Annual Report 2023

PLAY FASTER. FOREVER PLAY.

TABLE OF CONTENTS

MONDO DUPLANTIS

TO OUR SHAREHOLDERS

LAMELO BALL

CEO-LETTER

DEAR SHAREHOLDERS,

2023 was a transition year for our industry. The market environment was challenging, characterized by geopolitical conflicts, volatile currencies, macroeconomic headwinds and muted consumer sentiments as well as elevated inventory levels in the marketplace. Nevertheless, PUMA was able to sustain its strong brand momentum in 2023 and win market shares, leading to another record year with revenues of 8.602 billion euros (+ 6.6% cc) and a profitability fully in line with the outlook. Without the extraordinary devaluation of the Argentinian Peso, which had a significant one-off accounting impact, our results would have been even stronger.

For PUMA, 2023 was also a transition year in which we outlined new strategic priorities to create the foundation for the continued strong growth of the company. When I took over as CEO of PUMA in late 2022 after 11 years with the company, I made my immediate strategic priorities clear: we need to elevate the PUMA brand and win in the US and in China.

On the brand elevation side, PUMA has the opportunity to further increase its relevance with consumers to win more hearts and minds. To increase our brand consideration, we need to focus on building the emotional connection between our brand mantra FOREVER. FASTER. and our consumers and execute our brand and product campaigns more consistently to increase our brand equity.

In 2023, we laid the organizational foundation by transitioning our brand management team to our global headquarters in Herzogenaurach and by announcing Richard Teyssier as new Vice President Brand & Marketing. These decisions will vastly improve and speed up alignment between the different departments, as global marketing will sit next to product, global go-to-market and our creative direction. In this new setup we are now working on a new brand campaign, which will launch in 2024 and bring to life the emotional benefit for our consumers.

Another cornerstone of our brand elevation strategy is our Fewer-Bigger-Better approach. We will focus our efforts on fewer but more impactful Tier 1 brand ambassadors at the top of our full-tier influencer strategy, and bigger marketing campaigns to increase the relevance of our brand with our consumers. We were able to already take the first big steps in 2023, by welcoming Rihanna and A$AP Rocky on the entertainment side as well as Jack Grealish, Kai Havertz, Xavi Simons, Alex Greenwood, Marcell Jacobs, and Scoot Henderson on the performance side.

Winning in the United States is another key strategic priority. It's the biggest and most important global sports market but our market shares are currently too low. On top, the US has been a soft market overall in 2023, caused by macroeconomic headwinds and elevated inventories, in which we saw soft sales. To turn this around and win in the US, we have to elevate the brand and clearly reposition PUMA as a sports brand, create more locally relevant products and improve our distribution quality.

We have the foundation to be successful in the US. We have some of the best US athletes like LaMelo Ball, Scoot Henderson, Breanna Stewart, Christian Pulisic, Molly Seidel, Rickie Fowler and Lexi Thompson, who can give us the authenticity as a true performance brand. We have three of our four performance product teams (Basketball, Running/Training and Golf) based in the US and have a Regional Creation Center in Boston to help us cater for the demands of our US consumers. We will further reinforce our commitment to the US market by opening our LA Creative Hub in 2024.

On the distribution side, we have great partnerships in place, but we need to become more disciplined and focused on growth with our more desirable wholesale partners going forward. A repositioning of the brand will take some time, but the foundation is there and the first steps have been initiated.

To further support our new strategic direction in the US, we strengthened our organisation with the appointments of Andrew "Rudi" Rudolph and Alexa Andersen, who will lead the US sales and merchandising teams.

Finally, winning in the Chinese Market is our third strategic priority. The Chinese market was muted in 2023 and even though consumer sentiment has improved, it remained below pre-COVID levels. Nevertheless, we witnessed a gradual recovery of our business.

As is the case in the United States, it is a priority to position PUMA as a sports brand in China. Part of this strategy is to also sign the right local ambassadors from sports and entertainment, which complement PUMA's international portfolio. In 2023, PUMA welcomed actress CC Song, basketball player Zhang Ru, soccer player Yao Wei and breakdancer Qi Xiangyu among others. We will make further exciting announcements in 2024.

To cater for Chinese consumers with the right products, PUMA will further build on its local-for-local resources in China both in terms of design and sourcing to bring the right product with local fit at an accelerated speed to the market.

PUMA also introduced a new store format, which was developed by a local agency to fit the needs of Chinese consumers and to deliver improved store productivity. After successful pilots, PUMA has started the roll-out of the new store concept in 2023.

With Shirley Li as General Manager, David Lu as Commercial Director and Robbie Cai as Marketing Director, we appointed three experienced local Chinese leaders to carry out our strategy in the country.

Although brand positioning and rebalancing distribution quality takes time, I'm encouraged by the progress we have already made both in China and the US over the past months.

Our people and our partnerships are key to our success as a company. To constantly improve our global distribution quality, we worked closely with our wholesale partners to give them the best possible service and make our products stand out in a multibrand environment. Being the best partner to our retailers was once again crucial in 2023, as we jointly needed to work through elevated inventory levels in this transition year. I am happy with the progress we achieved together in 2023 by cleaning up the marketplace and providing the foundation for a less promotional year in 2024.

Our partnership approach also applies to our sourcing strategy, which is based on the long-term cooperation with our suppliers along the entire value chain. This guarantees the consistent high quality of our products, positions us well for future growth and creates a dependable supply chain in times of many global uncertainties. In this context, we were excited to welcome our key suppliers to our first global supplier summit in Herzogenaurach since 2010 to align our strategies and strengthen our partnerships.

Putting our people first is an important part of our corporate strategy and we were thrilled to be named a global Top Employer in 2023. We received this award, which follows a comprehensive survey by the Top Employers Institute, for the first time in North America and Latin America and once more in Europe and Asia Pacific. The fact that most of our important senior vacancies are filled with fantastic internal candidates is further proof of the great job we do on people development.

Finally, 2023 marked our 75th anniversary. In 1948, our founder Rudolf Dassler founded the company with the idea to create the best products for the athletes, always with a vision that these products would help our athletes to become fast and agile, like a puma. We still live by this vision today. We celebrated that special milestone together with our 20,000 employees worldwide. It was great to see how this anniversary was celebrated in all our offices across the world throughout the global PUMA Family.

I would like to thank everybody in the PUMA family – our employees, our wholesale partners, our suppliers, our ambassadors and athletes – for their contribution and dedication to the company. I'm also very grateful to our supervisory board, which has supported us in executing our strategy and position PUMA for future growth. I would also like to thank you, our shareholders, for your continued support and trust.

I really look forward to 2024, which will be the Year of Sport with important sports events such as the Olympic Games, Euro 2024 and Copa America which give us great brand visibility. We continue to be the challenger in the market with the ambition to continue our success story and to gain further market share.

Arne Freundt

Chief Executive Officer PUMA

REPORT BY THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

In a transition year for our industry, characterized by a challenging market environment, geopolitical conflict, macroeconomic headwinds and currency volatility, the PUMA Group sustained its strong momentum, gained market shares and delivered a profitability fully in line with its outlook.

Arne Freundt, who took over as Chief Executive Officer in late 2022, together with Maria Valdes as Chief Product Officer, Anne-Laure Descours as Chief Sourcing Officer and Hubert Hinterseher as Chief Financial Officer, started to build a foundation for the future growth of the company with the strategic priorities of elevating the brand, increasing product excellence, and improving the distribution quality. Within that strategic framework, PUMA put a special focus on the important US and China markets. As the Supervisory Board, we are convinced that these are the right priorities to ensure not only sustainable but also more profitable growth. The progress that was made in 2023 made us confident that the PUMA Management team is on the right track. We are particularly pleased to see that the Management Board acts as a team and that this team spirit not only motivates employees but is also recognized and appreciated by external stakeholders. We are also proud of the progress PUMA has made on its sustainability journey. Making our supply chains fair and sustainable has always been a matter close to PUMA's heart and we want to remain one of the leading brands in the industry. The topic will also have a strong influence on the work of the Supervisory Board in the future, which is why we are striving for further professionalization in this area.

Another focus of the Supervisory Board's work was resolving the unfavourable voting results at the 2023 Annual General Meeting and deriving follow-up measures. For 2024, the Supervisory Board set itself the goal of further professionalizing its own work and strengthening the diversity concept of the Supervisory Board. Especially, increasing independence at the Supervisory Board is our top priority going forward. The Supervisory Board decided to actively engage with some of the Company's largest investors and conduct a Governance Roadshow for the first time. In these conversations, I received valuable feedback which will shape the work of the Supervisory Board in 2024. For example, we will propose to the Annual General Meeting in 2024 that the number of Supervisory Board members will be increased from the current six to seven. After Thore Ohlsson has handed over the chair of the Audit Committee to Jean-Marc Duplaix and ensured a smooth transition, he will resign from PUMA's Supervisory Board, effective May 22, 2024, the day of PUMA's Annual General Meeting. Jean-Marc Duplaix is considered independent by the Supervisory Board because his function as Deputy CEO of Kering S.A. does not impair his independence as Kering S.A. holds only 1.47% of PUMA's share capital and Artémis S.A.S. holds 42.2% of Kering's share capital according to Kering's 2023 Annual Financial Report. Until Thore's resignation becomes effective, he continues to contribute his extensive knowledge and many years of experience as a member of the Audit Committee for the benefit of PUMA with great commitment. As a consequence, there will be two new vacancies on the Supervisory Board that need to be filled. To find the right candidates, the Supervisory Board has assigned the search to a leading global executive search consulting company. The search will focus on profiles with expertise in the areas of sustainability and retail and will comply with the required independence by investors. With this step, the Supervisory Board aims to strengthen the structure of the Board, both in terms of skills and independence. A particular effort will be made in the next years to ensure that the chair of the Personnel Committee, who is in charge of remuneration topics, of the Nominating Committee and of the Audit Committee as well as the majority of the members of those Committees, are independent.

At the last Annual General Meeting, the majority of our shareholders present voted against the proposed remuneration report. We have taken these voting results on the remuneration report very seriously and I am addressing them in the introduction to the remuneration report (see **https://about.puma.com/en** under Investor Relations/Corporate Governance). Following the feedback that emerged during the engagement with the investors regarding the remuneration system, we are taking steps to review the remuneration system in the course of the 2024 financial year and will present a revised remuneration system to the 2025 Annual General Meeting for approval.

Although the current share price performance is not in line with our and your expectations, I am convinced that it does neither reflect the actual value of our company nor the good operating performance. The Supervisory Board and the Management Board anticipate that the current challenging market environment is temporary and are confident that the long-term prospects of the company based on its strong brand, strong product, strong partnerships and strong team will lead to a sustainable growth.

The Supervisory Board would like to thank PUMA's Management Board, Leadership Team and the entire PUMA Family for their dedication, commitment and hard work in 2023.

SUPERVISORY BOARD MEETINGS

The meetings of the Supervisory Board and its committees generally take place in-person with the option of participation via a video link. Meetings are held exclusively as video conferences in exceptional circumstances. In 2023 the Supervisory Board convened to four regular meetings. In these meetings, it advised the Management Board on the management of the company and continuously supervised its conduct of business. It discussed with the Management Board on the Company's business policies, all relevant aspects of corporate development and corporate planning, the Company's economic situation, including its net assets, financial position and results of operations, the adequacy of capital resources and all key decisions for the Group. The Management Board informed the Supervisory Board regularly, comprehensively, and in a timely manner in written and verbal form about the implementation of all decisions and about all major business transactions. The members of the Management Board took part in meetings of the Supervisory Board and its committees; the Supervisory Board also met regularly without the Management Board.

Furthermore, in 2023 one constituent meeting of the Supervisory Board took place after the election of the new Supervisory Board by the Annual General Meeting. Several matters were decided via circular resolutions using electronic means of communication. All members participated in drawing up the resolutions. Whenever necessary, representatives of the shareholders and employees held separate preliminary discussions prior to the meetings.

Plenary Supervisory Board	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Héloïse Temple-Boyer	5/5	100
Thore Ohlsson	5/5	100
Jean-François Palus (until 24 May, 2023)	2/2	100
Jean-Marc Duplaix (since 24 May, 2023)	3/3	100
Fiona May	5/5	100
Martin Köppel	5/5	100
Bernd Illig	5/5	100

The attendance of the members of the Supervisory Board at committee meetings was 100% for all members as well.

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

The Supervisory Board members took part, on their own initiative, in the educational and training measures necessary for the performance of their duties. The Company supports the Supervisory Board members in their training activities, for example by having the Legal Department regularly prepare changes in the legal framework for the Supervisory Board and report about them in the meetings. In 2023, the Supervisory Board received an update on the German Supply Chain Akt ("Lieferkettensorgfaltspflichtengesetz", LkSG) and the Corporate Sustainability Reporting Directive (CSRD). There is an established onboarding process to familiarize new Supervisory Board members with the PUMA business model, group structures and special topics.

MAIN ADVISORY FOCUS

In the 2023 financial year, the main focus was on the following issues: review and approval of the 2022 consolidated and annual financial statements and the 2022 non-financial report, dividend proposal, setting the agenda for the Annual General Meeting on May 24, 2023, realization of personnel adjustments on the Management Board (in particular appointment of Maria Valdes as member of the Management Board (Chief Product Officer (CPO)) from January 1, 2023 and extension of the contract of Hubert Hinterseher as Chief Financial Officer (CFO)), follow-up of the new strategy of the Management Board regarding elevating the brand and growing the market share in the US and China, re-organization of the marketing organization, current business and revenue development, markets and trends, financial position of the Group, corporate and budget planning 2024 as well as medium-term planning, including investments, further improvement of the compliance management and the risk management and internal control system as well as material litigation in the Group. In addition, the Supervisory Board regularly dealt with the development and implementation of sustainability topics.

As every year, the Personnel Committee and the Supervisory Board determined the degree of achievement of the targets for the individual Management Board members with regard to 2022. The Supervisory Board decided on the individual targets for the variable Management Board remuneration for the 2023 financial year upon recommendation of the Personnel Committee.

CONFLICTS OF INTEREST

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

COMMITTEES

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

PERSONNEL COMMITTEE

The Personnel Committee has the task of preparing the conclusion and amendment of employment contracts with the members of the Management Board, reviewing the remuneration report and establishing policies for human resources and personnel development. It met to one regular meeting in 2023, decided on the target achievement for the individual Management Board members and set the targets for 2023. In addition, the approval of the LTI programs 2023 were the focus of the discussions. Corresponding recommendations for resolutions were made to the Supervisory Board.

Personnel Committee	**Attendance at meetings**	**Attendance in %**
Héloïse Temple-Boyer (Chair)	1/1	100
Fiona May	1/1	100
Martin Köppel	1/1	100

AUDIT COMMITTEE

The Audit Committee held four regular meetings in the financial year 2023. In particular, the Audit Committee is responsible for the review of the accounting, particularly comprising the consolidated financial statements and the group management report, group half year report, interim financial information and the single entity financial statements in accordance with the German Commercial Code (HGB). It is furthermore responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the statutory audit of the financial statements, with particular regard to the process of selecting an auditor. The Audit Committee is also responsible for conducting the selection process of the auditor. In addition, the Audit Committee monitors the independence of the auditor and ensures that the non-audit services of the auditor commissioned by the Management Board do not give rise to any grounds for disqualification or partiality or any threat to independence. The Audit Committee issues the audit mandate on behalf of the Supervisory Board to the auditor elected by the general meeting, determines the audit areas of the audit, monitors the quality of the audit and the services additionally provided by the auditor and agrees the fee with the auditor. Heads of the corporate functions were also available for reports and questions on individual agenda items at the committee meetings. The Audit Committee meets regularly with the auditor, also without the Management Board.

Audit Committee	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Thore Ohlsson (Chair until 24 May, 2023)	4//4	100
Héloïse Temple-Boyer (until 24 May, 2023)	2/2	100
Jean-Marc Duplaix (since 24 May, 2023, Chair)	2/2	100
Bernd Illig	4/4	100

NOMINATING COMMITTEE

The Nominating Committee has the task of proposing suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It held two meetings in the last financial year.

Nominating Committee	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Héloïse Temple-Boyer (Chair)	2/2	100
Fiona May	2/2	100
Jean-François Palus (until 24 May, 2023)	1/1	100
Jean-Marc Duplaix (since 24 May, 2023)	1/1	100

In 2024, the main focus of the Nominating Committees's work will lie on the succession planning for Thore Ohlsson and on finding the right candidate for the expansion of the Supervisory Board.

SUSTAINABILITY COMMITTEE

The Sustainability Committee met once in the 2023 financial year to discuss the company's sustainability strategies. The focus was emphasized on the evaluation of the "Conference of the People," sustainability-related projects within the company and relevant, upcoming legislative projects. The Sustainability Committee consists of three members.

Sustainability Committee	Attendance at meetings (referring to regular and extraordinary meetings)	Attendance in %
Fiona May (Chair)	1/1	100
Héloïse Temple-Boyer	1/1	100
Martin Köppel	1/1	100

CORPORATE GOVERNANCE

As in previous years, the Supervisory Board addressed current developments in the financial year 2023 regarding the German Corporate Governance Code in the version dated April 28, 2022 (effective as of 27 June 2022) (GCGC). The GCGC contains essential statutory regulations and recommendations for the management and supervision of listed companies and standards for responsible corporate governance. The corporate governance standards have long been a part of the corporate routine.

Pursuant to Principle 23 of the GCGC, the Supervisory Board reports on corporate governance in the Corporate Governance Statement. The Company satisfies all requirements of the GCGC, to the extent required by it. The Statement of Compliance of November 9, 2023 is available to our shareholders at any time on the

Company's website under **https://about.PUMA.com/en/investor-relations/corporate-governance** at STATEMENT OF COMPLIANCE.

ANNUAL FINANCIAL STATEMENTS ADOPTED

The annual financial statements for PUMA SE prepared by the Management Board in accordance with the German Commercial Code (Handelsgesetzbuch/HGB), the consolidated financial statements for PUMA group prepared in accordance with Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS) and the combined management report for PUMA SE and the PUMA Group, each for the financial year 2023, have been audited by the statutory auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, who were appointed at the Annual General Meeting on May 24, 2023 and commissioned by the Supervisory Board to audit the annual financial statements and the consolidated financial statements and have been given an unqualified auditor's opinion. The lead auditor on the KPMG team is Matthias Koeplin and he has been assigned the role since 2022. PUMA has not paid non-audit related fees in excess of audit related fees to its auditor.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktiengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Supervisory Board has been updated by the Management Board regularly on all relevant risks in this regard, in particular its assessments of market and procurement risks, financial risks (including currency risks) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Management Board's and Supervisory Board's recommendation on the appropriation of net profit were made available to all members of the Supervisory Board in a timely manner. At the meeting of the Audit Committee on February 26, 2024 and at the subsequent Supervisory Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Management Board and the members of the Supervisory Board. No discrepancies were detected.

The Supervisory Board reviewed in detail the annual financial statements, the combined management report for PUMA SE and the PUMA Group, the Management Board's and the Supervisory Board's recommendation on the appropriation of net profit and the consolidated financial statements and raised no objections. In accordance with the recommendation of the Audit Committee, the Supervisory Board agreed with the results of the audit of both statements and approved the annual financial statements of PUMA SE and the consolidated financial statements for the financial year 2023. The 2023 annual financial statements have thus been adopted.

The Management Board and the Supervisory Board resolved to propose to the Annual General Meeting a distribution of a dividend of € 0.82 per dividend entitled share to the shareholders for the financial year 2023. In this context, the liquidity situation of the Company, the financing and the effects on the capital market were discussed. The payout is conditional to an overall sound macroeconomic environment. A total amount of around € 122.9 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of around € 363.6 million will be carried forward.

In its meeting on February 26, 2024, the Supervisory Board also approved the non-financial report in accordance with §§ 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB).

THANKS

We would like to express our gratitude and recognition to the Management Board, the management teams at the Group companies, the Works Council and all our employees for their hard work and their outstanding cooperation in 2023. We look forward to 2024, a year of sports in which PUMA will launch its largest-ever brand campaign and come to the market with an impressive portfolio of new and innovative products.

Herzogenaurach, 26 February, 2024

On behalf of the Supervisory Board

Héloïse Temple-Boyer
Chair

OUR PEOPLE

PATRICK SCHNEIDER

OUR PEOPLE*

Our PUMA Family is the key to our success. Our people strategy is the foundation of PUMA's unique work environment and corporate culture, which helps us attract the world's best talent and shapes the future success of the company. Our people strategy is centred on three main pillars: People First, Sustainable People Practices and Digitalisation.

People First means understanding employees' needs, values, and potential of our employees and putting them at the centre of our decision making. That helps us create an inclusive culture that respects diversity, promotes health and well-being, and encourages personal and professional growth.

Sustainable people practices create a workplace culture that prioritises employee health and happiness, diversity, and inclusivity, and offers ample opportunities for career growth. Our sustainable people practices are central to building a resilient organisation. By thinking ahead and equipping our employees with the future skills and leadership qualities necessary, we ensure the long-term success of PUMA.

Digital tools in Human Resources improve work experience and help us stay competitive and agile in the fast-changing business landscape. By using digital technology, we are improving efficiency, data-driven decision-making, candidate and employee experiences. We deploy easy-to-use digital tools that enhance collaboration and productivity and offer digital literacy programs to ensure all employees are equipped to thrive in a digital environment.

Putting the human element first ensures that our pursuit of environmental and technological excellence is responsible and rewarding. The result is a sustainable future where innovation and well-being go hand in hand.

PUMA LIFE CYCLE

RECRUITING/ONBOARDING

People are our most valuable asset. We adopt a data-driven approach to talent acquisition to ensure that PUMA remains the employer of choice in the minds of external applicants. We analyse previous trends in recruitment, identify the primary source of talent inflow, and tailor our talent acquisition approach accordingly.

To complement our goal, we employ digital platforms, social media, and the PUMA career website to engage with talent around the world.

To ensure a continuous talent pipeline, we cultivate links with universities through career events, company lectures and master classes. We also regularly participate in external professional events, panel discussions, and seminars to build a solid talent network.

Over the past two years, we have fostered a deeper relationship with candidates by offering them the chance to participate in unique PUMA digital events. These events allowed candidates to speak with top officials at PUMA and offer suggestions on how to improve the brand.

Our onboarding process should not only provide the new starters with a great first day experience but also guarantee that they will work effectively and feel a member of the PUMA family as soon as possible. This effective onboarding serves as the foundation for a successful employee journey, aligning our new team members with our culture, values, and mission. It ensures compliance, clarifies roles, and provides essential support, enabling a seamless integration. This process not only fosters productivity and teamwork but also enhances our employees' sense of belonging and growth within PUMA.

* Contains also all information related to company culture.

LEARNING AND DEVELOPMENT

Talent management

We believe that each employee is in charge of their own personal development. At PUMA, we foster a culture centred around feedback and results, coupled with a self-directed learning mindset through an integrated talent management approach. At least annually, we evaluate of all our employees, assessing their performance and potential. Personal development plans are crafted, and we identify the right individuals to prepare them for shaping the future of PUMA.

Global talent conferences are held to assess the entire PUMA workforce, including all levels of management. Criteria such as individual performance, competencies, potential, learning agility, ambition, and mobility are used for evaluation. A targeted analysis of our employees' profiles allows us to align internal talent with upcoming career opportunities. This helps us build a strong succession pipeline and address future competency needs.

Our unwavering focus on internal talent mobility provides our employees with opportunities for professional growth and cross-cultural experience, resulting in an enhanced learning curve on both professional and personal levels. Utilizing digital platforms, such as Workday's "Job Alert" and "Talent Marketplace" feature, our internal talents can easily find job opportunities.

For instance, in 2023, a substantial number of internal moves, including relocations abroad, were reported. Overall, we successfully filled three out of four vacant key positions worldwide through internal promotions or horizontal transfers, with 60% of open positions filled by internal candidates. This accomplishment confirms the effectiveness of our talent and development strategy.

Our overarching goal is to minimize voluntary turnover and maintain a permanent employment rate of over 80% for our workforce. In 2023, 92% of our employees worldwide held permanent employment contracts, and over 31% were governed by collective agreements. The turnover rate is intricately linked to the share of retail business in respective markets and regions, with the employee-induced turnover rate standing at 24% (7% for non-retail employees and 39% for retail employees). The overall turnover rate, including retail employees, was 32% shows a decrease of 3% compared to last year. At the end of 2023, 22% of our employees were working part-time.

↗ T.01 EMPLOYMENT CONTRACTS (PERMANENT/FIXED TERM)

		Permanent				Fixed term			
Region	**Total**	**Total**	**Female**	**Male**	**Diverse**	**Total**	**Female**	**Male**	**Diverse**
Europe	4,982	4,259	2,206	2,051	2	723	419	304	0
EEMEA	3,876	3,775	1,391	2,384	0	101	40	61	0
North America	3,788	3,203	1,640	1,552	11	585	266	318	1
Latin America	3,775	3,773	1,666	2,106	1	2	0	2	0
Asia/Pacific	4,743	4,359	2,667	1,688	4	384	215	168	1
Total	**21,164**	**19,369**	**9,570**	**9,781**	**18**	**1,795**	**940**	**853**	**2**

↗ T.02 EMPLOYMENT CONTRACTS (PERMANENT/FIXED TERM) (IN %)

Employment contracts	Female	Male	Diverse	Total
Full-time	47	53	0	100
Part-time	58	42	0.2	100

Development

Our employees' ongoing professional and personal development ensures they have the necessary skills to support internal growth and drive the company forward.

Strategic workforce planning and the use of Workday help us to identify skill gaps and determine the capabilities of our employees. We provide a wide choice of training and development options, including courses, workshops, and coaching – both online and offline, standardised or tailored to specific needs. We offer a cutting-edge learning environment for both internal and external training classes, built into the Workday Human Capital Management system. This is based on the idea of lifelong learning, which fosters a self-driven learning culture.

In 2023, 18,527 employees worldwide attended 160,481 hours of training and workshops. This averaged 9 hours and € 226 per FTE for training activities. Compared to 2023, the average number of training hours per FTE increased by 2 hours. We achieved this by a proactive learner engagement strategy, including fun activations on various topics, a gamified approach, and internal learning competitions. The most engaged learners worldwide were rewarded quarterly with the "Top Learner Award". Based on this strategy, PUMA was nominated for an "eLearning Journal" Award 2024 in the "Learner Engagement" category.

LinkedIn Learning and GoodHabitz offer more than 23,000 online training courses in up to 13 languages for personal and professional growth. Additionally, PUMA employees actively generate product-specific learning content.

Employees around the globe can access the language learning platform on any device. Speaking a second language helps people understand each other, makes connections, and increases diversity. It also enhances our internal mobility. While the global focus is on English, people can acquire or perfect any other language for business or travel.

Our entire staff, including retail employees, can now learn a new language online, at their own pace and in a way that fits their needs. By offering weekly language training in an office classroom, PUMA helps employees integrate locally faster by eliminating the need to drive to external courses after work.

To support our global workforce during challenging times, we focused on mental health, resilience, mindfulness, and emotional stability in 2023. All our current classroom training is based on hybrid concepts to ensure that our employees can learn in the way that is best for them.

We continue to provide our digital agile coach programme to workers globally to establish an agile learning organisation and increase agile working practises. Since its launch, approximately 190 employees around the globe have completed the programme by 2023. We focus on need-based training at three levels – Agile Rookie, Agile Facilitator, and Agile Coach – to equip the right people with the right skills. Various business units are actively using agile ideas and frameworks such as Scrum, Kanban, Design Thinking, and OKRs, in their daily operations and strategic planning.

Leadership Training ILP/ILP²/PLE

Our leaders are vital for PUMA becoming FOREVER.FASTER. We highly value their skills and leadership expertise in mastering complex challenges in a volatile world while achieving our goals of excellence.

Our International Leadership Programme (ILP & ILP²) provides staff with essential competencies and promotes a shared knowledge of our leadership culture. PUMA leaders receive comprehensive training and coaching, including interactive learning, roleplay, best-practice learning, and joint projects. Mindful leadership and agile work are emphasised. The programme's modular design allows managers to apply their newly acquired knowledge between seminars. 191 global leaders took part in this state of the art programme.

We continued to promote healthy and sustainable leadership in 2023 with the PUMA Leadership Expedition programme. It is designed to teach leaders how to lead well in a VUCA world marked by volatility, uncertainty, complexity, and ambiguity. Self-driven learning, nugget-learning, learning sprints, and peer-learning underpin this virtual, easily accessible course.

Our leaders can choose what, when, and how to learn from over 130 one-hour learning nuggets with a balanced mix of trainer-led virtual sessions and self-directed learning. To maximise learning and transfer success, the programme is centred on Learning Sprints, which include trainer-led sessions, self-driven nugget learning, retrospective sessions with coaches, and group assignments. 67 talents completed the programme successfully in 2023.

First-time managers get PUMA-tailored training "From employee to manager" to prepare them for their new role and ensure a common concept of leadership at PUMA. This programme includes training modules and individual coaching as well as online pre- and post-learning. Classroom trainings provide new executives with recruiting and appraisal skills.

Speed Up/Speed Up²

Retaining talent and speeding up their progress is important for the success of our business. Two selective development programmes, Speed Up and Speed Up², are designed to help us reach this goal by bringing out the best in our people.

An intensive curriculum of cross-functional projects and tasks, coaching, mentoring, and specialised training prepares employees for their next career steps. Participants also get to meet top management and build strong networks around the world.

Future Talent

We are always looking for future talent we can develop and equip with the relevant skills to take on demanding PUMA Group responsibilities. We participate in various career fairs and university initiatives both locally and abroad to approach potential employees and identify suitable candidates. Plenty of options in an international work environment make PUMA an excellent place for career starters.

Nine apprentices and six dual students joined the PUMA Headquarters in Herzogenaurach in 2023. Dual study programmes are available in International Business, Fashion Management, and Business Informatics. Students acquire theoretical grounding through partnerships with various universities and practical experience in different PUMA teams. Our apprentices either train as industrial clerks, IT specialists or retail sales manager. They work in various company departments to build personal and professional skills and increase their knowledge while attending vocational school. By the end of 2023, PUMA employed 41 trainees and dual students.

Internships and working student positions are another way to become familiar with PUMA. Students from around the world get six months of work experience as well as the opportunity to build their network and hone their talents. By the end of 2023, roughly 140 interns and working students were part of the PUMA family.

Future talents at the PUMA Headquarter

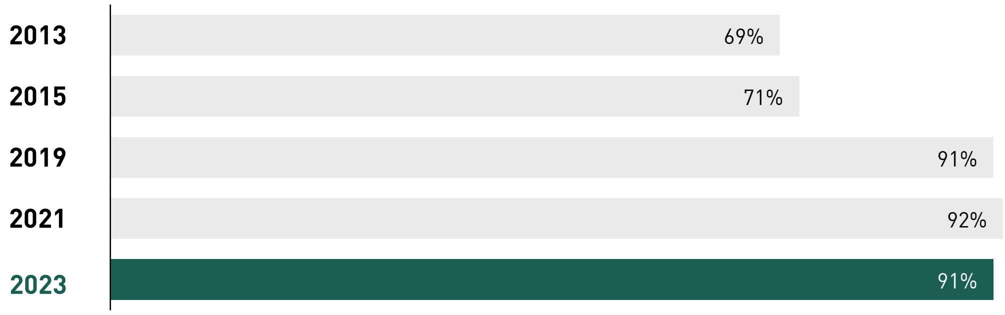
Feedback
We value internal and external feedback at PUMA, as it reveals whether we are on track and helps us grow. We compare ourselves to other organisations and gain valuable insights from our employees.

Our "listening strategy" includes surveys, pulse surveys, focus groups, interviews and sentiment analysis to gauge employee mood and understand their needs. For this, we use tools such as Amber, Leena AI, and Workday. Our Top Employer certification, Great Place to Work award, "berufundfamilie" audit, and other honours reflect regular industry benchmarking.

Since 2009, we have conducted global employee opinion surveys regularly to monitor employee engagement and collect feedback on various topics. Overall, 15,339 employees participated in our 2023 global survey to share their workplace and work life opinions. This equates to an 85% participation rate (2021: 86%). Despite geopolitical tensions in Europe and their far-reaching social and economic effects, from 13 categories two categories saw an increase in favourable scores, four categories stayed at their high levels, and seven categories saw a slight 1% decrease from the last survey. Our poll results beat or match market data, including high-performance data, in all but four categories. High-performance companies outperform the market financially and consistently score excellently in surveys. This positive feedback inspires us to continue and further strengthen the measures we have implemented. We shared the survey results globally, locally, and at departmental level, and follow-up actions were devised.

Engagement
Outstanding performance and ongoing growth demand our employees' commitment and dedication. We monitor employee engagement by regular global employee opinion surveys. The most recent one achieved again an extraordinarily high engagement score of 91%, compared to 92% for the previous survey. This implies our engagement score over the last three surveys has remained strong, something we are very proud of. We value our employees' high level of engagement and brand loyalty and intend to retain this in the future. We started already to implement the action plan resulting from this year's global employee survey.

↗ G.01 EMPLOYEE ENGAGEMENT SCORE



REWARD, RECOGNITION & BENEFITS

Compensation & Benefits
The attractive performance-based compensation system at PUMA consists of fixed base salary, PUMA bonus schemes, profit-sharing programs and various social benefits and intangible benefits. We also offer long-term incentive programs to the senior management level that honours the sustainable development and performance of the business. The bonus system is transparent and globally standardised. Incentives are exclusively linked to company goals.

Ensuring fair and non-discriminatory compensation at PUMA is one of our strategic priorities. Our compensation framework is based on analytical job evaluations and a global grading system. Since the criteria to be evaluated relate exclusively to characteristics of the job – not to the job holder – the remuneration system as such is gender-neutral. This enables us to rule out any gender-specific discrimination emanating from the compensation system.

After becoming Universal Fair Pay Analyst in Germany in 2022, PUMA was certified as Universal Fair Pay Developer in Germany by FPI Fair Pay Innovation Lab as we successfully closed the adjusted pay gap in January 2023. We extended the gender pay analysis to our subsidiaries in Europe and EEMEA markets by using the consistent methodology. For Sweden and United Arabic Emirates we also closed the adjusted gap in 2023. Certain regression analysis results look optimistic, and we are confident to close the adjusted pay gap with the support of both local and global management in other European countries soon. For markets with highly diversified workforce, nationality does not have a significant impact in the analysis. In 2024, the gender pay gap analysis will be continuously conducted and introduced to our other regions to enhance internal fairness.

In addition, we have continued our cooperation with the Fair Wage Network and are able to access benchmarks for all of our subsidiaries and analyse them in terms of living wages as defined by the Fair Wage Network. For the year 2023 we can confirm, with regards to the Living Wage Adjusted Mean benchmark as defined by the Fair Wage Network, that all of our employees are earning a living wage or more.

Wellbeing
At PUMA, we care about the well-being of our people. Through a variety of services and benefits, we strive to improve the health and happiness of our employees. We started the wellbeing approach at our headquarters in Herzogenaurach, Germany. All PUMA companies around the world have adopted it and adapted it to their local needs and regulations. It is now an important part of all PUMA subsidiaries around the world.

There are four components to our wellbeing programme: Flex, Social, Financial and Athlete.

As a sports company, we offer regular in-house sports classes and training, sporting events and free access to the gym. We provide outdoor facilities for football, volleyball, basketball, tennis, and paddle tennis. Our exercise classes include meditation, yoga, Zumba, jumping fitness, and Pilates. We host bouldering, stand up paddling, trampolining, bowling, snowshoeing, and skiing events, among others.

Our "Be Well Weeks", which promote healthy lifestyles, offered free health checks and nutritional advice, as well as the opportunity for employees to explore the latest fitness and sports trends. We provide access to health and wellness resources, such as ergonomic assessments, mental health days, and health-related information. To foster camaraderie and a sense of community, we organise team-building and social events for our employees.

Flexible Working Conditions

The wellbeing of our people goes hand in hand with excellent working conditions based on a unique culture. We offer a range of models, such as flexible working, mobile office, part-time and sabbaticals, to help our employees balance their work and personal lives and manage stress. They can choose from these models at different points in their lives.

All our offices around the world have a hybrid working model, which is very flexible in terms of when and where people work. Employees in Germany can take advantage of free employee assistance services provided by one of our partners. Our headquarters in Herzogenaurach was awarded the German "audit berufundfamilie" certificate in 2015, which it has held ever since. The certificate recognises among other offers services such as a parent-child office, a nursing room, day care and summer camps for children during school holidays.

PROGRESSION & PERFORMANCE

Digitalised Infrastructure (Digitalisation)

A big part of PUMA's plan to streamline processes and improve the employee experience is investing in our digital infrastructure. Since 2017, Workday has been our main human capital management (HCM) system. It covers HR tasks at all stages of the recruitment process, from candidate to employee experience, simplifying tasks such as recruitment, talent management and employee engagement. As a result, the workforce is seamlessly integrated throughout the candidate and employee lifecycle.

Through this digital platform, our employees can access HR resources and data at any time, in a controlled and secure environment that protects data privacy and integrity. It gives both employees and managers the tools and processes they need to manage people effectively.

Workday's easy-to-use dashboards give managers clear, actionable insights for strategic planning and decision-making. And because all of our global data is stored in one place in Workday, it enables comprehensive analytics that help us make evidence-based decisions and drive tangible results.

By using such a digitalised infrastructure, we aim to maintain our focus on operational efficiency and improving our HR practices throughout the PUMA employee lifecycle. This supports PUMA's overall goal of improving workplace operations and the employee journey. It also helps us to prepare for the future to better deal with the dynamics of challenging labour markets.

OCCUPATIONAL HEALTH & SAFETY

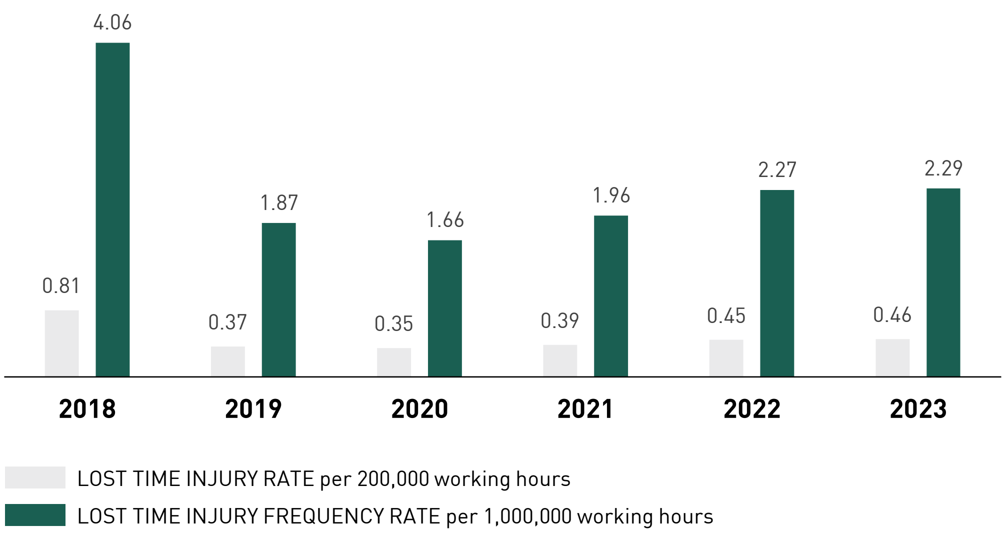
We want our employees to be healthy and safe, so we make sure that health and safety issues in the workplace are taken seriously. Although the COVID-19 pandemic ceased in 2023, we continued to provide free masks, rapid tests and vaccines where needed. To help our employees cope with this politically and economically challenging environment and its increased mental stress, we focused on mental wellbeing, resilience, and mindfulness in 2023.

Our global occupational health and safety policy underlines the importance of this issue. PUMA has a central Health and Safety Committee at our headquarters in Herzogenaurach, which meets every three months. The health and safety experts on this internal committee exchange information on health problems and risks and carry out regular health and safety inspections. These are supplemented by inspections by official bodies such as the German Berufsgenossenschaft. Each of our major sites has local health and safety experts. Our Global Director People and Organisation, as part of our Executive Management Team, reports at least quarterly on health and safety issues to our Executive Committee.

In our Headquarter in Herzogenaurach we got successfully certified for the ISO 45001 standard. ISO 45001 is an international standard that outlines the requirements for an occupational health and safety management system (OHSMS) and provides a framework to proactively manage and improve the occupational health and safety performance. This certification not only demonstrates our commitment to safety and compliance with health and safety law but also helps us to identify and address safety risks.

We have set ourselves the bonus-related goals of zero fatalities and lowering the average injury rate year on year. For 2023, we set a goal to stay below a lost time injury rate of 0.50. The lost time injury rate expresses the number of lost time injuries per 200.000 worked hours. In addition to conducting safety training courses at all our sites, we also offer online training programs to prepare employees for potential emergency situations and thus reduce the number of accidents. In 2023, we promoted our digital OHS training course to all our sites, which included hygiene and proper mobile office behavior. Last year, we provided a total of 27,764 hours of safety training, while 10,769 employees were trained in fire safety and 7,692 employees in first aid. In 2023, 98 workplace accidents requiring a work stoppage were recorded worldwide. This corresponds to a lost time injury rate of 0.46 compared to 0.45 in 2022. The lost time injury rate for PUMA SE was zero and zero in the previous year. Another indicator of employee engagement and the health of our workforce is the rate of absence due to sickness, which was 1.95% in 2023. We recorded no fatal accidents, and the rate of occupational diseases was zero at PUMA in the last 12 years, including 2023.

G.02 LOST TIME INJURE (FREQUENCY) RATE



SOCIAL ENGAGEMENT

Community Engagement
2023 was another good year for PUMA's community engagement. With the support of our employees, we engaged with local communities around the world through various projects. These ranged from beach clean-ups and tree planting to organising and participating in charity runs. Colleagues also helped underprivileged people, especially children, by donating food and school supplies and started many other wonderful initiatives.

Community engagement activities: Reforestation in Renca (from PUMA Chile)

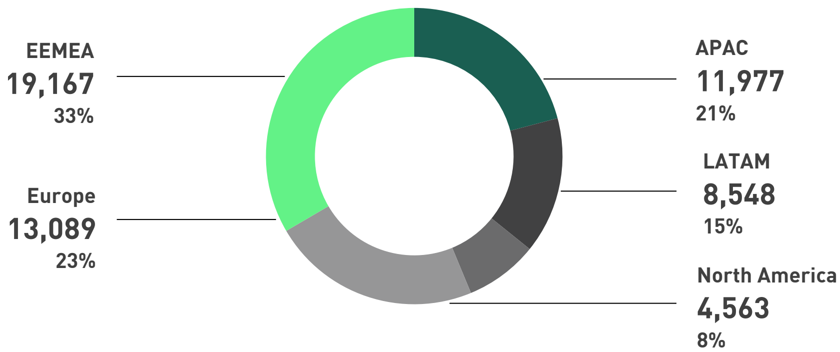
Here are two examples of how they have helped:

PUMA Ukraine supports children affected by the war. Many of these children have lost everything -– their childhoods, their homes, and their friends. In collaboration with the Peace in Amour Shelter in Dnipro, PUMA Ukraine employees sought to bring joy and warmth to these youngsters. Corporate staff, store managers and warehouse staff personalised gifts for the children by printing their names on T-shirts, backpacks, and hoodies.

The PUMA team in South Africa organised several projects. As part of a beach clean-up, they picked up litter from the beach and riverbanks. They also went to animal shelters and walked and played with the animals, bringing food and blankets for the pets. The biggest CSR events take place every year at the head office and in the stores: In 2023, the group prepared 2000 staple food parcels and 850 amenity kits for food banks, children's homes and elderly people who can not move around. South African retail workers across the country packed individual sandwiches to send to organisations in their local areas.

We have set ourselves the ambitious goal of spending at least twice as many hours on social engagement as our average full-time equivalents (FTE) this year. We encouraged all of our employees around the world to participate and recorded projects and employee engagement on an online platform. In total, initiatives led by our subsidiaries on five continents contributed a total of 57,344 hours (3,113 for PUMA SE) of community engagement. With the projects, we helped protect the environment, promote health and fitness, fight discrimination or support education for children in need. Often these projects were carried out in cooperation with local non-profit organisations. Considering that the number of full-time employees (FTEs) in 2023 was 18,681 (1,255 for PUMA SE), we significantly exceeded our target. Since the start of our community engagement program in 2016, we have recorded now over 200,000 community engagement hours globally.

↗ G.03 COMMUNITY ENGAGEMENT 2023



CHARITY CAT

Charity Cat organisation founded by employees continues to support projects near and far in 2023

The members of Charity Cat have a huge heart for people in need – whether that is right next door or across the globe. The charitable organisation was founded by PUMA employees in 2004 and has been fundraising, supporting special causes, and partnering with different other charities ever since. There is Sozialtreff Erlangen, for example, in the next town over from PUMA's headquarters in Germany. Charity Cat not only supports Sozialtreff Erlangen with the food donations, but members of the charity actually help out within that organisation.

Further afield, on the Philippine island Samar to be precise, Charity Cat has been supporting the activities of the charity Herz zu Herz e.V. (which means "Heart to Heart" in English). The goal is to help the poorest families and children there to build a roof over their heads, make sure they have enough to eat and send them to school. This year's success story from Samar was that several children were able to finish high school, while two young people went through culinary school, with one of them landing a job in a five-star hotel at the end!

Another long-time partnered organisation of Charity Cat is FONMEH e.V. in Haiti, that has built an orphanage for a group of children and young people, keeping them off the streets and in education. In Haiti, the situation has gotten a lot worse: due to droughts and inflation, around 40% of the country's population is suffering extreme hunger or does not have enough to eat. So, Charity Cat was glad to help at least the kids in FONMEH's orphanage – who have been sharing their food with friends as neighbours – as well as other local people in Haiti with a special financial donation in 2023, on top of the usual clothes and financial support.

Other Charity Cat activities included payments for food donations to be driven to the Ukraine, where the war that started over one year ago is still ongoing and affecting many people, as well as emergency financial donations for the victims of the huge earthquake in the already hard-hit area of south eastern Turkey in spring and the catastrophic flooding that struck eastern Libya in the summer via Aktion Deutschland Hilft e.V.

Besides financial support, Charity Cat also gives away PUMA clothing and shoes to partnered projects. For example „Wir packen's an e.V."received several donations of clothing, underwear and especially shoes, that was distributed to refugees fleeing their countries via Greece, France or Bosnia.

Charity Cat raises money through generous monetary donations from individuals, by fundraising during employee events and by organising internal sample give-aways of products provided by PUMA, during which employees can donate money for different Charity Cat projects.

DIVERSITY, EQUALITY & INCLUSION

At PUMA, equality and non-discrimination are an important part of our culture. We encourage and support people of all genders and believe that diversity drives success. The different nationalities and backgrounds of our employees is one of our key strengths. We employ people from 143 countries and at our home base in Germany, we have people with more than 81 different passports. BE YOU, the central tenet of the PUMA family, is essential to creating a respectful and supportive work environment where each employee can be their true self. We want to create a culture that fosters collaboration and fairness. That is why we are listening to our PUMA family to address systemic barriers and identify areas for improvement.

In 2023, we reviewed our diversity policy and included employee training on discrimination and injustice, intercultural communication, diversity, inclusion and belonging. We also hosted talks with internal and external speakers and published articles on our internal communication platforms to raise awareness.

Celebrating diversity!
We treat all our employees fairly and equally, regardless of their gender, nationality, ethnicity, religion, disability, age, or sexual orientation. These values are also part of our PUMA Code of Ethics (2005) and our 2010 Diversity Charter.

During Pride Month in June, for example, we celebrated our commitment to diversity and inclusion with a "Together Forever" summer party at our headquarters, complete with food trucks, a live band and a DJ set. Our partners from Christopher-Street-Day Nuremberg e.V. had their own stand with information about LGBTQ+ events in the area. We also put up rainbow flags at our headquarters and lit up the building in rainbow colours.

We share our beliefs with the rest of the world and support various NGOs and groups around the world.

For the fourth year running, PUMA worked with The Christopher-Street-Day Nürnberg e.V. to celebrate PRIDE month in the Nuremberg metropolitan area, support the local PRIDE parade and raise awareness. We were proud to organise our own information stand for the first time. This gave us the opportunity to connect with the PRIDE community and showcase PUMA's diverse and inclusive workplace culture where employees can truly be themselves.

In 2023, PUMA North America's (PNA) Diversity, Equity and Inclusion (DEI) team designed strategies based on their five pillars: Environment, Talent, Learning, Advocacy, and Marketplace. PNA has four Employee Resource Groups: BBOLD for Black and Brown Employees + Allies, Puma Association of Women (PAW) for Women + Allies, PumALLiance for LGBTQ+ Employees + Allies, and ROAR for Asian-American and Pacific Islander Employees + Allies. Our efforts also included trainings for leaders to improve their resources and best-practices needed to act as an inclusive leader.

PNA's DEI team hosted several cultural celebrations throughout the year including a conversation with Black Panther' Oscar winning costume designer Ruth Carter for Black History Month, Peloton instructor and PUMA ambassador Aditi Shah for AAPI Heritage Month, and PUMA Ambassadors Dapper Dan and Alex Toussaint for Juneteenth.

"Culture Labs" quarterly conversations meant to build a culture of belonging for everyone and "Connect & Reflect" sessions which focus on providing safe space conversations were also offered by PNA.

PNA officially kicked off our strategic talent partnership with Clark Atlanta University, a historically black university (HBCU), to foster talents among underrepresented groups in the industry and has, in addition, partnerships with ALPFA, Ascend, Boston While Black, the Black Footwear Forum, National Black MBA, College of Creative Arts and Pensole Lewis College of Business and Design, amongst other collegiate partners. To date, this partnership has allowed PNA to impact more than 100 students and PUMA will provide over $1 million in scholarships over a 5-year period.

Our efforts over the past year have been recognised with independent awards that we are delighted to receive.

For the fourth year running, the Financial Times named us one of Leaders in Diversity, reflecting our commitment to creating a diverse, equal, and inclusive culture. In terms of diversity, we are proud to be included in the Pride Index and to be one of the top teams in the British Business Women Awards series. Integrating Diversity, Equality, and Inclusion (DE & I) into the fabric of our business will help us maintain and enhance our international competitiveness.

Actions to promote gender equality
We promote equality and are pleased that the PUMA Group has a balanced gender mix, with approximately 50% women and 50% men working with us. 44% of our STEM (Science, Technology, Engineering and Mathematics) employees are female. Women held 43% of global leadership positions in 2023. Thanks to PUMA's equal opportunities work, this figure has been on a high level over the last few years (2018: 40%, 2019: 41%, 2020: 43%, 2021: 44%, 2022: 44%, 2023: 43%). Due to the discontinuation of our Russian Operation this year's figure decreased by 1%. However, in the rest of the world the share of female managers has increased by 0.2%. But there is still room for improvement. We are committed to increasing the number of women in leadership positions around the world in the coming years, especially at the highest levels of management.

↗ T.03 PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS (IN %)

Region	2017	2018	2019	2020	2021	2022	2023
Europe	31	31	35	34	37	37	39
EEMEA	38	43	42	44	42	40	35
North America	46	48	50	48	48	48	47
Latin America	35	38	38	40	45	44	44
Asia/Pacific	41	44	43	48	49	50	50
Total	**38**	**40**	**41**	**43**	**44**	**44**	**43**

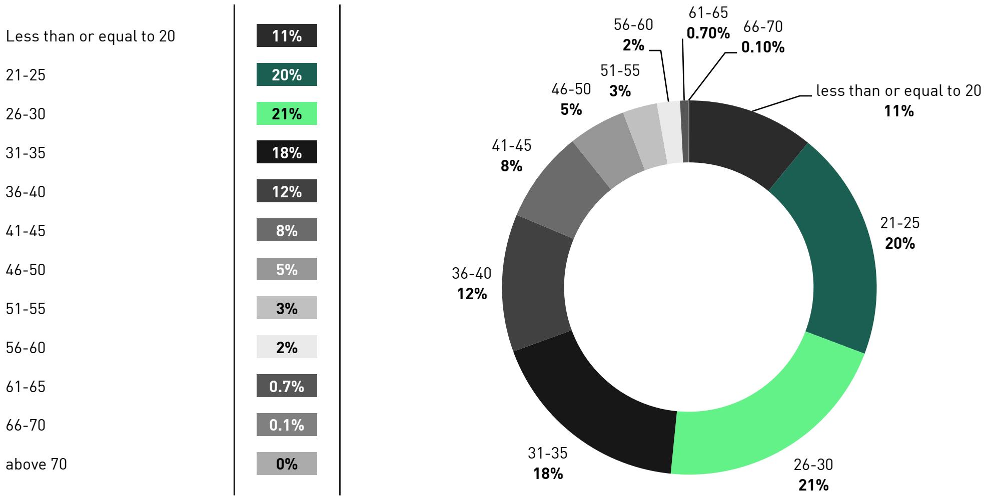
In addition, the Supervisory Board of PUMA SE has set a target of at least two women (33%) for the proportion of women on the Supervisory Board. For the Management Board, the Supervisory Board has set the following targets for the proportion of women: (i) At least one woman (25%), on condition that PUMA SE has four Management Board members, (ii) at least one woman (20%), on condition that PUMA SE has five Management Board members, (iii) at least two women (33%), on condition that PUMA SE has six Management Board members. We set ourselves an implementation deadline by October 31, 2026.

We want to continuously support the development of women in management positions. For this reason, we offer special training and access to inspiring networks. The exchange with experienced female managers is intended to encourage and motivate female employees to take on leading roles within the company themselves.

We see the fact that PUMA has two women on the Management Board of four since January 1, 2023, with Anne-Laure Descours (CSO) and Maria Valdes (CPO), as a success of our efforts to achieve equal opportunities.

The average age of our employees worldwide is 32. Our employees represent all working age groups.

↗ G.04 AGE GROUP



BEING INCLUSIVE

We prioritise creating an inclusive workplace where people with disabilities can work and grow. We adapt workplaces and training to meet their needs. In Germany, an elected works council member represents the interests of employees with disabilities. In some countries, legal issues prevent our companies from recording disability status and severity. Around 1% of our employees have told us that they have a severe disability, but the true number is probably higher.

OFFBOARDING

Our aim is to ensure that the employee's last day is as positive as their first day at PUMA, signifying an appreciative end to the employment relationship. We facilitate a respectful and insightful offboarding process, allowing both PUMA and the employee to reflect on their time together, ensure knowledge transfer, and maintain a positive relationship post-employment. Employees are asked to complete an anonymous exit questionnaire on Workday to provide feedback about their work experience. We will conduct an in-depth exit interview to understand the reasons behind the decision to leave and propose to reapply in the future. We also ask the leaving employees to remain a part of the PUMA family by joining our Alumni Network. This way we keep in touch fostering professional networking opportunities as well as using this platform as talent pool for future rehires.

AWARDS

As a global employer, PUMA received many awards in 2023. One of our main goals is to provide our employees with a workplace where they can grow and take on new chances.

Forbes, together with market research company Statista, created the "World's Best Employers" certification. We are proud to be included for the fourth year running in 2023. We were also awarded as one of the "World's Top Companies for Women" 2023 by Forbes and Statista. In addition, we have also been recognised by Newsweek and Statista as one of the "World's Most Trustworthy Companies". The Financial Times together with Statista appointed us as "Leader in Diversity" for the fourth year in a row.

In addition to global recognition, we also received several regional awards. Focus magazine named PUMA Europe "Top Nationaler Arbeitgeber" 2023. This award reflects our efforts to create a diverse, equal, and inclusive culture. In terms of diversity, we are very proud to be listed in the Pride Index, and to have been named one of the top teams in the British Business Women Awards series. All of this demonstrates that PUMA supports and promotes diversity at all levels and around the world.

For five years in a row, we won India's Great Place to Work award. In addition, our Southeast Asian PUMA site in Taipeh received three prestigious awards: HR Asia Best Companies to Work for in Asia 2023, HR Asia Digital Transformation Awards 2023, and HR Asia Diversity, Equity & Inclusion Award 2023.

For Germany PUMA was ranked among the TOP 100 companies by Statista and was appointed as kununu Top Company 2024 among the most popular 5% of the companies. Textilwirtschaft ranked us as number five of the Top Arbeitgeber in der Textilindustrie in Deutschland 2023. And FOCUS magazine rated PUMA Europe GmbH as Best National Employer 2023 in Germany.

In the Netherlands our Dutch PUMA store at McArthur Glen Designer Outlet in Roermond was awarded Retail Store of the Year 2023.

Austria PUMA Dassler GmbH was certified as LEADING EMPLOYERS Österreich 2023 and is one of the TOP 1% of employers in Austria.

On top of this, we have been recognised as a Top Employer in 24 PUMA countries, this counts for 87% of the PUMA population globally, including Germany, Austria, France, Italy, Spain, Poland, Ukraine, the United Kingdom, Turkey, South Africa, India, Japan, Vietnam, South Korea, China and Hong Kong, Australia, USA, Canada, Argentina, Chile, Brazil, Peru and Mexico, as well as in the four regions: Europe, Asia Pacific, North America, and Latin America. We are especially proud to be named one of the Global Top Employers 2024.

Being recognised by various prestigious institutes and organisations around the world is not just an honour but a responsibility that we take very seriously. We are committed to continuing our journey of people excellence, ensuring that PUMA remains a place where talents are nurtured, achievements are celebrated, and diversity is embraced.

SUSTAINABILITY

FOREWORD ANNE-LAURE DESCOURS, CSO

ANNE-LAURE DESCOURS
CHIEF SOURCING OFFICER (CSO)

In 2023 we started preparing our sustainability vision for 2030 by asking our most important partners and internal decision-makers to give us feedback on the sustainability topics that are most relevant for PUMA. The results are included in the materiality assessment published in this report.

In parallel, we accelerated the implementation of our FOREVER. BETTER. Sustainability Strategy, making progress towards achieving our 10FOR25 targets in Climate Action, Circularity, and Human Rights.

From a products and materials perspective, we produced eight out of ten products* according to our PUMA Sustainability Index, which means these products are made with materials that are classified as preferred fibres by Textile Exchange or originate from certified sources. In 2023, 99.7% of all leather was sourced from Leather Working Group-certified tanneries, 99.2% of all cotton was sourced from Better Cotton licensed farms or recycled and 99.4% of all paper and cardboard packaging was FSC-certified or recycled paper and cardboard.

In Circularity, we expanded take-back programmes in three new countries. Meanwhile, almost 65% of the polyester used for our apparel and accessories products came from recycled materials. We also started to scale up the use of recycled cotton, which reached 8.6% in 2023.

We published the results of our RE:SUEDE project, an experiment to turn a new version of our iconic Suede sneaker, into compost (under tailor-made industrial composting conditions) and expanded our RE:FIBRE programme to transform textile waste and other used materials into new textiles. During the Women's World Cup in Australia, the Swiss National Team played in RE:FIBRE jerseys, and our club partners re-

* Excluding products produced by PUMA Group company stichd and PUMA United. For further details on the reporting scope, please refer to the **Scope of the Report** section.

launched the RE:FIBRE initiative by deploying new take-back bins in additional locations. Overall, 46,000 RE:FIBRE garments were produced in 2023.

To help fight climate change, we continued to source 100% renewable electricity for PUMA's own offices, stores, and warehouses, with either renewable electricity tariffs or renewable energy attribute certificates. We also invested over € 2 million to electrify our PUMA car fleet and the first low carbon shipment tariffs with our logistics service provider Maersk were implemented for our most important sea freight routes between Asia and Europe. This has helped us to reduce our own carbon emissions by 85% (market-based, including the purchase of RECs) compared to our 2017 baseline, as well as our logistics emissions from sea freight by almost 50% compared to 2022.

In our supply chain, recycled material was up to 22% of the total material used for our products. Our core suppliers continued to transition to renewable energy with large-scale rooftop solar PV installations, REC purchases, and to transition boiler fossil fuels to renewable fuels. As a result, we reduced our absolute Greenhouse Gas emissions (for Scope 3 category 1) by 30% compared to our 2017 baseline and our core suppliers used 22% of renewable energy.

In 2023, PUMA joined Zero 100, a cross-sector membership-based research and intelligence organisation, to accelerate progress on Digital Supply Chain Transformation and the path to zero carbon emissions.

On the social side, more than 222,000 factory workers received training on sexual harassment at work, achieving our target three years ahead of schedule. As a long-term signatory to the Bangladesh International Accord on Building and Fire Safety, we also joined Accord Pakistan and a pilot to establish an Employment Injury Scheme in Bangladesh. Collectively, our PUMA employees contributed 57,000 hours of community engagement work around the globe to support educational, women empowerment, environmental, and sports activities.

Our efforts were recognised in several rankings and ratings such as the Corporate Human Rights Benchmark, the Platform Living Wage Financials Benchmark, Know the Chain, the Carbon Disclosure Project and being a finalist of the German Sustainability Award.

Despite this recognition, there are still many areas for improvement. We need to further strengthen our efforts in Human Rights, Climate Action and Circularity.

Following our Conference of the People in 2022, we created our Voices of a RE:GENERATION initiative. Empowering a cohort of four Young Voices to help PUMA identify key areas for improvement. Through various projects, the Voices are helping us to communicate in a way that resonates with the next generation, bringing new perspectives and challenging PUMA to think differently. The Voices have met several times with key players at PUMA to discuss the progress and challenges surrounding our FOREVER. BETTER. Sustainability Strategy and produced PUMA RE:GEN Reports; a podcast series created to engage and better communicate with the younger generation on PUMA's FOREVER. BETTER. 10FOR25 targets. The Voices have also produced RE:HACKS (a social content series sharing tips with consumers on how to extend the lifespan of clothing and kicks). The Voices participated in our materiality assessment, giving input into what will shape PUMA's 2030 Sustainability Strategy.

There is only one Forever – Let's Make it Better.

HIGHLIGHTS OF 2023

We continued to implement our FOREVER. BETTER. Sustainability Strategy working towards our 10FOR25 sustainability targets. We also started preparing for the Corporate Sustainability Reporting Directive (CSRD) and of our next target cycle for 2030 with a new double materiality analysis.

Eight out of ten PUMA products globally were made with a significant part of recycled or certified materials, such as better cotton or recycled polyester.

In **Circularity**, we re-launched product take-back initiatives at selected stores of our major football club partners. At PUMA, we now operate take-back bins at our Headquarters Store in Germany as well as stores in the USA, China/Hong Kong, and Australia. We equipped the Swiss National Women's Football Team with jerseys made from our RE:FIBRE initiative for the Women's World Cup in Australia and launched product take-back bins at our stores in Switzerland.

In **Climate Action**, we agreed on a new more ambitious science-based greenhouse gas reduction target with the Science Based Targets initiative (SBTi) and published our first Climate Action Transition Plan. We continued to power our own offices, stores, and warehouses with 100% green electricity (including purchase of RECs) and added 92 electric cars to our PUMA car fleet. We decreased the air-freight ratio for the transport of our products to under 0.5% and started using biofuels for the shipping of PUMA products from Asia to Europe. We decreased our absolute Scope 3 emissions from the category purchased goods and services by 30% from 2017 to 2023, our core suppliers used 22% of renewable energy and almost 62% of the polyester used in our products is recycled.

In **Human Rights**, we made the payment of a fair wage a bonus relevant topic for PUMA's own staff and continued to track the payment of wages at our core suppliers. For our core supplier Tier 1 factories, the average payment is 12.7% above minimum wage. 222,933 factory workers received training on sexual harassment and 83,089 were paid a living wage on average. Our PUMA employees donated 57,000 working hours to community engagement work and we continued to focus on diversity and inclusion, for example by increasing the percentage of women on our management board to 50% and by becoming a signatory of UN Women Empowerment Principles (UNWEPs). Finally, we appointed a Human Rights Officer and worked on a Human Rights Handbook for our employees to be published in 2024.

In **Biodiversity**, we continued to partner with the Fashion Pact and Textile Exchange and supported the publication of a biodiversity landscape report for our industry. To ensure that the leather used for PUMA products does not contribute to deforestation, we joined the call to action launched by the Leather Working Group and Textile Exchange to source all bovine leather from deforestation-free supply chains by 2030 or earlier. Since 2022, almost all tanneries used for PUMA leather products have been certified by the Leather Working Group. For paper and cardboard, 99.4% are either FSC-certified and/or recycled, to avoid any link to deforestation.

AWARDS AND RECOGNITIONS

Our sustainability efforts continued to be recognised in several external rankings and recognitions. In 2023, PUMA maintained its triple-A rating from MSCI, achieved a "good" rating from the critical consumer labeling organisation "Good on You", and achieved the highest score in the Platform Financials for Living Wages benchmark report and Corporate Human Rights Benchmark for our industry, and maintained an A rating from CDP.

PUMA once again topped the FTSE4Good sector ranking. We received a prime rating from ISS and were included in the Corporate Knights Global 100 Most Sustainable Companies list for the third year in a row, leading the textiles and clothing peer group. PUMA also had the highest score among all sports brands in the S&P Corporate Sustainability Assessment.

At the same time, we continued to receive critical feedback in reports issued by Stand Earth on the use of biomass as a replacement for coal in our supply chain, the Changing Markets Foundation on the dependence on oil as a raw material for synthetic fibres and components, Labor Behind the Label on working conditions in Pakistan, and Clean Clothes Campaign and Action Aid on the wage gap during the COVID-19 pandemic in Cambodia. We consider these critical remarks as we develop our sustainability standards, process and strategy.

PUMA'S FOREVER. BETTER. SUSTAINABILITY STRATEGY

Sustainability remains an integral part of the strategic priorities for PUMA under the leadership of our CEO Arne Freundt and our CSO Anne-Laure Descours.

Our FOREVER. BETTER. Sustainability Strategy is based on our 10FOR25 targets, which were introduced in 2019 following an extensive materiality analysis and stakeholder dialogue. In 2023, we updated our materiality analysis in preparation for our new target cycle until 2030. The results confirm that the areas of Human Rights, Circularity, and Climate Action (including Biodiversity) were ranked as a high priority.

Until the end of our 10FOR25 targets period, we will still report on the 10 target areas to improve our sustainability performance: Human Rights, Climate Action, Circularity, Products, Water and Air, Biodiversity, Plastics and the Oceans, Chemicals, Health & Safety as well as Fair Income.

For each of these target areas, which reference the related United Nations Sustainable Development Goals (SDG), we have defined a minimum of three concrete targets, as well as key performance indicators to follow the progress we have made.

With our FOREVER. BETTER. Sustainability Strategy, we continue our path to fully integrate sustainability into all our core business functions. Sustainability targets are part of the bonus arrangements for every member of our global leadership team, from the CEO to Team Heads.

