## PUMA Year-on-Year Comparison

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<tbody>
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<td><strong>Brand Sales</strong></td>
<td>1,380.0</td>
<td>1,011.7</td>
<td>+36.6%</td>
</tr>
<tr>
<td><strong>Consolidated Net Sales</strong></td>
<td>909.8</td>
<td>388.1</td>
<td>+121.2%</td>
</tr>
<tr>
<td>Gross profit - in %</td>
<td>43.6%</td>
<td>41.9%</td>
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</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>125.0</td>
<td>59.0</td>
<td>+111.8%</td>
</tr>
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<td>13.7%</td>
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</tr>
<tr>
<td><strong>EBT</strong></td>
<td>124.4</td>
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</tr>
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<tr>
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**Annual Report 2002**

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<tr>
<td>Total</td>
<td>1,489,104</td>
<td>1,175,364</td>
<td>980,921</td>
<td>842,908</td>
<td>702,299</td>
<td>625,823</td>
<td>552,781</td>
<td>499,430</td>
<td>442,730</td>
<td>396,368</td>
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<td>of which:</td>
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</tr>
<tr>
<td>- Footwear</td>
<td>1,379,978</td>
<td>1,011,709</td>
<td>831,075</td>
<td>714,918</td>
<td>647,435</td>
<td>622,465</td>
<td>594,022</td>
<td>577,172</td>
<td>554,228</td>
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<td>- Apparel</td>
<td>238,450</td>
<td>169,498</td>
<td>163,544</td>
<td>138,952</td>
<td>85,802</td>
<td>73,078</td>
<td>64,385</td>
<td>50,326</td>
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<td>59,757</td>
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<td>- Accessories</td>
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<td>44,517</td>
<td>27,988</td>
<td>24,735</td>
<td>14,197</td>
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<td>9,911</td>
<td>6,767</td>
<td>6,186</td>
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<td><strong>Gross profit</strong></td>
<td>396,901</td>
<td>250,611</td>
<td>176,420</td>
<td>141,687</td>
<td>108,247</td>
<td>102,318</td>
<td>94,030</td>
<td>79,018</td>
<td>69,496</td>
<td>62,795</td>
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<tr>
<td>of which net sales</td>
<td>43.6%</td>
<td>41.9%</td>
<td>38.2%</td>
<td>38.0%</td>
<td>35.8%</td>
<td>36.6%</td>
<td>37.5%</td>
<td>37.4%</td>
<td>34.8%</td>
<td>29.9%</td>
</tr>
<tr>
<td><strong>License and commission income</strong></td>
<td>44,896</td>
<td>37,247</td>
<td>28,919</td>
<td>23,932</td>
<td>24,518</td>
<td>25,851</td>
<td>25,497</td>
<td>26,020</td>
<td>27,099</td>
<td>21,448</td>
</tr>
<tr>
<td>of which net sales</td>
<td>4.9%</td>
<td>6.2%</td>
<td>6.3%</td>
<td>6.4%</td>
<td>8.1%</td>
<td>9.2%</td>
<td>10.2%</td>
<td>12.3%</td>
<td>13.6%</td>
<td>10.2%</td>
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<tr>
<td><strong>Operating result</strong></td>
<td>125,035</td>
<td>59,046</td>
<td>22,826</td>
<td>16,256</td>
<td>4,683</td>
<td>36,321</td>
<td>33,337</td>
<td>30,991</td>
<td>23,147</td>
<td>-26,207</td>
</tr>
<tr>
<td>of which net sales</td>
<td>13.7%</td>
<td>9.9%</td>
<td>4.9%</td>
<td>4.4%</td>
<td>1.5%</td>
<td>13.0%</td>
<td>13.3%</td>
<td>14.7%</td>
<td>11.6%</td>
<td>-12.5%</td>
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<tr>
<td><strong>Financial result</strong></td>
<td>-609</td>
<td>-1,613</td>
<td>-1,599</td>
<td>-1,863</td>
<td>-1,259</td>
<td>1,084</td>
<td>-174</td>
<td>-1,167</td>
<td>-2,673</td>
<td>-5,925</td>
</tr>
<tr>
<td>of which net sales</td>
<td>-0.1%</td>
<td>-0.3%</td>
<td>-0.3%</td>
<td>-0.5%</td>
<td>-0.4%</td>
<td>0.4%</td>
<td>-0.1%</td>
<td>-0.6%</td>
<td>-1.3%</td>
<td>-2.8%</td>
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<tr>
<td><strong>Result before taxes on income</strong></td>
<td>124,426</td>
<td>57,433</td>
<td>21,227</td>
<td>14,393</td>
<td>3,424</td>
<td>37,405</td>
<td>33,163</td>
<td>26,535</td>
<td>17,269</td>
<td>-35,358</td>
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<tr>
<td>of which net sales</td>
<td>13.7%</td>
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<td>1.1%</td>
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<td>12.5%</td>
<td>8.7%</td>
<td>-16.8%</td>
</tr>
<tr>
<td><strong>Consolidated profit</strong></td>
<td>84,881</td>
<td>39,702</td>
<td>17,572</td>
<td>9,537</td>
<td>4,047</td>
<td>34,648</td>
<td>42,848</td>
<td>24,637</td>
<td>14,896</td>
<td>-36,886</td>
</tr>
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<td><strong>Earnings per share (in €)</strong></td>
<td>5.44</td>
<td>2.58</td>
<td>1.14</td>
<td>0.62</td>
<td>0.26</td>
<td>2.25</td>
<td>1.98</td>
<td>1.76</td>
<td>1.06</td>
<td>-2.63</td>
</tr>
<tr>
<td><strong>Balance sheet total</strong></td>
<td>525,837</td>
<td>395,383</td>
<td>311,489</td>
<td>266,600</td>
<td>222,910</td>
<td>176,624</td>
<td>147,672</td>
<td>106,484</td>
<td>100,020</td>
<td>121,890</td>
</tr>
<tr>
<td>Inventories</td>
<td>167,906</td>
<td>144,505</td>
<td>95,002</td>
<td>85,089</td>
<td>63,395</td>
<td>58,427</td>
<td>41,907</td>
<td>36,945</td>
<td>33,257</td>
<td>44,011</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>119,463</td>
<td>104,557</td>
<td>80,171</td>
<td>69,665</td>
<td>55,452</td>
<td>53,439</td>
<td>38,676</td>
<td>24,543</td>
<td>24,390</td>
<td>43,865</td>
</tr>
<tr>
<td>Net working capital</td>
<td>114,030</td>
<td>110,342</td>
<td>78,841</td>
<td>76,638</td>
<td>70,556</td>
<td>69,596</td>
<td>21,217</td>
<td>17,761</td>
<td>6,647</td>
<td>34,052</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>113,575</td>
<td>35,308</td>
<td>42,862</td>
<td>35,493</td>
<td>35,484</td>
<td>35,420</td>
<td>21,217</td>
<td>17,761</td>
<td>6,647</td>
<td>34,052</td>
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<tr>
<td>Bank loans</td>
<td>19,270</td>
<td>43,100</td>
<td>38,058</td>
<td>34,366</td>
<td>27,659</td>
<td>13,379</td>
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<td>17,891</td>
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<td>252,236</td>
<td>176,726</td>
<td>131,264</td>
<td>112,171</td>
<td>97,658</td>
<td>96,651</td>
<td>61,633</td>
<td>-13,631</td>
<td>-38,143</td>
<td>-53,037</td>
</tr>
<tr>
<td>Subordinated shareholder loan</td>
<td>-</td>
<td>-</td>
<td>-</td>
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1) Including sales of licensees
2) Adjusted for extraordinary income/special influences
3) The previous year's figures were adjusted to comply with IAS standards and may differ from previously published figures based on HGB.

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**Letter to Shareholders**

**Report of the Board of Management**

**Report of the Supervisory Board**

**The Company's Boards**
Dear Fellow Shareholders,

2002 was truly an outstanding year for PUMA. Not only did we manage to surpass our often-elevated financial goals, but we also did so with unwavering consistency. Given the challenging industry environment in which we find ourselves, PUMA’s results speak for themselves.

As a company, 2002 showcased our ability to break through milestones and steer a course of continued, healthy growth. Our goal of becoming an indispensable hallmark in the ever-merging worlds of sport, lifestyle and fashion has become a reality.

PUMA’s success bore positive developments in all areas. Throughout the year we were able to make notable leaps in sales in all key regions and product segments. Respectively, profit and cash flow benefited; each element achieved an all-time high.

Having devoted the last ten years to Phases I and II, where we established a solid financial footing and improved brand equity, 2002 marked the advent of Phase III of PUMA’s long-term growth strategy. Looking forward, we are positioning the company to gain a deeper root in the lives of our consumers by building upon the strength of the core brand through auxiliary product offerings. A solid continuation of capital expenditure will allow PUMA to strengthen its directly-owned store network and meet consumers where they shop. Internally, the introduction of the Group Executive Committee will bolster our organizational structure and lend ongoing support to our development objectives. We are confident that our strategy will allow us to capitalize on new opportunities, thereby exposing the full potential of the brand.

Although PUMA has enjoyed exceptional success in 2002, we are focusing on what the future will bring. Our industry evolves rapidly and we are working hard to continue to anticipate its direction. With the continued support of our customers, shareholders, Team Members, and partners, and with unbridled passion, we look forward to what lies ahead.

Sincerely,

Jochen Zeitz

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Sincerely,

Jochen Zeitz
Course of Success Continued in 2002

In financial year 2002, PUMA continued its successful course and set new standards for the future. Phase III of PUMA’s long-term corporate development plan started with extraordinary sales and earnings growth. Consolidated sales rose by 52% in 2002. A further improvement in the gross profit margin and a decline in costs relative to sales resulted in earnings before taxes (EBT) more than doubling. Earnings per share reached a new record high of € 5.44. The company’s share price increased by 91% during the past year. Including sales generated by licensees, PUMA’s brand sales totaled € 1.4 billion.
General Overview

Worldwide weakness in economic activity

2002 was marked by a very weak economic environment. While general economic growth was forecast for the beginning of the year, nearly every region saw a continuation of last year’s negative trend, with a further weakening of the trend beyond the peak of the economic cycles expected to be seen. Underlying factors for this development were growing unemployment rates, the resulting insecurity in consumer behavior, conservative corporate investment policy, global corporate scandals, rising oil prices and increased geopolitical tension.

Consequently, the increase in worldwide gross national products trailed expectations. The USA achieved growth of 2.2%, growth in EU member states was only marginally positive, and there was even a decline in Japan’s gross national product. In this environment, worldwide inflation was approximately 1.0%.

This decline had a major effect on global capital markets. At stock exchanges showed significant losses during the course of the year and nearly every index closed far below last year’s levels. Increasing corporate debt in conjunction with idle production capacities led to numerous bankruptcies. In some cases, high-profile companies. Due to numerous corporate scandals and financial distress, investors were very reluctant to take on risks.

In December 2002, PUMA introduced the next phase of its corporate development plan. Following the successful completion of Phase I (restructuring) and Phase II (repositioning), Phase III aims to tap the full potential of the company-owned retail stores. The strategic expansion of the company-owned retail business was developed systematically in 2002. Sales increased by 107.3% from € 56.0 million to € 74.6 million compared to the previous year. Retail sales accounted for 67.4% (64.2%) of consolidated sales.

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Consolidated sales by 52%

Continuing a strong eight-year growth trend, 2002 showed the greatest improvements with a growth rate of 52.1%. Sales increased from € 384.1 million to € 593.1 million. Thus PUMA once again achieved a new corporate record. Currency-adjusted sales increased by 54.8%.

Nearly all markets saw unusually strong growth with a 58.7% increase in Europe and 46.8% in America. Taken together, these regions accounted for 50.9% of consolidated sales. The product range includes sports, lifestyle products, performance products and basics, which are marketed and sold through selective distribution channels and PUMA’s own concept stores.

Sales and Earnings Position

Phase III – Strategic Corporate Planning

In October 2002, PUMA introduced the next phase of its corporate development plan. Following the successful completion of Phase I (restructuring) and Phase II (repositioning), Phase III aims to tap the full potential of the company-owned retail stores. The strategic expansion of the company-owned retail business was developed systematically in 2002. Sales increased by 107.3% from € 56.0 million to € 74.6 million compared to the previous year. Retail sales accounted for 67.4% (64.2%) of consolidated sales.

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In the Asia/Pacific Rim region sales amounted to € 47.4 million and exceeded the previous year’s level by 4.7%. Australia, New Zealand and the Pacific Islands, which are served by subsidiaries, contributed the most to the region’s sales. Footwear increased by 7.6%, apparel by 1.3% and accessories by 6.8%.

