ANNUAL REPORT 2017

CONSOLIDATED FINANCIAL STATEMENTS

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BIG SEAN

CONSOLIDATED FINANCIAL STATEMENTS | CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

T.1 *CONSOLIDATED STATEMENT OF FINANCIAL POSITION* (in € million)

ASSETS	Notes	12/31/2017	12/31/2016
Cash and cash equivalents	3	415.0	326.7
Inventories	4	778.5	718.9
Trade receivables	5	503.7	499.2
Income tax receivables	22	26.8	37.4
Other current financial assets	6	66.7	114.1
Other current assets	7	94.1	69.2
Current assets		**1,884.8**	**1,765.4**
Deferred income taxes	8	207.9	229.5
Property, plant and equipment	9	260.1	252.1
Intangible assets	10	412.9	423.1
Investments in associates	11	16.6	16.5
Other non-current financial assets	12	51.7	59.8
Other non-current assets	12	19.8	18.7
Non-current assets		**969.0**	**999.7**
TOTAL ASSETS		2,853.8	2,765.1

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	12/31/2017	12/31/2016
Current financial liabilities	13	29.0	25.3
Trade payables	13	646.1	580.6
Income taxes	22	54.7	41.4
Other current provisions	16	86.2	56.0
Other current financial liabilities	13	94.9	70.0
Other current liabilities	13	145.5	121.5
Current liabilities		**1,056.5**	**894.9**
Deferred income tax liabilities	8	37.6	63.1
Pension provisions	15	29.7	31.6
Other non-current provisions	16	34.6	29.8
Liabilities from acquisitions	17	4.8	5.0
Other non-current financial liabilities	13	31.0	16.2
Other non-current liabilities	13	3.0	2.3
Non-current liabilities		**140.7**	**148.0**
Subscribed capital	18	38.6	38.6
Group reserves	18	50.7	203.2
Retained earnings	18	1,566.1	1,496.6
Treasury stock	18	-30.0	-31.4
Equity attributable to the shareholders of the parent		**1,625.5**	**1,706.9**
Non-controlling interest	18	31.2	15.3
Shareholders' equity		**1,656.7**	**1,722.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,853.8	2,765.1

CONSOLIDATED INCOME STATEMENT

T.2 CONSOLIDATED INCOME STATEMENT (in € million)

	Notes	2017	2016
Sales	25	**4,135.9**	**3,626.7**
Cost of sales	25	-2,181.5	-1,970.3
Gross profit	25	**1,954.3**	**1,656.4**
Royalty and commission income		15.8	15.7
Other operating income and expenses	20	-1,725.6	-1,544.5
Operating income (EBIT)		**244.6**	**127.6**
Result from associated companies	21	1.6	1.2
Financial income	21	10.3	10.5
Financial expenses	21	-25.3	-20.4
Financial result		**-13.4**	**-8.7**
Earnings before taxes (EBT)		**231.2**	**118.9**
Taxes on income	22	-63.3	-30.5
Consolidated net earnings for the year		**168.0**	**88.4**
attributable to: Non-controlling interest	18	-32.2	-26.0
Equity holders of the parent (net earnings)		**135.8**	**62.4**
Earnings per share (€)	23	9.09	4.17
Earnings per share (€) - diluted	23	9.09	4.17
Weighted average shares outstanding (million)	23	14.943	14.940
Weighted average shares outstanding, diluted (million)	23	14.943	14.940

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

T.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in € million)

	After tax 2017	Tax impact 2017	Before tax 2017	After tax 2016	Tax impact 2016	Before tax 2016
Net earnings before attribution	**168.0**		**168.0**	**88.4**		**88.4**
Currency changes	-114.9		-114.9	11.9		11.9
Cash flow hedge						
Release to the income statement	-43.8	0.1	-43.9	-17.4	5.2	-22.6
Market value for cash flow hedges	-55.0	4.2	-59.1	51.1	-0.6	51.7
Net result of available-for-sale financial assets	3.8		3.8	4.9	-0.8	5.7
Share in the other comprehensive income of at equity accounted investments	-0.4		-0.4	-0.1		-0.1
Items expected to be reclassified to the income statement in the future	**-210.3**	**4.2**	**-214.5**	**50.4**	**3.8**	**46.6**
Remeasurements of the net defined benefit liability	1.0	-0.3	1.3	-9.1	2.3	-11.3
Items not expected to be reclassified to the income statement in the future	**1.0**	**-0.3**	**1.3**	**-9.1**	**2.3**	**-11.3**
Other result	**-209.3**	**3.9**	**-213.2**	**41.3**	**6.1**	**35.2**
Comprehensive income	**-41.4**	**3.9**	**-45.2**	**129.7**	**6.1**	**123.6**
attributable to: Non-controlling interest	29.2		29.2	26.6		26.6
Equity holder of the parent	-70.6	3.9	-74.5	103.1	6.1	97.0

CONSOLIDATED STATEMENT OF CASH FLOWS

T.4 CONSOLIDATED STATEMENT OF CASH FLOWS (in € million)

	Notes	2017	2016
Operating activities			
Earnings before tax (EBT)		231.2	118.9
Adjustments for:			
Depreciation	9, 10	70.4	59.9
Non-realized currency gains/losses, net		15.7	-0.7
Result from associated companies	11	-1.6	-1.2
Financial income	21	-10.1	-10.2
Financial expenses	21	18.5	14.0
Changes from the sale of fixed assets		1.7	0.6
Changes to pension accruals	15	-0.4	-3.2
Other non cash effected expenses/income		5.6	4.8
Gross cash flow	26	**330.9**	**182.9**
Changes in receivables and other current assets	5, 6, 7	-92.8	-16.8
Changes in inventories	4	-117.2	-57.7
Changes in trade payables and other current liabilities	13	159.4	74.2
Cash inflow from operating activities		**280.3**	**182.7**
Dividends received	11, 12	1.0	1.0
Interest paid	21	-11.6	-11.6
Income taxes paid	22	-42.6	-41.0
Net cash from operating activities	26	**227.2**	**131.1**

	Notes	2017	2016
Investing activities			
Payment for acquisitions	17	0.0	-6.8
Purchase of property and equipment	9, 10	-122.9	-84.3
Proceeds from sale of property and equipment		12.6	1.5
Payment for other assets	12	-1.7	-0.5
Interest received	21	1.8	8.8
Cash outflow from investing activities		**-110.3**	**-81.4**
Financing activities			
Changes in leasing liabilities	13	-0.2	-0.1
Raising/(-) Repayment of current financial liabilities	13	-12.1	-43.4
Raising of non-current financial liabilities	13	15.4	9.2
Dividend payments to equity holders of the parent	18	-11.2	-7.5
Dividend payments to non-controlling interests	18	-13.4	-19.3
Other changes		-2.0	0.0
Cash outflow from financing activities	26	**-23.4**	**-61.1**
Exchange rate-related changes in cash flow		-5.3	-0.7
Change in cash and cash equivalents		**88.3**	**-12.1**
Cash and cash equivalents at beginning of the financial year		326.7	338.8
Cash and cash equivalents at the end of the financial year	3, 26	**415.0**	**326.7**

STATEMENT OF CHANGES IN EQUITY

T.5 STATEMENT OF CHANGES IN EQUITY (in € million)

	SUBSCRIBED CAPITAL	RESERVES					RETAINED EARNINGS	TREASURY STOCK	EQUITY BEFORE NON-CONTROLLING INTERESTS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		Capital reserve	Revenue reserves	Difference from currency conversion	Cash flow hedges	At equity accounted investments					
12/31/2015	38.6	193.7	59.7	-112.8	21.2	0.6	1,441.7	-31.4	1,611.3	8.0	1,619.3
Net earnings							62.4		62.4	26.0	88.4
Net income directly recognized in equity			-4.2	11.9	33.1	-0.1			40.7	0.6	41.3
Total comprehensive income			-4.2	11.9	33.1	-0.1	62.4		103.1	26.6	129.7
Dividends paid to equity holders of the parent company/non-controlling interests							-7.5		-7.5	-19.3	-26.8
Changes in the group of consolidated companies				-0.0					-0.0		-0.0
12/31/2016	38.6	193.7	55.6	-100.9	54.3	0.5	1,496.6	-31.4	1,706.9	15.3	1,722.2
Net earnings							135.8		135.8	32.2	168.0
Net income directly recognized in equity			4.8	-111.7	-99.1	-0.4			-206.4	-2.9	-209.3
Total comprehensive income			4.8	-111.7	-99.1	-0.4	135.8		-70.6	29.2	-41.4
Dividends paid to equity holders of the parent company/non-controlling interests							-11.2		-11.2	-13.4	-24.6
Allocations to revenue reserves			55.0				-55.0				
Repurchase of own equity instruments		-1.8							-1.8		-1.8
Utilization/Issue of shares		0.8						1.4	2.2		2.2
12/31/2017	38.6	192.6	115.3	-212.6	-44.8	0.2	1,566.1	-30.0	1,625.5	31.2	1,656.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL [1]

Under the *PUMA* brand name, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and parent company of the PUMA Group; its registered office is on PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria).

The PUMA Group is included in the consolidated financial statements of Kering S.A., Paris, which are available on the website www.kering.com and are published by the *Autorité des Marchés Financiers (AMF)*. The Kering Group, in turn, is included in the consolidated financial statements of Financière Pinault S.C.A., which are not published.

The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter shortly referred to as the *Group* or *PUMA*) were prepared in accordance with the *International Financial Reporting Standards (IFRS)* accounting standards issued by the *International Accounting Standards Board (IASB)*, as they are to be applied in the EU and the supplementary accounting principles to be applied in accordance with Section 315e (1) of the German Commercial Code. The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2017 have been applied.

The following new and amended standards and interpretations have been used for the first time in the current financial year:

T.6

Standard	Title
First-time adoption in the current financial year	
Amendment IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendment IAS 7	Disclosure Initiative

[1] G4-17

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The standards and interpretations used for the first time as of January 1, 2017 did not have any significant effect on the consolidated financial statements.

The following standards and interpretations have been released, but will only take effect in later reporting periods and are not applied earlier by the group:

T.7

Standard	Title	Date of adoption*	Planned adoption
Endorsed			
IFRS 9	Financial Instruments	01/01/2018	01/01/2018
Amendment IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018	01/01/2018
IFRS 15	Revenue from Contracts with Customers	01/01/2018	01/01/2018
IFRS 16	Leases	01/01/2019	01/01/2019
Endorsement pending			
Amendment IAS 40	Transfers of Investment Property	01/01/2018	01/01/2018
Amendment IFRS 2	Classification and Measurement of Share-based Payment Transactions	01/01/2018	01/01/2018
IFRIC 22	Foreign Currency Transactions and Advanced Consideration	01/01/2018	01/01/2018
AIP 2014 – 2016	Improvements to IFRS	01/01/2018	01/01/2018
Amendment IAS 28	Long-term Interests in Associates and Joint Ventures	01/01/2019	01/01/2019
Amendment IFRS 9	Prepayment Features with Negative Compensation	01/01/2019	01/01/2019
AIP 2015 – 2017	Improvements to IFRS	01/01/2019	01/01/2019
IFRIC 23	Uncertainty Transactions and Advance Consideration	01/01/2019	01/01/2019
IFRS 17	Insurance Contracts	01/01/2021	01/01/2021

* Adjusted by EU endorsement, if applicable.

IFRS 9 contains regulations for the recognition, measurement and derecognition as well as for hedge accounting. This means that the accounting of financial instruments carried out previously under IAS 39 (Financial Instruments: Recognition and Measurement) can now be completely replaced by accounting under IFRS 9. This includes, among other things, a new impairment model based on expected credit defaults. IFRS 9 also contains new regulations on the application of hedge accounting.

The new standard is to be applied for financial years beginning on or after January 1, 2018. PUMA will apply IFRS 9 for the first time for the financial year beginning on January 1, 2018; the adjustment of the previous year's figures is waived in accordance with the transitional provisions of IFRS 9.

PUMA does not expect any significant effects from the first-time application of IFRS 9. With regard to the new impairment model of IFRS 9 for the value adjustment of debt instruments, PUMA does not expect any significant change in the amount of the value adjustments, as PUMA mainly has current trade receivables with no interest component. In addition, the majority of trade receivables are insured against credit risk, which limits the amount of the expected loss. PUMA will apply the hedge accounting rules prospectively as of January 1, 2018. It is expected that all existing hedge accounting relationships will also meet the requirements for hedge accounting in accordance with IFRS 9.

The introduction of IFRS 9 is accompanied by changes to IFRS 7, which will lead to additional disclosures in the notes to the financial statements in the future.

IFRS 15 prescribes when and in what amount revenues are to be recognized. The standard provides a single, principle-based, five-step model that applies to all contracts with customers. In the future, the date of revenue recognition will be determined by the transfer of control to the customer. In each case, a check must be carried out as to whether the power of disposition is transferred to the customer on a period or specific time basis. In addition, more comprehensive disclosures in the notes to the financial statements require that more informative and relevant information be made available to users of the financial statements than previously.

The standard and the clarifications published in April 2016 must be applied to financial years beginning on or after January 1, 2018. PUMA will apply IFRS 15 for the first time for the financial year beginning on January 1, 2018; the adjustment of the previous year's figures is waived in accordance with the transitional provisions of the modified retrospective approach in IFRS 15. The transitional facilitations available for modified retrospective application are to be utilized. Based on the analyses carried out, no reconciliation effects are to be expected in the opening balance sheet in 2018 when IFRS 15 is applied for the first time.

Further findings in the course of the implementation of IFRS 15 confirm that there will be no material effects on the consolidated financial statements of PUMA as PUMA has not concluded any long-term contracts and multi-component agreements. In addition, the following key statements can be made:

- For revenues from the sale of products, no conversion effects are expected, since control is generally transferred to the customer when the products are delivered and sales revenues and thus income continue to be recognized at this point in time.
- The accounting for licensing of trademark rights does not result in any changes to the previous accounting treatment, as the previous presentation corresponds to future regulations.
- With regard to the new requirements for the disclosure of payments to customers, it is expected that in individual cases there may be differences in accounting, which will lead to the disclosure of payments to customers as a reduction in sales revenue rather than the recognition of operating expenses. Overall, however, this is not expected to have a significant effect on accounting.
- With regard to the balance sheet presentation, IFRS 15 results in a shift in connection with reimbursement liabilities, which were previously reported under other provisions. The amount of the reimbursement liabilities will continue to be disclosed separately in the notes to the financial statements. Overall, however, this is not expected to have a significant effect on accounting.
- The sales-related warranty services cannot be purchased separately and do not lead to services that go beyond the assurance of the specifications at the time of the transfer of risk. They therefore fall under assurance type warranties, which continue to be accounted for in accordance with IAS 37.

However, the new IFRS 15 will require additional quantitative and qualitative disclosures in the notes.

The new **IFRS 16** standard will mean that in the future all leases will have to be accounted for in the form of a right of use and a corresponding leasing obligation. In all cases, the presentation in the income statement is made as a financing transaction, i. e.,the right of use is generally depreciated on a straight-line basis and the lease liability is carried forward using the effective interest method. However, it is expected that the application facilitation for short-term leases with a term of less than 12 months and leased assets of low value will be utilized.

The new standard is to be applied for financial years beginning on or after January 1, 2019. No decision has been made yet with regard to the method of first-time application. It is planned that PUMA will make its decision on the first-time application of IFRS 16 in the first half of 2018 and announce its decision in the financial report for the first half of 2018.

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PUMA mainly concludes leasing contracts as an operating lessee. The application of IFRS 16 has the following effects on the presentation of the Group's net assets, financial position and results of operations: With regard to the minimum lease payments from operating leases reported under other financial obligations, the first-time application of IFRS 16 will lead to an increase in non-current assets due to the recognition of rights of use. Accordingly, financial liabilities will increase as a result of the disclosure of the corresponding liabilities. This will therefore lead to a significant increase in balance sheet total and a corresponding reduction in the equity ratio of the PUMA Group. In addition, the nature of the expenses arising from these leases will change, as IFRS 16 replaces the operating lease expenses previously recognized on a straight-line basis with depreciation of rights of use and interest expenses for liabilities. This will therefore have a positive effect on operating income (EBIT) in the income statement. In addition, IFRS 16 requires the repayment share of lease payments that are not classified as short-term or low-value leases to be shown as part of the cash flow from financing activities, with the result that the cash flow from operating activities will improve.

