CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

↗ T.01 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	12/31/2020 € million	12/31/2019 € million
ASSETS			
Cash and cash equivalents	3	655.9	518.1
Inventories	4	1,138.0	1,110.2
Trade receivables	5	621.0	611.7
Income tax receivables	22	21.3	34.2
Other current financial assets	6	52.9	76.6
Other current assets	7	124.1	130.5
Current assets		**2,613.0**	**2,481.2**
Deferred tax assets	8	277.5	237.7
Property, plant and equipment	9	406.9	394.8
Right-of-use assets	10	877.6	719.0
Intangible assets	11	443.5	454.6
Other non-current financial assets	12	58.8	71.5
Other non-current assets	12	6.8	19.3
Non-current assets		**2,071.0**	**1,897.0**
Total assets		**4,684.1**	**4,378.2**

	Notes	12/31/2020 € million	12/31/2019 € million
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current financial liabilities	13	121.4	10.2
Trade payables	13	941.5	843.7
Income taxes	22	89.2	88.9
Current lease liabilities	10	156.5	144.8
Other current provisions	16	35.3	34.8
Other current financial liabilities	13	151.1	60.5
Other current liabilities	13	377.8	376.0
Current liabilities		**1,872.8**	**1,558.9**
Non-current lease liabilities	10	775.2	600.5
Deferred tax liabilities	8	40.6	53.0
Pension provisions	15	38.2	34.1
Other non-current provisions	16	38.9	43.2
Other non-current financial liabilities	13	153.7	163.8
Other non-current liabilities	13	0.7	4.4
Non-current liabilities		**1,047.4**	**899.0**
Subscribed capital	17	150.8	150.8
Capital reserve	17	84.8	83.0
Other reserves	17	1,514.2	1,668.0
Treasury stock	17	-27.4	-28.1
Equity attributable to the shareholders of the parent		1,722.4	1,873.6
Non-controlling interests	17, 29	41.5	46.7
Shareholders' equity		**1,763.9**	**1,920.3**
Total liabilities and shareholders' equity		**4,684.1**	**4,378.2**

↗ T.02 CONSOLIDATED INCOME STATEMENT

		2020	2019
	Notes	**€ million**	€ million
Sales	19, 25	**5,234.4**	**5,502.2**
Cost of sales	25	-2,776.4	-2,815.8
Gross profit	25	**2,458.0**	**2,686.4**
Royalty and commission income		16.1	25.1
Other operating income and expenses	20	-2,264.9	-2,271.3
thereof impairment losses on trade receivables and other financial assets	5	*-30.7*	*-3.4*
Operating result (EBIT)		**209.2**	**440.2**
Financial income	21	35.4	25.8
Financial expenses	21	-82.3	-48.4
Financial result		**-46.8**	**-22.6**
Earnings before taxes (EBT)		**162.3**	**417.6**
Taxes on income	22	-39.2	-108.6
Consolidated net earnings for the year		**123.1**	**309.0**
attributable to:			
Non-controlling interests	17, 29	44.2	46.6
Equity holders of the parent (net earnings)		**78.9**	**262.4**
Earnings per share (€)	23	0.53	1.76
Earnings per share (€) – diluted	23	0.53	1.76
Weighted average shares outstanding (million)	23	149.56	149.52
Weighted average shares outstanding, diluted (million)	23	149.56	149.52

↗ T.03 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2020	2019
		€ million	€ million
Consolidated net earnings before attribution		**123.1**	**309.0**
Currency changes		-138.9	1.9
Cash flow hedge			
Release to the income statement, net after tax		8.1	34.2
Market value for cashflow hedges, net after tax		-87.7	-77.1
Items expected to be reclassified to the income statement in the future		**-218.5**	**-41.0**
Remeasurements of the net defined benefit liability, net after tax		-3.3	-4.1
Neutral effects financial assets through other comprehensive income (FVTOCI), net after tax		-14.7	3.4
Items not expected to be reclassified to the income statement in the future		**-18.0**	**-0.7**
Other result		**-236.5**	**-41.8**
Comprehensive income		**-113.4**	**267.3**
attributable to:	Non-controlling interests	40.4	46.9
	Equity holders of the parent	-153.8	220.4

In contrast to the previous year, the tax amounts included in the other result are listed in chapter 8.

↗ T.04 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 € million	2019 € million
Operating activities			
Earnings before taxes (EBT)		162.3	417.6
Adjustments for:			
Depreciation and impairment	9, 10, 11	293.8	246.4
Non-realized currency gains/losses, net		26.3	1.9
Financial income	21	-35.4	-15.3
Financial expenses	21	78.4	48.4
Changes from the sale of fixed assets		2.4	2.1
Changes to pension provisions	15	-1.0	-1.2
Other non-cash effected expenses/income		-4.0	5.0
Gross cash flow	26	**522.8**	**704.8**
Changes in receivables and other current assets	5, 6, 7	-50.0	-69.8
Changes in inventories	4	-109.7	-188.8
Changes in trade payables and other current liabilities	13	147.7	214.1
Net cash from operational business activities		**510.8**	**660.3**
Dividends received	12	0.0	0.3
Income taxes paid	22	-89.3	-111.8
Net cash from operating activities	26	**421.5**	**548.8**

	Notes	2020 € million	2019 € million
Investing activities			
Payment for acquisitions	17	0.0	-1.2
Purchase of property and equipment	9, 11	-151.0	-218.4
Proceeds from sale of property and equipment		1.6	2.3
Payment for other assets	12	-4.5	-6.0
Interest received	21	8.4	4.5
Net cash used in investing activities		**-145.5**	**-218.7**
Financing activities			
Repayment of lease liabilities	10	-135.0	-140.8
Repayment of current financial liabilities	13	0.0	-10.4
Raising of current financial liabilities	13	112.5	0.0
Repayment of non-current financial liabilities	13	-18.3	-7.1
Dividend payments to equity holders of the parent	17	0.0	-52.3
Dividend payments to non-controlling interests	17, 29	-45.6	-18.6
Interest paid	21	-43.0	-43.6
Net Cash used in financing activities	26	**-129.2**	**-272.9**
Exchange rate-related changes in cash and cash equivalents		-8.9	-2.8
Change in cash and cash equivalents		**137.8**	**54.3**
Cash and cash equivalents at beginning of the financial year		518.1	463.7
Cash and cash equivalents at end of the financial year	3, 26	**655.9**	**518.1**

↗ T.05 STATEMENT OF CHANGES IN EQUITY (€ million)

			Other reserves						
	Subscribed capital	**Capital reserve**	Revenue reserves incl. Retained Earnings	Difference from currency conversion	Cash flow hedges	**Treasury stock**	**Equity before non-controlling interests**	**Non-controlling interests**	**TOTAL equity**
12/31/2018	**38.6**	**193.6**	**1,691.5**	**-225.6**	**34.1**	**-28.9**	**1,703.3**	**18.9**	**1,722.2**
Consolidated net earnings of the year			262.4				**262.4**	46.6	309.0
Net income directly recognized in equity			-0.7	1.5	-42.8		**-42.0**	0.3	-41.8
Total comprehensive income			**261.7**	**1.5**	**-42.8**		**220.4**	**46.9**	**267.3**
Dividends paid to equity holders of the parent company / non-controlling interests			-52.3				**-52.3**	-18.6	-70.9
Decrease of capital of non-controlling interests								-0.5	-0.5
Increase of capital from the company's own funds	112.2	-112.2							
Utilization / Issue of treasury stock		1.6				0.7	**2.3**		2.3
12/31/2019	**150.8**	**83.0**	**1,900.9**	**-224.2**	**-8.8**	**-28.1**	**1,873.6**	**46.7**	**1,920.3**

			Other reserves						
	Subscribed capital	**Capital reserve**	Revenue reserves incl. Retained Earnings	Difference from currency conversion	Cash flow hedges	**Treasury stock**	**Equity before non-controlling interests**	**Non-controlling interests**	**TOTAL equity**
12/31/2019	**150.8**	**83.0**	**1,900.9**	**-224.2**	**-8.8**	**-28.1**	**1,873.6**	**46.7**	**1,920.3**
Consolidated net earnings of the year			78.9				**78.9**	44.2	123.1
Net income directly recognized in equity			-18.0	-135.9	-78.8		**-232.7**	-3.9	-236.5
Total comprehensive income			**60.9**	**-135.9**	**-78.8**		**-153.8**	**40.4**	**-113.4**
Dividends paid to equity holders of the parent company / non-controlling interests							**0.0**	-45.6	-45.6
Utilization / Issue of treasury stock		1.8				0.8	**2.5**		2.5
12/31/2020	**150.8**	**84.8**	**1,961.8**	**-360.0**	**-87.6**	**-27.4**	**1,722.4**	**41.5**	**1,763.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Under the PUMA and Cobra Golf brand names, 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 (HGB). The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2020, have been applied.

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.06 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standard	Title
First-time adoption in the current financial year	
Amendments to IFRS 16	COVID-19 related Rent Concessions
Amendments to Conceptual Framework	Updated Conceptual Framework
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform (Phase 1)

The standards and interpretations used for the first time as of January 1, 2020 had the following effects on the consolidated financial statements:

AMENDMENTS TO IFRS 16 COVID-19-RELATED RENT CONCESSIONS

The amendments to IFRS 16 in respect of COVID-19-related rent concessions enable lessees to make use of a practical recognition exemption. This means that PUMA, as a lessee, may waive the evaluation of whether COVID-19-related rent concessions – e.g. a deferral of or exemption from rent/lease payments for a specific period of time – constitute lease modifications as defined in IFRS 16. PUMA has decided to make use of this elective right for all rent concessions that fall within the scope of this measure and to apply the recognition exemption retroactively from January 1, 2020.

This practical recognition exemption applies only to rent concessions that are a direct consequence of the COVID-19 pandemic and that meet the following requirements cumulatively:

(a) The change to the lease payments may only result in a change to the consideration that is substantively equal to or less than the consideration before the rent concessions were granted. Accordingly, a (net) increase to the consideration would not fall within the scope of the practical recognition exemption.

b) The provision may only be exercised for payments that would have been due on or before June 30, 2021 pursuant to the original contractual agreement.

c) The changes must not be accompanied by any additional material changes to the terms and conditions of the contract. For example, a three-month suspension of lease payments before June 30, 2021, combined with a three-month lease extension at the end of the agreement term under practically the same conditions, does not constitute a material change to the contractual terms or conditions.

Where the above conditions are met, PUMA may represent the rent concessions on the balance sheet as if they were variable lease payments and recognize them in the income statement in the period in which the rent concessions were granted. In the case of final exempted lease payments, it must be checked whether the lease liability is to be written off in accordance with the provisions of IFRS 9 "Financial Instruments." This simplifies the recognition of rent concessions on the balance sheet, as it is no longer necessary to check whether the conditions for a contractual modification apply and any changes must not be recognized as a contractual modification in the balance sheet.

As a result of this practical recognition exemption, in the financial year 2020 PUMA recognized €13.7 million in rent concessions as variable lease payments in the income statement. This also led to a reversal of lease liabilities in almost the same amount. Furthermore, lease payments were deferred and, for some contracts, the underlying lease term was extended by a period of up to three months. In these cases, no adjustment was made to the amount of lease liabilities.

The information regarding leases in financial year 2020 is presented in chapter 10.

CHANGES IN OTHER STANDARDS AND INTERPRETATIONS

The amendments to the other standards and interpretations described below, which were to be initially adopted as of January 1, 2020, did not affect the PUMA consolidated financial statements.

The amendments concern the revision of the IFRS Conceptual Framework, which includes revised definitions of assets and liabilities, along with new guidelines on measurement and write-off, reporting and disclosure. Alongside the revised Conceptual Framework, amendments to references to the conceptual framework in some standards were also issued.

Changes to IAS 1 and IAS 8 (Definition of Material) further clarify the definition of “material” and align the various definitions used in the Conceptual Framework and in the standards themselves.

The narrowly defined amendments to IFRS 3 (Definition of a Business) aim to clarify whether an entity has acquired a business or a group of assets. The amendments are applicable to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

The interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7) concerns specific requirements for the accounting of hedge relationships in interest rate hedge deals. As PUMA does not use interest rate hedging instruments, this amendment has no effect on the consolidated financial statements.

NEW, BUT NOT YET MANDATORY STANDARDS AND INTERPRETATIONS

The following standards and interpretations have been released but will only become effective in later reporting periods and are not applied earlier by the Group.

↗ T.07

Standard	Title	Date of adoption *	Planned adoption
Endorsed			
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	1/1/2021	1/1/2021
Amendments to IFRS 4	Extension of the temporary exemption from the Application of IFRS 9 in IFRS 4	1/1/2021	1/1/2021
Endorsement pending			
Amendments to IFRS 3	References to the Conceptual Framework	1/1/2022	1/1/2022
Amendments to IAS 37	Onerous contracts: Contract performance costs	1/1/2022	1/1/2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before intended use	1/1/2022	1/1/2022
Annual Improvements 2018 – 2020	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1/1/2022	1/1/2022
IFRS 17 (including amendment IFRS 17)	Insurance contracts	1/1/2023	1/1/2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1/1/2023	1/1/2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets	postponed indefinitely	

* Adjusted by EU endorsement, if applicable

PUMA does not expect any significant effects on the consolidated financial statements from these amendments.

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared as of December 31, 2020, 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 recognition of business combinations is based on the acquisition method. The assets, debts and contingent liabilities that can be identified as part of a business combination are generally stated at their fair value as of the acquisition date, regardless of the size of 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 consideration transferred that exceeds the Group's share in the net assets stated at fair value is reported as goodwill. If the consideration transferred is 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 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.

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 generally accounted for in the Group using the equity method. As of December 31, 2020, the Group does not comprise any associated companies.

The changes in the number of Group companies (including the parent company PUMA SE) in the financial year 2020 were as follows:

↗ T.08

As of	**12/31/2019**	**102**
Formation of companies		1
Disposal of companies		1
As of	**12/31/2020**	**102**

The addition to the group of consolidated companies relates to the formation of stichd NA, Inc., USA.

The disposal in the group of consolidated companies relates to the liquidation of PUMA Racing Ltd., Malta.

