



# **COMBINED MANAGEMENT REPORT OF PUMA SE FOR THE FINANCIAL YEAR 2022**

180	Overview 2022	215	Comments on the Financial Statements of PUMA SE in accordance with the German Commercial Code (HGB)
184	PUMA Group Essential Information	219	Information concerning takeovers
184	Commercial Activities and Organizational Structure	222	Corporate Governance Statement in accordance with Section 289f and Section 315d HGB
184	Targets and Strategy	235	Risk and Opportunity Report
187	Product Development and Design	250	Outlook Report
189	Sourcing		
191	Employees		
194	Management System		
195	Information regarding the Non-Financial Report		
196	Economic Report		
197	General Economic Conditions		
198	Sales Development		
199	Regional Development		
202	Results of Operations		
207	Dividends		
208	Net Assets and Financial Position		
211	Cash Flow		
214	Statement regarding the Business Development and the Overall Situation of the Group		

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

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#### Notes relating to forward-looking statements

This document contains statements about the future business development and strategic direction of the Company. The forward-looking statements are based on management's current expectations and assumptions. They are subject to certain risks and fluctuations as described in other publications, in particular in the risk and opportunities management section of the combined management report. If these expectations and assumptions do not apply or if unforeseen risks arise, the actual course of business may differ significantly from the expected developments. We therefore assume no liability for the accuracy of these forecasts.

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These sections contain content or cross-references not required by law, which were not audited by the auditor, but were merely read critically. In the case of cross-references, the information to which the cross-references refer was also not audited.

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## OVERVIEW 2022

In 2022, the ongoing COVID-19 pandemic and the war in Ukraine required PUMA to be flexible and pragmatic. The health and safety of our PUMA Family was our top priority, while we executed our strategy to become the world's fastest sports brand and continued our strong growth momentum.

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From the outset of the war in Ukraine, we focused on our employees, athletes and other partners, providing safe accommodation and welcoming many PUMA employees and their families in Germany and Poland, where we also helped arranging work permits and jobs.

We were impressed by the actions taken by our PUMA Family. Colleagues in Poland and Hungary waited at the borders to bring PUMA employees and ambassadors from Ukraine to safety. Others from our HQ in Herzogenaurach drove to Ukraine to bring necessities such as food and clothes to help those who had stayed in the country. We also gathered product donations for aid organizations in Ukraine to get help to those who needed it most.

For our efforts to provide an attractive workplace, PUMA was named a Top Employer 2022 in several regions of the world, including Europe and Asia/Pacific. We were listed by Forbes among the World's Best Employers and by the Financial Times as a Leader in Diversity for Europe. In Germany, we were named "Company of the Year" at the German Diversity Awards and in Mexico we were among the best places to work for women in Expansión's ranking "Súper Empresas Para Mujeres".

The COVID-19 pandemic eased in Europe and the Americas, but the situation for our store network and our supply chain remained challenging in parts of Asia, especially in China, where our employees did an exceptional job despite the repeated lockdowns. The tireless work of our sourcing teams ensured that supply chain disruptions were kept to a minimum throughout the year.

PUMA's brand heat was boosted further by the great performances of our athletes, who underscored our credibility as a sports brand. At the World Athletics Championships in Eugene, Oregon, USA, Jamaican sprinter Shericka Jackson ran the second fastest 200m time in history, while Swedish pole vaulter Armand "Mondo" Duplantis set yet another world record of 6.21 meters and was named "World Athlete of the Year." Another gold went to Portuguese athlete Pedro Pichardo in the triple jump with the best performance of the year.

Our Ukrainian PUMA athlete Yaroslava Mahuchikh won the gold in the high jump at the World Indoor Championships in Belgrade, Serbia and the European Championships in Munich, Germany. Her win in Belgrade was a very emotional moment, after she took a difficult three-day journey by car at the start of the war in Ukraine to travel to the event in Serbia.

Our athletes relied on the latest versions of our evoSPEED NITRO spikes, which are made with PUMA's NITRO-Technology and a PWRPLATE for extraordinary energy return. NITRO is also an important part of our newest product line-up for long-distance and road running, such as the futuristic FAST-R NITRO Elite and the DEVIATE NITRO ELITE 2.

We also added to our roster of international top athletes in road running, by signing Norwegian Sondre Moen and US athlete Jenny Simpson.

In Football, our PUMA Team Morocco sensationally reached the semifinal of the World Cup in Qatar. Our players Antoine Griezmann, Olivier Giroud and Raphaël Varane were in the French starting line-up in the final. Neymar Jr. scored his 77th goal for the Brazilian national team, equaling the record of football icon Pelé. Ahead of the tournament, we kicked off the "Generation Fearless" campaign, as part of which our global teamsport ambassadors presented our new ULTRA and the FUTURE 1.4 football boots.



The Women's Euro in England confirmed the increasing popularity of women's football in all markets. With Austria, Iceland, Italy and Switzerland, PUMA had four teams at the tournament and also generated great visibility with the more than 70 players who played in our boots. We equipped our players and teams with special collections and supported them with marketing campaigns ahead of the tournament.

Among club teams, PUMA teams AC Milan and Manchester City both won the title and Olympique de Marseille and Borussia Dortmund came in second in their respective leagues. In the Netherlands, PSV Eindhoven won the Dutch Cup. At the end of the season, PUMA secured a long-term contract extension with AC Milan and became the official match ball provider of the Italian football league Serie A, starting from the 2022/23 season.

In North America, PUMA works with LaMelo Ball, one of the most successful players in the NBA, and we created the very successful signature shoes MB.01 and MB.02 with him, which are sold exclusively at our strategic retail partner Foot Locker. Our basketball athlete Marcus Smart was named NBA Defensive Player of the Year while Jackie Young became the most improved player of the year in the WNBA. We expanded our roster of Basketball ambassadors with new signings such as Mikey Williams, Scoot Henderson and NaLyssa Smith.

In Golf, Cobra PUMA Golf athlete Ewen Ferguson won the Commercial Bank Qatar Masters and the ISPS Handa World Invitational, while Olivia Cowan claimed her maiden Ladies European Tour Victory in India at the Hero Women's Open. Lexi Thompson took the trophy at the Aramaco series in NYC and once again joined the champions circle. Anna Nordqvist won in the The Netherlands and brought home the Big Green Egg Open. Finally, Justin Suh took his first win at the Korn Ferry Tour Championship, which paved his way onto the PGA Tour and gives him a spot in 2023 at The Players Championship and at the US Open.

In Motorsport, Red Bull Racing driver Max Verstappen secured another Formula 1 Drivers' Championship, as PUMA supplied the three most successful teams in the sport: Scuderia Ferrari, Oracle Red Bull Racing and Mercedes-AMG Petronas F1. We benefited from the increasing popularity of the sport, especially in the United States, where Miami hosted its first Grand Prix in 2022, which was immediately sold out.

During our return to New York Fashion Week, our spectacular FUTROGRADE show included a digital Web3 experience. The runway show was curated by PUMA Creative Director June Ambrose and special appearances on the catwalk by our ambassadors such as Usain Bolt, Winnie Harlow and Yaroslava Mahuchikh created a lot of buzz in the press and on social media. With the FUTROGRADE event, we showed that the virtual world is becoming increasingly relevant for our young audience.

In 2022, we also unveiled our largest Web3 collaboration to date with 10KTF and launched "PUMA and the Land of Games" on the online gaming platform Roblox. We used the Roblox experience for a unique launch event, as we first presented Manchester City's new third kit in "PUMA and the Land of Games", giving players the first opportunity to explore and interact with the new kit in the virtual world.

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In 2022, we launched our PUMA Shopping App in India, the United States, the UK and Japan. The app allows consumers to virtually try on selected products before they buy, see what the products look like in sophisticated 3D animations and make purchases. PUMA further strengthened its distribution by entering new markets with the PUMA.com online store in the Philippines, Thailand, Peru, Norway, Saudi Arabia and several other new countries in the Middle East and Africa.

We announced a long-term partnership with British-Nigerian rapper, and record producer Skepta, who will design product and be a part of global marketing campaigns. Deals with pop stars Eleni Foureira from Greece and Teodora from Serbia underlined our focus on local relevance to reach audiences around the world.



In September, we invited industry peers, activists, NGOs, experts, ambassadors, and consumers to London for our sustainability event Conference of the People, an open conversation about sustainability, which put the concerns of Gen Z at the center of the debate. It gave us the opportunity to explain our sustainability work in great detail, including the RE:SUEDE and RE:JERSEY circularity projects. For RE:SUEDE, we distributed 500 experimental pairs of our iconic SUEDE sneaker to consumers in Germany, who tested them for half a year before returning them, so we can establish whether the sneakers can be biodegraded in a controlled industrial setting. The RE:JERSEY recycling project was unveiled in partnership with our football teams Manchester City, AC Milan, Borussia Dortmund, Olympique de Marseille and Girona. In this project, we trial a chemical recycling process, which can turn old polyester garments into new polyester yarn and even deal with logos, embroideries and club badges. We expect to scale up the use of this chemical recycling process in the coming years.

Given our sustainability efforts, we were honored when industry publication Business of Fashion named PUMA the most sustainable brand in a ranking of the 30 largest companies in the business and when we received the Footwear News Sustainability Leadership Award. These awards are an important confirmation for us that we are on the right track and are making progress with our strategy to make PUMA more sustainable.

In November the Supervisory Board appointed Arne Freundt to become the chairman of the management board and CEO of PUMA SE. Arne Freundt has worked for PUMA for more than ten years, previously as a member of the Management Board and Chief Commercial Officer. He replaced Bjørn Gulden, who left the company after nine years.

In April, the Supervisory Board elected Héloïse Temple-Boyer as Chair of the Supervisory Board at its meeting. Héloïse Temple-Boyer has been a member of the Board since 2019 and is a member of the Audit Committee.

The financial year 2022 was marked by operational challenges due to the continued effects of the COVID-19 pandemic and the effects of the Russian invasion of Ukraine. The negative impact of the pandemic in the form of lockdown measures was particularly evident in Greater China, where retail shops had to be temporarily closed. Global goods availability improved significantly due to easing capacity bottlenecks in the logistics industry towards the end of the year.

Russia's invasion of Ukraine led to a significant impairment of business in these two countries in the past financial year 2022. At the beginning of the invasion, we suspended all of our retail activities in Russia and Ukraine. As a result, no sales were generated with the respective retail activities, but costs continued to be incurred. In Russia, retail activities remained suspended for the rest of the year. In Ukraine, we were able to resume most of our retail activities over the course of the year on the initiative of the Ukrainian team. Russia and Ukraine's share of the total sales of the PUMA Group declined from almost 4% in the previous year and was then only 2% in 2022. At the end of the year, retail stores in Russia incurred impairment losses on rights-of-use in the amount of a high single-digit million euro figure. Due to the current situation, our retail activities in Russia remain suspended until further notice. The management team are carefully monitoring the current situation in Russia and analyzing the various possible scenarios and measures. In all our considerations, the health and safety of our employees and their families are always our top priority.

Despite the uncertain geopolitical and macroeconomic business environment and the continuing negative impact of the COVID-19 pandemic, 2022 was the most successful financial year ever in the history of PUMA. Based on continued brand dynamics, successful product launches, the best possible service for our retail partners, athletes and consumers and a strong focus on flexibility in business operations, PUMA achieved record sales, operating result (EBIT) and consolidated net earnings in the past financial year.

The ongoing restrictions in connection with the COVID-19 pandemic in the Asian markets, especially in Greater China, the crisis in Ukraine and persistently high inflation had a negative impact on consumer confidence and demand in 2022. Nevertheless, in the past financial year 2022, PUMA managed to exceed € 8 billion in sales for the first time in the company's history. Currency-adjusted sales increased by 18.9%.



In the reporting currency, the euro, this corresponds to an increase in sales of 24.4% from € 6,805 million in the previous year to € 8,465 million in 2022. In the financial year 2022, PUMA thus managed to surpass the sales forecast for currency-adjusted sales growth in the mid-teen percent range, which had already been adjusted upward during the year.

Higher sourcing prices due to raw materials and cost increases for incoming freight, an unfavorable regional and distribution channel mix and increased promotional activities due to the promotional market environment led to a decline in the gross profit margin from 47.9% in the previous year to 46.1% in 2022. These negative effects were partially offset by price adjustments and currency effects. Net expenses from other operating income and expenses increased by a total of 21.0% in the 2022 financial year from € 2,725 million in the previous year to € 3,296 million. The increase was mainly due to higher expenses for marketing, a higher number of the Group'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 reduction in the cost ratio from 40.0% in the previous year to 38.9% in 2022.

Due to the strong sales growth and continued cost control, the operating result (EBIT) increased by 15.0% in the past financial year from € 557.1 million to € 640.6 million. The operating result therefore lies within the forecast of a range between € 600 million and € 700 million. However, the EBIT margin decreased from 8.2% in the previous year to 7.6% in 2022. The improvement in operating result is also reflected in the development of consolidated net earnings, which improved by 14.2% year-on-year. Consolidated net earnings increased from € 309.6 million in the previous year to € 353.5 million, while earnings per share rose accordingly from € 2.07 in the previous year to € 2.36. This allowed PUMA to achieve record consolidated net earnings in the financial year 2022 and fully achieve the profitability targets in the past financial year.

The positive net earnings enables the Management Board and the Supervisory Board to propose the distribution of a dividend of € 0.82 per share for the financial year 2022 at the Annual General Meeting on May 24, 2023 via corresponding distributions and profit transfers to PUMA SE. This corresponds to a payout ratio of 34.7% 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 € 0.72 per share was paid out (payout ratio for previous year: 34.8%).

As part of the quarterly index review, the PUMA share has been relisted on the MDAX stock exchange index since December 2022. The PUMA share was previously a member of the DAX since September 2021. After starting 2022 at a price of € 107.50, PUMA's share price fell to a low of € 43.85 in October 2022. The price of the PUMA share then recovered by the end of the year and rose to € 56.70. This represents a decline in the share price of 47.2% compared with the previous year. The market capitalization of the PUMA Group amounted to around € 8.5 billion at year-end 2022 (previous year: € 16.1 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 major regions (EMEA, the Americas and Asia/Pacific) and three product divisions (footwear, apparel and accessories). In addition, we consider seven segments for internal management purposes, as shown in the segment reporting.

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, 2022, 99 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

Our eight strategic priorities continued to guide us in 2022: brand heat, product ranges that are right for our consumers, a comprehensive offer for women, improving the quality of our distribution, increasing the speed and efficiency of our organizational infrastructure, leveraging our re-entry into Basketball to improve our position in North America and to focus on local relevance and sustainability.

With a history of almost 75 years, PUMA has worked with the most famous and successful athletes in history to gain credibility as a sports brand and to create **brand heat**: Usain Bolt, Sir Lewis Hamilton, Pelé, Maradona, Tommie Smith, Boris Becker, Linford Christie, Serena Williams, Heike Drechsler and Martina Navratilova, are among the many sports legends PUMA has worked with over the years. Today, we also aim to partner with the most relevant and successful brand ambassadors of their generation. In football, PUMA works with star players such as Neymar Jr, Antoine Griezmann, Nikita Parris and Alexandra Popp, top football manager Pep Guardiola, and international top clubs such as Manchester City, Borussia Dortmund, Valencia CF, Olympique Marseille, AC Milan, PSV Eindhoven and Palmeiras São Paulo.

In track & field, we also have a roster of world class athletes, including Norwegian hurdler and world record holder Karsten Warholm, Canadian sprinter André De Grasse, Jamaican sprinters Shericka Jackson and Elaine Thompson-Herah, Italian high jumper Gianmarco Tamberi, as well as Swedish pole vault world record holder Mondo Duplantis.

Throughout the year, we signed several new track and field ambassadors such as Mutaz Essa Barshim, Abby Steiner and Emmanuel Korir. Our strategy paid off at the World Athletics Championships in Eugene, the Commonwealth Games and the European Championships in Munich, where our athletes won medals and set new records.

PUMA also generates brand heat by working with icons of culture and fashion, who are highly relevant for our target audience, such as Dua Lipa, Skepta, Winnie Harlow and Jay-Z.



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In 2022, we significantly improved our **product offering** across all business units. Highlights included our Performance Footwear, especially the running styles VELOCITY and DEVIATE featuring our proprietary NITRO technology, which showed strong sell-through and won awards such as the Runner's World Editor's Choice Gold Medal.

To further strengthen our position in Running and Training, we introduced our SEASONS collection in the fall, a new range of outdoor items made to protect against the elements all year round.

In Teamsport, our innovative PUMA ULTRA and FUTURE as well as the classic KING football boots were very successful and gained market share throughout the year. For the World Cup in Qatar, we introduced our football boots in the colors of the "Fearless Pack", which ensured great visibility on pitch.

With the introduction of the SLIPSTREAM in a global campaign that was supported by our most prominent ambassadors such as Neymar Jr, Danna Paola and Romeo Beckham, we launched a new Classics footwear franchise that will be a part of our product portfolio in the years to come.

