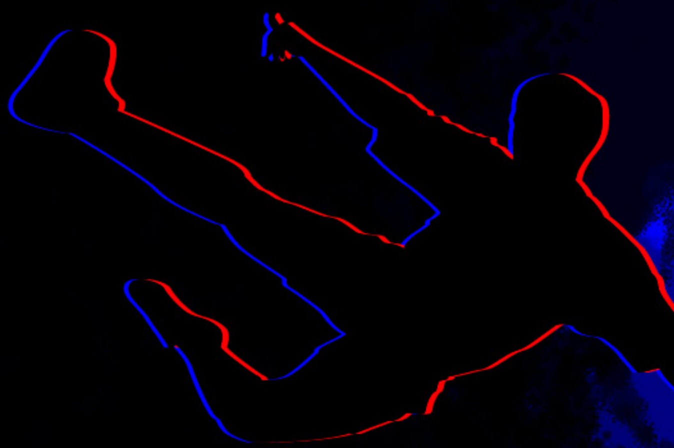
COMBINED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020



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

OVERVIEW 2020

Throughout 2020, the COVID-19 pandemic presented PUMA with several challenges that affected almost all parts of our business. When the pandemic started in China in January, some factories of our suppliers had to shut down or could not operate at full capacity, which was a challenge for our supply chain. To ensure the safety and health of our customers and employees, we implemented hygiene measures at our offices, warehouses and retail stores. As the virus spread to other parts of the world, large sporting events were either cancelled or postponed and most of our owned and operated stores had to be closed completely or partially in the second quarter. While the third quarter was once again very strong, new lockdowns and travel restrictions had a negative impact on our business in the fourth quarter. We had to quickly react to all of these changes. PUMA's mantra was to survive and manage this crisis short-term without hindering our mid-term momentum. Therefore, we determined three key objectives: to limit the inevitable decline in sales as much as possible, to secure the supply chain and to reduce costs as well as to ensure liquidity.

To make sure that our brand did not lose momentum, we continued to invest in a full line of products for the upcoming seasons and welcomed several new marketing partners. In September, we signed a long-term contract with football star Neymar Jr., one of the most successful athletes of his generation. Neymar Jr. played in the PUMA KING football boot, which was also worn in the past by PUMA football legends Pelé, Cruyff and Maradona. We also welcomed English singer and songwriter Dua Lipa as a Women's ambassador, who will appear in important campaigns for the brand. Canadian model Winnie Harlow joined the PUMA family in early 2020, and already headed the marketing campaigns for several new footwear franchises, including the KYRON and the MILE RIDER.

We expanded our presence in basketball by signing one of the top picks of the 2020 NBA draft, LaMelo Ball. At the start of the year, we signed Grammy Award-winning artist J. Cole, who combines the worlds of music and basketball. PUMA also announced a partnership with creative director June Ambrose, who will create girls and women's collections throughout 2021 and beyond.

In football, Dutch club PSV Eindhoven, and Ukrainian club Shakhtar Donetsk as well as the national federations of Iceland and Paraguay joined the PUMA family, just to name a few. To also expand our brand's presence in other teamsports, we signed the German Handball Federation. In track and field, we signed a new partnership with the Australian and South African Athletics Federations. PUMA also signed Jamaican athletes Tajay Gayle, the long-jump World Champion, as well as Omar McLeod, the reigning Olympic Champion in 110-meter hurdles and the 2017 World Champion over the same distance.

Our regular sell-in meetings, during which we usually welcome sales managers from all over the world in Herzogenaurach, were held digitally for the first time in 2020 because of the pandemic. We also looked for ways to design and develop our products digitally, without the need for people to travel to the factories in Asia, and with a reduced number of samples to be physically shipped from those factories to Germany. For the most part, we also communicated digitally with our retail partners, for example during pre-line and sell-in meetings.

We maintained a strong dialogue with our manufacturers, customers, landlords, banks, logistic partners and other partners to ensure that we took measures together to sustain the entire value chain. To ensure that our manufacturing partners could continue to operate, we cancelled as few orders as possible, while securing more favorable payment terms. We also worked with our retail partners, logistic partners and suppliers to adjust delivery dates and at the same time to extend payment terms to share the burden across the whole value chain.

Despite the crisis, we did not neglect the social and environmental aspects of our supply chain and announced our ten new sustainability targets for 2025, 10FOR25. Examples of these targets include PUMA's commitment to further lower its CO_2 emissions and to use at least 75% recycled polyester across all apparel and accessories products by 2025. We are also in the process of phasing out plastic bags from all of our retail stores globally.

To further strengthen our e-commerce business in this exceptional time, we quickly reacted to the increased demand in our e-commerce stores and strongly increased our investments in performance marketing. We improved the speed of our e-commerce platform PUMA.com and adapted our offering to the stay-at-home situation by giving more space to leisurewear as well as sports apparel. Our e-commerce business delivered strong growth in 2020.

We also made good progress with the upgrade of our logistics network, as we opened our new distribution center in Indianapolis, USA. The center will speed up delivery times, as most US customers can now be reached within two days. We continued to work on our central European warehouse in Geiselwind, Germany, which is expected to be operational in the second quarter of 2021.

When sales slowed down sharply in the first half of the year, we reacted quickly by reducing costs and cash outflows wherever possible. We also secured additional liquidity to ensure that we could survive the crisis, together with our partners. In May, PUMA secured a new credit facility of €900 million through a banking consortium of twelve banks, including a direct participation of the Kreditanstalt für Wiederaufbau (KfW) of €625 million. So far, we have not made use of this credit facility and by the end of the year we reduced it by €700 million to only €200 million. In December, for refinancing purposes, PUMA secured new promissory note loans of €250 million and increased its existing credit lines at banks by €450 million. We used short-time work programs or comparable foreign schemes to reduce costs. The suspension of the dividend payment and the suspension of 100% of the Management Board's salary as well as the reduction of salaries of our senior management by 25%-35% in April and May 2020 were essential measures to reduce cash outflow.

When many of our brand ambassadors and consumers were confined at home, we looked for new ways of engaging with our audience. We created a series of live videos on social media platforms, which we called #StrongerTogether. These live videos included talks with our football ambassadors Sergio Agüero and Nikita Parris, yoga sessions with Sportstyle ambassador Cara Delevingne, interviews with Formula 1 driver Max Verstappen or workouts with pole vaulter Mondo Duplantis. Apart from supporting PUMA's social media channels and e-commerce, these videos also created significant coverage in traditional media outlets.

Even though regular competitions, such as the Olympic Games in Tokyo, were cancelled or postponed in 2020, our athletes still entered the history books and set new personal bests. PUMA athlete Armand "Mondo" Duplantis entered the history books this year by setting a new pole vault world record. In February, he cleared 6.18-meters at an indoor event and in September, he broke the 26-year-old outdoor record by jumping 6.15-meters. In June, Norway's Karsten Warholm achieved the current best result ever in a solo race in the 300-metre hurdles. In motorsport, PUMA brand ambassador Sir Lewis Hamilton became Formula 1 World Champion for the seventh time, equaling Michael Schumacher's existing record of seven world titles. In golf, PUMA player Bryson DeChambeau won the U.S. Open.

The COVID-19 pandemic has shown that local relevance is key and that the market situation can vary significantly between regions. To reflect this, we empowered decision-making by local management even more. Additionally, different countries have different sports that people follow and participate in. One of the best examples of local relevance is our partnership with Virat Kohli, the captain of the Indian national cricket team. Cricket is by far the most popular sport in India and by partnering with Virat, PUMA gains credibility as a sports brand in India.

PUMA's sales and business development in the financial year 2020 were characterized by temporal and regional differences during the course of the COVID-19 pandemic. PUMA started the year with a very positive order book and strong and balanced growth in all regions. Following a good start to the year for China with double-digit sales growth in wholesale, e-commerce and our own retail stores, the Chinese market shut down in the last week of January. For the following six weeks, almost all business in China - with the exception of e-commerce - came to a standstill. As China began to recover from mid-March, the virus spread around the world, leaving nearly 80% of our own retail stores and many of our retail partners' stores closed by the end of the first quarter. As a result, PUMA's sales declined by 1.3% currency-adjusted during the first quarter. The business environment was particularly difficult in April and May, with most of our own stores and those of our retail partners closed during this period. Retail stores began to open again from June onwards, initially in EMEA and Asia, and later in North America. Due to this extremely difficult business environment, PUMA recorded a currency-adjusted sales decrease of 30.7% during the second quarter. After 85% of PUMA's own retail stores reopened at the beginning of July and the business environment improved significantly, third-quarter sales saw a currency-adjusted increase of 13.3% year-on-year, driven by a very strong recovery in EMEA and the Americas.
During the fourth quarter, however, the number of COVID-19 infections again rose sharply worldwide. This once again led to restrictions and consumer sentiment worsened. PUMA nevertheless achieved a currency-adjusted sales growth of 9.1% in the fourth quarter. By adding up the four quarters, sales for the full year 2020 recorded a currency-adjusted decrease of 1.4%. In the reporting currency, the Euro, this corresponds to a decrease in sales of 4.9% from €5,502 million in the previous year to €5,234 million in 2020. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum.

The negative impact of the COVID-19 pandemic not only affected PUMA's net sales, but was also the main reason for the decline in profitability respectively operating result (EBIT) during the past financial year. PUMA's gross profit margin fell by 180 basis points from 48.8% in the previous year to 47.0% in 2020. This was mainly due to negative currency exchange effects from hedging due to a less favorable annual average US dollar hedging rate in 2020 compared to the previous year. In addition, increased sales promotions to limit the decline in sales as far as possible and to optimize inventory levels, alongside increased write-downs on inventories, contributed to the decline in gross profit margin in 2020. By contrast, the higher share of sales from our own-retail activities, including our e-commerce business, and an improved regional sales mix had a slightly positive effect on the development of gross profit margin.

The strong focus on cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter led to a 0.3% decrease in other operating income and expenses during the financial year 2020. Nevertheless, compared to sales, the cost ratio increased from 41.3% in the previous year to 43.3%. Higher costs for warehousing and logistics in connection with increased e-commerce business and higher write-downs on receivables were offset by reduced spending in sales and marketing.

Due to the decline in sales and gross profit margin, which could not be compensated for by the reduction in other operating expenses, the operating result (EBIT) saw an overall decrease of 52.5%, from €440.2 million in the previous year to €209.2 million in 2020. This corresponds to a decline in EBIT margin from 8.0% in the previous year to 4.0% in 2020. The declining financial result, resulting from higher interest expenses and higher negative currency conversion differences, also contributed to a 69.9% year-on-year reduction in consolidated net earnings and earnings per share in the past financial year. Consolidated net earnings fell from €262.4 million in the previous year to €78.9 million, while earnings per share fell accordingly from €1.76 in the previous year to €0.53. This enabled PUMA to achieve positive net earnings and positive earnings per share during the past financial year, despite the severe negative impact of the COVID-19 pandemic, particularly in the second quarter.

Positive net earnings enable the Management Board and the Supervisory Board to propose a dividend payout of €0.16 per share for the financial year 2020 to the Annual General Meeting on May 5, 2021. This corresponds to a payout ratio of 30.3% of consolidated net earnings and is in accordance with PUMA's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. However, payment is subject to the condition that the macroeconomic conditions allow for a payout. The dividend was waived in the previous year in order to reduce cash outflows during the COVID-19 pandemic.

The performance of the PUMA share price during 2020 was also strongly influenced by the negative effects of the COVID-19 pandemic. Based on the previous year's numbers, PUMA's share price started 2020 at a price of €68.35, before falling to a low of €42.14 in mid-March 2020, at the height of the COVID-19 crisis on the capital markets worldwide. The PUMA share price then recovered significantly from this low by the end of the year, rising to €92.28 - an increase of 35.0% on the previous year. The market capitalization of the PUMA Group increased accordingly to around €13.8 billion at year-end 2020 (previous year: €10.2 billion).

PUMA GROUP ESSENTIAL INFORMATION

COMMERCIAL ACTIVITIES AND ORGANIZATIONAL STRUCTURE

PUMA SE operates as a European stock corporation with Group headquarters in Herzogenaurach, Germany. In the internal reporting, our business activities are mapped according to three regions (EMEA, the Americas and Asia/Pacific) and three product divisions (footwear, apparel and accessories). A detailed description can be found in the segment reporting in chapter 25 of the Notes to the Consolidated Financial Statements.

Our revenues are derived from the sale of products from the PUMA and Cobra Golf brands via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. We market and distribute our products worldwide primarily via our own subsidiaries. There are distribution agreements in place with independent distributors in a small number of countries.

As of December 31, 2020, 101 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as distribution, marketing, product development, sourcing and administration. A full list of all subsidiaries can be found in chapter 2 of the Notes to the Consolidated Financial Statements.

TARGETS AND STRATEGY

PUMA has continued its brand mission to become the fastest sports brand in the world. Therefore, we continued to focus on the following six strategic priorities: create brand heat, develop product ranges that are right for our consumers, build a comprehensive offer for women, improve the quality of our distribution, increase the speed and efficiency of our organizational infrastructure and strengthen our positioning in the North American market by leveraging our re-entry into basketball. In 2020, we also added an even stronger focus on local relevance and sustainability as additional strategic priorities for PUMA.

For more than 70 years, PUMA has created **brand heat** by partnering with the most famous and successful athletes: Usain Bolt, Sir Lewis Hamilton, Pelé, Maradona, Tommie Smith, Boris Becker, Linford Christie, Serena Williams, Heike Drechsler and Martina Navratilova, just to name a few. Today, PUMA continues to strengthen its position as a sports brand through partnerships with some of the most famous ambassadors: the Italian national football team, star strikers Antoine Griezmann, Romelu Lukaku, Sergio Agüero and Luis Suarez, top football manager Pep Guardiola, international top clubs Manchester City, Borussia Dortmund, Valencia CF, Olympique Marseille and AC Milan, golf stars Lexi Thompson, Rickie Fowler and Bryson DeChambeau, seven-time Formula 1 world champion Sir Lewis Hamilton, Norwegian hurdler and world champion Karsten Warholm, Canadian sprinter André De Grasse, Swedish pole vault world record holder Mondo Duplantis and the Jamaican and Cuban Olympic Federations. In 2020, we also added Brazilian football star Neymar Jr. to our roster of world-class assets, underlining our continued focus on the football category. Teaming up with the best athletes, teams and federations is key in keeping the credibility of the PUMA brand at the highest levels. To connect with young, trend-setting consumers, PUMA also drives brand heat by working with icons of culture and fashion such as Selena Gomez, Cara Delevingne, Winnie Harlow and Dua Lipa. This has made PUMA one of the hottest sports and fashion brands for young consumers.

PUMA aims to design “cool stuff that works” and in 2020, we significantly improved our **product offering** across all our business units. In performance footwear, we keep on moving forward with the revolutionary PUMA ULTRA football boot and our running & training shoes based on our proprietary NITRO, HYBRID and XETIC technology platforms.

In Sportstyle, we continued to see strong sell-through of our key footwear product families of RS, RIDER, and CALI. The demand from our consumers for these franchises has been maintained through the launch of strong new models in 2020. The Classics pillar with models such as the iconic SUEDE, the RALPH SAMPSON or the SPEEDCAT also continued to perform strongly throughout the year.

In apparel and accessories, we saw a good development across the portfolio, especially from motorsport and basketball apparel as well as our essentials offering, which includes socks and underwear.

Our COBRA Golf and PUMA Golf business also showed a strong performance in 2020, mainly driven by higher sales of our innovative COBRA Golf clubs. Especially our COBRA Golf SPEEDZONE Drivers enjoyed market share growth globally with the introduction of the innovative CNC Milled Infinity Face leading to maximum ball speed and higher precision - a first in the golf industry.

Creating a leading product offer for **women** remains a priority for PUMA and we continue our mission to be the most fashion-forward sports brand for the female consumer. In 2020 we evolved our positioning of "PUMA owns the space where the gym meets the runway" as more and more women take up sports worldwide and athletic wear has long made its way into everyday outfits. As we identified a culture shift in our female consumer from "me" to "we" we defined our new "She Moves Us" communications platform, which celebrates women who move together to achieve and connect – through sport, culture and values.

Returning to **basketball**, with an approach that resonated well on and off the court, was an important step towards increasing our credibility as a sports brand in North America. With the support of JAY-Z, our Creative Director for basketball, we developed a strong product offering across footwear, apparel and accessories that can be worn on and off the court. We also continued to work with highly talented NBA players across several teams and gained great on-court visibility when PUMA athletes Kyle Kuzma and Danny Green won this year's NBA Championship with the Los Angeles Lakers. Signing a long-term partnership with the top 2020 NBA prospect LaMelo Ball further underlines our commitment to basketball. Our basketball business also continues to grow beyond the key North American market, and we saw continued strength in our performance basketball product portfolio and basketball inspired Sportstyle product families such as the RALPH SAMPSON.

While basketball is especially important for North America, we also focused on ensuring **strong local relevance** in all our other markets worldwide. As the PUMA brand and products continue to resonate well around the world, we see an increased need to focus on the sports, ambassadors, collaboration partners and communication platforms that are most relevant in the different markets. A good example for this is India, where we have a market-leading position in part due to our strong presence in the nation's most popular sport of cricket and our long-term partnership with Virat Kohli, the captain of the Indian national cricket team. We also continued to strengthen our position in other locally relevant sports such as handball, netball, rugby or Australian rules football. Over the years, we have also established a strong portfolio of locally relevant brand ambassadors and influencers that complement our roster of top global assets and strengthened our presence on locally relevant communication platforms such as Weibo, Youku or WeChat in China. In order to be closer to the market and to ensure a strong local relevance of our products, we also have Regional Creation Centers in key markets such as North America, Europe, India, China and Japan that work in part on joint product creation projects with local collaboration partners.

PUMA improved the quality of its **distribution** and expanded its presence in key Sports Performance and Sportstyle accounts around the world. We continued to strengthen the relationships with our retailers by being a flexible and service-oriented business partner, also throughout the COVID-19 crisis. By improving sell-through, we further expanded the shelf space given to us in our partners' retail stores. In parallel, we also continued to invest in our direct-to-consumer business which includes our owned-and-operated retail stores as well as our e-commerce business. Due to mandatory store closures during the COVID-19 crisis and an accelerated shift towards digital, we saw strong growth in our e-commerce business and invested in our respective front-end and back-end capabilities. We continued to improve the user experience and product offering on our existing e-commerce channels and launched a new e-commerce site in the important Mexican market. We also increased our investments into performance marketing to drive traffic and conversion in all our e-commerce channels. Furthermore, PUMA continued to upgrade its owned-and-operated retail store network and opened selective new doors around the world.

Operationally, we continued to improve **infrastructure**, processes and systems that are required to support our overall growth ambition. In 2020, a strong focus was put on expanding our logistical network in key markets. Our new, highly automated multi-channel distribution center in Indianapolis, USA successfully went live in the second quarter of 2020 and an additional multi-channel distribution center in Geiselwind, Germany is expected to open in the second quarter of 2021. New state-of-the-art distribution centers like the ones in Geiselwind and Indianapolis are providing us with the required back-end infrastructure to support our future growth in the wholesale and direct-to-consumer channels.

Beyond distribution center expansion, PUMA continued to focus on standardization of ERP systems and enhancements of product development tools. This, combined with improvements of the overall IT infrastructure, enabled faster and better communication and information exchange within PUMA and with our external partners. Due to the travel restrictions during the COVID-19 crisis, we also invested in additional digital capabilities along the whole go-to-market process, from virtual product development to virtual sell-in meetings.

In sourcing, the long-term collaboration with suppliers remains the key component of our sourcing strategy to ensure a stable sourcing base, consistent quality of our products and being well prepared for changes in the trade environment. The strong collaboration with our suppliers, who are mainly based in Far East, has helped us during the COVID-19 crisis and contributed to a very resilient supply chain situation throughout the year.

While social, economic and environmental **sustainability** has always been a core value for PUMA, we want to place an even higher strategic emphasis on this topic with a special focus on increasing the number of sustainable products in our ranges and stronger consumer-facing communication. In 2020 we officially announced our 10FOR25 targets that outline our ambitious sustainability-related objectives until the year 2025 and which link back to the United Nation's Sustainable Development Goals. In 2020, we also launched our FOREVER BETTER communication platform that will serve as the overarching umbrella of all our consumer-facing communication on sustainability. Because of our increased focus on developing more sustainable products, we successfully introduced the PUMA x FIRST MILE and PUMA x CENTRAL SAINT MARTINS sustainability collections with strong feedback from our retailers and end consumers. Other product highlights include the Time4Change youth collection made of organic cotton. PUMA also continued its leading role at the Fashion Charter for Climate Action and continued to work with key stakeholders on all levels to promote more sustainable business practices within our industry. In relation to human rights, we took all required actions to safeguard our suppliers and workers during the pandemic by honoring our purchasing commitments and ensuring that all workplace safety and legal standards are met through our long-standing social compliance program.

PRODUCT DEVELOPMENT AND DESIGN

In 2020, we significantly improved our product offering across all our business units. As a company with more than 70 years of history of moving sports and culture forward, our designers have access to a vast archive and often take inspiration for tomorrow's styles from yesterday's classics.

The RIDER, originally a running shoe from the 1980s, was one of our most important footwear styles in 2020 and it was introduced in several new versions and colors throughout the year.

In our Sportstyle business unit, we continued to see strong sell-through of our main footwear franchises RS and CALI. The appetite from our consumers for these franchises was maintained, as we launched several new models in 2020, such as the RS Fast.

The RS even found its way into our lineup of golf products, where it sold well as the RS-G golf shoe.

Together with Grammy-winning artist J.Cole, PUMA also designed a basketball shoe that uses RS foam, the RS-DREAMER. It was worn on the basketball court by our PUMA Hoops athletes and sold out quickly.

Classic silhouettes, including the iconic PUMA SUEDE or the SPEEDCAT, also continued to perform well throughout the year. We brought together some of the most iconic shoes from our history, such as the RALPH SAMPSON, the ROMA and the RIDER to create the Rudolf Dassler Legacy Collection.

In performance footwear, we continued to develop the revolutionary PUMA ULTRA football boot, which was relaunched in August as the ULTRA 1.1. This boot featured PUMA exclusive MATRYXEVO® technology, which provides a very high level of stability, durability and traction.

In Motorsport, PUMA made the dreams of motorsport fans come true, as we sold the professional racing boot SPEEDCAT PRO, which Formula One drivers such as Sir Lewis Hamilton, Max Verstappen or Charles Leclerc wear on race day, to a wider audience for the first time.

In Running & Training, shoes based on our proprietary HYBRID technology sold well. As part of a sponsored research collaboration with MIT Design Lab, PUMA also developed a new cushioning technology called XETIC. It combines the properties of mechanical cushioning and foam. XETIC was first introduced in the CALIBRATE RUNNER and will continue to be used in footwear styles across different business units.

Our COBRA Golf and PUMA Golf business also showed a strong performance in 2020, driven by high sales of our innovative golf clubs, such as the SPEEDZONE Driver. This product was used by Bryson DeChambeau to win the U.S. Open, which boosted demand. PUMA Golf also launched the Excellent Golf Wear Collection, which was designed to perform on the course but remained routed in lifestyle.

In apparel and accessories, we saw a good development across the portfolio, especially in Motorsport, Core and Prime apparel, where we presented several special collections.