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.09

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
	- parent company -				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria Puma Dassler Gesellschaft m.b.H.	Austria	Salzburg	direct	100%
3.	stichd 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	Helsinki	indirect	100%
8.	PUMA FRANCE SAS	France	Illkirch-Graffenstaden	indirect	100%
9.	stichd france SAS	France	Boulogne Billancourt	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.	stichd germany gmbh	Germany	Düsseldorf	indirect	100%
15.	PUMA Logistik-Verwaltungs GmbH	Germany	Herzogenaurach	indirect	100%
16.	PUMA UNITED KINGDOM LTD	Great Britain	London	indirect	100%
17.	PUMA PREMIER LTD	Great Britain	London	indirect	100%
18.	STICHD UK LTD	Great Britain	Mansfield	indirect	100%

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
19.	STICHD SPORTMERCHANDISING UK LTD	Great Britain	London	indirect	100%
20.	GENESIS GROUP INTERNATIONAL LIMITED	Great Britain	Manchester	direct	100%
21.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%*
22.	PUMA ITALIA S.R.L.	Italy	Assago	indirect	100%
23.	STICHD ITALY SRL	Italy	Assago	indirect	100%
24.	Puma Sport Israel Ltd.	Israel	Hertzeliya	indirect	100%
25.	PUMA MALTA LIMITED	Malta	St.Julians	indirect	100%
26.	Puma Benelux B.V.	Netherlands	Leusden	direct	100%
27.	PUMA Teamwear Benelux B.V.	Netherlands	Leusden	indirect	100%
28.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
29.	stichd group B.V.	Netherlands	's-Hertogenbosch	direct	100%
30.	stichd international B.V.	Netherlands	's-Hertogenbosch	indirect	100%
31.	stichd sportmerchandising B.V.	Netherlands	's-Hertogenbosch	indirect	100%
32.	stichd B.V.	Netherlands	's-Hertogenbosch	indirect	100%
33.	stichd logistics B.V.	Netherlands	's-Hertogenbosch	indirect	100%
34.	stichd licensing B.V.	Netherlands	's-Hertogenbosch	indirect	100%
35.	PUMA NORWAY AS	Norway	Fornebu	indirect	100%
36.	PUMA POLSKA sp. z o.o.	Poland	Warsaw	indirect	100%
37.	PUMA SPORTS ROMANIA SRL	Romania	Voluntari	indirect	100%
38.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
39.	PUMA Slovakia s.r.o. v likvidácii	Slovakia	Bratislava	indirect	100%
40.	PUMA SPORTS DISTRIBUTORS (PTY) LTD	South Africa	Cape Town	indirect	100%
41.	PUMA SPORTS S A (PTY) LTD	South Africa	Cape Town	indirect	100%

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

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
42.	PUMA IBERIA SLU	Spain	Madrid	direct	100%
43.	STICHDIBERIA S.L.	Spain	Cornella de Llobregat	indirect	100%
44.	Nrotert AB	Sweden	Helsingborg	direct	100%
45.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
46.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
47.	stichd nordic AB	Sweden	Helsingborg	indirect	100%
48.	MOUNT PUMA AG	Switzerland	Oensingen	direct	100%
49.	Puma Retail AG	Switzerland	Oensingen	indirect	100%
50.	stichd switzerland ag	Switzerland	Egerkingen	indirect	100%
51.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
52.	PUMA UKRAINE LIMITED LIABILITY COMPANY	Ukraine	Kiew	indirect	100%
53.	PUMA Middle East FZ-LLC	United Arab Emirates	Dubai	indirect	100%
54.	PUMA UAE (L.L.C)	United Arab Emirates	Dubai	indirect	100%*
	Americas				
55.	PUMA Sports Argentina S.A. (former Unisol S.A.)	Argentina	Buenos Aires	indirect	100%
56.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
57.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
58.	PUMA United Canada ULC	Canada	Vancouver	indirect	51%
59.	PUMA CHILE SpA	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%

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

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
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.	GLOBAL LICENSE STICHD GROUP MEXICO 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	Wilmington	indirect	100%
71.	PUMA North America, Inc.	USA	Wilmington	indirect	100%
72.	Cobra Golf Incorporated	USA	Wilmington	indirect	100%
73.	PUMA United Canada Holding, Inc.	USA	Wilmington	indirect	100%
74.	PUMA United North America LLC	USA	Dover	indirect	51%
75.	Janed Canada, LLC	USA	Wilmington	indirect	51%
76.	stichd NA, Inc.	USA	Wilmington	indirect	100%
	Asia/ Pacific				
77.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
78.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
79.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
80.	PUMA China Ltd. (彪马（上海）商贸有限公司)	China	Shanghai	indirect	100%
81.	stichd china ltd. (斯梯起特贸易（上海）有限公司)	China	Shanghai	indirect	100%
82.	Guangzhou World Cat Information Consulting Services Company Ltd. (广州寰彪信息咨询服务有限公司)	China	Guangzhou	indirect	100%
83.	World Cat Ltd. (寰彪有限公司)	China	Hongkong	direct	100%

as of Dec. 31, 2020

No.	Companies/Legal Entities	Country	City	Shareholder	Share in Capital
84.	Development Services Ltd.	China	Hongkong	direct	100%
85.	PUMA International Trading Services Ltd.	China	Hongkong	indirect	100%
86.	PUMA ASIA PACIFIC LTD (彪馬亞太區有限公司)	China	Hongkong	direct	100%
87.	PUMA Hong Kong Ltd. (彪馬香港有限公司)	China	Hongkong	indirect	100%
88.	stichd Limited	China	Hongkong	indirect	100%
89.	PUMA Sports India Private Ltd.	India	Bengaluru	indirect	100%
90.	PUMA India Corporate Services Private Ltd.	India	Bengaluru	indirect	100%
91.	World Cat Sourcing India Private Ltd.	India	Bengaluru	indirect	100%
92.	PT. PUMA Cat Indonesia	Indonesia	Jakarta	indirect	100%
93.	PUMA Japan K.K. (プーマ ジャパン株式会社)	Japan	Tokyo	indirect	100%
94.	PUMA Korea Ltd. (푸마코리아 유한회사)	Korea (South)	Seoul	direct	100%
95.	Stichd Korea Ltd	Korea (South)	Incheon	indirect	100%
96.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	indirect	100%
97.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
98.	PUMANILA IT SERVICES INC.	Philippines	Manila	indirect	100%
99.	PUMA Sports SEA Trading Pte. Ltd.	Singapore		indirect	100%
100.	PUMA SEA Holding Pte. Ltd.	Singapore		indirect	100%
101.	PUMA Taiwan Sports Ltd. (台灣彪馬股份有限公司)	China (Taiwan)	Taipei	indirect	100%
102.	World Cat Vietnam Sourcing & Development Services Company Limited (CÔNG TY TNHH DỊCH VỤ PHÁT TRIỂN & NGUỒN CUNG ỨNG WORLD CAT VIỆT NAM)	Vietnam	Ho Chi Minh City	indirect	100%

PUMA Mostro GmbH, PUMA Sprint GmbH, PUMA International Trading GmbH, PUMA Europe GmbH and PUMA Logistik-Verwaltungs GmbH have made use of the exemption provision under Section 264 (3) of the German Commercial Code (HGB).

CURRENCY CONVERSION

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

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

The significant conversion rates per euro are as follows:

↗ T.10

	2020		2019	
Currency	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.2271	1.1422	1.1234	1.1195
CNY	8.0225	7.8747	7.8205	7.7355
JPY	126.4900	121.8458	121.9400	122.0058
GBP	0.8990	0.8897	0.8508	0.8778

The currency area Argentina has been in a hyperinflationary environment since 2018. The effects on the consolidated financial statements were analyzed in accordance with IAS 29 and IAS 21.42. The application of the aforementioned standards would have resulted in an increase in assets as of December 31, 2020 of €14.7 million (mainly property, plant and equipment, intangible assets and inventories) and an adjustment of equity of €14.7 million. Furthermore, the operating result (EBIT) would have decreased by €4.4 million. The effects were considered insignificant and did not lead to an adjustment in the context of the group accounting.

ACCOUNTING AND VALUATION PRINCIPLES

FINANCIAL INSTRUMENTS

Financial instruments are classified and recognized in accordance with IFRS 9. 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 of whether the contractual cash flows of the financial instruments represent "exclusively payments of principal and interest" toward the outstanding principal amount.

For long-term investments (equity instruments), IFRS 9 under certain conditions allows a measurement at fair value through other comprehensive income (FVOCI). If these interests, however, are disposed of or written off, the gains and losses from these interests which were not realized up to this point are reclassified to retained earnings in accordance with IFRS 9.

DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

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.

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 measurement 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 short-term and long-term financial assets respectively liabilities.

LEASES

PUMA has concluded leases exclusively as lessee.

The leases are respectively identified on an individual contract level. PUMA recognizes for all leases a right-of-use asset and a respective lease liability, with the exception of short-term leases (defined as leases with a term of no more than 12 months) and low-value lease agreements (with an acquisition value of the assets of less than €5,000). In the case of a short-term lease or low-value lease, the Group depreciates the lease payments on a straight-line basis over the term of the lease agreement as other operating expense.

In addition, right-of-use assets are not recognized for intangible assets. PUMA has made use of the elective right and decided not to apply IFRS 16 with regard to leases for intangible assets.

The lease liability at initial recognition is measured at the present value of the not yet paid lease payments at the beginning of the lease agreement. The present value is calculated using the incremental borrowing rate, as the interest rate underlying the lease contract is usually not known.

The following lease payments are included in the measurement of the lease liability:

- Fixed lease payments (including in-substance fixed payments), less any incentive payments to be received;
- Variable lease payments based on an index or rate, initially measured based on the index or rate at the start of the lease agreement; as a result, future adjustments after changes in the index or interest rate remain unrecognized;
- Exercise price of purchase options, if PUMA is sufficiently certain that it will exercise them;
- Expected payments from residual value guarantees; and
- Penalties for the early termination of lease agreements, if PUMA is sufficiently certain that it will exercise this termination option and if this was taken respectively into account when determining the term of the lease agreement.

A number of lease agreements, particularly for real estate properties, contain extension and termination options. When determining agreement terms, all facts and circumstances are taken into account that offer an economic incentive to exercise the extension option or not exercise the termination option. The changes in the term of a lease due to the exercise or non-exercise of such options are only taken into account for the agreement term if they are sufficiently certain.

The lease liability is recognized as a separate line item on the consolidated balance sheet.

As described in chapter 1 above, from January 1, 2020 PUMA will apply the practical recognition exemption for COVID-19-related rent concessions to all rent concessions falling within the scope of this measure. Where the conditions are met, the rent concessions will be represented on the balance sheet as if they were variable lease payments. Consequently, the rent concessions will be recognized in the income statement in the period in which they were granted.

The subsequent measurement of the lease liability is done by increasing the carrying amount by adding the accrued interest of the lease liability (using the effective interest method) and by reducing the carrying amount of the lease liability by the lease payments made. Where COVID-19-related rent concessions involve exemption from lease payments, the carrying amount of the lease liability is reduced by the exempted lease payments.

If the term of the lease has changed and this is not a COVID-19-related rent concession, or if a material event has led to a change in the assessment relating to the exercise of a purchase option, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an updated interest rate and will adjust the corresponding right-of-use asset accordingly.

If lease payments have changed due to index or interest rate changes or due to a change in the expected payments to be made due to a residual value guarantee, PUMA will remeasure the lease liability by discounting the adjusted lease payments using an unchanged discount rate. The corresponding right-of-use asset is adjusted accordingly.

If a lease is changed and this is not a COVID-19-related rent concession, and the change in the lease is not recognized as a separate lease, PUMA will remeasure the lease liability based on the lease term for the new lease. As part of this, the changed lease payments are discounted using the updated interest rate at the time the change becomes effective.

The right-of-use assets comprise the respective lease liability as part of initial measurement. Lease installments that are paid before or at the beginning of the lease must be added. Lease incentives received from the lessor must be deducted and initial direct costs must be included. If dismantling obligations exist with regard to the leased assets, they are included in the measurement of the right-of-use assets. The subsequent measurement of the right-of-use assets is at acquisition cost less accumulated depreciation and impairment losses.

The right-of-use assets are generally depreciated over the term of the lease. If the useful life of the asset underlying the lease is shorter, this limits the depreciation period accordingly. Depreciation starts with the commencement of the lease.

The right-of-use assets are recognized as a separate line item in the consolidated balance sheet.

The right-of-use assets are subject to impairment of assets in accordance with IAS 36. As a general rule, the right-of-use assets are tested for impairment (impairment test) if there is any indication that the value of the asset could be impaired. The right-of-use assets, in particular in connection with the Group's own retail stores, are subjected to an impairment test if there are indicators or changes in planning assumptions that suggest that the carrying amount of the assets may not be recoverable. For this purpose, a so-called "triggering event test" is carried out after the annual budget planning has been prepared or on an occasional basis.

The value in use is determined for each retail store using the discounted cash flow method. The value in use is determined on the basis of the planned cash flows for the retail stores according to the budget, which is prepared on a bottom-up basis and approved by management. The forecast period is derived from the expected useful lives of the respective retail store and is reviewed annually. With reference to the bottom-up budget, country- and CGU-specific sales and cost developments are used as a basis for the remaining useful life. The growth rates used are based on the expected nominal retail growth in the respective market for the respective planning year. All retail stores are experiencing growth rates in a single-digit to low double-digit percentage range. Cash flows were discounted at a weighted average cost of capital rate of between 3.7% and 18.9% when determining the value in use of retail stores. This was based on a risk-free interest rate on equivalent term structures of 0.4% and a market risk premium of 7.8%. The value in use is compared with the carrying amount of the assets allocated to the retail store (in particular, right-of-use assets from the lease, tenant fixtures, inventories and proportionate corporate assets allocated to the central areas). If the carrying amount of the assets of the retail stores exceeds the determined value in use, the fair value of the cash-generating unit is also calculated. If an impairment occurs, the fair value of the right-of-use asset is determined separately, taking into account materiality aspects, using internal or external data sources.

Where there are indications that stores that have previously been written down have achieved a turnaround and are again recoverable, an additional triggering event test is carried out and, where applicable, a reversal of impairment loss is recorded to the maximum amount of the amortized costs.

Variable lease payments that are not dependent on an index or interest rate are not included in the valuation of the lease liabilities. These payments are recognized in the income statement as other expenses as soon as PUMA has received the underlying benefit. This applies primarily to turnover-based rents for retail stores.

As part of the practical expedient, IFRS 16 permits omitting to separate between non-leasing components and leasing components. With regard to land and buildings, PUMA generally does not apply the practical expedient so that the right-of-use assets relating to land and buildings only contain leasing components. With regard to other right-of-use assets (comprising technical equipment & machines and motor vehicles), the practical expedient is generally applied, as a result of which the leasing components and non-leasing components are both recognized.

