

Notice

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Report of the Administrative Board regarding Agenda Item 7 pursuant to Article 5 SE-VO, Section 203 (2) sentence 2 in conjunction with Section 186 (4) sentence 2 AktG (Authorized Capital 2017)

The Annual General Meeting of 24 April 2012 authorized the Administrative Board of PUMA SE to increase the share capital of PUMA SE by up to EUR 7,500,000.00 by issuing new shares against contributions in cash (Authorized Capital I) and by up to EUR 7,500,000.00 by issuing new shares against contributions in cash or in kind (Authorized Capital II). Up to now, the Company has not made use of the Authorized Capital I or the Authorized Capital II. As the authorizations will lapse shortly after the end of the Annual General Meeting due to the expiration of the authorization period, the Administrative Board proposes their cancellation and deletion from the Articles of Association.

The Administrative Board appeals for a new authorization for the exercise of an authorized capital (Authorized Capital 2017) in an amount of up to EUR 15,000,000.00 by issuing new no-par-value bearer shares. The Authorized Capital 2017 is to enable the Company also for the next five years to be able to act quickly and flexibly without having to wait for the Annual or an Extraordinary General Meeting.

When exercising the Authorized Capital 2017, shareholders shall generally be granted pre-emption rights, both in case of contributions in cash as well as in kind. In case of capital increases against contributions in cash, the new shares may, in whole or in part and in order to facilitate the procedure, be taken up by one or more banks with the obligation to offer them to the shareholders for subscription (indirect pre-emption right in the sense of Section 186 (5) AktG).

However, the requested authorization shall not include the authorization of the Administrative Board to exclude shareholders' pre-emption rights in whole or in part.

1) Exclusion of Pre-Emption Rights in case of Capital Increases against Contributions in Cash

- a) In case of capital increases against contributions in cash, the Administrative Board shall be in the position to exclude shareholders' pre-emption rights in order to avoid **peak amounts**. The exclusion of pre-emption rights for peak amounts enables the use of the requested authorization through round amounts under the retention of an even subscription ratio. Peak amounts occur if the Administrative Board wishes for the exercise of the authorization to increase the capital up to a certain amount but, due to the number of existing and new shares to be issued, an even subscription ratio cannot be realized with the intended amount of the capital increase. In order to still achieve this

ratio, the Administrative Board can reduce the portion of the amount of the capital increase to which pre-emption rights relate. In this case, the remaining amount up to the complete amount of the capital increase, the so-called peak amount, is excluded from the shareholders' pre-emption rights. The Administrative Board can make use of such peak amounts either by selling them at the stock exchange or by realizing them in the manner most beneficial for the Company. Hereby, the technical execution of the issuance of new shares can be facilitated significantly and costs which might occur when conducting a capital increase with odd subscription ratios can be reduced. The number of new shares thus excluded from pre-emption rights is of minor relevance compared to the complete capital increase.

- b) The exclusion of pre-emption rights permitted in the event of a capital increase against contributions in cash for new shares, the **total nominal amount** of which does not exceed **10%** of the current share capital (i. e. EUR 3,861,110.78) and the issue price of which is not determined substantially below the stock market price of already listed shares of the same class (Section 186 (3) sentence 4 AktG) is also in the interest of the Company and the shareholders. This authorization enables the Company to utilize the Authorized Capital 2017 in order to quickly and flexibly use market opportunities and to meet necessary capital needs on a very short term. Thereby, the Company obtains the statutory possibility to raise new capital flexibly and at a reasonable price. Through the avoidance of the time-consuming and costly processing of pre-emption rights, the Company's equity requirements can be met in a timely manner through market opportunities arising at short notice. In addition, such a capital increase under the exclusion of pre-emption rights provides the opportunity to achieve a higher cash flow than in case of an issuance under consideration of pre-emption rights. A placement without the statutory pre-emption period can take place immediately following determination of the issue price so that no price change risk needs to be considered with regard to the issue price.