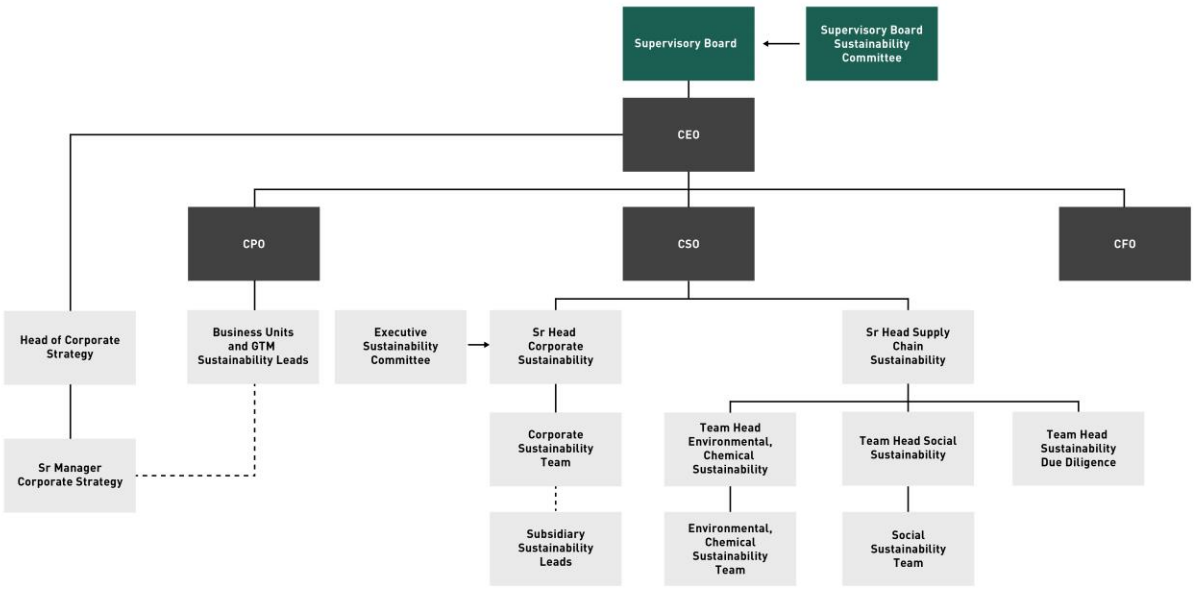
PUMA's Code of Conduct and our vendor compliance programme, which were introduced more than 20 years ago, are still the basis for any contractual relationship with manufacturers globally and remain the foundation of our responsible sourcing strategy and programme. We revised the Code in 2023 and will publish the new version in 2024.

SUSTAINABILITY ORGANISATION AND GOVERNANCE STRUCTURE

PUMA's sustainability organisation is structured and governed in multiple ways:

- At the Supervisory Board level, with a Sustainability Committee. In 2023, we had several meetings to discuss the PUMA action plan related to the Corporate Sustainability Reporting Directive (including our plan to conduct a double materiality assessment in 2023). We had a deep dive discussion into Human Rights including PUMA work on fair income, responsible purchasing practices, the implementation plan of the German Supply Act and critical feedback received through NGO reports regarding factories' working conditions. We also had a deep dive discussion into circularity, including PUMA programmes and projects update, and into Climate actions including our 2030 decarbonisation pathway plan.
- At the Management Board level, the responsibility for sustainability is assigned to the Chief Sourcing Officer (CSO).
  - There were several Management Board meetings in 2023 with dedicated sustainability updates and decision on topics like the 2022 sustainability target status and 2023 action plan, PUMA's action plan related to the German Supply Chain Act and Corporate Sustainability Reporting Directive (including our plan to conduct a double materiality assessment in 2023), new minimum wage negotiation development in Bangladesh and PUMA's position, circularity programmes and projects status and our 2030 decarbonisation pathway plan.
  - PUMA's CEO, the Chair of the Supervisory Board and the Works Council all participated in our materiality assessment, which will lay the foundations of our new Sustainability Strategy for 2030.
  - Our CSO has a monthly meeting with the Sustainability Leads for corporate and supply chain sustainability. Topics include Human Rights, Health and Safety, and chemical programmes, as well as climate and water projects in the supply chain.
- At the Functional Heads level, with an Executive Sustainability Committee.
  - The Executive Sustainability Committee comprises of all Functional Heads of the company, such as the People & Organisation, Sourcing, Finance, IT, Marketing, Risk Management, Investor Relations, Retail, Logistics and Legal Affairs. The committee met twice in 2023 to provide an update on sustainability programmes and approved the 2023 Sustainability Bonus Targets.
- At the Product level, with a Cross-Functional Business working group and monthly updates on PUMA's more sustainable product strategy and execution.
- At the Subsidiary level with nominated Sustainability Leads for each PUMA subsidiary (quarterly updates on PUMA Sustainability Strategy and performance, best practice sharing from individual subsidiaries).
- At the Sustainability Experts level, with a corporate sustainability department and a supply chain sustainability department.
- At the Legal and Compliance level, with a Human Rights Officer. In December 2023, PUMA appointed PUMA General Counsel Corporate Governance & Compliance as Human Rights Officer. The Human Rights Officer shall monitor PUMA's risk management system, risk analysis relating to Human Rights and compliance with Human Rights due diligence regulations.
- PUMA has a Health and Safety Committee that operates in the headquarters and conducts quarterly meeting. This committee regularly reviews existing reports on known health and safety risks, conducts frequent health and safety inspections and exchanges documentation on health issues and risks. The Global Director People & Organisation, who is part of the Health and Safety Committee, informs the Management Board of PUMA SE about relevant health and safety matters at least quarterly.

↗ G.01 SUSTAINABILITY ORGANISATION CHART

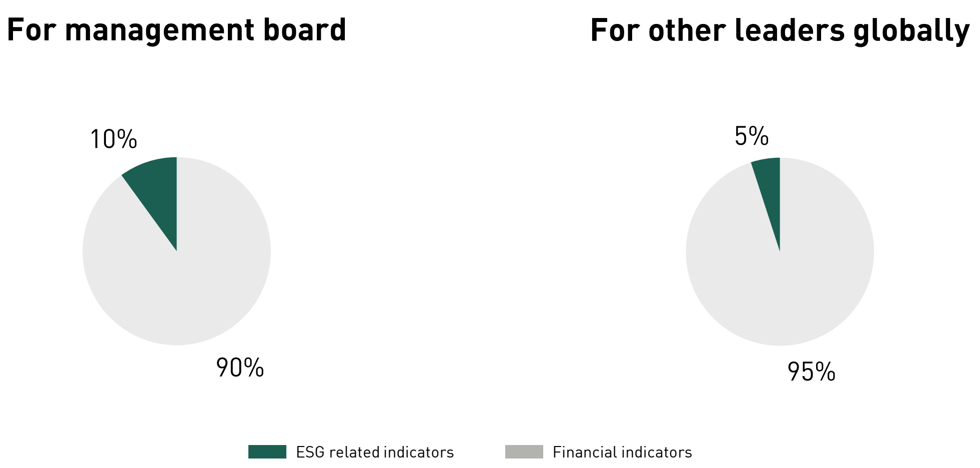


SUSTAINABILITY PERFORMANCE-RELATED REMUNERATION

At PUMA, we link performance criteria in the remuneration of all leaders globally with clear and defined sustainability targets. The variable annual performance bonus is based on the achievement of PUMA's FOREVER. BETTER. Sustainability Strategy targets.

All PUMA leaders globally, from the CEO to the Team Head level, have clearly defined sustainability targets as part of their annual performance bonus. These targets are aligned with PUMA's FOREVER. BETTER. Sustainability Strategy and focus on our 10FOR25 sustainability target areas: Human Rights, Climate Action, Circularity, and Health and Safety. The targets cover 10% of the overall bonus for members of the Management Board and 5% for other leaders globally.

↗ G.02 REMUNERATION CRITERIA BY WEIGHT



↗ T.01 2023 BONUS TARGETS

Area	Percentage of Bonus	Corporate & Subsidiaries Target	Sourcing & Supply Chain Target
Human Rights	1.25% (2.5%)	All PUMA employees are paid a living wage; 2 hours community engagement per FTE	No zero tolerance issues prevailing at year end 180,000 workers training on women empowerment
Climate Action	1.25% (2.5%)	30% of all cars in PUMA's car fleet hit the EU Taxonomy definition of a low-emission car (<50 g CO_2/km) Air freight ratio for transport of goods reduced to under 0.5%	15% renewable energy for core suppliers
Health and Safety	1.25% (2.5%)	Zero fatal accidents; Injury rate below 0.5 80% employees trained	Zero fatal accidents; Injury rate below 0.5 100,000 workers trained
Circularity	1.25% (2.5%)	Increase percentage of recycled polyester to 60% for apparel and accessories and 50% for footwear Take-back schemes rolled out in one country each in Americas, Europe and Asia	Increase percentage of recycled polyester to 60% for apparel and accessories and 50% for footwear

STAKEHOLDER OUTREACH

To ensure that the PUMA Sustainability Strategy covers the most relevant topics, we use a formal materiality analysis process combined with stakeholder dialogue and outreach.

For our updated materiality assessment, we interviewed several non-profit stakeholders including the Global Trade Union Federation IndustriAll, Fair Labor Association, Textile Exchange, United Nations Framework Convention on Climate Change (UNFCCC), and the German Development Organization GIZ.

Our first PUMA stakeholder dialogue dates back to 2003. Since then, we have organised 15 in-person stakeholder meetings and held one virtually. Our stakeholder dialogue includes representation in and contribution to several sustainability initiatives. In 2023, we actively participated in several sustainability initiatives and events, such as conferences by the UNFCCC (Global Stocktake and COP28), ZDHC (Board Meetings), Textile Exchange Annual Conference, Better Work Global Business Forum, OECD Forum on Due Diligence in the Garment and Footwear Sector, Better Cotton Initiative Annual Conference and the Global Fashion Agenda (Global Conference), to name just a few. Our overall investment in partnerships to accelerate sustainability efforts amounts to over €1 million. Our next formal PUMA stakeholder dialogue meeting is planned for April 2024.

In 2023, we developed a Civil Society Organisations (CSOs) engagement policy to engage with them reactively and proactively, further details are given in the **Due Diligence and Risk Assessment** section of this report.

PUMA has placed a large emphasis on industry collaboration and, where possible, supporting existing industry initiatives. Collaboration with our peers is paramount to streamlining the sustainability efforts of our industry. We believe that encouraging the alignment of individual industry organisations, e.g., converging the use of tools and processes, makes the overall system more efficient.

↗ G.03 MATRIX OF KEY PARTNERSHIP INITIATIVES

Human Rights		Chemicals	Products	Climate Change		Health and Safety	Water and Air	Biodiversity	Plastics and the Oceans	Circularity	Fair Income
UN Global Compact Peer Learning Group (Germany)	International Organisation for Migration (IOM)	Zero Discharge of Hazardous Chemical Foundation (ZDHC)	Textile Exchange	Fashion Industry Charter for Climate Action (UNFCCC)	Fashion Pact	International ACCORD (Bangladesh, Pakistan)	Zero Discharge of Hazardous Chemicals Foundation (ZDHC)	Fashion Pact	Fashion Pact	Global Fashion Agenda	Fair Labor Association (FLA)
Fair Labor Association (FLA)	Better Buying	AFIRM Group	Better Cotton Initiative (BCI)	Carbon Disclosure Project (CDP)	Zero100	ITC-ILO	Sustainable Apparel Coalition (SAC)	Forest Stewardship Council (FSC)	Textile Exchange	Textiles Exchange	Fair Wage Network
Social and Labor Convergence Program (SLCP)	Elevate Amader Kotha (Bangladesh) Hamari Awaz (Pakistan)	GOBlu	Leather Working Group	Stiftung Klima Wirtschaft (Germany)	Guidehouse	Fair Labor Association (FLA)	Carbon Disclosure Project (CDP)	Canopy	Microfiber Consortium	Policy Hub	
ILO Better Work (Bangladesh, Cambodia, Indonesia, Vietnam, Egypt, Pakistan)	MicroBenefits (China, Vietnam) Labor Solution (Indonesia, Cambodia, Philippines, Vietnam, Turkey, Pakistan)	Sustainable Apparel Coalition (SAC)	V-Label	International Finance Corporation (IFC) (Bangladesh)	Institute of Public and Environmental Affairs (IPE) (China)	ILO Better Work (Bangladesh, Cambodia, Indonesia, Vietnam, Egypt, Pakistan)	Institute of Public and Environmental Affairs (IPE) (China)	Textile Exchange	Federation of the European Sporting Goods Industry (FESI)	Federation of the European Sporting Goods Industry (FESI)	
Freedom of Association Protocol (Indonesia)	econsense (Germany)	Federation of European Sporting Goods Industry (FESI)	Federation of European Sporting Goods Industry (FESI)	Apparel Impact Institute (China, Taiwan, Vietnam, Indonesia)	German Corporation for International Cooperation (GIZ) (Vietnam, Cambodia)	Elevate (India, Indonesia)		Carbon Disclosure Project (CDP)			

international national

CONFERENCE OF THE PEOPLE AND VOICES OF A RE:GENERATION

In 2022, PUMA held the Conference of the People, a first-of-its-kind event for PUMA. Industry peers, activists, NGOs, experts, ambassadors, and consumers came together to discuss solutions for some of the fashion industry's pressing sustainability challenges. With a special focus on Gen-Z, the conference highlighted the need for brands to improve transparency and communication more regarding sustainability.

Following this event, in April 2023 PUMA launched its year-long Voices of a RE:GENERATION initiative, empowering a group of Young Voices to help PUMA identify key areas for improvement and giving them a seat at the table alongside leading stakeholders.

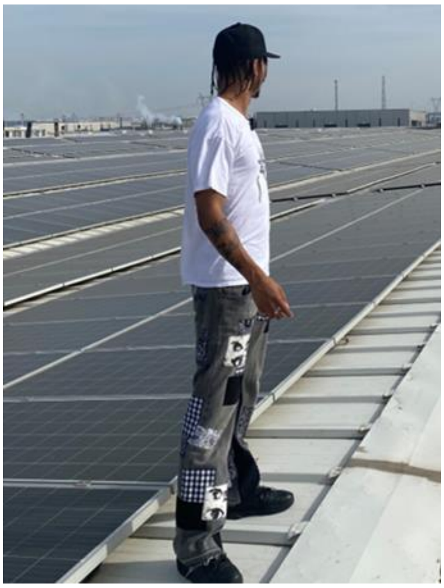
Through various projects, the Voices are educating, engaging and co-creating with PUMA to help improve how PUMA communicates about sustainability in a way that resonates with the next generation, bringing new perspectives and challenging PUMA to think differently. In September 2023, PUMA expanded the reach of the initiative beyond Europe and the USA by adding Indian sustainable fashion advocate **Aishwarya Sharma**. Aishwarya joined PUMA's current Voices, the USA-based upcycler **Andrew Burgess**, Germany-based sustainable and healthy living vlogger **Luke Jaque-Rodney** and France-based visual artist and creative consultant **Jade Roche**.

Voices of a RE:GENERATION: Aishwarya Sharma, Andrew Burgess, Jade Roche, Luke Jaque-Rodney (from left to right)

To date, the Voices have met several times with key players at PUMA to discuss the brand's progress and challenges surrounding its FOREVER. BETTER. Sustainability Strategy and produced PUMA **RE:GEN Reports**, a podcast series created to engage and better communicate with the younger generation on PUMA's FOREVER. BETTER. 10FOR25 target areas.

Since then, the Voices have also partnered with PUMA to produce RE:HACKS (a social content series sharing tips with consumers on how to care for and extend the lifespan of clothing and kicks) and participated in the PUMA 2023 sustainability materiality assessment, giving input into what will shape PUMA's 2030 sustainability action plans.

In October 2023, three of the Voices visited some of PUMA's manufacturing partners in Bangladesh, Vietnam, and Turkey to get their impressions of PUMA's supply chain and experience the realities, progress and challenges of sustainability at scale on the ground. Their learnings will be shared through their social channels in 2024. Building on these efforts and progress, PUMA will continue the RE:GENERATION initiative into 2024.



Voices of a RE:GENERATION visiting factories in Bangladesh, Turkey and Vietnam

PUBLIC POLICY ADVOCACY ENGAGEMENT

PUMA does not lobby as a separate entity. However, as part of our membership in industry federations and expert organisations like the Federation of the European Sporting Goods Industry (FESI) or the Policy Hub, our experts provide feedback on policy positions to those organisations and attend meetings with policy makers from time to time. We ensure that our feedback provided is aligned with our Sustainability Strategy and targets, such as limiting global warming to 1.5 degrees. In 2023, PUMA joined the Fashion Industry Charter for Climate Action (UNFCCC) policy dialogue event in Bangladesh. Membership fees paid by PUMA to the organisations involved in policy outreach are below € 300,000 per year in total.

Organisations engaged in public policy outreach in which PUMA is a member:

- Policy Hub
- World Federation of the Sporting Goods Industry (WFSGI)
- Federation of the European Sporting Goods Industry (FESI)
- Bundesverband der Sportartikelindustrie (BSI)
- Fashion Industry Charter for Climate Action (UNFCCC)
- Stifung Klimawirtschaft

MOST MATERIAL ASPECTS

PUMA performed a formal materiality analysis in 2018 – 2019 with the help of expert consultancy BSR. The methodology, list of consulted stakeholders, and results were reviewed and approved by PUMA's Managing Directors. Materiality assessment results are also considered in the risk management process. Our risk management function assesses our most material topics and the risks related to those topics in collaboration with the risk owners. The 2019 materiality assessment formed the basis for our existing PUMA FOREVER. BETTER. Sustainability Strategy and 10FOR25 targets, as well as the structure of this 2023 report, and is outlined in the graph below. Further details on the methodology can be found in PUMA's **2022 Annual Report**.

↗ G.04 PUMA'S MOST MATERIAL ASPECTS (2018 – 2023)

IDENTIFIED MOST MATERIAL TOPIC		10FOR25 TARGET AREA
• Responsible Sourcing of Raw Materials	→	• Products
• Supply Chain Transparency	→	• Human Rights
• Good Supplier Working Conditions	→	• Human Rights
• Worker Health and Safety	→	• Health and Safety
• Living Wage	→	• Fair Income
• Chemical Use and Discharge	→	• Chemicals
• Climate Change Strategy	→	• Climate
• Sustainable Product Design and Development	→	• Products
• Sustainable Plastics and Packaging	→	• Plastics and the Oceans
• Circularity	→	• Circularity
• Human Rights	→	• Human Rights
• Diversity and Inclusion	→	• Human Rights

DOUBLE MATERIALITY ANALYSIS – 2024 AND BEYOND

In 2023, PUMA conducted an updated materiality analysis based on the principle of double materiality as requested by the Corporate Sustainability Reporting Directive (CSRD). The methodology, list of consulted stakeholders, and results were reviewed and approved by PUMA's Managing Directors (CEO, Chief Financial Officer, Chief Product Officer and Chief Sourcing Officer). PUMA's CEO, the Chair of the Supervisory Board, and a Workers Council representative participated in the materiality assessment.

The 2023 materiality assessment was conducted by the expert consultancy Radley Yeldar and included:

- A horizon scanning stage, including peer benchmark assessment, legislation, sustainability frameworks and ratings, and media screening
- Development of CSRD-compliant impact assessment criteria
- Stakeholders interviews with 32 participants, including 16 PUMA and 16 external stakeholders as well as an online survey (37 responses)
- Out of the interviews, eight in-depth interviews for financial impact were conducted, including investor and lender views
- Results validation meetings between PUMA's Sustainability Team and Radley Yeldar
- Managing Directors' approval

A total of 25 sustainability topics were selected after the horizon scanning stage to be evaluated by stakeholders. Seven topics were identified by our stakeholders as being **financially material** to PUMA.

Social topics
- Forced and Child Labor in the supply chain
- Gender Equity in the supply chain
- Worker Wages in the supply chain
- Labor Conditions in the supply chain
- Employee engagement and development of own workforce

Other topics
- Circular Design and Production
- Supply Chain Traceability and Management

Seven topics were assessed to have a significant **outward impact**.

Social topics
- Worker Wages in the supply chain
- Labor Conditions in the supply chain
- Diversity, Equity, and Inclusion of own workforce
- Employee Engagement and Development of own workforce

Environmental topics
- Water Use in the supply chain
- Biodiversity, Land Use and Deforestation in the supply chain
- Climate Actions in the value chain

Notably, Labor Conditions, Worker Wages, and Employee Engagement and Development passed both the financial and outward impact threshold for materiality. All eleven topics, targets and achievements, identified as material (from a financial and outward impact perspective) are already included in this report. Going forward, we will transition from our 10FOR25 targets toward our 2030 strategy, which will be based on the new materiality assessment and the outcome of our stakeholder dialogue in 2024.

↗ G.05 PUMA'S DOUBLE MATERIALITY MATRIX

↗ G.06 PUMA'S 2025 SUSTAINABILITY TARGETS

Human Rights
(SDG 3, 5, 8 and 10*)

Biodiversity
(SDG 14 and 15*)

Fair Income
(SDG 1, 2 and 10*)

Health and Safety
(SDG 3*)

PUMA SUSTAINABILITY TARGETS
2025

Circularity
(SDG 9, 12, 14 and 15*)

Chemicals
(SDG 3 and 6*)

Products
(SDG 12*)

Water and Air
(SDG 6, 14 and 15*)

Climate
(SDG 7 and 13*)

Plastics and the Oceans
(SDG 3, 14 and 15*)

* SDG: United Nations Sustainable Development Goals

↗ T.02 PUMA 10FOR25 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY[1]

Not started | In progress | On track | Achieved

Target area	Targets for 2025	Performance 2023	Status
01 Human Rights	Target 1: Train 100,000 direct and indirect staff members on women's empowerment	222,933 factory workers and 3,727 PUMA employees trained	Achieved
	Target 2: Map subcontractors and Tier 2 suppliers for Human Rights risks	Tier 1 subcontractors mapped Tier 2 mapping completed (since 2022)	Achieved
	Target 3: 25,000 hours of global community engagement per year	57,000 hours	Achieved
02 Health and Safety	Target 1: Zero fatal accidents (PUMA and suppliers)	Zero fatal accidents at PUMA 1 fatal accident at suppliers	On track
	Target 2: Reduce accident rate to 0.5 (PUMA and suppliers)	0.46 at PUMA 0.2 injury rate at PUMA suppliers	Achieved
	Target 3: Building safety policy operational in all high-risk countries	ACCORD Bangladesh: Progress rate 94% Signed ACCORD Pakistan Building safety assessments in 35 factories in Indonesia, India, Bangladesh and Pakistan	Achieved
03 Chemicals	Target 1: Ensure 100% of PUMA products are safe to use	No product recall from the market	Achieved
	Target 2: Maintain RSL compliance rate above 90%*	6,130 tests with RSL compliance rate at 98.7%	Achieved
	Target 3: Reduce organic solvent usage to under 10 gr/pair	VOC index at 12.5 g/pair	On track
04 Water and Air	Target 1: 90% compliance with ZDHC Wastewater Guidelines	Conventional parameters: 99% Restricted chemicals: 98% Heavy metals: 99%	Achieved
	Target 2: 90% compliance with ZDHC Air Emissions Guidelines	Our core Tier 1 and Tier 2 follow local regulation Joined ZDHC pilot	*
	Target 3: 15% water reduction per pair or piece based on 2020 baseline	Textile: -4.9% per ton Leather: +11.7% per square meter Apparel: +9.4% per piece Footwear: -21.5% per pair	In progress
05 Climate	Target 1: Align PUMA's climate target with 1.5 degrees global warming scenario	SBTi approved our new 1.5 degree aligned target for absolute GHG emission reduction: Scope 1 and 2 by 90%, Scope 3 by 33% in 2030. Our first 2019 SBT achieved in 2023.	Achieved
	Target 2: 100% renewable electricity for PUMA entities	100% renewable electricity used for PUMA entities (including RECs purchase)	Achieved
	Target 3: 25% renewable energy for core suppliers	23.1% for Tier 1 (finished goods) 21.7% for Tier 2 (materials) (including RECs purchase)	On track

* ZDHC air emission guidelines have not been yet released at the end of 2023. We have participated in a pilot in collaboration with ZDHC to test the draft standards.

06 Plastics and the Oceans	Target 1: Eliminate plastic bags from owned and operated PUMA stores	As of 1 January 2023, plastic bags are no longer used in PUMA's owned and operated stores
	Target 2: Support scientific research on microfibres	Signed 2030 commitment of microfiber consortium, 12 shedding tests conducted
	Target 3: Research biodegradable plastics options for products	RE:SUEDE experiment as a test for biodegradability completed and results publicly shared
07 Circularity	Target 1: Establish take-back schemes in all major markets	Take-back schemes established in at least one country in each of Americas (the USA), Europe (Switzerland) and Asia (Australia)
	Target 2: Reduce production waste to landfills by at least 50% compared to 2020	64.7% reduction of waste to landfill per footwear pair 87.4% reduction of waste to landfill per apparel piece
	Target 3: Develop recycled material options for cotton, leather and rubber	Recycled cotton used at scale Recycled rubber and reconstituted leather used in selected collections
08 Products	Target 1: Procure 100% cotton, polyester, leather and down from certified sources	99.2% cotton 85% polyester 99.7% leather 100% down
	Target 2: Increase recycled polyester use to 75% (apparel & accessories)	64.9% recycled polyester used for apparel and accessories
	Target 3: 90% of apparel and accessories classified as more sustainable 90% of all footwear contains at least one more sustainable component	87% apparel volume 40% accessories volume 93% footwear volume
09 Fair Income	Target 1: Fair wage assessments for the top five sourcing countries	Five out of five assessments completed (Bangladesh, Cambodia, Indonesia, Vietnam, China)
	Target 2: Effective and democratically elected worker representatives at all core suppliers	66% core Tier 1 factories have elected worker representatives
	Target 3: Ensure bank transfer payments for all core suppliers	100% core Tier 1 and Tier 2 suppliers use digital payment 100% of workers are paid digitally in core factories
10 Biodiversity	Target 1: Support setting up a biodiversity SBT	Sponsored a biodiversity landscape analysis report with Textile Exchange and Fashion Pact
	Target 2: Procure 100% cotton, leather, and viscose from certified sources	99.2% cotton 99.7% leather 84% viscose
	Target 3: Zero use of exotic skins or hides	Phased out the usage of kangaroo leather during 2023 No exotic skins or hides in use

1 REC: Renewable Energy Attribute Certificates, RSL: Restricted Substances List, SBT: Science-Based Target, SLCP: Social and Labor Convergence Programme, Tier 1 (T1) suppliers: Supplier of finished goods, Tier 2 (T2) supplier: Supplier of materials or components, Tier 3 (T3) supplier: Supplier of yarn, hides, etc., VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals

SCOPE OF THE REPORT

DATA COLLECTION

In the Sustainability report, we cover the PUMA Group data, excluding PUMA United. We collect data from our core suppliers of components, materials, and finished products. Our materials data excludes the materials used by stichd (mainly socks and bodywear) and PUMA United, as well as the materials used for Cobra Golf equipment, as these companies run their own sourcing. For social compliance data, PUMA United, stichd, and Cobra Golf factories producing PUMA products are included. For environmental data, we also report stichd own sites and factories according to PUMA's Environmental Performance Rating System.

We do not provide separate reports for PUMA SE and the Group in the Sustainability section.

DATA SOURCES

To ensure a high level of transparency and promote the sharing of environmental and social data with our industry peers, we have chosen to use external databases, most of which are publicly accessible:

- The **Open Supply Hub**, an open-source map and database of global apparel facilities
- The **Fair Factories Clearinghouse** for sharing social audit data with other brands
- The wastewater platform of the Zero Discharge of Hazardous Chemicals Foundation (ZDHC) for supplier data on wastewater testing reports (ClearStream reports)
- The **ZDHC Chemicals Gateway** for the use of safe chemicals
- ZDHC-approved chemical inventory platforms: BHive, CleanChain, E3
- RSL database **Green Arrow**
- The China-based NGO IPE for the publication of suppliers' environmental data
- **IPE's Green Supply Chain Map** of environmental performance data of some of our core suppliers in China
- The Higg Index Platform **Worldy**
- The **Fair Labor Association (FLA)** fair compensation dashboard to benchmark factory workers' income towards industry and/or living wage benchmark
- The **Fair Wage Network database**
- ACCORD Bangladesh inspections database: **The Bangladesh Accord on Fire and Building Safety in Bangladesh**
- Worker Complaints – third-party platforms: **MicroBenefits CIQ, Labor Solution - WOVO, Amader Kotha**

We also use our own sustainability data collection tool to record social and environmental performance data from PUMA-owned and operated sites and from the core suppliers that manufacture our products or the material used in our products.

DUE DILIGENCE AND RISK ASSESSMENT

PUMA conducts regular and industry-specific due diligence on human rights and labour, environmental, and integrity risks (listed in T.03) for its own activities and across its supply chain as per the recommendations of the UN Guiding Principles for Business and Human Rights, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, and other relevant responsible business conduct standards, such as the German Supply Chain Act. We embed responsible business conduct in our policies, training, and management systems and identify actual and potential harms in our own operations and supply chain.

↗ T.03 HUMAN RIGHTS & LABOUR, ENVIRONMENTAL AND INTEGRITY RISKS

Human Rights & Labour Risks	Environmental Risks	Integrity Risks
Child labor	Greenhouse gas (GHG) emissions	Bribery and corruption
Discrimination	Hazardous chemicals	
Forced labor	Water scarcity	
Occupational health and safety (e.g., worker-related injury and ill health)	Water pollution	
Violations of the right of workers to establish or join a trade union and to bargain collectively	Landuse change	
Non-compliance with minimum wage laws	Waste	
Wages do not meet basic needs of workers and their families	Air emissions	

Due diligence is an ongoing process, to identify, mitigate, and prevent risks and address their existing and potential adverse impacts (e.g. child labour, discrimination, hazardous chemicals, etc.).

As stated in the “Corporate Governance Statement”, PUMA has a functioning Compliance Management System (CMS) to systematically prevent, detect and sanction violations in the areas of corruption, money laundering, conflicts of interest, antitrust law and fraud/embezzlement.

In response to the possibility of future crises and/or upcoming regulations, our vendors are recommended to conduct their own due diligence. PUMA’s process of assessing the risk of potential harm to people (human rights and labour and environmental risks) includes:

- External sources: NGO reports, media, country indices and country regulation, PUMA partnerships with Fair Labor Association, Better Work, Fashion Charter, ZDHC, AFIRM, etc.
- Internal sources: PUMA social, chemical and environmental audit findings/data analysis, grievances received per country, supply chain risk mapping, number of factories in countries with high risk, per commodity, also including non-core factories, material processing and raw material extraction.

We prioritize risks based on:

- Severity: Scale (how serious the impact is), scope (how many people are or will be affected) and irremediability
- The likelihood of risk occurring based on the operating environment: Conflict zone, weak governance; mismatch between local practices and international standards

Our mitigation measures include the factory monitoring programme, grievance mechanism, supplier scorecard, business integration, goal-setting and internal and external reporting. The effectiveness of our measures is evaluated based on progress and compliance with our policies.

PUMA's policies are published on **our website**, as well as our factory monitoring programmes and standards defined in our Social, Environmental, Occupational Health and Safety and Chemical **Handbooks**.

In 2023, we developed a Civil Society Organisations (CSOs) engagement policy, following Fair Labor Association guidelines and approval. It formalizes PUMA's commitment to engage with CSOs reactively and proactively for information sharing (to understand concerns and to increase transparency about PUMA's works, challenges and progress) and for consultation purposes (to make informed sourcing decisions to not impact people's rights) which can lead to collaboration to address a specific challenge or remediate an issue.

It also defines the criteria below to plan the form and frequency of engagement:

- High-risk and high-production volume countries
- Severity and the likelihood of violations or risks
- Knowledge gaps regarding new or upcoming risks identified through a supply chain risk assessment
- Persistent issues identified through factory monitoring programme or risk assessment
- Concerns raised through PUMA grievance mechanisms and third-party reports

Proactive engagement with CSOs aims to develop and review our sustainability-related goals, policies and standards, assess risks or get input for our double materiality assessment, develop remediation plans and improve access to remedy, inform about PUMA's sustainability performance and open issues and evaluate the effectiveness of our due diligence processes, sustainability programmes and grievance mechanism.

Reactive engagement takes place when a concern is raised to PUMA. PUMA and PUMA's suppliers offer different grievance channels to any worker as well as third parties, including CSOs, to raise their concerns regarding human rights, environmental protection and violations of PUMA's policies: such concerns can be raised through workers' voice platforms, the PUMA hotline and Fair Labor Association third party complaints.

PUMA also adopted ELEVATE intelligence (EiQ), a comprehensive suite of supply chain analytics, to:

- Assess our supply chain risks by geography, commodity and issue
- Complete a risk assessment for suppliers, factories and sites
- Manage risks that are material for each supplier, factory or site

Our 10FOR25 targets are linked directly to the four main sustainability-related risks identified in our due diligence process:

- Potential human rights violations or incidents in our supply chain (Tier 1 and core Tier 2*)
- Potential incidents of environmental pollution in our supply chain (Tier 1 or core Tier 2)
- Potential non-compliance with chemical regulations during production (Tier 1 or core Tier 2)
- Negative effects of climate change (transition risks and physical risks)

The four main sustainability-related risks are reflected in the Risk Management System that PUMA has established to identify and manage material risks or risks that could pose a threat to the company's objectives at an early stage. The Risk Management function conducts formal interviews with selected risk owners (key function management responsible for identifying and addressing the risks) on a semi-annual basis set to identify, evaluate, and report risks. The risk owners of PUMA's Sustainability Department review risks within their area of responsibility and report on the measures implemented to mitigate or reduce the potential impact of sustainability-related risks to the Risk Management function.

* Tier 1 manufacturers of PUMA products; Tier 2 manufacturers of materials and components

To mitigate and prevent sustainability risks, PUMA has set the 10FOR25 targets and implemented a due diligence process. PUMA reports internally and publicly (through annual sustainability reports) on the following activities and progress toward our 10FOR25 targets:

- Conducting regular complete and follow-up social audits based on International Labor Organization standards (including reaudits and capacity building projects) for all Tier 1 and core Tier 2 suppliers.
- Monitoring performance with factory environmental management system via Higg Index Facility Environmental Module (FEM), regular RSL (Restricted Substances List) testing of materials and products, input chemistry control via Manufacturing Restricted Substances List (MRSL) by ZDHC, output control via wastewater tests by independent and accredited laboratories.
- Following the status of new regulations via industry associations such as the Federation of the European Sporting Goods Industry (FESI), or the Policy Hub, and other key partners. A matrix listing PUMA's key partnership initiatives is maintained to track all relevant international and national sustainability organisations, and follow up on legal requirements (e.g. UK Modern Slavery Act, new German Supply Chain Due Diligence Act) in a timely manner.
- Implementation of an approval procedure for sustainability related product claims.
- Conducting stakeholder dialogue with NGOs and other expert organisations.
- Regular updates of PUMA policies and sustainability standards (e.g. Code of Conduct, sustainability handbooks).
- Establishing of a functioning workers' hotline (included in Code of Conduct) and employees' hotline (included in Code of Ethics).
- Enhanced industry-wide collaboration with competitors in terms of human rights and environmental performance measurement tools, standards and certifications (e.g. Facility Environmental Module, Social Labour Convergence Programme, Material Restricted Substances List, Leather Working Group, Forest Stewardship Council).
- Regular internal training (for example e-learning accessible via Workday).

Net risks as outlined in the CSR Directive Implementation Act (§ 315c in relation to § 289c, section 3, number 3 German Commercial Code (HGB)), were not identified in 2023.

Further details on PUMA's overall risk management can be found in the Risk Management section.

In 2023, as part of PUMA's continuous review of Due Diligence policies and processes, we revised our Code of Conduct and will publish it in 2024. We will also revise PUMA FOREVER. BETTER. Sustainability Handbooks in 2024.

The scope of the implementation of the Code, Policies and Handbooks has been expanded, mentioning all PUMA's business partners within and beyond the supply chain, including business partners who represent PUMA (such as consultants and agents), and PUMA's own organisation.

The updates of the Code of Conduct include clarifying definitions regarding the worst forms of child labour and the prohibition of slavery. Provisions were added regarding supply chain traceability, the use of security forces without violating any Human Rights, provision on chemical and waste management in line with International Conventions, as well as unlawful eviction and taking of land. We also emphasize PUMA's commitment to remediation of violations and similar expectations from our business partners; we also added how workers can use PUMA hotline for any grievance.

Two new standards were added to the Code of Conduct:
- No harm when using security forces
- Respect of land rights

To ensure that our suppliers understand the requirements set by PUMA as well as international Due Diligence regulation and standards in the garment and footwear industry, PUMA organised multiple training sessions in 2023 including:

- Meetings with suppliers to share updates on PUMA standards and industry best practices, elaborate on the German Due Diligence Supply Chain Act by industry experts; CNTAC in China and VITAS in Vietnam.
- Training on Accident Prevention and Reporting with factory management, who will support us in achieving the goal of training 100,000 workers in this area.
- Root cause analysis training for strategic suppliers.
- Customised e-learning on Social Standards, to support existing and new suppliers with understanding PUMA's expectations.
- PUMA expectations for suppliers regarding our Code of Ethics.

Fashion Revolution works towards a vision of a fashion industry that conserves and restores the environment and values people over growth and profit. The **Fashion Transparency Index** is an annual review of 250 fashion brands and retailers ranked according to their level of public disclosure on human rights and environmental policies, practices and impacts in their own operations and in their supply chains.

PUMA ranks sixth out of the 250 fashion brands and retailers, our index improved from 58% in 2022 to 66% in 2023, because of our increased public disclosure on social and environmental policies, practices and impacts.

The **Corporate Human Rights Benchmark** ranks 110 of the world's largest apparel and extractives companies on their corporate human rights performance.

PUMA ranks fourth out of 110 companies and first in the Apparel sector of the World Benchmarking Alliance 2023 Corporate Human Rights Benchmark, with a total score 53.4 of out of 100. We have embedded our policy commitments to respect human rights within our operations by allocating responsibility and resources for the day-to-day management of human rights, providing training on human rights issues, and establishing a global due diligence system to assess, mitigate and evaluate human rights risks and impacts.

KnowTheChain benchmarks how companies address forced labor in corporate global supply chains to inform companies' and investors' decision-making and enable companies to operate more transparent and responsible supply chains.

PUMA ranks second out of 65 companies in KnowTheChain 2023 Apparel & Footwear Benchmark. Compared to 2021, we improved our rank by six places. This is because we disclose the percentage of migrant workers at Tier 1 and core Tier 2 suppliers, recruitment fee remediation across four countries and responsible recruitment training for suppliers. We also increased information disclosure on our human rights risk assessment process. Notably, PUMA has the highest score on the theme of Traceability & Risk Assessment.

HUMAN RIGHTS

TARGET DESCRIPTION:

- Train 100,000 direct and indirect staff on women's empowerment
- Map subcontractors and Tier 2 suppliers
- Two hours of community engagement per FTE globally per year

Relates to United Nations Sustainable Development Goals 3, 5, 8 and 10

KPIs:

- Percentage of worker complaints resolved
- Number of factories with an A, B+, B-, C or D grade
- Number of Tier 2 suppliers and subcontractors included in our risk mapping
- Number of zero-tolerance issues prevailing at year end
- Number of employee hours spent on community engagement (KPI shared with Human Resources)
- Number of workers trained on women's empowerment

PUMA's sustainability policies are aligned with the United Nations' (UN) Declaration of Human Rights, the UN Guiding Principles (UNGPs) on Business and Human Rights, the International Labor Organization's Core Labor Conventions, and the ten principles of the UN Global Compact (UNGC). Observing Human Rights was part of our first Code of Conduct developed in 1993 and has guided our business ethics ever since. It has been the long-standing practice of PUMA to monitor our supply chain and conduct Human Rights due diligence for our suppliers globally, including those in major production hubs, such as Vietnam, Bangladesh and China continuously and rigorously.

HUMAN RIGHTS AT PUMA'S OWN ENTITIES

Guided by our Code of Ethics and Code of Conduct, PUMA's company culture of diversity and inclusion puts Human Rights at the centre of everything we do. Our commitment to employee well-being is also documented in numerous employee awards and top-employer rankings received all over the world.

Our internal programmes to uphold Human Rights include measuring gender, nationality, and age distribution among our colleagues, providing a safe work environment as well as elected worker representatives and collective bargaining agreements at selected larger offices, such as our German headquarters. In December 2023, PUMA appointed a Human Rights Officer to monitor PUMA's risk management system, risk analysis relating to human rights and compliance with Human Rights due diligence regulations. In addition, we worked on a Human Rights Handbook for our own entities globally, to be published in 2024.

All PUMA employees who feel that ethical standards in business may have been compromised can raise their voices. Various channels are in place to report any suspicions and/or observations related to modern slavery or other Human Rights aspects. In practice, all employees can address their requests regarding apparent failures to their line manager. They may also raise the matter with staff representatives, the Legal department, the Internal Audit department, or via a toll-free external **whistleblower platform** available worldwide. Our Ethics Committees make sure that no action is taken against an employee who, in all good faith, reports a case of failure to comply with an ethical principle of the Code of Ethics, because of having reported the matter. In 2023, to meet its obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), PUMA published its **Rules for the Complaint Procedure**.

REFORM INITIATIVE

As REFORM continues through its fifth year of existence, our partnership with The Trevor Project (TTP) continues to drive impact in our communities with a focus on supporting policies and practices that affirm and protect young LGBTQ athletes. In 2021, in partnership with TTP, we sought to build a well-researched and comprehensive training scheme to support equity in sports and promote gender inclusivity. In 2023, we launched the Reform the Locker Room programme, furthering our reach to locker rooms, classrooms, and offices alike.

REFORM was also able to launch a new project and collection, called Icons of Unity. Icons of Unity honors PUMA ambassador and global Icon, Tommie Smith, and amplifies his message of Justice, Dignity, Equality and Peace. As we continue to build out this programme, we look forward to identifying athletes, colleagues, and community leaders who embody this characteristic of Tommie, being more than what is obvious and a beacon for a more united community. We kicked this off with an amazing interview with Tommie and Olympians, Felix Streng and Colin Jackson.

In 2023, we educated and preserved culture and history through our work with BLACK FIVES and its NY RENS 100 collection launched in November with court refurbishments and street dedications. We have been able to advocate for and amplify a message of rebuilding communities in conjunction with our partner Game of Our Lives and football star and PUMA ambassador Oleksandr Zinchenko and his Game4Ukraine charitable celebrity soccer match that raised large amounts of money to support the rebuilding of Ukrainian schools. We supported the match with game balls and training gear for all participants. We also hosted a match viewing event at our Herzo HQ with many of the Ukrainian families that have been relocated during the time of war.

REFORM continues to show up and show out for our broader communities and remains true to our brand vision; "…where all barriers to participation are removed so that everyone who wants to play can play."

More on our Reform Initiative can be found **here**.

PUMA x BLACK FIVES collection which honours the 100th anniversary of the Harlem Rens
A panel discussion on Gidra, an Asian-American student-led newspaper created to stop the anti-Asian sentiment in 1969

COMMUNITY ENGAGEMENT

Our goal is to reach a total number of hours spent on community engagement equal to twice our annual average FTE (full-time equivalent). We encourage all our employees around the world to participate and record projects and employee engagement on an online platform.

Our Community Engagement Programme has continued to create a positive impact locally by supporting social, health and environmental causes, and we were able to donate 57,000 community hours in 2023. Since 2017, we have now recorded over 200,000 community engagement hours globally.

For more information on PUMA's employee policies and philanthropic donations please refer to the **Our People** section.


Community engagement activities from PUMA Chile: Reforestation in Renca

HUMAN RIGHTS IN THE SUPPLY CHAIN

RESPONSIBLE PURCHASING PRACTICE POLICY

As a responsible business partner for our suppliers, we recognise that our business practices, and our trading terms and conditions can have a significant impact on the organisation at our suppliers' factories. PUMA's Responsible Sourcing Policy aims to reduce potential negative impacts. PUMA's Responsible Purchasing Practice Policy was developed in 2019 to create a framework for guiding decisions and maintaining consistency through eight key principles:

1. Only working with suppliers that have signed a Manufacturing Agreement.
2. Payments to suppliers are made on time and in full. We only deduct payments and impose penalties when it is lawful to do so.
3. Price paid for the product to include reasonable labour costs, such as overtime premium payments, social insurance payments, and costs to comply with environmental standards.
4. Open production capacity must be declared by the supplier based on standard work weeks as per the law of the relevant production country.
5. Seasonal production plans are allocated considering the negotiated capacity with the supplier.
6. Sufficient production lead time must be provided.
7. Suppliers may not subcontract production without authorisation from PUMA. All subcontracting units should respect our Code of Conduct.
8. A minimum notice of six months must be given when ending a partnership or downscaling orders. Longer timeframes will be granted, based on the average production capacities used in the last two to three years, to reduce the impact on workers.

In 2022, 280 PUMA staff and 1,145 supplier participants received Responsible Sourcing Practice training. The training referred to the UN Guiding Principles on Business and Human Rights, to explain the link between the purchasing practices, potential impact on working conditions, and the risk of Human Rights violations.

In 2023, as part of our Due Diligence Policy review, we added a clause on responsible disengagement into our responsible purchasing practices. Following the Fair Labor Association guidelines, PUMA commits to provide a minimum of six months of notice when significantly downscaling orders or terminating a business relationship with suppliers. To mitigate impact on workers' jobs and give suppliers time to find new buyers, a longer timeframe shall be granted, depending on the average production capacities used over the last two to three years.

BETTER BUYING SURVEY

In 2023 we asked 32 strategic Tier 1 suppliers (11 accessories, 12 apparel, and nine footwear suppliers representing 69% of our business volume and 80% of our business value) to participate in the Better Buying survey to collect feedback from our core suppliers on the implementation status of PUMA's responsible purchasing practices. 28 suppliers responded, and the response rate was 90.3%.

Better Buying gathers data from suppliers to provide guidance to brands for improving purchasing practices. Brands voluntarily invite their suppliers to participate. Suppliers rate their brands anonymously according to the five principles of responsible purchasing which focus on the buyer purchasing practices that could have the biggest impact on suppliers' businesses:

1. Visibility: Brands provide enough information about the planned business for suppliers to act
2. Stability: Brands give suppliers steady and predictable business across the year
3. Time: Brands provide enough time for suppliers to complete all processes
4. Financials: Brands use fair financial practices with suppliers
5. Shared Responsibility: Brands play their part in improving supply chain social and environmental sustainability

We benchmarked our 28 suppliers' feedback with more than 800 suppliers' feedback from the 16 brands classified under sporting goods and discussed these results internally to set a clear focus area for improvement. PUMA's overall score slightly increased in 2023, mainly due to the increased score on covering cost for compliant production, accountability for delays, regular forecast updates, and order cancellation percentage. The feedback is described below.

VISIBILITY

Design and development can play a significant role in improving supply chain sustainability. Choices made at this stage have significantly lower financial, social, and environmental impacts. While all our samples are based on a tech pack, tech packs have also been reviewed in 2023 to improve the accuracy of information. PUMA has also provided internal training on the importance of providing accurate information to suppliers. Our purchase order accuracy has improved compared to 2022. Our suppliers recognise our efforts in increasing the use of more sustainable materials, 3D sampling, industry certification, and setting target prices before product development. Our sample hit rate remains strong.

All our suppliers confirmed that we provide them with a business forecast, enabling them to plan the workforce that is needed. In 2023, PUMA discussed its production capacity and the potential impact of forecast inaccuracies on suppliers. We also provided internal training for key business departments involved. PUMA has also been working with its suppliers to ensure their production capacity is accurate and there has been regular feedback on sales forecast to its sales division. Although the overall score has improved for 2023, we have identified the need to better communicate our overall forecasting and planning timelines and processes to our suppliers and improve in-season communication for some product divisions. Given the global macroeconomic situation in 2023, which has led to a change in customers' ordering behaviour, the gap between the placed and planned capacity results in unutilised capacity and excess material increased according to our suppliers.

STABILITY

We value long term relationships with our suppliers. 40% of our suppliers have been working with PUMA for more than ten years. To help ensure stability, as a principle, we will not cancel orders and accommodate order placement to respond to suppliers' difficulties such as lockdown periods. In the case of order cancellation which remains less than 1% for PUMA, we always pay our suppliers for any liability associated with cancellations. In 2023, 100% of suppliers from Accessories and Footwear reported no order cancellation, while some Apparel suppliers reported cancelled orders.

TIME

A large majority of our suppliers confirmed that we have an agreed time and action calendar for pre-production and production deadlines. In 2022 we received feedback from our suppliers that PUMA missed some deadlines, however through better communication in 2023, our suppliers confirmed an improvement.

FINANCIAL

Most suppliers feel they have favourable financial terms through digital payment, the FOREVER. BETTER. Vendor Financing Programme and through receiving payment for samples and bulk production in a timely manner. PUMA International Trading and the vendors have enabled the digitisation of the supply chain creating transparency, operational efficiency, and reducing complexity. For example, all payments to vendors are automated and paper-free.

We do not apply late penalties to our vendors, and suppliers confirmed we are flexible and accountable for delays. We will strengthen our communication of payment terms to suppliers. We also see opportunities to collaborate with our suppliers to increase their production efficiency related to style allocation, volume, standardisation of fabrics, labelling and packaging processes, etc. We made significant improvements in covering costs for compliant production compared to 2022, but suppliers also reported pressure in cost negotiation in 2023. Our suppliers also recognised our efforts to reduce audit duplication which benefits them in saving cost.

SHARED RESPONSIBILITY

All our suppliers recognise that sustainability is the precondition for doing business with PUMA. However, in 2023, suppliers felt less incentivised to reach the sustainability goals compared to 2022 since we saw a decline in orders in the first half of the year and stabilisation during the second half. The majority of our suppliers acknowledge our effort to enforce our sustainability standards.

FOREVER. BETTER. VENDOR FINANCING PROGRAMME

The programme, established in 2016, allows suppliers with a good or very good compliance rating to benefit from PUMA's high credit rating and preferred interest rates. The programme runs in partnership with IFC, BNP Paribas, HSBC, and Standard Chartered Bank.

At the end of 2023, 72 vendors were registered users (compared to 71 at the end of 2022). The financed volumes in the full year 2023 amounted to $478 million (-$322 million compared to 2022), which reflects the massive interest rate and with this financing cost increases for our suppliers, who chose other sources or tried to avoid external financing.

HUMAN RIGHTS RISK ASSESSMENT

In previous years we have conducted Human Rights risk assessments at corporate and the supply chain level and shared the results in our 2016 and 2017 Annual Reports. In 2021 we commissioned and completed a Human Rights risk assessment, focusing on forced labour management in the supply chain.

In our Handbooks, we request our vendors to conduct due diligence. To increase transparency, we report on the most common audit findings, training, grievances, and mitigation measures as outcome-focused key performance indicators (KPIs) to track the effectiveness of our supplier programmes.

The PUMA hotline is accessible to Civil Society Organisations (CSOs) and external stakeholders, including stakeholders representing vulnerable groups: women, children, migrant workers, indigenous people and national or ethnic, religious, and linguistic minorities. We also extend the scope of our social monitoring programmes to EMEA factories, high-risk countries warehouses, and to some non-core Tier 2 suppliers.

In 2023, we conducted a review of our grievance mechanism, in line with the UNGP criteria for operational-level grievance systems. To do this, we surveyed 14,823 workers at 45 factories in eight countries. The legitimacy of the PUMA hotline was acknowledged by 94% of workers, accessibility confirmed by 80% of participants together with 92% regarding the hotline's availability in a language they understand.

In 2023, we developed a Civil Society Organisations (CSOs) engagement policy to engage with them reactively and proactively. Please refer to the **Due Diligence and Risk Assessment** section of this report for more information.

RISKS

The most salient risks to human rights are forced or bonded labour in the supply chain and, at the farm level, child labour.

Freedom of association
As per **World Governance Indicators** (WGI), PUMA's main sourcing countries have been identified as risk countries on the Voice and Accountability indicator, which measures freedom of association. Social conflict and freedom of association breaches could be a risk due to a lack of social dialogue at factories. The risk could be more upstream in our supply chain when no audit programme is in place or when there is no monitoring programme at the raw material extraction stage. We support our core Tier 1 suppliers to set up effective social dialogue platforms in factories and adopt certification such as Better Cotton and the Forest Stewardship Council to address raw material extraction Human Rights risks.

ILO Freedom of Association Committee has been investigating cases reported by International Trade Unions on allegations of retaliation, anti-union discrimination and dismissals, and the arrest and detention of workers for having participated in strike action, in a context where the legislative framework inadequately ensures the effective recognition of freedom of association, in Bangladesh and Cambodia.

In Bangladesh and Cambodia, there were third-party complaints related to freedom of association (described in the grievance section). As a countermeasure, all our factories in Bangladesh and Cambodia are enrolled in the ILO Better Work programme, which provides advisory services and supports factory management to create a participation committee as a platform for social dialogue.

Discrimination, sexual harassment, and gender-based violence
The **Global Gender Gap Index** measures gender equality in 153 countries by tracking and ranking a range of gender-based gaps across society. East Asia is ranked as medium, while South Asia is ranked lower. While East Asia has been able to reduce educational gender gaps, South Asia is one of the regions where women are the most disadvantaged in the workplace.

Social dialogue can be used as an effective tool to overcome the under-representation of women and promote gender equality at work. We support our core suppliers in setting up effective social dialogue platforms in factories that include women's voices. We also support them in conducting women empowerment training for factory workers.

Health and Safety
South East Asia is prone to natural disasters, disease outbreaks, and health risks related to climate change. In addition, building and fire safety risks have been identified as major risks in the apparel sector, especially in Tier 1 and Tier 2 facilities. One of the World Health Organization's key priorities is to strengthen emergency risk management for sustainable development and to promote health coverage and robust health systems.

We maintain a high focus on the OHS performance of our core Tier 1 and Tier 2 factories through factory injury rate monitoring and OHS risk assessment training.

Wage and benefits, living wage, and working hours
Asian sourcing countries have been rated with low scores by the **ITUC Global Rights Index**.

We support our core Tier 1 factories, with which we have direct business relationships, to provide a fair income for to their workforce, including all legal wages and benefits along with additional components which could increase workers' incomes according to fair wage assessments. We launch fair wage assessments and remediation in collaboration with the Fair Wage Network, for factories which fall short of paying a living wage and continue benchmarking all our core Tier 1 wage data through the Fair Labor Association (FLA) wage dashboard.

We also conduct training on root cause analysis to strengthen working hours management at our core Tier 1 factories, so the level of workers' income depends less on overtime hours workers.

Child and forced labour
As per **World Governance Indicators** (WGI), PUMA's main sourcing countries have been identified as risk countries on Regulatory Quality (RQ) and Rule of Law (RL). The risk could be more upstream in our supply chain when no audit programme is in place or when there is no monitoring programme at the raw material extraction stage. We adopt certification to address raw material extraction and Human Rights risks such as Better Cotton and the Forest Stewardship Council.

In 2021, we conducted a risk assessment on forced labour management through a third party and have prioritised the traceability of our supply chain as a key focus. In addition, PUMA reviewed the severity grading of audit findings according to ILO 11 forced labour indicators to prioritize the remediation process.

RISK ASSESSMENT FOR NEW FACTORIES

EiQ is a risk assessment tool for new and existing suppliers. The EiQ Sentinel service scans online and media sources and provides alerts for supplier controversies relating to labour, health and safety, the environment, business ethics and management systems. Sentinel alerts provide near-real-time monitoring of supply chains from public news and information sources (in English and local languages), including local or international media, NGO reports, government reports, worker allegations and social media platforms. PUMA checks the EIQ Sentinel whenever it onboards a new factory. For China, we also use the IPE database to check if any of the new factories have a record of environmental violations. We would then ensure that factories comply with PUMA standards though a social audit. In 2023, one factory was not onboarded due to two Sentinel alerts related to potential risks of forced labour.

IPE violations were found in three other factories. One factory was onboarded after it improved as per PUMA standards and corrected its excessive daily wastewater discharge. The second factory improved and passed the legally required environmental assessment but could not be onboarded in 2023 since we had not conducted our social audit, it will be done in 2024. The third factory started production before going through the legally required environmental assessment and without the approval of the local authorities; they improved, so these violations were removed from the IPE database, but they could not be onboarded since we had not completed our social audit within 2023.

For PUMA's existing supplier factories, 15 Sentinel cases were found as of September 2023. Eight cases were from factories that had already been deactivated, and thus have no production for PUMA anymore. Five cases were related to insufficient payments, health and safety, and waste management, which were addressed through remediation action and the issues were resolved. The other two cases involve allegations that have not been confirmed by our investigations.

RISK ASSESSMENT FOR EXISTING FACTORIES

In 2021, PUMA adopted ELEVATE intelligence (EiQ), a comprehensive suite of supply chain analytics, to:
- Assess our supply chain risks by country, commodity and issue
- Complete risk assessments for suppliers, factories, and sites
- Manage risks that are material to each supplier, factory or site

In 2023, we uploaded 676 audit results (2021-2022) to the EiQ tool. This tool shows the combined risk level based on geography, product, and audit result. We evaluated the countermeasures we have in place in the factories identified as high-risk facilities in this tool. 28 factories were identified as high-risk mainly due to legal violations such as missing building safety permits, systematic excessive overtime or working hours management. 16 factories are from Tier 1 suppliers, one is a warehouse, and 11 are Tier 2 factories. All of them are under regular social compliance monitoring. 29% (eight) of these factories are under the ILO Better Work Programme which offers a factory assessment and advisory services for remediation, 21% (six) of these factories are covered by Worker Voice mobile app, through which workers can raise their concerns to factory management (such concerns are escalated to PUMA when factories do not respond timeously). This mobile app has also the functions to conduct workers survey and launch e-learnings for workers. We also provided Root Causes Analysis training for 25% (seven) of the factories. One supplier in China has been going through a capacity building programme since 2022 at PUMA's expense to strengthen its management system. In 2023 we saw a significant improvement as per the consultant company Elevate, which we further explained as a case study.

In 2023, 75% (21 out of 28) of factories improved. Measures included obtaining building safety or fire safety certificates, installing sufficient fire safety equipment, and ensuring that emergency exits were unobstructed. Some factories improved working hours management after they joined the Root Cause Analysis training that we provided or paid back insufficient overtime compensation. As a result, these 21 factories are no longer considered as high-risk. The four other factories are still implementing their improvement plan and working to obtain legally mandated certificates and improve working hours management. Three out of four factories have already joined ILO Better Work; for the one factory which is outside of scope of ILO Better Work, we expect them to remedy the critical violations by 2024. The other three factories are to be deactivated.

In 2023, PUMA's Supply Chain Sustainability Team added one full-time staff member in Brazil. We now have local team members in nearly all high-risk sourcing countries to support the implementation of our standards. In Pakistan, with the launch of the Better Work programme, we have registered all factories in scope to mitigate risks. We plan to add one full-time staff member to support Bangladesh and Pakistan in 2024. For the rest of the high-risk countries such as the Philippines, Mexico, or South Africa, we do not have a local team member due to the total number of suppliers being less than ten. For these locations, we work with third-party auditing firms to conduct regular social compliance audits.

Based on all these actions, we aim to mitigate the risks identified through this risk assessment.

WORKERS SURVEY

In 2020, PUMA launched the Worker Survey Programme to get workers' feedback in eight countries and to assess their satisfaction with the factory work environment through a mobile survey app.

PUMA operates multiple worker voice channels. The third-party worker engagement platforms cover 89 suppliers and 201,579 workers. 29 non-strategic factories in three countries (Bangladesh, Vietnam and

China) also used the platforms in 2023. To review the design and efficiency of PUMA's grievance system as per the criteria of the UN Guiding Principles on Business and Human Rights, we collected feedback from factory workers in 2023.

The UN Guiding Principles on Business and Human Rights set the following criteria to assess the effectiveness of non-judicial operational-level grievance mechanisms: legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, a source of continuous learning, and based on engagement and dialogue. In 2023, to assess our hotline against these criteria, we surveyed 14,823 workers at 45 factories in China, Cambodia, Vietnam, Indonesia, the Philippines, Turkey, Pakistan and Brazil.

- Legitimacy (enabling trust from the hotline users): 94% of workers agreed they can trust the PUMA hotline
- Accessibility (no barrier to access for users): 80% of workers know where to find the PUMA hotline phone numbers and email, and 92% confirmed it is available in a language they understand
- Predictability (users are clear on the procedure): 75% of workers responded that they know what the complaint procedure is and 90% understand their complaint will be investigated
- Transparency (keeping parties informed about progress on the issue): 91% of workers with unresolved complaints (at the time they responded to the survey) said they were aware of the status of their cases

The Rights-compatibility criteria (ensuring that outcomes and remedies accord with internationally recognised human rights) was not evaluated. We shall assess it in the future.

The survey results also showed that workers in Brazilian factories did not know where to find the PUMA hotline, nor did they understand the procedure (only 25% responded positive). As a follow-up action, we will conduct further training for workers in Brazil about our grievance mechanism and translate our video material that explains the PUMA hotline procedure into Portuguese in 2024.

Lastly, to evaluate the effectiveness of remedial action, workers were asked systematically whether their complaints were resolved. Of the 15% of surveyed workers who had used the hotline, 65% said they had filed a complaint, with a complaint resolution rate of 96%.

↗ T.04 HOTLINE WORKER SURVEY - 2023

	China	Cambodia	Vietnam	Indonesia	Philippines	Turkey	Pakistan	Brazil	Global
Can you access a phone in order to call the hotline?	76%	93%	94%	74%	92%	82%	97%	66%	86%
Do you have access to a phone or computer to send a complaint via email?	57%	94%	92%	83%	92%	85%	97%	77%	82%
Can you use Zalo, WeChat, Viber, QQ, Whatsapp etc?	87%	96%	97%	99%	92%	97%	99%	83%	94%
Is the hotline available in a language you understand?	92%	88%	94%	93%	98%	87%	98%	89%	92%

PUMA's hotline processes and complaints' numbers, statuses and outcomes are publicly available for transparency. **Our Rules for the Complaint Procedure** is available for download on **our website** and details about workers and third-party complaints are shared in our Annual Reports. Through regular evaluation of our grievance mechanism, including feedback from factories' workers, we aim to collect information to support continuous improvement of our due diligence and grievance mechanism procedure, in line with these criteria that the mechanism should be a source of continuous learning and based on engagement and dialogue. For equitability, we are seeking to ensure that complainants can access a network of public and private organisations or services to engage through the PUMA hotline on fair, informed and respectful terms. In 2024, we plan to map local relevant organisations and institutions together with our suppliers, to identify and share contacts of emergency care, psychological support or the judicial system, for any factory worker in need who has raised a complaint.

↗ T.05 WORKER SURVEY 2021 – 2023[1]

Year	Number of Factories	Number of Workers
2021	48	13,557
2022	68	21,526
2023	45	14,823

1 From 2021 onwards we have used Gallup's methodology to define the sample of production workers of each factory, based on a 95% confidence interval and a margin of error of plus or minus 5%.

WOMEN'S EMPOWERMENT

Training women about their rights and empowering them to advance their careers is key to achieving gender equality, where both men and women have equal power and opportunities for education, healthcare, economic participation and personal development.

60% of workers producing PUMA goods are women and 50% of factory managerial positions at our core Tier 1 suppliers are filled by women. PUMA initiatives support suppliers in reviewing existing policies and practices or establishing new ones for women's empowerment. We believe that collaboration within the industry and with NGO experts in women's empowerment is key to avoid duplication and provide the right expertise.

Since 2021, the accumulated participants of sexual harassment prevention training amounts to 222,933 workers, accounting for more than 148,642 training hours.

In 2023, we expanded the e-learning course on Sexual Harassment Prevention at the Workplace via Micro Benefits to 50,478 workers in 37 factories in China and Vietnam. Another 4,418 workers at eight factories in Cambodia and Indonesia completed the Better Work e-learning course on Discrimination and Elimination of Violence and Harassment at Work via the mobile phone app WOVO, covering 51% of employees in these factories.

China's textile and apparel industry employs approximately 20 million people, over 60% of them female, comprising many domestic migrants at the age of marriage, childbirth, or childcare. These workers have limited education in personal development, childbirth and family care, and often must juggle their work at the same time. Therefore, the China National Textile and Apparel Council (CNTAC) has launched the initiative to build Family-Friendly Factories in the Chinese textile and apparel industry. This initiative is supported by UN Women and UNICEF. In 2023, we partnered with CNTAC, piloting the Family-Friendly Factories project at three core Tier 1 factories with 5,566 workers in total.

The programme's objectives are:
- Understand how Chinese textile and apparel companies implement family-friendly policies, as well as their challenges in implementing a gender equality system
- Develop guidance for these companies to promote family-friendly policies at the workplace
- Assist pilot companies in establishing family-friendly mechanisms in line with their existing human resources management system
- Promote and pilot best practices across the industry

In 2023, CNTAC conducted an onsite baseline assessment at three PUMA factories through workers surveys and interviews about their perception of their factory's current policies and practices, and their challenges regarding family care. The project team also trained 207 workers (73% female) on gender equality, family-friendly policies, work-life balance, and parent-child education. The three factories were provided with an improvement plan to review their internal policies. PUMA's Sustainability Team is working closely with them to implement these improvement plans by the end of 2024.

PUMA encourages suppliers to join the ILO Better Work programme. The **Better Work's factory improvement process** includes three integrated services: assessments, follow-up advisory services and 15 training days per year. In 2023, 32 management staff (72% female participants), from 17 factories in Bangladesh, Cambodia, Indonesia and Vietnam joined 19 training sessions on topics including gender equality, sexual harassment and prevention of discrimination and gender.

World Benchmarking Alliance

The World Benchmarking Alliance **(WBA) Gender Benchmark** evaluates 112 of the largest apparel, food and agriculture companies globally on their responsibility to drive and promote gender equality in their entire value chain. In the 2023 Gender Benchmark PUMA ranked eighth out of 112 companies and sixth in the apparel sector with a score of 43.5 out of 100. 2023 was the first time PUMA participated in the Gender Benchmark.

SUPPLIER SCORECARD

In 2023, PUMA conducted calls with 58 core Tier 1 factories to review the social scorecards for each of their factories performance as of end of 2022, which included:

- Audit rating
- Participation in supplementary worker voice tools offered by third parties
- Workers' training on women's empowerment/sexual harassment
- Factory's injury rate compared to PUMA core Tier 1 factories' average rate and 2023 goals
- Factory's average weekly overtime hours vs. PUMA core Tier 1 factories' average
- Factory's fair wage performance compared to living wage benchmark
- Whether the factory has freely elected worker representatives against 2025 goals

During these meetings, we reviewed the scorecard and discussed next steps to address identified gaps. Most suppliers agreed with the scorecard and the action plan to achieve PUMA's 2025 sustainability targets:

- **Worker voice:** 57 out of 58 factories are covered by third-party worker voice platforms (mobile app) and one supplier in Brazil was added to PUMA's 2023 strategic partner list. We discussed launching a third-party worker engagement platform. Some suppliers shared their concerns about the functionality of third-party worker engagement platforms, we are looking into it to further improve or find an alternative.
- **Fair wage:** The discussion was based on the factories 2021 wage data; three factories were suggested to conduct a Fair Wage Assessment as their wage level is below the industry or GLWC benchmark, which was conducted in 2023.
- **Women's empowerment:** Except for our new strategic supplier in Brazil, the rest of our core suppliers provided sexual harassment prevention training to workers after the managerial staff had been trained by PUMA. In 2023, 41 out of 58 factories continued the sexual harassment e-learning via the third-party worker engagement platforms, and three Chinese factories joined a pilot led by CNTAC on promoting gender equity.
- **Worker representation:** During these meetings, we encouraged 20 factories which had not freely elected workers' representatives, to either join the ILO Better Work programme, which help suppliers to set up a Worker-Management Committee or join PUMA's programme when the factory is not under the scope of Better Work. Four of them joined the Better Work programme in 2023 or will join in 2024. In 2023, PUMA's Sustainability Team members in China, Vietnam, Bangladesh and Indonesia had been trained by Timeline Consultancy, a China-based consultancy company, on guiding factories not in scope of the

Better Work programme to have freely elected worker representatives and to build a dialogue mechanism. The 16 factories agreed to join PUMA's Worker Representation Programme.

