receive an additional fixed annual amount of € 25,000.00 respectively € 12,500.00. 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.

In addition to the fixed compensation, each Supervisory Board member receives annual performance-based compensation equal to € 20.00 for each € 0.01 by which the earnings per share figure as disclosed in the consolidated financial statements exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000.00 per year. If earnings per share in the financial year are below the minimum amount, no performance-related compensation is payable. The Chair of the Supervisory Board receives € 40.00 for every € 0.01 exceeding the minimum amount per share and a maximum of € 20,000.00 per year. The Vice Chair receives € 30.00 for every € 0.01 exceeding the minimum amount per share and a maximum of € 15,000.00 per year.

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 2018 and 2019 are shown in the table below.

↗ T.81 SUPERVISORY BOARD COMPENSATION (€ million)

	Fixed compensation		Variable compensation		Committee compensation		Total	
	2018	**2019**	2018	**2019**	2018	**2019**	**2018**	**2019**
Total	0.2	**0.2**	–	**–**	0.0	**0.0**	**0.2**	**0.2**

32. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships to related parties 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 related parties or persons within the meaning of IAS 24.

As of December 31, 2019, 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 15.7% of share capital according to Kering's press release from May 16, 2018. Together, Artémis S.A.S. and Kering S.A. hold 44.22% of the share capital according to a voting rights announcement from May 24, 2018. Consequently, all companies that are directly or indirectly controlled by Artémis S.A.S. and are not included in the consolidated financial statements of PUMA SE are considered related companies.

In addition, the disclosure obligation pursuant to IAS 24 extends to transactions with associated companies as well as transactions with other related companies and parties. These include non-controlling shareholders in particular.

Transactions with related companies and parties 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.82 (€ million)

	Deliveries and services rendered		Deliveries and services received	
	2019	2018	**2019**	2018
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	2.2	2.3	0.4	2.0
Other related parties and persons	0.0	0.7	18.5	19.6
Total	**2.2**	**2.9**	**18.9**	**21.6**

↗ T.83 (€ million)

	Net receivables from		Liabilities to	
	2019	2018	**2019**	2018
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	0.0	0.8	0.0	0.0
Other related parties and persons	0.0	0.0	7.9	4.7
Total	**0.0**	**0.8**	**7.9**	**4.8**

In addition, dividend payments of € 18.6 million were made to non-controlling shareholders in the financial year 2019 (previous year: € 55.7 million).

Receivables from related companies and parties 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, 2019 (previous year: € 52.2 million). As in the previous year, no expenses were recorded in this respect in the financial year 2019.

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 2019, the expenses for key management personnel of PUMA SE for short-term benefits amounted to € 5.9 million (previous year: € 5.4 million), for post-employment benefits € 0.5 million (previous year: € 0.4 million) and for share-based compensation € 3.9 million (previous year: € 4.3 million). In addition, no expenses for other long-term benefits or for termination benefits were incurred in the 2019 reporting year or in the previous year. Accordingly, total expenses for the reporting year amount to € 10.3 million (previous year: € 10.1 million).

In addition, members of management in key positions at PUMA SE received compensation of € 1.1 million (previous year: € 0.2 million) under other employment contracts within the Group. The compensation report of PUMA SE contains further details on the compensation of the Management Board and the Supervisory Board.

33. CORPORATE GOVERNANCE

In November 2019, 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 Report in the Combined Management Report.

EVENTS AFTER THE BALANCE SHEET DATE

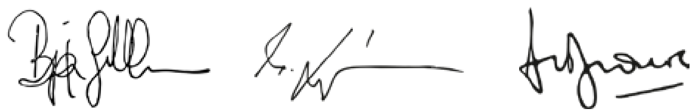
There were no events after the balance sheet date which may have a material effect on the net assets, financial position and results of operations of PUMA Group.

35. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on January 31, 2020 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, January 31, 2020

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.87 CHANGES IN FIXED ASSETS 2018 (€ million)