Alongside PUMA ambassador and LGBTQ+ activist Cara Delevingne, we launched the "From PUMA with Love" pack to celebrate Pride Month. The Unity Collection highlighted PUMA's sports heritage, and featured simple black and white designs with pops of color, drawn from international flags. In a collaboration with New York design studio KidSuper, PUMA combined elements of football culture with retro tailoring, bold prints, vivid color combinations.

In Motorsport, PUMA released two legacy collections with Porsche, which were inspired by the history of the German car brand and the legendary Porsche 911 Turbo.

We also continued to offer products for professional gamers and launched a new collection with esports brand Cloud9, which for the first time also included matching footwear.

We also presented new collections with a focus on sustainability. Our sportswear collection with First Mile is made with recycled yarn that is manufactured from plastic bottles collected in the First Mile network. Our collaboration with London-based design school Central Saint Martins implemented cutting edge dyeing technologies such as "Dope Dye" and digital printing, to reduce the use of chemicals and water.

Still at an experimental stage, our innovation department presented the "Design to Fade" biodesign project, which explored sustainable alternatives for dyeing and making textiles.

Research and product development at PUMA mainly comprise the areas of innovation (new technologies), product design and model and collection development. The research and product development activities range from the analysis of scientific studies and customer surveys through the generation of creative ideas to the implementation of innovations in commercial products. The activities in research and product development are directly linked to sourcing activities.

As of December 31, 2020, a total of 1,049 people were employed in research and development/ product management (previous year: 999). In 2020, research and development/ product management expenses totaled €102.6 million (previous year: €114.3 million), of which €56.6 million (previous year: €61.7 million) related to research and development.

SOURCING

THE SOURCING ORGANIZATION

PUMA Group's sourcing functions, referred to as PUMA Group sourcing (PGS), manages all sourcing related activities for PUMA and Cobra, including vendor selection, product development, price negotiation and production control. These activities are centrally managed by PUMA International Trading GmbH (PIT), the group's global trading entity, with its head office in the Corporate headquarters in Herzogenaurach (Germany). In addition, PIT is responsible for procurement and supply into the PUMA distribution channels worldwide. PIT receives volume forecasts from PUMA subsidiaries and licensees worldwide, translates these forecasts into production plans which are subsequently distributed to the referenced vendors. The PUMA subsidiaries confirm their forecasts into purchase orders to PIT, which in turn consolidates these requirements and purchases from the vendors. There is a clear buy/sell relationship between the sales-subsidiaries and PIT and between PIT and the vendors, for added transparency.

The centralization of both the sourcing and procurement functions, along with the rollout of a cloud-based purchase order collaboration and payment platform, linking the sales-subsidiaries, PIT and the vendors, has enabled the digitalization of the supply chain creating transparency, operational efficiency and reducing complexity. For example, container fill rates are optimized, foreign currency risks are managed by PIT directly via a centralized currency hedging policy, and all payments to vendors are automated and paper free.

In order to meet our customers' requirements concerning service, quality, social and environmental compliance we focus on six core strategic pillars of collaboration, product, quality, growth management, margins and landed cost, and sustainability. The centralization of sourcing and procurement allows for continuous improvements in all of these areas.
Furthermore, the integration of the PUMA sustainability function (social, environmental and chemical) into PGS, ensures these focus areas are part of our day to day business.

This year has been exceptionally challenging for almost all parts of our business and not least for our supply chain, especially in the first half of the year. When the COVID-19 pandemic first hit China and other parts of Asia, our suppliers had to close their factories or could only operate at reduced capacity. We immediately focused our efforts on tracking and restoring production capacities with our partners. As the supply chain situation in Asia improved, Europe, America and the remaining parts of the world were impacted by COVID-19 and consequential lockdowns. Many stores of our wholesale partners, as well as our own retail stores, had to close temporarily and therefore no longer accepted new products. From the beginning we emphasized the responsibility to find solutions in such exceptional circumstances together with our partners. We wanted to sustain the entire value chain and get through this crisis together. PUMA cancelled very few orders with suppliers, in total less than 1% of the total order volume 2020. We agreed with some suppliers on longer lead times in order to react to the decreased demand in the sales markets. We were in close conversation with our manufacturers, customers, lessors, banks, logistics partners and other partners to find solutions and, for example, to extend payment terms in order to spread the burden of the COVID-19 pandemic across the entire value chain.

Another key aspect to mitigate the impact on the supply chain was the PUMA Vendor Financing Program, which has been in place since 2016 and saw increased adoption among our partners during this year. The program allows vendors to be paid earlier and is based on PUMA's credit rating. The International Finance Corporation (IFC), the banks BNP Paribas and HSBC, as well as our newest partner Standard Chartered, offer our suppliers attractive financing conditions and the opportunity to maintain their own credit lines under this program.

THE SOURCING MARKETS

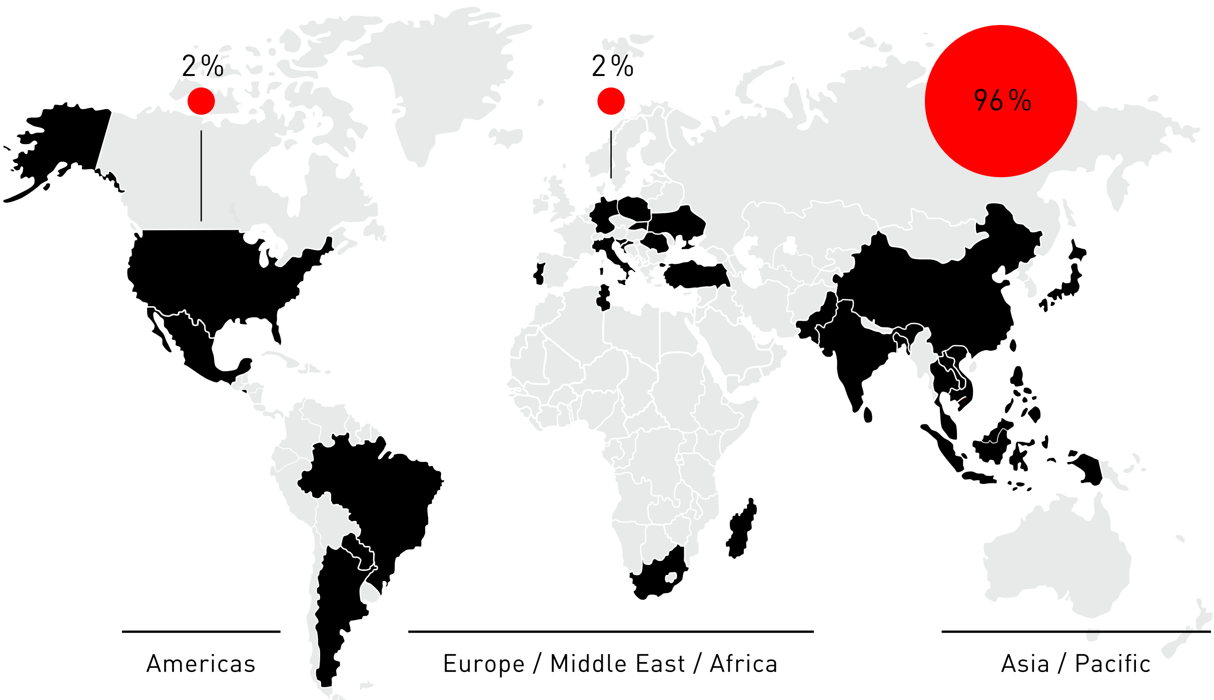
During the financial year 2020, PIT purchased from 139 independent suppliers (previous year: 131) in 31 countries worldwide. Strategic cooperation with long-standing partners not only remained one of the key competitive advantages, but also proved crucial in 2020 to ensure stable sourcing in such exceptional times.

Asia remains the strongest sourcing region overall with 96% of the total volume, followed by EMEA with 2% (thereof Europe with 1% and Africa with 1%) and the Americas with 2%.

As a result, the six most important sourcing countries (94% of the total volume) are all located on the Asian continent. Once more, Vietnam was the strongest production country with a total of 35%. Vietnam thus continued to increase its share of the sourcing volume by two percentage points compared to 2019. China followed at 26%. Bangladesh, which focuses on apparel, is in third place at 14%. Cambodia was in fourth place at 13%. Indonesia, which focuses on footwear production, produces 4% of the total volume and is in fifth place. India is in sixth place at 2%.

Rising wage costs, fluctuating commodity prices and macroeconomic influences, such as changes in the trade environment due to tariffs, have continued to influence sourcing markets in 2020. Such impacts need to be taken into account in allocating the production to ensure a secure and competitive sourcing of products. In this regard sourcing has extended its local supply chain for the China sales-subsidiary to provide the right organizational setup with a focus on design, costing and lead time. To mitigate the negative impact of the international trade environment, alternative sourcing locations for the US market have been used since the fourth quarter of 2019.

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

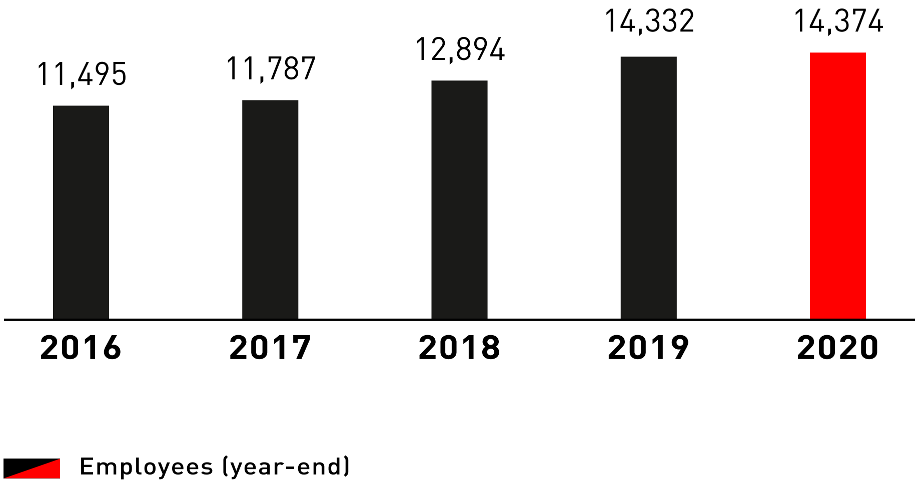


EMPLOYEES

NUMBER OF EMPLOYEES

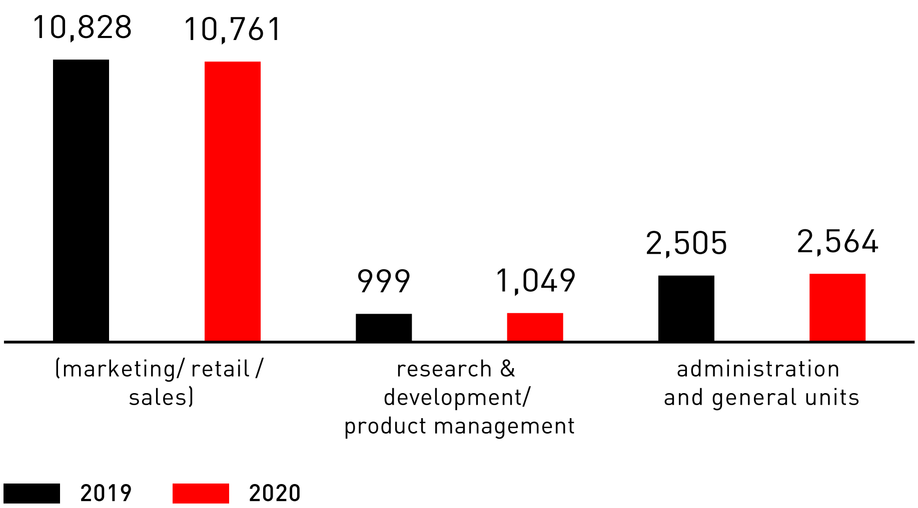
The global number of employees on a **yearly average** was 13,016 employees in 2020, compared to 13,348 in the previous year. The annual average number of employees saw a slight decline due to short-time work programs or comparable foreign schemes as a result of the COVID-19 pandemic. Personnel expenses decreased overall by 8.9% in 2020, from €640.5 million to €583.7 million. On average, personnel expenses per employee were €44.8 thousand, compared to €48.0 thousand in the previous year.

↗ **G.02 DEVELOPMENT EMPLOYEES**



As of **December 31, 2020**, the number of employees was 14,374, compared to 14,332 in the previous year. This represents a slight increase of 0.3% in the number of employees compared to the previous year. The development in the number of employees per area is as follows:

↗ **G.03 EMPLOYEES** (Year-end)



TALENT RECRUITMENT AND DEVELOPMENT

The past financial year has been marked by the extraordinary challenges posed by the global COVID-19 pandemic. Nevertheless, we have managed to successfully master all that 2020 threw at us, adapting locally to the new conditions as quickly as possible - with our main focus being on the well-being of our employees. The development of our organization through digital transformation and the establishment of an agile learning platform and culture provided the basis for this rapid adaptability. This was another reason why we were able to keep our business operating as smoothly as possible during the various phases of extensive social distancing measures imposed by governments around the world and the expansion of existing mobile working (working from home) arrangements within the workforce. The provision of additional IT equipment and targeted support for the mental well-being of our employees during the crisis were key elements. During these COVID-19 times, of course particular emphasis was placed on creating a safe working environment and avoiding financial cuts for our employees. Thanks to the strong feeling of solidarity and a high level of engagement among our employees, we feel well-positioned to continue along our path to further growth.

To further expand our position in the market, it is crucial to have highly qualified and motivated staff whom we can retain for the long term. Particularly in this constantly changing and increasingly complex environment, the creativity and innovative strength of our employees are an important element in ensuring our competitiveness and facilitating growth in the future.

We use digital platforms and social media for our target group-specific, individual recruiting measures, as well as our career website, to attract external candidates. A range of initiatives at universities gives us the opportunity to approach potential employees and identify suitable candidates. Extensive networks of qualified applicants and candidate pools help us to quickly fill vacancies. In the competitive labor market, being an attractive employer and being perceived as such by current and potential employees are of critical importance. Top employer rankings and multiple awards evidence PUMA's attractiveness.

Digitalization and the associated global simplification and acceleration of business processes were driven forward in 2020. Since 2017, we have been using the "Workday" software solution for almost all personnel processes. This software provides employees and managers with the processes and tools required for daily personnel management. In addition, easy-to-use dashboards provide managers with the information and data-driven insights they need for planning and management. The analysis of our centrally available global data provides a solid basis for strategic decisions and measurable results.

Our aim is to develop our employees in an international environment and at the same time successfully and sustainably retain them in our company. Based on the Workday software, a systematic succession plan is created as part of talent management in addition to the performance assessment and target-setting. We identify the talent available within the group as part of annual performance reviews and global talent conferences and foster talent development based on individual development plans. This type of talent management means that we can offer our employees attractive career and development opportunities. Over the past year, we continued to fill the majority of our key positions through internal promotions or horizontal moves around the world.

In order to cope with the dynamic changes in the market and be successful in the long run, it is essential that our workforce has the necessary expertise to guarantee continuous growth and market competence, particularly in times of major transformation and extensive change. We ensure this through the ongoing professional and personal development of our employees. For this reason, we expanded the range of training that we provide, which includes a number of online and offline training courses and workshops, either standardized or tailored to individual needs, even further in 2020. With "LinkedIn Learning" and "Good Habitz" our employees have been able to access more than 16,500 different online training courses since the beginning of last year. A wide range of learning categories are available for self-directed personal and professional development. Learning content covering topics such as mental well-being, resilience, mindfulness and emotional stability in particular helped us as an employer to provide the best possible support to our employees around the world in this exceptional situation. Due to social distancing measures, face-to-face training was largely replaced with digital options so that we could continue to offer these courses.

With a range of apprenticeships and dual-study programs, as well as study-related internships, we offer adequate entry-level and development opportunities for talented individuals at all levels. In addition, we actively promote the systematic development of our professionals and managers.

All managers worldwide complete our internal global leadership training program, consisting of the ILP ("International Leadership Program") and ILP². In this way, we ensure a common understanding of leadership globally throughout the company. The program helps to develop participants over a longer period, provides them with the opportunities to apply the newly acquired knowledge in practice between the individual modules and to share knowledge with other seminar participants to learn from each other. They receive intensive training and coaching, including interactive learning, role play simulations and best practice learning, as well as joint projects. The digitalization and the changing work environment lead to new challenges for managers in particular. The key topics are therefore coaching, mindful leadership and agile working methods. The training course "from employee to manager" prepares staff that are about to take on a management role for the first time. In addition to the training module, the program also offers individual coaching.

Using Speed Up and Speed Up², we conduct development programs for employees at different levels. Various groups consisting of top talents are given intensive preparation for the next step in their careers by taking on interdisciplinary projects and tasks, targeted training courses, mentoring and coaching, as well as job rotations. Increased visibility to upper management, the creation of cross-functional cooperation and establishing a strong network are also important components of this program.

WORKS COUNCIL

The trust-based collaboration with the Works Councils is an important part of our corporate culture. In 2020, the European Works Council of PUMA SE represented employees from 13 European countries and had 16 members. The German Works Council of PUMA SE has 15 members and represents the employees of the PUMA Group in Germany. A designated member of the Works Councils represents the interests of employees with disabilities.

COMPENSATION

We at PUMA offer our employees a targeted and competitive compensation system, which consists of several components. In addition to a fixed base salary, the PUMA bonus system, profit-sharing programs and various social benefits form part of an attractive and performance-based compensation system. In addition, we offer our employees comprehensive services in the areas of further development, employee motivation, health management and wellbeing. We also offer long-term incentive programs for the senior management level that honor the sustainable development and performance of the business. The bonus system is transparent and globally standardized. Incentives are exclusively linked to company goals. Due to the global COVID-19 pandemic, members of senior management around the world voluntarily gave up part of their base salary and the entire long-term incentive for 2020 to improve cash flow and earnings. To reward the special efforts made by our employees in this challenging time, we also gave a PUMA product voucher to all PUMA Group employees worldwide. This is particularly beneficial to employees in the lower pay grades.

MANAGEMENT SYSTEM

We use a variety of **indicators to manage** our performance in relation to our top corporate goals. We have defined **growth and profitability as key targets** within finance-related areas. Our focus therefore is on improving sales and operating result (EBIT). These are the financial control parameters that are of particular significance. Moreover, we aim to minimize working capital and improve free cash flow. Our Group's **Planning and Management System** has been designed to provide a variety of instruments in order to assess current business developments and derive future strategy and investment decisions. This involves the continuous monitoring of key financial indicators within the PUMA Group and a monthly comparison with budget targets. Any deviations from the targets are analyzed in detail and appropriate countermeasures are taken in the event such deviations have a negative impact.

Changes in net sales are also influenced by **currency exchange effects**. This is why we also state any changes in sales in Euro, the reporting currency, adjusted for currency exchange effects in order to provide information that is relevant to the decision-making process when assessing the revenue position. Currency-adjusted sales are used for comparison purposes and are based on the values that would arise if the foreign currencies included in the consolidated financial statements were not translated at the average rates for the previous reporting year, but were instead translated at the corresponding average rates for the current year. As a result, currency-adjusted figures are not to be regarded as a substitute or as superior financial indicators, but should instead always be regarded as additional information.

We use the indicator **free cash flow** in order to determine the change in cash and cash equivalents after deducting all expenses incurred to maintain or expand the organic business of the PUMA Group. Free cash flow is calculated from the cash flow from operating activities and investment activities. We also use the indicator **free cash flow before acquisitions**, which goes beyond free cash flow and includes an adjustment for incoming and outgoing payments that are associated with shareholdings.

We use the indicator **working capital** in order to assess the financial position. Working capital is essentially the difference between current assets - including in particular inventories and trade receivables - and current liabilities. Cash and cash equivalents, the positive and negative market values of derivative financial instruments and current finance and lease liabilities are not included in working capital.

Non-financial performance indicators are of only minor importance at PUMA.

The calculation of the key financial control parameters that PUMA uses is defined as follows:

The recognition of net sales is based on the provisions of IFRS 15 Revenue from contracts with customers.

PUMA's gross profit margin is calculated as cost of sales divided by net sales. Cost of sales mainly comprise the carrying amounts of inventory that were recognized as expenses during the reporting period.

PUMA's operating result (EBIT) is the sum of net sales and royalty and commission income, minus cost of sales and other operating income and expenses (OPEX). EBIT is defined as operating result, less depreciation and amortization, provisions and impairment loss, before interest (= financial result) and before taxes. The financial result includes interest income and interest expenses as well as currency conversion differences. The EBIT margin is calculated as EBIT divided by net sales.

PUMA's working capital is calculated based on the sum of current assets less the sum of current liabilities. In addition, cash and cash equivalents and positive and negative market values of derivative financial instruments are deducted. The market values of derivative financial instruments are recognized in the balance sheet in the items Other Current Assets and Other Current Liabilities, not attributable to working capital. Current financial and lease liabilities are also not part of working capital.

We also use the EBITDA indicator, which represents the operating result before interest (= financial result), taxes and depreciation and amortization, to assess the results of operations. EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortization, which may also contain any incurred impairment expenses relating to fixed assets and financial assets. The EBITDA margin is calculated as EBITDA divided by net sales.

INFORMATION REGARDING THE NON-FINANCIAL REPORT

In accordance with Sections 289b and 315b of the German Commercial Code (Handelsgesetzbuch - HGB), we are required to make a non-financial declaration for PUMA SE and the PUMA Group within the Combined Management Report or present a non-financial report external to the Combined Management Report, in which we report on environmental, social and other non-financial aspects. PUMA has been publishing Sustainability Reports since 2003 under the provisions of the Global Reporting Initiative (GRI) and since 2010 has published financial data and key sustainability indicators in one report. In this context, we report the information required under Sections 289b and 315b of the HGB in the Sustainability chapter of our Annual Report. The Non-financial Report for the financial year 2020 will be available by April 30, 2021, at the latest on the following page of our website: https://about.PUMA.com/en/investor-relations/financial-reports

Furthermore, important sustainability information can always be found in the Sustainability section of PUMA's website: http://about.PUMA.com/en/sustainability

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast issued by the Kiel Institute for the World Economy (ifw Kiel) dated December 16, 2020, in the past financial year the global economy suffered a historic downturn due to the COVID-19 pandemic. The experts at ifw Kiel expect global gross domestic product (GDP) to decline by 3.8% overall in 2020, which is by far the strongest economic decline in the past 70 years. Following the drastic economic downturn caused by the COVID-19 pandemic in the spring, the global economy recovered strongly until the fall; however, growth weakened during the fourth quarter as a result of a further wave of infections and the measures to contain it. Nevertheless, with the exception of only a few countries, economic development remains on an upward trend, especially in Europe. This is due, not least, to the continued strong expansionary monetary policy pursued by central banks in industrialized countries. The majority of these banks have again extended the expansionary measures they introduced in the spring in response to the COVID-19 crisis, or have pushed back expectations for the timing of tightening measures. Interest rates in the emerging markets have also tended to fall further in recent months. Expansionary economic policies and an expectation of overcoming the pandemic, mainly due to success in the development of an effective vaccine against COVID-19, are already being reflected in the financial markets.

SPORTING GOODS INDUSTRY

2020 was a very difficult year for the sporting goods industry. Wide-reaching lockdown measures and area-wide retail store closures aimed at containing the COVID-19 pandemic had a very negative impact on the sporting goods industry worldwide, particularly during the second quarter. Furthermore, this could only be partially offset by rising e-commerce sales. In addition, the sporting goods industry was further impacted by the cancellation or postponement of major sporting events, such as the European Football Championship and the Tokyo Olympic Games. However, as a result of the COVID-19 pandemic, more exercise and physical activity, as well as an increasingly healthy and sustainable lifestyle, continued to gain in importance for an ever-increasing proportion of the world's population. The "stay-at-home" situation has also resulted in the increased popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure").