Japan, Korea and South-East Asia are strictly license markets and therefore do not belong to the consolidated Asia-Pacific Rim group.

European sales exceeded expectations. Total sales increased by 58.7%, from € 399.8 million to € 634.5 million. All markets contributed to this growth. Segmented by product category the breakdown was as follows: Footwear increased by a total of 73.4%, apparel by 34.9%, and accessories by 32.7%. Germany, UK and the Benelux also saw significant sales growth. The unusually positive developments in France and Italy were sustained.

Sales in Europe exceeded expectations

Consolidated sales in the Americas increased by 46.8%, from € 142.2 million to € 208.7 million. This significant improvement is solely attributable to PUMA's development in the USA where sales increased by 52.3%. On a currency-adjusted basis, the amount increases to 61.0% and thereby reached a new peak with sales totaling USD 179.3 million. Footwear sales rose by 48.1%, apparel by 101.0% and accessories by 55.5%. Despite the difficult economic environment, sales in Latin America improved by 7.2% to € 18.5 million.

Strong sales growth in North America

Consolidated sales in the Asia/Pacific Rim region sales amounted to € 41.4 million and exceeded the previous year’s level by 4.7%. Australia, New Zealand and the Pacific Islands, which are served by subsidiaries, contributed the most to the region’s sales. Footwear increased by 7.6%, apparel by 1.3% and accessories by 6.8%.

Positive development in Asia and the Pacific Rim

In addition to the significant improvement of consolidated sales, sales generated by licensees also increased by 13.7%, from € 413.6 million to € 470.2 million. Currency-adjusted, licensed sales were nearly € 500 million, an increase of approximately 19%. Asia’s sales increased by 13.2% to € 361.5 million, Europe by 14.2% to € 72.1 million and the Americas by 23.4% to € 33.7 million. Sales in Africa and the Middle East were slightly below the previous year’s level.

Increase in Licensed Sales

In addition to the significant improvement of consolidated sales, sales generated by licensees also increased by 13.7%, from € 413.6 million to € 470.2 million. Currency-adjusted, licensed sales were nearly € 500 million, an increase of approximately 19%. Asia’s sales increased by 13.2% to € 361.5 million, Europe by 14.2% to € 72.1 million and the Americas by 23.4% to € 33.7 million. Sales in Africa and the Middle East were slightly below the previous year’s level.

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Increase in Licensed Sales
PUMA's gross profit margin saw yet another significant improvement compared to the previous year and achieved a new record level. Gross profit saw a disproportionate increase of 58.4% from € 250.6 million to € 396.9 million. In terms of percentage of sales, the margin improved by 170 basis points from 41.9% to 43.6%. The footwear margin jumped from 42.2% to 44.3%, apparel improved from 41.2% to 41.7% and accessories reached a margin of 44.8% compared to 41.7% in the previous year.

The margin in Europe improved from 43.9% to 44.7%, in the Americas from 41.6% to 44.4%, and in the Asia/Pacific Rim from 35.0% to 37.5%. The Africa/Middle East region saw a slight decrease in the margin from 24.5% to 22.2%. The strategic expansion of the retail business, a rising proportion of sales in the higher price segment, and a shift in the product mix all contributed to the overall margin increase.

Income from royalty and commission saw a 20.5% increase from € 37.2 million to € 44.9 million. This improvement was largely due to an increase in royalty income from Japan and Korea, which were positively influenced by the Soccer World Cup.

Selling, general and administrative expenses developed slower than sales. Total expenses could therefore be significantly reduced by 350 basis points from 36.9% to 33.4% of sales. Thus, expenses clearly fell short of the originally expected 35%-mark.

Investments in marketing and retail totaled € 125.1 million or 13.8% compared to € 86.9 million or 14.5% in the previous year. This represents an increase of brand-creating investments by € 38.2 million or 43.9% over the previous year. Expenses for product development and design rose by 22.0%, from € 19.9 million to € 24.2 million. Measured as a percentage of sales revenues, expenses declined from 3.3% to 2.7%. Other selling, general and administration expenses were reduced from 19.0% to 17.0% of sales.

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Discrepancies may arise due to the use of rounded figures.
EBIT as a dividend of € 0.55 per share (previous year: € 0.30 per share) at the Annual Shareholder’s Meeting on April 16, 2003. This represents a dividend distribution yielding 4.5% (previous year: 4.2%). PUMA’s net cash position increased by € 8.7 million (previous year: € 4.6 million). The remaining balance sheet profit of € 59.4 million (previous year: € 27.4 million) is to be carried forward to the new accounting period.

The higher balance sheet total, the equity ratio improved from 44.7% to 48.0%. At the same time, bank liabilities of € 43.1 million (€ 5.5 million in 2001) is included and largely refers to the restructuring of the retail business and the investments involved. The operating result (EBIT) more than doubled for the second consecutive year, increasing by 111.8% to € 125.0 million. This represents a new record, and lies well above the amount of € 59.0 million achieved in the previous year. This significant improvement is attributed to strong sales growth and a higher gross profit margin as well as a decrease in expenses. The EBIT margin increased considerably from 9.8% to 13.7%.

Dividend

PUMA AG, the parent company of the PUMA Group, discloses consolidated net income of € 39.7 million (previous year: € 4.6 million). The remaining balance sheet profit of € 59.4 million (previous year: € 27.4 million) is to be carried forward to the new accounting period.

Data on the share (€ Mio.) at the Annual Shareholders’ Meeting on April 26, 2003. The representative is a dividend distribution yielding 4.5% (previous year: 4.2%). The remaining balance sheet profit of € 59.4 million (previous year: € 27.4 million) is to be carried forward to the new accounting period.

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Depreciation and amortization remained unchanged from the previous year at 1.4%.

Stron increase in EBIT

Earnings before taxes increased by 116.4% from € 57.4 million to € 124.4 million. Initial expectations that had been repeatedly adjusted several times during the year were once again greatly exceeded. In 2002, gross return on sales was 13.7% in 2002 in comparison to 9.6% in 2001. Tax expenses increased from € 17.3 million to € 39.8 million, or 30.1% in 2002 compared to 2001.

Profit increase of 114% exceeds expectations

Consolidated net income rose by 113.0% from € 18.4 million to € 40.4 million thus exceed management expectations that were already revised during the year. In effect, the net profit margin increased from 4.3% to 9.3% of sales compared to 2001. With an increase from € 2.58 to € 5.44, earnings per share more than doubled, representing an increase of 110.8%. The diluted earnings per share amounted to € 5.30 in 2002 in comparison to € 2.18 in the previous year. This means that the average duration of outstanding shares decreased, which reflects an improvement in liquidity.

Cash and cash equivalents

Inventories increased by 16.2%, from € 141.4 million to € 165.1 million. Inventory turnover was continually below the sales increase of 46.5% in the last calendar quarter. This means that the average duration of outstanding days decreased, which reflects an improvement in liquidity.
Taking into account the cash used for investing activities, a free cash flow totaling €100.1 million remains for fiscal year 2002. This is equivalent to 11.0% of sales.

Cash used for financing activities totaled €18.2 million. In addition to dividend payments of €4.6 million for 2001, €22.8 million were used to repay bank loans. In addition, an inflow from capital payments amounting to €10.0 million was recognized.

Liquid assets increased by €78.3 million in total from €35.3 million to €113.6 million.

Report of the Board of Management

Strong free cash flow

Working capital was 12.5% of sales or €114.0 million compared to 18.4% or €110.3 million in the previous year. The working capital ratio is thus well below the industry average of over 20%. Working capital is determined on the basis of inventory plus short-term receivables, net of short-term non-interest bearing liabilities and provisions.

Cash used for investment activities in 2002 totaled €19.0 million, compared to €40.8 million (including acquisitions) in the previous year. Investments in property, plant and equipment and intangible assets totaled €22.5 million (€24.8 million). Of this, the amount of €11.8 million (€16.3 million) can be attributed to investments associated with the strategic expansion of the directly operated PUMA retail business. Fiscal year 2002 saw the opening of eight PUMA concept stores in seven countries. A total of €10.7 million (€8.5 million) was spent on current investments.

Marked rise in gross cash flow

In the period under review, gross cash flow exceeded the previous year's level by 93.3%, rising to €135.1 million. The main factor contributing to this development is the extraordinary increase in profits. Following changes in short-term net working capital as well as tax payments, cash provided by operating activities was €100.1 million in comparison with €42.7 million in the previous year. Please note that income taxes for 2002 only lead to a marginal outflow of funds due to the use of tax losses that were carried forward from previous years.

Low working capital

Earnings before taxes on income 124.4 57.4 116.6%
Non cash effected expenses and income 10.7 12.2 -12.8%
Gross Cash flow 135.1 69.7 93.9%
Change in Working Capital 6.4 -25.7 -124.9%
Interests, taxes and other payments -22.4 -0.2 -
Net cash from operating activities 119.1 43.7 172.3%
Net cash used in investing activities -19.0 -40.8 -53.3%
Free Cash flow 100.1 3.0 -
in % of sales 11.0% 0.5%
Net cash used in financing activities -18.2 -11.0 65.9%
Effect on exchange rates on cash -3.6 0.4 -
Change in cash and cash equivalents 78.3 -7.6 -
Cash and cash equivalents at beginning of financial year 35.3 42.9 -17.6%
Cash and cash equivalents at year-end 113.6 35.3 221.7%

Balance sheet / Equity ratio

<table>
<thead>
<tr>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2000</td>
<td>2001</td>
</tr>
<tr>
<td>Balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow</td>
<td></td>
<td></td>
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</tbody>
</table>

Discrepancies may arise due to the use of rounded figures.
In order to find a balance between profit opportunities and loss exposure arising from entrepreneurial deals and operational retail concepts, the Management monitors business developments with those of the previous year on a prorata temporis basis. Risk monitoring instruments are explained in more detail in the notes to the consolidated financial statements.

Market risks:

Changes in market and fashion trends may influence sales development.

In recent years, PUMA has positioned itself as the alternative sports brand that successfully has the most influence from the worlds of sports, lifestyle and fashion. PUMA's flexible corporate structure permits a swift response to any changes in consumer trends and cyclical fluctuations. In addition, heavy investments in product development are aimed at integrating new market trends in the development and design of new products at an early stage.

PUMA's present in the largest sporting goods market in the world, the United States, also involves risks due to high volatility and difficult industry environment. On the other hand, given this market's importance in the industry, PUMA's presence in the largest sporting goods market in the world, the United States, also involves risks due to high volatility and difficult industry environment. On the other hand, given this market's importance in the industry, PUMA's presence in the United States, also involves risks due to high volatility and difficult industry environment. On the other hand, given this market's importance in the industry, PUMA's presence in the world, the United States, also involves risks due to high volatility and difficult industry environment.

PUMA copes with these market risks through strategic planning, internationally-oriented corporate structure and marketing concepts, a global product and product range policy, and efficient cost management.

Sourcing risks:

Cyclical, political or legal changes in general conditions.

PUMA co-operates with a large number of suppliers, particularly in Asia and Eastern Europe. Diversifying capacity reduces dependency on independent products. PUMA's flexible corporate structure ensures readiness to deliver product. China is the biggest procurement market for footwear. There is a potential sourcing risk in the event of spontaneously issued import restrictions that would consequently apply to almost all sporting shoe manufacturers. For some time now, PUMA has focused the new Vietnamese procurement market together with its long-standing partners. By diversifying sourcing capacities to several procurement markets, the Company expects to be able to respond quickly to any changes that may occur. It is important to note that, even so, there are no notable procurement problems.

Procurement risks also arise concerning compliance with social standards by contract suppliers, and the use of dangerous or illegal health-endangering substances related to the product-manufacturing environment. PUMA is aware of the significance of human rights and works to ensure that these standards are upheld, the Company enforces product controls at regular intervals and continues monitoring its contact suppliers through an international control management function. PUMA's S.A.F.E. (Social Accountability, Fairness, Ethics) in 2002.

PUMA is exposed to currency risks within the scope of its global business operations. This risk is countered by an internal foreign exchange policy in conjunction with hedging transactions. Both primary and derivative instruments are applied. These instruments are explained in more detail in the notes to the consolidated financial statements.

Within the scope of monthly reporting and regular management meetings, further risks involved in operating activities and the course of the business are closely monitored in order to permit an early response should problems arise.
PUMA’s order backlog increased from € 360.1 million to a new record level of € 531.1 million, 47.5% higher than in the previous year. The bulk of orders include deliveries in the first and second quarter of financial year 2003. Currency-adjusted, orders increased by 49.5%.

