



# TO OUR SHAREHOLDERS

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## CEO-LETTER



➤ **BJØRN GULDEN**  
CHIEF EXECUTIVE OFFICER PUMA

### **DEAR SHAREHOLDERS,**

I hope this letter finds you well despite the current challenges around the world. After more than two years, the COVID-19 pandemic still has a negative impact on our daily lives and business and now we're also facing a conflict in the heart of Europe that is causing terrible human suffering.

We're in constant dialogue with all our stakeholders in Ukraine and we do our utmost to support our local employees and their families as well as all our partners, ambassadors, and athletes wherever we can. Ensuring the health and safety of our people continues to be our number one priority, as we have already demonstrated throughout the COVID-19 pandemic. We have set up a safe house in Ukraine, we are delivering food, water, and other necessities directly to our people and we are helping women and children who want to leave the country. We currently have 40 women and children in accommodation in Poland and about 120 here in Germany. Many of the adults have already started working and most of the children are already attending schools and kindergarten. Their positive attitude and mindset, as well as their willingness to work and integrate, is remarkable. They are strong and positive people. I sincerely hope that this conflict will be solved diplomatically as soon as possible, that further bloodshed can be avoided and that peace will be restored.

While we are most concerned about the lives and livelihoods of the people who are directly affected in Ukraine and by the COVID-19 pandemic, the conflict as well as the pandemic also have a significant business impact on our sector and on PUMA. In addition to the impact on our operations in Russia and Ukraine, we continue to face some of the challenges that we already saw during the course of 2021: COVID-19 related lockdowns and restrictions in different parts of the world, a weak consumer sentiment in some key markets, significant challenges in our supply chain, strong inflationary pressures, and geopolitical tensions.



Despite all these challenges, 2021 was a very successful year for us. To be specific, it was the **best year in PUMA's history**. Due to our continued brand momentum combined with high operational flexibility and a fantastic effort from our employees, our sales grew by 32% to EUR 6,805m and EBIT grew by 166% to EUR 557m. Compared to the pre-pandemic level of 2019, our sales increased by 30%, resulting in a two-year CAGR of around 15% during these challenging times. Our strategy of working closely together with all our suppliers and retail partners to manage short-term issues without hindering our mid-term momentum continued to pay off. Our external partners supported us in an extraordinary way and the dedication and commitment of all our employees during such a challenging year was truly exceptional. A lot of our employees went far beyond what a company can expect from them and in the name of the entire PUMA Board, I would like to thank everyone for their contribution towards making these results possible. People make the difference and our PUMA family is our biggest strength and asset.

Throughout 2021, we continued to focus on the three main areas that we defined in early 2020 in reaction to the COVID-19 pandemic: Deal with COVID, continue to drive the business and continue to do the right thing in areas such as social responsibility and environmental sustainability.

**Dealing with COVID** first and foremost meant ensuring the health and safety of our people and everyone in our value chain. We continued to adopt and comply with very strict health and safety measures across our operations and rolled out vaccination programs for our employees in countries where this was possible. This helped us achieve a vaccination rate of more than 90% at our headquarters in Herzogenaurach by mid-July. At the end of the year, we followed up with booster vaccinations. I would once again like to thank our People & Organization teams (formerly known as Human Resources) around the world for successfully managing a second year of COVID-19 and supporting our employees in the best way possible.

Until around the first quarter 2021, the COVID-19 pandemic mainly impacted the store operations of our own retail organization and of our retail partners due to mandatory store closures and other restrictions. This was followed by significant disruptions in our supply chain due to lockdowns and factory closures in key sourcing countries such as Bangladesh, Cambodia, China and Vietnam. Especially, the lockdown in the third quarter in 2021 in the south of Vietnam, one of our most important sourcing destinations, had a very negative impact on our supply chain. Due to strict local lockdown measures, the production at our footwear, apparel and accessories suppliers in the south of Vietnam was suspended for about ten weeks, affecting approximately 15% of our global sourcing volumes. We tried to minimize delays as much as possible and shifted part of the volumes to other sourcing locations where possible. Thanks to the quick rollout of the vaccination program in the south of Vietnam, the factories gradually reopened during October and ramped up to full production by the end of year. After our suppliers resumed normal operations, we saw fewer and very localized factory closures in some parts of Asia, which did not significantly impact our product supply. We're very thankful to our suppliers for being a part of the PUMA family. The strong collaboration, long-term partnership and all their incredible support ensured the continued supply of products under very difficult circumstances.