SOCIAL COMPLIANCE

PUMA's Code of Conduct is an integral part of our supply contracts. All PUMA suppliers sign a legally binding "Declaration of Principles" to comply with the PUMA Code of Conduct. PUMA requires all vendors, their subcontractors, and their suppliers to comply with this Code of Conduct, as well as PUMA's Social and OHS handbooks. These compliance expectations are verified through regular audits. The frequency of audits is based on a factory's previous audit results: A-graded factories are re-audited after 24 months, B+ after 18 months, B- after 12 months and C-graded after six months. Warehouses graded A, B+, B- are re-audited after 24 months, C-grade after 12 months and D after six months. For factories with a D grade, including Better Work Factories, Zero Tolerance (ZT) issues need to be corrected between two and six months. Potential new factories will not be authorised to produce PUMA products until the factory can be rated A or B. Regardless of the factory grade, all issues identified during audits need to be remediated as part of a corrective action plan.

Since 1999, all direct PUMA factories (Tier 1) have been frequently audited for compliance with the ILO Core Conventions and basic environmental standards. Each year we collect between 300 and 500 audits or assessment reports issued through PUMA's compliance programme, the ILO Better Work Programme, our industry peers' compliance programmes or independent experts accredited by the Social and Labour Convergence Programme (SLCP). We have also included our most relevant material and component suppliers (Tier 2) and key priority warehouses in our audit programme. Through collaborative efforts with the sourcing team, we mapped more than 200 non-core Tier 2 suppliers in 2022. While one-third use FEM (Facility Environmental Module) for other brands, only 13 have had a social audit. We converted these audit reports in our grading system. In 2023, we reminded all suppliers that the use of undeclared sub-contractors is a Zero Tolerance issue, as per PUMA standards. We asked them to self-declare their Tier 1 subcontractors used for PUMA production. 66 Tier 1 subcontractors were declared, 26 (19 for the first time) had an audit report that we converted into PUMA's grading system.

In 2023, 454 Tier 1 suppliers, 92 Tier 2 suppliers and three warehouses were audited. 581 audit reports from these 549 factories were collected to safeguard workers' rights to more than half a million workers (656,473).

All PUMA suppliers are required to display our Code of Conduct in factories producing PUMA products, materials or components. This contains the contact details of the PUMA Sustainability Team as a whistle-blower hotline. The number of grievances received and solved, as well as the most frequent type of grievances are shared in this report.

Furthermore, PUMA is a member of the Fair Labor Association, which regularly audits and accredits PUMA's compliance programme for compliance with the **Fair Labor Association**'s Code of Conduct. This ensures that PUMA has the systems and procedures in place to successfully uphold fair labour standards throughout its supply chains and mitigate and remediate violations. As an FLA member, PUMA has agreed to subject our supply chain to independent assessments and monitoring as part of an organisational commitment to upholding fair labour standards through transparency. FLA publishes the results of these assessments to encourage an open and honest dialogue about the conditions that workers face, ensure PUMA's accountability, and help consumers make more informed decisions about the products they buy. View the public assessment results here: **PUMA, SE – Fair Labor Association.**

A comprehensive explanation of our compliance programme for suppliers (including grievance mechanisms and case studies) can be found in our **Sustainability Handbook for Social Standards**. Our Social Handbook explains the procedure for factory monitoring programmes (section 3) and our standards. This handbook is reviewed on a regular basis and our suppliers receive regular training on our standards and monitoring process. We launched the e-learning via Elevate's EiQ Learning platform in April 2023. All suppliers were invited to complete the training course. 1,035 participants from 557 factories passed the e-learning in 2023, representing 85% of PUMA's active factories.

PUMA's supplier factory list is disclosed on our **website**. It includes details such as the factory name, address, product category, headcount range, the percentage of female workers, percentage of foreign migrant workers and freely elected worker representation. PUMA also publishes its factory list in the **Open Supply Hub platform**.

AUDIT PROCESS

Our audit starts with briefing the factory management and worker or union representatives on PUMA standards, the audit process and its scope. In 2023, 94% of the audits conducted included a trade union representative or workers' representative during the audit's opening and closing meetings (when closing meetings take place during factory working hours).

We have a team of compliance experts in all our major sourcing regions who regularly visit our core manufacturing partners. We work with external compliance auditors and with the ILO's Better Work Programme. Each PUMA supplier factory must undergo a regular compliance audit every six to 24 months based on their audit rating and all issues identified need to be remedied as part of a corrective action plan.

Interviews with workers, workers' representatives or union representatives are crucial for understanding workers' perspectives on workplace standards, the atmosphere at factories and protecting vulnerable workers from any work that is likely to cause harm. All interviews with workers are conducted on-site (no offsite interviews).

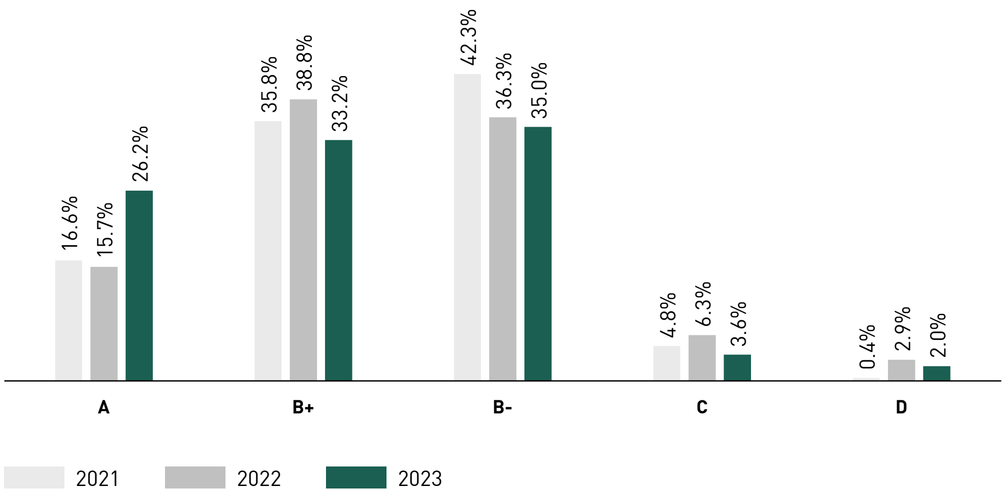
Around 79% of active factories were audited in 2023. Factories not audited in 2023 either had an audit that was still valid because of their grading, were waiting for Better Work assessment or were located in Ukraine.

To avoid duplication and prevent auditing fatigue, in 2023, we increased the percentage of shared assessments to 67% (59% in 2022). We will further increase our use of SLCP-based assessments to 350 factories in 2024. We believe that SLCP is an ideal tool for building long-term relationships with suppliers and supporting them to take ownership of their social and labour data. PUMA is a member of the ILO **Better Work Programme** and uses Better Work assessment reports in lieu of the PUMA compliance programme. PUMA also uses FLA-accredited brands' reports as well as some other brands' audit reports in lieu of the PUMA compliance programme. We aim to use external reports converted to PUMA standards for up to 80% of our factories by the end of 2025.

↗ T.06 AUDIT RESULTS 2021 – 2023

	2023			2022			2021		
	T1	**T2**	**Warehouse**	**T1**	**T2**	**Warehouse**	**T1**	**T2**	**Warehouse**
A (Pass)	120	24		63	17		75	6	
B+ (Pass)	154	27	1	157	41		144	23	2
B- (Pass)	152	38	2	144	39	2	155	46	1
C (Fail)	18	2		19	11	1	16	7	
D (Fail)	10	1		9	4	3	2		
Total Active+Inactive audited factories	454	92	3	392	112	6	392	82	3
Total active factories as of Dec 31st, 2023	564	120	7	516	128	10	445	99	6
Number of employees	572,541	81,756	2,176	546,286	82,070	2,229			
Audit coverage %	80%	77%	43%	76%	88%	60%	88%	83%	50%
Total active+inactive audited factories			**549**			**510**			**477**
Pass/Fail %	94/6	97/3	100	93/7	87/13	33/67	95/5	91/9	100

↗ G.07 AUDIT RESULTS 2021 – 2023[1]



1 Total factories audited: 477 in 2021; 510 in 2022; 549 in 2023

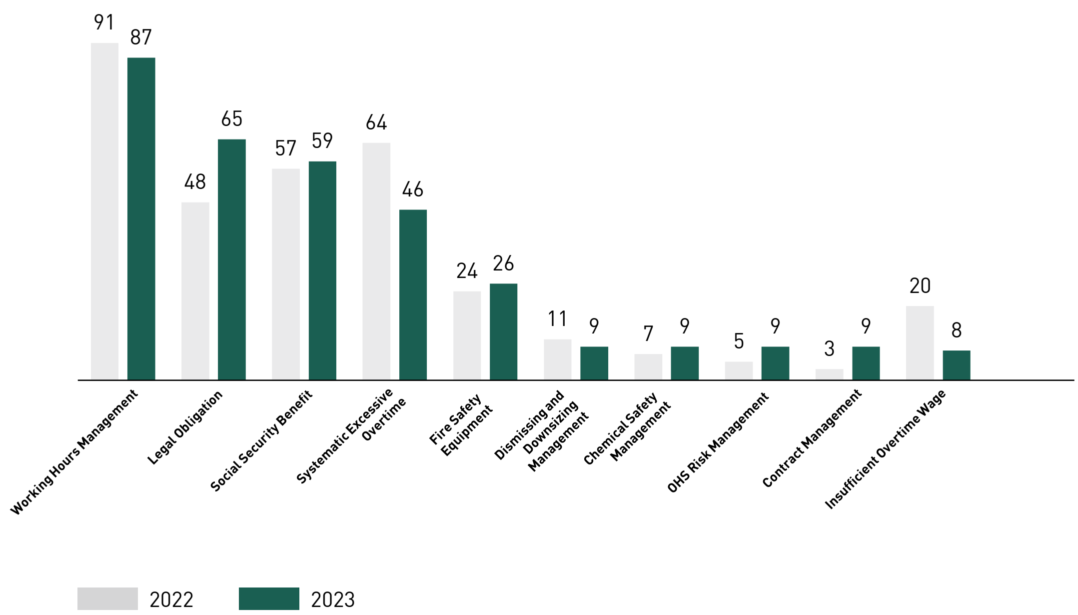
AUDIT RESULTS AND FINDINGS

In 2023, we continued following up and training the factories with low performance; as a result, 67 factories were upgraded to A or B+. 144 factories were audited for the first time in 2023 as per our strategy to increase local-for-local production and to scale up our social monitoring programme to non-core Tier 2 suppliers (11) and Tier 1 sub-contractors (19).

In total, 36 factories failed the audit, (31 Tier 1, five Tier 2); 14 were deactivated due to low performance. Five were re-audited in 2023 and passed the audit; 17 factories will be re-audited in 2024 since they have six months to improve. 19 out of 36 were new factories, 12 factories were not onboarded so we did not enter into any business relationship with them, four were re-audited and improved to a passing grade, the three other factories (two non-core Tier 2, one retail furniture supplier) were audited for the first time in 2023 as we expanded our audit scope; they all committed to improve and they will be re-audited in 2024.

Out of the 11 factories graded D in 2023, seven factories were deactivated. Four are still active as at the end of 2023, as progress is on-going. Two out of these four D-graded factories had Zero Tolerance issues on transparency and payment below minimum wage which were uncovered in late 2023. They corrected these issues within 2023, as one paid back minimum wages. The other factory stopped subcontracting home workers, recruited workers and communicated their policy change to all managerial staff and workers; several critical issues are still under remediation and should be corrected in 2024. For the other two D-graded factories, since the factory management submitted reliable corrective action plans, we will follow up on the remediation by mid-2024.

↗ G.08 2022-2023 NUMBER OF MOST FREQUENT FINDINGS[1-2]



1 Top 10 findings in 2023 active factories only excluding newly audited factories in 2022 and 2023
2 Including converted reports

G.08 shows the 10 most frequent audit findings from PUMA's audit programme, including both own and external converted reports.

Initial assessments are excluded from this graph. 144 audits were initial assessments (meaning no audit was conducted previously) in 2023, 25% of the total number of audits performed over the course of the year. These suppliers are not yet familiar with our standards. In 2023, we provided an e-learning on our social standards, which helped newly onboarded suppliers to better understand our expectations. As a result, the pass rate of newly onboarded suppliers in 2023 was 4% higher than in 2022 (2023: 87%; 2022: 83%).

Working hours management: In 2022 we provided working hours management training for all Tier 1 factories. A root cause analysis workshop was held with selected core suppliers in both 2022 and 2023 to explore opportunities for improvement. Factory management reviewed and strengthened their policy and working hours monitoring system. They gained a deep understanding of how to conduct a root cause analysis. We developed an action plan to address prioritised root causes of overtime hours. We noticed improvements as there was a decrease in the number of audit findings in systematic excessive overtime (reduced by 4.6%), overtime compensation (reduced by 3.2%), and working hours management (reduced by 0.6%). We notice a decrease in the average overtime hours at our core Tier 1 factories compared to 2022 from 7.7 to 5.3 hours in 2023, but it can be due to a decrease of our order book due to 2023 global macroeconomic situation, which led to a change in customers' ordering behaviour.

Wages and overtime: Among issues related to wages and/or overtime, 31% of the corrective actions were implemented and these issues were resolved in 2023, which is 20% higher than the 11% rate in 2022. We expect more progress in 2024 as 31% of audits were conducted at the end of 2023, these factories involved will receive a follow-up audit in 2024 to validate their improvements.

Social security: 100% of workers are covered under social security among all our core Tier 1 suppliers, except in China where this is the case for 80.4% of workers. We plan to further explore how to support suppliers to remedy those issues via in-person workshops in 2024. Improving working hours management, following up with suppliers to obtain legal permits, and increasing social security coverage will continue to be a focus of our efforts.

Transparency: Four transparency issues were found in 2023. One new factory with one transparency issue along with other violations such as insufficient benefits and several OHS findings was not onboarded as a PUMA supplier; two factories with one transparency issue each provided consistent records for review after we emphasised PUMA's zero tolerance policy on transparency. These records were verified by PUMA. One transparency issue in one factory detected in late 2023 remains open; we will follow up in early 2024.

Freedom of association: The four open issues related to Freedom of association identified in 2022 were all closed through follow-up with the management or under the Better Work programme. Five audit findings related to Freedom of Association breaches were identified in 2023, such as the dismissal or poor treatment of union members and delayed union elections. As of today, three issues were closed; one is still open as there is an on-going mediation process between the management and trade union workers; the other issue remains open, and concerns the factory HR manager taking dual leadership roles in both management and union. This factory is working with Better Work Vietnam for remediation.

Women's rights: PUMA is committed to respecting women's rights as per the Convention on the Elimination of Discrimination Against Women and expects suppliers to commit to and respect women's rights. In this context, we carefully monitor working conditions for women. In 2023, we identified 38 women-related audit findings about missing benefits for nursing workers, unadopted conditions for pregnant workers or toilets not maintained in clean and sanitary conditions. 15 of them were closed through follow-up with the factories or via the Better Work programme, three findings will not be followed-up on because the factories have been deactivated, 20 are still under remediation and are being followed-up. One violation was related to unvoluntary overtime and has been corrected as per a Better Work progress report.

Freedom of movement: One audit finding was identified related to restricted freedom of movement. As a result, the factory management issued warning letters to all relevant supervisors and conducted training to avoid similar situations in future. We will verify these actions onsite in 2024. No case was found related to workers' passports nor other identity and personal documents being retained.

Wage payments: We identified 16 violations regarding delayed wage payments, 12 of them were closed; two findings will not be followed-up because the factories were deactivated; for the two open findings, one factory is working with Better Work on remediation, and another factory took appropriate actions so no wage payments will be delayed. We will verify that proper actions were taken on-site in 2024.

Beyond auditing, we track social key performance indicators such as average payments vs. minimum wage payments, overtime hours or coverage by collective bargaining agreements. This data is reported under the Fair Income target section.

SUPPLIER TRAINING

To ensure that our suppliers understand the requirements set by PUMA as well as international due diligence regulation and standards in the garment and footwear industry, PUMA organised multiple training sessions in 2023, including:

- In-person or virtual suppliers round tables to share updates on PUMA standards and industry best practices, elaborate on the German Due Diligence Supply Chain Act by industry experts; CNTAC in China and VITAS in Vietnam.
- Training factory management on Accident Prevention and Reporting, who will then support us to achieve the goal of training 100,000 workers on this subject.
- Root cause analysis training for strategic suppliers, so that they can develop corrective actions to resolve their audit findings by addressing their root causes.
- Customised e-learning on Social Standards, to help suppliers, especially those newly onboarded, to better understand PUMA's expectations.
- PUMA's expectations to suppliers regarding our Code of Ethics.

We launched the e-learning via Elevate's EiQ Learn platform in April 2023, and all suppliers were invited to complete the training. 1,035 participants from 557 factories passed the e-learning in 2023, representing 85% of PUMA's active factories. We plan to add this e-learning to PUMA's website, which will allow users, new factories and workers, to access the course at any time.

↗ T.07 SUPPLIER TRAINING

Meeting	Topics	Number of factories	% of suppliers trained*	Number of participants
Supplier in-person round table or virtual meetings	Sustainability updates, best practices sharing, German Supply Chain Act. etc.	Average. 532 per round (2 rounds)	81%	Average. 1,122 per round (2 rounds)
Code of Ethics**		536	82%	1,230
OHS Accident Prevention and Reporting training	Training of Trainer to core Tier 1 supplier management on what and how to do OHS Accident Prevention and Reporting	102	16%	290
Root Cause Analysis training	In depth review of root cause analysis methodology to new core Tier 1 and core Tier 2 factories	71	11%	169
PUMA Social Standards e-learning	PUMA social standard handbook e-learning course via EiQ Learn platform to active factories' management	557	85%	1,035

* % of factories joined the training based on total 656 factories. The 656 factories include PUMA core Tier 1 and Tier 2, non-core Tier 1, stichd factories and licensee factories.
** Included to second supplier in-person round table or virtual meetings.

↗ CASE STUDIES

Capacity Building in China
With Elevate as a partner, a one-year capacity building programme was carried out to help the supplier and its factory staff to identify key gaps in the factory's management system and provide them with a toolkit and expertise to drive sustainability-related improvements. Through top management commitment, training and capacity building, regular review of metrics and impact assessments, the factory understood the importance of being transparent with PUMA; established a proper grievance mechanism, established an effective working time recording system; started to use internal inspection tools to manage CSR performance independently and corrected most (91.7%) of the EHS findings.

To further improve it was recommended that the factory should enhance compensation and benefits payment systems, conduct follow-up investigations of workers' suggestions and have a proper mechanism to answer these suggestions.

GRIEVANCE CHANNELS

PUMA works towards providing access to functioning grievance channels throughout its supply chain. Where we do not have direct operations, we seek out partners who can run such complaints mechanisms, according to the UN Guiding Principles. At the cotton farm level, the **Better Cotton** Grievance procedure provides a system for anyone, including third parties, who engages with its activities, people or programmes to raise a complaint relating to any aspect of Better Cotton and its activities.

We operate multiple worker voice channels to reach more than half a million workers at our Tier 1 and core Tier 2 factories. If workers are not satisfied with the responses offered by the factories via their respective internal grievance system, we encourage them to use the PUMA hotline to raise complaints or request consultations. Hotline contact details are published on our Code of Conduct posters, displayed at every audited factory globally. We also use WeChat, Zalo, Facebook and other social media channels to connect with workers and have established more formalised compliance and human resources apps at selected core suppliers.

The third-party worker engagement platforms cover 89 factories (201,579 workers), which represents more than 80% of our production volume. In 2023, 1,544 feedback messages were received through the MicroBenefits and the WOVO platforms in China, Indonesia, Pakistan, Philippines, Turkey, Cambodia and Vietnam, as well as the Amader Kotha Helpline in Bangladesh. Of the 1,544 messages, 41 cases were escalated to PUMA as the factory did not respond within the 48-hour timeline. PUMA engaged with the factories' management to address workers' concerns. All other concerns not escalated to PUMA were handled and resolved directly by the suppliers.

In 2023, we engaged with a local hotline, Hamari Awaz who will provide all workers in factories producing for PUMA in Pakistan with access to a local hotline in early 2024.

In 2023, 107 workers' concerns were raised through PUMA's hotline across eight countries. Together with our suppliers, our team was able to resolve all these cases.

In 2023, to meet its obligations under the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), PUMA published its **Rules for the Complaint Procedure**. PUMA's own employees and the employees of PUMA's business partners can submit complaints in connection with human rights or environmental risks and violations, as well as violations of PUMA policies via the following channels:

- PUMA's electronic whistleblowing **platform**
- Telephone numbers of the PUMA Sustainability Team ("PUMA Hotline")
- Third-party platforms made available to factory workers by the factories

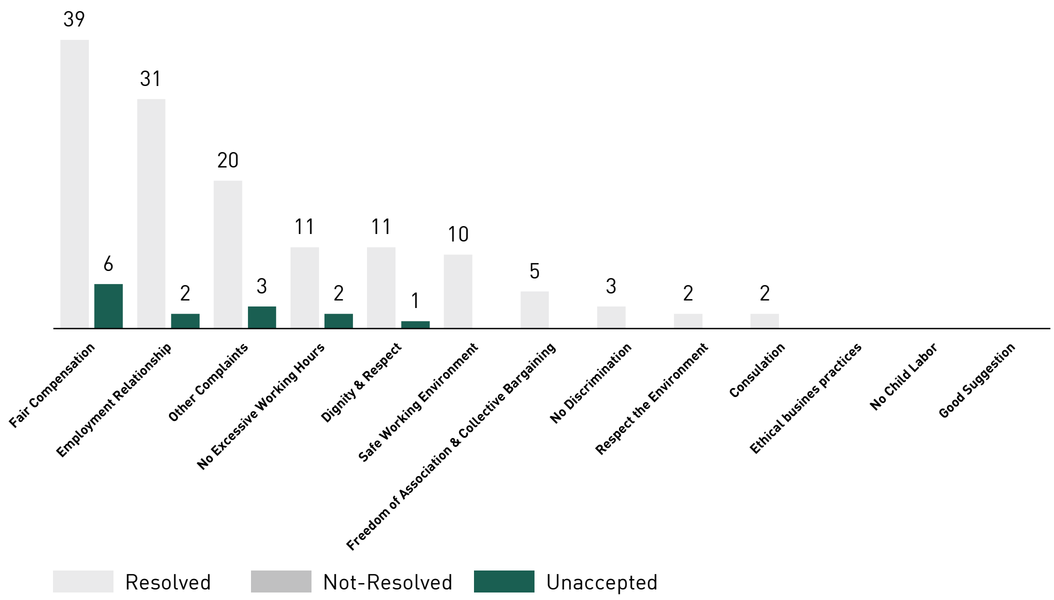
Complaints may be made anonymously and all information regarding the complaint is treated as strictly confidential and only shared on a need-to-know basis or if required by law. All complaints received are acknowledged within seven days and PUMA shall conduct a comprehensive investigation without delay. PUMA will also share the outcome of the investigation with the party making the complaint.

PUMA shall review the effectiveness of its complaint procedure at least once a year, or on an adhoc basis if PUMA expects a significant change or increase in risk exposure in PUMA's own operations and at PUMA's business partners. We aim to translate the Rules for the Complaint Procedure into 40 languages in 2024 to ensure it is accessible for end users in PUMA's supply chain.

↗ T.08 WORKERS' COMPLAINTS 2020 – 2023

Workers' complaints	2023	2022	2021	2020
Total received – external channels (third-party platforms)	1,544	2,006	3,132	1,021
Total received – PUMA Hotline	107	159	223	101
Total confirmed- PUMA Hotline and third-party platforms	1,443	1,877	3,165	984
Total received – PUMA Hotline and escalated to PUMA via third-party platforms	148	173	262	127
Resolved - PUMA Hotline and escalated to PUMA via third-party platforms	148	172	261	126
Not resolved - PUMA Hotline and escalated to PUMA via third-party platforms	0	1	1	1
Resolved (%)	100%	99.4%	99.6%	99.2%

↗ G.09 NUMBER OF MOST FREQUENT GRIEVANCES RAISED IN 2023 THROUGH PUMA HOTLINE AND THROUGH THIRD-PARTY PLATFORMS ESCALATED TO PUMA



WORKER COMPLAINTS

The most frequent areas of concern raised by workers remain as fair compensation, their employment relationship, and excessive working hours. Most workers' concerns about wages and benefits are mainly due to their misunderstanding of wage and benefit calculations. We asked factories to proactively talk to and train workers on wage and benefits' calculation methods. Regarding the employment relationship topic, many cases are about workers wishing to resign without following the legally required notice period. We asked factory management to discuss solutions with their employees.

In any country, when workers complain about working during public holidays or overtime hours, PUMA would engage with factory management, to adjust the production schedule and to make sure overtime is voluntary and properly communicated with workers. Furthermore, PUMA provided training to these factories on working hours management, and overtime root cause analysis to prevent excessive overtime.

Below is a case study of the PUMA Hotline, which explains how we followed-up with our supplier to close the single remaining open case of 2022.

↗ CASE STUDIES

PUMA Hotline

A worker from a footwear factory in Vietnam called the PUMA Hotline in September 2022 regarding the subsidies sponsored by the government according to the Resolution No. 68/NQ-CP dated on July 1st, 2021. Under this regulation, employees who were under contract suspension or termination, or unpaid leave between May 1st, 2021 and December 31st 2021, and pregnant or taking care of children under six years old are entitled to one of government subsidies. The complainant submitted all the necessary documents to the factory to apply for this government subsidy but did not receive any updates.

PUMA immediately contacted the factory. The factory explained that due to being busy with Covid prevention measures and high levels of absenteeism in January 2022, they missed the deadline to submit the documents to the local authority. In total 2,032 workers failed to receive a total amount of about $115,000. Despite the factory's efforts to follow-up with the local authority for the payment, there was no positive response.

PUMA encouraged the factory to discuss with the Trade Union representatives to find a solution. In July 2023, the Trade Union and the factory reached a consensus so the factory would pay 70% of the subsidy, $78,388 to make up for the unpaid subsidy. PUMA verified that an instalment of about $77,181 were paid to workers in 2023. A few workers could not be paid ($1,207) as they had left the factory. We are still engaged with the factory management regarding the remaining 30%.

THIRD PARTY COMPLAINTS

We continued following-up on the six open third-party complaints in 2022. Five related to freedom of association were resolved through active engagement with factories, union and other stakeholders, with union representatives reinstated or compensated in agreement with the unions involved. One of these five cases was settled in collaboration with the Fair Labor Association and other brands, more details can be found in case study below. Another complaint is about workers' wages in Mauritius, which was followed-up under the umbrella of the Fair Labor Association and in collaboration with other brands: migrant workers in Mauritius received less than a minimum wage after the dormitory fees were deducted from their salary. Based on the inspection report of local labor authority the practice is legal. In 2024 we will continuously engage with the FLA and other stakeholders to find a collective solution.

In 2023, we received 15 third-party complaints from external organisations, 11 of which have been resolved.

Nine cases were related to freedom of association breaches, eight out of these nine cases were resolved through active engagement with factories, unions and other stakeholders. The union representatives were either reinstated or compensated in agreement with the unions involved. One case is still going through the mediation process between management and the trade union.

Three cases involved wage and benefits issues; one of them is the request from the Bangladesh Union Federation to provide support on their minimum wage demands. Upon receipt, PUMA actively engaged with ILO Better Work and the Fair Labor Association. We published our **Position** on our website, and co-signed a letter to the prime minister with other brands, through Fair Labor Association in November, to support trade unions. Another two wage and benefits cases are still under investigation.

Two cases relate to NGO reports on working conditions for supply chain workers in Pakistan and Cambodia. For both reports we engaged with ILO Better Work and the reporters. Details are provided under Pakistan and Cambodia paragraphs below.

In May 2023, a trade union requested the dismissal of two managers at a factory in Cambodia because they thought they were responsible for the reduction of orders, among other concerns. The management and union had several meetings to discuss the concerns. The management accepted all the trade union's concerns and took action, except for the dismissal of the two factory managers, which the trade union agreed to retract.

Pakistan
In 2023, Labour Behind the Label published **a Report** on labour rights in Pakistan regarding issues such as no payment of living wage, no employment contract, leave being denied or unpaid, child labour, no social security, harassment, health and safety issues, fire safety risks and freedom of association breaches.

PUMA has investigated the details of the report and engaged with the reporters to understand the methodology used. The report relates to factories located in Karachi, Faisalabad, and Lahore. While PUMA does not have a business relationship with any suppliers in these regions, our subsidiary stichd, does have a business relationship with four factories in this region, two of which are included in the report.

Three out of the four factories in the mentioned areas were audited in 2023, while one factory was audited in 2021 with a rating still valid in 2023. As a follow-up in 2023, PUMA conducted a full unannounced assessment of all four factories through a different third-party company. As a result, three of the factories were downgraded. We are closely following up on progress to address these newly identified violations and all factories producing PUMA products that fall within the scope of the Better Work programme are now enrolled in the Better Work programme. Additionally, all workers of factories producing for PUMA in Pakistan will have access to a local hotline, Hamari Awaz.

Better Work Pakistan will also provide a social dialogue programme, as well as leadership capacity building initiatives and training for female workers. Other services will include the ILO's occupational health and safety approaches, a factory improvement toolkit and productivity focused training. Additionally, PUMA signed the ACCORD Pakistan in March 2023 for all factories producing PUMA and stichd products.

Cambodia
In 2022 we received five complaints concerning three Cambodian factories, about potential breach of freedom of association rights. Three were resolved in 2022 and two in early 2023. We worked to find the best solution related to these concerns, facilitating mediation meetings between workers' representatives and factory management, partnering with Better Work Factories Cambodia and/or with other brands producing in the same factories. It took three to five months to solve these complaints.

Despite all our efforts, we received five complaints about freedom of association from Cambodia in 2023. Four cases were resolved through open dialogue and facilitated mediation meetings between factories and unions. One case is still under mediation or investigation.

We continued to work with Better Factories Cambodia (BFC) and hosted a training series from April to August 2023 for all Cambodian factories producing PUMA products. 183 participants from 27 factories' management teams, shop stewards and union representatives attended the training. As a lesson learned from training conducted in 2021, we added one exclusive session for factory decision-makers in Chinese in addition to a session conducted in Khmer for workers representatives and trade union leaders.

The aim of the training was to provide participants with a better understanding of:
- Rights and obligations of the employer, unions and worker representatives
- Managing communication and employment contract termination such as: resignation, dismissal, and retrenchment.

As per the BFC feedback, as result of the training participants confirmed they gained a better understanding about Freedom of Association and their roles and responsibilities. All 27 factories submitted a Corrective Action Plan after the training. We will verify the implementation of each action plan in early 2024 according to the five KPIs established by BFC. They are described below:

1. Conduct regular meetings between the employer, union and shop stewards to raise and address any concerns in the workplace on weekly/biweekly/monthly basis.
2. Develop/review a Freedom of Association (FoA) policy in consultation with the unions and shop stewards and implement this policy accordingly.
3. Develop/review a Grievance Handling policy in consultation with the unions and shop stewards and implement this policy accordingly.
4. Develop/review a policy for Employment Contract Termination in consultation with the unions and shop stewards and implement this policy accordingly.
5. Provide internal/external training to more workers on relevant topics such as the roles and responsibilities of the employers, unions and shop stewards.

In September 2023, the NGO Action Aid published an **investigative report** alleging that garment factories in Cambodia, supplying apparel and footwear to companies (including PUMA), reduced monthly wages compared to 2020 levels and failed to pay sufficient severance when the factories closed due to the COVID-19 lockdown. The report, which interviewed 308 garment workers in 15 factories, also claimed that workers were unable to afford necessities even after the COVID-19 lockdown restrictions were lifted due to lower wages and fewer overtime hours, while overtime pay became a systemic dependency.

Following the report, PUMA engaged with the Clean Clothes Campaign (CCC) and Action Aid to understand the methodology behind the allegations that were made. For PUMA, the allegations relate to six of PUMA's suppliers, two of which PUMA had ended the business relationship with by mutual agreement in 2021. After further investigation, PUMA did not identify any wage gap as per the government's instructions during the lockdown period in the remaining four factories. Although "no work, no pay" directives were in effect, PUMA ensured that workers would receive a regular income during 2021 lockdown through regular communication with our suppliers in collaboration with our sourcing team.

Between 2019 and 2022, Cambodia represented around 13% of PUMA's total sourcing volume. In 2020 and 2021, PUMA focused on keeping suppliers in business and safeguarding workers' health, employment, and income through several measures including: minimizing order cancellations (0.35% of orders were cancelled in 2020) and expanding our PUMA Vendor Financing Programme, with an increase in suppliers' participation from 21% in 2019 to 30% in 2020. As a responsible business partner for our suppliers, PUMA set up a responsible purchasing practices policy and engaged with Better Buying, an independent non-profit organisation, to collect feedback from our core suppliers related to our purchasing practices. We reported the key findings of the Better Buying survey in **this report**.

CASE STUDIES

Indonesia

On July 7th, 2023, PUMA received complaints from a union related to union staff members at one of PUMA's footwear suppliers who were terminated based on not passing their probation period. The union mentioned that the termination was considered illegal since it was without prior notice and no evaluation was performed by a respective supervisor and section manager. The union believed that this happened due to their union membership. The union leaders asked PUMA to support the reinstatement of the three workers. On July 13th, 2023, PUMA investigated and interviewed the factory management and union representatives. PUMA found that the termination of the three union members was not legal since there was no clear performance assessment from the respective of the section heads. This was explained to factory management who agreed to re-instate the three workers to the same position with the same wage. No wages were deducted for the period when the workers were laid off. The union leader acknowledged PUMA's engagement in this case and recognised our commitment to respect freedom of association.

Madagascar

In June 2022, PUMA received a request from IndustriALL's Sub-Saharan Africa regional office to support one of their trade union affiliates called SEMPIZOF in Madagascar. According to IndustriAll, about 350 machinists went on strike in a factory producing for PUMA and other brands from May 18th to 25th, 2022 to protest on wages and unfair skills' assessments for experienced workers. The strikers also denounced sexual harassment against female workers and bribery during recruitment. SEMPIZOF approached the Labour Inspectorate and Labour Tribunal with another IndustriALL affiliate SVS to request the reinstatement of 50 workers (dismissed during the strike) and respect of workers' rights. We immediately followed up with the supplier, who confirmed the unrest of 345 workers (out of 1,550), the dismissal of 58 workers, and their willingness to collaborate for remediation. The four brands including PUMA producing in this factory had several meetings on collaborative actions and reached out to the Fair Labor Association (FLA) for support.

In July 2022, during a first call with the FLA, the brands agreed to find an independent third party to conduct an in-depth investigation. The FLA interviewed several candidates and commissioned an independent third-party The Labour Hive in November 2022. It completed an investigation and provided a detailed report with suggested actions in February 2023. The report includes a thorough analysis of all allegations. The factory immediately suspended the manager related to sexual harassment allegations and dismissed him after the investigation. The investigation did not identify issues related to overtime, short-term contracts, unfair dismissals because of trade union activities nor bribery at recruitment. The FLA published the results of **the investigation report**. Brands studied the report and agreed on an action plan with the supplier in May 2023. During a follow-up verification of the remedial action plan in November 2023, it was confirmed and verified by The Labor Hive that factory management had engaged with various stakeholders such as local authorities, Better Work, trade union (FISEMA), and worker reps to take corrective actions.

Various projects and programmes have been implemented, and improvements such as an increased meal allowance, adjusted salary as per government decree, regulating probation period for production workers, and removal of the dismissed workers from the blacklist (so that they can find jobs in other factories) were made. In partnership with ILO Better Work, the factory arranged several trainings on Freedom of Association, Harassment and Abuse, Compensation and Benefits and Hours of Work. Further improvements on workplace dialogue, workers' satisfaction surveys, training effectiveness, renewal of workers' representation election, and the implementation of a workers' performance evaluation system are still on-going and aim to be completed by August 2024.

ZERO TOLERANCE ISSUES

All issues identified during our auditing and hotline activities are classified as zero tolerance issues (such as child labour or forced labour), critical issues or other issues in our **Sustainability Handbooks**.

Zero tolerance issues lead to the immediate failure of an audit. If these issues are reported for a new factory, the factory will not be allowed to produce PUMA goods. Established suppliers must remedy all zero tolerance issues immediately by conducting a root cause analysis and implementing preventive measures to prevent the issue reoccurring. As a last resort, a business relationship can be terminated if the factory fails to cooperate. Other issues are also followed up on by our Compliance team.

In 2023, we identified 19 zero tolerance issues and were able to remedy eight on workers' compensation in line with legal requirements, lack of transparency and wastewater discharge. Two zero tolerance issues remain open. One was related to a South Africa-based factory producing furniture for our retail stores paying 94% of the minimum wage, as they were granted an exemption by local authorities. After meeting the factory management, they committed to pay the full minimum wage from July 2024. Another example is a factory in Pakistan which was found to have transparency issues during an unannounced audit in late 2023 conducted after the publication of a **Report** from Labour Behind the Label. The factory committed to improve and joined the Better Work programme in December 2023. We informed Better Work about this case and intend to resolve this issue during its first assessment. Nine factories were not onboarded or were deactivated in 2023. The increase in zero tolerance issues is due to the increased number of factories audited in 2023.

↗ T.09 ZERO TOLERANCE ISSUES (ZTIS)

Country	2023	2022	2021
India	5	3	
Bangladesh		3	2
Cambodia	2	1	2
Vietnam	2	2	
Canada	3		
Pakistan	2		
South Africa	2		
Brazil	1		
China	1		
Egypt	1		
Malaysia		1	
Philippines		1	
Spain		1	
Grand total	**19**	**12**	**4**

FREEDOM OF ASSOCIATION PROTOCOL IN INDONESIA

To ensure workers' voices are heard, we want to foster Freedom of Association (FoA) and signed the Indonesia FoA Protocol.

The main objectives of the Freedom of Association Protocol are:
- Eliminate the practice of union busting in the factory and to foster healthy industrial relationships
- Factory management and union leaders can identify violations and challenges around FoA that arise in the factory and are able to discuss solutions together
- Avoid victimisation of union representatives and members when disputes arise between union members and management
- Set up fair rules for the implementation of FoA by having a joint understanding and commitment between workers and the factory management
- To have extra layer of rules and regulations related to FoA practice that is not regulated in Law No. 21/2000

As of end of 2023, seven Tier 1 factories have agreed to apply the FoA Protocol with 13 unions. Two factories are planning to sign up in 2024, while the remaining ten Tier 1 suppliers either do not have a union or their union is not a member of FoA Protocol. As of end of 2023, no FoA case within PUMA suppliers has been escalated to the FoA Protocol national committee. FoA cases are mainly resolved internally at a factory level without PUMA's involvement.

WAGE ISSUE IN KARNATAKA

On February 19, 2020, the state government of Karnataka increased the Variable Dearness Allowance (VDA), requiring manufacturers to pay workers Rs. 417.56/month as a component of their wages, from April 2020 onwards. The VDA is calculated based on the increase or decrease in the consumer price index (CPI) to help employees in the public and private sector to cope with the rising cost of living due to inflation.

The Karnataka labour department deferred the payment of VDA (as per the VDA Hike Order) until March 2021 due to the financial hardships caused to employers during COVID-19. Two unions challenged the deferral order and filed two petitions in August 2020. On September 11, 2020, the Karnataka High Court announced that the Labor Department's postponement of the wage increase was illegal as per Section 26(2) of the Minimum Wages Act. This means that non-payment could be seen as being in contempt of such a court order. In practice, factories paid Rs. 622.44/month VDA to workers from April 2021, but they did not pay Rs. 417.56/month to workers from March 2020.

We have actively been working with our sourcing and suppliers in the region, informing our three suppliers that PUMA expects suppliers to pay the incremental minimum wages (considering both the 2020 and 2021 VDA adjustment), including arrears to both existing and former workers. We aligned our expectations of suppliers with the Worker Rights Consortium and kept informing them on our progress. In 2023, $ 484,928 was paid to 13,687 workers, including both existing and former workers. We verified payment on-site, except for one factory onboarded in April 2023, where a visit is scheduled in early 2024.

FAIR INCOME

TARGET DESCRIPTION:

- Make sure all PUMA employees are paid a living wage
- Carry out fair wage assessments including mapping a specific wage ladder for top five sourcing countries to help improve their wage levels and practices
- Ensure bank transfer payment to workers at all core suppliers by 2022
- Ensure effective and freely elected worker representation at all core Tier 1 suppliers

Relates to United Nations Sustainable Development Goals 1, 2 and 10

KPIs:

- Percentage of average wages compared to minimum wage
- Percentage of workers with permanent contracts
- Percentage of workers with social insurance coverage
- Percentage of workers paid via bank transfer
- Percentage of factories with freely elected worker representation
- Percentage of factories with collective bargaining agreements
- Number of countries with fair wage assessments over the last five years

For the definition of fair wages, PUMA follows the requirements for compensation set out in the **Code of Conduct** published by FLA. **The Fair Wage Network** conducts wage assessments and evaluates the wage systems of selected factories across 12 dimensions, focusing on five major areas: legal compliance, wage levels, wage adjustments, pay systems and social dialogue and communication. It also assesses the priority the wage policy takes within the company's Human Resources policy and its Sustainability Strategy (considered as a thirteenth cross-cutting dimension).

FAIR WAGES AT PUMA'S OWN ENTITIES

The increasing cost of living is an emerging risk for PUMA. In 2021, we purchased a license for the living wage database of the Fair Wage Network. In 2021 and 2022, we used this database to check that a living wage was being paid to all PUMA employees globally. In 2022, our global leadership team implemented performance indicators - tied to bonuses - related to ensuring PUMA employees earned a living wage. The results of this internal assessment show that in 2022 all regular PUMA employees globally who were working full time were paid according to living wage thresholds at the regional/city level or above the Living Wage National Adjusted Mean as defined by the Fair Wage Network. This was also the case for 2023. See **Our People** section for further details.

FAIR WAGES IN THE SUPPLY CHAIN

As part of our efforts to ensure fair wage practices at the factories of our suppliers, we have defined the failure to make a full payment of at least the minimum wage as a zero-tolerance issue. This means that to be taken on as or to remain an active PUMA supplier, a company must pay minimum wages in full compliance with local regulations. 99.97% of workers in 2023 were paid at least minimum wage. Provisions around the payment of overtime hours and social insurance are also clearly articulated in PUMA's Code of Conduct and are scrutinised regularly as part of our Compliance Audit Programme. The performance of PUMA's suppliers in other Fair Wage dimensions is also assessed through fieldwork assessment surveys (among both the workers and management) carried out by the Fair Wage Network.

DIGITAL PAYMENT

In 2023, 100% of our core factories paid 224,444 employees digitally. We are further expanding the digital mapping to all Pakistan factories, where 1,742 employees from four suppliers are not yet paid digitally. We will follow up in 2024.

FAIR COMPENSATION DASHBOARD

We have collected wage data annually from our core Tier 1 factories for several years. We use this data to report S-KPIs (see table T. 12). In 2022, we used the FLA's Fair Compensation Dashboard* to analyze 2021 wage data for 59 strategic Tier 1 factories, and 2022 wage data for 60 strategic Tier 1 factories in 2023. We use the Dashboard to compare aggregated and anonymised data from industry peers and, where available, against living wage estimates of the Global Living Wage Coalition (GLWC), developed by the Anker Research Institute**. Where GLWC estimates are not available, namely in Indonesia, we used 2022 Fair Wage Network benchmarks***.

Graph G.10 shows the results of our benchmarking for 60 core Tier 1 factories in local currency, covering wages in 2022. This data covers approximately 75% of PUMA's global production volume for 145,834 workers employed under those suppliers. 32 factories paid a living wage to 83,089 workers in Cambodia, China, Pakistan and Vietnam, covering 45% of PUMA's global production volume. Those 83,089 workers represent 13% of our total supply chain workforce.

Below is our analysis of the results:

- All of our five strategic factories in Cambodia, one out of two strategic factories in Pakistan, 13 out of 18 strategic factories in China and 13 out of 20 strategic factories in Vietnam pay, on average, a living wage as set by the Global Living Wage Coalition. For Vietnam, as the GLWC provided a breakdown of the living wage benchmark into four different levels instead of two previously, seven Vietnam factories out of 20 fell below GLWC benchmarks. These seven factories now have a higher living wage level to reach.
- One supplier in the Philippines, which is below GLWC benchmark, will go through a Fair Wage Assessment in 2024.
- In Indonesia, all strategic factories went through Fair Wage Assessments or Remediations. One of the factories received the Fair Wage Certificate. At two factories re-assessed after remediation, we saw improvements in their scores on the 12 Fair Wage Dimensions, especially on prevailing wage, real wages, communication and social dialogue. These actions were taken between 2022 and 2023, which explains why there is a wage gap towards a living wage. We will keep following the remediation actions of these four core factories in Indonesia.

* Industry average wage data from the FLA Fair Compensation Dashboard from November 2020 and October 2021. Users of the FLA's Fair Compensation Dashboard have access to live anonymised monthly average net wage calculations based on all wage data uploaded per country and year. Averages are updated as wage data is uploaded into the dashboard and includes the Net Wage = Basic (Contracted) Wage + Cash Benefits + In-Kind Benefits – Mandatory Taxes and Legal Deductions. Payment of overtime is excluded.

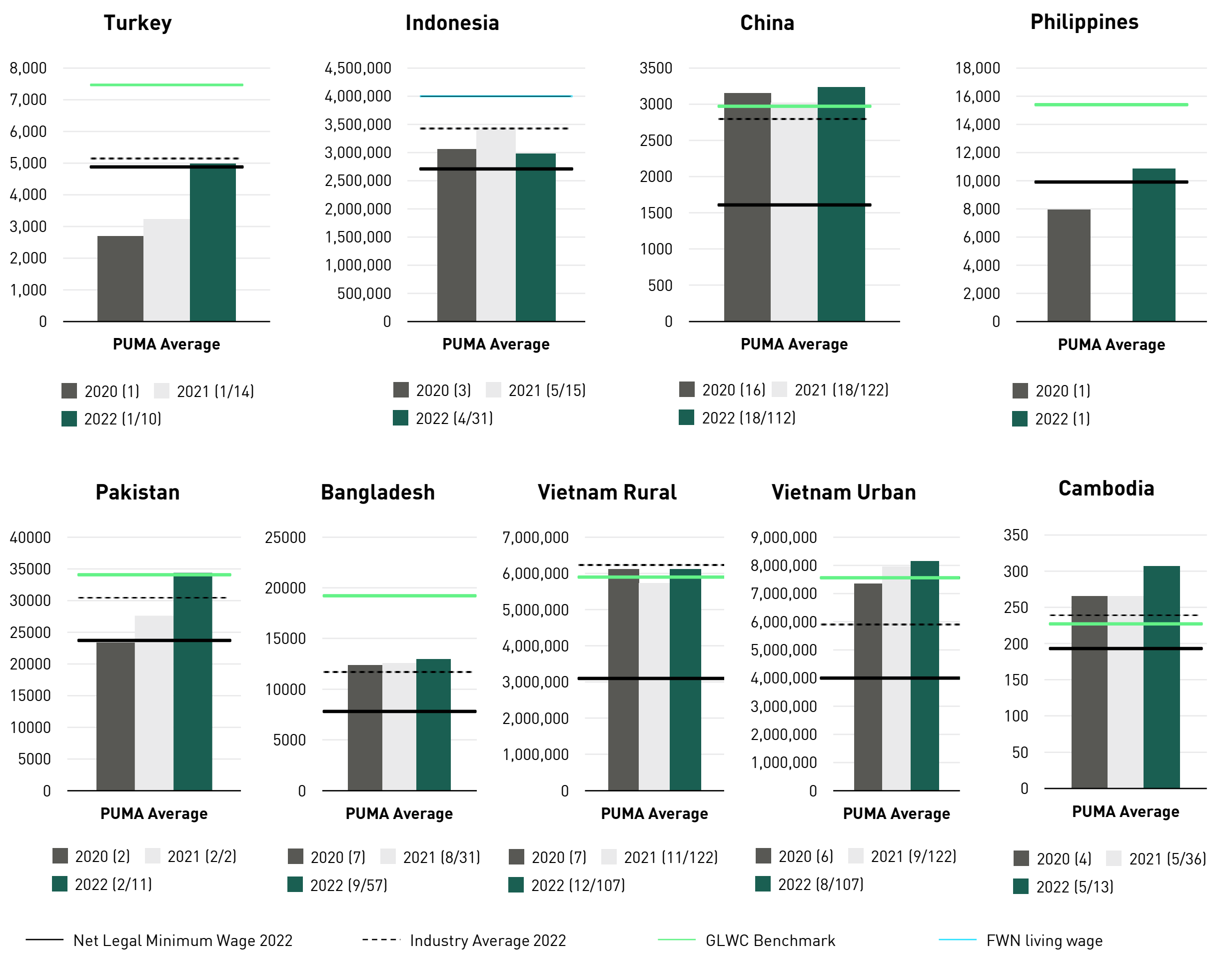
** Global Living Wage Coalition: The GLWC estimates and reference values are developed by the Anker Research Institute. The methodology for these estimates uphold the definition of the living wage, which includes the standard remuneration received by a worker for a workweek, in a particular place, to afford a decent standard of living for the worker and his/her family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing and other essential needs, including provision for unexpected events.

*** Fair Wage Network methodology: It takes into account the minimum living wage necessary for a worker to cover his/her family's basic needs considering multiple income earners in the family (the necessary family budget being covered by the sum of income earners). FWN also proposes a more ambitious living wage threshold that would consider one income earner and not multiple income earners. PUMA used multiple income earners thresholds in our fair wage analysis.

- The Turkey factory's net pay has increased by 55% compared to 2021 due to the high inflation. We plan to enroll this factory for a Fair Wage assessment in 2024 to evaluate its wage system, so the factory can set up an action plan and workers' income can increase.
- One supplier in Pakistan reached the Global Living Wage Coalition Benchmark. Another supplier reached 97% of the GLWC benchmark. We will launch Fair Wage Remediation with the latter in 2024.
- Wage payments in Bangladesh, despite being above industry average, fell well short of the Global Living Wage Coalition Benchmark and reached 67% of the Global Living Wage Coalition Benchmark in 2022; (70% in 2021, 69% in 2020).

In 2023, we conducted Fair Wage Assessments with ten factories in Bangladesh, Pakistan, Indonesia, Cambodia and China, including seven re-assessments at factories in Bangladesh, Cambodia, Pakistan and Indonesia and three first-time assessments at two suppliers in China and one in Bangladesh.

↗ G.10 FLA FAIR COMPENSATION DASHBOARD 2020 – 2022



FAIR WAGE ASSESSMENT

Since 2018, we have asked Fair Wage Network (FWN) to conduct fair wage assessments at our core factories based in Bangladesh (2018), Cambodia (2019), Cambodia and Indonesia (2021), Bangladesh, Vietnam, Pakistan (2022), and China (2023) at 27 factories in total. Six factories obtained a Fair Wage Certificate, meaning that across the 13 dimensions of Fair Wage, wage and overtime payment, communication, and social dialogue for example, factories received at least 280 points out of 400 with no more than two dimensions below a 40% score, and workers are paid above the Fair Wage Network Living Wage threshold.

A positive outcome is that factories are strong in some institutional elements such as wage grids, monitoring the wages' cost progression within the total production cost (including involving worker representatives to discuss and negotiate wage related issues and paying wages above competitors' rates and above companies from other sectors located in the same area. However, similar developments were not always reported on in collective agreements, which have rarely been signed at the factory level, and monitoring process for moving towards the payment of a living wage. These insights still provide valuable information for follow-up and remediation in these factories. Worker satisfaction with wages and working conditions was found to be relatively good, with most workers being either 'fully' or 'partly' satisfied with their wages and working conditions. At one supplier, however, it was found that nearly half of the workforce were not satisfied with the working conditions, we will follow up on this in 2024.

In 2023, out of 10 factories that went through a fair wage assessment, six were re-assessed after a nearly one-year remediation phase with the support of Fair Wage Network (three in Bangladesh, one in Cambodia and two in Indonesia). All six factories improved significantly in communication and social dialogue, wage structure and also competitiveness. Under the Fair Wage Network Remediation Framework, social dialogue activities took place at those six factories and the wage structure was jointly reviewed as a result. Although wage adjustment mechanisms were improved, there is still room for improvement as regards the living wage. At the three factories assessed for the first time, we will work with the Fair Wage Network to further improve their wage strategy and pay systems. One factory in Pakistan was re-assessed as they previously had reached the GLWC living wage threshold. The factory has not yet received fair wage certification although its score has improved.

The Fair Wage Remediation programme provides a remediation plan to factories based on their individual assessments, and guides factories in setting up a Fair Wage Implementation Committee (consisting of workers and management representatives). The Committee is trained by the Fair Wage Network, on fair wage dimensions, wage grid, and how to a conduct living wage survey. The committee is responsible -under FWN guidance- for implementing the remediation plan.

In Indonesia, both factories under the remediation programme opened a dialogue channel with trade unions to negotiate the pay systems. One supplier included a seniority bonus into its basic wage, 90% of workers had a 0.46%-1.15% wage increase since January 2023; the factory also provided 14% to 28% as skill bonuses to workers having the ability to operate more than one machine. Another supplier pays workers higher than the legal requirement, providing a seniority bonus of 0.42%-0.48% of the minimum wage to workers who have worked more than one year, and providing a skill bonus that ranges from 0.65% to 16.34% of the minimum wage. All of these measures improve not only the fairness but also the efficiency of pay systems.

In Bangladesh, all three suppliers developed training modules and trained almost 100% of the workers using a skills matrix for all the designations. This ensures that workers' wages increase in step with human capital developments (people skill development, working experience, creativity, strengths and attributes) and that the promotion system is fair and transparent. Training programmes were also provided to both management and workers on their roles and responsibilities based on the skills matrix and its connection to wage increases. Suppliers also looked at the gap between workers' gross income and the living wage, and took initiative to minimize this gap. For example, one supplier introduced a fair price shop on the premises of the factory, so that the workers get the daily products they need at an affordable price, allowing workers to keep part of their wages for other needs. As a result of actions taken by our suppliers, we witnessed an improved dialogue between workers and factory management on the topic of wages. Workers, in one of three factories, formed a Trade Union during the remediation, so workers will be able to better coordinate their workforce concerns through this platform. We got to understand that the management of this particular supplier was highly supportive of the Trade Union's creation, and it was found that their concerned parties are currently engaged in a congenial relationship.

In Cambodia, with the involvement of the Fair Wage Implementation Committee, the factory that started its remediation programme in mid-2022, reviewed its wage structure by creating more bonuses such as productivity bonuses and multi-skill bonuses. All of these are contributing to an almost 6% wage increase on average for about 3% (122) of qualified workers. This helped the factory to stabilize its workforce, with a 14.8% reduction of annual staff turnover in 2022 and a further 68.5% reduction in 2023.

↗ CASE STUDY

Bangladesh
A factory in Bangladesh was assessed by Fair Wage Network team in 2018 to evaluate its wage practices. The factory could not be certified, joined the Fair Wage Remediation Programme in 2022 and was re-assessed at the end of the programme in 2023. The company has developed a rather comprehensive wage policy.

One of the major improvements was in 'Communication and social dialogue'. A committee, consisting of an equal number of representatives from management and workers, was formed to implement a remediation plan. The workers' representatives on the committee were engaged in the decision-making process while developing and implementing the skills matrix, performance evaluation processes, for example. A robust communication strategy was set, ensuring that employees are well-informed about their wage levels and pay structures. The company set up a social dialogue policy, allowing representatives of workers to be involved in discussions and negotiations on wage matters. The intention is for these negotiations to lead to regular talks on wage issues and the possible endorsement of a collective agreement in future. The improved labour relations led to a 0.5% reduction in the staff turnover rate.

In March 2023, while the remediation programme was underway, the workers at the factory created a Trade Union. This action suggests that the workers recognise the potential benefits of having a collective organisation to represent their interests. By establishing the Trade Union, the workers have created a structured platform that allows them to collaborate more effectively on matters of collective concern. Currently, approximately half of the workers of the factory are members of that Trade Union. The factory is working with Better Work Bangladesh, who provide training for both management and union members on their roles and responsibilities under the Labor Law.

GENDER PAY GAP

For the first time in 2023, we collected wage data by gender. There is no wage gap between female and male workers on a global average. We notice a difference of a few cents of Euros per hour in Pakistan, China, Cambodia and Turkey, mainly because factories are paying higher wages for working positions, such as polishing, or in warehouses that require the use of chemicals or heavy lifting and are positions predominantly filled by male workers.

↗ T.10 GENDER PAY GAP[1-2]

2023	SOUTH ASIA			SOUTHEAST ASIA				EMEA	2023
Social KPI	**Bangladesh**	**Pakistan**	**China**	**Cambodia**	**Indonesia**	**Philippines**	**Vietnam**	**Turkey**	**Average**
Hourly average gross wage excluding overtime and bonuses (%) (female-male)*	0.0	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Hourly average gross wage including overtime and bonuses (%) (female-male)*	-0.1	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0
Number of factories	8	2	18	5	4	1	18	1	57

* New KPI
1 Data received from 57 PUMA core suppliers representing 72.1% of 2023 production volume, 72.4% of 2023 production value; reporting period for data collection: January 2023 – October 2023 (November and December 2023 were calculated based on the estimation method)
2 Wage gap calculation – Average of total female workers' hourly gross wage – Average of total male workers' hourly gross wage

RECRUITMENT FEES

PUMA signed the Fair Labor Association/American Apparel and Footwear Association Commitment to Responsible Recruitment in 2018. Since then, we have been actively involved with suppliers, industry peers and the UN's International Organization for Migration (IOM) to ensure that the labour rights of foreign and migrant workers are upheld in our supply chain.

We map on a yearly basis if our factories employ foreign migrant workers and how much workers paid in recruitment fees. We then engage with our sourcing leaders, supplier top management, and in some cases other brands the supplier produces for, to come up with an agreement on a timeline to pay migrant workers back. The back payment could in certain cases be made in different instalments and not a lump sum to not disturb the factory as not all workers are entitled to this payment – an issue which could lead to misunderstandings between workers.

Through the efforts of multi-stakeholder engagements, factories paid back more than $100,000 to 255 foreign migrant workers at six factories in Japan, South Korea, China (Taiwan) and Thailand in 2022. PUMA has used e-learning from the International Organization for Migration in employer guidelines to train 36 factories from Mauritius, China (Taiwan), South Korea, Thailand and Japan in 2022. In 2023, we kept monitoring factories' recruitment practices.

In May 2023, we found that eight foreign migrant workers had paid recruitment fees before starting to work at three factories (two core Tier 2, one non-core Tier 2) in Taiwan; through communication with factories and support from our sourcing team, over $16,000 in total was paid back to these workers.

During an audit at one South Korea factory, we found that one worker had paid $370 for a flight ticket from their home country to South Korea. The factory immediately reimbursed this worker after the audit.

During audits conducted at the end of 2023, we found that 12 migrant workers had paid a total of approximately $33,000 before they started to work at three factories in Japan. Two factories agreed to pay back a total of $23,109 to nine migrant workers in January 2024; we will terminate our business relationship with the third factory which refused to reimburse workers since it is in breach of PUMA's standards. We will phase out this supplier by June 2025, so that they have sufficient time to find another customer to replace PUMA's business and to avoid impacting workers' employment.

In 2023, the IOM trained PUMA's Sustainability Team in the following areas:
- How fair and ethical recruitment due diligence can help prevent and mitigate adverse human and labour rights for migrant workers.
- Practical knowledge on how to apply Ethical Recruitment Due Diligence Tools, particularly the supplier Self-Assessment Checklist, Corrective Action Plan, and the Interview Questionnaire for Migrant Workers.
- Features and functions of the Ethical Recruitment Due Diligence tools as a trainer.

In 2024, the IOM will further support PUMA to develop suppliers' guidelines regarding responsible migrant workers recruitment and working conditions. These will be included into our Social Standards and translated into all relevant languages. PUMA's Sustainability Team will train our suppliers who employ foreign migrants on these new requirements.

↗ T.11 FAIR INCOME TARGET STATUS

Sub-targets	2023	Baseline 2020	Target 2025
Digital payment (% of core Tier 1 and Tier 2 suppliers)	100%	90%	100%
% of workers that are receiving wage payments digitally	100%	*	100%
Percentage of core Tier 1 supplier facilities that have trade unions or freely elected worker representation (core Tier 1)	66%	33%	100%
Fair wage assessments (Mapping of a specific wage ladder for top five sourcing countries)	5 out of 5	2 out of 5	5 out of 5

* No baseline in 2020

2022-2023 PUMA PLWF REPORT: LEADING

The Platform Living Wage Financials (PLWF) is a coalition of 20 financial institutions that engage and encourage investee companies to enable living wages and incomes in their global supply chains. The **2022-2023 PLWF report** presents the annual assessments of investee companies on living wage and responsible purchasing practices. In 2023, PUMA was the only company that reached the Leading category for its work on fair income, out of 31 companies from the Garment and Footwear sector.

SUPPORTING LEGAL MINIMUM WAGE INCREASE IN BANGLADESH

In 2023, PUMA received a letter from four Bangladeshi Unions calling for support for minimum wage to increase, through social dialogue, and by making a long-term commitment to continue sourcing from Bangladesh.

PUMA answered through a **public statement** recognizing that the current legal minimum wage in the Ready-Made Garment sector is significantly below a living wage. In this statement, we share PUMA's standards regarding legal minimum wage, overtime and social insurance payment-related issues, as well as our continuous monitoring and methodology, regarding living wage benchmarks and assessments. We reiterated the importance of freedom of association and collective bargaining as a key means through which employers, their organisations and trade unions can establish fair wages and working conditions. We also supported the FLA's letter shared in August 2023, which appeals to the Chairman of the Minimum Wage Board to champion local union demands for increases in the minimum wage.

In October 2023, PUMA also joined other FLA-affiliated brands to ask the government to consider that the minimum wage consultations should be made in an environment to support dialogue with relevant stakeholders and Unions, seek to raise the minimum wage to a level that is sufficient to cover workers' basic needs and some discretionary income and takes into account inflationary pressures, while ensuring that the minimum wage is reviewed annually. Signatory brands are AEO, Inc. Abercrombie & Fitch, adidas, Amer Sports, Burton, Gap Inc., Hugo Boss AG, KMD Brands, Levi Strauss & Co., lululemon, Patagonia, PUMA SE, PVH Corp, SanMar and Under Armour.

In both letters, PUMA shared its commitment to implement Responsible Purchasing Practices to support negotiations and wage increases and to continue sourcing in Bangladesh.

WORKER REPRESENTATIVES PROJECT

Effective social dialogue and sound industrial relations are key components of achieving decent work. Ensuring effective and freely elected worker representation in all core Tier 1 suppliers is among our 10FOR25 Sustainability Targets. PUMA encouraged our suppliers to join the ILO Better Work Programme, which coaches the factory management to create or work with an existing bipartite or worker/management committee to discuss and resolve workplace issues on an ongoing basis.

For factories that are not part of the Better Work programme, we partnered with Timeline Consultancy, a China-based consultant experienced on improving worker-management cooperation, who trained PUMA's Sustainability Team in 2022 and 2023. Our PUMA Sustainability Team gained the ability to independently promote the establishment of an effective Worker Representative Committee and to evaluate its effectiveness.

Since 2022, 12 factories in China have established a Worker Representative Committee. 358 worker representatives were freely elected by production workers, 59% of which are female workers. For a better understanding of the worker-management dialogue mechanism, 380 representatives of factory management were trained by PUMA's Sustainability Team on the Significance of Dialogue and Worker Representation before the worker representative election. After the election, all these factory management and worker representatives were trained on their roles and responsibilities, rights and obligations, how to conduct adequate information sharing and how to establish a dialogue mechanism, which enables open dialogue between factory management and worker representatives.

In 2023, we expanded the programme to include two Vietnamese factories and one factory in Indonesia: worker representative elections will be held in three factories in 2024.

SOCIAL-KPIS

On average, our core suppliers paid basic wages that exceed minimum wage levels by 12.7% in 2023. When adding overtime and bonus payments, our core suppliers pay 62.7% above minimum wage. In view of the global macroeconomic situation, which has led to a change in customers' ordering behaviour, we saw a decline in the order book in the first half of 2023 and stabilisation during the second half of 2023; as a result, overtime working hours decreased on average by 2.4 hours per week compared with 2022, which explains why the percentage of gross wages (including overtime and bonuses) above minimum wage decreased compared with 2022. At the same time, in 2023, the minimum wage increased over a 12-month average by 104% in Turkey, by 11% in Pakistan, by 2% in Indonesia, by 4% in the Philippines, by 3% in Cambodia and 0.3% in China. For Bangladesh the new minimum wage came into effect on the first of December 2023, and increased by 56%.

100% of workers are covered by social insurance in all countries except for China where 80.4% are covered: this represents a 4.4% increase compared to 2022 due to factories making an effort to explain the benefits of the programme and convincing workers to join social insurance schemes. The total average coverage with social insurance increased from 97% to 97.5%.

In 2023, 32.3% workers are covered by a collective bargaining agreement (in 2022 34.4%). This number decreased as one of our suppliers in Indonesia with a CBA dropped off our core supplier list.

The percentage of women in managerial positions increased slightly to 50.4% (in 2022 49.1%) as some factories reached their goals of increasing the number of females in managerial roles.

The percentage of permanent workers increased from 74.2% to 76.7% on average, mainly due to labour law changes in Cambodia, under which more workers get an Undetermined Duration Contract (UDC), after completing a two-year Fixed Duration Contract (FDC). In addition, since there was a decrease in orders during the first half of 2023, factory management teams recruited fewer temporary workers.

The turnover rate decreased due to factories implementing worker retention programmes. However, in countries such as Pakistan, Indonesia and Turkey turnover rates increased due to downsizing business or workers entering into retirement.

The average injury rate was reduced to 0.2% (0.3% in 2022). We followed up on action plan implementation after various OHS trainings, such as Accident Prevention and Reporting training, conducted by PUMA since 2021. In view of the 2023 global macroeconomic situation, which led to a change in customers' ordering behaviour, we saw a decline in the order book in the first half of 2023 and stabilisation during the second half. This led to a downturn in working hours, fewer temporary workers being recruited and potentially fewer risks of injury. This could also explain why the injury rate decreased this year.