In Apparel and Accessories we saw strong sell-through of our performance and Sportstyle products, including collaborations with partners such as AMI Paris, MCM, Palomo Spain, Vogue, Coca Cola, Pokemon, Garfield and Vogue.

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Around the world, **women** increasingly participate in sports and sportswear has become an important part of fashion-conscious outfits everywhere. It is our strategic priority to provide a comprehensive product offer for our female consumers throughout our range and across all life stages, including modest wear, period activewear and maternity wear.

PUMA created bespoke national team home kits for the Women's Euro to highlight our commitment to women's football. Our players in the tournament, such as German forward Alexandra Popp and Icelandic midfielder Sara Björk Gunnarsdóttir, received their FUTURE or ULTRA football boots in women's specific fits in a special PUMA x LIBERTY design. In Basketball, we introduced a signature shoe for WNBA star Breanna "Stewie" Stewart, the first signature shoe for a female athlete in over a decade.

Our decision to reenter **Basketball** in 2018 has spurred our growth in the North American market in the past years. Following the sell-out success of the various versions of LaMelo Ball's first signature shoe, MB.01, we added a second style, MB.02, in 2022. With various activations of our ambassadors and a strong line-up of Footwear, Apparel and Accessories, our Basketball business has become a strong and successful part of our product offering.

Basketball's popularity in North America is an example how some sports can have a **strong local relevance** in certain regions. In other markets, PUMA is active in cricket, handball, rugby, padel or netball. While PUMA has a strong roster of global ambassadors and teams, we believe it is equally important to focus on the sports, trends, ambassadors, partners and platforms that are most relevant locally.

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As part of this strategy, we empower local decision making, invest in regional creation centers in major markets, prioritize local-for-local sourcing and work with ambassadors and influencers such as Pamela Reif in Germany, Virat Kohli in India or Davido in Nigeria.

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With our strategy to be flexible and service-oriented towards our retail partners, we improved the **quality of our distribution** and expanded our presence with leading sports performance and sportstyle accounts across the world. While product availability improved markedly in 2022, we prioritized our retail partners over our own Direct-to-Consumer (DTC) channels, whenever necessary. Our DTC business, which includes our owned-and-operated retail stores as well as our e-commerce business, also grew strongly in 2022. We





opened new full price stores in large cities such as Singapore or Buenos Aires and rolled out our e-commerce store in the Philippines, Thailand, Peru, Norway, Saudi Arabia and several other new countries in the Middle East and Africa.

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With our PUMA Shopping App, which debuted in 2022 in India, the United States, the United Kingdom and Japan, we give our most loyal consumers access to the latest PUMA products as well as exclusive services and brand content. We expect to roll out the PUMA Shopping App in additional markets in the coming quarters.

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With the opening of new distribution centers and offices and our continued investment in our systems, we improved our **infrastructure** and processes in 2022. To support our future growth, we opened new warehouses around the globe, for example in Mexico, Dubai and Thailand. We made investments into a global SAP upgrade, product creation systems and additional 3D product creation capabilities. To expand our presence in local markets, we moved our teams into new, modern offices, for example in Brazil, Chile and India.

Our sourcing strategy is based on long-term collaboration with our valued suppliers around the world. Working closely together with our sourcing partners helps us create a stable sourcing base, sell products with a consistent quality and support our future growth, while protecting us from a volatile global environment. The strong collaboration with our suppliers, who are mainly based in Asia, has contributed to a very resilient supply chain situation despite temporary lockdowns in some sourcing markets.

Our focus on **sustainability** as part of our FOREVER BETTER strategy continued as a strategic priority in 2022, as we aim to fully integrate sustainable practices into every aspect of our business. By 2025, we want to make nine out of ten products out of more sustainable materials such as certified cotton and leather or recycled polyester, compared to six out of 10 products in 2021.

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We have pledged to reduce carbon emissions by what scientists say is necessary to avoid the worst consequences of climate change. In 2022, we announced that we had cut our own carbon emissions and those coming from our supply chain between 2017 and 2021, even though the business grew strongly in the same period.

To achieve this reduction, we purchased 100% renewable electricity through renewable electricity tariffs and renewable energy attribute certificates, we used more sustainable materials and made efficiency improvements at a factory level.

At our warehouse in Torrance, California, USA, for example, we started using fully electric trucks and we steadily increased the number of battery-electric and hydrogen fuel-cell vehicles in our global corporate fleet.

While more sustainable product lines such as RE:COLLECTION, which is made with recycled materials, were already on the shelves in 2022, we also educated our consumers about our experiments in recycling and biodegradability with the RE:JERSEY and RE:SUEDE projects. Our Conference of the People was also a part of this strong communication focus that is part of our strategy. Our sustainability efforts were recognized by the media, for example when Business of Fashion named PUMA the most sustainable brand in the industry or when we received the Footwear News Sustainability Leadership Award.

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## PRODUCT DEVELOPMENT AND DESIGN

As we have a vast archive at our disposal, our designers can take inspiration from almost 75 years of history to create fashion forward and relevant products for our customers. A prime example in 2022 was the SLIPSTREAM, which was introduced by our ambassadors Neymar Jr, Danna Paola and Romeo Beckham in June. With the SLIPSTREAM, PUMA brought back the classic design from the 1980s to make a clean and modern sneaker.

Our global ambassadors also launched their personal collections with us. Pop superstar Dua Lipa presented her second “FLUTUR” collection, which caught our customers’ attention with bright colors, form-fitting looks and an aesthetic inspired by old-school rave culture.

Neymar Jr, who supported the launch of many of our products in 2022, worked with us on his first personal PUMA collection, which celebrated his home country Brazil by using a unique graphic language that took inspiration from Brazilian football, the street art of his native São Paulo and his tattoos.

We continued to invest heavily in our Performance Running and innovative NITRO technology and launched new versions of our performance football boots ULTRA and FUTURE in unisex and women’s specific fits.

Together with French fashion brand AMI, we designed an exclusive collection that combined tailoring and innovative sportswear design with minimalistic branding. The collection received great media attention and positive feedback from our most influential fashion retailers.

With Palomo Spain we created a collection which explored team sports with a retro edge and merged it with Palomo’s signature couture-infused, romantic and gender-neutral designs.

For our show at New York Fashion Week, we created the never-seen-before NITRO NFRNO and NITRO FASTROID sneakers for which our in-house designers pushed the creative boundaries to envision what a 3D digital sneaker could look like. It was the first time PUMA entered this far into the Web3 space, as we established the first PUMA-owned NFT which linked digital design with in-real-life physical product.

The two sneakers were linked to our NFT NitroPass and those consumers who minted a NitroPass received two NFTs – one tied to physical products and one that unlocked a customized experience linked to their chosen shoe. Following the FUTROGRADE show, minters could claim their physical sneakers by burning their product-claimed NFT.

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As part of our strategy to create the right products for women, we developed a range of period underwear and activewear with Australian company Modibodi, which helps women stay active during their periods. Among our Women’s footwear products, MAYZE and CALI saw the highest sales. We also expanded our successful RIDER franchise with a version for women, the KOSMO RIDER, which was promoted by social-media star and music artist Dixie D’Amelio.

We elevated our Motorsport offering with our partner Ferrari to create the premium ION F sneakers and we celebrated the 50th anniversary of the Porsche 911 RS 2.7 car with a limited edition of our classic SUEDE, which was sold out in hours.

In Basketball, a special version of LaMelo Ball’s signature shoe MB.01, in collaboration with the animated series “Rick and Morty”, became one of our most sought-after sneakers of 2022. Later in the year, we introduced LaMelo Ball’s second signature shoe, the MB.02.

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Our Accessories business presented a limited-edition headwear collection, called “Hometown Heroes”, which paid homage to street culture of different eras. The launch was supported by some of our global ambassadors from Teamsport, Basketball and music.



With the launch of PUMA's padel collection, including rackets, Footwear, Apparel and Accessories, as well as the PUMA SEASONS outdoor collection, we entered new categories. This was part of an increasing number of locally developed products.

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RE:COLLECTION was a range of products with a sustainability focus for Sportstyle, Running & Training and Motorsport, which showed how recycled materials can create a unique look. Depending on the style, the products were made with between 20% and 100% recycled materials.

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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, 2022, a total of 1,307 people were employed in research and development/ product management (previous year: 1,136). In 2022, research and development/ product management expenses totaled € 153.1 million (previous year: € 114.5 million), of which € 82.2 million (previous year: € 61.7 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-subsiidiaries 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-subsiidiaries, 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.

To meet the needs of our customers in terms of service, quality, social and environmental sustainability, we focus on six core strategic pillars: partnership, product, quality, growth management, margins & acquisition costs and sustainability. The centralization of sourcing and procurement enables continuous improvements in all areas. In addition, the integration of PUMA's sustainability function into the sourcing organization ensures that industry standards, including social, environmental and chemical safety, are closely linked to all our sourcing activities.

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

At the beginning of 2022, we carried over our efforts from last year to tracking and restoring capacities at our suppliers. This had still been influenced by the COVID lockdown situation in Vietnam in summer 2021. As we saw a growing demand across all markets during the first half of this year, we focused on ensuring a stable supply of products across all divisions while taking prioritizations in alignment with our sales subsidiaries into account.

Fortunately, most sourcing countries did not experience further COVID restrictions in the course of this year, with the exception of China, where temporary production disruptions did occur – yet with an overall minor impact. We have been closely monitoring the extended logistics lead times across various markets in making sure availability of products is on time.

In view of the global macroeconomic situation, which has led to a change in our customers' ordering behavior, and the normalization of the supply chain, sourcing volumes declined in Q4. Therefore, we actively adjusted sourcing to the corresponding situation and continued to provide transparency to our sourcing partners so that they can adjust their capacities accordingly.



## THE SOURCING MARKETS

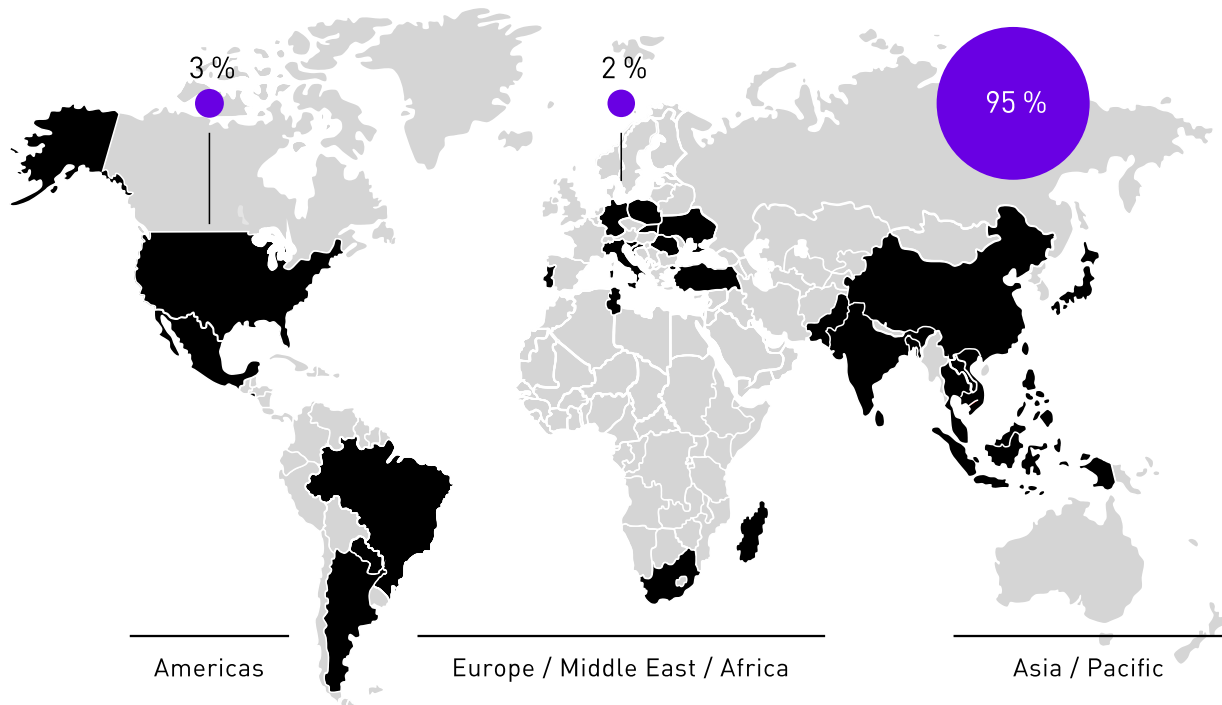
During the financial year 2022, PIT purchased from 141 independent suppliers (previous year: 129) in 27 countries worldwide. The strategic cooperation with long-term partners did not only remain to be one of the key competitive advantages, but it was also crucial in navigating through ongoing supply chain challenges of 2022.

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. China became our biggest production country in 2022 with a total of 32%. It had been mainly China which compensated for the lockdown situation in Vietnam in 2021 and therefore saw a continued increase of sourcing volumes. This increase carried over to this year as reallocation effects remained. While growing in absolute volumes, Vietnam on the other hand decreased in relative terms to a total of 30%, given the repercussions of the situation in 2021. Cambodia is in third place at 13%, Bangladesh, which focusses on apparel, is in fourth place at 12%. Indonesia, with a focus on footwear production and increasing volumes for apparel, produces 4% of the total volume and is in fifth place. India is in sixth place at 3%.

Rising wage costs, fluctuating material prices, freight rates and macroeconomic developments, have continued to influence sourcing markets in 2022. 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 continues to extend its local supply chain initiatives for markets such as China, India, Latin America, Türkiye and others. Our sourcing activities resumed with business travel to key sourcing markets in order to visit our existing partners but also evaluate new vendors and opportunities in sourcing countries like Indonesia.

### ➤ G.01 SOURCING REGIONS OF PUMA (in %)



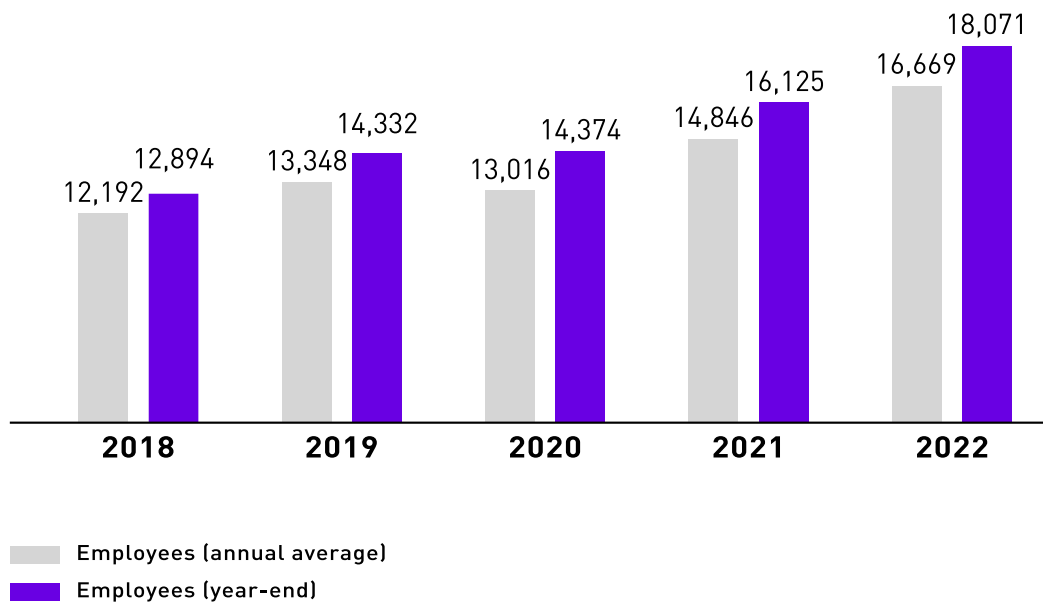


## EMPLOYEES

### NUMBER OF EMPLOYEES

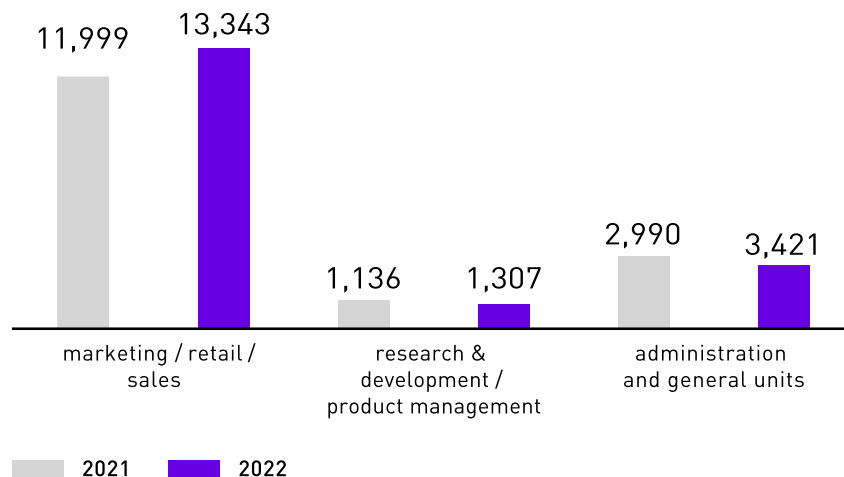
The global number of employees on a **yearly average** was 16,669 in 2022, compared to 14,846 in the previous year. Personnel expenses increased by a total of 18.8% from € 712.4 million to € 846.5 million in 2022. On average, personnel expenses per employee amounted to € 50.8 thousand, compared to € 48.0 thousand in the previous year.