SALES

ILLUSTRATION OF SALES DEVELOPMENT IN 2020 COMPARED TO THE OUTLOOK

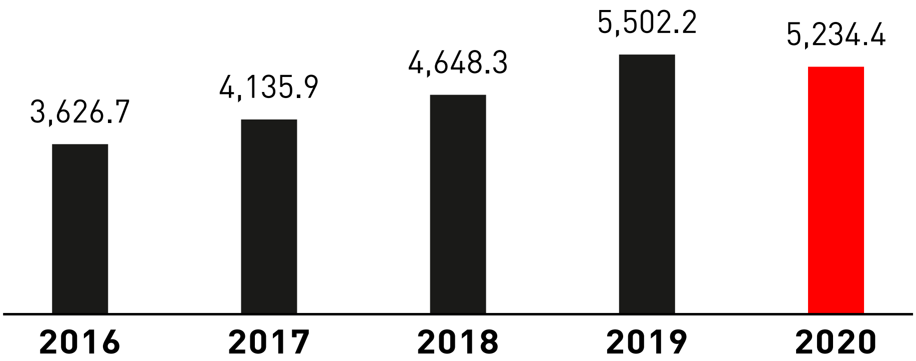
PUMA's 2019 Management Report had predicted a currency-adjusted growth in net sales of around 10% for the financial year 2020. However, due to the significant negative impact and considerable uncertainty of the COVID-19 pandemic, this forecast had to be withdrawn when the results were published for the first quarter of 2020.

More details on sales development in the financial year 2020 are provided below.

NET SALES

PUMA's net sales in the reporting currency Euro decreased by 4.9% to €5,234.4 million in the financial year 2020 as a result of the worldwide negative impact of the COVID-19 pandemic (previous year: €5,502.2 million). Sales recorded a currency-adjusted decrease of 1.4%. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum.

↗ **G.04 SALES** (€ million)

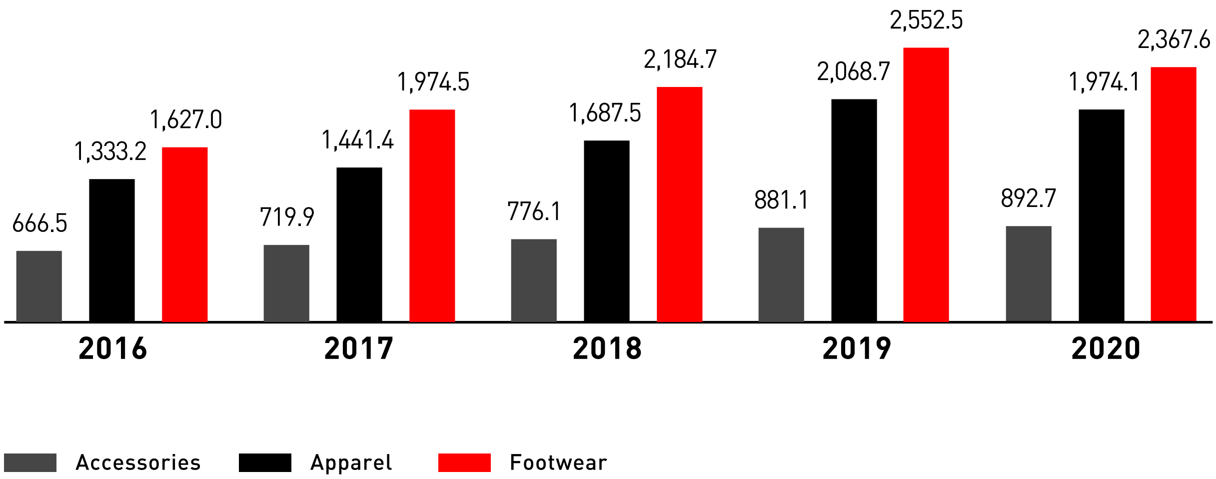


In the **Footwear** division, sales fell in the reporting currency, the Euro, by 7.2% to €2,367.6 million. Currency-adjusted sales decreased by 3.1%. The decline in sales affected all categories, except Sportstyle and Basketball. The share of this division in total net sales fell from 46.4% in the previous year to 45.2% in 2020.

In the **Apparel** division, sales fell in the reporting currency, the Euro, by 4.6% to €1,974.1 million. Sales saw a currency-adjusted decrease of 1.5%. A decline in sales was recorded in all categories except Sportstyle, Motorsport and Basketball. The share of the Apparel division increased slightly to 37.7% of Group sales (previous year: 37.6%).

In the reporting currency, the Euro, the **Accessories** division recorded a slight sales increase of 1.3% to €892.7 million, despite the COVID-19 pandemic. This corresponds to a currency-adjusted sales growth of 3.5%. Higher sales, particularly of socks, bodywear and Cobra golf clubs, contributed to this increase in sales. The division's share in Group sales increased accordingly from 16.0% in the previous year to 17.1% in 2020.

↗ **G.05 SALES BY PRODUCT DIVISIONS** (€ million)

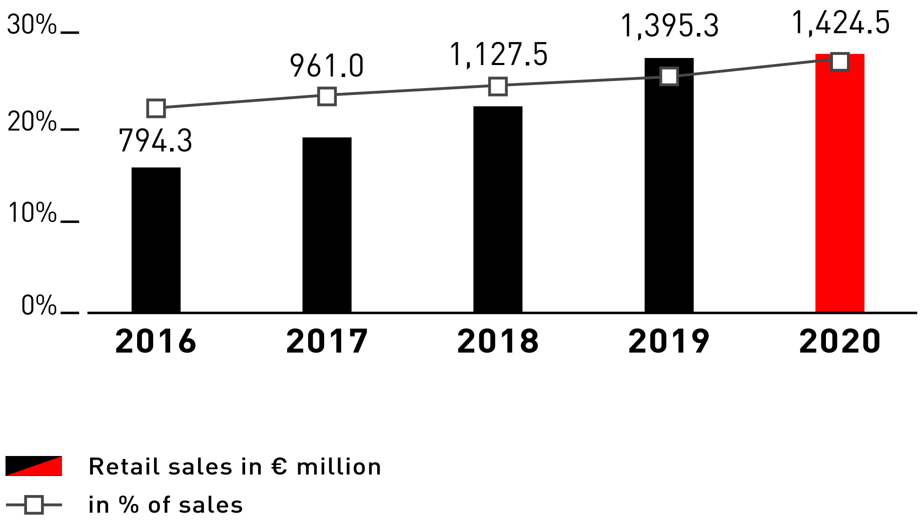


RETAIL BUSINESSES

PUMA's own retail activities include direct sales to our consumers ("Direct to Consumer business"). This includes selling to our customers in PUMA's own retail stores, the so-called "Full Price Stores", "Factory Outlets", and the e-commerce business on our own online platforms. Our own retail businesses ensure regional availability of PUMA products and the presentation of the PUMA brand in an environment suitable to our brand positioning.

PUMA's retail sales increased by 6.4% currency-adjusted to €1,424.5 million in the financial year 2020. This corresponds to a share of 27.2% in total sales (previous year: 25.4%). While sales at PUMA's own retail stores declined in 2020 due to restrictions aimed at containing the COVID-19 pandemic and the resulting temporary closure of stores in many countries around the world, our e-commerce business recorded strong growth of over 60%, supported by an increased focus on performance marketing and successful promotions. In addition, our e-commerce activities on special days in the online business - such as Singles' Day in China, the world's biggest online shopping day, on November 11, as well as "Black Friday" on November 27 and "Cyber Monday" on November 30 - turned out to be particularly successful.

↗ G.06 RETAIL SALES



LICENSING BUSINESS

PUMA grants licenses to independent partners for various product divisions, such as watches, glasses, safety shoes and gaming accessories such as the Playseat. In addition to design, development and manufacture, these companies are also responsible for product distribution. Income from license agreements also includes some distribution licenses for different markets. PUMA's royalty and commission income decreased by 36.0% to €16.1 million in the financial year 2020. Alongside the negative effects of the COVID-19 pandemic, this decrease was due, among other things, to the expiry of license agreements at the end of 2019.

REGIONAL DEVELOPMENT

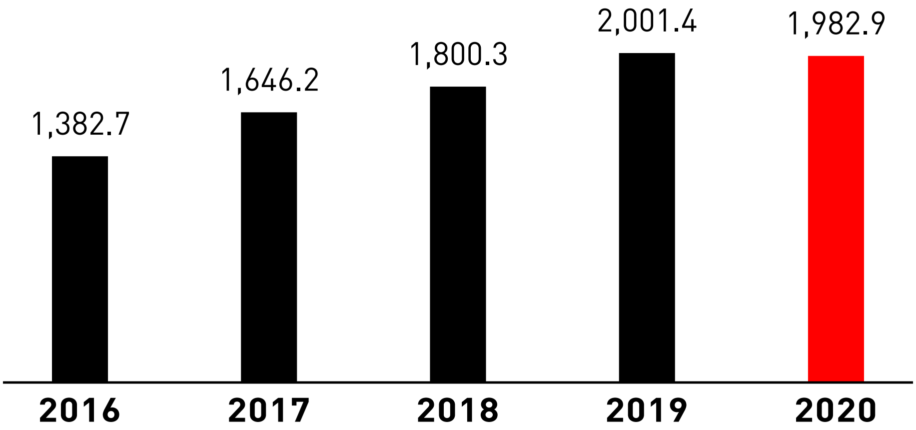
In the following explanation of the regional distribution of sales, the sales are allocated to the customer's actual region ("customer site"). It is divided into three geographical regions (EMEA, the Americas and Asia/Pacific). A more detailed regional presentation of the sales according to the registered office of the respective Group company can be found in chapter 25 of the Notes to the Consolidated Financial Statements.

PUMA's net sales fell in the reporting currency, the Euro, by 4.9% in the financial year 2020. This corresponds to a currency-adjusted sales decrease of 1.4% compared to the previous year. All regions were affected by the significant negative impact of the global COVID-19 pandemic.

In the **EMEA** region, sales fell in the reporting currency, the Euro, by 0.9% to €1,982.9 million. This represents a slight sales increase of 1.5%, currency adjusted. While sales growth was achieved in France, Spain, Russia, Ukraine and Turkey, for example, Italy, the UK, the Nordics and South Africa, among others, recorded declining sales. The EMEA region accounted for an increased 37.9% of Group sales in 2020, compared to 36.4% in the previous year.

With regard to product divisions, sales revenue from Footwear recorded a currency-adjusted decline of 0.9%. Sales of Apparel saw a currency-adjusted increase of 5.4% due to positive developments in the Sportstyle and Motorsport categories. Accessories sales were down by 0.4%, currency adjusted.

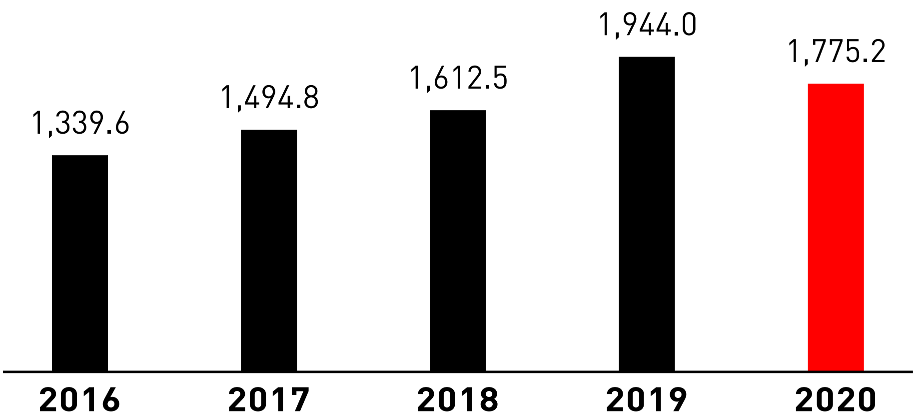
↗ **G.07 EMEA SALES** (€ million)



In the **Americas** region, sales fell in the reporting currency, the Euro, by 8.7% to €1,775.2 million. Currency-adjusted sales decreased by 3.0%. Both North America and Latin America recorded negative currency exchange effects and a decrease in sales. In particular, the weakness of the Argentine peso against the Euro had a significant negative impact on sales in Latin America in the reporting currency, the Euro. The share of the Americas region in Group sales decreased slightly from 35.3% in the previous year to 33.9% in 2020.

With regard to product divisions, both Footwear (currency-adjusted -3.3%) and Apparel (currency-adjusted -9.6%) recorded a decline in sales compared to the previous year. By contrast, sales in the Accessories division saw a currency-adjusted increase of 9.5%, due in particular to an increase in sales of Cobra golf clubs, socks and bodywear.

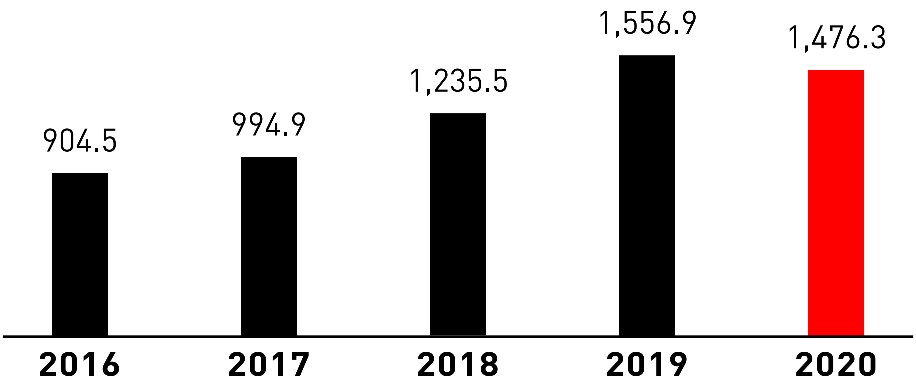
↗ **G.08 AMERICAS SALES** (€ million)



In the **Asia/Pacific** region, sales fell in the reporting currency, the Euro, by 5.2% to €1,476.3 million. This corresponds to a currency-adjusted sales decrease of 3.2%. While a positive sales development was seen in Greater China in 2020, sales fell in India, Japan and South Korea, among other countries. The share of the Asia/Pacific region in Group sales fell slightly from 28.3% in the previous year to 28.2% in 2020.

In terms of product divisions, sales revenue from Footwear (currency-adjusted -5.2%) and from Apparel and Accessories (both currency-adjusted -1.5%) saw a decrease.

↗ **G.09 ASIA/PACIFIC SALES** (€ million)



RESULTS OF OPERATIONS

↗ **T.01 INCOME STATEMENT**

	2020		2019		
	€ million	%	€ million	%	+/- %
Net Sales	**5,234.4**	100.0%	**5,502.2**	100.0%	-4.9%
Cost of sales	-2,776.4	-53.0%	-2,815.8	-51.2%	-1.4%
Gross profit	**2,458.0**	47.0%	**2,686.4**	48.8%	-8.5%
Royalty and commission income	16.1	0.3%	25.1	0.5%	-36.0%
Other operating income and expenses	-2,264.9	-43.3%	-2,271.3	-41.3%	-0.3%
Operating result (EBIT)	**209.2**	4.0%	**440.2**	8.0%	-52.5%
Financial result	-46.8	-0.9%	-22.6	-0.4%	107.2%
Earnings before taxes (EBT)	**162.3**	3.1%	**417.6**	7.6%	-61.1%
Income taxes	-39.2	-0.7%	-108.6	-2.0%	-63.9%
Tax rate	24.2%		26.0%		
Net earnings attributable to non-controlling interests	-44.2	-0.8%	-46.6	-0.8%	-5.1%
Net earnings	**78.9**	1.5%	**262.4**	4.8%	-69.9%
Weighted average shares outstanding (million)	149.56		149.52		0.0%
Weighted average shares outstanding, diluted (million)	149.56		149.52		0.0%
Earnings per share in €	0.53		1.76		-69.9%
Earnings per share, diluted in €	0.53		1.76		-69.9%

ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2020 COMPARED TO THE OUTLOOK

In the outlook of the 2019 Annual Report, PUMA forecasted a slight improvement in the gross profit margin for the financial year 2020. PUMA expected a slightly weaker increase of other operating income and expenses (OPEX) compared to net sales. The forecast for the operating result (EBIT) was within a range of between €500 million and €520 million. In addition, a significant improvement in net earnings was expected for the financial year 2020. However, due to the significant negative impact and considerable uncertainty of the COVID-19 pandemic, this forecast had to be withdrawn when the results were published for the first quarter of 2020.

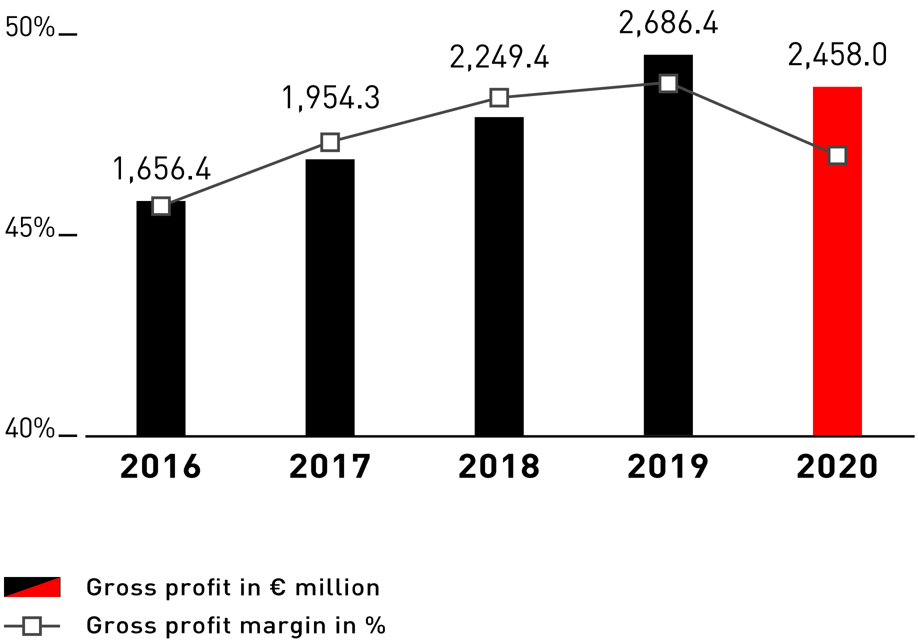
More details on earnings development in the past financial year are provided below.

GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2020 decreased by 8.5% from €2,686.4 million to €2,458.0 million. The gross profit margin fell by 180 basis points from 48.8% to 47.0%. This was mainly due to negative currency exchange effects from hedging due to a less favorable annual average US dollar hedging rate in 2020 compared to the previous year. In addition, increased sales promotions to limit the decline in sales as far as possible and to optimize inventory levels, alongside increased write-downs on inventories, contributed to the decline in gross profit margin in 2020. In contrast, the higher proportion of sales from our own-retail activities and an improved regional sales mix had a slightly positive effect on the development of gross profit margin.

The gross profit margin in the Footwear division decreased from 46.4% in the previous year to 45.7% in 2020. The Apparel gross profit margin fell from 51.1% to 48.5%, and in Accessories it also decreased from 50.5% to 47.0%.

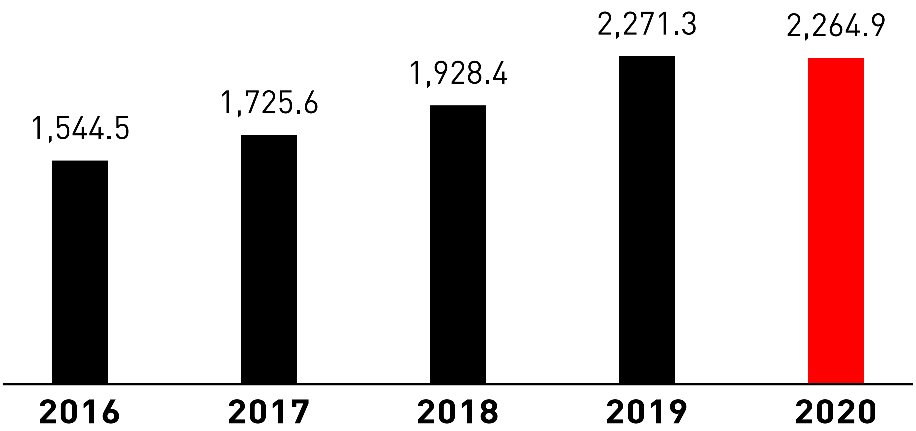
↗ **G.10 GROSS PROFIT/GROSS PROFIT MARGIN**



OTHER OPERATING INCOME AND EXPENSES

The strong focus on cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter led to a slight decrease in other operating income and expenses of 0.3%, from €2,271.3 million to €2,264.9 million in the financial year 2020. Nevertheless, compared to sales, the cost ratio increased from 41.3% in the previous year to 43.3%.

↗ **G.11 OPERATING EXPENSES** (€ million)



Within sales expenses, marketing/ retail expenses decreased by 5.6% to €1.050,2 million, while the cost ratio remained almost unchanged compared to the previous year at 20.1% of sales. Other sales expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 4.9% to €743.9 million. This increase was mainly due to higher costs for warehousing and logistics in connection with the increased e-commerce business. The cost ratio of the other sales expenses was 14.2% of sales in 2020 compared to a cost ratio of 12.9% in the previous year.

Research and development/ product management expenses decreased by 10.2% to €102.6 million compared to the previous year and the cost ratio fell slightly to 2.0%. Other operating income in the past financial year amounted to €0.4 million and consisted primarily of income arising from the sale of fixed assets. General and administrative expenses increased by 8.5% to €368.8 million in 2020, mainly due to increased write-downs on receivables, as the negative macroeconomic impact of the COVID-19 pandemic increased the risk of default on receivables in the financial year 2020. This led to an increase in the cost ratio of general and administrative expenses to 7.0%. Depreciation and amortization is included in the relevant costs and total €275.7 million (previous year: €246.4 million). In addition, the respective costs include impairment losses relating to goodwill and right-of-use assets totaling €18.0 million (previous year: €0.0 million).

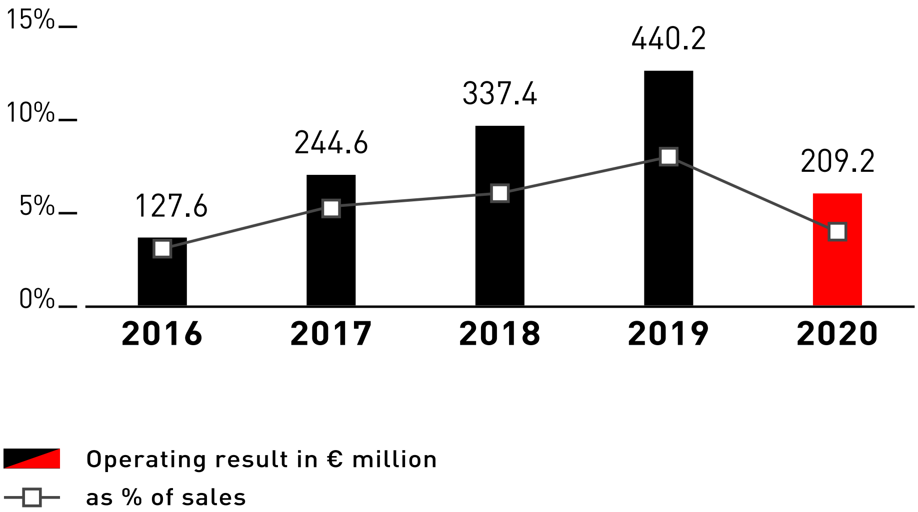
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortization (EBITDA) decreased by 26.8%, from €686.6 million to €502.9 million, in the financial year 2020. The EBITDA margin reduced accordingly from 12.5% in the previous year to 9.6% in 2020.