↗ T.12 SOCIAL KPIS PUMA CORE TIER 1 FACTORIES 2020-2023[1-3]

2023	SOUTH ASIA		SOUTHEAST ASIA					EMEA	2023	2022	2021	2020
Social KPI	Bangladesh	Pakistan	China	Cambodia	Indonesia	Philippines	Vietnam	Turkey	Average			
Gross wage paid above minimum wage excluding overtime and bonuses (%)	23.6	33.2	5.9	6.1	1.3	0.0	31.4	0.4	12.7	13.4	14.5	13.0
Gross wage paid above minimum wage including overtime and bonuses (%)	58.6	38.9	166.6	63.3	38.3	18.0	93.3	24.9	62.7	71.0	80.2	54.7
Workers covered by social insurance (%)	100.0	100.0	80.4	100.0	100.0	100.0	100.0	100.0	97.5	97.0	95.1	95.6
Overtime (hours per week)	6.0	0.3	13.5	4.9	4.5	6.0	3.5	3.8	5.3	7.7	8.3	5.4
Workers covered by a collective bargainning agreement	0.0	0.0	93.3	40.0	25.0	0.0	100.0	0.0	32.3	34.4	37.2	26.9
Female managerial position (%)	7.4	7.7	56.3	64.6	73.8	76.9	71.2	45.3	50.4	49.1	NA	NA
Female workers (%)	42.0	9.7	61.6	83.1	82.8	63.9	76.2	58.5	59.7	60.0	59.5	58.8
Permanent workers (%)	100.0	100.0	28.6	62.7	99.2	77.2	45.6	100.0	76.7	74.2	75.5	74.4
Annual turnover rate (%)	27.3	32.9	52.8	41.9	26.5	15.1	39.9	34.8	33.9	35.6	34.0	29.9
Injury rate (%)	0.3	0.0	0.4	0.3	0.3	0.0	0.1	0.5	0.2	0.3	0.3	0.4
Hourly average gross wage excluding overtime and bonuses (%) (Female-Male)*	0.0	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0			
Hourly average gross wage including overtime and bonuses (%) (Female-Male)*	-0.1	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0			
Number of factories	8	2	18	5	4	1	18	1	57	65	63	58

* New KPI

1 Data received from 57 PUMA core suppliers representing 72.1% of 2023 production volume, 72.4% of 2023 production value; reporting period for data collection: January 2023 – October 2023 (November and December 2023 were calculated based on the estimation method)

2 Injury rate calculation – Number of OSHA Recordable cases X 200,000 / Number of Employee Labor hours worked

3 Wage gap calculation – Average of total female workers' hourly gross wage – Average of total male workers' hourly gross wage

HEALTH AND SAFETY

TARGET DESCRIPTION:

- Zero fatal accidents
- Reduce accident rate to 0.5 at PUMA and at suppliers
- Building safety operational in high-risk countries*

Relates to United Nations Sustainable Development Goal 3

3 GOOD HEALTH AND WELL-BEING

EXAMPLES OF THE 10FOR25 ACTION PLAN:

- Expand building safety projects to include Indonesia
- Ensure professional risk assessments are conducted regularly

KPIs:

- Number of fatal accidents at Tier 1 and core Tier 2 factories
- Average injury rate at PUMA
- Average injury rate at core Tier 1 suppliers
- Number of factories subject to our Building Safety Assessment Programme

Ensuring safe working conditions for our own employees and hundreds of thousands of indirect employees at our manufacturing partners is an ethical imperative. In 2015, we set a target of zero fatal accidents and aimed to reduce the number of work-related accidents. In 2021, we revised our Supplier OHS handbook, requiring our manufacturing partners to conduct an OHS risk assessment. We also published the PUMA OHS Policy for our own employees. Our health and safety targets are linked to the bonuses of our global leadership team.

HEALTH AND SAFETY AT PUMA'S OWN ENTITIES

At our headquarters, we operate an occupational Health and Safety Committee, that oversees our health and safety management system. The Committee includes a specialised labour physician, a health and safety technician and employee representatives. In 2023, we certified our OHS management system according to ISO 45001 at the headquarters level.

To ensure a global implementation of our health and safety policy, our larger subsidiaries have their own health and safety committees or experts in place. For more than ten years, we have been able to record zero fatal accidents at our own entities globally. We have also kept the lost time injury rate below 0.5 since 2019, meaning that per 100 full-time employees, less than 0.5 accidents were recorded, in line with our targets.

* High-risk countries are defined by the building safety index which is based on instances of non-compliance associated with building approval, multi-tenant building, structural integrity, ventilation/ heating, and warehouses.

In 2023, this target was supported by continuing our Occupational Health and Safety e-learning. Over 80% of PUMA staff members globally participated in health and safety training to prevent injuries or work-related negative health effects.

In addition, we offer sports facilities, canteens with balanced food and work-life balance courses at our major offices globally. For more information on employee wellbeing please refer to the **Our People** section of this report.

HEALTH AND SAFETY IN THE SUPPLY CHAIN

Apart from our ongoing auditing programme that includes occupational health and safety assessments, we implement our Building Safety Assessment Programme in countries where we have identified risks. We also set up professional risk assessments at all our major manufacturing partners. Despite these preventive measures, unfortunately, a work-related accident resulted in the death of an employee in one of our suppliers' factories in India in 2023. We will keep our focus on Occupational Health Safety accident prevention.

SUPPLIER TRAINING ON OHS RISK ASSESSMENT

In 2021, we updated our OHS Handbook to guide the OHS risk assessment processes and tools for the factory management and OHS person in charge.

PUMA provided training to core Tier 1 and Tier 2 suppliers on how to conduct Occupational Health and Safety (OHS) risk assessments in 2021 and 2022. We followed up on progress with an on-site visit by a third-party auditing company.

In 2023, among the trained factories, we noticed fewer violations related to Chemical Safety Management (-3%), and Electrical and Mechanical Safety Management (-2%) compared to 2022. However, we noticed more violations related to noise pollution. We will explore how to improve together with suppliers in 2024.

In 2023, the PUMA Sustainability Team developed accident prevention and reporting training based on the ITC-ILO material and provided Train-the-Trainer sessions to 266 managerial staff at 102 factories (core Tier 1 suppliers and all factories in India and Sri Lanka). Trained factory managers provided this training to 115,588 workers in 59 factories. Training hours were 117,695 in total. Some of the factory managers received the training in late 2023, we will follow up on their workers' training in 2024.

4,364 workers from eight factories in Cambodia and Indonesia completed the Better Work e-learning course on Occupational Safety and Health via the WOVO mobile app, covering 51% of the employees in these factories.

BUILDING SAFETY ASSESSMENT AND RISK ASSESSMENT

A safe workplace is a top priority at PUMA and we continuously carry out building safety inspections among high-risk factories in our supply chain. From 2015 to the end of 2023, our Building Safety Assessment Programme covered Bangladesh, India, Indonesia and Pakistan.

↗ T.13 BUILDING SAFETY ASSESSMENT PROGRAMME

Country	Number of factories	Comments
Bangladesh	21	Part of our ongoing membership of the Bangladesh Accord
India	6	In partnership with AsiaInspection or Elevate
Indonesia	5	In partnership with AsiaInspection
Pakistan	3	In partnership with Elevate

In 2023, we used EIQ to map all sourcing countries where building safety is considered as high risk. As a result, two factories in Indonesia and four factories in India were identified as high-risk. The four factories in India already went through a Building, Electrical and Fire Safety Assessment (BEFS) in 2022, conducted by ELEVATE. A similar assessment was conducted in the two Indonesian factories in 2023. Through active engagement with these four suppliers in India, 69% of the findings had been remediated by the end of 2023. We will keep following up to ensure all findings are taken care of.

Five factories went through building safety inspections in Indonesia, two in 2023 and three in 2018. We continued following up on remediation at the three factories. Two factories obtained building safety certificates issued by the government, and one will be certified in early 2024.

↗ CASE STUDIES

Building Safety in India
A factory under the largest footwear supplier in India, underwent the Building, Electrical and Fire Safety Assessment by a third-party inspection firm, Elevate, in 2022, as well as a follow-up inspection in 2023.

75 findings were identified at the initial assessment, 22 of them categorised as Major Issues. PUMA conducted an onsite follow-up with factory management, who then agreed to engage with experts to conduct feasibility studies and implement corrective actions. Over $41,000 was invested to install fire-fighting equipment, strengthen the building structure, do panel modifications, etc. As a result, 92% of findings had been corrected during the follow-up inspection in September 2023. The rest of the findings require more time to remediate. PUMA will follow up with the supplier in 2024.

ACCORD

As part of its continued commitment to the ACCORD international programme, PUMA signed the Pakistan ACCORD in early March 2023. Seven supplier factories joined the programme, including two of the three factories that were previously assessed by ELEVATE and other third parties. Another factory in scope of this programme was on-boarded in mid-2023, we are now applying for this factory to join the ACCORD.

Two factories are not under the scope of Pakistan ACCORD programme, as these are not textile product manufacturers. One of these factories was on-boarded in the last quarter of 2022 and will go through an assessment in 2024. The second factory went through a Building, Electrical and Fire Safety Assessment (BEFS) conducted by ELEVATE in 2017 and 2021. Since then, the factory management has hired a professional third party to support the remediation of the open findings. In 2024, this factory will be re-assessed to measure progress.

Our factories in the ACCORD in Bangladesh have a completion rate (initial findings) of 94%, whereas the average rate of all factories in the RSC programme is 91%. Eight (out of 21 ACCORD active) factories achieved 100% remediation of the initial findings. Another seven factories achieved 90%-98% remediation of the initial findings. Six out of 21 factories were at low completion rates (0%-89%): two did not receive a follow up inspection by ACCORD in 2023, two were newly onboarded to ACCORD, and two were delayed in remediation of the findings. We will keep working with those factories on ACCORD remediation plan in 2024.

ACCIDENTS

In 2023, we unfortunately reported an employee death resulting from a work-related incident at one of our suppliers' factories in India. An electrician fell from the factory's roof, as neither a secured ladder was used nor a harness rope was installed. After 55 days of hospitalisation, the worker's health deteriorated, leading to his death. The factory paid all medical expenses and the legal compensation, as well as an additional lump sum to the worker's family. An investigation and Hazard Risk Assessment were conducted by an independent expert. Following this assessment, safety equipment including a harness hook was installed on the rooftop, staff training on hazards and risks was provided and enhanced monitoring of potential unsafe conditions was implemented to prevent similar accidents. We deeply regret this tragic accident which caused the loss of this employee's life.

INJURIES

The average injury rate was reduced to 0.2%. We followed up on factories' action plan implementation after various OHS trainings, such as Accident Prevention and Reporting training, conducted by PUMA since 2021. Given 2023's global macroeconomic situation, which led to a change in customers' ordering behavior, we saw a decline in the order book in the first half of the year and stabilisation in the second half. This led to fewer working hours, and fewer temporary workers recruitment, meaning less risks for injury, this could also explain why the injury rate decreased this year.

↗ T.14 INJURY RATES AT CORE SUPPLIERS

Country	2023	2022	2021	2020
Bangladesh	0.3	0.6	0.5	0.4
Cambodia	0.3	0.4	0.3	0.2
China	0.4	0.3	0.3	0.6
Indonesia	0.3	0.2	0.2	0.2
Vietnam	0.1	0.1	0.1	0.2
Average*	0.3	0.3	0.3	0.4
Fatal accidents**	1	2	0	0

* Average of the five countries included in this table. Global average injury rate for PUMA's core suppliers in 2023 was 0.2.
** Including non-core suppliers.

BANGLADESH EMPLOYMENT INJURY SCHEME PILOT

Despite significant progress on the way towards decent and safe working conditions in the ready-made garment industry in Bangladesh, it lacks a comprehensive Employment Injury Scheme (EIS) in accordance with international standards as defined in the ILO Employment Injury Benefits Convention. To mitigate that gap the Bangladesh Government initiated a pilot programme to provide income replacements for the permanently disabled and the dependents of deceased workers. The ILO and GIZ collaborated in the project and agreed on the implementation as well as the transition to a permanent EIS after three to five years.

The EIS provides periodic payments/pensions as top-ups to the lump-sum payments of the Central Fund, rendering the level of benefits compatible with ILO Convention No. 121. These payments are financed by international brands.

PUMA signed the voluntary pledge for the Employment Injury Scheme pilot in Bangladesh to contribute to safeguarding decent living conditions for victims and their families. PUMA joined in early 2023, together with seven other brands. We are actively engaged with the project not only by providing financial support, but also by providing feedback for learning.

According to **EIS data** on 31 December 2023, the pilot has responded to 13 death cases. The EIS committee has disbursed a total of 932,766 BDT, equivalent to 5,241 BDT as a monthly compensation, directly to the family members affected by this tragedy. The pilot has responded to eight permanent disability cases, with a total estimated lifelong benefit of 5,837,724 BDT.

As per EIS policy, factory and workers are kept anonymous, so we have no way to know if the families of the two workers who passed away as reported in our **2022 Annual Report**, have received such a benefit.

ENVIRONMENT

The purpose of our environmental efforts is to ensure that PUMA and its suppliers are in full environmental compliance and that any negative impact on the environment is minimised. Over the last ten years, PUMA has not incurred any environmental violations or fines known to us. Ultimately, we are aiming for a positive environmental impact of PUMA and our supply chain on the environment.

ENVIRONMENTAL MANAGEMENT AT PUMA'S OWN ENTITIES

We conduct energy efficiency audits every four years at our own entities. In 2023, we commissioned 19 audits at PUMA offices, stores and warehouses in Germany, the Netherlands, France, Spain and Sweden. Compulsory in the European Union, these audits help us to identify energy-saving opportunities at our offices, stores and warehouses and roll them out globally. In 2023, for example, we replaced some lights at our headquarters with more energy-efficient LED lights.

In 2022 we achieved the ISO 14001 Environmental Management certification for our headquarters and published a stand-alone environmental policy. We also compiled and published an environmental handbook specific to our own offices, stores and distribution centres. We continued our global data collection and management processes for our own entities and set up a quarterly subsidiaries call for peer learning and good practice sharing. These calls are also used to re-emphasize our Sustainability Strategy and goals with our PUMA countries worldwide. The progress towards those goals is reported in this report.

ENVIRONMENTAL MANAGEMENT IN THE SUPPLY CHAIN

ENVIRONMENTAL RISK ASSESSMENT

In 2023, we developed a Civil Society Organisations (CSOs) engagement policy to engage with them reactively and proactively. Please refer to the **Due Diligence and Risk Assessment** section of this report.

In 2023, we conducted an environmental risk assessment using EiQ platform by Elevate. EiQ is a data-driven supply chain ESG due diligence platform used by businesses to enhance Environmental, Social, and Governance (ESG) risk management. We focused on two risk areas; firstly, environmental country risk exposure for supply chain and secondly environmental material risk exposure.

COUNTRY RISK EXPOSURE

We evaluated the environmental risk profile of our key sourcing countries. In 2023, the six most important sourcing countries, comprising 90% of the total volume, are located in Asia. China is the biggest production country in 2023 with a total of 30%, followed by Vietnam is the second biggest production country with 26%, Cambodia with 13%, Bangladesh, which focuses on apparel, at 12%, Indonesia with 5% and India – only serving the local market at 3%.

The parameters for the country risk include indexes such as air emission, environmental management, waste management, environment permits and wastewater violations. The supply chain risk environmental profile indicates that Indonesia and the Philippines are extreme-risk countries, whereas other key sourcing countries like Vietnam, China, Bangladesh, India and Cambodia are high-risk countries. Taiwan is a medium-risk country from supply chain environment risk. For environmental permits violations, Indonesia and Bangladesh are indicated as extreme-risk countries.

The risks mitigation measures in place for extreme-risk and high-risk countries, excluding India include; factory performance evaluation through Higg FEM verification, chemical management following ZDHC guidelines, compliance to ZDHC Wastewater Guidelines and core factories' participation in cleaner production programmes, capacity building training programmes, supplier scorecard with E-KPIs followed by meetings with these core suppliers.

Publicly disclosed goals on reduction in water consumption, reduction in production waste to landfill and increased use of renewable energy help to track the performance of core suppliers and hence help to mitigate environmental risks. In China, the country with the largest sourcing volume in 2023, our suppliers have been disclosing their environmental performance data on The Institute of Public & Environmental Affairs (IPE) platform.

India production is only serving the local Indian market, and we have prioritised compliance with our Zero Tolerance Issues. We have not yet launched mitigation measures such as Higg FEM verification, chemical management following ZDHC guidelines, and compliance to ZDHC Wastewater Guidelines to all factories. We will gradually enroll these factories in these programmes in the coming years. In 2024, we will strengthen our existing measures to improve the environmental performance of supplier factories. We will focus on the transition to Higg FEM 4.0 which is a more exhaustive evaluation. It will help factories to further improve their performance and in turn help PUMA to manage its environmental risks. We plan to discuss the results of this risk assessment with our sourcing teams for business consideration.

MATERIAL RISK

We evaluated the environmental risk of our key materials such as cotton, polyester, leather & rubber. The environmental risk covers water use, non-GHG air pollutants, terrestrial ecosystem use, soil pollutants, solid waste and water pollutants. The results indicate that material environment risk is highest for natural rubber, followed by synthetic rubber and leather. Polyester has the lowest environmental risk. Furthermore, we mapped our sourcing share by country of these materials.

Cotton: In 2023, we sourced 63% of cotton from the USA, followed by Brazil (15%), Australia (8%) and India (4%). The USA is a high-risk country while Brazil and India are extreme-risk countries; Australia is a medium-risk country. The risks are water use, air pollution and biodiversity and ecosystem.

We have required our suppliers to source only cotton grown in farms that are licensed as having good farming and human rights standards (BCI), or recycled cotton from factories that are either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) certified by 2025.

PUMA is taking steps to mitigate some of the environmental risks associated with cotton sourcing which includes the adoption of BCI cotton, increased usage of recycled cotton, innovation to increase the share of recycled cotton in our products, conducting Life Cycle Assessments of products and materials to evaluate the environmental impact in lifecycle stages and engaging with the industry such as Textile Exchange to stay informed on industry best practices.

We collect material data consumption on an annual basis along with the country of origin and require our suppliers to keep all the supportive documentation available. We have also established an on-going due diligence programme with our partner laboratory in Germany where we regularly test samples of cotton-finished garments before shipment. This further strengthens traceability and control across our supply chain, from the raw material to the finished products.

Through our partnership with Better Cotton, we support farmers in developing a better understanding of Integrated Pest Management and phasing out the use of Highly Hazardous Pesticides (this helps to address improper disposal of used agrochemical containers which can contaminate air, soil, water and local ecosystems), to use water responsibly, to better protect the soil and to conserve and enhance biodiversity on their land. Better Cotton has set up goals to reduce greenhouse gas emissions by 50% per ton of Better Cotton lint produced by the end of the decade, ensure 100% of Better Cotton Farmers have improved the health of their soil and reduce the use and risk of synthetic pesticides by at least 50%.

In 2023, the share of BCI cotton was 90.3% and recycled cotton was 8.6% of total cotton sourced by PUMA.

Polyester: We sourced 79% of our polyester from China in 2023, followed by Taiwan at 9.2% and Vietnam at 7.4%. China is a high-risk country. Risk profiles for polyester from Vietnam and Taiwan are not available on the EIQ platform. High-risks are air pollution, water use and solid waste.

We have required our suppliers to source only polyester-certified by Bluesign/Oekotex, or recycled polyester from factories that are either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) certified by 2025. PUMA has joined the Textile Exchange polyester challenge since our 2025 goal of 75% recycled polyester is aligned with this challenge. We engage our core fabric manufacturing plants in energy efficiency programmes and support them to the transition to 25% renewable energy processing in 2025. We monitor and report chemical discharges, and work to eliminate pollutant chemicals.

In 2023, we sourced bio-based, high-performance polyester fibre known as Sorona, to up to 0.11% of our total polyester consumption. Sorona contains over 20% bio-based carbon content, which helps to reduce environmental impact, while maintaining quality and performance. Sorona is produced via a fermentation process that utilizes corn sugar as the main ingredient.

In 2023, 61.8% of the polyester used in our products was recycled, 23.3% certified by Bluesign/Oekotex and 0.11% biobased.

Leather: In 2023, we sourced, 61% of our leather from the USA, followed by Argentina 27%, Australia 6% and Brazil 5%. The USA, Brazil and Argentina are high-risk countries, while Australia is a medium-risk country. High risks are air pollution, water use and impact on ecosystem.

PUMA is taking several steps to mitigate environmental risks associated with leather sourcing. These include sourcing leather from Leather Working Group-rated tanneries, committing for sourcing deforestation-free bovine leather, and focusing on innovation for the development of recycled and other bio-based alternatives. We engage with Fashion Pact, Textile Exchange and the Leather Working Group (LWG) to remain updated about industry best practices.

We have committed to sourcing all the bovine leather used in our products from verified deforestation-free supply chains by 2030 or earlier. We have signed up for the **Deforestation-Free Call to Action for Leather**, launched by global non-profits Textile Exchange and LWG.

99.7% of the leather that PUMA sourced in 2023 is from Leather Working Group-certified tanneries. This means that the leather used in PUMA products comes from manufacturers who are working to implement industry good practice standards of environmental management and traceability. PUMA currently monitors its LWG medal-rated tanneries' upstream traceability performance.

Around 76% of the leather used at PUMA is Suede, a byproduct of the full-grain leather business. The challenge faced currently by PUMA and others in the industry is that most suede tanneries work with agents and intermediaries alongside direct tanneries, to guarantee a stable supply which creates a challenge to have full traceability at the cattle ranch level.

Our innovation team has worked to address the technological limitations of a shoe designed for composting and launched the RE:SUEDE experiment. The upper of the RE:SUEDE is made of Zeology tanned suede.

Synthetic Rubber: We sourced, 74% of our synthetic rubber from China, followed by Vietnam 14% and South Korea 4%. China and South Korea are high-risk countries. The risk profile for synthetic rubber from Vietnam is not available on the EiQ platform. High risks are greenhouse gas emissions, water use and solid waste.

We have not yet mapped the manufacturing plants supplying synthetic rubber to our outsole manufacturers. As part of our 10FOR25 targets, we work on developing recycled materials as alternatives to rubber. In 2023, 5% of synthetic rubber was recycled. We engage our strategic outsole suppliers in Higg FEM (environmental performance tool measurement of which includes energy use and greenhouse gas emissions, water use, wastewater, emissions to air and waste management) and work with them to eliminate pollutant chemicals.

Natural Rubber: In 2023, we sourced 29% of natural rubber from Vietnam, followed by Brazil 25%, Pakistan 13%, and Thailand 5%. Vietnam is categorised as an extreme-risk country. Risk profiles for natural rubber from Brazil, Pakistan and Thailand are not available on the EiQ platform. High risks are mainly water use and impact on the ecosystem.

In 2023, only 2% of the rubber used in our products was natural rubber. We aim in the future to only source FSC-certified rubber. The FSC certification includes standards to maintain, conserve, and/or restore the ecosystem and environmental values of managed forests and also avoid, repair, or mitigate negative environmental impacts.

SUPPLIER ENVIRONMENTAL SCORECARD

In 2023, we developed environmental performance scorecards for core supplier factories to visualize their progress towards our 10FOR25 targets and 2022 goals. During one-to-one meetings, we explained the need for setting Science Based Targets to 21 selected suppliers, we reviewed the 2022 Environmental KPIs (E-KPIs) for 60 suppliers and discussed their 2023 plans; the need for participation in cleaner production and renewable energy programmes for some factories was also discussed. Environmental KPIs include Higg FEM score, FEM chemical module score, MRSL conformance rate, wastewater test results, percentage of renewable energy usage, greenhouse gas emission per product or volume of material, percentage of water consumption reduction (per product or volume of material), percentage of production waste sent to landfill (per product or volume of material).

These meetings were useful for understanding the challenges of our suppliers and for prioritizing our actions to support them. Key meetings outcomes:

- **Alignment on setting Science-Based Targets (SBT):** In summer 2023, 20 out of 21 selected suppliers agreed to set climate goals based on SBT methodology. In these meetings, we followed up our suppliers decision to set up SBT. In October 2023, in partnership with Guidehouse, we launched a capacity development programme for eight suppliers called Leadership on Climate Transition (LoCT), to support suppliers in this journey. In 2024, this programme will be expanded to other suppliers who do not have sufficient in-house or external expertise.
- **Enrolment in cleaner production programmes:** Factories were nominated to participate in Cleaner Production programmes based on their performance through E-KPIs and the expertise of their team members. In August 2023, Clean by Design (CbD) program phase three was launched in the China and Taiwan region for seven factories. A new programme called Resource Efficiency (REF) in partnership with ENERTEAM was started in Vietnam in August 2023 for four factories. The Cambodia Decarbonization Programme (CaDP) with IFC will be launched in early 2024 for four factories in Cambodia.
- **Enrolment in renewable energy programmess:** Suppliers shared their plans to complete feasibility studies or install rooftop solar systems. In the absence of adequate rooftop solar capacity, RECs purchases were discussed. The suppliers also highlighted their challenges. Subsequently, GIZ-PDP programme phase II was rolled out in Cambodia in February 2023 for one factory and in Vietnam in March 2023 for four factories to support rooftop solar installation.
- **Phase-out of coal-fired boilers:** We discussed this challenging goal with the relevant suppliers to align on a phase-out plan. Suppliers raised their concerns about the unstable availability of biomass, the absence of sustainable biomass guidelines, and the increased cost of natural gas. We will bring these challenges to the Fashion Charter working group to find solutions to address them.
- **Higg FEM Performance:** Discussions focused on FEM (Facility Environmental Module) score. We also acknowledged improvements made by factories with an increased score in 2022 (2021 FEM score). We aligned on the need for additional training and/or support, such as one-to-one support for low performing factories to improve their score. 210 factories in total were provided training on Higg FEM in

2023. As a result, the average 2022 FEM score of core factories improved to 69% from 61% (2021 FEM score).
- **Chemical Management:** we focused on the factories with low compliance with MRSL standards and ZDHC Wastewater Guidelines. We aligned with factories on the need to bring in chemical suppliers disclosing their chemicals to the ZDHC gateway, a platform used to upload factory chemicals inventory lists and measure their MRSL conformance rate. In February 2023, we invited chemical suppliers to join the training session on ZDHC MRSL conformance. We also worked with some key chemical suppliers to support them in complying with ZDHC MRSL standards. As a result of the efforts, the MRSL conformance rate has increased from 68% in 2022 to 71% in 2023, and the average Higg FEM Chemical module score improved from 39% in 2022 to 51% in 2023. For factories with low ZDHC Wastewater pass rate tests, we discussed their corrective action plans. In 2024, we will continue to engage them to get more chemicals to comply with ZDHC MRSL.

FACTORY ENVIRONMENTAL PERFORMANCE MONITORING

Social compliance audits: For suppliers, our PUMA social compliance audits (detailed in the **Human Rights** section) contain a dedicated section on environmental and chemical compliance. For example, during each audit, we inspect environmental permits, waste management and effluent treatment plants. In general, PUMA social compliance audits are used for onboarding new factories.

Monitoring tools: For monitoring the environmental performance of suppliers, PUMA has used an industry-wide tool, the Higg Index Facility Environmental Module (FEM) 3.0. PUMA requires an annual external verification of the self-assessment FEM modules. This external verification may be completed by approved verifiers from PUMA's internal team, other credited brands, or third-party organisations on the approved list from SAC. 100% of verification inspections are announced.

PUMA's Environmental Performance Rating System is based on the ratings developed from the factories' Higg FEM score verified by SAC-approved verifiers: A, B+, B-, C and D. The minimum passing grade from the environmental perspective is 40% (i.e., only A, B+ and B- ratings are passing grades) and C and D are failure ratings. This rating system was presented to suppliers in 2022 and implemented gradually during 2022 and 2023. Our environmental handbook has been updated accordingly. This rating system was included in our vendor supplier scorecard along with social and chemical ratings.

↗ T.15 NUMBER OF CORE FACTORIES WITH FACILITY ENVIRONMENT MODULE (FEM) VERIFIED SCORE[1]

	2023			2022		
Number of factories with FEM verified score	**Core T1**	**Core T2**	**Core L&P**	**Core T1**	**Core T2**	**Core L&P**
A	14	12	3	8	10	2
B+	34	33	8	25	25	1
B-	9	11	2	30	22	7
C	1	3	0	2	8	2
D	1	0	0	0	0	0
Total	**59**	**59**	**13**	**65**	**65**	**12**
Number of factories	131			142		

* L&P: Labeling and packaging
1 Excluding stichd and PUMA United

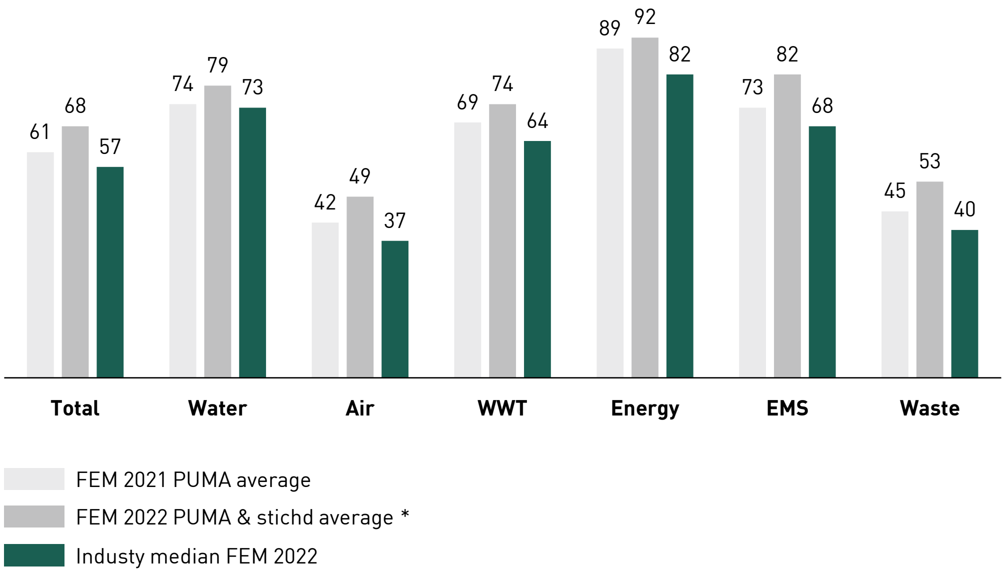
↗ T.16 NUMBER OF STICHD FACTORIES WITH FACILITY ENVIRONMENT MODULE (FEM) VERIFIED SCORE

No. of factories with FEM verified score	stichd 2023 (FEM2022) Core T1*
A	5
B+	15
B-	7
C	2
D	0
Total	29

* stichd has 32 core Tier 1 factories of which 30 have completed verification. One core factory is a common factory between PUMA and stichd and hence counted once under PUMA

Further data on the environmental performance of PUMA and our suppliers can be found in the **Climate** and **Environmental Key Performance Data** sections.

↗ G.11 AGGREGATED VERIFIED FEM SCORE FOR PUMA FACTORIES BENCHMARKED WITH INDUSTRY[1-3]



* Verification in 2023 is for FEM2022; Verification in 2022 is for FEM2021
1 FEM 2022 PUMA and stichd average: 160 factories
2 FEM 2021 PUMA average: 142 factories
3 Industry median FEM (6,980 factories): Filters used: Industry sector: Apparel; Footwear; Accessories (includes handbags, jewellery, belts, and similar products) and Facility Type: Final Product Assembly; Printing, Product Dyeing and Laundering; Material Production (textile, rubber, foam, insulation, pliable materials); Packaging Production

The Higg FEM assesses:
- Environmental Management Systems
- Energy use and greenhouse gas emissions
- Water use
- Wastewater
- Emissions to air (if applicable)
- Waste management
- Chemical management (FEM chemical module is explained under the **Chemicals** section of this report)

Since 2020, we have communicated to our core factories our expectation for them to improve their score by setting up annual goals and using our new grading system. In 2021, 2022 and 2023 we facilitated training sessions conducted by FEM experts. This training was compulsory for low-performance factories and for those not familiar with this industry tool to attend. We closely monitor the factories to ensure completion of the verification of their self-assessment.

Throughout 2023, we continued to provide customised training sessions by FEM experts for our existing core Tier 1 and Tier 2, as well as non-core Tier 1 suppliers. The training focused on how to improve the Higg FEM score on low-performing areas for each region. We also facilitated entry-level training sessions for factories new to the Higg FEM tool. These trainings have helped our suppliers improve their environmental performance as is visible from the improved average FEM score for PUMA and stichd factories moving from 61% in 2022 up to 68% in 2023. We also facilitated for our suppliers to attend webinars and workshops on Higg FEM 4.0 to be launched in 2024, organised by SAC. In Vietnam, we facilitated for 61 factories to join the training programme, To The Finish Line (TFL) initiative, from GIZ for building capacity to transition to Higg FEM 4.0. The TFL initiative online sessions explained the changes made in this new tool and how to answer new questions. 26 core factories from six countries participated in a Higg FEM 4.0 pilot initiated by SAC, after which our suppliers provided valuable feedback to SAC on the new version of Higg FEM.

In 2023, all 131 PUMA core Tier 1 and Tier 2 factories completed the verification of their FEM self-assessment. We have set a target to achieve an annual 10% increase of the average verified score from 2021 (the goal was to reach 64% FEM score in 2023). We exceeded this target by achieving an average FEM score of 69%. Improvements are visible in all the sections of Higg FEM as compared to the previous year. PUMA's average FEM score is higher than the industry median in each section. In 2023, we included our group company stichd's core Tier 1 Higg FEM score. The combined average of PUMA and stichd also exceeded by achieving the target with an average score of 68%.

The number of C-rated PUMA factories came down from 12 in 2022 to four in 2023. However, one factory in Brazil which is a new core factory and new to FEM received a D rating. We will provide additional training and support to improve their performance next year.

In 2023, we continued to closely track factories to ensure the timely completion of their verifications. We saw the positive impact of our continued efforts to scale up cleaner production and renewable energy projects, climate action training, chemical projects, chemical management training and wastewater treatment training on the FEM scores of factories that had joined these programmes. For 2024 we have shared a goal of an average FEM score of 71% with our PUMA core suppliers, which needs to be reviewed as the Higg FEM will be going through a transition to Higg FEM 4.0.

Overall, our core factories have a score above 70% on wastewater, water, energy and GHG emissions, and environment management systems. We see topics like chemicals, air and waste as a key focus. In 2021, we conducted a risk assessment for chemical and waste and identified actions to be taken in the coming years. PUMA, as one of the signatory brands under ZDHC, follows up closely on the development and the progress of ZDHC air emission standards and guidelines and will apply them in the supply chain as applicable, once details are available. In 2023, we joined the ZDHC air emission pilot which we report in the **Water and Air** section of this report.

↗ T.17 NUMBER OF NON -CORE FACTORIES WITH FACILITY ENVIRONMENT MODULE (FEM) VERIFIED SCORE

No. of factories with FEM verified score	2023 (FEM2022) verified Non Core T1*
A	18
B+	36
B-	36
C	15
D	4
Total	109

* Scope for non-core FEM assessment includes only PUMA factories. Does not include stichd non-core factories.

In 2022, we rolled out FEM/Facility Environmental Foundation (FEP) which is a lighter version of FEM, to non-core factories in our top three sourcing countries (Vietnam, China and Bangladesh) and to the factories which are participating in the PUMA Vendor Financing Programme. As a continuation, in 2023 we rolled out FEM/FEP to 154 of our non-core factories. The purpose is to also create a supplier scorecard for our non-core factories.

Out of 154 factories, 141 completed the self-assessment. Out of these 141 factories, 116 factories used the FEM tool, and 109 had their score verified by third party. 25 factories used the FEP tool, and 21 have completed the verification. Most of our non-core facilities that had a verified FEM achieved an A or B rating, while 15 factories got a C rating and four factories recorded a D rating. We will work with these C- and D-rated factories to improve their performance by providing training and support in 2024.

Further data on the environmental performance of PUMA and our suppliers can be found in the **Climate** and **Environmental Key Performance Data** sections.

SUPPLIER TRAINING

32% of supplier factories out of the total (656 factories) were provided with Higg FEM training. Currently we are providing training to core Tier 1 and Tier 2, for which we set goals to increase their FEM score and non-core Tier 1 factories for which we just required the use of FEM/FEP tool to measure their environmental performance (in additional to their social performance) in 2023. We will expand the roll-out of the FEM/FEP tool to licensee factories in the future and will include FEM training for stichd factories in 2024.

The Finish Line (TFL) training by GIZ for Higg FEM 4.0 was only available in Vietnam and hence the percentage of total supplier factories covered is only 9%.

Similarly, the percentage of factories coverage is only 15% for sustainable material certification training, as we currently only invite PUMA Tier 1 and core Tier 2 factories supplying recycled and other sustainable materials/products. We need to expand the scope of this training to include all suppliers in the future to raise awareness of recycled and other sustainable materials, as we aim at increasing the use of more sustainable materials in our products.

↗ T.18 SUPPLIER TRAINING

Training	Training Scope	Topics	Number of factories	Number of participants	% factories which joined
Supplier meetings	All core and non-core factories	Sustainability updates, best practices sharing, etc.	559 average per round (2 rounds)	1,048 average per round (2 rounds)	85%* average per round (2 rounds)
Higg FEM training	PUMA core and non-core Tier 1 factories	Guiding existing factories to improve Higg FEM score and new factories to understand how to complete the Higg FEM/FEP module correctly	210	600	32%*
To The Finish Line (TFL) - GIZ	PUMA core and non-core factories in Vietnam	Developing understanding about changes in Higg FEM 4.0 and helping factories to transition into new standard	61	294	9%*
Sustainable Material (TE, GRS/RCS, RWS)	PUMA Tier 1 and Tier 2 factories supplying recycled and other sustainable materials and products	Guiding suppliers how to apply for relevant certification	96	198	15%*
E-KPIs collection training	Core Tier 1 and Tier 2 factories in Enablon scope	For core factories how to correctly fill in the environmental data	75	188	77%**

* % of factories joined the training based on total 656 factories. The 656 factories include PUMA core Tier 1 and Tier 2, non-core Tier 1, stichd factories and licensee factories.

** % of factories joined the E-KPI training, based on a total of 98 factories which are in scope to submit E-KPIs.

↗ CASE STUDIES

Improvement in HIGG FEM Verified score
Being a longtime partner to PUMA, Royal Footwear Group is producing PUMA products at three factories in Vietnam (Dai Loc Shoes, Sao Viet & Thien Loc Shoes). These three factories actively participated in different trainings on all sections of Higg FEM provided by PUMA and its training partner GIZ, and engaged in active consultation with PUMA's Sustainability Team on its Performance Improvement Plan. As a result, these three factories significantly improved their verified Higg FEM total scores as compared to last year. Dai Loc increased its total verified score from 56% to 76%, Sao Viet from 40% to 77%, and Thien Loc from 46% to 75%. Significant improvements were made in sections like Environmental Management System, Chemical Management and Air Emissions.

THE INSTITUTE OF PUBLIC & ENVIRONMENTAL AFFAIRS (IPE) IN CHINA

PUMA is actively engaged with The Institute of Public & Environmental Affairs (IPE) which is a non-profit environmental research organisation based in Beijing, China. IPE is involved in collecting, arranging and analyzing government and corporate environmental information to build a database of environmental information. IPE has developed a database called Blue Map and an online platform called BlueEcochain and both are interconnected. Powered by IPE's Blue Map Database and AI technology, Blue EcoChain platform provides an efficient means of supply chain oversight for environmental risks in China. Blue EcoChain enables PUMA to track its suppliers in China for environmental compliance at scale, and sends automated updates on regulatory violations and environmental remediation, as well as carbon emission and pollutant data disclosure continuously on a large scale.

Since 2013, PUMA has used IPE's Blue Map database to screen its China supply chain and pre-screen its potential new factories for any legal environmental violation and requires suppliers to improve on their environmental performance. PUMA also discloses its local supplier list via the IPE supply chain map platform. In these years, PUMA engaged and influenced its Tier 1 factories in China and their upstream suppliers, e.g. core Tier 2 and selected Tier 3 suppliers, chemical suppliers, centralised wastewater treatment plants, solid waste contractors, logistics partners, etc. to join "Blue EcoChain" to monitor and disclose their own environmental performance. These disclosures include their Pollutant Release and Transfer Register (PRTR) data, carbon emissions, targets for carbon emissions, and water consumption reduction. PUMA worked with its core Tier 1 and Tier 2 factories to reduce their greenhouse gas emissions and encourage them to disclose their action taken and progress made on the IPE platform.

Through the Blue EcoChain platform and engagement with IPE, PUMA influenced its Tier 1 suppliers and their upstream suppliers to promptly issue public explanations regarding the reason for any environmental violations and encouraged them to adopt corrective actions and track their implementation. This supports PUMA Tier 1 factories in China to engage with their upstream suppliers for better practices and promote transparency.

Since 2021, PUMA published its actions annually on the **Brand Stories** IPE webpage to communicate to the public in China about PUMA's activities related to environmental protection.

2023 PUMA CITI & CATI RATINGS

PUMA participated in the first CITI (Corporate Information Transparency Index) campaign in 2014 and first CATI (The Corporate Climate Action Transparency Index) campaign in 2018 to score and rank PUMA's environmental management and climate action.

In 2023, PUMA jumped seven places compared to 2022 and was ranked number five in CITI out of 742 brands. In the CITI 2023 rating, PUMA did well in responsiveness to inquiries and engagement with IPE, supply chain transparency, environmental compliance and corrective actions for any violations, energy conservation and GHG emission reduction. PUMA's strength is also in publicly disclosed targets on low carbon and recycled products.

PUMA also jumped four places to be ranked number two in CATI out of 1,504 brands. In this rating, PUMA climate governance such as policy and board accountability, Scope 1, 2 and 3 emissions and progress disclosure and targets, as well as product carbon footprint disclosure and disclosures on decarbonisation actions of our value chain was evaluated as strong areas by IPE. Disclosure of climate action by affiliated companies, such as the PUMA subsidiary in China, was identified as a major improvement area. Other improvement areas include the disclosure of our performance against PUMA's net-zero target and our action to decarbonize our own operations such as PUMA offices, stores and warehouses.

The details on our climate actions are provided in the **Climate** section of this report.

CLIMATE

10FOR25 TARGETS

- Align PUMA's CO_2 emissions target with a 1.5-degree scenario (that is, what is required to limit global warming to 1.5 degrees)
- Move 100% of PUMA's own entities to renewable electricity
- Expand the use of renewable energy at PUMA's core suppliers to 25%

TARGET DESCRIPTION:

Old science-based CO_2 emission target from 2019 aligned to well below 2 degrees:
- Reduce greenhouse gas emissions from PUMA's own entities (Scope 1 and 2) by 35% by 2030 compared to the 2017 baseline (absolute reduction)
- Reduce emissions from PUMA's supply chain (Scope 3: Purchased goods and services) by 60% relative to sales

New and 1.5 degree aligned science-based CO_2 emission reduction target (approved 2023):
- Reduce absolute Scope 1 and 2 greenhouse gas emissions by 90% by 2030 from a 2017 base year
- Continue active annual sourcing of 100% renewable electricity through 2030
- Reduce absolute greenhouse gas emissions from purchased goods and services and upstream transportation and distribution by 33% by 2030 from a 2017 base year*

* Target boundary includes land-related emissions and removals from bioenergy feedstocks

Relates to United Nations Sustainable Development Goals 7 and 13

EXAMPLES OF THE 10FOR25 ACTION PLAN:
- Work with industry peers on climate action through the Fashion Industry Charter for Climate Action and the Fashion Pact
- Join industry-level energy efficiency programmes for suppliers in our top five sourcing regions
- Join industry-level programmes for renewable energy in our top five sourcing regions
- Replace all coal-fired boilers at PUMA's core suppliers
- Reduce emissions from the transport of goods by transitioning to more carbon-efficient modes of transport
- Gradually transition to materials with a lower carbon footprint such as recycled polyester
- Switch all PUMA offices, stores and warehouses to renewable electricity tariffs or renewable energy attribute certificates
- Gradually move PUMA's fleet vehicles to alternative engines (electric or hydrogen)

KPIs:
- Direct CO_2 emissions from own entities (Scope 1*)
- Indirect CO_2 emissions from own entities (Scope 2*)
- Indirect CO_2 emissions from manufacturing, business travel and transport of goods (Scope 3*)
- Percentage of core suppliers covered by energy efficiency programmes
- Percentage of core suppliers covered by renewable energy programmes
- Percentage of core suppliers with coal-fired boilers (Tier 1 and Tier 2)

* The GHG Protocol Corporate Standard classifies a company's GHG emissions into three scopes:
- Scope 1: Direct GHG emissions from sources that are owned or controlled by the company (offices, stores, warehouses) e.g. office building heating, car fleet emissions.
- Scope 2: Indirect GHG emissions from the generation of purchased electricity, steam and heating/cooling consumed by the company
- Scope 3: All other indirect emissions not covered in Scope 2, such as extraction and production of purchased materials; transportation of purchased goods and use of sold products and services, business travel, employee commuting, etc.

During the UN Climate Conference in Paris in 2015, PUMA agreed to set a science-based CO_2 emissions target. In 2018 PUMA co-founded the Fashion Industry Charter for Climate Action, an industry-wide coalition that aims to align the fashion industry's emissions with the targets included in the Paris Agreement. One year later, PUMA agreed and published its first science-based emission target (SBT), which was aligned to a well below 2-degree emission scenario with the **SBT Coalition** and joined the Fashion Pact, which also includes a climate action commitment.

With an 85% reduction of own emissions (market-based, incl. the purchase of RECs) and a 65% reduction of supply chain emissions relative to sales, we achieved our first science-based greenhouse gas reduction target in 2023, seven years ahead of the target year 2030.

In 2022, we already prepared an updated and more ambitious science-based greenhouse gas reduction target and aligned the target with a 1.5-degree scenario. We also published a net zero target for 2050 and added a 100% renewable electricity target to our SBT proposal since we already committed to net zero GHG emissions and 100% renewable electricity as part of our Fashion Industry Charter for Climate Action engagement. Our updated science-based target was formally submitted to and approved by the SBTi in 2023.

With a 90% absolute reduction target for PUMA's own operations by 2030, the new target sets a much higher ambition level for Scope 1 and 2 emissions, after the first target of 35% reduction had already been achieved in 2020, mainly through the purchase of renewable energy and renewable energy attribute certificates. The SBTi has classified PUMA Scope 1 and 2 targets as in line with a 1.5-degree trajectory.

For Scope 3 emissions, the new 2030 target marks the transition from a target relative to sales (-60%) to an absolute reduction target of 33%. Given PUMA's strong growth rates, the new target could even be considered more ambitious.

TRANSITION PLAN TOWARD OUR 2030 SCIENCE-BASED GHG REDUCTION TARGET

During the year 2023, PUMA also developed and published its first **climate transition plan**. The plan lists the planned actions and investments toward hitting our 2030 climate targets.

In 2023, PUMA's Chief Sourcing Officer joined Zero 100, a membership-based research and intelligence organisation, to accelerate progress on Digital Supply Chain Transformation and the path to zero carbon emissions. Forward-thinking Chief Operations and Supply Chain Officers of international companies partner up, sharing a common purpose – to harness new technology to re-invent the production, distribution and consumption of physical goods around the world.

PUMA CDP CLIMATE SCORE: A

The **Carbon Disclosure Project** (CDP) is an investor-led coalition that ranks global companies and cities for their climate strategies and disclosure. PUMA has been a long-term participant in the CDP, and we make our responses to the CDP questionnaire publicly available via the CDP website. In 2022, for the first time in PUMA's history, we received an A score for our climate disclosure with CDP for the reporting year 2021. Until the end of January 2024, we retained our A score.

↗ G.12 PUMA CDP CLIMATE SCORES

C	B-	B	B	A-	A	A
2017	2018	2019	2020	2021	2022	2023

↗ G.13 2022 CDP INDUSTRY AND GEOGRAPHICAL AVERAGE

Average Performance

B	B	C
Textiles & Fabric	Europe	Global Average

PUMA's rating is better than the average performance of the sector (textile and fabric goods) with an average rating of B. The overall global average rating stands at C.

Over the last two years, we have made significant improvements in value chain engagement, Scope 3 emissions, risk management processes and risk disclosure, leading to the highest possible rating of A. Our score increased as a result of a host of initiatives taken, including facilitating climate training programmes for our suppliers, the participation of our suppliers in industry-wide resource efficiency and renewable energy programmes, participation in Higg FEM, the recalculation of Scope 3 emissions, in line with the greenhouse gas protocol, life cycle assessments (LCA) for our products, the preparation of a climate roadmap for 2030 and a risk assessment.

For more information, please visit the PUMA sustainability **website** or the **CDP website**.

CLIMATE ROADMAP AND RISK ASSESSMENT

In 2021 we developed a climate roadmap and conducted a risk assessment using our risk assessment methodology. This roadmap laid the foundation for our climate transition plan, which was published in 2023. We see a regulatory landscape with unfavourable policies for renewables in some countries as a high risk. Furthermore, unstable business in our industry overall can restrain suppliers from investing in technologies and upgrading their facilities with low-carbon machinery.

Below are some key focus areas for the coming years. Some actions taken since 2021 and continued in 2023 are covered in this report.

- **Raise awareness:** We realised that suppliers need specific training to achieve the ambitious renewable energy targets and that challenges vary from region to region. We facilitated certain training programmes in partnership with industry experts as per the needs of suppliers, such as the possibility of purchasing renewable energy certificates in various regions. In 2023, we launched a new capacity development programme, called Supplier Leadership on Climate Transition (LOCT), to enable selected suppliers to set and achieve Science Based Targets. Our suppliers continued to attend the GIZ Climate Training programme at their own pace in 2023. The details of these training sessions are provided in the table in "Climate Training 2023".
- **Knowledge of impact:** In 2023, we continued to conduct Life Cycle Assessments (LCA) for two top-selling products. We also conducted a comparative LCA of three types of polyester team sports jerseys to evaluate the environmental impacts of virgin polyester, recycled polyester made from PET bottles and recycled polyester made from recycled post-consumer waste and PET bottles. We also conducted a comparative LCA study of the environmental impacts of virgin cotton and blended cotton (75% virgin and 25% recycled). We intend to use the outcomes of these LCA studies to increase internal awareness and improve the products' carbon footprint by increasing the use of low-carbon materials, improving resource efficiency, optimizing energy use, promoting renewable energy in the value chain and enhancing the circularity of our products. LCA results are reported in the **Products** section of this report.

- **Internal action:** We reviewed factories' performance scorecards in 2023 based on their Higg FEM overall score and chemical score with our sourcing leaders. We also discussed with suppliers about their performance through one-to-one meetings and aligned on the next steps. We initiated a pilot to test a data platform, which will help us to measure progress more frequently. We will keep our focus on increasing the use of recycled materials in our products and explore opportunities to use more biosynthetic materials. In 2023, PUMA upgraded its near-term science-based emissions reduction target which includes our Scope 1 and Scope 2 emission targets in line with a 1.5-degree Celsius trajectory. We continue to enroll more factories in cleaner production programmes and renewable energy programmes. In 2023, the number of core factories with coal-fired boilers reduced from 21 in 2022 to 17 due to our business priorities that implied the revision of our core factory list. Two factories out of 17 have successfully phased out coal and 11 factories have partially replaced coal. The remaining four factories completed a feasibility study and will initiate replacement in 2024. We remain committed to phasing out coal from our core supply chain.
- **Collaboration and partnership:** We will keep our active engagement in the Fashion Charter to drive collaboration on climate actions and influence policymakers to enable access to affordable renewable energy. In 2023, we participated in a dialogue event organised by UN Fashion Charter with Bangladesh policymakers on renewable energy policy.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Climate change has been a focus area for PUMA since the publication of the first Environmental Profit and Loss Account in 2011. As a long-term and A-ranked respondent of the investor-led CDP questionnaire and a founding member of the UN Fashion Industry Charter for Climate Action, PUMA has shown its commitment to combatting climate change. Subsequently, we recognise the importance of disclosing climate-related risks and opportunities in line with the recommendations of the TCFD, which are now being transitioned into the IFRS standards.

The success of our business over the long term will depend on the social and environmental sustainability of our operations, the resilience of our supply chain and our ability to manage the potential impact of climate change on our business model and performance.

Through the implementation of the recommendations set by the TCFD, we summarize the actions PUMA has taken to review its key climate-related risks and opportunities, and the potential impacts on its business and strategy.

GOVERNANCE

The PUMA Board of Management takes overall accountability for the management of all risks and opportunities, including climate change. PUMA's CEO is responsible for the overall oversight of the group's strategy, including the Sustainability Strategy. This includes climate-related targets as stated in PUMA's 10FOR25 sustainability targets. Besides the oversight of the CEO, PUMA's Chief Sourcing Officer (CSO) oversees all sustainability-related topics at PUMA, including climate change, at the management board level. Responsibilities of the CSO include approving new climate-related targets, strategies and initiatives. Sustainability falls under the scope of the CSO because the vast majority of the environmental impact of PUMA's activity is generated during the manufacturing of our products, which are sourced from independent third-party vendors. Therefore, to reduce our climate impact, our Sustainability Strategy needs to be driven through our supply chain into our vendors' factories and into the components we procure. Responsibility for these two activities lies with the CSO.

The Supervisory Board Sustainability Committee is handling sustainability at a Supervisory Board level. The Management Board receives updates on sustainability-related matters quarterly, including those related to climate change. The CSO has a monthly meeting with the sustainability leads for corporate and supply chain sustainability in which climate and all other sustainability-related topics are governed. The Executive Sustainability Committee meets twice a year to discuss and govern cross-functional sustainability-related topics, like the sustainability bonus targets. It is comprised of all functional heads of the company, such as People & Organisation, Sourcing, Finance, IT, Marketing, Risk Management, Investor Relations, Retail, Logistics and Legal Affairs. Sustainability at a product level is governed in a cross-functional business units call, where updates on PUMA's more sustainable product strategy are shared and discussed monthly. To engage with PUMA's worldwide subsidiaries on climate change and other sustainability-related topics, the corporate sustainability department organises a quarterly call in which the nominated sustainability leads for each PUMA subsidiary take part.

All PUMA leaders globally – from CEO to Team Head level – have clearly defined sustainability targets as part of their annual performance bonus. These targets are aligned with PUMA's FOREVER. BETTER. Sustainability Strategy and focus on our 10FOR25 target areas, including climate change. Climate-related bonus targets include a reduction in air freight to 0.5% as well as a gradual shift of PUMA's car fleet to zero or low-emission vehicles. Targets on recycled polyester also support our Scope 3 GHG reduction. The targets cover 10% of the overall bonus for members of the Management Board and 5% for other leaders globally., with climate-related targets accounting for 2,5% and 1.25% respectively.

Our sustainability governance structure is referenced in the **Sustainability Organisation and Governance Structure** section.

STRATEGY AND RISK MANAGEMENT

PUMA has analysed risks and opportunities related to climate change for over 10 years and identified climate change as a material risk to PUMA during its last materiality analyses conducted in 2018 and 2023. Climate Change has the potential to impact PUMA's business in the short (0-2 years), medium (2-5 years) and long term (5-10 years). The climate-related risks can be grouped into physical risks and transitional risks. Physical risks for PUMA include extreme weather events, such as flooding or heat waves, or water scarcity, which can influence raw material availability. Transitional risks include all risks related to the transition to a low-carbon economy, such as changing consumer preferences, policies and regulations, such as carbon taxes or rising energy prices.

The process for assessing, identifying and managing climate-related risks is the same for all principal risks and is described in the **Risk Management** section. All risks are monitored and reported regularly throughout the year by the risk owners, who are the managers of the functional areas and the managing directors of the subsidiaries. The risk owners are also responsible for the operational management of the identified risks. For example, climate risks concerning manufacturing in the supply chain are managed by PUMA's Supply Chain Sustainability team.

To identify the impact of potential climate-related risks, a scenario-based analysis of climate-related risks was commenced in 2022 (see G.16). The analysis is in line with TCFD recommendations by taking into consideration two different climate-related scenarios: first, to analyse transitional risks, the Net Zero Emissions by 2050 Scenario (NZE) developed by the IEA was considered. This scenario represents the development of a low-carbon economy in line with global warming of 2°C or lower. It was also used to develop our 1.5°C aligned science-based target, which was submitted at the beginning of 2023. Second, the impact of physical risks was assessed using the SSP2 – RCP4.5 scenario. This scenario relies on the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) published by the IPCC and reflects the development of greenhouse gas emissions under current government policies, resulting in warming of about 2.7°C by 2100 (per Climate Action Tracker). The different risk categories shown in G.16 are taken from our CDP 2023 response.

↗ G.14 SCENARIO-BASED RISK ANALYSIS ALIGNED WITH TCFD RECOMMENDATIONS

Physical scenario	Transitional scenario
SSP2-4.5 by IPCC	**NZE 2050** by IEA
2,7°C until 2100	**1,5°C** until 2100

	Physical scenario	Transitional scenario
Regulation	Medium	High
Technology	Medium	Significant
Legal	Low	Medium
Market	High	Significant
Reputation	Significant	Medium
Physical	High	Low

Low | Medium | Significant | High

Climate-related risks and opportunities have influenced PUMA's strategy in multiple areas. The demand for more sustainable products has influenced our product portfolio and sourcing practices to shift towards recycled and/or certified materials. On the supply chain side, PUMA invests in supplier programmes focused on energy efficiency and renewable energy to reduce the carbon footprint of its manufacturing process. PUMA is investigating and investing further in more sustainable material options, such as biodegradable or recyclable materials. Additionally, PUMA operates its Circular Lab, under which it collaborates with innovation partners on different pilot projects, such as a garment-to-garment recycling process and a biodegradable shoe. Within its own operations, PUMA reduces its carbon footprint by sourcing 100% renewable electricity since 2020 and by gradually shifting its car fleet to low- and zero-emissions vehicles.

Climate-related issues also had an impact on PUMA's financial planning. Direct costs have been influenced by ESG-linked supplier financing programmes that have been in place since 2016. The programme provides access for PUMA suppliers to external financing resources with favourable financing conditions. Additionally, as part of the EU Taxonomy Regulations, PUMA is required to report on capital expenditures that lead to greenhouse gas reductions. PUMA's sales are currently not eligible under the EU Taxonomy Regulation due to the nature of PUMA's business (sale of footwear and apparel). In 2023, PUMA identified investments in zero-emissions vehicles and infrastructure such as charging stations as well as solar PV installations to be aligned with Taxonomy criteria. The overall Taxonomy-aligned investment amounts to EUR 910,000. Further information on the EU Taxonomy can be found in the **Reporting in Accordance with the EU Taxonomy Regulation** section. Sustainability also influences PUMA's access to capital as it becomes an increasingly important topic for attracting equity and investors. In 2023, PUMA received an AAA rating from MSCI for its sustainability efforts. PUMA is also listed in the FTSE4Good Index. Our Investor Relations and Sustainability teams are in an ongoing dialogue with investors on ESG topics. PUMA maintains a revolving credit facility and two promissory notes, which are linked to the achievements of five ESG targets as defined within our 10FOR25 ESG framework. The targets relate to the sourcing of renewable electricity (climate), sourcing of materials from certified sources (biodiversity), reduction of water consumption at core suppliers (water and air), elimination of plastic bags in stores (plastics and the oceans) and community engagement (human rights).

The results of our scenario analysis are used to ensure the necessary mitigating controls are in place, support PUMA's risk management activities and inform future business strategies. We will update our scenario modeling as more climate data becomes available and regularly reframe the risks and opportunities to PUMA presented by climate change.

METRICS AND TARGETS

PUMA has been measuring and reporting environmental key indicators for its own operations and its T1 and T2 suppliers for many years, including energy consumption, carbon emissions, water consumption and waste management. These are part of the Sustainability section of its Annual Report, which is published annually and audited by a third party.

PUMA aligns its reporting on climate-related metrics with recognised standards, including the GHG Protocol. In addition, our 10FOR25 sustainability targets include absolute carbon reductions, renewable energy procurement and manufacturing of more sustainable products. Further information on our environmental KPIs can be found in the **Environmental Key Performance Data** section and throughout this report.

Sourcing 100% renewable electricity for all PUMA entities from 2020 is one of the milestones of PUMA's climate change mitigation efforts. For its suppliers, PUMA has a target of sourcing 25% renewable energy by 2025 (2023: 22.1%). During 2023, our 1.5 degree aligned near-term SBT was approved by the Science Based Target Initiative: reducing absolute Scope 1 and 2 GHG emissions by 90% (market-based*, including the purchase of RECs) by 2030 and reducing absolute Scope 3 GHG emissions by 33% by 2030, both from a 2017 baseline year.

- Scope 1 and 2 targets focus on GHG emissions from our direct operations (including electricity and gas consumption at our stores, offices, internal manufacturing and distribution centres)
- Scope 3 targets relate to indirect GHG emissions in our extended supply chain and the transportation of finished goods

By the end of 2023, PUMA had already reduced its combined Scope 1 and 2 emissions by 85% and its Scope 3 emissions from purchased goods and services and transportation by 28%. Our efforts in sourcing more sustainable materials led to 99.2% cotton, 99,7% leather and 85% polyester coming from recycled or certified sources and eight out of ten products being more sustainable in line with our internal definition. We also reduced our GHG emissions from materials by 50%.

* A market-based method reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

As part of its commitment to the UN convened Fashion Industry Charter for Climate Action, and according to PUMA's Environmental Handbook, PUMA declared its ambitions to meet a net zero 2050 goal. PUMA recognises that meeting its climate-related targets is dependent on collective action and focus. Improving the market conditions for clean energy supply, such as the rate of installation of renewable electricity in many countries, reducing costs and the availability of power purchase agreements (PPAs) will help shift the rate of decarbonisation at scale. PUMA believes it has a role to play in helping to shape the policy and regulations required and is working collaboratively with partners, suppliers and other organisations to achieve its ambition, including the United Nations Global Compact, the UN Fashion Industry Charter for Climate Action, the Fashion Pact and Stiftung Klimawirtschaft. PUMA met with representatives of the delegations of Bangladesh, Indonesia and Vietnam during the UN COP 28 climate conference to promote the further expansion of renewable energy in those countries.

SCOPE 1 EMISSIONS

Our own direct CO_2 emissions (Scope 1) are mainly caused by emissions from our PUMA car fleet and airplane, as well as emissions from the heating of buildings. We are tackling the emissions from our car fleet by gradually transitioning to zero-emission vehicles in those countries where the charging infrastructure is mature enough to support the transition. Starting in 2023, only electric vehicles are allowed as new additions to our car fleet in the region of Germany, Austria and Switzerland, which includes our Headquarters and 242 cars. At the end of 2023, 319 out of 905 cars (35%) globally were already low or zero - emission battery electric or hydrogen fuel cell cars, in line with our bonus target of hitting 30%.

We also significantly expanded the charging infrastructure at our headquarters and selected other offices and now have over 75 charging stations in operation, including twelve public charging stations at our headquarters stores that can be used by employees, business partners and customers free of charge.

For the heating of buildings, we use natural gas in 8% of buildings globally and plan to transition these buildings to biogas or other renewable heat sources over time. Many PUMA buildings globally already use (renewable) electricity for heating.

Overall we were able to reduce our Scope 1 GHG emissions by 17% between 2017 and 2023, and plan to reduce these emissions further by 2025.

SCOPE 2 EMISSIONS

PUMA's indirect GHG emissions (Scope 2) are caused by the electricity used for running our offices, stores and warehouses, including the charging of electric cars, as well as thermal energy used from district heating.

All of our offices, stores and warehouses have used renewable electricity via green electricity tariffs or renewable energy attribute certificates since 2020. This has led to a significant reduction of our Scope 2 emissions (market-based). In addition, the closure of our stores in Russia, which were mostly heated by district heating, contributed further to the reduction of Scope 2 emissions. At our headquarters, which is by far the largest consumer of district heat among all PUMA entities, the district heat is created in co-generation with electricity and by using over 50% biogas. In total, we were able to reduce our Scope 2 emissions by 99% (market-based, incl. the purchase of RECs) since 2017.

Further actions to reduce PUMA's own greenhouse gas emissions include the use of energy-efficient heat pumps at our headquarters, frequent energy efficiency audits at our stores, a free public transport ticket for employees, job-bike-leasing and a meat-free Monday at canteens.

↗ T.19 SCOPE 1 AND SCOPE 2 CO_2e EMISSIONS FROM PUMA[1-4]

CO_2e Emissions1-8 (t)	2023	2022	2021	2020	2019	2017	% Change 2023/2022	% Change 2023/2017
Scope 1 – Direct CO_2e-Emissions Fossil fuels*	**6,403**	**6,206**	**4,456**	**4,179**	**6,326**	**7,678**	**3%**	**-17%**
Vehicle Fleet	2,639	2,264	2,008	1,985	3,618	4,134	17%	-36%
Heating	1,336	1,536	2,039	2,194	2,708	3,545	-13%	-62%
Air Plane*	2,428	2,405	410	689	2,359	-	1%	
Scope 2 – Indirect CO_2e Emissions (location-based)	**41,679**	**35,528**	**32,545**	**29,839**	**40,986**	**40,029**	**17%**	**4%**
Scope 2 – Indirect CO_2e Emissions (market-based)	**530**	**643**	**1,458**	**1,078**	**11,533**	**40,029**	**-18%**	**-99%**
Electricity (location-based)	41,149	34,885	31,087	28,761	39,282	38,914	18%	6%
Electricity (market-based)	-	-	-	-	9,828	38,914		-100%
District heating	530	643	1,458	1,078	1,705	1,115	-18%	-52%
Total Scope 1-2 (location-based)	**48,082**	**41,734**	**37,001**	**34,018**	**47,312**	**47,707**	**15%**	**1%**
Total Scope 1-2 (market-based)	**6,933**	**6,849**	**5,914**	**5,257**	**17,859**	**47,707**	**1%**	**-85%**
Scope 1-2 Relative to Sales (t CO_2e per € million sales) (location-based)	5.6	4.9	5.4	6.5	8.6	11.5	13%	-51%
Scope 1-2 Relative to Sales (t CO_2e per € million sales) (market-based)	0.8	0.8	0.9	1.0	3.2	11.5	0%	-93%

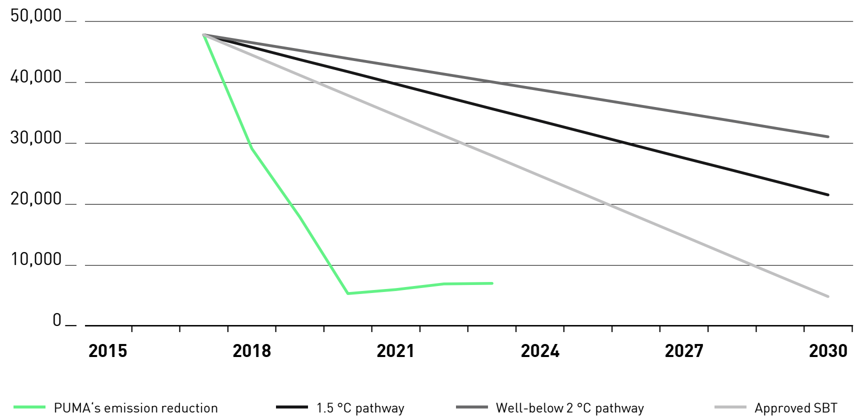
* In 2022, Scope 3 Upstream Leased Assets was restructured. Previously, this category included the emissions from PUMA Air Plane and well-to-tank emissions from PUMA Vehicle Fleet. Now, in line with GHG Protocol, emissions from PUMA Air Plane are included in Scope 1, well-to-tank emissions from PUMA Vehicle Fleet are included in Scope 3 Fuel- and energy-related activities and Scope 3 Upstream Leased assets includes the emissions from warehouses in PUMA's value chain that are operated by a third party.

** A location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

*** A market-based method reflects emissions from electricity that companies have purposefully chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. PUMA has purchased such Energy Attribute Certificates in 2023.

1. PUMA's greenhouse gas reporting is in line with the GHG Protocol International Accounting Standard. Fugitive emissions (emissions from unintentional releases or leaks) are not included in Scope 1 emissions.
2. Methodological changes over the last three years have influenced results. In 2020 updated emission factors were applied and the consolidated structure changed due to full alignment with the GHG Protocol.
3. The consolidation scope follows the operational control approach, including PUMA-owned or operated offices, warehouses, stores and own industrial sites (Argentina).
4. PUMA applied emission factors from internationally recognised sources, such as the International Energy Agency (IEA) (2019) and DEFRA conversion factors (2020).

