



COMBINED MANAGEMENT REPORT OF PUMA SE FOR THE FINANCIAL YEAR 2021

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





OVERVIEW 2021

2021 was a year full of exceptional successes for PUMA's athletes and teams and also an excellent year for PUMA's business. However, the year was once again marked by the COVID-19 pandemic, which had different consequences in different countries around the world. This forced us to react quickly to lockdowns and restrictions, especially in our supply chain. We successfully continued our strategy of working together with all of our partners to manage the short-term challenges, such as store and factory closures, without hindering our mid-term momentum.

Factories for footwear, apparel and accessories in the south of Vietnam, one of our most important sourcing countries, were closed because of strict local lockdown measures. Because of this, production was suspended for about 10 weeks, and this affected approximately 15% of our global sourcing volumes. We tried to minimize production delays as much as possible and, where feasible, we shifted production to other sourcing locations. Given the quick rollout of the vaccination program and increasing vaccination rates in Southern Vietnam, the factories gradually reopened starting at the end of September.

Throughout the year, we prioritized the health and safety of our partners, customers and employees and we rolled out vaccination programs for our employees in countries where this was possible. This is how we achieved a vaccination rate above 90% at our headquarters in Herzogenaurach already by mid-July and followed up with booster vaccinations at the end of the year. In countries that were hit exceptionally hard by the pandemic, such as India, we also assisted employees and their families in getting access to medical care when necessary.

For our efforts to provide an attractive workplace, we were named Top Employer Europe for the second time in a row.

By partnering with some of the best athletes and teams in the world, we gain credibility as a sports brand and stay true to our roots in performance, which also boosts our brand heat. We expanded our PUMA family of ambassadors with several new signings in 2021. In Teamsport, we welcomed French national team players Raphaël Varane and Kingsley Coman as well as U.S. player Christian Pulisic. NHL All-Star Leon Draisaitl became the first NHL ice hockey player to join PUMA as a brand ambassador for training and fitness. In Basketball, we signed the most valuable player in the WNBA Breanna "Stewie" Stewart as well as French NBA guard Killian Hayes. PUMA athlete LaMelo Ball, who presented his first signature shoe this year, was voted Rookie of the Year in the NBA.

The summer of 2021 was exceptional for our teams and athletes, who delivered world class performances on the track and on the pitches.

Italy's national football team, which is sponsored by PUMA, won the UEFA Euro 2020, which was held in 2021, and with Giovanni Di Lorenzo, Giorgio Chiellini, Harry Maguire, Kyle Walker and Jordan Pickford we had five players wearing PUMA's latest football boots in the final. All four PUMA federations (Austria, Czech Republic, Italy and Switzerland) progressed to the knock-out stages and PUMA had three teams in the quarterfinals - more than any other sports brand.

At the Tokyo Olympics, PUMA athletes won a total of 22 Gold, 24 Silver, and 20 Bronze medals. Norwegian hurdler Karsten Warholm entered the history books when he won gold and set a new 400m hurdles world record in what was described as the "Best Race in Track&Field History". For his performance, Karsten was crowned World Athlete of the Year in December. Karsten wore PUMA's new EvoSPEED Future FASTER+ spike, which was created together with Formula 1 team MERCEDES AMG PETRONAS. Other PUMA athletes who won a gold medal in Tokyo included Canadian Sprinter Andre De Grasse (200m), pole vaulter Armand "Mondo" Duplantis, Italian high jumper Gianmarco Tamberi and Jamaican hurdler Hansle Parchment (110m). U.S. runner Molly Seidel wore shoes with PUMA's latest NITRO running technology, when she took



the bronze in the women's marathon. At the Paralympic Games, PUMA's athletes also showed a strong performance, as Cuban sprinter Omara Durand won 3 Gold medals and set a new world record.

In football, our club teams also performed at the top of their game. Manchester City won the Premier League for the third time in four years and reached the Champions League final. In Germany, Borussia Dortmund won the DFB Cup and our Brazilian team Palmeiras won the Copa Libertadores twice in a row. We also signed additional top clubs including Fenerbahçe Istanbul in Turkey or Shakhtar Donetsk in Ukraine.

In Golf, PUMA player Bryson DeChambeau won the Arnold Palmer Invitational in March 2021, while in Motorsport, PUMA teams Mercedes AMG Petronas, Red Bull Racing Honda and Scuderia Ferrari secured the top three spots in the Formula 1 Constructors' Championship. Red Bull driver Max Verstappen won the Drivers' Championship. To celebrate his first title, PUMA gave him a special pair of golden Speedcat Pro shoes.

As both the Olympic Games and Euro2020 were delayed by a year due to the pandemic, we sought to capture the spirit of our successful athletes in 2021 and celebrate optimism and self-believe with our ONLY SEE GREAT campaign. Inspired by cultural icon, entrepreneur and philanthropist Shawn "JAY-Z" Carter, PUMA ambassadors such as Boris Becker and Neymar Jr. told their story of how they achieved greatness in a series of media interviews and content on PUMA's digital channels.

In 2021, we made a big step towards establishing PUMA as a credible running brand by launching a completely new line-up of performance running shoes made with our new cushioning technology NITRO. The DEVIATE, DEVIATE ELITE, VELOCITY, LIBERATE, and ETERNITY received very positive reviews from runners and the media alike. The success of athletes such as Molly Seidel, Nils Voigt and Precious Machele added to the new products' appeal.

As part of our efforts to create a leading product offer for women, we launched our SHE MOVES US platform, which featured our top female brand ambassadors such as Dua Lipa, Cara Delevingne, Magdalena Eriksson and Jodie Williams to celebrate the women who have moved culture and sports forward and inspire other women around the world. The SHE MOVES US campaign also included a partnership with Women Win, an organization which organizes sports events for women and girls around the world, and founding PUMA's own team in the W Series, the international motor racing series for female drivers.

In 2021, PUMA North America and our international marketing organization moved into their new offices in the Boston suburb of Somerville, Massachusetts. The new building offers 150,000 square feet of flexible office space. In Germany, we opened our new logistics center in Geiselwind, which was ramped up gradually in the second half of the year. We also launched new PUMA.com online stores in the United Arab Emirates and Mexico.

PUMA's belief in the importance of local decision making was confirmed by the COVID-19 pandemic, which developed at a different pace across the world. That's why PUMA gives its local management the tools to react quickly to changes in the markets they know best.

PUMA's reentry into basketball continued and helped us become a credible sports brand in the North American market. PUMA athlete LaMelo Ball, who won the NBA's Rookie of the Year Award, created his first signature shoe with PUMA. We followed up on last year's success of the RS-DREAMER Basketball sneaker, designed by J.Cole, with the RS-DREAMER 2. The Basketball business launched several successful collaborations this year such as with the Black Fives Foundation, cartoon series Rugrats or video game NBA 2K.

Sustainability played an important part in our strategy in 2021. With our FOREVER BETTER communications platform, we educated consumers about our sustainability efforts. To signal a move towards a more circular business model, we announced the RE:SUEDE experiment. As part of this project, we developed an



experimental version of our most iconic sneaker, the SUEDE, to test whether we can make it biodegradable. As sustainability matters throughout our product range, we introduced a new shoebox design, which will save 2,800 tonnes of cardboard each year. We also became a partner of not-for-profit environmental organization Canopy and committed to protect forests around the world when sourcing paper, cardboard and viscose.

As PUMA has grown strongly over the past years, we further strengthened our organization and expanded our Board of Management from three members to four by creating the new role of Chief Commercial Officer. Arne Freundt took on this new role on June 1 and he oversees Sales, including Retail & E-Commerce, and Logistics. Also, effective June 1, 2021, Hubert Hinterseher was named as the new Chief Financial Officer, taking over from Michael Lämmermann who retired after 28 years with the company. Hubert Hinterseher is responsible for Finance, Legal, IT and Business Solutions.

Despite the negative impact of the COVID-19 pandemic, 2021 was an excellent financial year for PUMA. Our operational flexibility in dealing with a wide range of challenges contributed significantly to PUMA's strong sales development and financial performance in 2021. The year 2021 began with an all-time high of COVID-19 cases worldwide and continuing restrictions on our operations in numerous markets. Furthermore, supply bottlenecks caused by container shortages and port congestion had a negative impact on product availability. In addition to the impact of the COVID-19 pandemic, difficult market conditions in some of our key markets also had a significant impact on our business. Despite these uncertainties, in the past financial year PUMA managed to exceed € 6 billion in sales for the first time in the company's history. Currency-adjusted sales increased by 31.7%. In the reporting currency, the euro, this corresponds to an increase in sales of 30.0% from € 5,234 million in the previous year to € 6,805 million in 2021. The strong growth in sales was achieved primarily as a result of sustained brand momentum, successful product launches with high sell-through rates, and a strong focus on flexibility in our operations. PUMA thus succeeded in surpassing its sales forecast of at least 25% currency-adjusted sales growth in financial year 2021, which had already been adjusted upward during the year.

In addition to the strong sales growth, the improvement in the gross profit margin also significantly contributed to the increase in profitability in the financial year 2021. PUMA's gross profit margin increased by 90 basis points from 47.0% in the previous year to 47.9% in 2021. This was driven by better sell-through and less promotional activity. By contrast, exchange rate effects, regional and distribution channel mix effects, and cost increases for inbound freight had a negative impact on the gross profit margin development.

Other operating income and expenses increased by a total of 20.3% in the 2021 financial year. The increase was mainly due to higher marketing expenses, an increase in the number of PUMA's own retail stores, and higher sales-related distribution and warehousing costs. In addition, PUMA continued to be faced with operational inefficiencies, particularly in the supply chain, due to COVID-19. The weaker increase in other operating income and expenses compared to sales growth reflects the operating leverage achieved. As a result of continued cost control, it was possible to achieve a significant reduction in the cost ratio from 43.3% in the previous year to 40.0% in 2021. This also contributed significantly to the improvement in profitability in the 2021 financial year.

During the financial year under review, the operating result (EBIT) rose by 166.3% from € 209.2 million to € 557.1 million, thus exceeding the outlook, which had already been adjusted upward during the year to a range between € 450 million and € 500 million. Overall, the significant improvement in profitability in the 2021 financial year is attributable to the strong growth in sales combined with an improved gross profit margin and the operating leverage achieved. As a result, the EBIT margin increased from 4.0% in the previous year to 8.2% in 2021.

The significant improvement in profitability is also reflected in the development of consolidated net earnings and earnings per share, both of which improved by more than 292% compared to the previous year. Consolidated net earnings increased from € 78.9 million in the previous year to € 309.6 million, while



earnings per share rose accordingly from € 0.53 in the previous year to € 2.07. As a result, PUMA was able to achieve or even outperform its financial targets in the past financial year.

The positive net earnings enable the Management Board and the Supervisory Board to propose a dividend payout of € 0.72 per share for the financial year 2021 to the Annual General Meeting on May 11, 2022. This corresponds to a payout ratio of 34.8% of consolidated net earnings according to IFRS and is in accordance with PUMA's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings. In the previous year, a dividend of € 0.16 per share was paid out (payout ratio for previous year: 30.3%).

In the course of the expansion of the DAX from 30 to 40 members, PUMA's shares have been included in the stock market index of the largest companies on the German stock market since September 2021. After starting 2021 at a price of € 92.28, PUMA's share price fell to a low of € 80.42 at the end of January 2021. PUMA's share price then recovered significantly by the end of the year, rising to € 107.50 — an increase of 16.5% on the previous year. The market capitalization of the PUMA Group increased accordingly to around € 16.1 billion at year-end 2021 (previous year: € 13.8 billion).



PUMA GROUP ESSENTIAL INFORMATION

COMMERCIAL ACTIVITIES AND ORGANIZATIONAL STRUCTURE

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

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

As of December 31, 2021, 100 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as distribution, marketing, product development, sourcing and administration. A full list of all subsidiaries can be found in chapter 2 of the Notes to the Consolidated Financial Statements (in the subsection "Group of consolidated companies").

TARGETS AND STRATEGY

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

For more than 70 years, PUMA has created **brand heat** by working with the most famous and successful athletes in history: Usain Bolt, Sir Lewis Hamilton, Pelé, Maradona, Tommie Smith, Boris Becker, Linford Christie, Serena Williams, Heike Drechsler and Martina Navratilova, just to name a few. Today, PUMA continues to strengthen its position as a sports brand through partnerships with some of the most famous ambassadors. In football, we continue to work with star players such as Antoine Griezmann, Neymar Jr. and Nikita Parris, top football manager Pep Guardiola, world-leading federations such as the Italian National team and international top clubs such as Manchester City, Borussia Dortmund, Valencia CF, Olympique Marseille, AC Milan, and Palmeiras São Paulo. In 2021, we also added French national team players Raphaël Varane and Kingsley Coman as well as U.S. player Christian Pulisic to our roster of world-class assets, underlining our continued focus on the football category. In track & field, we have also established a strong line-up of world-leading athletes including Norwegian hurdler and world record holder Karsten Warholm, Canadian sprinter André De Grasse, Swedish pole vault world record holder Mondo Duplantis, American long-distance runner Molly Seidel and the Jamaican Olympic Federations who all stood out at this year's Summer Olympics in Tokyo. In Motorsport, our Formula 1 teams Mercedes AMG Petronas, Red Bull Racing Honda and Scuderia Ferrari dominated yet another season. We continued to work closely with seven-time world champion and PUMA brand ambassador Sir Lewis Hamilton and established our own team in the W Series, the international single seater championship for female drivers only. In golf, we ensured continued brand heat through our long-term partnerships with iconic players such as Lexi Thompson, Rickie Fowler and Bryson DeChambeau. Teaming up with the best athletes, teams and federations is key in keeping the credibility and relevance of the PUMA brand at the highest levels.



To connect with young, trend-setting consumers, PUMA also drives brand heat by working with icons of culture and fashion such as Jay-Z, J. Cole, Cara Delevingne, Winnie Harlow and Dua Lipa. This has made PUMA one of the hottest sports brands for young consumers around the world.

PUMA aims to design “cool stuff that works” and in 2021, we significantly improved our **product offering** across all our business units. In performance footwear, we keep on moving forward with our innovative PUMA ULTRA and FUTURE Z football boots as well as our running & training shoes featuring our proprietary NITRO cushioning technology. Our new lineup of running shoes offer an effortless run and received very positive reviews from runners and the media alike and featured prominently at this year’s Summer Olympics in Tokyo.

In Sportstyle, we continued to see strong sell-through of our key footwear product families such as RS, RIDER, and CALI. The demand from our consumers for these product families was maintained through the launch of successful new models in 2021 and we also added a lot of newness with the introduction of styles such as the MAYZE or the MAYU. The Classics pillar of our business, with models such as the iconic PUMA SUEDE, also continued to perform strongly throughout the year.

In apparel and accessories, we also saw a good development across all of our business units, with strong sell-through of our performance and Sportstyle products, including multiple successful collaborations with companies such as French-Japanese fashion label Maison Kitsuné or Chinese high-end designer brand PRONOUNCE.

Our COBRA Golf and PUMA Golf business had another successful year with strong sales of our innovative COBRA Golf clubs as well as PUMA Golf Footwear, Apparel and Accessories. We also extended our golf club offering by introducing our first generation of putters, including our first 3D-printed putter.

The **women's** category remains a key strategic priority for PUMA, manifested in our continued vision to be the most fashion forward sports brand. With increasing female sports participation worldwide and the combination of sportswear and fashion being more popular than ever, PUMA meets the female consumer with a comprehensive product offer across performance and Sportstyle, as well as inclusive product initiatives like extended sizing and maternity wear. The launch of our new women’s communications platform SHE MOVES US in March 2021, represents the evolved positioning of “PUMA owns the space where the gym meets the runway”. Our new SHE MOVES US communications platform, celebrates women who move together to achieve and connect – through sport, culture, and values. Led by global pop superstar Dua Lipa, PUMA has brought together its top female brand ambassadors to generate inspiring content over the course of 2021, such as talks, videos and interviews. By connecting its ambassadors with female consumers around the world, we created a global network, which sparks a conversation around issues important to girls and women. PUMA will continue to empower girls and young women through its partnership with Women Win, a global women’s fund which uses sport to advance gender equality from the bottom up. PUMA will continue to use its communications channels to spotlight the joint efforts to impact girls and women’s rights globally. An increased focus on women in sports will mark the year 2022. Together with our female ambassadors this has been identified as a key area for girls and young women to achieve health and prosper as individuals and team members.

Our re-entry into **basketball**, with an approach that resonates well on and off the court, was an important step towards increasing our credibility as a sports brand in North America. With the support of JAY-Z, our Creative Director for basketball, we developed a strong product offering across footwear, apparel and accessories over the past seasons that can be worn on and off the court. We also continued to partner with highly talented NBA players across several teams and signed additional players such as Killian Hayes. PUMA player LaMelo Ball was voted Rookie of the year in the NBA. In close collaboration with LaMelo Ball, we developed and launched the PUMA MB.01 – his first personal PUMA signature shoe. We also signed Breanna “Stewie” Stewart, the most valuable player in the WNBA, who will get her own signature shoe in 2022. In order to further strengthen our position in women’s basketball, we created and launched our first women’s basketball collection in close collaboration with stylist and designer June Ambrose, who joined PUMA as a creative director in 2020. Our basketball business continues to grow beyond the key North



American market, and we onboarded national teams like the Russian and Turkish basketball federations and the Israeli double holder Maccabi Tel Aviv. Our basketball inspired Sportstyle products, such as the PUMA CLYDE and RALPH SAMPSON, continued to resonate well with our consumers.

While basketball is especially important for North America, we also focused on ensuring **strong local relevance** in all our other markets worldwide. As the PUMA brand and products continue to resonate very well around the world, we see an increased need to focus on the trends, sports, ambassadors, collaboration partners and communication platforms that are most relevant in the different markets. Therefore, we further strengthened our regional creation centers, which are located in important markets such as the US, Europe, China, India, and Japan and create locally relevant products. In parallel, we increased our local-for-local sourcing setup in key markets such as China to react faster to changes in local consumer preferences. We also continued to strengthen our position in several locally relevant sports such as cricket, handball, netball, rugby, or Australian rules football. Over the years, we have established a strong portfolio of locally relevant brand ambassadors and influencers such as Pamela Reif in Germany, Virat Kohli in India or Danna Paola in Mexico, who complement our roster of top global ambassadors. The COVID-19 pandemic, which impacted our markets very differently in the course of 2021, has confirmed PUMA's belief to empower our local teams and give them the freedom and tools to react quickly to changes in the markets they know best.