This year, a project group was set up to deal intensively with the effects and implementation of the new requirements during the course of the project. The quantitative effects on the PUMA consolidated financial statements cannot yet be reliably described. The current operating lease volume is shown under Note 28 (Other Financial Obligations: Obligations from Operating Leases). It is currently expected that the conversion effect will mainly affect the properties leased by PUMA (retail, offices and warehouses).

The company does not anticipate the remaining standards mentioned above to have a significant impact on the consolidated financial statements.

The preparation of the consolidated financial statements was based on historical acquisition and manufacturing costs, with the exception of the profit or loss assessment of financial assets and liabilities at fair value.

The items contained in the financial statements of the individual Group companies are measured based on the currency that corresponds to the currency of the primary economic environment in which the company operates. The consolidated financial statements are prepared in euros (EUR or €). The presentation of amounts in € million with one decimal place may lead to rounding differences since the calculation of individual items is based on figures presented in thousands.

The cost of sales method is used for the income statement.

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared as of December 31, 2017, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.

Subsidiaries are companies in which the Group has existing rights that give it the current ability to direct the relevant activities. The main activities are those that have a significant influence on the profitability of the company. Control is therefore considered to exist if the Group is exposed to variable returns from its relationship with a company and has the power to govern those returns through its control of the relevant activities. As a rule, control is based on PUMA's direct or indirect majority of the voting rights. Consolidation begins at the point in time from which control is possible. It ends when this no longer exists.

The capital consolidation of the subsidiaries acquired after January 1, 2005 is based on the acquisition method. Upon initial consolidation, the assets, debts and contingent liabilities that can be identified as part of a business combination are stated at their fair value as of the acquisition date, regardless of the non-controlling interests (previously referred to as minority interest). At the time of the acquisition, there is a separately exercisable right to vote on whether the interests of the non-controlling shareholders are valued at fair value or at proportional net asset value.

The surplus of the acquisition costs arising from the purchase that exceeds the Group's share in the net assets stated at fair value is reported as goodwill. If the acquisition costs are lower than the amount of the net assets stated at fair value, the difference is reported directly in the income statement.

Pursuant to the contractual arrangement with the *joint venture partners*, PUMA is already the beneficial owner of controlling interests. The companies are fully included in the consolidated financial statements and, therefore, non-controlling interests are not disclosed. The present value of the capital shares attributable to the non-controlling shareholders and the present value of the residual purchase prices expected due to corporate performance are included in the capital consolidation as acquisition costs for the holdings. If there are any subsequent deviations, for acquisitions before January 1, 2010, these lead to a subsequent adjustment of the acquisition costs not affecting income. For business combinations as of January 1, 2010, the costs that can be directly allocated to the acquisition as well as subsequent deviations in the present value of expected residual purchase prices are recognized in the income statement pursuant to the application of the amended IFRS 3.

With respect to the remaining controlling interests, losses attributable to non-controlling interests are allocated to the latter even if this results in a negative balance in non-controlling interests.

Receivables within the Group are offset against internal liabilities. As a general rule, any set-off differences arising from exchange rate fluctuations are recognized in the income statement to the extent that they accrued during the reporting period. If receivables and liabilities are long-term and capital-replacing in nature, the currency difference is recognized directly in equity and under Other Comprehensive Income.

In the course of the expense and income consolidation, inter-company sales and intra-group income are offset against the expenses attributable to them. Interim profits not yet realized within the Group as well as intra-group investment income are eliminated by crediting them in the income statement.

GROUP OF CONSOLIDATED COMPANIES

In addition to PUMA SE, the consolidated financial statements include all subsidiaries in which PUMA SE directly or indirectly holds existing rights that give it the current ability to direct the relevant activities. At present, control of all Group companies is based on a direct or indirect majority of voting rights. Associated companies are accounted for in the Group using the equity method. The changes in the number of Group companies (including the parent company PUMA SE) were as follows:

T.8

As of Dec 31, 2016	108
Formation of companies	2
As of Dec 31, 2017	110

The following changes occurred within the group of consolidated companies in financial year 2017:

The additions to the group of consolidated companies relate to the establishment of the companies PUMA North America Accessories Canada, LLC and Dobotex Nordic AB.

Furthermore, the company PUMA Information Technology Services Philippines Company Limited Inc. was renamed PUMANILA IT Services Inc. during the financial year.

These changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

The Group companies are allocated to regions as of December 31, 2017 as follows:

T.9

No.	Companies/Legal entities	Country	City	Share-holder	Share in capital
	PARENT COMPANY				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria PUMA Dassler Ges. m.b.H.	Austria	Salzburg	direct	100%
3.	Dobotex Austria GmbH	Austria	Salzburg	indirect	100%
4.	Wilderness Holdings Ltd.	Botswana	Gabarone	direct	20%
5.	PUMA Sport Hrvatska d.o.o.	Croatia	Zagreb	indirect	100%
6.	PUMA Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%
7.	PUMA Denmark A/S	Denmark	Skanderborg	indirect	100%
8.	PUMA Estonia OÜ	Estonia	Tallinn	indirect	100%
9.	PUMA Finland Oy	Finland	Espoo	indirect	100%
10.	PUMA FRANCE SAS	France	Illkirch-Graffenstaden	indirect	100%
11.	Dobotex France SAS	France	Paris	indirect	100%
12.	PUMA International Trading GmbH	Germany	Herzogenaurach	direct	100%
13.	PUMA Europe GmbH	Germany	Herzogenaurach	direct	100%
14.	PUMA Vertrieb GmbH	Germany	Herzogenaurach	direct	100%
15.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
16.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
17.	Dobotex Deutschland GmbH	Germany	Düsseldorf	indirect	100%
18.	PUMA United Kingdom Ltd.	United Kingdom	London	indirect	100%
19.	PUMA Premier Ltd.	United Kingdom	London	indirect	100%
20.	Dobotex UK Ltd.	United Kingdom	Manchester	indirect	100%
21.	Branded Sports Merchandising UK Ltd.	United Kingdom	London	indirect	100%
22.	Genesis Group International Ltd.	United Kingdom	Manchester	direct	100%*
23.	Admiral Teamsports Ltd.	United Kingdom	Manchester	indirect	100%*
24.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*
25.	Sport Equipment TI Cyprus Ltd. u.Li.	Cyprus	Nicosia	direct	100%*
26.	PUMA Italia S.r.l.	Italy	Assago	indirect	100%

* Subsidiaries which are assigned to be economically 100% PUMA Group.

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No.	Companies/Legal entities	Country	City	Share-holder	Share in capital
	EMEA				
27.	Dobotex Italia S.r.l.	Italy	Assago	indirect	100%
28.	PUMA Sport Israel Ltd.	Israel	Hertzeliya	indirect	100%
29.	PUMA Malta Ltd.	Malta	St. Julians	indirect	100%
30.	PUMA Racing Ltd.	Malta	St. Julians	indirect	100%
31.	PUMA Benelux B.V.	Netherlands	Leusden	direct	100%
32.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
33.	Brand Plus Licensing B.V.	Netherlands	's-Hertogenbosch	direct	100%
34.	Dobotex International B.V.	Netherlands	's-Hertogenbosch	indirect	100%
35.	Branded Sports Merchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
36.	Dobotex International B.V.	Netherlands	's-Hertogenbosch	indirect	100%
37.	Dobo Logic B.V.	Netherlands	Tilburg	indirect	100%
38.	Dobotex Licensing Holding B.V.	Netherlands	's-Hertogenbosch	indirect	100%
39.	PUMA Norway AS	Norway	Oslo	indirect	100%
40.	PUMA Polska Sp. z o.o.	Poland	Warsaw	indirect	100%
41.	PUMA Sports Romania Srl	Romania	Bucharest	indirect	100%
42.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
43.	PUMA Slovakia s.r.o.	Slovakia	Bratislava	indirect	100%
44.	PUMA Sports Distributors (Pty) Ltd.	South Africa	Cape Town	indirect	100%
45.	PUMA Sports South Africa (Pty) Ltd.	South Africa	Cape Town	indirect	100%
46.	PUMA Iberia S.L.U	Spain	Barcelona	direct	100%
47.	Dobotex Spain S.L.	Spain	Barcelona	indirect	100%
48.	Nrotert AB	Sweden	Helsingborg	direct	100%
49.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
50.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
51.	Dobotex Nordic AB	Sweden	Helsingborg	indirect	100%
52.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%
53.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%
54.	Dobotex Switzerland AG	Switzerland	Oensingen	indirect	100%
55.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
56.	PUMA Ukraine TOV	Ukraine	Kiev	indirect	100%
57.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%
58.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100%*
	AMERICAS				
59.	Unisol S.A.	Argentina	Buenos Aires	indirect	100%
60.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
61.	PUMA Canada, Inc.	Canada	St. Laurent (Montreal)	indirect	100%
62.	PUMA CHILE S.A.	Chile	Santiago	direct	100%
63.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%

* Subsidiaries which are assigned to be economically 100% PUMA Group.

No.	Companies/Legal entities	Country	City	Share-holder	Share in capital
	AMERICAS				
64.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%
65.	Servicios Profesionales RDS, S.A. de C.V.	Mexico	Mexico City	indirect	100%
66.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
67.	Dobotex de México, S.A. de C.V.	Mexico	Mexico City	indirect	100%
68.	Importationes Brand Plus Licensing, S.A. de C.V.	Mexico	Mexico City	indirect	100%
69.	Distribuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
70.	Distribuidora Deportiva PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
71.	PUMA Retail Peru S.A.C.	Peru	Lima	indirect	100%
72.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
73.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%
74.	PUMA North America, Inc.	USA	Westford	indirect	100%
75.	COBRA Golf Incorporated	USA	Carlsbad	indirect	100%
76.	PUMA Accessories North America, LLC	USA	New York	indirect	85%
77.	PUMA North America Accessories Canada, LLC	USA	New York	indirect	85%
78.	Janed, LLC	USA	New York	indirect	51%
79.	Janed Canada, LLC	USA	New York	indirect	51%
80.	PUMA Kids Apparel North America, LLC	USA	New York	indirect	51%
81.	PUMA Kids Apparel Canada, LLC	USA	New York	indirect	51%
	ASIA/PACIFIC				
82.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
83.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
84.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
85.	Kalola Pty. Ltd.	Australia	Melbourne	indirect	100%
86.	Liberty China Holding Ltd.	British Virgin Islands	Road Town, Tortola	indirect	100%
87.	PUMA China Ltd.	China	Shanghai	indirect	100%
88.	Dobotex China Ltd.	China	Shanghai	indirect	100%
89.	Guangzhou World Cat Information Consulting Services Company Ltd.	China	Guangzhou	indirect	100%
90.	World Cat Ltd.	Hongkong		direct	100%
91.	Development Services Ltd.	Hongkong		direct	100%
92.	PUMA International Trading Services Ltd.	Hongkong		indirect	100%
93.	PUMA Asia Pacific Ltd.	Hongkong		direct	100%
94.	PUMA Hong Kong Ltd.	Hongkong		indirect	100%
95.	Dobotex Ltd.	Hongkong		indirect	100%
96.	PUMA Sports India Private Ltd.	India	Bangalore	indirect	100%
97.	PUMA India Corporate Services Private Ltd.	India	Bangalore	indirect	100%
98.	World Cat Sourcing India Private Ltd.	India	Bangalore	indirect	100%
99.	PT PUMA Cat Indonesia Ltd.	Indonesia	Jakarta	indirect	100%
100.	PUMA JAPAN K.K.	Japan	Tokyo	indirect	100%

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No.	Companies/Legal entities	Country	City	Share-holder	Share in capital
	ASIA/PACIFIC				
101.	PUMA Korea Ltd.	Korea (South)	Seoul	direct	100%
102.	Dobotex Korea Ltd.	Korea (South)	Seoul	indirect	100%
103.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	indirect	100%
104.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
105.	PUMANILA IT Services Inc.	Philippines	Manila	indirect	100%
106.	PUMA Sports SEA Trading Pte. Ltd.	Singapore		indirect	100%
107.	PUMA SEA Holding Pte. Ltd.	Singapore		indirect	100%
108.	PUMA Taiwan Sports Ltd.	Taiwan	Taipei	indirect	100%
109.	World Cat Vietnam Co. Ltd.	Vietnam	Long An Province	indirect	100%
110.	World Cat Vietnam Sourcing & Development Services Co. Ltd.	Vietnam	Ho Chi Minh City	indirect	100%

PUMA Vertrieb GmbH, PUMA Mostro GmbH, PUMA Sprint GmbH, PUMA International Trading GmbH and PUMA Europe GmbH have made use of the exemption under Section 264 (3) of the HGB.

CURRENCY CONVERSION

As a general rule, monetary items in foreign currencies are converted in the individual financial statements of the Group companies at the exchange rate valid on the balance sheet date. Any resulting currency gains and losses are immediately recognized in the income statement. Non-monetary items are converted at historical acquisition and manufacturing costs.

The assets and liabilities of foreign subsidiaries, the functional currency of which is not the euro, have been converted to euros at the average exchange rates valid on the balance sheet date. Expenses and income have been converted at the annual average exchange rates. Any differences resulting from the currency conversion of net assets relative to exchange rates that had changed in comparison with the previous year, were adjusted against equity.

The significant conversion rates per euro are as follows:

T.10

	2017		2016	
CURRENCY	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.1993	1.1297	1.0541	1.1069
CNY	7.8044	7.6290	7.3202	7.3522
JPY	135.0100	126.7112	123.4000	120.1967
GBP	0.8872	0.8767	0.8562	0.8195

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DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

Derivative financial instruments are recognized at fair value at the time a contract is entered into and thereafter. At the time a hedging instrument is concluded, PUMA classifies the derivatives either as hedges of a planned transaction (cash flow hedge) or as hedges of the fair value of a recognized asset or liability (fair value hedge).

At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of and continuously after the hedge accounting.

Changes in the market value of derivatives that are intended and suitable for cash flow hedges and that prove to be effective are adjusted against equity, taking into account deferred taxes. If there is no complete effectiveness, the ineffective part is recognized in the income statement. The amounts recognized in equity are recognized in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in equity are included in the initial valuation of the acquisition costs of the respective asset or liability.

Changes in the fair value of derivatives that qualify for and are designated as fair value hedges are recognized directly in the consolidated income statement, together with changes in the fair value of the underlying transaction attributable to the hedged risk. The changes in the fair value of the derivatives and the change in the underlying transaction attributable to the hedged risk are reported in the consolidated income statement under the item relating to the underlying transaction.

The fair values of the derivative instruments used to hedge planned transactions and to hedge the fair value of a recognized asset or liability are shown under other current financial asserts or other current financial liabilities.

LEASING

Leases are to be classified either as finance leases or operating leases. Leases where the Company, in its capacity as the lessee, is responsible for all significant opportunities and risks that arise from the use of the lease object are treated as finance leases. All other leases are classified as operating leases. The lease payments from operating leases are recorded as an expense over the term of the contract.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. To the extent that bank deposits are not immediately required to finance current assets, they are invested as risk-free fixed-term deposits, presently for a term of 3 months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

INVENTORIES

Inventories are valued at acquisition or manufacturing costs or at the lower net realizable values derived from the selling price on the balance sheet date. As a general rule, the acquisition cost of the merchandise is determined using the average cost method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices, in a manner that is standard throughout the Group.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are initially stated at fair value, taking into account transaction costs and subsequently valued at amortized costs after deduction of value adjustments. In the case of value adjustments, all identifiable risks in the form of an individual risk assessment are adequately taken into account on the basis of empirical values and, if credit insurance exists, this is also included in the amount of the value adjustment.

Adjustments are conducted in principle if, after the entry record of the financial asset, there are objective indications for an adjustment, which has an effect on the expected future cash flow from that financial instrument. Significant financial difficulties of a debtor, an increased probability that a creditor becomes insolvent or enters into a clean-up procedure, as well as a breach of contract, e. g. a cancellation or delay in interest or amortization payments, all count as indicators for an existing adjustment.

The amount of the adjustment loss corresponds to the difference between the carrying amount and the cash value of the expected cash flows.

The non-current assets contain loans and other assets. Non-taxable non-current assets are discounted in principle at cash value if the resulting effect is significant.

NON-CURRENT INVESTMENTS

The investments reported under non-current financial assets are classified as *available for sale*. This category includes financial instruments that do not represent loans and receivables or held-to-maturity investments and are not measured at fair value through profit or loss. The categories *held-to-maturity investments* and *financial assets at fair value through profit or loss* are not applied within the PUMA Group.