	Purchase costs						**Accumulated depreciation**						**Carrying amounts**	
	Balance 1/1/2018	Currency changes and other changes	Additions/ retransfers	Changes in group of consol-idated companies	Disposals	Balance 12/31/2018	Balance 1/1/2018	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consol-idated companies	Disposals	Balance 12/31/2018	Balance 12/31/2018	Balance 12/31/2017
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	131.8	34.7	3.7		-1.2	169.0	-42.1		-6.4		0.9	-47.7	121.4	89.7
Technical equipment and machines	19.2	-1.4	14.4		-0.5	31.7	-9.1	0.7	-2.9		0.4	-10.9	20.8	10.1
Other equipment, factory and office equipment	360.2	4.7	67.6		-28.4	404.1	-238.2	-0.3	-55.6		27.3	-266.8	137.3	122.0
Payments on account and assets under construction	38.3	-42.5	20.3		-1.0	15.2	0.0				0.0		15.2	38.3
	549.5	**-4.5**	**106.0**		**-31.0**	**620.0**	**-289.5**	**0.4**	**-65.0**		**28.7**	**-325.4**	**294.6**	**260.1**
INTANGIBLE ASSETS														
Goodwill	288.2	3.9			-1.6	290.5	-46.3	-0.1			1.6	-44.8	245.7	241.9
Intangible assets with an indefinite useful life	136.2	5.6				141.8	-17.7					-17.7	124.1	118.5
Other intangible assets	156.0	0.6	32.2		-5.3	183.7	-103.7	-0.3	-17.2		5.1	-116.1	67.5	52.4
	580.4	**10.3**	**32.2**		**-6.9**	**616.0**	**-167.7**	**-0.5**	**-17.2**		**6.7**	**-178.6**	**437.4**	**412.7**

1) There was an impairment for fixed assets in the amount of € 0.6 million in the financial year 2018 (see chapter 9). No impairment loss was recognized for intangible assets (see chapter 10).

↗ T.88 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 consol-idated 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**
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) There was no impairment on fixed assets (in 2018: € 0,6 million, see chapter 9) or intangible assets (in 2018: € 0,0 million, see chapter 10) in the financial year.
* Due to the first-time application of IFRS 16, there was a reclassification between property, plant and equipment and right-of-use assets, see in detail chapter 1.

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR MANDATES

Status: 31 December 2019

MEMBERS OF THE MANAGEMENT BOARD AND THEIR MANDATES

Bjørn Gulden
Chief Executive Officer (CEO)

Membership of other supervisory boards and controlling bodies:

- Tchibo GmbH, Hamburg
- Borussia Dortmund GmbH & Co. KGaA, Dortmund
- Salling Group A/S, Brabrand/Denmark (previously Dansk Supermarked A/S)

Michael Lämmermann
Chief Financial Officer (CFO)

Lars Radoor Sørensen (member until 31 January 2019)
Chief Operating Officer (COO)

Membership of other supervisory boards and controlling bodies:

- Scandinavian Brake Systems A/S, Svendborg/Dänemark
- Hoyer Group A/S, Kopenhagen/Dänemark
- Skiold A/S, Sæby/Dänemark

Anne-Laure Descours (member since 1 February 2019)
Chief Sourcing Officer (CSO)

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Jean-François Palus
(Chairman)

London, United Kingdom
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 SpA., 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
- Altuzarra LLC, New York/USA
- Tomas Maier Holding LLC, New York/USA
- Tomas Maier Distribution LLC, New York/USA

[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:

- Docktricks AB, Uppsala/Sweden
- Elite Hotels AB, Stockholm/Sweden
- Tomas Frick AB, Vellinge/Sweden
- Tjugonde AB, Malmö/Sweden
- Dahlqvists Fastighetsförvaltning AB, Kristianstad/Sweden
- Dofab AB, Malmö/Sweden
- Orrefors Kosta Boda AB, Kosta/Sweden

Jean-Marc Duplaix (member until 18 April 2019)

Paris, France
Chief Financial Officer (CFO) of Kering S.A., Paris/France

Membership of other supervisory boards and controlling bodies:

- Redcats S.A., Paris/France
- E_lite S.p.A., Milan/Italy
- Pomellato S.p.A., Milan/Italy
- Kering Japan Ltd., Tokyo/Japan
- Kering Luxembourg S.A., Luxembourg/Luxembourg
- Qeelin Holding Luxembourg S.A., Luxembourg/Luxembourg
- E-Kering Lux S.A., Luxembourg/Luxembourg
- Kering Spain S.L. (previously named Noga Luxe S.L.), Barcelona/Spain
- Kering Eyewear S.p.A., Padua/Italy
- GPo Holding S.A.S., Paris/France
- Design Management Srl, Florence/Italy
- Design Management 2 Srl, Florence/Italy
- Kering Studio S.A.S., Paris/France
- Balenciaga Asia Pacific Ltd., Hong Kong/China
- Kering Eyewear Japan Ltd., Tokyo/Japan
- Redcats Management Services S.A.S., Paris/France
- Balenciaga S.A., Paris/France
- Kering Investments Europe B.V., Amsterdam/Netherlands
- Altuzarra LLC, New York/USA
- Pomellato Japan Co. Ltd., Tokyo/Japan
- Bottega Veneta Japan Ltd., Tokyo/Japan
- Richard Ginori Asia Pacific Co. Ltd., Tokyo/Japan
- Kering Korea Ltd., Seoul/Republic of Korea
- KTK Netherlands BV, Amsterdam/Netherlands