Footwear, the largest product category, saw further strong growth. Footwear orders rose significantly by 48.4% to € 392.7 million. Apparel also saw a steady increase in orders; the order volume picked up by 55.1% to € 120.7 million. As such, the apparel segment’s growth rate has surpassed that of footwear. Orders for accessories amounted to € 17.6 million and remained at last year’s level. On a regional basis, the order situation is as follows: Europe increased by 50.7% to € 390.3 million, America by 48% to € 110.9 million, Asia/Pacific Rim by 1.3% to € 17 million and Africa/Middle East by 37.8% to € 13 million.

Outlook

Large order backlog confirms further growth

In announcing the next phase (Phase III) of PUMA’s long-term corporate development plan, management estimated the brand potential to be € 2 billion. The aim is to achieve significant portions of this potential by the year 2006. In this context, an average double-digit growth rate is expected per year, whereby growth should slow down during the course of these years.

Given the impressive growth in 2002, from the present perspective, management anticipates another currency-adjusted sales increase of more than 20% for 2003. This increase should be achievable despite higher base values and would translate into a growth rate of over 20% for the fifth consecutive year.

The gross profit margin is expected to range between 43% and 44% and should stabilize at this level. Selling, general and administration expenses are expected to develop in line with sales at a slightly lower rate. Income from royalty and commission should see single-digit growth. This would result in an increase in income before tax relative to the expected increase in sales. In the long term, we expect a tax rate of between 32% and 35%.

Management is optimistic regarding the continued positive development in sales and earnings for 2003, within the framework of the already introduced Phase III of corporate planning. This should enable PUMA to gain further market shares and expand its market position as a desirable sports lifestyle brand.

Organizational risks:

- Global corporate orientation, decentralization of operating units and a high level of growth increase complexity and the requirements placed on technical systems; they require continuous adjustment of merchandise and logistics systems.

- Within the scope of extensive strategic planning, business processes are continuously optimized and adjusted to support corporate growth. The optimization of key processes is supported by IT systems that are regularly reviewed and upgraded. In addition, technological advances foster productivity and offer new market potential. PUMA implemented an international project management function in order to monitor and increase the efficiency of these processes. Through its risk management system, PUMA complies with the legal requirements concerning transparency and control of companies (Gesellschaftskontrolle). PUMA is able to recognize any developments that may potentially endanger the health of the Company at an early stage and take swift, appropriate measures to counteract these risks.

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22 23
Value Management

Value-Based Management

In an effort to best pursue the interests of our shareholders, our value-based management aims at achieving a continuous increase in corporate value. Our corporate planning process is oriented towards the medium-term and focuses on a five year rolling outlook that is updated on an annual basis. The principal indicator for measuring economic success is the increase in absolute value contribution. This is derived from the following elements:

PUMA uses Cash Flow Return On Investment, CFROI, to measure capital yield. In simplified terms, this indicator represents the quotient from gross cash flow and the gross investment basis. The gross investment basis includes all of the financial resources that are available to the company, which represent productive assets, before accumulated depreciation.

The advantage of the value contribution / CFROI, in comparison to other indicators, is in the use of the pro-forma-oriented cash flow which reflects real financial flows and liquidity status and therefore serves as an excellent indicator of financing power. With reference to the gross investment basis the Company is viewed as an investment from which the capital provider – the shareholder – receives interest in the form of profits.

The absolute value contribution corresponds to the difference between capital yield (CFROI) and capital costs (WACC), multiplied by the gross investment basis. A positive value contribution is generated if the capital yield (CFROI) is in excess of capital costs.

Capital costs represent the minimum yield that must be generated by the capital invested. These costs are determined as the weighted average of equity and debt capital costs, taking the Capital Asset Pricing Model into account. The following table shows the composition of PUMA’s capital costs.

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Liabilities</th>
<th>Share of Stockholders' Equity</th>
<th>Cost of Liabilities after Tax</th>
<th>Tax Shield</th>
<th>Credit Risk Premium</th>
<th>Riskfree Interest Rate</th>
<th>Cost of Stockholders' Equity</th>
<th>Beta (M-DAX, 24 Month)</th>
<th>Market Premium</th>
<th>Riskfree Interest Rate</th>
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<td>2002</td>
<td>57.9%</td>
<td>42.1%</td>
<td>5.4%</td>
<td>31.2%</td>
<td>3.0%</td>
<td>4.9%</td>
<td>6.5%</td>
<td>0.3</td>
<td>5.0%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

The calculation of weighted average capital costs is as follows:

\[
\text{WACC} = \left( \frac{\text{Share of Liabilities}}{100} \times \text{Cost of Liabilities after Tax} \right) + \left( \frac{\text{Share of Stockholders' Equity}}{100} \times \text{Cost of Stockholders' Equity} \right)
\]

The calculation of CFROI and value contribution

\[
\text{Value Contribution} = \text{CFROI} \times \text{Gross Investment Basis}
\]

\[
\text{Calculation of CFROI} = \left( \frac{\text{Earnings after Tax}}{\text{Gross Cash flow}} \right) \times 100
\]

\[
\text{Calculation of Return on Capital Employed (RoCE)} = \left( \frac{\text{Operating Income (EBIT)}}{\text{Capital Employed (Working Capital + Long-term Assets - Long-term Liabilities)}} \right) \times 100
\]

\[
\text{Calculation of Net Liquidity} = \left( \frac{\text{Monetary assets}}{\text{Non Interest-Bearing Liabilities}} \right) \times 100
\]

\[
\text{Gross Cash flow} = \text{Monetary assets} - \text{Non Interest-Bearing Liabilities} - \text{Interest Expenses}
\]

\[
\text{Value-Based Management} = \frac{\text{Net Liquidity}}{\text{Gross Investment Basis}} \times 100
\]

Sustained increase in corporate value

In the reporting year 2002 PUMA achieved an extraordinary increase in corporate value: This was allowed through both the increase in capital (gross investment basis) from € 203.3 million to € 303.3 million, and the increased return on capital invested (Cash flow Return) from 20.7 % to 32.2 %, consequently an overall increase of 136.6 % was realised.

PUMA has thus succeeded in increasing profitability while, at the same time, achieving capital growth. In effect, the nominal value contribution during the financial year rose by € 44.1 million to € 77.8 million. The value contribution / CFROI, in comparison to other indicators, is in the use of the pro-forma-oriented cash flow which reflects real financial flows and liquidity status and therefore serves as an excellent indicator of financing power. With reference to the gross investment basis the Company is viewed as an investment from which the capital provider – the shareholder – receives interest in the form of profits.

In addition to the value management method, PUMA uses a series of other ratios that permit insight into various areas of corporate performance and efficiency. A selection of these ratios and their derivation is shown in the box below.

### Financial Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Capital Employed (RoCE)</td>
<td>51.7%</td>
<td>52.8%</td>
<td>54.9%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>33.7%</td>
<td>35.2%</td>
<td>37.8%</td>
</tr>
<tr>
<td>Working Capital in % of Net Sales</td>
<td>114.3</td>
<td>110.2</td>
<td>78.6</td>
</tr>
<tr>
<td>Working Capital in % of Sales</td>
<td>12.9%</td>
<td>14.4%</td>
<td>13.9%</td>
</tr>
</tbody>
</table>
The Share

Another Record Year for the PUMA’s Stock

From a stock market perspective, 2002 was another record year for the PUMA share. Continuing the previous year’s trend, PUMA recorded the second highest price increase of all shares listed on the DAX100. With its outstanding performance in 2002, the PUMA share significantly exceeded the price development of other international high-profile sporting goods manufacturers. Since 1986 PUMA’s stock has been traded on the official markets of the Frankfurt and Munich stock exchanges. From 2003, the PUMA share will be listed in the newly created Prime Standard Segment and is therefore excellently positioned to continue to belong to the Mid-Cap Index MDAX of the Deutsche Börse which will be reduced to 50 components. In addition, the ADR Program (American Depository Receipts) was established for the US stock market in 1996. The ADR’s are traded in US-Dollars in OTC trading under “PMMAY”.

The year 2002 was characterized by substantial turmoil on the international financial markets. As a result, significant drops in equity prices were seen throughout the world: the DAX lost just under 44% in value during 2002 whereas the MDAX showed a somewhat better performance with a drop of 30%. In a year-on-year comparison, the FTSE Eurotop-300 showed a loss of 33% while the Nikkei-225 lost 19%. For the first time since 1994, the US stock exchanges closed with a consecutive three year drop: the DJI-30 and S&P-500 lost 27% and 25% respectively.

The slackening of the global economy was one of the principal reasons behind the weakness in the capital markets. The resulting price losses have led to an intensifying cycle of price declines and setbacks in economic activity. Mood indicators that became noticeably depressed as of the middle of the year supported this assessment.

Moreover, investor’s confidence was shattered as a result of the accounting scandals in the USA. In consequence, doubts surfaced regarding the published earnings performance of all US companies. In effect, despite the price declines in recent years, indicators such as the price-earnings ratio appeared in a far less favorable light.

A further important reason for the equity markets’ poor performance was the increase in geopolitical risk as characterized by the Far East conflict or the Iraq crisis. As in the previous year, PUMA’s share showed an excellent appreciation despite the generally negative market environment. It was supported by both the strong sales growth and the disproportionate rise in income. PUMA was thus able to maintain its position as one of the fastest growing firms in the sporting goods industry.

After having ended 2001 with a record performance of € 34.05, PUMA’s stock achieved a new record high of € 73.60 on June 28, 2002. Generally lower prices in the third quarter lead to a preliminary drop in PUMA’s share price to € 47. However, within the scope of stock price recovery PUMA’s share closed at € 65.03 in the XETRA Exchange on December 30, 2002. This marked a stock price appreciation of 91% in 2002.
PUMA has been growing steadily for quite a number of years and our success is directly attributable to our Team Members’ exceptional performance. Between 1999 and 2002, sales grew by an average of 34.6% per year and by more than 50% in the past year. On a weighted average calculation, our Team Member base grew by 16.6% during the same time period. This resulted in a marked increase in per capita sales from T€ 269.5 in 1999 to T€ 415.0 in 2002.

On an annual average, PUMA employed 2,192 people in 2002 compared to 1,717 in the previous year. As at December 12, 2002, the number of Team Members was 2,387, or 375 more than at the end of the previous year.

Based on the continuous expansion of the retail business, the employee base in the sales division showed the highest growth rate. The 2002 yearly average for headcount growth in this segment was +40%, bringing the retail base to 888 employees. As of December 12, 2002, reporting date, there were 1,019 persons employed in the enlarged employee base. In total, 435,000 options were issued to management during the past year. The applicable terms and conditions can be found in the notes to the annual financial statements under footnote 18, "Equity Capital". As of the balance sheet date, 650,286 options were available, which will probably be used during the next two years to grant further option rights to PUMA AG Board members, members of the executive bodies of affiliated companies, as well as to PUMA AG executives and affiliated companies.

Incentive programs are intended to retain competent and loyal Team Members and to help ensure the company’s success through continuity. In addition to the options program, bonus agreements have been made with Team Members at all levels in the PUMA Group. These are oriented to personal performance, the success of a business segment, as well as the success of the entity as a whole. These measures provide PUMA with a variable, performance-based remuneration system in addition to fixed salaries.

PUMA encourages an open and amicable corporate culture. We foster individual growth and promote that the traditional should be brought together with new and unconventional ways of thinking.

By supporting common values that are compatible with the brand’s personality, we are making every effort to further develop the Company. These common values can be summed up in four concepts: Passion, Openness, Self-belief and Entrepreneurship. PUMA supports and encourages communication across all cultural borders and thereby creates the conditions in which creativity, understanding, social competence and flexibility come into being. With the help of a decentralized corporate management, PUMA can react flexibly to market changes and so follows its corporate guideline to be “the first truly virtual sports company”.

Furthermore, the internal and external networking of employees and business partners is being systematically expanded through the use of the latest internet technology as well as a decentralized corporate structure. Together these form the infrastructure for further growth.

It is our aim to acknowledge and support the efforts of each Team Member. To this end, regular Performance Appraisals are held between employees and their supervisors during which current performance and future targets are discussed and agreed upon.

Corporate culture

In order to support management in the creation of corporate value, conditional capital for the financing of a Management Incentive Program was made available at the Annual Shareholder’s Meeting. As part of the existing program, a second tranche has been extended to an enlarged employee base. In total, 435,000 options were issued to management during the same time period. The applicable terms and conditions can be found in the notes to the annual financial statements under footnote 18, "Equity Capital". As of the balance sheet date, 435,000 options were available, which will probably be used during the next two years to grant further option rights to PUMA AG Board members, members of the executive bodies of affiliated companies, as well as to PUMA AG executives and affiliated companies.