The COVID-19 pandemic also had a major impact on other parts of our supply chain, and we had to deal with capacity constraints, container shortages and harbor congestion in ocean freight, but also significant challenges in air freight and land-based transportation. All these constraints led to a strong increase in freight costs, which further fueled inflationary pressures, in addition to rising costs for energy, raw materials and labor.

As manifested in our strong sales growth, we also continued to **drive the business in 2021**. After the end of the COVID-19 related lockdowns, we witnessed a certain "normalization" of buying patterns, with more consumers shopping offline again instead of online. In our Direct-to-Consumer business, we therefore saw a higher growth rate in our brick & mortar stores compared to our eCommerce sites. However, both channels grew by double-digits last year, and we continued to invest in the optimization of our store portfolio, the consumer experience on our existing sites as well as the launch of new eCommerce sites. During a time of limited supply, we



continued to prioritize our retail partners in terms of product allocation. We strongly believe in a multi-brand retail environment and will therefore strengthen the relationship with all our retail partners around the world and do everything we can to service them in the best way possible.

After a year without any major sporting events in 2020, we were also excited to see sports leagues, tournaments and other competitions resume in the course of 2021, for the most part including live spectators.

The summer of 2021 was exceptional for our teams and athletes, who delivered world class performances on track and on the pitch. We underlined our credibility and high ambitions in football with the victory of the PUMA-sponsored national team Italy at UEFA Euro 2020, several league and cup titles of our PUMA-sponsored club teams and great on-pitch visibility of our products. At the Tokyo Olympics and Paralympics, our athletes won more than 70 medals, demonstrating the performance credentials of our products on the world stage, including our new NITRO running shoes that I personally am exceptionally proud of. We also continued our successful re-entry into basketball, especially for the North American market and launched our first signature shoe with LaMelo Ball at the end of the year. The strengthening of our performance credibility has always been important to us and I'm very happy about the great progress that we've seen across football, running, fitness, golf, motorsport, basketball and other locally relevant sports. In Sportstyle, we also continued to build brand heat through exciting new products and collaborations and by offering a comprehensive collection across all relevant price points, including a strong focus on comfort. We are very happy to see that our classics business is growing strongly. Our PUMA Archive is full of footwear and apparel from the 70s, 80s and 90s, for which there is currently a lot of demand in youth culture. We're also very satisfied to see the continued momentum in our women's business, following the launch of our "She Moves Us" brand platform, and we will keep capitalizing on our truly inclusive product offering across genders, age groups etc.!

We also continued to focus on what we call **"Doing the right thing"**. We want to be a good corporate citizen and embed our social responsibility and our environmental sustainability into all our business practices. With regards to social responsibility, we continued with multiple initiatives under our #REFORM platform to promote universal equality. We strongly believe that people should be treated equally irrespective of their gender, age, skin color, religious beliefs, sexual orientation or any other factor. Together with our brand ambassadors and partner organizations, we want to do our part to promote universal equality and fight any form of discrimination in sports and society as a whole. As part of our ambitious 10FOR25 sustainability targets, we implemented more sustainable business practices in all our business operations from sourcing to retail and further increased the usage of more sustainable materials and the overall share of more sustainable products in our collections. We also increased our focus on circularity, with several pilot projects and strengthened our consumer-facing sustainability communication through our FOREVER BETTER brand platform. I, together with my team, attended the COP26 climate conference in Glasgow to emphasize our commitment in the fight against climate change and to work towards limiting the global temperature rise to 1.5 degrees Celsius above pre-industrial levels. We have all these initiatives because we really believe in them, as part of PUMA's core values, and we will continue to do the right thing.