All purchases and disposals of non-current investments are recorded on the trade date. Non-current investments are initially recognized at fair value plus transaction costs. They are also recognized at fair value in subsequent periods if this can be reliably determined. Unrealized gains and losses are recognized in the overall result, taking into account deferred taxes. The gain or loss on disposal of long-term investments is recognized in profit or loss.

If there is material objective evidence of impairment of the non-current investments, they are written down in the income statement. In the case of equity investments categorized as available-for-sale, a significant or prolonged decline in the fair value of the assets below their acquisition cost is to be regarded as objective evidence of impairment. The same applies if there is no longer an active market for listed shares.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition costs, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of the assets involved. Buildings are subject to a useful life of between ten and fifty years and a useful life of between three to ten years is assumed for moveable assets. The acquisition costs of property, plant and equipment also include interest on borrowings in accordance with IAS 23, insofar as these accrue and the effect is significant.

Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalized to the extent that the criteria for capitalization of an asset item apply.

As a general rule, lease objects, the contractual basis of which is to be classified as a finance lease are shown under property, plant and equipment; initially they are accounted for at fair value or the lower present value of the minimum lease payments and net of accumulated depreciation in subsequent accounting periods.

GOODWILL

Goodwill resulting from a business acquisition is calculated based on the difference between the purchase price and the fair value of the acquired asset and liability items. Goodwill from acquisitions is largely attributable to the intangible infrastructure acquired and the associated opportunity to make a positive contribution to corporate value.

Goodwill amounts are allocated to the Group's cash-generating units that are expected to benefit from the synergy effects resulting from the business combination.

An impairment test of goodwill per cash-generating unit (usually the countries) is performed once a year as well as whenever there are indicators of impairment and can result in an impairment loss. There is no reversal of an impairment loss for goodwill.

OTHER INTANGIBLE ASSETS

Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are valued at acquisition costs, net of accumulated amortization. The useful life of intangible assets is between three and ten years. Depreciation is done on a straight-line basis.

If the capitalization requirements of IAS 38.57 *Intangible Assets* are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalized at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortization and impairment losses. In the Group, own work capitalized is generally depreciated on a straight-line basis over a useful life of three years.

The item also includes acquired trademark rights, which are assumed to have an indefinite useful life in light of the history of the brands and due to the fact that the brands are continued by PUMA.

IMPAIRMENT OF ASSETS

Intangible assets with an indefinite useful life are not written down according to schedule, but are subjected to an annual impairment test. Property, plant and equipment and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the cash-generating unit level. If it is determined within the scope of the impairment test that an asset needs to be written down, then the goodwill, if any, of the cash- generating unit is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the written down cost. There is no reversal of an impairment loss for goodwill.

Impairment tests are performed using the discounted cash flow method. For determining the fair value less costs to sell and value in use, the expected cash flows are based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions.

HOLDINGS IN ASSOCIATED COMPANIES

Associated companies represent shareholdings, over which PUMA has a significant influence, but which do not qualify as subsidiaries or joint ventures. Significant influence is generally assumed when PUMA holds, directly or indirectly, at least 20%, but less than 50%, of the voting rights.

Holdings in associated companies are accounted for using the equity method. Here, the shares are initially recognized at their acquisition cost and are subsequently adjusted for the pro rata changes in the Company's net assets that are attributable to PUMA. Any recognized goodwill is shown in the carrying amount of the associated company.

Within the scope of the impairment test, the carrying amount of a company valued at equity is compared with its recoverable amount provided that there is an indication that the asset has decreased in value. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. If the reasons for the previously recorded impairment no longer apply, a write-up is recognized in the income statement.

FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

As a general rule, these entries are recognized at their acquisition cost, taking into account transaction costs and subsequently recognized at amortized cost. Non-interest or low-interest-bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions and are compounded until their maturity at their repayment amount. Liabilities from finance lease agreements are recorded as of the beginning of the lease transaction at the amount of the present value of the minimum lease amount or at the lower fair value and are adjusted by the repayment amount of the lease installments.

As a general rule, current financial liabilities also include those long-term loans that that have a maximum residual term of up to one year.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In addition to defined benefit plans, some companies apply defined contribution plans, which do not result in any additional pension commitment other than the current contributions. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This method takes into account not only known pension benefits and pension rights accrued as of the reporting date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future cash outflows at the rate of return on senior, fixed-rate corporate bonds. The currencies and maturity periods of the underlying corporate bonds are consistent with the currencies and maturity periods of the obligations to be satisfied. In some of the plans, the obligation is accompanied by a plan asset. In that case, the pension provision shown is reduced by the plan asset.

Revaluations, consisting of actuarial profits and losses, changes resulting from use of the asset ceiling and return on plan assets (without interest on the net debt) are immediately recorded under Other Comprehensive Income. The revaluations recorded in Other Comprehensive Income are part of the retained earnings and are no longer reclassified into calculation of profit and loss. Past service costs are recorded as an expense if changes are made to the plan.

OTHER PROVISIONS

Provisions are recognized if the Group, as a result of a past event, has a current obligation and this obligation is likely to result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. The provisions are recognized at their settlement value as determined on the basis of the best possible assessment and are not offset by income. Provisions are discounted if the resulting effect is significant.

Provisions for the expected expenses from warranty obligations pursuant to the respective national sales contract laws are recognized at the time of sale of the relevant products, according to the best estimate in relation to the expenditure needed in order to fulfill the Group's obligation.

Provisions are also recognized to account for onerous contracts. An onerous contract is assumed to exist where the unavoidable costs for fulfilling the contract exceed the economic benefit arising from this contract.

Provisions for restructuring measures are also recorded if a detailed, formal restructuring plan has been produced, which has created a justified expectation that the restructuring measures will be carried out by those concerned due to its implementation starting or its major components being announced.

TREASURY SHARES

Treasury stock is deducted from equity at its market price as of the date of acquisition, plus incidental acquisition costs. Pursuant to the authorization of the Annual General Meeting, treasury stock can be repurchased for any authorized purpose, including the flexible management of the Company's capital requirements.

EQUITY COMPENSATION PLANS/MANAGEMENT INCENTIVE PROGRAM

In accordance with IFRS 2, stock-based compensation systems are recognized at fair value and recorded under personnel costs. PUMA has stock-based compensation systems in the form of stock options (SOP) involving compensation in shares and in the form of virtual shares with cash compensation.

The expenses associated with the SOP are determined from the fair value of the options as of the grant date, without taking into account the impact of non-market-oriented exercise hurdles (e. g. forfeited options if the eligible employee leaves the company prematurely). The expense is recorded by distributing it as personnel costs over the vesting period until the options are vested and is recognized as a capital reserve. Non-market-oriented exercise hurdles are adjusted in accordance with current expectations and the assessment of expected exercisable options is reviewed on each balance sheet date. The resulting gains and losses are recognized in the income statement and recorded through a corresponding adjustment in equity over the remaining period up to the vesting date.

For share-based remunerations with cash compensation, a liability is recorded for the services received and measured with its fair value upon addition. Until the debt is cleared, its fair value is recalculated on every balance sheet date and on the settlement date and all changes to the fair value are recognized in the income statement.

RECOGNITION OF SALES REVENUES

Revenues from the sale of products (sales revenues) are recognized at the time of the transfer of the significant opportunities and risks associated with the ownership of the goods and products sold to the buyer if it is likely that the Group will derive the economic benefit from the sale. The amount of the recognized sales revenues is based on the fair value of

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the consideration received or to be received, taking into account returns, discounts and rebates.

ROYALTY AND COMMISSION INCOME

Income from royalties is recognized in the income statement in accordance with the invoices to be submitted by the license holders. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced if the underlying purchase transaction is classified as realized.

ADVERTISING AND PROMOTIONAL EXPENSES

Advertising expenses are recognized in the income statement as of the date of their accrual. As a general rule, promotional expenses stretching over several years are recognized as an expense over the contractual term on an accrual basis. Any expenditure surplus resulting from this allocation of expenses after the balance sheet date are recognized in the form of an impairment of assets or a provision for anticipated losses in the financial statements.

PRODUCT DEVELOPMENT

PUMA continuously develops new products in order to meet market requirements and market changes. Research costs are expensed in full at the time they are incurred. Development costs are also recognized as an expense when they do not meet the recognition criteria of IAS 38 *Intangible Assets.*

FINANCIAL RESULT

The financial results include the results from associated companies as well as interest income from financial investments and interest expense from loans and financial instruments. Financial results also include interest expenses from discounted non-current liabilities and from pension provisions that are associated with acquisitions of business enterprises or arise from the valuation of pension commitments.

Exchange rate effects that can be directly allocated to an underlying transaction are shown in the respective income statement item.

INCOME TAXES

Current income taxes are determined in accordance with the tax regulations of the respective countries where the Company conducts its operations.

DEFERRED TAXES

Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation procedures are charged to each taxable entity and shown either as deferred tax assets or deferred tax liabilities. Deferred tax assets may also include claims for tax reductions that result from the expected utilization of existing losses carried forward to subsequent years and which is sufficiently certain to materialize. Deferred tax assets or liabilities may also result from accounting treatments that do not affect net income. Deferred taxes are calculated on the basis of the tax rates that apply to the reversal in the individual countries and that are in force or adopted as of the balance sheet date.

Deferred tax assets are shown only to the extent that the respective tax advantage is likely to materialize. Value adjustments are recognized on the basis of the past earnings situation and the business expectations for the foreseeable future, if this criterion is not fulfilled.

ASSUMPTIONS AND ESTIMATES

The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the amount and disclosure of the recognized assets and liabilities, income and expenses, as well as contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made; as a result there is a risk of adjustments to the carrying amount of the assets and liabilities concerned in future periods. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned.

All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. Assumptions and estimates are made in particular in the measurement of goodwill and brands, pension obligations, derivative financial instruments and taxes. The most significant forward-looking assumptions and sources of estimation and uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

GOODWILL AND BRANDS

A review of the impairment of goodwill is based on the calculation of the value in use. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behavior. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). *The relief from royalty method* is used to value brands. See section 10 for further information, in particular regarding the assumptions used for the calculation.

PENSION OBLIGATIONS

Pension obligations are determined using an actuarial calculation. This calculation is contingent on a large number of factors that are based on assumptions and estimates regarding the discount rate, the expected return on plan assets, future wage and salary increases, mortality and future pension increases. Due to the long-term nature of the commitments made, the assumptions are subject to significant uncertainties. Any change in these assumptions has an impact on the carrying amount of the pension obligations. The Group determines at the end of each year the discount rate applied to determine the present value of future payments. This discount rate is based on the interest rates of corporate bonds with the highest credit rating that are denominated in the currency in which the benefits are paid and the maturity of which corresponds to that of the pension obligations. See section 15 for further information, in particular regarding the parameters used for the calculation.

TAXES

Tax items are determined taking into account the various prevailing local tax laws and the relevant administrative opinions and, due to their complexity, may be subject to different interpretations by persons subject to tax on the one hand and the tax authorities on the other hand. Differing interpretations of tax laws may result in subsequent tax payments for past years; depending on the management's assessment, these differing opinions may be taken into account.

The recognition of deferred taxes, in particular with respect to tax losses carried forward, requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of initial recognition and the amount of future taxable income. The taxable income from the relevant corporate planning is derived for this judgment. This takes into account the past financial position and the business development expected in the future. Active deferred tax assets on losses carried forward are recorded in the event of companies incurring a loss only if it is highly likely that future positive income will be achieved that can be offset against these tax losses carried forward. Please see section 8 for further information and detailed assumptions.

DERIVATIVE FINANCIAL INSTRUMENTS

The assumptions used for estimating derivative financial instruments are based on the prevailing market conditions as of the balance sheet date and thus reflect the fair value. See section 24 for further information.

3. CASH AND CASH EQUIVALENTS

As of December 31, 2017, the Group has € 415.0 million (previous year: € 326.7 million) in cash and cash equivalents. The average effective interest rate of financial investments was 0.5% (previous year: 0.7%). There are no restrictions on disposition.

4. INVENTORIES

Inventories are allocated to the following main groups:

T.11 *INVENTORIES* (in € million)

	2017	2016
Raw materials, consumables and supplies	12.2	20.2
Finished goods and merchandise/inventory		
Footwear	296.6	239.7
Apparel	191.4	193.7
Accessories/Other	100.2	111.6
Goods in transit	178.0	153.7
TOTAL	778.5	718.9

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments of € 51.5 million (previous year: € 44.0 million), approx. 69.6% (previous year approx. 69.0%) were recognized as expense under costs of sales in the 2017 financial year.

The amount of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

5. TRADE RECEIVABLES

This item consists of:

T.12 *TRADE RECEIVABLES* (in € million)

	2017	2016
Trade receivables, gross	545.6	542.0
Less value adjustments	-41.8	-42.9
Trade receivables, net	**503.7**	**499.2**

Allowances for trade receivables developed as follows:

T.13 *TRADE RECEIVABLES* (in € million)

	2017	2016
Status of value adjustments as of January 1	**42.9**	**38.8**
Scope	0.0	-2.3
Exchange rate differences	-1.9	0.4
Allocations	10.3	12.5
Utilization	-7.3	-4.7
Reversals	-2.1	-1.9
Status of value adjustments as of December 31	**41.8**	**42.9**

The age structure of the trade receivables is as follows:

T.14 *GROSS VALUES 2017* (in € million)

TOTAL	*OF WHICH NOT WRITTEN DOWN*					*OF WHICH WRITTEN DOWN*
	Not	0 – 30 days	31 – 90 days	91 – 180 days	Over	
545.6	382.5	42.8	17.9	4.3	2.7	95.4

T.15 *GROSS VALUES 2016* (in € million)

TOTAL	*OF WHICH NOT WRITTEN DOWN*					*OF WHICH WRITTEN DOWN*
	Not	0 – 30 days	31 – 90 days	91 – 180 days	Over	
542.0	370.3	37.8	26.1	6.8	1.0	100.0

With respect to trade receivables that were not written down, PUMA assumes that the debtors will satisfy their payment obligations.

6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

T.16 *OTHER CURRENT FINANCIAL ASSETS* (in € million)

	2017	2016
Fair value of derivative financial instruments	23.5	78.8
Other financial assets	43.2	35.2
TOTAL	66.7	114.1

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

The decrease of derivative financial instruments is mainly due to the decline of the US dollar exchange rate.

7. OTHER CURRENT ASSETS

This item consists of:

T.17 *OTHER CURRENT ASSETS* (in € million)

	2017	2016
Prepaid expense relating to the subsequent period	42.8	31.6
Other receivables	51.3	37.6
TOTAL	94.1	69.2

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

Other receivables mainly include VAT receivables amounting to € 35.9 million (previous year: € 17.8 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

T.18 *DEFERRED TAXES* (in € million)

	2017	2016
Tax loss carryforwards	92.2	110.3
Non-current assets	29.0	30.7
Current assets	43.5	38.0
Provisions and other liabilities	60.2	65.7
Deferred tax assets (before netting)	**224.8**	**244.8**
Non-current assets	42.1	65.9
Current assets	5.6	8.8
Provisions and other liabilities	6.8	3.7
Deferred tax liabilities (before netting)	**54.5**	**78.4**
Deferred tax assets, net	**170.4**	**166.4**

€ 97.9 million of the deferred tax assets are current (previous year: € 85.3 million) and € 10.7 million of the deferred tax liabilities are current (previous year: € 11.3 million).

As at December 31, 2017, tax losses carried forward amounted to a total of € 542.9 million (previous year: € 596.9 million). This results in a deferred tax asset of € 148.2 million (previous year: € 171.8 million). Deferred tax liabilities were recognized for these items in the amount at which the associated tax advantages are likely to be realized in the form of future profits for income tax purposes. As a result deferred tax assets of € 56.0 million for tax loss carryforwards (previous year: € 61.5 million) were not recognized; of this amount € 54.4 million (previous year: € 59.3 million) are vested, but € 13.4 million (previous year: € 13.4 million) can never be used due to a lack of future expectations. The remaining unrecognized deferred tax assets of € 1.6 million will expire within the next seven years.

In addition, no deferred taxes were recognized for deductible temporary differences amounting to € 13.9 million (previous year: € 5.0 million).

The effects of the US tax reform finally resolved at the end of 2017 on tax loss carryforwards and temporary differences were taken into account when measuring deferred tax assets and liabilities as of December 31, 2017. Due to the tax rate reduction, an adjustment of € 0.9 million was recorded in the income statement.

Deferred tax liabilities for withholding taxes from possible dividends on retained earnings of subsidiaries that serve to cover the financing needs of the respective company were not accumulated, since it is most likely that such temporary differences will not be cleared in the near future.