Incentive programs are intended to retain competent and loyal Team Members and to help ensure the company’s success through continuity. In addition to the options program, bonus agreements have been made with Team Members at all levels in the PUMA Group. These are oriented to personal performance, the success of a business segment, as well as the success of the entity as a whole. These measures provide PUMA with a variable, performance-based remuneration system in addition to fixed salaries.
# Consolidated Financial Statements

## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>113,575</td>
</tr>
<tr>
<td>Inventories</td>
<td>4</td>
<td>167,906</td>
</tr>
<tr>
<td>Trade receivables and other receivables</td>
<td>5</td>
<td>135,996</td>
</tr>
<tr>
<td>Other short term financial assets</td>
<td>6</td>
<td>7,937</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>425,414</td>
<td>306,652</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>7</td>
<td>23,796</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>8</td>
<td>56,842</td>
</tr>
<tr>
<td>Goodwill</td>
<td>9</td>
<td>13,822</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>10</td>
<td>4,931</td>
</tr>
<tr>
<td>Other long-term financial assets</td>
<td>11</td>
<td>1,033</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>525,837</td>
<td>395,383</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND EQUITY** | | |
| Financial liabilities | 12 | 19,270 | 43,100 |
| Trade payables | 13 | 117,858 | 88,614 |
| Other liabilities | 13 | 47,247 | 28,006 |
| **Total liabilities** | 184,375 | 159,720 |
| Pension | 14 | 17,925 | 17,416 |
| Tax provisions | 15 | 25,756 | 2,496 |
| Other provisions | 15 | 45,085 | 37,086 |
| **Provisions** | 88,766 | 56,998 |
| Long-term interest bearing borrowings | 16 | 61 | 1,142 |
| Minority interest | 17 | 269 | 796 |
| Subordinated capital PUMA AG | 18 | 43,544 | 28,487 |
| Subsidiary Puma-AG-UK | 18 | 82,337 | 52,930 |
| Other Group revenues | 18 | 12,451 | 17,424 |
| **Shareholders' equity** | 312,857 | 305,402 |

## Consolidated Income Statement

<table>
<thead>
<tr>
<th>Notes</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>930,778</td>
<td>598,875</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>533,877</td>
<td>399,968</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>396,901</td>
<td>198,611</td>
</tr>
<tr>
<td><strong>Profit and loss before income tax</strong></td>
<td>125,035</td>
<td>59,046</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-609</td>
<td>-1,613</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>124,426</td>
<td>57,433</td>
</tr>
<tr>
<td><strong>Earnings before tax</strong></td>
<td>124,426</td>
<td>57,433</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-39.767</td>
<td>-17.281</td>
</tr>
<tr>
<td><strong>Net earnings before minority interest</strong></td>
<td>84,659</td>
<td>40,152</td>
</tr>
<tr>
<td><strong>Minority interest</strong></td>
<td>-450</td>
<td>-450</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>84,209</td>
<td>39,702</td>
</tr>
<tr>
<td><strong>Net earnings per share (€)</strong></td>
<td>5.44</td>
<td>2.58</td>
</tr>
<tr>
<td><strong>Net earnings per share (€) - diluted</strong></td>
<td>5.34</td>
<td>2.58</td>
</tr>
</tbody>
</table>

**Weighted average shares outstanding:**
- 85,711 shares outstanding
- 91,724 shares outstanding

**Weighted average shares outstanding – diluted:**
- 85,711 shares outstanding
- 91,724 shares outstanding
## Consolidated Cash Flow Statement

**Consolidated Financial Statements**

### Changes in Equity

<table>
<thead>
<tr>
<th>Notes</th>
<th>2002 T-€</th>
<th>2001 T-€</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subscribed capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUMA AG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue difference</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hedges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>profit/ currency translation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Changes in Equity at T-€

<table>
<thead>
<tr>
<th>Notes</th>
<th>2002 T-€</th>
<th>2001 T-€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend payment</td>
<td>-4,629</td>
<td>-1,574</td>
</tr>
<tr>
<td>Transfer to profit reserves</td>
<td>-40,700</td>
<td>-40,700</td>
</tr>
<tr>
<td>Currency changes</td>
<td>-8,899</td>
<td>-8,899</td>
</tr>
<tr>
<td>Release to the income statement</td>
<td>-5,247</td>
<td>-5,247</td>
</tr>
<tr>
<td>Market value for cash flow hedges</td>
<td>-1,014</td>
<td>-1,014</td>
</tr>
<tr>
<td>Capital increase</td>
<td>10,418</td>
<td>9,351</td>
</tr>
<tr>
<td>Duration increase in other long-term assets</td>
<td>-20</td>
<td>-20</td>
</tr>
<tr>
<td>Interest received</td>
<td>6,074</td>
<td>6,074</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at year end</strong></td>
<td>35,308</td>
<td>42,862</td>
</tr>
</tbody>
</table>

### Effect on operating cash flows

<table>
<thead>
<tr>
<th>Notes</th>
<th>2002 T-€</th>
<th>2001 T-€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on operating cash flows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effect on cash and cash equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of financial year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at year end</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>Other Loans</td>
<td>Other Long-Term Assets</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Balance as of Dec. 31, 2001</td>
<td>37,824</td>
<td>231</td>
</tr>
<tr>
<td>Costs Additions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Less Disposals</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Balance as of Dec. 31, 2002</td>
<td>37,824</td>
<td>231</td>
</tr>
</tbody>
</table>

*Notes to the Consolidated Financial Statements*

**1. General remarks**

Under the brand name "PUMA", PUMA AG (hereafter "PUMA" or "PUMA Aktiengesellschaft Rudolf Dassler Sport", hereafter "PUMA AG") and its subsidiaries are engaged in the development and marketing of a broad range of sports and leisure articles under the "PUMA" brand name. The Company is a joint stock company under German law and has its registered capital office in Herzogenaurach, Federal Republic of Germany; its responsible registration court is in Fürth (Bavaria, Germany).

The consolidated financial statements of PUMA AG and its subsidiaries (hereinafter the "Company" or "PUMA") were prepared in accordance with the International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB"). All IAS and IFRIC interpretations required for the financial years from January 1, 2002 have been applied. IAS 39 "Financial Instruments: Recognition and Valuation" has been applied since the 2009 financial year.

The Company prepared consolidated financial statements in accordance with IAS for the first time in 1993, deviations from the provisions set out in the German Commercial Code ("HGB"); as of January 1, 1993, were offset with neutral effect on operating profits. The IAS consolidated financial statements for 2012 are regarded as consistent and free from material errors in accordance with Section 292a (2) HGB.

In certain items the International Accounting Standards deviate from generally accepted accounting and valuation principles applicable in the Federal Republic of Germany and as set out in the German Commercial Code. Significant deviations relate to the treatment of deferred tax assets resulting from temporary valuation differences and future tax benefits from losses carried forward. Other deviations applied to the recognition criteria under IAS ("Deferred tax assets" and "Deferred tax liabilities") and other rights, which were still in effect in 1998, and are still capitalized for IAS purposes. Furthermore, the application of IAS 39 results in accounting, which differs from IAS. The remaining differences are immaterial.

The consolidated financial statements are prepared in Euros (€); they are in compliance with EU Directive 2001/34/EC, and are based on the interpretation of the directive pursuant to DRS 1 of the German Accounting Standards Committee.

**2. Significant consolidation, accounting and valuation principles**

Consolidation Principles

The consolidated financial statements are based on uniform accounting and valuation methods applied to the individual financial statements of PUMA AG and its subsidiaries, which have been prepared in accordance with the "International Accounting Standards" ("IAS") and are audited by independent auditors. Additional information within the scope of group reporting was taken into account. When subsidiaries are consolidated for the first time, their book values are offset against the subsidiary's equity capital at book values.

Intragroup receivables and liabilities have been offset. Any differences from exchange rate fluctuations are included in consolidated earnings to the extent that they occurred in the reporting period.

Within the course of consolidating profits, inter-company sales and all significant inter-group income were offset against the respective attributable to them. Inter-group receivables not yet realized within the group have been eliminated as inter-company profits.
Consolidated Financial Statements

Company/included in consolidation
In addition to PUMA AG, all directly and indirectly affiliated companies are included in consolidation. Development in the number of group companies during the financial year is as follows:

Dec. 31, 2001 39
Number/Shareholder/Number
Increase/disposal of companies - 

Dec. 31, 2002 40

Broken down by region, the consolidated companies were as follows on December 31, 2002:

<table>
<thead>
<tr>
<th>No.</th>
<th>Companies</th>
<th>Shareholder/No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>America</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.</td>
</tr>
<tr>
<td>16.</td>
</tr>
<tr>
<td>17.</td>
</tr>
<tr>
<td>18.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Africa/Middle East</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.</td>
</tr>
<tr>
<td>20.</td>
</tr>
</tbody>
</table>

PUMA AG holds a direct or indirect interest of 100% in the companies included in consolidation (except PUMA Chile and PUMA Portugal = 51%, PUMA Brazil = 70%).

In financial year 2002 the companies of “PUMA Portugal Artigos Desportivos Lda.”, Portugal, and “PUMA Sports Ltda.”, Brazil, were founded. PUMA Portugal began its active business, namely the servicing and working of the Portuguese market, in March 2002. PUMA Brazil was founded at the end of the year. No significant transactions have as yet been concluded during the reporting year.
The companies have no material effect on the group’s net assets, financial position and results of operations.

The investment (51%) in “Real de Tenis S.A., Mexico”, was sold to the joint venture partner with effect from March 5, 2002; this has not significantly impacted net assets, the financial position or results of operations.

A list of investment holdings as of December 31, 2002 is recorded in the Fürth (Bavaria) Commercial Register under HRB 3175.

Consolidated Financial Statements
Derivative financial instruments / Hedge accounting

Derivative financial instruments are initially recorded in the balance sheet at acquisition costs and subsequently at market values. The recording of gains or losses depends on the type of items to be hedged. At the time of concluding a hedge transaction, the Company classifies certain derivatives either as a hedge of the fair value of a reported asset or a reported liability (fair value hedge), as a hedge of a planned transaction (cash flow hedge) or as a hedge of a net investment in an economically independent foreign subsidiary.

Changes in the market value of derivatives which are used for and qualify as a cash flow hedge and that are 100% effective, are disclosed in equity. In the absence of 100% effectivity, the differences are included in operating results. The amounts recorded as a special item under equity are included in operating results in the same period in which the planned hedge transaction impacts the income statement. The gains or losses from derivative financial instruments used as a fair value hedge and the respective gains or losses from the hedged item are recognized in operating results.

Segment reporting

Reporting is primarily based on geographical regions. PUMA is engaged in only one business field, the sporting goods industry. The secondary reporting allocation therefore follows the internal reporting structure, e.g. based on the footwear, apparel and accessories product segments.

Cash and cash equivalents

Cash and cash equivalents include liquid funds such as cash-on-hand and bank balances. Bank balances that are not required to finance current assets are invested in the Euro currency market for a period of up to six months.

Inventories

Inventories are valued at acquisition or manufacturing costs or at the lower net realizable value derived from the selling price at the balance sheet date. Acquisition cost of merchandise is determined using the average cost method. Value adjustments are determined in a uniform manner throughout the group, depending on the age of the goods concerned. Values saving to fashion trends are adequately taken into account.

Assumptions and other short-term assets

Trade receivables and other receivables as well as financial assets are stated at nominal value net of value adjustments. All receivable risks are sufficiently accounted for in the form of individual risk assessment or on the basis of historical values.

Average rates during the financial year Rates at the balance sheet date

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate 1</th>
<th>Rate 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.943</td>
<td>0.934</td>
</tr>
<tr>
<td>2001</td>
<td>1.080</td>
<td>1.108</td>
</tr>
<tr>
<td>Dec. 31, 2002</td>
<td>1.049</td>
<td>1.046</td>
</tr>
<tr>
<td>Dec. 31, 2001</td>
<td>0.882</td>
<td>0.883</td>
</tr>
</tbody>
</table>

Derivative financial instruments / Hedge accounting

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Financial Statements

Currency translation

As a general rule, foreign currency monetary items are disclosed in the individual financial statements of consolidated companies at the rates valid on the balance sheet date and are translated into Euro at the same exchange rates as are immediately credited or charged to operations.

