

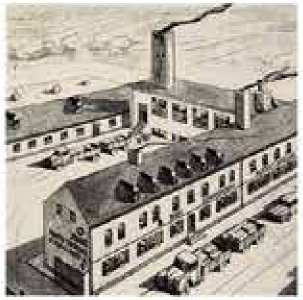





... denn PUMA macht's mit Qualität








ANNUAL REPORT 2018

CONSOLIDATED FINANCIAL STATEMENTS













CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

ASSETS	Notes	12 / 31 / 2018	12 / 31 / 2017
Cash and cash equivalents	3	463.7	415.0
Inventories	4	915.1	778.5
Trade receivables	5	553.7	503.7
Income tax receivables	23	33.9	26.8
Other current financial assets	6	111.2	66.7
Other current assets	7	115.2	94.1
Current assets		**2,192.8**	**1,884.8**
Deferred income taxes	8	207.6	207.9
Property, plant and equipment	9	294.6	260.1
Intangible assets	10	437.5	412.9
Investments in associates	11	0.0	16.6
Other non-current financial assets	12	65.4	51.7
Other non-current assets	12	9.4	19.8
Non-current assets		**1,014.4**	**969.0**
TOTAL ASSETS		**3,207.2**	**2,853.8**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	12 / 31 / 2018	12 / 31 / 2017
Current financial liabilities	13	20.5	29.0
Trade payables	13	705.3	646.1
Income taxes	23	68.0	54.7
Other current provisions	16	39.6	86.2
Other current financial liabilities	13	57.2	94.9
Other current liabilities	13	304.6	145.5
Current liabilities		**1,195.2**	**1,056.5**
Deferred income tax liabilities	8	47.7	37.6
Pension provisions	15	28.9	29.7
Other non-current provisions	16	26.3	34.6
Liabilities from acquisitions	17	3.3	4.8
Other non-current financial liabilities	13	180.7	30.9
Other non-current liabilities	13	2.9	3.0
Non-current liabilities		**289.7**	**140.7**
Subscribed capital	18	38.6	38.6
Group reserves	18	146.8	50.7
Retained earnings	18	1,546.7	1,566.1
Treasury stock	18	-28.9	-30.0
Equity attributable to the shareholders of the parent		**1,703.3**	**1,625.5**
Non-controlling interests	18	18.9	31.2
Shareholders' equity		**1,722.2**	**1,656.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,207.2**	**2,853.8**

CONSOLIDATED INCOME STATEMENT

T.2 **CONSOLIDATED INCOME STATEMENT** (in € million)

	Notes	**2018**	2017
Sales	20, 26	**4,648.3**	**4,135.9**
Cost of sales	26	-2,399.0	-2,181.5
Gross profit	26	**2,249.4**	**1,954.3**
Royalty and commission income		16.3	15.8
Other operating income and expenses	21	-1,928.4	-1,725.6
Operating income (EBIT)		**337.4**	**244.6**
Result from associated companies	22	-1.5	1.6
Financial income	22	11.6	10.3
Financial expenses	22	-34.1	-25.3
Financial result		**-24.0**	**-13.4**
Earnings before taxes (EBT)		**313.4**	**231.2**
Taxes on income	23	-83.6	-63.3
Consolidated net earnings for the year		**229.8**	**168.0**
attributable to:			
Non-controlling interest	18	-42.4	-32.2
Equity holders of the parent (net earnings)		**187.4**	**135.8**
Earnings per share (€)	24	12.54	9.09
Earnings per share (€)-diluted	24	12.54	9.09
Weighted average shares outstanding (million)	24	14.947	14.943
Weighted average shares outstanding, diluted (million)	24	14.947	14.943

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	After tax 2018	**Tax impact 2018**	**Before tax 2018**	After tax 2017	Tax impact 2017	Before tax 2017
Net earnings before attribution	**229.8**		**229.8**	**168.0**		**168.0**
Currency changes	-11.7		-11.7	-114.9		-114.9
Cashflow hedge						
Release to the income statement	42.9	-3.5	46.4	-43.8	0.1	-43.9
Market value for cashflow hedges	35.6	-1.6	37.2	-55.0	4.2	-59.1
Neutral effects of available-for-sale financial assets*				3.8	0.0	3.8
Share in the other comprehensive income of at equity accounted investments	-0.2		-0.2	-0.4		-0.4
Items expected to be reclassified to the income statement in the future	**66.7**	**-5.1**	**71.8**	**-210.3**	**4.2**	**-214.5**
Remeasurements of the net defined benefit liability	0.3	-0.3	0.6	1.0	-0.3	1.3
Neutral effects financial assets through other comprehensive income (FVTOCI) *	9.1	0.0	9.1			
Items not expected to be reclassified to the income statement in the future	**9.4**	**-0.3**	**9.7**	**1.0**	**-0.3**	**1.3**
Other result	**76.1**	**-5.4**	**81.5**	**-209.3**	**3.9**	**-213.2**
Comprehensive income	**305.9**	**-5.4**	**311.3**	**-41.4**	**3.9**	**-45.2**
attributable to:						
Non-controlling interest	43.4		43.4	29.2		29.2
Equity holder of the parent	262.5	-5.4	267.8	-70.6	3.9	-74.5

* Due to the first-time application of IFRS 9, the line "Neutral effects of available-for-sale financial assets" in the statement of comprehensive income was allocated to those components that will not be reclassified to the income statement in the future and renamed "Neutral effects of financial assets in the FVTOCI category". Prior year figures have not been adjusted.

CONSOLIDATED STATEMENT OF CASHFLOWS

T.4 **CONSOLIDATED STATEMENT OF CASHFLOWS** (in € million)

	Notes	2018	2017*
Operating activities			
Earnings before tax (EBT)		313.4	231.2
Adjustments for:			
Depreciation	9, 10	81.5	70.4
Non-realized currency gains / losses, net		-15.7	15.7
Result from associated companies	11	1.5	-1.6
Financial income	22	-11.3	-10.1
Financial expenses	22	19.7	18.5
Changes from the sale of fixed assets		1.0	1.7
Changes to pension accruals	15	-0.6	-0.4
Other non-cash effected expenses / income		8.6	5.6
Gross Cashflow	27	**398.0**	**330.9**
Changes in receivables and other current assets	5, 6, 7	-61.2	-92.8
Changes in inventories	4	-122.8	-117.2
Changes in trade payables and other current liabilities	13	146.0	159.4
Cash inflow from operating activities		**360.1**	**280.3**
Dividends received	11, 12	0.9	1.0
Income taxes paid	23	-82.9	-42.6
Net cash from operating activities	27	**278.1**	**238.8**
Investing activities			
Proceeds from the sale of long-term shareholdings	11	23.5	0.0
Purchase of property and equipment	9, 10	-130.2	-122.9
Proceeds from sale of property and equipment		1.5	12,6
Payment for other assets	12	-3.6	-1.7
Interest received	22	3.5	1.8
Cash outflow from investing activities		**-105.3**	**-110.3**
Financing activities			
Changes in leasing liabilities	13	-1.8	-0.2
Raising / (-) Repayment of current financial liabilities	13	-16.6	-12.1
Raising of non-current financial liabilities	13	145.2	15.4
Dividend payments to equity holders of the parent	18	-186.8	-11.2
Dividend payments to non-controlling interests	18	-55.7	-13.4
Interest paid	22	-12.6	-11.6
Other changes		0.0	-2.0
Cash outflow from financing activities	27	**-128.3**	**-34.9**
Exchange rate-related changes in cashflow		4.2	-5.3
Change in cash and cash equivalents		**48.7**	**88.3**
Cash and cash equivalents at beginning of the financial year		415.0	326.7
Cash and cash equivalents at the end of the financial year	3, 27	**463.7**	**415.0**

* Prior-year figures adjusted, see Notes to the Consolidated Financial Statements chapter 27 (Notes to the Cash flow statement)

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 / 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
Transfers to revenue reserves			55.0				**-55.0**				
Repurchase of 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**
Net Earnings							**187.4**		**187.4**	42.4	229.8
Net income directly recognized in equity			9.4	-13.0	78.8	-0.2			**75.0**	1,1	76,1
Total comprehensive income			**9.4**	**-13.0**	**78.8**	**-0.2**	**187.4**		**262.5**	**43.4**	**305.9**
Dividends paid to equity holders of the parent company / non-controlling interests							**-186.8**		**-186.8**	-55.7	-242.5
Transfers to revenue reserves			20.0				**-20.0**				
Repurchase of equity instruments											
Utilization / Issue of shares		1.0						1.1	**2.2**		2.2
12 / 31 / 2018	**38.6**	**193.6**	**144.7**	**-225.6**	**34.1**	**-0.0**	**1,546.7**	**-28.9**	**1,703.3**	**18.9**	**1,722.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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 register number is HRB 13085.

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, 2018, have been applied.

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 millions of Euros 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.

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	
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the associated Clarifications
Amendment IAS 40	Transfers of Investment Property
Amendment IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendment IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRIC 22	Foreign Currency Transactions and Advance Consideration
AIP 2014-2016	Annual Improvements to IFRS Standards

The standards and interpretations used for the first time as of January 1, 2018 had the following effects on the consolidated financial statements:

Adoption of IFRS 9-Financial Instruments

In the past financial year, PUMA adopted the new standard IFRS 9 Financial Instruments (as amended in July 2014) and the associated amendments to other IFRS standards. In accordance with the transition rules of IFRS 9, the previous year's figures were not adjusted. In relation to the accounting of hedge relationships, PUMA made use of the elective right to continue applying the rules of IAS 39 for hedge accounting.

The first-time adoption of IFRS 9 in the past financial year had no significant effect on the asset, financial and earnings position of the PUMA Group.

IFRS 9 contains regulations for the recognition, measurement and derecognition of financial instruments. Thus the accounting of financial instruments that was previously performed under IAS 39 (Financial instruments: recognition and measurement) was replaced in the current financial year by accounting under IFRS 9. This includes, among other things, a new impairment model based on expected credit defaults.

Under IFRS 9, the subsequent measurement of financial instruments is carried out according to the classification at "amortized cost" (AC), at "fair value through profit or loss" (FVPL) or at "fair value through other comprehensive income" (FVOCI). The classification is based on two criteria: the Group's business model for asset management and the question whether the contractual cash flows of the financial instruments represent "exclusively payments of principal and interest" toward the outstanding principal amount. The evaluation of the Group's business model was carried out at the date of first-time adoption, January 1, 2018. The judgment of whether the contractual cash flows from debt instruments consist solely of principal and interest was made based on the facts and circumstances at the date of initial recognition of the assets.

The first-time adoption of IFRS 9 had no effect on the opening balance as of January 1, 2018.

The following table shows an overview of the classification and measurement of financial assets under IAS 39 in comparison to IFRS 9. There were no changes with respect to the measurement.

T.7

Financial assets	**IAS 39**		**IFRS 9**	
	Category	Measurement	Business model	Measurement
Cash and Cash Equivalents	Loans and Receivables (LAR)	Amortized Cost	Hold	Amortized Cost
Trade Receivables	Loans and Receivables (LAR)	Amortized Cost	Hold	Amortized Cost
Other Financial Assets	Loans and Receivables (LAR)	Amortized Cost	Hold	Amortized Cost
Non-Current Investments	Available for Sale (AfS)	Fair Value Through Other Comprehensive Income (FVOCI)	Hold and Sell	Fair Value Through Other Comprehensive Income (FVOCI)

The categories "Held to Maturity" (HtM) and "Assets at fair value through profit or loss" (AFV) have not been used at PUMA so far. Accordingly, there are no financial instruments to be assigned in the past financial year to the business model "Sell" and measured under IFRS 9 at "fair value through profit or loss" (FVPL).

For non-current investments (equity instruments), IFRS 9 continues to allow measurement at fair value through other comprehensive income (FVOCI). But if these investments are sold or written down, the unrealized gains and losses from these investments as of this date are to be transferred in future to retained earnings under IFRS 9 and not posted to the income statement as previously specified in IAS 39.

The classification and measurement of financial liabilities under IFRS 9 is carried out largely with the same specifications as under IAS 39. The Group has so far not measured any "liabilities at fair value through profit or loss" (LFV). Accordingly, there were no changes in relation to the classification and measurement of the financial liabilities.

With respect to the new impairment model of IFRS 9 for the value adjustment of debt instruments, there was no major change in the amount of the value adjustments, since PUMA particularly holds current trade receivables. These trade receivables do not include interest components and, in most cases, credit insurance is in place to limit the amount of the anticipated loss. Accordingly, it was not necessary to adjust the amount of the value adjustments in the opening balance as of January 1, 2018.