↗ G.15 AGREED EMISSION TARGETS (SCOPE 1 AND 2*) (T CO_2e) 2023



* Including renewable energy attribute certificates

↗ T.20 E-KPIS PUMA – ENERGY[1-3]

Energy (MWh)	2023	2022	2021	2020	2019	2017	% Change 2023/2022	% Change 2023/2017
Total energy from electricity	**87,267**	**75,269**	**67,866**	**61,365**	**61,499**	**64,119**	**16%**	**36%**
Non-renewable electricity consumption	0	0	0	0	12,683	52,508	-	-100%
Electricity consumption from renewable sources (green tariffs and on-site photovoltaic)	16,032	15,697	13,749	10,839	11,547	11,611	2%	38%
Percentage of renewable electricity consumption (excluding EACs)	18%	21%	20%	18%	16%	18%		
Electricity consumption guaranteed with EACs	71,235	59,572	54,117	50,526	37,269	0	20%	-
Percentage of renewable electricity consumption (including EACs)	100%	100%	100%	100%	79%	18%		
Total energy from non-renewable fuels (oil, natural gas, etc.)	6,555	7,541	10,006	10,739	10,975	14,430	-13%	-55%
Total energy from district heating	4,828	5,483	10,795	6,247	7,915	5,155	-12%	-6%
Total energy consumption (PUMA own entities)	**98,651**	**88,462**	**88,666**	**78,350**	**80,389**	**83,704**	**12%**	**18%**

1 Figures include PUMA owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistics providers. Franchised stores are excluded.
2 Data includes extrapolations or estimates where no real data could be provided.
3 Methodological changes over the last three years have influenced results.

SCOPE 3 EMISSIONS

↗ T.21 PUMA'S SCOPE 3 CO_2E EMISSIONS FROM SELECTED VALUE CHAIN ACTIVITIES[1-6]

CO_2e emissions (t)	2023	2022	2021	2020	2019	2017	% Change 2023/2022	% Change 2023/2017
Scope 3 – Indirect CO_2e Emissions from corporate value chain	**1,089,971**	**1,430,690**	**1,355,633**	**1,486,324**	**1,762,087**	**1,502,162**	**-24%**	**-27%**
Purchased goods and services*	991,864	1,278,758	1,242,468	1,389,335	1,631,904	1,409,265	-22%	-30%
Fuel- and energy-related activities**	4,736	4,220	3,700	3,463	3,712	7,433	12%	-36%
Upstream transportation and distribution	70,412	127,474	106,983	91,775	107,744	71,070	-45%	-1%
Inbound	47,812	99,724	85,622	67,842	98,386	64,076	-52%	-25%
Outbound***	22,600	27,750	21,361	23,933	9,358	6,994	-19%	223%
Business travel	11,499	9,439	2,482	1,751	18,727	14,394	22%	-20%
Upstream leased assets**	11,460	10,799					6%	-
Total Scope 1-3 (market-based)	**1,096,904**	**1,437,609**	**1,362,482**	**1,492,238**	**1,767,344**	**1,549,869**	**-24%**	**-29%**
Annual Sales PUMA (in € million)	8,602	8,465	6,805	5,234	5,502	4,136	2%	108%
Total Scope 1-3 Relative to Sales (t CO_2e per € million sales) (market-based)	127.5	169.8	200.2	285.1	321.2	374.7	-25%	-66%
Total Scope 3 Relative to Sales (t CO_2e per € million sales)	126.7	169.0	199.2	284.0	320.3	363.2	-25%	-65%

* The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

** In 2022, Scope 3 Upstream Leased Assets was restructured. Previously, this category included the emissions from PUMA Air Plane and well-to-tank emissions from PUMA Vehicle Fleet. Now, in line with GHG Protocol, emissions from PUMA Air Plane are included in Scope 1, well-to-tank emissions from PUMA Vehicle Fleet are included in Scope 3 Fuel- and energy-related activities and Scope 3 Upstream Leased assets includes the emissions from warehouses in PUMA's value chain that are operated by a third party.

*** In 2020, upstream outbound values were adjusted to fully cover the e-commerce business and exclude B2B express volumes.

1. PUMA's greenhouse gas reporting is in line with the GHG Protocol International Accounting Standard. Fugitive emissions (emissions from unintentional releases or leaks) are not included in Scope 1 emissions.
2. Methodological changes over the last three years have influenced results. In 2020 updated emission factors were applied and the consolidated structure changed due to full alignment with the GHG Protocol.
3. The consolidation scope follows the operational control approach, including PUMA-owned or operated offices, warehouses, stores and own industrial sites (Argentina).
4. Outsourced Tier 1 production is accounted for in the Scope 3 emissions under purchased goods and services, covering CO_2 emissions from all three product divisions (Accessories, Apparel and Footwear).
5. PUMA applied emission factors from internationally recognised sources, such as the International Energy Agency (IEA) (2019) and DEFRA conversion factors (2020).

6. For sea freight transportation, PUMA follows the recommendation and new methodology of the Clean Cargo Working Group that has transitioned from the use of tank-to-wheel (TTW) CO_2 to well-to-wheel (WTW) CO_2-equivalent emission factors for all fuels.

GREENHOUSE GAS EMISSIONS FROM PURCHASED GOODS AND SERVICES

PUMA is determined to reduce its carbon emissions, water usage, waste and air pollution at its offices and in its supply chain. For materials, PUMA strives to use more sustainable materials, such as cotton, polyester, leather and cardboard.

The purpose of PUMA's environmental efforts is to ensure that its suppliers are in full environmental compliance and any negative impact on the environment is reduced. Ultimately, our goal is to achieve a positive environmental impact. We ask all of our core suppliers to complete the Facilities Environmental Module developed by the SAC.

For climate, PUMA's 10FOR25 action plan includes steps such as:

- Work with industry peers on climate action through the **Fashion Industry Charter for Climate Action** and the Fashion Pact.
- Joining industry-level energy efficiency programmes for suppliers in our top five sourcing regions.
- Joining industry-level programmes for renewable energy in our top five sourcing regions.
- Replacing all coal-fired boilers at PUMA's core suppliers.
- Gradually transitioning to materials with a lower carbon footprint, such as recycled polyester.

To reduce the emissions from the production of our PUMA products, we worked with our suppliers on programmes ranging from energy efficiency to installing on-site solar photovoltaic power plants to generate renewable energy.

The reduction of our Scope 3 emissions at the factory level is complemented by using more sustainable (less carbon-intensive) raw materials. In 2023, we used 85% more sustainable polyester, of which 61.8% was recycled polyester; 99.2% more sustainable cotton, mainly from the Better Cotton Initiative (BCI) and 99.7% leather from Leather Working Group medal-rated tanneries. In addition, 99.4% of our paper and cardboard packaging was recycled or FSC-certified paper. By 2025 we aim to use 75% recycled polyester and 100% recycled and/or certified paper and cardboard.

Supplier Training and Programme

In 2021, PUMA joined hands with other brands and key suppliers under the UN-led Fashion Industry Charter for Climate Action to develop a standard training programme on climate action for apparel and footwear suppliers in Asia, in partnership with GIZ. This online training programme provides foundational knowledge for suppliers on global decarbonisation efforts, GHG emissions accounting, climate target-setting methodology and solutions to reduce emissions and achieve these targets. The training is available in English and other local languages such as Khmer, Mandarin, Bengali and Vietnamese. We encouraged our suppliers to participate in this training, available free of charge.

The training provides foundational knowledge to suppliers on:

- Understanding global decarbonisation efforts
- How to account for GHG emissions
- How to implement available energy solutions to reduce emissions

In 2023, we continued to encourage factories to join the GIZ's Climate Action Training. 57 participants from 42 factories completed the course and attempted the final exam. 100% of the participants successfully passed the exam and obtained the certificate from GIZ, with an average score of 75%. Since 2021, 933 participants from 284 factories have completed this course.

In 2023, we provided training to our suppliers on Science Based Target setting, renewable energy procurement through RECs, carbon trading and energy efficiency. This climate-related training helped to accelerate the implementation of rooftop solar projects, increase the purchase of renewable energy attribute certificates and initiate coal phase-out measures. The progress made in these areas are described in this report.

In 2023, we approached 21 selected supplier groups representing 40-50% of our business volume to suggest that they set Science-Based Targets at a company level (covering all of their factories, including the ones not producing for PUMA). In March 2023, 19 out of these 21 suppliers agreed to set up SBT; one supplier declined, and one supplier already had an approved target. In October 2023, we engaged with Guidehouse to launch the Supplier Leadership On Climate Transition (LOCT) capacity development programme. The programme provides a web-based platform to learn and implement a step-by-step approach for setting Science Based Targets and guidance on how to achieve those targets. Nine suppliers registered to join this programme in 2023. However, only eight suppliers joined, since one supplier selected a training available only after a supplier has set SBT. This supplier will join the programme in 2024. We expect more suppliers to join in early 2024. We do not expect all 20 suppliers to join this programme, since some suppliers have the required expertise in-house or are already engaged with a consultant to support them.

The renewable energy procurement training conducted by Monsson Carbon for Vietnam, Cambodia, Indonesia and the Philippines focused on how to procure energy attribute certificates such as iRECs, while the training conducted by Envision in China and Taiwan focused on iREC procurement and other green energy procurement schemes available in the region like green electricity consumption certificate (GECC). The percentage of training participation for factories in renewable energy procurement is 53%; as it was a refresher training in 2023, the supplier factories which have already purchased iRECs, or other forms of green energy certificates did not join.

In 2023, a training on carbon trading provided by IMPAQ (a third party organisation) was only relevant for textile/fabric core Tier 2 factories located in mainland China. However, all core Tier 1 and Tier 2 factories located in China and Taiwan regions were invited to attend for awareness about regulatory requirements in the area. As per these requirements, heavy industries in Guangdong province with greenhouse gas emissions of more than 10,000 tons per year or energy consumption of at least 5,000 tons of standard coal per year are required to be included in a carbon trading scheme. Although the textile sector is one of the potential sectors to be included, this regulation is still not enforced for the textile sector. Because of this, 53% of core Tier 2 textile factories invited attended this training, whereas only 44% of non-textile core Tier 2 factories joined this session. However, 76% core Tier 1 factories joined this training due to better engagement with them. In total, 59% of factories invited attended this training. If the scope of these regulatory requirements expands to other product divisions, we will continue to provide this training in the future.

For the German Training Week on Energy Efficiency programme, organised by GIZ in Vietnam, PUMA was allocated only eight slots, and eight core factories joined the programme. Hence, the percentage of core factories which participated relative to the total number of core factories in Vietnam (47) is only 17%.

↗ T.22 SUPPLIER TRAINING

Training Topic	Scope	Country	Trainer	Number of suppliers	Number of factories	Number of participants	% factories trained*
Science Based Target networking sessions	Suppliers selected for SBT	Global	Guidehouse/ CDP/ UNFCCC	21	48	215	100%
LOCT program	Suppliers selected for SBT	Global	Guidehouse	8	24	23	50%
Renewable Energy Procurement - iREC training/ Green Energy	All core factories	Vietnam, China, Cambodia, Indonesia, Philippines, Taiwan	Monsoon Carbon/ Envision	36	52	94	53%
Carbon Trading Basic Introduction (for textile industry in China)	All core factories	China, Taiwan	IMPAQ	27	34	48	59%
German Training Week – Energy Efficiency	Selected core factories	Vietnam	GIZ	8	8	8	17%

* % of factories trained, calculated based on the total the factories in the scope for each subject matter training

To improve the awareness level of PUMA employees, we developed a foundational e-learning training module on climate action for all employees which is expected to be rolled out in the first half of 2024. In 2023, we launched phase 3 of Clean by Design (CbD) in the China-Taiwan region in partnership with Apparel Impact Institute (Aii) at two core Tier 1 and five core Tier 2 factories. We also kicked off a new resource efficiency programme called REF Programme at four core Tier 1 factories in Vietnam in partnership with ENERTEAM. In early 2024, we will launch an IFC cleaner production programme, called Decarbonization programme (CaDP) in Cambodia at three core Tier 1 and 1 core Tier 2 factories.

In addition to this, four Tier 1 and three Tier 2 factories participated in various rooftop solar projects in 2023.

The macroeconomic situation and overall uncertainty in the trade remained challenging during the first half of 2023. Recession fears in various markets, persistent high inflation and elevated interest rates led to muted consumer sentiment and volatile demand in retail. In addition, elevated inventory levels in the market contributed to a slower sell-in to the Wholesale channel. This created less demand from the markets, and we had to adjust our orders accordingly. This explains why we did not launch Renewable Energy programmes in 2023 to cover 76% sourcing volume of Tier 1, 75% sourcing volume of Tier 2, and cleaner production programme to cover 74% sourcing volume of Tier 1 and 75% sourcing volume of Tier 2, as reported in our 2022 annual report.

The values below represent annual savings from completed and ongoing projects (PaCT programme in Bangladesh, CbD programme in China, Indonesia, Vietnam) from 2019 until the end of 2023:

- Greenhouse gas reduction: 90,182 tCO_2e per year
- Renewable energy: 247 MWp of RE capacity (including offsite wind) added in 2021, 2022 and 2023
- Water saving: 2,401,002 m^3 per year
- Energy saving: 177,168 MWh per year

↗ T.23 SUPPLIER CLIMATE ACTION PROGRAMMES

Cleaner Production programmes

Country	Program/Partner	Scope	Number of factories*	% Sourcing volume (globally)
China-Taiwan	Clean-by-Design (CbD)/aii	Energy and water efficiency	T1: 3 T2: 16	2023 Tier 1: 70% Tier 2: 56%
	Low Carbon Manufacturing Program (LCMP)/WWF	Energy and water efficiency	T1: 7	
Bangladesh	Partnership for Cleaner Textile (PaCT)/IFC	Energy and water efficiency	T1: 6 T2: 4	
Vietnam - Cambodia	Clean-by-Design (CbD)/aii, FABRIC/GIZ	Energy and water efficiency, Coal phase-out	T1: 8 T2: 2	To be Enrolled 2024 Tier 1: 71% Tier 2: 62%
	MSMA	Energy and water efficiency	T1: 6 T2: 3	
	Greening Textile Program	Energy and water efficiency	T2: 2	
Indonesia	Clean-by-Design (CbD)/aii	Energy and water efficiency	T1: 3	
Mexico**	Sustainable energy for all	Energy efficiency	T1; 2	
Total			**T1: 35** **T2: 27**	

* The number of factories represents completed and ongoing projects from 2019 until the end of 2023
** Non-core factories

↗ T.24 RENEWABLE ENERGY PROGRAMMES

Country	Programme/Partner	Scope	Number of factories*	% Sourcing volume (globally)
Vietnam/ Cambodia	Project Development Programme (PDP)/ GIZ	Rooftop Solar	T1: 7 T2: 2	
	Self-initiative by factories	Rooftop Solar	T1: 5 T2: 8	
	Self-initiative by factories	iREC/DPPA pilot	T1: 4 T2: 3	
China-Taiwan	Self-initiative by factories	Rooftop Solar	T1: 7 T2: 9	
		Offsite wind, DPPA, iREC	T1: 11 T2: 9	2023 Tier 1: 65% Tier 2: 60%
Bangladesh	Partnership for Cleaner Textile (PaCT)/IFC	Rooftop Solar	T1: 2 T2: 1	
	Self-initiative by factories	Rooftop Solar	T1: 2 T2: 2	
	Project Development Programme (PDP)/ GIZ	Rooftop Solar	T1: 3	To be enrolled in 2024 Tier 1: 71% Tier 2: 73%
Indonesia	Clean-by-Design(CbD)/aii	Rooftop Solar/ TIGR	T1: 3	
Pakistan	Project Development Programme (PDP)/ GIZ	Rooftop Solar	T1: 2	
Other (Argentina, Brazil, Mauritius, Philippines, Turkey)		iREC, Geothermal	T1: 3 T2: 1	
Total			**T1: 49** **T2: 35**	

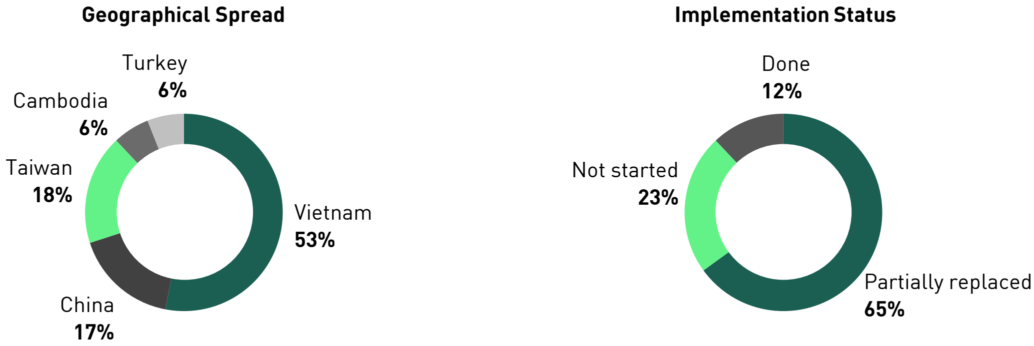
* The number of factories represents completed and ongoing projects from 2019 until the end of 2023

Rooftop solar panels from our suppliers in Bangladesh and Vietnam

Coal-Fired Boiler Phase-Out

We are committed to phasing out coal-fired boilers from our supply chain, mainly from the core Tier 1 and Tier 2 suppliers, by 2025. In 2022, we mapped our core suppliers and found that 21 of them have coal-fired boilers. In 2023, the number of core factories with coal fired boilers reduced to 17 due to revisions in the core factory list, out of which two factories have successfully phased out coal and 11 factories have partially replaced coal. In 2024, we plan to engage with remaining four factories which have not yet initiated the transition. We also plan to continue our tracking of factories which are under transition.

↗ G.16 COAL-FIRED BOILER PHASE OUT STATUS



In 2022 PUMA joined the Coal Phase Out Action Group under the UN's Fashion Charter, with an objective to collaborate with other brands to expedite the phase-out of coal in our supply chain. We included a coal-fired boiler question in our on-boarding checklist for new factories in July 2022, to avoid on-boarding such factories with coal-fired boiler.

As a first step the brands have mapped their supply chain to identify supplier factories with coal fired boilers, and also identified the overlapping suppliers to prioritize these factories. GIZ joined this programme as an implementation partner and offered a coal phase-out pilot in Vietnam. This programme has a 10-step approach to realize coal phase out. Currently we are exploring options to partner with other brands to test the programme in our supply chain.

↗ CASE STUDY

Coal phase-out

In 2023, Chen Tai (Vietnam) Woven Tapes Enterprise Co., Ltd. successfully phased out the use of coal for its boiler by switching to rice husk biomass. Not only did this transition allow the facility to reduce their GHG emissions by 2,600 tCO_2e, it also helped the facility to save 20% in fuel costs.

Supplier Climate Targets

Science based targets are ambitious and difficult to achieve. Only large suppliers with capacity and top management commitment will be able to succeed. Those suppliers are identified through a readiness survey, climate investment study, long term business potential and in alignment with sourcing leaders. For the remaining suppliers, we plan to implement a simplified target setting system and hence an in-house tool is being developed for these suppliers.

In 2021, we developed two training modules for our core suppliers with the objective of driving climate target setting. One module focuses on the group of suppliers that need to establish science-based targets, and the other is aimed at the group of suppliers that needs to establish climate targets based on a simplified tool developed in-house.

In continuation of efforts made in 2021 regarding SBT for key suppliers, we conducted a climate investment survey for our top 20 suppliers and evaluated long-term business potential with them in alignment with our sourcing leaders. We evaluated their readiness level to set a SBT in future.

In 2023, we approached 21 selected supplier groups representing 40-50% of our business volume, to suggest them to set Science-Based Targets on company level (covering all of their factories including the ones not producing for PUMA). In March 2023 we kicked it off through a meeting, to go in detail through SBT process with the help of CDP. 19 out of these 21 suppliers agreed to set up SBT, one supplier declined, and one supplier already had an approved target. To encourage peer learning and to learn from industry experts we launched regular networking sessions on SBT. So far, we have completed two this year after the kickoff meeting in March. One supplier has already an SBT approved by SBTi, one has science-aligned targets (Scope 1 and 2) approved by World Resources Institute (WRI), nine suppliers are in process of getting SBT approved.

Supplier Leadership On Climate Transition (LOCT) Programme
In October 2023, we engaged with Guidehouse to launch a capacity development programme called Supplier Leadership On Climate Transition (LOCT). The programme provides a web-based platform to learn and implement a step-by-step approach for setting Science Based Targets and guidance on how to achieve those targets. So far, nine suppliers registered to join this programme in fall 2023. However, only eight suppliers joined, since one supplier selected a training available only after a supplier has set a SBT. This supplier will join the programme in 2024. We expect some other suppliers to join in early 2024.

↗ CASE STUDIES

Resource efficiency

TST Group, which is one of our dyed fabrics suppliers, has implemented an innovative low-carbon coloration process, at its dyeing mills located in China and Cambodia. The supplier has installed advanced dyeing machines such as low liquor ratio dyeing machines, which require much less water than conventional dyeing machines. The factories also switched from batch to continuous pretreatment (preparation of fabric for dyeing) and continuous after-treatment (finishing of fabric) which are more efficient processes and hence consume less energy and water. These initiatives are estimated to reduce water usage by 70% and carbon footprint by 60% as compared to the conventional dyeing process in China. In Cambodia, it is estimated to reduce water usage by 40% and carbon footprint by 45% compared to the conventional process. TST has also gone for cold pad batch dyeing machines in its Chinese factory, which dye fabric in a cold condition, rather than in a heated condition in the conventional dyeing process. This technology, along with continuous pre-treatment and continuous after-treatment, is estimated to reduce water consumption by 75%, carbon footprint by 55% and chemical consumption by 90% compared to conventional dyeing process. The environmental benefit of these initiatives can be evidenced from water and energy data we collected. TST China's GHG emissions are 54% lower, and the water consumption is 16% less than PUMA suppliers' average for textile mills. TST Cambodia's GHG emissions are 50% lower and the water consumption is 10% less than PUMA suppliers' average for the textile mills.

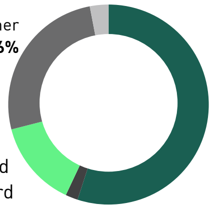
Solar PV

The Urmi Group, a renowned group of companies based in Bangladesh, has committed to reducing the greenhouse gas emissions from its business operations by 52.6% (intensity) by 2027 compared to the baseline year 2017. Therefore, Fakhruddin Textile Mills Ltd., one of the largest textile manufacturing units of the Urmi Group, installed roof-top solar panels in April 2022 and started to add renewable energy with a full design capacity of 2.5 MWp. As a result, solar PV is contributing to increasing the share of renewable energy and lessening GHG emissions into the atmosphere. In 2023, renewable electricity consumption accounted for 10% of the total electricity consumption (purchased & captive) of the factory. At the same time, the factory lowered its emissions by 1,216 tCO_2e of greenhouse gas annually.

Forest, Land and Agriculture (FLAG) emissions estimation

As required by the Science Based Target Initiative (SBTi), in 2023 we undertook a study to estimate the greenhouse gas emissions from the Forest, Land and Agriculture (FLAG) sector of our supply chain. The SBT requirement states that we need to set a target for FLAG emissions, if the FLAG-related emissions total 20% or more of our Scope 1, 2 and 3 emissions. PUMA engaged leading sustainability consultant Sphera to assess the FLAG footprint of our materials; the assessment indicates that FLAG emissions constitute 3% of the total emissions in 2022 and 4% in the baseline of 2017. Thus, there is no requirement for PUMA to set separate FLAG targets under SBT. Out of the total FLAG emissions cotton accounts for 55% of emissions followed by leather which contributes 26%.

↗ G.17 FLAG EMISSIONS



↗ T.25 FLAG EMISSIONS

	2022	2017
Total PUMA GHG emissions (Scope 1, 2 & 3)*	1,975,535	1,836,272
Total FLAG emissions	66,324	74,408
FLAG emissions % of total Scope 1, 2 & 3	3%	4%

* Emissions data contain further Scope 3 categories, e.g. the product use phase, which was not taken into account in the further Scope 3 considerations of this report, as PUMA has no influence on it

Scope 3 Category 1 Emissions
In 2023, we continued our assessment of Scope 3 emissions that come from PUMA's indirect business activities, mainly in the supply chain, by lifecycle expert company Sphera in line with the Greenhouse Gas Protocol.

As in 2022, they conducted a comprehensive assessment of our supply chain emissions beyond Tier 1 manufacturing, including Tier 2 manufacturing of fabrics and components, estimated emissions from Tier 3 suppliers and material production using emission factors from their LCA database known as the GaBi database.

↗ T.26 PUMA'S SCOPE 3 CATEGORY-1 CO_2E EMISSIONS FROM SELECTED VALUE CHAIN ACTIVITIES[1]

Scope 3 Emissions (Category -1)	2023	2022	2021	2020	2019	2018	2017 (Baseline)	% Change 2017/2023
Absolute GHG emissions (tCO_2 eq)	991,864	1,278,758	1,242,468	1,389,335	1,631,904	1,484,935	1,409,265	-30%

1 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.
Note: Scope 3 category 1 estimation includes GHG emissions associated with goods and services purchased by PUMA from

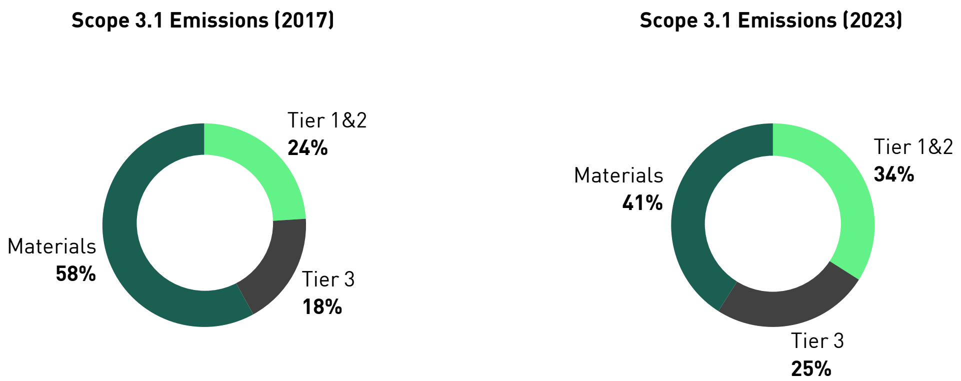
its suppliers related to PUMA products and associated packaging. This excludes emissions associated with other goods and services acquired by PUMA offices, stores and warehouses.

We can see that our absolute Scope 3 emissions from the purchased goods and services category have decreased by 30% from 2017 to 2023, while material consumption has in increased by 10% during the same period.

In view of the global macroeconomic situation, which has led to a change in customers' ordering behaviour, and the normalisation of the supply chain, we saw a decline in the order book in the first half of the year and stabilisation during the second half, with a return to the pre-pandemic ordering practices. Therefore, we actively adjusted sourcing activities respectively and continued to provide transparency to our sourcing partners so they can adjust their capacities accordingly. This explains why material consumption and energy consumption decreased compared with 2022. This contributed to our absolute greenhouse gas emission reduction, alongside energy efficiency improvements and the increased use of renewable electricity at a factory level, as well as the usage of more sustainable materials.

Scope 3 Category 1 emissions mainly originate from two sources; the raw materials and the energy consumed by our core Tier 1, Tier 2, Tier 3 (production of raw material) suppliers to produce finished materials and components as well as finished goods. A breakdown of total GHG emissions by source is presented below.

↗ G.18 GHG EMISSIONS BY SOURCE



Carbon footprint at a supply chain level

Looking deeper into the emissions from our supply chain, we see that absolute GHG emissions from Tier 1 and Tier 2 suppliers were 3% lower in 2023 than in 2017. 65% of greenhouse gas emissions are coming from Tier 2 factories while 35% of emissions are contributed by Tier 1 factories. Drilling down into product divisions, we can see that the Tier 2 textile/fabric mills contribute a maximum of 61% followed by Tier 1 footwear factories with 26%. This is mainly due to the higher energy footprint of Tier 2 textile wet processing units. Further analysis indicates that absolute emissions from Textile Tier 2 factories have increased by 18% while the production of textile/fabric for PUMA factories has increased by 23% in 2023 as compared to 2017. The absolute emissions from Footwear Tier 1 factories have reduced by 17% in 2023 as compared to 2017, while the PUMA production from Tier 1 Footwear factories has increased by 31%. This was achieved due to the participation of these factories in cleaner production, renewable energy programmes and the purchase of iRECs.

Absolute GHG emissions from Tier 3 suppliers in 2023 saw a marginal increase of 0.3% compared to 2017. A closer look at the data indicates that this marginal increase in absolute emissions from Tier 3 suppliers is mainly due to a rise in the consumption of polyester and polyurethane during this period. Polyester and polyurethane together increased by 27% in 2023 as compared to 2017; this was mainly due to an increase in sourcing volume but also because our material data quality and accuracy has improved since 2021.

We see opportunities to further scale up cleaner production and renewable energy programmes to more Tier 1 and Tier 2 suppliers, and also to launch them at some of the spinners (Tier 3).

In 2023, we mapped our core Tier 3 spinning mills for the Apparel division through our core Tier 1 and Tier 2 suppliers. We could identify 20 spinning mills. We collected yarn volume supply for PUMA production in 2022 for 19 mills. These 19 factories represented 25.8% of our total volume of yarns sourced in 2022. The objective was to engage these factories to collect primary energy data from Tier 3 suppliers to calculate greenhouse gas Scope 3 emissions rather than estimating the emissions from Tier 3 factories by using raw material data and subsequently to engage them on cleaner production and renewable energy programmes. We provided training to these Tier 3 suppliers on energy data questionnaires and asked them to provide the data. However, we faced many challenges, including a lack of willingness on the part of these Tier 3 suppliers to provide energy data and supporting documents.

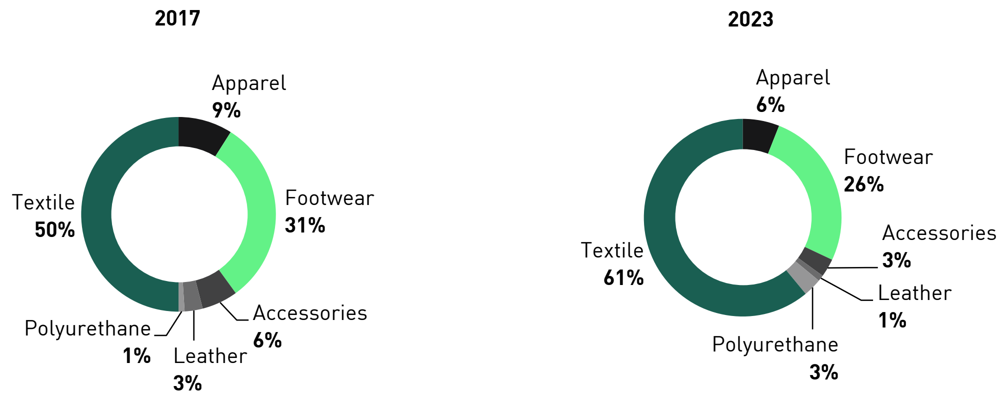
Only eight factories submitted data. Out of these eight factories only three factories' data could be validated. The remaining five factories did not provide supporting documents. In coming years, we will continue to encourage these suppliers to submit their data. The 2023 Tier 3 emissions are estimated by Sphera using its GaBi database.

↗ T.27 GHG EMISSIONS BY SUPPLIERS[1]

	2023	2022	2021	2020	2019	2018	2017 (Baseline)	% Change 2022/2023	% Change 2017/2023
Absolute GHG emissions from Tier 1 and Tier 2 suppliers (t CO_2e)	334,123	423,762	358,508	297,573	371,420	382,043	345,361	-21%	-3%
Tier 3 suppliers (t CO_2e)	252,918	305,869	284,215	223,909	258,425	193,193	252,251	-17%	0.3%

1 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.
Note: Tier 1 & Tier 2 emissions are estimated based on actual energy consumption collected from core Tier 1 and Tier 2 factories and extrapolated to cover all Tier 1 and Tier 2 supplier factories. Tier 3 emissions are estimated by Sphera by using its GaBi database.

↗ G.19 GHG CONTRIBUTION BY PRODUCT DIVISION[1-2]



1 Tier 1: Apparel, Footwear & Accessories factories
2 Tier 2: Leather, textile, polyurethane factories

PROPORTION OF PRODUCTION POWERED BY COAL

Out of the various product divisions, currently coal is only used in leather and textile production. For leather, around 24% of PUMA production is powered by coal, of which 7.6% in China and 17.0% in Vietnam. For textile, around 43% of PUMA production is powered by coal. Vietnam contributes the most with 31.8%; the remaining percentage is shared between Cambodia, China, Taiwan and Turkey. Aligning with PUMA strategies, all suppliers that are still using coal for their production have set targets and plan to phase out coal.

↗ T.28 PERCENTAGE OF PRODUCTION POWERED BY COAL (CORE TIER 2)[1]

	China	Vietnam				Total
Tier 2 - Leather*	7.6%	17.0%				24.6%

	Cambodia	China	Taiwan	Turkey	Vietnam	Total
Tier 2 Textile**	3.6%	1.7%	2.3%	3.8%	31.8%	43.2%

* Core Tier 2 Leather: 5 factories
** Core Tier 2 Textile: 32 factories
1 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

Carbon Footprint At A Raw Material Level

Absolute GHG emissions from raw material consumption fell by 50% even as total material consumption increased by 10% since 2017. This was achieved due to our continuous endeavour to shift towards more sustainable materials and other measures. More sustainable cotton and polyester increased from 40% and 47% in 2017 to 99.2% and 85% respectively in 2023. In view of the global macroeconomic situation, which has led to a change in customers' ordering behaviour, and the normalisation of the supply chain, we saw a decline in the order book in the first half of the year and stabilisation during the second half. This explains why material consumption decreased compared with 2022.

↗ T.29 GHG EMISSIONS FROM MATERIALS[1]

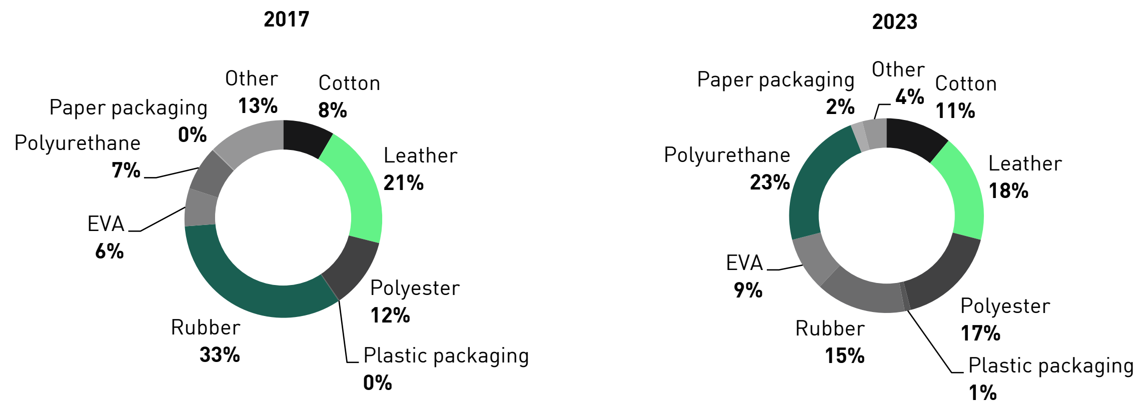
	2023	2022	2021	2020	2019	2018	2017 (Baseline)	% Change 2022/2023	% Change 2017/2023
Total raw materials (t)	174,390	200,514	187,101	195,039	200,936	179,995	158,509	-13%	10%
GHG emission from materials (tCO_2e)	404,822	549,127	599,849	867,853	1,002,059	549,127	811,654	-26%	-50%

1 Assumptions: During the Scope 3 assessment, it was observed that material data collection has improved over time and that, since 2021, we have been able to capture the material data comprehensively. For example, 2017, material data was not available for all types of materials and some material data were incomplete. In the absence of comprehensive raw material data for 2017, material data was extrapolated from 2020. Furthermore, we observed that the polyester consumption data for footwear was exceptionally high for 2020 and possibly erroneously overestimated. Therefore, the polyester data for footwear for 2017 and 2020 was extrapolated from 2019 data.

A breakdown analysis as shown in the following chart indicates that polyurethane (23%) contributes the most, followed by leather (18%) and polyester (17%). The share of rubber has significantly reduced from 33% in 2017 to 15% in 2023, mainly due to a reduction in rubber consumption during the same period, while the share of polyurethane has significantly increased from 7% in 2017 to 23% in 2023, and polyester's share has increased from 12% to 17% mainly due to significant increase in polyurethane and polyester consumption during the same period. The share of leather has fallen from 21% in 2017 to 18% in in 2023. This is due to a combination of strategies to replace leather with polyurethane and textile and the improved capture of leather data in 2023, as we collected suede leather and grain leather data separately and suede leather has a lower carbon footprint than full grain leather.

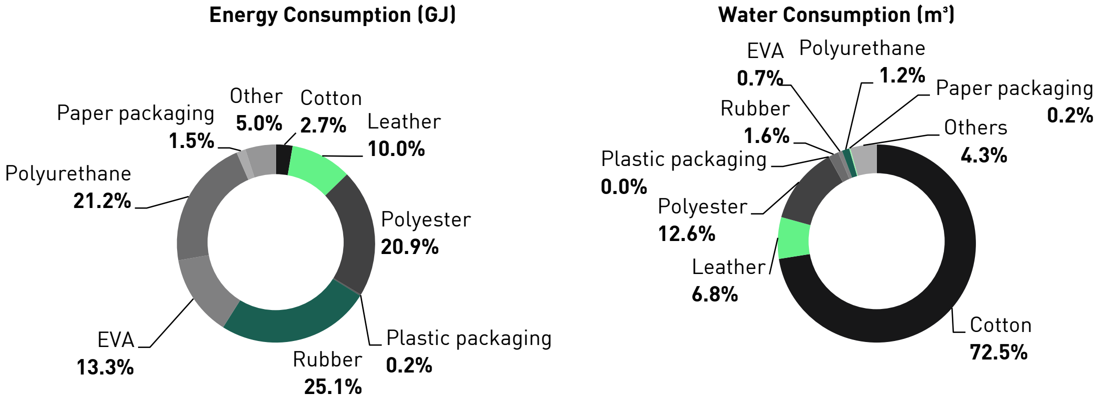
The analysis for 2023 indicates that we need to focus more on sustainable alternatives for polyurethane, polyester, leather and synthetic rubber.

↗ G.20 GHG CONTRIBUTIONS BY MATERIALS[1-2]



1 Other include: acrylic, linen, lycra, metals, adhesives, etc.
2 Leather is natural leather while polyurethane is imitation leather, also known as synthetic leather

↗ G.21 ENERGY AND WATER CONSUMPTION AT RAW MATERIAL LEVEL



↗ T.30 ENERGY AND WATER CONSUMPTION AT RAW MATERIAL LEVEL

Material wise analysis	Water Consumption (m3)	Energy Consumption (GJ)
Cotton	30,115,148	255,981
Leather	2,824,342	935,920
Polyester	5,253,305	1,950,459
Plastic packaging	7,520	18,543
Rubber	684,179	2,338,201
EVA	282,703	1,239,101
Polyurethane	495,391	1,977,494
Paper packaging	77,727	143,537
Others	1,793,769	469,798

In 2023, we evaluated the energy and water footprint at a raw material level. The results indicates that the energy footprint of rubber is the highest (25.1%) followed by polyurethane (21.2%) and polyester (20.9%). When it comes to water cotton has the highest share (72.5%) followed by polyester (12.6%). We intend to use this analysis for material selection purposes to reduce the energy and water footprint of our products.

Renewable Energy
In line with our 10FOR25 target to achieve a 25% share of renewable energy for core Tier 1 and Tier 2 suppliers, we have set a goal of 15% renewable energy share for 2023. The share of renewable energy consumption by Tier 1 suppliers increased from 11.3% in 2022 to 23.1% in 2023 and Tier 2 suppliers increased from 10.8% in 2022 to 21.7% in 2023. The increase in both tiers therefore has helped PUMA to reach an overall share of renewable energy of 22.1% in 2023, greatly exceeding our target. This was mainly achieved due to the participation of the core suppliers in renewable energy projects, followed by the installation of rooftop solar facilities, switching from coal to biomass and the purchase of energy attribute certificates by both core Tier 1 and Tier 2 suppliers.

↗ T.31 E-KPIS PUMA TIER 1 & TIER 2 PRODUCTION - ENERGY[1]

Energy (MWh)	2023	2022	2021	2020	2019	2018	2017	% Change 2020/2023
PUMA production (Core Tier 1)*								
Non-renewable energy consumption from PUMA production (Core Tier 1)	201,553	292,459	331,199	221,641	246,160	195,866	194,881	-9.1%
Renewable energy consumption from PUMA production (Core Tier 1)	60,662	37,322	17,763	3,013			294	1,913.0%
Percentage of renewable energy consumption from PUMA production (Core Tier 1)	23.1%	11.3%	5.0%	1.0%			0.2%	1,625.0%
PUMA production (Core Tier 2)**								
Non-renewable energy consumption from PUMA production (Core Tier 2)	611,238	744,940	795,673	607,310			586,986	0.6%
Renewable energy consumption from PUMA production (Core Tier 2)	169,655	90,333	39,317	3,393			524	4,901.0%
Percentage of renewable energy consumption from PUMA production (Core Tier 2)	21.7%	10.8%	5.0%	0.6%			0.1%	3,811.0%
PUMA production (Core Tier 1 and 2)								
Non-renewable energy consumption from PUMA production (Core Tier 1 and 2)	812,792	1,037,399	1,126,872	828,951	246,160	195,866	781,867	-1.9%
Renewable energy consumption from PUMA production (Core Tier 1 and 2)	230,317	127,655	57,080	6,406	-		818	3,496.0%
Percentage of renewable energy consumption from PUMA production (Core Tier 1 and 2)	22.1%	11.0%	4.8%	0.8%			0.1%	2,779.0%

* Core Tier 1 supplier factories Apparel, Footwear and Accessories (62 factories))
** Core Tier 2 supplier factories Leather, PU and Textiles (40 factories)
1 Data includes extrapolations or estimations where no real data could be provided. The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

Renewable electricity

The share of renewable electricity sourcing by Tier 1 and Tier 2 suppliers has increased from 0.35% in 2017 to 27.4% in 2023. Looking at the Tiers in the value chain, the share of renewable electricity has increased from 0.18% in 2017 to 18.0% in 2023 by Tier 1 suppliers, while it has increased from 0.74% to a significant 47.2% for Tier 2 suppliers during the same period including the purchase of RECs by suppliers.

This progress is achieved due to publicly disclosed 2025 goals on renewable energy, one-to-one follow-up meetings with the suppliers, the participation of factories in renewable energy programmes which led to the installation of roof-top solar PV and the purchase of RECs. Support from the Sourcing department has played a major role in engaging with our core suppliers.

↗ T.32 SHARE OF RENEWABLE ELECTRICITY AS COMPARED TO GRID ELECTRICITY[1-3]

Electricity (kWh)	2023	2022	2021	2020	2017 (Baseline)	% Change 2022/2023	% Change 2017/2023
Total renewable electricity	91,246,157	64,624,534	14,494,042	3,588,937	817,644	41%	11060%
Total grid electricity	241,651,096	333,408,508	324,910,084	252,665,750	234,323,351	-28%	3%
Share of renewable electricity	27.4%	16.24%	4.30%	1.40%	0.35%	69%	7783%
T-1 renewable electricity	40,660,939	13,695,766	11,149,103	1,999,458	298,283	197%	13532%
T-1 grid electricity	185,115,917	266,321,305	218,804,548	169,593,745	164,904,224	-30%	12%
Share of renewable electricity (T-1)	18.0%	4.89%	4.80%	1.17%	0.18%	268%	9874%
T-2 renewable electricity	50,585,218	50,928,768	3,344,939	1,589,479	519,361	-1%	9640%
T-2 grid electricity	56,535,179	67,087,203	106,105,536	83,072,005	69,419,127	-16%	-19%
Share of renewable electricity (T-2)	47.2%	43.15%	3.10%	1.88%	0.74%	9%	6259%

1 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.
2 The total electricity does not include captive electricity generation from fossil fuels such as Natural Gas, Diesel etc.
3 The renewable energy includes iREC certificates purchased by core leather, polyurethane, textile factories in the year 2023, but excludes renewable energy sourced by the Tier 2 core factories e.g., packaging and labelling, trims, footwear bottom and knitted uppers.

Policy Advocacy

As a part of Policy Engagement working group under Fashion Industry Charter for Climate Action. In 2023, the UNFCCC organised a policy dialogue event with stakeholders in Bangladesh. The purpose of this policy dialogue was to initiate an inclusive but focused discussion among key stakeholders in the fashion sector about how to jointly effect the required changes, identify actions that can be taken in the near-term future to accelerate renewable energy, support scaling renewable energy solutions, and connect existing efforts on the ground with best practice case studies.

PUMA participated in this policy dialogue event on February 27th, 2023, along with other brands. The key outcomes were:

- The government of Bangladesh remains committed to accelerating transition to renewables.
- Discussions were focused on exploring direct Power Purchase Agreements (PPAs) as a solution for transiting to renewable energy in Bangladesh.
- The need for fiscal and tax incentives, including upgrade of tariffs were identified as key required policy interventions.
- Opportunities to identify financing for renewable energy were another key aspect which needs to be explore.

GREENHOUSE GAS EMISSIONS FROM THE TRANSPORT OF GOODS

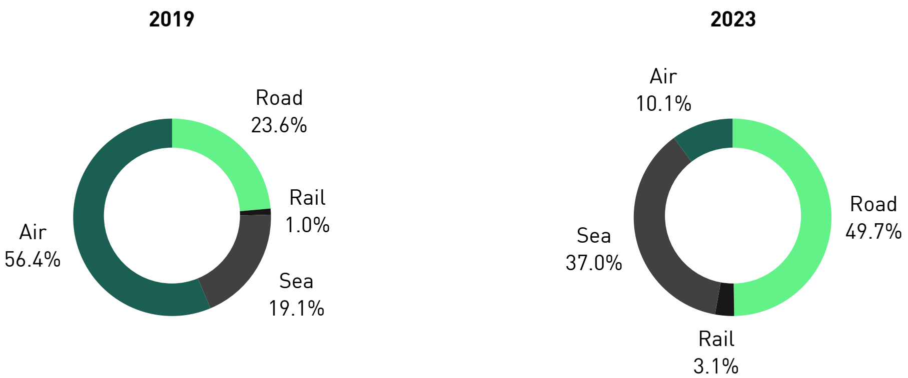
PUMA's Logistics Team has been working on reducing greenhouse gas emissions from the transport of goods for several years. Key measures include the optimisation of container loads, as well as reducing airfreight to an absolute minimum. Air freight reduction is also part of PUMA's annual bonus targets.

2023 brought progress in several areas:

- We managed to further reduce our airfreight ratio to 0.3%, meaning that only 0.3% of all PUMA goods (by unit) are transported by air. This is a significant reduction compared to 2019 (before the COVID-19 pandemic) where the value was close to 3%.
- Together with our main logistics service provider Maersk, we've integrated biofuels into our marine shipments as part of Maersk's eco-friendly shipping initiative. Since February 2023, the utilisation of biofuels for transporting goods from our manufacturing sites to the European market has resulted in an impressive 84.6% reduction in GHG emissions along these routes.
- Our logistics team in the USA was able to expand the use of electric trucks from one to three trucks for the transport of PUMA goods between the port in Los Angeles and the warehouse in Torrance. We anticipate that more electric trucks will follow in other countries over the next years.

An electric truck operates at PUMA's warehouse in California, USA

↗ G.22 SHARE OF GHG EMISSIONS BY TRANSPORT MODE IN 2019 AND 2023



↗ T.33 CO_2e EMISSIONS PER TRANSPORT MODE

CO_2e emissions (t)	2023	2022	2021	2019
Road freight	33,665	48,345	38,815	24,522
Rail freight	2,103	675	3,153	1,013
Sea freight	25,070	45,891	44,698	19,830
Air freight	6,864	29,751	17,731	58,651

The graph and table above illustrate the relative downturn in the use of air freight compared to other modes of transport. Our airfreight reduction target helped us reduce the share of emissions from airfreight from 56.4% in 2019 to 10.1% in 2023.

CHEMICALS

TARGET DESCRIPTION:

- 100% of all PUMA products are safe to use
- Maintain RSL compliance rate above 90%
- Reduce organic solvent usage to under 10 gr/pair

Relates to Sustainable United Nations Development Goals 3 and 6

KPIs:

- RSL compliance rate per product division (as a percentage)
- Percentage of core suppliers with chemicals inventory and MRSL conformance report (ZDHC InCheck reports)
- Suppliers' chemical performance (verified FEM scores under chemical management section)
- VOCs used in footwear production (VOC index for shoes)

PUMA follows the precautionary principle and takes measures to prevent harm to human health and the environment from its products and operations.

All the materials used in PUMA products are subject to our Restricted Substance List (RSL) Testing Programme to ensure compliance with global chemical regulations. Rather than applying internal testing standards for our tests, we rely on the AFIRM Group's Product RSL and on the Manufacturing RSL developed by the Zero Discharge of Hazardous Chemicals Foundation (ZDHC).

In 2021, we updated our target to RSL compliance rate above 90% considering the potential use of new chemicals in the new material development and innovation. No material with a failed RSL test can be used for PUMA products until the failure has been corrected and the material has successfully passed the test. In this way, we mitigate the risk of product-level RSL failures. We will still track our RSL failure rates to identify improvement opportunities and to prevent such failures from occurring in future.

At the manufacturing level, as part of our Zero Discharge of Hazardous Chemicals commitment, we continued to ban the intentional use of priority chemical groups classified as particularly hazardous under ZDHC standards. This phase-out was supported by the widespread use of bluesign® and OEKO-TEX®-certified materials. There was no intentional use of the priority chemical groups. Poly- and per-fluorinated chemicals (PFCs) were used until 2017 for water-repellent finishes on apparel and footwear products. In 2021 we started using Gore-Tex bluesign®-certified membranes and finishes again, which are either completely PFC-free or free from PFCs of environmental concern. In February 2017, Gore announced the "Goal and Roadmap for Eliminating PFCs of Environmental Concern (PFCEC)" from the lifecycle of its consumer fabric products following discussions with Greenpeace. Gore Fabrics Division is still fully committed to the PFCEC-free goals for its consumer products and is now on track to transition most of its portfolio by the end of 2025.

Our phase-out of hazardous substances is also reflected in the results of wastewater tests performed by our wet-processing suppliers. The tests show compliance levels of 98% among the 20 MRSL parameters listed in the ZDHC MRSL. Most parameters show compliance rates of 100% or close to 100%. Some MRSL chemicals were still found in certain samples because we share production lines with other brands and retailers. Please see our **Water and Air** section for further details.

A total of 283 ZDHC Gateway accounts are connected with PUMA: 45 are core Tier 1 and 64 core Tier 2 factories and the remaining are non-core factories. These factories are part of different ZDHC programmes, depending on what applies to them: InCheck reports for MRSL conformance, ClearStream reports for wastewater conformance, and the Supplier To Zero programme for chemical management.

CHEMICAL RISK ASSESSMENT AND NEXT STEPS

In 2021, we conducted a risk assessment using our risk assessment methodology. We used the Higg FEM chemical management 2020 for our core suppliers and engaged with AFIRM and ZDHC foundation to review our risk assessment.

We see a high level of risk in upcoming regulatory requirements. We will keep our engagement with AFIRM and FESI as a platform to engage with policymakers in different regions and countries such as EU and the USA, so that standards are achievable by the industry.

PUMA has a long-lasting programme to ensure compliance with industry standards.

We will keep using the China IPE database to screen any environmental violations by factories located in China producing PUMA products or materials. We will keep monitoring compliance with ZDHC Wastewater Guidelines, ZDHC MRSL and AFIRM RSL.

We organised MRSL conformance training for PUMA Tier 1 and Tier 2 suppliers and also invited chemicals suppliers to engage on MRSL conformance engagement. In 2023 we initiated in-check report verification by an authorised third party to ensure the credibility and reliability of MRSL conformance data.

The details of compliance with ZDHC Wastewater Guidelines, ZDHC MRSL, and Higg FEM chemical management are described in this report.

2022 PUMA BRANDS TO ZERO – PROGRESSIVE LEVEL

ROADMAP TO ZERO

We reached the Progressive Level for the Brands to Zero Assessment 2023. Brands to Zero is ZDHC's leader programme for contributor brands. ZDHC developed the questionnaire and scoring methodology to assess the brands.

All participating contributors in the leader programmes are graded into three performance levels Foundational, Progressive, and Aspirational. Our rating dropped from aspirational level in 2022 to progressive level in 2023, due to changes in the rating criteria. Higher weightage is allocated to business decisions linked to chemical management performance. Though at PUMA, we have a procedure in place to link business decisions with factories' chemical performance, we have not had such a case. We launched a factory scorecard that includes chemical performance in 2021, so far factories have improved their performance year after year.

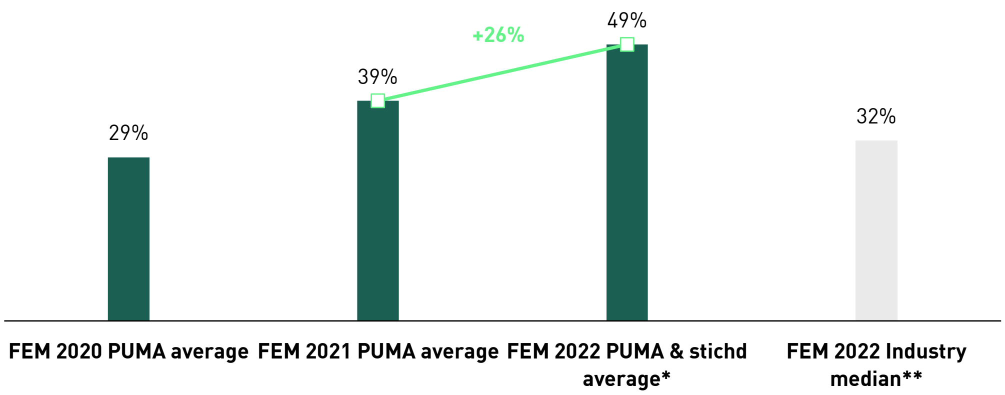
In the 2023 Brands to Zero Assessment, we achieved a 100% score for five out of ten performance areas such as Commitment, Internal Enablement, Supply Chain Engagement, ZDHC Gateway Chemical Module, and ZDHC Wastewater Guidelines, as a result of our strong commitment to enhancing sustainable chemical management in our supply chain.

FEM CHEMICAL MODULE

PUMA has moved from individual brand chemical and environmental audits to using industry-wide tools, such as the Higg Index Facility Environmental Module (FEM) 3.0. PUMA requires an annual external verification of the self-assessment FEM modules (verification visits are announced). This external verification may be completed by approved verifiers from PUMA's internal team, other brands, or third-party organisations on the approved list from SAC. The FEM Chemical Management Section measures factory performance from inventory and purchasing through production, storage, and waste. PUMA's Chemical Performance Rating System is based on the ratings developed from the factories' verified Higg FEM scores under the chemical management section as verified by SAC-approved verifiers: A, B+, B-, C and D. The minimum passing grade from a Chemicals perspective is 40% (i.e., only A, B+ and B- ratings are a passing score) and C and D are failure ratings. This rating system was presented during meetings of suppliers and sourcing teams in 2021 and was implemented gradually during 2022 and 2023. Our Chemicals handbook has been updated accordingly. The rating system was included in vendor supplier scorecards along with social and environmental ratings.

The table shows the aggregated verified FEM 2022 chemical module scores (median) for PUMA core factories with industry benchmarking. Compared to the industry, the overall verified FEM score for our factories is higher than the industry median score.

↗ G.23 AGGREGATED VERIFIED FEM CHEMICAL SCORE FOR PUMA FACTORIES BENCHMARKED WITH INDUSTRY[1]



* FEM 2022 PUMA and Stichd average: 160 factories; FEM 2021 PUMA average: 142 factories; stichd has 32 core Tier 1 factories of which 30 have completed verification. One core factory is a shared factory between PUMA and stichd and hence counted once under PUMA

** Industry median FEM (6,980 factories): Filters used: Industry sector: Apparel; Footwear; Accessories (includes handbags, jewelry, belts, and similar products) and Facility Type: Final Product Assembly; Printing, Product Dyeing and Laundering; Material Production (textile, rubber, foam, insulation, pliable materials); Packaging Production

1 Verification in 2023 is for FEM2022; Verification in 2022 is for FEM2021

In 2023, PUMA continued to use the Higg Facility Environmental Module (FEM), an industry tool, to measure chemical management performance through the Higg FEM Chemical Management Module, which tracks purchasing and inventory management, production, storage, and waste locations. This tool is also used to measure Chemical Management performance for stichd core factories.

In 2022, we communicated our expectation to the PUMA core factories that they improve their verified FEM Chemical Management score to 46% in 2023. We exceeded this goal with a FEM Chemical Management score for PUMA of 51%. The combined average of PUMA and stichd's chemical module score also exceeded by achieving the target with an average score of 49%. The industry median score is 32%.

During 2023, we continued to engage with our PUMA core Tier 1 and Tier 2 factories in capacity-building activities and projects in chemical management, for factories with a low Higg FEM Chemical Module score. We worked together with industry expert groups like ZDHC, AFIRM as well and ZDHC-approved laboratories to organise training webinars and develop training videos in local languages.

PUMA also continued to join the Chemical Management Improvement (CMI) Programme of GIZ to improve the factories' performance. We collaborated with other brands to nominate participating factories in Vietnam for a tutor-assisted and onsite consultancy programme. For other countries, the factories were invited to join online training on chemical management developed by GIZ.

The improvement in the MRSL conformance rate also contributed to an increase in Higg FEM Chemical Management score.

In 2024, we will continue to engage with our core Tier 1 and Tier 2 factories in capacity-building activities and projects in chemical management. We will organise customised training sessions by SAC-authorised trainers. The training sessions will focus on Higg FEM 4.0, such as key updates and their relevant impact on their facility for a smooth transition to the new version.

SUPPLIER TRAINING

A series of training sessions were conducted in 2023, covering chemical management in input, process and output phases, in collaboration with ZDHC, accredited third-party laboratories and external consultants.

ZDHC SUPPLIER TO ZERO ASSESSMENT

In 2023, our factories participated in the ZDHC Supplier To Zero programme, a ZDHC Chemical Management System (CMS) Framework that contains a chemical management checklist to help factories identify opportunities to improve their chemical performance. 77 core Tier 1 and core Tier 2 factories completed the ZDHC Supplier To Zero assessment. Almost all of them completed their assessment at the end of 2023 and we will monitor their improvement in 2024. As a result of this programme, the average Higg FEM Chemical Management score of the 58 factories which participated in this programme in 2022, improved from 36% in 2022 to 55% in 2023.

CHEMICAL MANAGEMENT IMPROVEMENT (CMI)

Chemical Management Improvement (CMI) training course is an initiative by GIZ. The purpose is to develop the knowledge and capacity of the team in charge of chemicals at factories. In 2023, 40 participants from 23 core factories completed and passed the course.

In Vietnam, the training aims to develop a sound knowledge of the responsible management of chemicals, improving capacities for the corporate environment, safety and health, and resource management in relevant industries. Four core factories in Vietnam joined this programme and received onsite consulting from Chemical Management Advisors (CMA) assigned by GIZ, such as Leadership and Sustainability consultancy company. After the consulting, the factories were requested to submit an Action Plan to improve chemical management, CMA will review this and provide recommendations. 24 participants from these four factories joined and completed this programme in 2023. 100% of participating factories worked on improvement plans after these training sessions.

↗ T.34 SUPPLIER TRAINING

Virtual training	Training scope	Topics	Number of participants	Number of factories	% of factories which joined*
MRSL (jointly organised with a ZDHC-approved laboratory) Conducted 3 sessions in 3 different languages	Core Tier 1 and core Tier 2 in MRSL scope	• ZDHC MRSL V3.1 and ZDHC MRSL Conformance Guidance V2.0 • How to improve MRSL conformance rate	258	98	92%
Chemical Inventory Management/Bhive (jointly organised with a ZDHC-approved solution provider) Conducted 4 sessions in 4 different languages	Remaining core factories in MRSL scope don't have InCheck Report	• PUMA Chemical Management Programme • Chemical Inventory Management / Bhive InCheck report introduction	22	11	92%
ZDHC InCheck verification (jointly organised with a ZDHC-approved solution provider and a ZDHC-approved laboratory) Conducted 3 sessions in 3 different languages	Core Tier 1 and core Tier 2 in MRSL scope	• ZDHC MRSL/InCheck report • ZDHC verified InCheck level 1 & PUMA InCheck Verification requirement	168	96	91%
RSL (Jointly organised with accredited third-party laboratory)	All Tier 1 and Tier 2	RSL standard and testing matrix update and implementation	452	Approx. 160	24%

* % of factories joined the training, calculated based on the total the factories in the scope for each subject matter training

In 2023, Chemical Management training sessions covered MRSL conformance and factory chemical management. Ten training sessions were conducted in four different languages. More than 200 factories and nearly 450 participants were invited. More than 90% of participants were satisfied with the training.

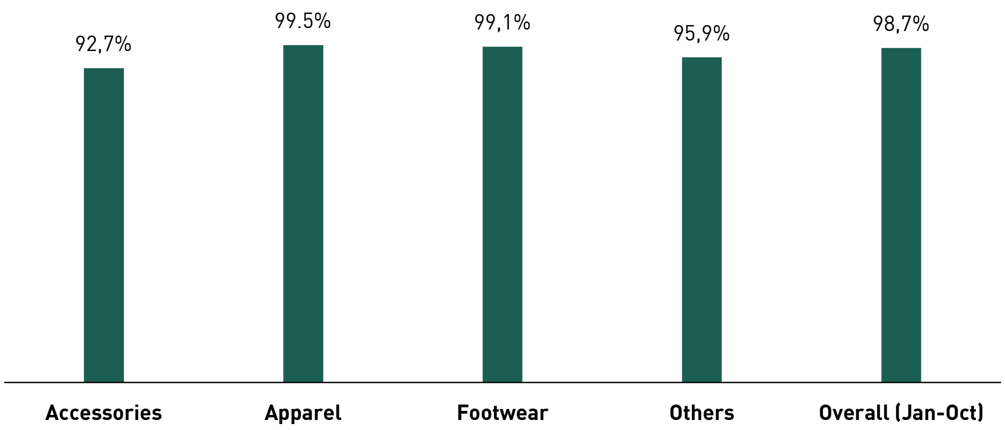
These training programmes helped our suppliers to improve their understanding of PUMA and industry requirements and to improve the effectiveness of their Chemical Management Systems. After the training, the core factories with low MRSL conformance rates developed an Action Plan to improve MRSL conformance. We received and reviewed Action Plans from 13 factories to facilitate their implementation.

We also encouraged the suppliers' chemical management teams to attend training courses under ZDHC Academy as conducted by ZDHC-approved service providers. Examples of the training courses that PUMA suppliers attended include ZDHC Chemical Management System (CMS) and Technical Industry Guide (TIG) training.

RESTRICTED SUBSTANCE LIST (RSL)

Between January and October 2023, we received 6,130 RSL tests and material certification submissions with an overall RSL compliance rate maintained above 98%. Materials found to be non-compliant with PUMA RSL cannot be used for PUMA products and suppliers need to arrange corrective actions, remediation and retest the materials. This is to ensure that PUMA products are compliant with our RSL requirements.

↗ G.24 RSL COMPLIANCE RATE BY DIVISION 2023 (JAN-OCT) (%)



↗ T.35 RSL TEST STATISTICS 2020-2023 (JAN-OCT)

	2023 (Jan-Oct)		2022		2021		2020	
Product division	**No. of test submission**	**Compliance rate (%)**	**No. of test submission**	**Compliance rate (%)**	**No. of test submission**	**Compliance rate (%)**	**No. of test submission**	**Compliance rate (%)**
Footwear	4,622	99.1	5,350	98.6	5,847	98.8	5,117	99.3
Apparel	1,018	99.5	1,499	99.3	1,467	99.0	1,318	98.9
Accessories	441	92.7	846	96.5	737	94.4	878	96.8
Others	49	95.9	156	96.2	133	97.7	152	91.4
Total	**6,130**	**98.7**	**7,851**	**98.5**	**8,184**	**98.4**	**7,465**	**98.8**

RANDOM TESTING

PUMA performs due diligence random RSL tests on high-risk materials of finished products. By October 2023, we had tested 130 materials in nine finished products across footwear, apparel and accessories from different suppliers in different sourcing regions, and the pass rate was 99% as of October 2023.

All tested products are compliant with the legal requirements. The supplier took follow-up action to improve the failed component found.

MANUFACTURING RESTRICTED SUBSTANCE LIST (MRSL)

Regarding MRSL conformance, we use ZDHC MRSL, an industry standard adopted by many brands/retailers at the supplier level. Out of 131 core factories, 25 factories do not use chemicals during the manufacturing process and therefore are out of the scope of MRSL.

In 2023, 96 of our core factories used either BHive, CleanChain, or E3 tools to track MRSL compliance. 86% of Tier 1 factories and 94% of Tier 2 factories under the scope of our MRSL programme have an InCheck Report, issued by ZDHC-approved solution providers to track MRSL compliance. These are the chemical management platforms used to manage chemical inventory and generate Performance InCheck Reports, which provide a summary of the MRSL conformance of the factory's chemical inventory.

↗ T.36 MRSL STATUS*

	Number of factories		
	In MRSL scope	With Chemical Inventory List	With Incheck Report
Core Tier 1	43	37	37
Core Tier 2	63	59	59
Total	**106**	**96**	**96**

* The data is based on the Aug/Sep/Oct InCheck Report and only includes factories with a complete Chemical Inventory List (CIL)

The **BHive** app uses OCR technology to allow manufacturing facilities to take smartphone photos of chemical product labels, generate a full and accurate chemical inventory, and quickly identify which chemical products meet MRSL requirements used by many brands and retailers. Facilities can then see which chemicals they should keep using and which they should phase out.

↗ CASE STUDIES

Gold Emperor Group is a footwear manufacturer in China that developed an Action Plan to improve MRSL conformance in 2023. They analysed the MRSL conformance rate, based on the January to July 2023 InCheck reports to make a list of the top Non-conformance Chemicals. Then they engaged with the concerned chemical suppliers to request that they register in ZDHC Gateway platform and submit the evidence that their chemicals comply with ZDHC MRSL (at least level 1) on this platform. The factory improved its MRSL conformance rate from 31% in 2022 to 92% in 2023. This conformance rate is very high compared to PUMA's average MRSL conformance rate of 71%.

Active Creation under DSC group is an insole factory in Vietnam that joined the Chemical Management Improvement (CMI) programme of GIZ to improve its Chemical Management performance. Under this programme, the factory completed training courses on chemical management systems through an online platform. As part of this programme, a Chemical Management Advisor visited the factory and prepared a Performance Improvement Plan. As a result, this factory has significantly improved its verified Higg FEM Chemical Management scores from 18% in 2022 to 60% in 2023.

↗ T.37 MRSL CONFORMANCE

No. factory have InCheck report	96
No. factory has achieved MRSL target	59
% factory has achieved MRSL target	61%
Average MRSL conformance rate	71%

Based on a baseline of 45% in 2021, we set a goal of 70% MRSL conformance in 2023 for all factories with an InCheck report. We exceeded the 2023 Goal with an average MRSL conformance rate of 71% for 96 factories with an InCheck report. 59 out of 96 core factories reached a conformance rate higher than 70% MRSL conformance by weight. 37 factories did not reach 70% MRSL conformance rate.

In 2024, we will strive for all core factories to have an InCheck report. We will organise customised training sessions together with ZDHC and ZDHC-approved third-party laboratories, to improve MRSL conformance rate for the factories. 2024's MRSL conformance goal is 80% for all factories with an InCheck report.

