

# Letter to our shareholders

## Dear shareholders,

In a transition year for our industry, characterized by a challenging market environment, geopolitical conflicts, macroeconomic headwinds and currency volatility, the PUMA Group sustained its strong momentum, gained market shares and delivered a profitability fully in line with its outlook. PUMA has made continued progress across many dimensions, and we are confident that the Group is well equipped for future success.

Last year, the Supervisory Board decided to set up its first Governance Roadshow which was a great opportunity for me to meet some of our shareholders and to create a direct channel for discussion. The feedback received was incredibly valuable and allowed the Supervisory Board to put forward tangible propositions to continue in order to improve our governance and further align interests of all PUMA stakeholders. Going forward, I will ensure that the feedback that emerge during these engagements are reported back to the full Supervisory Board and to any relevant committees, allowing us to further refine and adapt our practices to better address the issues that our shareholders raise with us.

## Strengthening our foundation to fuel sustainable and profitable growth

Arne Freundt, who took over as Chief Executive Officer in late 2022, together with Maria Valdes as Chief Product Officer, Anne-Laure Descours as Chief Sourcing Officer and Hubert Hinterseher as Chief Financial Officer, strengthened the foundation for the future growth of the company with the strategic priorities of elevating the brand, increasing product excellence and improving the distribution quality. Within that strategic framework, PUMA put a special focus on the U.S. and Chinese markets. As the Supervisory Board, we are convinced that these are the right priorities to ensure not only sustainable but also more profitable growth. The progress that was made in 2023 gives us strong confidence that the PUMA Management team is on the right track. We are particularly pleased to see that the team culture that the Management Board instigates within the Group not only motivates our employees but is also acknowledged and appreciated by external stakeholders. We are also proud of the progress PUMA has made on its sustainability journey. Making our supply chains

fair and sustainable has always been a matter close to PUMA's heart and we want to remain one of the leading brands in the industry on this. The topic will also have a strong influence on the work of the Supervisory Board in the future, explaining why we are striving for further professionalization in this area.

## Proposing an expansion of the Supervisory Board to strengthen expertise and independence

For 2024, the Supervisory Board set itself the goal of further increasing the impact of its own work and strengthening its composition and the diversity of its members. Therefore, we are proposing the nomination of two new independent Supervisory Board members. With one of these two new members being a woman, we are also aiming at increasing the overall representation of women on the Supervisory Board from 33% to 43%.

## Increase of the number of Supervisory Board Members from six to seven

We will propose to the Annual General Meeting in May 2024 an increase in number of Supervisory Board members from six currently to seven, allowing the Supervisory Board to expand its overall expertise and thereby further increase its contribution to the PUMA Group.

After Thore Ohlsson has handed over the chair of the Audit Committee to Jean-Marc Duplaix in 2023 and ensured a smooth transition, he will resign from PUMA's Supervisory Board, effective May 22, 2024, the day of PUMA's Annual General Meeting. Jean-Marc Duplaix is considered independent by the Supervisory Board because, although he is Deputy CEO of Kering S.A., the latter holds only 0.4% of PUMA's share capital and Artémis S.A.S. holds 42.2% of Kering's share capital. Until Thore's resignation becomes effective, he continues to contribute his extensive knowledge and many years of experience as a member of the Audit Committee for the benefit of PUMA with great commitment.

Consequently, there will be two new vacancies at the Supervisory Board that need to be filled.

## **Two new independent profiles up for election, bringing additional expertise to the benefit of PUMA**

In order to find the best candidates, the Supervisory Board has assigned the search to a leading global executive search consulting company. After a rigorous selection process, two independent candidates were selected, notably because they bring specific expertise in the areas of sustainability, retail management, marketing and digitalization. The Supervisory Board therefore nominated Ms. Saini and Mr. Krueger as candidates to be proposed to the Annual General Meeting based on the recommendation of the Nominating Committee. With this step, the Supervisory Board aims to strengthen its structure, both in terms of skills and independence level.