Given our strong performance in 2021 and good momentum in the first months of 2022, we're also optimistic for the future of our industry in general and for PUMA in particular, despite the external challenges. The underlying dynamics in our sector remain very strong given the increasing participation in sports, the ongoing sneaker trend and the continued casualization among consumers all around the world. We also see PUMA's brand momentum continuing and we will ensure operational flexibility in an increasingly volatile and unpredictable marketplace. As we have already done during the past years, we will continue to work very closely with all our retail partners to further increase our shelf space and support the sell-through of our products in their stores. We have focused on building strong partnerships with all our key stakeholders such as suppliers, retailers, ambassadors and athletes, helping them as well as us through the ongoing challenges. We will continue to foster these partnerships in the future. We therefore



expect 2022 to be another record year for PUMA, with a net sales growth of at least 10%, with upside potential, and an EBIT of EUR 600 – 700 million. The objective is not to maximize short-term EBIT, but to continue to have healthy long-term growth in both sales and EBIT. We will also keep on putting our people first and take care of all our partners.

Let's stay positive and hope that peace in Ukraine will be restored as soon as possible and that the impact of the COVID-19 pandemic will continue to decrease.

Thank you for being part of the PUMA family!

Stay strong, healthy and optimistic!

A handwritten signature in black ink, appearing to read 'Bjørn Gulden'.

Bjørn Gulden  
Chief Executive Officer PUMA



## REPORT BY THE SUPERVISORY BOARD



### **DEAR SHAREHOLDERS,**

The 2021 financial year was again heavily impacted by the COVID 19 pandemic. Despite the associated uncertainties, supply chain bottlenecks due to container shortages, port congestion and pandemic-related factory closures in key sourcing regions, as well as political tensions in key markets, we managed to start 2021 with high growth momentum. Due to the continued decisive and consistent actions of our Management Board and the outstanding performance of our employees, we were able to maintain our market momentum and operational flexibility throughout the year. As a result, we were able to raise our outlook for 2021 during the year and end the year with the highest sales and profit in PUMA's history. At the same time, it was of utmost importance for us to protect the safety and health of our employees in the best possible way through the resolute development and implementation of hygiene and occupational safety concepts and the implementation of vaccination campaigns. We were once again a flexible and reliable business partner for our suppliers and customers. We worked as closely as possible with them to stabilize our supply chains and increase sales of our products. By appointing Hubert Hinterseher and Arne Freundt to the Management Board, we were able to further strengthen our organization and thus lay the foundations for a successful 2022.

In the financial year 2021, the Supervisory Board has exercised all its duties under the law, statutes and company rules. The Supervisory Board has dealt extensively with the status and the development of PUMA, particularly continuing with a special focus on the COVID-19 pandemic, and has regularly advised and supervised the Management Board in its management of the Company.

In this regard, the Supervisory Board has in its four regular meetings discussed and resolved on the Company's business policies, all relevant aspects of corporate development and corporate planning, the Company's economic situation, including its net assets, financial position and results of operations, the adequacy of capital resources and all key decisions for the Group. The Management Board has informed the



Supervisory Board regularly, comprehensively, and in a timely manner in written and verbal form about the implementation of all decisions and about all major business transactions. Furthermore, in 2021 one extraordinary meeting of the Supervisory Board took place. Urgent matters were decided via circular resolutions using electronic means of communication. All members participated in drawing up the resolutions. Whenever necessary, representatives of the shareholders and employees held separate preliminary discussions prior to the meetings.

<b>Plenary Supervisory Board</b>	<b>Attendance at meetings (referring to regular and extraordinary meetings)</b>	<b>Attendance in %</b>
Jean-François Palus	5/5	100
Thore Ohlsson	5/5	100
Héloïse Temple-Boyer	5/5	100
Fiona May	5/5	100
Martin Köppel	5/5	100
Bernd Illig	5/5	100

The Supervisory Board discussed in detail all of the Company's key business transactions, based on the reports by the Management Board and the Committees, and presented its own ideas. The Management Board has provided the Supervisory Board with detailed information on any deviations of the business performance from the budgeted figures, both in writing and orally. The Supervisory Board verified these explanations using the supporting documents, which were always submitted in appropriate time before the meetings. The Supervisory Board was involved in all key decisions at an early stage. In addition, the Chair of the Supervisory Board maintained, and continues to maintain, regular verbal or written contact with the CEO and keeps himself informed of all major developments. Overall, these discussions did not give any indication that the Management Board was managing the Group in anything other than a lawful and proper manner.