PUMA improved the quality of its **distribution** and expanded its presence in leading sports performance and Sportstyle accounts around the world. We continued to strengthen the relationships with our retailers by being a flexible and service-oriented business partner. At a time of limited product supply due to COVID-19-related lockdowns in key sourcing countries, we prioritized our retailers and worked very closely together with them to improve the sell-through of our products and gain more shelf space in their stores. In parallel, we also continued to invest in our direct-to-consumer business, which includes our owned-and-operated retail stores as well as our e-commerce business. Our e-commerce business continued to grow by double-digits and we invested in our respective front-end and back-end capabilities. We continued to improve the user experience and product offering of our existing e-commerce channels and launched new e-commerce sites in important markets such as Mexico, Argentina, and the United Arab Emirates. We also developed our first-ever PUMA shopping app, which we will launch in pilot markets in early 2022 and we increased our investments in performance marketing to drive traffic and conversion across all our e-commerce channels. Furthermore, PUMA continued to upgrade its owned-and-operated retail store network and opened selective new Full-Price Stores and Factory Outlet Centers around the world, as consumer traffic and demand rebounded and stores re-opened after COVID-19-related lockdowns.

Operationally, we continued to improve the **infrastructure**, processes and systems that are required to support our overall growth ambition for the upcoming years. In 2021, a strong focus was put on expanding our logistics network in key markets. We successfully opened our highly automated multi-channel distribution center in Geiselwind, Germany. New state-of-the-art distribution centers like the one in Geiselwind provide us with the required back-end infrastructure to support our future growth in the Wholesale and Direct-to-Consumer channels. Our teams in the United States moved into a new headquarter in Somerville, MA and we inaugurated new modern offices in several countries such as France and Sweden.

Moreover, we continued to focus on further developing our ERP systems and enhancing our product development tools. This, combined with improvements of the overall IT infrastructure, enabled faster and better communication and information exchange with internal and external stakeholders. Due to continued travel restrictions related to the COVID-19 pandemic, we also invested in additional digital capabilities along the go-to-market process, from virtual product development to virtual sell-in meetings.

The long-term collaboration with our valued suppliers remains the key component of our sourcing strategy. It ensures a stable sourcing base, consistent quality of our products and prepares us for future growth and changes in the trading environment. The strong collaboration with our suppliers, who are mainly based in Asia, has helped us during the COVID-19 pandemic and has contributed to a very resilient supply chain



situation throughout the year, despite several lockdowns in key sourcing countries such as Vietnam and Bangladesh.

Sustainability remains one of our strategic priorities and we continue to fully integrate sustainable practices into every aspect of our business with a special focus on increasing the number of sustainable products in our ranges and stronger consumer-facing communication. In 2021, we continued to build on our FOREVER BETTER communication platform, which serves as the overarching umbrella for all consumer-facing communication on sustainability. All of our sustainability efforts are connected and are measured against our 10FOR25 targets, which are aligned with the United Nations' Sustainable Development Goals and outline our ambitious objectives until the year 2025. One of these ambitious targets is to increase the share of products with more sustainable materials from 5 out of 10 products in 2020 to 9 out of 10 products in 2025. In order to reach these targets, we successfully launched several more sustainable collections such as PUMA x FIRST MILE with products made from recycled polyester, the EXHALE yoga collection co-created with Cara Delevingne, which uses recycled polyester, natural dyes, and offsets unavoidable carbon emissions and the RE.GEN collection, which is made from regenerated materials from our own industry waste. Other highlights include our new BETTER FOAM in footwear, a material partly made from sugarcane. In 2021, PUMA committed to protecting forests around the world when sourcing paper, cardboard, and viscose, as part of its new partnership with not-for-profit environmental organization Canopy. We continued our leading role at the Fashion Charter for Climate Action, which at the climate conference COP26 in Glasgow announced more ambitious climate action, to limit the global temperature rise to 1.5 degrees Celsius above pre-industrial levels. PUMA worked with other key stakeholders on all levels to promote more sustainable business practices in our industry. In relation to human rights, we took the necessary actions to safeguard our suppliers and workers during the COVID-19 pandemic by honoring all of our purchasing commitments. We also ensured that all workplace safety and legal standards were met through our long-standing social compliance program.



PRODUCT DEVELOPMENT AND DESIGN

At PUMA, we have a history of more than 70 years of moving sports and culture forward. Our archive offers a vast database from which our designers can draw inspiration when they create new styles. In 2021, one example of how we blend the new and the old came in the shape of the MAYZE, our newest franchise, which is selling very well.

Presented by pop superstar Dua Lipa, the MAYZE is ready to become the next PUMA classic and was launched in several colors and executions throughout the year, such as the MAYZE Classic and the MAYZE Chelsea, a twist on the classic Chelsea Boot.

We continued with our successful women's franchise CALI and added a men's model, the CA Pro. The RS franchise resonated well with consumers, with new versions of the RS-X and the RS-Z.

Our classics such as the PUMA SUEDE performed well in 2021, especially in North America, and we successfully re-introduced the SUEDE in kids' sizes.

The SUEDE also played a major role in our collaboration with Brooklyn-based artist collective KIDSUPER STUDIOS. KIDSUPER won the prestigious Lagerfeld Prize, which is awarded to up-and-coming talents in the fashion industry.

Other successful collaborations in 2021 included a collection with London-based female fashion brand Liberty, which combined the brand's iconic floral prints with PUMA's most recognizable footwear styles.

We also teamed up with Australian skater brand Butter Goods for a 1990s-inspired collection, which featured high-quality materials and classic silhouettes, combined with sports-inspired graphics.

In 2021, we overhauled our line-up of running products and introduced our proprietary NITRO foam, following years of research and testing. Our new running range also included products specifically engineered for female runners, based on a brand-new last which was optimized for the female foot. The success of our athletes, such as US marathon runner Molly Seidel, underscored the performance of these products.

Together with Formula 1 team MERCEDES AMG PETRONAS, PUMA designed its fastest, lightest and most propulsive track & field spike ever as part of the FASTER+ program. The EvoSPEED Future FASTER+ spike was worn by Norwegian hurdler Karsten Warholm when he won the Gold medal and set a new 400m hurdles world record. Canadian sprinter Andre De Grasse wore the EVOSPEED TOKYO FUTURE NITRO FASTER+ when he took the Gold medal in the 200m race. Technological advances from the FASTER+ program were also passed down and integrated into other track and field spikes.

In Teamsport, the innovative FUTURE franchise continued in 2021 with the new FUTURE Z, which was launched in January. In June, we designed a special version of the FUTURE for our ambassador Neymar Jr. ahead of the Copa America. In July, PUMA showed its commitment to women's football by launching its ULTRA boots for the first time in both a Unisex and Women-specific fit, as part of its FASTER FOOTBALL campaign. Together with Neymar Jr., PUMA launched several Teamsport products throughout the year, including his first ever lifestyle collection. PUMA also introduced ULTRAWEAVE, a completely new performance apparel technology, which allowed us to create our lightest-ever football jersey.

In Golf, lifestyle-inspired golf apparel and footwear such as the GRYLBL, Arnold Palmer and Excellent Golfwear collections as well as the RS-G and Fasten8 shoes performed well. Additionally, collaborations with Kygo's Palm Tree Crew created brand heat for PUMA Golf.

For COBRA Golf, the RADSPEED family was a commercial success, which also resonated well with the media. COBRA also launched two new putter families, the KING Vintage Series and the KING 3D Printed Series.



Our Motorsport offering for the first time included footwear co-created with our long-term partner Scuderia Ferrari. This marks the start of a new strategy for PUMA and Ferrari to enter the high-fashion segment. Our successful SPEEDCAT low-profile franchise was expanded this year with the introduction of the SPEEDCAT LS. Together with Red Bull Racing Honda driver Max Verstappen, we created a special edition of the SPEEDCAT PRO, which celebrated the return of Formula 1 to the Netherlands.

We also introduced several collections with a sustainability focus. Our RE.GEN collection was made with PUMA's own industry waste and other recycled materials. Together with model, actress and activist Cara Delevingne, PUMA also created EXHALE, a yoga collection, which was made of at least 70% recycled polyester and for which PUMA offset all unavoidable CO₂ emissions.

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

As of December 31, 2021, a total of 1,136 people were employed in research and development/ product management (previous year: 1,049). In 2021, research and development/ product management expenses totaled € 114.5 million (previous year: € 102.6 million), of which € 61.7 million (previous year: € 56.6 million) related to research and development.



SOURCING

THE SOURCING ORGANIZATION

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

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

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

Another key aspect in our sourcing setup since 2016 has been the PUMA Vendor Financing Program. The program allows vendors to be paid earlier and is based on PUMA's credit rating. The International Finance Corporation (IFC), banking group BNP Paribas and HSBC as well as Standard Chartered offer attractive financing terms to our suppliers, which are able to maintain their own lines of credit.

The year 2021 saw the resumption of demand in our key markets after extended lockdowns in Europe, America and other parts of the world in 2020. As a result, our focus shifted to building capacity across our supply base in all product divisions. Starting from the second quarter of this year, we started to experience significant challenges on the supply side due to regional COVID-19 related lockdowns. Bangladesh and certain parts of China were exposed to temporary production disruptions. More notably, South Vietnam suffered from a twelve-week extended lockdown resulting in office restrictions, manufacturing closures and curfews. During this time our suppliers had to keep factories closed or could only operate at reduced capacity. We immediately focused on supporting our suppliers during this time, while health and safety of the employees was our top priority. To mitigate capacity constraints in South Vietnam, we rebalanced production allocation to other areas such as China, Cambodia and North Vietnam; this also applied for products still in development and sampling stage. At the same time, we prioritized our orders in alignment with the sales subsidiaries. Once the lockdown situation started to ease, we shifted our efforts to tracking and restoring capacities with our partners.



THE SOURCING MARKETS

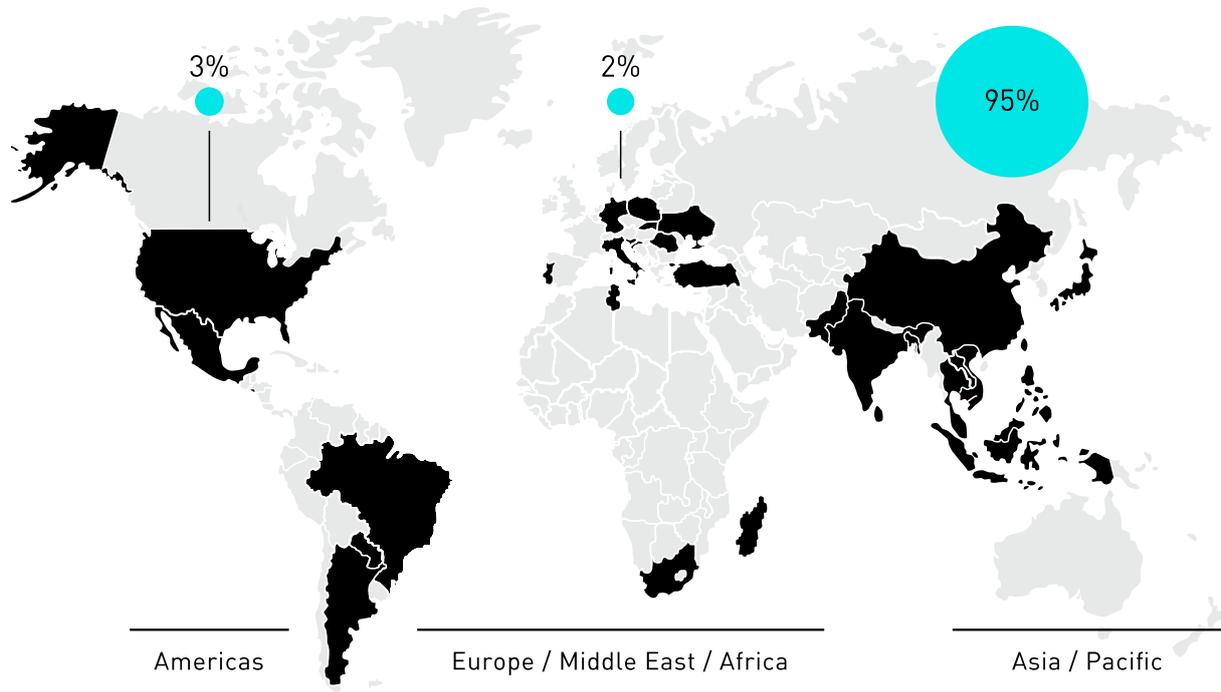
During the financial year 2021, PIT purchased from 134 independent suppliers (previous year: 139) in 27 countries worldwide. The strategic cooperation with long-term partners did not only remain to be one of the key competitive advantages, but it was also crucial in navigating through the supply chain challenges of 2021.

Asia remains the strongest sourcing region overall with 95% of the total volume, followed by the Americas with 3% and EMEA with 2% (thereof Europe with 1% and Africa with 1%).

As a result, the six most important sourcing countries (93% of the total volume) are all located on the Asian continent. Vietnam remained to be the strongest production country with a total of 32%. Due to lock downs during the third quarter Vietnam saw a minor decrease of global production share by three percentage points compared to last year. Mainly China compensated for the situation in Vietnam and increased its share by three percentage points to 29%. Bangladesh, with a focus on apparel, was in third place at 14% and Cambodia was in fourth place at 13%. Indonesia, which focuses on footwear production, produced 4% of the total volume and was in fifth place. India was in sixth place at 2%.

Rising wage costs, fluctuating material prices and macroeconomic developments, have continued to influence sourcing markets in 2021. Such impacts need to be taken into account in allocating the production to ensure a secure, sustainable and competitive sourcing of products. In this regard sourcing has extended its local supply chain initiatives for markets such as China, India, Latin America, Turkey and others.

➤ 6.01 SOURCING REGIONS OF PUMA (in %)



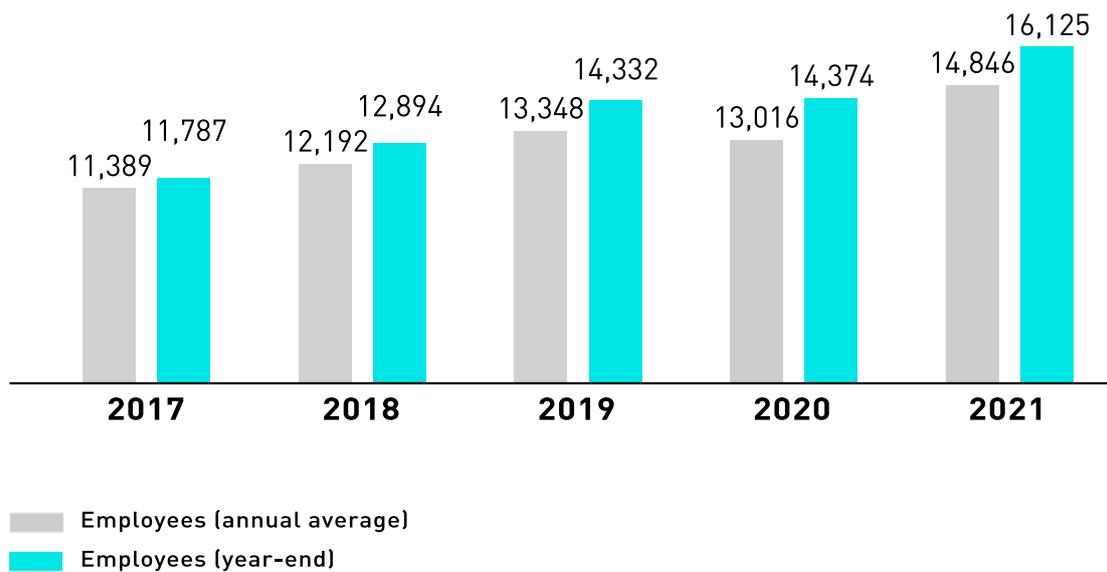


EMPLOYEES

NUMBER OF EMPLOYEES

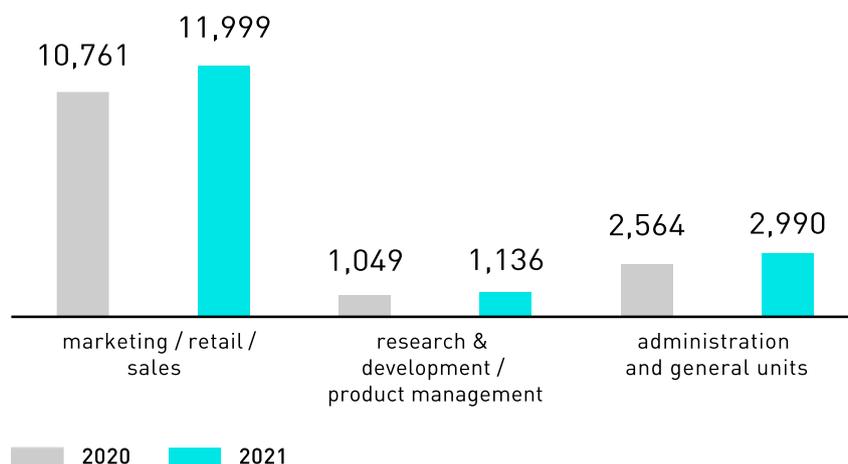
The global number of employees on a **yearly average** was 14,846 in 2021, compared to 13,016 in the previous year. Personnel expenses increased by a total of 22.0% from € 583.7 million to € 712.4 million in 2021. On average, personnel expenses per employee amounted to € 48.0 thousand, compared to € 44.8 thousand in the previous year.