#### ➤ G.02 CHANGES IN EMPLOYEES (annual average / year-end)



As of **December 31, 2022**, the number of employees was 18,071, compared to 16,125 in the previous year. This corresponds to an overall increase in the number of employees of 12.1% 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 far-reaching social and economic consequences of the geopolitical tensions in Europe dominated 2022. Global labor turnover has increased and competition for qualified professionals and executives has intensified. To ensure that we remain competitive in this environment and to promote growth, it is essential that we retain a skilled, committed workforce in our company over the long term. We have therefore continued to focus particularly on acquiring and developing talent. As well as taking action to strengthen employee retention, this also means increasing our attractiveness as an employer worldwide and promoting diversity in our organization. These measures will make us even more resilient in the face of unpredictable external factors. As part of our strategic workforce plan, we are increasingly addressing foreign markets through our recruitment campaigns in order to reduce our dependence on demographic trends in the local labor markets.

To attract external candidates, we use digital platforms and social media, as well as our careers website, for our target-group-specific, individual, and proactive recruiting measures. Having a range of in-person and online initiatives at universities in Germany and abroad 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 our PUMA subsidiaries across four regions (Europe, APAC, LATAM, and North America) for winning a coveted Global Top Employer award in the financial year 2022 in recognition of our outstanding corporate culture and working environment. We can now proudly call ourselves a Global Top Employer. We were also named one of the "World's Best Employers" by Forbes and a "Leader in Diversity" by the Financial Times, and awarded the "Great Place to Work" seal in numerous countries.

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In 2022, we continued to move forward with the worldwide simplification, acceleration, and harmonization of our business processes and with continued 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. In 2022, we focused particularly on continuing to analyze data through people analytics and on incorporating the results into our strategic decisions. This helps us to answer targeted questions in an evidence-based way, as well as to prepare forecasts.

We provide our employees with the opportunity to proactively advance their own professional development and to develop themselves - including in the international arena - thereby strengthening their long-term loyalty to PUMA. 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 through 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 management and development strategy.

The ongoing professional and personal development of our employees ensures that our workforce has the necessary expertise to guarantee continuous growth and market competence, particularly in times of high uncertainty and constant change. Workday helps us to avoid skills gaps and gain transparency about the skills available in the workforce. This issue was further analyzed and broadened in 2022, particularly with regard to the expertise that will be needed in the future. We will use the resulting findings as a basis for our recruiting activities and for designing new training courses as part of our strategic workforce plan.



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. "LinkedIn Learning" and "Good Habitz" provide our employees with access to around 20,000 different training courses. They also have a wide range of learning categories to choose from for self-directed personal and professional development. This year, we focused particularly on the topics of mental well-being, resilience, and mindfulness, providing our employees with a wide range of services to best support them in dealing with the increased mental strain that can often arise in this politically and economically difficult environment.

We focused more on language training in 2022, and acquired a global Busuu license covering 13 languages. This gives all our employees, including retail employees, the opportunity to learn a new language online under their own guidance and in line with their needs. Qualified trainers support learners through live lessons. Learning can be flexible through the app, but it can also be done in contact with people. Speaking another language produces mutual understanding, creates connections, and enhances diversity. It also promotes internal mobility. For this reason, there is a significant global focus on English. Employees can also learn or improve another language, even for personal reasons. This project secured the eLearning AWARD 2023 in the "Best Roll-Out Project" category. We further expanded the Digital Agile Coach programs that we offer to various target groups.

With a range of dual-study programs and apprenticeships, 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 ILP<sup>2</sup> seminar series. The program ensures a uniform understanding of leadership at PUMA and promotes development among participants over the longer term. It offers intensive training and coaching, including interactive learning, role play simulations, and best practice learning, as well as joint projects. The key topics include coaching, mindful leadership, and agile working methods. The PUMA Leadership Expedition training program 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. This innovative training program received the eLearning AWARD 2023 in the "Agile Learning" category.

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 Up<sup>2</sup>" 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. Our "listening strategy" includes various ways of providing feedback and aims to record the sentiments of our employees and to understand their concerns and needs. We collect their feedback and ideas through surveys, pulse surveys, focus groups, interviews, and sentiment analyses. We do this using systems such as Amber and Workday. The feedback we receive encourages us to continue with the measures that we are implementing and to expand on them. The next global employee survey is planned to take place in 2023.





## WORKS COUNCIL

Our trust-based, constructive collaboration with the Works Councils is an important part of our corporate culture. In 2022, 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 17 members and represented the employees of the PUMA Group in Germany. A designated member of the Works Council 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 well-being. 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.

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## 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 most significant financial performance indicators. 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 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 secondary importance at PUMA.

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



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

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

PUMA's operating result (EBIT) is the sum of 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 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 non-current assets. The EBITDA margin is calculated as EBITDA divided by 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 2022 will be available by April 30, 2023, at the latest on the following page of our website:

<https://about.PUMA.com/en/investor-relations/financial-reports>

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Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: <http://about.PUMA.com/en/sustainability>

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# **ECONOMIC REPORT**

## **GENERAL ECONOMIC CONDITIONS**

### **GLOBAL ECONOMY**

According to the winter forecast of the Kiel Institute for the World Economy (IfW Kiel) dated December 21, 2022, the global economy weakened over the course of 2022 under the burden of high energy prices and great uncertainty. Monetary policy was rapidly tightened in view of widespread high inflationary pressure and is now also slowing growth of the global economy. The experts at IfW Kiel expect global gross domestic product (GDP) to have risen by a total of 3.2% for the past financial year 2022. Positive stimulus came from easing supply bottlenecks and the continuing normalization of activity in the sectors hit hardest by the COVID-19 pandemic. However, economic momentum dropped off noticeably toward the end of the year. At the end of 2022, the major developed economies in particular were in a phase of weak economic development, despite significant fiscal support measures. In emerging markets, economic growth is robust. In China, however, the economic situation continues to be burdened primarily by COVID-19 and also by problems in the real estate sector.

### **SPORTING GOODS INDUSTRY**

Despite the operational challenges, the sporting goods industry was able to build on its growth of previous financial years in 2022. During the year, for example, the problematic freight situation, especially in the first half of the year, with high freight rates, inadequate capacity and overloaded ports, contributed to limited product availability. In contrast, the sporting goods industry benefited from robust consumer spending, especially in Western countries. However, due to the ongoing challenges in the supply chain, the industry was not always able to meet the increasing demand.

The major sporting events held in 2022, such as the Olympic Winter Games in Beijing and the Football World Cup in Qatar, had a positive effect 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 DEVELOPMENT**

### **ILLUSTRATION OF SALES DEVELOPMENT IN 2022 COMPARED TO THE OUTLOOK**

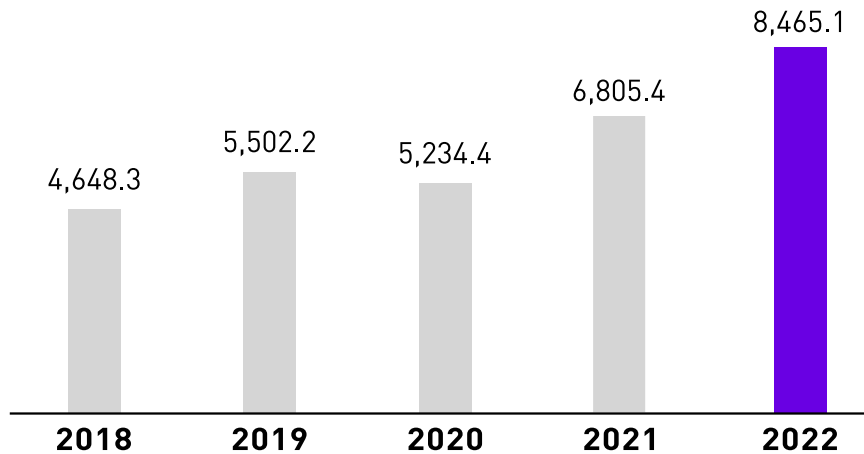
PUMA's 2021 Combined Management Report had forecasted a currency-adjusted growth in sales of at least ten percent for the financial year 2022. This forecast was increased during the year and at the end of the third quarter, PUMA expected currency-adjusted sales growth in the mid-teen percentage range for financial year 2022. 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 2022, significantly exceeding the original sales target of currency-adjusted sales growth of at least ten percent. More details on sales development in the financial year 2022 are provided below.



## SALES

PUMA's sales in the reporting currency, the euro, increased by 24.4% to € 8,465.1 million in the financial year 2022 (previous year: € 6,805.4 million). Currency-adjusted sales increased by 18.9%. Despite geopolitical tensions and lockdown measures, in 2022 PUMA was thus able to build on its strong currency-adjusted sales growth of +31.7% from the previous year.

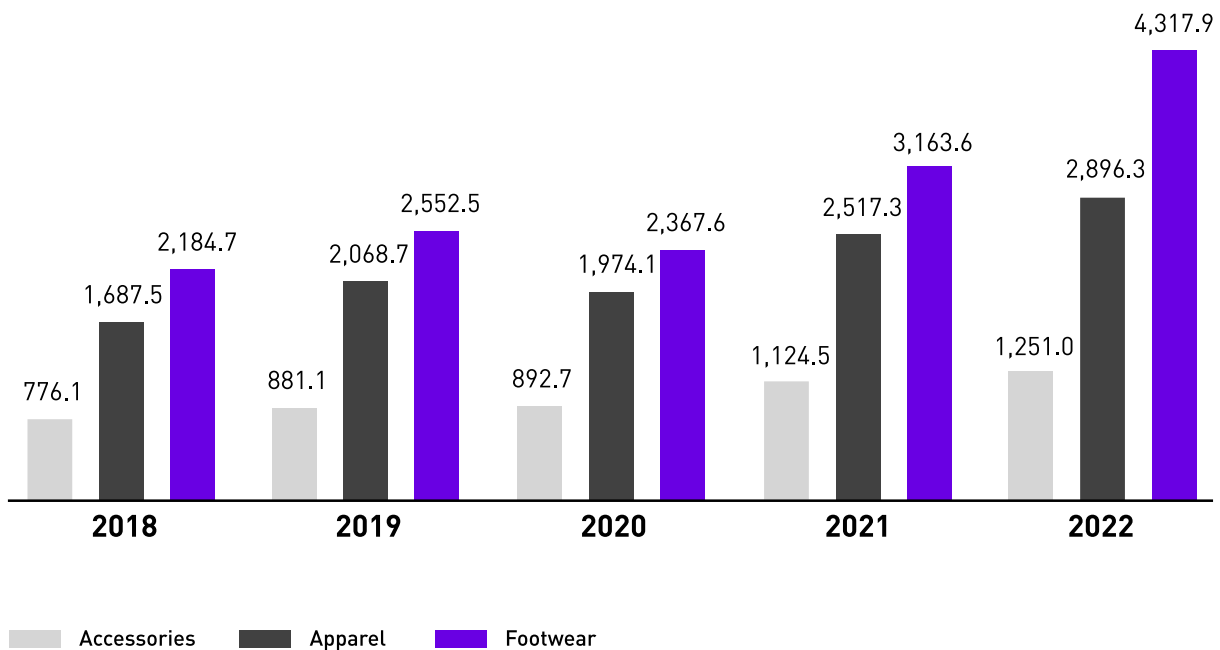
### ➤ G.04 SALES (€ million)



In the **Footwear** product segment, sales in the reporting currency, the euro, rose by 36.5% to € 4,317.9 million. This was the first time that Footwear had surpassed the € 4 billion sales mark. Adjusted for currency effects, sales increased by 30.8%. The strongest growth was achieved in the Sportstyle, Running & Training and Teamsport categories. The share of the Footwear division in total sales rose from 46.5% in the previous year to 51.0% in 2022.

Sales in the **Apparel** division in the reporting currency, the euro, increased by 15.1% to € 2,896.3 million. Currency-adjusted sales grew by 10.1%. The increase in sales was mainly due to higher sales in the Teamsport, Running & Training and Sportstyle categories. The share of the Apparel division decreased to 34.2% of Group sales (previous year: 37.0%).

The **Accessories** division recorded an 11.2% growth in sales in the reporting currency, the euro, to € 1,251.0 million, equivalent to currency-adjusted sales growth of 5.4%. Higher sales in the Teamsport category and with bags, caps and Cobra golf clubs contributed to this development. The division's share of Group sales declined from 16.5% in the previous year to 14.8% in 2022.

**➤ 6.05 SALES BY PRODUCT DIVISIONS (€ million)****DIRECT-TO-CONSUMER BUSINESSES**

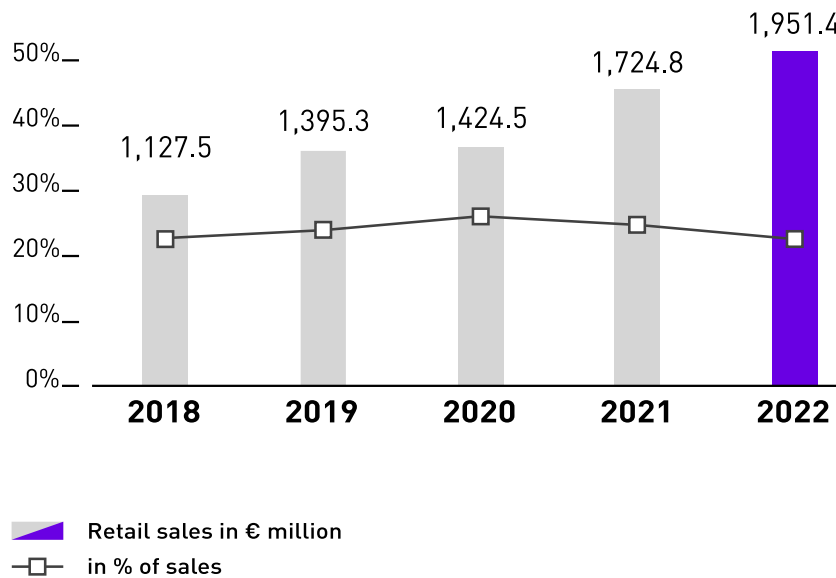
PUMA's own retail activities include direct sales to our consumers ("Direct-to-consumer business"). This includes selling to our customers in PUMA's own retail stores, the so-called "Full Price Stores" and "Factory Outlets." Our e-commerce business on our own online platforms and on the platforms of 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 direct-to-consumer sales increased by 7.8% currency-adjusted to € 1,951.4 million in the financial year 2022. This corresponds to a share of 23.1% of total sales (previous year: 25.3%). The declining share of total sales is due in particular to the fact that we allocated more goods to our wholesale partners at a time of limited product availability. Adjusted for currency effects, sales in PUMA's own full-price stores and factory outlets increased by 11.0% in 2022. In the e-commerce business, sales increased by 2.2% in 2022, adjusted for currency effects. This development reflects the fact that consumers still value the shopping experience in retail stores, following a shift in consumer shopping behavior toward increased online shopping as a result of the COVID-19 pandemic. 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 25 and Cyber Monday on November 28.

We expanded our e-commerce business in 2022. We also launched new online platforms in the Philippines, Thailand, Peru, Norway, Saudi Arabia and other countries in the Middle East and Africa. We also launched the PUMA shopping app in 2022. The shopping app is intended to provide our most loyal customers with access to the latest PUMA products, exclusive services and brand content in India, the USA, Great Britain and Japan.



## ➔ G.06 DIRECT-TO-CONSUMER SALES



### LICENSING BUSINESS

PUMA grants licenses to independent partners for various product divisions, such as watches, glasses, safety shoes, workwear and gaming accessories. 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. PUMA's royalty and commission income increased by 41.6% to € 33.8 million in the financial year 2022 (previous year: € 23.9 million). The main reason for the increase was essentially the good business development in the Motorsport division, after Formula 1 fans returned to racetracks this year.