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 fixed-term deposits 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 are measured at amortized cost. They are subject to the impairment requirements in accordance with IFRS 9 "Financial Instruments." PUMA monitors the credit risk of these financial instruments taking into account the economic situation, external credit rating and/or 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 of the counterparty, which signals a low probability of default.

INVENTORIES

Inventories are measured 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, in the form of a provision for risks. 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 on behalf of third parties.

When determining the provision for risks for trade receivables, PUMA uniformly applies the simplified method in order to determine the expected credit losses over the remaining lifetime of the trade receivables (called "lifetime expected credit losses") in accordance with the provisions of IFRS 9 "Financial Instruments." For this, trade receivables are classified by geographic region to suitable groups with shared credit risk characteristics. The expected credit losses are calculated using a matrix that presents the age structure of the receivables and depicts a likelihood of loss for the individual maturity bands of the receivables 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 this customer's specific credit risk is conducted and an individual provision for risks is established 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 provision for risks.

OTHER FINANCIAL ASSETS

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 generally held under a business model that provides for "holding" the asset until maturity, in order to collect the contractual cash flows. The subsequent measurement of the other financial assets is therefore always carried out at amortized cost, taking into account the respective impairment losses. The business model "trading" is not used.

The non-current assets contain loans and other assets. Non-interest-bearing non-current assets are discounted to present 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 the Other Comprehensive Income, taking into account deferred taxes. The gain or loss on disposal of non-current investments is transferred to retained earnings.

The category "measured at fair value through profit or loss" (FVPL) is not used with regard to non-current investments.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured 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.

GOODWILL

Goodwill resulting from a business combination is calculated based on the difference between the transferred consideration and the Group's share in the fair value of the acquired assets and liabilities.

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 group of cash-generating units (usually the smallest company level at which goodwill is monitored) is performed once a year and 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 11 for further details, 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 amortization. The useful life of intangible assets is between three and ten years. Depreciation is done on a straight-line basis.

If the capitalization requirements of IAS 38.57 "Intangible Assets" are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalized at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortization and impairment losses. In the Group, own work capitalized is generally depreciated on a straight-line basis over a useful life of 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 amortized according to schedule but are subjected to an annual impairment test. Property, plant and equipment, right-of-use assets, 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 level of a group of cash-generating units. 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 group of cash-generating units is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets within the application scope of IAS 36. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the amortized costs. 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. As part of the fair value determination less cost to sell, no special synergies of cash-generating units are taken into account, and corporate planning data is adjusted to the assumptions of market participants, if required. Moreover, there is a difference between the fair value less costs to sell and the value in use because the costs to sell are also taken into account.

Trademarks with an indefinite useful life are subjected to an impairment test based on the relief-from-royalty method during the financial year or when the occasion arises. Should indications of a value impairment of a self-used trademark arise, the recoverability of the trademark is not only measured individually using the relief-from-royalty method, but the recoverable amount of the group of cash-generating units to which the trademark is to be allocated is also determined.

See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

In general, these items are recognized at their acquisition cost, taking into account transaction costs and subsequently recognized at amortized cost. Non-interest or low-interest-bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions, and are compounded until their maturity at their repayment amount.

The category "measured at fair value through profit or loss" (FVPL) is not used with regard to financial liabilities.

Current financial liabilities also include those long-term loans 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 the income statement. Past service costs are recorded as an expense if changes are made to the plan.

Details regarding the assumed life expectancy and the mortality tables used are shown in chapter 15.

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 estimate and are not offset by income. Non-current provisions are discounted.

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 STOCK

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 cash-settled share-based payments, 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 operating result (EBIT), cash flow and gross profit margin are determined for key figure-based compensation processes and recognized in the income statement as Other Provisions 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 right of disposal over the 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 sales revenue is recorded at the date on which the right of disposal over 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 over 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 as soon as the customer purchases the products.

Under certain conditions and according to the contractual stipulations, the customer has the option to exchange products or return them for a credit. The amount of the expected returns is estimated on the basis of past 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 invoices to be submitted by the licensees. 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. In general, 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."

GOVERNMENT GRANTS

In the financial year 2020, PUMA received government grants related to income at a global level for the first time as a result of the COVID-19 pandemic; these were then deducted from the corresponding expenses in the income statement. Grants are received via country-specific, one-off emergency aid schemes relating to the global COVID-19 pandemic and via country-specific short-time work programs, provided that they meet the requirements of IAS 20 and other comparable measures.

Pursuant to IAS 20.7, government grants related to income are recognized when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Grants related to income are deducted from the corresponding expenses in the income statement (net presentation).

FINANCIAL RESULT

The financial result includes interest income from financial investments and interest expenses from loans, along with interest income and expenses in connection with derivative financial instruments. Financial results also include interest expenses from lease liabilities, discounted, non-current liabilities and from pension provisions that are associated with business combinations or arise from the measurement of pension commitments.

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

INCOME TAXES

Current income taxes are determined in accordance with the tax regulations of the respective countries where the individual Group companies conduct their 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, which are levied by the same taxation authority and can be netted, are charged to each taxable entity and recognized either as deferred tax assets or deferred tax liabilities.

With regard to the leases that were capitalized, tax deduction potential is allocated to the respective right-of-use asset. If temporary differences arise during subsequent valuation from a netting perspective of right-of-use asset and lease liability, deferred tax items will be created, provided the requirements under IAS 12 are met.

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 recognized 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 measurement and presentation 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 liabilities 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. PUMA applies scenarios that assume that the situation created by the COVID-19 pandemic will not be long term. Accordingly, PUMA does not expect that the impact on the consolidated financial statements will be significant or serious. Assumptions and estimates are made in particular with regard to evaluating the control of companies with non-controlling interests, the measurement of goodwill and brands, pension obligations, derivative financial instruments, leases and taxes. The most significant forward-looking assumptions and sources of estimation and uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

Goodwill and Brands

A review of the impairment of goodwill is based on the calculation of the value in use as a leading valuation concept. 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. As it is currently difficult to predict what the global consequences of the COVID-19 pandemic will be in the short and medium term, these assumptions and estimates are generally subject to increased uncertainty. However, it is assumed that COVID-19 vaccine will be made available and that large parts of the population in the main PUMA markets will be immunized in 2021, and that consequently, business activities for the financial year 2021 will largely normalize to the level seen before the outbreak of the COVID-19 pandemic. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). The "relief from royalty method" is used to value brands. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

Pension Obligations

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

The recognition of deferred taxes, in particular with respect to tax losses carried forward, requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of occurrence and the amount of future taxable income. The taxable income from the relevant corporate planning is derived for this judgment. This takes into account the past financial position and the business development expected in the future. Due to the currently difficult to predict short- and medium-term consequences of the global COVID-19 pandemic, these assumptions and estimates are generally subject to increased uncertainty. 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 in the next 5 years. 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 24 for further information.

Leases

The measurement of the lease liabilities is based on assumptions for the discount rates used, the lease term and the identification of fixed lease payments. To determine the present value of future minimum lease payments, PUMA uses country- and currency-specific interest rates on borrowings with compatible terms. In addition to the basic lease period, the Group includes extension options in the determination of the lease term if management is sufficiently certain that such an option will be exercised after taking into account all facts and circumstances. The fixed lease payments also include firmly agreed upon minimum amounts for agreements with a predominantly variable lease amount.

NOTES TO THE CONSOLIDATED BALANCE SHEET

3. CASH AND CASH EQUIVALENTS

As of December 31, 2020, the Group has €655.9 million (previous year: €518.1 million) in cash and cash equivalents. The average effective interest rate of financial investments was 1.5% (previous year: 0.9%). There are no restrictions on disposition.

4. INVENTORIES

Inventories are allocated to the following main groups:

↗ **T.11** (€ million)

	2020	2019
Raw materials, consumables and supplies	15.4	18.5
Finished goods and merchandise/inventory		
Footwear	324.7	364.0
Apparel	273.9	294.4
Accessories/Other	128.3	127.2
Goods in transit	351.7	267.0
Inventory adjustments related to returns	43.9	39.0
Total	**1,138.0**	**1,110.2**

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments in the amount of €115.7 million (previous year: €76.3 million), approx. 69.6% (previous year approx. 66.7%) were recognized as an expense under cost of sales in the financial year 2020.

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

The right to return goods represents the merchandise value of the products where a return is expected.

5. TRADE RECEIVABLES

This item consists of:

↗ T.12 (€ million)

	2020	2019
Trade receivables, gross	682.9	648.5
Less provision for risks	-61.9	-36.8
Trade receivables, net	**621.0**	**611.7**

Due to an increase in sales in the third and fourth quarters of 2020, the gross carrying amounts of trade receivables increased slightly. The negative effects caused by the COVID-19 pandemic led to an increased probability of default on trade receivables as of December 31, 2020, resulting in an increase of the provision for risks.

The change of the provision for risks for financial assets in the "trade receivables" class measured at amortized cost relates to receivables in connection with sales revenues from contracts with customers and has developed as follows:

↗ T.13 (€ million)

	2020	2019
Status of provision for risks as of January 1	**36.8**	**37.7**
Changes in scope	0.0	0.0
Exchange rate differences	-2.7	0.1
Additions	33.9	4.9
Utilization	-3.1	-2.3
Reversals	-2.9	-3.6
Status of provision for risks as of December 31	**61.9**	**36.8**

The age structure of the trade receivables is as follows:

↗ T.14 (€ million)

2020	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	682.9	551.5	56.7	15.9	11.7	47.1
Provision for risks	61.9	15.2	4.1	2.6	2.8	37.2
Net carrying amount – Trade receivables	621.0	536.3	52.6	13.3	8.9	9.9
Expected loss rate		2.8%	7.3%	16.4%	23.9%	78.9%

Receivables due for more than 90 days are allocated to Level 3 as "objectively impaired," the remaining receivables are allocated to Level 2.

↗ T.15 (€ million)

2019	Total	Not due	0-30 days	31-90 days	91-180 days	Over 180 days
Gross carrying amount – Trade receivables	648.5	533.0	54.9	23.4	9.4	27.8
Provision for risks	36.8	3.9	2.1	3.5	3.1	24.2
Net carrying amount – Trade receivables	611.7	529.1	52.8	19.9	6.3	3.6
Expected loss rate		0.7%	3.8%	14.9%	33.4%	86.9%

With respect to the net carrying amount of trade receivables, PUMA assumes that the debtors will satisfy their payment obligations or that, in the event of a default, the net carrying amount will be covered by existing credit insurance. There are no significant risk concentrations as the customer base is very broad and there are no correlations.

6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

↗ **T.16** (€ million)

	2020	2019
Fair value of derivative financial instruments	23.6	45.2
Other financial assets	29.3	31.4
Total	**52.9**	**76.6**

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

7. OTHER CURRENT ASSETS

This item consists of:

↗ **T.17** (€ million)

	2020	2019
Prepaid expense relating to the subsequent period	50.4	63.1
Other receivables	73.6	67.4
Total	**124.1**	**130.5**

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

Other receivables mainly include VAT receivables amounting to €38.9 million (previous year: €30.1 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

↗ **T.18** (€ million)

	2020	2019
Tax loss carryforwards	103.4	89.5
Non-current assets	39.2	39.6
Current assets	60.1	48.7
Provisions and other liabilities	97.5	79.7
Deferred tax assets (before netting)	**300.3**	**257.5**
Non-current assets	49.8	61.2
Current assets	8.2	7.9
Provisions and other liabilities	5.4	3.7
Deferred tax liabilities (before netting)	**63.4**	**72.7**
Deferred tax assets, net	**236.9**	**184.8**

Of the deferred tax assets €141.6 million (previous year: €117.1 million) are current, and of the deferred tax liabilities €9.7 million (previous year: €8.9 million) are current.

As of December 31, 2020, tax losses carried forward amounted to a total of €571.7 million (previous year: €515.0 million). This results in a deferred tax asset of €145.4 million (previous year: €141.4 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 €41.9 million (previous year: €52.0 million) were not recognized; of these, €39.9 million (previous year: €51.3 million) cannot expire, but €11.3 million (previous year: €13.6 million) will never be usable due to the absence of future expectations. The remaining unrecognized deferred tax receivables of €2.1 million (previous year: €0.7 million) will expire within the next six years.

In addition, no deferred taxes were recognized for deductible temporary differences amounting to €6.3 million (previous year: €4.4 million) because their realization was not expected as of the balance sheet date.

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

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

↗ T.19 (€ million)

	2020	2019
Deferred tax assets	277.5	237.7
Deferred tax liabilities	40.6	53.0
Deferred tax assets, net	**236.9**	**184.8**

The changes in deferred tax assets (net) were as follows:

↗ T.20 (€ million)

	2020	2019
Deferred tax assets, net as of January 1	184.8	159.9
Recognition in the income statement	56.7	28.8
Adjustment related to remeasurements of the net defined benefit liability, recognized in other comprehensive income	1.1	1.1
Adjustment related to the market value of currency hedging contracts, recognized in other comprehensive income		
thereof released to profit and loss for the period	0.1	-1,4
thereof fair value measurement of cash flow hedges	5.1	2.7
Exchange rate differences	-11.0	-6.3
Deferred tax assets, net as of December 31	**236.9**	**184.8**

9. PROPERTY, PLANT AND EQUIPMENT

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

↗ T.21 (€ million)

	2020	2019
Land and buildings, including buildings on third-party land	131.9	118.0
Technical equipment and machinery	8.4	9.8
Other equipment, factory and office equipment	154.6	175.3
Assets under construction	112.0	91.7
Total	**406.9**	**394.8**

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to €411.4 million (previous year: €378.1 million).

The changes in property, plant and equipment in the financial year 2020 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes of the consolidated financial statements.

10. LEASES

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.

The carrying amounts for **right-of-use assets** recognized on the balance sheet relate to the following asset classes:

↗ **T.22** (€ million)

	2020	2019
Land and buildings – Retail stores	355.2	419.6
Land and buildings – Warehouses & Offices	464.3	281.7
Others (Technical equipment & machines and motor vehicles)	58.1	17.7
Total	**877.6**	**719.0**

The changes in right-of-use assets in the financial year 2020 are shown in "Changes in Fixed Assets" in Appendix 1 to the notes to the consolidated financial statements.