The Supervisory Board members took part, on their own initiative, in the educational and training measures necessary for the performance of their duties. The Company supports the Supervisory Board members in their training activities, for example by having the Legal Department regularly review changes in the legal framework for the Supervisory Board and report about them in the meetings. In 2021, the Supervisory Board received a training on the sustainability strategy of the Company and the challenges in the supply chain. The Supervisory Board dealt with the Act on Corporate Due Diligence in Supply Chains (Supply Chain Due Diligence Act) and the EU Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (EU Taxonomy Regulation).

### **MAIN ADVISORY FOCUS**

In the 2021 financial year, the main focus was on the following issues: review and approval of the 2020 consolidated and annual financial statements and the non-financial report, dividend proposal, resolution of the new remuneration system for the Management Board and submission to the 2021 Annual General Meeting for approval, ongoing assessment of the impact and handling of the COVID 19 pandemic, setting the agenda for the Annual General Meeting on 5 May 2021, approval of the Management Board's decisions to hold the Annual General Meeting as a virtual Annual General Meeting without the physical presence of shareholders or their proxies, appointment of Hubert Hinterseher to the Management Board to succeed Michael Lämmermann and appointment of Arne Freundt to the Management Board, establishment of a Sustainability Committee, setting of new targets for the proportion of women to be achieved on the Supervisory Board and Management Board, self-assessment of the Supervisory Board, current business and revenue development, markets and trends, financial position of the Group, corporate and budget planning 2022 as well as medium-term planning, including investments, further improvement of the compliance management and internal control system as well as material litigation in the Group.



The Audit Committee submitted a recommendation to the Supervisory Board for the election of the auditor, which was prepared following a selection process within the meaning of Art. 16 (3) Regulation (EU) No. 537/2014, comprised two candidates and was substantiated.

As every year, the Personnel Committee and the Supervisory Board determined the degree of achievement of the targets for the individual Management Board members with regard to 2020. The Supervisory Board decided on the targets for the variable Management Board remuneration for the 2021 financial year upon recommendation of the Personnel Committee.

## CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose to its Chair any conflicts of interest without undue delay. In the past year, no such disclosures were made.

## COMMITTEES

The Supervisory Board has established four committees to perform its duties: The Personnel Committee, the Audit Committee, the Nominating Committee and the Sustainability Committee which was established in April 2021. The Personnel Committee, the Audit Committee and the Sustainability Committee each comprise two shareholder representatives and one employee representative. The Nominating Committee is composed only of shareholder representatives. The composition of the committees can be found in the notes to the consolidated financial statements. The Supervisory Board receives regular reports on their work.

## PERSONNEL COMMITTEE

The Personnel Committee has the task of preparing the conclusion and amendment of employment contracts with the members of the Management Board and establishing policies for human resources and personnel development. It met to one regular meeting and to one extraordinary meeting in 2021 and mainly dealt with the compensation system for the Management Board, which has been approved by the Annual General Meeting in 2021. Furthermore, the determination of target achievement for the individual Management Board members and the setting of targets for 2021 were the focus of the discussions. Corresponding recommendations for resolutions were made to the Supervisory Board.

Personnel Committee	Attendance at meetings	Attendance in %
Jean-François Palus	2/2	100
Fiona May	2/2	100
Martin Köppel	2/2	100

## AUDIT COMMITTEE

The Audit Committee held four regular meetings in the financial year 2021. Furthermore, one extraordinary meeting of the Audit Committee took place in 2021. In particular, the Audit Committee is responsible for the review of the accounting, particularly comprising the consolidated financial statements and the group management report, group half year report, 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 process of selecting an auditor. The Audit Committee is also responsible for conducting the selection process of the auditor. In addition, the Audit Committee monitors the independence of the auditor and ensures that the non-audit services of the auditor commissioned by the Management Board do not give rise to any grounds for disqualification or partiality or any threat to independence. The Audit Committee issues the audit mandate on behalf of the Supervisory Board to the



auditor elected by the general meeting, determines the audit areas of the audit and agrees the fee with the auditor. Heads of the corporate functions were also available for reports and questions on individual agenda items at the committee meetings. The Audit Committee meets regularly with the auditor, also without the Management Board.