Béatrice Lazat (member until 18 April 2019)

Paris, France
Human Resources Director, Kering S.A., Paris/France

Membership of other supervisory boards and controlling bodies:

- Castera S.A.R.L., Luxembourg/Luxembourg
- Augustin S.A.R.L., Paris/France
- Conseil et Assistance S.N.C., Paris/France

Héloïse Temple-Boyer (member since 18 April 2019)

Paris, France
Human Resources Director, Kering S.A., 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 Spa, Venice/Italy

[2] All mandates are mandates within the ARTÈMIS-Group. Kering S.A. is a listed company.

Fiona May (member since 18 April 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

Bernd Illig (Employees' Representative)

Bechhofen, Germany
Administrator IT Systems of PUMA SE

SUPERVISORY BOARD COMMITTEES

Personnel Committee

- Jean-François Palus (Chairman)
- Béatrice Lazat (until 18 April 2019)
- Fiona May (since 18 April 2019)
- Martin Köppel

Audit Committee

- Thore Ohlsson (Chairman)
- Jean-Marc Duplaix (until 18 April 2019)
- Héloïse Temple-Boyer (since 18 April 2019)
- Bernd Illig

Nominating Committee

- Jean-François Palus (Chairman)
- Jean-Marc Duplaix (until 18 April 2019)
- Béatrice Lazat (until 18 April 2019)
- Héloïse Temple-Boyer (since 18 April 2019)
- Fiona May (since 18 April 2019)

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 2019, 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, January 31, 2020

The Management Board

Gulden Lämmermann Descours

INDEPENDENT AUDITOR'S REPORT

To PUMA SE, Herzogenaurach

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, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2019 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of PUMA SE for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the statement on corporate governance and the corporate governance report specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management report.with the German legal requirements, we have not audited the content of those parts of the notes to the consolidated financial statements and of the combined management report as specified in the Chapter "Other information" of our independent auditor´s 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) German Commercial Code (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 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, 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 statement on corporate governance and the corporate governance report specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management report.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (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 German Commercial Code (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 judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. 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
3. Impacts of first-time adoption of IFRS 16 on lease accounting

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. RECOVERY OF GOODWILL

a) The consolidated financial statements of PUMA SE show goodwill in the amount of mEUR 249.7 corresponding to approximately 5.7 % of the consolidated balance sheet total or 13.0 % of the group equity.

Each financial year or in case of respective signs of impairment, goodwill is subject to impairment tests. The impairment tests are performed by PUMA SE by applying the "discounted cash flow method". The valuation is based on the present values of the future cash flows. The company's valuation model is based on future cash flows, which are in turn based on the effective three-year plan and valid at the date the impairment test. This detailed planning phase is extended with the assumption of long-term growth rates. The discounting is performed using the weighted average cost of capital (WACC). Here, the realizable 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 legal representatives' assessment of future cash flows, the WACC rate applied and the long-term growth rate 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 legal representatives, 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-oriented audit, we gained an understanding of the systematic approach applied when performing the impairment test. 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 whether the calculations within the model are performed correctly. We satisfied ourselves of the appropriateness of the future cash flows used for the computation by reconciling these cash flows particularly with the effective three-year plan as well as by interviewing the legal representatives 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 value in use results from the forecasted cash flows for the period after the three-year plan (phase of perpetuity), we in particular critically assessed the sustainable growth rate used within the perpetuity phase by means of general and industry-specific market expectations. Since relatively low changes of the discounting rate may materially affect the amount of the realizable value, we have also checked the parameters used when determining the WACC rate involving internal valuation experts from the financial advisory sector and reproduced the computation scheme.