➤ G.02 DEVELOPMENT EMPLOYEES (annual average / year-end)



As of **December 31, 2021**, the number of employees was 16,125, compared to 14,374 in the previous year. This corresponds to an overall increase in the number of employees of 12.2% compared to the previous year. The development in the number of employees per area is as follows:

➤ G.03 EMPLOYEES (Year-end)





TALENT RECRUITMENT AND DEVELOPMENT

The global COVID-19 pandemic continued to influence our business operations in 2021, in particular in the various phases that in some cases saw governments worldwide take extensive measures to restrict contact. As mobile working and virtual collaboration were already common practice at PUMA, we were able to respond with maximum flexibility in terms of where and when our employees did their work. To adapt to these new circumstances, we have increased the flexibility of our regular working time models and have developed hybrid concepts for all training courses that were previously classroom-based. We have continued to place particular emphasis on creating a safe working environment and avoiding financial cuts for our employees. Their high level of commitment has meant that we have been able to continue our business operations as smoothly as possible, and we feel well prepared for our further growth path.

To ensure our competitiveness in an increasingly complex environment and to promote growth, it is essential that we have highly qualified and motivated personnel whom we can retain for the long term at our Group companies.

To attract external candidates, in addition to our careers website we use digital platforms and social media for our target-group-specific, individual, and proactive recruiting measures. Having a range of initiatives at universities gives us the opportunity to approach potential employees and identify suitable candidates. Extensive networks of qualified applicants and candidate pools help us to quickly fill vacancies. In the competitive labor market, being an attractive employer and being perceived as such by current and potential employees are of critical importance. PUMA's attractiveness is evidenced by its top rankings as an employer and numerous awards. We are very proud of the fact that in 2021, a total of sixteen PUMA subsidiaries around the world received a coveted Top Employer Award, which honors our outstanding corporate culture and working environment.

In 2021, the focus was again on simplifying, accelerating, and harmonizing business processes worldwide, as well as on further digitalization. Since 2017, we have been using the "Workday" software solution for a variety of human resources processes. This software provides employees and managers with the processes and tools required for daily human resources management. In addition, easy-to-use dashboards provide managers with the information and data-driven insights they need for planning and management. The analysis of our centrally available global data provides a solid basis for strategic decisions and measurable results. Digital signatures and chatbots contributed to the further digitalization and optimization of key processes worldwide.

Our aim is to nurture our employees both on an individual basis and in an international environment while successfully retaining them at PUMA for the long term. Based on the Workday software, a systematic succession plan is created as part of talent management in addition to performance assessment and target-setting. We identify the talent available within the Group as part of annual performance reviews and global talent conferences and foster talent development based on individual development plans. This type of talent management means that we can offer our employees attractive career and development opportunities. In this reporting year, we continued to fill the majority of our key positions through internal promotions or horizontal moves around the world. This strengthens our talent and development strategy.

In order to be successful in the long term, it is essential that our workforce has the necessary skills to ensure continuous growth and market competence, especially in times of extensive change. We guarantee this by means of the ongoing and systematic professional and personal development of our employees. Workday helps us to avoid skills gaps and gain transparency about the skills available in the workforce.

The range of training that we provide includes a number of online and offline training courses and workshops, which are either standardized or tailored to individual needs. In 2021, we expanded this offering. With "LinkedIn Learning" and "Good Habitz," there are now almost 18,000 different training courses available for our employees. A wide range of learning categories are available for self-directed personal and professional development. Furthermore, learning content covering topics such as mental



well-being, resilience, mindfulness, and emotional stability in particular helped us as an employer to provide the best possible support to our employees around the world in the exceptional situation caused by the COVID-19 pandemic. We want to expand the use of agile working methods even further and therefore offer Digital Agile Coach programs for different target groups.

With a range of apprenticeships and dual-study programs, as well as study-related internships, we offer adequate entry-level and development opportunities for talented individuals at all levels.

We offer our managers numerous training and development opportunities. All managers worldwide complete our internal global leadership training program, consisting of the ILP ("International Leadership Program") and ILP². The program helps participants to develop over a long period of time and includes intensive training and coaching units—including interactive learning, role plays, and best practice learning—as well as joint projects. The digitalization and the changing work environment have posed new challenges for managers in particular. The key topics are therefore coaching, mindful leadership, and agile working methods. In 2021, we also introduced a new training program: the PUMA Leadership Expedition, which aims to empower our managers to lead effectively in the VUCA world (VUCA is an acronym for volatile, uncertain, complex, and ambivalent). The program is completely virtual, easily accessible, and designed as a self-directed and tailor-made learning format. It includes self-selected virtual training sessions with a trainer, regular communication with other international participants in smaller working groups, and coached sessions, as well as individual learning sprints and check-ins with the trainers.

Our training from employee to manager is intended to prepare employees who are taking on a management position for the first time specifically for their new role. In addition to the training module, the program also offers individual coaching.

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

Feedback from our employees is very important to us. This is why, in addition to regular pulse checks, we conduct global surveys every two years. In 2021, 12,875 employees participated in our employee survey and took the opportunity to share their opinions about their workplace and professional life. This equates to a participation rate of 86% (2019: 85%). Despite the difficult circumstances caused by the COVID-19 pandemic, we have achieved higher approval levels in all categories. We are particularly proud that our 92% (2019: 91%) employee engagement rate has increased once again, which is a testimony to the high level of our employees' commitment and loyalty to the PUMA brand. These results encourage us to continue and further strengthen the measures that have been implemented. The results of the survey were communicated at global, local, and departmental level and any follow-up measures were defined.

WORKS COUNCIL

The trust-based and constructive collaboration with the Works Councils is an important part of our corporate culture. In 2021, the European Works Council of PUMA SE represented employees from 13 European countries and had 16 members. The German Works Council of PUMA SE was made up of 15 members and represents the employees of the PUMA Group in Germany. A designated member of the Works Councils in Germany represents the interests of employees with disabilities.



COMPENSATION

We at PUMA offer our employees a targeted and competitive compensation system, which consists of several components. In addition to a fixed base salary, the PUMA bonus system, profit-sharing programs, and various social benefits form part of an attractive and performance-based compensation system. In addition, we offer our employees comprehensive services in the areas of further development, employee motivation, health management, and wellbeing. We also offer long-term incentive programs for the senior management level that honor the sustainable development and performance of the business. The bonus system is transparent and globally standardized. Incentives are exclusively linked to company goals.



MANAGEMENT SYSTEM

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

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

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

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

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

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

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

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

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

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

We also use the EBITDA indicator, which represents the operating result before interest (= financial result), taxes and depreciation and amortization, to assess the results of operations. EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortization, which may also contain any incurred



impairment expenses relating to fixed assets and financial assets. The EBITDA margin is calculated as EBITDA divided by net sales.

INFORMATION REGARDING THE NON-FINANCIAL REPORT

In accordance with Sections 289b and 315b of the German Commercial Code (Handelsgesetzbuch - HGB), we are required to make a non-financial declaration for PUMA SE and the PUMA Group within the Combined Management Report or present a non-financial report external to the Combined Management Report, in which we report on environmental, social and other non-financial aspects. PUMA has been publishing Sustainability Reports since 2003 under the provisions of the Global Reporting Initiative (GRI) and since 2010 has published financial data and key sustainability indicators in one report. In this context, we report the information required under Sections 289b and 315b of the HGB in the Sustainability chapter of our Annual Report. The Non-financial Report for the financial year 2021 will be available by April 30, 2022, at the latest on the following page of our website: <https://about.PUMA.com/en/investor-relations/financial-reports>

Furthermore, important sustainability information can always be found in the Sustainability section of PUMA's website: <https://about.puma.com/en/forever-better>



ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast published by the Kiel Institute for the World Economy (IfW Kiel) on December 15, 2021, the global economic recovery has lost momentum since the middle of the year. In many parts of the world, renewed increases in the number of COVID-19 cases inhibited economic activity, supply bottlenecks hampered the upturn in industrial production, and growth in the Chinese economy appears to have slowed. Following the drastic economic slump caused by the COVID-19 pandemic in the previous year, experts at IfW Kiel expect global gross domestic product (GDP) to increase by 5.7% overall in 2021. Global industrial production recovered swiftly from the severe slump at the start of the pandemic and had already returned to pre-crisis levels by the fall of 2020. However, supply bottlenecks and capacity issues in logistics, especially in maritime transport, have played a more prominent role in slowing down global trade and industrial production since mid-2021. In terms of fiscal policy, economic development in developed economies—and to a lesser extent in many emerging economies—continued to be supported for the time being, and extensive additional spending and tax deferral approaches were adopted to mitigate the economic impact of the pandemic.

SPORTING GOODS INDUSTRY

2021 was a challenging year for the sporting goods industry, with a variety of operational issues needing to be addressed. For example, the problematic situation in the freight sector throughout the year, with high freight rates, insufficient capacity and congested ports, as well as production downtime due to a COVID-19 lockdown in South Vietnam in the third quarter, contributed to limited product availability. Despite this, in 2021, the sporting goods industry recovered from the shock caused by the COVID-19 pandemic in the previous year and was able to build on the growth of previous financial years once again.

The resumption of amateur and professional sporting events and the staging of major sporting events in 2021, such as the European Football Championships and the Summer Olympics in Tokyo, had a positive impact on the sporting goods industry. Moreover, as a result of the COVID-19 pandemic, more sporting activity and an increasingly healthy and sustainable lifestyle, continued to gain in importance for an ever-increasing proportion of the world's population. Among other things, this resulted in the increased popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure").



SALES

ILLUSTRATION OF SALES DEVELOPMENT IN 2021 COMPARED TO THE OUTLOOK

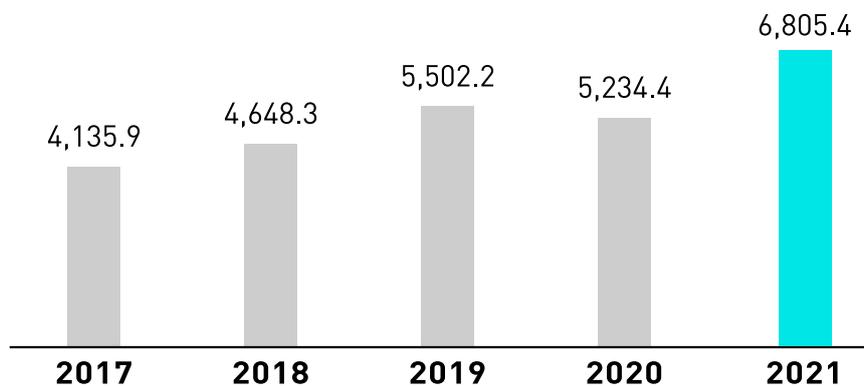
In the 2020 Combined Management Report, PUMA had forecasted at least a moderate currency-adjusted increase in sales for the financial year 2021, due to the negative impact of the COVID-19 pandemic. This outlook was increased several times during the year and, at the end of the third quarter, PUMA anticipated a currency-adjusted increase in sales of at least 25% for the financial year 2021. Thanks to continued brand momentum, successful product launches and a strong focus on flexibility in business operations, PUMA was able to outperform the adjusted outlook for the full-year 2021, significantly exceeding the original sales target.

More details on sales development in the financial year 2021 are provided below.

SALES

PUMA's net sales in the reporting currency, the euro, increased by 30.0% to € 6,805.4 million in the financial year 2021 (previous year: € 5,234.4 million). Adjusted for currency exchange effects, sales increased by 31.7%. PUMA thus succeeded in continuing the sales growth of previous financial years after a decline in sales in 2020 caused by the COVID-19 pandemic. All regions and all product divisions contributed to this development in 2021 with double-digit growth rates.

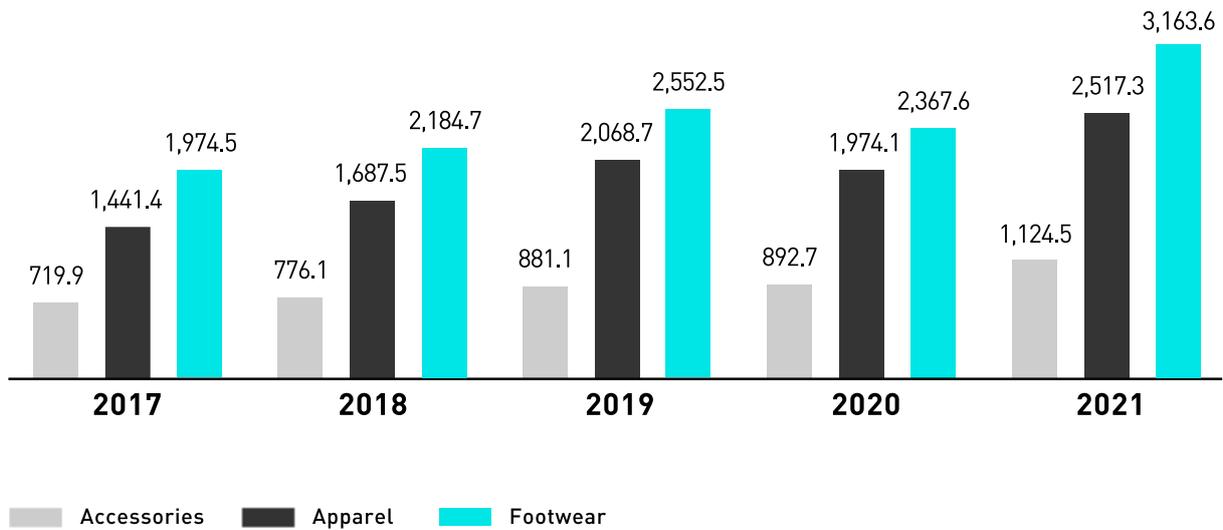
➤ G.04 SALES (in € million)



In the **Footwear** division, sales in the reporting currency, the euro, rose by 33.6% to € 3,163.6 million. Currency-adjusted sales increased by 36.0%. The strongest growth was achieved in the Sportstyle and Running & Training categories. The share of the Footwear division in total net sales rose from 45.2% in the previous year to 46.5% in 2021.

Sales in the **Apparel** division in the reporting currency, the euro, increased by 27.5% to € 2,517.3 million. Currency-adjusted sales grew by 28.6%. The Sportstyle category was the main driver of sales growth. The Running & Training and Teamsport categories also contributed to this growth. The share of the Apparel division decreased slightly to 37.0% of Group sales (previous year: 37.7%).

The **Accessories** division recorded a 26.0% growth in sales in the reporting currency, the euro, to € 1,124.5 million, equivalent to currency-adjusted sales growth of 27.2%. The growth in sales was in particular driven by higher sales of socks and bodywear and of Cobra golf clubs. The division's share of Group sales fell from 17.1% in the previous year to 16.5% in 2021.

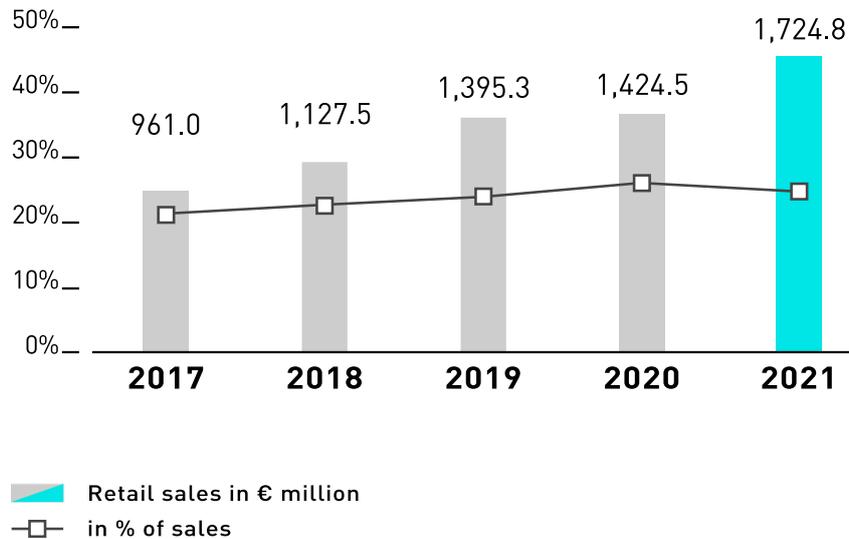
**➤ 6.05 SALES BY PRODUCT DIVISIONS (€ million)****RETAIL BUSINESSES**

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

PUMA's retail sales increased by 22.8% currency-adjusted to € 1,724.8 million in the financial year 2021. This corresponds to a share of 25.3% in total sales (previous year: 27.2%). Sales in PUMA's own retail stores recorded a currency-adjusted increase of 30.3% in 2021 following the temporary closure of stores in numerous countries around the world due to restrictions to mitigate the COVID-19 pandemic in the previous year. In contrast, there were only isolated retail store closures in 2021. In the e-commerce business, currency-adjusted sales increased by 11.3% in 2021, following extremely strong sales growth of over 60% in the previous year. This development in 2021 reflects the fact that consumers still value the shopping experience in retail stores, following a shift in consumer shopping behavior towards increased online shopping in the previous year. Notwithstanding, our e-commerce activities were particularly successful on special days in the online business, such as Singles' Day in China on November 11, the world's largest online shopping day, as well as on Black Friday on November 26 and Cyber Monday on November 29.



➤ 6.06 RETAIL SALES



LICENSING BUSINESS

PUMA grants licenses to independent partners for various product divisions, such as watches, glasses, safety shoes and gaming accessories such as the Playseat. In addition to design, development and manufacture, these companies are also responsible for product distribution. Income from license agreements also includes some distribution licenses for different markets. After PUMA's royalty and commission income fell in the previous year due to the COVID-19 pandemic, the 2021 financial year saw a 48.2% increase in royalty and commission income to € 23.9 million (previous year: € 16.1 million).