The introduction of IFRS 9 led to changes in IFRS 7 and required additional disclosures in the Notes to the Consolidated Financial Statements.

Adoption of IFRS 15-Revenue from Contracts with Customers

In the past financial year, PUMA adopted for the first time the new standard IFRS 15 Revenue from Contracts with Customers (as amended in April 2016). In accordance with the transition rules of the modified retrospective approach in IFRS 15, the previous year's figures were not adjusted.

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. 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 the course of the first-time adoption of IFRS 15, no significant changes were identified in relation to the date and amount of revenue recognition. For revenues from the sale of products, there were no conversion effects, since control is generally transferred to the customer when the products are delivered and revenues and income continue to be recognized at this point in time. There were likewise no changes from the accounting treatment of the granting of trademark rights, since the previous accounting approach matched the rules of IFRS 9. In addition, PUMA has not entered into any long-term contracts and multi-component agreements.

The changed recognition and measurement methods with respect to revenue recognition are described in chapter 2 of the Notes in the paragraph on "Recognition of Sales Revenues." Apart from additional disclosures in the Notes regarding the sales revenues, the adoption of IFRS 15 in the past financial year had no significant effect on the asset, financial and earnings position of the PUMA Group.

The effect of the first-time adoption of IFRS 15 in the past financial year on individual relevant items of the financial statements is explained below.
The change in the balance-sheet presentation of refund liabilities led to a transfer on the liabilities side of € 50.2 million from the Other Current Provisions to the Other Current Liabilities. Moreover, this led to a rise in inventories in the amount of € 27.2 million with no effect on income; these now also include customers' product refund claims. On the liabilities side, this likewise led to an increase in the Other Current Liabilities. As a result, there was an increase of € 27.2 million in total assets and liabilities with the first-time adoption as of January 1, 2018.

Another effect of the first-time adoption of IFRS 15 is related to the presentation of customer bonuses, which were previously recognized under Trade Liabilities and now are likewise assigned to the Other Current Liabilities as part of the refund liabilities. As a result, there was a transfer of € 46.8 million with the first-time adoption as of January 1, 2018.

The amounts of the refund claim and the refund obligation as of December 31, 2018 are indicated separately in the Notes.

There was no effect on equity in the opening balance as of January 1, 2018 due to the first-time adoption of IFRS 15.

The effects on the relevant items of the financial statements as of January 1, 2018 are comprised as follows:

T.8 (in € million)

Effects as of 1 / 1 / 2018	**As previously reported**	**IFRS 15 Transfers**	**Adjusted**
Assets			
Inventories	778.5	+27.2	805.7
Current liabilities			
Trade liabilities	646.1	-46.8	599.4
Other current provisions	86.2	-50.2	36.0
Other current liabilities	145.5	+124.3	269.8
Shareholders' equity	1,656.7	0.0	1,656.7

The first-time adoption of IFRS 15 in the past financial year led in specific cases to a different presentation of payments to customers in the income statement. Such payments to customers were henceforth recognized as a reduction in sales revenues rather than as an increase in operating expenses. In total, payments to customers amounting to € 25.3 million were thus recognized differently in the income statement. This did not have a significant effect on the PUMA Group's earnings position.

In addition, due to the first-time adoption of IFRS 15, more comprehensive disclosures in the notes to the financial statements were required in order to provide more informative and relevant information to users of the financial statements than previously. The required breakdown of revenues from contracts with customers can be found in chapter 20 of the Notes to the Consolidated Financial Statements.

The first-time adoption of the other standards and interpretations applicable as of January 1, 2018 did not have any 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.9

Standard	Title	Date of first-time adoption*	Planned adoption
Endorsed			
IFRS 16	Leases	1 / 1 / 2019	1 / 1 / 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 / 1 / 2019	1 / 1 / 2019
Amendment IFRS 9	Prepayment Features with Negative Compensation	1 / 1 / 2019	1 / 1 / 2019
Endorsement pending			
Amendment IAS 19	Plan Amendment, Curtailment or Settlement	1 / 1 / 2019	1 / 1 / 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	1 / 1 / 2019	1 / 1 / 2019
AIP 2015-2017	Annual Improvements to IFRS Standards	1 / 1 / 2019	1 / 1 / 2019
Amendments to the Conceptual Framework	Revised Conceptual Framework	1 / 1 / 2020	1 / 1 / 2020
Amendments to IFRS 3	Definition of a Business	1 / 1 / 2020	1 / 1 / 2020
Amendments to IAS 1 and IAS 8	Definition of Materiality	1 / 1 / 2020	1 / 1 / 2020
IFRS 17	Insurance Contracts	1 / 1 / 2021	1 / 1 / 2021

* Adjusted by EU endorsement, if applicable

The new standard **IFRS 16** Leases will mean that, in the future, all leases will have to be capitalized in the balance sheet in form of a right of use asset and a corresponding leasing liability. 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.

The new standard is to be applied for financial years beginning on or after January 1, 2019. With regard to the first-time adoption, PUMA has decided to apply the modified retrospective method. Thus, there was no adjustment of the previous year's figures. In addition, PUMA has decided to utilize the application facilitation for short-term leases with a term of less than 12 months and leased assets of low value.

PUMA mainly concludes leasing contracts as an operating lessee. The application of IFRS 16 results in the following effects on the presentation of the Group's asset, financial and earnings position: With regard to the minimum rental payments for operating lease agreements, which are shown under Other Financial Obligations, the adoption of IFRS 16 will lead to an increase in non-current assets due to the balance-sheet recognition of rights of use. Accordingly, financial liabilities will increase as a result of the recognition 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 result (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.

The present operating lease volume is shown in the Notes under chapter 28 (Other Financial Obligations: Obligations from Operating Lease). It is expected that the conversion effect will mainly affect the properties leased by PUMA (retail, offices and warehouses). A provisional quantitative estimate shows that in this regard as of January 1, 2019 the Group will record a right of use on the balance sheet in the amount of € 618 million and a corresponding lease liability. The provisional effects on the income statement in the financial year 2019, taking into account further lease contracts that will be entered into in 2019, show a reduction in lease expenses by around € 153 million, an increase in amortizations by around € 137 million and an increase in interest expenses by around € 26 million.

Under IAS 17, all lease payments for operating leases were recognized under Cash Flow from Operating Activities. The adoption of IFRS 16 in the financial year 2019 will lead to an increase of around € 145 million in Cash Flow from Operating Activities and an equivalent reduction in Cash Flow from Financing Activities.

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

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

Consolidation Principles

The consolidated financial statements were prepared as of December 31, 2018, 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. 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.

Based on the structure of agreements with shareholders holding non-controlling interests in specific Group companies, PUMA is already the economic owner when it has a majority stake. 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. The costs directly attributable to the purchase and later differences of the present values of the expected residual purchase prices are recognized in the income statement in accordance with 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) in the financial year 2018 were as follows:

T.10

As of 12 / 31 / 2017	**110**
Formation of companies	1
Disposal of companies	7
As of 12 / 31 / 2018	**104**

The addition to the group of consolidated companies relates to the formation of PUMA Teamwear Benelux B.V., Netherlands.

The disposals in the group of consolidated companies relate to the liquidation of the companies PUMA Sport Hrvatska d.o.o., Croatia, Liberty China Holding Ltd, British Virgin Islands, Kalola Pty. Ltd., Australia and World Cat Vietnam Co. Ltd, Vietnam. In addition, PUMA Vertrieb GmbH, Germany was merged and Admiral Teamsports Ltd., Great Britain, was sold.

In addition, the shares in Wilderness Holdings Ltd., Botswana, were sold.

The 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 follows:

T.11

No.	Companies / Legal Entities	Country	City	Shareholder	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.	PUMA Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%
5.	PUMA Denmark A / S	Denmark	Skanderborg	indirect	100%
6.	PUMA Estonia OÜ	Estonia	Tallinn	indirect	100%
7.	PUMA Finland Oy	Finland	Espoo	indirect	100%
8.	PUMA FRANCE SAS	France	Illkirch-Graffenstaden	indirect	100%
9.	Dobotex France SAS	France	Paris	indirect	100%
10.	PUMA International Trading GmbH	Germany	Herzogenaurach	direct	100%
11.	PUMA Europe GmbH	Germany	Herzogenaurach	direct	100%
12.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
13.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
14.	Dobotex Deutschland GmbH	Germany	Düsseldorf	indirect	100%
15.	PUMA United Kingdom Ltd.	Great Britain	London	indirect	100%
16.	PUMA Premier Ltd.	Great Britain	London	indirect	100%
17.	Dobotex UK Ltd.	Great Britain	Manchester	indirect	100%
18.	Branded Sports Merchandising UK Ltd.	Great Britain	London	indirect	100%
19.	Genesis Group International Ltd.	Great Britain	Manchester	direct	100%*
20.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*
21.	Sport Equipment TI Cyprus Ltd. u.Li.	Cyprus	Nikosia	direct	100%*
22.	PUMA Italia S.r.l.	Italy	Assago	indirect	100%
23.	Dobotex Italia S.r.l.	Italy	Assago	indirect	100%
24.	PUMA Sport Israel Ltd.	Israel	Hertzeliya	indirect	100%

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

T.11

No.	Companies / Legal Entities	Country	City	Shareholder	Share in Capital
	EMEA				
25.	PUMA Malta Ltd.	Malta	St.Julians	indirect	100%
26.	PUMA Racing Ltd.	Malta	St.Julians	indirect	100%
27.	PUMA Benelux B.V.	Netherlands	Leusden	direct	100%
28.	PUMA Teamwear Benelux B.V.	Netherlands	Leusden	indirect	100%
29.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
30.	Brand Plus Licensing B.V.	Netherlands	's-Hertogenbosch	direct	100%
31.	Dobotex International B.V.	Netherlands	's-Hertogenbosch	indirect	100%
32.	Branded Sports Merchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
33.	Dobotex B.V.	Netherlands	's-Hertogenbosch	indirect	100%
34.	Dobo Logic B.V.	Netherlands	Tilburg	indirect	100%
35.	Dobotex Licensing Holding B.V.	Netherlands	's-Hertogenbosch	indirect	100%
36.	PUMA Norway AS	Norway	Oslo	indirect	100%
37.	PUMA Polska Sp. z o.o.	Poland	Warsaw	indirect	100%
38.	PUMA Sports Romania Srl	Romania	Bucharest	indirect	100%
39.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
40.	PUMA Slovakia s.r.o.	Slovakia	Bratislava	indirect	100%
41.	PUMA Sports Distributors (Pty) Ltd.	South Africa	Cape Town	indirect	100%
42.	PUMA Sports South Africa (Pty) Ltd.	South Africa	Cape Town	indirect	100%
43.	PUMA Iberia S.L.U	Spain	Madrid	direct	100%
44.	Dobotex Spain S.L.	Spain	Barcelona	indirect	100%
45.	Nrotert AB	Sweden	Helsingborg	direct	100%
46.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
47.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
48.	Dobotex Nordic AB	Sweden	Helsingborg	indirect	100%

T.11

No.	Companies / Legal Entities	Country	City	Shareholder	Share in Capital
	EMEA				
49.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%
50.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%
51.	Dobotex Switzerland AG	Switzerland	Oensingen	indirect	100%
52.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
53.	PUMA Ukraine TOV	Ukraine	Kiew	indirect	100%
54.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%
55.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100%*

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

T.11

No.	Companies / Legal Entities	Country	City	Shareholder	Share in Capital
	Americas				
56.	Unisol S.A.	Argentina	Buenos Aires	indirect	100%
57.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
58.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
59.	PUMA CHILE S.A.	Chile	Santiago	direct	100%
60.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%
61.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%
62.	Servicios Profesionales RDS, S.A. de C.V.	Mexico	Mexico City	indirect	100%
63.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
64.	Dobotex de México, S.A. de C.V.	Mexico	Mexico City	indirect	100%
65.	Importationes Brand Plus Licensing, S.A. de C.V.	Mexico	Mexico City	indirect	100%
66.	Distribuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
67.	Distribuidora Deportiva PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
68.	PUMA Retail Peru S.A.C.	Peru	Lima	indirect	100%
69.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
70.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%
71.	PUMA North America, Inc.	USA	Westford	indirect	100%
72.	Cobra Golf Incorporated	USA	Carlsbad	indirect	100%
73.	PUMA Accessories North America, LLC	USA	New York	indirect	85%
74.	PUMA North America Accessories Canada, LLC	USA	New York	indirect	85%
75.	Janed, LLC	USA	New York	indirect	51%
76.	Janed Canada, LLC	USA	New York	indirect	51%
77.	PUMA Kids Apparel North America, LLC	USA	New York	indirect	51%
78.	PUMA Kids Apparel Canada, LLC	USA	New York	indirect	51%