OPERATING RESULT (EBIT)

The decline in sales and gross profit margin due to the negative impact of the COVID-19 pandemic, which could not be compensated for by the reduction in other operating expenses, led to an overall decrease in the operating result (EBIT) of 52.5%, from €440.2 million in the previous year to €209.2 million in 2020. This corresponds to a decline in EBIT margin from 8.0% in the previous year to 4.0% in 2020.

↗ **G.12 OPERATING RESULT - EBIT**



FINANCIAL RESULT

The financial result decreased in 2020 from a total of €-22.6 million in the previous year to €-46.8 million. This development is attributable, on the one hand, to losses from currency conversion differences amounting to €-3.9 million in 2020 compared to gains from currency conversion of €10.2 million in the previous year. On the other hand, the interest result, the net balance of interest income and interest expenses, fell from a total of €-32.8 million in the previous year to €-42.9 million in 2020. The decrease in interest result was mainly attributable to an increase of €11.6 million in expenses from interest components related to cash flow hedging ("swap points").

EARNINGS BEFORE TAXES (EBT)

In the financial year 2020, PUMA generated earnings before taxes of €162.3 million. This corresponds to a decrease of 61.1% compared to the previous year (€417.6 million). Tax expenses were €39.2 million compared to €108.6 million in the previous year, while the tax rate decreased slightly from 26.0% to 24.2% in 2020.

NET EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net earnings attributable to non-controlling interests relate to companies in the North American market, in each of which the same shareholder holds a minority stake. The earnings attributable to these interests decreased by 5.1% to €44.2 million in the financial year 2020 (previous year: €46.6 million). These companies concern PUMA United North America and PUMA United Canada. The business purpose of these companies is the sale of socks, bodywear and children's apparel on the North American market.

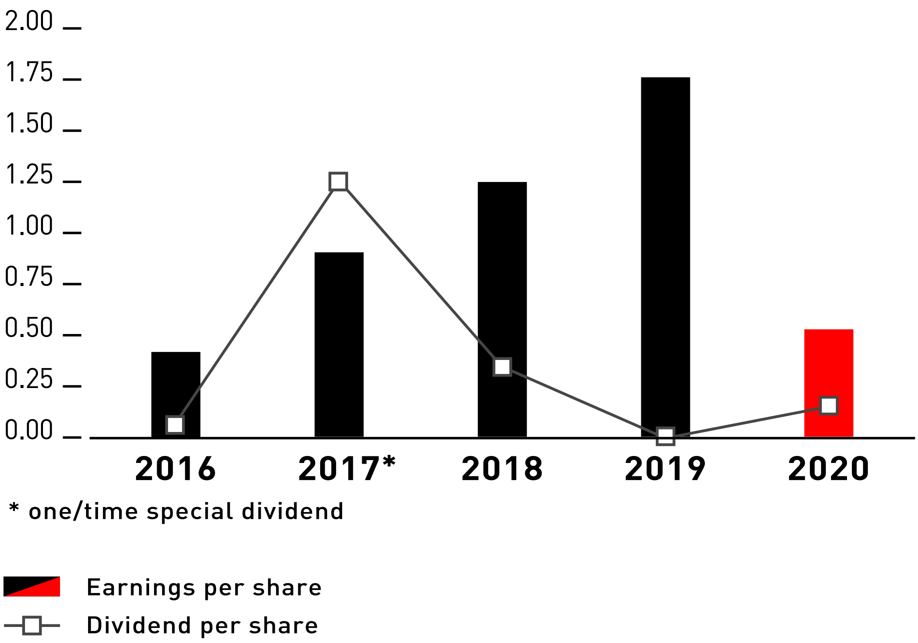
NET EARNINGS

In the financial year 2020, consolidated net earnings decreased by 69.9% from €262.4 million to €78.9 million, enabling PUMA to achieve positive net earnings despite the significant negative effects of the COVID-19 pandemic. Earnings per share and diluted earnings per share decreased accordingly from €1.76 in the previous year to €0.53 in 2020.

DIVIDENDS

Based on the positive net earnings, the Management Board and the Supervisory Board propose to the Annual General Meeting on May 5, 2021 that a dividend of €0.16 per share be paid out from retained earnings of PUMA SE for the financial year 2020. The payout ratio for financial year 2020 is 30.3% of consolidated net earnings. This is in accordance with PUMA SE's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. The payment of the dividend is to take place in the days after the Annual General Meeting at which the decision is made on the payout. However, payment is subject to the condition that the macroeconomic conditions allow for a payout. The dividend was waived in the previous year in order to reduce cash outflows during the COVID-19 pandemic.

↗ **G.13 EARNINGS/DIVIDEND PER SHARE** (in €)



NET ASSETS AND FINANCIAL POSITION

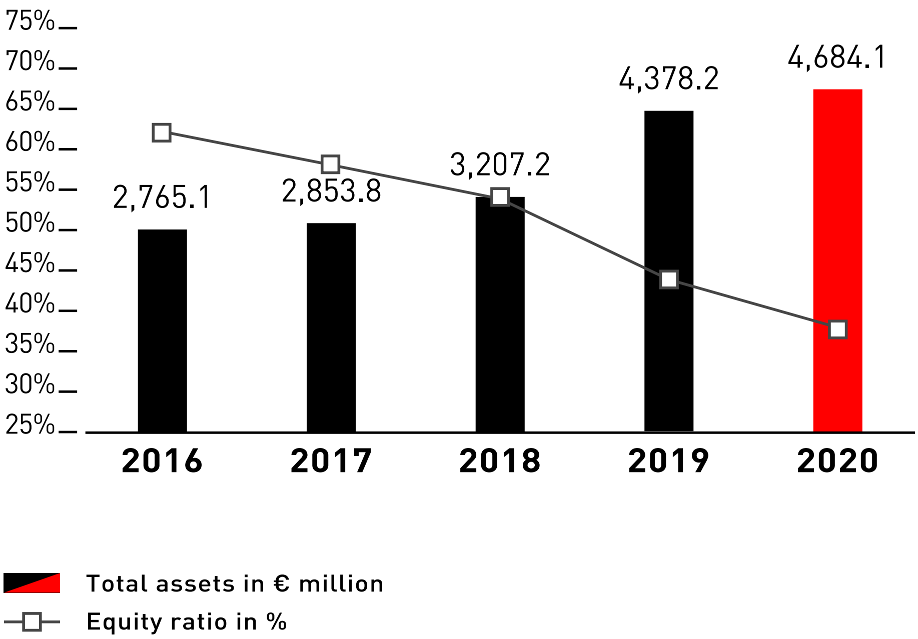
↗ T.02 BALANCE SHEET

	12/31/2020		12/31/2019		
	€ million	%	€ million	%	+/- %
Cash and cash equivalents	655.9	14.0%	518.1	11.8%	26.6%
Inventories	1,138.0	24.3%	1,110.2	25.4%	2.5%
Trade receivables	621.0	13.3%	611.7	14.0%	1.5%
Other current assets (working capital)	174.5	3.7%	196.0	4.5%	-11.0%
Other current assets	23.7	0.5%	45.2	1.0%	-47.6%
Current assets	**2,613.0**	55.8%	**2,481.2**	56.7%	5.3%
Deferred taxes	277.5	5.9%	237.7	5.4%	16.7%
Right-of-use assets	877.6	18.7%	719.0	16.4%	22.1%
Other non-current assets	916.0	19.6%	940.3	21.5%	-2.6%
Non-current assets	**2,071.0**	44.2%	**1,897.0**	43.3%	9.2%
Total assets	**4,684.1**	100.0%	**4,378.2**	100.0%	7.0%
Current financial liabilities	121.4	2.6%	10.2	0.2%	-
Trade payables	941.5	20.1%	843.7	19.3%	11.6%
Other current liabilities (working capital)	526.2	11.2%	524.9	12.0%	0.3%
Current lease liabilities	156.5	3.3%	144.8	3.3%	8.0%
Other current liabilities	127.2	2.7%	35.3	0.8%	-
Current liabilities	**1,872.8**	40.0%	**1,558.9**	35.6%	20.1%
Deferred taxes	40.6	0.9%	53.0	1.2%	-23.3%
Pension provisions	38.2	0.8%	34.1	0.8%	11.8%
Non-current lease liabilities	775.2	16.6%	600.5	13.7%	29.1%
Other non-current liabilities	193.4	4.1%	211.4	4.8%	-8.6%
Non-current liabilities	**1,047.4**	22.4%	**899.0**	20.5%	16.5%
Shareholders' equity	**1,763.9**	37.7%	**1,920.3**	43.9%	-8.1%
Total liabilities and shareholders' equity	**4,684.1**	100.0%	**4,378.2**	100.0%	7.0%
Working capital	**465.8**		**549.4**		-15.2%
- in % of net sales	8.9%		10.0%		

EQUITY RATIO

PUMA continues to have an extremely solid capital base. As of the balance sheet date, the shareholders' equity of the PUMA Group decreased by 8.1%, from €1,920.3 million in the previous year to €1,763.9 million as of December 31, 2020. Despite positive consolidated net earnings in the past financial year, negative effects of the changes in value recognized directly in equity - particularly in connection with the currency conversion of financial statements of foreign subsidiaries that do not prepare their accounts in the reporting currency, the Euro, and the market valuation of derivative financial instruments in connection with cash flow hedging - contributed to a decrease in the Group's equity. As of the balance sheet date, the balance sheet total rose by 7.0%, from €4,378.2 million in the previous year to €4,684.1 million. This resulted in a decrease of the equity ratio, from 43.9% in the previous year to 37.7% as of December 31, 2020.

↗ G.14 TOTAL ASSETS/EQUITY RATIO



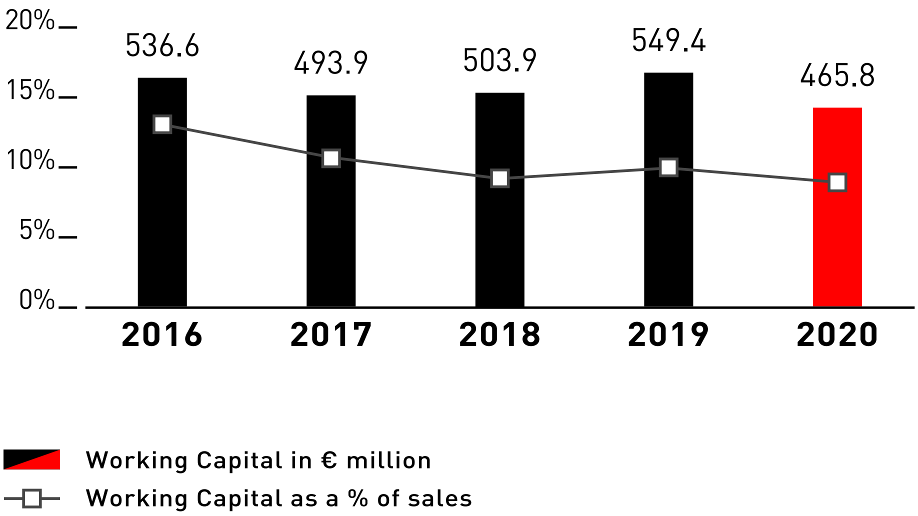
WORKING CAPITAL

Despite the significant negative impact of the COVID-19 pandemic on our sales development in 2020, we managed to reduce working capital by 15.2% from €549.4 million in the previous year to €465.8 million as of December 31, 2020. In relation to net sales in the respective financial year, this corresponds to a decrease in the working capital ratio from 10.0% in the previous year to 8.9% at the end of 2020.

As a result of sales promotions over the past financial year aimed at limiting the decline in sales as far as possible and to optimize inventory levels, inventories increased only slightly by 2.5% from €1,110.2 million to €1,138.0 million as of the balance sheet date. Despite sales growth in the third and fourth quarters of 2020, trade receivables increased only slightly by 1.5%, from €611.7 million to €621.0 million. In contrast, other current assets included in working capital decreased by 11.0% from €196.0 million to €174.5 million.

On the liabilities side, trade payables increased by 11.6%, from €843.7 million to €941.5 million, due to extended payment terms with our suppliers. Other current liabilities, which are included in working capital and include, among other things, customer bonus and warranty provisions, increased only slightly by 0.3% from €524.9 million to €526.2 million in 2020.

↗ G.15 WORKING CAPITAL



OTHER ASSETS AND OTHER LIABILITIES

Other current assets, which only include the positive market value of derivative financial instruments, decreased compared to the previous year from €45.2 million to €23.7 million.

Right-of-use assets increased by 22.1% compared to the previous year, from €719.0 million to €877.6 million. This increase was mainly due to the expansion of our logistics network and the opening of our new distribution center in Indianapolis, USA. The right-of-use assets referred to own retail stores totaling €355.2 million (previous year: €419.6 million), warehouses and offices totaling €464.3 million (previous year: €281.7 million) and other lease items, mainly technical equipment and machines and motor vehicles, totaling €58.1 million as of December 31, 2020 (previous year: €17.7 million). On the liabilities side, this led to an increase in current and non-current lease liabilities.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, decreased slightly by 2.6% from €940.3 million to €916.0 million in 2020. This decline was due to lower investment in fixed assets in order to limit cash outflows as far as possible during the course of the COVID-19 pandemic.

The current financial liabilities, which include both current liabilities to banks and the current portion of the promissory note loans (€100.0 million; previous year: €0.0 million), increased from €10.2 million in the previous year to €121.4 million as of December 31, 2020.

Other current liabilities, which include the negative market value of derivative financial instruments, increased from €35.3 million to €127.2 million, due to the weaker US Dollar exchange rate on reporting date December 31, 2020 compared to the balance sheet date in the previous year.

Pension provisions increased from €34.1 million in the previous year to €38.2 million.

Other non-current liabilities, which mainly include promissory note loans totaling €145.0 million (previous year: €160.0 million), amounted to €193.4 million (previous year: €211.4 million) as of the balance sheet date.

CASH FLOW

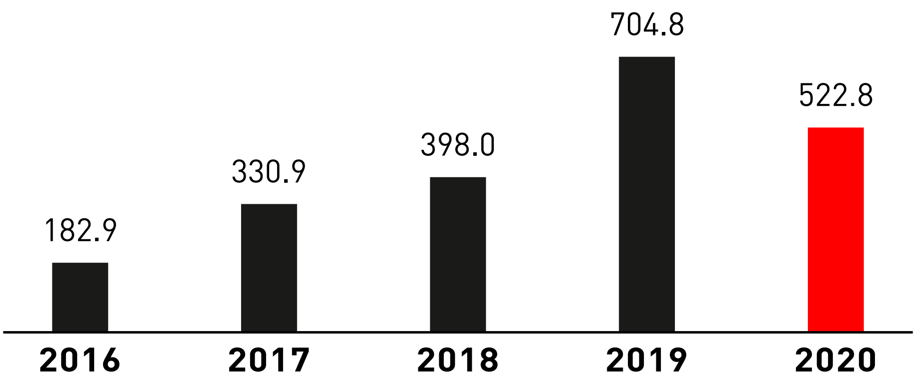
↗ T.03 CASH FLOW STATEMENT

	2020	2019	
	€ million	**€ million**	**+/- %**
Earnings before taxes (EBT)	**162.3**	**417.6**	-61.1%
Financial result and non-cash expenses and income	360.4	287.2	25.5%
Gross cash flow	**522.8**	**704.8**	-25.8%
Change in net current assets	-11.9	-44.5	-73.2%
Tax payments and dividends received	-89.3	-111.5	-19.9%
Net cash from operating activities	**421.5**	**548.8**	-23.2%
Payments for acquisitions	0.0	-1.2	-
Payments for investing in fixed assets	-151.0	-218.4	-30.9%
Other investing activities	5,5	0,8	-
Net cash used in investing activities	**-145.5**	**-218.7**	-33.5%
Free cash flow	**276.0**	**330,0**	-16.4%
Free cash flow (before acquisitions)	**276.0**	**331.2**	-16.7%
- in % of net sales	5.3%	6.0%	
Dividend payments to equity holders of the parent company	0.0	-52.3	-100.0%
Dividend payments to non-controlling interests	-45.6	-18.6	145.1%
Proceeds from borrowings	94.2	0.0	-
Repayments of borrowings	0.0	-17.6	-100.0%
Repayments of lease liabilities	-135.0	-140.8	-4.2%
Other proceeds/payments	-43.0	-43.6	-1.5%
Net cash used in financing activities	**-129.2**	**-272.9**	-52.6%
Exchange rate-related changes in cash and cash equivalents	-8.9	-2.8	-
Change in cash and cash equivalents	**137.8**	**54,3**	153.9%
Cash and cash equivalents at the beginning of the financial year	518.1	463.7	11.7%
Cash and cash equivalents at the end of the financial year	**655.9**	**518.1**	26.6%

NET CASH FROM OPERATING ACTIVITIES

Gross cash flow decreased by 25.8% from €704.8 million to €522.8 million in 2020. This decrease was due to lower earnings before taxes (EBT -61.1%). In contrast, non-cash expenses increased as a result of the increase in right-of-use assets, which led to higher depreciation and amortization in 2020.

↗ **G.16 GROSS CASH FLOW** (€ million)



A strong focus on working capital management significantly contributed to the fact that the cash outflow from the change in net current assets* improved from €-44.5 million in the previous year to €-11.9 million in the financial year 2020. The cash outflow from tax payments and dividends received decreased from €-111.5 million in the previous year to €-89.3 million. Overall, this resulted in a decrease in net cash from operating activities by €127.3 million, from €548.8 million to €421.5 million. Despite the significant negative impact of the COVID-19 pandemic in 2020, PUMA was therefore able to largely limit the decline in net cash from operating activities.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities decreased in the financial year 2020, from €218.7 million to €145.5 million. Due to the significant negative impact of the COVID-19 pandemic, we reacted quickly and adjusted our investment planning for 2020 accordingly to limit cash outflows as far as possible. This resulted in a decrease of investments in fixed assets from €218.4 million in the previous year to €151.0 million in 2020. The investments mainly concerned logistics and IT infrastructure. As a result of the COVID-19 pandemic, investments in own retail stores declined in the past financial year.

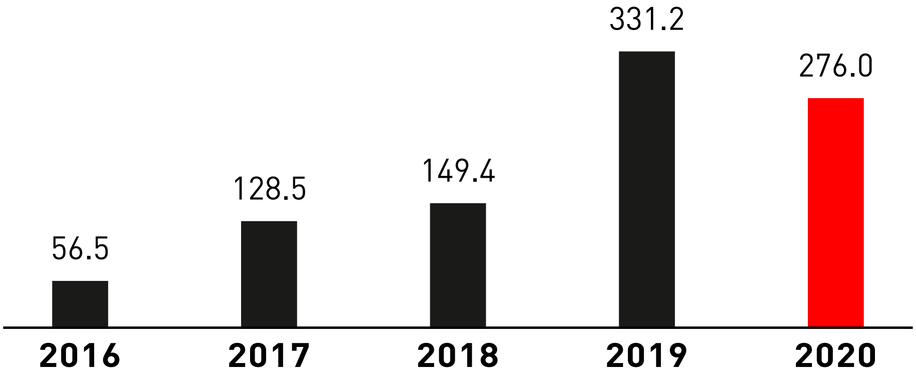
* Net current assets include working capital line items plus current assets and liabilities, which are not part of the working capital calculation. Current lease liabilities are not part of the net current assets.

FREE CASH FLOW BEFORE ACQUISITIONS

The free cash flow before acquisitions is the balance of the cash inflows and outflows from operating and investing activities. In addition, an adjustment is made for incoming and outgoing payments that relate to shareholdings, where applicable.

Free cash flow before acquisitions decreased from €331.2 million in the previous year to €276.0 million in the financial year 2020. Free cash flow before acquisitions was 5.3% of net sales compared to 6.0% in the previous year.

↗ **G.17 FREE CASH FLOW (BEFORE ACQUISITIONS)** (€ million)



NET CASH USED IN FINANCING ACTIVITIES

The net cash used in financing activities decreased overall from a cash outflow of €272.9 million in the previous year to a cash outflow of €129.2 million in 2020. This decrease resulted, on the one hand, from the waiver of dividend payments for the financial year 2019 to PUMA SE shareholders, in order to limit cash outflows in 2020 as far as possible during the course of the COVID-19 pandemic. On the other hand, proceeds from borrowings of €94.2 million in 2020, compared with the repayment of financial liabilities of €17.6 million in the previous year, contributed to the decrease in net cash used in financing activities.

The net cash used in financing activities also included payouts to non-controlling interests totaling €45.6 million (previous year: €18.6 million) and the repayment of lease liabilities and related interest expenses totaling €164.3 million in 2020 (previous year: €170.5 million).

As of December 31, 2020, PUMA had cash and cash equivalents of €655.9 million, an increase of 26.6% compared to the previous year (€518.1 million). The PUMA Group also had credit lines totaling €1,639.1 million as of December 31, 2020 (previous year: €687.6 million). Unutilized credit lines totaled €1,372.7 million on the balance sheet date, compared to €514.1 million in the previous year. In order to ensure the liquidity of the PUMA Group, even in the event of a longer lasting pandemic, we have therefore secured additional credit lines in the past financial year as a contingency reserve, in line with our strategic priorities for dealing with the COVID-19 pandemic.

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

2020 was a very difficult year for the sporting goods industry due to the COVID-19 pandemic. Our approach was to manage the crisis short term without hindering PUMA's mid-term momentum. Accordingly, our primary goal was to survive the crisis, to recover and then to emerge stronger from the crisis with growth. The health and safety of our employees, business partners and customers were given top priority. We were also very focused on limiting the inevitable decline in sales wherever possible, protecting the supply chain, reducing costs and securing liquidity.

With respect to our organizational development and progress within our logistics network, the opening of the new Indianapolis distribution center in the USA was a major milestone for PUMA. In addition, work continued in 2020 at our new logistics center for Central Europe located in Geiselwind, Germany, which is expected to become operational in the second quarter of 2021.

We are very proud of how we have handled this difficult period so far. Our employees worldwide have helped us survive this crisis thanks to their flexibility, pragmatism, determination and positive attitude. In doing so, they have worked closely with our manufacturers, customers, lessors, banks, logistics partners and other partners to ensure that we are able to find solutions together to maintain the business and value chain. Our long-standing and reliable cooperation with many of our partners was one of the most important success factors for us in managing the pandemic during the past financial year.

The sales development seen in the individual quarters, which varied considerably during the year due to the development of the COVID-19 pandemic, resulted in a currency-adjusted sales decrease of 1.4% for the full year 2020 compared to 2019. While sales in wholesale and in our own retail stores declined, our e-commerce business recorded significant sales growth. PUMA therefore managed to keep the sales decrease resulting from the COVID-19 pandemic in 2020 to a minimum. However, despite the cost reduction measures initiated immediately at the end of the first quarter and during the second quarter, the COVID-19 pandemic had a significant negative impact on our profitability. As a result of the decline in sales and gross profit margin, which could not be compensated for by cost-saving measures, our operating result (EBIT) saw an overall decrease of 52.5% to €209.2 million in 2020 (previous year: €440.2 million). Earnings per share amounted to €0.53 in 2020 (previous year: €1.76). Despite the severe negative impact of the COVID-19 pandemic, particularly in the second quarter, PUMA was thus able to achieve positive net earnings and positive earnings per share for the full year 2020.