REGIONAL DEVELOPMENT

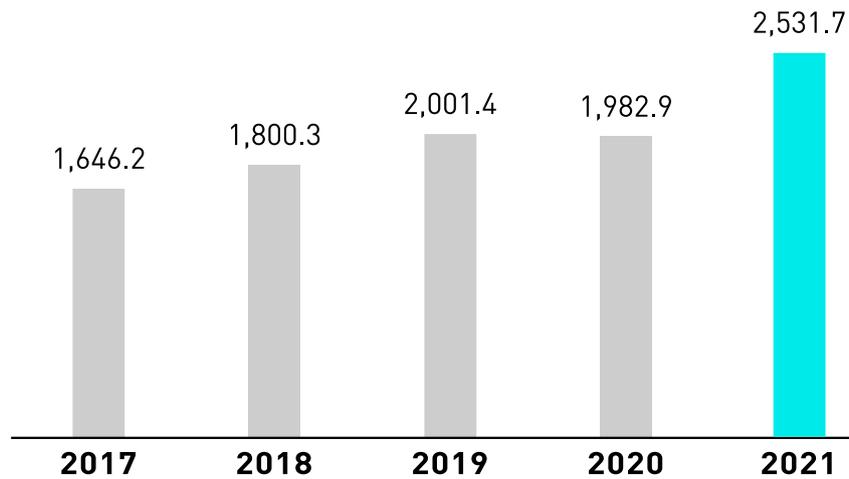
In the following explanation of the regional distribution of sales, the sales are allocated to the customers' actual region ("customer site"). It is divided into three geographical regions (EMEA, Americas and Asia/Pacific). A more detailed regional presentation of the sales according to the registered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

PUMA's net sales in the reporting currency, the euro, increased by 30.0% in the financial year 2021. This corresponds to a currency-adjusted sales increase of 31.7% compared to the previous year. All regions contributed to this development with double-digit growth rates.

In the **EMEA** region, sales in the reporting currency, the euro, rose by 27.7% to € 2,531.7 million. Adjusted for currency effects, this corresponds to an increase in sales of 28.2%. Almost all countries in the region contributed to this development with double-digit growth rates. Particularly strong growth came from France, Italy, Russia and South Africa. In terms of Group sales, the share of the EMEA region nevertheless decreased from 37.9% in the previous year to 37.2% in 2021.

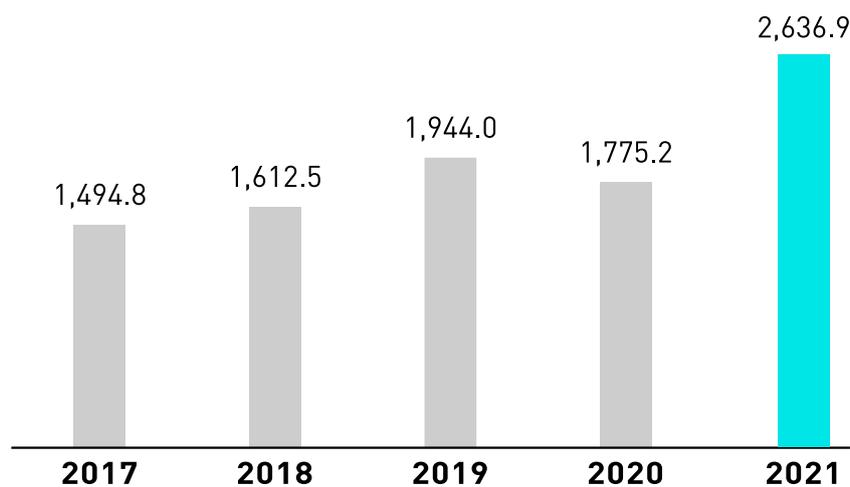
With regard to product divisions, sales revenue from Footwear recorded a currency-adjusted increase of 31.0%. Currency-adjusted sales of apparel increased by 29.2%. Currency-adjusted sales of accessories rose by 20.6%.



➤ 6.07 EMEA SALES (€ million)

In the **Americas** region, sales in the reporting currency, the euro, increased by 48.5% to € 2,636.9 million, thus exceeding the € 2 billion mark for the first time in this region. Currency-adjusted sales increased by 53.9%. Latin America in particular suffered negative exchange rate effects, as the weakness of the Argentine peso against the euro had a significant negative impact on sales in Latin America denominated in the reporting currency, the euro. Due to the strong growth in sales, the Americas region's share of Group sales rose to 38.7% in 2021 (previous year: 33.9%).

In terms of product divisions, both footwear (+63.8% currency-adjusted) and apparel (+52.1% currency-adjusted) recorded particularly strong year-on-year sales growth. Sales in the Accessories division saw a currency-adjusted increase of 35.1%, in particular due to an increase in sales of Cobra golf clubs, socks and bodywear.

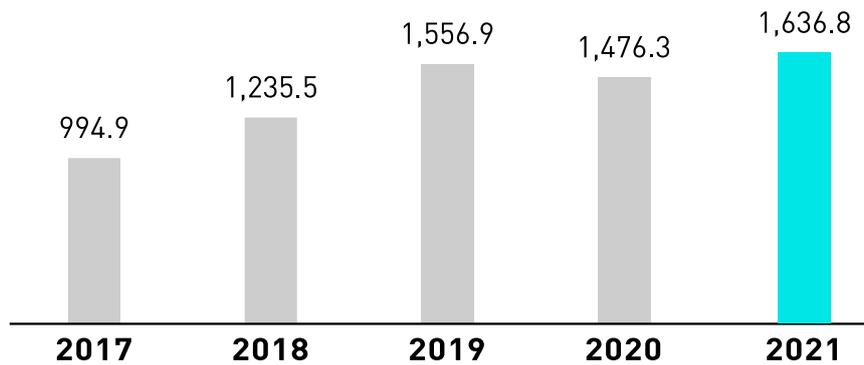
➤ 6.08 AMERICAS SALES (€ million)



In the **Asia/Pacific** region, sales rose in the reporting currency, the euro, by 10.9% to € 1,636.8 million. This corresponds to a currency-adjusted sales increase of 10.6%. While there was a single-digit percentage decline in sales in Greater China in 2021 due to the difficult market environment, India, Japan and Australia, among others, recorded double-digit percentage sales growth. The Asia/Pacific region's share of Group sales decreased from 28.2% in the previous year to 24.1% in 2021.

Looking at the product divisions, currency-adjusted sales of footwear increased by 9.4%. Sales of apparel increased by 9.6% and currency-adjusted sales in the accessories division grew by 24.7%.

➤ G.09 ASIA/PACIFIC SALES (€ million)



**RESULTS OF OPERATIONS****➤ T.01 INCOME STATEMENT**

| | 2021 | | 2020 | | +/- % |
|--|----------------|--------|----------------|--------|--------|
| | € million | % | € million | % | |
| Net Sales | 6,805.4 | 100.0% | 5,234.4 | 100.0% | 30.0% |
| Cost of sales | -3,547.6 | -52.1% | -2,776.4 | -53.0% | 27.8% |
| Gross profit | 3,257.8 | 47.9% | 2,458.0 | 47.0% | 32.5% |
| Royalty and commission income | 23.9 | 0.4% | 16.1 | 0.3% | 48.2% |
| Other operating income and expenses | -2,724.6 | -40.0% | -2,264.9 | -43.3% | 20.3% |
| Operating result (EBIT) | 557.1 | 8.2% | 209.2 | 4.0% | 166.3% |
| Financial result | -51.8 | -0.8% | -46.8 | -0.9% | 10.5% |
| Earnings before taxes (EBT) | 505.3 | 7.4% | 162.3 | 3.1% | 211.2% |
| Income taxes | -128.5 | -1.9% | -39.2 | -0.7% | 227.8% |
| Tax rate | 25.4% | | 24.2% | | |
| Net earnings attributable to non-controlling interests | -67.2 | -1.0% | -44.2 | -0.8% | 51.9% |
| Net earnings | 309.6 | 4.5% | 78.9 | 1.5% | 292.4% |
| Weighted average shares outstanding (million) | 149.59 | | 149.56 | | 0.0% |
| Weighted average shares outstanding, diluted (million) | 149.59 | | 149.56 | | 0.0% |
| Earnings per share in € | 2.07 | | 0.53 | | 292.3% |
| Earnings per share, diluted in € | 2.07 | | 0.53 | | 292.3% |



ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2021 COMPARED TO THE OUTLOOK

In the outlook of the 2020 Combined Management Report, PUMA forecasted a significant improvement in operating result (EBIT) and consolidated net earnings for the 2021 financial year. The outlook for the operating result (EBIT) had already been raised several times during the year and, at the end of the third quarter, an operating result (EBIT) in the range of € 450 million to € 500 million was anticipated. Thanks to continued brand momentum, successful product launches and a strong focus on flexibility in business operations, PUMA was able to outperform the adjusted earnings outlook for the full-year 2021, significantly exceeding the original profitability target.

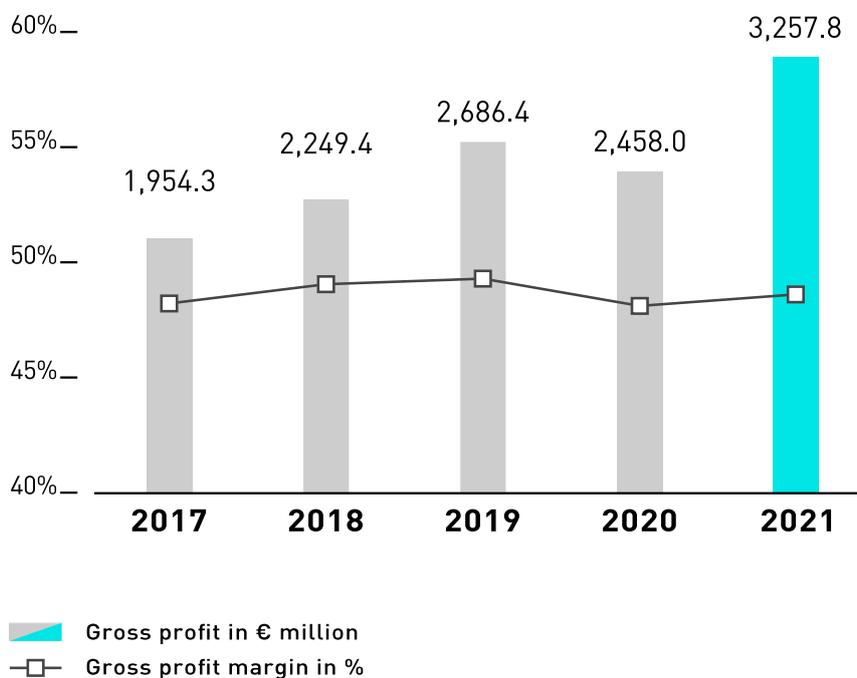
More details on earnings development in the financial year under review are provided below.

GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2021 increased by 32.5% from € 2,458.0 million to € 3,257.8 million. The gross profit margin rose by 90 basis points from 47.0% to 47.9%. This was in particular due to better sell-through and less promotional activity. By contrast, exchange rate effects, regional and distribution channel mix effects, and cost increases for inbound freight had a negative impact on the gross profit margin development.

The gross profit margin in the Footwear division increased from 45.7% in the previous year to 47.3% in 2021. The Apparel gross profit margin increased from 48.5% to 48.9%, and in Accessories it increased from 47.0% to 47.1%.

➤ 6.10 GROSS PROFIT/GROSS PROFIT MARGIN

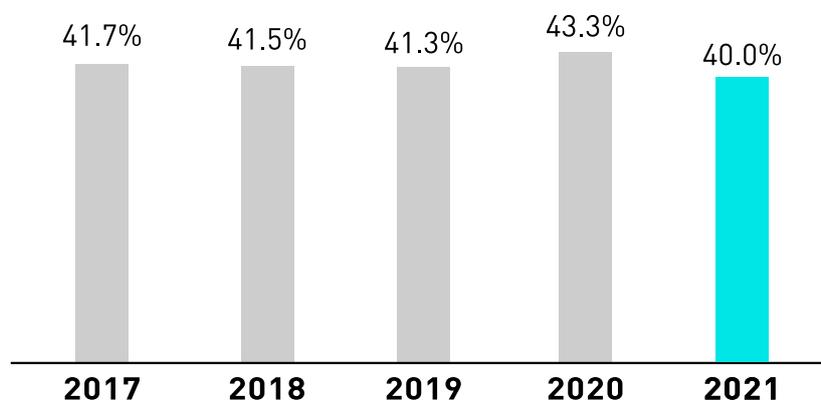




OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses (OPEX) increased by 20.3% to € 2,724.6 million in the financial year 2021 from a total of € 2,264.9 million in the previous year. Higher expenses for marketing, a higher number of PUMA-owned retail stores, higher sales-related distribution and warehousing costs as well as operational inefficiencies due to the ongoing negative impact of the COVID-19 pandemic contributed to this development. Meanwhile, continued cost control resulted in a significantly weaker increase in other operating income and expenses compared to sales growth. The operating leverage achieved is also reflected in the decrease in the expense ratio from 43.3% in the previous year to 40.0% in 2021, which contributed significantly to the improvement in profitability in the financial year 2021.

➤ 6.11 OPERATING EXPENSES (as a % of sales)



Within sales expenses, marketing/retail expenses increased by 24.7% to € 1,309.1 million, while the cost ratio was 19.2% of sales in 2021, compared with a cost ratio of 20.1% in the previous year. Other sales expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 20.8% to € 898.2 million. The cost ratio of other sales expenses decreased to 13.2% of sales in 2021 compared to a cost ratio of 14.2% in the previous year.

Research and development/product management expenses increased by 11.6% to € 114.5 million compared to the previous year and the cost ratio fell slightly to 1.7%. Other operating income in the past financial year amounted to € 2.6 million and consisted primarily of income arising from the sale of fixed assets. General and administrative expenses increased by 9.9% to € 405.2 million in 2021. The cost ratio of general and administrative expenses fell to 6.0% of sales in 2021. Depreciation and amortization is included in the relevant costs and total € 287.3 million (previous year: € 275.7 million). In addition, the respective costs include impairment losses relating to right-of-use assets totaling € 18.5 million (previous year: impairment losses relating to goodwill and right-of-use assets totaling € 18.0 million).



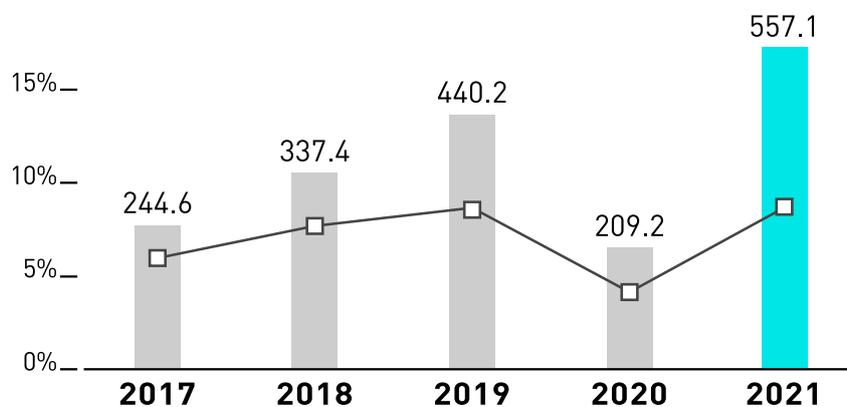
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortization (EBITDA) increased by 71.6%, from € 502.9 million to € 862.8 million, in the financial year 2021. The EBITDA margin improved accordingly from 9.6% in the previous year to 12.7% in 2021.

OPERATING RESULT (EBIT)

In the financial year 2021, the operating result increased by 166.3% from € 209.2 million in the previous year to € 557.1 million. The significant improvement in profitability in the financial year 2021 is attributable to the strong sales growth combined with the improvement in the gross profit margin and the significantly smaller increase in other operating income and expenses compared to sales growth. Accordingly, the EBIT margin increased from 4.0% in the previous year to 8.2%.

➤ 6.12 OPERATING RESULT - EBIT



Operating result in € million
 as % of sales

FINANCIAL RESULT

The financial result decreased in 2021 from a total of € -46.8 million in the previous year to € -51.8 million. This development is due, among other things, to higher expenses from foreign currency exchange differences totaling € -9.0 million in 2021 compared to € -3.9 million in the previous year. An increase in expenses from interest components in connection with forward exchange transactions ("swap points") to a total of € -9.0 million in 2021 compared to € -3.9 million in the previous year also contributed to this development. By contrast, the interest result (the net balance of interest income and interest expenses) increased to a total of € -1.0 million in 2021 compared with € -5.7 million in the previous year.

EARNINGS BEFORE TAXES (EBT)

In the financial year 2021, PUMA generated earnings before taxes of € 505.3 million. This represents a significant increase of 211.2% compared to the previous year (€ 162.3 million). Tax expenses increased to € 128.5 million compared to € 39.2 million in the previous year. The tax rate increased slightly from 24.2% to 25.4% in 2021.



NET EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net earnings attributable to non-controlling interests relate to companies in the North American market, in each of which the same shareholder holds a minority stake. The earnings attributable to these interests increased by 51.9% to € 67.2 million in the 2021 financial year (previous year: € 44.2 million). These companies concern PUMA United North America and PUMA United Canada. The business purpose of these companies is the sale of socks, bodywear, accessories and children's apparel in the North American market.

NET EARNINGS

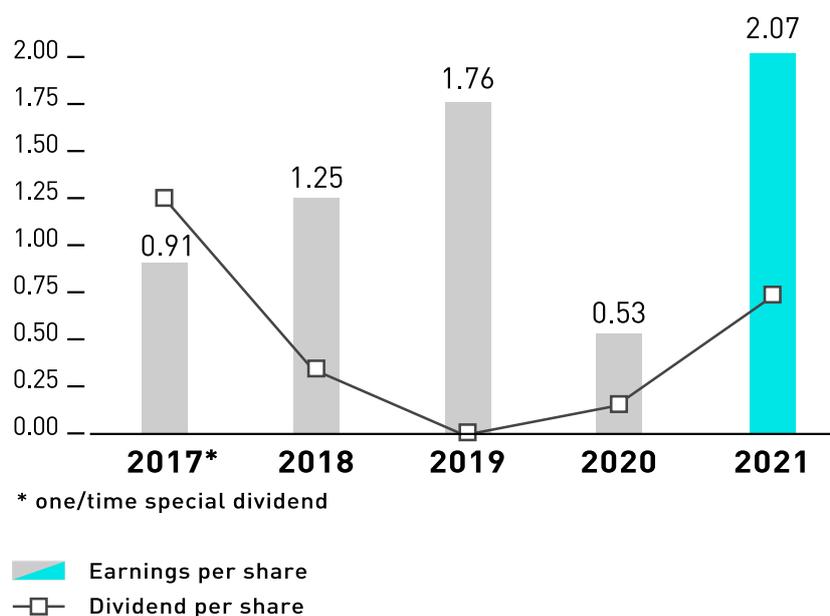
Net earnings improved by 292.4% from € 78.9 million to € 309.6 million in the 2021 financial year, representing the highest consolidated net earnings in PUMA's corporate history to date. The significant increase in consolidated net earnings was mainly the result of strong growth in sales combined with the improvement in gross profit margin and the operating leverage achieved. By contrast, the slight increase in the tax rate in 2021 resulted in a negative effect on the development of consolidated net earnings.