In 2023, we worked with ZDHC-approved verifiers to conduct a verification of InCheck. The Verified InCheck is an on-site review to establish credibility and trust in the chemical inventory that was used by the supplier to generate their Performance InCheck Reports. The verification is done by a ZDHC-approved third-party or second-party (brand representative) verifier who conduct "spot check" verification of specific parameters. To pass the verification ≥ 80% of the spot check parameters need to be validated, then the factory gets a passed Verified InCheck checkmark on their ZDHC Gateway account. Out of 96 core factories with InCheck report, 79 went through the verification process. 75 obtained a passed verified InCheck report. The four factories with a failed InCheck verification (less than 80% validation rate) were required to conduct a Root Cause Analysis, create a Corrective Action Plan and re-verify after at least three months. We will follow up on the implementation of their action plan and will re-verify in 2024.

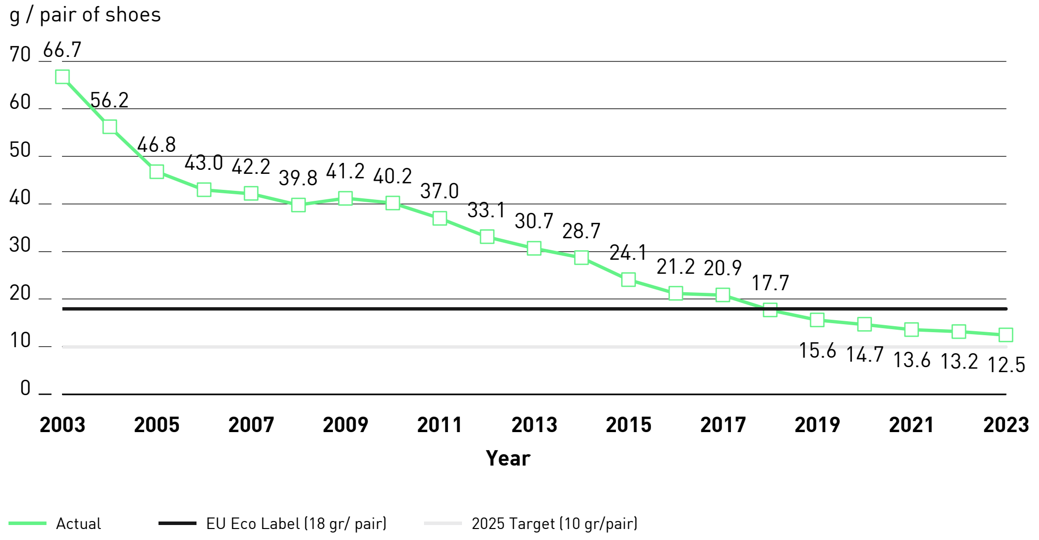
Besides using a chemical inventory to control input chemistry, we also use wastewater tests conducted by accredited independent laboratories to ensure no harmful chemicals are released through the wastewater of our manufacturer's facilities with wet processing. The results of these tests show a compliance rate of over 90% for each parameter, with most parameters scoring 99 or 100% compliance.

More details on wastewater testing are provided in the **Water and Air** section of this report.

VOLATILE ORGANIC COMPOUNDS

With much collaborative effort, we continue to edge closer toward our 2025 target of limiting volatile organic compounds (VOC) emissions to 10 g per pair of footwear produced. Although we faced certain supply chain difficulties in 2023, including the increased bonding requirements for our fast-growing performance categories, we have again managed to reduce our VOC and for 2023 we are reporting 12.5 g per pair. Looking towards 2025, we remain confident of achieving our 2025 target, through the increased use of water-based adhesives, as well as further innovations within our adhesive suppliers.

↗ G.25 VOC INDEX DEVELOPMENT OVER TIME[1]



1 Since 2019 figure-based for core suppliers in alignment with the general reporting scope.

WATER AND AIR

TARGET DESCRIPTION:

- Industry good practice for effluent treatment is met by 90% of core PUMA suppliers with wet-processing facilities
- Industry good practice for air emissions is met by 90% of core PUMA suppliers with significant emissions
- Reduce water consumption at PUMA core suppliers per pair or piece by 15% (based on 2020 baseline)

Relates to United Nations Sustainable Development Goals 6, 14 and 15

EXAMPLES OF THE 10FOR25 ACTION PLAN:
- Ensure regular wastewater testing at relevant suppliers
- Ensure regular air-quality assessments at relevant suppliers
- Support the development of an industry-wide air quality standard

KPIs:
- Percentage of core suppliers meeting good practice standards for wastewater
- Percentage of core suppliers meeting good practice standards for air emissions
- Percentage of water saved per pair/piece

WATER ROADMAP AND RISK ASSESSMENT

In 2021 we developed a water roadmap and conducted a risk assessment using our risk assessment methodology.

WATER ROAD MAP

Below are some key focus areas for the coming years. The measures below are a continuation of the ones started in 2021.

- **Raise awareness:** As a part of Higg FEM training, we provided training to suppliers on how to improve their score in water and wastewater sections. The cleaner production programmes like Clean by Design (CbD), and PaCT provided support to suppliers to help them reduce water consumption in selected core factories. The targets on water consumption reduction and ZDHC wastewater compliance rate were communicated to the suppliers during supplier meetings. We also reviewed these KPIs in one-to-one meetings with our core suppliers.
- **Knowledge of impact:** We continued our Life Cycle Assessment (LCA) journey for our top selling products. In 2023 we conducted LCA of three types of sports jerseys made of virgin polyester, PET recycled polyester and RE:FIBRE polyester. We also completed an LCA to compare cotton fabric with a 75/25 blend of virgin and recycled cotton. LCA results are reported under the **Products** section of this report. As a part of Higg FEM self-assessment the core suppliers and selected noncore suppliers have conducted water risk assessments by using either the **WRI Aqueduct Tool** or the **WWF Water Risk Filter**. In 2023, we conducted a waste governance mapping for our top three sourcing countries, summarised their water policy landscape and mapped key local stakeholders. We also conducted a water risk assessment for our wet processing core factories.

- **Internal action:** Our Material and Development teams continued to launch products with a reduced water footprint. We created a Microsoft excel tool for internal decision making which compares the environmental impact of alternative materials. Our suppliers improved their efforts to recycle treated wastewater, process optimisation, implement rainwater collection etc. to reduce the water footprint in the supply chain. Some of the case studies are presented in this report.
- **Collaboration and partnership:** We continue to participate in industry-wide cleaner production projects, which include water efficiency measures.

WATER RISK ASSESSMENT

WATER RISK ASSESSMENT AT OUR OWN OPERATIONS

In 2022 we added a water risk mapping for our PUMA sites (offices, stores and logistic centres) globally. Using the WWF Water Risk Filter, we identified 164 sites in areas of water scarcity. For the sites, we identified the water consumption and compared it to the water consumption of similar sites (offices, stores and warehouses separately assessed). We also published an environmental handbook for our entities with recommendations for water-saving measures. In 2023 we followed up with the identified sites and asked for planned or implemented actions on water savings.

At our headquarters in Herzogenaurach, we collect rainwater on our property and use it in the office and the surrounding green area. This helps us reduce our freshwater consumption and water costs.

Most of the other PUMA-operated sites globally are rented and both, rented as well as non-rented, none of the sites use water for industrial processes. Therefore, our ability to reduce water consumption at our sites is limited to using water-efficient kitchen equipment and sanitary facilities.

WATER RISK ASSESSMENT IN THE SUPPLY CHAIN

DETOX.Live is a public disclosure platform operated by ZDHC that provides an overview of suppliers and their input and output control performance, including facility wastewater performance according to ZDHC Wastewater Guidelines. Factory performance, after uploading the test data to ZDHC Gateway Wastewater Module, is shown in three different colour codes on the public DETOX.Live map: green – facility meets the ZDHC requirements, red - facility does not meet requirements, and orange - facility does not meet the requirements but a CAP (Corrective Action Plan) was submitted.

We will use the DETOX.Live platform to check the wastewater performance of new factories that have not connected with PUMA on the ZDHC Gateway. We can know whether new factories have implemented ZDHC Wastewater Guidelines, and what their wastewater performance is like.

PUMA has also adopted ELEVATE intelligence (EiQ), a comprehensive suite of supply chain analytics, to:
- Assess our supply chain risks by geography, commodity and issue.
- Complete a risk assessment for suppliers, factories and sites.
- Manage risks that are material for each supplier, factory or site.

In 2023, we conducted a water risk assessment for 62 wet processing core Tier 1 and Tier 2 factories located in six sourcing countries: Vietnam, China, Bangladesh, Taiwan, Cambodia, Turkey and Indonesia. We used the WWF Risk Filter and WRI Aqueduct. With the WWF Risk Filter, we assessed basin risk covering water scarcity, water quality and regulatory risk. With WRI Aqueduct, we assessed physical risk quantity and quality, as regulatory and reputational risks.

We identified which factories are located in high and very/extremely high-risk areas. Then we looked at their water KPIs, ZDHC wastewater standards conformance, MRSL compliance rate and their water consumption reduction initiatives to mitigate water risks.

Out of 62 wet processing factories, 50 have a high and extremely high-water risk level as per the WRI Aqueduct. Out of these 50 high and extremely high-water risk level factories, 26 have a FEM 2022 water module score higher than PUMA average, 31 factories have MRSL conformance rate higher than the PUMA goal, 35 factories comply with ZDHC wastewater compliance, 15 have water KPIs above PUMA average and 13 factories have wastewater recycling practices. In the coming years, we plan to work with high and extremely high-risk factories that do not have adequate risk mitigation measures in place. These activities will include providing training and support in terms of improving MRSL conformance, corrective action plans for ZDHC wastewater failures, improving Higg FEM water module score, enrolment in resource efficiency programmes where possible, raising awareness of wastewater recycling and implementing water reduction initiatives.

WATER GOVERNANCE

In 2023, we conducted a water governance mapping for our top three sourcing countries, namely Vietnam, China and Bangladesh. We looked at the water policy landscape and identified key stakeholders. Challenges and opportunities in water and wastewater management were also identified for each of the regions. We found that water, wastewater policy and regulations are evolving with stringent requirements being introduced progressively. We also see that interesting water projects are being undertaken in these countries on water reduction and water recycling.

Vietnam has a national strategy on water, regulations on water security, water protection and development. The five countries (Vietnam included) under the Mekong River Commission promote and coordinate the sustainable management and development of water, for the mutual benefit of these countries and their citizens' well-being through a 2030 strategy. In addition, Vietnam has a national 2030 Water Resource Strategy with a view to 2045. There are some fiscal incentives in place, such as tax reduction or exemption schemes for the effective use of water. There are resource efficiency programmes such as FABRIC programme by GIZ, HSBC water programme, Clean by design by Aii and WWF's Greater Mekong Delta, Vietnam improvement programme by IFC, and Race to Top by IDH. There is a need for more public-private partnership projects to develop further competence for green business or to encourage green production. There is also a legislation gap related to groundwater withdrawal.

China has an elaborate regulation on water and wastewater. In 2019, the country introduced the Developed National Water Conservation Plan. The fourteenth five-year plan released in 2022 focuses on national water security over the next 100 years, to target flood control and drought relief, utilisation of water resources, optimal allocation of water resources to prevent uneven water distribution and aquatic ecology protection.

Water/resource efficiency improvement programmes launched in China include WWF's water stewardship programme, GIZ's FABRIC programme, and the Clean by Design programme by Apparel Impact Initiative. The Institute of Public & Environmental Affairs (IPE) publishes a Water Map, to visualise China's ground water and drinking water source quality over the years.

China is still having critical issues with the unbalanced distribution of water resources which leads to water stress in specific areas, especially the east of the country where industries are blooming, and the population is rapidly growing.

Bangladesh's latest regulation on water was introduced in 2013 and introduces amendments and new regulations to promote water conservation in the country. Legal frameworks need to be consistent and integrated, and account for all major water impacts and risks within Bangladesh. Falling groundwater tables combined with the projected increased water abstraction rates are likely to threaten industrial production. The cost of developing alternative water sources is substantial and could hinder growth. The country is prone to flooding with a very high-risk rating by the WWF Risk Filter. Water Partnership for Cleaner Textile (PaCT) by IFC and Sweden Textile Water Initiative (STWI) by Stockholm International Water Institute are a few successful resource/water efficiency improvement programmes implemented in the country.

We mapped our core factories in these three countries to evaluate the risks and determine if mitigation measures through our water-related goals and the factories' own initiative address these risks.

In coming years, we will engage with relevant stakeholders to promote water conservation and recycling in these key sourcing countries.

LCA WATER DATA

In 2023, we did an analysis of Life Cycle Assessment (LCA) studies conducted during 2021 to 2023 with a focus on water footprint*. The objective was to come up with an actionable framework for material selection that would reduce our water footprint. Six footwear products, five apparel products, one accessory product** and three types of cotton fabrics were analysed. The outcome is summarised below.

Among the three product divisions, the water footprint of apparel products was the highest, followed by footwear and accessories.

Apparel: We found out that the consumer use phase of apparel products has the highest impact on the total water footprint (44 to 81% of total lifecycle water footprint), which is due to consumers washing garments at home. Since the use phase impact is not under our control, we excluded it from our water footprint analysis. We observed that the fabric dyeing process at Tier 2 factories has a larger water footprint (8 to 29% of the total lifecycle water footprint excluding the use phase) as compared to other manufacturing processes such as spinning, knitting, garment manufacturing and packaging. It was found that the water footprint of cotton is larger than that of polyester material. This is mainly due to the water consumption during cotton cultivation. This also explains why recycled cotton has a smaller water footprint than virgin cotton. From a water impact perspective, recycled polyester appears to be the best option. The analysis indicates that selecting materials with less water impact such as recycled cotton and polyester and materials made of Better Cotton fibre helps to reduce our water footprint. Better Cotton helps farmers to use water in a way that is environmentally sustainable, economically beneficial and socially equitable. This water stewardship approach can improve crop yields, strengthen resilience to climate change, minimise negative impacts on water quality and enable fair water access for all users in a catchment area. The analysis also indicates that we should focus on improving the water efficiency of the dyeing mills. This could include the installation of low-water ratio dyeing machines, waterless dyeing machines and recycling of wastewater.

Footwear: The Life Cycle Assessment (LCA) of footwear highlights the various environmental implications connected with various materials and phases of manufacture. Notably, Ethyl Vinyl Acetate (EVA) which is generally used as a midsole, appears to be a low water footprint substance, providing a better option. Polyurethane (PU), leather, and natural rubber, on the other hand, have larger water footprints. This calls for our innovation and material team to focus on having more recycled materials such as recycled polyester, recycled PU, recycled rubber and recycled EVA. We mainly source leather from tanneries which are LWG certified. In 2021 LWG released a new version of the LWG audit standard, bringing major changes to how they assess leather manufacturers, this will help to further reduce the water footprint of leather footwear products.

* Water Footprint is expressed in terms of blue water consumption (BWC), which means freshwater consumption sourced from surface and ground water

** Since there is only one accessory product for which the LCA was conducted so far, there was not enough data to compare among accessories materials and reach a conclusion. Hence, the analysis on accessory materials was excluded from the above description.

MRSL WASTEWATER TESTING

Since 2015 we have increased the number of wastewater tests from 33 to 153 factories and in 2023 we received 276 Wastewater test reports. 97% of all factories with wet-processing facilities (157 factories have wet processes) have been covered by tests, and tests show that all these factories have at least a 90% compliance rate with the ZDHC Wastewater Guidelines (Foundational level). ZDHC has created a three-level approach to the limits for heavy metals and conventional parameters to promote continuous improvement. The limits get more stringent as they move from Foundational, Progressive to Aspirational levels.

All 153 suppliers have a ZDHC ClearStream report. ClearStream report, an easy-to-read facility performance report of ZDHC wastewater conformance, is automatically generated on the ZDHC gateway platform. To obtain a ZDHC ClearStream report, the factories must conduct wastewater testing following the ZDHC Wastewater Guidelines at one of ZDHC Accepted Laboratories, and all test results must be uploaded to the ZDHC Gateway Platform by the laboratory.

Out of 153 factories, 117 factories are fully compliant with all ZDHC Wastewater Guidelines requirements. Where a wastewater test failed, we helped factories to conduct a root cause analysis and create corrective actions for wastewater and sludge, using the industry standard template. In 2023, we followed up with those factories that failed to fully comply with the Wastewater Guidelines, and received ten corrective action plans. We will continue to follow up through 2024 to obtain corrective action plans and we will evaluate further measures that need to be taken. We will also follow up on their implementation through wastewater testing in 2024.

In 2023 we partnered with an accredited third-party laboratory to organise training on chemical management and wastewater conformance, as well as root cause analysis and corrective actions for non-conformance. Case studies of conventional parameter failures have been presented in the training.

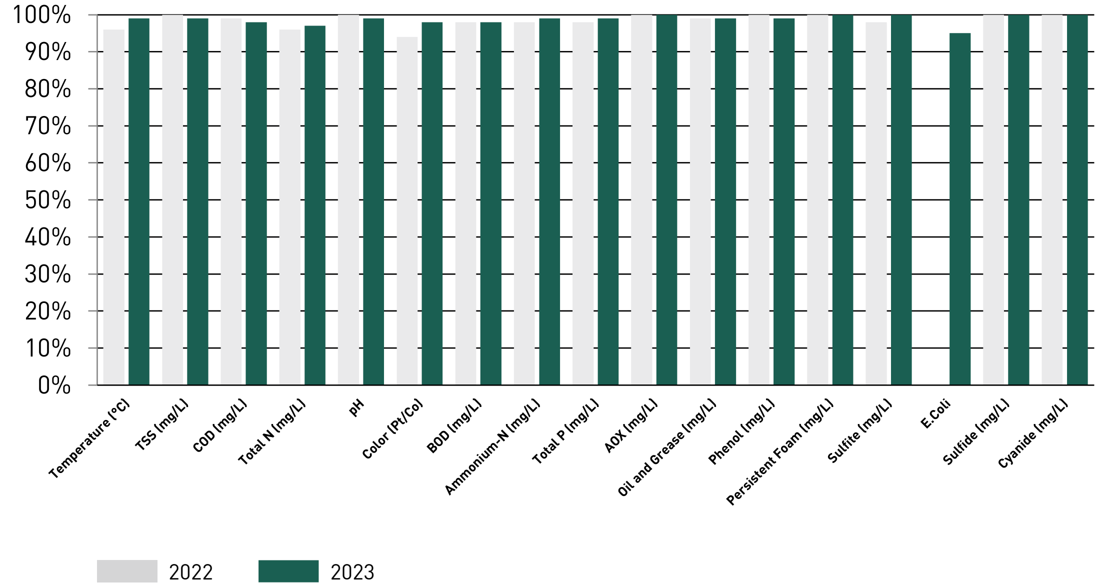
The overall compliance rate for each category is:

- Conventional wastewater parameters: 99%
- Heavy metals: 99%
- Restricted chemicals (MRSL): 98%

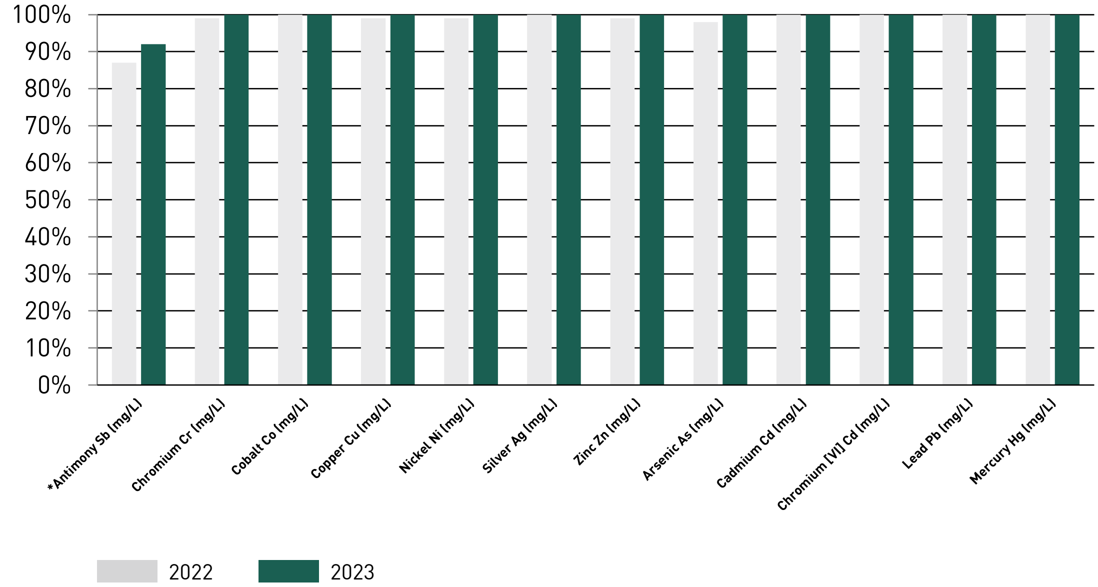
The overall compliance rate for conventional parameters increased by 1% in 2023 as compared to 2022, the compliance rate for heavy metals was maintained at 99%, and the compliance rate for restricted chemicals has fallen by 1%. The reason for the lower compliance rate for restricted chemicals this year is that 50% of the factories do not comply with new substances listed in ZDHC Wastewater Guidelines Version 2.1, which is a new version that came into effect in 2023.

The conventional wastewater parameters, apply only to suppliers which discharge their wastewater directly into natural water bodies. Test results show over 90% compliance with the ZDHC Wastewater Guidelines (Foundational level). For heavy metals and restricted substances, the test results also show over 90% compliance for each parameter with the ZDHC Wastewater Guidelines. This means we have achieved our wastewater quality target as a part of our 10FOR25 sustainability goals.

↗ G.26 PERFORMANCE AGAINST ZDHC WASTEWATER QUALITY GUIDELINE – CONVENTIONAL PARAMETERS

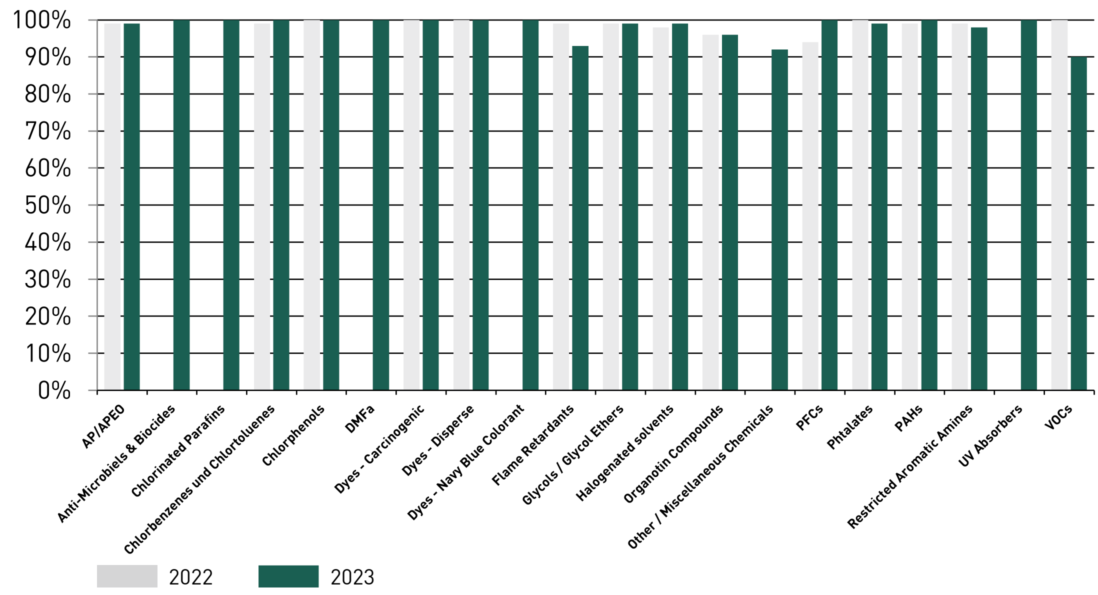


↗ G.27 PERFORMANCE AGAINST ZDHC WASTEWATER QUALITY GUIDELINE – HEAVY METALS



* Antimony is subject to an exemption for mills that produce or dye polyester fabric because the antimony is used as a catalyst for polyester production and it is natural to have antimony in the wastewater. This is acceptable as per ZDHC Guidelines.

↗ G.28 PERFORMANCE AGAINST ZDHC WASTEWATER QUALITY GUIDELINE – RESTRICTED CHEMICALS



SUPPLIER TRAINING

To help our suppliers better understand the requirements set by PUMA and the industry, we trained suppliers in standards, guidelines, tools as well as methodology for nonconformance investigation and remediation. Case studies of restricted chemicals and heavy metal parameter failures were used in the training.

↗ T.38 SUPPLIER TRAINING

Virtual Training	Training scope	Topics	Number of factories	Number of participants	% factories trained*
ZDHC Wastewater and Root Cause Analysis & Corrective Actions Conducted 4 sessions in 3 different languages	All Tier 1 and core Tier 2 with wet processing	ZDHC WW guidelines V 2.0 and implementation Root Cause Analysis & Corrective Actions for Non-conformance Wastewater	95	182	61%

* % of factories joined the training, based on the total number of factories in the scope for this training. 61% of factories participated in the training as some of the factories are aware of these requirements and methodologies and hence did not join the training.

In 2023, we partnered with an accredited third-party laboratory to organise a “Chemical Management on Wastewater Conformance Updates Training and Root Cause Analysis/Corrective Actions” for suppliers not conformant with the ZDHC Wastewater. Case studies of conventional parameter failures were used in the training.

A total of four training sessions were conducted in three different languages. More than 180 participants from 95 factories joined. More than 90% of participants were satisfied with the training arrangement and content.

The training helped the factories' participants to understand the new ZDHC Wastewater Guidelines, along with implications and impacts on their facility of the key updates. It also clarified how to conduct a Wastewater Root Cause Analysis and take Corrective Actions in the event of a non-compliant test result.

After the training, the factories which were not compliant with the ZDHC Wastewater Guidelines, were required to conduct a Wastewater Root Cause Analysis and provide Corrective Actions. We received ten Corrective Action Plans from ten factories. We will follow up on their implementation through wastewater testing in 2024.

In addition, we encouraged suppliers' chemical management teams to attend in-depth training courses as part of the ZDHC Academy, which is conducted by ZDHC-approved service providers.

WATER SAVING

In 2023, we expanded the participation of our core Tier 1 and Tier 2 suppliers in cleaner production programmes to improve energy and water efficiency.

Below are the annual savings from completed and ongoing projects between 2019 and the end of 2023:

- Greenhouse gas reduction: 90,182 tCO_2e per year
- Renewable energy: 247 MWp of RE capacity (including offsite wind) added in 2021, 2022 and 2023
- Water saving: 2,401,002 m^3 per year
- Energy saving: 177,168 MWh per year

Apart from our 10FOR25 targets, we have set a target to reduce water consumption by 15% per unit of products manufactured in 2025 compared to the 2020 baseline.

For further data on water consumption, please refer to the **Environmental Key Performance Data** section of this report.

↗ G.29 PUMA CDP WATER SCORE

PUMA's CDP water score improved from B- in 2021 to B in 2022. Until the end of January, 2024 we retained our B score. For more information, please visit the **CDP** website.

↗ CASE STUDY

Water reduction at two suppliers
Tai Hing Zipper, introduced an innovative wastewater treatment and recycling plant for its dying system in 2022 with an investment of $ 800,000. This advanced biological treatment along with a water recycling plant, helps in conserving 90% of water for every kilogram of fabric. From its early stage of implementation to the present, water usage and wastewater output have been significantly optimised. Previously, consuming 100 m^3 of water per day in the dyeing workshop, the factory has progressively reduced its water consumption to an average of 10 m^3 per day for the same production volume. The factory has adopted an innovative technology called the A/O process for the treatment of wastewater generated from its dyeing operation. This allows for the recycling of the treated wastewater back into the dyeing process. The factory has also installed a chemical index monitor to facilitate the monitoring of the treated wastewater quality.

SQUARE Fashions Limited (SFL), a vertically integrated readymade garments manufacturing company has placed significant emphasis on sustainability and environmental responsibility. To further enhance these goals, SFL implemented various measures in 2023 to reduce its impact on water. These include the installation of a water reclamation plant, rainwater harvesting systems, reuse of steam condensate water, process optimisation, reuse of machine cooling water and raising awareness amongst employees. These initiatives resulted in a reduction of 36.3% as compared to 2022 in groundwater consumption. This accounts for an absolute annual saving of 1,128,755 m^3 and a financial savings of 10 million BDT ($ 97,785) in 2023.

↗ T.39 E-KPIS – WATER[1-6]

Water	2023	2022	2021	2020	2019	2018	Change 2020/2023
Total Water from own operations (m^3)	142,565	147,227	116,829	96,569	89,767	95,291	47.6 %
Public network consumption (m^3)	137,651	143,332	116,829	96,569	89,767	95,291	42.5 %
Rainwater consumption (m^3)	4,914	3,895					
Total Water from PUMA production (core Tier 1&2) (k m^3)	7,322	8,507	8,475	7,128	2,572	2,030	2.7 %
Total Water from PUMA production (Tier 1) (k m^3)	2,157	2,551	2,706	2,332	2,572	2,030	-7.5 %
Total Water from PUMA production (Tier 2) (k m^3)	5,164	5,956	5,769	4,796			7.7 %

1 Figures include PUMA owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistics providers. Franchised stores are excluded.
2 Data includes extrapolations or estimations where no real data could be provided
3 Methodological changes over the last three years have influenced results
4 PUMA Production (Tier 1) includes core Tier 1 supplier factories, Apparel, Footwear & Accessories (54 factories)
5 PUMA Production (core Tier 2) includes core Tier 2 supplier factories, Leather, PU & Textiles (40 factories)
6 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

Although we do not have any goal for absolute reduction in water consumption from our core suppliers, we continue to track their water consumption. In 2023, the absolute water consumption has decreased by 7.5% for Tier 1 suppliers, as compared to the baseline of 2020. This is achieved due to a decrease in production volume for apparel by 15% and an improvement in water usage efficiency per pair of footwear by 21.5% during the same period.

For Tier 2 suppliers, absolute water consumption has increased by 7.7% compared to the baseline of 2020, despite a significant increase in production volume in all Tier 2 divisions (12% for textiles, 7.3% for leather, and 171% for PU). It is worth noting that water usage efficiency at textile production, the highest contributor to water usage, has improved by 4.9% (from 103 to 98.3 m^3/ton of fabric), due to the water-saving measures taken by the suppliers including the installation of water recycling plants by some suppliers towards end of 2022. The increased usage of recycled materials such as recycled cotton and recycled polyester has also contributed to less water consumption.

AIR EMISSION

AIR EMISSION AT OUR OWN OPERATIONS

In terms of air emissions, there are no significant air emissions to report from our own sites. We have outsourced all manufacturing to external manufacturing partners and at our largest sites globally we do not have any industrial processes which could create air emissions. The only exception is our own manufacturing site in Argentina, which is covered by our supply chain efforts listed below.

For our largest site, our global headquarters, we use district heating and heat pumps for heating, resulting in zero direct air emissions from the building. This fact was confirmed during our ISO 14001 certification audit in 2022.

AIR EMISSION IN OUR SUPPLY CHAIN

Since the publication of the ZDHC Air Emission Guidelines was still not been finalised in 2023, we decided to internally monitor our core supply chain's performance regarding air emissions. We designed a set of questionnaires to gather the relevant air emission compliance information for our 131 core factories (Tier 1 and Tier 2), towards local regulations (samples are selected by the factories and tested towards the requirements provided by the local environmental authorities).

The result shows that 100% of the core factories sampled were compliant with the local regulation for air emission in 2023.

ZDHC AIR EMISSION GUIDELINES PILOT

In 2023, ZDHC circulated a draft air emission guideline V1.0 to the Air Emissions Task Team for review. We tested the draft guideline in our supply chain through a pilot study. The objective was to evaluate suppliers' readiness to comply with ZDHC draft guidelines and to provide feedback for review by the Task Team.

We partnered with a third-party laboratory, Eurofins MTS, to collect chemical samples and conduct tests from six factories in Vietnam and two factories in China, out of which four are footwear factories and four are apparel factories. The tests include the measurement of total VOCs (TVOCs) and calculate the Potential to Emit (PTE), using the methodology referenced in the draft guidelines. We will share this data with ZDHC to help establish the Foundational limit value for TVOCs in the guidelines. We also tested Hazardous Air Pollutants/Toxic Air Pollutants (HAP/TAP). Out of 833 collected chemical samples, we detected HAP/TAP in 132 samples accounting for around 15.8% of total samples. Further breakdown indicates 13.2% of samples are from footwear factories and 2.6% are from apparel factories. However, these factories have a high MRSL conformance rate which is verified by a third party and they provide appropriate personal protective equipment to their workers. ZHDC has not yet specified any limits for these air pollutants in the draft guidelines.

We also collected air emission samples from three factories (one apparel Tier 2, one footwear Tier 1, one footwear Tier 2) to test the air pollutants. Tests included air pollutants from point sources i.e. combustion of fuels and fugitive emissions from the production processes as per the draft guideline. The draft guidelines do not yet specify any limits for World Health Organization (WHO) pollutants like Particulate Matter (PM), Nitrous Oxides (NOx) Sulphur Oxides (SOx), and Ozone and globally regulated air pollutants like Carbon Monoxide (CO) and Volatile Organic Compounds (VOCs); they will be incorporated into future updates to the guidelines. In the absence of ZDHC limits, these results were compared with local regulation limits wherever available, and the test results show 100% compliance.

We will communicate the test results with the factories and work to identify the root causes of test results with high values. We will also discuss our results with ZDHC to find solutions on how to address high values, particularly for TVOCs in footwear factories.

Note: Since we are following Greenhouse Gas protocol for Greenhouse gas estimation, the calculation of greenhouse gas was excluded from the scope of this pilot study.

PLASTICS AND THE OCEANS

Target description:
- Support initiative and scientific research on microfibres, work with core suppliers to reduce microfibre release
- Research biodegradable polyester for use in PUMA products
- Eliminate plastic bags from PUMA stores and review the impact of hangers and fixtures

Relates to United Nations Sustainable Development Goals 3, 14 and 15

KPIs:
- Tons of plastic bags used in PUMA stores
- Percentage of PUMA offices that have eliminated single-use plastic
- Percentage of plastic packaging recycled

Plastic pollution in our oceans is one of the most urgent challenges to sustainability of our time. As a company that uses polymers for most of its products, we have a special responsibility to work on this issue. Avoiding plastic pollution is one of the three pillars of the Fashion Pact, of which PUMA is a founding member. Also, several countries and regions have formed initiatives to ban certain types of single-use plastics or plastic bags.

Therefore, we have added Plastics and the Oceans to our 10FOR25 Sustainability Strategy as well as our sustainability bonus targets.

↗ T.40 ELIMINATION OF SINGLE USE PLASTICS

Sub-targets	2021	2022	2023	Target 2025
Plastic consumer shopping bags (stores, tons)	189	99	0	0
Plastic consumer shopping bags recycled content (%)	80%	80%	NA	Zero plastic bags
Plastic hangers used in stores (stores, tons)	134	160	176	Switch to recycled content or wood
Plastic hangers with 100% recycled content (%)	97%	99.9%	99.9%	100%
Primary and transit* plastic packaging (tons)**	558	2,297	3,057	Switch to recycled content or paper
Primary and transit* plastic packaging with recycled content (%) **	100%	99.6%	99.5%	100%
Offices that have eliminated single-use plastic cups and cutlery (%)	88%	91%	92%	100%

* Transit packaging from factory to warehouse
** 2023 full year data is proliferated based on actual Q1-Q3 data and 2022 record.

Plastic shopping bags and single-use plastics aggravate the problem of plastic pollution significantly. By eliminating them from our stores and office environment, we have set a positive example for our consumers and colleagues and at the same time reduced our use of plastics by several hundred tons per year.

In recent years we switched our shopping bags to FSC-certified paper bags.

Our stores ordered 430 tons of consumer-facing polyethylene bags in 2019 and 400 tons in 2020. In 2021 our stores ordered 189 tons. Finally, in 2022 our stores ordered 99 tons of consumer-facing plastic bags. As of January 1st, 2023, we have replaced all polyethylene bags for consumer use with paper bags or durable multi-use bags for sale in our owned and operated PUMA stores.

At the same time, we switched other plastic items in our retail stores, such as hangers and shoe fixtures, to recycled polymers or FSC-certified wood. We also started working on more environmentally friendly solutions for our B2B product packaging for apparel and accessories, which is also based on polyethylene bags. As a result of these efforts, we switched our transit packaging B2B plastic bags to 100% recycled content and also optimised the thickness to save on weight. Our labeling and packaging team is investing time and resources in exploring environmentally optimised packaging solutions. For example, we piloted transit bags made from paper in the USA. In 2023 we rolled out transit bags made from FSC-certified paper for selected products.

According to our zero plastic target for primary product packaging, we also switched most B2C plastic primary packaging to paper. For the few remaining plastic items like hangtag strings, we worked on non-plastic or recycled plastic alternatives. At our offices, we have challenged our catering partners and employees to avoid single-use plastics such as coffee cups, lids, stirring sticks, cutlery or straws. In 2021 88% of our offices globally had already eliminated single-use plastic cups and cutlery. This figure increased slightly to 91% in 2022 and 92% in 2023.

FSC certified packaging for apparel products

On a product level we finished the pilot experiment of a compostable version of our most iconic sneaker, the PUMA SUEDE. The pilot included the use of a fully biodegradable outsole made from thermoplastic polyurethane (TPU). For more information on RE:SUEDE, please refer to the **Circularity** section of this report.

MICROFIBRES

All types of fibres have a propensity to shed to some extent, and understanding the full impacts of their physical and toxicological presence is a growing area of research therefore we must not limit our focus to synthetic materials.

Led by science, **The Microfibre Consortium** (TMC) seeks to understand both the drivers of fibre fragmentation and, through external sources of research, the impacts on human health and ecosystems, such that we can collectively take the right actions to mitigate negative impacts. PUMA joined The Microfibre Consortium (TMC) as one of the signatory members to understand and address the environmental concerns surrounding fibre fragments (microfibre) as generated from natural and synthetic clothing during manufacture and the consumer use phase in the industry.

In 2023, we continued with microfibre shedding tests to measure microfibre release from our polyester products during washing. We conducted 12 tests on selected 100% polyester fabrics following the TMC test method to quantify fibre loss from fabrics that reflect that found in domestic laundering, during the initial washing cycle. Fibre release results are expressed as a percentage of mass. The tests results indicate that microfibre loss from PUMA's fabrics is lower than the average microfibre loss available on the Microfibre Data Portal. Specifically, PUMA's average 0.0579%, compared to the TMC database average of 0.0587%. For related definitions, please visit **Static**.

We have received feedback from TMC regarding the shedding data, and we understand that analysing it is complex and ongoing. So far, there is not a clear trend showing which yarn or structure type sheds more among the signatories. TMC has requested more data entries, and we will continue to participate in and support this study as an industry.

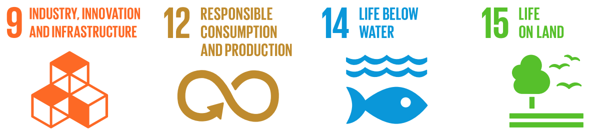
In October 2023, PUMA joined a field trip to King's College London with 40 other delegates. TMC teamed up with specialist test instrument manufacturer James Heal to hold the first public demonstration of the TMC Test Method for fibre fragmentation from fabric.

PUMA remains committed to the TMC 2030 roadmap released in September 2021. PUMA has pledged to support this roadmap and its objectives, including increasing the understanding of fibre fragmentation through research, implementing mitigation strategies once they become available in the industry, and contributing to progress through active participation in task teams with a goal of global implementation.

CIRCULARITY

TARGET DESCRIPTION:
- Set up or join product take-back schemes in major markets
- Reduce production waste to landfills by at least 50% (shared target)
- Develop recycled materials as alternatives to leather, rubber, cotton and polyurethane (shared targets)

Relates to United Nations Sustainable Development Goals 9, 12, 14 and 15



KPIs:
- Percentage of major markets with take-back scheme
- Amount of waste sent to landfills
- Percentage of recycled polyester, cotton, leather, rubber and polyurethane

We are aware that the linear business model currently applied in our industry is far from the ideal concept of a circular economy. The growing amount of textile waste sent to landfills is an emerging risk. Rethinking the way we produce and moving towards a more circular business model is one of the priorities of our Sustainability Strategy over the coming years.

We begin our journey with product design. Building on our Circular Design training with Circular Economy, we rolled out an e-learning tool on circularity for all PUMA colleagues globally. Based on the PUMA identity and our material toolboxes we identified circular design approaches around the longevity and cyclability of our products. The e-learning covers our **Circularity Policy**, as well as our circular design guidelines.

During 2023, our largest business units held circularity workshops in which the options for transitioning iconic PUMA products into more circular products were discussed.

CIRCULARITY INNOVATION

In 2021 we launched PUMA Circular Lab, our platform for speaking and learning about circularity together with our customers. The first project was the RE:SUEDE, an experiment for a biodegradable shoe, made with chrome-free Zeology Leather, hemp, cotton and a biodegradable TPE sole. It launched in 2022 with a first batch of 500 pairs. The shoes were worn for six months by participants and then sent back to PUMA. In December 2022 over 400 pairs of RE:SUEDEs were sent to an industrial composting facility in the Netherlands, where they were prepared for the composting trial that was completed in 2023. The **composting results** were made public so that anyone interested in compostable footwear can use our lessons learned.

In apparel, we expanded our textile-to-textile recycling programme, which we renamed from RE:JERSEY to RE:FIBRE. The initiative enables the recycling of fabric waste, as well as worn or unsellable polyester items (for example unsellable polyester items due to expired licensing contracts) through an innovative chemical recycling process into new textile items. We continue to partner with several teams for this project: Manchester United, AC Milan, Olympique de Marseille and Borussia Dortmund as well as the Swiss Football Federation. We collect used polyester products at the clubs' fan shops and our own PUMA store in Herzogenaurach. These products are sorted, and – where possible – enter the recycling stream to make new polyester products.

RE:FIBRE activations with BVB, Manchester City and AC Milan

During the Women's Football World Cup in Australia, the Switzerland team played in jerseys made from fibre-to-fibre recycled polyester. For 2024 we plan a further and significant extension of the RE:FIBRE programme to cover the jerseys of all major football clubs and federations, scaling up the programme to over 1 million produced items.

Swiss national women's football RE:FIBRE jerseys

In addition to our existing RE:FIBRE initiative on recycled polyester, we started looking into innovative processes of cotton recycling, such as using 100% (pre-consumer) recycled cotton in selected products and the opportunity to recycle cotton waste into viscose-like materials.

RECYCLED MATERIALS USAGE

We encourage all our suppliers to reuse and recycle the fabric waste they are creating for PUMA production, either through applications outside of our industry or ideally, by recycling offcuts into new polyester or cotton yarns.

We have set circularity targets, for example, scaling up the use of recycled polyester and using recycled alternatives to leather, rubber and polyurethane (PU), the materials we use most frequently after cotton and polyester. Our material toolboxes include recycled material options for all these materials. In 2023, we also started looking at the potential of using secondary raw materials from innovative footwear separation technologies.

In 2023, we delivered a million pieces of our downtown collection, made with at least 20% recycled cotton.

The percentage of recycled polyester increased for all product divisions from 14% in 2020 to almost 62% in 2023. The percentage of recycled cotton for our apparel products increased from 0.6% in 2020 to 8.6% in 2023, and for footwear, it increased from 0.5% to 1.6%.

PRE AND POST-CONSUMER WASTE IN THE SUPPLY CHAIN

Around 77% of pre-consumer waste was either reused or recycled by our core Tier 1 suppliers and around 94% of waste was either reused or recycled by our core Tier 2 suppliers in 2023. Compared to 2022, we observed an increase of 20% in reused/recycled waste for core Tier 1 and an increase of around 4% for core Tier 2. This increase is mainly due to the adoption of better waste disposal practices by our suppliers to divert waste from landfills. For textile and fabric waste, 7.2% of waste was sent to incineration by core Tier 1 factories while core Tier 2 factories sent only 1% of waste to incineration.

↗ T.41 PRE AND POST-CONSUMER WASTE[1]

Volume of recycled leather, from production waste	1.5 tons
Volume of recycled cotton, from production waste	2,901 tons
Volume of recycled polyester, from post & pre-consumer waste	27,042 tons
Volume of recycled nylon, from post-consumer waste	168 tons

	Core T1*	**Core T2****
Quantity of pre-consumer waste generated annually	37,379 tons	208,489 tons
% of pre-consumer waste sent to reuse or recycling	76.9%	94.3%
% of textiles and fabric destroyed (sent to incineration)	7.2%	1.0%

* Core Tier 1 Supplier factories Apparel, Footwear & Accessories (54 factories)
** Core Tier 2 Supplier factories Leather, PU and Textiles (40 factories)
1 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

↗ T.42 FABRIC WASTE[1-4]

	Year	Total Fabric Waste in Tons	Reuse & Recycle (Tons)	Reuse & Recycle (%)	Incineration (Tons)	Incineration (%)	Landfill (Tons)	Landfill (%)
Footwear core Tier 1	2023	5,681.2	2,503.1	44%	2,486.7	44%	691.4	12%
	2022	6,554.4	2,348.0	36%	4,184.2	64%	22.3	0%
Apparel core Tier 1	2023	6,245.5	6,222.2	100%	23.4	0%	-	0%
	2022	8.3	8,145.0	98%	179.0	2%	-	0%
Accessories core Tier 1	2023	231.6	231.5	100%	0.1	0%	-	0%
	2022	990.6	236.4	24%	0.1	0%	754.3	76%
Textile core Tier 2	2023	1,933.9	1,838.7	95%	95.3	5%	-	0%
	2022	2,073.8	2,056.0	99%	17.9	1%	-	0%
Synthetic Leather (PU) core Tier 2*	2023	170.3	88.2	52%	82.1	48%	-	0%
	2022	182.8	181.1	99%	1.7	1%	-	0%
Total	**2023**	**14,262.5**	**10,883.7**	**76%**	**2,687.5**	**19%**	**691.4**	**5%**
	2022	**18,126.1**	**12,966.5**	**72%**	**4,382.9**	**24%**	**776.6**	**4%**

* Fabric waste originated from PU coated material with fabric backing (PU on top + fabric at bottom)
1 Data includes extrapolations or estimations where no real data could be provided
2 PUMA Production (Tier 1) includes core Tier 1 supplier factories, Apparel, Footwear & Accessories (54 factories)
3 PUMA Production (core Tier 2) includes core Tier 2 supplier factories, Leather, PU & Textiles (40 factories)
4 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

Except for Footwear production that still has fabric waste sent to landfills, 100% fabric waste from Apparel, Accessory, Textile, and Synthetic production was diverted from landfills. Compared to 2022, we observed an increase in reuse and recycle proportion and a decrease in incineration proportion while disposal in landfill percentage remains stable. This change was due to the adoption of better waste disposal practices and reflects a gradual shift towards a circular approach by our suppliers.

In 2023, 95% of fabric waste resulting from PUMA production was diverted from landfill. This is evident as 76% of total fabric waste was either reused or recycled and 19% was sent to incineration. Only 5% of total fabric waste ended up in landfills.

TAKE-BACK SCHEMES

To demonstrate our responsibility as a producer and to secure options for more circular material flows in the future, we have set a target to join or offer take-back schemes in all our major markets by 2025.

In 2023 we introduced a new take-back scheme in Switzerland, piloted take-back bins in selected stores in Argentina and China and expanded our existing take-back scheme in the USA into the category of apparel. These new expansions complement our existing take-back schemes in Australia, Hong Kong, the USA and the clubs taking part in the RE:FIBRE project. Our colleagues at PUMA North America continued to work with Soles for Souls and collected 4,348 kg of used shoes, an initiative where shoes can be donated for reuse in support of a charitable cause. Our colleagues in Australia were able to collect 3,900 kg of used products.

Since September 2019 PUMA customers in Hong Kong have been able to put their used sportswear to good use and support disadvantaged communities across the world, as we teamed up with the non-profit organisation, Crossroads Foundation. Hong Kong customers can donate used garments of all brands at PUMA recycling bins, which have been set up in four selected stores. During 2023, 1,442 kg of used products were collected. At our German headquarters we collected 385 kg of products through our take-back scheme, which means that in total we collected over 10 tons of products for recycling or donation with our take-back schemes globally for the first time. For 2024, we plan to expand our coverage of take-back schemes further, for example in India and Germany.

SWAP SHOPS

SWAP shops are a free and local exchange where people can pass on things they no longer want, in exchange for something they need. It helps people refresh their wardrobe without having to shop for something new. Products get a new chance to be worn again and it promotes sustainability in a fun way. In 2023 the fourth PUMA SWAP Shop was held in Hong Kong to promote a "recycle and reuse" culture. It was a public event to swap clothes and accessories. More than 460 guests joined and more than 2,320 items were given away (more than four items per guest). 67 boxes of garments (1,013 kg) were donated to two NGOs: Crossroads and Redress. Another SWAP Shop took place for the second time at our Headquarters in Germany for our own employees. Over 400 items were swapped and the remaining ones were donated to our employees' charity organisation, Charity Cat. PUMA North America organised its first SWAP shop and had a very positive response from over 130 employees swapping more than 1,000 articles.

SWAP Shop in PUMA North America

PRODUCT CARE GUIDELINES

In 2023 we initiated the publication of **care and repair guidelines for consumers** to help keep their products in good condition for a longer time. We focus on the most common reasons why people end up throwing away their sportswear and offer easy tips to treat these problems. We promote natural ways to treat stains and odours as well as conscious washing and drying practices to reduce user-phase impact.

UNSELLABLE PRODUCTS

We are aware that due to contractual restrictions, a certain number of unsold products must be occasionally discarded, for example when a license contract with a partner club expires. We have a process in place to ensure that this happens to PUMA products only in exceptional circumstances. Our production forecasts are as accurate as possible to actively prevent high product inventories and their intrinsic management costs. Unsold seasonal products are placed through different channels until they are sold. Returned products that have not been worn are placed on sale again. Returned products with small defects but in good condition are donated and only returned products that are very worn or severely damaged need to be discarded. No new product should be destroyed without the explicit demand of an expiring licensing partner nor a new product shall be destroyed as a solution for inventory management. We have created a reporting structure to identify with accuracy the quantity and reasons for such cases. In 2023, the amount of disposed articles was equivalent to 0.25% of our total material consumption. These products were sent to a recycling facility (where available). In countries where such recycling facilities do not exist, the products were shredded.

WASTE ROADMAP AND RISK ASSESSMENT

In 2021 we developed a waste reduction roadmap and conducted a risk assessment.

WASTE AT OUR OWN OPERATIONS

At our own operations, the most significant fractions of waste are paper and cardboard (notably from outer carton boxes, shoe boxes and office paper usage), poly bags used for transport product packaging and household waste such as organic waste from our canteens. Since we do not operate any industrial manufacturing facilities (with one exception in Argentina), the amount of hazardous waste created in PUMA's own operations is very low at 36 tons. The 36 tons originate from our factory in Argentina (26 tons) and the exchange of old lighting systems to LED at the PUMA headquarters (9 tons). All hazardous waste is handled strictly in line with hazardous waste regulations.

During 2023, we reminded our PUMA subsidiaries to engage in waste separation and recycling. Consequently, we could increase the rate of recycled waste from 44% in 2019 to 64% in 2023.

WASTE IN THE SUPPLY CHAIN

For our supply chain, the waste data published in our report includes material waste, along with factory and office operational waste: cardboard, paper, plastic, light bulbs, etc. to ensure a comprehensive scope for the waste generated on production sites. We see plastics, chemicals, oil lubricant waste and e-waste as high risk. To prioritize our actions, we analysed waste data collected in 2020 and the Higg FEM waste management score of our core factories.

Below are the key focus areas for the coming years. Some actions were taken in 2023 and are covered below.

- **Raise awareness:** As a part of Higg FEM training, we have provided training to 210 suppliers factories on how to improve their score in waste management. As a result of these trainings, the average Higg FEM score for the waste module increased from 45% in 2022 to 53% in 2023, which was higher than the industry median of 40% in 2023. The target for reducing the amount of production waste going to landfills was communicated to the suppliers during the supplier meetings. We also conducted one-to-one meetings with our core suppliers to review their waste KPIs.

- **Knowledge of impact:** Some of our apparel suppliers have initiated the recycling of pre-consumer cutting waste back into the spinning process. In 2023, we completed a Life Cycle Assessment to compare virgin cotton fabric with 75/25 blend of virgin and recycled cotton from cotton waste. The details of this LCA study are provided in the **Product** section. In 2023, we mapped a waste governance for our top three sourcing countries, summarised their waste policy landscape and identified key stakeholders.
- **Internal action:** In last three years i.e., starting in 2021 we focused on better data collection on waste from supplier's facilities, and we observed that factories have started reporting comprehensive data on waste.
- **Collaboration and partnership:** In 2022, we participated in a project named Closed Loop 2 Balance (CL2B) in Vietnam, for which the final report was published in 2023. The Global Fashion Agenda and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) launched **The Circular Fashion Partnership**: a cross-sectoral initiative to support the development of effective circular fashion systems in textile, garment and footwear manufacturing regions, by capturing and recycling post-industrial fashion waste. This project is currently active in Bangladesh and Cambodia and is to be launched in Vietnam in 2024. We have had several internal discussions and communication with GFA and GIZ about this project in Vietnam. We will scale up our textile recycling innovation, **RE:FIBRE**, replacing recycled polyester with RE:FIBRE technology in all PUMA football Club and Federation replica jerseys from 2024 onwards. We also showed that we can successfully turn an experimental version of our classic SUEDE sneaker into compost under certain tailor-made industrial conditions, as we published the results of our two year-long **RE:SUEDE** experiment.

WASTE GOVERNANCE

In 2023, we conducted a waste governance mapping process for our top three sourcing countries, Vietnam, China and Bangladesh. We looked at the waste policy landscape and identified key stakeholders. Challenges and opportunities in waste management were also identified for each region. We found that the waste regulations are evolving with stringent requirements progressively. We also found that interesting projects are being undertaken in these countries on waste tracking, waste recycling/circularity etc.

Vietnam - Waste regulation in Vietnam has been evolving since 2005, with stringent requirements being added progressively. Vietnam committed to address marine plastic waste, with a goal of eliminating plastic waste from both land and ocean-based sources by 2030. In addition, Vietnam has legal requirements for waste management, which includes the management of domestic solid waste, hazardous waste, and normal industrial solid waste. Specifically, enterprises are obliged to adopt resource- and energy-efficient solutions, use environmentally-friendly raw materials, fuels, and materials, apply cleaner production technologies and programmes, and implement measures to minimize waste generation (Environmental Protection Law, Chapter VI, Section 2, Article 72).

Limited waste segregation at source, inadequate infrastructure for recycling, a lack of adequate data, access to financing, a lack of public awareness, and a lack of market for recyclables were identified as key challenges for waste management in Vietnam.

The Global Fashion Agenda and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have launched **The Circular Fashion Partnership:** a cross-sectoral initiative to support the development of effective circular fashion systems in textile, garment and footwear manufacturing regions, by capturing and recycling post-industrial fashion waste. This project will be launched in Vietnam in 2024. Through this project, we see opportunities to address the current challenges in collaboration with other brands, manufacturers, collectors, sorters and textile recyclers to segregate, digitally trace and recycle textile waste into the highest possible value output, ultimately being new products.

China introduced a regulation to promote the circular economy back in 2004. The country has a specific regulation to ban the import of waste, which involves penalties for violations such as the illegal dumping of waste. China also has a policy on textile waste recycling, which aims to achieve a 25% recycling rate for textiles waste by 2025 and 30% by 2030. It has also set specific targets to produce recycled fibres derived from 2 million tons of waste textiles by 2025 and 3 million tons by 2030. China provides fiscal incentives for suppliers under the Environmental Protection Tax Law in which tax on hazardous waste is determined based on the generation quantity and hence provides an opportunity for suppliers to save costs by adopting the 3R Principles (Reduce, Reuse Recycle). We see opportunities to engage with key local stakeholders to improve factories waste management.

Bangladesh introduced specific regulation on the circular economy in 2022. The country has a goal to achieve recycling of plastic waste by 80% by 2030, cut single-use of plastic by 90% by 2026, reduce generation of plastic waste by 30% by 2030 and reduce virgin material consumption by 50% by 2030.

PUMA suppliers' have developed cotton pre-consumer textile waste recycling. We increased the use of recycled cotton from 3.6% of total cotton volume in 2022 to 8.6% in 2023.

The Circular Fashion Partnership has been active in Bangladesh since 2021. Key partners in this project are actively engaging with the Bangladeshi government to formalize the informal waste management sector. This includes introducing incentives and tax deductions to incentivize manufacturers to embrace recycling practices and establishing a comprehensive national policy for the sustainable management of post-production fashion waste. Through this policy advocacy work, we see opportunities to further increase the use of recycled cotton in future.

↗ CASE STUDY

Zero waste to landfill

Adhering to the three principles of "Reduction, Recycling, Detoxification", TST Group, is steadily moving towards the target of "Zero Landfill". TST has two facilities supplying to PUMA, one in China and the other one in Cambodia. TST has implemented processes for waste reduction such as energy recovery from sludge through Chip Mong INSEE Cement Corporation in Cambodia, using coal ash from boiler upcycling to produce bricks in Cambodia, reuse of fabric waste as mop and sending chemical drums back to chemical suppliers for refilling in both the China and Cambodia facilities. Through these initiatives along with strict classification and storage of waste, as well as cooperation with qualified third-party waste treatment companies, TST Group has achieved a 99% waste diversion rate of a total amount of 7,398 tons production waste generated annually from landfill.

↗ T.43 E-KPIS – WASTE[1-6]

Waste (t)	2023	2022	2021	2020	2019	2018	2017	Change 2022/2023	Change 2020/2023
Total waste from own operations	5,595	4,991	5,215	3,949*	3,644*	4,877	5,293	12%	42%
Recycled waste	3,598	3,007	2,220	1,436*	1,603*	2,282	3,419	20%	151%
Share of recycled waste	64%	60%	43%	36%	44%	47%	65%		78%
Total waste from PUMA production (core Tier 1 and 2)	38,594	53,667	42,495	29,466	24,205	16,682	31,824	-28%	31%
Share of production waste to landfill (core Tier 1 and 2)	4.6%	9.7%	10.0%	13.5%					-66%
Total waste from PUMA production (Tier 1)	21,861	34,642	33,806	23,498	24,205	16,682	14,686	-37%	-7%
Share of production waste to landfills (Tier 1)	4.6%	12.9%	10.3%	9.5%					-51%
Total waste from PUMA production (core Tier 2)	16,733	19,025	8,689	5,968			17,138	-12%	180%
Share of production waste to landfills (core Tier 2)	4.7%	4.0%	9.1%	17.6%					-73%

* Waste data for PUMA's own entities in 2019 and 2020 recalculated due to underreporting in these years
1 Figures include PUMA owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistics providers. Franchised stores are excluded.
2 Data includes extrapolations or estimations where no real data could be provided
3 Methodological changes over the last three years have influenced results
4 PUMA Production (Tier 1) includes core Tier 1 supplier factories, Apparel, Footwear & Accessories (54 factories)
5 PUMA Production (core Tier 2) includes core Tier 2 supplier factories, Leather, PU & Textiles (40 factories)
6 The values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

Similar to water, even though we do not have any goal for absolute reduction in waste generation for our core suppliers, we continue to track them. It is also observed that only 0.5% of waste (material waste but also other factory wastes like boiler ash, sludge from wastewater treatment plants etc.) end up in landfills for apparel suppliers and 6.8% for footwear suppliers.

We can see that there has been a 7% decrease in production waste for Tier 1 suppliers and 180% increase for Tier 2 suppliers from 2020. The high percentage increase in Tier 2 suppliers is mainly due to the improvement in waste data captured by the suppliers. Certain wastes such as residual ash from coal and biomass boilers that were not captured by the Tier 2 suppliers before are now being included. At the same time, the production volume has increased by 12% for textiles and 171% for synthetic leather. 76.3% of the production waste are reused or recycled, 18.8% are incinerated and 4.8% are sent to landfill.

Regarding production waste sent to landfill, both core Tier 1 and Tier 2 suppliers have succeeded in reducing their landfill percentage compared to 2020 baseline. In 2023, Tier 1 and Tier 2 suppliers have achieved a reduction of 51% and 73% reduction respectively from the baseline and thus exceeded the PUMA goal of 50% reduction by 2025. This was achieved due to better waste management practices adopted by the suppliers and more accurate tracking and reporting of waste data.

PRODUCTS

TARGET DESCRIPTION:

- 90% of PUMA Apparel and Accessories products contain >50% recycled or certified material
- 90% of our Footwear contains at least one component made of recycled or certified material
- Increase use of recycled polyester (Apparel and Accessories) to 75% by 2025

Relates to United Nations Sustainable Development Goal 12

KPIs:

- Percentage of Apparel and Accessories with 50% recycled or certified material
- Percentage of Footwear with at least one recycled or certified component
- Percentage of recycled polyester used in Apparel and Accessories

The PUMA Environmental Profit and Loss Account (EP&L) attributes more than 50% of our environmental impact to material and raw material production. Against this background, we have decided to prioritize the large-scale use of certified or recycled raw materials. In our 10FOR25 strategy, we have set 100% targets for the raw materials of cotton, polyester, leather, and cardboard.

In addition to measuring the use of recycled or certified materials, we also determine the percentage of all products made of such materials. As defined in our PUMA Sustainability Index, or S-Index, S-Index-approved apparel or accessories products contain at least 50% certified or recycled materials by weight. For footwear, we currently measure S-Index conformance by including one or more main components* made from certified or recycled materials.

In 2021 we rolled out an e-learning toolkit on our PUMA S-Index for the PUMA family. The training allows designers, developers, and product managers to understand which materials qualify as more sustainable, how the PUMA S-Index is calculated, and which certifications need to be in place to externally communicate on a product level.

In 2023, 85% of our product by volume met our S-Index definition. We are on track to meet our goals of 90% for 2025.

* Main component in the upper includes the visible upper and its components, linings, sockliner, and strobel as the only non-visible component. They can be made of textile, leather, synthetic (PU) or TPU. It excludes trims such as eyelets, laces, counters, decorations, etc. Main components in the bottom includes outsoles, midsoles, and insoles. They can be made of Rubber, PU, TPU, EVA. It excludes trims and decorations.

↗ T.44 CERTIFIED OR RECYCLED PRODUCTS

Product Category	Styles 2023	Volume 2023	Target 2025
Apparel with at least 50 % certified or recycled material	77 %	87 %	90 %
Accessories with at least 50 % certified or recycled material	20 %	40 %*	90 %
Footwear with at least one certified or recycled component	89 %	93 %	90 %
Total	**75 %**	**85 %**	**90 %**

* Excluding products from stichd; for further details on the reporting scope please refer to the Scope of the Report section.

In 2023 we continued to develop and design our collections and individual styles using recycled materials. Highlights include the use of our RE:FIBRE technology in our Teamsport jerseys. The jerseys made with RE:FIBRE are made from at least 95% of recycled textile waste and other used materials made of polyester. We also continued our Downtown collection from Sportstyle and accessories. The different styles in Downtown are made using 20-30% recycled cotton, while the accessories are made from at least 20% recycled content. Another highlight includes the scaling of our Caven shoe, which is made with at least 20% recycled materials in the upper and at least 10% recycled materials in the bottom. Our Downtown collection exceeded 1 million pieces in 2023 and we produced 3 million Caven shoes for the Spring Summer and Autumn Winter collections in 2023 combined.

PUMA Caven contains at least 20% recycled content in the upper and 10% recycled content in bottom of the shoe.

PRODUCT LIFE CYCLE ASSESSMENT

We continued the Life Cycle Assessment (LCA) studies of our product portfolios in 2023. The outcomes of an LCA act as a quantifiable measure of our efforts towards embedding sustainability in our products by exploring ways to make our product value chains safer, cleaner and more sustainable. It also encourages innovation in our products and processes so that we can meet increasing social and business expectations regarding sustainability and transparency. Sphera, a leading consulting organisation in the field of LCA, conducted LCA studies to consider all of the elements of the life cycle, from the overall manufacturing including supply of material and energy carriers through to the end of life, when analysing the environmental performance of the products. The LCAs were performed as per ISO 14040 and ISO 14044 requirements. A third-party critical review panel was commissioned to peer review the work and ensure compliance with the mentioned standards.

LCA OF TWO PRODUCTS

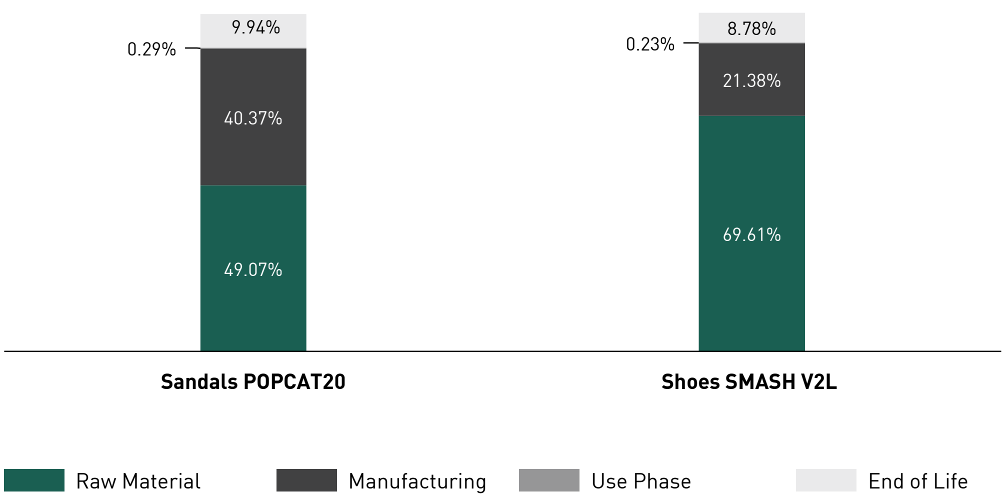
We completed a screening LCA study for two of our top products, the PUMA POPCAT 20 sandals, and the PUMA Smash v2L shoes, to map the environmental footprint of these products across their entire value chains (cradle to grave), excluding the consumer use phase. This helped us to understand the hotspots in the value chain (the maximum impacts in terms of climate, energy and water), and to identify sustainable options in various phases to improve the product's environmental footprint.

Sandal PUMA POPCAT 20, gross weight 0.381 kg/pair

Shoe PUMA SMASH V2 L, gross weight 0.955 kg/pair

The results of the analysis can be summarised as follows:

↗ G.30 GLOBAL WARMING POTENTIAL

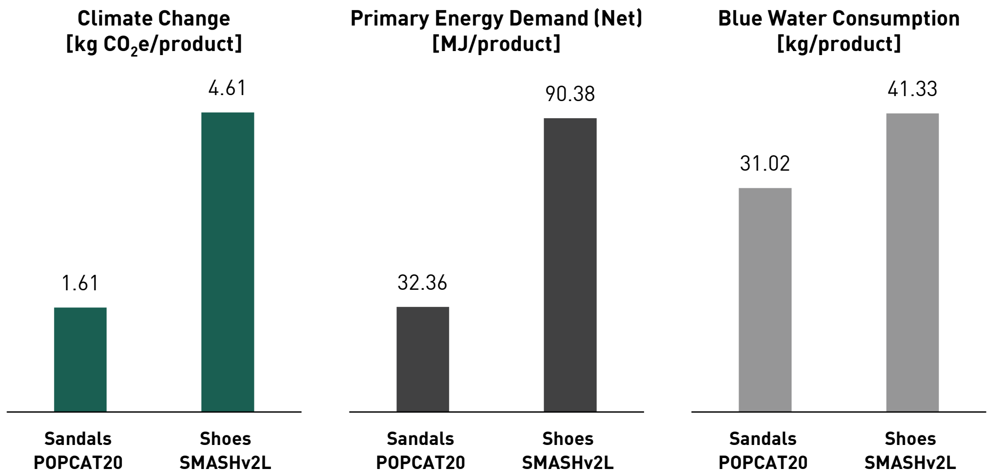


For the POPCAT20 sandals, the global warming potential (GWP) in kg CO_2e was mainly influenced by raw materials which include polyester fabric, chemicals etc. (49.07%), manufacturing energy (40.37%) and End of Life (9.94%). Ethylene Vinyl Acetate (EVA) and PU Synthetic are the major contributing materials.