With regard to the balance sheet, we believe that PUMA continues to have an extremely solid capital base. As of the balance sheet date, the PUMA Group's equity amounted to more than €1.7 billion and the equity ratio was just under 38%.

Our consistent focus on strict working capital management and our efforts to secure our liquidity in 2020 have resulted in an increase in cash and cash equivalents (to €655.9 million) and an increase in our unutilized credit lines as of the balance sheet date (to €1,372.7 million). In this context, the new credit line of €900 million, taken out in May last year via a banking consortium of twelve banks - including a direct commitment by the German state-owned development bank KfW (Kreditanstalt für Wiederaufbau) in the amount of €625 million - was already reduced by €700 million to just €200 million at the end of 2020, as PUMA secured new promissory note loans of €250 million in December 2020 for refinancing purposes and increased its existing credit lines with banks by €450 million.

As a result, the net asset, financial and income situation of the PUMA Group is overall solid at the time the Combined Management Report was prepared. This enables the Management Board and the Supervisory Board to propose to the Annual General Meeting on May 5, 2021, a dividend of €0.16 per share for the financial year 2020. This corresponds to a payout ratio of 30.3% in relation to the consolidated net earnings and is in line with our dividend policy.

COMMENTS ON THE FINANCIAL STATEMENTS OF PUMA SE IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

The annual financial statements of PUMA SE are prepared in accordance with the rules of the German Commercial Code (German GAAP, HGB), taking into account the SEAG (German SE Implementation Act) and the German Stock Corporation Act (AktG).

PUMA SE is the parent company of the PUMA Group. PUMA SE's results are to a large extent influenced by the directly and indirectly held subsidiaries and shareholdings. The business development of PUMA SE is essentially subject to the same risks and opportunities as the PUMA Group.

PUMA SE is responsible for wholesale business in the DACH area, consisting of the home market of Germany, Austria, and Switzerland. Furthermore, PUMA SE is also responsible for pan-European distribution for individual key accounts and for sourcing products from European production countries, as well as global licensing management. In addition, PUMA SE acts as a holding company within the PUMA Group and is as such responsible for international product development, merchandising, international marketing, the global areas of finance, operations and PUMA's strategic direction.

RESULTS OF OPERATIONS

T.04 PROFIT AND LOSS STATEMENT (GERMAN GAAP, HGB)

	2020		2019		
	€ million	%	€ million	%	+/- %
Net Sales	**709.7**	100.0%	**722.3**	100.0%	**-1.7%**
Other operating income	**40.4**	5.7%	**62.1**	8.6%	**-34.9%**
Material expenses	-237.2	-33.4%	-233.8	-32.4%	1.5%
Personnel expenses	-94.2	-13.3%	-107.2	-14.8%	-12.1%
Depreciation	-25.4	-3.6%	-24.8	-3.4%	2.6%
Other operating expenses	-512.1	-72.2%	-560.8	-77.6%	-8.7%
Total expenses	**-868.9**	-122.4%	**-926.6**	-128.3%	**-6.2%**
Financial result	**359.5**	50.7%	**223.5**	30.9%	**60.8%**
Income before taxes	**240.7**	33.9%	**81.3**	11.3%	**195.9%**
Taxes on income	-11.0	-1.6%	-12.8	-1.8%	-14.0%
Net income	**229.7**	32.4%	**68.5**	9.5%	**235.4%**

Net sales decreased overall by 1.7% to €709.7 million in the financial year 2020, due to the negative impact of the COVID-19 pandemic. This was the result of decreased revenue from product sales as well as reduced commission income in connection with license management. Revenue from PUMA SE product sales decreased by 1.2% to €350.5 million. The royalty and commission income included in net sales decreased by 1.9% to €329.2 million. Other revenue, which mainly consisted of recharges of costs to affiliated companies, totaled €30.0 million in 2020 (previous year: €32.1 million).

Other operating income amounted to €40.4 million in 2020 (previous year: €62.1 million) and includes in particular realized and unrealized gains from currency conversion related to the measurement of receivables and liabilities in foreign currencies.

The total **expenditure** from material expenses, personnel expenses, depreciation and other operating expenses decreased by 6.2% to €868.9 million compared to the previous year (2019: total of €926.6 million). The increase in material expenses compared to the previous year was mainly due to higher inventory write-downs. The decrease in personnel expenses was related to short-term work programs resulting from the COVID-19 pandemic and lower performance-related staff bonuses. Other operating expenses decreased year-on-year due to cost-saving measures implemented directly in response to the COVID-19 pandemic at the end of the first quarter and during the second quarter. However, the decrease in marketing and administration expenses was partially offset by higher costs for warehousing and logistics.

The **financial result** improved by 60.8% compared to the previous year, to €359.5 million. The increase was mainly due to significantly higher dividends from shareholdings in affiliated companies, while the income from the transfer of profits from affiliated companies decreased and expenses from loss transfers increased.

Despite a slight decline in sales, the decreased expenses and the improved financial result led to a significant increase in **earnings before taxes** of 195.9%, from €81.3 million in the previous year to €240.7 million in 2020. **Taxes on income** amounted to €11.0 million (previous year: €12.8 million). Accordingly, PUMA SE’s **net income** under German Commercial Code (German GAAP, HGB) increased by 235.4% in the financial year 2020 to €229.7 million (previous year: €68.5 million).

NET ASSETS

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

	12/31/2020		12/31/2019		
	€ million	%	€ million	%	+/- %
Total fixed assets	1,072.0	58.5%	1,053.7	63.0%	1.7%
Inventories	65.5	3.6%	59.8	3.6%	9.5%
Receivables and other current assets	424.3	23.1%	504.8	30.2%	-16.0%
Cash and cash equivalents	260.2	14.2%	47.2	2.8%	450.8%
Total current assets	750.0	40.9%	611.8	36.6%	22.6%
Others	11.5	0.6%	8.0	0.5%	43.6%
Total assets	**1,833.5**	100.0%	**1,673.5**	100.0%	**9.6%**
Shareholders’ equity	815.1	44.5%	582.8	34.8%	39.9%
Accruals/provisions	89.0	4.9%	112.1	6.7%	-20.6%
Liabilities	929.4	50.7%	978.6	58.5%	-5.0%
Total liabilities and shareholders’ equity	**1,833.5**	100.0%	**1,673.5**	100.0%	**9.6%**

Fixed assets increased by 1.7% to €1,072.0 million in 2020, mainly due to further investments in IT infrastructure

Within **current assets**, inventories increased by 9.5% to €65.5 million. In contrast, receivables and other current assets fell by 16.0% to €424.3 million compared to the previous year. This development is primarily due to the decrease in receivables from affiliated companies. The decrease in receivables from affiliated companies as of the balance sheet date resulted from offsetting these receivables against liabilities to affiliated companies. Cash and cash equivalents increased by 450.8% to €260.2 million compared to the previous year.

On the **liabilities side**, equity rose by 39.9% to €815.1 million, as a result of the net income in 2020. This led, despite an increased balance sheet total, to an increase of the equity ratio at the balance sheet date, from 34.8% in the previous year to 44.5% as of December 31, 2020.

Accruals and provisions decreased by 20.6% to €89.0 million compared to the previous year due to lower provisions for personnel and outstanding invoices. The decrease in liabilities by 5.0% to €929.4 million was mainly due to reduced liabilities to affiliated companies as a result of the offsetting. In contrast, liabilities to banks increased as a result of the issue of new promissory note loans in 2020.

FINANCIAL POSITION

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

	2020	2019	
	€ million	€ million	+/- %
Net cash from operating activities	**24.9**	**27.6**	**-9.8%**
Net cash used in investing activities	**-194.7**	**-114.0**	**70.8%**
Free cash flow	**-169.9**	**-86.4**	**96.6%**
Net cash from financing activities	**382.8**	**74.2**	**>100%**
Change in cash and cash equivalents	**213.0**	**-12.2**	**>-100%**
Cash and cash equivalents at the beginning of the financial year	47.2	59.5	-20.7%
Cash and cash equivalents at the end of the financial year	**260.2**	**47.2**	**>100%**

Net cash from operating activities in 2020 is based on the significant increase in earnings before taxes. However, taking into account the equally significant increase in non-cash expenses in connection with higher dividends from shareholdings in affiliated companies, the net cash from operating activities in the past financial year was almost unchanged at €24.9 million (previous year: €27.6 million).

The **net cash used in investing activities** in 2020 includes investments in fixed assets and cash outflows from the granting of receivables to affiliated companies. This resulted in an overall decrease in free cash flow from €-86.4 million in the previous year to €-169.9 million in 2020.

Net cash from financing activities showed a cash inflow of €382.8 million in 2020 (previous year: €74.2 million). The cash inflow was mainly attributable to an increase in liabilities to affiliated companies and an increase in liabilities to banks due to the issue of new promissory note loans. In order to limit cash outflows during the COVID-19 pandemic, the dividend payout was waived in 2020. In the previous year, a payout of €52.3 million to equity holders was included in the net cash used in financing activities.

OUTLOOK

We expect a moderate increase in net sales in PUMA SE's financial statements under German Commercial Code (German GAAP, HGB) for the financial year 2021. However, due to significant lower dividends from shareholdings in affiliated companies, we expect earnings before taxes to decline significantly in the financial year 2021.

FURTHER INFORMATION

INFORMATION CONCERNING TAKEOVERS

The following information, valid December 31, 2020, is presented in accordance with Art. 9 p. 1 c) (ii) of the SE Regulation in conjunction with Sections 289a, 315a German Commercial Code (HGB). Details under Sections 289a, 315a HGB which do not apply at PUMA SE are not mentioned.

Composition of the subscribed capital (Sections 289a [1][1][1], 315a [1][1][1] HGB)
On the balance sheet date, subscribed capital totaled € 150,824,640.00 and was divided into 150,824,640 no-par value shares with a proportional amount in the statutory capital of € 1.00 per share. As of the balance sheet date, the Company held 1,240,781 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][1][3], 315a [1][1][3] HGB)
As of December 31, 2020, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. It was held by the Pinault family via several companies controlled by them (ranked by size of stake held by the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounted to 9.8% of the share capital according to Kering's press release from October 6, 2020. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 38.3% of the share capital.

Statutory provisions and regulations of the Articles of Association on the appointment and dismissal of the members of the Management Board and on amendments to the Articles of Association (Sections 289a [1][1][6], 315a [1][1][6] HGB)
Regarding the appointment and dismissal of the members of the Management Board, reference is made to the applicable statutory requirements of § 84 German Stock Corporation Act (AktG). Moreover, Section 7[1] of PUMA SE's Articles of Association stipulates that Management Board shall consist of two members in the minimum; the Supervisory Board determines the number of members in the Management Board. The Supervisory Board may appoint deputy members of the Management Board and appoint a member of the Management Board as chairperson of the Management Board. Members of the Management Board may be dismissed only for good cause, within the meaning of Section 84[3] of the AktG or if the employment agreement is terminated, for which in each case a resolution must be adopted by the Supervisory Board with a simple majority of the votes cast.

Amendments to the Articles of Association of the Company require a resolution by the Annual General Meeting. Resolutions of the Annual General Meeting require a majority according to Art. 59 SE Regulation and Sections 133[1], 179 [2] [1] AktG (i.e. a simple majority of votes and a majority of at least three quarters of the share capital represented at the time the resolution is adopted). The Company has not made use of Section 51 SEAG.

Authority of the Management Board to issue or repurchase shares (Sections 289a [1][1][7], 315a [1][1][7] HGB)
The authority of the Management Board to issue shares result from Section 4 of the Articles of Association and from the statutory provisions:

Authorized Capital

The Management Board shall be authorized with the approval of the Supervisory Board to increase the share capital of the Company by up to € 15,000,000.00 by issuing, once or several times, new no-par value bearer shares against contributions in cash and/or kind until April 11, 2022 (Authorized Capital 2017). In case of capital increases against contributions in cash, the new shares may, partially or completely, be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect pre-emption right).

The shareholders shall generally be entitled to pre-emption rights. However, the Management Board shall be authorized with the approval of the Supervisory Board to partially or completely exclude pre-emption rights

- to avoid peak amounts;
- in case of capital increases against contributions in cash if the pro-rated amount of the share capital attributable to the new shares for which pre-emption rights have been excluded does not exceed 10% of the share capital and the issue price of the newly created shares is not significantly lower than the relevant exchange price for already listed shares of the same class, Section 186 (3) sentence 4 AktG. The 10% limit of the share capital shall apply at the time of the resolution on this authorization by the Annual General Meeting as well as at the time of exercise of the authorization. Shares of the Company (i) which are issued or sold during the term of the Authorized Capital 2017 excluding shareholders' pre-emption rights directly or respectively applying Section 186 (3) sentence 4 AktG or (ii) which are or can be issued to service option and convertible bonds applying Section 186 (3) sentence 4 AktG while excluding shareholders' pre-emption rights during the term of the Authorized Capital 2017, shall be counted towards said limit of 10%;
- in case of capital increases against contributions in cash insofar as it is required to grant pre-emption rights regarding the Company's shares to holders of option or convertible bonds which have been or will be issued by the Company or its direct or indirect subsidiaries to such an extent to which they would be entitled after exercising option or conversion rights or fulfilling the conversion obligation as a shareholder;
- in case of capital increases against contributions in kind for carrying out mergers or for the (also indirect) acquisition of companies or parts of companies, participation in companies or other assets including intellectual property rights and receivables against the Company or any companies controlled by it in the sense of Section 17 AktG.
- The total amount of shares issued or to be issued based upon this authorization while excluding shareholders' pre-emption rights may neither exceed 20% of the share capital at the time of the authorization becoming effective nor at the time of exercising the authorization; this limit must include all shares which have been disposed of or issued or are to be issued during the term of this authorization based on other authorizations while excluding pre-emption rights or which are to be issued because of an issue of option or convertible bonds during the term of this authorization while excluding pre-emption rights. The Management Board shall be entitled with the approval of the Supervisory Board to determine the remaining terms of the rights associated with the new shares as well as the conditions of the issuance of shares.

The Management Board of PUMA SE did not make use of the existing Authorized Capital 2017 in the current reporting period.

<u>Conditional Capital</u>

The Annual General Meeting of April 12, 2018 has authorized the Management Board until April 11, 2023 with the approval of the Supervisory Board to issue once or several times, in whole or in part, and at the same time in different tranches bearer and/or registered option and/or convertible bonds, and participation rights and/or participating bonds or combinations thereof with or without maturity restrictions in the total nominal amount of up to € 1,000,000,000.00.

The share capital is conditionally increased by up to € 30,164,920.00 by issue of up to 30,164,920 new no-par value bearer shares (Conditional Capital 2018). The conditional capital increase shall only be implemented to the extent that option/conversion rights are exercised, or the option/conversion obligations are performed or tenders are carried out and to the extent that other forms of performance are not applied.

No use has been made of this authorization to date.

Authorization to purchase treasury shares

The resolution adopted by the Annual General Meeting on May 7, 2020 authorized the Management Board to purchase treasury shares up to a value of 10% of the share capital until May 6, 2025.

Significant agreements of the Company which are subject to a change of control as a result of a takeover bid and the resulting effects (Section 289a [1][1][8], 315a [1][1][8] HGB)
Material financing agreements of PUMA SE with its creditors contain the standard change-of-control clauses. In the case of change of control the creditor is entitled to termination and early calling-in of any outstanding amounts.

For more details, please refer to the relevant disclosures in chapter 17 of the Notes to the Consolidated Financial Statements.

COMPENSATION REPORT

COMPENSATION PHILOSOPHY

The Management Board compensation system is designed to create incentives for a sustainable and profit-oriented company performance. The objective of the compensation system is to stimulate the implementation of long-term Group strategy by ensuring that the relevant success parameters that govern the performance-based compensation are aligned with the PUMA SE management system. Furthermore, the long-term interests of our shareholders are taken into account by making the variable compensation strongly dependent on the performance of the PUMA SE share.

With a greater share of performance-based and therefore variable compensation, the intention is to reward the contribution of our Management Board members towards a sustainable development of our Company, while negative deviations from the set targets will result in a significant reduction of variable compensation.

An updated Management Board compensation system that complies with the requirements of the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II) and the recommendations of the German Corporate Governance Code as amended on December 16, 2019 is to be submitted to the Annual General Meeting for approval on May 5, 2021.

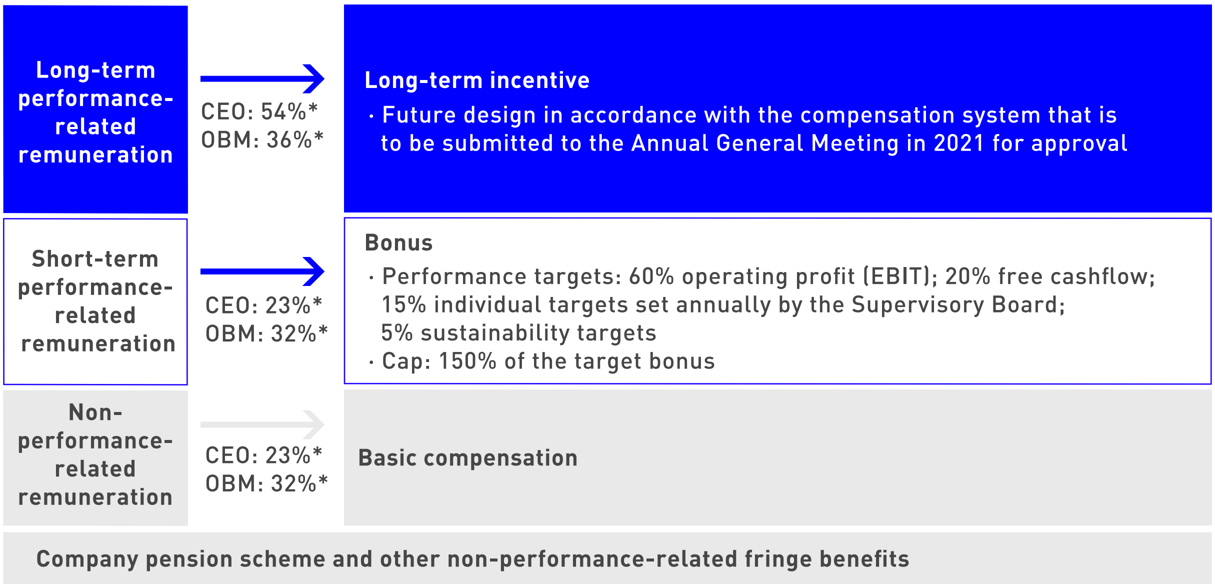
GOVERNANCE IN COMPENSATION MATTERS

It is the responsibility of the PUMA SE Supervisory Board to determine the compensation of the Management Board. The entire Supervisory Board decides on matters relating to the compensation of the Management Board members based on the respective recommendations of the Personnel Committee which is comprised of members of the Supervisory Board. Criteria for calculating the total compensation are the responsibilities and performance of the individual Management Board member, the economic situation of PUMA SE, long-term strategic planning and related goals, the sustainability of targeted results and the Company's long-term prospects.

OVERVIEW OF COMPENSATION ELEMENTS

The compensation of the Management Board consists of non-performance-based and performance-based components. The non-performance-based components comprise the basic compensation, company pension contributions and other fringe benefits, while the performance-based components are divided into two parts, a bonus and a component with long-term incentive effect:

↗ G.18 TARGET COMPENSATION STRUCTURE



*Figures in % of target compensation (total 100 %)
CEO: Chief Executive Officer / OBM: Ordinary Board Member

CHANGE IN COMPENSATION COMPONENTS IN 2020 DUE TO THE COVID-19 PANDEMIC AND LOAN COMMITMENTS FROM KFW BANKENGRUPPE

At the beginning of the COVID-19 pandemic in March 2020, all members of the Management Board of PUMA SE voluntarily waived their respective basic compensation for the months of April and May 2020 to show solidarity with those employees of PUMA for whom short-time work was applied for and with other employees who also forwent part of their remuneration for the months of April and May 2020. For the same reason, all members of the Supervisory Board also waived part of their annual compensation.

In addition, all members of the Management Board waived their respective bonus payment for the financial year 2020, including the bonus for the individual performance of members of the Management Board. The Management Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe.

TARGET COMPENSATION STRUCTURE

NON-PERFORMANCE-BASED COMPENSATION AND FRINGE BENEFITS

Basic Compensation
The members of the Management Board receive a fixed basic salary which is paid monthly. This salary is based on the duties and responsibilities of the member of the Management Board. For employment periods of less than twelve months in a calendar year, all compensation payments are paid on a prorated basis. For the months of April and May 2020, the members of the Management Board voluntarily waived their basic compensation.

Fringe Benefits
In addition, the Management Board members receive in-kind compensation, such as use of company cars, accident insurance and D&O insurance. These are part of the non-performance-based compensation.

Company Pension
Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested.

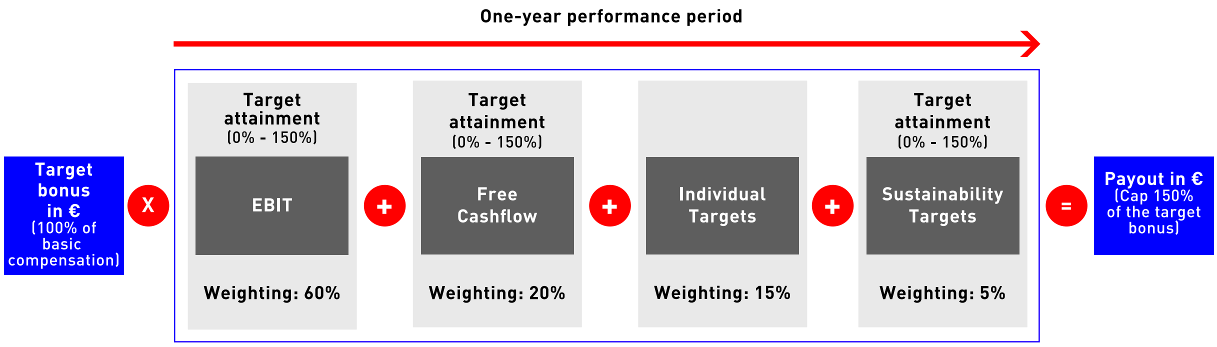
Performance-based Compensation
In addition to the non-performance-based compensation, the members of the Management Board receive performance-based and therefore variable compensation. The amount of this compensation is based on the attainment of previously defined financial and non-financial targets. It consists of a bonus and a component with a long-term incentive effect. In the event of any outstanding performance, the Supervisory Board may, at its discretion, grant the members of the Management Board a voluntary one-off payment.

Short-term variable Compensation — Bonus
All members of the Management Board waived short-term variable compensation for the financial year 2020. However, the short-term variable compensation system as it would have been applied if the Management Board had not waived it in 2020 is described below for the sake of completeness.

As part of the performance-based compensation, the bonus is primarily based on the financial goals of the operating result (EBIT) and free cash flow (FCF) of the PUMA Group and the individual performance of the respective Management Board member as well as the attainment of Group-wide sustainability targets. The two financial success targets are weighted with 60% for EBIT and 20%, respectively, for FCF. The individual performance is included in the calculation with a weighting of 15%. The degree to which the sustainability targets have been achieved is taken into account in the calculation with a weighting of 5%. If 100% of the target is achieved ("target bonus"), the amount of the bonus is 100% of the annual basic compensation for the Chair of the Management Board and the Management Board members.