Due to the material significance and taking into account the fact that the assessment of the goodwill also depends on the economic framework conditions that cannot be influenced by the Group, we performed in addition a critical assessment of the sensitivity analyses performed by PUMA SE for the cash-generating units (so-called 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) The consolidated financial statements of PUMA SE disclose for the Cobra brand a brand value in the amount of mEUR 126.6 with the indefinite useful life corresponding to approximately 2.9% 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 royalty that a company would have to pay for the use of the brand if they had to license it. The approach uses forecasted revenue generated with the Cobra brand based on the effective three-year plan, valid at the time the impairment test is conducted. Subsequently, the projection period is extended assuming long-term growth rates. The discounting is performed by means of the weighted average cost of capital (WACC). The recoverable amount and the 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, the recoverability of the brand is assessed 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 legal representatives' assumption of future revenue to be generated with the Cobra brand, the royalty rate and the long-term growth rate as well as the WACC rate applied and therefore involves uncertainties and discretion. Thus, the assessment of 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 legal representatives, 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-oriented audit, we first examined on the basis of the information available to us and in discussions with the legal representatives and with persons appointed by them, that there are no indications of impairment of the brand and that the recoverability of the brand can be assessed 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 underlying the computation (Cobra branded sales) by reconciling these sales particularly with the effective three-year plan as well as by interviewing the legal representatives and with persons appointed by them with regard to the material assumptions underlying this plan. In addition, we performed a critical assessment of the plan taking into account general and industry-specific market expectations.

Since a material portion of the value in use results from the forecasted 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. Additionally, we reviewed the applied royalty rate based on industry-specific average rates.

Due to the material significance and as the measurement of the brand also depends on general economic conditions that are beyond the Group's control, we additionally reviewed the sensitivity analyses concerning the Cobra brand originally conducted by Puma SE in order to be able to determine a potential impairment risk in case a material assumption underlying the measurement changes.

3. IMPACTS OF FIRST-TIME ADOPTION OF IFRS 16 ON LEASE ACCOUNTING

a) In the consolidated financial statements of PUMA SE as at 31 December 2019, right-of-use assets of mEUR 719,0 and lease liabilities of mEUR 745,3 are accounted for, corresponding to approximately 16,4% or 17,0% of the consolidated balance sheet total and 37,4% or 38,8% of the group equity. In the financial year 2019, the first-time adoption of the new lease accounting standard (IFRS 16) has significant effects on the opening balance values and their rollover as at the reporting date, since operating leases in particular have become subject to the recognition requirement. The transition to IFRS 16 was performed applying the modified retrospective approach; prior-period comparative figures were not restated. It was not reassessed whether or not a contract is a lease within the meaning of IFRS 16. A central IT system has been implemented for the purpose of lease accounting. The new IFRS 16 standard requires the executive directors to make estimates and judgements. This is particularly the case in view of the estimate as to exercising contractual renewal options, entailing implications on the lease term, as to, where applicable, the value of the interest rate, as to the amount of lease liability and the associated impact on the consolidated balance sheet, the consolidated statement of comprehensive income and the consolidated cash flow statement. In this light and due to the complexity of the new requirements, we classified the accounting of leases in accordance with IFRS 16 as a key audit matter within the scope of our audit.
The information provided by the executive directors on lease accounting and on the impact of the first time adoption of IFRS 16 are included in the notes to the consolidated financial statements in Chapter 1 "General" and in Chapter 10 "Leases" of the notes to the consolidated financial statements.

b) During our audit, we assessed, among other matters, the appropriateness and implementation of the processes and controls established by the Company for the complete and correct identification and recognition of leases. This also applies to the implementation of the central IT system and the required adjustments to the existing IT systems in respect of lease accounting.
Further, our audit comprised assessing the impact of the initial adoption of IFRS 16. For this purpose, we reperformed the implementation steps taken by the Company in response to the initial adoption of IFRS 16, and evaluated the design of the established processes and of the associated IT systems specific to lease accounting in accordance with IFRS 16. In this regard, we inspected selected lease contracts, obtained an understanding of the identification of performance obligations, and assessed whether the latter were completely and correctly recognised and accounted for in the relevant IT systems. In this process, we inspected selected contracts and other adequate evidence, and conducted interviews with employees of the Company to assess, in particular, the appropriateness of the estimates made as to exercising contractual renewal options, entailing implications on the lease term, as to the value of the interest rate, as to the amount of lease liability as well as the associated impact on the consolidated balance sheet, the consolidated statement of comprehensive income and the consolidated cash flow statements. Moreover, we examined whether the IT systems and processes that were established by the Company and adjusted to IFRS 16, including the controls put in place, are appropriate. Furthermore, we reperformed whether the estimates and judgements made by the executive directors are reasonably documented and substantiated.