Deferred tax assets and liabilities are netted if they relate to a taxable entity and can in fact be netted. Accordingly, they are shown in the balance sheet as follows:

T.19 (in € million)

	2017	2016
Deferred tax assets	207.9	229.5
Deferred tax liabilities	37.6	63.1
Deferred tax assets, net	**170.4**	**166.4**

The changes in deferred tax assets were as follows:

T.20 (in € million)

	2017	2016
Deferred tax assets, previous year	229.5	219.8
Recognition in the income statement	-11.5	4.2
Adjustment against Other Comprehensive Income	-10.0	5.4
Deferred tax assets	**207.9**	**229.5**

The changes in deferred tax liabilities were as follows:

T.21 (in € million)

	2017	2016
Deferred tax liabilities, previous year	63.1	64.2
Recognition in the income statement	-19.0	-3.6
Adjustment against Other Comprehensive Income	-6.5	2.4
Deferred tax liabilities	**37.6**	**63.1**

9. PROPERTY, PLANT AND EQUIPMENT

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

T.22 (in € million)

	2017	2016
Land and buildings, including buildings on third-party land	89.7	108.4
Technical equipment and machinery	10.1	10.4
Other equipment, factory and office equipment	122.0	116.1
Assets under construction	38.3	17.3
TOTAL	**260.1**	**252.1**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to €289.5 million (previous year: € 307.5 million).

Other equipment, operating and office equipment includes leased assets (finance leases) amounting to € 0.2 million (previous year: € 0.3 million) and in technical equipment and machinery, € 0.4 million (previous year: € 0.5 million) relates to finance leases.

The changes in property, plant and equipment in the 2017 financial year are shown in *Changes in Fixed Assets in Appendix 1* to the notes of the consolidated financial statements. As in the previous year, there were no impairment expenses that exceed current depreciation during the reporting year.

10. INTANGIBLE ASSETS

This item mainly includes goodwill, intangible assets with indefinite useful lives and assets associated with the Company's own retail activities.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. Impairment tests were performed in the past financial year using the discounted cash flow method. These was based on data from the respective three-year plan. The recoverable amount was determined on the basis of the value in use. This did not result in an impairment loss.

The cash-generating unit *CPG – COBRA PUMA Golf* includes intangible assets in association with the COBRA brand, with an indefinite useful life of € 118.6 million (previous year: € 134.9 million). The carrying amount of the COBRA brand is significant in comparison to the overall carrying amount of the intangible assets with an indefinite useful life. This is allocated to the Central Unit segment. The recoverable amount of the COBRA brand (level 3) was determined using the relief from royalty method. A discount rate of 7.3% p. a. was applied (previous year: 6.8% p. a.) and, unchanged from the previous year, a license rate of 8% and a 3% growth rate were used.

In 2017, development costs in connection with COBRA brand golf clubs amounting to € 1.8 million (previous year: € 1.9 million) were capitalized. Development costs are allocated to the item *Other Intangible Assets* in Changes in Fixed Assets. Current amortization of development costs amounted to € 0.6 million in 2017 (previous year: € 0.0 million).

The changes in intangible assets in the 2017 financial year are shown in Changes in Fixed Assets of

Appendix 1 to the notes of the consolidated financial statemens. Other intangible assets include advance payments in the amount of € 8.7 million (previous year: € 2.0 million).

Current amortization of intangible assets amounting to € 14.3 million (previous year: € 11.3 million) are included in other operating expenses. Distribution expenses accounted for € 2.1 million of this amount (previous year: € 2.2 million), € 0.1 million was attributable to product management/merchandising expenses (previous year: € 0.0 million), € 0.6 million to development (previous year: € 0.0 million) and € 11.5 million to administrative and general expenses (previous year: € 9.1 million). As in the previous year, there were no impairment expenses that exceed current depreciation.

Goodwill is allocated to the Group's identifiable cash-generating units (CGUs) according to the country where the activity is carried out. Summarized by regions, goodwill is allocated as follows:

T.23 (in € million)

	2017	2016
PUMA UK	1.6	1.7
PUMA South Africa	2.4	2.5
Dobotex	139.4	139.4
Genesis	6.9	7.1
Subtotal EMEA	150.3	150.6
PUMA Canada	9.5	10.0
PUMA Argentina	14.6	16.6
PUMA Chile	0.5	0.5
PUMA Mexico	9.6	10.5
Janed	1.8	2.1
Subtotal Americas	36.0	39.7
PUMA Japan	40.6	44.4
PUMA China	2.5	2.5
PUMA Taiwan	12.6	13.2
Subtotal Asia/Pacific	55.7	60.1
TOTAL	241.9	250.4

Assumptions used in conducting the impairment test in 2017:

T.24

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
EEA	17.0% – 25.0%	8.7% – 9.6%	7.6%
EEMEA*	28.0%	17.4%	13.3%
EMEA	**17.0% – 28.0%**	**8.7% – 17.4%**	**7.6% – 13.3%**
North America*	26.4%	8.6%	7.0%
Latin America	25.5% – 35.0%	11.0% – 26.4%	8.9% – 22.7%
Americas	**25.5% – 35.0%**	**8.6% – 26.4%**	**7.0% – 22.7%**
Asia/Pacific	**17.0% – 30.0%**	**9.0% – 10.7%**	**7.6% – 8.5%**

* The figures for the EEMEA and North America regions relate to only one cash-generating unit (CGU) each.

The tax rates used for the impairment test correspond to the actual tax rates in the respective countries. The cost of capital (WACC) was derived from observable market data.

In addition, a growth rate of 3% is generally assumed. A growth rate of less than 3% was only used in justified exceptional cases.

The cash-generating unit *Dobotex* includes goodwill of € 139.4 million (previous year: € 139.4 million), which is significant in comparison to the total carrying amount of goodwill. The cash-generating unit corresponds to a business area of PUMA which is allocated to the Central Unit. The recoverable amount was determined by calculating the value in use using a discount rate of 7.6% p. a. (previous year: 6.5% p. a.) and a growth rate of 2% (previous year: 2%).

Sensitivity analyses with regard to the impairment tests carried out at the balance sheet date show that an increase in discount rates of one percentage point each and a reduction in growth rates of one percentage point each result in an indication of impairment with regard to intangible assets with an unlimited or indefinite useful life of € 11.8 million. The corresponding sensitivity analyses with regard to goodwill do not provide any indication of impairment.

The sensitivity analysis with a one percentage point increase in the discount rate and the sensitivity analysis with a one percentage point reduction of the growth rate do not show any indication of impairment.

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

T.25

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
EEA	17.0% – 25.0%	8.0% – 8.1%	6.5% – 7.0%
EEMEA*	28.0%	16.6%	12.7%
EMEA	**17.0% – 28.0%**	**8.0% – 16.6%**	**6.5% – 12.7%**
North America*	26.4%	8.1%	6.5%
Latin America	25.5% – 35.0%	10.3% – 26.9%	8.3% – 23.3%
Americas	**25.5% – 35.0%**	**8.1% – 26.9%**	**6.5% – 23.3%**
Asia/Pacific	**16.5% – 30.0%**	**8.5% – 9.5%**	**7.0% – 8.3%**

* The figures for the EEMEA and North America regions relate to only one cash-generating unit (CGU) each.

A growth rate of 3% was generally assumed and a growth rate of under 3% has only been used in exceptional cases where this is justified.

11. HOLDINGS IN ASSOCIATED COMPANIES

The 19.6% interest in Wilderness Holdings Ltd. is shown under holdings in associated companies. It is accounted for using the equity method, as there is a significant influence. The carrying amount of the shares amounts to € 16.6 million (previous year: € 16.5 million).

The following overview shows the aggregated benchmark data of the associated companies recognized at equity. The values represent the values based on the entire company and do not relate to the shares attributable to the PUMA Group.

T.26 (in € million)

	2017	2016
Gains relating to continuing operations	8.3	5.9
Other result	-0.1	-0.3
Comprehensive income	8.2	5.6

PUMA's share of the net earnings of Wilderness Holdings Ltd. amounts to € 1.6 million (previous year: € 1.2 million). Dividends received amount to € 0.8 million (previous year: € 0.7 million).

The balance sheet date of Wilderness Holdings Ltd. is February 28, 2017. The above information relates to the Company's financial information as at December 31.

12. OTHER NON-CURRENT ASSETS

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

T.27 (in € million)

	2017	2016
Non-current investments	28.0	24.2
Fair value of derivative financial instruments	1.6	12.9
Other financial assets	22.1	22.6
Total of other non-current financial assets	**51.7**	**59.8**
Other non-current non-financial assets	19.8	18.7
Other non-current assets, total	**71.5**	**78.5**

The non-current investments relate to the 5.0% shareholding in Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien (BVB) with registered office in Dortmund, Germany.

Other financial assets mainly include rental deposits in the amount of € 19.2 million (previous year: € 19.9 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

In the 2017 financial year, there were no indicators of impairment of other non-current assets.

13. LIABILITIES

The residual terms of liabilities are as follows:

T.28 *LIABILITIES* (in € million)

	2017				2016			
		RESIDUAL TERM OF				*RESIDUAL TERM OF*		
	Total	Up to 1 year	1 to 5 years	Over 5 years	Total	Up to 1 year	1 to 5 years	Over 5 years
Financial liabilities	**56.8**	29.0	27.9		**40.1**	25.3	14.8	
Trade payables	**646.1**	646.1			**580.6**	580.6		
Liabilities from acquisitions	**4.8**		4.8		**5.0**		5.0	
Other liabilities								
Liabilities from other taxes	**35.6**	35.6			**33.8**	33.8		
Liabilities relating to social security	**7.1**	7.1			**6.7**	6.7		
Payables to employees	**96.1**	96.1			**74.3**	74.3		
Liabilities from market valuation of forward exchange transactions	**75.2**	72.3	2.9		**25.8**	24.7	1.1	
Liabilities from finance leases	**0.4**	0.3	0.1		**0.7**	0.4	0.2	
Other liabilities	**32.0**	29.0	1.9	1.2	**53.9**	51.5	2.1	0.3
TOTAL	**954.3**	915.5	37.6	1.2	**820.8**	797.4	23.2	0.3

PUMA has confirmed credit facilities amounting to a total of € 497.1 million (previous year: € 487.6 million). There were no changes in the financial liabilities (previous year: € 4.6 million) from lines of credit granted only until further notice. Unutilized credit lines totaled € 440.2 million as of December 31, 2017, compared to € 433.1 million the previous year.

The effective interest rate of the financial liabilities ranged between 1.0% and 14.7% (previous year: 1.0% to 12.25%).

The table below shows the cash flows of the original financial liabilities and of the derivative financial instruments with a positive and negative fair value:

T.29 *CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES 2017* (in € million)

		CASH FLOW 2018		*CASH FLOW 2019*		*CASH FLOW 2020 ET SEQ.*	
	Carrying amount 2017	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	56.8	1.3	29.0	0.3	10.1	0.1	17.7
Trade payables	646.1		646.1				
Liabilities from finance leases	0.4		0.3		0.1		0.1
Liabilities from acquisitions	4.8						4.8
Other liabilities	22.4		22.3		0.0		
Derivative financial liabilities and assets							
Cash-inflow from derivate financial instruments			2,152.9		383.0		
Cash-outflow from derivate financial instruments			2,197.0		380.6		

The current financial liabilities can be repaid at any time.

The following values were determined in the previous year:

T.30 *CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES 2016* (in € million)

		CASH FLOW 2017		*CASH FLOW 2018*		*CASH FLOW 2019 ET SEQ.*	
	Carrying amount 2016	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	40.1	0.2	25.3	0.1	11.8	0.0	3.0
Trade payables	580.6		580.6				
Liabilities from finance leases	0.7		0.4		0.1		0.1
Liabilities from acquisitions	5.0						5.0
Other liabilities	44.9	0.3	44.8		0.0		0.1
Derivative financial liabilities and assets							
Cash-inflow from derivate financial instruments			1,886.5		345.5		
Cash-outflow from derivate financial instruments			1,835.6		332.1		

14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

T.31 (in € million)

	Measurement categories under IAS 39	Carrying amount 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
Assets					
Cash and cash equivalents	1) LAR	415.0	415.0	326.7	326.7
Trade receivables	LAR	503.7	503.7	499.2	499.2
Other current financial assets	LAR	43.2	43.2	35.2	35.2
Derivatives with hedging relationship (fair value) (current and non-current)	n. a.	25.0	25.0	91.8	91.8
Derivatives without hedging relationship (fair value)	HfT	0.1	0.1	0.0	0.0
Other non-current fin. assets	LAR	22.1	22.1	22.6	22.6
Non-current investments	2) AfS	28.0	28.0	24.2	24.2
Liabilities					
Financial liabilities	3) OL	56.8	56.8	40.1	40.1
Trade payables	OL	646.1	646.1	580.6	580.6
Liabilities from acquisitions	OL	4.8	4.8	5.0	5.0
Liabilities from finance leases	n. a.	0.4	0.4	0.7	0.7
Other financial liabilities	OL	22.4	22.4	44.9	44.9
Derivatives with hedging relationship (fair value) (current and non-current)	n. a.	75.2	75.2	25.6	25.6
Derivatives without hedging relationship (fair value)	4) HfT	0.0	0.0	0.3	0.3
Total LAR		**984.0**	**984.0**	**883.7**	**883.7**
Total OL		**730.1**	**730.1**	**670.6**	**670.6**
Total AfS		**28.0**	**28.0**	**24.2**	**24.2**

1) LAR: Loans and Receivables;
2) AfS: Available for Sale;
3) OL: Other Liabilities;
4) HfT: Held for Trading

Financial instruments that are measured at fair value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.
Level 2: Use of input factors that do not involve the quoted prices stated under Level 1, but can be observed for the asset or liability either directly (i. e., as price) or indirectly (i. e., derivation of prices).
Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

The fair value of financial assets classified as available-for-sale was determined in accordance with Level 1. The market values of derivative assets or liabilities were determined on the basis of Level 2.

Cash and cash equivalents, trade receivables and other assets have a short residual maturity. Accordingly, as of the reporting date, the carrying amount approximates fair value. Receivables are stated at nominal value, taking into account deductions for default risk.

Accordingly, as of the reporting date, the carrying amount of loans receivable approximates fair value.

The fair values of other financial assets correspond to their carrying amount, taking into account prevailing market interest rates. Other financial assets include € 22.6 million (previous year: € 22.6 million) that were pledged as rental deposits at usual market rates.

The current liabilities to banks can be repaid at any time. Accordingly, as of the reporting date, the carrying amount approximates fair value. The non-current bank liabilities consist of fixed-interest loans. The reported carrying amounts correspond to the repayment amounts. Non-current bank loans are reported under other non-current financial liabilities.

Trade payables have a short residual maturity. The recognized values approximate fair value.

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment. As of the end of the financial year, the market interest rate only affects one company and is 0.6% (previous year: 0.4%).

The fair values of other financial liabilities are determined based on the present values, taking into account the prevailing interest rate parameters.

The fair values of derivatives with a hedging relationship at the balance sheet date are determined on the basis of current market parameters, i. e., reference prices observable on the market, taking into account forward premiums and discounts. The discounted result of the comparison of the forward price on the reporting date with the forward price on the valuation date is included in the measurement. The fair values are also checked for the counterparty's non-performance risk. In doing this, PUMA calculates credit value adjustments (CVA) or debt value adjustments (DVA) on the basis of an up/down method, taking current market information into account. No material deviations were found, so that no adjustments were made to the fair value determined.

Net income by measurement categories:

T.32 (in € million)

	2017	2016
Loans and receivables (LAR)	-3.2	-8.1
Other liabilities (OL)	-15.3	-20.8
Derivatives without hedging relationship	-0.3	1.3
Non-current financial assets (AfS)	3.8	5.7
TOTAL	**-15.0**	**-21.9**

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

General administrative expenses include write-downs of receivables.

15. PENSION PROVISIONS

Pension provisions result from employees' claims for benefits, which are based on the statutory or contractual regulations applicable in the respective country, in the event of invalidity, death or when a certain retirement age has been reached. Pension commitments in the PUMA Group include both benefit- and contribution-based pension commitments and include both obligations from current pensions and rights to pensions payable in the future. The pension entitlements are financed by both provisions and funds.

The risks associated with the pension commitments mainly concern the usual risks of benefit-based pension plans in relation to possible changes in the discount rate and, to a minor degree, inflation trends and recipient longevity. In order to limit the risks of changed capital market conditions and demographic developments, plans with the maximum obligations were agreed or insured a few years ago in Germany and the UK for new hires. The specific risk of obligations based on salary is low within the PUMA Group. The introduction of an annual cap in 2016 for pensionable salary in the UK plan now covers this risk for the highest obligations. The UK plan is therefore classified as a non-salary obligation.