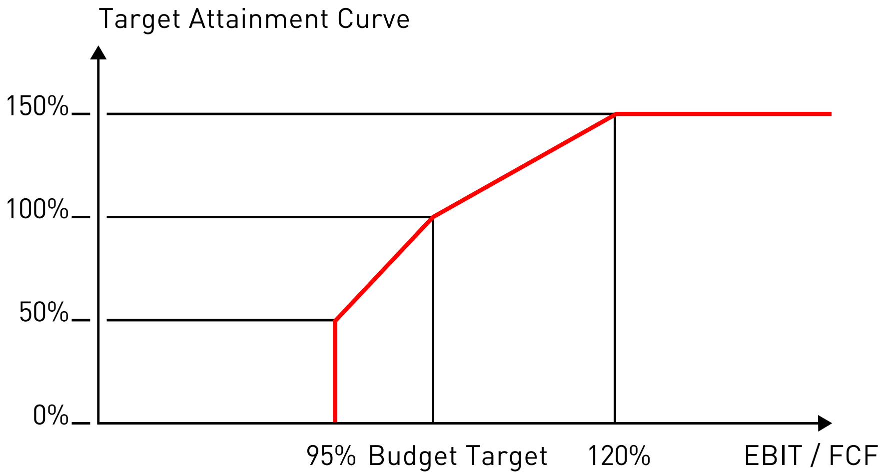
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ G.19 STI-PLAN



An identical target attainment curve has been created, respectively, for the two financial goals. If the budget target for EBIT or FCF is reached, the target attainment is 100% (target value). If EBIT/FCF are less than 95% of the target value, this results in a target attainment of 0%. If EBIT/FCF reach 95% of the target value, the target attainment is 50%. If EBIT/FCF reach 120% or more of the target value, the target attainment is limited to 150% (maximum value). Target attainments between the determined target attainment points are interpolated. This results in the following target attainment curve for the EBIT and FCF performance targets:

↗ G.20 TARGET ATTAINMENT CURVE EBIT/FCF



Individual Performance Target Attainment
The Supervisory Board assesses the individual performance of the Management Board member based on previously defined criteria, such as sustainable leadership, strategic vision and good corporate governance. The Supervisory Board determines target criteria for assessing individual performance every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Target Attainment Sustainability Targets
The sustainability targets include goals to reduce CO_2 emissions, compliance targets and occupational health and safety objectives. They are applied throughout the PUMA Group and measured quantitatively on a standardized basis. The Supervisory Board determines four target criteria for calculating the sustainability targets every year. At the end of the performance period, the Supervisory Board evaluates the degree of attainment of the target criteria. Target attainment can be between 0% and 150%.

Long-term variable share-based compensation
In the financial year 2020, no long-term variable compensation was granted to members of the Management Board. The Supervisory Board thus complied with a requirement for the granting of a loan with the participation of KfW Bankengruppe. Nevertheless, provisions of €1.9 million were set up in the financial year 2020 for a long-term incentive program in 2020 on account of individual contractual obligations toward the members of the Management Board. In 2021, the Supervisory Board will decide on the provision of a long-term incentive program for the financial year 2020 and will grant an allocation only on the condition that doing so is in compliance with the requirements of KfW Bankengruppe. The long-term incentive program then to be granted will be in line with the compensation system that will be presented for approval at the upcoming Annual General Meeting.

Rules for Terminating Management Board Activity and other Contractual Provisions
In the event of a temporary disablement due to illness, the Management Board member retains his or her entitlement to full contractual compensation up to a total duration of six months but for no longer than the end of the employment contract. The Management Board member must offset payments received from health insurance companies or pension insurances in the form of sick pay or pension benefits against the compensation payments, insofar as these benefits are not fully based on contributions by the Management Board member.

In the case of an early termination of the employment contract without good cause within the meaning of section 626 (1) of the German Civil Code (BGB), any payments to be agreed to the Management Board member, including fringe benefits, will not exceed the amount of two annual compensations (severance cap) and must not exceed the value of the compensation for the remaining duration of the Management Board employment contract. The calculation of the severance cap is based on the total compensation of the past financial year and also on any expected total compensation for the current financial year. In the event of an early termination of the employment contract before the end of the relevant performance period for the bonus and/or the three-year vesting period of the long-term variable compensation, the contract makes no provision for an early payout of the variable compensation components. If the member of the Management Board becomes permanently disabled during the term of the employment contract, the contract is terminated on the day on which the permanent disability is determined. A permanent disability exists within the meaning of this provision, if the member of the Management Board is no longer able, due to illness or accident, to fulfill the responsibilities assigned to him or her. In this respect, the specific duties and particular responsibility of the member of the Management Board must be taken into account.

If the member of the Management Board dies during the term of the employment contract, his or her widow or widower and children, provided they have not yet reached the age of 27, are entitled as joint creditors to receive the unreduced continued payment of the fixed compensation for the month in which the death occurred and for the six following months, but for no longer than up to the end of the regular term of the contract.

MANAGEMENT BOARD COMPENSATION

The following tables show the compensation paid during the financial year and inflows during or for the reporting year and the total related pension expenses for all Management Board members. *

↗ T.07 COMPENSATION PAID (€ million)

	2019	2020	2020 (min)	2020 (max)
Basic Compensation	2.0	1.7	1.7	1.7
Fringe Benefits	0.1	0.1	0.1	0.1
Total	**2.1**	**1.8**	**1.8**	**1.8**
Short-term variable compensation	2.7	0.0	0.0	0.0
Long-term variable share-based compensation				
LTI 2019 (2019 to 2021)	3.9	0.0	0.0	0.0
Total variable compensation	**6.6**	**0.0**	**0.0**	**0.0**
Pension expenses	0.4	0.4	0.4	0.4
Total compensation	**9.1**	**2.2**	**2.2**	**2.2**

* The grants and inflows shown below include the portion of the compensation of Ms. Anne-Laure Descours granted to Ms. Descours for her services as a member of the Management Board of PUMA SE. In addition, Ms. Descours receives compensation for her function as General Manager PUMA Group Sourcing of World Cat Ltd, Hong Kong, a subsidiary of PUMA SE.

T.08 INFLOW (€ million)

	2019	2020
Basic Compensation	2.0	1.7
Fringe Benefits	0.1	0.1
Total	**2.1**	**1.8**
Short-term variable compensation	2.7	2.6
Long-term variable share-based compensation		
LTI 2016 (2016 to 2018)	1.7	6.7
LTI 2017 (2017 to 2019)		6.7
Total variable compensation	**4.3**	**16.0**
Pension expenses	0.4	0.4
Total compensation	**6.8**	**18.3**

When adding the individual items, there may be slight deviations as a result of rounding.

Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. During the financial year, PUMA allocated €0.4 million for members of the Management Board (previous year: €0.4 million). The present value of the pension benefits granted to active Management Board members of €13.0 million as of December 31, 2020 (previous year: €10.8 million) was netted against the equally high and pledged asset value of the pension liability insurance on the balance sheet. The majority of the present value is attributable to the pension benefits financed by deferred compensation.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

In the reporting year, €0.8 million was spent on pro-rata basic compensation, pro-rata fringe benefits and short-term and long-term variable compensation for former members of the Management Board.

There were pension obligations to former members of the Management Board and their widows/widowers amounting to €3.2 million (previous year: €3.3 million) as well as contribution-based pension commitments in connection with the deferred compensation of former members of the Management Board and Managing Directors amounting to €11.3 million (previous year: €11.6 million). Both items were recognized as liabilities within pension provisions to the extent they were not offset against asset values of an equal amount. Pension obligations to former members of the Management Board and their widows/widowers were incurred amounting to €0.2 million (previous year: €0.2 million).

SUPERVISORY BOARD COMPENSATION SYSTEM

In the reporting year, all members of the Supervisory Board waived part of their annual compensation. The following describes the Supervisory Board compensation system if no components are waived.

The Supervisory Board compensation system has been changed to purely fixed compensation. The Articles of Association were amended following the shareholders' decision at the Annual General Meeting on May 7, 2020. As for the Management Board, the relevant criteria for calculating the compensation are the responsibilities and performance of the individual Supervisory Board member, the economic situation of PUMA SE, the long-term strategic planning and related goals, the sustainability of achieved results and the Company's long-term prospects. For this reason, the Supervisory Board compensation consists of a fixed, non-performance-based amount.

The Supervisory Board compensation conforms to § 15 of the Articles of Association, according to which each Supervisory Board member receives a fixed annual compensation of € 25,000.00. This amount is payable after the Annual General Meeting for the respective financial year. In addition to the fixed, annual compensation, the members of the Supervisory Board are entitled to an increase of their fixed compensation based on their position on the board and their membership of committees. The Chair of the Supervisory Board and the Vice Chair receive an additional fixed annual amount of € 25,000.00 and € 12,500.00, respectively. The chair of a committee additionally receives € 10,000.00, and the members of a committee € 5,000.00, respectively. The respective committees are the Personnel Committee, the Audit Committee and the Sustainability Committee.

A member of the Supervisory Board who is only active for part of a financial year receives prorated remuneration calculated on the basis of the period of activity determined for full months.

SUPERVISORY BOARD COMPENSATION

The compensation for the Supervisory Board for financial years 2019 and 2020 are shown in the table below.

↗ T.09 SUPERVISORY BOARD COMPENSATION (€ million)

	Fixed compensation		Committee compensation		**Total**	
	2019	**2020**	2019	**2020**	**2019**	**2020**
Total	0.2	0.1	0.0	0.0	**0.2**	**0.1**

CORPORATE GOVERNANCE STATEMENT IN ACCORDANCE WITH SECTION 289F AND SECTION 315D HGB

Effective implementation of the principles of corporate governance is an important aspect of PUMA's corporate policy. Transparent and responsible corporate governance is a key prerequisite for achieving corporate targets and for increasing the Company's value in a sustainable manner. The Management and the Supervisory Board work closely with each other in the interests of the entire Company to ensure that the Company is managed and monitored in an efficient way that will ensure sustainable added value through good corporate governance. In the following the Management Board and the Supervisory Board report on the corporate governance at PUMA SE in accordance with Principle 22 of the German Corporate Governance Code (DCGK). This section also includes the Statement of Compliance in accordance with Art. 9(1)c(ii) of the SE Regulation (SE-VO) in conjunction with Section 289f and Section 315d German Commercial Code (HGB). Pursuant to Section 317(2) Sentence 6 of the HGB, the purpose of the audit of the statements pursuant to Section 289f (2) and (5) and Section 315d of the HGB is limited to determining whether such statements have actually been provided.

PUMA SE has the legal form of a European company (Societas Europaea, or SE). Being a SE headquartered in Germany, PUMA SE is subject to European and German law for SEs while remaining subject to German stock corporation law. As a company listed in Germany, PUMA SE adheres to the German Corporate Governance Code.

PUMA SE has a dual management system featuring strict personal and functional separation between the Management Board and the Supervisory Board (two-tier board). Accordingly, the Management Board manages the company while the Supervisory Board monitors and advises the Management Board.

STATEMENT OF COMPLIANCE PURSUANT TO SECTION 161 AKTG FOR 2020:

The Management Board and the Supervisory Board of PUMA SE declare that - since the last Statement of Compliance from November 9, 2019 - PUMA SE has been and will be in compliance with the recommendations issued by the "Government Commission on the German Corporate Governance Code" in its version dated February 7, 2017 ("Code 2017") and its version dated December 16, 2019 (effective as of March 20, 2020, "Code 2020"), with the exceptions mentioned below.

EXCEPTIONS TO THE RECOMMENDATIONS OF THE CODE 2017

In the period since the last Statement of Compliance was issued on November 9, 2019, the following recommendations of the Code 2017 have not been complied with. With the announcement of the Code 2020 on March 20, 2020, the Code 2017, which was valid until then, was replaced by the Code 2020.

- In derogation of No. 3.8 p. 3 of the Code 2017, members of the Supervisory Board are provided with D&O insurance with no deductible. The Supervisory Board feels that it can dispense with a deductible for members of the Supervisory Board, because the D&O insurance is group insurance for people in Germany and abroad, and a deductible is fairly unusual abroad.
- In derogation of No. 4.2.3 p. 2 s. 6 of the Code 2017 the compensation of the members of the Management Board does not show the maximum amount limits in total or their variable compensation components. This is due to the fact that neither the existing PUMA Monetary Units Plans 2016/2017/2018 nor the PUMA Board Member Bonus Plan nor the discretionary extra bonus clause provide for a maximum amount. PUMA complies with the Code 2017 with regard to the PUMA Monetary Units Plan for 2019 as it provides for a maximum amount.
- In derogation of No. 4.2.3 p. 2 s. 8 of the Code 2017 subsequent amendments to the performance targets or comparison parameters are not excluded. This provides the possibility to the Supervisory Board to react to extraordinary effects using its equitable discretion.
- According to No. 4.2.3 p. 3 of the Code 2017 the target level of pension benefits for every pension commitment shall be established by the Supervisory Board. Due to the defined contribution plans, PUMA does not comply with this recommendation.
- In accordance with the authorization by the Annual General Meeting on April 12, 2018, pursuant to Section 286 p. 5 HGB, the Company shall not publish the amounts of compensation for individual members of the Management Board until the authorization expires (Nos. 4.2.4 and 4.2.5 of the Code). The members of the Management Board shall adhere to the authorization when they prepare the annual financial statements. Based on the authorization of the Annual General Meeting, and in derogation of No. 4.2.5 p. 3 of the Code 2017 the information stated in this Section regarding the compensation of the members of the Management Board is not included in the Compensation Report.
- The Annual General Meeting of PUMA SE decided on May 7, 2020 to convert the remuneration of the Supervisory Board to a purely fixed compensation and to delete § 15.3 of the Articles of Association for this purpose. Since prior to this resolution of the Annual General Meeting the remuneration of the Supervisory Board contained a variable component to allow members of the Supervisory Board to participate in the success of the company, there was a deviation from No. 5.4.6 p. 2 s. 2 of the Code 2017, since the performance-related remuneration was not linked to a sustainable corporate development. The deviation no longer exists since May 7, 2020.
- In derogation of No. 5.4.6. p. 3 of the Code 2017, the compensation of the Supervisory Board members is not shown individually. In the opinion of PUMA SE, this is not additional information relevant to the capital market as the respective remuneration regulations included in the Articles of Association are in the public domain.

EXCEPTIONS TO THE RECOMMENDATIONS OF THE CODE 2020

Since the announcement of the Code 2020 on March 20, 2020, all recommendations of the Code 2020 have been (with the below mentioned exception) and will be complied with, as far as PUMA has to comply with these recommendations.

The Annual General Meeting of PUMA SE decided on May 7, 2020 to convert the remuneration of the Supervisory Board to a purely fixed compensation and to delete § 15.3 of the Articles of Association for this purpose. Since prior to this resolution of the Annual General Meeting the remuneration of the Supervisory Board contained a variable component to allow members of the Supervisory Board to participate in the success of the company, there was a deviation from G. 18 s. 2 of the Code 2020, since the performance-related remuneration was not linked to the long-term development of the company. The deviation no longer exists since May 7, 2020.

Herzogenaurach, November 9, 2020
PUMA SE

For the Management Board		For the Supervisory Board
Bjørn Gulden	Michael Lämmermann	Jean-François Palus

The Statement of Compliance can be downloaded on the company's homepage (http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE"). The Statements of Compliance of the past five years are also accessible on this website.

RELEVANT DISCLOSURES OF CORPORATE GOVERNANCE PRACTICES THAT ARE APPLIED BEYOND THE REGULATORY REQUIREMENTS

CORPORATE SOCIAL RESPONSIBILITY

In order to fulfill our ecological and social responsibility as a global sporting goods manufacturer, PUMA has developed groupwide guidelines on environmental management and on compliance with workplace and social standards. PUMA is convinced that only on such a foundation can a lasting and sustainable corporate success be achieved. That is why PUMA is committed to the principles of the UN Global Compact. The PUMA Code of Conduct prescribes ethical and environmental standards with which both employees and suppliers are required to comply. Detailed information on the company's corporate social responsibility strategy can be found in the Sustainability section of the Annual Report or on the company's homepage (http://about.PUMA.com under "SUSTAINABILITY").

COMPLIANCE MANAGEMENT SYSTEM

PUMA's management acts in compliance with laws and self-imposed standards of conduct. PUMA has set up a Compliance Management System (CMS) to systematically prevent, detect and sanction violations in the areas of corruption, money laundering, conflicts of interest, antitrust law, fraud and embezzlement. Violations of the law or internal guidelines will not be tolerated.

The PUMA Code of Ethics is an important building block of the CMS and is binding for employees of all subsidiaries worldwide. It defines the guidelines and values that shape PUMA's identity. PUMA expects all employees to be aware of these values and to act accordingly. The Code of Ethics contains rules, among other things, on dealing with conflicts of interest and personal data and prohibits insider trading, anti-competitive behavior and corruption in any form. In order to familiarize employees with the rules of the Code of Ethics and to establish uniform behavioral guidelines, the Code of Ethics is flanked by specific Group-wide guidelines.

All employees are familiarized with the regulatory areas of the Code of Ethics through ongoing mandatory e-learning. In addition, employees selected on the basis of risk-based principles are given in-depth knowledge in classroom training or more comprehensive e-learnings. In 2020, the e-learning on the Code of Ethics covered the topics of anti-corruption and reporting of compliance violations ("speak up culture"). All PUMA employees were encouraged by the CEO of PUMA SE to complete the e-learning. The clear Tone from the Top resulted in 98.7% of PUMA employees Group-wide (98.3% PUMA SE) successfully completing the e-learning on the Code of Ethics. In-depth e-learning took place in the area of antitrust law for all sales employees in the PUMA Group. 99% of the employees in the target group completed the e-learning. Due to the COVID-19 pandemic, classroom training was replaced by virtual training. For example, a "train the trainer" course was held for employees from the Social Sustainability area. These were then able to communicate PUMA's expectations in the areas of anti-corruption and conflict of interest clearly and consistently in their own training sessions with sourcing suppliers.

In 2020 PUMA developed a comprehensive Business Partner Due Diligence Policy. Upon a risk-based approach all existing processes regarding the onboarding of high-risk business partners were analyzed, consolidated and redefined. In the future, the due diligence process will be supported by a compliance screening tool to which all local compliance officers will have access.

The Management Board is responsible for the proper functioning of the CMS. It is supported by a compliance organization consisting of the Chief Compliance Officer and compliance officers in the main operating Group companies. The Chief Compliance Officer of PUMA SE reports directly to the CEO of PUMA SE. The local Compliance Officers also serve as direct contact persons for employees and support them by appropriate communication measures as well as in dealing with and processing compliance incidents. To facilitate cooperation within the global compliance organization, regular virtual meetings are held with local Compliance Officers. These provide an opportunity to exchange experience and knowledge. This informal exchange of information is supplemented by a compliance reporting process, which was documented and formalized in written form in 2020. This process includes, among other things, that the Chief Compliance Officer reports to the Audit Committee of the Supervisory Board of PUMA SE about the current status of the implementation of compliance structures and serious compliance violations. The Chief Compliance Officer works closely with the Legal Department and Internal Audit. In addition, regular meetings of the "PUMA SE Risk & Compliance Committee" take place. At the meetings of this committee, compliance risks are analyzed and evaluated and appropriate measures (guidelines, training, etc.) are defined and approved. The review of the implementation of the requirements in the compliance guidelines is regularly part of the audit plan of the internal audit department.

PUMA has a Group-wide electronic whistleblower platform, which is operated by an external provider and to which employees and third parties can report protected illegal or unethical conduct. Violations from all risk areas can be reported. Insofar as they do not fall within the competence of the compliance organization, the responsible specialist departments are responsible for identifying and taking measures. The introduction of the platform was communicated throughout the Group by the CEO and the communication was flanked by appropriate information material. Every year, the local compliance officers expressly draw attention to the whistleblower system through appropriate communication measures or in face-to-face training sessions. Whistleblowers who report misconduct in good faith are protected from retaliation. All reports are followed up immediately and, if confirmed, appropriate measures are taken. In 2020, the Compliance department at headquarters received 47 reports of alleged violations. The majority of cases did not fall within the remit of the Compliance department. In two cases from 2019 in which allegations of corruption were made, the investigation was concluded in 2020 without the allegations being confirmed. In addition to the whistleblower platform, there is a global hotline for whistleblowers from the supply chain.

DESCRIPTION OF THE WORKING PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

PUMA SE has three bodies – the Management Board, the Supervisory Board and the Annual General Meeting.

MANAGEMENT BOARD

The Management Board of PUMA SE manages the company on its own responsibility with the goal of sustainable value creation. It develops PUMA's strategic orientation and coordinates it with the Supervisory Board. In addition, it ensures group-wide compliance with legal requirements and an effective risk management and internal control system.

The members of the Management Board are appointed by the Supervisory Board. The Supervisory Board has set a general age limit of 70 years for the members Management Board. The Management Board currently consists of three members and has a CEO. Further information on the areas of responsibility of the members of the Management Board and their mandates can be found in the Notes to the Consolidated Financial Statements (last chapter). No member of the Management Board has, in aggregate, more than two Supervisory Board mandates in non-group listed companies or comparable functions.

The members of the Management Board are obliged to disclose conflicts of interest to the Chair of the Supervisory Board and to the CEO without undue delay and to inform the other members of the Management Board accordingly. They may only assume sideline activities, in particular supervisory board and comparable mandates outside the PUMA Group, with the prior consent of the Supervisory Board. In the past fiscal year, the members of the Management Board of PUMA SE did not report any conflicts of interest.

The principles of cooperation of the Management Board of PUMA SE are set out in the Rules of Procedure for the Management Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SUPERVISORY BOARD

The German Codetermination Act does not apply to PUMA SE as a European company. Rather, the size and composition of the Supervisory Board are determined by the Articles of Association of PUMA SE and the Agreement on the Involvement of Employees in PUMA SE dated July 11, 2011 and its amendment dated February 7, 2018. The Supervisory Board of PUMA SE consists of six members, four of whom are shareholder representatives and two of whom are employee representatives. Shareholder representatives are being elected individually. CVs of the individual Supervisory Board members are available on the Internet and are updated regularly. The term of office of the current Supervisory Board members ends at the end of the Annual General Meeting which resolves on the discharge of the members of the Supervisory Board for the financial year 2022. Further information on the members of the Supervisory Board, their mandates and the term of their membership can be found in the Notes to the Consolidated Financial Statements (last chapter). Supervisory Board members who are not a member of any Management Board of a listed company have not accepted more than five Supervisory Board mandates at non-group listed companies or comparable functions.

The Supervisory Board appoints the members of the Management Board and may dismiss them at any time for good cause. Initial appointments are for three years. The Supervisory Board determines the remuneration system for the Management Board and reviews it regularly (most recently in 2018). It determines the individual total compensation of each member of the Board of Management, taking into account the ratio of the Management Board compensation to compensation in the MDAX (horizontal comparison) and to the average compensation of the first management level below the Management Board (n-1) as well as to the average compensation of all employees (vertical comparison). The relevant workforce is the workforce of PUMA SE. Variable compensation components have a multi-year, mainly future-related assessment basis. Variable remuneration components that last several years are not paid out prematurely. Starting in the 2019 fiscal year, the Supervisory Board has set maximum limits for the individual compensation of the Management Board both in total and with regard to its variable components. It is planned to submit a further developed Management Board remuneration system to the Annual General Meeting on May 5, 2021 for approval, which complies with the requirements of the Act Implementing the Second Shareholders' Directive (ARUG II), follows the recommendations of the Code 2020 and is even more strongly aligned with shareholder interests.