T.11

No.	Companies / Legal Entities	Country	City	Shareholder	Share in Capital
	Asia / Pacific				
79.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
80.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
81.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
82.	PUMA China Ltd.	China	Shanghai	indirect	100%
83.	Dobotex China Ltd.	China	Shanghai	indirect	100%
84.	Guangzhou World Cat Information Consulting Services Company Ltd.	China	Guangzhou	indirect	100%
85.	World Cat Ltd.	Hongkong		direct	100%
86.	Development Services Ltd.	Hongkong		direct	100%
87.	PUMA International Trading Services Ltd.	Hongkong		indirect	100%
88.	PUMA Asia Pacific Ltd.	Hongkong		direct	100%
89.	PUMA Hong Kong Ltd.	Hongkong		indirect	100%
90.	Dobotex Ltd.	Hongkong		indirect	100%
91.	PUMA Sports India Private Ltd.	India	Bangalore	indirect	100%
92.	PUMA India Corporate Services Private Ltd.	India	Bangalore	indirect	100%
93.	World Cat Sourcing India Private Ltd.	India	Bangalore	indirect	100%
94.	PT PUMA Cat Indonesia Ltd.	Indonesia	Jakarta	indirect	100%
95.	PUMA JAPAN K.K.	Japan	Tokyo	indirect	100%
96.	PUMA Korea Ltd.	Korea	Seoul	direct	100%
97.	Dobotex Korea Ltd.	Korea	Seoul	indirect	100%
98.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	indirect	100%
99.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
100.	PUMANILA IT Services Inc.	Philippines	Manila	indirect	100%
101.	PUMA Sports SEA Trading Pte. Ltd.	Singapore		indirect	100%
102.	PUMA SEA Holding Pte. Ltd.	Singapore		indirect	100%
103.	PUMA Taiwan Sports Ltd.	Taiwan	Taipei	indirect	100%
104.	World Cat Vietnam Sourcing & Development Services Co. Ltd.	Vietnam	Ho Chi Minh City	indirect	100%

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.12

	2018		2017	
CURRENCY	**Reporting date exchange rate**	**Average exchange rate**	Reporting date exchange rate	Average exchange rate
USD	1.1450	1.1810	1.1993	1.1297
CNY	7.8751	7.8081	7.8044	7.6290
JPY	125.8500	130.3959	135.0100	126.7112
GBP	0.8945	0.8847	0.8872	0.8767

The currency area Argentina has been in a hyperinflationary environment since 2018. The effects on the consolidated financial statements was analyzed in accordance with IAS 29 and IAS 21.42. The application of the aforementioned standards would have resulted in an increase of € 10.3 million in assets (mainly property, plant and equipment and intangible assets as well as inventories), a decrease of € 0.2 million in liabilities and an adjustment of € 10.5 million in shareholders' equity. Furthermore, the operating result (EBIT) would have decreased by € 2.2 million. The effects were deemed immaterial and did not lead to an adjustment in the Group accounting.

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 assets 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 up to three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

Cash and cash equivalents, which are valued at amortized cost, are subject to the value adjustment requirements under IFRS 9 "Financial Instruments." PUMA monitors the credit risk of these financial instruments, taking into consideration the economic situation, the external credit rating and / or the premiums for credit default swaps (CDS) of other financial institutions. The credit risk from cash and cash equivalents is classified as immaterial, due to the relatively short terms and the investment-grade credit rating.

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. The acquisition cost of merchandise is determined using an averaging method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices, in a manner that is standard throughout the Group.

Trade Receivables
Trade Receivables are initially measured at the transaction price and subsequently at amortized cost with deduction of value adjustments. The transaction price according to IFRS 15 "Revenue from Contracts with Customers" is the amount of the consideration expected by the company for the delivery of goods or the provision of services to customers, not taking into account the amounts collected for outside third parties.

For determining the value adjustments to trade receivables, PUMA uniformly applies the simplified method in order to determine the lifetime expected credit losses in accordance with the specifications of IFRS 9 "Financial Instruments". Therefore, trade receivables are classified by geographic region into suitable groups with shared credit risk characteristics. The expected credit losses are calculated using a matrix that presents the age structure of the receivable claims and depicts a likelihood of loss for the individual maturity bands of the claims on the basis of historic credit loss events and future-based factors. The percentage rates for the loss likelihoods are checked regularly to ensure they are up to date.

If objective indications of a credit impairment are found regarding the trade receivables of a certain customer, a detailed analysis of the specific credit risk of this customer is conducted and an individual value adjustment is recognized for the trade receivables with respect to this customer. If a credit insurance is in place, it is taken into account in the amount of the value adjustment.

Other assets
Other assets are initially stated at fair value, taking into account transaction costs, and subsequently valued at amortized costs after deduction of value adjustments.

Other Financial Assets are classified based on the business model for control and the cash flows of the financial assets. In the Group, financial assets are held exclusively under a business model that provides for "holding" the asset until maturity, in order to collect the contractual cash flows. Therefore, the subsequent valuation of the Other Financial Assets is always carried out at amortized cost. The business model "trading" and the category "measured at fair value through profit or loss" (FVPL) are not used.

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

Non-Current Investments
The investments recognized under Non-Current Financial Assets belong to the category "measured at fair value through other comprehensive income" (FVOCI), since these investments are held over the long term for strategic reasons.

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 Other Comprehensive Income, taking into account deferred taxes. The gain or loss on disposal of long-term investments is transferred to retained earnings.

The category "measured at fair value through profit or loss" (FVPL) is not used in the Group.

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 movable 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. See chapter 10 for further information, in particular regarding the assumptions used for the calculation.

Other Intangible Assets

Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are measured at acquisition costs, net of accumulated depreciation. The useful life of intangible assets is between three and ten years. Depreciation is carried out 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 3 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 amortized 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.

The impairment test for trademarks with an indefinite useful life is subjected to an impairment test based on the relief-from-royalty method within the financial year or when the occasion arises. If indications of a value impairment of a self-used trademark should arise, the recoverability of the trademark is not only valued individually using the relief-from-royalty method, but the recoverable amount of the cash-generating unit to which the trademark is to be allocated is determined.

See chapter 10 for further information, in particular regarding the assumptions used for the calculation.

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 percent, but less than 50 percent, 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 items are recognized at their acquisition cost, taking into account transaction costs and subsequently measured 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.

The category "measured at fair value through profit or loss" (FVPL) is not used in the Group in relation to financial liabilities.

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 prepared, 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.

Management Incentive Programs

PUMA uses cash-settled share-based payments and key performance indicator-based long-term incentive programs.

For share-based remunerations with cash compensation, a liability is recorded for the services received, and measured with its fair value upon recognition. 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.

During the three-year term of the respective programs, the medium-term targets of the PUMA Group with regard to EBIT, cash flow and gross profit margin are determined for key figure-based compensation procedures and recognized in the income statement with their respective degree of target achievement.

Recognition of Sales Revenues
The Group recognizes sales revenues from the sale of sporting goods. The sales revenues are measured at fair value of the consideration to which the Group expects to be entitled from the contract with the customer, taking into account returns, discounts and rebates. Amounts collected on behalf of third parties are not included in the sales revenues. The Group records sales revenues at the time when PUMA fulfills its performance obligation to the customer and has transferred the promised product to the customer.

The Group sells footwear, apparel and accessories both to wholesalers and directly to customers through its own retail stores. Meanwhile, 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. Accordingly, the Group records warranties in the balance sheet in conformity with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

In the case of sales of products to wholesalers, the revenue is recorded at the date on which the right of disposal for the products is transferred to the customer, in other words, when the products have been shipped to the specific location of the wholesaler (delivery). After delivery, the wholesaler bears the inventory risk and has full right of disposal over the manner and means of distribution and the selling price of the products. In the case of sales to end customers in the Group's own retail stores, the sales revenues are recorded at the date when the right of disposal of the products is transferred to the end customer, in other words, the date on which the end customer buys the products in the retail shop. The payment of the purchase price is due immediately with the purchase of the products by the customer.

Under certain conditions and according to the contractual stipulations, the customer has the ability to exchange products or return them for a credit. The amount of the expected returns is estimated on the basis of experience and is deducted from sales revenues by a provision for returns. The asset value of the right arising from the product return claim is recorded under Inventories, and leads to a corresponding reduction of Cost of Sales.

Royalty and Commission Income
The Group records Royalty and Commission Income from the licensing of trademark rights to third parties. Income from royalties is recognized in the income statement in accordance with the statements 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 result includes the results from associated companies as well as interest income from financial investments and interest expenses from loans and in connection with 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 in which 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 the income statement. 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. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual development differs from the expectation, the premises and, if necessary, the carrying amounts of the relevant assets and debts are adjusted with an effect on profit or loss.

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 with regard to evaluating the control of companies with non-controlling shares and 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.

Evaluation of control of companies with non-controlling interests
The Group holds 51% of the capital of Janed LLC, Janed Canada LLC, PUMA Kids Apparel North America LLC and PUMA Kids Apparel Canada LLC and 85% of the capital of PUMA Accessories North America LLC and PUMA North America Accessories Canada LLC. With regards to these companies, the profit participation deviates from the existing capital shares in favour of the identical non-controlling shareholder. PUMA, on the other hand, receives increased license fees.
The contractual agreements of these companies stipulate that PUMA has the majority of the voting rights in the general meeting and thus has the power over these companies. PUMA is exposed to fluctuating returns from sales-related license fees and controls the relevant activities of the companies. Accordingly, the companies are included in the consolidated financial statements as subsidiaries by way of full consolidation, with non-controlling interests reported.

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). Trademarks are valued using the relief-from-royalty method taking into account an unchanged royalty rate of 8%. See chapter 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. At the end of each year, the Group determines 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 chapter 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 the expected timing and 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. Deferred tax assets on losses carried forward are recorded in the event of companies incurring a loss only if it is highly probable that future positive income will be achieved that can be offset against these tax losses carried forward. Please see chapter 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 chapter 25 for further information.

3. CASH AND CASH EQUIVALENTS

As of December 31, 2018, the Group has € 463.7 million (previous year: € 415.0 million) in cash and cash equivalents. The average effective interest rate of financial investments was 0.8% (previous year: 0.5%). There are no restrictions on disposition.

4. INVENTORIES

Inventories are allocated to the following main groups:

T.13 (in € million)

	2018	2017
Raw materials, consumables and supplies	18.0	12.2
Finished goods and merchandise / inventory		
Footwear	313.2	296.6
Apparel	213.6	191.4
Accessories / Others	109.0	100.2
Goods in transit	228.0	178.0
Right to return goods*	33.5	-
TOTAL	**915.1**	**778.5**

* New line item (see chapter 1 Adoption of IFRS 15)

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments of € 64.4 million (previous year: € 51.5 million), approx. 68.1% (previous year approx. 69.6%) were recognized as expense under costs of sales in the 2018 financial year.

The amount of inventories recorded as an expense during the period is substantially equivalent to the cost of sales shown in the consolidated income statement.

The right to return goods represents the merchandise value of the products when the customer's right to return is exercised.

5. TRADE RECEIVABLES

This item consists of:

T.14 (in € million)

	2018	2017
Trade receivables, gross	591.3	541.5
Less value adjustments	-37.7	-37.8
Trade receivables, net	**553.7**	**503.7**

The value adjustments to Trade Receivables relate to receivables in connection with sales revenues from contracts with customers and developed as follows:

T.15 (in € million)

	2018	2017
Status of value adjustments as of 1 / 1	**37.8**	**39.0**
Change in Scope	0.0	0.0
Exchange rate differences	-0.2	-1.7
Additions	9.9	9.7
Utilization	-8.0	-7.1
Releases	-1.7	-2.1
Status of value adjustments as of 12 / 31	**37.7**	**37.8**

The age structure of the trade receivables is as follows:

T.16 (in € million)

2018	Total	Not due	0–30 days	31–90 days	91–180 days	Over 180 days
Gross carrying amount–Trade receivables	591.3	478.9	53.8	22.2	8.1	28.3
Value adjustment	37.7	5.7	0.7	3.6	3.3	24.5
Net carrying amount–Trade receivables	553.7	473.3	53.0	18.6	4.9	3.8
Expected loss rate		1.2%	1.4%	16.1%	40.1%	86.4%
2017	**Total**	**Not due**	**0 –3 0 days**	**31–90 days**	**91–180 days**	**Over 180 days**
Gross carrying amount–Trade receivables	541.5	426.0	51.1	23.0	8.0	33.4
Value adjustment	37.8	1.7	0.6	2.0	3.5	29.9
Net carrying amount–Trade receivables	503.7	424.3	50.5	21.0	4.5	3.5
Expected loss rate		0.4%	1.2%	8.9%	44.3%	89.5%

With respect to the net carrying amount of trade receivables, PUMA assumes that the debtors will satisfy their payment obligations.