Ms. Saini has a wealth of experience in promoting sustainable development, ethical practices, and corporate social responsibility within major global brands such as Nike, The Body Shop and Fung Group. During her career in Hong Kong, Japan, and the UK, she has acquired recognized experience in corporate governance, supply chain management, marketing as well as stakeholder and media management. Her commitment to sustainable development and her professional experience in the management of international organizations led to her selection for the board of directors of well-known organizations including the Global Fashion Agenda and the Sustainable Apparel Coalition and participation in the UN Global Compact and other major international forums. Along with Fiona May who has already been supporting PUMA's journey towards fully sustainable supply chains, Harsh Saini will greatly contribute to further strengthening sustainability as a key topic for PUMA.

With Mr. Krueger, PUMA's Supervisory Board would gain additional expertise in the field of retail management, marketing, and digitalization. Mr. Krueger has vast experience as executive in the automotive and consumer durable industry. He has enjoyed a very international career so far, having worked in Germany, Japan, Singapore, and Hong Kong. He is very familiar with the Asian-Pacific region. Over the last four years, as CEO of Dyson, Mr. Krueger was able to make a lasting contribution to the company, shaping the most successful period of the company's history to date. He successfully led Dyson through its transformation from a household appliance manufacturer to a technology company and at the same time significantly increased turnover and profits to a historic high. In February 2024, he stepped up into a new role as independent Member of the Board of Dyson Holdings.

It is intended that Ms. Saini will be proposed to chair the Sustainability Committee if she is elected at the Annual General Meeting.

It is furthermore intended that Mr. Krueger will be proposed to become a member of the Audit Committee if he is elected at the Annual General Meeting.

## **Better aligning interests through a full revision of our Remuneration Report and Remuneration System**

We understand the need for a robust remuneration framework that rewards exceptional performance, fosters talent retention and aligns our employees' interests with the long-term success of the Company. This is the reason why our remuneration system is underpinned by a rigorous and consultative process. It is developed with the utmost care, taking into account market trends, peer benchmarking, and the overall economic landscape. External experts in executive remuneration are already engaged to ensure we remain at the forefront of best practices, while also considering the specific needs and circumstances of our organization.

We have taken the clear voting results on the remuneration report for 2022 very seriously and have implemented the feedback received from the Governance Roadshow in the following remuneration report for 2023, where we increased disclosure and deliver more detailed explanation. Furthermore, we will continue to engage with and listen to our stakeholders.