The following **lease liabilities** result:

↗ **T.23** (€ million)

	2020	2019
Current lease liabilities	156.5	144.8
Non-current lease liabilities	775.2	600.5
Total	**931.7**	**745.3**

The amounts recognized in the income statement are as follows:

↗ **T.24** (€ million)

	2020	2019
Depreciation of right-of-use assets (incl. impairment losses) (included in operating expenses)	186.4	148.0
Profit (-)/loss (+) from disposal/revaluation of right-of-use assets/liabilities (included in operating expenses)	0.0	-0.3
Interest expense (included in financial expenses)	29.3	29.7
Short-term leases (included in operating expenses)	5.6	6.9
Leases of low-value assets (included in operating expenses)	0.6	0.7
Variable lease payments (included in operating expenses)	11.5	28.3
Total	**233.4**	**213.4**

Variable lease payments are incurred in connection with the Group's own retail stores. These are based on the sales revenue amount and are therefore dependent on the overall economic development.

As a result of the COVID-19 pandemic, PUMA was exempted from – by agreement with the lessors – rent payments of €13.7 million (previous year: €0.0 million), which were recognized as variable lease payments in the income statement.

Due to reduced earnings prospects, impairment expenses totaling €16.1 million were incurred in the financial year 2020 (previous year: €0.0 million) relating to right-of-use assets in connection with the Group's own retail stores. There were no impairments to the other categories of right-of-use assets.

Total cash outflows from lease liabilities in 2020 amounted to €164.2 million (previous year: €170.5 million).

In 2020, PUMA entered into lease agreements that had not yet commenced by year-end. As a result, no lease liabilities and corresponding right-of-use assets had been recognized as of December 31, 2020. Future lease payments in connection with these agreements amount to €4.7 million (previous year: €7.4 million) for the next year, €24.1 million for years two to five (previous year: €74.1 million) and €9.0 million for the subsequent period (previous year: €176.7 million). The lease terms for these are up to 10 years.

The maturity analysis of lease liabilities is as follows:

↗ **T.25** (€ million)

	2020	2019
Residual term of:		
1 to 2 years	180.5	169.4
2 to 5 years	463.3	443.5
more than 5 years	435.6	248.1
Total (undiscounted)	1,079.4	861.0
Interests	-147.7	-115.7
Total	**931.7**	**745.3**

11. 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. The data from the three-year plan for the respective cash-generating unit or group of cash-generating units was used as a basis for this. Planning on the level of the cash-generating units was thereby derived from the PUMA Group's three-year plan. Assuming that a COVID-19 vaccine is made available and that large parts of the population in the main PUMA markets are immunized in 2021, Group-level planning shows that business activities for the financial year 2021 will largely normalize to the level seen before the outbreak of the COVID-19 pandemic. On this basis, and assuming that COVID-19 will not have a long-term negative impact on the global economy, further sales growth and a further improved EBIT margin are expected in subsequent financial years. Alongside the normalization of business activities to the level seen before the outbreak of the COVID-19 pandemic, planned sales growth is based on the good future growth prospects in the sporting goods industry and on the gaining of market shares by PUMA. This is to be achieved, in particular, via the continued consistent implementation of the Forever Faster corporate strategy and the increase in PUMA's brand heat. The improvement in EBIT-margin in the planning period is the result of a slight increase in gross profit margin due, for example, to a higher share of own retail sales as a result of above-average growth of the e-commerce distribution channel. Furthermore, the slightly weaker percentage increase of other operating income and expenses compared to sales is also expected to contribute to the improvement of the EBIT-margin; for example, the operating requirements for planned sales growth over the coming years have essentially been met, meaning that economies of scale can be realized. The planning of investments and working capital is based on historical experience and is carried out in accordance with strategic objectives. The future tax payments are based on current tax rates. For periods beyond the budget planning, an annual growth rate is determined and used to forecast future cash flows beyond the three-year period. The assumed growth rate is based on long-term expectations on inflation rate and may not exceed the long-term average growth rates for the business area in which the respective cash-generating unit, or group of cash-generating units, operates.

The recoverable amount for the respective cash-generating unit or group of cash-generating units was determined on the basis of the value-in-use. This resulted in an impairment loss for one cash-generating unit.

The group of cash-generating units “South Africa” includes goodwill before impairment of €1.9 million (previous year: €2.3 million). These are allocated to the EEMEA segment. Due to an adjustment of earnings prospects, when calculating the recoverable amount an impairment loss of €1.9 million was incurred. The recoverable amount of €30.3 million was determined by a value-in-use calculation with a discount rate of 12.4% p.a. (previous year: 10.8% p.a.) and a growth rate of 1.7% (previous year: 2.0%). The impairment is included in the item “Other Operating Income and Expenses” in the consolidated income statement.

In connection with the Golf business unit (CPG – Cobra PUMA Golf), the Cobra brand exists as an intangible asset with an indefinite useful life amounting to €115.9 million (previous year: €126.6 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. It was assigned to the North America business segment, where the headquarter 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 6.4% p.a. (previous year: 5.9% p.a.), a royalty rate of 8% (previous year: 8%) and a 1.7% growth rate (previous year: 2%) was used.

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 group of cash-generating units to which the trademark is to be allocated is also determined. In 2020, there were no indications of an impairment.

In the financial year, development costs in connection with Cobra brand golf clubs amounting to €1.8 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 €2.3 million in the financial year (previous year: €1.8 million).

The changes in intangible assets in the financial year are shown in “Changes in Fixed Assets” of Appendix 1 to the notes to the consolidated financial statements. The item other intangible assets includes advance payments in the amount of €22.8 million (previous year: €9.9 million).

The current amortization of intangible assets in the amount of €24.4 million (previous year: €23.5 million) is included in the other operating expenses. Of this, €3.8 million relate to sales and distribution expenses (previous year: €4.6 million), €0.1 million to expenses for product management/ merchandising (previous year: €0.1 million), €2.3 million to development expenses (previous year: €1.8 million), and €18.3 million to administrative and general expenses (previous year: €17.0 million). Impairment expenses exceeding current depreciation of €1.9 million (previous year: €0.0 million) were incurred.

Goodwill is allocated to the Group’s identifiable group of cash-generating units (CGUs) according to the countries where the activities are carried out. Summarized by regions, goodwill is allocated as follows:

↗ T.26 (€ million)

	2020	2019
PUMA UK	1.6	1.7
Genesis	6.8	7.2
Subtotal Europe	8.4	8.8
PUMA South Africa	0.0	2.3
Subtotal EEMEA	0.0	2.3
PUMA Canada	9.1	9.8
PUMA United	1.8	2.0
Subtotal North America	10.9	11.7
PUMA Argentina	14.2	15.5
PUMA Chile	0.5	0.5
PUMA Mexico	9.3	10.7
Subtotal Latin America	24.1	26.8
PUMA China	2.5	2.5
PUMA Taiwan	13.0	13.3
Subtotal Greater China	15.5	15.8
PUMA Japan	43.3	44.9
Subtotal Asia/ Pacific (without Greater China)	43.3	44.9
stichd	139.4	139.4
Total	**241.5**	**249.7**

Assumptions used in conducting the impairment tests in 2020:

↗ T.27

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	8.0%-8.1%	6.8%
EEMEA*	28.0%	16.3%	12.4%
North America*	26.7%	8.0%	6.3%
Latin America	27.0%-30.0%	10.7%-51.3%	8.2%-60.3%
Greater China	20.0%-25.0%	7.0%-9.5%	5.7%-7.5%
Asia/ Pacific (without Greater China)*	31.8%	8.7%	6.3%
stichd*	25.0%	7.6%	6.1%

* The information for EEMEA, North America, Asia/ Pacific (without Greater China) and stichd 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 a weighted average cost of capital calculation taking into account a market-weighted five-year average debt/equity structure and financing costs, respectively taking into account the main competitors of the respective group of cash-generating units.

In addition, a growth rate of 1.7% (previous year: 2%) is generally assumed. A growth rate of less than 1.7% (previous year: less than 2%) was applied only in justified exceptional cases, where the long-term expectations on inflation rate for the country in which the cash-generating unit operates were lower than the assumed growth rate; this applies, in particular, to Japan and Taiwan.

The cash-generating unit stichd includes goodwill of €139.4 million (previous year: €139.4 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 6.1% p.a. (previous year: 5.9% p.a.) and a growth rate of 1.7% (previous year: 2%).

Sensitivity analyses with regard to the impairment tests carried out as of the balance sheet date show that neither an increase in discount rates by one percentage point, respectively, nor a reduction in growth rates by one percentage point, respectively, results in any indication of impairment. Furthermore, due to the increased uncertainty as a result of the COVID-19 pandemic, in the financial year 2020 additional sensitivity analyses were carried out with regard to the impairment tests. Alongside an increase in discount rates by one percentage point, respectively, and a simultaneous reduction in growth rates by one percentage point, respectively, these analyses also assume a reduction in operating result (EBIT) of 10% respectively in the underlying three-year plan. This resulted in an indication of impairment in the amount of €1.6 million.

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

↗ T.28

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	7.4%-7.5%	6.4%
EEMEA*	28.0%	14.4%	10.8%
North America*	26.7%	7.6%	6.1%
Latin America	27.0%-30.0%	9.9%-31.2%	7.7%-56.6%
Greater China	20.0%-25.0%	6.8%-7.8%	5.8%-6.3%
Asia/ Pacific (without Greater China)*	31.8%	8.1%	5.9%
stichd*	25.0%	7.2%	5.9%

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

12. OTHER NON-CURRENT ASSETS

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

↗ T.29 (€ million)

	2020	2019
Investments	25.3	40.0
Fair value of derivative financial instruments	2.5	1.3
Other financial assets	30.9	30.1
Total of other non-current financial assets	**58.8**	**71.5**
Other non-current non-financial assets	6.8	19.3
Other non-current assets, total	**65.6**	**90.8**

The 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 €26.8 million (previous year: €26.8 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

13. LIABILITIES

The residual terms of liabilities are as follows:

↗ T.30 (€ million)

	2020				2019			
		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	**266.4**	121.4	145.0		**173.5**	10.2	163.3	
Trade payables	**941.5**	941.5			**843.7**	843.7		
Other liabilities*								
Liabilities from other taxes	**50.5**	50.5			**39.5**	39.5		
Liabilities relating to social security	**9.9**	9.9			**7.2**	7.2		
Payables to employees	**79.0**	79.0			**114.0**	114.0		
Refund liabilities	**227.4**	227.4			**208.3**	208.3		
Liabilities from derivative financial instruments	**135.2**	126.9	8.3		**38.2**	34.1	4.0	
Other liabilities	**36.0**	35.1	0.8		**38.1**	38.0	0.8	0.1
Total	**1,745.9**	1,591.8	154.1		**1,462.5**	1,295.1	168.2	0.1

* The maturity analysis on lease liabilities is presented in chapter 10.

PUMA has confirmed credit lines amounting to a total of €1,639.1 million (previous year: €687.6 million). This significant increase compared with the previous year is a consequence of securing additional credit lines in order to safeguard PUMA against any negative cash shortfalls resulting from the COVID-19 pandemic. In May 2020, for example, a syndicated credit line of €900.0 million was agreed with 11 commercial banks and the KfW (Kreditanstalt für Wiederaufbau) to provide "bridge financing" for a maximum period of 2 years. By the end of December, €700.0 million had already been refinanced through a new promissory note loan (€250.0 million) with 3 and 5-year terms and an adjustment and increase of the previously €350.0 million syndicated credit facility to a new €800.0 million.

Under financial liabilities, €0.0 million (previous year: €0.0 million) was utilized from credit lines granted only until further notice. Unutilized credit lines totaled €1,372.7 million as of December 31, 2020, compared to €514.1 million the previous year.

The effective interest rate of the financial liabilities ranged between 0.1% and 14.8% (previous year: 0.1% to 8.5%).

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 non-derivative financial liabilities and of the derivative financial instruments with a positive and negative fair value:

The current financial liabilities can be repaid at any time.

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

	Carrying amount 2020	Cashflow 2021		Cashflow 2022		Cashflow 2023 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	266.4	0.8	121.4	0.7		1.6	145.0
Trade payables	941.5		941.5				
Other liabilities	24.6		24.2		0.1		0.3
Derivative financial liabilities and assets							
Cash-Inflow from derivative financial instruments			2,893.7		495.3		
Cash-Outflow from derivative financial instruments			2,999.4		502.0		

The following values were determined in the previous year:

↗ T.32 CASH FLOWS FROM NON-DERIVATIVE AND DERIVATIVE FINANCIAL LIABILITIES (€ million)

	Carrying amount 2019	Cashflow 2020		Cashflow 2021		Cashflow 2022 et seq.	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Non-derivative financial liabilities							
Financial liabilities	173.5	0.7	10.2	0.6	103.3	0.7	60.0
Trade payables	843.7		843.7				
Liabilities from acquisitions							
Other liabilities	26.9		26.9		0.0		
Derivative financial liabilities and assets							
Cash-Inflow from derivative financial instruments			2,847.9		506.3		
Cash-Outflow from derivative financial instruments			2,831.1		505.1		

14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

↗ T.33 (€ million)

	Measurement categories under IFRS 9	Carrying amount 2020	Fair value 2020	Carrying amount 2019	Fair value 2019
Assets					
Cash and cash equivalents	[1] AC	655.9	655.9	518.1	518.1
Trade receivables	AC	621.0	621.0	611.7	611.7
Other current financial assets	AC	29.3	29.3	31.4	31.4
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	25.7	25.7	45.5	45.5
Derivatives without hedging relationship (fair value)	[2] FVPL	0.4	0.4	1.1	1.1
Other non-current financial assets	AC	30.9	30.9	30.1	30.1
Non-current investments	[3] FVOCI	25.3	25.3	40.0	40.0
Liabilities					
Financial liabilities (current and non-current)	AC	266.4	266.4	173.5	173.5
Trade payables	AC	941.5	941.5	843.7	843.7
Other financial liabilities (current and non-current)	AC	24.6	24.6	26.9	26.9
Derivatives with hedging relationship (fair value) (current and non-current)	n.a.	134.9	134.9	36.6	36.6
Derivatives without hedging relationship (fair value)	[2] FVPL	0.3	0.3	1.6	1.6
Total financial assets at amortised cost		**1,337.1**	**1,337.1**	**1,191.3**	**1,191.3**
Total financial liabilities at amortised cost		**1,232.5**	**1,232.5**	**1,044.1**	**1,044.1**
Total financial assets at FVOCI		**25.3**	**25.3**	**40.0**	**40.0**

1) AC = at amortised cost
2) FVPL = fair value through PL
3) FVOCI = fair value through OCI

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 investments held for strategic reasons only refers to equity instruments of the category "fair value through OCI" (FVOCI) and is 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 receivables have short maturities. 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 fair values of other financial assets correspond to their carrying amount as the interest calculation occurs at the prevailing market interest rates on the balance sheet date. Other (current and non-current) financial assets include €34.2 million (previous year: €34.6 million) that were pledged as rental deposits at usual market rates.