The Supervisory Board monitors and advises the Management Board on the implementation of the strategy. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about all issues of relevance to the Company relating to strategy, planning, business development, the risk situation, risk management and compliance management system. It deals with deviations in the course of business from the established plans and targets, stating the reasons. The Supervisory Board is involved by the Management Board in decisions of paramount importance for the company or beyond the ordinary course of business of PUMA SE and the PUMA Group to which it has rights of approval.

Together with the Management Board, the Supervisory Board ensures succession planning for future Management Board positions and key functions in the PUMA Group. On the basis of group-wide talent conferences, the Management Board develops recommendations for potential internal successor appointments, which it discusses regularly with the Supervisory Board. In making its recommendations, the Management Board takes into account the Diversity Concept adopted by the Supervisory Board for the composition of the Management Board (see below).

Between the meetings, the Chair of the Supervisory Board is in regular contact with the CEO in order to discuss issues of strategy, business development, the risk situation, risk management and compliance of PUMA. Prior to Supervisory Board meetings, the Management Board or the CEO regularly speaks separately to the employee representatives and the shareholder representatives. At the end of the regular meetings, the Supervisory Board always has the opportunity to discuss issues even in the absence of the Management Board. It also makes regular use of this opportunity. The members of the Supervisory Board also participate in the meetings by telephone or video conference.

The Supervisory Board regularly reviews the efficiency of its activities. The last time this review took place was at the beginning of 2019. The Supervisory Board was supported by an external law firm that generated 56 questions that were answered by each of the Supervisory Board members. The results were evaluated and implementation measures agreed upon.

No Supervisory Board member is a member of a governing body of, or exercises advisory functions at, significant competitors of the company; no Supervisory Board member holds any personal relationships with a significant competitor of the company.

The company supports the Supervisory Board in its training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and address them in the meetings. In an onboarding program, new members of the Supervisory Board not only receive training from the legal department on their rights and duties, but also have the opportunity in particular to meet the members of the Management Board and other executives for a bilateral exchange on current management issues and thus gain an overview of relevant topics of the company.

The principles of cooperation of the Supervisory Board of PUMA SE are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of PUMA SE exercise their rights, in particular their information and voting rights, at the Annual General Meeting. Each share has one vote. Our shareholders can exercise their voting rights themselves or through a proxy appointed by the company and bound by instructions. All documents and information on the Annual General Meeting are available on the website of PUMA SE.

As part of our comprehensive investor relations and public relations work, we are in close contact with our shareholders. We inform shareholders, financial analysts, shareholders' associations, the media and the interested public comprehensively and regularly about the situation of the Company and inform them without undue delay about significant business changes. The Chair of the Supervisory Board is also prepared to discuss Supervisory Board-specific issues with investors within an appropriate framework.

In addition to other communication channels, we make intensive use of the Company's website for our investor relations work. At http://about.PUMA.com/en/investor-relations, all material information published in the 2020 financial year, including annual, quarterly and half-yearly financial reports, press releases, voting rights announcements by major shareholders, presentations and the financial calendar, can be accessed.

DESCRIPTION OF THE WORKING PRACTICES AND THE COMPOSITION OF THE COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board meets at least every three months. Meetings must also be held if the best interests of the Company so require or if a member of the Supervisory Board requests that the meeting be convened. The Supervisory Board has established three committees to perform its duties and receives regular reports on their work. The principles of cooperation of the Supervisory Board of PUMA SE and the duties of the committees are set out in the Rules of Procedure for the Supervisory Board, which can be viewed at http://about.PUMA.com under "INVESTOR RELATIONS / CORPORATE GOVERNANCE".

The Personnel Committee consists of three members. The Personnel Committee is responsible for entering into and making changes to the Management Board members' employment contracts and for establishing policies for Human Resources and personnel development. The entire Supervisory Board decides on issues involving the Management Board members' compensation based on recommendations from the Personnel Committee. The members of the Personnel Committee are Jean-François Palus (Chair), Fiona May and Martin Koeppel.

The Audit Committee consists of three members. The Chair of the Audit Committee must be an independent shareholder representative and must have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG. In particular, the Audit Committee is responsible for the review of the accounting comprising particularly of the consolidated financial statements and the group management report (including CSR reporting), interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement. The recommendation of the Supervisory Board on the selection of the statutory auditors must be based on a corresponding recommendation by the Audit Committee. Once the Annual General Meeting has appointed the statutory auditors, and the Supervisory Board has issued the audit assignment, the Audit Committee shall work with the statutory auditors to specify the scope of the audit and the audit areas of focus. The statutory auditors shall attend a meeting to review the annual financial statements and the consolidated financial statements and shall report on the key findings of their audit. They shall also inform the Committee about other services they have provided in addition to auditing services and shall confirm their independence. Each month, the Audit Committee shall receive financial data on the PUMA Group, which will allow the tracking of developments in net assets, financial position, results of operations and the order books on a continual basis. The Audit Committee shall also deal with issues relating to the balance sheet and income statement and shall discuss these with the Management Board. In addition, when the internal audit projects are completed, the Audit Committee shall receive the audit reports, which must also include any actions taken. The members of the Audit Committee are Thore Ohlsson (Chair), Héloïse Temple-Boyer and Bernd Illig.

The Nominating Committee has three members, who are representatives of the shareholders on the Supervisory Board. The Nominating Committee proposes suitable shareholder candidates to the Supervisory Board for its voting recommendations to the Annual General Meeting. The members of the Nominating Committee are Jean-François Palus (Chair), Héloïse Temple-Boyer and Fiona May.

The current composition of the committees can further be found in the Notes to the Consolidated Financial Statements (last chapter).

DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD

A) OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of PUMA SE is composed in such a way that its members as a group possess the appropriate knowledge, skills and professional experience necessary for the proper performance of their duties. The composition of the Supervisory Board is primarily determined by appropriate qualification, taking into account diversity and the appropriate involvement of women. Based on Section C.1 of the Code 2020, the Supervisory Board has set targets for his composition that have been fulfilled. In detail:

- The members of the Supervisory Board as a group have the experience and knowledge in the field of management and/or monitoring market-oriented companies as well as in the business segments and sales markets of PUMA. Details of this are presented under lit. b) of this chapter.
- A sufficient number of members have strong international backgrounds. This target has been clearly surpassed simply because of the international origins of Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May.
- The Supervisory Board has an appropriate number of independent members. With Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May four out of six members of the Supervisory Board are considered independent.
  The Code 2020 does not contain a conclusive definition of independence regarding the shareholder representatives in the supervisory board, but rather lists examples of circumstances that may indicate a lack of independence. It is the task of the supervisory board to assess the independence of the members of the supervisory board on the basis of these indications and evaluate whether a member has a personal or business relationship with the company or its management board that may cause a substantial – and not merely temporary – conflict of interest. Against this backdrop, PUMA's Supervisory Board believes that there are currently no specific indications of relevant circumstances or relationships for any member of the Supervisory Board that could constitute a material and not merely temporary conflict of interest and that would therefore interfere with their independence.
  With regard to Supervisory Board members Jean-François Palus and Héloïse Temple-Boyer, the Supervisory Board is of the opinion that their functions as Directeur Général Délégué of Artémis S.A.S. do not impair their independence within the meaning of the Code 2020. Artémis S.A.S. is not a controlling shareholder, as Artémis S.A.S. is neither a majority shareholder nor does it have a de facto majority at the Annual General Meeting.
  With regard to the members of the Supervisory Board Mr. Jean-François Palus and Mr. Thore Ohlsson, the Supervisory Board believes that the length of their tenure as members of the Supervisory Board, which each exceeds 12 years, does not interfere with their independence within the meaning of the Code 2020 as it does not give rise to a material conflict of interest. This is due to the fact that Mr. Palus and Mr. Ohlsson currently hold positions in the management and supervisory boards of several other companies. They both have demonstrated a high level of professionalism during their long experience in the management of various companies and the Supervisory Board believes that both would avoid any circumstances that may give rise to conflict of interest. There are no other indications of a conflict of interest in Mr. Palus' and Mr. Ohlsson's person.

Jean-François Palus as the Chair of the Supervisory Board, Thore Ohlsson as the Chair of the Audit Committee and Jean-François Palus as the Chair of the Personnel Committee are all considered independent from the Management Board, the company and a controlling shareholder. No former member of the Management Board is member of the Supervisory Board.

- Thore Ohlsson, the Chair of the Audit Committee has specific knowledge and experience in applying accounting principles and internal control procedures, is familiar with audits and is independent. Jean-François Palus and Héloïse Temple-Boyer also bring this specific knowledge with them.
- The members have sufficient time to perform his/her mandate in the Supervisory Board. Prior to each election proposal, the Supervisory Board examines whether the candidates concerned are able to complete the time required for the office.
- The Supervisory Board prevents potential significant and not only temporary conflicts of interest of its members by regularly monitoring and critically scrutinizing its members' other activities. There were no indications of actual conflicts of interest in the 2020 financial year. If a conflict of interest would occur each member of the Supervisory Board informs the Chair of the Supervisory Board without undue delay.
- According to Section 1(4) of the Rules of Procedure for the Supervisory Board, Supervisory Board members may, in principle, not be over 70 years of age and their maximum term of office may not exceed three terms. In setting this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favor of a flexible rule limit that provides the necessary leeway for an appropriate assessment of the circumstances of the individual case, sufficiently broadly defines the circle of potential candidates and also allows re-election. Thore Ohlsson has reached the statutory age limit. After careful consideration, he was nevertheless proposed by the Supervisory Board for re-election in 2018 in order to ensure the necessary continuity after the spin-off from Kering S.A. in the best interests of the company. All other Supervisory Board members did not reach the standard age limit at the time of their election.

B) PROFILE OF SKILLS AND EXPERTISE

The Supervisory Board has determined a competence profile for the entire Board. It stipulates that the members of the Supervisory Board as a whole must cover the following professional competencies:

- Managing of large or mid-sized international companies (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson)
- Leadership experience in the sporting or luxury goods industry (Jean-François Palus, Héloïse Temple Boyer, Thore Ohlsson, Fiona May)
- International corporate background (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson, Fiona May)
- Leadership experience with various disribution channels, including e-commerce (Jean-François Palus, Thore Ohlsson)
- Expertise in building strong international brands (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson, Fiona May)
- Marketing, sales and digital know how (Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson)
- Financial expertise (accounting, treasury, risk management, corporate governance) (Jean-François Palus, Thore Ohlsson, Héloïse Temple-Boyer)
- Expertise in serving on the Administrative or Supervisory boards of publicly listed companies (Jean-François Palus, Heloise Temple-Boyer)
- Experience with mergers & acquisitions (Jean-François Palus, Thore Ohlsson)
- Understanding of the industrial constitution law and advocating the interests of the employees (Martin Koeppel, Bernd Illig)
- HR expertise (Jean-François Palus)
- IT expertise (Bernd Illig).

The Supervisory Board of PUMA SE is currently composed in such a way that it has the competence profile as an overall body.

C) COMMITMENTS TO PROMOTE THE PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH ART. 9(1)C(II) OF THE SE REGULATION (SE-VO) IN CONNECTION WITH SECTION 76(4), SECTION 111(5) AKTG

The Supervisory Board shall define a target figure for the proportion of women on the Supervisory Board and the Management Board. The Management Board, for its part, shall set target figures for the proportion of women in the two management levels below the Management Board.

For the Supervisory Board of PUMA SE, a target figure of 30% has been set for the targeted proportion of women. The implementation period for this target is October 31, 2021. As of December 31, 2020, the six-member Supervisory Board included two women, Fiona May and Héloïse Temple-Boyer, resulting in a female representation of 33%.

The Supervisory Board has set a target of 20% for the Management Board, provided that PUMA SE has five or more members. The implementation period for this target is October 31, 2021. The Management Board, which consisted of three members as of December 31, 2020 including Anne-Laure Descours, will be composed of 33% women and 66% men.

Together with the Supervisory Board, the Management Board has set a target of 25% for the first management level below the Management Board and 30% for the second management level below the Management Board. At Group level, the proportion of women is to increase to 30% for the first management level below the Management Board and to 40% for the second management level. The implementation deadline here, too, is October 31, 2021.

DIVERSITY CONCEPT FOR THE MANAGEMENT BOARD

The Supervisory Board and the Management Board promote an agile, open corporate culture in which the advantages of diversity are consciously utilized, and everyone can freely unfold their potential for the best of the company. PUMA strives to fill Management Board positions and senior management positions primarily with people developed within the company.

The Supervisory Board's decision regarding a particular appointment to the Management Board is always taken in consideration of the company's best interests based on the professional and personal suitability of the candidate. It must be ensured that the members of the Management Board as a whole have the knowledge, skills and experience required for the best possible fulfillment of the tasks of a member of the Management Board of a sporting goods manufacturer such as PUMA. It is not necessary for every member of the Management Board to reflect the technical requirements laid out in the following. The diversity concept for the Management Board therefore stipulates that gender, internationality, age, educational background and experience must be taken into account in its composition:

- Gender

PUMA aims to have 20% women on the Management Board by October 31, 2021, provided that the Board has five or more Management Board members. In order to achieve this goal, the Management Board ensures that an appropriate proportion of female candidates are included on the succession lists within the framework of the internal global management structure for the development of junior staff for the Management Board. In the future, the participation of women in the Management Board is to be guaranteed in the event of a necessary replacement, in particular by giving special consideration to women in various equally qualified candidates. Insofar as external candidates are to be appointed, suitably qualified female candidates shall be considered in particular. The same applies to the filling of management functions. In order to involve women even more in management functions in the future, PUMA promotes the compatibility of family and career, for example through part-time and half-day models as well as flexible working hours and the provision of childcare places. With Anne-Laure Descours a woman is represented on the Management Board. The proportion of women on the Management Board is therefore currently 33%.

- Internationality

PUMA is a globally operating company. An appropriate number of board members must therefore have international experience either due to their origin or due to their many years of professional experience abroad. Notwithstanding the several years of international experience of all board members, this goal has been exceeded simply because of the international origins of Bjørn Gulden and Anne-Laure Descours.

- Age

The Supervisory Board ensures a balanced age structure in the Management Board. This is important to ensure the continuity of the Management Board's work and to facilitate smooth succession planning. In principle, members of the Management Board may not be older than 70 years. All members of the Management Board are below the standard age limit.

- Training and experience background

With regard to the educational and professional background, the selection of Management Board members should be based on the competencies required in the PUMA Management Board in general as well as for the respective Management Board with regard to corporate management, strategy development, finance and accounting, supply chain, sales and HR. The same criteria apply here as were developed for the competence profile of the Supervisory Board. These competencies do not have to be acquired as part of university studies or other educational training, but may also have been acquired in other ways within or outside PUMA. The members of the board have all the above mentioned competences.

The current composition of the Management Board implements the diversity concept.

REMUNERATION REPORT

The remuneration report prepared by the Management Board and the Supervisory Board is published at https://about.PUMA.com/en/investor-relations/corporate-governance.

RISK AND OPPORTUNITY REPORT

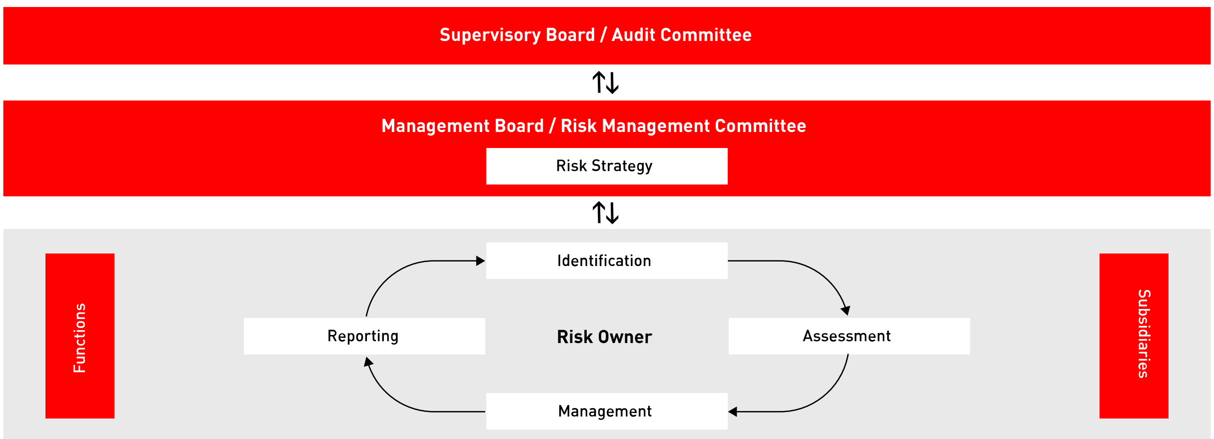
PUMA is continuously exposed to opportunities and risks in the competitive, fast-paced and international sport and lifestyle industry. The risk strategy is therefore to take business risks in a calculated manner in order to implement the corporate strategy with all its opportunities. For this purpose, effective risk and opportunity management is required so that opportunities can be recognized and utilized, and risks identified and managed at an early stage. We define risks as potential future developments or events that may lead to a negative deviation from targets for the company. Similarly, opportunities are potential future developments or events that may result in a positive deviation from targets.

RISK MANAGEMENT SYSTEM

PUMA takes a conscious and controlled approach to risks in order to achieve the company's goals. The aim of the risk management system is to identify and manage material or even existence-threatening risks in particular at an early stage in order to support the achievement of the company's goals. In addition, compliance with the related laws, regulations and standards must be ensured, as well as transparency in relation to the risk situation from the perspective of partners such as customers, suppliers and investors. Therefore, PUMA has established an appropriate risk management organization which is able to identify risks at an early stage and manage them in accordance with the corporate strategy and promote risk awareness within the PUMA Group to facilitate risk-based decisions. Opportunity management is not part of the risk management system and is the responsibility of operational management teams.

The Management Board of PUMA SE bears overall responsibility for the risk management system. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. The Risk Management Committee, which consists of the PUMA SE Management Board and selected managers, is responsible for the design, review and adaptation of the risk management system. The risk management function of the Group Internal Audit, Risk Management & Internal Control Department has been assigned to prepare regular risk reports for the Risk Management Committee. Their remit is to enhance operational coordination of the risk management process and support risk owners. The responsibilities, tasks and processes relating to the risk management system are defined in guidelines. The structure and design of the risk management system is as follows:

↗ G.21 RISK MANAGEMENT SYSTEM



The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified by performing a bottom-up analysis within the risk owner's area of responsibility and are regularly reported to the risk management function and/or the local monitoring bodies in structured interviews or on an ad-hoc basis. The risks are assessed using a systematic methodology based on the probability of occurrence, extent of damage and level of control using qualitative criteria. Regular risk identification and assessment is carried out by the risk management function every six months with all major functional areas. The risks recorded and assessed are also reviewed in a top-down assessment by the Risk Management Committee. This ensures that adequate consideration is given to interdependencies and the overall risk situation.

The risk owners are responsible for the operational management of identified risks. Risks can be managed by avoiding, reducing, diversifying or transferring the risk in order to achieve the aimed and acceptable residual risk. Within the reporting process, material or even existence-threatening risks are coordinated and managed with the Risk Management Committee or the Management Board. The methodology and structure of the risk management system are continuously assessed in terms of their effectiveness, and adapted or improved when required.

RISKS

The following explanations of risk categories are presented based on their relative importance.

COVID-19 PANDEMIC

The COVID-19 pandemic was identified as a new risk in the financial year 2020 and was considered the most significant business risk for the PUMA Group. This risk relates to the macroeconomic and social impacts of the pandemic, caused for example by lockdowns, government-ordered closures of retail stores, restrictions on store opening hours, a reduction in store traffic, travel restrictions and social distancing measures, the cancellation or postponement of major sporting events, and the exclusion or limitation in the numbers of spectators. These consequences have led or may in the future lead to declines in revenue and challenges in maintaining business operations. Furthermore, we are faced with new requirements, regulations and further measures in relation to the health and safety of our employees and customers. The COVID-19 pandemic has also had a negative impact on existing sourcing and supply chain risks, as well as default risks of receivables.

In 2020 the COVID-19 pandemic has developed rapidly and dynamically, and the extent and duration of the resulting impact on our business was and remains extremely difficult to predict. However, we assume that the situation created by the COVID-19 pandemic will not be long term.

Our aim is to survive this crisis, to stabilize and recover, and then to emerge stronger than before without hindering PUMA's mid-term growth. Our approach is local, as different markets are going through these phases at different times. Our main focus is on the health and safety of our employees and customers, securing the liquidity of the PUMA Group by securing credit lines, maintaining close and reliable cooperation with our partners, suppliers and customers, strengthening and expanding the supply chain, digitalizing key business processes and further strengthening our e-commerce business. In particular, we strengthened the partnership with our suppliers by cancelling only a very small proportion of orders with our suppliers and agreeing extended payment terms in return. The unused credit lines of the PUMA Group serve as a safety reserve for the potential consequences of the COVID-19 pandemic. The significant increase in credit lines in the 2020 financial year results from the conclusion of a syndicated credit facility in May of €900 million from 11 commercial banks and the Kreditanstalt für Wiederaufbau (KfW) as "bridge financing" for a maximum of 2 years. This credit line has not been used so far and could already be reduced by €700 million to only €200 million by the end of 2020. For the refinancing and planned redemption of this "bridge financing", we secured a new promissory note loan in the amount of €250 million with a term of 3 or 5 years and increased existing syndicated credit lines by €450 million.

SOURCING AND SUPPLY CHAIN

The majority of PUMA products is produced in selected Asian countries, in particular in Vietnam, China, Bangladesh, Cambodia, Indonesia and India. Production in these countries contains considerable risks for us. These risks arise, for example, from changes in sourcing and wage costs, supply bottlenecks for raw materials or components, and quality issues, as well as from the possibility of overdependence on individual manufacturers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. Generally, long-term master framework agreements are agreed upon to secure the required production capacities for the future. A quality control process and the direct and partnership-like collaboration with manufacturers should permanently secure the quality and availability of our products. Sourcing and the supply chain must also react to risks, like changes in duties and tariffs as well as trade restrictions. The transport of products to the distribution countries is also exposed to the risk of delays and failures by warehouse and logistics service providers.

We therefore continuously analyze political, economic and legal framework conditions and have further enhanced our close cooperation with our logistics partners in order to be able to react to changes in the supply chain early on and to continuously strengthen the supply chain. The collaboration with warehouse and logistics service providers is accordingly secured by selection processes, consistent contractual terms and permanent monitoring of relevant indicators.

The COVID-19 pandemic caused delays and interruptions in sourcing and supply chain operations, especially in the first half of the financial year 2020, and this led to an increase in the individual risk. To counter this risk, we have intensified our cooperation with suppliers and logistics partners in order to be able to react flexibly and solution-oriented to the circumstances.

INFORMATION TECHNOLOGY

The ongoing digitalization of the business environment exposes PUMA to risks in information technology. Key business procedures and processes may be significantly disrupted by the failure of IT systems, and external attacks or wrong behaviour may result in the loss of confidential and sensitive data, as well as high costs, loss of revenue and reputational damage.