6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

T.17 (in € million)

	2018	2017
Fair value of derivative financial instruments	72.6	23.5
Other financial assets	38.6	43.2
TOTAL	**111.2**	**66.7**

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

The increase of derivative financial instruments is mainly due to a higher US-Dollar exchange rate.

7. OTHER CURRENT ASSETS

This item consists of:

T.18 (in € million)

	2018	2017
Prepaid expense relating to the subsequent period	49.7	42.8
Other receivables	65.5	51.3
TOTAL	**115.2**	**94.1**

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

Other receivables mainly include VAT receivables amounting to € 41.9 million (previous year: € 35.9 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

T.19 (in € million)

	2018	2017
Tax loss carryforwards	76.2	92.2
Non-current Assets	41.6	29.0
Current Assets	46.8	43.5
Provisions and other liabilities	63.5	60.2
Deferred tax assets (before netting)	**228.0**	**224.8**
Non-current Assets	53.5	42.1
Current Assets	8.6	5.6
Provisions and other liabilities	6.1	6.8
Deferred tax liabilities (before netting)	**68.2**	**54.5**
Deferred tax assets, net	**159.9**	**170.4**

Of the deferred tax assets, € 105.5 million (previous year: € 97.9 million) are current, and of the deferred tax liabilities € 11.8 million (previous year: € 10.7 million) are current.

As of December 31, 2018, tax losses carried forward amounted to a total of € 541.1 million (previous year: € 542.9 million). This results in a deferred tax asset of € 147.6 million (previous year: € 148.2 million). Deferred tax assets 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. Accordingly, deferred tax assets for tax loss carryforwards in the amount of € 71.4 million (previous year: €56.0 million) were not recognized; of these, € 71.1 million (previous year: € 54.4 million) cannot expire, but € 13.3 million (previous year: € 13.4 million) will never be usable due to the absence of future expectations. The remaining unrecognized deferred tax assets of € 0.3 million (previous year: € 1.6 million) will expire within the next seven years.

In addition, no deferred taxes were recognized for deductible temporary differences amounting to € 4.8 million (previous year: € 13.9 million).

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.20 (in € million)

	2018	2017
Deferred tax assets	207.6	207.9
Deferred tax liabilities	47.7	37.6
Deferred tax assets, net	**159.9**	**170.4**

The changes in deferred tax assets were as follows:

T.21 (in € million)

	2018	2017
Deferred tax assets, previous year	207.9	229.5
Recognition in the income statement	11.0	-11.5
Adjustment against Other Comprehensive Income	-11.4	-10.0
Deferred tax assets	**207.6**	**207.9**

The changes in deferred tax liabilities were as follows:

T.22 (in € million)

	2018	2017
Deferred tax liabilities, previous year	37.6	63.1
Recognition in the income statement	8.1	-19.0
Adjustment against Other Comprehensive Income	2.1	-6.5
Deferred tax liabilities	**47.7**	**37.6**

9. PROPERTY, PLANT AND EQUIPMENT

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

T.23 (in € million)

	2018	2017
Land and buildings, including buildings on third-party land	121.4	89.7
Technical equipment and machines	20.8	10.1
Other equipment, factory and office equipment	137.3	122.0
Payments on account and assets under construction	15.2	38.3
TOTAL	**294.6**	**260.1**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to € 325.4 million (previous year: € 289.5 million).

The item Other equipment, factory and office equipment includes leased objects (finance leasing) in the amount of € 0.2 million (previous year: € 0.2 million), and under the item Technical equipment and machines, € 8.3 million (previous year: € 0.4 million) relates to finance leasing.

The changes in property, plant and equipment in the 2018 financial year are shown in "Changes in Fixed Assets" in Appendix 1 to the notes of the consolidated financial statements. Impairment expenses that exceed current depreciation during the reporting year are included in the amount of € 0.6 million (previous year: € 0.0 million).

10. INTANGIBLE ASSETS

Intangible assets mainly include goodwill, intangible assets with indefinite useful lives, assets associated with the Company's own retail activities, and software licenses.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. Impairment tests with regard to goodwill were performed in the past financial year using the discounted cash flow method. These were 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.

In connection with the Golf business unit (CPG–Cobra PUMA Golf), the Cobra brand exists as an intangible asset with an indefinite useful life of € 124.2 million (previous year: € 118.6 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. The latter was assigned to the North America business segment, where the headquarters of Cobra PUMA Golf is located. The recoverable amount of the Cobra brand (level 3) was determined using the relief from royalty method. A discount rate of 6.1% p.a. (previous year: 7.3% p.a.), a royalty rate of 8% (previous year: 8%) and a 2% growth rate (previous year: 3%) were applied.
If indications of a value impairment of a self-used trademark should arise, the trademark is not only valued individually using the relief-from-royalty method, but the recoverable amount of the cash-generating units to which the trademark is to be attributed is determined. There were no indications of this in 2018.

In the financial year, development costs in connection with Cobra brand golf clubs amounting to € 1.7 million (previous year: € 1.8 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 € 1.1 million in the financial year (previous year: € 0.6 million).

The changes in intangible assets in the financial year are shown in "Changes in Fixed Assets" of Appendix 1 to the notes of the consolidated financial statements. Other intangible assets include advance payments in the amount of € 21.3 million (previous year: € 8.7 million).

The current amortization of intangible assets in the amount of € 17.2 million (previous year: € 14.3 million) is included in the Other operating expenses. Of this, € 3.5 million pertains to sales and distribution expenses (previous year: € 2.1 million), € 1.2 million to expenses for product management / merchandising (previous year: € 0.1 million), € 0.0 million to development expenses (previous year: € 0.6 million) and € 12.5 million to administrative and general expenses (previous year: € 11.5 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.24 (in € million)

	2018	2017
PUMA UK	1.6	1.6
Genesis	6.8	6.9
Subtotal Europe	8.4	8.5
PUMA South Africa	2.2	2.4
Subtotal EEMEA	2.2	2.4
PUMA Canada	9.1	9.5
Janed	1.9	1.8
Subtotal North America	11.1	11.3
PUMA Argentina	15.2	14.6
PUMA Chile	0.5	0.5
PUMA Mexico	10.1	9.6
Subtotal Latin America	25.9	24.7
PUMA China	2.5	2.5
PUMA Taiwan	12.8	12.6
Subtotal Greater China	15.3	15.1
PUMA Japan	43.5	40.6
Subtotal Asia / Pacific (without Greater China)	43.5	40.6
Dobotex	139.4	139.4
TOTAL	**245.7**	**241.9**

Assumptions used in conducting the impairment test in 2018:

T.25

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	17.0%–19.0%	7.6%–7.9%	6.7%
EEMEA*	28.0%	15.3%	11.4%
North America*	26.4%	8.2%	6.5%
Latin America	27.0%–30.0%	10.3%–39.5%	8.0%–52.6%
Greater China	17.0%–25.0%	7.0%–9.0%	6.1%–7.2%
Asia / Pacific (without Greater China)*	30.0%	8.3%	6.1%
Dobotex*	25.0%	7.8%	6.3%

* The information for EEMEA, North America, Asia / Pacific (without Greater China) and Dobotex relates in each case to only one cash-generating unit (CGU)

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 2% (previous year: 3%) is generally assumed. A growth rate of less than 2% (previous year: less than 3%) was only used in justified exceptional cases. The reduction of the growth rate in the perpetual annuity reflects a lower long-term inflation expectation.

The cash-generating unit 'Dobotex' includes goodwill of € 139.4 million (previous year: € 139.4 million), which is significant in comparison to the overall carrying amount of the goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 7.8% p.a. (previous year: 7.6% 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 neither an increase in discount rates of one percentage point each nor a reduction in growth rates of one percentage point each results in 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 likewise 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.26

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	17.0%–19.3%	8.7%–8.8%	7.6%
EEMEA*	28.0%	17.4%	13.3%
North America*	26.4%	8.6%	7.0%
Latin America	25.5%–35.0%	11.0%–26.4%	8.9%–22.7%
Greater China	17.0%–25.0%	9.0%–10.7%	7.9%–8.7%
Asia / Pacific (without Greater China)*	30.0%	10.3%	7.6%
Dobotex*	25.0%	9.6%	7.6%

* The information for EEMEA, North America, Asia / Pacific (without Greater China) and Dobotex relates in each case to only one cash-generating unit (CGU)

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

Due to the loss of significant influence in Wilderness Holdings Ltd. in May 2018, the valuation of the investment using the equity method was discontinued. The investment was then sold in July 2018. The income / expenses in connection with the end of at-equity valuation and the sale are recognized under Other operating income and expenses.

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. Due to the end of the equity method, data are no longer presented for 2018.

T.27 (in € million)

	2018	2017
Income relating to continuing operations	n / a	8.3
Other result	n / a	-0.1
Comprehensive income	n / a	**8.2**

Dividends received amount to € 0.6 million (previous year: € 0.8 million).

The balance sheet date of Wilderness Holdings Ltd. is February 28, 2018.

12. OTHER NON-CURRENT ASSETS

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

T.28 (in € million)

	2018	2017
Non-current investments	36.6	28.0
Fair value of derivative financial instruments	3.1	1.6
Other financial assets	25.6	22.1
Total of other non-current financial assets	**65.4**	**51.7**
Other non-current non-financial assets	9.4	19.8
Other non-current assets, total	**74.7**	**71.5**

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.

The other financial assets mainly include rental deposits of € 22.5 million (previous year: € 19.2 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

In the 2018 financial year, there were no indicators of impairment of other non-current assets.

13. LIABILITIES

The residual terms of liabilities are as follows:

T.29 (in € million)

	2018				2017			
		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	**190.9**	20.5	170.4		**56.8**	29.0	27.9	
Trade payables	**705.3**	705.3			**646.1**	646.1		
Liabilities from acquisitions	**3.3**		3.3		**4.8**		4.8	
Other liabilities								
Liabilities from other taxes	**41.8**	41.8			**35.6**	35.6		
Liabilities relating to social security	**6.5**	6.5			**7.1**	7.1		
Payables to employees	**94.9**	94.9			**96.1**	96.1		
Refund liabilities *	**154.9**	154.9						
Liabilities from market valuation of forward exchange transactions	**22.8**	20.7	2.1		**75.2**	72.3	2.9	
Liabilities from finance leases	**8.3**	0.8	7.5		**0.4**	0.3	0.1	
Other liabilities	**45.5**	42.2	2.2	1.4	**32.0**	29.0	1.9	1.2
TOTAL	**1,274.2**	1,087.6	185.5	1.4	**954.3**	915.5	37.6	1.2

* New line item (see chapter 1 Adoption of IFRS 15)

PUMA has confirmed credit facilities amounting to a total of € 691.9 million (previous year: € 497.1 million). Under financial liabilities, € 1.5 million (previous year: € 0.0 million) was utilized from credit lines granted only until further notice. Unutilized credit lines totaled € 501.0 million as of December 31, 2018, compared to € 440.2 million the previous year.

The effective interest rate of the financial liabilities ranged between 0.1% and 8.4% (previous year: 1.0% to 14.7%).

The liabilities from refund obligations result from contracts with customers and include obligations from customer return rights as well as obligations connected with customer bonuses.

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

		CASHFLOW 2019		CASHFLOW 2020		CASHFLOW 2021 ET SEQ.	
	Carrying amount 2018	Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	190.9	0.8	20.5	0.7	7.1	1.4	163.3
Trade payables	705.3		705.3				
Liabilities from finance leases	8.3		0.8		0.8		6.6
Liabilities from acquisitions	3.3				3.3		
Other liabilities	36.4		36.4				0.0
Derivative financial liabilities and assets							
Cash-Inflow from forward exchange transactions			2,461.2		366.5		
Cash-Outlow from forward exchange transactions			2,402.0		363.0		

The current financial liabilities can be repaid at any time.