The current liabilities to banks can be repaid at any time. Accordingly, as of the reporting date, the carrying amount approximates fair value. The non-current bank liabilities consist of fixed-interest loans. The carrying amount represents a reasonable approximation of their fair value as the interest rate differential is not significant at the reporting date.

Trade payables have short residual maturities; their carrying amounts therefore approximate fair value.

The remaining financial liabilities have short residual maturities; the recognized amounts therefore approximate fair value.

The fair values of derivative financial instruments 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.34** (€ million)

	2020	2019
Financial assets at amortised cost	-21.0	4.7
Financial liabilities at amortised cost	-8.5	-6.5
Derivatives without hedging relationship	1.6	-2.1
Financial assets at FVOCI	-14.7	3.4
Total	**-42.6**	**-0.5**

The net result was determined by taking into account interest income and expense, currency exchange effects, changes in provisions for risks as well as gains and losses from sales.

General administrative expenses include changes in risk provisions for 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 for pensionable salary in the UK plan in 2016 covers this risk for the highest obligations. The UK plan is therefore classified as a non-salary obligation.

↗ **T.35** (€ million)

	Germany	UK	Other Companies	PUMA Group
Present Value of Pension Claims 12/31/2020				
Salary-based obligations				
Annuity	0.0	0.0	10.2	10.2
One-off payment	0.0	0.0	10.0	10.0
Non-salary-based obligations				
Annuity	35.0	49.0	0.0	84.0
One-off payment	7.5	0.0	0.0	7.5
Total	**42.5**	**49.0**	**20.2**	**111.7**

The following values were determined in the previous year:

↗ T.36 (€ million)

	Germany	UK	Other Companies	PUMA Group
Present Value of Pension Claims 12/31/2019				
Salary-based obligations				
Annuity	0.0	0.0	9.4	9.4
One-off payment	0.0	0.0	9.2	9.2
Non-salary-based obligations				
Annuity	28.0	44.8	0.0	72.8
One-off payment	7.3	0.0	0.0	7.3
Total	**35.3**	**44.8**	**18.6**	**98.7**

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 €42.5 million at the end of 2020 (previous year: €35.3 million) and thus comprises 38.0% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to €31.6 million. The corresponding pension provision amounts to €10.9 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 €49.0 million at the end of 2020 (previous year: €44.8 million) and thus accounts for 43.9% of the total obligation. The obligation is covered by assets amounting to €37.0 million. The provision amounts to €12.0 million.

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

↗ T.37 (€ million)

	2020	2019
Present Value of Pension Claims January 1	**98.7**	**85.8**
Cost of the pension claims earned in the reporting year	2.7	2.3
Past service costs	0.0	0.0
(Profits) and losses from settlements	0.0	0.0
Interest expense on pension claims	1.5	2.0
Employee contributions	6.7	1.0
Benefits paid	-3.4	-2.2
Effects from transfers	0.9	-0.4
Actuarial gains (-) and losses	7.4	8.0
Currency exchange effects	-2.8	2.2
Present Value of Pension Claims December 31	**111.7**	**98.7**

The changes in the plan assets are as follows:

↗ T.38 (€ million)

	2020	2019
Plan Assets January 1	**64.6**	**56.9**
Interest income on plan assets	1.0	1.3
Actuarial gains and losses (-)	3.0	2.8
Employer contributions	1.9	1.8
Employee contributions	6.7	1.0
Benefits paid	-1.6	-1.0
Effects from transfers	0.0	0.0
Currency exchange effects	-2.2	1.8
Plan Assets December 31	**73.5**	**64.6**

The pension provision for the Group is derived as follows:

↗ **T.39** (€ million)

	2020	2019
Present value of pension claims from benefit plans	111.7	98.7
Fair value of plan assets	-73.5	-64.6
Financing Status	**38.2**	**34.1**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Pension Provision December 31	**38.2**	**34.1**

In 2020, benefits paid amounted to €3.4 million (previous year: €2.2 million). Contributions in 2021 are expected to amount to €2.4 million. Of this, €0.9 million is expected to be paid directly by the employer. Employer contributions to external plan assets amounted to €1.9 million in 2020 (previous year: €1.8 million). Employer contributions in 2021 are expected to amount to €2.0 million.

The changes in pension provisions are as follows:

↗ **T.40** (€ million)

	2020	2019
Pension Provision January 1	**34.1**	**28.9**
Pension expense	3.2	3.0
Actuarial gains (-) and losses recorded in Other Comprehensive Income	4.4	5.2
Employer contributions	-1.9	-1.8
Direct pension payments made by the employer	-1.8	-1.2
Transfer values	0.9	-0.4
Currency exchange differences	-0.7	0.4
Pension Provision December 31	**38.2**	**34.1**
of which assets	0.0	0.0
of which liabilities	38.2	34.1

The expenses in the 2020 financial year are structured as follows:

↗ T.41 (€ million)

	2020	2019
Cost of the pension claims earned in the reporting year	2.7	2.3
Past service costs	0.0	0.0
Income (-) and expenses from plan settlements	0.0	0.0
Interest expense on pension claims	1.5	2.0
Interest income on plan assets	-1.0	-1.3
Administration costs	0.0	0.0
Expenses for Defined Benefit Plans	**3.2**	**3.0**
of which personnel costs	2.7	2.3
of which financial costs	0.5	0.7

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for the financial year 2020 amounted to €13.6 million (previous year: €14.0 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

↗ T.42 (€ million)

	2020	2019
Revaluation of Pension Commitments	**7.4**	**8.0**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	0.2	-0.8
Actuarial gains (-) and losses resulting from changes in financial assumptions	6.8	8.1
Actuarial gains (-) and losses due to adjustments based on experience	0.4	0.7
Revaluation of Plan Assets	**-3.0**	**-2.8**
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	**4.4**	**5.2**

Plan assets investment classes:

↗ T.43 (€ million)

	2020	2019
Cash and cash equivalents	3.0	2.6
Equity instruments	0.8	0.6
Bonds	7.3	0.9
Investment funds	12.4	20.1
Derivatives	8.0	6.1
Real estate	3.7	4.1
Insurance	31.6	24.1
Others	6.5	6.1
Total Plan Assets	**73.5**	**64.6**

Of which investment classes with a quoted market price:

↗ **T.44** (€ million)

	2020	2019
Cash and cash equivalents	3.2	2.6
Equity instruments	0.8	0.6
Bonds	7.3	0.9
Investment funds	12.4	20.1
Derivatives	8.0	6.1
Real estate	3.1	3.5
Insurance	0.0	0.0
Others	6.4	5.8
Plan Assets with a quoted Market Price	**41.2**	**39.6**

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 tolerable volatility. It was revised once again in 2020 and the risk profile was reduced.

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

↗ **T.45**

	2020	2019
Discount rate	1.28%	1.64%
Future pension increases	2.08%	2.16%
Future salary increases	1.65%	1.66%

The indicated values are weighted average values. A standard interest rate of 1.00% was applied for the eurozone (previous year: 1.00%).

The 2018 G guideline tables were used as mortality tables for Germany. For the UK, the mortality was assumed based on basic table series S2 taking into account life expectancy projections in accordance with CMI2019 with a long-term trend of 1%.

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.46** (€ million)

	2020	2019
Effect on present value of pension claims if		
the discount rate were 50 basis points higher	-7.3	-8.0
the discount rate were 50 basis points lower	8.4	6.2

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 18 years (previous year: 18 years).

16. OTHER PROVISIONS

↗ T.47 (€ million)

Provisions for:	2019	Currency adjustments, retransfers	Addition	Utilization	Reversal	2020	2020 Thereof non-current	2019 Thereof non-current
Warranties	**1.4**	0.0	0.5	-0.5	-0.1	**1.3**	0.0	0.0
Purchasing risks	**9.4**	-0.3	4.5	0.0	-7.9	**5.6**	0.0	0.0
Litigation risks	**23.7**	-0.6	8.7	-2.7	-0.9	**28.3**	10.5	10.0
Personnel	**22.4**	0.0	11.4	-15.1	0.0	**18.7**	18.7	22.4
Others	**21.0**	-2.3	7.3	-3.1	-2.6	**20.3**	9.7	10.7
Total	**77.9**	**-3.3**	**32.5**	**-21.4**	**-11.6**	**74.2**	38.9	43.2

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

Other provisions comprise in particular provisions in relation with dismantling obligations and other risks.

Current provisions are expected to be paid out in the following year, non-current provisions are expected to be paid out in a period of up to ten years. There are no significant compounding effects. The recognition and measurement of provisions is based on past experience from similar transactions. All events until the preparation of the consolidated financial statements are taken into account here.

17. SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

The subscribed capital corresponds to the subscribed capital of PUMA SE.

With resolution of the Annual General Meeting of April 18, 2019, the Company was authorized to carry out a capital increase from Company funds and subsequently perform a stock split at a ratio of 1 to 10. As of the balance sheet date, the subscribed capital in accordance with the Articles of Association corresponds to €150,824,640.00 and is divided into 150,824,640 no-par value voting shares. This corresponds to a proportional amount of €1.00 per share.

Changes in the circulating shares:

↗ T.48

	2020	2019
Circulating shares as of January 1, share	**149,547,801**	**14,951,470**
Issue of new shares as part of the stock split on June 10, 2019	0	134,563,230
Issue of Treasury Stock	36,058	33,101
Circulating shares as of December 31, share	**149,583,859**	**149,547,801**

The issue of treasury stock relates to compensation payments in connection with promotional and advertising agreements.

CAPITAL RESERVE

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

REVENUE RESERVES INCL. RETAINED EARNINGS

The revenue reserves incl. retained earnings include the net income of the financial year as well as the income achieved in the past by the companies included in the consolidated financial statements to the extent that it was not distributed.

DIFFERENCE 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 €-87.6 million (previous year: €-8.8 million) is offset by deferred taxes of €5.1 million (previous year: €-0.1 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on May 7, 2020 authorized the Company to purchase treasury shares up to a value of 10% of the share capital until May 6, 2025. If purchased through the stock exchange, the purchase price per share may not exceed 10% or fall below 20% 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 1,240,781 PUMA shares in its own portfolio, which corresponds to 0.82% of the subscribed capital.

AUTHORIZED CAPITAL

As of December 31, 2020, the Company's Articles of Association provide for authorized capital totaling €15,000,000.00:

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 €15,000,000.00 (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.

In this connection, the share capital was increased conditionally by up to €30,164,920.00 by the issue of up to 30,164,920 new units of registered stock (Conditional Capital 2018). 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 €0.16 per circulating share, or a total of €23.9 million (with respect to the circulating shares as of December 31, 2020), be distributed to the shareholders from the retained earnings of PUMA SE for the financial year 2020.

Proposed appropriation of the retained earnings of PUMA SE:

↗ T.49

	2020	2019
Retained earnings of PUMA SE as of December 31, € million	390.4	160.7
Retained earnings available for distribution, € million	390.4	160.7
Dividend per share, €	0.16	0.00
Number of circulating shares*	149,583,859	149,553,847
Total dividend*, € million	23.9	0.0
Carried forward to the new accounting period*, € million	366.5	160.7

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

A dividend payment is subject to PUMA's continued positive economic development in connection with the ongoing COVID-19 pandemic.

NON-CONTROLLING INTERESTS

This item comprises the remaining shares of non-controlling interests. The composition is shown in chapter 29.

CAPITAL MANAGEMENT

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

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

18. MANAGEMENT INCENTIVE PROGRAMS

In order to bind the management to the company by 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 share performance. Each of these monetary units entitles the holder to a cash payment at the end of the term. The entitled cash payment compares the performance using the average virtual appreciation rights of the last thirty trading days before the start of the year of issue with the virtual appreciation rights of the last thirty trading days before the exercise date. Monetary units are subject to a vesting period of three years. After that, there is an exercise period of two years (starting with each quarterly publication date for a period of 30 days) 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.

In the financial year 2020, an expense of €11.0 million was recorded for this purpose on the basis of the employment contract commitments to the Management Board members.

↗ T.50 VIRTUAL SHARES (MONETARY UNITS)

Issue date	1/1/2016	1/1/2017	1/1/2018	1/1/2019	1/1/2020	
Term	5	5	5	5	5	Years
Vesting period	3	3	3	3	3	Years
Base price PUMA share at issue	20.00	24.00	37.10	44.40	67.69	EUR/share
Reference value PUMA-share at the end of the financial year	N/A	N/A	86.23	57.49	28.74	EUR/share
Participants in year of issue	3	3	3	3	3	Persons
Participants at the end of the financial year	2	2	2	3	3	Persons
Number of monetary units as of 1/1/2020	88,620	107,360	117,440	97,320	65,993	Shares
Number of monetary units exercised in the FY	-88,620	-107,360	0	0	0	Shares
Number of monetary units expired in the FY	0	0	-4,923	0	0	Shares
Final number of monetary units as of 12/31/2020	**0**	**0**	**112,517**	**97,320**	**65,993**	**Shares**

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all monetary units were multiplied by a factor of 10.

This commitment consisting of share-based remuneration transactions with cash compensation is recorded as personnel provisions and remeasured at fair value on every balance sheet date, provided it has not been exercised yet. The expenses are recorded over the vesting period. Based on the prorated average share price of the last thirty trading days in 2020 and taking into account the intra-year exercise date in 2020, the provisions for this program amounted to €17.2 million at the end of the financial year.

EXPLANATION OF THE "GAME CHANGER 2020" PROGRAM

In addition, in 2017, an additional Long-Term Incentive Program, the global "Game Changer 2020" program, was launched. 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 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 balance of €3.7 million were paid out to the participants in March 2020. The payment was subject to the condition that the individual participant was in an unterminated employment relationship with a company of the PUMA Group as of December 31, 2019. No further expenses were incurred 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 2020 program. The difference to the Game Changer program lies in the different participants. While the participants in the Game Changer program consist of top executives, the "Momentum" program includes employees who are not part of this group.

In March 2020, an amount of €2.3 million was paid out to the participants. No further expenses were incurred for this program in the year under review.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2021" PROGRAM

In 2018, the Long-Term Incentive Program (LTIP) "Game Changer 2.0" was launched. Participants in this program consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The objective of this program is to retain these employees in 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 average medium-term targets of the PUMA Group for 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. A payout is only possible at the three exercise times (6, 12 or 18 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the value of a virtual share. The payout is limited to a maximum of 200% of the granted prorated target amount (cap) and is only performed if an exercise hurdle of +10% share-price appreciation was exceeded once during the performance period.