Earnings per share and diluted earnings per share increased from € 0.53 in the previous year to € 2.07 in the financial year 2021, in line with the development of the consolidated net earnings.

DIVIDENDS

Based on the positive net earnings, the Management Board and the Supervisory Board propose to the Annual General Meeting on May 11, 2022, that a dividend of € 0.72 per share be paid out from retained earnings of PUMA SE for the financial year 2021. The payout ratio for financial year 2021 is 34.8% of consolidated net earnings. This is in accordance with PUMA SE's dividend policy, which foresees a payout ratio of 25% to 35% of consolidated net earnings according to IFRS. The payment of the dividend is to take place in the days after the Annual General Meeting at which the decision is made on the payout. In the previous year, a dividend of € 0.16 per share was paid out and the payout ratio was 30.3% of consolidated net earnings.

➤ 6.13 EARNINGS/DIVIDEND PER SHARE (in €)





NET ASSETS AND FINANCIAL POSITION

➤ T.02 BALANCE SHEET

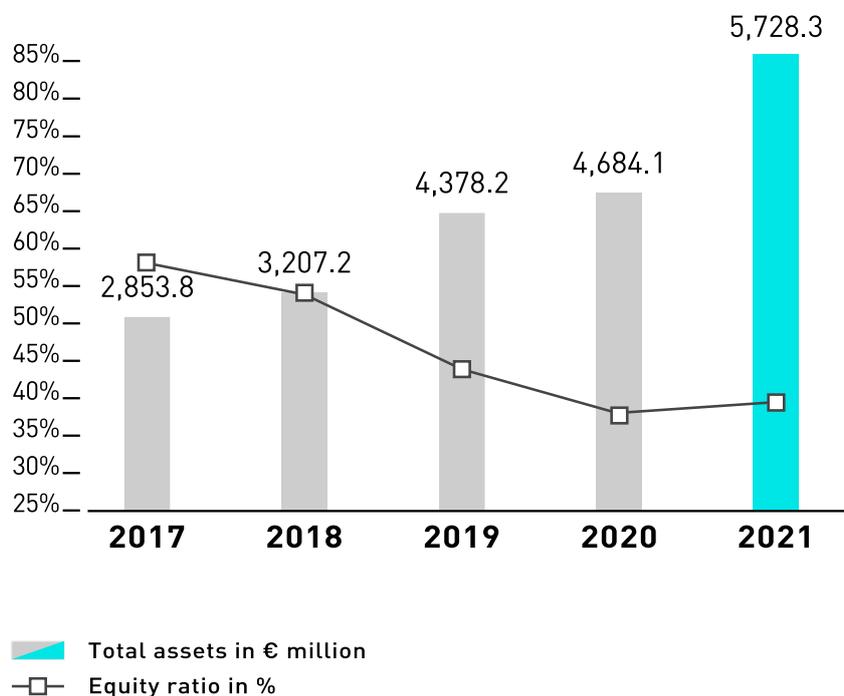
| | 12/31/2021 | | 12/31/2020 | | +/- % |
|---|----------------|---------------|----------------|---------------|--------------|
| | € million | % | € million | % | |
| Cash and cash equivalents | 757.5 | 13.2% | 655.9 | 14.0% | 15.5% |
| Inventories | 1,492.2 | 26.1% | 1,138.0 | 24.3% | 31.1% |
| Trade receivables | 848.0 | 14.8% | 621.0 | 13.3% | 36.5% |
| Other current assets (working capital) | 268.7 | 4.7% | 174.5 | 3.7% | 54.0% |
| Other current assets | 123.3 | 2.2% | 23.7 | 0.5% | 420.4% |
| Current assets | 3,489.8 | 60.9% | 2,613.0 | 55.8% | 33.6% |
| Deferred taxes | 279.9 | 4.9% | 277.5 | 5.9% | 0.9% |
| Right-of-use assets | 940.5 | 16.4% | 877.6 | 18.7% | 7.2% |
| Other non-current assets | 1,018.0 | 17.8% | 916.0 | 19.6% | 11.1% |
| Non-current assets | 2,238.4 | 39.1% | 2,071.0 | 44.2% | 8.1% |
| Total assets | 5,728.3 | 100.0% | 4,684.1 | 100.0% | 22.3% |
| Current financial liabilities | 68.5 | 1.2% | 121.4 | 2.6% | -43.6% |
| Trade payables | 1,176.5 | 20.5% | 941.5 | 20.1% | 25.0% |
| Other current liabilities (working capital) | 704.6 | 12.3% | 526.2 | 11.2% | 33.9% |
| Current lease liabilities | 172.4 | 3.0% | 156.5 | 3.3% | 10.1% |
| Other current liabilities | 42.6 | 0.7% | 127.2 | 2.7% | -66.5% |
| Current liabilities | 2,164.5 | 37.8% | 1,872.8 | 40.0% | 15.6% |
| Deferred taxes | 48.8 | 0.9% | 40.6 | 0.9% | 20.1% |
| Pension provisions | 31.9 | 0.6% | 38.2 | 0.8% | -16.3% |
| Non-current lease liabilities | 851.0 | 14.9% | 775.2 | 16.6% | 9.8% |
| Other non-current liabilities | 353.5 | 6.2% | 193.4 | 4.1% | 82.8% |
| Non-current liabilities | 1,285.3 | 22.4% | 1,047.4 | 22.4% | 22.7% |
| Shareholders' equity | 2,278.5 | 39.8% | 1,763.9 | 37.7% | 29.2% |
| Total liabilities and shareholders' equity | 5,728.3 | 100.0% | 4,684.1 | 100.0% | 22.3% |
| Working capital | 727.9 | | 465.8 | | 56.3% |
| - in % of net sales | 10.7% | | 8.9% | | |



EQUITY RATIO

PUMA has a very solid capital base. As of the balance sheet date, the shareholders' equity of the PUMA Group increased by 29.2%, from € 1,763.9 million in the previous year to € 2,278.5 million as of December 31, 2021. In addition to the positive consolidated net earnings, positive effects of changes in value recognized directly in equity from the fair value measurement of derivative financial instruments in connection with cash flow hedging and the currency conversion of financial statements of foreign subsidiaries that do not prepare their account in the reporting currency, the euro, also contributed to the increase in consolidated shareholders' equity. As of the balance sheet date, the balance sheet total increased by 22.3%, from € 4,684.1 million in the previous year to € 5,728.3 million. Overall, this resulted in a 2.1 percentage points increase in the equity ratio, from 37.7% in the previous year to 39.8% as of December 31, 2021.

➤ 6.14 TOTAL ASSETS/EQUITY RATIO



WORKING CAPITAL

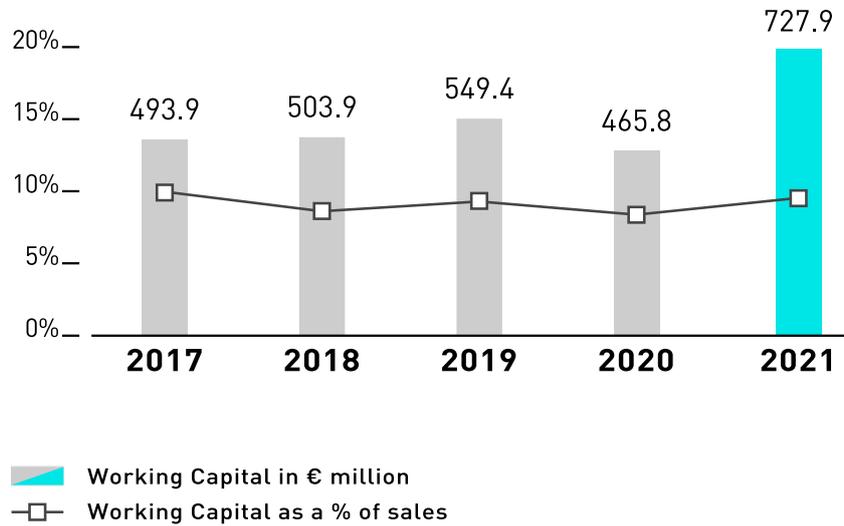
As of the balance sheet date, working capital increased by 56.3% from € 465.8 million in the previous year to € 727.9 million as of December 31, 2021. In relation to net sales in the respective financial year, this corresponds to an increase in the working capital ratio from 8.9% in the previous year to 10.7% at the end of 2021. This development is mainly due to the stronger increase in inventories and trade receivables compared to the increase in trade payables.

Due to ongoing delivery delays, which, as of the balance sheet date, contributed to an increase in goods in transit by more than half compared to the previous year, there was an overall increase in inventories by 31.1% from € 1,138.0 million to € 1,492.2 million as of December 31, 2021. In addition, an increase in the number of PUMA-owned retail stores led to the rise in inventories. Trade receivables increased by 36.5% from € 621.0 million to € 848.0 million as a result of strong growth in sales and lower receivables factoring as of the balance sheet date. Other current assets, which are attributable to working capital, increased by 54.0% from € 174.5 million to € 268.7 million, mainly due to higher tax refund claims.



On the liabilities side, trade payables increased by 25.0%, from € 941.5 million to € 1,176.5 million due to higher inventories. Other current liabilities, which are included in working capital and include, among other things, customer bonus and warranty provisions, rose by 33.9% from € 526.2 million to € 704.6 million as a result of the strong increase in sales.

➤ 6.15 WORKING CAPITAL





OTHER ASSETS AND OTHER LIABILITIES

Other current assets, which exclusively include the positive market value of derivative financial instruments, increased from € 23.7 million in the previous year to € 123.3 million. This development resulted from the increase in the U.S. dollar closing rate as of December 31, 2021, compared with the respective U.S. dollar rate when the hedging transactions were concluded.

Right-of-use assets increased by 7.2% year-on-year from € 877.6 million to € 940.5 million, mainly as a result of the move into new office buildings in the USA, France and Sweden and the increase in the number of PUMA-owned retail stores. The right-of-use assets referred to own retail stores totaling € 382.9 million (previous year: € 355.2 million), warehouses and offices totaling € 505.8 million (previous year: € 464.3 million) and other lease items, mainly technical equipment and machines and motor vehicles, totaling € 51.9 million as of December 31, 2021 (previous year: € 58.1 million). On the liabilities side, this led to an increase in current and non-current lease liabilities.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, increased by 11.1% from € 916.0 million to € 1,018.0 million in the past financial year. The increase is linked to the significant expansion of investment activities in 2021, following the pandemic-related reduction in investments in non-current assets in the previous year aimed at reducing cash outflows.

As of 31 December 2021, current financial liabilities include the current portion of the promissory note loans in the amount of € 68.5 million. In the previous year, current liabilities to banks in the amount of € 21.4 million were also included in current financial liabilities in addition to the current portion of the promissory note loans in the amount of € 100.0 million.

Other current liabilities, which include the negative market value of derivative financial instruments, fell from € 127.2 million to € 42.6 million compared to the previous year.

Pension provisions decreased from € 38.2 million in the previous year to € 31.9 million. This development is primarily related to an increase in plan assets.

Other non-current liabilities, which mainly include promissory note loans totaling € 311.5 million (previous year: € 145.0 million), amounted to € 353.5 million (previous year: € 193.4 million).

**CASH FLOW****➤ T.03 CASH FLOW STATEMENT**

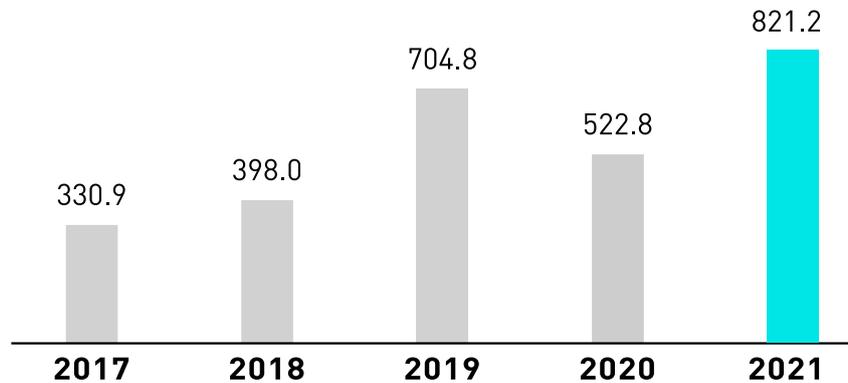
| | 2021 | 2020 | |
|---|---------------|---------------|--------|
| | € million | € million | +/- % |
| Earnings before taxes (EBT) | 505.3 | 162.3 | 211.2% |
| Financial result and non-cash expenses and income | 315.9 | 360.4 | -12.4% |
| Gross cash flow | 821.2 | 522.8 | 57.1% |
| Change in net current assets | -214.3 | -11.9 | - |
| Payments for taxes on income | -146.9 | -89.3 | 64.4% |
| Net cash from operating activities | 460.1 | 421.5 | 9.2% |
| Payments for acquisitions | 0.0 | 0.0 | - |
| Payments for investing in fixed assets | -202.4 | -151.0 | 34.1% |
| Other investing and divestment activities incl. interest received | 18.6 | 5.5 | - |
| Net cash used in investing activities | -183.8 | -145.5 | 26.3% |
| Free cash flow | 276.2 | 276.0 | 0.1% |
| Free cash flow (before acquisitions) | 276.2 | 276.0 | 0.1% |
| - in % of net sales | 4.1% | 5.3% | |
| Dividend payments to equity holders of the parent company | -23.9 | 0.0 | - |
| Dividend payments to non-controlling interests | -47.8 | -45.6 | 5.0% |
| Proceeds from borrowings | 235.0 | 94.2 | 149.4% |
| Cash repayments of borrowings | -121.9 | 0.0 | - |
| Repayments of lease liabilities | -160.9 | -135.0 | 19.2% |
| Payments of interest | -44.4 | -43.0 | 3.3% |
| Net cash used in financing activities | -164.0 | -129.2 | 26.9% |
| Exchange rate-related changes in cash and cash equivalents | -10.5 | -8.9 | 18.4% |
| Change in cash and cash equivalents | 101.7 | 137.8 | -26.2% |
| Cash and cash equivalents at the beginning of the financial year | 655.9 | 518.1 | 26.6% |
| Cash and cash equivalents at the end of the financial year | 757.5 | 655.9 | 15.5% |



NET CASH FROM OPERATING ACTIVITIES

The significant increase in profit before tax (EBT +211.2%) in the financial year 2021 was the main reason for the 57.1% increase in gross cash flow from € 522.8 million to € 821.2 million.

➤ 6.16 GROSS CASH FLOW (€ million)



As a result of the increase in working capital, there was a cash outflow from the change in net working capital* of € -214.3 million in the financial year 2021 compared to a cash outflow of only € -11.9 million in the previous year. The cash outflow from payments for income taxes increased from € -89.3 million in the previous year to € -146.9 million in the financial year 2021 due to the increase in profitability. Overall, this led to a 9.2% increase in cash inflow from operating activities from € 421.5 million to € 460.1 million, enabling PUMA to improve cash inflow from operating activities in the financial year 2021, despite the increase in working capital.

NET CASH USED IN INVESTING ACTIVITIES

In the financial year 2021, cash outflow from investment activities increased from a total of € 145.4 million to € 183.8 million. The investments in fixed assets included in this figure increased from € 151.0 million in the previous year to € 202.4 million in 2021 in line with our investment planning. The increase was primarily attributable to investments in our own retail stores, in our logistics infrastructure and in new administrative buildings. In addition, investments in the modernization of the IT infrastructure continued to be made.

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

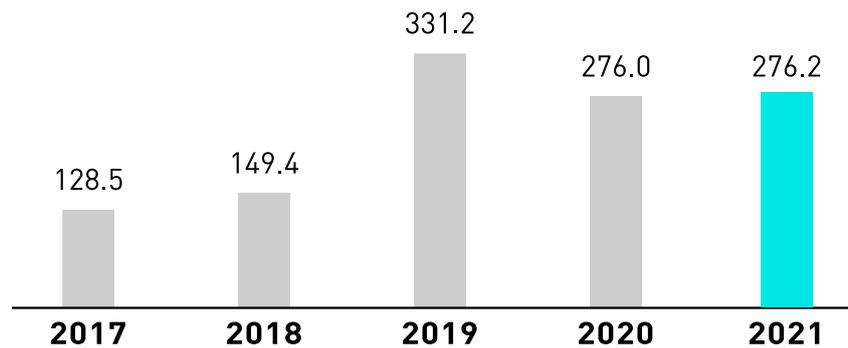


FREE CASH FLOW BEFORE ACQUISITIONS

The free cash flow before acquisitions is the balance of the cash inflows and outflows from operating and investing activities. In addition, an adjustment is made for incoming and outgoing payments that relate to shareholdings, where applicable. No acquisitions were made in 2020 and 2021.

Free cash flow before acquisitions remained constant in the financial year 2021 at € 276.2 million compared to the previous year (€ 276.0 million). Free cash flow before acquisitions was 4.1% of net sales compared to 5.3% in the previous year.

➤ 6.17 FREE CASH FLOW (BEFORE ACQUISITIONS) (€ million)



NET CASH USED IN FINANCING ACTIVITIES

The net cash used in financing activities increased overall from a cash outflow of € 129.2 million in the previous year to a cash outflow of € 164.0 million in 2021. The increase in cash outflow resulted mainly from the dividend payment to the shareholders of PUMA SE for the financial year 2020 in the amount of € 23.9 million, after the dividend payment was suspended in the previous year due to the COVID-19 pandemic to limit the cash outflow.