The following values were determined in the previous year:

T.31 **CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES** (in € million)

	Carrying amount 2017	CASHFLOW 2018		CASHFLOW 2019		CASHFLOW 2020 ET SEQ.	
		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 forward exchange transactions			2,152.9		383.0		
Cash-Outlow from forward exchange transactions			2,197.0		380.6		

14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

T.32 (in € million)

ASSETS	Measurement categories under IFRS 9*	**Carrying amount 2018**	**Fair value 2018**	Carrying amount 2017	Fair value 2017
Cash and cash equivalents	[1] AC	463.7	463.7	415.0	415.0
Trade receivables	AC	553.7	553.7	503.7	503.7
Other current financial assets	AC	38.6	38.6	43.2	43.2
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	75.7	75.7	25.0	25.0
Derivatives without hedging relationship (fair value)	[2] FVPL	0.0	0.0	0.1	0.1
Other non-current financial assets	AC	25.6	25.6	22.1	22.1
Non-current investments	[3] FVOCI	36.6	36.6	28.0	28.0
LIABILITIES					
Financial liabilities (current and non-current)	[2] AC	190.9	190.9	56.8	56.8
Trade payables	AC	705.3	705.3	646.1	646.1
Liabilities from acquisitions	AC	3.3	3,3	4.8	4.8
Liabilities from finance leases	n.a.	8.3	8,3	0.4	0.4
Other financial liabilities	AC	36.4	36.4	22.4	22.4
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	22.5	22.5	75.2	75.2
Derivatives without hedging relationship (fair value)	[2] FVPL	0.3	0.3	0.0	0.0
Total financial assets at amortized cost		**1,081.6**	**1,081.6**	**984.0**	**984.0**
Total financial liabilities at amortized cost		**935.9**	**935.9**	**730.1**	**730.1**
Total financial assets at FVOCI		**36.6**	**36.6**	**28.0**	**28.0**

1) AC = at Amortised Cost
2) FVPL = Fair value through Profit or Loss
3) FVOCI = Fair value through Other Comprehensive Income
* Financial instruments and their previous-year values were assigned to valuation categories according to the newly applicable IFRS 9. A transition of the previous-year values from the valuation categories under IAS 39 to IFRS 9 can be found in chapter 1 (General) of the Notes to the Consolidated Financial Statements.

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 the financial assets of the category "fair value through OCI" (FVOCI) was determined on the basis of 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.

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

The fair values of other financial assets correspond to their carrying amount, taking into account prevailing market interest rates. Other financial assets include € 30.4 million (previous year: € 25.7 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 carrying amounts correspond to the repayment amounts.

Trade payables have a short residual maturity. The carrying amounts therefore 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 0.7% (previous year: 0.6%).

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 result by measurement categories:

T.33 (in € million)

	2018	2017
Financial Assets at amortised cost (AC)	-1.0	-3.2
Financial Liabilities at amortised cost (AC)	-22.0	-15.3
Derivatives without hedging relationship	-0.4	-0.3
Financial assets measured at fair value through other comprehensive income (FVOCI)	9.1	3.8
Total	**-14.3**	**-15.0**

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

General administrative expenses include the 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.34 (in € million)

	Germany	UK	Other Companies	PUMA Group
Present Value of Pension Claims 12 / 31 / 2018				
Salary-based obligations				
Annuity	0.0	0.0	7.3	7.3
One-off payment	0.0	0.0	8.1	8.1
Non-salary-based obligations				
Annuity	25.7	37.6	0.0	63.3
One-off payment	7.1	0.0	0.0	7.1

The following values were determined in the previous year:

T.35 (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 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. The scope of obligation for domestic pension claims amounts to € 32.7 million at the end of 2018 (previous year: € 27.1 million) and thus comprises 38.1% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to € 22.3 million. The corresponding pension provision amounts to € 10.3 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 € 37.6 million at the end of 2018 (previous year: € 41.5 million) and thus accounts for 43.9% of the total obligation. The obligation is covered by assets amounting to € 30.5 million. The provision amounts to € 7.1 million.

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

T.36 (in € million)

	2018	2017
Present Value of Pension Claims 1 / 1	**81.3**	**80.3**
Cost of the pension claims earned in the reporting year	7.2	3.4
Past service costs	-0.1	0.0
(Profits) and losses from settlements	0.0	0.0
Interest expense on pension claims	1.8	1.7
Employee contributions	0.2	0.2
Benefits paid	-1.7	-2.3
Effects from transfers	-0.1	0.2
Actuarial gains (-) and losses	-2.4	-0.2
Currency exchange effects	-0.4	-2.0
Present Value of Pension Claims 12 / 31	**85.8**	**81.3**

The changes in the plan assets are as follows:

T.37 (in € million)

	2018	2017
Plan Assets 1 / 1	**51.6**	**48.8**
Interest income on plan assets	1.2	1.1
Actuarial gains and losses (-)	-1.8	1.1
Employer contributions	6.8	3.1
Employee contributions	0.2	0.2
Benefits paid	-0.9	-1.4
Effects from transfers	0.0	0.0
Currency exchange effects	-0.2	-1.4
Plan Assets 12 / 31	**56.9**	**51.6**

The pension provision for the Group is derived as follows::

T.38 (in € million)

	2018	2017
Present value of pension claims from benefit plans	85.8	81.3
Fair value of plan assets	-56.9	-51.6
Financing Status	**28.9**	**29.7**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Pension Provision 12 / 31	**28.9**	**29.7**

In 2018, benefits paid amounted to € 1.7 million (previous year: € 2.3 million). Contributions in 2019 are expected to amount to € 2.2 million. Of this, € 1.1 million is expected to be paid directly by the employer. Contributions to external plan assets amounted to € 6.8 million in 2018 (previous year: € 3.1 million). Contributions in 2019 are expected to amount to €2.0 million.

The changes in pension provisions are as follows:

T.39 (in € million)

	2018	2017
Pension Provision 1 / 1	**29.7**	**31,6**
Pension expense	7.7	4.0
Actuarial gains (-) and losses recorded in Other Comprehensive Income	-0.6	-1.3
Employer contributions	-6.8	-3.1
Direct pension payments made by the employer	-0.8	-0.9
Transfer values	-0.1	0.2
Currency exchange differences	-0.2	-0.7
Pension Provision 12 / 31	**28.9**	**29.7**
of which assets	0.0	0.0
of which liabilities	28.9	29.7

The expenses in the 2018 financial year are structured as follows:

T.40 (in € million)

	2018	2017
Cost of the pension claims earned in the reporting year	7.2	3.4
Past service costs	-0.1	0.0
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension claims	1.8	1.7
Interest income on plan assets	-1.2	-1.1
Administration costs	0.0	0.0
Expenses for Defined Benefit Plans	**7.7**	**4.0**
of which personnel costs	7.1	3.4
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 2018 amounted to € 12.5 million (previous year: € 11.7 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

T.41 (in € million)

	2018	2017
Revaluation of Pension Commitments	**-2.4**	**0.0**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	0.8	-0.6
Actuarial gains (-) and losses resulting from changes in financial assumptions	-2.5	-0.1
Actuarial gains (-) and losses due to adjustments based on experience	-0.7	0.5
Revaluation of Plan Assets	**1.8**	**-1.1**
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	**-0.6**	**-1.3**

Plan assets investment classes:

T.42 (in € million)

	2018	2017
Cash and cash equivalents	1.4	0.3
Equity instruments	0.0	0.0
Bonds	0.0	1.3
Investment funds	17.3	18.5
Derivatives	5.6	7.1
Real estate	3.1	3.5
Insurance	24.6	16.4
Others	4.9	4.5
Total Plan Assets	**56.9**	**51.6**

Of which investment classes with a quoted market price:

T.43 (in € million)

	2018	2017
Cash and cash equivalents	1.4	0.3
Equity instruments	0.0	0.0
Bonds	0.0	1.3
Investment funds	17.3	18.3
Derivatives	5.6	7.1
Real estate	3.1	3.2
Insurance	0.0	0.0
Others	4.9	4.5
Plan Assets with a quoted Market Price	**32.3**	**34.7**

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 2018 and the risk profile was reduced.

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

T.44

	2018	2017
Discount rate	2.41%	2.30%
Future pension increases	2.31%	2.42%
Future salary increases	1.70%	1.55%

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

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.45 (in € million)

	2018	2017
Effect on present value of pension claims if		
the discount rate were 50 basis points higher	-6.7	-7.4
the discount rate were 50 basis points lower	4.9	6.0

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 17 years.

16. OTHER PROVISIONS

T.46 (in € million)

	2017*	Currency adjustments, retransfers	Addition	Utilization	Reversal	2018
Provisions for:						
Warranties*	**2.3**	0.0	1.0	-1.2	-0.2	**1.9**
Purchasing risks	**7.2**	0.1	9.6	-7.1	-0.1	**9.8**
Others*	**61.2**	-0.3	23.9	-16.8	-13.7	**54.3**
TOTAL	**70.6**	-0.2	34.4	-25.1	-13.9	**65.9**

* Adjusted opening values related to customer return rights (see chapter 1 Adoption of IFRS 15)

The warranty 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. Purchasing risks mainly relate to material risks and to moulds required for the manufacturing of footwear.

The provisions for warranties and purchasing risks contain no non-current provisions (previous year: € 0.0 million).

Other provisions comprise risks in connection with litigation in the amount of € 25.9 million (previous year: € 30.0 million), provisions for asset retirement obligations, and other risks in the amount of € 28.4 million (previous year: € 31.2 million). Other provisions include € 26.3 million (previous year: € 34.6 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.

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.47 (in € million)

	2018	2017
Due within one year	0.0	0.0
Due in more than one year	3.3	4.8
TOTAL	**3.3**	**4.8**

18. 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.48

		2018	2017
Circulating shares as of 1 / 1	**share**	**14,946,356**	**14,939,913**
Issue of Treasury Stock	share	5,114	6,443
Circulating shares as of 12 / 31	**share**	**14,951,470**	**14,946,356**

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 amounting to € 34.1 million (previous year: € -44.8 million) is offset by deferred taxes of € -1.4 million (previous year: € 3.7 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 three 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 130,994 PUMA shares in its own portfolio, which corresponds to 0.86% of the subscribed capital.

Authorized Capital
As of December 31, 2018, 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 Management Board is authorized with the consent of the Supervisory Board to increase the Company'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 case of capital increases against contributions in cash, the new shares may be acquired by one or several banks, designated by the Management Board, subject to the obligation to offer them to the shareholders for subscription (indirect pre-emption right). The shareholders shall generally be entitled to pre-emption rights. However, the Management Board is authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights in whole or in part in the cases specified in Section 4.2. of the Articles of Association.

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

Conditional Capital
By resolution of the Annual General Meeting of April 12, 2018, the Management Board was authorized until April 11, 2023, with the consent of the Supervisory Board, through one or more issues, altogether or in parts and in various tranches at the same time, to issue bearer or registered options and / or convertible bonds, profit-sharing rights or participation bonds or a combination of these instruments with or without a term limitation in a total nominal amount of up to € 1,000,000,000.00 (Conditional Capital 2018).

In this connection, the share capital was increased conditionally by up to € 7,722,219.52 by the issue of up to 3,016,492 new units of registered stock. The conditional capital increase will be performed only insofar as use is made of options or conversion rights or a conversion or option obligation is fulfilled or insofar as deliveries are made and if other forms of fulfillment are not used for servicing.

No use has been made of the authorization to date.

Dividends

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

The Management Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of € 3.50 per circulating share, or a total of € 52.3 million (with respect to the circulating shares as of December 31, 2018), be distributed to the shareholders from the retained earnings of PUMA SE for the 2018 financial year.

Proposed appropriation of the retained earnings of PUMA SE:

T.49

	2018	2017
Retained earnings of PUMA SE as of December 31 (in € million)	144.5	268.0
Retained earnings available for distribution (in € million)	144.5	268.0
Dividend per share (in €)	3.50	12.50
Number of circulating shares (share)*	14,951,470	14,946,356
Total dividend (in € million)*	52.3	186.8
Carried forward to the new accounting period (in € million)*	92.2	81.2

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

Non-controlling interests

The non-controlling interest remaining as of the balance sheet date relates to the company PUMA Accessories North America, LLC with € 1.3 million (previous year: € 4.9 million), Janed, LLC with € 14.6 million (previous year: € 21.3 million), PUMA Kids Apparel North America, LLC with € 0.0 million (previous year: € 1.3 million), and Janed Canada, LLC with € 3.0 million (previous year: € 2.4 million), PUMA North America Accessories Canada, LLC with € 0.1 million (previous year: € 0.5 million) and PUMA Kids Apparel Canada, LLC, with € -0.2 million (previous year: € 0.8 million); see also chapter 30.