The assets and liabilities of foreign subsidiaries for which the Euro currency is not recognized as their functional currency were translated into Euro at the middle rate at the balance sheet date. Expenses and income were translated at average annual rates. Differences from the net asset currency translation and changed exchange rates were accounted for as other comprehensive income and are immediately credited or charged to operations.

The following translation rates were applied to translate the annual financial results into Euro:

Average rates during the financial year Rates at the balance sheet date

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate 1</th>
<th>Rate 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.943</td>
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<td>0.882</td>
<td>0.883</td>
</tr>
</tbody>
</table>

Consolidated Financial Statements

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Consolidated Financial Statements

Average rates during the financial year Rates at the balance sheet date

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate 1</th>
<th>Rate 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.943</td>
<td>0.934</td>
</tr>
<tr>
<td>2001</td>
<td>1.080</td>
<td>1.108</td>
</tr>
<tr>
<td>Dec. 31, 2002</td>
<td>1.049</td>
<td>1.046</td>
</tr>
<tr>
<td>Dec. 31, 2001</td>
<td>0.882</td>
<td>0.883</td>
</tr>
</tbody>
</table>

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Financial Statements
Other long-term financial assets

As a general rule, financial liabilities also include the portion of long-term loans with residual terms of up to one year.

Liabilities

Liabilities are reported at their repayable amounts. Liabilities from finance leasing agreements are carried as a liability at the amount of the present value of the lease rentals.

Liabilities from finance leasing agreements are carried as a liability at the amount of the present value of the lease rentals.

Pension commitments

There are no pension commitments concerning active PUMA AG Board members. Corresponding compensation is included in the remuneration concerning Board members.

Property, plant and equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation. The depreciation periods depend on the type of assets involved.

Intangible assets

Acquired intangible assets largely consist of concessions and industrial and similar rights, they are valued at acquisition costs net of accumulated depreciation. The depreciation period is between three to five years, whereby the straight-line method of depreciation is applied.

Extraordinary depreciation

Property, plant and equipment, intangible assets and goodwill are subject to extraordinary depreciation or amortization if there are indications of an impairment in the value of the asset involved. In such a case, the recoverable amount (the higher amount from net realizable proceeds and utility value), is compared with the book value of the asset. If the recoverable value is lower than the book value, the asset is written down to the recoverable amount. If the reason for extraordinary depreciation or amortization no longer exists, the asset is revalued; the revaluation amount may not exceed the amount of continued acquisition costs.

In accordance with the proposed unit credit method, this method not only accounts for annuities and accrued pension benefits known at the balance sheet date, but also for expected salary and annual increases. Actuarial gains and losses are distributed over the average residual term of service. In no case is a reduction of the 40 percent ‘corridor’ approach described in IAS 19.92. The service cost and interest component are disclosed within personnel expenses.

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PPE, plant and equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation. The depreciation periods depend on the assets involved. As a general rule, the straight-line method of depreciation is applied. The useful life depends on the type of assets involved:

- 10 to 50 years
- 3 to 10 years

Cost of maintenance and repair is recorded as an expense at the time of origin. Significant improvements and renewals are capitalized. Interest on outside capital is reported as a current expense.

Leased items regarded as significant in terms of their amounts and qualifying as finance leasing are shown under property, plant and equipment at the amount of the fair value or the lower present value of the minimum lease payments.

Depreciation

Depreciation period: 10 to 50 years; 3 to 10 years

Goodwill

Goodwill is valued at acquisition costs net of accumulated amortization. The goodwill relates to the companies in Great Britain, New Zealand and Sweden/Scandinavia.

Goodwill from equity consolidation relating to New Zealand dates from 1999. It is amortized over a five-year period. Amortization with respect to Great Britain and the Scandinavian Tretorn Group is based on the straight-line method over a 15-year period which corresponds to the expected useful life. The goodwill reported for Great Britain dates from 1999, the goodwill reported for Tretorn dates from 2001.

Other long-term financial assets

Other long-term financial assets are stated at acquisition costs; they include loans and other assets. As a general rule, non-interest bearing assets are discounted to their present values.

Financial liabilities

As a general rule, financial liabilities also include the portion of long-term loans with residual terms of up to one year.

Liabilities

Liabilities are reported at their repayable amounts. Liabilities from finance leasing agreements are carried as a liability at the amount of the present value of the lease rentals.

Provisions for pensions and similar commitments

In general, pension accruals are determined in accordance with the projected unit credit method. This method not only accounts for annuities and accrued pension benefits known at the balance sheet date, but also for expected salary and annual increases. Actuarial gains and losses are distributed over the average residual term of service. In no case is a reduction of the 40 percent ‘corridor’ approach described in IAS 19.92. The service cost and interest component are disclosed within personnel expenses.

There are no pension commitments concerning active PUMA AG Board members. Corresponding compensation is included in the remuneration concerning Board members.
Royalty income is treated as income in accordance with the invoices to be presented by the licensees worldwide. In certain cases, values must be assessed in order to permit accounting on an accrual basis. Commission income is invoiced to the extent that the underlying purchase transaction is realized.

Advertising and promotional expenses

The Company recognizes advertising expenses at the time of their incurrence. As a general rule, promotional expenses are spread over the contract term, provided that income of at least the same amount is expected.

Product development

The Company is continuously engaged in developing new products in order to comply with market requirements or market changes. The costs are recorded as an expense at the date of incurrence; they are not capitalized since the criteria specified in IAS 38 are not fulfilled.

Recognized in profits at the time of the passage of risks.

Sales revenues are recognized and included in profits at the time of the passage of risks. Sales are disclosed net of returned purchases, discounts, rebates, and advertising cost.

Assumptions and estimates

The preparation of the consolidated financial statements is in part based on assumptions and estimates which have an impact on the amount and disclosure of the reported assets and liabilities, income expenses and contingencies. The actual values may in some cases deviate from such assumptions and estimates. Changes are recognized as expense or income at the time of receiving the respective information (contingencies).

Deferred taxes

Deferred taxes from time differences between the tax and the commercial balance sheet valuation of individual group companies and from consolidation procedures are netted according to tax country and disclosed either as deferred tax assets or deferred tax liabilities. Deferred tax assets also include tax reduction claims resulting from the expected tax relief of existing loss carryforwards in subsequent years if their realization is probable. Deferred taxes are determined on the basis of tax rates applicable for reversal in the individual countries and announced or in effect on the balance sheet date. In addition, deferred taxes that result from hedge accounting are recognized.

Income taxes

Incomes taxes are determined in accordance with local tax regulations in the countries where the respective company is active. The Company determines deferred taxes for all temporary differences between the book values and the tax-based valuation of assets and liabilities, income expenses and contingencies. The expected use of existing tax carryforwards in subsequent years if their realization is probable. Deferred taxes are determined on the basis of tax rates applicable for reversal in the individual countries and announced or in effect on the balance sheet date. In addition, deferred taxes that result from hedge accounting are recognized.

Other provisions

In accordance with IAS 37, other accruals were set up on the balance sheet date to account for all risks and obligations resulting from past transactions or events. The amounts of these accruals are stated at their settlement amount; they are not off set against positive incomes. Accruals are also created to account for unavoidable contracts where the ungradable costs exceed the economic benefit expected from the contract.

Deferred taxes

Deferred taxes from time differences between the tax and the commercial balance sheet valuation of individual group companies and from consolidation procedures are netted according to tax country and disclosed either as deferred tax assets or deferred tax liabilities. Deferred tax assets also include tax reduction claims resulting from the expected use of existing loss carryforwards in subsequent years if their realization is probable. Deferred taxes are determined on the basis of tax rates applicable for reversal in the individual countries and announced or in effect on the balance sheet date. In addition, deferred taxes that result from hedge accounting are recognized.

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3. Cash and cash equivalents
The term of deposit investments included is usually between one and three months; at present, interest rates are between 1.9% and 2.0% (previous year: 1.7% and 1.2%).

4. Inventories
Inventories are divided into the following main categories:

- Raw materials and supplies
- Finished goods and merchandise
- Footwear
- Apparel
- Accessories/Others
- Goods in transit
- Inventories, gross
- Value adjustments
- Inventories, net

5. Trade receivables and other receivables
Receivables are made up as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, gross</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Trade receivables and other receivables
Receivables are made up as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, gross</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables, net</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The present value of this item corresponds to the book value. As a rule, receivables are due within one year. There are no receivables due from management or supervisory bodies.

Deferred taxes relate to the following items:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Refunded tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Deferred taxes are reported only in the extent that realization of the respective tax benefit is probable. This criterion is not fulfilled, value adjustments are set up in the basis of past results of earnings and business expectations for future periods.

As of December 31, 2002 tax losses carried forward totaled T-€ 13,323 (previous year: T-€ 9,532). The corresponding to a deferred tax claim of T-€ 4,903.

Following value adjustments, nil losses carried forward were included in deferred tax assets to the amount of T-€ 1,458 (previous year: T-€ 7,684); the amount T-€ 582 for an indefinite period of time, T-€ 546 for 10 years, and the remaining amount of T-€ 330 for losses to be carried forward for a period of less than 10 years.

Deferred taxes arise from items recorded in equity with neutral effect on profits (hedge accounting) and for an indefinite period of time, T-€ 496 for 10 years, and the remaining amount of T-€ 330 for losses to be carried forward for a period of less than 10 years.

Deferred taxes assets and liabilities are netted if they relate to the same taxing power. Accordingly, they are disclosed in the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Deferred tax assets, net

Deferred tax liabilities

Deferred tax assets, net
This item is made up as follows:

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#### 8. Property, plant and equipment

Property, plant and equipment at book value consist of the following:

| Land and buildings, including buildings on 1998 and prior land | 21,440 |
| Repair equipment and machines | 1,004 |
| Other equipment, fixtures and office equipment | 3,077 |

The book values of property, plant and equipment are derived from acquisition costs. Accumulated depreciation for this item amounted to T-€ 31,270 (previous year: T-€ 26,998).

Property, plant and equipment include leased assets to the amount of T-€ 2,020 (previous year: T-€ 1,483), which relate to real estate in France used for business purposes, and to factory and office equipment in various subsidiaries (mainly in Australia). The real estate in France will be owned by PUMA after the last rental payment has been made in 2003.

#### 9. Goodwill

The item includes the goodwill associated with the acquisition and initial consolidation of the companies in New Zealand, Great Britain and Sweden, net of accumulated amortization. Development for 2002 is shown in the Appendix to the consolidated financial statements.

#### 10. Other intangible assets

The development of this item during 2002 is shown in the Appendix to the consolidated financial statements. Extraordinary depreciation due to impairment in value was not necessary in the financial year.

### Table: Property, plant and equipment at book value

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>393</td>
<td>411</td>
</tr>
<tr>
<td>Other assets</td>
<td>639</td>
<td>1,289</td>
</tr>
</tbody>
</table>

The development for 2002 is presented in the Appendix to the consolidated financial statements. Extraordinary depreciation due to impairment in value was not necessary in the financial year.

#### 11. Other long-term financial assets

The present value of trade payables and other liabilities corresponds to the book value.

### Table: Trade payables and other liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>393</td>
<td>411</td>
</tr>
<tr>
<td>Other assets</td>
<td>639</td>
<td>1,289</td>
</tr>
</tbody>
</table>

Financial liabilities consist of bank loans due in less than 12 months. The loans are largely denominated in € (approx. 46%), GBP (approx. 20%), AUD (approx. 35%), USD (approx. 10%) and other currencies (approx. 9%). There were no long-term bank loans as of the balance sheet date.

There were guaranteed credits (largely documentary credits) amounting to T-€ 195,012 as of December 31, 2002. At that date the Company had, in addition to liquid funds, unused credit lines of T€ 169,373.

Credit lines granted to the Company total T-€ 195,012; they may be used either for bank loans or guaranteed credits. In addition to the financial liabilities of T-€ 19,270, there were guaranteed credits (largely documentary credits) amounting to T-€ 6,369 as of December 31, 2002.

At that date the Company had, in addition to liquid funds, unused credit lines of T€ 169,373.

Credit lines granted to the Company total T-€ 195,012; they may be used either for bank loans or guaranteed credits.

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Credit lines granted to the Company total T-€ 195,012; they may be used either for bank loans or guaranteed credits.
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14. Pension accruals

The Company maintains and pays contributions to various pension plans, mainly in Germany, the UK and Sweden. As a general rule, the pensions are financed on the basis of pension accruals and, in the UK, on the basis of a pension fund value. The present value of the plan assets does not include any own financial instruments. In 2002, the plan assets were subject to an actual impairment in value of T€ 737.