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 December 31, 2020. A prorated share of €1.0 million was set aside as a provision for the "Game Changer 2.0 – 2021" program during the reporting period and €0.4 million was released.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2022" PROGRAM

In 2019, the global "Game Changer 2.0 – 2022" program was launched, which is subject to the same parameters as the "Game Changer 2.0 – 2021" program (employment relationship until December 31, 2021 and payout March 2022). In the reporting year, a prorated amount of €1.3 million was set aside as a provision for this program and €0.2 million was released.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2023" PROGRAM

In 2020, the global "Game Changer 2.0 – 2023" program was launched, which is subject to the same basic parameters as the "Game Changer 2.0 – 2021" program (employment relationship until December 31, 2022 and payout March 2023). However, as part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). In the reporting year, a prorated amount of €0.8 million was set aside as a provision for this program.

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

Program addendum	2021	2022	2023	
Issue date	1/1/2018	1/1/2019	1/1/2020	
Term	5	5	5	Years
Vesting period	3	3	3	Years
Base price at program start	37.10	44.40	67.69	EUR/share
Reference value at the end of the financial year	74.20	43.12	28.74	EUR/share
Participants in year of issue	48	64	60	Persons
Participants at the end of the financial year	39	58	60	Persons
Number of "virtual shares" as of 1/1/2020	43,000	44,407	28,201	Shares
Number of "virtual shares" expired in the FY	-6,750	-5,167	0	Shares
Number of "virtual shares" exercised in the FY	0	0	0	Shares
Final number of "virtual shares" as of 12/31/2020	36,250	39,240	28,201	Shares

In the financial year 2019, a stock split was performed with a ratio of 1:10. As a result of this, all past share values were divided by a factor of 10 and all virtual shares were multiplied by a factor of 10.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19. SALES

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

↗ T.52 BREAKDOWN BY DISTRIBUTION CHANNELS (€ million)

	2020	2019
Wholesale	3,809.9	4,106.9
Retail	1,424.5	1,395.3
Total	**5,234.4**	**5,502.2**

↗ T.53 BREAKDOWN BY PRODUCT DIVISIONS (€ million)

	2020	2019
Footwear	2,367.6	2,552.5
Apparel	1,974.1	2,068.7
Accessories	892.7	881.1
Total	**5,234.4**	**5,502.2**

20. OTHER OPERATING INCOME AND EXPENSES

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

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

↗ T.54 (€ million)

	2020	2019
Sales and distribution expenses	1,794.0	1,821.2
Product management / merchandising	46.0	52.6
Research and development	56.6	61.7
Administrative and general expenses	368.7	340.0
Other operating expenses	**2,265.3**	**2,275.5**
Other operating income	**0.4**	**4.2**
Total	**2,264.9**	**2,271.3**
Of which personnel expenses	578.5	633.7
Of which scheduled depreciation	275.7	246.4
Of which impairment expenses	18.0	0.0

Within the sales and distribution expenses, marketing/ retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's own retail activities. Other sales and distribution expenses include logistic expenses and other variable sales and distribution expenses. The impairment expenses of €18.0 million concern the impairment of goodwill (€1.9 million) and the impairment of right-of-use assets (€16.1 million).

In the consolidated financial statements of PUMA SE, fees of €0.8 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 of €0.7 million (previous year: € 0.8 million) and other assurance services amounting to €0.1 million (previous year: €0.1 million), in particular for EMIR audits and the review of the combined non-financial report as well as for tax consultancy services of less than €0.0 million (previous year: less than €0.0 million).

Other operating income, which in the previous year mainly included income from the reduction of liabilities from acquisitions in the amount of €2.1 million, comprises income from the sale of fixed assets in the amount of €0.4 million (previous year: €2.0 million).

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

↗ T.55 (€ million)

	2020	2019
Wages and salaries	441.9	490.2
Social security contributions	63.2	66.8
Expenses from share-based remuneration with cash compensation	14.1	12.6
Expenses for retirement pension and other personnel expenses	59.3	64.2
Total	**578.5**	**633.7**

In the financial year 2020, the personnel costs presented above include government grants amounting to a figure in the low double-digit millions granted in connection with the global COVID-19 pandemic; this amount was deducted from the corresponding expenses.

In addition, cost of sales includes personnel costs in the amount of €5.2 million (previous year: €6.8 million).

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

↗ T.56 EMPLOYEES

	2020	2019
Marketing/ retail/ sales	9,654	9,883
Research & development/ product management	1,002	986
Administrative and general units	2,361	2,479
Total annual average	**13,016**	**13,348**

As of the end of the year, a total of 14,374 individuals were employed (previous year: 14,332).

21. FINANCIAL RESULT

The financial result consists of:

↗ **T.57** (€ million)

	2020	2019
Interest income	8.4	7.2
Income from currency-conversion differences, net	0.0	10.2
Others	27.0	8.5
Financial income	**35.4**	**25.8**
Interest expense	-14.1	-13.9
Interest expense – Leasing liability	-29.3	-29.7
Interest accrued on liabilities from acquisitions	0.0	-0.1
Valuation of pension plans	-0.5	-0.7
Expenses from currency-conversion differences, net	-3.9	0.0
Others	-34.5	-4.1
Financial expenses	**-82.3**	**-48.4**
Financial result	**-46.8**	**-22.6**

The item Others in financial income includes interest components (SWAP points) of €27.0 million (previous year: €8.2 million) from financial instruments in connection with currency derivatives, and dividend income of €0.0 million (previous year: €0.3 million) from the investment in Borussia Dortmund GmbH & Co. KGaA (BVB).

The item Others in financial expenses includes interest components (SWAP points) of €34.5 million (previous year: €4.1 million) from financial instruments in connection with currency derivatives.

In addition, expenses from currency translation differences of more than €3.9 million (previous year: income of €10.2 million) are included, which are to be assigned to the financing area.

22. INCOME TAXES

↗ **T.58** (€ million)

	2020	2019
Current income taxes		
Germany	11.0	12.8
Other countries	84.9	124.6
Total current income taxes	**95.9**	**137.5**
Deferred taxes	**-56.7**	**-28.8**
Total	**39.2**	**108.6**

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** (€ million)

	2020	2019
Earnings before income tax	**162.3**	**417.6**
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	44.2	113.7
Tax rate difference with respect to other countries	-7.1	-12.8
Other tax effects:		
Income tax for previous years	-4.7	-4.5
Losses and temporary differences for which no tax claims were recognized	6.8	1.0
Changes in tax rates	-0.4	2.0
Non-deductible expenses for tax purposes and non-taxable income and other effects	0.4	9.3
Effective tax expense	**39.2**	**108.6**
Effective tax rate	24.2%	26.0%

The tax effect resulting from items that are directly credited or debited to equity is shown in chapter 8.

23. EARNINGS PER SHARE

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

The calculation is shown in the table below:

↗ **T.60**

	2020	2019
Consolidated net earnings € million	**78.9**	**262.4**
Average number of circulating shares	149,561,440	149,521,683
Average number of circulating shares, diluted	149,561,440	149,521,683
Earnings per share in €	0.53	1.76
Earnings per share, diluted in €	0.53	1.76

24. MANAGEMENT OF THE CURRENCY RISK

In the financial year 2020, PUMA designated currency hedges as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, which is converted to euros, as well as for other currency risks resulting from internal resale to PUMA subsidiaries.

Furthermore, currency swaps and currency forward transactions are used to hedge foreign exchange risks when measuring intra-group loans denominated in foreign currencies.

The nominal amounts of open exchange rate-hedging transactions, which relate mainly to cash flow hedges, refer primarily to currency forward transactions in a total amount of €3,026.5 million (previous year: €2,842.6 million). These underlying transactions are expected to generate cash flows in 2021 and 2022. For further information, please refer to the explanations in chapter 13.

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

↗ **T.61** (€ million)

	2020	2019
Currency hedging contracts, assets (see chapters 6 and 12)	26.1	46.5
Currency hedging contracts, liabilities (see chapters 13 and 14)	-135.2	-38.2
Net	-109.1	8.3

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

Currency sensitivity analyses are based on the following assumptions:

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

Currency hedging 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, 2020, 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 €151.9 million higher (lower) (December 31, 2019: €150.6 million higher (lower)).

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

ADDITIONAL INFORMATION

25. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with the PUMA internal reporting structure, apart from stichd. The geographical region forms the business segment. Sales revenue, the 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 stichd. 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 central sourcing, central treasury, central marketing and other global functions of the Company headquarters.

The Company's main decision-maker is defined as the entire Management Board of PUMA SE.

With the exception of sales of goods by stichd amounting to €30.0 million (previous year: €32.7 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 considering 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 main decision-maker. Amounts recognized by the Group from the intra-group profit elimination on inventories in connection with intra-group sales are not allocated to the business segments in the way that they are reported to the main decision-maker. Investments, depreciation and non-current assets at the level of the business segments are not reported to the chief operating decision-maker. Intangible assets are allocated to the business segments in the manner described under chapter 11. 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.

Non-current assets and depreciation comprise the carrying amounts and depreciation of property, plant and equipment, right-of-use assets and intangible assets during the past financial year. The investments comprise additions to property, plant and equipment and intangible assets.

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

SEGMENT REPORTING 1-12/ 2020

↗ T.62 REGIONS (€ million)

	External Sales		EBIT		Investments	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Europe	1,229.3	1,267.6	104.4	182.6	44.7	76.2
EEMEA*	688.0	735.8	129.1	124.2	11.8	23.3
North America	1,349.5	1,408.7	160.6	220.3	23.3	20.7
Latin America	403.2	516.6	59.2	95.5	3.3	8.4
Greater China	788.9	755.7	209.6	251.3	17.0	29.4
Asia/ Pacific (without Greater China) *	460.0	521.4	33.3	62.5	7.4	9.8
stichd **	315.5	296.3	79.0	87.6	3.3	4.1
Total business segments	**5,234.4**	**5,502.2**	**775.2**	**1,023.9**	**110.8**	**172.0**

	Depreciation		Inventories		Trade Receivables (3rd)	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Europe	48.3	39.6	343.0	309.6	117.4	140.5
EEMEA*	42.5	40.0	176.9	198.0	85.6	75.3
North America	52.1	49.8	260.5	323.6	112.2	130.7
Latin America	14.1	15.2	96.8	93.1	101.5	99.0
Greater China	41.6	33.8	156.3	118.3	56.8	50.1
Asia/ Pacific (without Greater China) *	32.6	26.1	89.7	91.1	83.9	61.3
stichd	8.0	6.7	75.4	50.8	47.0	42.7
Total business segments	**239.2**	**211.2**	**1,198.7**	**1,184.5**	**604.5**	**599.6**

* Due to a change in the structure of the internal organization, Southeast Asia was allocated to the EEMEA region and the prior-year figures were adjusted accordingly

** Due to a change in the internal reporting structure in financial year 2020, the previous year's figures have been adjusted by reclassifying €14.8 million from EBIT of the stichd business segment to other business segments.

↗ T.62 CONTINUATION T.62 REGIONS (€ million)

	Long-term Assets	
	1-12/2020	1-12/2019
Europe	421.5	284.8
EEMEA*	114.6	143.1
North America	495.1	445.1
Latin America	63.7	80.9
Greater China	86.1	93.9
Asia/ Pacific (without Greater China) *	162.2	150.5
stichd	176.8	162.2
Total business segments	**1,520.1**	**1,360.5**

* Due to a change in the structure of the internal organization, Southeast Asia was allocated to the EEMEA region and the prior-year figures were adjusted accordingly

↗ T.63 PRODUCT External Sales (€ million) Gross Profit Margin (in %)

	External Sales		Gross Profit Margin	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019
Footwear	2,367.6	2,552.5	45.7%	46.4%
Apparel	1,974.1	2,068.7	48.5%	51.1%
Accessories	892.7	881.1	47.0%	50.5%
Total	**5,234.4**	**5,502.2**	**47.0%**	**48.8%**

RECONCILIATIONS

↗ T.64 RECONCILIATIONS (€ million)

	EBIT	
	1-12/2020	1-12/2019
Total business segments	**775.2**	**1,023.9**
Central areas	-262.3	-251.1
Central expenses Marketing	-303.8	-332.5
Consolidation	0.0	0.0
EBIT	**209.2**	**440.2**
Financial result	**-46.8**	**-22.6**
EBT	**162.3**	**417.6**

	Investments		Depreciation	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019
Total business segments	**110.8**	**172.0**	**239.2**	**211.2**
Central areas	36.9	47.7	36.5	35.2
Consolidation	0.0	0.0	0.0	0.0
Total	**147.7**	**219.6**	**275.7**	**246.4**

	Inventories		Trade Receivables (3rd)		Long-term assets	
	1-12/2020	1-12/2019	**1-12/2020**	1-12/2019	**1-12/2020**	1-12/2019
Total business segments	**1,198.7**	**1,184.5**	**604.5**	**599.6**	**1,520.1**	**1,360.5**
Not allocated to the business segments	-60.7	-74.3	16.5	12.1	207.9	208.0
Total	**1,138.0**	**1,110.2**	**621.0**	**611.7**	**1,728.0**	**1,568.5**

26. NOTES TO THE CASH FLOW STATEMENT

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

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

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

↗ T.65 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2020 (€ million)

			Non-cash changes			
	Notes	**As of Jan. 1, 2020**	Currency changes	Others	**Cash changes**	**As of Dec. 31, 2020**
Financial liabilities						
Lease liabilities	10	745.3	-60.5	381.8	-135.0	931.7
Current financial liabilities	13	10.2	-1.3	0.0	112.5	121.4
Non-current financial liabilities	13	163.3	0.0	0.0	-18.3	145.0
Total		**918.8**	**-61.7**	**381.8**	**-40.7**	**1,198.1**

↗ T.66 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2019 (€ million)

			Non-cash changes			
	Notes	As of Jan. 1, 2019	Currency changes	Others	Cash changes	As of Dec. 31, 2019
Financial liabilities						
Lease liabilities*	10	623.9	12.2	250.0	-140.8	745.3
Current financial liabilities	13	20.5	0.1	0.0	-10.4	10.2
Non-current financial liabilities	13	170.4	0.0	0.0	-7.1	163.3
Total		**814.8**	**12.3**	**250.0**	**-158.4**	**918.8**

* adjusted opening values (please refer to chapter 1 first-time application IFRS 16)

The lease liabilities of €931.7 million (previous year: €745.3 million) break down into current lease liabilities of €156.5 million (previous year: €144.8 million) and non-current lease liabilities of €775.2 million (previous year: €600.5 million).