The information provided by the executive directors in the notes to the consolidated financial statements concerning the impact on the consolidated financial statements of the first time adoption of IFRS 16, and the information concerning exercising options and the related explanations in the notes to the consolidated financial statements constituted further areas of audit focus.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises:

- the statement on corporate governance pursuant to Section 289f German Commercial Code (HGB) specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management report,
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management report,
- the legal representatives' confirmation relating to the consolidated financial statements and to the combined management report pursuant to Section 297 (2) Sentence 4 and Section 315 (1) Sentence 5 German Commercial Code (HGB), respectively,
- the combined non-financial report which will be published after the issuance of this auditor´s report and
- the remaining parts of the Annual Report which will be published after the issuance of this auditor´s report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

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 and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (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 legal representatives 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 legal representatives 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 legal representatives 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 legal representatives 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 German Commercial Code (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 judgment and maintain professional skepticism 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 control.

- 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 legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- Conclude on the appropriateness of the legal representatives' 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 IFRSs as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code 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 our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 18 April 2019. We were engaged by the Supervisory Board on 30 Juli 2019. We have been the group auditor of PUMA SE, Herzogenaurach, 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, 31 January 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dr Thomas Reitmayr Wirtschaftsprüfer [German Public Auditor]	Stefan Otto Wirtschaftsprüfer [German Public Auditor]

PURE PERFORMANCE

Additional Information

THE PUMA SHARE

The PUMA share had a very positive performance in the financial year 2019. The closing price of PUMA shares on the last trading day in the financial year 2019 (December 30) was € 68.35, which was 60.1% higher than the closing price of the previous year. The market capitalization of the PUMA Group rose accordingly from € 6.4 billion at the end of the financial year 2018 to € 10.2 billion at the end of the financial year 2019. PUMA shares started into 2019 at a price of € 42.70. In the following twelve months, the price ranged between € 43.00 (January 3, 2019 / +0.7%) and € 72.95 (October 15, 2019 / +70.8%).

In order to make the PUMA share more attractive for retail investors and thus to expand the shareholder base, a 1:10 stock split was carried out on June 10, 2019. On that day, shareholders received nine additional shares for each share held. The share price was adjusted accordingly at a ratio of 1:10. Taking the stock split into account, the daily trading volume of PUMA shares decreased from an average of 444 thousand shares in the previous year to an average of 387 thousand shares in the financial year 2019.
Compared to the MDAX, which rose 30.5% in the financial year 2019, the PUMA share performed significantly better with an increase of 60.1%.