The shares issued pursuant to Section 186 (3) sentence 4 AktG under the exclusion of pre-emption rights may not exceed 10% of the share capital, neither at the time of the resolution on the authorization being passed by the Annual General Meeting nor – in case the amount is lower – at the time of exercising the authorization. This limit provides for a cap regarding the dilution of the shareholding quota of existing shares; in this respect, the legislator considers it not unreasonable to expect existing shareholders to maintain the proportion of their holdings by buying on the market. Shares being issued or sold based on other authorizations during the term of this authorization in direct or indirect application of Section 186 (3) sentence 4 AktG are to be offset against the indicated limit. Hence, the sale of treasury shares is to be offset if it takes place during the term of the authorization of the Authorized Capital 2017, thus until 11 April 2022, and under the exclusion of pre-emption rights corresponding to Section 186 (3) sentence 4 AktG. Shares issued or to be issued to service option or convertible bonds issued during the term of this authorization excluding pre-emption rights pursuant to Section 186 (3) sentence 4 AktG shall also be included in the 10% limit of the share capital. Consequently, it is ruled out that the 10% limit is utilized several times during the term of the Authorized Capital 2017.

A dilution of the value of the existing shares is minimized pursuant to statutory limits to the effect that the issue price of the new shares may not be determined substantially below the market price of already listed shares of the same class. The Stock Corporation Act neither provides for a fixed limit for the discount, nor does it name a record date or period for the determination of the reference market price. Subject to a newly emerging market practice, the Administrative Board will apply the average market price of a standard market reference period prior to the issuance. When making use of the authorization, it will calculate the discount as low as possible in accordance with the market conditions prevailing at the time of the placement. As the issue price will be close to the market price, the value of the holding of the shareholders will hardly be diluted at all. At the same time, it is thus ensured that the consideration to be achieved by the Company is adequate.

- c) Finally, the pre-emption right in case of capital increases against contributions in cash may be excluded insofar as it is required in order to grant pre-emption rights for the Company's shares to **holders of option or convertible bonds** issued or to be issued by the Company or one of its direct or indirect subsidiaries for the Company's shares to such an extent as they would be entitled after exercising the option or conversion rights or after satisfying the conversion obligation as shareholder.

To facilitate the placement of the bonds on the capital market, the terms and conditions of the bonds generally provide for protection against dilution. This may i. a. entail that holders of the respective option or conversion bonds with regard to which shareholders have pre-emption rights will also obtain pre-emption rights with regard to the new shares. They are therefore placed in the same position as if they had already made use of their option or conversion right or, respectively, as if their conversion obligations had already been satisfied. As, in this case, protection against dilution need not to be guaranteed by way of a reduction of the option or conversion price, a higher issue price can be achieved for shares to be issued in case of conversion or the exercise of options. However, this approach requires that the shareholders' pre-emption rights are excluded to this extent. As placement of option and conversion bonds is facilitated in case of a respective protection against dilution, the exclusion of pre-emption rights serves the interest of the shareholders regarding an optimized financial structure of the Company.

2) Exclusion of Pre-Emption Rights in case of Capital Increases against Contributions in Kind

- a) In case of capital increases against contributions in kind, pre-emption rights may also be excluded in order to avoid **peak amounts**. In this respect, it can be referred to the explanations regarding the exclusion of pre-emption rights in case of capital increases against contributions in cash.
- b) Additionally, the Administrative Board shall generally have the possibility to exclude pre-emption rights in case of capital increases against contributions in kind if the new shares are to be issued as consideration for the

implementation of mergers or (also indirect) **acquisition of companies, participations in companies or parts of companies or other assets** including intellectual property rights and receivables against the Company or any companies controlled by it in the sense of Section 17 AktG. This also applies if, on the one hand, shares are issued and, at the same time, payment in cash or another consideration (possibly also treasury shares) is rendered as consideration for the contributions in cash.