For the SMASHv2L shoes, the global warming potential (GWP in kg CO_2e) was mainly influenced by materials which include body material, parts and components (69.61%), manufacturing energy (21.38%), and end-of-life (8.78%). Polyester fabric and rubber are the major contributing materials.

Footwear usually does not require extensive cleaning during its lifetime, and hence the impact of the consumer use phase is negligible. Therefore, the GHG emissions of the use phase from both of the footwear is not considered. However, the end-of-life phase includes reuse, recycling, incineration, and landfilling based on European scenarios, which contributes to GWP impacts of 9.94% for the POPCAT20 sandals and 8.78% for the SMASHv2L shoes.

↗ G.31 PRODUCT ENVIRONMENTAL FOOTPRINT[1-2]



1 Primary energy is the energy that is harvested directly from natural resources: coal, oil, natural gas and uranium.
2 Blue water is water that has been sourced from surface or groundwater resources and is either evaporated or incorporated into a product.

For the POPCAT20 sandals, the total global warming potential is 1.61 kg CO_2e. The total primary energy demand is 32.36 MJ with major contributions from ethylene vinyl acetate (EVA) (60.60%) and PU Synthetic (11.48%). The total blue water consumption is 31.02 kg with major contributions from the raw material PU Synthetic blend (51.85%) which contains 52% recycled polyester and 48% polyurethane. The remaining contribution comes from other materials, chemicals, electricity and fuel consumption.

For the SMASHv2L shoes, the total global warming potential is 4.61 kg CO_2e. The total primary energy demand is 90.38 MJ with major contributions from the polyester fabric (30.04%) and rubber (22.04%). The total blue water consumption is 41.33 kg with major contributions from PU-coated leather (33.41%).

POPCAT 20 sandals have a significantly smaller (65%) carbon footprint than SMASH v2L shoes. One reason for this is the lower net weight of POPCAT 20, which is 60% lower. Looking at the carbon footprint of materials, in the case of POPCAT 20, 64.5% of climate impact comes from the Ethylene Vinyl Acetate (EVA) while for Smash V2L, the majority of the impact comes from polyester and rubber, which accounts for 65.4% of the carbon footprint of the raw material of the product. This indicates that low-carbon material such as EVA has also contributed to the lower carbon footprint of POPCAT 20. Looking at energy consumption during production, POPCAT 20 consumed 52% less electricity than SMASH v2L. This can be attributed to the lower net weight and the simplicity of the POPCAT 20 product design.

Though the SMASH v2L has a larger carbon footprint than the POPCAT 20, it is much smaller (4.61 kg CO_2e) when compared to previously conducted LCAs of footwear products in 2021 i.e. the Future Rider Play on (9.49 kg CO_2e) and Velocity Nitro (7.6 kg CO_2e). Both the Future Rider Play on and Velocity Nitro have a lower net weight of 0.78 kg and 0.72 kg as compared to the SMASH v2L which has a net weight of 0.955 kg/pair. The SMASH v2L is made of recycled materials such as recycled polyester, recycled PU, and recycled rubber along with recycled packaging materials and the quantity of leather used is much lower, which explains the lower carbon footprint when compared to the Rider Play on and Velocity Nitro.

The key takeaways from the LCA study are, to make future footwear products lighter, increase the usage of low-impact materials such as recycled polyester or recycled PU and reduce the use of high-impact materials such as virgin PU and virgin polyester. The supply chain for footwear products is complex and involves multiple stages such as raw material extraction, processing, finishing, assembly, distribution and end of life. The LCA study is used to understand the value chain environmental impacts of our products.

PUMA intends to use the outcomes of the study to raise internal awareness and improve the product's environmental footprint by increasing the use of more sustainable materials (recycled or biosynthetic), improving resource efficiency, optimizing energy use, promoting renewable energy in the value chain, and enhancing the circularity of our products.

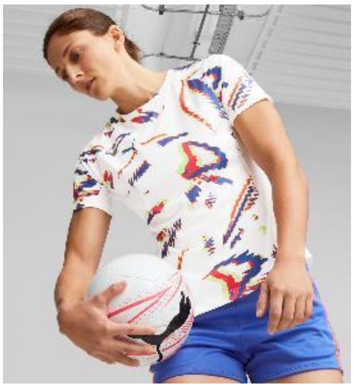
COMPARATIVE LCA VIRGIN POLYESTER VS. PET RECYCLED POLYESTER VS. RE:FIBRE POLYESTER PRODUCTS

In 2023, PUMA engaged Sphera, Inc. to conduct a comparative Life Cycle Assessment (LCA) of three types of sports jerseys made from virgin polyester, PET recycled polyester and RE:FIBRE, in our Turkey supply chain. The RE:FIBRE process uses mainly polyester material from factory offcuts, faulty goods and used clothes. PET recycled polyester comes from PET plastic bottles.

The LCAs were performed using the "cradle to grave" approach. The objective was to quantify the environmental impacts associated with the production of these three types of jerseys using the LCA approach. The products studied were:

Virgin polyester jersey
Net weight 1.316 kg
(100% Virgin Polyester)

PET recycled polyester jersey
Net weight 0.964 kg
(88% Mechanically Recycled Polyester and 12% Virgin Polyester)



RE:FIBRE polyester jersey
Net weight 0.904 kg
(57% Chemically Recycled Polyester, 34% Mechanically Recycled Polyester, and 9% Virgin Polyester)

The scope of this study includes raw material sourcing and extraction, transportation of raw materials to the manufacturing location, manufacturing of the jersey products, product distribution, product use phase and end of life (EoL) of product and packaging.

The LCA study indicates that per kg, the PET recycled polyester jersey has the smallest carbon footprint (13.19% lower as compared to virgin polyester jersey) among the three products compared in the study. Whereas, per kg, the RE:FIBRE polyester jersey has a 7.31% lower Global Warming Potential (GWP) impact when compared to the virgin polyester jersey. The RE:FIBRE polyester jersey has 57% chemically recycled fibre which has a higher GWP impact as compared to mechanically recycled fibre but a lower one than virgin recycled fibre.

The total primary energy demand also exhibits a similar trend, due to same factor as the carbon footprint. The PET recycled polyester jersey and RE:FIBRE Polyester Jersey are 16.15% and 12.13% lower respectively per kg than the virgin polyester jersey.

The LCA study also indicates that, the water consumption per kg of PET recycled polyester jersey and RE:FIBRE polyester jersey is 1.10% and 2.82% higher than per kg value of the virgin polyester jersey.

Although textile-to-textile technology currently has a larger environmental footprint than mechanical recycling, through the RE:FIBRE programme, PUMA is keen to address the challenge of textile waste via a long-term solution for recycling. The technology also looks to diversify the fashion industry's main source of recycled polyester in garments to make it less reliant on clear plastic bottles. We also believe that this technology has room to become more energy efficient in future.

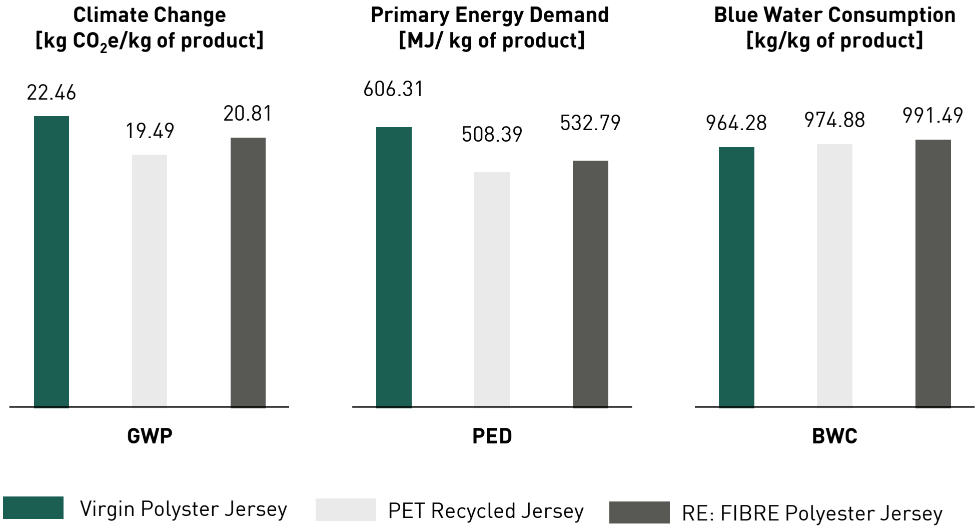
Managing waste has become a necessity, which is why PUMA is ramping up its investment into resource-efficient manufacturing processes in a move to reduce textile waste. Textile waste build-up in landfills is an environmental risk. Rethinking the way we produce and moving towards a more circular business model is one of the main priorities of our Sustainability Strategy.

To help make the technical process of RE:FIBRE more digestible for the everyday consumer who wants to know more, PUMA has created a RE:FIBRE process explainer video, which can be accessed **here**.

The four-step process of RE:FIBRE:

- Collect and Sort: collecting and sorting textile waste and other previously wasteful materials.
- Shred and Mix: shredding and mixing the collected materials
- Dissolve, Filter and Polymerize: Dissolving the shredded polyester and removing dyes through a chemical recycling process.
- Melt, Spin, Knit and Sew: The melting makes the newly produced polymers ready to be spun and sewn into shape to create good as new RE:FIBRE fabric which can be recycled again and again.

G.32 ENVIRONMENTAL FOOTPRINT OF POLYESTER JERSEYS[1-2]



1 Primary energy is the energy that is harvested directly from natural resources: coal, oil, natural gas and uranium.
2 Blue water is water that has been sourced from surface or groundwater resources and is either evaporated or incorporated into a product.

COMPARATIVE LCA OF 3 TYPES OF COTTON FABRIC

PUMA engaged Sphera to conduct a comparative Life Cycle Assessment (LCA) of one kilogramm of 100% virgin piece dyed cotton fabric, 75/25 virgin/undyed recycled piece dyed cotton fabric and 75/25 virgin/coloured recycled piece dyed cotton fabric.

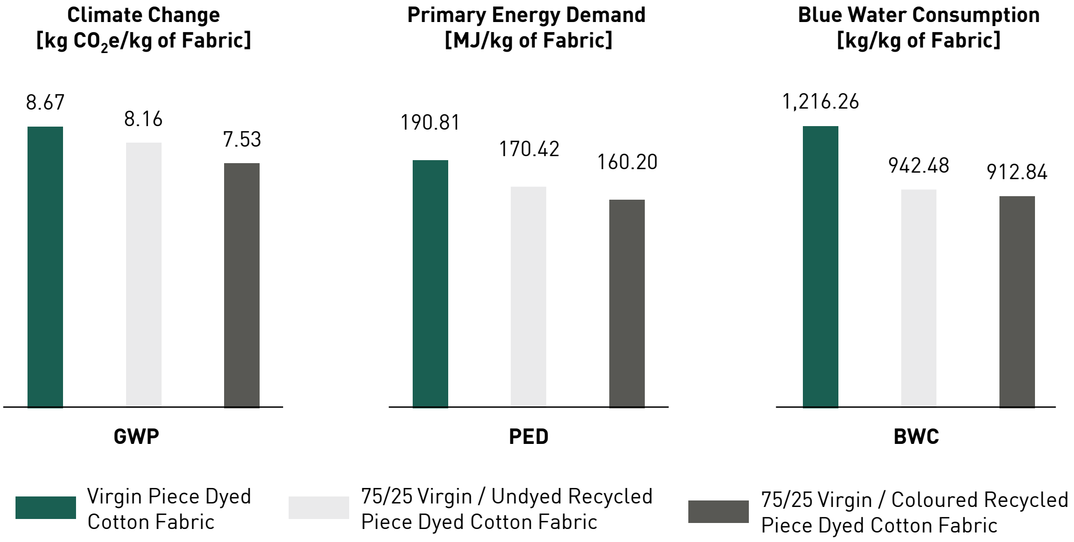
Piece dyed fabric is fabric made of grey yarns which are dyed, and is different to yarn dyed fabric: a fabric that is knitted using dyed yarn.

LCAs are performed using the “cradle to gate” approach. Since this is the “cradle to gate” approach, consumer use phase and fabric end-of-life impacts for the cotton fibre products were not considered in this LCA study.

The main objective of the study is to quantify the environmental impacts associated with the production of these fabrics across various life cycle stages of the manufacturing process, including the supply of raw materials and energy carriers. The primary data considered for the study was collected from three PUMA suppliers stretched across two regions, Bangladesh (two factories) and Turkey (one factory). The data collected includes data for all the production processes such as collection and pre-processing, yarn spinning, knitting and inspection, pre-treatment, dyeing, compacting and drying.

The LCA study indicates that for one kg of 75/25 virgin/undyed recycled piece dyed cotton fabric, the carbon footprint is 5.83% smaller compared to the 100% virgin piece dyed cotton fabric. This change was mainly influenced by the inclusion of 25% undyed recycled cotton material. For 1 kg of 75/25 virgin/coloured recycled piece dyed cotton fabric, the carbon footprint was smaller by 13% when compared to the 100% virgin piece dyed cotton fabric. This change was mainly influenced by the inclusion of 25% coloured recycled piece dyed cotton fabric. When comparing these three fabrics, the environmental impacts of 75/25 virgin/coloured recycled piece dyed cotton fabric were found to be the lowest. This is due to the usage of 25% recycled yarn which is recovered from a coloured fabric and hence requires fewer chemicals and less energy during the dyeing process.

↗ G.33 ENVIRONMENTAL FOOTPRINT OF COTTON FABRICS



Additionally, it was found that the most significant carbon footprint impact is related to the conventional dyeing of fabric followed by the impacts of cotton cultivation and yarn spinning. Primary energy demand is largely driven by the cultivation of cotton, followed by conventional dyeing of fabric. Water consumption is largely driven by cotton cultivation followed by conventional dyeing, compacting and drying processes.

In the study, we also evaluated the environmental impacts of different types of dyeing technologies such as conventional and Pad-Steam dyeing processes for the three types of fabrics. The Pad-Steam process is a textile finishing technique used to apply chemicals or dyes to fabric. It is a combination of two steps: padding and steaming. This process is employed to achieve uniform coloration, improved fabric properties, and enhanced performance characteristics. This study was conducted at a factory located in Turkey that uses both technologies. Conventional dyeing for knitted products is typically a batch process in which the fabric is loaded along with water, chemical and dyestuffs and processed for a fixed number of hours based on the type of fabric. Whereas, Pad-Steam dyeing is a continuous dyeing process, in which the fabric is dyed by immersing the fabric in the dye solution for a few seconds, immediately pressed through a roller and then steamed. Pad-Steam dyeing is more resource-efficient as compared to conventional dyeing. This was further corroborated by our LCA study. Pad-Steam dyeing was found to have a smaller environmental footprint than conventional dyeing. It was observed that the Pad-Steam dyeing process has 81.9% less energy and 80.5% less water consumption as compared to the conventional dyeing process.

It was found that Pad-Steam dyeing for 100% virgin piece dyed cotton fabric has a 34.8% smaller carbon footprint as compared to conventional dyeing. The corresponding figure for 75/25 virgin/undyed recycled piece dyed cotton fabric was 36.9% and 25.02% for 75/25 virgin/coloured recycled piece dyed cotton fabric. Similar trends were also observed for primary energy demand and water consumption.

The LCA study clearly indicates that the inclusion of recycled cotton fabrics has a smaller environmental footprint and hence is to be promoted for future product development. However, there are currently technological limitations surrounding increasing recycled cotton to more than 25% in a cotton fabric mix. This calls for a focus on future innovation in this area. Furthermore, our suppliers could adopt better dyeing technologies such as the Pad-Steam dyeing process which has a smaller environmental footprint.

MATERIAL ORIGIN

Mapping and assessing risk and impact practices in the lower tiers of the supply chain helps us to identify opportunities for improvement.

COTTON

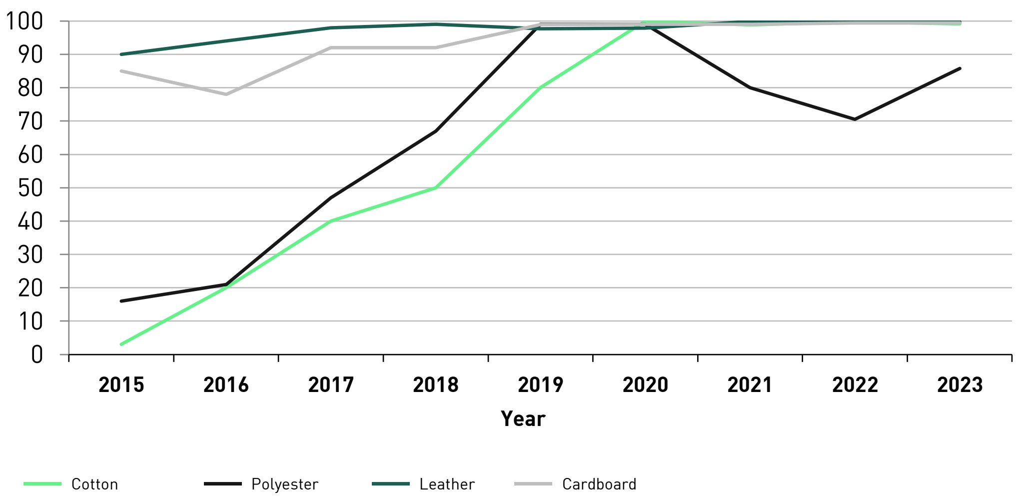
In 2023, we sourced approximately 34,000 tons of cotton. To reach our 100% targets for certified or recycled cotton, we require our suppliers to only source cotton from farms that are licensed or certified as having good farming and human rights standards, or recycled cotton. 96% of the cotton used in PUMA products comes from the USA, Brazil, Australia, India, Bangladesh, Vietnam, Indonesia and Turkey.

LEATHER

In 2023, we sourced approximately 3,500 tons of bovine leather. We are working on improving the traceability of the leather we use by recording the traceability score of our leather manufacturers certified by the Leather Working Group. The leather used in PUMA footwear mainly comes from the USA (61%), Argentina (27%), Australia (6%) and Brazil (5%). We also monitor our LWG (Leather Working Group) medal-rated tanneries' traceability performance. Most suede tanneries work with agents and intermediaries besides direct tanneries to guarantee a stable sourcing supply. Suede is a byproduct of the full-grain leather business. This creates a challenge to full traceability. This explains why our suede leather LWG tanneries have a worse traceability performance than full-grain LWG tanneries. We aim to increase all of our LWG medal-rated tanneries' traceability performance over time.

MATERIAL CONSUMPTION DATA

↗ G.34 CERTIFIED OR RECYCLED MATERIALS DEVELOPMENT[1-2]



1 Cotton and polyester including apparel and accessories material (including trims)
2 Proliferation for 2023 based on actual data in January - September 2023 and previous data October - December 2022

As in previous years, a significant percentage of our materials can be attributed to cotton either from the Better Cotton Initiative, recycled or organic cotton, to polyester that is either bluesign® or OEKO-TEX®-certified, recycled or bio-based polyester, and to leather sourced from Leather Working Group (LWG)-certified tanneries or recycled leather. In addition, we only use down feathers certified by the Responsible Down Standard and 84% of our man-made cellulosic (MMCF) is made by green shirt-rated MMCF suppliers with a proven track record on sustainability based on the Hot Button report from the NGO Canopy.

Therefore, more than 87% of our apparel, 40% of our accessories and 93% of our footwear products are already classified in line with the definition in our PUMA Sustainability Index.

Coverage and calculations are more complex for footwear because all of our shoes are made from several components. The main materials we use are polyester, polyurethane, rubber, leather and nylon. In line with our earlier targets, we have achieved 99.7% coverage of leather sourced from LWG-certified tanneries.

In 2023, 99.2% of the cotton used came from certified or recycled sources, as did 85% of our polyester.

We hardly used wool in 2023 (6,566 kg). Nevertheless, we see an increased number of factories certified in line with the Responsible Wool Standard (RWS). We organised a RWS training for our in-scope suppliers in June 2023, and the positive results were shown by the six RWS-certified factories in our supply chain. We aim to reach 100% certified wool in 2025.

↗ T.45 DEVELOPMENT OF CERTIFIED OR RECYCLED MATERIAL USAGE*

Cotton	**Apparel**	**Accessories**	**Footwear**	**Total**
Better Cotton	90.6%	23.2%	8.0%	90.3%
Recycled	8.6%	16.7%	1.6%	8.6%
Organic	0.3%	0.3%		0.3%
Conventional	0.6%	59.7%	90.5%	0.9%

Polyester	**Apparel**	**Accessories**	**Footwear**	**Total**
Recycled	68.4%	29.3%	56.5%	61.8%
Oekotex® / bluesign®	30.3%	54.5%	8.1%	23.3%
Sorona®	0.1%		0.2%	0.1%
Conventional	1.2%	16.2%	35.2%	14.8%

Manmade cellulosics	**Apparel**	**Accessories**	**Footwear**	**Total**
Green Shirt-rated fiber producers**	82.4%			72.7%
Ecovero®	12.7%		0.7%	11.3%
Conventional	4.9%	100.0%	99.3%	16.0%

Polyamide (nylon)	**Apparel**	**Accessories**	**Footwear**	**Total**
Recycled	26.4%	60.2%	2.0%	19.3%
Oekotex® / bluesign®	70.8%	38.2%	13.9%	46.9%
Conventional	2.8%	1.6%	84.2%	33.8%

Leather	**Apparel**	**Accessories**	**Footwear**	**Total**
LWG medal-rated tannery			99.96 %	99.7 %
Recycled			0.04 %	0.04 %
Conventional		100.0 %		0.22 %

Rubber	**Apparel**	**Accessories**	**Footwear**	**Total**
Synthetic	34.7 %	52.6 %	93.9 %	93.0 %
Natural	65.3 %	32.5 %	1.2 %	1.9 %
Recycled		15.0 %	4.9 %	5.1 %

PU	**Apparel**	**Accessories**	**Footwear**	**Total**
Recycled	2.4 %	1.5 %	2.4 %	2.4 %
Oekotex® / bluesign®	93.4 %			0.8 %
Water-based		0.02 %	1.1 %	1.0 %
Bio-based			0.4 %	0.4 %
Conventional	4.3 %	98.48 %	96.1 %	95.4 %

Down	**Apparel**	**Accessories**	**Footwear**	**Total**
RDS certified	100 %			100 %

* Figures include trims and exclude licensee production as well as production from stichd. For further details on the reporting scope, please refer to the Scope of the Report section.
** Green Shirt-rated fiber producers, as set by the annual Canopy Hot Button report, encourage existing fiber suppliers to commit to CanopyStyle and a Canopy Audit.

↗ T.46 CERTIFIED OR RECYCLED MATERIALS BY PRODUCT DIVISION*

	2023	**2025 target**
Apparel		
Certified or recycled cotton	99.4 %	100 %
Certified or recycled polyester	98.8 %	100 %
Certified or recycled MMCF	95.1 %	100 %
Certified or recycled PU	95.7 %	NA
Accessories		
Certified or recycled cotton	40.3 %	100 %
Certified or recycled polyester	83.8 %	100 %
Certified or recycled MMCF	0.0 %	100 %
Certified or recycled leather	0.0 %	100 %
Certified or recycled PU	1.5 %	NA

Footwear		
Certified or recycled cotton	9.5 %	100 %
Certified or recycled polyester	64.8 %	100 %
Certified or recycled MMCF	0.7 %	100 %
Certified or recycled leather	100 %	100 %
Certified or recycled PU	3.9 %	NA
L&P paper/cardboard products**		
Recycled and/or FSC-certified	99.4 %	100 %

* Figures include trims and exclude licensee production as well as production from stichd. For further details on the reporting scope, please refer to the Scope of the Report section.
** Including outer cardboard boxes, which were excluded in previous years.

In 2023, the total number of GRS/RCS certified factories has increased to 159 from 145 in 2022. This indicates a higher uptake of recycled material due to the launch of more sustainable products in our product mix. In 2023, we saw an increased number of factories certified by the Responsible Wool Standard.

T.47 NUMBER OF FACTORIES WITH CERTIFICATION[1]

Number of factories certified	GRS/RCS	GOTS	OCS	RDS	RWS	LWG
Apparel & Accessories Tier 1 and Tier 2	128	30	23	6	6	NA
Footwear Tier 1 and Tier 2	31	0	1	NA	1	NA
						32 Gold
Leather Tanneries						4 Silver

1 GRS: Global Recycling Standard, RCS: Recycled Claim Standard, OCS: Organic Content Standard; GOTS: Global Organic Content Standard; RDS: Responsible Down Standard, RWS: Responsible Wool Standard, LWG: Leather Working Group.

BIODIVERSITY

TARGET DESCRIPTION:

- Support the industry in setting a science-based target for biodiversity
- 100% cotton, leather and down procured from certified sources (shared target)
- Zero use of exotic skins and hides

Relates to United Nations Sustainable Development Goals 14 and 15

The world's biodiversity experts agreed to conserve 30% of the world's land and oceans by 2030. Biodiversity is also inextricably linked to climate change.

Consequently, we have dedicated one of our 10FOR25 sustainability target areas to biodiversity. Most of PUMA's biodiversity impact is based in the supply chain, particularly to the usage of agricultural raw materials. However, we also include biodiversity checks in our annual environmental data collection for our own offices, stores and warehouses around the globe.

BIODIVERSITY POLICY

As part of the Fashion Pact, we are committed to supporting the development of science-based targets related to biodiversity.

In 2021 we published the PUMA biodiversity policy and animal welfare policy- signed off by our Board of Management- to create a framework for our approach to biodiversity and animal welfare. These policies are available for download on our **website**.

This includes our commitments:

- as a supporting partner of the CanopyStyle initiative, to only source our viscose from Green Shirt-rated suppliers in order to protect endangered forests and species.
- to source the leather used in PUMA products solely from manufacturers who implement industry best practice standards of environmental management and traceability, such as the leather working group.
- to source all our paper and paper-based packaging from recycled sources and/or Forest Stewardship Council-certified sources. PUMA acted as a partner of Canopy's Pack4Good initiative to collectively reduce any risk of sourcing from ancient and endangered forests by 2022 and promoting next-generation solutions.

At PUMA we care for the welfare of animals. We do not use animal products which originate from animals that have been treated inhumanely. Therefore, we aim to implement high welfare and traceability standards and have published an Animal Welfare Policy. PUMA consults animal protection organisations on a regular basis to review our policies and actions. As a sign of our commitment to animal welfare, we joined the Fur Free Retailer programme and phased out the use of kangaroo leather in 2023.

BIODIVERSITY IN OUR OWN OPERATION

We checked via our annual environmental reporting campaign and confirmed that none of our PUMA sites are located within a protected area. We have identified one site in South Africa, as being located next to a protected area, which holds a rare species of the plant, Renosterveld Finbos. This site is an office location, and is fenced off from the protected area, so any negative impact on these plants can be ruled out.

There are green roofs which offer additional habitats for insects as well as wildflower meadows and beehives on our headquarters in Herzogenaurach, as well as on our (outsourced) German central logistics centre.

BIODIVERSITY IN OUR SUPPLY CHAIN

Many species, including plants, animals, bacteria and fungi are being threatened with extinction due to human activities such as deforestation, putting Earth's biodiversity at risk. Apparel supply chains are directly linked to soil degradation, conversion of natural ecosystems and waterway pollution. Two-thirds of apparel shoppers say that limiting the impact on climate change is now more important to them now than before COVID-19 (McKinsey: Biodiversity – The next frontier in sustainable fashion).

PUMA is a signatory to the Fashion Pact, a global initiative of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury), all committed to a common core of key environmental goals in three areas mitigating global warming, restoring biodiversity and protecting the oceans.

Biodiversity loss and climate change are interdependent and mutually reinforcing. For example, protecting forests could help reduce greenhouse gas emissions. In turn, the rise of global temperatures increases the risk of species becoming extinct. In 2019 PUMA published its science-based emissions target (SBT) with the SBT Coalition and joined the Fashion Pact. In 2023 an updated and 1.5 degree aligned science-based emissions target was approved for Scope 1 and 2 by SBT Coalition.

Please see the **Climate** section of this report to find out about our climate action and progress.

↗ T.48 SUSTAINABLY SOURCED NATURAL MATERIALS

Sub-targets	2023*	2022*	2021	Target 2025
Science Based Target (SBT)	Fund Biodiversity Landscape Report	Fund Biodiversity Landscape Report	Joined Fashion Pact activities on biodiversity	SBT set
Cotton (BCI** and/or recycled)	99.2%	99.9%	99%	100%
Leather (LWG-certified tanneries)	99.7%	100%	99.9%	100%
Down (RDS-certified)	100%	100%	100%	100%
Sustainably sourced viscose / MMCF	84%	97%	38%	100%
Cardboard and paper (FSC and/or recycled)	99.4%***	99.4%***	99% (product packaging supply chain)	100%

* Including trims and excluding licensee production
** Better Cotton Initiative (BCI) principle: Biodiversity and Land Use is one of the seven Better Cotton Principles and Criteria. Management practices address identifying and mapping biodiversity resources, identifying and restoring degraded areas, enhancing populations of beneficial insects, ensuring crop rotation and protecting riparian areas.
*** Including outer cardboard

Most of the negative impact on biodiversity comes from three stages in the value chain – raw material production, material preparation and processing, and end of life.

To mitigate the risk of biodiversity loss due to the production process, we address environmental pollution risk through our targets and supplier programmes related to climate, chemicals, water and air.

In 2021 we developed roadmaps for water and waste, which can be found in the **Water and Air**, and **Circularity** sections of this report. In 2022 we developed a biodiversity roadmap using the Fashion Pact Biodiversity Strategy Tool Navigator that is in line with SBTN recommendations.

At cotton farming level, Regenerative Agriculture practices aim to reduce the impact of production on soils and promotes soil health by restoring the soil's organic carbon. Through our partnership with Better Cotton, we support regenerative cotton farming practices. BCI farmers have to follow these two principles, among others:

- Care for the health of soil: This principle requires farmers to develop a Soil Management Plan. The plan should include practices that contribute to maintaining and enhancing soil structure and soil fertility, and continuously improving nutrient cycling.
- Enhance biodiversity and use land responsibly: This principle requires Better Cotton farmers to adopt a Biodiversity Management Plan to conserve biodiversity on and around their farm. This plan includes regenerative farming practices such as ensuring crop rotation, which helps with soil regeneration.

BIODIVERSITY ROADMAP

Scope: Cotton, Leather, Rubber, Paper, MMCF, Synthetics, Wool

Below are some key focus areas for the coming years. Some measures were implemented in 2022 and 2023 and are covered in this report.

- **Raise awareness:** We see the need to raise awareness internally and will be developing an e-learning on biodiversity for our staff. We also see the need to increase the awareness of our consumers. We aim to maintain transparency to keep a strong relationship with stakeholders while providing information about biodiversity actions. In 2022, PUMA sponsored the Biodiversity Landscape Analysis Report as an opportunity to foster collaboration and knowledge-sharing in biodiversity. Together with Textile Exchange, Conservation International and the Fashion Pact, the **Biodiversity Landscape Analysis Report** aims to provide a common reference point on the topic of biodiversity in the textile industry, and to offer concrete pathways for brands and retailers to deepen their engagement. The report, which was published in 2023 intends to help companies of all sizes and maturities to begin or continue their biodiversity journey.
- **Knowledge of impact:** We will explore traceability tools and conduct impact assessments, starting with leather and rubber. We collect material and packaging consumption data on an annual basis for the country of origin. For example, only a small percentage of the total leather used in PUMA products originates from South America, where deforestation is occurring at a rapid pace. Our EP&L identifies how the environmental impact is distributed along our value chain, for example, land use change per country, material type and tier level. The potential financial impact on land use was estimated to be approximately € 100 million in our 2023 EP&L.
- **Internal action:** We will define a KPI to be included in a supplier scorecard (environmental and chemical) and set biodiversity targets as well as traceability targets, starting with leather. We set goals to reach 100% cotton, leather, viscose, paper packaging and down-procured from certified sources in 2025. Both cotton farming and cattle ranching require extensive land use and are known to reduce biodiversity, 99.2% of cotton used in PUMA products is BCI or recycled cotton. 99.7% of the leather used in our footwear is sourced from Leather Working Group (LWG) medal-rated tanneries. Leather traceability is a first step towards reducing deforestation. We monitor our LWG medal-rated tanneries' traceability performance and have joined the LWG Traceability working group. We partner with the NGO, Canopy, a Canadian non-profit organisation with the mission to protect the world's forests, species and climate, and to help advance indigenous communities' rights. We aim to ensure that our sourcing of man-made cellulosic materials (such as viscose) as well as paper and cardboard, does not contribute to deforestation. 99.4% of our paper packaging is either recycled and/or FSC-certified. We commit to sourcing

100% of our viscose from suppliers committed to reducing the risk of sourcing from ancient and endangered forests. In 2023, 84% of viscose was sourced from Green Shirt-rated suppliers. We hardly used wool (6,566 kg in 2023), but we have initiated Responsible Wool Standards certification. We aim to reach 100% certified responsible wool by 2025.
- **Collaboration and partnership:** PUMA joined the Fashion Pact, a global coalition of companies in the fashion and textile industry that is committed to stopping global warming, restoring biodiversity and protecting the oceans. PUMA joined the Fashion Charter, and committed to sourcing 100% of priority materials as preferred materials by 2030 (material for which no natural ecosystems are converted or deforested). In 2021 we engaged with Canopy, who helped us develop our policy on forest protection. We also engaged with Canopy's initiatives: CanopyStyle and Pack4good. Through these initiatives, we started investigating the next generation of raw materials with a focus on biobased materials, such as wheat straw, as a partial substitute for paper in our shopping paper bags.

BIODIVERSITY RISK ASSESSMENT

In 2023, we conducted a biodiversity risk assessment for our key raw materials such as cotton, polyester and leather. For cotton and polyester, we used the Materials Impact Explorer tool provided by Textile Exchange. For leather, we used the Biodiversity Risk and Impact Dashboard of Fashion Pact. PUMA is currently taking steps to mitigate biodiversity risks and address environmental pollution risks through our targets and supplier programmes related to the climate, chemicals, water and air.

We evaluated the environmental risk of rubber using the EiQ platform from Elevate. EiQ is a data-driven supply chain Environmental, Social, and Governance (ESG) due diligence platform used by businesses to enhance ESG risk management. The environmental risk encompasses water use, non-GHG air pollutants, terrestrial ecosystem use, soil pollutants, solid waste and water pollutants. We also mapped our sourcing of these materials by country.

For cotton and polyester, we mapped our material consumption by country of origin using the Materials Impact Explorer tool to evaluate the potential impact on biodiversity in terms of changes in the state of nature (quality or quantity) which may result in changes to the capacity of nature to sustain social and economic functions. We also evaluated the risk of dependency in terms of environmental assets and ecosystem services that an organisation relies on to function. The dependency risk rating for recycled cotton and recycled polyester is not applicable as per the tool used. The outcome of the assessment is summarised below. The risk profile of a few countries from which PUMA is sourcing cotton and polyester is not available in the tool. However, such countries represent less than 5% of our sourcing volume for cotton and 13% for polyester.

As a next step, we will look at a collaborative approach and join programmes with third-party initiatives to understand governance challenges.

Cotton: In 2023, we sourced 63% of cotton from the USA, followed by Brazil (15%) and Australia (8%). These three countries have high a risk rating for potential impact. 4% of cotton is sourced from India which a very high-risk country.

In terms of dependency risk, the USA, Brazil and Australia are categorised as high-risk countries, whereas India is categorised as a very high-risk country.

We have required our suppliers to source only cotton grown in farms that are licensed as having good farming and human rights standards or recycled cotton from factories that are either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) certified in 2025.

PUMA is taking steps to mitigate the biodiversity risks associated with the cotton sourcing. These include the adoption of BCI cotton, increased usage of recycled cotton, focusing on innovation to increase the share of recycled cotton in our products, conducting Life Cycle Assessment of products and materials to evaluate environmental impact in different lifecycle stages and engaging with textile exchange to stay informed on industry best practices.

We collect material consumption data on an annual basis along with the country of origin and require our suppliers to keep all the supportive documentation at disposal. We have also established an on-going due diligence programme with our partner laboratory in Germany where we regularly test samples of cotton finished garments before shipment. This further strengthens traceability and control across our supply chain, from the raw material to the finished products.

Through our partnership with Better Cotton, we support regenerative cotton farming practices. Better Cotton Soil Health principles require farmers to develop a Soil Management Plan. The plan should include practices that contribute to maintaining and enhancing soil structure and soil fertility, and continuously improving nutrient cycling.

Better Cotton Biodiversity principles require Better Cotton farmers to adopt a Biodiversity Management Plan to conserve biodiversity on and around their farms. This Plan includes regenerative farming practices such as ensuring crop rotation, which helps with soil regeneration. Biodiversity loss and climate change are interdependent and mutually reinforcing. Protecting forests, for example, could help reduce greenhouse gas emissions.

Through our partnership with Better Cotton, we also support cotton farmer producers for climate-friendly practices, Better Cotton has set the goal of reducing greenhouse gas emissions by 50% per ton of Better Cotton lint produced by the end of the decade.

In 2023, the share of BCI cotton was 90% and recycled cotton made up 8.6% of all cotton sourced by PUMA.

Polyester: We sourced 79% of our polyester from China in 2023, followed by Taiwan 9.2% and Vietnam 7.4%. We sourced both virgin polyester and recycled polyester from China, whereas we sourced only recycled polyester from Taiwan and Vietnam. China has a very high-risk rating in terms of the potential impact of virgin polyester. Recycled polyester is rated as medium risk irrespective of country of origin by the Textile Exchange tool.

In terms of risk related to dependency, China, Turkey, South Korea, Japan and Indonesia are rated as very high-risk countries for virgin polyester whereas the USA and Germany are considered as high-risk countries. However, apart from China, we source a negligible volume (around 1%) from high, and very high-risk countries.

We have required our suppliers to source only polyester-certified to Bluesign/ Oekotex, or recycled polyester from factories that are either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) certified in 2025. PUMA has joined the Textile Exchange polyester challenge, since our 2025 goal of 75% recycled polyester is aligned with this challenge. While most of our recycled polyester to date has been made from PET bottles, PUMA launched the innovative RE:FIBRE programme, and can repurpose collected textile waste and other used materials to create new textiles. We engaged our core fabric manufacturing plants in energy efficiency programmes and are helping them to transition to 25% renewable energy processing in 2025. We monitor and report chemical discharges, and work to eliminate pollutant chemicals.

In 2023, we sourced a bio-based, high-performance polyester fibre known as Sorona, which constitutes 0.11% of our total polyester consumption. Sorona contains over 20% bio-based carbon, which helps reduce the environmental impact without sacrificing quality and performance. Sorona is produced using a fermentation process which utilizes corn sugar as the main ingredient.

Leather: The Fashion Pact Dashboard allows us to assess overall risk in terms of biodiversity loss and land use area. However, biodiversity risk specific to leather usage by a brand or company cannot be evaluated by using this dashboard. We plan to explore a more specific tool for leather in future.

In 2023, we sourced 61% of our leather from the USA, followed by Argentina (27%), Australia (6%) and Brazil (5%). The risk assessment indicates that the USA has a risk rating of very high for land use impact and high risk for biodiversity loss, while Argentina has a very high-risk rating for land use impact and a medium risk rating for biodiversity loss. Australia has a medium-risk rating for both impact categories while Brazil has very high-risk rating for both impact areas.

PUMA is taking several steps to mitigate the biodiversity risks associated with leather sourcing. These include sourcing leather from LWG-rated tanneries, setting goals for sourcing deforestation-free leather, and focusing on innovation in the development of recycled and other bio-based alternatives. We engage with Fashion Pact, Textile Exchange and the Leather Working Group to remain updated about industry best practices.

We have committed to sourcing all the bovine leather used in our products from verified **deforestation-free supply chains** by 2030 or earlier launched by global non-profits Textile Exchange and the Leather Working Group. The initiative aims to create equitable, transparent, and deforestation-free leather supply chains. The cross-sector initiative is aimed at galvanizing brands into action to end the deforestation and conversion of natural ecosystems linked to leather sourcing. In doing so, it looks to protect wildlife habitats and biodiversity, preserve carbon stocks to mitigate climate change, and protect human rights.

Close to 100% of the leather that PUMA currently sources comes from Leather Working Group-certified tanneries. This means that the leather used in PUMA products comes from manufacturers who are working to implement industry best practices of environmental management and traceability. PUMA currently monitors its LWG medal-rated tanneries' upstream traceability performance.

However, around 76% of the leather used at PUMA is suede, a byproduct of the full-grain leather business. The challenge faced currently by PUMA and others in the industry is that most suede tanneries work with agents and intermediaries alongside direct tanneries, to guarantee a stable supply which creates a challenge to have full traceability at the cattle ranch level.

Our innovation team has worked to address the technological limitations of a shoe designed for composting and launched the RE:SUEDE experiment. In 2022, 500 participants were asked to wear their RE:SUEDEs for six months before returning them to PUMA for the next stage of the experiment. A total of 412 pairs of worn RE:SUEDEs were returned to PUMA and sent to our industrial composting partner Valor Composting – a family business that takes a different approach to waste. We discovered that it is possible to turn the RE:SUEDE into Grade A compost under specific industrial conditions provided by Ortessa. RE:SUEDE is mainly made up of zeolite-tanned suede leather, hemp fibres, biodegradable TPE and organic cotton. The zeolite tanning process is an innovative approach to in tanning chemicals, which use mineral zeolite and is free from toxic substances such as chrome, heavy metal and aldehyde. We will continue to innovate with our partners to determine the infrastructure and technologies needed to make the process viable for a commercial version of the RE:SUEDE, including a take-back scheme, in 2024.

Synthetic Rubber: We sourced, 74% of our synthetic rubber from China, followed by Vietnam 14% and South Korea 4%. China and South Korea are high-risk countries, while the risk profile for synthetic rubber from Vietnam is not available on the EiQ platform. High risks are Greenhouse Gas emissions, water use and solid waste.

We have not yet mapped the manufacturing plants supplying synthetic rubber to our outsole manufacturers. As part of our 10FOR25, we work on developing recycled materials as alternatives to rubber. In 2023, 5% of synthetic rubber was recycled. We engage our strategic outsole suppliers in Higg FEM (environmental performance tool measurement which includes energy use and greenhouse gas emissions, water use, wastewater, emissions to air and waste management) and work with them to eliminate pollutant chemicals.

Natural Rubber: In 2023, we sourced 29% of natural rubber from Vietnam, followed by Brazil 25%, Pakistan 13%, and Thailand 5%. Vietnam is categorised as an extreme risk country, while risk profiles for natural rubber from Brazil, Pakistan and Thailand are not available on the EiQ platform**.** The main high risks are water use and impact on ecosystem. In 2023, only 2% of the rubber used in our products was natural rubber. We aim in future to only source FSC certified rubber. FSC certification include adopting standards to maintain, conserve, and/or restore the ecosystem and environmental values of managed forests and avoid, repair, or mitigate negative environmental impacts.

↗ G.35 PUMA CDP FOREST SCORE

C	**C**	**B-**
2020	2021	2022

PUMA's CDP Forestry score improved from C in 2021 to B- in 2022. Until the end of January, 2024, we retained our B-score. PUMA's rating is better than the average performance of the sector (textile and fabric goods) which has an average rating of C. The overall global average rating stands at C. For more information, please visit the **CDP** website.

↗ T.49 E-KPIS - PAPER[1-4]

Paper (tons)	2023	2022	2021	2020	2019	2017	% Change 2023/2022	% Change 2023/2017
Paper and cardboard consumption PUMA*	**5,374**	**5,021**	**4,152**	**2,638**	**2,281**	**2,756**	**7%**	**95%**
Certified or recycled paper and cardboard consumption PUMA	4,911	4,393	3,306	1,848	1,818	2,025	12%	143%
Percentage of certified or recycled paper consumption	91%	87%	80%	70%	80%	74%		
Paper and cardboard consumption from PUMA production (shoe boxes, hangtags)	**25,602****	**30,656****	**19,670****	**18,538**	**14,863**	**14,129**	**-16.5%**	**81.2%**
Percentage of certified or recycled paper and cardboard consumption from PUMA production	99%**	99%**	88%**	99%	100%	n/a		

* Including paper bags, office paper and cardboard consumption
** Including outer cardboard boxes
1 PUMA figures include PUMA owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistics providers. Franchised stores are excluded.
2 PUMA production figures include core Tier 1 supplier factories, Apparel, Footwear & Accessories (54 factories) and core Tier 2 supplier factories, Leather, PU and Textiles (40 factories).
3 Data includes extrapolations or estimates where no real data could be provided.
4 Methodological changes over the last three years have influenced results.

ENVIRONMENTAL KEY PERFORMANCE DATA

The PUMA Environmental Profit and Loss Account, or EP&L, calculates the environmental impact of PUMA's activities in financial terms across six categories from raw material production to the PUMA store. While the EP&L is not a precise measurement tool, it helps to show the categories and stages of the value chain in which the impact is greatest and therefore gives a good indication of where we should focus our efforts.

The EP&L methodology, was developed in 2011 by PWC and Truecost, and later refined by Kering with the help of PWC. It mainly relies on material input and spending data.

Over the last years, we have added primary data for our Tier 1 and Tier 2 suppliers and developed specific EP&L emission factors for major materials used, such as Better Cotton.

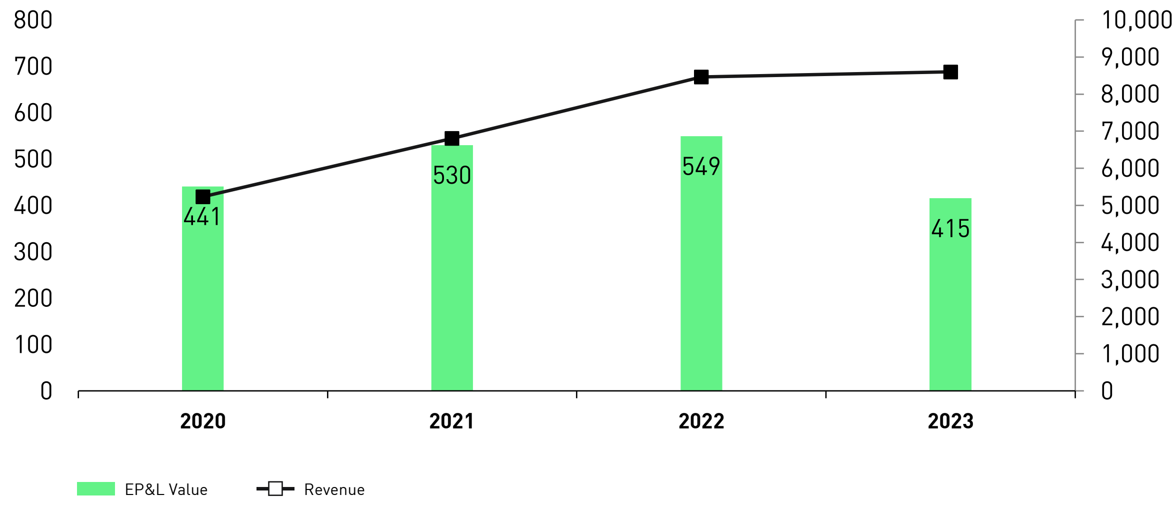
However, we are still in the process of fully aligning our EP&L methodology for Tiers 3 and 4 with internal and external standards. As a result, the table below differs from our Scope 3 emission calculation in the **Climate** section and also results in a high water value for Tier 3 due to some wet processing for leather and polyester being attributed to Tier 3.

We will continue to work on the alignment of methodologies to strengthen the EP&L as a valuable risk assessment and information tool.

↗ G.36 EP&L RESULTS 2023

		Tier 0 Own operations	Tier 1 Product manufacturing	Tier 2 Component manufacturing	Tier 3 Raw material processing	Tier 4 Raw material production
		2%	9%	14%	28%	48%
Air pollution	10%					
GHG emission	33%					
Land use	21%					
Waste	4%					
Water use	11%					
Water pollution	22%					
Total	100%	**EP&L Value 2023: € 415 million**				

↗ G.37 EP&L TREND 2020 – 2023



From our EP&L results, we can conclude that the production (48%) and processing of raw materials (28%) is responsible for the vast majority of the environmental impact from a process point of view, while greenhouse gas emissions (33%), water pollution (22%) and land use (21%) are responsible for over half of all environmental impact measured by the EP&L in terms of impact categories.

This confirms our strategy of transitioning to the use of low-impact materials at scale, while focusing on the reduction of greenhouse gas emissions across our supply chain.

The EP&L trend over the last years shows that the EP&L value is growing slower than sales. This means that while the overall impact was growing, we were able to reduce the EP&L value relative to sales. In 2023, we achieved an absolute reduction.
L

PRODUCT/MATERIAL-RELATED E-KPIS

We have been measuring the average environmental key performance indicators (E-KPIs) from Textile and Leather manufacturing (Tier 2) and Apparel and Footwear manufacturing (Tier 1) since 2017.

In 2023, the Greenhouse Gas emissions KPIs reduced across the product divisions, both Tier 1 and Tier 2, except for the footwear division, where it almost remained stable (increase by 0.2%) as compared to 2020. CO_2 emissions per piece of garment reduced by 23.2%; per square metre of leather produced, CO_2 emissions have reduced by 40.7% and per ton of textile produced, CO_2 emissions reduced by 9.2%. This was mainly achieved due to various climate actions initiated as described in the report. The participation of core suppliers in cleaner production and renewable energy programmes, installation of rooftop solar projects, switching from coal to biomass, and the purchase of RECs are the main contributor for these reductions achieved in Greenhouse Gas emissions.

In 2023, water consumption per pair/square metre reduced for footwear by 21.5% and 4.9% for textile as compared to the baseline of 2020 mainly due to the implementation of water efficiency measures including water recycling plants by a few textile mills towards the end of 2022.

However, the water KPI increased for apparel by 9.4%, and for leather by 11.7%. For apparel, production reduced by 15% as compared to 2020 (which is 33% reduction from 2022). Most of the apparel factories use water for domestic purposes and hence water consumption depends on the number of workers. In 2023, the market environment and increased inventory levels resulted in a need for more cautious procurement from our suppliers, so the number of workers in core apparel factories decreased by 9% and production fell by 15% resulting in higher water consumption per piece of apparel as compared to 2020.

Out of five leather factories, two were new core factories and have not participated in resource efficiency programmes. One of the tanneries in China has relatively high water consumption as they process raw hide in-house, whereas other leather tanneries process wet blue leather (tanned leather, but not dried, dyed nor finished). Also, one tannery in Vietnam started tracking and reporting rainwater usage in 2023.

In 2023, production waste to landfills decreased by 87.4% for apparel and by 64.7% for the footwear division as compared to the 2020 baseline. This is mainly due to the adoption of better waste disposal practices by our suppliers and being able to achieve diversion from landfill. We also observed that factories were able to track and report waste data more accurately.

↗ T.50 FOOTWEAR E-KPI RESULTS (TIER 1)

Value	2023	2022	2021	2020	2019	2018	2017	Change 2020-2023	Number of suppliers
Energy/pair (kWh)	1.63	1.36	1.41	1.31	1.30	1.25	1.40	24.8%	
CO_2/pair (kg)	0.75	0.7	0.68	0.74	0.96	0.93	1.00	0.2%	
Water/pair (L)	11.8	9.6	11.9	15.1	15.2	12.3	14.5	-21.5%	21
Waste/pair (g)	122	134	141	145	127	109	116	-15.6%	
Waste to landfills/pair (g)	8.36	12.3	19.0	23.7	-	-	-	-64.7%	

↗ T.51 APPAREL E-KPI RESULTS (TIER 1)

Value	2023	2022	2021	2020	2019	2018	2017	Change 2020-2023	Number of factories
Energy/piece (kWh)	0.58	0.52	0.55	0.56	0.57	0.57	0.72	4.5%	
CO_2/piece (kg)	0.17	0.19	0.20	0.22	0.24	0.26	0.31	-23.2%	
Water/piece (l)	5.03	3.83	4.23	4.60	4.39	4.20	7.58	9.4%	19
Waste/piece (g)	60.7	58.2	62.3	54.3	56.3	46.5	44.0	11.8%	
Waste to landfills/piece (g)	0.33	2.66	2.40	2.64	-	-	-	-87.4%	

↗ T.52 LEATHER E-KPI RESULTS (TIER 2)

Value	2023	2022	2021	2020	2019	2018	2017	Change 2020-2023	Number of factories
Energy/SqM (kWh)	7.37	7.55	6.46	7.05	8.19	8.65	9.10	4.5%	
CO_2/SqM (kg)	1.61	2.34	1.89	2.72	3.21	3.16	3.39	-40.7%	5
Water/SqM (L)	76.4	56.9	60.9	68.3	74.7	90.20	91.80	11.7%	
Waste/SqM (kg)	0.67	0.60	0.50	0.68	0.78	0.85	1.56	-1.4%	

↗ T.53 TEXTILES E-KPI RESULTS (TIER 2)

Value	2023	2022	2021	2020	2019	2018	2017	Change 2020-2023	Number of factories
Energy/ton (kWh)	14,320	13,122	13,394	13,049	12,636	13,387	13,679	9.7%	32
CO_2/ton (T)	4.06	4.54	4.58	4.47	4.37	4.45	4.45	-9.2%	
Water/ton (m3)	98.3	98.5	98.7	103	106	123	119	-4.9%	
Waste/ton (kg)	276	289	121	78.9	62.1	70.6	300	250.0%	

For tables on E-KPI results, the values for November and December 2023 were estimated by employing the Exponential Smoothing (ETS) algorithm in Microsoft Excel, utilizing data from January to October of 2023. This approach was chosen after comparing it to alternative methods, considering its performance against actual historical data, specifically in terms of deviation from the actual values in percentage terms. The ETS method displayed both higher accuracy and higher precision compared to other methods, such as averaging the last 10/12 months or multiplying the estimated production by the average KPI (per production unit) from the 12 months of data spanning from November 2021 to October 2022.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

TAXONOMY OBJECTIVES

The Taxonomy Regulation (EU) 2020/852 (in the following "the Taxonomy") entered into force on 22 June 2020. The purpose of this regulation is to provide a definition of what constitutes a sustainable economic activity and to redirect capital flows into companies that are aligning their business models towards such sustainable economic activities. To achieve this goal, companies must report on the proportion of "environmentally sustainable" revenues, investments (capital expenditure) and operating expenses.

The focus of the Taxonomy lies on 6 environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainability and protection of water and marine resources
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems
- Transition to a circular economy

The Taxonomy has identified eligible economic activities that substantially contribute to each of these environmental objectives. Linked to these eligible activities are technical screening criteria as well as do no significant harm criteria and minimum safeguards that define whether the activity is considered sustainable or not (aligned).

Delegated Regulation (EU) 2021/2178 as of July 6, 2021 on the climate objectives (climate change mitigation (Annex I) and climate change adaptation (Annex II)) ("the Climate Delegated Act"), was published in the Official Journal on December 9, 2021 and entered into force on January 1, 2022 ((EU) 2021/2139). Further delegated acts for the remaining objectives were published in 2023, namely EU 2022/1214 (Complementary Climate DA), EU 2023/2485 (amending EU 2021/2139), EU 2023/2486 (targets three to six), C(2023)3850 (Amended Climate DA) and C(2023)3851 Environmental DA (targets three to six).

DISCLOSURE REQUIREMENTS FOR NON-FINANCIAL UNDERTAKINGS

According to Article 2 of the Climate Delegated Act and Article 8 of the Taxonomy any undertaking subject to the Non-Financial Reporting Directive (NFRD) must provide information on "environmentally sustainable" revenues, investments (capital expenditure) and operating expenses (OpEx).

According to Article 10 of the Climate Delegated Act undertakings must disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total turnover, capital expenditure and operational expenditure. The eligibility of an activity implies that an activity is included in the Climate Delegated Act. Whether an activity is Taxonomy-eligible or not says nothing about the sustainability of that activity. Being Taxonomy-eligible is merely an indication that a certain activity makes a substantial contribution to one of the six environmental objectives of the Taxonomy. From January 1, 2023, the disclosure must also include information on taxonomy alignment, meaning only activities that are included in the "environmentally sustainable share" of the three performance indicators. An economic activity is environmentally sustainable if it:

- makes a significant contribution to the achievement of one or more environmental goals (significant contribution, SC)

- does not result in significant harm to one of more of the environmental objectives (do no significant harm, DNSH)
- is carried out in compliance with a defined minimum level of protection (minimum safeguards, MS) and complies with technical screening criteria (TSC) of Annex I and Annex II.

TAXONOMY-ELIGIBILITY OF PUMA'S ECONOMIC ACTIVITIES IN RESPECT TO THE ENVIRONMENTAL OBJECTIVES OF THE EU TAXONOMY

The technical screening criteria in Annex I and Annex II of Delegated Regulation (EU) 2021/2139 of June 4, 2021 for the first two environmental objectives, namely climate change mitigation and climate change adaptation, do not list any business activities that are linked to the production and sale of footwear, apparel and accessories. This means that PUMA's business activities so far do not qualify as contributing substantially to climate change mitigation or climate change adaptation.

Further technical screening criteria were published as Annexes I, III and IV of Delegated Regulation (EU) 2023/2486 (supplementing EU 2020/852) of June 27, 2023, for the remaining environmental objectives, namely sustainable use and protection of water and marine resources, pollution prevention and control as well as restoration of biodiversity and ecosystems. Likewise, these do not list any business activities that are linked to the production and sale of footwear, apparel and accessories.

For the remaining environmental objective published as Annex II, the transition to a circular economy, activities related to apparel are listed, but are limited to sales generated by services such as repair, remanufacturing or refurbishment, preparation for reuse, sale of second-hand goods, or product as a service business models, none of which are not part of PUMA current revenue generating activities.

As mentioned in the Circularity section of this report, PUMA and its partners are piloting fibre to fibre recycling technology and take-back systems. However, those activities have not generated any significant Taxonomy-eligible or aligned sales under the definition of Annex II and had a project status in 2023.

Therefore, PUMA's business activities in this regard are not considered Taxonomy-eligible (so far). Since PUMA does not have any economic activities related to nuclear power or power generation from gas, PUMA will not report the related standard forms from the Delegated Act (EU 2022/1214).

ELIGIBLE CAPITAL EXPENDITURE

PUMA understands that the Taxonomy and the Climate Delegated Act as well as the Environmental Delegated Act including its Annexes nonetheless requires non-financial undertakings with non-Taxonomy eligible economic activities to report on the part of the capital expenditure related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling target activities to become low-carbon or to lead to greenhouse gas reductions.

In this regard PUMA reviewed so-called cross-cutting activities that are not directly related to PUMA's primary business activity and are not revenue-generating for PUMA but still are of relevance to support PUMA's sustainability efforts. Taxonomy-eligible capital expenditure could be identified with regard to "Transport" and "Real Estate Activities".

The key figures are determined based on Delegated Regulations (EU) 2020/852, 2021/2139 and 2021/2178 as well as 2023/2385 and 2023/2086 in conjunction with the accounting policies to be applied to the consolidated financial statements. To avoid double counting, expenditure has been allocated to only one economic activity.

In 2023 PUMA made investments in several buildings, including:

- A new solar PV station in Germany (planned completion in 2024)
- New charging stations in Germany
- Office space in Argentina

The technical screening criteria of Annexes I and II define a taxonomy-aligned investment in buildings only for those buildings that are ranked among the top 15% of their regional building stock in terms of Primary Energy Demand (PED).

Since there is no precise definition of this 15%, for example in terms of area covered or primary energy demand per m^2, and as the rental of buildings is not material to PUMA's business performance in terms of CO_2 emissions, we have decided to report the Taxonomy-aligned investment in buildings for 2023 as zero.

This does not mean that PUMA is not investing in lowering CO_2 emissions from its own entities. As described in the **Climate** section of this report, our Scope 1 and 2 emissions have been reduced by 85% compared to our baseline in 2017, mainly through green electricity tariffs or renewable energy attribute certificates.

In 2023 PUMA also invested in charging stations for electric cars, which do fall under the taxonomy alignment criteria for climate mitigation. The total investment in these charging stations was 241 TEUR (2022: 79 TEUR).

Furthermore, PUMA started to invest in additional solar PV capacity at its headquarters in Germany. The investment in 2023 came to 262 TEUR (no investment in 2022).

As part of PUMA's 10FOR25 sustainability targets, PUMA is transitioning its car fleet to more sustainable transport vehicles. Therefore, in 2023 PUMA invested in the lease of 92 low or zero emission vehicles (2022: 64 vehicles).

Unlike buildings, the technical screening criteria for CO_2 emissions for taxonomy alignments are clearly defined as below 50 g CO_2/km.

We can confirm that 92 cars added to our car fleet are Taxonomy-aligned with the technical screening criteria based on their CO_2 emission footprint, equalling an investment of over 2,000 TEUR (2022: 1,521 TEUR)

Considering the do-no-significant harm criteria of tires for passenger cars, not all those cars can be considered as fully Taxonomy-aligned, as many of the standard tires used for our new electric cars from Tesla, Volkswagen, Hyundai, Mercedes and BMW do not fulfil the criteria for noise emissions. As a result the reported Taxonomy-aligned investment in vehicles for the year 2023 is 408 TEUR (2022: 372 TEUR).

The total capital expenditure (IAS 16, 38 and IFRS 16) of the PUMA Group amounts to 599,874 TEUR for the year 2023 (2022: 669,382 TEUR). The eligible capital expenditure related to "Transport" amounts to 7,930 TEUR (2022: 5,427 TEUR) and the amount related to"Real Estate Activities /Other" is 336,500 TEUR (2022:376,996 TEUR). The Taxonomy-aligned capital expenditure from investment in solar PV, low or zero emission cars and charging stations for electric cars was 910 TEUR (2022: 372 TEUR).

ELIGIBLE OPERATIONAL EXPENDITURE

PUMA understands that the Taxonomy and the Disclosure Delegated Regulation (EU 21/2178) nonetheless asks non-financial undertakings with non- Taxonomy eligible activities to report on the part of the operational expenditure related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.

Due to the nature of our business model, which is the design, development, marketing and sale of footwear, apparel and accessories, the eligible operational expenditure is not material in the context of the environmental objectives of the Taxonomy, therefore the numerator of our taxonomy-eligible operational expenditure is zero.

For the denominator, Article 2, Section 1.1.3.1. of Annex 1 the Climate Delegated Act asks for reporting on the total operational expenditure derived from the categories "research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures related to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such asset." The total operational expenditure from these categories amounts to 113.4 TEUR (2022: 103.6 TEUR) for the 2023 financial year.

OUTLOOK

At PUMA, we will continue the transition of our car fleet to low or zero emission vehicles in those countries where the charging infrastructure can support running an electric car fleet. We also plan to continue investing in te renewable energy capacity of the buildings we own. In addition, we will explore the activities listed under "Transition to a circular economy" to assess their technical and financial viability over the next years.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**Turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, year 2022**	**Category enabling activity**	**Category transitional activity**
		Currency (€)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Taxonomy-aligned environmentally sustainable activities performed by PUMA		0	0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Of which enabling		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Of which transitional		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Taxonomy-eligible environmentally sustainable activities performed by PUMA		0	0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**Turnover**	**Proportion of turnover**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, year 2022**	**Category enabling activity**	**Category transitional activity**
		Currency (€)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. Turnover of Taxonomy eligible activities (A.1+A.2)		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		8,601,699,000	100																
TOTAL		8,601,699,000	100																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Code	CapEx	Proportion of CapEx, 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguard	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
		Currency (€)	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Activity 1: Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)	F42, F43, M71	240,000	0.04	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	n.a.	n.a.	n.a.	n.a.	n.a.	Y	0.01	E	
Activity 2: Installation, maintenance and repair of renewable energy technologies (7.6)	F42, F43, M71	262,000	0.05	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	n.a.	n.a.	Y	Y	n.a.	Y	0	E	
Activity 3: Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	N77.11	408,000	0.07	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	n.a.	Y	Y	n.a.	Y	0.04	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		910,000	0.16	0.16	0.16	0	0	0	0	Y	Y	n.a.	Y	Y	n.a.	Y	0.05		
Of which enabling		910,000	0.16	0.16	0.16	0	0	0	0	Y	Y	n.a.	Y	Y	n.a.	Y		E	
Of which transitional		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			T

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**CapEx**	**Proportion of CapEx, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguard**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, 2022**	**Category enabling activity**	**Category transitional activity**
		Currency (€)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Activity 1: Acquisition and ownership of buildings (7.7)	L68	335,998,000	60.01	EL	EL	N/EL	N/EL	N/EL	N/EL								56.31		
Activity 2: Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	N77.11	7,522,000	1.34	EL	EL	N/EL	N/EL	N/EL	N/EL								0.77		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		343,520,000	61.36	61.36	61.36	0	0	0	0								57.09		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		344,430,000	61.52	61.52	61.52	0	0	0	0								57.13		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		215,444,000	38.48														42.87		
TOTAL		559,874,000	100																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**OpEx**	**Proportion of OpEx, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguard**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, 2022**	**Category enabling activity**	**Category transitional activity**
		Currency (€)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Taxonomy-aligned environmentally sustainable activities performed by PUMA		0	0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Of which enabling		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
Of which transitional		0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Taxonomy-eligible environmentally sustainable activities performed by PUMA		0	0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0	0	0	0	0	0	0								0		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0	0	0	0	0	0	0	0								0		

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**OpEx**	**Proportion of OpEx, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguard**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, 2022**	**Category enabling activity**	**Category transitional activity**
		Currency (€)	**%**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y;N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		113,400,000	100																
TOTAL		113,400,000	100																

INDEX FOR COMBINED NON-FINANCIAL REPORT AND GRI CONTENT

This report constitutes a separate combined non-financial report in accordance with Sections 289b to 289e and 315b, 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB). This consolidated combined non-financial report consists of the "Sustainability" and "Culture" subsections in the "Our People"section as well as “Compliance Management System” and “Corporate Social Responsibility” in the chapter “Corporate Governance Statement in accordance with Section 289f and Section 315d HGB”. The reporting period covered is from January 1, 2023 to December 31, 2023. No restatements of information have been made in this report. We have provided separate reports for PUMA SE and the PUMA Group within the “Our People” section only. Separate reporting of other sustainability data would not add any meaningful new information or value and would require significant additional resources, so we have omitted it here. Information about PUMA’s business model is set out in the Financial section of this Annual Report. We have not identified any most significant non-financial performance indicators according to Article § 289c, section 3, number 5 of the German Commercial Code (HGB). PUMA engaged KPMG AG Wirtschaftsprüfungs-gesellschaft to perform a “limited assurance” audit of the combined sustainability report with a focus on accordance with the German CSR Implementation Act (CSR-RUG).