Capital Managements

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 shareholders' equity of PUMA. This is shown in the consolidated balance sheet as well as in the reconciliation statement concerning "Changes in Equity."

19. MANAGEMENT INCENTIVE PROGRAM

In order to tie the management to the company with a long-term incentive, virtual shares with cash settlement and other long-term incentive programs are used at PUMA.

The current programs are described below:

Explanation of "virtual shares", termed "monetary units"

Monetary units were granted on an annual basis beginning 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 until the end of the vesting period.

Component 2 was transferred into Component 1 in 2018 on account of the Kering spin-off. This relates to the programs with the issue dates of 2016 and 2017, since they are still in the vesting period. The conversion occurred as of 1 / 1 / 2018 with a Component 2 value of 581 EUR / monetary unit and a Component 1 value of 371 EUR / monetary unit. The monetary units of Component 2 were measured in EUR with the value 581 EUR / monetary unit and then transferred into converted Component 1 monetary units at the same time (371 EUR / monetary unit). After this conversion, the converted programs and subsequent programs will be subject only to the provisions of Component 1.

In the financial year 2018, an expense of € 5.8 million was established for this purpose on the basis of the employment contract commitments to the managing directors.

T.50 **VIRTUAL SHARES (MONETARY UNITS)**

Issue date	1 / 1 / 2013	1 / 1 / 2014	1 / 1 / 2015	1 / 1 / 2016	1 / 1 / 2017	1 / 1 / 2018	
Term	5	5	5	5	5	5	Years
Vesting period	3	3	3	3	3	3	Years
Base price component 1	224.00	232.00	174.00	200.00	240.00	371.00	EUR / share
Base price component 2	152.00	144.00	167.00	166.00	249.00	N / A	EUR / share
Reference value component 1 at the end of the financial year	N / A	N / A	N / A	444.00	296.00	148.00	EUR / share
Reference value component 2 at the end of the financial year	N / A	N / A	N / A	N / A	N / A	N / A	EUR / share
Reference value component 2 at the conversion date	N / A	N / A	N / A	581.00	581.00	N / A	EUR / share
Reference value component 1 at the conversion date	N / A	N / A	N / A	371.00	371.00	N / A	EUR / share
Participants in year of issue	4	3	3	3	3	3	Persons
Participants at the end of the financial year	2	3	3	3	3	3	Persons
Number of monetary units component 1 as of 1 / 1 / 2018	0	5,250	7,965	6,300	6,519	11,744	Shares
Number of monetary units component 1 exercised in the FY	0	-5,250	-7,965	0	0	0	Shares
Final number of monetary units component 1 as of 12 / 31 / 2018	0	0	0	6,300	6,519	11,744	Shares
Number of monetary units component 2 as of 1 / 1 / 2018	577	3,208	3,692	3,393	2,693	N / A	Shares
Conversion of monetary units component 2 to component 1 in 2018	N / A	N / A	N / A	5,093	4,217	N / A	Shares
Number of converted monetary units component 1 exercised in the FY	N / A	N / A	N / A	0	0	N / A	Shares
Final number of converted monetary units component 1 as of 12 / 31 / 2018	N / A	N / A	N / A	5,093	4,217	N / A	Shares
Number of monetary units component 2 exercised in the FY	-577	-3,208	-3,692	N / A	N / A	N / A	Shares
Final number of monetary units component 2 as of 12 / 31 / 2018	0	0	0	N / A	N / A	N / A	Shares
Total monetary units	**0**	**0**	**0**	**11,393**	**10,736**	**11,744**	**Shares**

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 this program amounts to € 10.0 million at the end of the financial year (previous year: € 12.2 million).

Explanation of the "Game Changer 2018" program

In addition, another global long-term incentive program called "Game Changer 2018" was launched in 2015. 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%), cash flow (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 2018. 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 12 / 31 / 2017. No further expenses were incurred 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 2018" program (employment relationship until 12 / 31 / 2018 and payout March 2019). Provisions of € 0.8 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 2019" program was launched, which is subject to the same parameters as the "Game Changer 2018" program (employment relationship until 12 / 31 / 2019 and payout March 2020). Provisions of € 1.2 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 € 0.8 million were set aside for this program in the year under review.

Explanation of the "Game Changer 2.0-2021" program

In 2018, the long-term incentive program "Game Changer 2.0" was introduced. Participants in this program consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The aim of this program is to tie these employees to the company on a long-term basis and to allow them to share in the medium-term success of the Company.

The LTIP "Game Changer 2.0" consists of two plan parts, a Performance Cash Plan and a Performance Share Plan, each with a 50% share. The Performance Cash Plan gives a reward for PUMA's financial performance, while the Performance Share Plan gives a reward for its performance in the capital market.

The performance period of the Performance Cash Plan is three years and is based on the medium-term objectives of the PUMA Group in terms of EBIT (70%), cash flow (15%) and net sales (15%). Payment is made in cash and is limited to a maximum of 200% of the granted proportionate target amount (cap).

The Performance Share Plan uses virtual shares to manage the incentive. The term is up to five years, divided into a three-year performance period and a subsequent, two-year exercise period, in which the virtual shares are paid out in cash. The share price at the exercise date determines the value of a virtual share. Payment is limited to a maximum of 200% of the granted proportionate target amount (cap).

The program is subject to the condition that the individual participant is in an unterminated employment relationship with a company of the PUMA Group as of 12 / 31 / 2020.

Provisions totaling € 1.3 million were set aside for this program in the year under review.

T.51 **GAME CHANGER 2.0 (PERFORMANCE SHARE PLAN)**

Program addendum	2021	
Issue date	1 / 1 / 2018	
Term	5	Years
Vesting period	3	Years
Base price at program start	371.00	EUR / share
Reference value at the end of the financial year	444.00	EUR / share
Participants in year of issue	48	People
Participants at the end of the financial year	48	People
Number of "virtual shares" as of 1 / 1 / 2018	4,666	Shares
Number of "virtual shares" exercised in the FY	0	Shares
Final number of "virtual shares" as of 12 / 31 / 2018	4,666	Shares

20. NET SALES

The net sales of the Group are broken down by product segments and distribution channels as follows:

T.52 **BREAKDOWN BY DISTRIBUTION CHANNELS** (in € million)

	2018	2017
Wholesale	3,520.8	3,175
Retail	1,127.5	961
TOTAL	**4,648.3**	**4,135.9**

T.53 **BREAKDOWN BY PRODUCT SEGMENTS** (in € million)

	2018	2017
Footwear	2,184.7	1,974.5
Apparel	1,687.5	1,441.4
Accessories	776.1	719.9
TOTAL	**4,648.3**	**4,135.9**

21. 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.

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

T.54 (in € million)

	2018	2017
Sales and distribution expenses	1,523.6	1,320.4
Product management / merchandising	43.8	45.1
Research and development	54.0	53.4
Administrative and general expenses	328.1	307.0
Other operating expenses	**1,949.5**	**1,725.9**
Other operating income	**21.1**	**0.3**
Total	**1,928.4**	**1,725.6**
Thereof scheduled depreciation	81.5	70.3
Thereof impairment expenses	0.6	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.

In the consolidated financial statements of PUMA SE, fees of € 0.9 million (previous year: € 0.9 million) are recorded as operating expenses for the auditor of the consolidated financial statements. The fees break down into costs for audit services amounting to € 0.8 million (previous year: € 0.7 million), other assurance services amounting to € 0.1 million (previous year: € 0.2 million), in particular for EMIR audits and the review of the combined non-financial report as well as for tax consultancy services of € 0.0 million (previous year: € 0.0 million).

Other operating income includes mainly income from the release of provisions in the amount of € 12.1 million (previous year: € 0.0 million) and other income in the amount of € 9.0 million (previous year: € 0.3 million).

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

T.55 (in € million)

	2018	2017
Wages and salaries	437.0	428.3
Social security contributions	56.8	57.3
Expenses from share-based remuneration with cash compensation	5.8	8.4
Expenses for retirement pension and other personnel expenses	54.1	55.1
TOTAL	**553.8**	**549.1**

In addition, cost of sales includes personnel costs in the amount of € 8.2 million (previous year: € 12.8 million).

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

T.56 **EMPLOYEES**

	2018	2017
Marketing / retail / sales and distribution	8,851	7,986
Research & development / product management	909	891
Administrative and general units	2,432	2,511
Total annual average	**12,192**	**11,389**

As of the end of the year, a total of 12,894 individuals were employed (previous year: 11,787).

22. FINANCIAL RESULT

This financial result consists of:

T.57 (in € million)

	2018	2017
Result from associated companies	**-1.5**	**1.6**
Interest income	4.0	4.1
Others	7.6	6.3
Financial income	**11.6**	**10.3**
Interest expense	-15.1	-14.3
Interest accrued on liabilities from acquisitions	0.0	0.0
Valuation of pension plans	-0.6	-0.6
Expenses from currency-conversion differences, net	-14.4	-6.9
Others	-3.9	-3.6
Financial expenses	**-34.1**	**-25.3**
Financial Result	**-24.0**	**-13.4**

The result from associated companies comprises the current result from the shareholding in Wilderness Holdings Ltd. until the end of the at-equity valuation (see also chapter 11).

The financial income includes interest income of € 4.0 million (previous year: € 4.1 million), interest components (SWAP points) of € 7.3 million (previous year: € 6.0 million) from financial instruments in connection with currency derivatives, and dividend income of € 0.3 million (previous year: € 0.3 million) from the investment in Borussia Dortmund GmbH & Co. KGaA (BVB).

The financial expenses include interest expenses from financial liabilities of € 15.1 million (previous year: € 14.3 million) and interest components (SWAP points) of € 3.9 million (previous year: € 3.6 million) from financial instruments in connection with currency derivatives.

In addition, expenses from currency-conversion differences of € 14.4 million (previous year: € 6.9 million) are included, which are to be assigned to the financing area.

23. INCOME TAXES

T.58 (in € million)

	2018	2017
Current income taxes		
Germany	16.8	9.3
Other countries	69.7	61.5
Total current income taxes	**86.5**	**70.7**
Deferred taxes	**-2.9**	**-7.5**
TOTAL	**83.6**	**63.3**

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:

T.59 (in € million)

	2018	2017
Earnings before income tax	**313.4**	**231.2**
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	85.3	62.9
Taxation difference with respect to other countries	-7.1	-7.1
Other tax effects:		
Income tax for previous years	0.5	4.1
Losses and temporary differences for which no tax claims were recognized	16.5	4.0
Changes in tax rate	0.6	8.7
Non-deductible expenses for tax purposes and non-taxable income and other effects	-12.3	-9.3
Effective tax expense	**83.6**	**63.3**
Effective tax rate	26.7%	27.4%

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 € 7.5 million (previous year: € 9.7 million).

24. 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.60

	2018	2017
Net Earnings € million	187.4	135.8
Average number of circulating shares	14,947,323	14,943,161
Diluted number of shares	14,947,323	14,943,161
Earnings per share €	12.54	9.09
Earnings per share, diluted €	12.54	9.09

25. MANAGEMENT OF THE CURRENCY RISK

In the 2018 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 € 2,401.8 million (previous year: € 2,287.4 million). These underlying transactions are expected to generate cash flows in 2019 and 2020. For further information, please refer to chapter 13.

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

T.61 (in € million)

	2018	2017
Currency forward contracts, assets (see chapter 6 and 12)	75.7	25.1
Currency forward contracts, liabilities (see chapter 13 and 14)	-22.8	-75.2
Net	52.9	-50.1

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, 2018, 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 € 126.2 million higher (lower) (December 31, 2017: € 120.4 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 chapters 2 and 13 of the Notes to the consolidated financial statements.

26. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with our internal reporting structure. The geographical region forms the business segment. Sales revenues, operating result (EBIT) and other segment information are allocated to the corresponding geographical regions according to the registered office of the respective Group company.

The internal management reporting includes the following reporting segments: Europe, EEMEA (Eastern Europe, Middle East and Africa), North America, Latin America, Greater China, Rest of Asia Pacific (excluding Greater China) and Dobotex. These are reported as reportable business segments in accordance with the criteria of IFRS 8.

The reconciliation includes information on assets, liabilities, expenses and income in connection with centralized functions that do not meet the definition of business segments in IFRS 8. Central expenses and income include in particular global sourcing, central treasury, central marketing and other global functions of the company headquarters.

The company's chief operating decision-maker is defined as the entire Management Board of PUMA SE.