### 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).

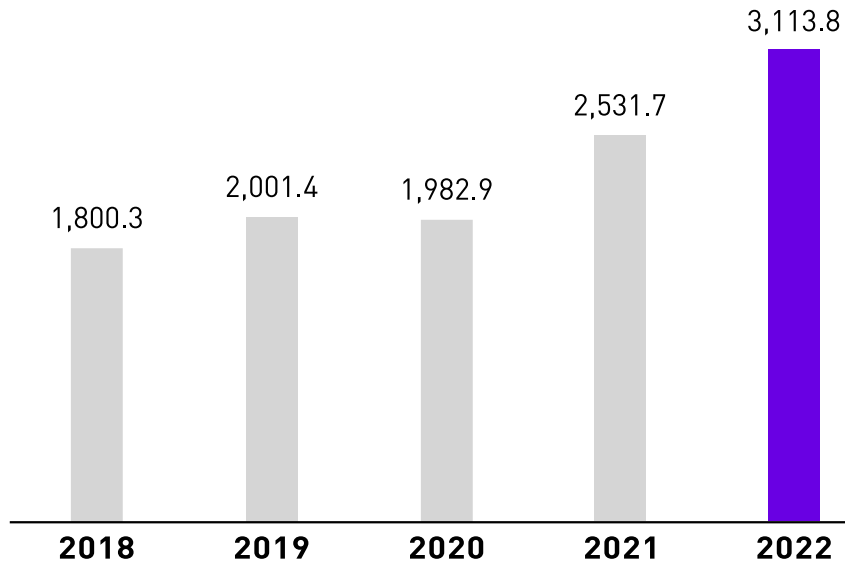
PUMA's sales in the reporting currency, the euro, increased by 24.4% in the financial year 2022. This corresponds to a currency-adjusted sales increase of 18.9% compared to the previous year. The growth was mainly due to strong sales development in the EMEA and Americas regions, which each posted double-digit growth rates. In contrast, sales in the Asia/Pacific region remained almost at the previous year's level.

In the **EMEA** region, sales in the reporting currency, the euro, increased by 23.0% to € 3,113.8 million, thus exceeding the € 3 billion mark for the first time in this region. This represents a currency-adjusted sales increase of 22.5%. Almost all countries in the region, with the exception of Russia and Ukraine, contributed to this development with double-digit growth rates. Particularly strong growth came from Germany, France, Italy and Turkey. In terms of Group sales, the share of the EMEA region nevertheless decreased slightly from 37.2% in the previous year to 36.8% in 2022.

With regard to product divisions, sales revenue from Footwear recorded a currency-adjusted increase of 33.9%. Currency-adjusted sales of apparel increased by 15.6%. Currency-adjusted sales of accessories rose by 10.9%.



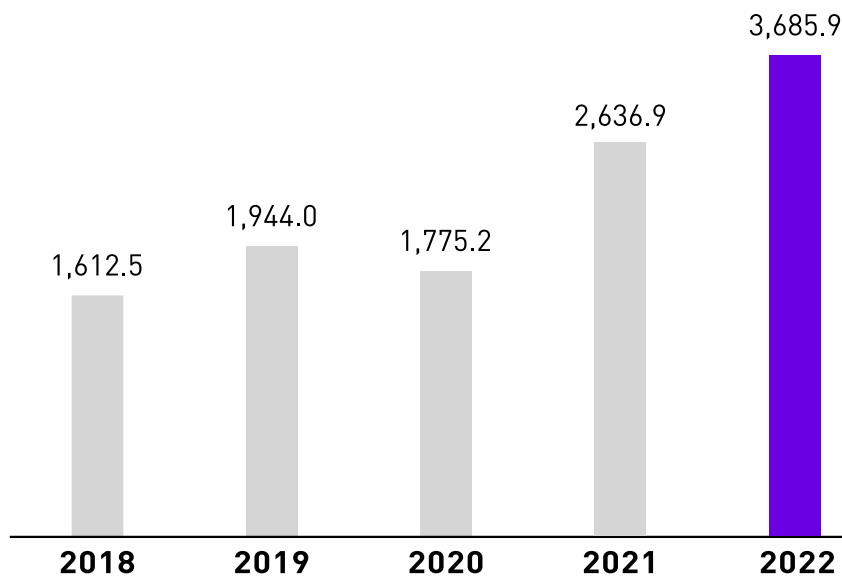
➤ **G.07 EMEA SALES** (€ million)



In the **Americas** region, sales in the reporting currency, the euro, increased by 39.8% to € 3,685.9 million, thus exceeding the € 3 billion mark for the first time in this region. Currency-adjusted sales increased by 28.3%. 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 43.5% in 2022 (previous year: 38.7%).

In terms of product divisions, both footwear (+42.8% currency-adjusted) and apparel (+22.3% currency-adjusted) recorded particularly strong year-on-year sales growth. Revenues in the Accessories division increased slightly by 0.8%, adjusted for currency effects.

➤ **G.08 AMERICAS SALES** (€ million)



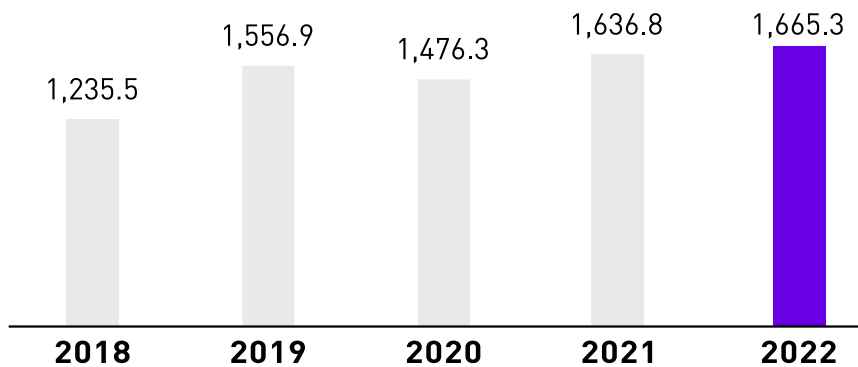


In the **Asia/Pacific** region, sales in the reporting currency, the euro, declined by 1.7% to € 1,665.3 million. Adjusted for currency effects, however, this corresponds to a decrease in sales of 2.2%. While sales in Greater China declined in 2022 due to the difficult market environment, India, Japan and Singapore, among others, recorded significant sales growth. The Asia/Pacific region's share of Group sales decreased from 24.1% in the previous year to 19.7% in 2022.

Looking at the product divisions, currency-adjusted sales of footwear increased by 4.9%. In the case of Apparel, currency-adjusted sales fell by 10.8% and the Accessories product division recorded currency-adjusted sales growth of 4.8%.

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➤ **G.09 ASIA/PACIFIC SALES** (€ million)







## RESULTS OF OPERATIONS

### ➤ T.01 INCOME STATEMENT

	2022		2021		+/- %
	€ million	%	€ million	%	
<b>Sales</b>	<b>8,465.1</b>	100.0%	<b>6,805.4</b>	100.0%	24.4%
Cost of sales	-4,562.3	-53.9%	-3,547.6	-52.1%	28.6%
<b>Gross profit</b>	<b>3,902.7</b>	46.1%	<b>3,257.8</b>	47.9%	19.8%
Royalty and Commission Income	33.8	0.4%	23.9	0.4%	41.6%
Other Operating Income and Expenses	-3,295.9	-38.9%	-2,724.6	-40.0%	21.0%
<b>Operating result (EBIT)</b>	<b>640.6</b>	7.6%	<b>557.1</b>	8.2%	15.0%
Financial Result	-88.9	-1.1%	-51.8	-0.8%	71.7%
<b>Earnings before taxes (EBT)</b>	<b>551.7</b>	6.5%	<b>505.3</b>	7.4%	9.2%
Taxes on income	-127.4	-1.5%	-128.5	-1.9%	-0.9%
Tax rate	23.1%		25.4%		
Net earnings attributable to non-controlling interests	-70.9	-0.8%	-67.2	-1.0%	5.5%
<b>Net earnings attributable to shareholders of PUMA SE</b>	<b>353.5</b>	4.2%	<b>309.6</b>	4.5%	14.2%
Weighted average shares outstanding (million)	149.65		149.59		0.0%
Weighted average shares outstanding, diluted (million)	149.66		149.60		0.0%
Earnings per share in €	2.36		2.07		14.1%
Earnings per share, diluted in €	2.36		2.07		14.1%



## ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2022 COMPARED TO THE OUTLOOK

In the outlook in the combined management report for 2021, PUMA forecast an operating result (EBIT) in the range between € 600 million and € 700 million for the financial year 2022 (2021: € 557 million) and net earnings to improve correspondingly. Thanks to continued brand momentum, successful product launches and a strong focus on flexibility in business operations, PUMA was able to set a new record in terms of operating result and achieve the earnings forecast for 2022 as a whole.

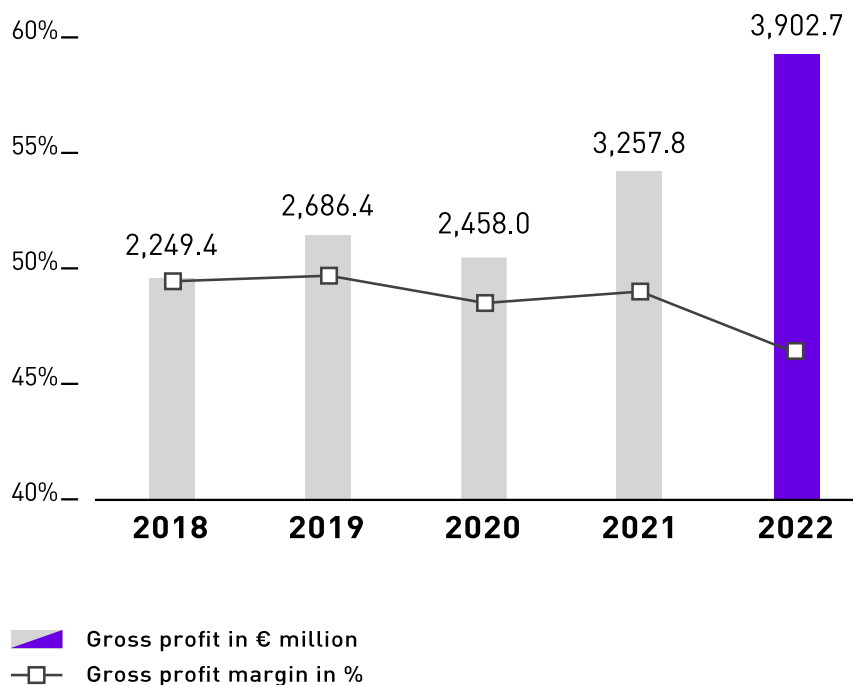
More details on earnings development in the financial year under review are provided below.

### GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2022 rose by 19.8% from € 3,257.8 million to € 3,902.7 million. The gross profit margin, however, declined by 180 basis points from 47.9% to 46.1%. This development was due to higher sourcing prices due to raw materials and cost increases for incoming freight, a less favorable regional and distribution channel mix and, toward the end of the year, a promotional market environment with higher promotional activities. These negative effects were only partially offset by price adjustments and currency effects.

The gross profit margin in the Footwear division decreased from 47.3% in the previous year to 44.9% in 2022. The gross profit margin for Apparel declined from 48.9% to 47.3%. In contrast, the gross profit margin for Accessories rose from 47.1% to 47.4%.

### ➤ G.10 GROSS PROFIT/GROSS PROFIT MARGIN

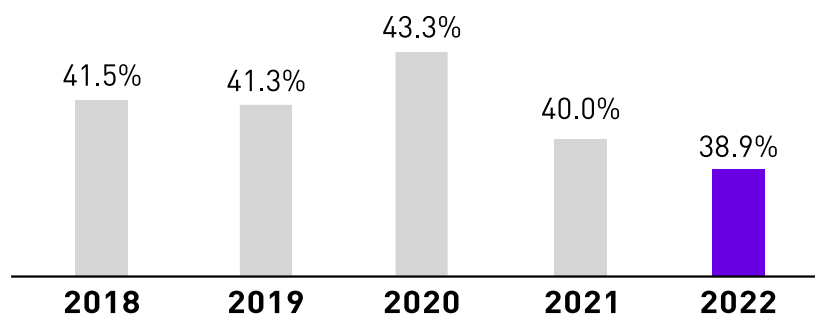




## OTHER OPERATING INCOME AND EXPENSES

Net expenses from other operating income and expenses (OPEX) increased by 21.0% from a total of € 2,724.6 million in the previous year to € 3,295.9 million in the financial year 2022. Higher expenses for marketing, a higher number of own 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 40.0% in the previous year to 38.9% in 2022, which contributed significantly to the improvement in the operating result in the financial year 2022.

### ➔ 6.11 OPERATING EXPENSES (as a % of sales)



Within sales expenses, marketing/retail expenses increased by 20.6% to € 1,578.5 million, while the cost ratio was 18.6% of sales in 2022, compared with a cost ratio of 19.2% in the previous year. Other sales expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 22.3% to € 1,098.7 million. The cost ratio of other sales expenses decreased to 13.0% of sales in 2022 compared to a cost ratio of 13.2% in the previous year.

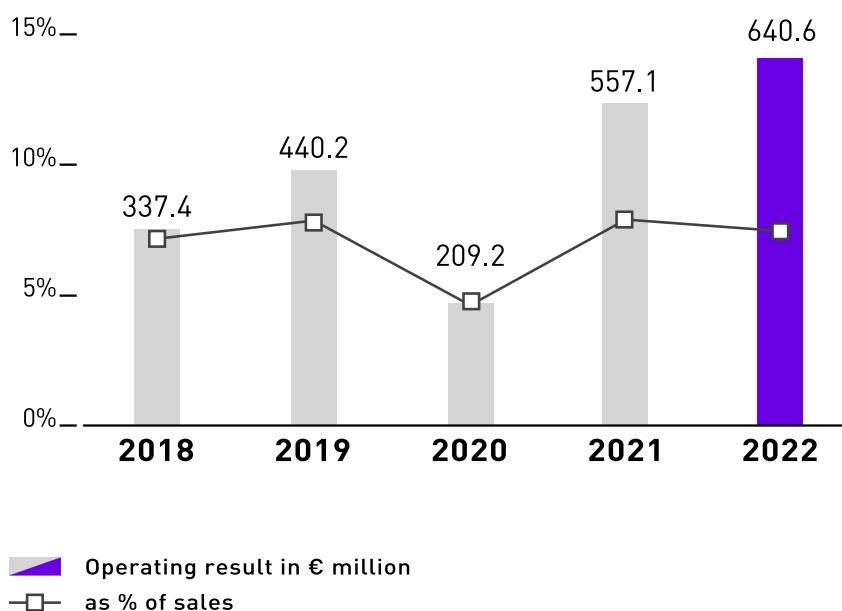
Research and development/product management expenses increased by 33.7% to € 153.1 million compared to the previous year and the cost ratio rose slightly to 1.8%. Other operating income in the past financial year amounted to € 0.1 million. General and administrative expenses increased by 15.0% to € 465.8 million in 2022. The cost ratio of general and administrative expenses declined to 5.5% of sales in 2022. Depreciation and amortization is included in the relevant costs and total € 332.8 million (previous year: € 287.3 million). In addition, the respective costs include impairment losses relating to right-of-use assets totaling € 26.0 million (previous year: € 18.5 million).

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

The result before interest (= financial result), taxes, depreciation and amortization (EBITDA) increased by 15.8%, from € 862.8 million to € 999.3 million, in the financial year 2022. The EBITDA margin, however, declined from 12.7% in the previous year to 11.8% in 2022.

**OPERATING RESULT (EBIT)**

In the financial year 2022, the operating result increased by 15.0% from € 557.1 million in the previous year to € 640.6 million. The improvement in the operating result in the financial year 2022 was attributable to the strong sales growth combined with a smaller increase in other operating income and expenses compared to sales growth. However, due to the development of the gross profit margin, the EBIT margin declined from 8.2% in the previous year to 7.6% in 2022.

**➔ 6.12 OPERATING RESULT – EBIT****FINANCIAL RESULT**

The financial result decreased in 2022 from a total of € -51.8 million in the previous year to € -88.9 million. Despite the improvement of the interest result (the net total of interest income and interest expenses) in 2022 to € 17.7 million (previous year: € -1.0 million) above all the hyperinflation effect in relation to expenses of € 27.8 million, higher expenses from interest-rate components in connection with forward exchange contracts ("swap points") in the amount of € -22.8 million (previous year: € -9.7 million) and the increase in interest expenses from lease liabilities to € -38.6 million (previous year: € -31.5 million) led to a decline in the financial result. Expenses from foreign currency translation differences amounted to € - 2.2 million in 2022 compared with € -9.0 million in the previous year.

**EARNINGS BEFORE TAXES (EBT)**

In the financial year 2022, PUMA generated earnings before taxes of € 551.7 million. This represents a significant year-on-year increase of 9.2% (€ 505.3 million). Tax expenses remained almost constant and amounted to € 127.4 million compared with € 128.5 million in the previous year. Accordingly, the tax rate declined from 25.4% to 23.1% in 2022.



## 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 5.5% to € 70.9 million in the 2022 financial year (previous year: € 67.2 million). The companies affected are PUMA United North America, PUMA United Aviation North America and PUMA United Canada. The business purpose of these companies is mainly the sale of socks, bodywear, accessories and children's apparel in the North American market.