Of the total accrual amount, T€ 13,362 (previous year: T€ 13,056) are attributable to PUMA AG, and T€ 3,177 (previous year: T€ 3,380) to the sub-group in Sweden.

Most of the PUMA AG pension accruals concern active employees, former employees with non-forfeitable pension rights, and old-age pension recipients. As in the previous year, calculation is based on the Dr. Klaus Heubeck mortality tables of 1998. In accordance with IAS 19, the projected unit credit method was applied in valuation. The PUMA AG pension plan covers general commitments that are, as a rule, based on maximum pension payments of € 127,82 for each month and entitled employee; in addition, individual commitments have been made, largely consisting of non-forfeitable claims of retired PUMA AG board members to the amount of T€ 2,597 (previous year: T€ 2,336).

The development of the pension accrual for the Group is structured as follows:

<table>
<thead>
<tr>
<th>Dec. 31, 2002</th>
<th>T€</th>
<th>Dec. 31, 2001</th>
<th>T€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension accrual (Dec. 31 previous year)</td>
<td>17,416</td>
<td>17,416</td>
<td></td>
</tr>
<tr>
<td>Currency translation</td>
<td>93</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>Changes in the consolidated group</td>
<td>1,340</td>
<td>3,125</td>
<td></td>
</tr>
<tr>
<td>Pension expense</td>
<td>1,371</td>
<td>1,465</td>
<td></td>
</tr>
<tr>
<td>Pension payments</td>
<td>-2,071</td>
<td>-1,073</td>
<td></td>
</tr>
<tr>
<td>Pension accrued Dec. 31</td>
<td>17,925</td>
<td>17,040</td>
<td></td>
</tr>
</tbody>
</table>

The pension expense is structured as follows:

<table>
<thead>
<tr>
<th>2002</th>
<th>T€</th>
<th>2001</th>
<th>T€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense for pension claims arising during the reporting year</td>
<td>1,490</td>
<td>1,234</td>
<td></td>
</tr>
<tr>
<td>Interest expense for acquired pension claims</td>
<td>1,394</td>
<td>1,238</td>
<td></td>
</tr>
<tr>
<td>Expected funds asset income</td>
<td>-751</td>
<td>-673</td>
<td></td>
</tr>
<tr>
<td>Adjustment amount due to recorded actuarial losses/gains</td>
<td>217</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Total pension expense</td>
<td>2,571</td>
<td>1,955</td>
<td></td>
</tr>
</tbody>
</table>

The actuarial assumptions concerning PUMA AG pension plans are as follows:

| Discounting rate | 5.5% | 5.5% |
| Future pension increases | 2.25% | 2.0% |
| Fluctuation rate | 1.5% | 2.5% |

The actuarial assumptions concerning PUMA AG pension plans are as follows:

<table>
<thead>
<tr>
<th>Dec. 31, 2002</th>
<th>T€</th>
<th>Dec. 31, 2001</th>
<th>T€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of non-funds-financed pension claims pursuant to actuarial report</td>
<td>17,932</td>
<td>17,011</td>
<td></td>
</tr>
<tr>
<td>Present value of non-funds-financed pension claims</td>
<td>17,932</td>
<td>17,011</td>
<td></td>
</tr>
<tr>
<td>Net of the fair value of funds assets</td>
<td>-573</td>
<td>-789</td>
<td></td>
</tr>
<tr>
<td>Adjustment amount due to recorded actuarial losses/gains</td>
<td>217</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Pension accrued Dec. 31</td>
<td>17,925</td>
<td>17,040</td>
<td></td>
</tr>
</tbody>
</table>
### 25. Tax accruals and other provisions

#### Development of the accruals during the financial year:

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency revaluation &amp; disposals</td>
<td>Currency revaluation &amp; disposals</td>
</tr>
<tr>
<td>Utilization</td>
<td>Utilization</td>
</tr>
<tr>
<td>Release</td>
<td>Release</td>
</tr>
<tr>
<td>Add.</td>
<td>Add.</td>
</tr>
<tr>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Tax provision</td>
<td>3,996</td>
</tr>
<tr>
<td><strong>Other provisions:</strong></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>6,452</td>
</tr>
<tr>
<td>Purchase risks</td>
<td>33,182</td>
</tr>
<tr>
<td>Other</td>
<td>20,152</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>39,582</td>
</tr>
<tr>
<td><strong>Company:</strong></td>
<td>37,086</td>
</tr>
</tbody>
</table>

**Tax provision**
- Current taxes on income, property taxes and turnover taxes; they do not contain deferred tax liabilities which are offset against the respective deferred tax assets, provided the same taxing power is concerned. In this respect, attention is drawn to Paragraph 7 of these Notes. Significant amounts will probably be used up during the first months of the coming year.
- The warranty accrual is determined on the basis of the historical value of sales generated during the past six months. It is expected that most of these expenses will fall due within the first six months of the next financial year.
- Purchase risks primarily relate to the molds necessary for shoe manufacture; the item also includes anticipated losses from purchase transactions. The major amount of this provision will probably fall due in the following year. Other provisions largely consist of anticipated losses, accruals for litigation risks and other risks. It is expected that these accruals will be used within the next two years, depending on individual proceedings.

### 26. Equity

The movements of equity capital are disclosed as an independent component in the consolidated financial statements.

PUMA AG’s subscribed capital is divided into no par ordinary shares. A total of 15,845,930 shares were outstanding as of the balance sheet date, the subscribed capital amounted to T-€ 4,505,947. On an annual average, 15,610,294 shares were outstanding; the dividend amount of these shares was T-€ 910,811. The price for one PUMA share of the balance sheet date was quoted at the XETRA at € 60.80 (previous year: € 34.95) in accordance with a market capitalization of € 1,050 million. This corresponds to an increase in value by 91%.

The major shareholder, Monarchy Enterprises Holdings B.V., Netherlands/Netherlands, including its subsidiaries and the associated Packer Group, holds a direct stake of 39.17175% and 15.76171% of the total voting rights (previous year: 39.17175% and 15.76171%); this corresponds to 35.74661% of all shares outstanding as of the balance sheet date. In addition, the “Kerry Packer Group” which has an investment in Monarchy Enterprises, holds a direct stake of 38.15083% or 2.42270%; Monarchy Enterprises including subsidiaries and the associated Packer Group thus hold a total of 38.15083%.

Of the free float of stock, “Morgan Stanley & Co. International Limited”, London, accounts for 6.46371%. PUMA is not aware of any other shareholders holding 5% or more of the subscribed capital.

The capital reserve largely includes the premium from the PUMA AG capital increase carried out in 1996. The additions in 2001 and 2002 relate to the premium of the converted shares from the Management Incentive Program. The amount of T-€ 45,000 from this net income for 2002 was transferred to revenue reserves.

**Authorised capital**

Pursuant to Article 4, items 6 and 7 of the PUMA AG Articles of Association, the Board is authorized, with the approval of the Supervisory Board, to increase the nominal capital up to T-€ 52,025,779 by means of a capital increase for exchange for cash contributions. If the issue price of the new shares does not fall significantly below the market price of already listed, equally equipped shares at the time of final determination of the issue price, the Board of Management does not make use of the authorization to conclude the subscription right. In that case, it may exclude shareholders’ subscription rights – with the approval of the Supervisory Board – only in order to compensate for possible fractional amounts (Authorised Capital 2).

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#### 18. Minority interests

- The items include the convertible issued to Monarchy Enterprises including affiliated companies: 39.17175% of the free float of stock.
- The capital reserve largely includes the premium from the PUMA AG capital increase carried out in 1996. The additions in 2001 and 2002 relate to the premium of the converted shares from the Management Incentive Program. The amount of T-€ 45,000 from this net income for 2002 was transferred to revenue reserves.

Of the free float of stock, “Morgan Stanley & Co. International Limited”, London, accounts for 6.46371%. PUMA is not aware of any other shareholders holding 5% or more of the subscribed capital.

The capital reserve largely includes the premium from the PUMA AG capital increase carried out in 1996. The additions in 2001 and 2002 relate to the premium of the converted shares from the Management Incentive Program. The amount of T-€ 45,000 from this net income for 2002 was transferred to revenue reserves.

**Authorised capital**

Pursuant to Article 4, items 6 and 7 of the PUMA AG Articles of Association, the Board is authorized, with the approval of the Supervisory Board, to increase the nominal capital up to T-€ 52,025,779 by means of a capital increase for exchange for cash contributions. If the issue price of the new shares does not fall significantly below the market price of already listed, equally equipped shares at the time of final determination of the issue price, the Board of Management does not make use of the authorization to conclude the subscription right. In that case, it may exclude shareholders’ subscription rights – with the approval of the Supervisory Board – only in order to compensate for possible fractional amounts (Authorised Capital 2).

### Consolidated Financial Statements

#### 15. Tax accruals and other provisions

**Development of the accruals during the financial year:**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency revaluation &amp; disposals</td>
<td>Currency revaluation &amp; disposals</td>
</tr>
<tr>
<td>Utilization</td>
<td>Utilization</td>
</tr>
<tr>
<td>Release</td>
<td>Release</td>
</tr>
<tr>
<td>Add.</td>
<td>Add.</td>
</tr>
<tr>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Tax provision</td>
<td>3,996</td>
</tr>
<tr>
<td><strong>Other provisions:</strong></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>6,452</td>
</tr>
<tr>
<td>Purchase risks</td>
<td>33,182</td>
</tr>
<tr>
<td>Other</td>
<td>20,152</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>39,582</td>
</tr>
<tr>
<td><strong>Company:</strong></td>
<td>37,086</td>
</tr>
</tbody>
</table>

**Tax provision**
- Current taxes on income, property taxes and turnover taxes; they do not contain deferred tax liabilities which are offset against the respective deferred tax assets, provided the same taxing power is concerned. In this respect, attention is drawn to Paragraph 7 of these Notes. Significant amounts will probably be used up during the first months of the coming year.
- The warranty accrual is determined on the basis of the historical value of sales generated during the past six months. It is expected that most of these expenses will fall due within the first six months of the next financial year.
- Purchase risks primarily relate to the molds necessary for shoe manufacture; the item also includes anticipated losses from purchase transactions. The major amount of this provision will probably fall due in the following year. Other provisions largely consist of anticipated losses, accruals for litigation risks and other risks. It is expected that these accruals will be used within the next two years, depending on individual proceedings.

### Consolidated Financial Statements

#### 16. Long-term interest-bearing borrowings

The item includes the convertible issued to Monarchy Enterprises including affiliated companies: 39.17175% of the free float of stock.

- The capital reserve largely includes the premium from the PUMA AG capital increase carried out in 1996. The additions in 2001 and 2002 relate to the premium of the converted shares from the Management Incentive Program. The amount of T-€ 45,000 from this net income for 2002 was transferred to revenue reserves.

**Authorised capital**

Pursuant to Article 4, items 6 and 7 of the PUMA AG Articles of Association, the Board is authorized, with the approval of the Supervisory Board, to increase the nominal capital up to T-€ 52,025,779 by means of a capital increase for exchange for cash contributions. If the issue price of the new shares does not fall significantly below the market price of already listed, equally equipped shares at the time of final determination of the issue price, the Board of Management does not make use of the authorization to conclude the subscription right. In that case, it may exclude shareholders’ subscription rights – with the approval of the Supervisory Board – only in order to compensate for possible fractional amounts (Authorised Capital 2).
The development and the terms during the financial year are reflected in the table below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal value</td>
<td>Unit</td>
<td>Nominal value</td>
<td>Unit</td>
</tr>
<tr>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Convertible bonds issued of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in circulation on Jan. 1</td>
<td>754</td>
<td>285,000</td>
<td>163</td>
</tr>
<tr>
<td>withdrawn in 2002</td>
<td>-13</td>
<td>-4,000</td>
<td>-13</td>
</tr>
<tr>
<td>in circulation on Dec. 31</td>
<td>741</td>
<td>281,000</td>
<td>150</td>
</tr>
</tbody>
</table>

The conditional capital increase serves the purpose of subscription rights to members of the PUMA AG Board of Management, to members of executive bodies of affiliated companies and of other PUMA AG executives and affiliated companies. The conditional capital increase will only be issued to the extent that the holders of convertible bonds make use of their conversion right. The authorization expires on April 24, 2002; 283,500 shares had been issued by that date. The residual amount can no longer be used.

The conditional capital from 2001 is subject to a further conditional increase by € 3,918,800, divided into 1,530,000 bearer shares. The purpose of the conditional capital is to grant option rights to the members of the PUMA AG Board of Management, to members of executive bodies of affiliated companies, PUMA AG executives and affiliated companies. The conditional capital increase is carried out to the extent that the holders of the options exercise their option rights.