T.33 (in € million)

	Germany	UK	Other companies	PUMA Group
Present value of pension claims 12/31/2017				
Salary-based obligations				
Annuity	0.0	0.0	6.5	6.5
One-off payment	0.0	0.0	6.2	6.2
Non-salary-based obligations				
Annuity	20.3	41.5	0.0	61.8
One-off payment	6.8	0.0	0.0	6.8

The following values were determined in the previous year:

T.34 (in € million)

	Germany	UK	Other companies	PUMA Group
Present value of pension claims 12/31/2016				
Salary-based obligations				
Annuity	0.0	0.0	6.9	6.9
One-off payment	0.0	0.0	5.9	5.9
Non-salary-based obligations				
Annuity	19.3	41.6	0.0	60.9
One-off payment	6.6	0.0	0.0	6.6

The main pension arrangements are described below:

The general pension scheme of PUMA SE generally provides for pension payments to a maximum amount of € 127.82 per month and per eligible employee. It was closed for new members beginning in 1996. In addition, PUMA SE provides individual commitments (fixed sums in different amounts) as well as contribution-based individual commitments (in part from salary conversion). The contribution-based commitments are insured plans. There are no statutory minimum funding requirements. At the end of 2017, the obligation attributable to pension entitlements in Germany (PUMA SE) amounted to € 27.1 million (previous year: € 25.9 million), representing 33.3% of the total commitment. The fair value of the plan assets relative to domestic obligations amounts to € 16.4 million. The corresponding pension provision amounts to € 10.7 million.

The defined benefit plan in the United Kingdom has not been available to new hires since 2006. This defined benefit plan includes salary and length of service-based commitments to provide old age, invalidity and surviving dependents' retirement benefits. In 2016, a growth cap of 1% p. a. was introduced on the pensionable salary. Partial capitalization of the old-age pension is permitted. There are statutory minimum funding requirements. The obligations regarding pension claims under the defined benefit plan in the UK amount to € 41.5 million at the end of 2017 (previous year: € 41.6 million) and represents 51.1% of the total obligation. The obligation is covered by assets amounting to € 32.0 million. The provision amounts to € 9.5 million.

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

T.35 (in € million)

	2017	2016
Present value of pension claims January 1	**80.3**	**74.3**
Cost of the pension claims earned in the reporting year	3.4	2.3
Past service costs	0.0	-2.3
(Profits) and losses from settlements	0.0	0.0
Interest expense on pension claims	1.7	2.1
Employee contributions	0.2	0.2
Benefits paid	-2.3	-3.0
Effects from transfers	0.2	-0.4
Actuarial (gains) and losses	-0.2	13.1
Currency exchange effects	-2.0	-6.0
Present value of pension claims December 31	**81.3**	**80.3**

The changes in the plan assets are as follows:

T.36 (in € million)

	2017	2016
Plan assets January 1	**48.8**	**50.7**
Interest income on plan assets	1.1	1.5
Actuarial gains and losses (-)	1.1	1.7
Employer contributions	3.1	1.9
Employee contributions	0.2	0.2
Benefits paid	-1.4	-2.0
Effects from transfers	0.0	-0.3
Currency exchange effects	-1.4	-5.0
Plan assets December 31	**51.6**	**48.7**

The pension provision for the Group is derived as follows:

T.37 (in € million)

	2017	2016
Present value of pension claims from benefit plans	81.3	80.3
Fair value of plan assets	-51.6	-48.7
Financing status	**29.7**	**31.6**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Pension provision December 31	**29.7**	**31.6**

In 2017, benefits paid amounted to € 2.3 million (previous year: € 3.0 million). Contributions in 2018 are expected to amount to € 2.2 million. Of this, € 0.9 million is expected to be paid directly by the employer. Contributions to external plan assets amounted to € 3.1 million in 2013 (previous year: € 1.9 million). Contributions in 2018 are expected to amount to € 1.7 million.

The changes in pension provisions are as follows:

T.38 (in € million)

	2017	2016
Pension provision January 1	**31.6**	**23.6**
Pension expense	4.0	0.6
Actuarial gains (-) and losses recorded in Other Comprehensive Income	-1.3	11.4
Employer contributions	-3.1	-1.9
Direct pension payments made by the employer	-0.9	-0.9
Transfer values	0.2	-0.2
Currency exchange differences	-0.7	-1.0
Pension provision December 31	**29.7**	**31.6**
of which assets	0.0	0.0
of which liabilities	29.7	31.6

The expenses in the 2017 financial year are structured as follows:

T.39 (in € million)

	2017	2016
Cost of the pension claims earned in the reporting year	3.4	2.3
Past service costs	0.0	-2.3
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension claims	1.7	2.1
Interest income on plan assets	-1.1	-1.5
Administration costs	0.0	0.1
Expenses for defined benefit plans	**4.0**	**0.7**
of which personnel costs	3.4	0.1
of which financial costs	0.6	0.6

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for the financial year 2017 amounted to € 11.7 million (previous year: € 11.0 million).

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Actuarial gains and losses recorded in Other Comprehensive Income:

T.40 (in € million)

	2017	2016
Revaluation of pension commitments	**0.0**	**0.0**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	-0.6	-0.7
Actuarial gains (-) and losses resulting from changes in financial assumptions	-0.1	13.3
Actuarial gains (-) and losses due to adjustments based on experience	0.5	0.5
Revaluation of plan assets	**-1.1**	**-1.7**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Adjustment of administration costs	0.0	0.0
Total revaluation amounts recorded directly in other comprehensive income	**-1.3**	**11.4**

Plan assets investment classes:

T.41 (in € million)

	2017	2016
Cash and cash equivalents	0.3	0.1
Equity instruments	0.0	0.1
Bonds	1.3	12.4
Investment funds	18.5	17.2
Derivatives	7.1	0.0
Real estate	3.5	3.7
Insurance	16.4	14.2
Other	4.5	1.0
Total plan assets	**51.6**	**48.7**

Of which investment classes with a quoted market price:

T.42 (in € million)

	2017	2016
Cash and cash equivalents	0.3	0.2
Equity instruments	0.0	0.1
Bonds	1.3	12.4
Investment funds	18.3	16.9
Derivatives	7.1	0.0
Real estate	3.2	3.4
Insurance	0.0	0.0
Other	4.5	1.0
Plan assets with a quoted market price	**34.7**	**34.0**

Plan assets still do not include the Group's own financial instruments or real estate used by Group companies.

The plan assets are used exclusively to fulfill defined pension commitments. Legal requirements exist in some countries for the type and amount of financial resources that can be chosen; in other countries (for example Germany) they can be chosen freely. In the UK, a board of trustees made up of Company representatives and employees is in charge of asset management. Its investment strategy is aimed at long-term profits and low volatility. It was revised in 2017 and the risk profile was reduced.

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

T.43 (in %)

	2017	2016
Discount rate	2.30	2.18
Future pension increases	2.42	2.46
Future salary increases	1.55	1.50

The indicated values are weighted average values. A standard interest rate of 1.75% was applied for the eurozone (previous year: 1.25%).

The following overview shows how the present value of pension claims from benefit plans would have been affected by changes to significant actuarial assumptions.

T.44 (in € million)

	2017	2016
Effect on present value of pension claims if		
the discount rate were 50 basis points higher	-7.4	-7.4
the discount rate were 50 basis points lower	6.0	6.3

Salary and pension trends have only a negligible effect on the present value of pension claims due to the structure of the benefit plans.

The weighted average duration of pension commitments is 19 years.

16. OTHER PROVISIONS

The warranty/return provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that the majority of these expenses will fall due within the first six months of the next financial year. The warranty/return provision does not include any non-current provisions (previous year: € 1.9 million).

Purchasing risks relate primarily to materials and molds that are required for the manufacturing of shoes.

The other provisions consist of risks in connection with litigation amounting to € 30.0 million (previous year: € 28.7 million) and provisions for anticipated losses from pending transactions and other risks in the amount of € 32.9 million (previous year: € 36.1 million). Other provisions include € 34.6 million (previous year: € 27.9 million) in non-current provisions.

Short-term provisions are expected to be paid out in the following year, while long-term provisions are not expected to be paid out until the end of the following year at the earliest.

T.45 (in € million)

	2016	Currency adjustments, retransfers	Addition	Utilization	Reversal	2017
Provisions for:						
Warranties/Returns	12.6	-0.5	46.7	-7.8	-0.2	50.7
Purchasing risks	8.5	-0.1	7.2	-7.9	-0.4	7.2
Other	64.8	-9.5	27.6	-15.0	-5.0	62.9
TOTAL	85.9	-10.1	81.5	-30.8	-5.6	120.8

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17. LIABILITIES FROM THE ACQUISITION OF BUSINESS ENTITIES

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment.

The existing purchase price liability relates to the acquisition of Genesis Group International Ltd. and is made up as follows:

T.46 (in € million)

	2017	2016
Due within one year	0.0	0.0
Due in more than one year	4.8	5.0
TOTAL	4.8	5.0

18. SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

The subscribed capital corresponds to the subscribed capital of PUMA SE. As of the balance sheet date, the subscribed capital amounted to € 38.6 million and is divided into 15,082,464 bearer shares.

Each no-par-value share corresponds to € 2.56 of the subscribed capital (share capital).

Changes in the circulating shares:

T.47

		2017	2016
Circulating shares as of January 1	**Shares**	**14,939,913**	**14,939,913**
Issue of treasury stock	Shares	6,443	0
Stock buyback	Shares	0	0
Circulating shares as of December 31	**Shares**	**14,946,356**	**14,939,913**

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CAPITAL RESERVE

The capital reserve includes the premium from issuing shares, as well as amounts from the grant, conversion and expiration of share options.

RETAINED EARNINGS AND NET PROFIT

Retained earnings and net profit include the net income of the financial year as well as the income of the companies included in the consolidated financial statements achieved in the past to the extent that it was not distributed.

RESERVE FROM THE DIFFERENCE RESULTING FROM CURRENCY CONVERSION

The equity item for currency conversion serves to record the differences from the conversion of the financial statements of subsidiaries with non-euro accounting compared to the date of first consolidation of the subsidiaries.

CASH FLOW HEDGES

The *cash flow hedges* item includes the market valuation of derivative financial instruments. The item in the amount of € -44.8 million (previous year: € 54.3 million) is offset by deferred taxes in the amount of € 3.7 million (previous year: € -0.5 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on May 6, 2015 authorized the company to purchase treasury shares up to a value of 10% of the share capital until May 5, 2020. If purchased through the stock exchange, the purchase price per share may not exceed or fall below 10% of the closing price for the Company's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last 3 trading days prior to the date of purchase.

The Company did not make use of the authorization to purchase treasury stock during the reporting period. As of the balance sheet date, the Company holds a total of 136,108 PUMA shares in its own portfolio, which corresponds to 0.9% of the subscribed capital.

AUTHORIZED CAPITAL

As of December 31, 2017, the Company's Articles of Association provide for authorized capital totaling € 15,000,000:

Pursuant to Section 4.2. of the Articles of Association, the Administrative Board is authorized to increase the Compan's share capital by April 11, 2022 by up to € 15,000,000 (Authorized Capital 2017) by issuing new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions. In the event of capital increases against cash contributions, the new shares can also be acquired in whole or in part by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). The shareholders are basically entitled to a subscription right. However, the Administrative Board is authorized to exclude shareholders' subscription rights in whole or in part in the cases specified in Paragraph 4.2. of the Articles of Association.

The Administrative Board of PUMA SE did not make use of the existing authorized capital in the current reporting period.

DIVIDENDS

The amounts eligible for distribution relate to the net income of PUMA SE, which is determined in accordance with German Commercial Law.

The Managing Directors and the Administrative Board will propose to the Annual General Meeting that a one-off dividend of € 12.50 per circulating share or a total of € 186.8 million (with respect to the circulating shares as of December 31), be distributed to the shareholders from the net income of PUMA SE for the 2017 financial year.

Appropriation of the Net Income of PUMA SE:

T.48

	2017	2016
Net income of PUMA SE as of December 31 in € million	268.1	205.6
Net income available for distribution in € million	268.1	205.6
Dividend per share €	12.50	0.75
Number of circulating shares * share	14,946,356	14,939,913
Total dividend * in € million	186.8	11.2
Carried forward to the new accounting period * in € million	81.3	194.4

* Previous year's values adjusted to the outcome of the Annual General Meeting

NON-CONTROLLING INTERESTS

The non-controlling interests remaining as of the balance sheet date relate to PUMA Accessories North America, LLC with €4.9 million (previous year: € 1.1 million), Janed, LLC with € 21.3 million (previous year: € 11.9 million), PUMA Kids Apparel North America, LLC with € 1.3 million (previous year: € 0.6 million), Janed Canada, LLC, with € 2.4 million (previous year: € 0.8 million), PUMA North America Accessories Canada, LLC with € 0.5 million and PUMA Kids Apparel Canada, LLC, with € 0.8 million (previous year: € 0.9 million).

CAPITAL MANAGEMENT

The Group's objective is to retain a strong equity base in order to maintain both investor and market confidence and to strengthen future business performance.

Capital management relates to the consolidated equity of PUMA. This is shown in the consolidated balance sheet as well as the reconciliation statement concerning *Changes in Equity*.

19. EQUITY COMPENSATION PLANS/ MANAGEMENT INCENTIVE PROGRAM

In order to provide long-term incentives and thereby retain the management staff in the Company, PUMA uses share-based compensation systems in the form of *stock option programs (SOP)* and in the form of virtual shares with cash compensation.

The current programs are described below:

EXPLANATION OF "SOP"

Pursuant to the resolution of the Annual General Meeting of April 22, 2008, a *stock option program, SOP 2008*, was accepted in the form of a *Performance Share Program*. Conditional capital was created for this purpose and the Supervisory Board and the Board of Management of PUMA AG (as of July 25, 2011 change of form into SE) were authorized to grant subscription rights to the members of the Board of Management and other executives of the Company and of affiliated subsidiary companies for five years (after the registration of the conditional capital in the commercial register), but for at least three months after the end of the Annual General Meeting in 2013.

The term of the subscription rights issued and to be issued is five years and these subscription rights can be exercised after two years at the earliest, provided, however, that the price of the PUMA share has increased by at least 20% as of the date granted. In contrast to traditional stock option programs, the equivalent amount of the increase in value of the PUMA share since the date granted is serviced with shares, whereby the beneficiary pays an option price of € 2.56 per share granted if the share was issued as part of a capital increase. If employees leave the company, then their options rights expire.

Furthermore, pursuant to the authorization, the Administrative Board, in accordance with the recommendations of the Corporate Governance Code, may limit, fully or partially, the scope and contents of subscription rights issued to the company's Managing Directors in the event of extraordinary, unforeseen developments. This option is also available to the Board of Management with respect to the other executives concerned.

The programs were valued using a binomial model or a Monte Carlo simulation.

The following parameters were used to determine the fair value:

T.49 SOP

	2008 Tranche I	2008 Tranche II	2008 Tranche III	2008 Tranche IV	2008 Tranche V
Share price as of the date granted	€199.27	€147.27	€250.50	€199.95	€265.00
Expected volatility	29.1%	47.7%	34.5%	29.2%	26.8%
Expected dividend payment	1.50%	2.31%	1.30%	1.30%	0.8%
Risk-free interest rate, former members of the Board of Management/current Managing Directors	4.60%	1.97%	1.60%	2.40%	0.3%
Risk-free interest rate, executive staff	4.60%	1.97%	1.60%	2.40%	0.3%

The historical volatility during the year prior to the date of valuation was used to determine the expected volatility.

Changes in the *SOP* during the financial year:

T.50 SOP

	2008 Tranche I	2008 Tranche II	2008 Tranche III	2008 Tranche IV	2008 Tranche V
Issue date	7/21/2008	4/14/2009	4/22/2010	4/15/2011	4/30/2012
Amount issued	113,000	139,002	126,184	151,290	145,375
Exercise price	€0.00	€0.00	€2.56	€2.56	€2.56
Residual term	0.00 years	0.00 years	0.00 years	0.00 years	0.00 years
Circulating as of 1/1/2017	**0**	**0**	**0**	**0**	**98,484**
Exercised	0	0	0	0	0
Ø Share price when exercised	€ 220.83	€ 214.57	n. a.	n. a.	n. a.
Compensated/Expired	0	0	0	0	-98,484
Circulating as of 12/31/2017	**0**	**0**	**0**	**0**	**0**
Exercisable options as of the reporting date	0	0	0	0	0

Pursuant to Section 5 of the Option Terms and Conditions, every year the options are subject to a vesting period from December 15 for up to ten trading days after the Annual General Meeting. Accordingly, no options can be exercised as of the reporting date.