## CONSOLIDATED NET EARNINGS

Net earnings improved by 14.2% from € 309.6 million to € 353.5 million in the 2022 financial year, representing the highest consolidated net earnings in PUMA's corporate history to date. The increase in consolidated net earnings was mainly the result of strong growth in sales combined with the operating leverage achieved. In contrast, the decline of the gross profit margin and the declining financial result in 2022 had a negative effect on the development of consolidated net earnings.

Earnings per share and diluted earnings per share increased from € 2.07 in the previous year to € 2.36 in the financial year 2022, in line with the development of the consolidated net earnings.

## DEVELOPMENT OF THE INDIVIDUAL SEGMENTS

Internal management of the PUMA Group is carried out across seven segments (Europe, EEMEA, North America, Latin America, Greater China, Asia/Pacific (excluding Greater China) and stichd), based on the registered office of the respective subsidiaries. The differences from the presented regional development of sales are essentially down to the separated "stichd" segment and India and Southeast Asia, which are allocated to the EEMEA segment.

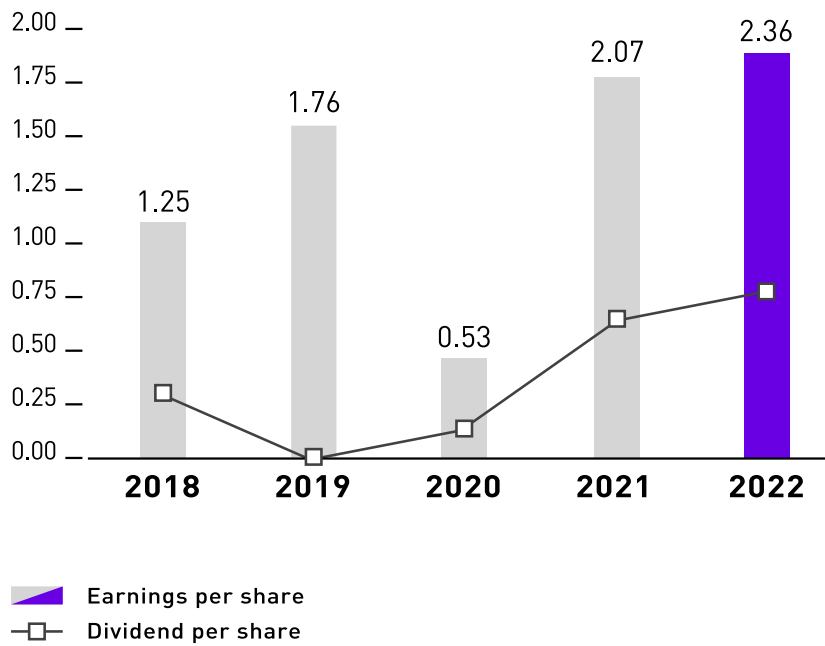
The operating segments developed in line with the trends already discussed. The exception was the Greater China segment, where sales and operating result declined due to the geopolitical tensions and COVID-19-related restrictions. Sales in the Asia/Pacific segment (excluding Greater China) rose in the low double-digit percentage range due to the comparatively strong growth in Japan. Sales in the stichd segment rose in the mid-double-digit percentage range in the financial year 2022 due to a very positive development in the Fanwear range. In the North America segment, despite significantly increased sales, there was only a slight increase in the operating result due to higher promotional activities.



## DIVIDENDS

Based on the positive net earnings, the Management Board and the Supervisory Board propose to the Annual General Meeting on May 24, 2023, that a dividend of € 0.82 per share be paid out from retained earnings of PUMA SE for the financial year 2022. The payout ratio for financial year 2022 is 34.7% 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 € 0.72 per share was paid out and the payout ratio was 34.8% of consolidated net earnings.

### ➤ G.13 EARNINGS/DIVIDEND PER SHARE (in €)





## NET ASSETS AND FINANCIAL POSITION

## ➤ T.02 BALANCE SHEET

	12/31/2022		12/31/2021		+/- %
	€ million	%	€ million	%	
Cash and Cash Equivalents	463.1	6.8%	757.5	13.2%	-38.9%
Inventories *	2,245.1	33.1%	1,492.2	26.1%	50.4%
Trade receivables *	1,064.9	15.7%	848.0	14.8%	25.6%
Other Current Assets *	304.1	4.5%	268.7	4.7%	13.1%
Other Current Assets	123.2	1.8%	123.3	2.2%	-0.1%
<b>Current assets</b>	<b>4,200.4</b>	<b>62.0%</b>	<b>3,489.8</b>	<b>60.9%</b>	<b>20.4%</b>
Deferred taxes	295.0	4.4%	279.9	4.9%	5.4%
Right-of-use assets	1,111.3	16.4%	940.5	16.4%	18.2%
Other non-current assets	1,166.0	17.2%	1,018.0	17.8%	14.5%
<b>Non-current assets</b>	<b>2,572.3</b>	<b>38.0%</b>	<b>2,238.4</b>	<b>39.1%</b>	<b>14.9%</b>
<b>Total assets</b>	<b>6,772.7</b>	<b>100.0%</b>	<b>5,728.3</b>	<b>100.0%</b>	<b>18.2%</b>
Current financial liabilities	75.9	1.1%	68.5	1.2%	10.8%
Trade payables *	1,734.9	25.6%	1,176.5	20.5%	47.5%
Other current liabilities *	792.3	11.7%	704.6	12.3%	12.5%
Current lease liabilities	200.2	3.0%	172.4	3.0%	16.1%
Other current liabilities	39.7	0.6%	42.6	0.7%	-6.7%
<b>Current liabilities</b>	<b>2,843.0</b>	<b>42.0%</b>	<b>2,164.5</b>	<b>37.8%</b>	<b>31.3%</b>
Deferred taxes	42.0	0.6%	48.8	0.9%	-14.0%
Pension provisions	22.4	0.3%	31.9	0.6%	-30.0%
Non-current lease liabilities	1,030.3	15.2%	851.0	14.9%	21.1%
Other non-current liabilities	296.2	4.4%	353.5	6.2%	-16.2%
<b>Non-current liabilities</b>	<b>1,390.9</b>	<b>20.5%</b>	<b>1,285.3</b>	<b>22.4%</b>	<b>8.2%</b>
<b>Equity</b>	<b>2,538.8</b>	<b>37.5%</b>	<b>2,278.5</b>	<b>39.8%</b>	<b>11.4%</b>
<b>Total liabilities and equity</b>	<b>6,772.7</b>	<b>100.0%</b>	<b>5,728.3</b>	<b>100.0%</b>	<b>18.2%</b>
<b>Working capital</b>	<b>1,086.8</b>		<b>727.9</b>		<b>49.3%</b>
– in % of sales	12.8%		10.7%		

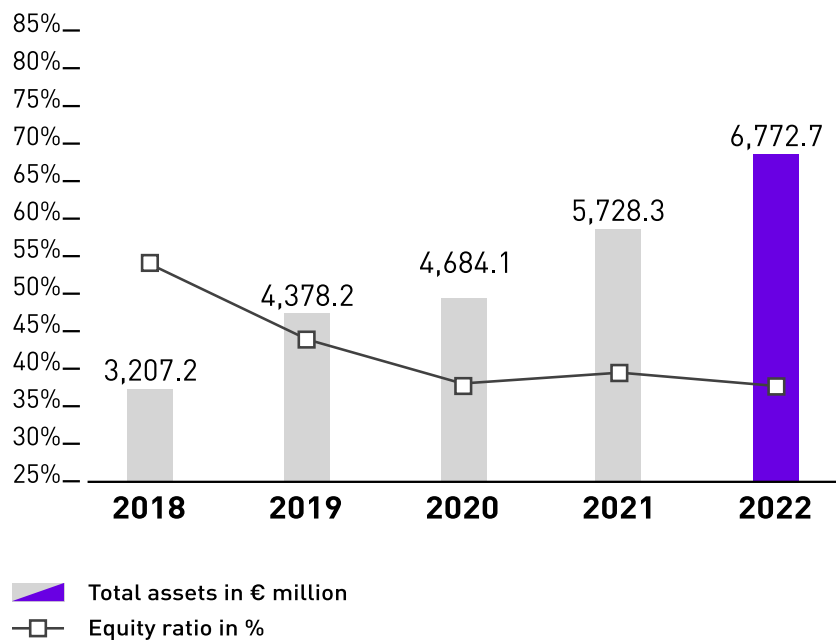
\* included in working capital



## EQUITY RATIO

PUMA has a very solid capital base. As of the balance sheet date, the equity of the PUMA Group increased by 11.4%, from € 2,278.5 million in the previous year to € 2,538.8 million as of December 31, 2022. In addition to the positive consolidated net earnings, the positive other comprehensive income of € 8.2 million directly recorded in equity also contributed to the increase in equity. As at the balance sheet date, total assets increased by 18.2% from € 5,728.3 million in the previous year to € 6,772.7 million. Overall, this resulted in a decline in the equity ratio by 2.3 percentage points from 39.8% in the previous year to 37.5% as of December 31, 2022.

### ➔ G.14 TOTAL ASSETS/EQUITY RATIO



## WORKING CAPITAL

As of the balance sheet date, working capital increased by 49.3% from € 727.9 million in the previous year to € 1,086.8 million as of December 31, 2022. In relation to sales in the respective financial year, this corresponds to an increase in the working capital ratio from 10.7% in the previous year to 12.8% at the end of 2022. This development was mainly due to the overall stronger increase in inventories and trade receivables compared to the increase of trade payables.

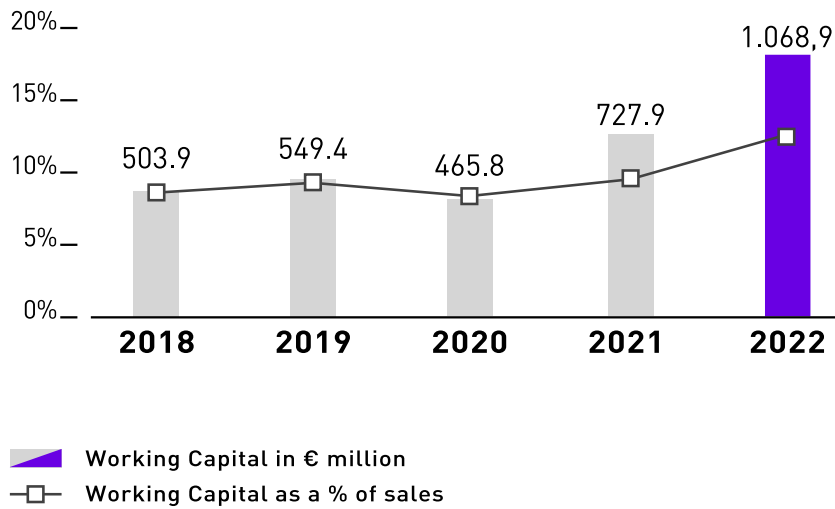
On the assets side, inventories rose by 50.4% as at the balance sheet date from € 1,492.2 million to € 2,245.1 million. Higher raw material prices and cost increases for incoming freight, unfavorable exchange rate effects and earlier product purchases to improve the availability of goods contributed significantly to this increase. In addition, a higher number of own retail stores led to an increase of inventories. Trade receivables increased by 25.6% from € 848.0 million to € 1,064.9 million as of the balance sheet date as a result of strong sales growth. Other current assets, which are attributable to working capital, increased by 13.1% from € 268.7 million to € 304.1 million, mainly due to higher tax refund claims.

On the liabilities side, trade payables increased by 47.5%, from € 1,176.5 million to € 1,734.9 million due to higher inventories. Other current liabilities, which are contained in working capital and include, among other things, customer bonus and warranty provisions, rose by 12.5% from € 704.6 million to € 792.3 million as a result of the sales increase.





## ➤ G.15 WORKING CAPITAL



### OTHER ASSETS AND OTHER LIABILITIES

At € 123.2 million, other current assets outside of working capital, which exclusively include the positive market value of derivative financial instruments, remained almost constant compared with the previous year (€ 123.3 million).

Right-of-use assets increased by 18.2% year-on-year from € 940.5 million to € 1,111.3 million, mainly as a result of the opening of new warehouses (USA and Canada) and the move into new office buildings (Japan), as well as the increase in the number of own retail stores. The right-of-use assets referred to own retail stores totaling € 430.9 million (previous year: € 382.9 million), warehouses and offices totaling € 613.1 million (previous year: € 505.8 million) and other lease items, mainly technical equipment and machines and motor vehicles, totaling € 67.3 million as of December 31, 2022 (previous year: € 51.9 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 14.5% from € 1,018.0 million to € 1,166.0 million in the past financial year. The increase is linked to the expansion of investment activities in 2022, following the lower pandemic-related reduction in investments in non-current assets in previous years.

As of December 31, 2022, current financial liabilities included the current portion of the promissory note loans in the amount of € 60.0 million and current liabilities to banks in the amount of € 15.9 million. In the previous year, the current portion of the promissory note loans in the amount of € 68.5 million was also included.

Other current liabilities, which include the negative market value of derivative financial instruments, declined from € 42.6 million to € 39.7 million compared to the previous year.

Pension provisions fell from € 31.9 million in the previous year to € 22.4 million. This development was mainly due to the increase in interest rates, which led to a positive effect in the revaluation of the net debt from defined benefit plans.

Other non-current liabilities, which mainly include promissory note loans totaling € 251.5 million (previous year: € 311.5 million), amounted to € 296.2 million (previous year: € 353.5 million).

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

	2022	2021	
	€ million	€ million	+/- %
<b>Earnings before taxes (EBT)</b>	<b>551.7</b>	<b>505.3</b>	9.2%
Financial result and non-cash expenses and income	367.2	315.9	16.2%
<b>Gross cash flow</b>	<b>918.9</b>	<b>821.2</b>	11.9%
Change in net current assets	-343.3	-214.3	60.2%
Payments for taxes on income	-157.4	-146.9	7.2%
<b>Net cash from operating activities</b>	<b>418.3</b>	<b>460.1</b>	-9.1%
Payments for acquisitions	0.0	0.0	-
Payments for investing in fixed assets	-263.6	-202.4	30.2%
Other investing and divestment activities incl. interest received	22.8	18.6	22.7%
<b>Net cash used in investing activities</b>	<b>-240.8</b>	<b>-183.8</b>	31.0%
<b>Free cash flow</b>	<b>177.5</b>	<b>276.2</b>	-35.7%
<b>Free cash flow (before acquisitions)</b>	<b>177.5</b>	<b>276.2</b>	-35.7%
- in % of sales	2.1%	4.1%	
Dividend payments to shareholders of PUMA SE	-107.7	-23.9	-
Dividend payments to non-controlling interests	-73.3	-47.8	53.3%
Proceeds from borrowings	17.9	235.0	-92.4%
Cash repayments of borrowings	-69.5	-121.9	-43.0%
Repayments of lease liabilities	-190.0	-160.9	18.1%
Payments of interest	-53.8	-44.4	21.2%
<b>Net Cash used in financing activities</b>	<b>-476.4</b>	<b>-164.0</b>	-
Exchange rate-related changes in cash and cash equivalents	4.4	-10.5	-
<b>Changes in cash and cash equivalents</b>	<b>-294.4</b>	<b>101.7</b>	-
Cash and cash equivalents at the beginning of the financial year	757.5	655.9	15.5%
<b>Cash and cash equivalents at the end of the financial year</b>	<b>463.1</b>	<b>757.5</b>	-38.9%

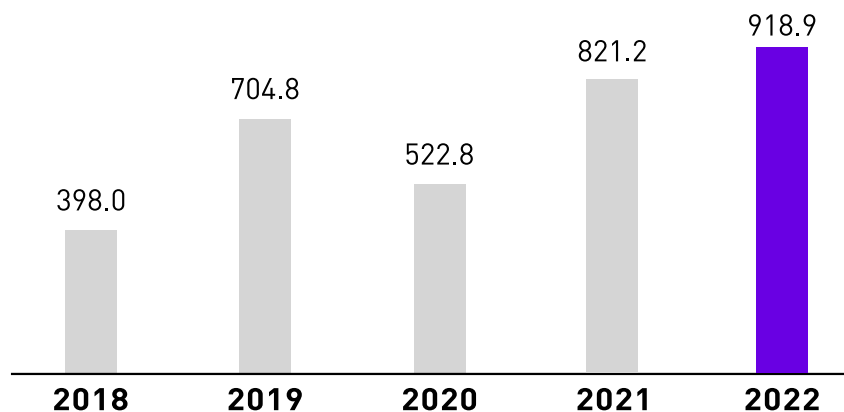


## NET CASH FROM OPERATING ACTIVITIES

Gross cash flow increased by 11.9% from € 821.2 million to € 918.9 million in the financial year 2022. This development was due to the increase in earnings before tax (EBT +9.2%) and the increase in non-cash adjustments in relation to the financial result and other non-cash expenses and income.

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### ➤ G.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 € -343.3 million in the financial year 2022 compared with a cash outflow of € -214.3 million in the previous year. The cash outflow from payments for income taxes increased from € -146.9 million in the previous year to € -157.3 million in the financial year 2022 due to the increase in profitability. In total, this resulted in a decline in cash inflow from operating activities of 9.2% from € 460.1 million to € 418.3 million.