- With regard to mergers or the acquisition of companies, parts of companies or shareholdings in companies, the possibility to offer shares as consideration may strengthen the Company's negotiating position, for instance if this leads to tax savings for the negotiating partner or the other party is, for other reasons, more interested to acquire shares than it is to receive cash. International competition and the globalization of the economy often require this kind of acquisition financing. The acquisition of companies by issuing shares may, from the Company's perspective, allow a liquidity-friendly structuring of a corporate acquisition which further enables the sellers of a company to participate in the Company's success and, therefore, leads to acquisition prices beneficial for the Company. In individual cases, acquisitions of companies may demand for a fast and confidential execution. The Company must be prepared accordingly. This is ensured if the Administrative Board is authorized to exclude pre-emption rights because a resolution on the exclusion of pre-emption rights in the next Annual General Meeting or in an extraordinary General Meeting – regardless of the costs relating thereto – would often be impossible prior to the execution of the transaction and the confidentiality needed for the acquisition could not be respected. The Authorized Capital 2017 provides the Administrative Board with a modern acquisition currency enabling it to quickly and easily utilize advantageous offers and opportunities for business extension in the interest of the Company and its shareholders for the (further) external growth of the Company in order to strengthen the Company's competitiveness.

Although the Administrative Board may acquire treasury shares in accordance with the authorization granted by the Annual General Meeting dated 6 May 2015 (Agenda Item 7) in order to use them as consideration in the context of mergers or the acquisition of companies, participations in or parts of companies or other assets in connection with an intended acquisition. However, it may also be appropriate for the Company to utilize new shares resulting from a capital increase besides or instead of the acquisition of treasury shares for this purpose. Compared to the acquisition of treasury shares, this may be advantageous for the Company because additional capital accrues and the Company does not need to utilize liquid funds first to acquire treasury shares. Finally, the number of treasury shares available may not be sufficient to acquire a company or a participation because treasury shares (i.e. including treasury shares held for different purposes) are limited to 10% of the Company's share capital. Therefore, it is reasonable and in the interest of the Company to create an authorized capital with the purpose to issue new shares as acquisition currency.

- In case of capital increases against contributions in kind, pre-emption rights may also be excluded in order to enable the Company to use the Company's shares as consideration for the transfer of other assets suitable for a contribution in kind.

This includes in particular to use intellectual property rights with regard to sports clubs, athletes and other persons such as brands, names, logos, patents and designs which the Company or companies dependent on it may want to use in the sense of Section 17 AktG. In addition, the new shares are to be available as consideration for the direct or indirect acquisition of licenses with regard to such rights through the Company or a subordinated company. With regard to the evaluation of the intellectual property rights and any licenses constituted therewith, the Company will be orientated towards the market.

In addition, the authorisation may also be used for the acquisition of other assets such as property or receivables against the Company or against companies dependent on the Company. The Company may be interested in realising the mentioned assets if this is of use for the Company and an acquisition against payment in cash is impossible or not possible under appropriate conditions.

3) Miscellaneous

The total number of shares issued or to be issued against contributions in cash and/or in kind while excluding pre-emption rights in accordance with this authorization may, neither at the time of the authorization becoming effective nor at the time of exercise, exceed 20% of the share capital. Any shares which have been sold or issued or which are to be issued during the term of this authorization based on other authorizations while excluding pre-emption rights or any shares which are to be issued based on the issuance of option or convertible bonds carried out during the term of this authorization shall also be counted towards this limit. Through the limitation to 20%, which is not laid down in law but, in the meantime, very common in practice, the interest of the shareholders to exclude further-reaching losses in the proportions of their shareholdings shall be preserved.

There are currently no concrete plans for the use of the new Authorized Capital 2017. Respective advance resolutions with the possibility to exclude pre-emption rights are common nationally and internationally. The Administrative Board will, in each individual case, thoroughly examine whether the use of the Authorized Capital 2017 is in the interest of the Company and its shareholders. Insofar as the exclusion of the pre-emption rights does not occur pursuant to Section 186 (3) sentence 4 AktG, the Administrative Board will appropriately determine the issue price considering the interests of the Company and its shareholders as well as the respective purpose. In case of a capital increase against contributions in kind, the Administrative Board will also ascertain that the Company will receive an appropriate consideration for the new shares. The Administrative Board will report to the Annual General Meeting on every use of the Authorized Capital 2017.

Herzogenaurach, March 1, 2017

PUMA SE,
The Administrative Board

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Jean-François Palus (Chairman)