As of the date of allocation, the average fair value per option was € 49.44 for *Tranche I – 2008*. Taking into account the vesting period, there are no expenses for the current financial year. Of the options in circulation, 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 53.49 for *Tranche II – 2008*. Taking into account the vesting period, there are no expenses for the current financial year. Of the options in circulation, 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 61.81 for *Tranche III – 2008*. Taking into account the vesting period, there are no expenses for the current financial year. Of the options in circulation, 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 40.14 for *Tranche IV – 2008*. Taking into account the vesting period and the expiration, there are no expenses for the current financial year. A total of 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors at the end of the year.

Pursuant to the allocation, the average fair value per option was € 44.59 for *Tranche V – 2008*. Taking into account the vesting period, there are no expenses for the current financial year. Tranche V was terminated against payment of a cash settlement. A total of 0 options belonged to the current Managing Directors at the end of the year.

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The *SOP 2008* stock option program expired at the end of the 2017 financial year.

EXPLANATION OF "VIRTUAL SHARES," TERMED "MONETARY UNITS"

Monetary units were granted on an annual basis in 2013 as part of a management incentive program. Monetary units are based on the PUMA and Kering share performance. Each of these monetary units entitles the holder to a cash payment at the end of the term. This is dependent on the year-end price determined for the PUMA share (component 1), which is weighted at 70% and on the year-end price determined for the Kering share (component 2), which is weighted at 30%. Component 1 compares the success with the average virtual stock appreciation rights of the last 30 days of the previous year. Component 2, on the other hand, measures success by comparing the performance of the Kering share against the average performance of a reference portfolio in the luxury and sports sector over the same period. These monetary units are subject to a vesting period of three years. After that, there is an exercise period of two years (in the period in April and October) which can be freely used by participants for the purposes of execution. The fundamental exercise condition after the vesting period is the existence of an active employment relationship with PUMA.

In the financial year 2017, an expense of € 8.4 million was established for this purpose on the basis of the employment contract commitments to the managing directors.

This commitment consisting of share-based remuneration transactions with cash compensation is recorded as personnel provisions and revalued on every balance sheet date at fair value. Expenses are likewise recorded over the vesting period. Based on the market price on the balance sheet date, the provision for both programs amounts to € 12.2 million at the end of the financial year.

T.51 VIRTUAL SHARES (monetary units)

Issue date		1/1/2013	1/1/2014	1/1/2015	1/1/2016	1/1/2017
Term	Years	5	5	5	5	5
Vesting period	Years	3	3	3	3	3
Base price component 1	EUR/share	224.00	232.00	174.00	200.00	240.00
Base price component 2	EUR/share	152.00	144.00	167.00	166.00	249.00
Reference value component 1 at the end of the financial year	EUR/share	240.20	240.00	371.00	220.13	96.46
Reference value component 2 at the end of the financial year	EUR/share	401.00	592.00	592.00	352.10	153.94
Participants in year of issue	People	4	3	3	3	3
Participants at the end of the financial year	People	2	3	3	3	3
Number of monetary units component 1 as of 1/1/2017	Shares	2,406	5,501	7,965	6,300	6,519
Number of monetary units component 1 exercised in the FY	Shares	-2,406	-251	0	0	0
Final number of monetary units component 1 as of 12/31/2017	Shares	0	5,250	7,965	6,300	6,519
Number of monetary units component 2 as of 1/1/2017	Shares	1,520	3,799	3,692	3,393	2,693
Number of monetary units component 2 exercised in the FY	Shares	-943	-591	0	0	0
Final number of monetary units component 2 as of 12/31/2017	Shares	577	3,208	3,692	3,393	2,693

EXPLANATION OF THE "GAME CHANGER 2017" PROGRAM

In addition, another global long term incentive program called *Game Changer 2017* was launched in 2014. Participants in this program consist mainly of top executives reporting to the managing directors and individual key positions in the PUMA Group. The aim of this program is to bind this group of employees to the company on a long-term basis and to allow them to share in the medium-term success of the Company.

The term of the program is 3 years and is based on the medium-term objectives of the PUMA Group in terms of EBIT (70%), working capital (15%) and gross profit margin (15%). For this purpose, a corresponding provision is set up each year when the respective currency-adjusted targets are met. The resulting savings were paid out to the participants in March 2017. The payment was subject to the condition that the individual participant was in an unterminated employment relationship with a company of the PUMA Group as of December 31, 2016. No further expenses were incurred for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2018" PROGRAM

In 2015, the global *Game Changer 2018* program was launched, which is subject to the same parameters as the *Game Changer 2017* program (employment relationship until 12/31/2017 and payout March 2018). Provisions of €1.0 million were set aside for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2019" PROGRAM

In 2016, the global *Game Changer 2019* program was launched, which is subject to the same parameters as the *Game Changer 2017* program (employment relationship until 12/31/2018 and payout March 2019). Provisions of € 1.4 million were set aside for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2020" PROGRAM

In 2017, the global *Game Changer 2020* program was launched, which is subject to the same parameters as the *Game Changer 2017* program (employment relationship until 12/31/2019 and payout March 2020). Provisions of € 1.4 million were set aside for this program in the year under review.

EXPLANATION OF THE MOMENTUM 2020 PROGRAM

In addition, a global program called *Momentum* was launched in 2017, which is subject to the same parameters (employment until December 31, 2019 and payout in March 2020) as the Game Changer programs. The difference to the Game Changer programs lies in the different participants. While the participants in the Game Changer programs consist of top executives, the *Momentum* program includes employees who are not part of this group. Provisions of € 0.9 million were set aside for this program in the year under review.

20. OTHER OPERATING INCOME AND EXPENSES

According to the respective functions, other operating income and expenses include personnel, advertising, sales and distribution expenses as well as rental and leasing expenditure, travel costs, legal and consulting expenses and other general expenses. Typical operating income that is associated with operating expenses was offset. Rental and lease expenses associated with the Group's own retail stores include sales-dependent rental components.

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Other operating income and expenses are allocated based on functional areas as follows:

T.52 (in € million)

	2017	2016
Sales and distribution expenses	1,320.4	1,182.4
Product management/merchandising	45.1	41.7
Research and development	53.4	52.0
Administrative and general expenses	307.0	269.3
Other operating expenses	**1,725.9**	**1,545.4**
Other operating income	**0.3**	**0.9**
Total	**1,725.6**	**1,544.5**
Of which scheduled depreciation	70.3	59.9
Of which impairment expenses	0.0	0.0

Within the sales and distribution expenses, marketing/retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's retail activities. Other sales and distribution expenses include logistic expenses and other variable sales and distribution expenses.

Administrative and general expenses include expenses for the statutory auditor of PUMA SE in the amount of € 0.9 million (previous year: € 0.9 million).

Of this, € 0.7 million is allocated to auditing expenses (previous year: € 0.6 million), € 0.2 million to other assurance services (previous year: € 0.2 million) and € 0.0 million to tax advisory services (previous year: € 0.1 million).

Other operating income includes other income of € 0.3 million (previous year: € 0.2 million). In the previous year, this item also included allocations of development costs amounting to € 0.7 million.

Overall, other operating expenses include personnel costs, which consist of:

T.53 (in € million)

	2017	2016
Wages and salaries	428.3	398.9
Social security contributions	57.3	50.7
Expenses from share-based remuneration with cash compensation	8.4	2.1
Expenses for retirement pension and other personnel expenses	55.1	41.3
TOTAL	**549.1**	**493.1**

In addition, cost of sales includes personnel costs in the amount of € 12.8 million (previous year: € 15.3 million).

The average number of employees for the year was as follows:

T.54

	2017	2016
Marketing/retail/sales	7,986	7,527
Research & Development/product management	891	882
Administrative and general units	2,511	2,719
TOTAL ANNUAL AVERAGE	**11,389**	**11,128**

As of the end of the year, a total of 11,787 individuals were employed (previous year: 11,495).

21. FINANCIAL RESULT

This financial result consists of:

T.55 (in € million)

	2017	2016
Income from associated companies	**1.6**	**1.2**
Financial income	**10.3**	**10.5**
Interest expense	-17.8	-13.4
Interest accrued on liabilities from acquisitions	0.0	0.0
Valuation of pension plans	-0.6	-0.6
Expenses from currency-conversion differences, net	-6.9	-6.4
Financial expenses	**-25.3**	**-20.4**
Financial result	**-13.4**	**-8.7**

Income from associated companies results exclusively from the shareholding in Wilderness Holdings Ltd. (see also section 11).

Financial income includes only interest income.

Interest expenses result from financial liabilities and expenses in connection with currency derivatives.

Moreover, the financial result includes a total of € 6.9 million in expenses from currency conversion differences (previous year: expense of € 6.4 million), which are attributable to financing activities.

22. INCOME TAXES

T.56 (in € million)

	2017	2016
Current income taxes		
Germany	9.3	3.5
Other countries	61.5	34.8
Total current income taxes	**70.7**	**38.3**
Deferred taxes	**-7.5**	**-7.8**
TOTAL	**63.3**	**30.5**

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge and trade tax. Thus, a weighted mixed tax rate of 27.22% continued to apply for the financial year.

Reconciliation of the theoretical tax expense with the effective tax expense:

The tax effect resulting from items that are directly credited or debited to equity is shown directly in the statement of comprehensive income.

Other effects include withholding tax expenses in the amount of € 9.7 million (previous year: € 11.0 million).

T.57 (in € million)

	2017	2016
Earnings before income tax	**231.2**	**118.9**
Theoretical tax expense Tax rate of the SE = 27.22% (previous year: 27.22%)	62.9	32.4
Taxation difference with respect to other countries	-7.1	-8.1
Other tax effects: Income tax for previous years	4.1	1.9
Losses and temporary differences for which no tax claims were recognized	4.0	5.0
Changes in tax rate	8.7	0.1
Non-deductible expenses for tax purposes and non-taxable income and other effects	-9.3	-0.8
Effective tax expense	**63.3**	**30.5**
Effective tax rate	27.4%	25.7%

23. EARNINGS PER SHARE

The earnings per share are determined in accordance with IAS 33 by dividing the consolidated annual surplus (consolidated net earnings) attributable to the shareholder of the parent company by the average number of circulating shares.

The calculation is shown in the table below:

T.58

	2017	2016
Net earnings in € million	135.8	62.4
Average number of circulating shares	14,943,161	14,939,913
Diluted number of shares	14,943,161	14,939,913
Earnings per share €	9.09	4.17
Earnings per share, diluted €	9.09	4.17

24. MANAGEMENT OF THE CURRENCY RISK

In the 2017 financial year, PUMA designated *forward purchase USD* currency derivatives as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, which is converted to euros.

The nominal amounts of open rate-hedging transactions, which relate mainly to cash flow hedges, refer to currency forward transactions in a total amount of € 2,287.4 million (previous year: € 1,850.6 million). These underlying transactions are expected to generate cash flows in 2018 and 2019. For further information, please refer to Note 13.

The market values of open rate-hedging transactions on the balance sheet date consist of:

T.59

	2017	2016
Currency forward contracts, assets (see section 6 and 12)	25.1	91.8
Currency forward contracts, liabilities (see sections 13 and 14)	-75.2	-25.8
Net	-50.1	66.0

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The changes in effective cash flow hedges are shown in the schedule of changes in shareholders' equity and the statement of comprehensive income.

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

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

Currency sensitivity analyses are based on the following assumptions:

Material primary monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities from finance leases, non-interest-bearing liabilities) are either denominated directly in the functional currency or transferred into the functional currency through the use of currency forward contracts.

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

If, as of December 31, 2017, the USD had appreciated (devalued) against all other currencies by 10%, the hedge reserve in equity and the fair value of the hedging contracts would have been € 120.4 million higher (lower) (December 31, 2016: € 106.2 million higher (lower)).

Currency risks and other risk and opportunity categories are discussed in greater detail in the Combined Management Report under the Risk and Opportunity Management section as well as in sections 2 and 13 of the Notes to the consolidated financial statements.

25. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with our internal reporting structure. Sales revenues and operating income (EBIT) are shown according to the head office of the respective Group company of the corresponding region. The inter-company sales of the respective region are eliminated. The allocation of the remaining segment information is also determined on the basis of the respective Group company's head office. The totals equal the amounts at the time in the income statement and the balance sheet.

The regions are subdivided into EMEA (Europe, Middle East and Africa), Americas (North and Latin America) and Asia/Pacific.

The segments' internal sales are generated on the basis of market prices. They are not considered in the representation, as they are not relevant for controlling.

Investments and depreciation/amortization relate to additions and depreciation/amortization of property, plant and equipment and intangible assets during the current financial year. As in the previous year, no total impairment losses were recognized in the segments.

Since PUMA is active in only one business area, the sports equipment industry, products are allocated according to the footwear, apparel and accessories product segments in accordance with the internal reporting structure. According to this reporting structure, except the allocation of sales revenue and of the gross profit, there is no other allocation of the operating result as well as of the asset and liability items.

OPERATING SEGMENTS 1-12/2017

T.60 *REGIONS* (in € million)

	EXTERNAL SALES		EBIT		INVESTMENTS	
	1-12/2017	1-12/2016	**1-12/2017**	1-12/2016	1-12/2017	**1-12/2016**
EMEA	**1,522.1**	1,281.4	**236.6**	145.7	**35.7**	27.2
Americas	**1,370.6**	1,218.5	**190.4**	166.0	**13.8**	20.1
Asia/Pacific	**821.5**	733.7	**167.2**	113.7	**30.7**	17.3
Central units/ consolidation*	421.6	393.0	-349.6	-297.7	42.7	19.7
TOTAL	4,135.9	3,626.7	244.6	127.6	122.9	84.3

* Includes CPG (COBRA PUMA Golf Business), Brandon, Dobotex, Branded Sports Merchandising, as well as central expenses for marketing, sourcing and other central functions.

T.61 REGIONS (in € million)

	DEPRECIATION		INVENTORIES		TRADE RECEIVABLES (3rd)	
	1-12/2017	1-12/2016	1-12/2017	1-12/2016	1-12/2017	1-12/2016
EMEA	14.6	13.3	342.7	281.9	184.3	173.0
Americas	17.5	15.5	244.5	247.1	166.3	176.1
Asia/Pacific	17.8	12.8	136.4	115.1	83.1	79.5
Central units/ consolidation*	20.4	18.2	54.9	74.8	70.0	70.5
TOTAL	70.3	59.9	778.5	718.9	503.7	499.2

* Includes CPG (COBRA PUMA Golf Business), Brandon, Dobotex, Branded Sports Merchandising, as well as central expenses for marketing, sourcing and other central functions.

T.62 PRODUCT (in € million)

	EXTERNAL SALES		GROSS PROFIT MARGIN	
	1-12/2017	1-12/2016	1-12/2017	1-12/2016
Footwear	1,974.5	1,627.0	45.5%	42.5%
Apparel	1,441.4	1,333.2	49.0%	48.4%
Accessories	719.9	666.5	48.5%	47.9%
TOTAL	4,135.9	3,626.7	47.3%	45.7%

T.63 BRIDGE TO EBT (in € million)

	1-12/2017	1-12/2016
EBIT	244.6	127.6
Financial result	-13.4	-8.7
EBT	231.2	118.9

26. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7 and is structured based on cash flows from operating, investment and financing activities. The indirect method is used to determine the cash outflow/inflow from ongoing operating activities. The gross cash flow, derived from earnings before income tax and adjusted for non-cash income and expense items, is determined within the cash flow from ongoing operating activities. Cash outflow/inflow from operating activities, reduced by investments in property, plant and equipment as well as intangible assets is referred to as free cash flow.

The financial resource fund reported in the cash flow statement includes all payment methods and equivalent payment methods shown under *Cash and cash equivalents*, i. e., cash in hand, checks and current bank balances.