## NET CASH USED IN INVESTING ACTIVITIES

In the financial year 2022, cash outflow from investment activities increased from a total of € 183.8 million to € 240.8 million. The investments in fixed assets included in this figure increased from € 202.4 million in the previous year to € 263.6 million in 2022 in line with our investment planning. The increase was primarily attributable to investments in 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. The increase in capital expenditures relates in particular to the North America and Latin America segments and the central areas, which are not allocated to the business segments.

\* 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.



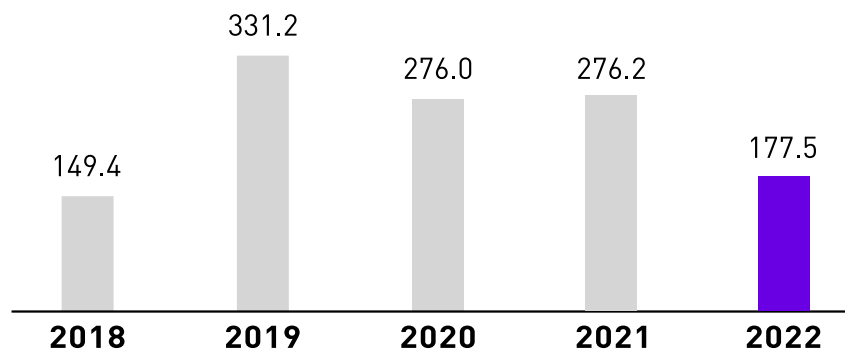
## FREE CASH FLOW BEFORE ACQUISITIONS

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 the purchase or sale of shareholdings, where applicable. No acquisitions were made in 2021 and 2022.

Free cash flow before acquisitions decreased from € 276.2 million in the previous year to € 177.5 million in the financial year 2022. Free cash flow before acquisitions was 2.1% of sales compared to 4.1% in the previous year.

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### ➤ G.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 € 164.0 million in the previous year to a cash outflow of € 476.4 million in 2022. The increase in cash outflows resulted mainly from higher dividend payments and lower proceeds from borrowing.

A dividend payment of € 107.7 million was distributed to the shareholders of PUMA SE for the financial year 2021. In the previous year, the dividend payment was € 23.9 million. The net cash used in financing activities also included payouts to non-controlling interests totaling € 73.3 million in 2022 (previous year: € 47.8 million). Cash inflows from borrowings amounted to € 17.0 million, compared with cash inflows of € 235.0 million in the previous year. In the financial year 2022, payments made for the repayment of financial liabilities totaled € 68.5 million (previous year: € 121.9 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 € 192.4 million in the previous year to € 228.7 million in 2022.

As of December 31, 2022, PUMA had cash and cash equivalents of € 463.1 million, a decrease of 38.9% compared with the previous year (€ 757.5 million). The PUMA Group also had credit lines totaling € 1,271.0 million as of December 31, 2022 (previous year: € 1,322.0 million). Unutilized credit lines totaled € 943.7 million on the balance sheet date, compared to € 942.0 million in the previous year.



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

Despite the challenges in the business environment, 2022 was an excellent financial year for PUMA. The ongoing negative effects of the COVID-19 pandemic led in particular to delays in the supply chain and, especially in the first half of the year, restricted product availability. In addition, there were negative effects in the form of lockdown measures, particularly in China, where retail stores had to be closed temporarily. Russia's invasion of Ukraine prompted us to suspend our retail activities in these two countries in early March. Nevertheless, in such a difficult market environment, we were able to achieve the highest sales to date and, at the same time, the best result ever achieved in the history of PUMA.

Our "People First" approach is an important pillar of our strategy. We want to offer our employees an attractive working environment and diversity plays an important role in our corporate culture. PUMA has received several awards for this successful strategy in 2022, including the "Top Employer Award" in two regions and 16 countries as well as the German Diversity Award. We were able to further optimize our processes by expanding logistics centers in our key markets and opening new warehouses in Mexico, Dubai and Thailand. We also invested in improving our IT infrastructure, product development and ERP systems.

We were able to achieve currency-adjusted sales growth of 18.9% in the financial year 2022. We were also able to make improvements in terms of the operating result in 2022, achieving the best operating result and consolidated net earnings in PUMA's corporate history. In addition to the strong sales growth, this development was also attributable to the operating leverage. In contrast, higher sourcing prices due to raw materials and cost increases for incoming freight, an unfavorable regional and distribution channel mix and a promotional market environment with higher promotional activities had a negative effect on the development of the gross profit margin.

The operating result of € 640.6 million in the past financial year was within our forecast range of between € 600 million and € 700 million. Earnings per share increased compared with the previous year, rising from € 2.07 to € 2.36. This means that we achieved our profitability targets in the past financial year.

With regard to the consolidated 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 more than € 2.5 billion and the equity ratio was 37.5%.

The situation in the sourcing market continued to be tense in view of the COVID 19-related lockdown risks as well as due to the challenging freight market. Against this background, product availability was prioritized and products were purchased earlier, resulting in a negative impact on working capital and cash flow. Our cash and cash equivalents amounted to € 463.1 million as of the balance sheet date. In addition, the PUMA Group has unutilized credit lines totaling € 943.7 million at its disposal.

Consequently, the net assets, financial position and results of operations 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 24, 2023, a dividend of € 0.82 per share for the financial year 2022. This corresponds to a payout ratio of 34.7% 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. In addition, the management of earnings before taxes (EBT) is affected by changes in the financial result.

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)

	2022		2021		+/- %
	€ million	%	€ million	%	
<b>Sales</b>	<b>1,151.9</b>	100.0%	<b>948.7</b>	100.0%	<b>21.4%</b>
<b>Other operating income</b>	<b>84.0</b>	7.3%	<b>31.4</b>	3.3%	<b>167.5%</b>
Material expenses	-316.4	-27.5%	-270.8	-28.5%	16.8%
Personnel expenses	-120.2	-10.4%	-120.4	-12.7%	-0.2%
Depreciation and amortization	-36.8	-3.2%	-29.4	-3.1%	25.3%
Other operating expenses	-816.3	-70.9%	-630.8	-66.5%	29.4%
<b>Total expenses</b>	<b>-1,289.7</b>	-112.0%	<b>-1,051.4</b>	-110.8%	<b>22.7%</b>
<b>Financial Result</b>	<b>189.5</b>	16.5%	<b>208.6</b>	22.0%	<b>-9.1%</b>
<b>Income before taxes</b>	<b>135.8</b>	11.8%	<b>137.3</b>	14.5%	<b>-1.0%</b>
Taxes on income	-18.8	-1.6%	-13.7	-1.4%	37.4%
<b>Net income</b>	<b>117.0</b>	10.2%	<b>123.6</b>	13.0%	<b>-5.4%</b>

In the financial year 2022, **sales** increased by a total of 21.4% to € 1,151.9 million. The increase resulted both from higher revenues from product sales and from higher commission income in the context of license management. Revenues from PUMA SE product sales rose by 23.4% to € 508.9 million (previous year: € 412.5 million). Royalty and commission income included in sales increased by 19.0% to € 589.0 million (previous year: € 495.1 million). Other sales, which mainly consisted of recharges of costs to affiliated companies, totaled € 53.9 million in 2022 (previous year: € 41.2 million).



**Other operating income** amounted to € 84.0 million in 2022 (previous year: € 31.4 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 22.7% to € 1,289.7 million compared to the previous year (previous year: a total of € 1051.4 million). The increase in material expenses compared to the previous year was mainly due to the increase of sales. Personnel expenses are at the previous year's level due to a higher number of employees and, in contrast, lower additions to personnel provisions. Other operating expenses increased compared with the previous year, mainly due to increased administrative, marketing and sales expenses.

The **financial result** declined year-on-year by 9.1% to € 189.5 million. The decline was mainly due to higher expenses and lower income from the transfer of income from affiliated companies. In addition, the investment in Borussia Dortmund GmbH & Co. KGaA (BVB), Dortmund, was written down in the financial year due to an impairment of € 5.7 million, which is expected to be permanent. In contrast, significant higher income from dividends from investments in affiliated companies and improved net interest income had a positive effect on the development of the financial result.

The significant increase in sales was offset by the increase of expenses and the decline of the financial result, which is why **earnings before income taxes** declined by 1.0% from € 137.3 million in the previous year to € 135.8 million in 2022. **Taxes on income** amounted to € 18.8 million (previous year: € 13.7 million). Accordingly, PUMA SE's **net income** under the German Commercial Code (German GAAP, HGB) decreased by 5.4% to € 117.0 million in the financial year 2022 (previous year: € 123.6 million).

## NET ASSETS

### ➔ T.05 BALANCE SHEET (GERMAN GAAP, HGB)

	12/31/2022		12/31/2021		+/- %
	€ million	%	€ million	%	
Total fixed assets	1,100.3	43.7%	1,087.0	50.3%	1.2%
Inventories	115.2	4.6%	53.9	2.5%	113.6%
Receivables and other current assets	1,177.8	46.8%	607.2	28.1%	94.0%
Cash and cash equivalents	96.5	3.8%	398.8	18.4%	-75.8%
Total current assets	1,389.5	55.2%	1,059.9	49.0%	31.1%
Other	25.2	1.0%	15.1	0.7%	66.5%
<b>Total assets</b>	<b>2,515.1</b>	<b>100.0%</b>	<b>2,162.0</b>	<b>100.0%</b>	<b>16.3%</b>
Equity	933.8	37.1%	916.9	42.2%	1.8%
Accruals/provisions	141.9	5.6%	117.6	5.4%	20.7%
Liabilities	1,438.9	57.2%	1,127.0	52.1%	27.7%
Other	0.5	0.0%	0.5	0.0%	0.3%
<b>Total liabilities and equity</b>	<b>2,515.1</b>	<b>100.0%</b>	<b>2,162.0</b>	<b>100.0%</b>	<b>16.3%</b>



**Fixed assets** increased by a total of 1.2% to € 1,100.3 million in 2022. The increase is associated with further investments in IT. In addition, the unscheduled depreciation of the shares in Borussia Dortmund GmbH & Co. KGaA (BVB) had an opposite effect.

The increase in inventories in **current assets** by 113.6% to € 115.2 million was mainly due to the improved availability of goods, as inventories were at a lower level at the balance sheet date in the previous year due to COVID-19-related factory closures in Vietnam. In addition, general growth contributed to the increase in inventories. Receivables and other assets increased by a total of 94.0% compared with the previous year to € 1,177.8 million. In particular, increased receivables from affiliated companies contributed to this development. Cash and cash equivalents decreased by 75.8% to € 96.5 million compared to the previous year.

On the **liabilities side**, equity rose by 1.8% to € 933.8 million, as a result of the net income in 2022. 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 42.4% in the previous year to 37.1% as of December 31, 2022.

Provisions increased by 20.7% year-on-year to € 141.9 million. This development resulted from higher provisions for taxes and for outstanding invoices. Liabilities increased from € 1,127.0 million in the previous year to € 1,438.9 million as of December 31, 2022. This increase was mainly the result of increased liabilities to affiliated companies due to goods deliveries. In contrast, liabilities to banks declined due to the partial repayment of promissory note loans.

## FINANCIAL POSITION

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

	2022	2021	
	€ million	€ million	+/- %
<b>Net cash from operating activities</b>	<b>4.9</b>	<b>124.0</b>	<b>-96.0%</b>
<b>Net cash used in investing activities</b>	<b>-441.2</b>	<b>-206.7</b>	<b>113.4%</b>
<b>Free cash flow</b>	<b>-436.3</b>	<b>-82.7</b>	<b>&gt;100%</b>
<b>Net cash from financing activities</b>	<b>134.0</b>	<b>221.4</b>	<b>-39.5%</b>
<b>Change in cash and cash equivalents</b>	<b>-302.3</b>	<b>138.6</b>	<b>&gt;-100%</b>
Cash and cash equivalents at the beginning of the financial year	398.8	260.2	53.3%
<b>Cash and cash equivalents at the end of the financial year</b>	<b>96.5</b>	<b>398.8</b>	<b>-75.8%</b>

**Cash inflow from operating activities** decreased in the 2022 financial year from € 124.0 million to € 4.9 million. This development was mainly due to the increase of inventories.

The **net cash used in investing activities** in 2022 includes investments in fixed assets and cash outflows from the granting of receivables to affiliated companies.





**Net cash from financing activities** showed a total cash inflow of € 134.0 million in 2022 (previous year: € 221.4 million). The cash inflow was mainly attributable to the increase in liabilities to affiliated companies. In contrast, the partial repayment of promissory note loans in the amount of € 68.5 million and the dividend payment to the shareholders of PUMA SE for the financial year 2021 of € 107.7 million resulted in a cash outflow.

## OUTLOOK

In PUMA SE's financial statements under German Commercial Code (German GAAP, HGB), we expect an increase in sales in the high single-digit percentage range for the financial year 2023. Assuming dividends from investments in affiliated companies at the previous year's level, we expect earnings before tax for the financial year 2023 to be at the previous year's level.



## **INFORMATION CONCERNING TAKEOVERS**

The following information, valid December 31, 2022, 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 1,065,996 treasury shares.

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

As of December 31, 2022, 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 3.96% of the share capital according to Kering's 2022 First-half report from July 27, 2022. The shareholding of Artémis S.A.S. and Kering S.A. together amounts to 32.48% 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 4 May 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 May 11, 2022 has authorized the Management Board until May 10, 2027 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 convertible bonds and/or options and profit-participation rights and/or profit bonds or combinations thereof with or without maturity restrictions in the total nominal amount of up to € 1,500,000,000.00.

The share capital is conditionally increased by up to € 15,082,464.00 by issue of up to 15,082,464 new no-par value bearer shares (Conditional Capital 2022). The conditional capital increase shall only be implemented to the extent that conversion/option rights are exercised, or the conversion/option 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 and the authorization to offer and transfer treasury shares to third parties against non-cash consideration. 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 addition, the authorization from 2020 was extended by resolution of the Annual General Meeting on May 11, 2022 to the effect that the Management Board was authorized to issue shares acquired, excluding shareholders' subscription rights, in connection with share-based payment or employee share programs of the Company or its affiliated companies to persons who are or were employed by the Company or one of its affiliated companies or are a member of the management of a company affiliated with the Company. 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 23 of the German Corporate Governance Code (DCGK). This section also includes the Statement of Compliance in accordance with Art. 9(1)c(iii) 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 OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF PUMA SE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ) FOR 2022**

As of December 31, 2022, the balance sheet date of the Annual Report 2022, the following Statement of Compliance 2022 was in effect.

The Management Board and the Supervisory Board of PUMA SE declare that - since the last Statement of Compliance from November 9, 2021, updated on April 7, 2022 - PUMA SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated December 16, 2019 (effective as of March 20, 2020, "Code 2020"), and April 28, 2022 (effective June 27, 2022, "Code 2022") and will continue to comply with the Code 2022, in each case with the following exception and to the extent required by the Code 2020 and Code 2022.

According to recommendation C.5 of the Code 2020 and the Code 2022, a member of the management board of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions in total. Mr Björn Gulden, member of the Management Board and CEO of PUMA SE, holds mandates at Tchibo GmbH, Hamburg, and Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund, which fall under this recommendation. In 2022 he also became member of the Board of Directors of Essity Aktiebolag (publ), a listed public limited company incorporated under the laws of the Kingdom of Sweden. Therefore, PUMA declares an exception to recommendation C.5. The Supervisory Board of PUMA SE has made sure that Mr Gulden will continue to have sufficient time to perform his duties at PUMA SE in a diligent manner.



Herzogenaurach, November 9, 2022

PUMA SE

For the Management Board

For the Supervisory Board

Arne Freundt

Hubert Hinterseher

Héloïse Temple-Boyer

**UPDATE OF THE STATEMENT OF COMPLIANCE OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF PUMA SE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ)**

The Statement of Compliance was updated as follows as of January 1, 2023.

On November 9, 2022, the Management Board and Supervisory Board of PUMA SE last issued a Statement of Compliance with the recommendations of the German Corporate Governance Code in the versions dated December 16, 2019 (effective as of March 20, 2020, "Code 2020", and April 28, 2022 (effective June 27, 2022, "Code 2022"). This statement is updated and supplemented as follows:

According to recommendation C.5 of the Code 2020 and the Code 2022, a member of the management board of a listed company shall not hold more than two supervisory board mandates in non-group listed companies or comparable functions in total. Mr Bjørn Gulden, former member of the Management Board of PUMA SE, resigned on November 16, 2022 from the Supervisory Board of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund, with effect from December 31, 2022. Mr. Gulden thus holds a total of two supervisory board mandates in non-group listed companies or comparable functions.

The declaration of a deviation from recommendation C.5 was not required since then and will not be required in the future.

In all other respects, the Statement of Compliance of November 9, 2022 continues to apply without restriction.