Development during the financial year and the terms of the options issued is reflected in the following table:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal value</td>
<td>Unit</td>
<td>Nominal value</td>
</tr>
<tr>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Options issued</td>
<td>1,114</td>
<td>435,000</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in circulation on Jan. 1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>issued in 2002</td>
<td>1,114</td>
<td>435,000</td>
</tr>
<tr>
<td>withdrawn in 2002</td>
<td>-8</td>
<td>-3,000</td>
</tr>
<tr>
<td>converted in 2002</td>
<td>-481</td>
<td>-188,000</td>
</tr>
<tr>
<td>in circulation on Dec. 31</td>
<td>1,106</td>
<td>432,000</td>
</tr>
</tbody>
</table>

The conditional capital from 1997 is subject to a conditional increase by € 768,000, divided into 300,000 shares. The conditional capital increase serves the purpose of subscription rights to members of the PUMA AG Board of Management, to members of executive bodies of affiliated companies and other PUMA AG executives and affiliated companies. The conditional capital increase will only be carried out to the extent that the holders of convertible bonds make use of their conversion right. The authorization lapsed on April 24, 2002; 283,500 shares had been issued by that date. The residual amount can no longer be used.

The conditional capital from 1999 is subject to a further conditional increase by € 768,000, divided into 300,000 shares. The conditional capital increase serves the purpose of subscription rights to members of the PUMA AG Board of Management, to members of executive bodies of affiliated companies and other PUMA AG executives and affiliated companies. The conditional capital increase will only be carried out to the extent that the holders of convertible bonds make use of their conversion right. The authorization lapsed on May 4, 2004; 295,500 shares had been issued until the balance sheet date.

In the financial year the conditional capital for the financing of convertible bonds was largely used as a result of the conversions carried out and was already added to the subscribed capital. Convertible bonds still outstanding at the balance sheet date amounted to T-€ 61 or 24,000 shares (previous year: T- € 1,143 or 447,000 shares).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal value</td>
<td>Unit</td>
<td>Nominal value</td>
<td>Unit</td>
</tr>
<tr>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Convertible bonds issued of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in circulation on Jan. 1</td>
<td>512</td>
<td>200,000</td>
<td>150</td>
</tr>
<tr>
<td>withdrawn in 2002</td>
<td>-13</td>
<td>-4,000</td>
<td>-13</td>
</tr>
<tr>
<td>in circulation on Dec. 31</td>
<td>509</td>
<td>196,000</td>
<td>137</td>
</tr>
</tbody>
</table>

Conditional capital increase is carried out to the extent that the holders of the options exercise their option rights.
In addition to personnel expenses, advertising and selling costs, legal and consulting costs, rental/leasing expenses, travel costs, telephones and postage as well as other general expenses were major items. The amount of T€ 18,208 (previous year: T€ 13,544) is attributable to rental/leasing expenses.

In addition to income typical of the business, other operating income includes releases of accruals, exchange gains, value adjustments no longer needed, and payments received for receivables written down. Most of the income is directly associated with selling, administration and general expenses.

Broken down according to functional areas, marketing and retail expense totaled T€ 125,126, or 13.7% of sales revenues (previous year: T€ 86,933 or 14.5%). In addition to cost of materials, this item also includes other types of costs (e.g. personnel costs). Total costs for the functional areas of product development and design amounted to T€ 24,247 or 2.7% of sales (previous year: T€ 19,878 or 3.3%).

Other selling, administration and general expenses came to T€ 154,903 or 17.0% (previous year: T€ 113,648 or 19.0%).

The annual average number of staff was as follows:

<table>
<thead>
<tr>
<th>Division</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>84</td>
<td>82</td>
</tr>
<tr>
<td>Distribution</td>
<td>309</td>
<td>624</td>
</tr>
<tr>
<td>Product management/development</td>
<td>205</td>
<td>176</td>
</tr>
<tr>
<td>Sourcing/logistics/production</td>
<td>627</td>
<td>546</td>
</tr>
<tr>
<td>Central units</td>
<td>304</td>
<td>327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,551</td>
<td>2,717</td>
</tr>
</tbody>
</table>

Dividends
The amounts eligible for distribution relate to the PUMA AG balance sheet profit which is determined in accordance with German Commercial Law.
The Board of Management proposes that a dividend of € 0.30 per share or, in total, T€ 4,628, was distributed for 2003. This represents an increase of 88%.

Dividends
The amounts eligible for distribution relate to the PUMA AG balance sheet profit which is determined in accordance with German Commercial Law.
The Board of Management proposes that a dividend of € 0.55 per share or, in total, T€ 8,715 from the PUMA AG balance sheet profit be distributed to the shareholders. A
Earnings per share are determined in accordance with IAS 33 by dividing group earnings by the average number of shares outstanding. A dilution of this indicator may result from so-called potential shares (convertible bonds and share options). The share option program has a diluting effect on profits in the financial year. The calculations are presented below:

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>€5.44</td>
</tr>
<tr>
<td>Earnings per share, diluted</td>
<td>€5.34</td>
</tr>
</tbody>
</table>

Current income tax in Germany, after netting of losses carried forward, relates to corporation tax, solidarity surcharge and trade tax which is deductible upon determination of the income subject to corporation tax. In the financial year this resulted in a marginal rate of approximately 36.65%.

In general, PUMA AG and its German subsidiary are subject to corporation tax plus solidarity surcharge and trade tax which is deductible upon determination of the income subject to corporation tax. In the financial year this resulted in a marginal rate of approximately 36.65%.

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22. Taxes on income

Current income tax in Germany, after netting of losses carried forward, relates to corporation tax, solidarity surcharge and trade tax.

In general, PUMA AG and its German subsidiary are subject to corporation tax plus solidarity surcharge and trade tax which is deductible upon determination of the income subject to corporation tax. In the financial year this resulted in a marginal rate of approximately 36.65%.

Numerical reconciliation of the theoretical tax expense with the effective tax expense:

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income taxes</td>
<td>€20,670</td>
</tr>
<tr>
<td>Other countries</td>
<td>€23,846</td>
</tr>
<tr>
<td>Total</td>
<td>€44,516</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>-€4,749</td>
</tr>
<tr>
<td>Total</td>
<td>€39,767</td>
</tr>
</tbody>
</table>

23. Earnings per share

Earnings per share are determined in accordance with IAS 33 by dividing group earnings by the average number of shares outstanding. A dilution of this indicator may result from so-called potential shares (convertible bonds and share options). The share option program has a diluting effect on profits in the financial year. The calculations are presented below:

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>€5.44</td>
</tr>
<tr>
<td>Earnings per share, diluted</td>
<td>€5.34</td>
</tr>
</tbody>
</table>

24. Derivative financial instruments

Management of the currency risk

The Company is exposed to currency risks which result from an imbalance in the worldwide cash flow. This imbalance is largely due to the high level of procurement in US Dollars in the Far East. Sales are largely invoiced in other currencies; in addition, the Company mainly earns royalty income in Japanese YEN (JPY) and USD. The resulting assets and liability are subject to exchange-rate fluctuations from the date of their origin up to realization. Derivative and primary hedging instruments are used to minimize the currency risk in the PUMA Group in accordance with intra-group guidelines. Derivative transactions are concluded if hedging requirements result after netting existing foreign currency receivables and liabilities and if future transactions need to be hedged. In accordance with the Group’s treasury principles, no derivative financial instruments are held for trading purposes. As a general rule, derivatives are concluded with the associated underlying transactions to valuation units (hedge accounting) and, to this effect, do not impact the net income for the period. In 2002 the Company used some derivative instruments which do not qualify as hedge-accounting in the series of IAS 39 but served as a means to effectively limit currency risks in accordance with risk management purposes. Market value changes concerning these derivative instruments were recognized in the profit and loss account.

The Company usually secures its net demand or net surplus of the respective currencies on a rolling basis 12 months in advance. Hereby, the net demand or net surplus results from the demand for a certain currency net of expected income in the same currency. Forward exchange deals and, to some extent, options are used to hedge currency risks.

For balance sheet purposes, hedging transactions are clearly linked to certain parts of the overall risk position. As of the balance sheet date, however, there were almost exclusively forward exchange contracts primarily for the Far Eastern currencies which are hedged with renowned international banks. In general, the term to maturity of currency derivatives is no longer than one year with the exception of hedging instruments for the JPY. The contracts are exclusively used to hedge contracts already concluded or where conclusion is expected.
The nominal amount and market values of open rate-hedging transactions, largely related to cash flow hedging, are structured as follows:

<table>
<thead>
<tr>
<th>Nominal amount</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 T-€</td>
<td>2002 T-€</td>
</tr>
<tr>
<td>56,727</td>
<td>-1,725</td>
</tr>
</tbody>
</table>

The nominal amount corresponds to the amounts of the respective hedging transactions as agreed upon between the parties involved. The market value is the amount to which the financial instrument would be traded on the market between interested parties at the balance sheet date. The market values are determined on the basis of a group-wide uniform valuation model and the market values communicated by the banks. The market value is reported under Other Financial Assets or Other Liabilities in accordance with IAS 39, and offset against equity with neutral effects on profits in as much as the hedging transaction relates to future transactions.

Management does not expect any adverse influences on the Group’s financial position from the use of derivative financial instruments.

25. Segment reporting

In primary segment reporting, as a first step, sales and gross profit are shown according to the geographical regions where sales are realized (according to customers’ head offices); in a second presentation, sales are allocated to the region where the head office of the respective group company is located. Inter-company sales are eliminated under Central units / Consolidation. The allocation of the segment information is also determined on the basis of the respective group company’s head office. The sum totals equal the amounts determined on the basis of the respective group company is located. Inter-company sales are allocated to the region where the head office of the region where sales are realized (according to customers’ gross profit are shown according to the geographical viewpoint of the companies allocated. Intra-group assets and liabilities are eliminated in the Central Units / Consolidation column.

Liabilities include the respective outside capital from the viewpoint of the companies allocated. Intra-group assets and liabilities are eliminated in the Central Units / Consolidation column.

Investment and depreciation include additions to and disposal of property, plant and equipment and of intangible assets for the current financial year.

The allocation concerning secondary segment data is based on the internal reporting structure, i.e. according to the footwear, apparel and accessories product categories. The operating result and most of the asset and liability items cannot be allocated in a sensible manner.

### Primary segment data

<table>
<thead>
<tr>
<th>Regions</th>
<th>Sales (total)</th>
<th>External sales with third parties</th>
<th>Gross profit</th>
<th>Sales by branch office locations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002 T-€</td>
<td>2001 T-€</td>
<td>2000 T-€</td>
<td>2003 T-€</td>
</tr>
<tr>
<td></td>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Europe</td>
<td>664,775</td>
<td>427,323</td>
<td>393,490</td>
<td>282,291</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>52,282</td>
<td>46,214</td>
<td>5,920</td>
<td>24,636</td>
</tr>
<tr>
<td>Americas</td>
<td>208,690</td>
<td>146,350</td>
<td>-2,178</td>
<td>64,308</td>
</tr>
<tr>
<td>Africa/Middle</td>
<td>18,347</td>
<td>15,128</td>
<td>3,220</td>
<td>2,832</td>
</tr>
<tr>
<td>Central Europe</td>
<td>-19,247</td>
<td>-17,891</td>
<td>3,381</td>
<td>2,513</td>
</tr>
<tr>
<td>Total</td>
<td>945,980</td>
<td>634,465</td>
<td>19,247</td>
<td>182,337</td>
</tr>
</tbody>
</table>

### Breakdown of Sales and Gross Results by Product Categories

<table>
<thead>
<tr>
<th>Regions</th>
<th>Sales (total)</th>
<th>External sales with third parties</th>
<th>Gross profit %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002 T-€</td>
<td>2001 T-€</td>
<td>2000 T-€</td>
</tr>
<tr>
<td></td>
<td>T-€</td>
<td>T-€</td>
<td>T-€</td>
</tr>
<tr>
<td>Footwear</td>
<td>631,942</td>
<td>436,266</td>
<td>41,6%</td>
</tr>
<tr>
<td>Apparel</td>
<td>228,839</td>
<td>142,217</td>
<td>41,9%</td>
</tr>
<tr>
<td>Accessories</td>
<td>63,099</td>
<td>-9,148</td>
<td>43,6%</td>
</tr>
<tr>
<td>Total</td>
<td>923,880</td>
<td>592,631</td>
<td>41,9%</td>
</tr>
</tbody>
</table>
The Company's other financial obligations relate to license, promotion and advertising contracts. In addition, the Company leases and rents offices, warehouses, facilities, a car park as well as sales premises for its own retail business "Concept Stores". The residual term of the lease contract for the logistics center in Germany (operative leasing) is 8 years. The term of rental contracts concerning the Concept Stores is between 6 and 15 years. The terms of all other rental and lease contracts are between 1 and 5 years.