<b>Audit Committee</b>	<b>Attendance at meetings (referring to regular and extraordinary meetings)</b>	<b>Attendance in %</b>
Thore Ohlsson	5/5	100
Héloïse Temple-Boyer	5/5	100
Bernd Illig	5/5	100

### **NOMINATING COMMITTEE**

The Nominating Committee has the task of proposing suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It held no meeting in the last financial year.

### **SUSTAINABILITY COMMITTEE**

The Sustainability Committee was established in April 2021 and met once in the 2021 financial year to discuss the company's sustainability strategies. The Sustainability Committee consists of three members.

### **CORPORATE GOVERNANCE**

As in previous years, the Supervisory Board addressed current developments in the financial year 2021 regarding the German Corporate Governance Code in the version dated December 16, 2019 (effective as of March 20, 2020) (GCGC). The GCGC contains essential statutory regulations and recommendations for the management and supervision of listed companies and standards for responsible corporate governance. The corporate governance standards have long been a part of the corporate routine.

Pursuant to Principle 22 of the GCGC, the Supervisory Board reports on corporate governance in the Corporate Governance Statement. The Company satisfies all requirements of the GCGC, to the extent required by it. The Statement of Compliance of November 9, 2021 is available to our shareholders at any time on the Company's website under <https://about.PUMA.com/en/investor-relations/corporate-governance> at STATEMENT OF COMPLIANCE.

### **ANNUAL FINANCIAL STATEMENTS ADOPTED**

The annual financial statements for PUMA SE prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch/HGB), the consolidated financial statements and the combined management report for PUMA SE and the PUMA Group, each for the financial year 2021, prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS) have been audited by the statutory auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, who were appointed at the Annual General Meeting on May 5, 2021 and commissioned by the Supervisory Board to audit the annual financial statements and the consolidated financial statements and have been given an unqualified auditor's opinion.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Supervisory Board has been updated by the Management Board regularly



on all relevant risks in this regard, in particular its assessments of market and procurement risks, financial risks (including currency risks as well as risks due to the COVID-19 pandemic) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Management Board's and Supervisory Board's recommendation on the appropriation of net profit were made available to all members of the Supervisory Board in a timely manner. At the meeting of the Audit Committee on February 22, 2022 and at the subsequent Supervisory Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Management Board and the members of the Supervisory Board. No discrepancies were detected.

The Supervisory Board reviewed in detail the annual financial statements, the combined management report for PUMA SE and the PUMA Group, the Management Board's and the Supervisory Board's recommendation on the appropriation of net profit and the consolidated financial statements and raised no objections. In accordance with the recommendation of the Audit Committee, the Supervisory Board agreed with the results of the audit of both statements and approved the annual financial statements of PUMA SE and the consolidated financial statements for the financial year 2021. The 2021 annual financial statements have thus been adopted.

The Management Board and the Supervisory Board resolved to propose to the Annual General Meeting a distribution of a dividend of € 0.72 per dividend entitled share to the shareholders for the financial year 2021. In this context, the liquidity situation of the Company, the financing and the effects on the capital market were discussed. The payout is conditional to an overall sound macroeconomic environment. A total amount of around € 107.7 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of around € 382.4 million will be carried forward.

In its meeting on February 22, 2022, the Supervisory Board was presented the state of data collection for the non-financial report in accordance with §§ 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB). As soon as the non-financial report is finalized, it will be submitted to the Supervisory Board for approval and will be published on the website of the Company by April 30, 2022.

## THANKS

We would like to express our gratitude and recognition to the Management Board, the management teams at the Group companies, the Works Council and all our employees for their hard work and their outstanding cooperation in 2021.

Herzogenaurach, February 22, 2022

On behalf of the Supervisory Board

Jean-François Palus  
Chairman