Herzogenaurach, January 1, 2023

PUMA SE

For the Management Board

For the Supervisory Board

Arne Freundt

Hubert Hinterseher

Héloïse Temple-Boyer

The Statement of Compliance as well as its update 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 groupwide 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

At PUMA, we act in accordance with the law and self-imposed standards of conduct in all business activities. PUMA has established a Compliance Management System (CMS) to systematically prevent, detect at an early stage and sanction violations of rules in the areas of corruption, money laundering, conflicts of interest, antitrust law, fraud/unfidelity. Violations of the law or internal policies will not be tolerated.

We behave in a law-abiding, fair, respectful and ethical manner towards our employees, our customers and our business partners. Not just because we have to, but because we want to, and this is deeply rooted in PUMA's culture. The CMS is managed by the Group Compliance function together with our Local Compliance Officers in all subsidiaries worldwide to ensure that all PUMA employees comply with PUMA's values.

### PUMA CODE OF ETHICS

Our PUMA Code of Ethics is an important building block of the CMS and a core element of the PUMA culture. It defines the guidelines and values that shape PUMA's identity and is binding for employees in all PUMA subsidiaries worldwide. PUMA expects all employees to be familiar with these values and to act accordingly. Among other things, the Code of Ethics contains rules for 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 establish uniform behavioral guidelines, the Code of Ethics is supported by specific groupwide policies.

### RISK ASSESSMENT

Group Compliance regularly carries out risk analyses to assess the most important compliance risks worldwide and to identify and mitigate potential new risks. The risk assessment is generally based on a questionnaire and on personal, in-depth interviews. The risk assessment allows a statement to be made about net compliance risks because it also takes into account existing risk mitigation measures.

### TRAININGS AND COMMUNICATION

Through ongoing mandatory e-learning, all employees are familiarized with the regulatory areas of the Code of Ethics. In 2022, the focus of the e-learning on the Code of Ethics was on competition law. All PUMA employees were requested by the CEO of PUMA SE to complete the e-learning. The clear "tone from the top" resulted in 98.7% of PUMA employees across the Group (98.3% PUMA SE) successfully completing the e-learning.

In addition, we conduct face-to-face and virtual training for our headquarters and our subsidiaries. The trainings are tailored to the respective target group and their business requirements. Moreover, there is a Compliance onboarding training that new employees must familiarize themselves with when they start at PUMA.



We regularly develop awareness measures in various formats to inform our employees about the content and controls set out in the internal policies and guidelines. These awareness measures are translated into 11 languages and distributed throughout our organization worldwide. In 2022, we developed awareness measures on the Signature Policy and the Competition Law Policy, and specifically on the compliance responsibilities of managers with teams.

#### REQUIREMENTS ON BUSINESS PARTNERS

To ensure that we achieve our goal of being successful, we require our business partners to comply with applicable laws and regulations, particularly those related to anti-corruption, human rights protection, and environmental protection. We also require our business partners to adhere to the values we have set out in our Code of Ethics and Code of Conduct for suppliers (available at <https://about.puma.com/en/sustainability/codes-policies-and-handbooks>).

Following the introduction of the Business Partner Due Diligence Policy in 2021, our business partners are screened for potential risks and classified into low, medium and high-risk categories. 434 business partners were risk assessed using a due diligence process tool developed internally by us. 15% of these business partners were classified as high risk and therefore had to undergo special onboarding and meet certain requirements in order to work with PUMA. In 2022, no business partners were rejected that had undergone compliance due diligence.

#### COMPLIANCE ORGANIZATION

The Management Board is responsible for implementing an appropriate and effective CMS. It is supported by a compliance organization consisting of the Chief Compliance Officer and the Local Compliance Officers in the main operating companies of the PUMA Group. The Chief Compliance Officer of PUMA SE reports directly to the CEO of PUMA SE. The Local Compliance Officers are also the direct contact for the employees and support them through appropriate communication measures and the handling of compliance incidents. To facilitate cooperation within the global compliance organization, regular virtual meetings are held with the Local Compliance Officers. These meetings provide an opportunity to share experiences and knowledge and to set out future requirements and expectations.

This informal exchange of information is supplemented by a compliance reporting process. This process includes, among other things:

- Reporting by the Chief Compliance Officer to the Audit Committee of the Supervisory Board of PUMA SE and to the Management Board on the current status of the implementation of the compliance structures and serious compliance violations.
- Reporting by the Local Compliance Officers to the Chief Compliance Officer on the status of the implementation of the Compliance Management System in their local entity.

#### WHISTLEBLOWING PLATFORM

PUMA has a Group-wide electronic whistleblower platform, operated by an external provider, to which employees and third parties can report illegal or unethical behavior. Violations from all risk areas can be reported. Reports of violations that do not fall within the core compliance risk areas are forwarded to the relevant departments, which are then responsible for investigating and implementing appropriate measures in the respective cases.

Each year, Local Compliance Officers explicitly draw attention to the whistleblower platform through appropriate communication measures or in personal training sessions. Whistleblowers who report misconduct in good faith are protected from retaliation. All reports are investigated immediately, and appropriate action is taken upon confirmation. In 2022, 94 reports of alleged violations were received. Most of the cases did not fall within the Compliance department's area of responsibility. 4 compliance cases in 2022 were minor fraud cases, investigations were closed, and 2 allegations were confirmed. In addition to the whistleblower platform, there is a global hotline available for whistleblowers from the factories PUMA works with.





## 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 main features of our internal control system and risk management system for which the Management Board is responsible, can be found in the section "Risk and Opportunity Report".

We provide information on the tasks of the Management Board with regard to sustainability-related risks and opportunities as well as corresponding impacts of the company's activities in the chapter "Risk and Opportunity Report" and in detail in the chapter "Sustainability" in our sustainability report (Non-financial Report). The sustainability report for the financial year 2022 can be accessed at the following location on our website from April 30, 2023 at the latest: <https://about.puma.com/en/investor-relations/financial-reports>. In addition, important sustainability information can be accessed at any time on the PUMA homepage in the FOREVER BETTER section: <https://about.puma.com/en/forever-better>. There, as well as in our Compensation Report at <https://about.puma.com/en/investor-relations/corporate-governance>, more detailed information on sustainability-related objectives of the corporate strategy and corporate planning is also available.

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 mandates of the members of the Management Board can be found in the Notes to the Consolidated Financial Statements (last chapter). As of January 1, 2023, no member of the Management Board has 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 as well as the areas of responsibility (resorts) of the individual members of the Management Board 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 as well as the Code 2022 and is even more strongly aligned with shareholder interests. Further information on the remuneration of the Management Board is summarized in the Compensation Report drawn up jointly by the Management Board and the Supervisory Board (see <https://about.puma.com/en/investor-relations/corporate-governance>).

The Supervisory Board supervises and advises the Management Board on the implementation of the strategy. Supervision and advice also include, in particular, sustainability issues, which are covered as a cross-sectional task in the Audit Committee and the Sustainability Committee. 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 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 were evaluated, discussed by the Supervisory Board and any improvement measures were 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 2022, the Supervisory Board was trained on the topics of rights and obligations of Supervisory Board members, financial KPIs, and regulatory requirements for the Supervisory Board in the area of ESG.

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. PUMA SE has not issued any preferred shares or shares with multiple voting rights. 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. The Annual General Meeting in 2022 was again held in virtual format due to the COVID-19 pandemic. Therefore, a physical presence of the shareholders or their proxies was excluded. However, shareholders had the possibility to join the live broadcast of the entire virtual Annual General Meeting in sound and vision via the PUMA InvestorPortal. Questions could be submitted there in advance and were then answered at the Annual General Meeting. Objections to resolutions of the virtual Annual General Meeting could also be declared via the PUMA InvestorPortal. Shareholders exercised their voting rights by (electronic) absentee voting, by e-mail, by letter or by proxy.

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 2022 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 Héloïse Temple-Boyer (Chair), Fiona May and Martin Koepfel.



The Audit Committee consists of three members. The Chair of the Audit Committee and one other member of the Audit Committee 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 Audit Committee discusses with the statutory auditors the audit risk assessment, the audit strategy and audit planning, and the audit results. The Chair of the Audit Committee regularly discusses the progress of the audit with the statutory auditors and report thereon to the Committee. The Audit Committee consults with the statutory auditors on a regular basis without the Management Board. The statutory auditors shall attend the meeting to review the annual financial statements, the consolidated financial statements as well as the combined management 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. Sustainability issues are also of central importance. As a cross-sectional task, they affect the areas of responsibility of various committees. The Audit Committee deals with sustainability aspects in detail as part of its reporting and reports on them to the entire Supervisory Board. 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 Sustainability Committee consists of three members. It meets once a year. In its area of responsibility, the Sustainability Committee advises and monitors operational sustainability issues as well as the sustainability strategy of the Management Board. The members of the Sustainability Committee are Fiona May (Chair), Héloïse Temple-Boyer and Martin Köppel.

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 Héloïse Temple-Boyer (Chair), Jean-François Palus and Fiona May.

The current composition of the committees can further be found in the Notes to the Consolidated Financial Statements (last chapter).



## 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 and C.1 of the Code 2022, 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 Héloïse Temple-Boyer, Jean-François Palus, Thore Ohlsson and Fiona May.
- The Supervisory Board has an appropriate number of independent members. With Héloïse Temple-Boyer, Thore Ohlsson Jean-François Palus and Fiona May four out of six members of the Supervisory Board are considered independent.

Neither the Code 2020 nor the Code 2022 contain a conclusive definition of independence regarding the shareholder representatives in the supervisory board, but rather list 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 Héloïse Temple-Boyer and Jean-François Palus, 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 and the Code 2022. 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. Thore Ohlsson and Mr. Jean-François Palus, 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 and the Code 2022 as it does not give rise to a material conflict of interest. This is due to the fact that Mr. Ohlsson and Mr. Palus 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. Ohlsson's and Mr. Palus' person.

Héloïse Temple-Boyer as the Chair of the Supervisory Board, Thore Ohlsson as the Chair of the Audit Committee and Héloïse Temple-Boyer 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.



- Due to his many years of experience in management and supervisory board functions at various stock corporations, particularly in the area of finance, Thore Ohlsson, the Chair of the Audit Committee, has special knowledge and experience in the application of accounting principles, internal control and risk management systems as well as in the auditing of financial statements. Héloïse Temple-Boyer and Jean-François Palus also bring this special knowledge with them. Héloïse Temple-Boyer acquired this knowledge during her many years of work in the financial sector (for example, for Rothschild Cie. Banque SCS, Groupe Casino S.A., Artémis S.A.S.) as well as her ongoing activity as Deputy CEO of Artémis S.A.S. Jean-François Palus gained the relevant expertise in the fields of accounting and auditing during his activities as CFO and Group Financial Control Director in the Kering Group, among others. The knowledge described also includes sustainability reporting (Non-financial Report) and its audit and assurance.
- 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 2022 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.

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



## B) PROFILE OF SKILLS AND EXPERTISE

The Supervisory Board has determined a competence profile for the entire Board. The implementation status is indicated in the following qualification matrix:

### ➔ G.18 PROFILE OF SKILLS AND EXPERTISE

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

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(II) 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 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. This has been realized accordingly with the appointment of Arne Freundt as Chief Executive Officer and Maria Valdes as Chief Product Officer.

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. As of the balance sheet date December 31, 2022, the proportion of women on the Management Board was therefore 25%. As of January 1, 2023, the proportion of women on the Management Board will be 50%, because Bjørn Gulden has left, and Maria Valdes has been appointed to the Management Board.

- 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 Anne-Laure Descours, Bjørn Gulden (Management Board member until December 31, 2022) and Maria Valdes (Management Board member as of January 1, 2023).





- 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.

L



# 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 (see the "Risk Management System" section). Similarly, opportunities are potential future developments or events that may result in a positive deviation from targets.

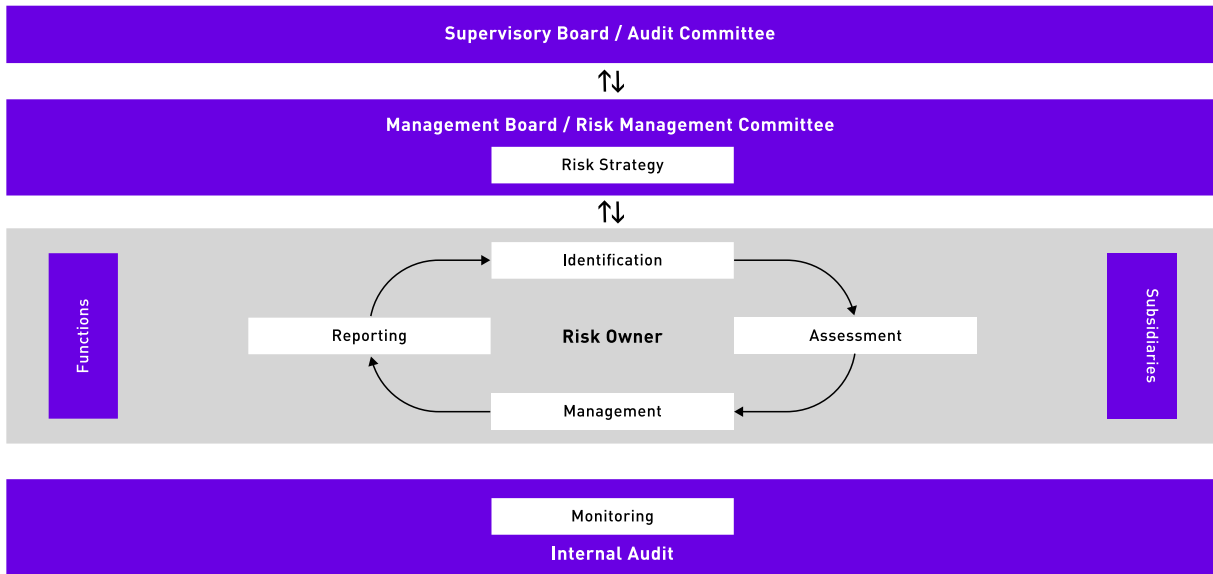
## **RISK MANAGEMENT SYSTEM**

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 and effective 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. As part of the organization, risks are looked at Group-wide, unless explicitly stated to the contrary. As in the previous year, 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 in the respective regions, markets and departments (see the "Opportunities" section).

The Management Board of PUMA SE bears overall responsibility for the risk management system in accordance with Section 91(3) AktG. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. In addition, pursuant to Section 107(4), the Audit Committee has a direct right to information from the operational management departments. 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.19 RISK MANAGEMENT SYSTEM



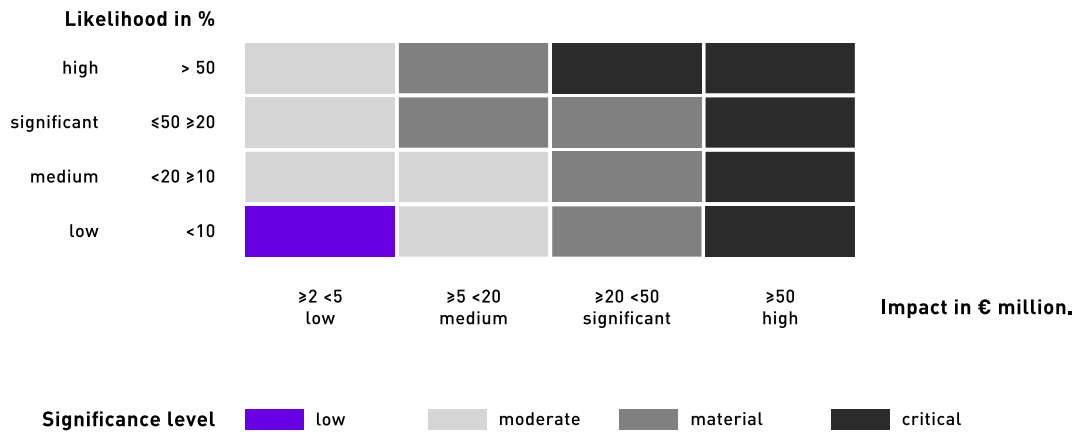
The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified company-wide by performing a bottom-up analysis within the risk owner's area of responsibility. These risks are regularly reported to the risk management function and/or 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 result for the upcoming financial year. 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 ("overall risk situation"). 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.20), for internal monitoring and to assess their viability.

For example, a risk can be allocated within the most critical range, which may also include risks that could even jeopardize the company's existence, in the case that 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.



## ➤ G.20 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 risks or those which could even jeopardize the company's existence are coordinated with and managed by the Risk Management Committee or the Management Board, taking into account the risk-bearing capacity, which is also based on the planned operating income.

The methodology and structure of the risk management system are continuously monitored in terms of their appropriateness and effectiveness, and adapted or improved when required. This is carried out on the one hand by the Internal Audit department, as an independent audit body within the PUMA Group, and on the other hand through the utilization of the results of the auditor of PUMA SE, which assesses the early risk identification system annually for its fundamental suitability to be able to identify risks that endanger the company's existence at an early stage.