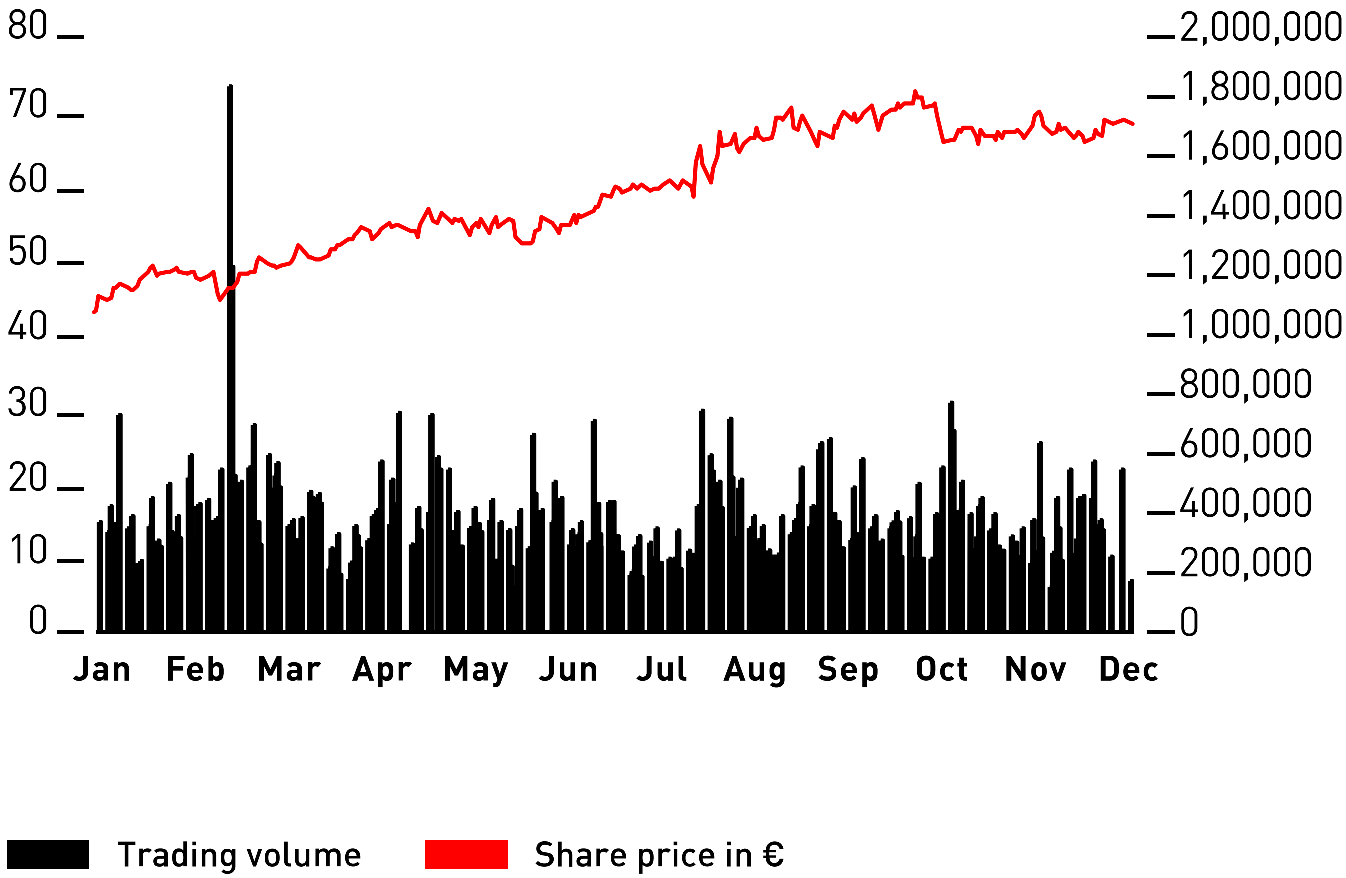
↗ T.01 KEY DATA PAR SHARE*

		2019	2018	2017	2016	2015	2014	2013
End of year price	€	68.35	42.70	36.30	24.97	19.87	17.26	23.50
Highest price listed	€	72.95	52.50	39.14	24.97	21.29	23.50	24.94
Lowest price listed	€	43.00	31.70	24.35	16.82	14.19	15.71	20.54
Daily trading volume (Ø)	amount in thousands	387	444	67	34	94	72	111
Earnings per share	€	1.76	1.25	9.09	4.17	2.48	4.29	0.36
Gross cash flow per share	€	47.15	2.66	2.21	1.22	0.90	1.15	1.54
Free cash flow (before acquisitions) per share	€	2.22	1.00	0.86	0.38	-0.66	0.42	0.33
Shareholders' equity per share	€	12.84	11.52	11.09	11.53	10.84	10.83	10.02
Dividend per share	€	0.50	0.35	1.25**	0.08	0.05	0.05	0.05