With the exception of Dobotex's sales of products amounting to € 26.9 million (previous year: € 22.4 million), there are no significant internal sales between the business segments, which are therefore not included in the presentation.

The operating result (EBIT) of the business segments is defined as gross profit less the attributable other operating expenses plus royalty and commission income and other operating income, but not taking into account the costs of the central departments and the central marketing expenses.

The external sales, operating result (EBIT), inventories and trade receivables of the business segments are regularly reported to the chief operating decision-maker. Investments, depreciation and long-term assets at the level of the business segments are not regularly reported to the chief operating decision-maker. Intangible assets are allocated to the business segments in the manner described under chapter 10. Segment liabilities, the financial result and income taxes are not allocated to the business segments and are therefore not reported to the chief operating decision maker at the business segment level.

Long-term assets, investments and depreciation relate to additions and depreciation of property, plant and equipment and intangible assets during the past financial year. In addition, total impairment expenses in the amount of € 0.6 million (previous year: € 0.0 million) were recognized. These relate to the Europe segment for € 0.6 million (previous year: € 0.0 million).

Since PUMA is only active in one business field, the sporting goods industry, products are additionally allocated according to the footwear, apparel and accessories product segments in accordance with the internal reporting structure.

Further changes in segment reporting in the year under review resulted from the fact that the previous CPG (Cobra PUMA Golf) business segment, which had previously been allocated to central areas, no longer existed in the year under review. The CPG business activities are now allocated to the individual regions. The previous year's figures have been adjusted accordingly.

T.62 **REGIONS** (in € million)

	EXTERNAL SALES		EBIT		INVESTMENTS	
	1-12 / 2018	1-12 / 2017	**1-12 / 2018**	1-12 / 2017	**1-12 / 2018**	1-12 / 2017
Europe	1,171.2	1,080.0	164.1	172.5	15.0	20.8
EEMEA	523.2	481.7	81.5	69.3	12.2	15.0
North America	1,163.1	1,052.7	180.0	143.2	13.9	8.0
Latin America	431.7	425.9	61.1	45.4	11.1	8.2
Greater China	534.0	367.3	153.4	95.5	21.7	18.5
Asia / Pacific (without Greater China)	553.0	480.3	83.5	72.3	9.2	8.9
Dobotex	272.0	248.1	91.4	80.5	3.4	0.3
TOTAL BUSINESS SEGMENTS	**4,648.3**	**4,135.9**	**814.9**	**678.7**	**86.5**	**79.7**

	DEPRECIATION		INVENTORIES		TRADE RECEIVABLES (3RD)	
	1-12 / 2018	1-12 / 2017	**1-12 / 2018**	1-12 / 2017	**1-12 / 2018**	1-12 / 2017
Europe	7.6	7.4	262.5	250.4	131.3	108.7
EEMEA	7.7	7.0	130.7	102.8	67.9	78.4
North America	11.6	12.0	258.9	199.1	109.0	83.5
Latin America	6.9	6.4	93.5	86.2	96.2	102.0
Greater China	15.4	9.7	87.0	63.0	36.0	25.5
Asia / Pacific (without Greater China)	7.3	7.4	98.4	79.7	71.0	62.2
Dobotex	2.8	2.8	48.3	42.1	37.8	32.1
TOTAL BUSINESS SEGMENTS	**59.4**	**52.8**	**979.3**	**823.3**	**549.2**	**492.5**

Continuation T.62 **REGIONS** (in € million)

	LONG-TERM ASSETS	
	1-12 / 2018	1-12 / 2017
Europe	44.7	41.1
EEMEA	29.5	27.8
North America	187.9	179.3
Latin America	47.4	46.9
Greater China	32.1	25.9
Asia / Pacific (without Greater China)	73.0	68.0
Dobotex	143.9	141.1
TOTAL BUSINESS SEGMENTS	**558.5**	**530.1**

T.63 **PRODUCT** (in € million)

	EXTERNAL SALES		GROSS PROFIT MARGIN	
	1-12 / 2018	1-12 / 2017	**1-12 / 2018**	1-12 / 2017
Footwear	2,184.7	1,974.5	45.8%	45.5%
Apparel	1,687.5	1,441.4	50.9%	49.0%
Accessories	776.1	719.9	50.3%	48.5%
TOTAL BUSINESS SEGMENTS	**4,648.3**	**4,135.9**	**48.4%**	**47.3%**

T.64 **RECONCILIATIONS** (in € million)

	EBIT	
	1-12 / 2018	1-12 / 2017
Total business segments	**814.9**	**678.7**
Central areas	-199.4	-205.8
Central expenses Marketing	-278.2	-228.3
Consolidation	0.0	0.0
EBIT	**337.4**	**244.6**
Financial result	**-24.0**	**-13.4**
EBT	**313.4**	**231.2**

	INVESTMENTS		DEPRECIATION	
	1-12 / 2018	1-12 / 2017	**1-12 / 2018**	1-12 / 2017
Total business segments	**86.5**	**79.7**	**59.4**	**52.8**
Central areas	51.8	43.3	22.8	17.6
Consolidation	0.0	0.0	0.0	0.0
TOTAL	**138.2**	**122.9**	**82.1**	**70.3**

	INVENTORIES		TRADE RECEIVABLES (3RD)		LONG-TERM ASSETS	
	1-12 / 2018	1-12 / 2017	**1-12 / 2018**	1-12 / 2017	**1-12 / 2018**	1-12 / 2017
Total business segments	**979,3**	**823,3**	**549,2**	**492,5**	**558,5**	**530,1**
Not allocated to the business segments	-64,2	-44,8	4,5	11,3	173,6	142,8
TOTAL	**915,1**	**778,5**	**553,7**	**503,7**	**732,1**	**673,0**

27. 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 operating activities. The gross cash flow, derived from earnings before income taxes and adjusted for non-cash effective income and expense items, is determined within the cash flow from 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.

Interest payments were reclassified from cash provided by operating activities to cash used in financing activities in the year under review due to their financing nature and in order to provide more relevant information. The previous year's figures were adjusted accordingly.

The cash and cash equivalents shown in the cash flow statement comprise all cash and cash equivalents shown in the balance sheet under "Cash and cash equivalents", i.e. cash on hand, cheques and short-term bank balances.

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

T.65 TRANSFER OF FINANCIAL LIABILITIES TO THE CASH INFLOW / OUTFLOW FROM FINANCING ACTIVITIES 2018

			Non-cash changes		Cash changes	
	Notes	As of 1 / 1 / 2018 (in € million)	Currency changes	Others		As of 12 / 31 / 2018 (in € million)
Financial liabilities						
Liabilities from finance leases	13	0.4	0.2	9.4	-1.8	8.3
Current financial liabilities	13	29.0	8.1	0.0	-16.6	20.5
Non-current financial liabilities	13	27.9	-2.6	0.0	145.2	170.4
TOTAL		57.3	5.7	9.4	126.9	199.2

T.66 TRANSFER OF FINANCIAL LIABILITIES TO THE CASH INFLOW / OUTFLOW FROM FINANCING ACTIVITIES 2017

			Non-cash changes		Cash changes	
	Notes	As of 1 / 1 / 2018 (in € million)	Currency changes	Others		As of 12 / 31 / 2017 (in € million)
Financial liabilities						
Liabilities from finance leases	13	0.7	0.0	0.0	-0.2	0.4
Current financial liabilities	13	44.3	-3.2	0.0	-12.1	29.0
Non-current financial liabilities	13	14.8	-2.3	0.0	15.4	27.9
TOTAL		59.7	-5.6	0.0	3.1	57.3

Lease liabilities of € 8.3 million are divided into current lease liabilities (€ 0.8 million), contained in other current financial liabilities, and non-current lease liabilities (€ 7.5 million), which are part of other non-current financial liabilities. Non-current financial liabilities of € 170.4 million are part of other non-current financial liabilities.

28. 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.

29. 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 2018 to € 174.1 million (previous year: € 163.2 million), of which € 27.7 million (previous year: € 19.9 million) were sales-related.

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

T.67 (in € million)

	2018	2017
Under rental and lease agreements:		
2019 (2018)	142.8	128.1
2020–2023 (2019–2022)	355.7	286.6
from 2024 (from 2023)	376.7	86.8
TOTAL	**875.2**	**501.4**

The increase is related to the expansion of the retail store network and the distribution centers.

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.68 (in € million)

	2018	2017
Under license, promotional and advertising agreements:		
2019 (2018)	227.4	181.8
2020–2023 (2019–2022)	867.8	542.6
from 2024 (from 2023)	5.0	367.6
TOTAL	**1,100.2**	**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 € 238.8 million, of which € 143.3 million relate to the years from 2020. These include service agreements of € 124.3 million as well as other obligations of € 114.5 million.

30. INFORMATION ON NON-CONTROLLING INTERESTS

The summarized financial information about subsidiaries of the Group in which non-controlling interests exist is presented below. This financial information relates to all companies with non-controlling interests in which the identical non-controlling shareholder holds an interest. The financial information of Janed LLC, including its subsidiary Janed Canada LLC, is also disclosed as a separate note. The figures represent the amounts before intercompany eliminations.

T.69 **DISCLOSURES RELATED TO NON-CONTROLLING INTERESTS** (in € million)

	12 / 31 / 2018		12 / 31 / 2017	
	Total	**thereof Janed**	Total	thereof Janed
Current Assets	41.6	24.1	50.4	33.9
Non-current Assets	3.8	3.8	3.6	3.6
Current Liabilities	21.7	6.5	18.3	10.3
Non-current Liabilities	0.0	0.0	0.0	0.0
Equity attributable to equity holders of the parent	23.7	21.3	35.7	27.2
Non-controlling interests	18.9	17.6	31.2	23.7

	1-12 / 2018		1-12 / 2017	
Sales	265.8	146.6	215.6	117.2
Net income	42.8	33.9	32.5	25.1
Profit attributable to non-controlling interests	42.4	33.5	32.2	24.8
Other comprehensive income of non-controlling interests	1.1	0.9	-2.9	-2.3
Total comprehensive income of non-controlling interests	43.4	34.4	29.2	22.5
Dividends paid to non-controlling interests	55.7	40.5	13.4	11.5
Net cash provided by operating activities	48.3	36.4	19.6	14.3
Net cash used in investing activities	0.0	0.0	0.0	0.0
Cash inflow / outflow from financing activities	-56.1	-40.8	-13.7	-11.8
Change in cash and cash equivalents	-7.6	-4.4	5.2	2.0

31. MANAGEMENT BOARD (MANAGING DIRECTORS UNTIL JULY 9, 2018) AND SUPERVISORY BOARD (ADMINISTRATIVE BOARD UNTIL JULY 9, 2018)

Disclosures pursuant to § 314 (1) No. 6 HGB

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 Management Board or Managing Directors may be dispensed with for a period of 5 years pursuant to Section 285 (9) (a) sentences 5-8; Section 314 (1) No. 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 April 12, 2018, the Company was authorized to refrain from disclosures pursuant to Section 285 (9) (a) sentences 5-8 and Section 314 (1) No. 6 (a) sentences 5-8 of the HGB with respect to the financial year beginning on January 1, 2018 and all subsequent financial years ending December 31, 2022 at the latest.

The Management Board and the Supervisory 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 Management Board members. The Supervisory Board will ensure that individual compensation is appropriate in accordance with its statutory duties.

Management Board (Managing Directors until July 9, 2018)

Compensation for the Management Board (managing directors of the monistic PUMA SE until July 9, 2018), which is set by the Supervisory Board (administrative board of the monistic PUMA SE until July 9, 2018), 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 Management Board member, 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 Management Board members receive non-cash compensation, such as company cars, pension contributions and insurance premiums. In principle, these benefits are granted to all Management Board members in an equal manner and are included in the non-performance-based compensation. The fixed compensation for the three Management Board members amounted to € 2.3 million in the financial year (previous year: € 2.1 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 result (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 € 2.7 million (previous year: € 3.9 million).

Pro-rata provisions totaling € 5.8 million (previous year: € 8.4 million) were set up for the existing compensation program (virtual shares / monetary units) with long-term incentives (from the years 2016 to 2018) for Management Board members in financial year 2018 according to the vesting periods. The performance-based program is based on the medium-term performance of the PUMA SE share. The shares from the 2016 and 2017 programs that were based on the medium-term performance of the Kering SA share were valued as of the reporting date of 12 / 31 / 2017 and converted into virtual shares / monetary units of PUMA SE. Further information on this program can be found in chapter 19 of the Notes to the Consolidated Financial Statements.