To mitigate these risks, we continuously carry out technical and organizational measures and invest in the renewal and security of our IT landscape. IT systems are regularly checked, maintained and undergo security tests. In addition, all employees are continuously sensitized using guidelines, training courses and information campaigns.

PRODUCT AND MARKET ENVIRONMENT

The risk posed by market-specific product influences, in particular the risk of substitutability in the highly competitive sport and lifestyle market, is decisively countered by the early recognition and taking advantage of relevant consumer trends. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors.

Targeted investments in product design and product development are to ensure that the characteristic PUMA design of the entire product range is consistent with the overall brand strategy ("Forever Faster"), thereby creating a unique level of brand recognition.

BRAND IMAGE

Brand image and brand desirability are of key importance for us, as consumer behavior can have a negative effect on the brand as well as a positive one. Accordingly, we have formulated the guiding principle of "We want to become the fastest sports brand in the world" in order to underline the company's long-term direction and strategy. The "Forever Faster" brand promise does not just stand for PUMA's product range as a sports company, but also applies to all company processes.

We manage brand image risks in particular through cooperation with brand ambassadors who embody the core of the brand and PUMA's brand values ("brave," "confident," "determined" and "joyful") and have a large potential for influencing PUMA's target group. Therefore, we are strengthening our position as a sports brand through partnerships with top athletes such as star striker Antoine Griezmann, sprint legend Usain Bolt, multiple Formula 1 world champion Sir Lewis Hamilton, pro golfer Rickie Fowler, NBA player Danny Green, cricketer Virat Kohli, 400-meter hurdles world champion Karsten Warholm, and many other top athletes. In 2020, superstar and professional football player Neymar Jr. also became a PUMA brand ambassador. In football, PUMA has long-term sponsorship agreements with top clubs, such as Manchester City, Borussia Dortmund, AC Milan, Olympique Marseille and the Italian national team. PUMA also intensified its involvement in basketball, athletics, handball and other sports. We reach young trendsetters via brand ambassadors and collaborations in the music, movie and fashion scene, such as Jay-Z, Meek Mill, Adriana Lima, Cara Delevingne, Selena Gomez, Winnie Harlow and Dua Lipa, and also increasingly via global and local influencers in social networks.

MACROECONOMIC DEVELOPMENTS

As an internationally operating group, PUMA is exposed to global macroeconomic developments and the associated risks having an impact on our sales and sourcing markets. For example, economic developments in important sales markets may have an effect on consumer behavior. This can have positive or negative effects on the planned sales and results. Likewise, political changes, social developments and environmental events can also be reflected in changes in legal and macroeconomic conditions. This may happen, for example, in connection with protest movements such as those seen in Hong Kong and other parts of the world, or as a consequence of Brexit.

Overall, we manage these challenges with geographic diversification and the development of alternative scenarios for the possible occurrence of serious events. This applies in particular to political developments and possible changes in legal framework conditions which are continuously monitored by PUMA and incorporated into appropriate measures, such as the adjustment of the supply chain to the UK due to the Brexit.

ORGANIZATIONAL CHALLENGES AND PROJECT RISKS

PUMA's organizational structure with its group headquarters in Herzogenaurach, a central sourcing organization and globally positioned distribution companies gives the group a global orientation. This results in a risk for us that the flow of goods and information are not sufficiently supported by modern warehouse, logistics and IT infrastructure. For this reason, existing business processes must be continually optimized and adapted. This is carried out systematically through targeted optimization projects, which are planned and managed centrally by the specialized departments.

CURRENCY RISKS

As an international company, PUMA is subject to currency risks resulting from the disparity between the respective amounts of currency used on the purchasing and sales sides and from exchange-rate fluctuations.

PUMA's biggest sourcing market is Asia, where most payments are settled in US dollars (USD), while sales of the PUMA Group are mostly invoiced in other currencies. PUMA manages currency risk in accordance with internal guidelines. Currency forward contracts are used to hedge existing and future financial liabilities in foreign currencies.

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts on customary market terms with reputable international financial institutions. As of the end of 2020, the net requirements for the 2021 planning period were adequately hedged against currency effects.

Foreign exchange risks may also arise from intra-group loans granted for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting intra-group loans denominated in foreign currencies into the functional currencies of the group companies (EUR).

In order to disclose market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments that are denominated in a currency that is not the functional currency and are monetary in nature. Differences resulting from the conversion of the individual financial statements to the group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

Currency sensitivity analysis are based on the following assumptions: Material original monetary financial instruments (cash and cash equivalents, receivables, interest-bearing and non-interest-bearing liabilities) are either denominated in the functional currency or are transferred into the functional currency using currency forward transactions.

Currency forward contracts used to hedge against payment fluctuations caused by exchange rates are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these contracts have an effect on the hedge reserve in equity and the fair value of these hedging contracts.

DEFAULT RISKS

PUMA's business activities result in the company being exposed to default risk that is managed by continuously monitoring outstanding receivables and recognizing impairment losses, where appropriate. The default risk is limited where possible by credit insurance and the maximum default risk is reflected by the carrying amounts of the financial assets recognized on the balance sheet. Due to the negative macroeconomic effects of the COVID-19 pandemic, the default risk of receivables increased in the financial year 2020. As a result, value adjustments to receivables increased compared to the previous year. Furthermore, default risks to a lesser extent arise from the counterparty's other contractual financial obligations such as bank deposits and derivative financial instruments.

LIQUIDITY RISK

PUMA continually analysis short-term capital requirements through rolling cash flow planning at the level of the individual companies in coordination with the central Treasury department. PUMA maintains a liquidity reserve, for example, in the form of cash and confirmed credit facilities in order to ensure the company's solvency, financial flexibility and a strategic liquidity buffer. In this respect, as of December 31, 2020, the PUMA Group had unused credit lines totaling €1,372.7 million.

Medium and long-term funding requirements that cannot be directly covered by net cash from operating activities are financed by taking out medium and long-term loans. For this purpose, various promissory note loans were issued in July 2018, December 2019 and December 2020, each in several tranches with a fixed and a variable coupon and each with different residual terms. The utilized promissory note loans total €245.0 million as at December 31, 2020 and have a remaining term of between one and five years.

DISTRIBUTION STRUCTURE

PUMA utilizes various distribution channels, such as the traditional wholesale business with our retail partners and the PUMA-owned retail and e-commerce business to reduce its dependency on individual distribution channels. The wholesale business is defined by strong partnerships and represents the largest revenue share overall. The company's own retail and e-commerce business is intended to ensure a higher gross profit margin, better control on distribution and presentation of PUMA products exclusively in the desired brand environment.

In the wholesale business, up-and-coming retailers, including those offering their own brands, and competitors pose the risk of intensified competition for consumers and market shares. Consumer purchase behavior is also changing, focusing more on e-commerce and a combination of stationary and digital trade. This requires continuous adjustment of the distribution structure. Distribution through the company's own retail stores and e-commerce channels is, however, also associated with various risks for us. These include the necessary investments in expansion and infrastructure, setting up and refurbishing stores, higher fixed costs and leases with long-term lease obligations. This can have an adverse impact on profitability in case of a business decline.

In order to avoid risks, we carry out permanent monitoring of distribution channels and regular reporting by the Controlling and specialized departments. A detailed location and profitability analysis is carried out in our distribution channels before making any investment decision. The company's reporting and controlling system allows us to detect negative trends early on, and to take the countermeasures required to manage individual stores. In e-commerce, global activities are harmonized and investments in the IT platform are made to further optimize purchase transaction settlement and further improve the shopping experience for consumers.

COUNTERFEIT PRODUCTS

Counterfeit products can undermine consumer confidence in the brand and damage PUMA's brand image. Fighting brand piracy is therefore a high priority for us. The PUMA team responsible for the protection of intellectual property not only ensures that we have a strong global portfolio of property rights, such as brands, designs and patents, but also works closely with customs and police forces and provides input regarding the implementation of effective legislation to protect intellectual property.

REPORTING IN THE MEDIA

A negative media report about PUMA, such as a product recall, the infringement of laws or internal or external requirements, and exposure on social media in this age of "fake news", as well as workforce diversity and tolerance, can also cause significant damage to brand image and ultimately result in the loss of sales and profit, regardless of whether these events actually happened or were just rumors.

We encounter this risk via careful press, social media and public relations work and through monitoring of the press and social media environment. This is managed from the group headquarters in Herzogenaurach, Germany, and the subsidiary in the U.S. In addition, PUMA continuously seeks an open dialog with key external stakeholders, such as suppliers, NGOs and industry initiatives, and has institutionalized this as part of regularly held "Sustainability Stakeholder Meetings."

SUSTAINABILITY

Sustainability topics are highly important in sourcing, but also throughout the entire value chain. There is a risk that suppliers will violate core labor standards of ILO (International Labour Organization), not comply with environmental standards or use hazardous chemicals in production. This would violate our requirements to suppliers and also lead to negative reporting and potentially to a loss of revenue. Adherence to applicable standards is ensured through regular audits of supplier companies.

In addition, climate change and the resulting increase in customer requirements with regard to sustainability are leading to a stronger ecological focus in our product range, both at our own locations and along the production and supply chain. A more efficient use of resources and reduction of greenhouse gas emissions as well as the increased use of sustainable production materials are crucial parts of our sustainability strategy.

PUMA's sustainability report (the Non-financial Report) for the financial year 2020 will be available by April 30, 2021 at the latest on the following page of our website: https://about.PUMA.com/en/investor-relations/financial-reports. Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: http://about.PUMA.com/en/sustainability

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are important factors for successful business development. We encourage independent thinking and action, which are key in an open corporate culture with flat hierarchies. Our human resources strategy seeks to ensure this successful philosophy on a long-term and sustainable basis. To achieve this goal, a control process is in place to detect and assess human-resource risks. Accordingly, special attention has been paid to talent management, identifying key positions and high-potential individuals, and optimizing talent placement and succession planning. We have also instituted additional national and global regulations and guidelines to ensure compliance with legal provisions and safeguard the health and safety of our employees. We will continue to make targeted investments in the human-resource needs of particular functions or regions in order to meet the future requirements of our corporate strategy.

LEGAL RISKS

As an internationally operating group, PUMA is exposed to various legal risks. These include contractual risks or risks that a third party could assert claims and litigation for infringement of its trademark rights, patent rights or other rights. The continuous monitoring of contractual obligations and the integration of internal and external legal experts in contractual matters is to ensure that any legal risks are avoided.

COMPLIANCE RISKS

PUMA is exposed to the risk that employees violate laws, directives and company standards (compliance violations). These risks, such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant monetary and reputational damage. Therefore, we use various tools to manage these risks. This includes an integrated compliance management system, the internal control system, group controlling and the internal audit department. As part of the compliance management system, awareness measures are carried out regarding critical compliance topics, such as corruption prevention and cartel law, and corresponding guidelines and a global network of compliance officers are introduced in the group. PUMA employees also have access to an whistleblowing system for reporting unethical behavior.

TAX RISKS

In an international business environment, applicable tax regulations must be observed. By means of appropriate internal rules of conduct, employees are required to comply with and adhere to the relevant tax regulations. In addition to compliance with national tax regulations to which the individual group companies are subject, there are increasing risks in the course of intra-group transfer pricing, which must be applied for various internal business transactions in accordance with the arm's length principle between individual group companies. In all tax areas PUMA has taken adequate precautions with internal and external tax experts in order to comply with the relevant tax regulations, but also to be able to react to changes in the constantly changing tax environment. For the group-internal transfer prices a corresponding documentation exists, which was prepared according to international and national requirements and standards. There are guidelines and specifications for determining transfer prices for intra-group transactions that are customary for foreign companies, which comply with the applicable procedural rules and are binding on the employees acting on behalf of the group. By means of internal tax reporting, external and internal tax experts are able to control and monitor tax developments at PUMA on an ongoing basis. Both the Management Board and the Supervisory Board are continuously informed about tax developments at PUMA in order to identify and avoid tax risks as early as possible.

INTEREST-RATE RISKS

At PUMA, changes in interest rates do not have a significant impact on interest rate sensitivity and therefore do not require the use of interest rate hedging instruments.

RISK OVERVIEW TABLE

The following table summarizes the risk categories described above based on their relative importance and any changes during the year:

↗ T.10 OVERVIEW OF RISK CATEGORIES (Order according to relative importance)

	Classification of risk category	Description	Change compared to previous year
COVID-19 Pandemic	Strategic	E.g. store closures, supply problems, employee and customer health	New
Sourcing and Supply Chain	Operational	E.g. sourcing costs, supply bottlenecks, quality issues	(COVID-19) ↗
Information Technology	Operational	E.g. cyberattacks, system failures	-
Product and Market Environment	Strategic	E.g. trends, customer requirements	-
Brand Image	Strategic	E.g. brand heat, brand ambassadors	-
Macroeconomic Developments	Strategic	E.g. economic development, political situation, legal framework conditions	-
Organizational Challenges and Project Risks	Strategic	E.g. IT infrastructure, construction projects	-
Currency Risks	Financial	E.g. exchange rate fluctuations	-
Default risks	Financial	E.g. payment claims against customers	(COVID-19) ↗
Liquidity Risk	Financial	E.g. cash, credit lines	-
Distribution Structure	Strategic	E.g. change in the distribution landscape	-
Counterfeit Products	Regulatory	E.g. brand piracy	-
Reporting in the Media	Strategic	E.g. negative press, social media	↗
Sustainability	Regulatory	E.g. human rights, environmental standards	↗
Personnel Department	Operational	E.g. key positions	-
Legal Risks	Regulatory	E.g. trademark law, patent law	-
Compliance Risks	Regulatory	E.g. fraud, corruption	-
Tax Risks	Financial	E.g. transfer prices	-
Interest-Rate Risks	Financial	E.g. variable-rate financial liabilities	-

OPPORTUNITIES

Opportunities should be identified by PUMA at an early stage, assessed and - where possible - used. Due to the close connection to the relevant goals, identified opportunities are incorporated into planning by Controlling. Operational management teams in the respective regions, markets and departments are responsible for opportunity management. The following key opportunity categories were identified for the planning period and beyond.

In terms of macroeconomic conditions, the effects of the COVID-19 pandemic are currently seen as strengthening of the sport and lifestyle sector. If PUMA succeeds in emerging stronger from the crisis without hindering mid-term growth potential, the company has an opportunity to increase its market share. At a time when working from home is increasing and indoor and team sports are limited, items such as running, fitness, golf and lounge products have become more relevant. The product range in these areas is therefore being expanded and improved. Furthermore, postponed sporting events such as the Olympic Games and the European Football Championship, as well as the easing of restrictions, may lead to a further increase in the consumption of sporting goods or catch-up effects. In addition, there are opportunities in the regulatory environment, for example in connection with a reduction in trade restrictions and protectionism, particularly in connection with the outcome of the US election.

In terms of the distribution structure, the COVID-19 pandemic has significantly accelerated the growth of the e-commerce business. Stronger partnerships in the wholesale business also offer opportunities for future business development. New sales formats and improvements to the shopping experience in our own retail stores can also open up positive business prospects. In this area, new, state-of-the-art multi-channel distribution centers in key markets will also support the further optimization of delivery capacity in the future.

In information technology, improved, tailored communication with customers via digital channels and new ways of presenting products, for example, offer opportunities. In addition, new or more efficient processes may add value or result in cost optimization. Here, too, the COVID-19 pandemic has accelerated the digitalization of important business processes, for example with regard to product design and the purchasing process for our wholesale customers. It has also contributed to the further development of the IT environment.

With end customers paying more attention to sustainability, there is an opportunity to make further progress with existing PUMA activities and improve communication in this area, which could increase demand for sustainable products.

Furthermore, in the area of finance, for example, favorable exchange rate developments offer the opportunity to positively influence the group's financial results.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION

The assessment of the overall risk situation of the Group and PUMA SE is the result of a consolidated view of the risk and opportunity categories described above. Compared to what was presented in our 2019 Annual Report, our assessment of PUMA's overall risk situation has been expanded mainly to account for the effects of the COVID-19 pandemic described above, which is currently the biggest challenge. The Management Board is currently not aware of any significant risks that, either individually or in combination with other risks, could jeopardize the continued existence of the Group and PUMA SE.

However, we cannot exclude the possibility that in the future factors that are currently unknown to us or that we currently assess as immaterial might influence the continued existence of the Group and PUMA SE and its consolidated companies. Also due to the extremely solid balance sheet structure and equity ratio, as well as the strong liquidity position and the positive business outlook, the Management Board does not see any significant threat to the continued existence of the PUMA Group and PUMA SE.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS IT RELATES TO THE GROUP'S ACCOUNTING PROCESS

The Management Board of PUMA SE is responsible for the preparation and accuracy of the annual financial statements, the consolidated financial statements and the combined management report of PUMA SE. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards that apply in the EU, the requirements of the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and the German SE Implementation Act (SEAG). Certain disclosures and amounts are based on current estimates by the Management Board and the management.

The Management Board is responsible for maintaining and regularly monitoring a suitable internal control and risk management system covering the consolidated financial statements and the disclosures in the combined management report. This control and risk management system is designed to ensure the compliance and reliability of the internal and external accounting records, the presentation and accuracy of the consolidated financial statements, and the combined management report and the disclosures contained therein. It is based on a series of process-integrated monitoring steps and encompasses the measures necessary to accomplish these, such as internal instructions, organizational and authorization guidelines, the relevant company guidelines (e.g. "Anti-Corruption/Anti-Bribery," "Cyber Fraud"), a clear separation of functions within the Group and the dual-control principle. The adequacy and operating effectiveness of these measures are regularly reviewed by the Group Internal Audit, Risk Management & Internal Control Department.

For monthly financial reporting and consolidation, PUMA has a group-wide reporting and controlling system that allows to regularly and promptly detect deviations from projected figures and accounting irregularities and, where necessary, to take countermeasures.

The risk management system can regularly, as well as on an ad-hoc basis, identify events that could affect the company's economic performance and its accounting process so that it can analyze and evaluate the resulting risks and take the necessary actions to counter them.

In preparing the consolidated financial statements and the combined management report, it is also sometimes necessary to make assumptions and estimates that are based on the information available on the balance sheet date and which will affect the reported amounts and recognition of assets and liabilities, income and expenses, contingent liabilities, and other data that must be reported, as well as how these are presented.

The Audit Committee of the Supervisory Board meets on a regular basis with the independent statutory auditors, the Management Board and the Group Internal Audit, Risk Management & Internal Control Department to discuss the results of the internal audits and statutory audits with reference to the internal control and risk management system as it relates to the accounting process. At the annual meeting on the financial statements, the auditor reports to the Audit Committee and to the Supervisory Board on the results of the audit of the annual and consolidated financial statements.

In addition to the measures described, the Group Internal Audit, Risk Management & Internal Control Department carries out so-called Internal Control Self-Assessments (ICSA) for all essential business processes across the Group. In this way, the internal control system is expanded beyond the accounting process, in line with the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to support the objectives of ensuring proper financial reporting, improving the efficiency and effectiveness of the processes, and ensuring compliance with legal framework conditions. The use of a standardized software system (GRC tool) is intended to ensure the systematic and uniform implementation of ICSA across the entire company. In these, process owners evaluate the existing control framework based on internal and external guidelines and best-practice standards. The objective is to continuously improve the internal control system and to identify specific risks and potential for improvement in the control environment at process level in order to define appropriate recommendations for action and enable these to be implemented timely by the process owners. The results of the ICSA are reported to the Audit Committee and the statutory auditors and are used specifically by the Group Internal Audit, Risk Management & Internal Control Department in risk-oriented audit planning.

OUTLOOK REPORT

GLOBAL ECONOMY

Following the historic economic downturn resulting from the global COVID-19 pandemic in 2020, experts at the Kiel Institute for the World Economy (ifw Kiel) expect global gross domestic product (GDP) to rise robustly by 6.1% in 2021 (winter forecast dated December 16, 2020). The strong recovery of the global economy is based on the assumption that the population will become increasingly vaccinated in 2021 and that the risks of infection will be sustainably reduced, leading to a progressive normalization of economic conditions. Provided that vaccination programs are implemented quickly and comprehensively, this should help to reduce economic uncertainty and increasing household consumption spending, supported by low interest rates and income-supporting fiscal policies. However, the greatest risks to economic development stems from uncertainty about the future course of the COVID-19 pandemic, should vaccination of the population turn out to be more difficult or take longer than expected. At the same time, the normalization process could also take place more quickly if conditions are favorable, leading to greater economic momentum.

SPORTING GOODS INDUSTRY

Provided that the continued course of the COVID-19 pandemic does not result in a renewed significant negative impact on the macroeconomic conditions, we expect the sporting goods industry to grow in 2021. We expect demand for sporting goods to increase in 2021 as the trend toward increased sports activities and healthier lifestyles continues and becomes even more significant as a result of the COVID-19 pandemic. This applies equally to the increasing popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure"). We also expect that major sporting events postponed to 2021 - the Tokyo Summer Olympics and the European Football Championship - will also help to support growth in the sporting goods industry.

OUTLOOK 2021

Our sales and profitability rebounded strongly in the third quarter of 2020 after a very weak second quarter, which was severely impacted by the COVID-19 pandemic. Given this strong rebound, we anticipated that 2021 would become what 2020 was initially supposed to be: a year characterized by double-digit sales growth compared to the 2019 baseline and a strong improvement in our operating result (EBIT) driven by a slight improvement in our gross profit margin and operational leverage (2019 EBIT: €440.2 million).

However, as we enter the year 2021 more than 50% of the retail stores that are selling our products in Europe are currently closed due to various lockdown measures. As the number of COVID-19 cases continues to rise around the world, more and more markets are closing down retail stores in compliance with local restrictions and several governments have already extended their lockdowns into February or even March. By consequence, a part of our business in 2021 will be once again negatively impacted by the COVID-19 pandemic despite a strong orderbook and high demand from our retail partners and customers. We will continue to mitigate the consequences of the COVID-19 pandemic wherever possible but foresee a negative impact on our business especially in the first half of 2021.

We currently believe that the first quarter and also the beginning of the second quarter will be heavily impacted but that we will see a recovery until the end of the second quarter and strong improvements throughout the third and fourth quarter. Given that vaccination campaigns are already under way in almost all parts of the world, we remain confident especially for the second half of 2021. For the full year 2021 we consequently expect at least a moderate increase in sales in constant currency (2020: €5,234.4 million) and that both our operating result (EBIT 2020: €209.2 million) and net earnings (2020: €78.9 million) will show a significant improvement compared to 2020. The development of our gross profit margin and our OPEX-ratio for 2021 will depend on the degree and duration of the negative impact of the COVID-19 pandemic on our sales.

Our quick recovery in the third quarter and the beginning of the fourth quarter of 2020 and our strong orderbook for the year 2021 combined with very good feedback from retailers and customers around the world make us confident for the mid-term success and growth of PUMA.

INVESTMENTS

Investments in fixed assets of around €200 million are planned for 2021. The majority of these investments will be in infrastructure in order to create the operating conditions required for the planned long-term growth. The investments mainly concern own distribution and logistics centers and further investments in the expansion and modernization of the Group's own retail stores.

FOUNDATION FOR LONG-TERM GROWTH

The Management Board and the Supervisory Board have set long-term strategic priorities. Action plans are being implemented in a targeted and value-oriented manner. We believe that the corporate strategy "Forever Faster" provides the basis for medium- and long-term positive development.

Herzogenaurach, February 2, 2021

The Management Board

Gulden Lämmermann Descours