The net cash used in financing activities also included payouts to non-controlling interests totaling € 47.8 million in 2021 (previous year: € 45.6 million). Cash inflows from borrowings amounted to € 235.0 million, compared with cash inflows of € 94.2 million in the previous year. In the financial year 2021, payments made for the repayment of financial liabilities totaled € 121.9 million (previous year: € 0.0 million). The cash outflows for the repayment of leasing liabilities and related interest expenses included in the cash outflow from financing activities increased from a total of € 164.2 million in the previous year to € 192.4 million in 2021.

As of December 31, 2021, PUMA had cash and cash equivalents of € 757.5 million, an increase of 15.5% compared to the previous year (€ 655.9 million). The PUMA Group also had credit lines totaling € 1,322.0 million as of December 31, 2021 (previous year: € 1,639.1 million). Unutilized credit lines totaled € 942.0 million on the balance sheet date, compared to € 1,372.7 million in the previous year.



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

Despite the numerous operational challenges, 2021 was an excellent financial year for PUMA. Although the negative effects of the COVID-19 pandemic continued in 2021, we were able to achieve the highest sales volume to date and, at the same time, the best net earnings in PUMA's corporate history. This was only possible thanks to the extraordinary commitment of our employees, who coped admirably with this difficult time through their flexibility, determination and positive attitude. Our approach to deal with the COVID-19 pandemic was to manage the crisis in the short-term without hindering PUMA's mid-term momentum. Accordingly, our primary goal was to survive the crisis together with our partners, to recover and then to emerge stronger from the crisis with growth. The health and safety of our employees, business partners and customers were our top priority. We have also worked hard to limit as much as possible the delays in our supply chain and the production losses at our suppliers' sites caused, for example, by the COVID-19 lockdown in South Vietnam. In addition, we had to deal with a very difficult market situation in China this year. The long-standing, close and trusting cooperation with our customers, manufacturers, logistics partners and other partners was one of the most important success factors for us in dealing with the pandemic.

With regard to our organizational development, we made important progress this year. Our Central European logistics center in Geiselwind, Germany started operations this year, and we have also been working intensively on expanding the logistics centers in our main markets. Our North America and international marketing organization in the USA and our administrative functions in France and Sweden have moved to new, modern office buildings. Likewise, we continued to improve our processes and systems and invested, for example, in the modernization of our IT infrastructure and the further development of our product development and ERP systems.

We were able to achieve currency-adjusted sales growth of 31.7% in the financial year 2021. All regions and all product divisions contributed to this development with double-digit growth rates. We were also able to make significant improvements in terms of profitability in 2021, achieving the best operating result (EBIT) and consolidated net earnings in PUMA's corporate history. In addition to the strong growth in sales, this development is also attributable to the improvement in the gross profit margin and to the operating leverage achieved. At € 557.1 million, operating result in the past financial year exceeded our outlook of € 450 million to € 500 million, which we had already revised upward during the year. Earnings per share almost quadrupled compared to the previous year, from € 0.53 to € 2.07. This means that we have exceeded our profitability targets in the past financial year.

With regard to the balance sheet, we believe that PUMA continues to have a very solid capital base. As of the balance sheet date, the PUMA Group's equity amounted to almost € 2.3 billion, and the equity ratio was just under 40%.

Our consistent focus on working capital management made a significant contribution in the past financial year to limiting the negative impact on our working capital despite the delays in the supply chain, which led to a significant increase in goods in transit. Our cash and cash equivalents increased to € 757.5 million as of the balance sheet date. In addition, the PUMA Group has unutilized credit lines totaling € 942.0 million at its disposal.

Consequently, the net asset, financial and income situation of the PUMA Group is overall very solid at the time the Combined Management Report was prepared. This enables the Management Board and the Supervisory Board to propose to the Annual General Meeting on May 11, 2022, a dividend of € 0.72 per share for the financial year 2021. This corresponds to a payout ratio of 34.8% in relation to the consolidated net earnings according to IFRS and is in line with our dividend policy.



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

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

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

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

RESULTS OF OPERATIONS

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

| | 2021 | | 2020 | | +/- % |
|-------------------------------|-----------------|---------|---------------|---------|---------------|
| | € million | % | € million | % | |
| Net Sales | 948.7 | 100.0% | 709.7 | 100.0% | 33.7% |
| Other operating income | 31.4 | 3.3% | 40.4 | 5.7% | -22.3% |
| Material expenses | -270.8 | -28.5% | -237.2 | -33.4% | 14.2% |
| Personnel expenses | -120.4 | -12.7% | -94.2 | -13.3% | 27.8% |
| Depreciation | -29.4 | -3.1% | -25.4 | -3.6% | 15.4% |
| Other operating expenses | -630.8 | -66.5% | -512.1 | -72.2% | 23.2% |
| Total expenses | -1,051.4 | -110.8% | -868.9 | -122.4% | 21.0% |
| Financial result | 208.6 | 22.0% | 359.5 | 50.7% | -42.0% |
| Income before taxes | 137.3 | 14.5% | 240.7 | 33.9% | -43.0% |
| Taxes on income | -13.7 | -1.4% | -11.0 | -1.6% | 23.7% |
| Net income | 123.6 | 13.0% | 229.7 | 32.4% | -46.2% |

In the financial year 2021, **net sales** increased by a total of 33.7% to € 948.7 million. The increase resulted both from higher revenues from product sales and from higher commission income in the context of license management. Revenue from PUMA SE product sales increased by 17.7% to € 412.5 million. The royalty and commission income included in net sales increased by 50.4% to € 495.1 million. Other revenue, which mainly consisted of recharges of costs to affiliated companies, totaled € 41.2 million in 2021 (previous year: € 30.0 million).



Other operating income amounted to € 31.4 million in 2021 (previous year: € 40.4 million) and includes, in particular, realized and unrealized gains from currency conversion related to the measurement of receivables and liabilities in foreign currencies at the balance sheet date.

The total **expenditure** from material expenses, personnel expenses, depreciation and other operating expenses increased by 21.0% to € 1,051.4 million compared to the previous year (previous year: total of € 868.9 million). The increase in material expenses compared to the previous year was mainly due to the increase in sales. The increase in personnel expenses is related in particular to the higher number of employees and increased provisions for bonuses. Other operating expenses were up compared to the previous year due, among other things, to increased marketing and sales expenses.

As forecasted in our financial planning for 2021, the **financial result** fell by 42.0% year-on-year to € 208.6 million. The decline was mainly due to significantly lower dividends from shareholdings in affiliated companies. In addition, there were higher expenses from loss transfers from affiliated companies. By contrast, income from profit transfers from affiliated companies increased and improved net interest income, the balance of interest expense and interest income, had a positive impact on the financial result.

Despite a significant increase in sales, the rise in expenses and the decline in the financial result led to a 43.0% decrease of **earnings before taxes**, from € 240.7 million in the previous year to € 137.3 million in 2021. **Taxes on income** amounted to € 13.7 million (previous year: € 11.0 million). Accordingly, PUMA SE's **net income** under German Commercial Code (German GAAP, HGB) decreased by 46.2% to € 123.6 million in the financial year 2021 (previous year: € 229.7 million).

NET ASSETS

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

| | 12/31/2021 | | 12/31/2020 | | +/- % |
|---|----------------|---------------|----------------|---------------|--------------|
| | € million | % | € million | % | |
| Total fixed assets | 1,087.0 | 50.3% | 1,072.0 | 58.5% | 1.4% |
| Inventories | 53.9 | 2.5% | 65.5 | 3.6% | -17.7% |
| Receivables and other current assets | 607.2 | 28.1% | 424.3 | 23.1% | 43.1% |
| Cash and cash equivalents | 398.8 | 18.4% | 260.2 | 14.2% | 53.3% |
| Total current assets | 1,059.9 | 49.0% | 750.0 | 40.9% | 41.3% |
| Others | 15.1 | 0.7% | 11.5 | 0.6% | 31.2% |
| Total assets | 2,162.0 | 100.0% | 1,833.5 | 100.0% | 17.9% |
| Shareholders' equity | 916.9 | 42.2% | 815.1 | 44.5% | 12.5% |
| Accruals/provisions | 117.6 | 5.4% | 89.0 | 4.9% | 32.0% |
| Liabilities | 1,127.0 | 52.1% | 929.4 | 50.7% | 21.3% |
| Others | 0.5 | 0.0% | 0.0 | 0.0% | - |
| Total liabilities and shareholders' equity | 2,162.0 | 100.0% | 1,833.5 | 100.0% | 17.9% |



Fixed assets increased by a total of 1.4% to € 1,087.0 million in 2021. The increase is due to further investments in the IT infrastructure and the acquisition of additional shares in the amount of € 6.0 million as part of the capital increase of Borussia Dortmund GmbH & Co. KGaA (BVB).

In terms of **current assets**, inventories fell by 17.7% to € 53.9 million as a result of the strong growth in sales. By contrast, receivables and other assets rose by a total of 43.1% to € 607.2 million compared with the previous year. Both increased receivables from affiliated companies and higher trade receivables contributed to this development. Cash and cash equivalents increased by 53.3% to € 398.8 million compared to the previous year.

On the **liabilities side**, equity rose by 12.5% to € 916.9 million, as a result of the net income in 2021. Despite this, an increase in total assets due to higher provisions and liabilities led to a reduction in the equity ratio at the balance sheet date from 44.5% in the previous year to 42.4% as of December 31, 2021.

Provisions increased by 32.0% year-on-year to € 117.6 million. This development resulted from higher provisions for personnel, customer bonuses and for outstanding invoices. Liabilities increased from € 929.4 million in the previous year to € 1,127.0 million as of December 31, 2021. This increase was primarily due to higher liabilities to banks, as further promissory note loans were taken out, and to increased liabilities to affiliated companies.

FINANCIAL POSITION

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

| | 2021 | 2020 | |
|---|---------------|---------------|-----------------|
| | € million | € million | +/- % |
| Net cash from operating activities | 124.0 | 24.9 | >100% |
| Net cash used in investing activities | -206.7 | -194.7 | 6.2% |
| Free cash flow | -82.7 | -169.9 | -51.3% |
| Net cash from financing activities | 221.4 | 382.8 | -42.2% |
| Change in cash and cash equivalents | 138.6 | 213.0 | -34.9% |
| Cash and cash equivalents at the beginning of the financial year | 260.2 | 47.2 | >100% |
| Cash and cash equivalents at the end of the financial year | 398.8 | 260.2 | 53.3% |

The **cash inflow from operating activities** increased from € 24.9 million to € 124.0 million in the 2021 financial year. This development resulted primarily from the improvement in the operating result (= net sales minus operating expenses and income). Furthermore, the slight decrease in the working capital of PUMA SE also had a positive effect on the cash inflow from operating activities.

The **net cash used in investing activities** in 2021 includes investments in fixed assets and cash outflows from the granting of receivables to affiliated companies. In addition, the cash outflow from investment activities in 2021 includes the cash outflow for the acquisition of additional BVB shares as part of the capital increase.



Net cash from financing activities showed a total cash inflow of € 221.4 million in 2021 (previous year: € 382.8 million). The cash inflow was mainly attributable to the increase in liabilities to banks resulting from the issue of new promissory note loans and to an increase in liabilities to affiliated companies. In contrast, the dividend payment to the shareholders of PUMA SE for the financial year 2020 in the amount of € 23.9 million, after the dividend payment was suspended in the previous year due to the COVID-19 pandemic to limit the cash outflow, resulted in a cash outflow.

OUTLOOK

In PUMA SE's financial statements under German Commercial Code (German GAAP, HGB), we expect an increase in net sales in the low double-digit percentage range for the financial year 2022. Assuming increasing dividends from investments in affiliated companies, we expect a slight increase of income before taxes for the 2022 fiscal year.



INFORMATION CONCERNING TAKEOVERS

The following information, valid December 31, 2021, is presented in accordance with Art. 9 p. 1 c) (ii) of the SE Regulation in conjunction with Sections 289a, 315a German Commercial Code (HGB). Details under Sections 289a, 315a HGB which do not apply at PUMA SE are not mentioned.

Composition of the subscribed capital (Sections 289a [1][1], 315a [1][1] HGB)

On the balance sheet date, subscribed capital totaled € 150,824,640.00 and was divided into 150,824,640 no-par value shares with a proportional amount in the statutory capital of € 1.00 per share. As of the balance sheet date, the Company held 1,219,040 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][3], 315a [1][3] HGB)

As of December 31, 2021, there was one shareholding in PUMA SE that exceeded 10% of the voting rights. It was held by the Pinault family via several companies controlled by them (ranked by size of stake held by the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The shareholding of Kering S.A. in PUMA SE amounted to 4.0% of the share capital according to Kering's press release from May 27, 2021. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 32.5% of the share capital.

Statutory provisions and regulations of the Articles of Association on the appointment and dismissal of the members of the Management Board and on amendments to the Articles of Association (Sections 289a [1][6], 315a [1][6] HGB)

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

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

Authority of the Management Board to issue or repurchase shares (Sections 289a [1][7], 315a [1][7] HGB)

The authority of the Management Board to issue shares result from Section 4 of the Articles of Association and from the statutory provisions:

Authorized Capital

By resolution of the Annual General Meeting on May 5, 2021, the Management Board is authorized, with approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 30,000,000.00 by issuing, once or several times, new no par-value bearer shares against contributions in cash and/or kind until May 4, 2026 (Authorized Capital 2021). 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 shall be authorized with approval of the Supervisory Board, to partially or completely exclude pre-emption rights

- to avoid peak amounts;
- in case of capital increases against contributions in cash if the pro-rated amount of the share capital attributable to the new shares for which pre-emption rights have been excluded does not exceed 10% of the share capital and the issue price of the newly created shares is not significantly lower than the relevant exchange price for already listed shares of the same class, Section 186 (3) sentence 4 of the German Stock Corporation Act (Aktiengesetz, AktG). The 10% limit of the share capital shall apply at the time of the resolution on this authorization by the Annual General Meeting as well as at the time of exercise of the authorization. Shares of the Company (i) which are issued or sold during the term of the Authorized Capital 2021 excluding shareholders' pre-emption rights directly or respectively applying Section 186 (3) sentence 4 AktG or (ii) which are or can be issued to service option and convertible bonds applying Section 186 (3) sentence 4 AktG while excluding shareholders' pre-emption rights during the term of the Authorized Capital 2021, shall be counted towards said limit of 10%;
- in case of capital increases against contributions in cash insofar as it is required to grant pre-emption rights regarding the Company's shares to holders of option or convertible bonds which have been or will be issued by the Company or its direct or indirect subsidiaries to such an extent to which they would be entitled after exercising option or conversion rights or fulfilling the conversion obligation as a shareholder;
- in case of capital increases against contributions in kind for carrying out mergers or for the direct or indirect acquisition of companies, participation in companies or parts of companies or other assets including intellectual property rights and receivables against the Company or any companies controlled by it in the sense of Section 17 AktG.

The total amount of shares issued or to be issued based upon this authorization while excluding shareholders' pre-emption rights may neither exceed 10% of the share capital at the time of the authorization becoming effective nor at the time of exercising the authorization; this limit must include all shares which have been disposed of or issued or are to be issued during the term of this authorization based on other authorizations while excluding pre-emption rights or which are to be issued because of an issue of option or convertible bonds during the term of this authorization while excluding pre-emption rights. The Management Board shall be entitled, with approval of the Supervisory Board, to determine the remaining terms of the rights associated with the new shares as well as the conditions of the issuance of shares. The Supervisory Board is entitled to adjust the respective version of the Company's Articles of Association with regard to the respective use of the Authorized Capital 2021 and after the expiration of the authorization period.

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

Conditional Capital

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

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

No use has been made of this authorization to date.



Authorization to acquire treasury shares

The Annual General Meeting of May 7, 2020 resolved under agenda item 6 to authorize PUMA SE to acquire and utilize treasury shares until May 6, 2025, including the authorization to sell treasury shares while excluding shareholders' pre-emption rights. The authorization from 2020 was extended by resolution of the Annual General Meeting on May 5, 2021 to the effect that the Supervisory Board was authorized to issue treasury shares to members of the Management Board as a component of Management Board remuneration, while excluding shareholders' pre-emption rights. In all other aspects, the authorization from 2020 remained unchanged.

No use has been made of the authorization to acquire treasury shares in the reporting period.

Significant agreements of the Company which are subject to a change of control as a result of a takeover bid and the resulting effects (Section 289a [1][8], 315a [1][8] HGB)

Material financing agreements of PUMA SE with its creditors contain the standard change-of-control clauses. In the case of change of control the creditor is entitled to termination and early calling-in of any outstanding amounts.

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



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

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

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

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

STATEMENT OF COMPLIANCE PURSUANT TO SECTION 161 AKTG FOR 2021

The Management Board and the Supervisory Board of PUMA SE declare that - since the last Statement of Compliance from November 9, 2020 - PUMA SE has complied, and will continue to comply, with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated December 16, 2019 (effective as of March 20, 2020, "Code 2020"), to the extent required by the Code 2020.

Herzogenaurach, November 9, 2021

PUMA SE

For the Management Board
Bjørn Gulden Hubert Hinterseher

For the Supervisory Board
Jean-François Palus

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



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

CORPORATE SOCIAL RESPONSIBILITY

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

COMPLIANCE MANAGEMENT SYSTEM

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

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

All employees are familiarized with the regulatory areas of the Code of Ethics through ongoing mandatory e-learning. In addition, employees selected on the basis of risk-based principles are given in-depth knowledge through suitable communication measures, classroom training or more comprehensive e-learning. In 2021, the annual e-learning on the Code of Ethics covered the topics of anti-bribery and anti-corruption, conflict of interest and reporting of compliance violations ("speak up culture"). The Compliance Department developed the content of the training itself in order to achieve the greatest possible learning success with case studies that PUMA employees could relate to. The CEO of PUMA SE encouraged all PUMA employees to complete the e-learning on the Code of Ethics. The clear tone from the top resulted in 98.8% of PUMA employees (98.4% PUMA SE) across the Group successfully completing the Code of Ethics e-learning. At the beginning of 2021, the Business Partner Due Diligence Policy developed in the previous year was implemented. In it, existing processes for the identification and treatment of business partner risks were consolidated and partly redefined. The process includes a risk assessment to identify business partners with a high-risk profile and describes the due diligence steps to be applied to such business partners. The due diligence steps include, for example, a compliance screening and compliance and financial (payment method, market conformity of remuneration) health checks. A structured approval process defines when the local compliance officer can approve a high-risk business partner and when the chief compliance officer must be involved in the approval process. 684 employees were trained Group-wide on the due diligence steps.