The non-current financial liabilities of €145.0 million (previous year: €163.3 million) are part of the other non-current financial liabilities.

27. CONTINGENCIES

CONTINGENCIES

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

28. OTHER FINANCIAL OBLIGATIONS

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.67** (€ million)

	2020	2019
Under license, promotional and advertising agreements:		
2021 (2020)	286.1	277.6
2022 – 2025 (2021 – 2024)	617.6	613.7
from 2026 (from 2025)	244.4	336.4
Total	**1,148.1**	**1,227.8**

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 €202.3 million, of which €140.1 million relate to the years from 2022. These include service agreements of €167.3 million as well as other obligations of €35.0 million.

29. DISCLOSURES RELATED TO 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 figures represent the amounts before intercompany eliminations.

Evaluation of the control of companies with non-controlling interests:

The Group holds a 51% capital share in PUMA United North America LLC, PUMA United Canada ULC and Janed Canada LLC (inactive company). With these companies, there are profit-sharing arrangements in place which differ from the capital share for the benefit of the respective identical non-controlling shareholder. PUMA receives higher license fees in exchange.

The contractual agreements with these companies respectively provide for PUMA a majority of the voting rights at the shareholder meetings and thus the right of disposal regarding these companies. PUMA is exposed to fluctuating returns from the turnover-based license fees and controls the relevant activities of these companies. The companies are accordingly included in the consolidated financial statements as subsidiaries with full consolidation with recognition of the shares of non-controlling interests.

The share of non-controlling interests existing on the balance sheet date relates to PUMA United North America LLC, PUMA United Canada ULC and Janed Canada, LLC (inactive) with €41.5 million (previous year: €46.7 million).

T.68 (€ million)

	12/31/2020	12/31/2019
Current assets	51.9	82.2
Non-current assets	3.5	3.8
Current liabilities	14.6	35.5
Non-current liabilities	0.0	0.0
Equity attributable to equity holders of the parent	40.8	50.6
Non-controlling interests	41.5	46.7

T.69 (€ million)

	2020	2019
Sales	258.0	298.3
Net income	40.1	47.1
Profit attributable to non-controlling interests	44.2	46.6
Other comprehensive income of non-controlling interests	-3.9	0.3
Total comprehensive income of non-controlling interests	40.4	46.9
Dividends paid to non-controlling interests	45.6	18.6

T.70 (€ million)

	2020	2019
Net cash from operating activities	48.4	23.8
Net cash used in investing activities	0.0	0.0
Net cash used in financing activities	-49.2	-23.4
Changes in cash and cash equivalents	-0.8	0.1

30. MANAGEMENT BOARD AND SUPERVISORY BOARD

Disclosures pursuant to Section 314 (1) No. 6 HGB (German Commercial Code [Handelsgesetzbuch])

Pursuant to Sections 286 (5), 314 (3) Sentence 1 HGB, the publication of the individual remuneration of the members of the Management Board in accordance with Section 285 No. 9 a) Sentences 5 to 8 and Section 314 (1) No. 6 a) Sentences 5 to 8 HGB may be waived for five years if the Annual General Meeting so resolves.

By resolution of the Annual General Meeting on April 12, 2018, the Company was authorized to waive the disclosure requirements pursuant to Section 285 No. 9 a) Sentences 5 to 8 and Section 314 (1) No. 6 a) Sentences 5 to 9 of the German Commercial Code for the financial year beginning January 1, 2018 and for all subsequent financial years ending December 31, 2022 at the latest.

The Supervisory Board is of the opinion that the shareholders' legitimate interest in information is sufficiently taken into account by disclosing the total remuneration of the members of the Management Board. In accordance with its statutory obligations, the Supervisory Board will ensure the appropriateness of individual remuneration.

COMPENSATION PHILOSOPHY

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

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

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

GOVERNANCE IN COMPENSATION MATTERS

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

OVERVIEW OF COMPENSATION ELEMENTS

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

↗ G.01 TARGET COMPENSATION STRUCTURE

Long-term performance-related remuneration	CEO: 54%* OBM: 36%*	**Long-term incentive** · Future design in accordance with the compensation system that is to be submitted to the Annual General Meeting in 2021 for approval
Short-term performance-related remuneration	CEO: 23%* OBM: 32%*	**Bonus** · Performance targets: 60% operating profit (EBIT); 20% free cashflow; 15% individual targets set annually by the Supervisory Board; 5% sustainability targets · Cap: 150% of the target bonus
Non-performance-related remuneration	CEO: 23%* OBM: 32%*	**Basic compensation**
Company pension scheme and other non-performance-related fringe benefits		

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

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

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

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

TARGET COMPENSATION STRUCTURE

NON-PERFORMANCE-BASED COMPENSATION AND FRINGE BENEFITS

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

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

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

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

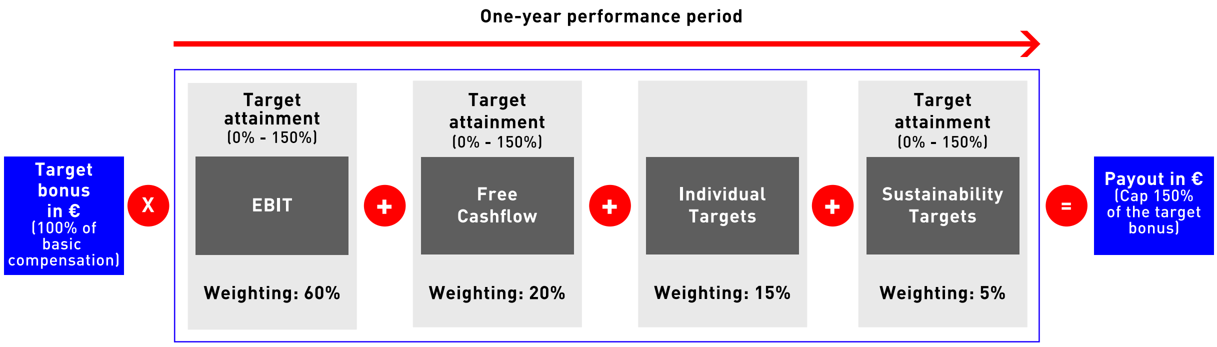
Short-term variable Compensation — Bonus
All members of the Management Board waived short-term variable compensation for the financial year 2020.

However, the short-term variable compensation system as it would have been applied if the Management Board had not waived it in 2020 is described below for the sake of completeness.

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

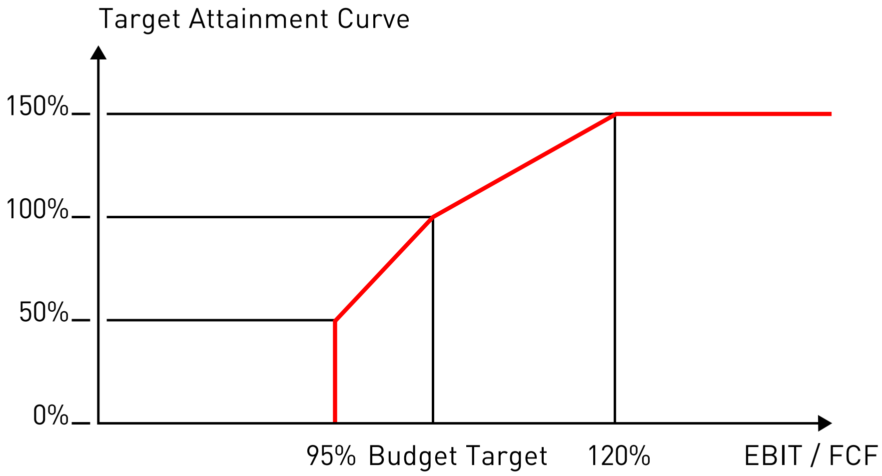
The aforementioned performance targets are combined. For EBIT, FCF and the sustainability targets, the bandwidth of possible target attainments ranges from 0% to 150%. It is therefore possible that no short-term variable compensation at all is paid out if minimum targets are not attained.

↗ G.02 STI-PLAN



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

↗ G.03 TARGET ATTAINMENT CURVE EBIT/FCF



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

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

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

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

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

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

MANAGEMENT BOARD COMPENSATION

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

↗ T.71 COMPENSATION PAID (€ million)

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

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

↗ T.72 INFLOW (€ million)

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

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

Pension benefits are available for the members of the Management Board in the form of deferred compensation paid out of the performance-based and/or the non-performance-based compensation, for which the Company has taken out pension liability insurance. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. During the financial year, PUMA allocated €0.4 million for members of the Management Board (previous year: €0.4 million). The present value of the pension benefits granted to active Management Board members of

€13.0 million as of December 31, 2020 (previous year: €10.8 million) was netted against the equally high and pledged asset value of the pension liability insurance on the balance sheet. The majority of the present value is attributable to the pension benefits financed by deferred compensation.

COMPENSATION FOR FORMER MANAGEMENT BOARD MEMBERS

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

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

SUPERVISORY BOARD COMPENSATION SYSTEM

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

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

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

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

SUPERVISORY BOARD COMPENSATION

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

↗ T.73 SUPERVISORY BOARD COMPENSATION (€ million)

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

31. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships to related companies and persons that control or are controlled by the PUMA Group must be reported. All natural persons and companies that can be controlled by PUMA, that can exercise relevant control over the PUMA Group or that are under the relevant control of another related party of the PUMA Group are considered as related companies or persons within the meaning of IAS 24.

As of December 31, 2020, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. This is held by the Pinault family via several companies that the family controls (in order of proximity to the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounts to 9.8% of share capital according to Kering's press release from October 6, 2020. Together, Artémis S.A.S. and Kering S.A. hold 38.4% of the share capital. Since Artémis S.A.S. and Kering S.A. hold more than 20% of the voting rights in PUMA SE, they are presumed to have significant influence according to IAS 28.6. They and all other companies directly or indirectly controlled by Artémis S.A.S. that are not included in the consolidated financial statements of PUMA SE are considered as related parties in the following.

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

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

The following overview illustrates the scope of the business relationships:

↗ T.74 (€ million)

	Deliveries and services rendered		Deliveries and services received	
	2020	2019	**2020**	2019
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	1.7	2.2	0.2	0.4
Other related companies and persons	0.0	0.0	17.1	18.5
Total	**1.7**	**2.2**	**17.3**	**18.9**

↗ T.75 (€ million)

	Net receivables from		Liabilities to	
	2020	2019	**2020**	2019
Companies included in the Artémis Group	0.0	0.0	0.0	0.0
Companies included in the Kering Group	0.0	0.0	0.0	0.0
Other related companies and persons	0.0	0.0	5.5	7.9
Total	**0.0**	**0.0**	**5.5**	**7.9**

In addition, dividend payments of €45.6 million were made to non-controlling shareholders in the financial year 2020 (previous year: €18.6 million).

Receivables from related companies and persons 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, 2020 (previous year: €52.2 million). As in the previous year, no expenses were recorded in this respect in the financial year 2020.

Classification of the remuneration of key management personnel in accordance with IAS 24.17:

The members of key management personnel in accordance with IAS 24 are the Management Board and the Supervisory Board. These are counted as related parties.

In the financial year 2020, the expenses for key management personnel of PUMA SE for short-term benefits amounted to €2.7 million (previous year: €5.9 million) and for share-based compensation €0.0 million (previous year: €3.9 million). In addition, no expenses were incurred for other long-term benefits or for benefits due to the termination of employment in the reporting year (previous year: €0.5 million). Accordingly, total expenses for the reporting year amount to €2.7 million (previous year: €10.3 million).

The compensation report of PUMA SE contains further details on the compensation of the Management Board and the Supervisory Board.

32. CORPORATE GOVERNANCE

In November 2020, 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 statement in accordance with section 289f and section 315d HGB (Handelsgesetzbuch, German Commercial Code) in the Combined Management Report.

33. EVENTS AFTER THE BALANCE SHEET DATE

The syndicated credit line of €200 million from 11 commercial banks and the Kreditanstalt für Wiederaufbau (KfW) existing as of December 31, 2020, which was concluded as "bridge financing" against possible cash shortfalls due to the COVID-19 pandemic, was terminated on February 1, 2021 and is no longer available as of February 15, 2021. The termination took place because PUMA was already able to refinance itself in the 2020 financial year through a new promissory note loan (€250.0 million) with a term of 3 respectively 5 years and an increase of the syndicated credit facility previously amounting to €350.0 million to a new €800.0 million.

34. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on February 2, 2021 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, February 2, 2021

The Management Board

Gulden Lämmermann Descours

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

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENTS

↗ T.76 CHANGES IN FIXED ASSETS 2019 (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 12/31/2019	Balance 12/31/2018
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	169.0		3.0		-0.7	171.3	-47.7	-0.1	-6.2		0.6	-53.4	117.9	121.4
Technical equipment and machines	22.5	-1.6	0.5		-0.2	21.3	-10.2	0.8	-2.3		0.2	-11.5	9.8	20.8
Other equipment, factory and office equipment	404.1	18.6	93.7		-27.6	488.7	-266.8	-4.7	-66.4		24.4	-313.4	175.3	137.3
Payments on account and assets under construction	15.2	-13.2	90.6		-0.9	91.7							91.7	15.2
	610.8	**3.8**	**187.8**		**-29.3**	**773.1**	**-324.7**	**-4.0**	**-74.9**		**25.2**	**-378.3**	**394.8**	**294.6**

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 1/1/2019	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2019	Balance 12/31/2019	Balance 12/31/2018
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	409.6	8.2	97.7		-6.5	509.0			-90.3		1.0	-89.3	419.6	
Real Estate – Warehouses & offices	188.9	4.0	143.6		-4.5	332.0		-0.1	-51.0		0.8	-50.3	281.7	
Others (technical equipment and machines and vehicles)	18.0		7.8		-1.0	24.8	-0.8		-6.7		0.4	-7.0	17.7	
	616.5	**12.3**	**249.0**		**-12.1**	**865.7**	**-0.8**	**-0.1**	**-148.0**		**2.2**	**-146.7**	**719.0**	
INTANGIBLE ASSETS														
Goodwill	290.5	4.1				294.6	-44.8	-0.1				-44.9	249.7	245.7
Intangible assets with an indefinite useful life	141.8	2.4				144.2	-17.7					-17.7	126.5	124.2
Other intangible assets	183.7	3.0	31.8		-2.4	216.1	-116.1	-0.3	-23.5		2.2	-137.8	78.3	67.5
	616.0	**9.5**	**31.8**		**-2.4**	**654.9**	**-178.6**	**-0.5**	**-23.5**		**2.2**	**-200.4**	**454.5**	**437.4**

1) In the financial year 2019 there was no impairment on property, plant and equipment (previous year: € 0.6 million, see chapter 9), on right-of-use assets (see chapter 10) and on intangible assets (see chapter 11).