## RISKS

The following explanations of risk groups are presented based on their relative importance for the financial year 2022.

### 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 key sales markets may affect 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.

In 2022, macroeconomic development was marked on the one hand by economic uncertainties (e.g. inflation, the energy crisis) and on the other hand by risks due to increased geopolitical tensions. There are a number of uncertain factors regarding Russia's invasion of Ukraine, particularly in relation to its extent and duration. Interruptions to the supply chain and increased raw material prices can have a negative impact on business development as well as planned sales and income.

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.

### 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 effects of the COVID-19 pandemic continued to be assessed as a significant business risk in the financial year 2022, in particular with regard to the uncertainty about new virus variants, further lockdowns or supply chain disruptions that could restrict business activity. Potential future scenarios could lead to a decline in sales or challenges in the continuation of certain business activities.

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. Different strategic approaches have been established to ensure the health and safety of our employees and customers, as well as continuous monitoring of the situation and possible restrictions. Close cooperation with partners and suppliers is essential here. In addition, the established e-commerce business forms an essential part of our distribution structure.

### SOURCING AND SUPPLY CHAIN BUSINESS PARTNERS

The majority of PUMA products are produced in selected Asian countries, in particular in China, Vietnam, Cambodia, Bangladesh, Indonesia and India. In addition to the aforementioned challenges, 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 2022, increased geopolitical tensions and the COVID-19 pandemic continued to cause disruptions and delays in relation to sourcing and the supply chain. In order to counteract this risk, we have further intensified the cooperation with our suppliers and logistics partners in order to be able to act flexibly and base our actions around finding the right solutions.

## **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 and 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. PUMA also continuously seeks open discussions with important external stakeholders. For example, PUMA launched an initiative in 2022 to bring together young activists, NGOs and industry experts to discuss the biggest challenges facing the fashion industry ("PUMA's Conference of People").

## **CURRENCY RISKS**

As a group that operates internationally, PUMA is exposed to transactional foreign currency risks such that the quoted currencies used for acquisition, disposal and credit transactions and for receivables do not match the functional currency of the Group companies.

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. Material risks are hedged, in accordance with the Group directive, up to a hedging ratio of 95% of the estimated foreign currency risks from expected acquisition and disposal transactions



over the next 12 to 15 months. Forward exchange contracts and currency options, usually with a term of around 12 months from the reporting date, are used to hedge the foreign currency risk. For significant risks that are subject to large hedging costs, high hedging ratios can only be achieved over shorter terms.

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts and currency options on customary market terms with reputable international financial institutions. As of the end of 2022, the net requirements for the 2023 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 the Group employs financial instruments are generally considered to be relevant risk variables.

The currency sensitivity analysis is based on the net balance sheet risk denominated in foreign currencies. This also includes intra-company monetary assets and liabilities. Outstanding currency derivatives are also reassessed as part of the sensitivity analysis. It is assumed that all other influencing factors, including interest rates and raw material prices, remain constant. The effects of the forecasted operating cash flows are also ignored.

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.

## **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 flows 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 sales 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 ("Direct-to-consumer 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, and higher fixed costs and leases with long-term lease obligations. This can have an adverse impact on profitability in the event 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 are highly important in sourcing as well as along the entire value chain. 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 2022 will be available by April 30, 2023 at the latest on the following page of our website:

<https://about.PUMA.com/en/investor-relations/financial-reports>.

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Furthermore, important sustainability information can always be found in the Sustainability section on PUMA's website: <http://about.PUMA.com/en/sustainability>

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## 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 sales.

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

## LEGAL

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 should ensure that any legal risks are avoided. The PUMA team is responsible for protecting our intellectual property in order to combat brand piracy. This 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 will 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

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 is aligned with 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 internal 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. Any shortfall in staffing, whether quantitative and/or qualitative in nature, may lead to inadequate performance of tasks that are essential for achieving general business activities and/or company goals in the departments concerned. In addition, there is still strong competition for highly qualified personnel. Accordingly, PUMA pays particular attention to talent management, identifying key positions and talent, ensuring this talent is positioned optimally 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.

## 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, 2022, the PUMA Group had unused credit lines totaling € 943.7 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 € 311.5 million as of December 31, 2022 and have a remaining term of between one and four years.

Changes in market interest rates around the world have an impact on future interest payments for variable interest liabilities. As PUMA does not have any significant variable interest liabilities, any significant interest-rate increases are not likely to have a material negative impact on the business development of PUMA. Interest rate hedging instruments are therefore not required.

## DEFAULT RISKS

Due to its business activities, PUMA is exposed to default risk on trade receivables. The default risk is managed by continuously monitoring outstanding receivables and 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**

<b>Risk Groups</b>	<b>Classification</b>	<b>Description</b>	<b>Significance level</b>	<b>Change compared to previous year</b>
Macroeconomic Developments	Strategic	e.g. economic development, political situation, geopolitical tensions	Critical	↗
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	→
Product and Market Environment	Strategic	e.g., trends, customer requirements, brand image, media reports	Material	→
Currency Risk	Financial	e.g., exchange rate fluctuations	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	→
Liquidity and Interest Rate	Financial	e.g., cash, credit lines, custody fees, interest rate developments	Moderate	→
Default Risk	Financial	e.g., payment claims against customers	Moderate	→



## 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.

Macroeconomic conditions are currently being shaped by an extremely uncertain geopolitical, wider economic and competitive environment. Russia's attack on Ukraine, the global energy crisis, ongoing inflation and rising interest rates are leading to uncertainty in consumer behavior and volatility in demand. In response, PUMA will continue to focus on overcoming short-term challenges without adversely affecting the positive brand momentum in the mid-term. Here, it is essential to focus on providing the best possible service to retail partners and consumers in order to further strengthen the mutual trust that has been established, even in challenging times. PUMA's outlook for 2022 of currency-adjusted sales growth in the mid-teen percent range and an operating result (EBIT) in the range of € 600 million to € 700 million (2021: € 557 million), with a corresponding improvement in consolidated net earnings, was confirmed despite a very challenging environment. Strategically, sales growth and increasing market share take precedence over short-term profit optimization.

Ongoing restrictions caused by the COVID-19 pandemic continue to have a stronger impact on the Greater China region. It can be assumed, however, that the restrictions, e.g. in the form of lockdowns, will be less extensive in the future than in previous years in other regions of the world. The positive development of the sports and leisure sector continued in 2022. If PUMA succeeds in maintaining its current momentum and achieving its mid-term growth potential, the company has an opportunity to further increase its market share. Our lifestyle products continue to enjoy strong relevance and demand across all age groups and regions. We have also made great progress in the performance product sector in recent years and have significantly improved our market position, particularly in the running, fitness, basketball, golf and football sectors. PUMA's product range is being continuously optimized and further developed in all sectors. It is also being expanded, for example, by the successful launch of our first outdoor collection ("PUMA Seasons") and our entry into the sport of padel-tennis in 2022. An increasing rise in visitor numbers at national sporting competitions and international sporting events is to be expected, such as the Women's Football World Cup in Australia/New Zealand, the World Athletics Championship in Hungary, the World Men's Handball Championship in Poland and the Men's Basketball World Cup in Japan/Indonesia/the Philippines. The major global interest in sporting events is likely to help support the growth of the sporting goods industry. We are also continuing to see an undiminished trend toward a healthier lifestyle, greater sporting participation and more casual clothing, which opens up corresponding opportunities for our 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. In 2022, a dedicated PUMA shopping app was also developed for the global e-commerce business and successfully introduced in the USA, India and the United Kingdom. The introduction of the PUMA shopping app in other markets is planned for the coming years and will open up further opportunities regarding customer loyalty and sales growth. 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 terms of distribution, optimizing delivery capacity through new, state-of-the-art multi-channel distribution centers in key markets also continues to support business development.



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. The digitalization of key business processes, for example relating to product design and the purchasing process of our wholesale customers, will continue to be advanced in order to take advantage of market opportunities through greater efficiency and effectiveness.

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. PUMA once again performed very well in key sustainability rankings in 2022 and was labeled the most sustainable brand by Business of Fashion, for example – this strong positioning, along with improved communication, opens up opportunities in this important area. For example, PUMA organized the "Conference of the People" for the first time in 2022 to discuss solutions with experts from across the industry and also with young consumers for achieving a more sustainable sporting goods industry.

## OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION

The assessment of the overall risk and opportunity situation of the Group and PUMA SE is the result of a consolidated view of the risk and opportunity categories described above for the financial year 2022. Similar to the description in our 2021 Combined Management Report, our assessment of PUMA's overall risk situation this year is again predominantly influenced by geopolitical tensions and the ongoing impact of the COVID-19 pandemic on the economy as a whole, as described above, and is focused on the major challenges these pose. 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 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 and handbooks, 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 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.

## INTERNAL CONTROL SYSTEM

PUMA's internal control system applies to all employees throughout the Group as it incorporates the principles, procedures and measures established by PUMA Group management. All essential business processes that support the organizational implementation of management decisions must be taken into account.

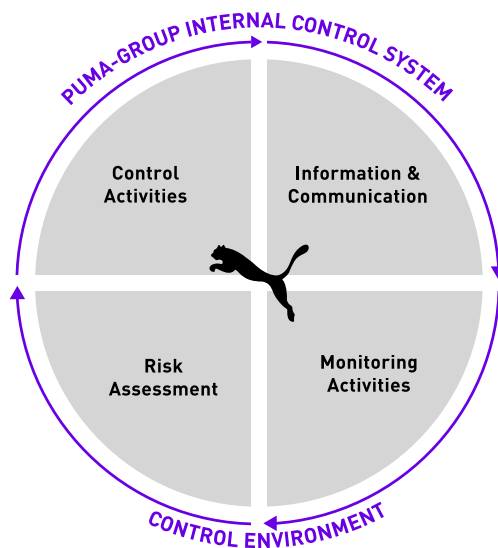
Within the PUMA Group, the methodology of the internal control system is based on the COSO Framework, which describes internal management and monitoring considerations for key processes within the company. Its purpose is to support the objectives of ensuring proper financial reporting, improving the efficiency and effectiveness of the processes and maintaining compliance with legal framework conditions.

The PUMA control framework is applied uniformly to the entire Group. The requirement here is to manage the significant risks through appropriate control activities. 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 timely implemented by the process owners. Independent monitoring bodies such as the Supervisory Board and the Audit Committee help ensure that the control environment remains up-to-date. The Management Board of PUMA SE bears overall responsibility for the internal control system. The Management Board regularly updates the Audit Committee of the Supervisory Board of PUMA SE. The internal control function of the Group Internal Audit, Risk Management & Internal Control Department has been tasked with preparing regular reports for the Management Board in order to help coordinate the internal control system from an operational perspective. The responsibilities, tasks and processes of the internal control system are defined in guidelines.

With regard to the PUMA control framework, the following five core components must be kept in mind: control environment, risk assessment, control activities, information and communication, and monitoring activities.



## ➤ G.21 INTERNAL CONTROL SYSTEM



The internal control system is based on the control environment established within the PUMA Group, in that it lays out principles for employee and management behavior within the company. The standards practiced are underpinned by internally formalized procedures and by clear guidelines on giving instructions and authorizations to do so. Together with external regulations, these internal standards form a control environment that applies to all employees of the PUMA Group.

As described in the previous section headed "Risk Management," the PUMA Group is also subject to a large number of risks that may potentially impact on company goals. Risk identification and assessment is carried out every six months in order to manage material risks at Group level. Using the resulting risk portfolio, the objective of the internal control system is to ensure that the compensating control measures fully correspond to the risk assessment/evaluation. In addition, the internal control system's risk assessment also includes a large number of more detailed risks in day-to-day operations – for example, operational activities in accordance with compliance regulations.

Control activities serve to counteract the identified business risks. In order to ensure that the control framework is continuously up-to-date and to monitor its application in business processes, an annual "Internal Control Self-Assessment" (ICSA) is completed by the key business units of the PUMA Group. The internal control function ensures that the key business units - at parent and subsidiary company level - are included in the ICSA. The managers of these business units evaluate the specified control objectives of the PUMA Group in relation to their business area. When doing so, the existing control framework is assessed based on internal and external guidelines and best-practice standards. The response indicates the degree to which the control objectives have been implemented. This is communicated to the Management Board via established reporting channels. The results of the ICSA are also reported to the Audit Committee and the statutory auditors, and are used by the internal audit function of the Group Internal Audit, Risk Management & Internal Control Department in risk-oriented audit planning.

The purpose of informing and communicating potential business risks and control activities is to help make sound business decisions, with the information required to do so being accessible within an appropriate and timely framework. Established communication channels are continuously used in the PUMA Group to achieve this. The internal control function coordinates awareness training and regular coordination meetings in order to continuously guarantee, and also strengthen, its cooperation with the Management Board and other managers of business units.



The use of a standardized software system as the basis for monitoring activities is intended to ensure the systematic and uniform implementation of ICSA across the entire company. The internal control function analyses the results of the ICSA and derives recommended actions, which are coordinated with the managers of the business units and the implementation status of which is reviewed continuously.

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The Management Board also monitors the effectiveness of the risk management and internal control system in a holistic manner. Accordingly, key aspects of the systems are reviewed on a quarterly basis as part of cyclical reporting. This is to ensure that material risks are managed with an appropriate level of transparency, that individual issues are discussed in an appropriate form and can be tracked, and that possible improvements to the systems are considered. Supported by an established control environment, the continuous system monitoring and improvement reflects the PUMA Group's open risk culture. During the reporting period, PUMA SE was not aware of any relevant circumstances that cast doubt on the adequacy and effectiveness of the risk management and internal control systems nor that had not been rectified by the balance sheet date. Nevertheless, it is worth noting that even systems that have been characterized as appropriate and effective are subject to inherent limitations. As such, it is not possible to guarantee the complete prevention of any procedural violations and/or risks actually arising.

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# OUTLOOK REPORT

## GLOBAL ECONOMY

In their winter forecast dated December 21, 2022, experts at the Kiel Institute for the World Economy (IfW Kiel) expect global gross domestic product (GDP) to increase by only 2.2% in 2023, following growth of 3.2% in 2022. According to IfW Kiel experts, the expected slowdown in the global economy is due to the growing dominance of slowing effects, resulting primarily from the financial environment. Higher financing costs are slowing investment and consumption. In many countries, the financial cycle also seems to be entering a new phase. Real estate prices are now falling after a long period of significant rises. When the financial cycle enters a new phase, financial imbalances often appear, which further slow economic activity. IfW Kiel experts forecast that economic output in the United States will decline in 2023 and that the Eurozone is also on the threshold of a recession. For the Chinese economy, the departure from the zero-COVID policy presents both opportunities and risk. Overall, the risks of this economic forecast for 2023 are likely to increasingly arise in the financial environment, in the opinion of IfW Kiel experts. In addition, energy supply and energy prices continue to represent a risk for the forecast.

## SPORTING GOODS INDUSTRY

Provided that the geopolitical environment and the continued course of the COVID-19 pandemic do not result in a renewed significant negative impact on the macroeconomic conditions, we expect the sporting goods industry to grow in 2023. We expect demand for sporting goods to increase in 2023 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"). In addition, we assume that major sporting events in 2023, such as the World Athletics Championship in Hungary, the Men's Basketball World Cup in Japan, Indonesia and the Philippines, and the Women's Football World Cup in Australia and New Zealand, will help to support growth in the sporting goods industry.

## OUTLOOK 2023

PUMA achieved another record in sales and operating result (EBIT) in the financial year 2022. We delivered the strong growth based on our continued brand momentum, successful product launches and the best possible service for our athletes, retail partners and consumers. As people make the difference, a significant part of our momentum is due to our very engaged employees.

Despite the strong growth in 2022, we continue to face a high degree of geopolitical, macroeconomic and commercial uncertainty. The war in Ukraine, the threat of recession, high inflation and high interest rates are resulting in volatile retailer and consumer demand. In addition, we are seeing increased inventory levels across our industry, which contribute to a competitive market environment.

Considering PUMA's strong momentum, we expect currency-adjusted sales growth in the high single-digit percentage range and operating result (EBIT) in a range of € 590 million to € 670 million (2022: € 641 million) for the financial year 2023. PUMA's net earnings are expected to change accordingly.

The development of the gross profit margin and OPEX ratio will largely depend on the extent and the duration of the negative impacts described above. Given the timing of these unfavorable factors, we expect the gross profit margin to be under more pressure in the first half of the year than in the second half. For the full year 2023, PUMA expects currencies, higher freight rates and raw material prices to again dilute profitability.



As in previous years, PUMA will continue to focus on managing short-term challenges without compromising the mid- and long-term momentum of the brand. Our sales growth and market share gains will have priority over short-term profitability. The exciting product range for 2023 and the very good feedback from retail partners as well as consumers make us confident for the mid- and long-term success and continued growth of PUMA.

## INVESTMENTS

Investments in fixed assets of around € 330 million are planned for 2023. 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, investments in administrative buildings 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 2, 2023

The Management Board

Freundt

Hinterseher

Descours

Valdes

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