For the financial year 2019, a new modern compensation program with a long-term incentive for Management Board members will be introduced, which is to be decided on by the Supervisory Board in early 2019.

Management Board members 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, PUMA allocated € 0.5 million for Management Board members (previous year: € 0.4 million). The present value of the pension benefits granted to active Management Board members in the amount of € 10.1 million as of December 31, 2018 (previous year: € 4.5 million) was offset against the pledged asset value of the pension liability insurance policy, which was of an equal amount.

There were pension obligations to former members of the Management Board and their widows / widowers amounting to € 3.2 million (previous year: € 3.3 million) as well as contribution-based pension commitments in connection with deferred compensation of former members of the Management Board and Managing Directors amounting to € 10.6 million (previous year: € 10.3 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 Management Board and their widows /widowers amounted to € 0.2 million (previous year: € 0.2 million).

Supervisory Board (Administrative Board until July 9, 2018)

In accordance with the Articles of Association, the Supervisory Board (Administrative Board of the monistic PUMA SE until July 9, 2018) has at least three members; it currently consists of six members. The compensation of the Supervisory Board is comprised of a fixed and a performance-based component. The total fixed compensation amounted to € 0.2 million (previous year: € 0.3 million).

In conformity with § 15 of the Articles of Association, each Supervisory Board member receives a fixed annual compensation of € 25,000.00, which is payable at the end of the Annual General Meeting for the respective financial year.
The fixed compensation is increased by an additional fixed annual amount of € 25,000 for the Chairman of the Supervisory Board, € 12,500 for the Vice Chairman of the Supervisory Board, € 10,000 for the Chairman of a committee and € 5,000 for each member of a committee. The definitive committees here are the Personnel Committee, the Audit Committee and the Sustainability Committee.

In addition to the fixed compensation, each Supervisory Board member receives annual performance-based compensation equal to € 20.00 for each € 0.01 by which the earnings per share figure as disclosed in the consolidated financial statements exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000.00 per year. The Chairman of the Supervisory Board receives € 40.00 for every € 0.01 in profit per share and a maximum of € 20,000.00 per year, and the Deputy Chairman receives € 30.00 for every € 0.01 in profit per share and a maximum of € 15,000.00 per year.

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

32. 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.

Kering S.A., Paris, holds 15.7% of the share capital of PUMA SE as of the reporting date, according to information provided by Kering S.A. in the press release on May 16, 2018. Kering S.A. is controlled by Artémis S.A., Paris. Together, Artémis S.A. (a wholly-owned subsidiary of Financière Pinault S.C.A.) and Kering S.A. hold 44.22% of the share capital according to a voting rights announcement dated May 24, 2018. 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.70 (in € million)

	DELIVERIES AND SERVICES RENDERED		DELIVERIES AND SERVICES RECEIVED	
	2018	2017	**2018**	2017
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	2.3	3.6	2.0	5.7
Other related parties and persons	0.7	0.3	19.6	16.6
TOTAL	**2.9**	**3.9**	**21.6**	**22.4**

T.71 (in € million)

	NET RECEIVABLES FROM		LIABILITIES TO	
	2018	2017	**2018**	2017
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	0.8	1.3	0.0	2.3
Other related parties and persons	0.0	0.1	4.7	2.8
TOTAL	**0.8**	**1.4**	**4.8**	**5.1**

In addition, dividend payments of € 55.7 million were made to non-controlling shareholders in the financial year 2018 (previous year: € 13.4 million).

Apart from the dividend income of € 0.6 million (previous year: € 0.8 million), there were no other accounting 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, 2018 (previous year: € 52.2 million). As in the previous year, no expenses were recorded in this respect in the financial year 2018.

As of December 31, 2018, there were no liabilities to companies included in the Kering Group arising from financing activities (previous year: € 0.0 million).

The Management Board as well as the members of the Supervisory 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 chapter 31.

As part of consulting, service and employment contracts, members of the Supervisory Board received compensation from PUMA in the amount of € 0.2 million (previous year: € 0.1 million).

33. CORPORATE GOVERNANCE

In November 2018, the Management Board and the Supervisory 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.

34. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date which may have a material effect on the net assets, financial position and results of operations of the PUMA Group.

Mr. Lars Radoor Sørensen has resigned as a member of the Management Board of PUMA SE with effect from January 31, 2019. With effect from February 1, 2019, the Supervisory Board of PUMA SE appointed Ms. Anne-Laure Descours to the Management Board as Chief Sourcing Officer.

35. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on January 30, 2019 for distribution to the Supervisory Board. The task of the Supervisory Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, January 30, 2019

The Management Board

Bjørn Gulden   Michael Lämmermann   Lars Radoor Sørensen

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

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in Fixed Assets

T.72 **CHANGES IN FIXED ASSETS 2017**

	PURCHASE COSTS						ACCUMULATED DEPRECIATION						CARRYING AMOUNTS	
	Balance 1 / 1 / 2017 € million	Currency changes and other changes	Additions / retransfers	Changes in group of consolidated companies	Disposals	Balance 12 / 31 / 2017 € million	Balance 1 / 1 / 2017 € million	Currency changes and other changes	Additions / retransfers [1]	Changes in group of consolidated companies	Disposals	Balance 12 / 31 / 2017 € million	Balance 12 / 31 / 2017 € million	Balance 12 / 31 / 2016 € million
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	0.0	-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		38.3	17.3
	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	0.0				-17.7	118.5	134.9
Other intangible fixed assets	134.7	-3.6	31.0	0.0	-6.1	156.0	-96.9	2.9	-14.3		4.6	-103.7	52.4	37.8
	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**

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

T.73 **CHANGES IN 2018**

	PURCHASE COSTS						ACCUMULATED DEPRECIATION						CARRYING AMOUNTS	
	Balance 1 / 1 / 2018 € million	Currency changes and other changes	Additions / retransfers	Changes in group of consolidated companies	Disposals	Balance 12 / 31 / 2018 € million.	Balance 1 / 1 / 2018 € million	Currency changes and other changes	Additions / retransfers[1)]	Changes in group of consolidated companies	Disposals	Balance 12 / 31 / 2018 € million.	Balance 12 / 31 / 2018 € million.	Balance 12 / 31 / 2017 € million.
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	131.8	34.7	3.7		-1.2	169.0	-42.1	0.0	-6.4		0.9	-47.6	121.4	89.7
Technical equipment and machines	19.2	-1.4	14.4		-0.5	31.7	-9.1	0.7	-2.9		0.4	-10.9	20.8	10.1
Other equipment, factory and office equipment	360.2	4.7	67.6		-28.4	404.1	-238.2	-0.3	-55.6		27.3	-266.8	137.3	122.0
Payments on account and assets under construction	38.3	-42.5	20.3		-1.0	15.2							15.2	38.3
	549.5	**-4.5**	**106.0**	**0.0**	**-31.0**	**620.0**	**-289.5**	**0.4**	**-65.0**	**0.0**	**28.7**	**-325.4**	**294.6**	**260.1**
INTANGIBLE ASSETS														
Goodwill	288.2	3.9			-1.6	290.5	-46.3	-0.1			1.6	-44.8	245.7	241.9
Intangible fixed assets with an unlimited or indefinite useful life	136.3	5.6				141.9	-17.7					-17.7	124.2	118.5
Other intangible fixed assets	156.0	0.7	32.2		-5.3	183.7	-103.7	-0.3	-17.2		5.1	-116.1	67.6	52.4
	580.5	**10.3**	**32.2**	**0.0**	**-6.9**	**616.1**	**-167.7**	**-0.5**	**-17.2**	**0.0**	**6.7**	**-178.6**	**437.4**	**412.8**

1) There was an impairment for fixed assets in the amount of € 0,6 million in the financial year 2018, see chapter 9. No impairment loss was recognized for intangible assets (see chapter 10)

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

BODIES
STATUS: 12 / 31 / 2018

MANAGEMENT BOARD

Bjørn Gulden
Chief Executive Officer (CEO)
Membership of other supervisory boards and controlling bodies:
- Tchibo GmbH, Hamburg
- Borussia Dortmund GmbH & Co. KGaA, Dortmund
- Salling Group A / S, Brabrand / Denmark (previously Dansk Supermarked A / S)
- Pandora A / S, Copenhagen / Denmark

Michael Lämmermann
Chief Financial Officer (CFO)

Lars Radoor Sørensen (until January 31, 2019)
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
- Skiold A / S, Sæby / Denmark

SUPERVISORY 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., Tokyo / Japan
- Pomellato S.p.A, Milan / Italy
- 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
- 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

Thore Ohlsson
(Deputy Chairman)
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
- Dofab AB, Malmö / Sweden
- Orrefors Kosta Boda AB, Kosta / Sweden

Jean-Marc Duplaix
Paris, France
Chief Financial Officer (CFO) of Kering S.A., Paris / France

Membership of other supervisory boards and controlling bodies:
- Redcats S.A., Paris / France
- E_lite S.p.A., Milan / 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 Management Services S.A.S., Paris / France
- Balenciaga S.A., Paris / France
- Kering Investments Europe B.V., Amsterdam / Netherlands
- Altuzarra LLC, New York / USA
- Pomellato Japan Co. Ltd., Tokyo / Japan
- Bottega Veneta Japan Ltd., Tokyo / Japan
- Richard Ginori Asia Pacific Co. Ltd., Tokyo / Japan
- Kering Korea Ltd., Seoul / Republic of Korea

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

Membership of other supervisory boards and controlling bodies:
- 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 Koeppel
(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 until 9 July 2018

Bernd Illig
(Employees' Representative)
Bechhofen, Germany
Administrator IT Systems of PUMA SE
Member since 9 July 2018

SUPERVISORY BOARD COMMITTEES

Personnel Committee

- **Jean-François Palus (Chairman)**
- Béatrice Lazat
- Martin Koeppel

Audit Committee

- **Thore Ohlsson (Chairman)**
- Jean-Marc Duplaix
- Gernot Heinzel (until 9 July 2018)
- Bernd Illig (since 9 July 2018)

Sustainability Committee (until 9 July 2018)

- **Jean-François Palus (Chairman)**
- Béatrice Lazat
- Martin Koeppel

Nominating Committee

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

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 that the Group management report, which is combined with the Management report of PUMA SE for the financial year 2018, 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.

Herzogenaurach, January 30, 2019

The Management Board

Bjørn Gulden
Michael Lämmermann
Lars Radoor Sørensen

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 at 31 December 2018, 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 1 January to 31 December 2018 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 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the statement on corporate governance and the corporate governance report specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management report. 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 at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, 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 opinion on the combined management report does not cover the content of the statement on corporate governance and the corporate governance report specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" of the combined management 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 1 January to 31 December 2018. 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

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 mEUR 245.7 corresponding to approximately 7.7% of the consolidated balance sheet total or 14.3% 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 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 legal representatives' 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 legal representatives, 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 risk-oriented audit, we gained an understanding of the systematic approach applied when performing the impairment test. We satisfied ourselves, that the valuation model used 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 legal representatives or persons appointed by them 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 mEUR 124.2 corresponding to approximately 3.9% 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. If there are indications of impairment of the brand used by the Group, the recoverability of the brand is assessed by reference to the recoverable amount of the cash-generating unit to which the brand is allocated.

The outcome of this valuation highly depends on the legal representatives' 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 legal representatives, 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) As part of our risk-oriented audit, we first examined on the basis of the information available to us and in discussions with the legal representatives or persons appointed by them, that there are no indications of impairment of the brand and that the recoverability of the brand can be assessed by use of the relief-from-royalty method as part of the impairment test. We have followed the methodological procedure for performing the impairment test using the relief-from-royalty method. In this regard we examined, whether the valuation model adequately reflects the conceptual 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 legal representatives or persons appointed by them 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.

Other information

The legal representatives are responsible for the other information. The other information comprises:

- the statement on corporate governance pursuant to Section 289f German Commercial Code (HGB) specified in Chapter "Corporate Governance Report including the Statement on Corporate Governance pursuant to § 289f and § 315d HGB" 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 pursuant to § 289f and § 315d HGB" of the combined management report,

- the legal representatives' 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,

- 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 Legal representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representatives 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 legal representatives 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 legal representatives 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 legal representatives 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 legal representatives 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 Supervisory 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 legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- Conclude on the appropriateness of the legal representatives' 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.

- 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 12 April 2018. We were engaged by the Supervisory Board on 24 October 2018. 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, 30 January 2019

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christof Stadter
Wirtschaftsprüfer
[German Public Auditor]

Stefan Otto
Wirtschaftsprüfer
[German Public Auditor]