As of the balance sheet date, the Company's financial obligations were as follows:

The increase in rental and lease obligations largely results from long-term rental contracts for PUMA's own retail business.

26. Other financial obligations

The Company's other financial obligations relate to license, promotion and advertising contracts. In addition, the Company leases and rents offices, warehouses, facilities, a car park as well as sales premises for its own retail business "Concept Stores". The residual term of the lease contract for the logistics center in Germany (operative leasing) is 8 years. The term of rental contracts concerning the Concept Stores is between 6 and 15 years. The terms of all other rental and lease contracts are between 1 and 5 years.

As of the balance sheet date, the Company's financial obligations were as follows:

<table>
<thead>
<tr>
<th>Dec. 31, 2003</th>
<th>T-€</th>
</tr>
</thead>
<tbody>
<tr>
<td>From license, promotion and advertising contracts:</td>
<td></td>
</tr>
<tr>
<td>2003 (2002)</td>
<td>26,958</td>
</tr>
<tr>
<td>From rental and lease contracts:</td>
<td></td>
</tr>
<tr>
<td>2003 (2002)</td>
<td>19,182</td>
</tr>
<tr>
<td>2008 - 2020 (as from 2007)</td>
<td>26,961</td>
</tr>
</tbody>
</table>

The increase in rental and lease obligations largely results from long-term rental contracts for PUMA's own retail business.

27. Contingencies

<table>
<thead>
<tr>
<th>Dec. 31, 2003</th>
<th>T-€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities on bills discounted</td>
<td>577</td>
</tr>
<tr>
<td>Guarantees and warranties</td>
<td>0</td>
</tr>
</tbody>
</table>

The terms of all other rental and lease contracts are between 1 and 5 years.

As of the balance sheet date, the Company's financial obligations were as follows:

The increase in rental and lease obligations largely results from long-term rental contracts for PUMA's own retail business.

25. Transactions with related parties

Within the scope of acquisition of the Tretorn Group in 2001, a financial liability to Proventus AB (formerly a major PUMA AG shareholder) was taken over. The liability was interest-free from the take-over date until the end of September 2002.
20. Disclosures concerning the Supervisory Board and the Board of Management

<table>
<thead>
<tr>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-€</td>
<td>T-€</td>
</tr>
</tbody>
</table>

Remuneration of the Supervisory Board 250 102
Remuneration of the Board of Management – fixed component 3,160 1,796
Remuneration of the Board of Management – variable component 1,746 3,075
Pension commitments to former Board members 2,597 2,336
Remuneration of the Supervisory Board 250 102
Remuneration of the Board of Management – fixed component 3,160 1,796
Remuneration of the Board of Management – variable component 1,746 3,075
Pension commitments to former Board members 2,597 2,336

Remuneration of the Board of Management includes, in addition to current remuneration, compensation with respect to private pension plans. No other pension commitments concerning active board members exist. The variable components of the previous year related to bonus payments also for 2000.

Pension commitments vis-à-vis former board members are carried at the stated amount as a liability within pension provisions.

31. German Corporate Governance Code

The German Corporate Governance Code (DCGK) presents the significant legal provisions for the management and monitoring of German listed corporations and includes standards for responsible corporate management. PUMA AG has posted a prescribed explanation about the observance of the DCGK on its corporate website (www.puma.com), in accordance with Paragraph 161 of the “Aktiengesetz” (Companies Code), pursuant to the transitional legislation under Paragraph 15 of the Introductory section of the Companies Code, as of the balance sheet date. The Board of Management and the Supervisory Board told a total of 264,039, or 1.66570% of the shares outstanding, of which 263,939 or 1.66570% are attributable to the Board of Management and 1,000 or 0.00631% to the Supervisory Board.

32. Approval of the annual financial statements

The annual financial statements were prepared by the Board of Management on February 27, 2003, and submitted to the Supervisory Board for examination. If the Supervisory Board approves the annual financial statements on the occasion of the Supervisory Board meeting on February 27, 2003, the annual financial statements shall be adopted unless the Supervisory Board and the Board of Management decide that the annual financial statements be approved by the Shareholders’ Meeting. The resolutions of the Board of Management and the Supervisory Board shall be included in the report of the Supervisory Board to the Shareholders’ Meeting.

Frankfurt am Main, February 5, 2003
Detlev Cuntz
German Public Accountant
Dr. Ulrich V. Störk
German Public Accountant

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group in the financial year in accordance with IFRS.
Our audit, which according to German auditing regulations also extends to the group management report for the financial year from January 1 to December 31, 2002 prepared by Board of Management, did not lead to any reservations. In our opinion the group management report provides, on the whole, a suitable understanding of the position of the Group and presents fairly the risks of future developments. In addition, we confirm that the legal requirements of the consolidated financial statements and the group management report for the financial year from January 1 to December 31, 2002 satisfy the conditions required for the Company’s exemption from its duty to prepare consolidated financial statements and a group management report in accordance with German law.

Herzogenaurach, February 5, 2003
The Board of Management

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Dear Shareholders,

In the past year we have dealt intensively with the Company’s situation in a difficult market environment. Mr. Werner Hofer, Chairman of the Supervisory Board kept us regularly and comprehensively informed on a timely basis.

Phase of Measures

During the financial year the Supervisory Board assumed the tasks imposed on it by law while also supporting and advising management and monitoring its activities. At the general meetings, which took place on March 2, May 14, August 30, and October 3, 2002, and through regular written and oral reporting, the Board of Management informed us about the financial situation of the PUMA Group as a whole, and about matters of corporate policy and strategy.

Significant issues discussed at the Supervisory Board meetings and in subsequent break-outs included the following:

- Audit and Approval of the 2001 Annual Financial Statements
- Irregular Business Development during the 2002 Financial Year
- Corporate Planning for the Year 2003
- Corporate Governance Code
- Stock Option Program
- Selection/Appointment of new Supervisory Board Members
- Stock Options Program
- Corporate Governance Code
- Phase II Corporate Planning
- Group Executive Committee
- Sponsorships
- Current Issues of Business Policy

Moreover, at the meeting on March 11/12, 2002, the Supervisory Board personnel committee dealt in detail with various employee-related matters. Werner Höfer (Chairman), David Matalon (Chairman), Melanie Seiler, and Erwin Hildel, both Employees’ Representatives, have been elected by the staff as members of the Supervisory Board.

Annual Financial Statements approved

At the Annual Shareholders’ Meeting on May 14, 2002, the shareholders at the Annual Shareholders’ Meeting elected Mr. James Douglas Packer, Consolidated Press Holdings Ltd., Australia, to the Supervisory Board.

In their report, the auditors arrive at the conclusion that PUMA’s institutionalized risk management system pursuant to Section 91, (2) Stock Corporation Act, is suitable for the early recognition of any developments that may impair the Company’s development and for taking counteraction against same. The Board of Management has informed the Supervisory Board at regular intervals about the assessment of market and source risks, financial risks including currency risks, and also about risks that may arise in the organizational area.

The documents referred to above and the proposal for appropriation of earnings were issued to all members of the Supervisory Board and, in the presence of the auditors who reported on significant audit results, and were dealt with in detail at the balance sheet meeting of the Supervisory Board.

After thorough examination, we have approved the annual financial statements prepared by the Board of Management and agree with the auditors’ results. After examining the annual financial statements, no objections are raised. The Supervisory Board approved the annual financial statements as prepared by the Board of Management; the annual financial statements are hereby established. The Supervisory Board agrees with the Board of Management’s proposal that the shareholders participate in the earnings of the Company and that the dividend be raised by 63% to €0.55 per share. A total of €4.5 million from the balance sheet profit will be used to achieve this.

Change in the Supervisory Board

Mr. Roland Kamras left the Supervisory Board. We wish to thank Mr. Kamras for his many years of service on the Supervisory Board. Mr. Kamras successfully supported the Company’s 1993 restructuring phase and the strategic reorientation of PUMA. As his successor and with effect from May 14, 2002, the shareholders at the Annual Shareholders’ Meeting elected Mr. James Douglas Packer, Consolidated Press Holdings Ltd., Australia, to the Supervisory Board.

Inge Baumann and Horst Zyder, both Employees’ Representatives, have also left the Board with effect from May 14, 2002. We wish to thank Ms. Baumann and Mr. Zyder for their many years of service on the Supervisory Board. As their successors and with effect from May 14, 2002, Melanie Seiler, and Erwin Hildel, both Employees’ Representatives, have been elected by the staff as members of the Supervisory Board.

In their report, the auditors arrive at the conclusion that PUMA’s institutionalized risk management system pursuant to Section 91, (2) Stock Corporation Act, is suitable for the early recognition of any developments that may impair the Company’s development and for taking counteraction against same. The Board of Management has informed the Supervisory Board at regular intervals about the assessment of market and source risks, financial risks including currency risks, and also about risks that may arise in the organizational area. The documents referred to above and the proposal for appropriation of earnings were issued to all members of the Supervisory Board.

The Supervisory Board wishes to express its great appreciation and thanks to the Board of Management, to the management of the Group companies, the staff’s chosen representatives and all employees for the successful performance and the work involved in achieving it.

Herrenberg, February 27, 2003

Werner Höfer
Chairman

For the Supervisory Board

Herrenberg, February 27, 2003

The Supervisory Board wishes to express its great appreciation and thanks to the Board of Management, to the management of the Group companies, the staff’s chosen representatives and all employees for the successful performance and the work involved in achieving it.

Herrenberg, February 27, 2003

Werner Höfer
Chairman

For the Supervisory Board
The Company's Boards

Board of Management

Jochen Zeitz
Nuremberg, Germany
Chairman
Marketing, Sales, Finance, Administration, Human Resources
Member of other Supervisory Boards or similar boards:
- Deutsche Bank AG
- Vaillant
- Harley-Davidson Europe

Martin Giebler
Nuremberg, Germany
Deputy Chairman
Research, Development, Design and Sourcing

Ulrich Hoyd
Nuremberg, Germany
Supervisory Board
Legal Affairs and Industrial Property Rights

Mattiinnn GGGäännsslleerr
Hamburg, Germany
Chairman of Publishing and Broadcasting Limited, Sydney/Australia
Member of other Supervisory Boards or similar boards:
- ecorp Limited, Sydney/Australia
- Consolidated Press Holdings Limited, Sydney/Australia
- Challenger International Limited, Sydney/Australia

James Douglas Parker
Bellevue Hill, Australia
Chairman of Publishing and Broadcasting Limited, Sydney/Australia
Member of other Supervisory Boards or similar boards:
- Fairfax Limited, Sydney/Australia
- Consolidated Press Holdings Limited, Sydney/Australia
- Challenger International Limited, Sydney/Australia

Annoonn Miiitcchheenn
Hamburg, Germany
Producer

Peter Chernin
Los Angeles, USA
President and Managing Director of New Regency Productions, Inc., Los Angeles/U.S.A.
Member of other Supervisory Boards or similar boards:
- Monarchy Enterprises Holdings B.V., LLC, Rotterdam/Netherlands
- The Silver Lining Foundation, Aspen, Colorado/U.S.A.

Katharina Wngggeecz (Employees' Representative)
Aurachtal-Falkendorf, Germany
Works council chairperson

Erwine Hnndf (Employees' Representative)
Herzogenaurach, Germany
Administrative Assistant

Melanie Sccchaa (Employees' Representative)
Lonnerstadt, Germany
Head of Service and Order Processing Department

Obst, Martin
Bellevue Hill, Australia
Head of Strategic Planning and Development
Member of other Supervisory Boards or similar boards:
- Monarchy Enterprises Holdings B.V., LLC, Rotterdam/Netherlands
- Regency Entertainment USA Corp., Los Angeles/U.S.A.
- IVP Ltd., Kfar-Saba, Israel

Armin Miltchan
Hamburg, Germany
Chairman
Lawyer

David Maloney
Beverly Hills, USA
President and CEO of New Regency Productions, Inc., Los Angeles/U.S.A.
Member of other Supervisory Boards or similar boards:
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- JPP Ltd., Kfar-Saba, Israel

Peter Chernin
Los Angeles, USA
President and Managing Director of New Corporation Ltd.,
New York, USA / Sidney, Australia
Member of other Supervisory Boards or similar boards:
- The News Corporation Limited, Sidney, N.S.W./Australia
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