The Management Board is responsible for the proper functioning of the CMS. It is supported by a compliance organization consisting of the Chief Compliance Officer and compliance officers in the main operating Group companies. The Chief Compliance Officer of PUMA SE reports directly to the CEO of PUMA SE. The local compliance officers also serve as direct contact persons for employees and support them by appropriate communication measures as well as in dealing with and processing compliance incidents. The Chief Compliance Officer and the local compliance officers regularly exchange information



on the results of their risk analyses and make any necessary adjustments to the compliance management system. The internal audit department audits the compliance controls on a yearly basis. To facilitate cooperation within the global compliance organization, regular virtual meetings are held with the local compliance officers. These provide an opportunity to exchange experience and knowledge. This informal exchange of information is supplemented by a compliance reporting process. The Chief Compliance Officer reports to the Audit Committee of the Supervisory Board of PUMA SE about the outcome of this reporting process. Thereby, the current status of the implementation of compliance structures and serious compliance violations are addressed. The Chief Compliance Officer works closely with the Legal Department and the Internal Audit.

PUMA has a Group-wide electronic whistleblower platform, which is operated by an external provider and to which employees and third parties can safely and confidentially report illegal or unethical conduct in a protected manner. Violations from all risk areas can be reported. Insofar as they do not fall within the competence of the compliance organization, the responsible specialist departments are responsible for identifying and taking measures. The introduction of the platform was communicated throughout the Group by the CEO and the communication was flanked by appropriate information material. Every year, the local compliance officers expressly draw attention to the whistleblower system through appropriate communication measures or in face-to-face training sessions. Whistleblowers who report misconduct in good faith are protected from retaliation. All reports are followed up immediately and, if confirmed, appropriate measures are taken. In 2021, the Compliance department at headquarters received 69 reports of alleged violations. The majority of cases did not fall within the remit of the Compliance department. In addition to the whistleblower platform, there is a global hotline for whistleblowers from the supply chain.

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

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

MANAGEMENT BOARD

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

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

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

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



SUPERVISORY BOARD

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

The Supervisory Board appoints the members of the Management Board and may dismiss them at any time for good cause. Initial appointments are for three years. The Supervisory Board adopts a clear and understandable remuneration system for the Management Board. In case of any significant change, at least every four years, it shall submit the remuneration system to the Annual General Meeting for approval. The Annual General Meeting on May 5, 2021 approved a further developed Management Board remuneration system submitted by the Supervisory Board, which complies with the requirements of the Act Implementing the Second Shareholders' Directive (ARUG II), follows the recommendations of the Code 2020 and is even more strongly aligned with shareholder interests. Further information on the remuneration of the Management Board is summarized in the Compensation Report (see <https://about.puma.com/en/investor-relations/corporate-governance>).

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

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

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

The Supervisory Board regularly reviews the efficiency of its activities. The last efficiency review was initiated at the end of 2021. With the support of external experts, a comprehensive questionnaire has been prepared, which was answered by each of the Supervisory Board members. In early 2022, the results will be evaluated, discussed by the Supervisory Board and any improvement measures will be defined.



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

The Company supports the Supervisory Board in its training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and address them in the meetings. In an onboarding program, new members of the Supervisory Board not only receive training from the legal department on their rights and duties, but also have the opportunity in particular to meet the members of the Management Board and other executives for a bilateral exchange on current management issues and thus gain an overview of relevant topics of the Company. In addition, the Supervisory Board was trained on the topic of sustainability and supply chain in 2021.

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

SHAREHOLDERS AND ANNUAL GENERAL MEETING

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

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

In addition to other communication channels, we make intensive use of the Company's website for our investor relations work. At <http://about.PUMA.com/en/investor-relations>, all material information published in the 2021 financial year, including annual, quarterly and half-yearly financial reports, press releases, voting rights announcements by major shareholders, presentations and the financial calendar, can be accessed.

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

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

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

The Audit Committee consists of three members. The Chair of the Audit Committee must be an independent shareholder representative and must have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG. In particular, the Audit Committee is responsible for the review of the accounting



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

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

The Sustainability Committee consists of three members. It was established in April 2021 and meets once a year. In its area of responsibility, the Sustainability Committee advises and monitors the sustainability strategy of the Management Board. The members of the Sustainability Committee are Fiona May (Chair), Héloïse Temple-Boyer and Martin Köppel.

The current composition of the committees can further be found in Appendix 2 of the Notes to the Consolidated Financial Statements.

DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD

A) OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD

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

- The members of the Supervisory Board as a group have the experience and knowledge in the field of management and/or monitoring market-oriented companies as well as in the business segments and sales markets of PUMA. Details of this are presented under lit. B) of this chapter.
- A sufficient number of members have strong international backgrounds. This target has been clearly surpassed simply because of the international origins of Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May.

The Supervisory Board has an appropriate number of independent members. With Jean-François Palus, Héloïse Temple-Boyer, Thore Ohlsson and Fiona May four out of six members of the Supervisory Board are considered independent.



The Code 2020 does not contain a conclusive definition of independence regarding the shareholder representatives in the supervisory board, but rather lists examples of circumstances that may indicate a lack of independence. It is the task of the supervisory board to assess the independence of the members of the supervisory board on the basis of these indications and evaluate whether a member has a personal or business relationship with the Company or its management board that may cause a substantial – and not merely temporary – conflict of interest. Against this backdrop, PUMA's Supervisory Board believes that there are currently no specific indications of relevant circumstances or relationships for any member of the Supervisory Board that could constitute a material and not merely temporary conflict of interest and that would therefore interfere with their independence.

With regard to Supervisory Board members Jean-François Palus and Héloïse Temple-Boyer, the Supervisory Board is of the opinion that their functions as Directeur Général Délégué of Artémis S.A.S. do not impair their independence within the meaning of the Code 2020. Artémis S.A.S. is not a controlling shareholder, as Artémis S.A.S. is neither a majority shareholder nor does it have a de facto majority at the Annual General Meeting.

With regard to the members of the Supervisory Board Mr. Jean-François Palus and Mr. Thore Ohlsson, the Supervisory Board believes that the length of their tenure as members of the Supervisory Board, which each exceeds 12 years, does not interfere with their independence within the meaning of the Code 2020 as it does not give rise to a material conflict of interest. This is due to the fact that Mr. Palus and Mr. Ohlsson currently hold positions in the management and supervisory boards of several other companies. They both have demonstrated a high level of professionalism during their long experience in the management of various companies and the Supervisory Board believes that both would avoid any circumstances that may give rise to conflict of interest. There are no other indications of a conflict of interest in Mr. Palus' and Mr. Ohlsson's person.

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

- Thore Ohlsson, the Chair of the Audit Committee has specific knowledge and experience in applying accounting principles and internal control procedures, is familiar with audits and is independent. Jean-François Palus and Héloïse Temple-Boyer also bring this specific knowledge with them.
- The members have sufficient time to perform his/her mandate in the Supervisory Board. Prior to each election proposal, the Supervisory Board examines whether the candidates concerned are able to complete the time required for the office.
- The Supervisory Board prevents potential significant and not only temporary conflicts of interest of its members by regularly monitoring and critically scrutinizing its members' other activities. There were no indications of actual conflicts of interest in the 2021 financial year. If a conflict of interest would occur each member of the Supervisory Board informs the Chair of the Supervisory Board without undue delay.
- According to Section 1(4) of the Rules of Procedure for the Supervisory Board, Supervisory Board members may, in principle, not be over 70 years of age and their maximum term of office may not exceed three terms. In setting this age limit, the Supervisory Board deliberately decided against a rigid maximum age limit and in favor of a flexible rule limit that provides the necessary leeway for an appropriate assessment of the circumstances of the individual case, sufficiently broadly defines the circle of potential candidates and also allows re-election. Thore Ohlsson has reached the statutory age limit. After careful consideration, he was nevertheless proposed by the Supervisory Board for re-election in 2018 in order to ensure the necessary continuity after the spin-off from Kering S.A. in the best interests of the Company. All other Supervisory Board members did not reach the standard age limit at the time of their election.



B) PROFILE OF SKILLS AND EXPERTISE

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

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

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

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

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

Target figures 2017

In 2017, the Supervisory Board of PUMA SE had set a target figure of 30% for the proportion of women on the Supervisory Board to be achieved by October 31, 2021. This target figure was achieved as of this date.

For the Management Board, the Supervisory Board had set a target in 2017 for the proportion of women of 20%, provided that PUMA SE has five or more Management Board members; the target to be achieved by October 31, 2021. This target figure was achieved as of this date.

In 2017, the Management Board had set a target figure of 25% for PUMA SE and 30% at Group level for the proportion of women at the first management level below the Management Board, the targets to be achieved by October 31, 2021. These targets were not achieved. The management team at the first management level below the Management Board has remained fairly stable in recent years and no significant new positions have been created at this level. However, due to the strong development at the second management level below the Management Board, the Management Board is very confident that the new target figure for the first management level will be achieved naturally as part of internal succession appointments.



For the second management level below the Management Board, the proportion of women was to increase to 30% for PUMA SE and to 40% at Group level by October 31, 2021. These targets were achieved.

Target figures 2021

The Supervisory Board of PUMA SE has set a target figure of at least 2 women (33%) for the proportion of women on the Supervisory Board to be achieved by October 31, 2026.

For the Management Board, the Supervisory Board has set a target for the proportion of women

- of at least 1 woman (25%), provided that PUMA SE has four Management Board members;
- of at least 1 woman (20%), provided that PUMA SE has five Management Board members;
- of at least 2 women (33%), provided that PUMA SE has six Management Board members.

The implementation period for this target is October 31, 2026.

For PUMA SE, the Management Board has set a target of 30% for the first management level below the Management Board and 35% for the second management level below the Management Board. At Group level, the proportion of women is to amount to 30% for the first management level below the Management Board and to 40% for the second management level. The implementation deadline here, too, is October 31, 2026.

DIVERSITY CONCEPT FOR THE MANAGEMENT BOARD

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

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

- Gender

Until October 31, 2026, PUMA aims to have 25% women on the Management Board, provided that the Board has four Management Board members; 20% women on the Management Board, provided that the Board has five Management Board members; and 33% women on the Management Board, provided that the Board has six Management Board members. In order to achieve this goal, the Supervisory Board ensures that an appropriate proportion of female candidates are included on the succession lists within the framework of the internal global management structure for the development of junior staff for the Management Board. In the future, the participation of women in the Management Board is to be guaranteed in the event of a necessary replacement, in particular by giving special consideration to women in various equally qualified candidates. Insofar as external candidates are to be appointed, suitably qualified female candidates shall be considered in particular. The same applies to the filling of management functions. In order to involve women even more in management functions in the future, PUMA promotes the compatibility of family and career, for example through part-time and half-day models as well as flexible working hours and the provision of childcare places. With Anne-Laure Descours a woman is represented on the Management Board. The proportion of women on the Management Board is therefore currently 25%.



- Internationality

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

- Age

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

- Training and experience background

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

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



RISK AND OPPORTUNITY REPORT

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

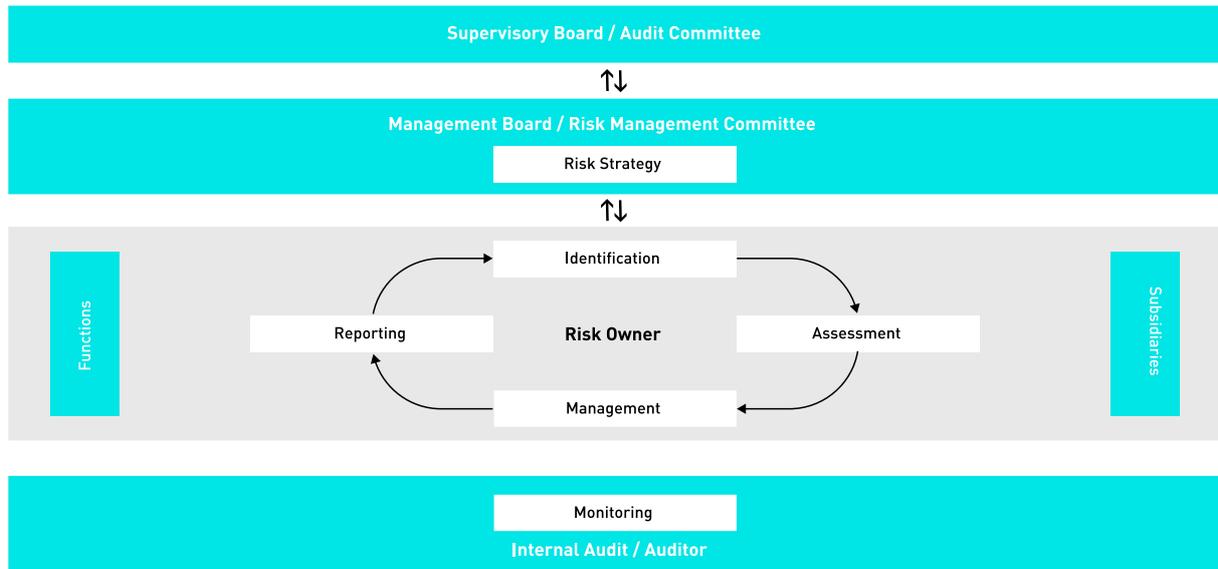
RISK MANAGEMENT SYSTEM

PUMA takes a conscious and controlled approach to risks in order to achieve the company's goals. The aim of the risk management system is to identify and manage at an early stage material risks or risks that could even jeopardize the company's existence and thus support the achievement of the company's objectives. In addition, compliance with the related laws, regulations and standards must be ensured, as well as transparency in relation to the risk situation from the perspective of partners such as customers, suppliers and investors. Therefore, PUMA has established an appropriate risk management organization which is able to identify risks at an early stage and manage them in accordance with the corporate strategy and promote risk awareness within the PUMA Group to facilitate risk-based decisions. PUMA's risk management system is based on a comprehensive, interactive and management-oriented approach to risk that is integrated into the company's organization and is based on the globally recognized COSO standard (Committee of Sponsoring Organizations of the Treadway Commission). Opportunity management is not part of the risk management system and is the responsibility of operational management teams.

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



➤ G.18 RISK MANAGEMENT SYSTEM



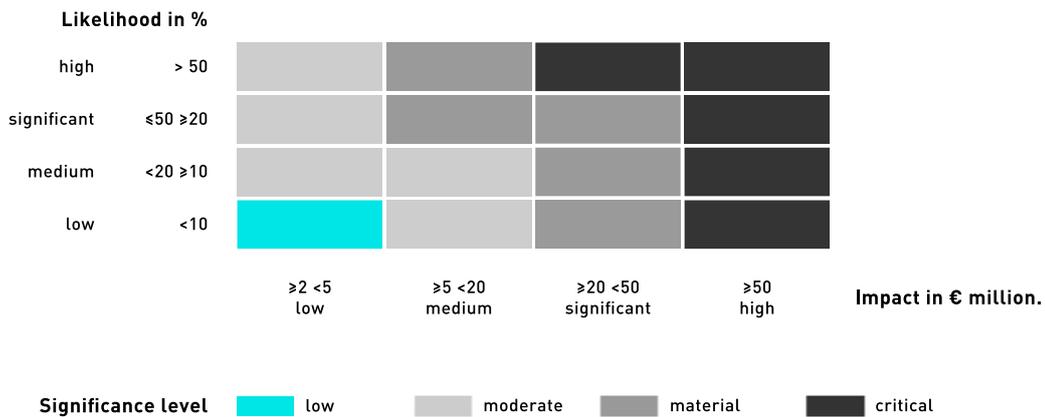
The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified company-wide by performing a bottom-up analysis within the risk owner's area of responsibility. These risks are regularly reported to the risk management function and/or the local monitoring bodies in structured interviews that take place every six months or during the year using established internal reporting channels.

The risks are evaluated and assessed in terms of probability of occurrence and extent of damage using quantitative criteria with the help of a systematic methodology. The quantitative criteria are represented in the form of risk classification ranges on a four-level scale. While the risk assessment of the probability of occurrence is measured as a percentage rate, the extent of damage is based on the planned operating income. We follow a net risk approach, addressing the risks that remain after existing control measures have been implemented. The resulting risk assessments are presented as an aggregated risk group. Thus, for the materiality assessment, the quantified risks are combined from their extent of damage and probability of occurrence and are classified in a comprehensive risk matrix with regard to their significance level (see graphic G.19), for internal monitoring.

For example, a risk can be allocated within the most critical range in case its assessment reflects a combination of highest bandwidth for extent of damage and probability. The overview of the risk groups is presented in table T.7, summarized in the order of their relative importance and their change during the year.



6.19 RISK MATRIX



Regular risk identification and assessment is carried out by the risk management function every six months with all major functional areas. The risks recorded and assessed are also reviewed with a top-down approach by the Risk Management Committee. This ensures that adequate consideration is given to interdependencies and the overall risk situation.

The risk owners are responsible for the operational management of identified risks. Risks can be managed by avoiding, reducing, diversifying or transferring the risk in order to achieve the targeted and acceptable residual risk. Within the reporting process, material or even existence-threatening risks are coordinated and managed with the Risk Management Committee or the Management Board.

The methodology and structure of the risk management system are continuously assessed in terms of their effectiveness, and adapted or improved when required. This is done, on the one hand, by the Internal Audit department acting as an independent review body within the PUMA Group and, on the other hand, by the PUMA SE statutory auditor, who annually assesses the early risk detection system in terms of its fundamental suitability to detect existence-threatening risks at an early stage, and the operating effectiveness of the early risk detection and monitoring system in accordance with Section 317 (4) HGB. The auditor also verifies if an early risk detection system, in line with Section 91 (2) AktG, is in place.