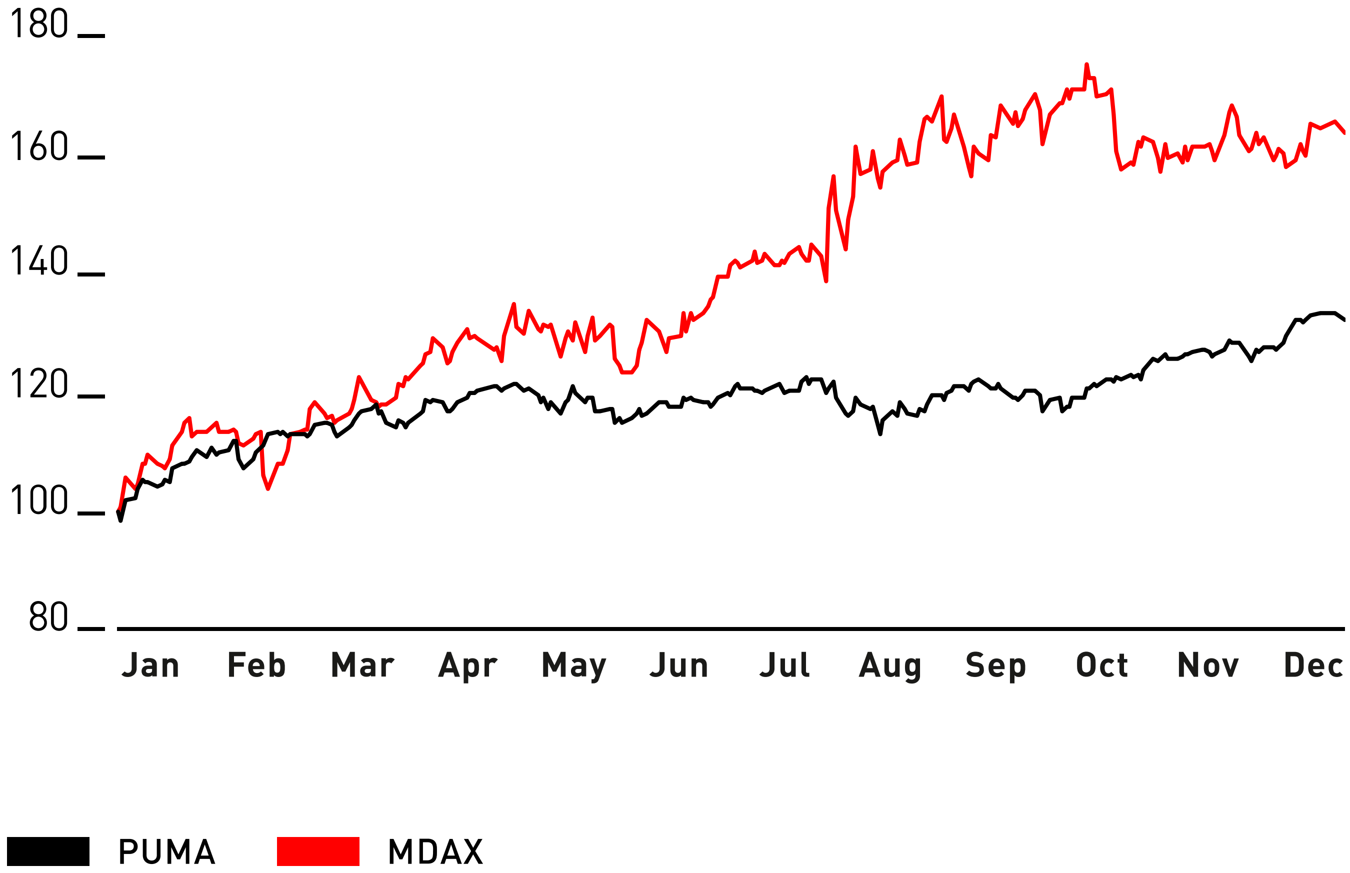
* Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

** 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)

	2019*	2018	Deviation
Sales			
Consolidated sales	5,502.2	4,648.3	18.4%
- Footwear	2,552.5	2,184.7	16.8%
- Apparel	2,068.7	1,687.5	22.6%
- Accessories	881.1	776.1	13.5%
Result of operations			
Gross profit	2,686.4	2,249.4	19.4%
EBIT	440.2	337.4	30.5%
EBT	417.6	313.4	33.2%
Net earnings	262.4	187.4	40.0%
Profitability			
Gross profit margin	48.8%	48.4%	0.4%pt
EBT margin	7.6%	6.7%	0.8%pt
Net earnings margin	4.8%	4.0%	0.7%pt
Return on capital employed (ROCE)	29.6%	25.8%	3.8%pt
Return on equity (ROE)	13.7%	10.9%	2.8%pt

* With regards to the effects from the first-time application of IFRS 16 Leases in the financial year 2019 please refer to the notes to the consolidated financial statements as of December 31, 2019, chapter 1

	2019*	2018	Deviation
Balance sheet information			
Shareholders' equity	**1,920.3**	1,722.2	11.5%
- Equity ratio	**43.9%**	53.7%	-9.8%pt
Working capital	**549.4**	503.9	9.0%
- in % of consolidated sales	**10.0%**	10.8%	-0.9%pt
Cash flow and investments			
Gross cash flow	**704.8**	398.0	77.1%
Free cash flow	**330.0**	172.9	90.9%
Investments (before acquisition)	**218.4**	130.2	67.7%
Acquisition investments	**1.2**	0.0	-
Employees			
Number of employees (annual average)	**13,348**	12,192	9.5%
Sales per employee (k€)	**412.2**	381.3	8.1%
PUMA share**			
Share price (in €)	**68.35**	42.70	60.1%
Average outstanding shares (in million)	**149.52**	149.47	0.0%
Number of shares outstanding as of Dec, 31 (in million)	**149.55**	149.51	0.0%
Earnings per share (in €)	**1.76**	1.25	40.4%
Market capitalization	**10,222**	6,384	60.1%
Average trading volume (amount/day)	**386,863**	443,855	-12.8%

* With regards to the effects from the first-time application of IFRS 16 Leases in the financial year 2019 please refer to the notes to the consolidated financial statements as of December 31, 2019, chapter 1

** Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

PUMA GROUP DEVELOPMENT

↗ T.03 **PUMA GROUP DEVELOPMENT** (in € million)

	2019*	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sales										
Consolidated sales	**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	2,706.4
- Change in %	**18.4%**	12.4%	14.0%	7.1%	14.0%	-0.4%	-8.7%	8.7%	11.2%	10.6%
- Footwear	**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	1,424.8
- Apparel	**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	941.3
- Accessories	**881.1**	776.1	719.9	666.5	636.4	586.3	549.4	523.6	433.9	340.3
Result of operations										
Gross profit	**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	1,344.8
- Gross profit margin	**48.8%**	48.4%	47.3%	45.7%	45.5%	46.6%	46.5%	48.3%	49.6%	49.7%
Royalty and commission income	**25.1**	16.3	15.8	15.7	16.5	19.4	20.8	19.2	17.6	19.1
EBIT[1]	**440.2**	337.4	244.6	127.6	96.3	128.0	191.4	290.7	333.2	337.8
- EBIT margin	**8.0%**	7.3%	5.9%	3.5%	2.8%	4.3%	6.4%	8.9%	11.1%	12.5%
EBT	**417.6**	313.4	231.2	118.9	85.0	121.8	53.7	112.3	320.4	301.5
- EBT margin	**7.6%**	6.7%	5.6%	3.3%	2.5%	4.1%	1.8%	3.4%	10.6%	11.1%
Net earnings	**262.4**	187.4	135.8	62.4	37.1	64.1	5.3	70.2	230.1	202.2
- Net margin	**4.8%**	4.0%	3.3%	1.7%	1.1%	2.2%	0.2%	2.1%	7.6%	7.5%
Expenses										
Marketing/retail	**1,112.1**	931.2	822.9	732.3	697.6	599.7	544.1	609.3	550.7	501.3
Personnel	**634.5**	553.8	549.1	493.1	483.8	425.3	415.7	438.8	393.8	354.1

1) EBIT before special items

*With regards to the effects from the first-time application of IFRS 16 Leases in the financial year 2019 please refer to the notes to the consolidated financial statements as of December 31, 2019, chapter 1

	2019*	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance sheet										
Total assets	**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	2,366.6
Shareholders' equity	**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	1,386.4
- Equity ratio	**43.4%**	53.7%	58.1%	62.3%	61.8%	63.5%	64.9%	63.1%	62.2%	58.6%
Working capital	**549.4**	503.9	493.9	536.6	532.9	455.7	528.4	623.7	534.0	404.5
- thereof: inventories	**1,110.2**	915.1	778.5	718.9	657.0	571.5	521.3	552.5	536.8	439.7
Cash flow										
Free cash flow	**330.0**	172.9	128.5	49.7	-98.9	39.3	29.2	-8.2	16.8	17.1
Investments (incl. acquisitions)	**218.4**	130.2	122.9	91.1	79.5	96.4	76.3	172.9	115.3	163.6
Profitability										
Return on equity (ROE)	**13.8%**	10.9%	8.2%	3.6%	2.3%	4.0%	0.4%	4.4%	14.3%	14.6%
Return on capital employed (ROCE)	**29.6%**	25.8%	20.7%	10.3%	7.9%	11.5%	5.6%	8.6%	28.7%	31.7%
Additional information										
Number of employees (year-end)	**14,332**	12,894	11,787	11,495	11,351	11,267	10,982	11,290	10,836	9,697
Number of employees (annual average)	**13,348**	12,192	11,389	11,128	10,988	10,830	10,750	10,935	10,043	9,313
PUMA share**										
Share price (in €)	**68.35**	42.70	36.30	24.97	19.87	17.26	23.50	22.49	22.50	24.80
Earnings per share (in €)	**1.76**	1.25	0.91	0.42	0.25	0.43	0.04	0.47	1.54	1.35
Average outstanding shares (in million)	**149.52**	149.47	149.43	149.40	149.40	149.40	149.40	149.67	149.81	150.31
Number of shares outstanding as of Dec, 31 (in million)	**149.55**	149.51	149.46	149.40	149.40	149.40	149.40	149.39	149.35	149.81
Market capitalization	**10,222**	6,384	5,426	3,730	2,968	2,578	3,511	3,359	3,360	3,715

*With regards to the effects from the first-time application of IFRS 16 Leases in the financial year 2019 please refer to the notes to the consolidated financial statements as of December 31, 2019, chapter 1

**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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