↗ T.77 CHANGES IN FIXED ASSETS 2020 (€ million)

	Purchase costs						Accumulated depreciation						Carrying amounts	
	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 12/31/2020	Balance 12/31/2019
PROPERTY, PLANT AND EQUIPMENT														
Land, land rights and buildings including buildings on third party land	171.3	13.2	6.4		-0.6	190.3	-53.4	0.9	-6.5		0.5	-58.3	131.9	117.9
Technical equipment and machines	21.3	-1.0	0.9		-0.1	21.1	-11.5	0.6	-2.0		0.1	-12.8	8.4	9.8
Other equipment, factory and office equipment	488.7	-18.5	51.8		-27.1	494.9	-313.4	20.1	-72.4		25.3	-340.4	154.6	175.3
Payments on account and assets under construction	91.7	-31.8	53.6		-1.5	112.0							112.0	91.7
	773.1	**-38.1**	**112.7**		**-29.3**	**818.3**	**-378.3**	**21.7**	**-80.9**		**25.9**	**-411.4**	**406.9**	**394.8**

	Purchase costs						**Accumulated depreciation**						**Carrying amounts**	
	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 1/1/2020	Currency changes and other changes	Additions/ retransfers[1]	Changes in group of consolidated companies	Disposals	Balance 12/31/2020	Balance 12/31/2020	Balance 12/31/2019
RIGHT-OF-USE ASSETS														
Real Estate – Retail stores	509.0	-42.7	84.1		-13.2	537.2	-89.3	10.8	-114.4		10.9	-182.0	355.2	419.6
Real Estate – Warehouses & offices	332.0	-76.2	321.1		-10.4	566.5	-50.3	8.8	-64.3		3.6	-102.2	464.3	281.7
Others (techniqual equipment and machines and vehicles)	24.8	45.4	6.0		-2.7	73.4	-7.0	-3.2	-7.7		2.6	-15.3	58.1	17.7
	865.7	**-73.4**	**411.2**		**-26.3**	**1,177.2**	**-146.7**	**16.5**	**-186.4**		**17.1**	**-299.6**	**877.6**	**719.0**
INTANGIBLE ASSETS														
Goodwill	294.6	-6.3				288.3	-44.9		-1.9			-46.8	241.4	249.7
Intangible assets with an indefinite useful life	144.2	-10.6				133.6	-17.7					-17.7	115.9	126.5
Other intangible assets	216.1	-3.9	34.8		-6.4	240.6	-137.8	3.0	-24.4		4.7	-154.6	86.1	78.3
	654.9	**-20.8**	**34.8**		**-6.4**	**662.5**	**-200.4**	**3.0**	**-26.3**		**4.7**	**-219.1**	**443.4**	**454.5**

1) In the financial year 2020 there was no impairment on property, plant and equipment (previous year: € 0.0 million, see chapter 9), impairment on right-of-use assets of € 16.1 million (previous year: € 0.0 million, see chapter 10) and impairment on intangible assets of € 1.9 million (previous year: € 0.0 million, see chapter 11).

APPENDIX 2 OF THE CONSOLIDATED FINANCIAL STATEMENTS

MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR MANDATES STATUS: DECEMBER 31, 2020

MEMBERS OF THE MANAGEMENT BOARD AND THEIR MANDATES

Bjørn Gulden
Chief Executive Officer (CEO)

Membership of other supervisory boards and controlling bodies:

- Salling Group A/S, Brabrand/Denmark (Chairman)
- Borussia Dortmund GmbH & Co. KGaA, Dortmund
- Tchibo GmbH, Hamburg

Michael Lämmermann
Chief Financial Officer (CFO)

Anne-Laure Descours
Chief Sourcing Officer (CSO)

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Jean-François Palus
(Chairman)
Paris, France

Group Managing Director and member of the Board of Directors of Kering S.A., Paris/France, responsible for Strategy, Operations and Organization

Membership of other supervisory boards and controlling bodies:[1]

- Kering Americas, Inc., New York/USA
- Kering Tokyo Investment Ltd., Tokyo/Japan
- Sowind Group S.A., La Chaux-de-Fonds/Switzerland
- Guccio Gucci S.p.A., Florence/Italy
- Gucci America, Inc., New York/USA
- 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
- Kering Asia Pacific Ltd., Hong-Kong/China
- Kering South East Asia PTE Ltd., Singapore
- Boucheron S.A.S., Paris/France

1) All mandates of Mr Palus are mandates within the Kering-Group. Kering S.A. is a listed company. All other companies within the Kering-Group are not listed.

Thore Ohlsson
(Deputy Chairman)
Falsterbo, Sweden

President of Elimexo AB, Falsterbo/Sweden

Membership of other supervisory boards and controlling bodies:

- Elite Hotels AB, Stockholm/Sweden
- Tomas Frick AB, Vellinge/Sweden
- Tjugonde AB, Malmö/Sweden
- Dofab AB, Malmö/Sweden
- Orrefors Kosta Boda AB, Kosta/Sweden

Héloïse Temple-Boyer (member since April 18, 2019)
Paris, France

Deputy CEO of ARTÉMIS S.A.S., Paris/France

Membership of other supervisory boards and controlling bodies [2]:

- Kering S.A., Paris/France
- Giambattista Valli S.A.S., Paris/ France
- Société d'exploitation de l'hebdomadaire le Point S.A., Paris/France
- Royalement Vôtre Editions S.A.S., Paris/France
- ACHP Plc, London/United Kingdom
- Christie's International Plc, London/United Kingdom
- Palazzo Grassi S.p.A., Venice/Italy
- Compagnie du Ponant S.A.S., Marseille/France

Fiona May (member since April 18, 2019)
Calenzano, Italy

Independent Management Consultant

Membership of other supervisory boards and controlling bodies:

- R.C.S. Media Group Active Team Srl, Milano/Italy

Martin Koeppel
(Employees' Representative)

Weisendorf, Germany

Chairman of the Works Counsel of PUMA SE

2) All mandates are mandates within the ARTÈMIS-Group. Kering S.A. is a listed company.

Bernd Illig
(Employees' Representative)

Bechhofen, Germany

Administrator IT Systems of PUMA SE

SUPERVISORY BOARD COMMITTEES

Personnel Committee
- Jean-François Palus (Chairman)
- Fiona May
- Martin Köppel

Audit Committee
- Thore Ohlsson (Chairman)
- Héloïse Temple-Boyer
- Bernd Illig

Nominating Committee
- Jean-François Palus (Chairman)
- Héloïse Temple-Boyer
- Fiona May

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 2020, 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, February 2, 2021

The Management Board

Gulden Lämmermann Descours

INDEPENDENT AUDITOR'S REPORT

To PUMA SE, Herzogenaurach/Germany

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/Germany, and its subsidiaries ("PUMA" or "the Group") which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group ("combined management report") of PUMA SE, Herzogenaurach/Germany, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the consolidated corporate governance statement included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management 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) 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 2020 and of its financial performance for the financial year from 1 January to 31 December 2020, 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 consolidated corporate governance statement included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report.

Pursuant to Section 322 (3) sentence 1 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 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 judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. 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 241.5 corresponding to approximately 5.2% of the consolidated balance sheet total or 13.7% of the group equity.

Each financial year or in case of signs of impairment, goodwill is subject to impairment tests. The impairment tests are performed by PUMA SE applying the "discounted cash flow method". The valuations are based on the present values of the future cash flows which are in turn based on the three-year plan (detailed planning horizon) valid at the date of the impairment test. This detailed planning horizon is subsequently extended assuming long-term growth rates. Discounting is performed using the weighted average cost of capital (WACC). Here, the recoverable 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 executive directors' assessment of future cash inflows, the long-term growth rates as well as the WACC rates applied for discounting 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 executive directors, is disclosed in chapter 2 "Significant consolidation, accounting and valuation principles" and in chapter 11 "Intangible assets" of the notes to the consolidated financial statements.

b) Within the scope of our risk-based audit approach, we particularly gained an understanding of the systematic approach applied when performing the impairment tests. 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 taken over and whether the calculations within the model are performed correctly. We assured ourselves of the appropriateness of the future cash inflows used for the computation by particularly reconciling these cash flows with the current three-year plan, as well as by interviewing the executive directors 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 respective value in use results from the forecast cash inflows for the period after the three-year planning horizon (phase of perpetuity), we in particular performed a critical assessment of the sustainable growth rate used within the perpetuity phase by means of general and industry-specific market expectations. Since relatively low changes of the discount rate used may already have a material effect on the amount of the recoverable amount, we also validated the parameters used for determining the discount rate (WACC = weighted average cost of capital) involving internal experts from the financial advisory sector and reproduced the computation scheme.

Due to the possibly material significance and taking into account the fact that the valuation of the goodwill also depends on the economic framework conditions that cannot be influenced by the Group, we additionally performed a critical assessment of the sensitivity analyses performed by PUMA SE for the cash-generating units (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) For the Cobra brand, the consolidated financial statements of PUMA SE disclose a brand value in the amount of mEUR 115.9 with an indefinite useful life, which corresponds to approximately 2.5% of the consolidated balance sheet total or 6.6% 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 royalties that a company would have to pay for the use of the brand if they had to license it. The approach uses forecast revenue generated from the Cobra brand based on the effective three-year plan (detailed planning horizon) valid at the time the impairment test is conducted. This detailed planning horizon is subsequently extended assuming long-term growth rates. Discounting is performed using the weighted average cost of capital (WACC). Here, the recoverable 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. If there are indications of impairment of the brand used by the Group itself, the recoverability of the brand is evaluated 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 executive directors' assessment of the future revenue generated from the Cobra brand, the royalty rate, the long-term growth rate as well as the WACC rate applied for discounting and therefore involves uncertainties and discretion. Thus, 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 executive directors, is disclosed in chapter 2 "Significant consolidation, accounting and valuation principles" and in chapter 11 "Intangible assets" of the notes to the consolidated financial statements.

b) As part of our risk-based audit approach, we first examined on the basis of the information available to us and in discussions with the executive directors and with persons appointed by them, that there are no indications of impairment of the brand used by the Group itself and that the recoverability of the brand can be assessed separately 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 (Cobra branded sales) on which the computation is based by reconciling these sales particularly with the effective three-year plan as well as by interviewing the executive directors and 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 forecast 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. We critically assessed the used royalty rate by based on average industry rates.

Due to the potential material significance and as the measurement of the brand also depends on general economic conditions that are beyond the Group's control, we additionally critically assessed the sensitivity analyses concerning the Cobra brand 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 executive directors and the supervisory board are responsible for the other information. The other information comprises:

- the report of the supervisory board,
- the consolidated corporate governance statement pursuant to Section 315d HGB included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report,
- the executive directors' confirmation pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, respectively, regarding the consolidated financial statements and the combined management report,
- the separate combined non-financial statement which will be published after the issuance of this auditor's report, and
- all other parts of the annual report which will be published after the issuance of this auditor's report,
- but not the consolidated financial statements, not the audited content of the group management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board as well are responsible for the declaration according to Section 161 German Stock Corporation Act (AktG), which is part of the corporate governance statement pursuant to Section 289f and Section 315d HGB included in the section "Corporate governance statement in accordance with Section 289f and Section 315d German Commercial Code (HGB)" of the combined management report. Otherwise, the executive directors are responsible for the other information.

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 stated above and, in so doing, to consider whether the other information

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) 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 executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The 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 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 judgement and maintain professional scepticism 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 controls.
- 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- 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 IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) 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 the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE ELECTRONIC FILES OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURSUANT TO SECTION 317 (3B) HGB

AUDIT OPINION

In accordance with Section 317 (3b) HGB, we have assessed with reasonable assurance whether the electronic files of the consolidated financial statements and of the combined management report (hereafter referred to as "ESEF files") prepared for publication, contained in the accompanying file, which has the SHA-256 value 7BE69424E242C20952ED8ECCAB6CFF8D4AB508CA52E98846CC3C5097B4CA1944, meet, in all material respects, the requirements concerning the electronic reporting format ("ESEF format") pursuant to Section 328 (1) HGB. In accordance with the German legal requirements, this audit only covers the transfer of the consolidated financial statements' and the combined management report's information into the ESEF format, and therefore covers neither the information contained in these electronic files nor any other information contained in the file stated above.

In our opinion, the electronic files of the consolidated financial statements and of the combined management report prepared for publication contained in the accompanying file stated above meet, in all material respects, the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the above "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report", we do not express any audit opinion on the information contained in these electronic files and on any other information contained in the file stated above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic files of the consolidated financial statements and of the combined management report contained in the accompanying file stated above in accordance with Section 317 (3b) HGB and on the basis of the IDW Draft Auditing Standard: Audit of the Electronic Files of the Annual Financial Statements and of the Management Report prepared for Publication pursuant to Section 317 (3b) HGB (IDW Draft AuS 410). Our responsibilities in this context are further described in the section "Auditor's Responsibilities for the Audit of the ESEF Files". Our audit firm has applied the Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF FILES

The executive directors of the parent are responsible for the preparation of the ESEF files based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal control as they have determined necessary to enable the preparation of ESEF files that are free from material violations against the requirements concerning the electronic reporting format pursuant to Section 328 (1) HGB, whether due to fraud or error.

The executive directors of the parent are also responsible for the submission of the ESEF files together with the auditor's report and the accompanying audited consolidated financial statements and the audited combined management report as well as other documents to be filed with the publisher of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of the ESEF files as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF FILES

Our objectives are to obtain reasonable assurance about whether the ESEF files are free from material violations, whether due to fraud or error, against the requirements pursuant to Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material violations against the requirements pursuant to Section 328 (1) HGB, 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 opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF files 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 controls.
- assess the technical validity of the ESEF files, i.e. whether the file containing the ESEF files meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as of the balance sheet date as to the technical specification of this file.
- evaluate whether the ESEF files enable a XHTML copy of the audited consolidated financial statements and of the audited combined management report whose content is identical with these documents.
- evaluate whether the ESEF files have been tagged using inline XBRL technology (iXBRL) in a way that enables an appropriate and complete machine-readable XBRL copy of the XHTML copy.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 7 May 2020. We were engaged by the supervisory board on 15 September 2020. We have been the group auditor of PUMA SE, Herzogenaurach/Germany, 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 Dr Thomas Reitmayr.

Munich, February 2, 2021

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

signed: (Dr. Thomas Reitmayr)	signed: (Stefan Otto)
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]