The following table shows the cash and non-cash changes in financial liabilities in accordance with IAS 7.44A:

T.64 RECONCILIATION OF FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES (in € million)

	Notes	Opening Jan. 1, 2017	CASH NEUTRAL: Change in group of consolidated companies	CASH NEUTRAL: Currency effects	CASH EFFECTIVE	Closing Dec. 31, 2017
Financial liabilities						
Liabilities from finance leases	13	0.7	0.0	0.0	-0.2	0.4
Current financial liabilities	13	44.3	0.0	-3.2	-12.1	29.0
Non-current financial liabilities	13	14.8	0.0	-2.3	15.4	27.9
TOTAL		59.7	0.0	-5.6	3.1	57.3

Lease liabilities of € 0.4 million are divided into short-term lease liabilities (€ 0.3 million), other short-term financial liabilities and long-term lease liabilities (€ 0.1 million), which are part of other long-term financial liabilities. Non-current financial liabilities of € 27.9 million are part of other non-current financial liabilities.

27. CONTINGENCIES AND CONTINGENT LIABILITIES

CONTINGENCIES

As in the previous year, there were no reportable contingencies.

CONTINGENT LIABILITIES

As in the previous year, there were no reportable contingent liabilities.

CONSOLIDATED FINANCIAL STATEMENTS | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. OTHER FINANCIAL OBLIGATIONS

OBLIGATIONS FROM OPERATING LEASE

The Group rents and leases offices, warehouses, facilities and fleets of vehicles and sales rooms for its own retail business. Rental agreements for the retail business are concluded for terms of between five and fifteen years. The remaining rental and lease agreements typically have residual terms of between one and five years. Some agreements include options to renew and price adjustment clauses.

Total expenses resulting from these agreements amounted in 2017 to € 163.2 million (previous year: € 149.9 million) and € 19.9 million (previous year: € 16.2 million) were sales-dependent.

As of the balance sheet date, the obligations from future minimum rental payments for operating lease agreements are as follows:

T.65 (in € million)

	2017
Under rental and lease agreements:	
2018 (2017)	128.1
2019 – 2022 (2018 – 2021)	286.6
from 2023 (from 2022)	86.8
TOTAL	501.4

FURTHER OTHER FINANCIAL OBLIGATIONS

Furthermore, the Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

T.66 (in € million)

	2017
Under license, promotional and advertising agreements:	
2018 (2017)	181.8
2019 – 2022 (2018 – 2021)	542.6
from 2023 (from 2022)	367.6
TOTAL	1,092.0

As is customary in the industry, the promotional and advertising agreements provide for additional payments on reaching pre-defined goals (e.g. medals, championships). Although these are contractually agreed upon, they naturally cannot be exactly foreseen in terms of their timing and amount.

In addition, there are other financial obligations totaling € 26.1 million, of which € 13.1 million relate to the years from 2019. These include service agreements of € 25.5 million and other obligations of € 0.6 million.

29. MANAGING DIRECTORS AND ADMINISTRATIVE BOARD

Disclosures pursuant to Section 314 (1)(6) of the HGB (German Commercial Code)

In accordance with the Act on Disclosure of Management Board Compensation of August 3, 2005, the disclosure of the individual earnings of the members of the Board of Management and Managing Directors may be dispensed with for a period of 5 years pursuant to Section 285(9)(a) sentences 5 – 8; Section 314 (1)(6)(a) sentences 5 – 8 of the HGB, if the Annual General Meeting passes a resolution in this regard by a 75% majority.

Pursuant to the resolution of the Annual General Meeting of May 7, 2013, the Company was authorized to refrain from disclosures pursuant to Section 285(9)(a) sentences 5 – 8 and Section 314 (1)(6)(a) sentences 5 – 8 of the HGB with respect to the financial year beginning on January 1, 2013 and all subsequent financial years ending December 31, 2017 at the latest.

The Managing Directors and the Administrative Board are of the opinion that the shareholders' justified interest in information is sufficiently accounted for by the disclosure of the total compensation of the Managing Directors. The Administrative Board will ensure that individual compensation is appropriate in accordance with its statutory duties.

THE MANAGING DIRECTORS

The compensation of the Managing Directors, which is determined by the Administrative Board, consists of non-performance-based and performance-based components. The non-performance-based components consist of a fixed salary and non-cash compensation, whereas the performance-based components consist of bonuses and components with a long-term incentive effect. Along with job assignments and performance of each individual Managing Director, the criteria for calculating the total remuneration are the economic situation, long-term strategic planning and related targets, the long-term durability of targeted results and the company's long-term prospects.

A fixed salary is paid out monthly as non-performance-based basic compensation. In addition, the Managing Directors receive non-cash compensation, such as company cars, pension contributions and insurance premiums. In principle, these benefits are granted to all Managing Directors in an equal manner and are included in the non-performance-based compensation. The fixed compensation for the three Managing Directors amounted to € 2.1 million in the financial year (previous year: € 1.9 million). Non-cash compensation totaled € 0.1 million (previous year: € 0.1 million).

The bonus component of performance-related compensation is mainly based on the PUMA Group's operating income (EBIT) and free cash flow and is staggered according to the degree to which targets are met. In addition, qualitative individual goals are set. An upper limit is also agreed. In the financial year, variable bonuses came to € 3.9 million (previous year: € 2.5 million).

Pro-rata provisions totaling € 8.4 million (previous year: € 2.1 million) were set up for the existing compensation program (virtual share/monetary units) with long-term incentives (from the years 2014 to 2017) for Managing Directors in financial year 2017 according to the vesting periods. Under the performance-based program, 70% of the compensation will be based on the medium-term performance of PUMA SE's share and 30% will be based on the medium-term performance of Kering S.A.'s share in relation to benchmark companies. Further information on this program can be found in Section 19 of the Notes to the Consolidated Financial Statements. In addition, a payment of € 0.4 million (previous year: € 0.0 million) was made in connection with the *Stock Option Program 2012*, which expired at the end of April 2017.

Managing Directors have pension commitments as part of deferred compensation, which are paid from the aforementioned performance-based and/or non-performance-based remuneration for which the company has taken out reinsurance for pension commitments. 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, € 0.4 million was allocated for Managing Directors (previous year: € 0.4 million). The present value of the pension benefits granted to active Managing Directors in the amount of € 4.5 million as of Sunday, December 31, 2017 (previous year: € 2.6 million) was offset against the pledged asset value of the pension liability insurance policy, which was of an equal amount.

There are performance-based pension obligations to former members of the Board of Management and their widows/widowers amounting to € 3.3 million (previous year: € 3.5 million and contribution-based pension obligations in association with deferred payment from previous members of the Board of Management and Managing Directors of € 10.3 million (previous year: € 10.0 million). Both items are accordingly recognized as liabilities under pension provisions, unless they are offset against asset values of an equal amount. Pension obligations to former members of the Board of Management and their widows/widowers amounted to € 0.2 million (previous year: € 0.2 million).

ADMINISTRATIVE BOARD

In accordance with the Articles of Association, the Administrative Board has at least three members; it currently consists of six members. The compensation of the Administrative Board is comprised of a fixed and a performance-based component. The total fixed compensation amounted to € 0.3 million (previous year: € 0.3 million).

In accordance with the Articles of Association, each member of the Administrative Board receives a fixed annual compensation in the amount of € 25.0 thousand. The fixed compensation is increased by an additional fixed annual amount of € 25.0 thousand for the Chairman of the Administrative Board, € 12.5 thousand for the Vice-Chairman of the Administrative Board, € 10.0 thousand for each committee chairman (excluding the Nominating Committee) and € 5.0 thousand for each committee member (excluding the Nominating Committee).

In addition, each Administrative Board member receives performance-based compensation equal to € 20.00 for each € 0.01 by which the earnings per share figure exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10.0 thousand per year. The Chairman of the Administrative Board receives twice this amount (maximum € 20.0 thousand) and the Vice Chairman receives one and a half times this amount (maximum € 15.0 thousand) in compensation. Since earnings per share are below the minimum amount in the financial year, no performance-based compensation will be paid.

30. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships to related companies and parties that control or are controlled by the PUMA Group must be reported, unless such related parties are already included as consolidated companies in the consolidated financial statements of PUMA SE. Control is defined as the ability to determine an entity's financial and business policies and benefit from its activities.

At the balance sheet date, SAPARDIS SE, Paris, a wholly owned subsidiary of Kering S.A., holds over 75% of the subscribed capital of PUMA SE. Kering S.A. is controlled by Artémis S.A., Paris, which in turn is a wholly-owned subsidiary of Financière Pinault S.C.A., Paris. Consequently, all companies that are directly or indirectly controlled by Artémis S.A. and are not included in the consolidated financial statements of PUMA SE are considered related companies.

In addition, the disclosure obligation pursuant to IAS 24 extends to transactions with associated companies as well as transactions with other related companies and parties. These include non-controlling shareholders in particular.

Transactions with related companies and parties largely concern the sale of goods and services. These sales were concluded under normal market conditions that are also customary with third parties.

The following overview illustrates the scope of the business relationships:

T.67 (in € million)

	DELIVERIES AND SERVICES RENDERED		DELIVERIES AND SERVICES RECEIVED	
	2017	2016	2017	2016
Artémis-Group consolidated companies	0.0	0.0	0.0	0.0
Kering-Group consolidated companies	3.6	3.3	5.7	6.7
Other related parties	0.3	0.1	16.6	16.5
TOTAL	3.9	3.4	22.4	23.2

T.68 (in € million)

	NET RECEIVABLES FROM		PAYABLES TO	
	2017	2016	2017	2016
Artémis-Group consolidated companies	0.0	0.0	0.0	0.0
Kering-Group consolidated companies	1.3	1.3	2.3	19.7
Other related parties	0.1	0.0	2.8	0.1
TOTAL	1.4	1.3	5.1	19.8

In addition, dividend payments of € 13.3 million were made to non-controlling shareholders in the financial year 2017 (previous year: € 19.3 million).

Apart from dividend income of € 0.8 million (previous year: € 0.7 million) there were no further transactions with associated companies.

Receivables from related companies and parties are, with one exception, not subject to value adjustments. Only with respect to the receivables from a non-controlling shareholder and its group of companies were gross receivables in the amount of € 52.2 million adjusted in value for a subsidiary of PUMA SE in Greece as of December 31, 2017 (previous year: € 52.2 million). As in the previous year, no expenses were recorded in this respect in the financial year 2017.

As of December 31, 2017, there were no liabilities to companies included in the Kering Group arising from financing activities (previous year: € 19.0 million). In the previous year, this item was reported under other current financial liabilities.

The Managing Directors as well as the members of the Administrative Board of the PUMA Group are related parties within the meaning of IAS 24. The services and compensation of this group of individuals is shown in section 29.

As part of consulting, service and employment contracts, members of the Administrative Board received compensation from PUMA in the amount of € 0.1 million (previous year: € 0.3 million).

31. CORPORATE GOVERNANCE

In November 2017, the Managing Directors and the Administrative Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) and published it on the Company's website (www.PUMA.com). Please also refer to the Corporate Governance Report in the Combined Management Report of PUMA SE.

32. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date that had any material impact on the net assets, financial position and results of operations of the PUMA Group.

With regard to the future development of PUMA's shareholder structure, we refer to the ad hoc announcement of PUMA SE on January 11, 2018.

CONSOLIDATED FINANCIAL STATEMENTS | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. DECLARATION BY THE LEGAL REPRESENTATIVES

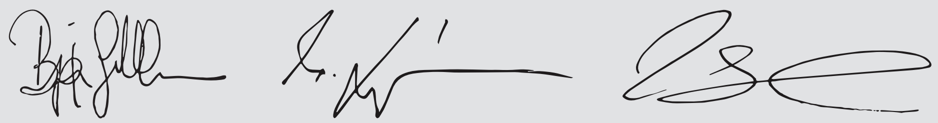
We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles and the management report summarized in the management report of the parent company for the 2017 financial year provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

DATE OF RELEASE

The Managing Directors of PUMA SE released the consolidated financial statements on February 9, 2018 for distribution to the Administrative Board. The task of the Administrative Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, February 9, 2018

THE MANAGING DIRECTORS



Gulden Lämmermann Sørensen

CONSOLIDATED FINANCIAL STATEMENTS | APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

T.69 **CHANGES IN FIXED ASSETS 2016** (in € million)

	PURCHASE COSTS						ACCUMULATED DEPRECIATION						CARRYING AMOUNTS	
	Balance 1/1/2016	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2016	Balance 1/1/2016	Currency changes and other changes	Additions/ retransfers [1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2016	Balance 12/31/2016	Balance 12/31/2015
PROPERTY. PLANT AND EQUIPMENT														
Land. land rights and buildings including buildings on third party land	167.2	-0.2	3.0		-2.9	167.1	-55.6	-0.1	-6.0		3.0	-58.8	108.4	111.6
Technical equipment and machines	18.0	-1.0	1.0	0.2	-0.4	17.9	-6.1	0.3	-1.8	-0.1	0.3	-7.5	10.4	11.9
Other equipment. factory and office equipment	324.0	7.9	48.3	0.9	-23.6	357.4	-218.9	-3.9	-40.7	-0.6	22.9	-241.3	116.1	105.1
Payments on account and assets under construction	4.0	-2.3	16.2		-0.6	17.3	0.0	0.0			0.0	0.0	17.3	4.0
TOTAL	513.2	4.4	68.5	1.1	-27.6	559.7	-280.6	-3.7	-48.6	-0.7	26.1	-307.5	252.1	232.6
INTANGIBLE ASSETS														
Goodwill	291.4	2.1		3.7	-0.1	297.1	-51.1	0.0		4.3		-46.7	250.4	240.3
Intangible fixed assets with an unlimited or indefinite useful life	148.3	4.3				152.6	-17.7	0.0				-17.7	134.9	130.6
Other intangible fixed assets	123.2	0.8	15.8	0.4	-5.5	134.7	-90.8	-0.6	-11.3	0.5	5.3	-96.9	37.8	32.4
TOTAL	562.9	7.2	15.8	4.0	-5.6	584.4	-159.6	-0.5	-11.3	4.8	5.3	-161.3	423.1	403.3

1) There was no impairment for fixed assets and intangible assets in the financial year 2016, see chapters 9 and 10.

T.70 **CHANGES IN FIXED ASSETS 2017** (in € million)

	PURCHASE COSTS						ACCUMULATED DEPRECIATION						CARRYING AMOUNTS	
	Balance 1/1/2017	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated-companies	Disposals	Baance 12/31/2017	Balance 1/1/2017	Currency changes and other changes	Additions/ retransfers [2]	Changes in group of consolidated companies	Disposals	Balance 12/31/2017	Balance 12/31/2017	Balance 12/31/2016
PROPERTY. PLANT AND EQUIPMENT														
Land. land rights and buildings including buildings on third party land	167.1	-8.4	2.0		-29.0	131.8	-58.8	3.4	-5.3		18.5	-42.1	89.7	108.4
Technical equipment and machines	17.9	0.4	1.9		-0.9	19.2	-7.5	-0.1	-2.1		0.6	-9.1	10.1	10.4
Other equipment. factory and office equipment	357.4	-21.0	62.4		-38.5	360.2	-241.3	15.1	-48.7		36.6	-238.2	122.0	116.1
Payments on account and assets under construction	17.3	-4.5	25.6		-0.1	38.3	0.0	0.0			-0.0	0.0	38.3	17.3
TOTAL	559.7	-33.6	92.0	0.0	-68.5	549.5	-307.5	18.5	-56.1	0.0	55.7	-289.5	260.1	252.1
INTANGIBLE ASSETS														
Goodwill	297.1	-8.9				288.2	-46.7	0.4				-46.3	241.9	250.4
Intangible fixed assets with an unlimited or indefinite useful life	152.6	-16.3				136.3	-17.7					-17.7	118.5	134.9
Other intangible fixed assets	134.7	-3.6	31.0		-6.1	156.0	-96.9	2.9	-14.3		4.6	-103.7	52.4	37.8
TOTAL	584.4	-28.8	31.0	0.0	-6.1	580.5	-161.3	3.3	-14.3	0.0	4.6	-167.7	412.8	423.1

2) There was no impairment for fixed assets and intangible assets in the financial year 2017, see chapters 9 and 10.