## ➤ SHAREHOLDER FEEDBACK REGARDING THE REMUNERATION REPORT 2022

Focus area	Shareholders' point of view and reaction on behalf of PUMA
Increase in the remuneration of a member of the Management Board	<p>Some shareholders expressed concerns regarding the increase of the remuneration of a member of the Management Board in financial year 2022 due to a lack of significant recognizable changes in the business operations or in the duties and responsibilities of the member of the Management Board.</p> <ul style="list-style-type: none"> <li>• The criteria for the Supervisory Board to determine the remuneration of members of the Management Board include their individual tasks, their personal performance, the economic situation of PUMA, the overall success and future prospects of PUMA as well as the customary level of remuneration, taking into account the competitive environment and PUMA's internal remuneration structure.</li> <li>• Against this background, the Supervisory Board has set a low starting salary for firstly appointed members of the Management Board compared to the market. This starting salary was increased as part of the reappointment and contract extension of Anne-Laure Descours to a level that is customary in the market and also appropriate in relation to her tasks and performance, as well as to PUMA's economic position. Due to the company's strong global focus, the Supervisory Board is committed to attracting and retaining highly qualified executives for PUMA, which includes a competitive remuneration. In the financial year 2023, the Supervisory Board did not increase the remuneration for the Management Board.</li> </ul>
Lack of transparency	<p>Some shareholders have expressed reservations on the level of transparency regarding the disclosures of individual targets in the short-term variable remuneration (bonus).</p> <ul style="list-style-type: none"> <li>• In the present Remuneration Report 2023, the individual targets are presented as transparently as possible without disclosing sensitive internal company information.</li> <li>• The number of individual targets will be reduced in the financial year 2024 in order to minimize complexity and facilitate a more practical disclosure of such targets in the remuneration report.</li> </ul>
Discretionary intervention	<p>Some shareholders have expressed concerns on the adjustments of the bonus regarding the target achievement of free cash flow (FCF).</p> <ul style="list-style-type: none"> <li>• The Supervisory Board's decision to adjust the FCF target achievement was made in light of the fact that in the financial year 2022 the FCF was strongly impacted by unanticipated events outside of the Company's control, such as Russia's attack on Ukraine and the strict No-Covid policy in Greater China. Sticking to the FCF target could have misdirected incentives over the course of the financial year, which would have harmed PUMA's long-term and sustainable development. In the interests of the long-term well-being of the company, the Supervisory Board set the FCF target achievement for the Management Board members Arne Freundt, Anne-Laure Descours and Hubert Hinterseher at 100%. The FCF target achievement for Bjørn Gulden who left the company in the financial year 2022 was not adjusted and therefore amounted to 0%.</li> <li>• In financial year 2023, no adjustments were made to target achievements of KPIs by the Supervisory Board.</li> </ul>
Payouts from the Monetary Units Plan	<p>Some shareholders expressed concerns regarding payouts which were issued independent of performance targets under the Monetary Units Plan.</p> <ul style="list-style-type: none"> <li>• The concern regarding the Monetary Units Plan only applies to commitments in the past that were granted prior to the implementation of the remuneration system approved by the Annual General Meeting on May 5, 2021. In the future, all members of the Management Board will only receive commitments from the Performance Share Plan as long-term variable remuneration.</li> </ul>
Target achievement curve of the relative Total Shareholder Return	<p>Some shareholders have expressed concerns on the target achievement curve for the relative Total Shareholder Return, providing a payout below the median of the peer group.</p> <ul style="list-style-type: none"> <li>• The target achievement curve for the relative Total Shareholder Return is defined in the remuneration system, which has been approved by the Annual General Meeting on May 5, 2021. It is not possible to change the target achievement curve without submitting a new remuneration system to the Annual General Meeting.</li> <li>• The Supervisory Board will reevaluate the remuneration system for PUMA's Management Board members until the 2025 Annual General Meeting and will also respond to the concerns expressed by shareholders. The revised remuneration system for the members of the Management Board will be submitted to the 2025 Annual General Meeting for approval. Thereby, the Supervisory Board intends to propose a target achievement curve for the relative Total Shareholder Return which will be significantly more ambitious and in line with market practice.</li> </ul>

The Supervisory Board has also committed to fully reevaluate the remuneration system for PUMA's Management Board members in the course of the financial year 2024, in order to ensure that it meets the highest and most up to date standards and aligns the interests of our stakeholders at best. An external specialized consultancy firm is already working with the Supervisory Board and the Personnel Committee on this topic and we will present a revised remuneration system to the 2025 Annual General Meeting for approval. The upcoming new system will be simultaneously implemented for all active Management Board members' contracts. I personally plan to step down as Chair of the Personnel Committee after the review of the Remuneration System is completed in 2025, allowing for the appointment of a Chair of the Personnel Committee who will be considered independent by all shareholders.

Going forward, the Supervisory Board will continue to engage with shareholders and value their feedback throughout the year.

All these changes have been made with the objective of strengthening PUMA, allowing it to perform at its full potential. Although the current share price performance is not in line with our and your expectations, I am convinced that it neither reflects the actual value of our company nor its good operating performance. The Supervisory Board and the Management Board anticipate that the current challenging market environment is temporary and are confident that the long-term prospects of the company based on its distinctive brand, strong products, deep partnerships across the entire value chain and experienced team will lead to a sustainable and profitable growth that will be reflected in its future valuation.

The Supervisory Board would like to thank PUMA's Management Board, Leadership Team and the entire PUMA Family for their dedication, commitment and hard work in 2023.

On behalf of the Supervisory Board,

A handwritten signature in black ink, appearing to read 'Héloïse Temple-Boyer', with a stylized, flowing script.

Héloïse Temple-Boyer