RISKS

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

PANDEMIC (COVID-19)

PUMA first identified the COVID-19 pandemic as a new risk in the financial year 2020 and accordingly established the risk category "pandemic (COVID-19)". This risk was considered to be the most significant business risk for the PUMA Group. The impact of this pandemic (COVID-19) continued to be assessed as a significant business risk in the financial year 2021. This risk relates to the macroeconomic and social impacts of the pandemic, caused for example by lockdowns, government-ordered closures of administrative buildings, production sites and retail stores, restrictions on store opening hours, a reduction in store traffic, travel restrictions and social distancing measures, the cancellation or postponement of major sporting events, and the exclusion or limitation in the numbers of spectators. These consequences have led or may in the future lead to declines in revenue and challenges in maintaining business operations. Furthermore, we are faced with new requirements, regulations and further measures in relation to the health and safety of our employees and customers. The pandemic (COVID-19) has also had a negative impact on existing sourcing and supply chain risks, and implications on the probability of default risks from receivables.

In the previous financial year, the pandemic (COVID-19) developed rapidly and dynamically, specifically in light of the rise of new virus variants, and the extent and duration of the resulting impact on our business was and remains extremely difficult to predict. However, on the basis of the progress made in the vaccination campaign, we assume that the situation created by the COVID-19 pandemic will not be long term. We are constantly reviewing information from the World Health Organization (WHO), the centers for disease control and prevention at our respective locations, the Robert Koch Institute (RKI) in Germany and other institutions to identify epidemic or pandemic risks at an early stage and to establish and initiate appropriate defense and protective measures as early as possible.

Despite the ongoing challenges and uncertainties resulting from the pandemic (COVID-19), we are continuing to pursue the objective of surviving the crisis without hindering PUMA's mid-term growth. Our approach is local, as different markets are going through these phases at different times. Our main focus is on the health and safety of our employees and customers, safeguarding the liquidity of the PUMA Group by securing credit lines, maintaining close and reliable cooperation with our partners, suppliers and customers, strengthening and expanding the supply chain, digitalizing key business processes and further strengthening our e-commerce business. To that end, we strengthened the partnership with our suppliers by continuing to cancel only a very small proportion of orders and agreeing to extended payment terms in return, in particular during the temporary closure of production sites mandated by government requirements.

SOURCING AND SUPPLY CHAIN BUSINESS PARTNERS

The majority of PUMA products are produced in selected Asian countries, in particular in Vietnam, China, Bangladesh, Cambodia, Indonesia and India. In addition to the aforementioned challenges resulting from the pandemic (COVID-19), production in these countries continues to be associated with significant risks for us. These risks arise, for example, from changes in sourcing, wage and logistic costs, supply bottlenecks for raw materials or components, and quality issues, as well as from the possibility of overdependence on individual suppliers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. Generally, long-term master framework agreements are agreed upon to secure the required production capacities for the future. A quality control process and the direct and partnership-like collaboration with suppliers should permanently secure the quality and availability of our products.



Sourcing and the supply chain must also react to risks, such as changes in duties and tariffs as well as trade restrictions and government requirements. The transport of products to the distribution countries is also exposed to the risk of delays and failures by warehouse and logistics service providers.

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

In the financial year 2021, the pandemic (COVID-19) caused disruptions and delays in sourcing and supply chain operations, leading to an increase in individual risks. To counter this risk, we have intensified our cooperation with suppliers and logistics partners in order to be able to react to the circumstances in a flexible and solution-oriented manner.

MACROECONOMIC DEVELOPMENTS

As an internationally operating group, PUMA is exposed to global macroeconomic developments and the associated risks having an impact on our sales and sourcing markets. For example, economic developments in important sales markets may have an effect on consumer behavior. This can have positive or negative effects on the planned sales and consolidated net earnings. Likewise, political changes, social developments and environmental events (such as natural disasters) can also be reflected in changes in legal and macroeconomic conditions.

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

PRODUCT AND MARKET ENVIRONMENT

The risk posed by market-specific product influences, in particular the risk of substitutability in the highly competitive sport and lifestyle market, is countered by the early recognition and taking advantage of relevant consumer trends. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors. Brand image and brand desirability are of key importance for us, as consumer behavior can have a negative effect on the brand as well as a positive one. Accordingly, we have set the guiding principle that "We want to become the fastest sports brand in the world" in order to underline the company's long-term direction and strategy. The "Forever Faster" brand promise does not just stand for PUMA's product range as a sports and lifestyle company, but also applies to all company processes.

Media reports about PUMA also play a key role in brand image. For example, reports about the infringement of laws or internal/external requirements, product recalls and exposure on social media as well as reports about workforce diversity and tolerance can cause significant damage to brand image and ultimately result in the loss of sales and profit.

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

Brand image is particularly strengthened through cooperation with brand ambassadors who embody the core of the brand and PUMA's brand values ("brave," "confident," "determined" and "joyful") and have a large potential for influencing PUMA's target group. We additionally counter this risk through careful press, social media and public relations work as well as by monitoring the press and social media environment. This is managed from the Group headquarters in Herzogenaurach, Germany, and the subsidiary in the U.S.



Furthermore, PUMA continuously seeks an open dialog with key external stakeholders, such as suppliers, NGOs and industry initiatives, and has institutionalized this as part of regularly held "Sustainability Stakeholder Meetings."

PROJECTS

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

INFORMATION TECHNOLOGY

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

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

DISTRIBUTION STRUCTURE

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

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

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



SUSTAINABILITY

Sustainability topics in sourcing as well as amongst the entire value chain are highly important. Climate change and the resulting increase in customer requirements with regard to sustainability have led to a stronger ecological focus in our product range, both at our own locations and along the production and supply chain. A more efficient use of resources, reduction in greenhouse gas emissions and compliance with environmental standards as well as the increased use of sustainable materials and environmentally friendly chemicals in production are crucial parts of our sustainability strategy.

PUMA's sustainability report (the Non-financial Report) for the financial year 2021 will be available by April 30, 2022 at the latest on the following page of our website: <https://about.PUMA.com/en/investor-relations/financial-reports>. Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: <https://about.puma.com/en/forever-better>

MONITORING OF WORKING CONDITIONS

An important aspect of corporate responsibility is maintaining and monitoring working conditions and human rights along the entire value chain. ILO (International Labor Organization) core labor standards form an essential part of this; however, monitoring our suppliers to ensure they do not use hazardous chemicals in production is just as important. Non-compliance by suppliers would also violate our requirements and lead to negative media reports and potentially to a loss of revenue.

Adherence to applicable standards is ensured through regular audits of supplier companies.

LEGAL RISKS

As an internationally operating group, PUMA is exposed to various legal risks. These include contractual risks or the risk that a third party could assert claims and litigation for infringement of its trademark rights, patent rights or other rights. Counterfeit products in particular can undermine consumer confidence in the brand and damage PUMA's brand image.

The continuous monitoring of contractual obligations and the integration of internal and external legal experts in contractual matters is to ensure that any legal risks are avoided. To fight brand piracy, the PUMA team responsible for the protection of intellectual property not only ensures that we have a strong global portfolio of property rights, such as brands, designs and patents, but also works closely with customs and police forces, and provides input regarding the implementation of effective legislation to protect intellectual property.

COMPLIANCE

PUMA is exposed to the risk that employees violate laws, directives and company standards (compliance violations). These risks, such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant monetary and reputational damage.

Therefore, we use various tools to manage these risks. This includes an integrated compliance management system, the internal control system, group controlling and the internal audit department. As part of the compliance management system, awareness measures are carried out regarding critical compliance topics, such as corruption prevention and cartel law, and corresponding guidelines and a global network of compliance officers are introduced in the group. PUMA employees also have access to a whistleblowing system for reporting unethical behavior.



TAX RISKS

In an international business environment, applicable tax regulations must be met. By means of appropriate internal rules of conduct, employees are required to comply with and adhere to the relevant tax regulations. In addition to compliance with national tax regulations to which the individual group companies are subject, there are increasing risks related to intra-group transfer pricing, which must be applied for various internal business transactions in accordance with the arm's length principle between individual group companies.

In all tax areas PUMA has taken adequate precautions with internal and external tax experts in order to comply with the relevant tax regulations, but also to be able to react to changes in the constantly changing tax environment. For the group-internal transfer prices a corresponding documentation exists, which was prepared according to international and national requirements and standards. There are guidelines and specifications for determining transfer prices for intra-group transactions that are customary for foreign companies, which comply with the applicable procedural rules and are binding for employees who act on behalf of the group. By means of internal tax reporting, external and internal tax experts are able to control and monitor tax developments at PUMA on an ongoing basis. Both, the Management Board and the Supervisory Board, are continuously informed about tax developments at PUMA in order to identify and avoid tax risks as early as possible.

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are important factors for successful business development. We encourage independent thinking and action, which are key in an open corporate culture with flat hierarchies.

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

CURRENCY RISKS

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

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

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts on customary market terms with reputable international financial institutions. As of the end of 2021, the net requirements for the 2022 planning period were adequately hedged against currency effects.

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



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

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

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

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

LIQUIDITY AND INTEREST RATE RISKS

PUMA continually analyses short-term capital requirements by rolling cash flow planning at the level of the individual companies in coordination with the central Treasury department. In order to ensure the company's solvency, financial flexibility and a strategic liquidity buffer, PUMA maintains, for example, a liquidity reserve in the form of cash and confirmed credit facilities. In this respect, as of December 31, 2021, the PUMA Group had unused credit lines totaling € 942.0 million.

Medium and long-term funding requirements that cannot be directly covered by net cash from operating activities are financed by taking out medium and long-term loans. For this purpose, various promissory note loans were issued in several tranches with fixed and variable coupons and different remaining terms. The utilized promissory note loans amount to a total of € 380.0 million as of December 31, 2021 and have a remaining term of between one and five years.

Changes in interest rates do not have a significant impact on PUMA's interest rate sensitivity and therefore do not require the use of interest rate hedging instruments.

DEFAULT RISKS

Due to its business activities, PUMA is exposed to a default risk on receivables, which is managed by continuous monitoring of outstanding receivables and by recognizing impairment losses, where appropriate. The default risk is limited, if possible, by credit insurance. The maximum default risk is reflected by the carrying amounts of the financial assets recognized in the balance sheet. In addition, default risks also arise to a lesser extent from other contractual financial obligations of the counterparty, such as bank balances and derivative financial instruments.

**RISK OVERVIEW TABLE**

The following table summarizes the risk groups described above based on their relative importance (significance level) and any changes during the year:

➤ T.07 OVERVIEW OF RISK GROUPS (Order according to relative importance)

| Risk groups * | Classification | Description | Significance level | Change compared to previous year |
|--------------------------------|-----------------------|---|---------------------------|---|
| Pandemic (COVID-19) | Strategic | e.g., store closures, supply problems, health of employees and customers | Critical | → |
| Business Partners | Operational | e.g., raw material bottlenecks, supply chain disruptions, sourcing and logistic costs, quality problems | Critical | ↗ (pandemic) |
| Macroeconomic Developments | Strategic | e.g., economic development, political situation, legal framework conditions | Critical | ↗ |
| Product and Market Environment | Strategic | e.g., trends, customer requirements, brand image, media reports | Material | → |
| Projects | Strategic | e.g., IT infrastructure, construction projects | Material | → |
| Information Technology | Operational | e.g., cyberattacks, network and system failures | Material | → |
| Distribution Structure | Strategic | e.g., change in the distribution landscape | Material | → |
| Sustainability | Regulatory | e.g., climate change, environmental standards | Material | → |
| Working Conditions | Regulatory | e.g., labor law, human rights, German Supply Chain Due Diligence Act | Material | → |
| Legal | Regulatory | e.g., trademark law, patent law, counterfeit products | Material | → |
| Compliance | Regulatory | e.g., fraud, corruption | Material | → |
| Tax | Financial | e.g., transfer prices | Material | → |
| Personnel Department | Operational | e.g., key positions, employee retention, health & safety | Moderate | → |
| Currency | Financial | e.g., exchange rate fluctuations | Moderate | → |
| Liquidity and Interest Rate | Financial | e.g., cash, credit lines, custody fees, interest rate developments | Moderate | → |
| Default | Financial | e.g., payment claims against customers | Moderate | → |

* Wording adjustments of individual risk groups compared to the previous year



OPPORTUNITIES

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

In terms of macroeconomic conditions, the ongoing effects of the COVID-19 pandemic are currently seen as a strengthening factor for the sport and lifestyle sector. If PUMA succeeds in achieving its mid-term growth potential, the company has an opportunity to increase its market share. In times of increased remote working and indoor and team sports being limited, items such as running, fitness, golf and lounge products have become more relevant. Therefore, the product range in these areas is being expanded and further developed. In addition, due to advancing vaccination campaigns and easing restrictions, an increase in attendance at national sporting competitions and international sporting events, such as the Football World Cup in Qatar, could help support growth in the sporting goods industry.

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

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

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

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

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION

The assessment of the overall risk situation of the Group and PUMA SE is the result of a consolidated view of the risk and opportunity categories described above. Similar to the description in our Annual Report 2020, our assessment of PUMA's overall risk situation this year is again predominantly influenced by the impact of the COVID 19 pandemic on the economy as a whole, as described above, and is focused on the major challenges this poses. The Management Board is currently not aware of any material risks that, either individually, on an aggregated basis or in combination with other risks, could jeopardize the continued existence of the Group and PUMA SE.

However, we cannot exclude the possibility that in the future influencing factors, of which we are currently unaware or which we currently do not consider to be material, could have a negative impact on the continued existence of the Group or PUMA SE or individual consolidated companies. Also due to the extremely solid balance sheet structure and equity ratio, as well as the strong liquidity position and the positive business outlook, the Management Board does not see any significant threat to the continued existence of the PUMA Group and PUMA SE.



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

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

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

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

By means of established internal reporting channels, the risk management system can regularly identify events that could affect the Group's economic performance and its accounting process so that it can analyze and evaluate the resulting risks and take the necessary actions to counter them.

In preparing the consolidated financial statements and the combined management report, it is sometimes necessary to make assumptions and estimates that are based on the information available at the time the financial statements and management report are prepared, that affect the amount, presentation and explanation of recognized assets and liabilities, income and expenses, contingent liabilities and other reportable information.

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

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



reported to the Audit Committee and the statutory auditors and are used specifically by the Group Internal Audit, Risk Management & Internal Control Department in risk-oriented audit planning.



OUTLOOK REPORT

GLOBAL ECONOMY

In their winter forecast dated December 15, 2021, experts at the Kiel Institute for the World Economy (IfW Kiel) expect global gross domestic product (GDP) to increase by 4.5% in 2022, following growth of 5.7% in 2021. This development is based on the assumption that the recovery of the global economy will be temporarily dampened by the COVID-19 pandemic and persistent supply bottlenecks. However, the experts at IfW Kiel also expect the influence of these negative effects to diminish in 2022 and to be gradually overcome. There is significant uncertainty about the impact of the new Omicron variant on the economy. However, the economic impact is likely to diminish over time, as either vaccination rates are high or a significant proportion of the population has already come into contact with the virus, thus limiting the health impact. The supply bottlenecks have proven to be an increasingly strong burdening factor in recent months, but should gradually be overcome in the course of 2022 with the increasing adjustment of production capacities and value chains.

SPORTING GOODS INDUSTRY

Provided that the continued course of the COVID-19 pandemic does not result in a renewed significant negative impact on the macroeconomic conditions, we expect the sporting goods industry to grow in 2022. We expect demand for sporting goods to increase in 2022 as the trend toward increased sports activities and healthier lifestyles continues and becomes even more significant as a result of the COVID-19 pandemic. This applies equally to the increasing popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure"). We also assume that major sporting events in 2022, such as the Olympic Winter Games in Beijing and the World Cup in Qatar, will help to support growth in the sporting goods industry.

OUTLOOK 2022

In the financial year 2021, PUMA recorded a very strong sales and operating result (EBIT) growth due to a positive general development in our sector, a continued brand momentum of PUMA and strong global demand for our products as well as our focus on operational flexibility. Both, sales and operating result (EBIT) are the highest PUMA has ever achieved in its history.

Despite the very strong growth in 2021, we continue to face a high degree of uncertainty in our global business environment. The year 2022 has started with an all-time high of COVID-19 cases and consequently, several governments have implemented regional or country-wide restrictions which affect our entire value chain from manufacturing to retail store operations. Political tensions in key markets as well as supply chain constraints due to container shortages and port congestion are also unfortunately continuing in the new year.

Despite the uncertainties lasting into 2022, we expect a strong currency-adjusted sales growth of at least ten percent in the financial year 2022. We anticipate our operating result (EBIT) to be in a range of € 600 million and € 700 million (2021: € 557 million) and net earnings to improve correspondingly. The development of our gross profit margin and our OPEX-ratio in 2022 will continue to depend highly on the degree and duration of the negative impact of the COVID-19 pandemic on our sales. While we will continue to focus on our growth momentum by servicing our retail partners and consumers in the best possible way, we expect inflationary pressure from higher freight rates and raw material prices, in addition to the operating inefficiencies due to COVID-19, to have a dilutive effect on our profitability in 2022.



The achievement of this outlook is subject to continued manufacturing operations in our key sourcing countries in Asia and no major business interruptions due to COVID-19. In line with the previous years, PUMA will continue to maneuver through these challenges by building on its brand momentum, strong partnerships with suppliers and retailers as well as operational flexibility. The strong and profitable growth in the financial year 2021, an exciting product line up as well as very good feedback from retailers and consumers make us confident for the mid-term success and growth of PUMA.

INVESTMENTS

Investments in fixed assets of around € 220 million are planned for 2022. The majority of these investments will be in infrastructure in order to create the operating conditions required for the planned long-term growth. The investments mainly concern own distribution and logistics centers and further investments in the expansion and modernization of the Group's own retail stores.

FOUNDATION FOR LONG-TERM GROWTH

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

Herzogenaurach, February 1, 2022

The Management Board

Gulden

Descours

Freundt

Hinterseher