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

MANAGING DIRECTORS

BJØRN GULDEN

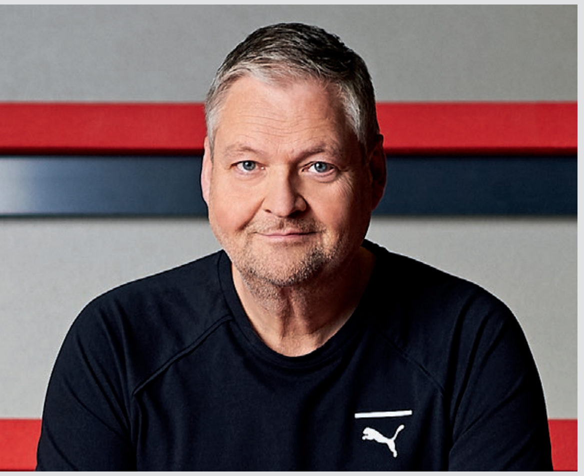
Chief Executive Officer (CEO)

Membership of other supervisory boards and controlling bodies:

- Tchibo GmbH, Hamburg/Germany
- Borussia Dortmund GmbH & Co. KGaA, Dortmund/Germany
- Dansk Supermarked A/S, Højbjerg/Denmark
- Pandora A/S, Copenhagen/Denmark

MICHAEL LÄMMERMANN

Chief Financial Officer (CFO)



LARS RADOOR SØRENSEN

Chief Operating Officer (COO)

Membership of other supervisory boards and controlling bodies:

- Scandinavian Brake Systems A/S, Svendborg/Denmark
- Hoyer Group A/S, Copenhagen/Denmark

APPENDIX 3 OF THE CONSOLIDATED FINANCIAL STATEMENTS

ADMINISTRATIVE BOARD

JEAN-FRANÇOIS PALUS

(Chairman)
London, United Kingdom
Group Managing Director and member of the Administrative Board of Kering S.A., Paris/France, responsible for Strategy, Operations and Organization

Membership of other supervisory boards and controlling bodies:

- Kering Americas, Inc., New York/USA
- Volcom, LLC., Costa Mesa/USA
- Kering Tokyo Investment Ltd., TokyowJapan
- Pomellato S.p.A, Milan/Italy
- Volcom Luxembourg Holding S.A., Luxembourg/Luxembourg
- Sowind Group S.A., La Chaux-de-Fonds/Switzerland
- Guccio Gucci SpA., Florence/Italy
- Gucci America, Inc., New York/USA
- Christopher Kane Ltd., London/United Kingdom
- Manufacture et fabrique de montres et chronomètres Ulysse Nardin Le Locle S.A., Le Locle/Switzerland
- Kering Eyewear S.p.A., Padua/Italy
- Yugen Kaisha Gucci LLC, Tokyo/Japan
- Birdswan Solutions Ltd., Haywards Heath/West Sussex/United Kingdom
- Paintgate Ltd., Haywards Heath/West Sussex/United Kingdom
- Stella McCartney Ltd., Haywards Heath/West Sussex/United Kingdom
- Kering Asia Pacific Ltd., Hong Kong/China
- Kering South East Asia PTE Ltd., Singapore/Singapore
- Altuzarra LLC, New York/USA
- Tomas Maier Holding LLC, New York/USA
- Tomas Maier Distribution LLC, New York/USA
- Tomas Maier LLC, New York/USA

FRANÇOIS-HENRI PINAULT

(Deputy Chairman until April 12, 2017)
Paris, France
CEO and Chairman of the Administrative Board of Kering S.A., Paris/France
Member until April 12, 2017

Membership of other supervisory boards and controlling bodies:

- Artémis S.A., Paris/France
- Collection Pinault, Paris/France
- Financière Pinault S.C.A., Paris/France
- Société Civile du Vignoble de Château Latour S.C., Pauillac/France
- Sonova Mangement (SAS), Paris/France
- Sonova SCS, Paris/France
- Soft Computing S.A., Paris/France
- Yves Saint Laurent S.A.S., Paris/France
- Sapardis SE, Paris/France
- Volcom, LLC, Costa Mesa/USA
- Stella McCartney Ltd., Haywards Heath/West Sussex/United Kingdom
- Kering International Ltd., London/United Kingdom
- Manufacture et fabrique de montres et chronomètres Ulysse Nardin Le Locle S.A., Le Locle/Switzerland
- Kering Eyewear S.p.A., Padua/Italy
- Kering UK Services Ltd., London/United Kingdom
- Bucheron Holding SAS, Paris/France

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THORE OHLSSON

(Deputy Chairman since April 12, 2017)
Falsterbo, Sweden
President of Elimexo AB, Falsterbo/Sweden

Membership of other supervisory boards and controlling bodies:

- Docktricks AB, Uppsala/Sweden
- Elite Hotels AB, Stockholm/Sweden
- Tomas Frick AB, Vellinge/Sweden
- Tjugonde AB, Malmö/Sweden
- Dahlqvists Fastighetsförvaltning AB, Kristianstad/Sweden

TODD HYMEL

Santa Ana, USA
Chief Executive Officer (CEO) of Volcom LLC, Costa Mesa/USA
Member until April 12, 2017

JEAN-MARC DUPLAIX

Paris, France
Chief Financial Officer (CFO) of Kering S.A., Paris/France

Membership of other supervisory boards and controlling bodies:

- Sapardis SE, Paris/France,
- Redcats S.A., Paris/France
- E_lite S.p.A., Milan/Italy
- Kering Italia S.p.A., Florence/Italy
- Pomellato S.p.A., Milan/Italy
- Kering Japan Ltd., Tokyo/Japan
- Kering Tokyo Investment Ltd., Tokyo/Japan
- Kering Luxembourg S.A., Luxembourg/Luxembourg
- Qeelin Holding Luxembourg S.A., Luxembourg/Luxembourg
- E-Kering Lux S.A., Luxembourg/Luxembourg
- Luxury Fashion Luxembourg S.A., Luxembourg/Luxembourg
- Kering Spain S.L. (previously named Noga Luxe S.L.), Barcelona/Spain
- Kering Eyewear S.p.A., Padua/Italy
- GPo Holding S.A.S., Paris/France
- Design Management Srl, Florence/Italy
- Design Management 2 Srl, Florence/Italy
- Kering Studio S.A.S., Paris/France
- Balenciaga Asia Pacific Ltd., Hong Kong/China
- Kering Eyewear Japan Ltd., Tokyo/Japan
- Redcats International Holding S.A.S., Paris/France
- Redcats Management Services S.A.S., Paris/France
- Balenciaga S.A., Paris/France
- Kering Investments Europe B.V., Amsterdam/Netherlands
- Altuzarra LLC, New York/USA

BÉATRICE LAZAT,

Paris, France
Human Resources Director, Kering S.A., Paris/France

Membership of other supervisory boards and controlling bodies:

- Sapardis SE, Paris/France
- Castera S.A.R.L., Luxembourg/Luxembourg
- Luxury Goods Services S.A., Cadempino/Switzerland
- Augustin S.A.R.L., Paris/France
- Prodistri S.A., Paris/France
- Conseil et Assistance S.N.C., Paris/France

MARTIN KÖPPEL

(Employees' Representative)
Weisendorf, Germany
Chairman of the Works Counsel of PUMA SE

GERNOT HEINZEL

(Employees' Representative)
Hausen, Germany
Key Account Manager Shoe Chains Germany South
Member since April 12, 2017

BERND ILLIG

(Employees' Representative)
Bechhofen, Germany
Administrator IT Systems of PUMA SE
Member until April 12, 2017

GUY BUZZARD

(Employees' Representative)
West Kirby, United Kingdom
Field Account Manager at PUMA United Kingdom Ltd.
Member until March 12, 2017

ADMINISTRATIVE BOARD COMMITTEES

PERSONNEL COMMITTEE

Jean-François Palus (Chairman)
Béatrice Lazat
Martin Köppel

AUDIT COMMITTEE

Thore Ohlsson (Chairman)
Jean-Marc Duplaix
Gernot Heinzel

SUSTAINABILITY COMMITTEE

Jean-François Palus (Chairman)
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NOMINATING COMMITTEE

Jean-François Palus (Chairman)
Jean-Marc Duplaix
Béatrice Lazat

This is a translation of the German version. In case of doubt, the German version shall apply.

CONSOLIDATED FINANCIAL STATEMENTS | INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO PUMA SE, HERZOGENAURACH

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of PUMA SE, Herzogenaurach and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2017 the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1 to December 31, 2017 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of PUMA SE for the financial year from January 1 to December 31, 2017. In accordance with the German legal requirements, we have not audited the content of those parts of the notes to the consolidated financial statements and of the combined management report as specified in the Chapter *Other information* of our independent auditor´s report.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2017 and of its financial performance for the financial year from January 1 to December 31, 2017 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the content of those parts of the notes to the consolidated financial statements and of the combined management report as specified in the Chapter *Other information* of our independent auditor´s report.

Pursuant to Section 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as *EU Audit Regulation*) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report* section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) Point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill
2. Recoverability of the COBRA brand
3. Deferred taxes on tax loss carry forwards

Our presentation of these key audit matters has been structured as follows:

a. Description (including reference to corresponding information in the consolidated financial statements)
b. Auditor's response

1. RECOVERABILITY OF GOODWILL

a. The consolidated financial statements of PUMA SE show goodwill in the amount of € 241.9 million corresponding to approximately 8.5% of the consolidated balance sheet total or 14.6% of the group equity.

Each financial year or in case of respective signs of impairment, goodwill is subject to impairment tests. The impairment tests are performed by PUMA SE by applying the *discounted cash flow method*. The valuation is based on the present values of the future cash flows. The company's valuation model is based on future cash flows, which are in turn based on the effective three-year plan and valid at the date of the impairment test. This detailed planning phase is extended with the assumption of long-term growth rates. The discounting is performed using the weighted average cost of capital (WACC). Here, the realizable amount is determined on the basis of the value in use and a possible need for impairment is determined by comparing the value in use with the carrying amount.

The outcome of this valuation highly depends on the managing directors' assessment of future cash flows, the WACC rate applied and the long-term growth rate and therefore involves uncertainties and discretion. Thus, the assessment of the recoverability of the goodwill was classified as a key audit matter within the scope of our audit.

Information on the goodwill, provided by the managing directors, is disclosed in Chapter 2 *Significant Consolidation, Accounting and Valuation Principles* and in Chapter 10 *Intangible Assets* of the notes to the consolidated financial statements.

b. Within the scope of our audit, we gained an understanding of the systematic approach applied when performing the impairment test. We assessed whether the valuation model adequately presents the requirements of the relevant standards, whether the necessary input data are completely and accurately determined and whether the calculations within the model are performed correctly. We satisfied ourselves of the appropriateness of the future cash flows used for the computation by reconciling these cash flows particularly with the effective three-year plan as well as by interviewing the managing directors with regard to the material assumptions underlying this plan. In addition, we performed a critical assessment of the plan under consideration of general and industry-specific market expectations.

Since a material portion of the value in use results from the forecasted cash flows for the period after the three-year plan (phase of perpetuity), we in particular critically assessed the sustainable growth rate used within the perpetuity phase by means of general and industry-specific market expectations. Since relatively low changes of the discounting rate may materially affect the amount of the realizable value, we have also checked the parameters used when determining the WACC rate involving internal valuation experts from the financial advisory sector and reproduced the computation scheme.

Due to the material significance and taking into account the fact that the assessment of the goodwill also depends on the economic framework conditions that cannot be influenced by the Group, we performed in addition a critical assessment of the sensitivity analyses performed by PUMA SE for the cash-generating units (so-called CGUs) with low headroom (present values compared to the carrying amount) in order to be able to assess a possible impairment risk in case of change of a material valuation assumption.

2. RECOVERABILITY OF THE COBRA BRAND

a. The consolidated financial statements of PUMA SE disclose for the COBRA brand a brand value of € 118.6 million corresponding to approximately 4.2% of the consolidated balance sheet total or 7.2% of the group equity.

The COBRA brand is subject to an impairment test conducted annually or in case of a triggering event. The impairment test is conducted by PUMA SE based on the relief from royalty method. According to this approach, the value of the brand results from future royalty that a company would have to pay for the use of the brand if they had to license it. The approach uses forecasted revenue generated with the COBRA brand based on the effective three-year plan, valid at the time the impairment test is conducted. Subsequently, the projection period is extended assuming long-term growth rates. The discounting is performed by means of the weighted average cost of capital (WACC). The recoverable amount and the need for impairment is determined by comparing the value in use with the carrying amount.

The outcome of this valuation highly depends on the managing directors' assumption of future revenue to be generated with the COBRA brand, the royalty rate and the long-term growth rate as well as the WACC rate applied and therefore involves uncertainties and discretion. Thus, the assessment of the recoverability of the COBRA brand was classified as key audit matter within the scope of our audit.

Information on the COBRA brand, provided by the managing directors, is disclosed in Chapter 2 *Significant Consolidation, Accounting and Valuation Principles* and in Chapter 10 *Intangible Assets* of the notes to the consolidated financial statements.

b. Within the scope of our audit, we gained an understanding of the systematic approach applied to the impairment test. We assessed whether the valuation model adequately reflects the concept requirements of the relevant standards, whether the necessary input data are completely and accurately determined and whether the calculations applied to the model are made correctly. We satisfied ourselves of the appropriateness of the assumed future revenue underlying the computation (COBRA branded sales) by reconciling these sales particularly with the effective three-year plan as well as by interviewing the managing directors with regard to the material assumptions underlying this plan. In addition, we performed a critical assessment of the plan taking into account general and industry-specific market expectations.

Since a material portion of the value in use results from the forecasted revenue for the period following the three-year plan (phase of perpetuity), we particularly reviewed the sustainable growth rate applied to the perpetuity phase by means of general and industry-specific market expectations. As even relatively small changes of the expected royalty rate and the used discount rate may have a material effect on the value in use, we also assessed the parameters involved in the assumed royalty rate and determination of the discount rate involving internal valuation experts from the financial advisory sector and recalculated the computation scheme. Additionally, we reviewed the applied royalty rate based on industry-specific average rates.

Due to the material significance and as the measurement of the brand also depends on general economic conditions that are beyond the Group's control, we additionally reviewed the sensitivity analyses concerning the COBRA brand originally conducted by PUMA SE in order to be able to determine a potential impairment risk in case a material assumption underlying the measurement changes.

3. DEFERRED TAXES ON TAX LOSS CARRY FORWARDS

a. Within the consolidated financial statements of PUMA SE, the deferred tax assets include a total amount of € 92.2 million for tax losses carried forward. The Group assesses the future utilization of the tax losses carried forward based on the tax plans for the respective companies. The tax plan is derived from the corporate plan prepared by the managing directors. From our point of view, the deferred tax assets were of special importance, since the corporate plan as basis for the recoverability of the deferred tax assets strongly depends on the assessment and assumptions of the managing directors and is thus subject to uncertainties and discretion.

Information on the deferred tax assets on tax loss carry forwards, provided by the managing directors, is disclosed in Chapter 2 *Significant Consolidation, Accounting and Valuation Principles* and in Chapter 8 *Deferred Taxes* of the notes to the consolidated financial statements.

b. Within the scope of our audit of the tax facts, we assessed the recognition and valuation of the deferred taxes under involvement of our internal tax experts. In doing so, we evaluated the established internal processes and controls for the recognition of tax facts as well as for the determination of the tax loss carry forwards. We assessed the recoverability of the deferred tax assets on tax loss carry forwards based on the current corporate plan and internal forecasts taking into account the future tax income situation of the concerned group companies and valued the appropriateness of the applied assumptions. Furthermore, we reproduced the reconciliation of the taxable income and the arithmetical correctness. In addition, we checked the completeness and accuracy of the disclosures required under IAS 12.

OTHER INFORMATION

The managing directors are responsible for the other information. The other information comprises:

- the Group's statement on corporate governance pursuant to Section 315d German Commercial Code (HGB) specified in Chapter *Corporate Governance Report including the Statement on Corporate Governance* of the combined management report,
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code specified in Chapter *Corporate Governance Report including the Statement on Corporate Governance* of the combined management report,
- the managing directors' confirmation relating to the consolidated financial statements and to the combined management report pursuant to Section 297 (2) Sentence 4 and Section 315 (1) Sentence 5 German Commercial Code (HGB), respectively, as included in the notes to the consolidated financial statements,
- the combined non-financial report which will be published after the issuance of this auditor´s report and
- the remaining parts of the Annual Report which will be published after the issuance of this auditor´s report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE MANAGING DIRECTORS AND THE ADMINISTRATIVE BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The managing directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the managing directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the managing directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations or there is no realistic alternative but to do so.

Furthermore, the managing directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the managing directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Administrative Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.
- Conclude on the appropriateness of the managing directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

CONSOLIDATED FINANCIAL STATEMENTS | INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on April 12, 2017. We were engaged by the administrative board on October 20, 2017. We have been the group auditor of PUMA SE, Herzogenaurach, without interruption, since the financial year 2012.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Stefan Otto.

Munich, February 9, 2018

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Stadter	**Otto**
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)