Since 2003 PUMA’s sustainability reports are based on the guidelines of the Global Reporting Initiative (GRI), which developed detailed and widely recognised standards on sustainability reporting. PUMA SE has prepared this report with reference to the GRI Standards GRI 1: Foundation 2021. This option enables us to report on the impacts related to our economic, environmental, social and governance performance. It includes topics that are material to PUMA’s business and our key stakeholders, and that constitute our sustainability targets. These targets have been systematically developed in accordance with the feedback from PUMA’s stakeholders.

GENERAL DISCLOSURES

		Location	Pages
GRI 2: General Disclosures 2021	2-1 Organisational details	Commercial activities and organisational structure	214
	2-2 Entities included in the organisation's sustainability reporting	Scope of the Report	48
	2-3 Reporting period, frequency and contact point	Index for combined non-financial report and GRI content, Imprint	198
	2-4 Restatements of information	Index for combined non-financial report and GRI content	198
	2-5 External assurance	Limited assurance report of the independent practitioner regarding the separate non-financial group report	205
	2-6 Activities, value chain and other business relationships	Commercial activities and organisational structure; Sourcing	214, 220
	2-7 Employees	Our People; Employees	16, 222
	2-9 Governance structure and composition	Description of the working practices of the management board and the supervisory board	254
	2-10 Nomination and selection of the highest governance body	Description of the working practices of the management board and the supervisory board	254
	2-11 Chair of the highest governance body	Description of the working practices of the management board and the supervisory board	254
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability organisation and governance structure; Description of the working practices of the management board and the supervisory board	36, 254
	2-13 Delegation of responsibility for managing impacts	Sustainability organisation and governance structure	36
	2-14 Role of the highest governance body in sustainability reporting	Sustainability committee	8
	2-15 Conflicts of interest	Diversity concept for the supervisory board	254
	2-16 Communication of critical concerns	Risk and opportunity report	255
	2-17 Collective knowledge of the highest governance body	Compensation System https://about.puma.com/en/investor-relations/corporate-governance	
	2-19 Remuneration policies	Description of the working practices of the management board and the supervisory board	254
	2-20 Process to determine remuneration	Description of the working practices of the management board and the supervisory board. Compensation System https://about.puma.com/en/investor-relations/corporate-governance	254

		Location	Pages
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Description of the working practices of the management board and the supervisory board. Compensation Report https://about.puma.com/en/investor-relations/corporate-governance	254
	2-22 Statement on sustainable development strategy	CEO Letter; Foreword	5, 31
	2-23 Policy commitments	https://about.puma.com/en/sustainability/codes-policies-and-handbooks	
	2-24 Embedding policy commitments	PUMA's FOREVER. BETTER. Sustainability Strategy; Human Rights	35, 53
	2-25 Processes to remediate negative impacts	Human Rights	67-78
	2-26 Mechanisms for seeking advice and raising concerns	Compliance management system	254
	2-28 Membership associations	Stakeholder outreach	38-41
	2-29 Approach to stakeholder engagement	Stakeholder outreach	38-41
	2-30 Collective bargaining agreements	Human Rights at own entities	53

MATERIAL TOPICS

		Location	Pages
	3-1 Process to determine material topics	Most material aspects	42-44
GRI 3: Material Topics 2021	3-2 List of material topics	Most material aspects	42-44

ANTI-CORRUPTION

		Location	Pages
	3-3 Management of material topics	Relevant disclosures of corporate governance practices that are applied beyond the regulatory requirements	263
GRI 3: Material Topics 2021	205-2 Communication and training about anti-corruption policies and procedures	Relevant disclosures of corporate governance practices that are applied beyond the regulatory requirements	263

TAX

		Location	Pages
GRI 207: Tax 2019	207-1 Approach to tax	"WE PAY OUR FAIR SHARE" is the core principle the PUMA Group is taking into consideration for its global tax strategy. In this regard, PUMA fully commits to act in accordance with all international tax regulations and to fulfill any tax obligations arising from its business activities. All information regarding PUMA's tax approach can be found in the tax strategy (https://about.puma.com/en/investor-relations/corporate-governance, see Tax Strategy)	
		As it is a general principle for PUMA to follow tax rules and to pay applicable taxes, taxes as such are not a material issue within the sustainability approach. Consequently, PUMA does not report in detail on the GRI Standard in this regard.	

MATERIALS

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Recycled material usage; Material origin	157, 173
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Recycled material usage; Material consumption data	157, 173
	301-2 Recycled input materials used	Recycled material usage	157, 173

ENERGY

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate	104
GRI 302: Energy 2016	302-3 Energy intensity	Climate	104

WATER AND EFFLUENTS

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Water and air	142
	303-2 Management of water discharge-related impacts	Water and air	142
	303-5 Water consumption	Water and air	142

BIODIVERSITY

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity	177
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	177

EMISSIONS

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate	104
	305-1 Direct (Scope 1) GHG emissions	Climate	104
	305-2 Energy indirect (Scope 2) GHG emissions	Climate	104
	305-3 Other indirect (Scope 3) GHG emissions	Climate	104
	305-4 GHG emissions intensity	Climate	104
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Climate	104

WASTE

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Circularity	156
	306-1 Waste generation and significant waste-related impacts	Circularity	156
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Circularity	156

OCCUPATIONAL HEALTH AND SAFETY

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Our people occupational health and safety	22
	403-2 Hazard identification, risk assessment, and incident investigation	Our people occupational health and safety	22
	403-9 Work-related injuries	Our people occupational health and safety	22

DIVERSITY AND EQUAL OPPORTUNITY

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Relevant disclosures of corporate governance practices that are applied beyond the regulatory requirements	254
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Relevant disclosures of corporate governance practices that are applied beyond the regulatory requirements	254

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights in the supply chain	55
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights in the supply chain	55

FORCED OR COMPULSORY LABOR

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights in the supply chain	55
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights in the supply chain	55

SUPPLIER SOCIAL ASSESSMENT

		Location	Pages
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights in the supply chain	55
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Human Rights in the supply chain	55
	414-2 Negative social impacts in the supply chain and actions taken	Human Rights in the supply chain	55

KPMG ASSURANCE STATEMENT

To the PUMA SE, Herzogenaurach

We have performed a limited assurance engagement on the combined separate non-financial group report of PUMA SE, Herzogenaurach (hereinafter: "company"), which was combined with the non-financial report of the parent company for the period from January 1 to December 31, 2023 (hereinafter the "consolidated non-financial report"). This consolidated non-financial report consists of the chapter "Sustainability", the section "Culture" in the chapter "Our People" and the sections "Compliance Management System" and "Corporate Social Responsibility" in the chapter "Corporate Governance Statement in accordance with Section 289f and Section 315d HGB" of the Annual Report 2023 of PUMA SE, Herzogenaurach.

Not subject of our assurance engagement was the material audit of the external sources of documentation, interviews, case studies, expert opinions, the Environmental Profit & Loss figures as well as checking the content of links to internet pages mentioned in the non-financial report (see Annex 1 to the assurance report).

Responsibilities of Management

Management of PUMA SE, Herzogenaurach, is responsible for the preparation of the consolidated non-financial report in accordance with Sections 315c in conjunction with 289c to 289e HGB and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "Reporting in accordance with the EU taxonomy regulation" of the consolidated non-financial report.

This responsibility of the legal representatives of the company includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a consolidated non-financial report that is free from material misstatement, whether due to fraud (manipulation of the non-financial group report) or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Reporting in accordance with the EU taxonomy regulation" of the consolidated non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the consolidated non-financial report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's consolidated non-financial report*, other than the external sources of documentation or expert opinions mentioned in the non-financial report,* is not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "Reporting in accordance with the EU taxonomy regulation" of the consolidated non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement.
- Inquiries of management and relevant employees involved in the preparation of the consolidated non-financial report about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial report.
- A risk analysis, including media research, to identify relevant information on PUMA SE's sustainability performance in the reporting period.
- Identification of likely risks of material misstatement in the consolidated non-financial report.
- Analytical procedures on selected disclosures in the consolidated non-financial report.
- Inquiries of management and relevant employees that are responsible for determining disclosures about concepts, due diligence processes, results and risks, performing internal control procedures and consolidating disclosures in the preparation of the consolidated non-financial report.
- Inspection of selected internal and external documents.
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at Group level by all sites.
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample taken at nine suppliers (remote site visits) and two offices (on-site and remote site visits).
- Assessment of the overall presentation of the disclosures.
- Inquiries of Group level personnel in order to understand the processes for identifying relevant economic activities according to the EU Taxonomy Regulation.
- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated non-financial report.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion
Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial report of PUMA SE, Herzogenaurach for the period from January 1 to December 31, 2023 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section "Reporting in accordance with the EU taxonomy regulation" of the consolidated non-financial report.

We do not express an assurance opinion on the external sources of documentation, interviews, case studies, expert opinions, Environmental Profit & Loss as well as content of links to internet pages mentioned in the consolidated non-financial report (see Annex 1 to the assurance report).

Restriction of Use
This assurance report is solely addressed to the PUMA SE.

Our assignment for PUMA SE and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (Appendix 2). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Nuremberg, February 1st, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Stauder
Marc Stauder
01.02.2024

Stauder
Wirtschaftsprüfer
[German Public Auditor]

Käuffelin
Klaus-Peter Käuffelin
01.02.2024

Käuffelin
Wirtschaftsprüfer
[German Public Auditor]

COMBINED MANAGEMENT REPORT OF PUMA SE FOR THE FINANCIAL YEAR 2023

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

NITRO

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.

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.

OVERVIEW 2023

In 2023, we celebrated PUMA's 75th anniversary with events around the world which highlighted our proud history with our employees and our brand ambassadors. PUMA's founder Rudolf Dassler had the vision of making products that would provide athletes with the agility and speed of a puma and through this vision, PUMA has left a firm mark on sports and culture since 1948.

Even though we faced many global uncertainties during the year, PUMA was able to sustain its strong brand momentum as we launched significant new products and initiatives.

In Teamsport, the Women's World Cup in Australia and New Zealand was an important moment to emphasize our commitment to women's football and to demonstrate our leading product offer for women: PUMA is the only sports brand to offer all boots in women's specific fits. On pitch, PUMA supplied more than 100 players and the fact that more than 90% of them chose our women's fit shows that there is a real demand for these products.

We introduced new versions of the successful boots ULTRA and FUTURE and redesigned the KING without kangaroo leather. Instead, PUMA uses K-BETTER, a completely new, vegan material for the upper which contains at least 20% recycled material. K-BETTER has proven to outperform the previous versions of the KING in testing for touch, comfort, and durability. The performance characteristics of K-BETTER were so convincing that PUMA committed to stop producing football boots with kangaroo leather altogether in 2023 as the first company in the industry.

In club football, PUMA team Manchester City won the treble for the first time in its history: the UEFA Champions League, the Premier League and the FA CUP, showcasing that it's currently the best football team in the world. Manchester City was also the first team in PUMA's history to win the Treble.

Many PUMA teams were among the best in their respective countries: In Germany, Borussia Dortmund was a close runner up in the Bundesliga, in France, RC Lens and Olympique de Marseille finished second and third in Ligue 1, in Sweden, Malmö FF won the Allsvenskan and in the Netherlands, PSV Eindhoven once again won the KNVB Cup. Elsewhere, the young talents of PUMA team Uruguay became world champions at the FIFA U-20 World Cup in Argentina.

To extend our global reach in football, we signed agreements with South American football federation CONMEBOL and the African football federation CAF. As part of these agreements, PUMA will become very visible during the tournaments organised by these federations, for example by supplying the official match ball, equipping referees and officials and also conducting exciting marketing campaigns which will engage with football fans on these continents.

On the players' side, PUMA welcomed some of the most inspirational talents of their generation as brand ambassadors in 2023 such as Kai Havertz, the Arsenal and Germany midfielder, Jack Grealish, the Manchester City and England playmaker, and Xavi Simons, the RB Leipzig and Netherlands midfielder.

In track and field, the World Athletics Championships in Budapest were an immense success for us, as PUMA-sponsored athletes won 22 medals, including six gold medals, twice the medal count achieved in Eugene in 2022. PUMA athletes also won 17 medals at the European Indoor Championships in Istanbul. Armand "Mondo" Duplantis once again set a new pole vault world record of 6 meters 23. For his outstanding performances, Mondo was named Male Athlete of the Year 2023 – the third time he received this award in four years' time. At the World Para Athletics Championships in Paris, PUMA athletes took 13 medals, with Cuban sprinter Omara Durand adding to her status as one of the most successful para-athletes of her generation with three gold medals.

We built on our impressive portfolio of brand ambassadors by welcoming Marcell Jacobs, the current Olympic 100 m Champion, and Julien Alfred, the current NCAA 100m Champion to the PUMA Family.

In our Running category, we continued to focus on establishing our NITRO™ foam technology in the market. With our supercritical NITRO™ foam, PUMA has one of the best foams in the industry and we are fully determined to become a sought-after brand in road running. We continue to see a strong growth trajectory in our third year after the launch of our first NITRO™ running shoes and further underlined our credibility with signings of new running ambassadors: European 5,000 m Champion Konstanze Klosterhalfen, marathon legend Edna Kiplagat and European marathon Champion Aleksandra Lisowska.

In basketball, we introduced the third signature shoe for PUMA Hoops ambassador LaMelo Ball, the MB.03, following the tremendous success of his first signature products. The MB.03 launched in several colours, including a version inspired by the popular cartoon series Dexter's Laboratory.

PUMA teamed up with NBA rookie and the 3rd NBA Draft Pick Scoot Henderson to present the new All-Pro NITRO™, PUMA's newest basketball silhouette, which features our NITRO™ foam technology. Later in the year, Scoot became the youngest player ever to receive his own signature shoe, the Scoot Zeros. Breanna Stewart, our WNBA ambassador, introduced several versions of her signature shoe Stewie 2 throughout the year.

Our athletes also achieved tremendous success on court, as Breanna Stewart became the most valuable player for the WNBA for the second time and Dennis Schröder became the MVP of the tournament at the Basketball World Championships in Southeast Asia, when he led Germany to its first title.

After the strong success of PUMA in basketball over the past years, we decided to broaden our reach and further strengthen our connection to the younger consumers. Partnering with NXTPRO gives PUMA access to one of the top 3 Amateur Basketball circuits with 15,000 players.

In golf, we introduced the AEROJET family of clubs, which feature a raised skirt, symmetrical shaping and streamlined edges. Designed to achieve new levels of speed not believed to be possible until now, the AEROJET was named best driver for distance by Golf Monthly.

To underscore our credibility in this sport, PUMA ambassador Rickie Fowler captured his sixth PGA Tour victory at the Rocket Mortgage Classic in Detroit, while Patricia Isabel Schmidt secured her maiden European Tour win at the Belgian Ladies Open.

PUMA further added to its dominant position in motorsport by signing a landmark agreement with Formula 1 to become the sport's official licensing partner and exclusive trackside retailer. While PUMA will equip F1 officials and our subsidiary stichd will operate the fan retail stores during race weekends, we will also produce exciting collections for the growing number of F1 fans around the world.

The PUMA x F1 collections will be designed by A$AP Rocky, whom PUMA presented as the creative director for F1 in a game changing announcement. As one of the biggest cultural influencers of his day, A$AP has the vision and the talent to really provide a new perspective on this category. The first successful capsule collection was launched during the Las Vegas Grand Prix with many more products to come in 2024 and beyond. The extension of PUMA's long-term partnership with Ferrari and a new contract with Williams Racing further increased our dominance in motorsport.

In Sportstyle, global superstar Rihanna returned to PUMA in 2023 and the first joint product of the FENTY x PUMA collection, the Avanti, created a huge buzz and sold out on PUMA.com immediately. At the end of the year, she followed up on the Avanti with the launch of the Creeper Phatty, a remake of the plateau style she pioneered during her first collaboration with PUMA, which was named "Shoe of the Year" by Footwear News in 2016.

PUMA's Sportstyle offering also benefited from our strong take on the terrace trend. We reintroduced our classics Palermo and Super Team to the market and saw strong demand for the first drops. To mark 50 years of hip-hop, PUMA took a journey through time with the iconic Suede, and we created several versions which showed how hip-hop evolved and left its unmistakable impact on culture. On time with the ongoing skate trend in the market, we also launched the all-new Suede XL at the end of the year.

With styles such as the CA Pro, Slipstream and Doublecourt, we continued to have the right proposition for the ongoing demand for white court shoes, with our RS-X and the Velophasis we further built on our Progressive Running offer and with our Mayze we continued to excite our female consumers.

Our Sportstyle offer was complemented by several successful Select collaborations with partners such as Noah, Palomo Spain and Rhuigi.
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In financial year 2023, PUMA found itself in an increasingly difficult geopolitical and macroeconomic environment. The conflict in the Middle East, the war in Ukraine, persistent inflation and risks of recession had a negative impact on the consumer sentiment and led to volatile retail demand. For this reason, the Management saw 2023 as a transitional year in which PUMA focused entirely on the factors that could be directly influenced. The main focus was on operational flexibility, the normalisation of inventories and ongoing cost discipline. The purpose of this was to overcome the short-term challenges without compromising the medium and long-term success of PUMA. In this respect, sales growth and increasing market shares took priority over short-term profitability optimisation.

Despite the difficult market environment, PUMA was able to further increase its sales and set a new sales record in financial year 2023, based on continued strong brand momentum, exciting product launches, strong partnerships in all areas of the value chain and a focus on flexibility in operating activities. Currency-adjusted sales increased by 6.6%. Due to strong negative currency effects this corresponds to an increase in sales in the reporting currency, the euro, of 1.6% from € 8,465 million in the previous year to € 8,602 million in 2023. The positive sales development was achieved despite the significant devaluation of the Argentine peso and was therefore largely in line with the outlook of currency-adjusted sales growth in the high single-digit percentage range.

Unfavourable currency effects, industry-wide sales promotion measures and fluctuating sourcing prices and freight costs had a negative impact on the gross profit margin in 2023. These negative effects were more than offset by price adjustments and a favourable regional and distribution channel mix. Overall, this led to an improvement in the gross profit margin from 46.1% in the previous year to 46.3% in 2023. The net expenditure of other operating income and expenses increased by a total of 3.3% in financial year 2023 to € 3,403 million (from € 3,296 million in the previous year). The increase was mainly due to higher sales-related distribution and other variable costs, the strong growth in our direct-to-consumer sales and higher marketing investments. This development was partially offset by operational leverage in other cost areas and favourable exchange rate effects. Due to the continued cost control, the cost ratio increased only from 38.9% in the previous year to 39.6% in 2023.

Despite the sales growth and the improvement in the gross profit margin, the slight increase in the cost ratio during the past financial year led to a slight decline in operating result (EBIT) of 3.0% to € 621.6 million (from € 640.6 million in the previous year). Despite the significant devaluation of the Argentine peso, operating result was therefore well within the € 590 million to € 670 million range. However, the EBIT margin fell from 7.6% in the previous year to 7.2% in 2023. The devaluation of the Argentine peso had a particularly negative effect on the financial result. Because of this, consolidated net income amounted to € 304.9 million compared to € 353.5 million in the previous year. This corresponds to a decrease of 13.7%. Earnings per share therefore decreased from € 2.36 in the previous year to € 2.03.

The positive net income enables the Management Board and the Supervisory Board of PUMA SE to propose the distribution of a dividend of € 0.82 per share for the financial year 2023 at the Annual General Meeting on 22 May 2024. This corresponds to a payout ratio of 40.3% of consolidated net income according to IFRS. The higher payout ratio results from the strong improvement in free cash flow and reflects the underlying positive operating business development. In general, PUMA's dividend policy continues to provide for a payout of 25% to 35% of consolidated net income. In the previous year, a dividend of € 0.82 per share was paid out (payout ratio for previous year: 34.7%).

The PUMA share had a negative performance in financial year 2023. Based on the share price at the end of the previous year, the PUMA share started 2023 at a price of € 56.70. In the following twelve months, the price of the PUMA share ranged between € 67.22 (February 2023) and € 44.36 (May 2023). At the end of 2023, the price of the PUMA share was € 50.52, which represents a decline of 10.8% compared to the previous year. The market capitalisation of the PUMA Group amounted to around € 7.6 billion at year-end 2023 (previous year: € 8.5 billion).

PUMA GROUP ESSENTIAL INFORMATION

COMMERCIAL ACTIVITIES AND ORGANISATIONAL 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.

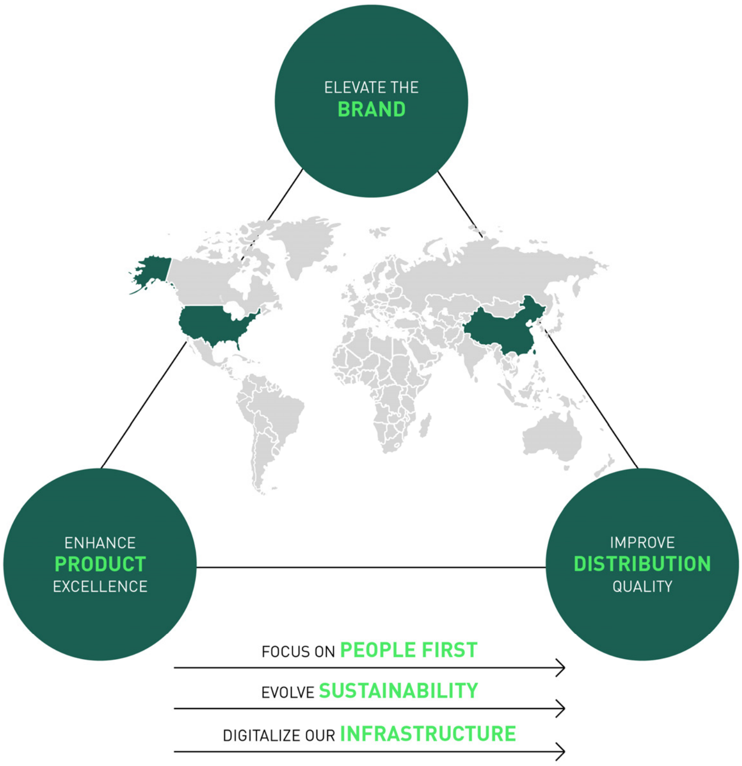
Our revenues are derived in particular from the sale of products from the PUMA and Cobra Golf brands via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. We market and distribute our products worldwide primarily via our own subsidiaries.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

As of 31 December 2023, 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

PUMA started 2023 by sharpening its strategic priorities.

↗ G.01 STRATEGIC PRIORITIES



Our strategic framework consists of a triangle: Elevate the Brand, Increase Product Excellence, and Improve Distribution Quality. Within this context, we placed a special emphasis on implementing this strategic framework in the US and China – two key countries where our current market shares are significantly too low. The strategic framework triangle is based on our three foundational pillars of focusing on people first, evolving sustainability and digitalizing PUMA's infrastructure.

By **elevating the brand**, we want to anchor PUMA more deeply in the hearts and minds of customers, to become more consumer centric and to focus our investments on fewer Tier 1 ambassadors with a bigger reach. Finally, we will also improve our focus and engage with consumers with fewer, bigger and better brand and product campaigns going forward.

With our rich history of having served athletes since 1948, our PUMA brand has some of the best logos in the whole industry and a huge archive of the most iconic sport moments, athletes, and products in history. This unmatchable DNA gives our product designers and marketeers a unique opportunity to tell our brand and product stories with the authenticity and credibility of a true sports brand.

We continuously focus on enhancing our **product excellence** and we put innovation and quality at the heart of our designs. All PUMA products will have 100% sports DNA. While we celebrate the sports roots of our shoes on the Sportstyle side, we push for new innovations on the performance side to make our athletes even faster. We keep on leveraging our NITRO™ foam technology in our key running styles Deviate, Velocity and ForeverRun and are continuously evolving to improve the cushioning, responsiveness and weight of our shoes. We are also continuously evolving our three strong football footwear franchises FUTURE, ULTRA and

KING, which is reflected in our ongoing market share gains in this highly competitive market. Finally, we also introduced the All-Pro, which we believe is one of the best basketball shoes in the industry and we will continue to evolve our All-Pro proposition going forward.

PUMA is continuously improving the **quality of its distribution** in wholesale. Our retail partners are our key priority as we believe that the consumers enjoy a multi-branded retail environment to make the best product choices. To cater to the requirements of our retail partners and to build long-term partnerships with them, we provide our retail partners with the best and fastest service in the industry. PUMA continues to pursue its direct-to-consumer business as a complementary offering in its distribution strategy to realize the roles which our retail partners cannot fulfil, namely brand storytelling.
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In the United States, we see significant opportunities to enhance our market share in the world's biggest sports market. To achieve this, we need to position ourselves as a credible performance brand. Our initiatives in basketball, motorsport and even football - as our new partner CONMEBOL will host the next Copa America in the US – will all contribute to this target. With our roster of athletes including LaMelo Ball, Scoot Henderson, and Breanna Stewart in basketball and Christian Pulisic in football, we have the right brand ambassadors in place to connect with our target audiences in a credible manner. Furthermore, we're also focussing on creating more US-first products, improving our distribution quality in the US and strengthening our local US organisation.

Next to the United States, we see significant opportunities to enhance our market shares in China, the world's most dynamic sports market. PUMA also has a clear strategy in place when it comes to our rebound in the Chinese market. We want to position PUMA as a global sports brand in China, leverage our local-for-local resources both in terms of design and sourcing to deliver the right product to the Chinese consumer, improve our distribution quality in this digital-first market and strengthen our local China organisation.

Putting our **people first** is an important part of our corporate strategy. PUMA's working culture is characterised by diversity, inclusion, and equality, as our employees have many different nationalities and backgrounds. We believe this diversity to be one of our key strengths and we were thrilled to be named a global Top Employer in 2023. Our commitment to equality was rewarded when an independent agency certified that we had closed the adjusted pay gap between women and men among our employees in Germany. We will continue to work hard to provide our employees with an inspiring place to work which reflects our values.

The aim of our FOREVER.BETTER. **sustainability** strategy is to fully integrate sustainability into all our core business functions. By 2025, we want to make nine out of ten products with materials such as certified cotton and viscose or recycled polyester. We also want to become more circular.

With our RE:SUEDE project, we showed in 2023 how we can successfully turn an experimental version of our classic Suede sneaker into compost under certain tailor-made industrial conditions. Going forward, we will continue to innovate with our partners to determine the infrastructure and technologies needed to make the process viable for a commercial version of the RE:SUEDE, including a takeback scheme.

To reach younger audiences with our sustainability strategy, we started our "Voices of a RE:GENERATION" initiative. The Voices, who are GEN-Z activists and environmentalists, regularly join PUMA to give our senior management feedback on how we can further strengthen our sustainability strategy. The voices also visited the factories of our partners in Asia and Turkey and helped us communicate with younger audiences throughout the year. We believe that new ways of communication like this and transparency are essential for the journey towards a more sustainable world.

To operate efficiently and to keep up with our growth momentum, we constantly **improve our infrastructure** and processes. This includes investments in our IT systems, distribution centres and offices around the world.

PRODUCT DEVELOPMENT AND DESIGN

Enhancing the excellence of our products is one of PUMA's strategic priorities. In order to accomplish this, we will focus on five key measures: authentic sports DNA across all our products, design and innovation excellence, focus on clear must-win priorities, creating product franchises as a brand, and a global-local ("glocal") product creation approach.

As a sports company, PUMA has 75 years of history and sports authenticity, created by writing history alongside the world's fastest athletes. All PUMA products will have **100% sports DNA**. While we celebrate the sport roots of our products and rich archive on the non-performance side, we push for new innovations on the performance side.

In addition to the clear sports DNA of our products, we also place a special emphasis on **design and innovation** across all our categories. We have a strong pipeline of innovations across all our performance categories both on the footwear and apparel side. We have the clear ambition to make the fastest products for the fastest athletes and our innovative technologies such as NITRO™ will ensure that we live up to this ambition.

Also on the design side, PUMA has a rich history of firsts and bests. We built on our legacy in 2023 by relaunching the Avanti with global icon Rihanna, a style which is based on the sneaker through which PUMA revolutionised the category in the 1990s. The Avanti is a perfect example of how we leverage our rich archive of iconic silhouettes while ensuring cutting-edge and on-trend design in the here and now.

To sharpen our focus, we decided to implement fewer, bigger and better product stories and we defined four **clear must-win priorities** that we will focus on: classics, sports culture, our NITRO™ technology and creating the best product offer for women.

Classics are one of PUMA's biggest asset, given our rich history and our vast archive, which continues to inspire our designers today. PUMA was already an established brand when football transformed to terrace, skate became streetwear and when fashion embraced low profile styles. This means that PUMA has genuine credibility to respond to the return of such trends.

Through its archive and history, PUMA will continue to incubate new trends, such as low profile, and capitalise on existing trends such as the prevalent terrace and skate trends.

For PUMA, **sports culture** is about more than the game, as the influence of sport can be felt long after the final whistle or the chequered flag. In Football, the terrace trend first started in the football stadiums of the 1980s and made its way into fashion and streetwear.

Basketball also has a direct impact on culture and streetwear, for example when the players make strong fashion statements on their way into the venue of the game, or when celebrities show of their style as they sit courtside.

Few players embody this spirit and cultural influence like our ambassador LaMelo Ball, with whom we will continue to work on his range of signature shoes which blend performance and style.

In Motorsport, some of the biggest names in sports, film and music regularly attend Formula 1 races and can be seen in the pits on race weekends. By hosting races across the planet and popular documentaries featuring the sport, F1's global viewership has skyrocketed in recent years and the audience has become more female and diverse, further increasing its influence on culture. With our strong legacy and authenticity in motorsport, we're well positioned to capitalise on this growing cultural influence and create relevant F1-inspired streetwear. We already showcased this approach when we released a bespoke capsule collection with A$AP Rocky, our creative director for the PUMA X F1 partnership, during the Las Vegas Grand Prix.

NITRO™, one of the best foam technologies in the industry, is at the core of our successful return to performance running and we will continue to invest significant resources into these performance products. PUMA has a long-term vision for the running category, with a pipeline of innovations going beyond the next four or five years.

NITRO™ foam maximizes responsiveness and cushioning while being extremely lightweight, and while it was created as part of our performance running line up, it is also used in other categories, for example in basketball.

PUMA has set up state of the art testing facilities in Germany and the US for our elite athletes, called NITRO™ LAB, which can gather full-body insights to develop bespoke and customised products, so they can perform at their best.

NITRO™ is used in our award-winning running styles Deviate, Velocity and the latest addition ForeverRun. With these three styles, we have a clear product proposition for our consumers.

Women have been a priority for PUMA for many years, and we are doubling down on our commitment to make the best products for her, whether it is female-specific fits for our footwear or other products specifically catering to the needs of women.

We take her serious throughout our performance categories, for example in football, where following two years of research, PUMA is the only sports brand to offer all football boots in fits that are specifically developed for female feet, with a lower volume in the midfoot and a smaller instep compared to unisex sizes. More than 90% of PUMA's professional female players choose their boots in women's specific fits, which shows the real demand for such products.
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While PUMA is not afraid to combine performance and non-performance, our goal is not to be a fashion brand but make sports on trend.

We will continue to create products for her and communicate to our female consumers through campaigns with our global ambassadors such as Rihanna and Dua Lipa, and Pamela Reif.

Another clear area of product excellence is to **create franchises as brands** with well-defined consumer benefits such as Deviate, Velocity and ForeverRun in running, FUTURE, ULTRA, and KING in football as well as All-Pro and MB in basketball. In non-performance categories, we also see the opportunity to establish strong product franchises such as Suede, and Palermo on the Classics side or RS-X and Mostro on the Progressive side. Going forward, we will continue to focus on these key products and ensure a long-term strategy across all our categories.

We have set up local creation centres in major markets such as the US, Europe, China, India, or Japan so they can design the products that best resonate with local consumers and we are active in regionally relevant sports such as cricket, handball, rugby, or netball. We believe that this **glocal approach to product creation** combining global Business Units and local creation centres ensures the perfect balance of global reach and consistency and local relevance of our products.

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 31 December 2023, a total of 1,406 people were employed in research and development/ product management (previous year: 1,307). In 2023, research and development/ product management expenses totalled € 171.5 million (previous year: € 153.1 million), of which € 89.0 million (previous year: € 82.2 million) related to research and development.

SOURCING

THE SOURCING ORGANISATION

PUMA Group's sourcing functions, referred to as PUMA Group Sourcing (PGS), manages all sourcing related activities for PUMA and Cobra, including supplier 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 third-party 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-subsidiaries and PIT and between PIT and the vendors, for added transparency.

The centralisation of the sourcing and procurement functions supported by a cloud-based purchase order management and payment platform has enabled the digitalisation of the supply chain creating transparency, operational efficiency and reducing complexity. For example, container fill rates are optimised, foreign currency risks are managed by PIT directly via a centralised 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 integration of PUMA's sustainability function into the sourcing organisation ensures that industry standards, including social, environmental, chemical safety, as well as product compliance are closely integrated with all our sourcing activities.

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

In 2023, no sourcing countries experienced material COVID restrictions. The lifting of restrictions enabled full normalisation of the supply chain to pre-pandemic levels.

High inflation, fluctuating raw material cost and freight cost impacted the company's operations. In view of the global macroeconomic situation, which has led to a change in customers' ordering behavior and increased inventory levels resulted in a need for more cautious procurement from our suppliers. Hence, we actively adjusted sourcing activities respectively and continued to provide transparency to our sourcing partners so they can adjust their capacities accordingly. Despite these challenges, we remained committed to delivering value to our stakeholders and implemented strategies to mitigate the adverse effects of the prevailing market conditions. Together with sustained demand for PUMA products in 2023 this led to a further normalisation of PUMA inventory levels, in line with expectations.

Our supplier partners form an integral part of the PUMA business. To recognise our suppliers, we organised a Supplier Summit in June 2023 at PUMA Headquarters in Herzogenaurach, bringing them together across all divisions for the first time in over six years. During the Summit, we shared recent and upcoming business developments and expressed gratitude for their partnership with PUMA.

THE SOURCING MARKETS

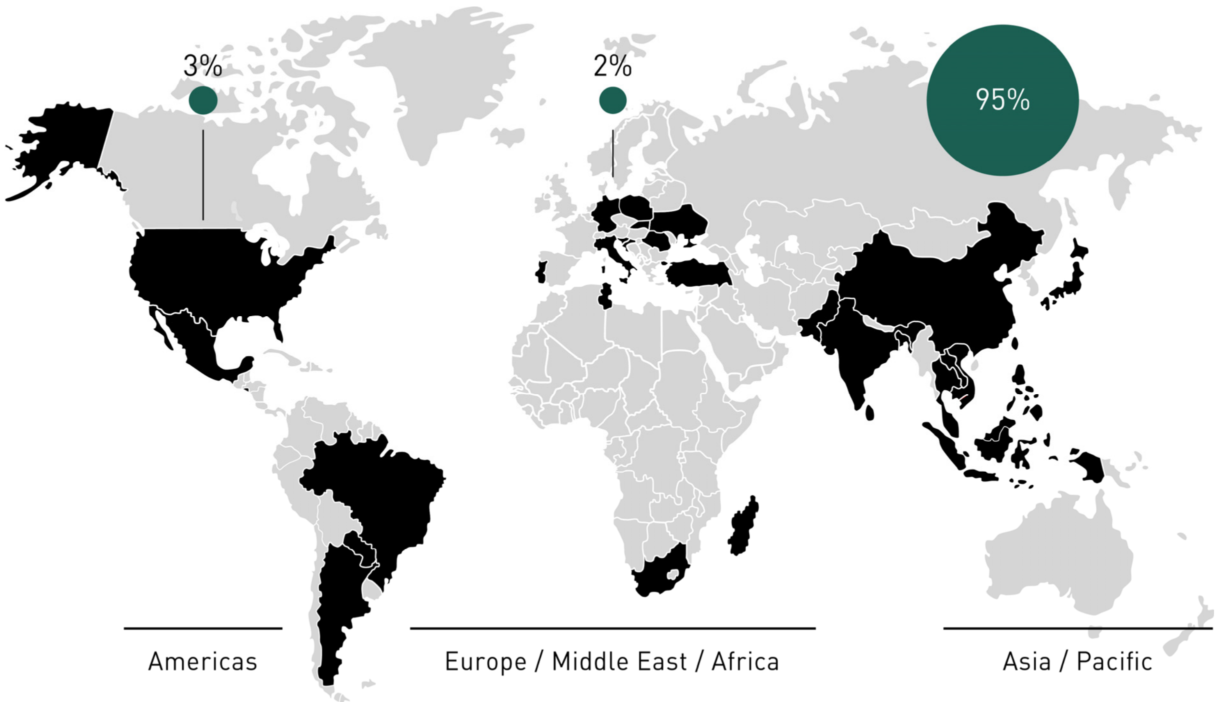
During the financial year 2023, PIT purchased from 158 independent suppliers (previous year: 141) in 29 countries worldwide. The strategic cooperation with long-term partners continues to be one of our key competitive advantages and was crucial in navigating through ongoing supply chain challenges of 2023.

Asia is 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 (94% of the total volume) are all located in the Asian continent. China is the biggest production country in 2023 with a total of 32%. While the absolute volumes in China for apparel have decreased, it was further strengthened as a strategic origin for footwear in 2023. Vietnam – a key development and sourcing hub for all three divisions – is the second biggest production country with 30%. Cambodia is in third place at 13%, Bangladesh, which focusses on apparel, is in fourth place at 12%. Indonesia, with an initial focus on footwear production and increasing volumes for apparel, produces 4% of the total volume and is in fifth place. India – only serving the local market - is in sixth place at 3%. In the growth market of India, we see ourselves in a good competitive position due to local sourcing and are therefore also able to limit the impact of the government's protectionist measures on our business.

Rising wage costs, fluctuating material prices, macroeconomic developments and evolving sustainability regulations, have continued to influence sourcing markets in 2023. Such impacts need to be considered 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, Türkye 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 such as Indonesia.

↗ **G.02 SOURCING REGIONS OF PUMA** (in %)

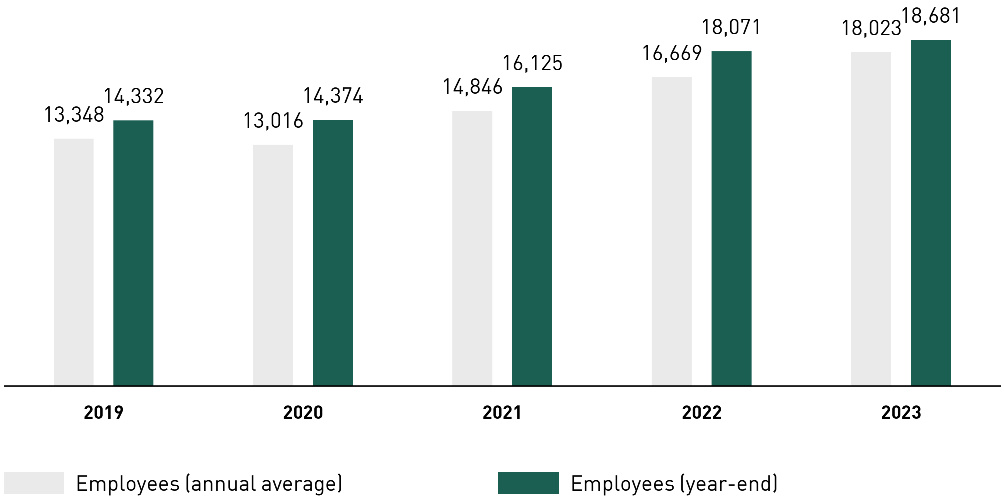


EMPLOYEES

NUMBER OF EMPLOYEES

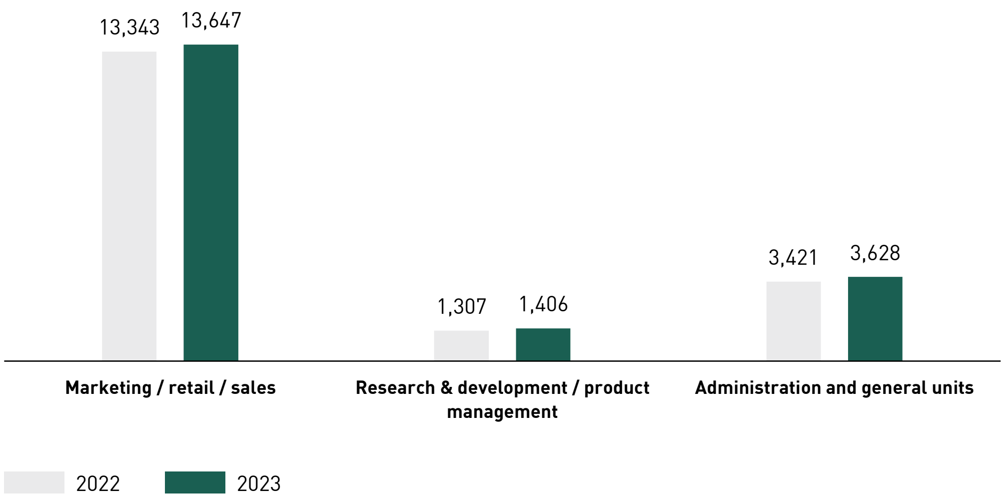
The global number of employees on a yearly average was 18,023 in 2023, compared to 16,669 in the previous year. Personnel expenses increased by a total of 6.4% from € 846.5 million to € 900.6 million in 2023. On average, personnel expenses per employee amounted to € 50.0 thousand, compared to € 50.8 thousand in the previous year.

G.03 CHANGES IN EMPLOYEES (annual average / year-end)



As of **31 December 2023**, the number of employees was 18,681, compared to 18,071 in the previous year. This corresponds to an overall increase in the number of employees of 3.4% compared to the previous year. The development in the number of employees per area is as follows:

G.04 EMPLOYEES (year-end)



TALENT RECRUITMENT AND DEVELOPMENT

Our PUMA family is the key to our success. Our human resources strategy forms the basis of our unique working environment and corporate culture. These help us to attract the best talent worldwide and secure the future success of the company. The three core elements of this strategy are "People First", sustainable human resources practices and digitalisation.

People First means understanding employees' needs, values, and potential and putting them at the centre of our decision making. It helps us create an inclusive culture that respects diversity, promotes health and well-being, and encourages personal and professional growth.

Sustainable people practises create a workplace culture that prioritises employee health and happiness, diversity, and inclusivity, and offers ample opportunities for career growth. Our sustainable people practices are central to building a resilient organisation. By thinking ahead and equipping our employees with the future skills and leadership qualities necessary, we ensure the long-term success of PUMA.

Digital tools in Human Resources improve the work experience of our employees and help us stay competitive and agile in a fast-changing business landscape. By using digital technology, we are improving efficiency, data-driven decision-making, and candidate and employee experiences. We deploy easy-to-use digital tools that enhance collaboration and productivity and offer digital literacy programmes to ensure all employees are equipped to thrive in a digital environment.

To attract external applicants, we use digital platforms and social media in addition to our careers website in order to pursue proactive recruitment strategies that are tailored to our specific target groups. Having a range of on-site and online initiatives at universities both in Germany and abroad creates opportunities to approach potential employees and identify suitable candidates. Our extensive networks and applicant pools enable us to fill vacancies quickly. In a competitive labour market, it's essential for us not only to present ourselves as an attractive employer, but to be viewed as such by our current and potential employees. PUMA's attractiveness is evidenced by its top rankings as an employer and numerous awards. We are very proud that 24 of our PUMA subsidiaries across the regions (Europe, APAC, LATAM and North America) won a coveted Top Employer award in the year under review in recognition of our outstanding corporate culture and working environment. We can therefore continue to 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.

In 2023 we continued to work on simplifying, accelerating and harmonising our business processes worldwide, and intensified the digitalisation of our processes. We have been using the "Workday" software solution for a wide range of HR workflows since 2017. This gives our employees and managers the processes and tools they need to make everyday human resources management efficient. Furthermore, easy-to-use dashboards provide managers with important information and data-driven insights that are essential to their planning work and managerial duties. Analysing our centralised, globally available data provides a solid foundation for making strategic decisions and delivers measurable results. Our objective is to use this digitalised infrastructure to increase operational efficiency and continuously improve our HR practices throughout the employee life cycle at PUMA. This in turn facilitates PUMA's overarching goal of optimising workflows and employees' experiences. It also gives us the means to deal more effectively with the dynamics of demanding labour markets.

We empower our employees to shape their own career paths proactively and independently, promoting their professional development both within Germany and internationally. This is how we succeed in inspiring their loyalty to the company in the long term. As part of our talent management initiative, we use Workday not only to assess performance and set targets, but also to make systematic and forward-looking succession plans for key positions. We identify talent within the company during annual performance reviews and global talent conferences, and foster their development through tailored development plans. This approach to talent management opens up attractive career and development opportunities for our employees. As in the previous financial year, this year we were again able to fill the majority of key positions worldwide via internal promotions or horizontal moves, which confirms that our talent management and employee development strategy is solid.

The ongoing personal and professional development of our employees is crucial to ensuring that our team has the skills they need to guarantee us continuous growth and market competence, particularly in times of great uncertainty and change. Workday helps us to avoid skills shortages and maintain a clear overview of the existing competencies in our team. In 2023 we examined this issue more closely, delving deeper in particular into the competencies that we will need in the future. The insights we gained from this deep dive are essential for us in terms of strategic human resources planning. They form the basis for our recruitment activities and for the development of new training programmes.

The range of training that we provide includes a number of online and offline training courses and workshops, which are either standardised or tailored to individual needs. With "LinkedIn Learning" and "Good Habitz", there are now over 23,000 different training courses available for our employees. They also have a wide range of learning categories to choose from for self-directed personal and professional development. Like last year, we focused particularly on the topics of mental well-being, resilience and mindfulness this year, 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 have a proactive strategy for engaging learners. This includes putting on entertaining activities about various topics, gamification and internal learning competitions, not to mention the quarterly Top Learner Award for the most active learners worldwide. Thanks to this approach, PUMA was nominated for the "eLearning Journal" Award 2024 in the "Learner Engagement" category. We further expanded the Digital Agile Coach programmes that we offer to various target groups.

We have a global Busuu licence that provides access to 13 languages. This enables all our employees, including retail staff, to learn new languages online in a flexible way that meets their needs. They are supported by live lessons with qualified trainers. Learning is undertaken both via an app and in direct contact with others. There is a particular focus on English, but Busuu also facilitates the learning of other languages for personal or professional purposes.

With a range of dual-study programmes 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 programme, consisting of the ILP (International Leadership Programme) and ILP^2 seminar series. The programme 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 programme aims to empower our managers to lead effectively in the VUCA world (VUCA is an acronym for volatile, uncertain, complex, and ambivalent). The programme 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 programme 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 programme also offers individual coaching.

Our "Speed Up" and "Speed Up^2" development programmes are aimed at employees across different levels of the organisation. These programmes help to fully prepare employees for the next stage of their career, covering interdisciplinary projects and deployments, targeted training, mentoring, coaching and job rotations. They are designed to actively promote selected top talent. Another essential aspect of these programmes is increasing the visibility of participants through to the highest level of management, promoting multi-disciplinary cooperation and developing a strong professional network.

Feedback from our employees is of the utmost importance to us. Our listening strategy comprises various methods of receiving feedback and aims to capture and understand the opinions and needs of our workforce. To gather their views and suggestions, we prepare questionnaires, regular short surveys, focus groups, interviews and mood analyses, often using systems such as Amber and Workday. The resulting feedback affirms our commitment to continuing and further developing the initiatives that have been launched.

Since 2009 we have been conducting regular global employee surveys to obtain feedback from our staff on a variety of topics and to measure their engagement. A total of 15,339 employees took part in the global survey we carried out in 2023 and took the opportunity to tell us what they think about their workplace and their day-to-day work. This equates to a participation rate of 85% (2021: 86%). We saw an increase in positive ratings in two categories. Four categories remained at their already high level and seven categories saw a slight decline of 1% compared to the previous survey. We compare our survey results with various sets of market data, including high-performance data that we surpass or are equal to in up to four categories. High-performing companies are those that outperform the market in financial terms and regularly achieve excellent employee survey results. This positive feedback encourages us to continue and strengthen the measures we have already introduced. The survey results were communicated at global, local and departmental level, and follow-up measures were defined.

WORKS COUNCIL

Our trust-based, constructive collaboration with the Works Councils is an important part of our corporate culture. In 2023, the European Works Council of PUMA SE represented employees from 14 European countries and had 18 members. The German Works Council of PUMA SE consisted 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 programmes, 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 programmes for the senior management level that honour the sustainable development and performance of the business. The bonus system is transparent and globally standardised. Incentives are exclusively linked to company goals.

MANAGEMENT SYSTEM

We use a variety of **indicators to manage** our performance in relation to our top corporate goals. We have defined **growth and profitability as key targets** within finance-related areas. Our focus therefore is on improving our sales and operating result (EBIT). These are the most significant financial performance indicators. Moreover, we aim to minimise 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 analysed 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 euros, 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 converted at the average rates for the previous year, but were instead translated at the corresponding average rates for the current year. In the case of countries that are in a hyperinflationary environment, the previous year's amounts are not converted at the reporting date rates of the previous year, but at those of the current reporting 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.

Besides the above mentioned significant indicators, **sustainability** and creating stakeholder value is an important aspect of PUMA's overall business performance. Acting in a responsible manner and continuously improving PUMAs impacts on the environment and people are not only expected by our employees, consumers and investors but also supports our financial performance. Since many years, and in line with our current 10FOR25 sustainability strategy, we use several indicators to assess PUMA's performance against environmental and social criteria. Those indicators relate to climate action, human rights (including occupational health and safety) as well as circularity and are part of the performance bonus of our leadership team globally. Since a large portion of PUMAs impact on the environment and people is created in our supply chain, we also include supply chain specific sustainability performance indicators in our annual reporting. For further details, please refer to the sustainability section of this report and our corporate website.

The calculation of the 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 recognised 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 amortisation, provisions and impairment loss, before interest (= financial result) and before taxes. The financial result includes interest income and interest expenses, currency conversion differences and the effects from the net position of monetary items in connection with hyperinflation accounting. 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 recognised 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 amortisation, to assess the results of operations. EBITDA is calculated based on the operating result (EBIT) adding depreciation and amortisation, 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 a single 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 2023 is published together with the combined management report and can be accessed at the following location on our website:
https://about.PUMA.com/en/investor-relations/financial-reports

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

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY

According to the winter forecast of the Kiel Institute for the World Economy (Kiel Institut für Weltwirtschaft – IfW Kiel) dated 13 December 2023, the global economy held up better than expected in view of the inflation shock and the massive tightening of monetary policy in 2023, even if economic expansion was only moderate. Industrial production and world trade remained without momentum until the end of the year. The experts at IfW Kiel expect global gross domestic product (GDP) to have risen by a total of 3.1% for the past financial year 2023. Major differences in economic momentum were recorded both in the advanced economies and in the emerging markets. With regard to China, IfW Kiel experts note that, by historical comparison, the pace of expansion is still low and that China has largely lost its role as the engine of global economic expansion. In addition, accelerated inflation in Argentina and Turkey had a negative impact on economic development.

SPORTING GOODS INDUSTRY

The sporting goods industry was faced with various challenges in 2023, which contributed to a difficult market environment. This was mainly due to the sharp rise in inflation, which led to a corresponding negative impact on consumer spending. In addition, excess inventory and sales-promoting measures were unfavourable to industry development.

Major sporting events in 2023, such as the Athletics World Championships in Hungary and the FIFA Women's World Cup in Australia and New Zealand, had a positive effect on the sporting goods industry. To our knowledge, sporting activity and the pursuit of an increasingly healthy and sustainable lifestyle continued to gain in importance for an ever-increasing proportion of the world's population, following the COVID-19 pandemic. 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

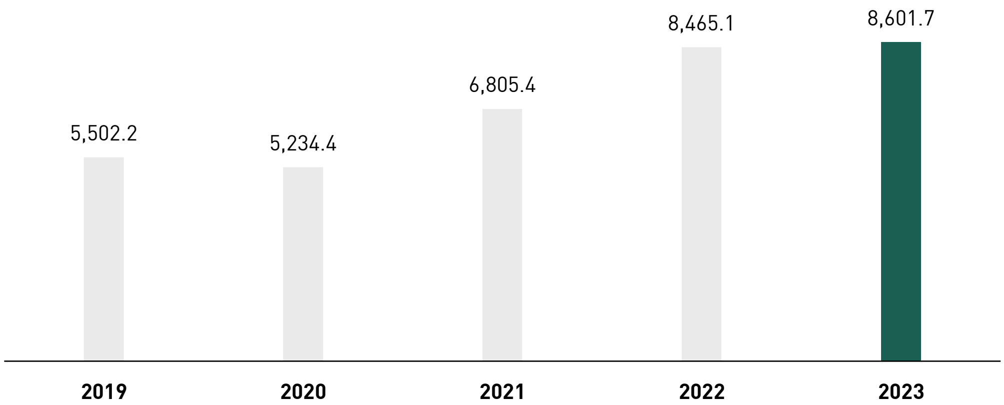
ILLUSTRATION OF SALES DEVELOPMENT IN 2023 COMPARED TO THE OUTLOOK

In its combined management report for 2022, PUMA forecast a currency-adjusted increase in sales in the high single-digit percentage range for financial year 2023. Sales development was affected by the significant devaluation of the Argentine peso and the associated translation effects at the closing rate, which had an extraordinary impact in the fourth quarter and on the full-year 2023. Due to the extent and timing of these currency effects, we were unable to fully compensate for the overall negative impact at the end of the year. Nevertheless, sales development was largely in line with the outlook. More details on sales development in the financial year 2023 are provided below.

SALES

PUMA's sales in the reporting currency, the euro, increased by 1.6% to € 8,601.7 million in the financial year 2023 (previous year: € 8,465.1 million). Currency-adjusted sales increased by 6.6%. This allowed PUMA to achieve record sales of € 8.6 billion in 2023, the year of the 75th anniversary of the company, despite the difficult market environment.

↗ **G.05 SALES** (€ million)

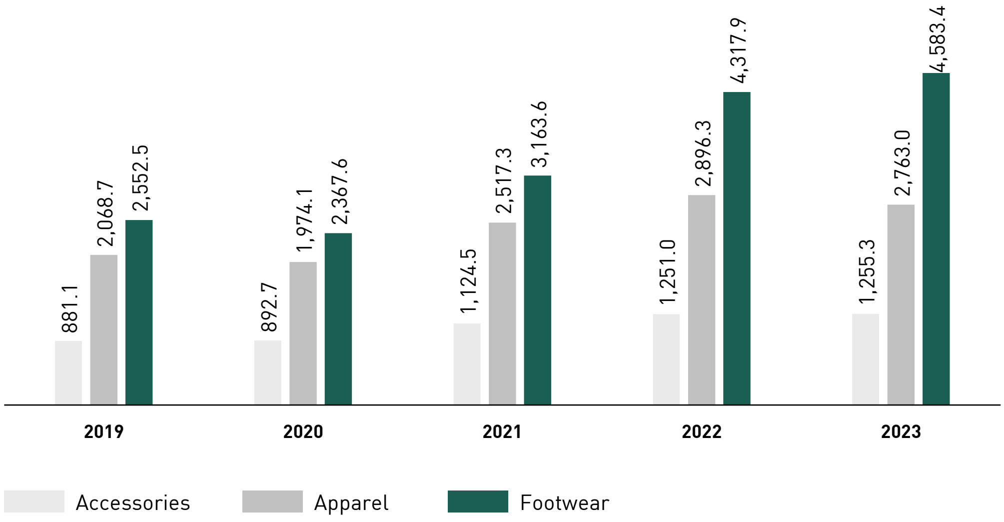


In the **footwear** division, sales increased in the reporting currency, the euro, by 6.1% to € 4,583.4 million. Currency-adjusted sales increased by 12.4%. The footwear division continued to be the growth driver and the strongest growth was achieved in the Sportstyle, Teamsport and Basketball categories. The share of the footwear division in total sales rose from 51.0% in the previous year to 53.3% in 2023.

Sales in the **apparel** division fell by 4.6% to € 2,763.0 million in the reporting currency, the euro. Adjusted for currency effects, sales fell only slightly by 0.3%. Higher sales in the categories Teamsport and Running & Training were compared to lower sales in the Sportstyle and Motorsport categories. The share of the apparel division decreased to 32.1% of Group sales (previous year: 34.2%).

The **accessories** division reported an increase in sales in the reporting currency, the euro, of 0.3% to € 1,255.3 million. This corresponds to a currency-adjusted sales growth of 3.1%. The growth in the Teamsport category was partly offset by slightly lower sales with Cobra golf clubs. In 2023, the share of the accessories division decreased to 14.6% of Group sales from 14.8% in the previous year.

↗ G.06 SALES BY PRODUCT DIVISIONS (€ million)

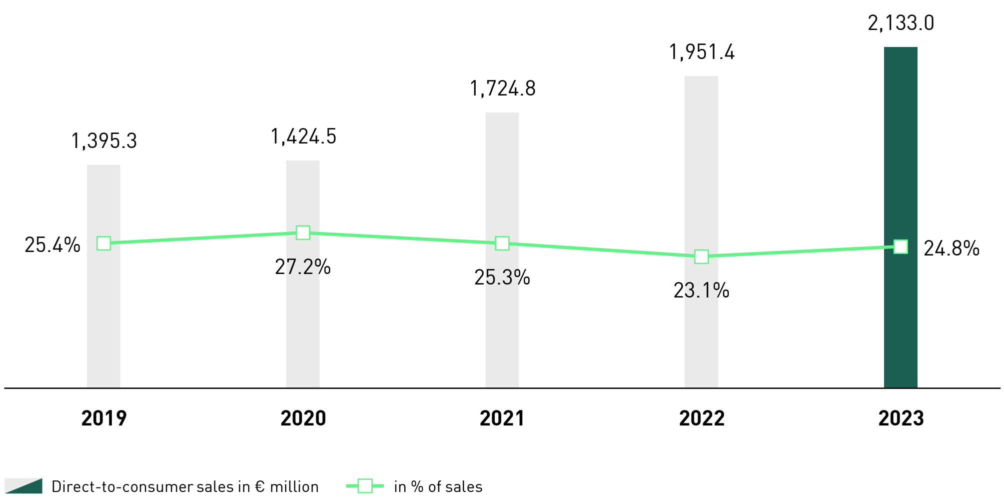


OWN RETAIL ACTIVITIES

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 17.5% currency-adjusted to € 2,133.0 million in the financial year 2023. This corresponds to a share of 24.8% of total sales (previous year: 23.1%). Adjusted for currency effects, sales in PUMA's own full-price stores and factory outlets increased by 18.8% in 2023. In the e-commerce business, sales increased by 15.0% in 2023, adjusted for currency effects. The continued strong sales growth in our DTC business was due to continued brand desirability, the opening of own retail stores and their increase in productivity.

↗ G.07 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 14.0% to € 38.5 million in the financial year 2023 (previous year: € 33.8 million). The main reason for the increase was the granting of new licences in the golf and accessories segment.

REGIONAL DEVELOPMENT

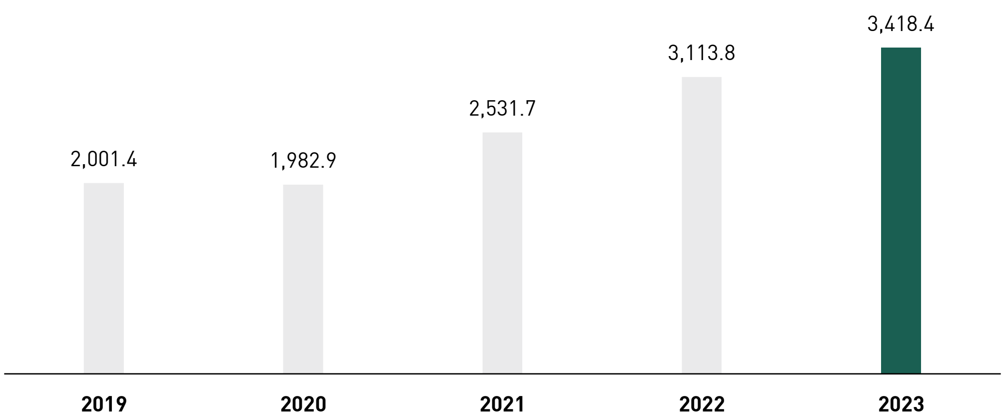
In the following explanation of the regional development of sales, the sales are allocated to the customers' actual region ("customer site"). It is divided into three geographical regions (EMEA, Americas and Asia/Pacific).

PUMA's sales in the reporting currency, the euro, increased by 1.6% in the financial year 2023. This corresponds to a currency-adjusted sales increase of 6.6% compared to the previous year. This currency-adjusted growth resulted in particular from good sales performance in the EMEA and Asia/Pacific regions, which both achieved double-digit growth rates. In contrast, the Americas region recorded a slight decrease in sales.

In the **EMEA** region, sales in the reporting currency, the euro, rose by 9.8% to € 3,418.4 million. Adjusted for currency effects, this corresponds to an increase in sales of 13.4%. Almost all countries in the region, with the exception of Great Britain and Sweden, contributed to this development with sales growth. Particularly strong growth came from Germany, Spain, Italy and Turkey. In terms of Group sales, the EMEA region's share rose from 36.8% in the previous year to 39.7% in 2023.

With regard to product divisions, sales from footwear recorded a currency-adjusted increase of 21.7%. Currency-adjusted sales of apparel increased by 8.2%. Currency-adjusted sales of accessories rose by 2.5%.

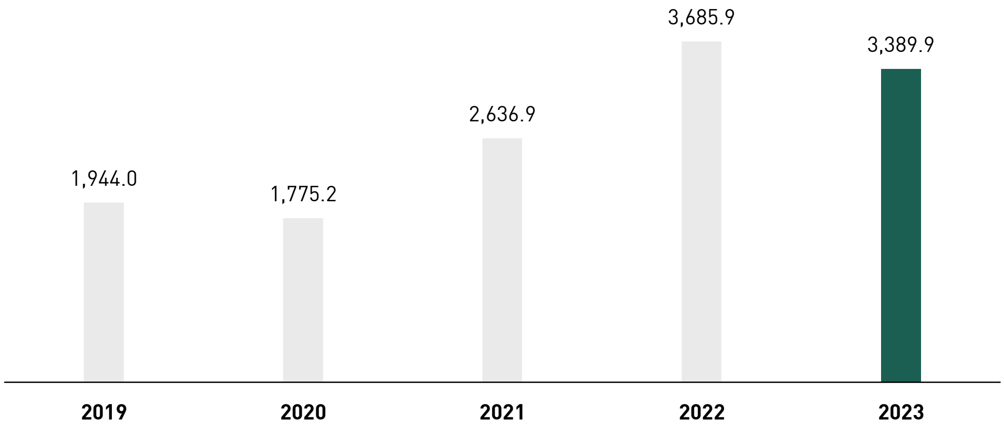
↗ **G.08 EMEA SALES** (€ million)



In the **Americas** region, sales in the reporting currency, the euro, decreased by 8.0% to € 3,389.9 million. The decline in sales in the reporting currency was impacted by negative exchange rate effects due to the strong devaluation of the Argentine peso against the euro. Currency-adjusted sales decreased by 2.4%. The currency-adjusted sales decline was mainly due to a difficult macroeconomic environment, high inventory levels in the trade and PUMA's relative dependence on the off-price wholesale business in the USA. The Americas region's share of Group sales decreased from 43.5% in the previous year to 39.4% in 2023.

In terms of product divisions, both footwear (+1.5% currency-adjusted) and accessories (+4.8% currency-adjusted) recorded sales growth compared to the previous year. In contrast, currency-adjusted sales in the apparel division fell by 13.3%.

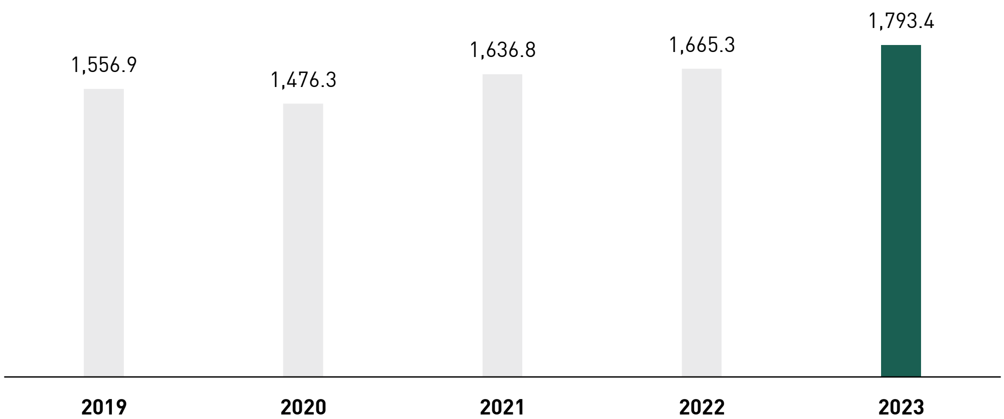
G.09 AMERICAS SALES (€ million)



In the **Asia/Pacific** region, sales in the reporting currency, the euro, rose by 7.7% to € 1,793.4 million. Adjusted for currency effects, this corresponds to an increase in sales of 13.6%. While China, India and Singapore, among others, recorded double-digit sales growth, sales declined in South Korea and Australia. The share of the Asia/Pacific region in Group sales increased from 19.7% in the previous year to 20.8% in 2023.

In terms of product divisions, both footwear (+22.6% currency-adjusted) and apparel (+5.9% currency-adjusted) recorded sales growth compared to the previous year. In contrast, currency-adjusted sales in the accessories division fell by 1.4%.

G.10 ASIA/PACIFIC SALES (€ million)



RESULTS OF OPERATIONS

T.01 INCOME STATEMENT

	2023		2022		
	€ million	**%**	**€ million**	**%**	**+/-%**
Sales	**8,601.7**	**100.0%**	**8,465.1**	**100.0%**	**1.6%**
Cost of sales	-4,615.1	-53.7%	-4,562.3	-53.9%	1.2%
Gross profit	**3,986.6**	**46.3%**	**3,902.7**	**46.1%**	**2.1%**
Royalty and commission income	38.5	0.4%	33.8	0.4%	14.0%
Other operating income and expenses	-3,403.5	-39.6%	-3,295.9	-38.9%	3.3%
Operating Result (EBIT)	**621.6**	**7.2%**	**640.6**	**7.6%**	**-3.0%**
Financial result	-143.3	-1.7%	-88.9	-1.1%	61.2%
Earnings before taxes (EBT)	**478.3**	**5.6%**	**551.7**	**6.5%**	**-13.3%**
Taxes on income	-117.8	-1.4%	-127.4	-1.5%	-7.5%
- Tax rate	24.6%		23.1%		
Net income attributable to non-controlling interests	-55.7	-0.6%	-70.9	-0.8%	-21.4%
Net income	**304.9**	**3.5%**	**353.5**	**4.2%**	**-13.7%**
Weighted average number of outstanding shares (million shares)	149.85		149.65		0.1%
Weighted average number of outstanding shares, diluted (million shares)	149.87		149.66		0.1%
Earnings per share (€)	2.03		2.36		-14.0%
Earnings per share (€) - diluted	2.03		2.36		-14.0%

ILLUSTRATION OF EARNINGS DEVELOPMENT IN 2023 COMPARED TO THE OUTLOOK

In the outlook in the combined management report for 2022, PUMA forecast an operating result (EBIT) in the range between € 590 million and € 670 million for the financial year 2023 (2022: € 641 million). Thanks to continued strong brand momentum, exciting product launches, strong partnerships along the value chain, and supported by our operational flexibility, PUMA was able to fully achieve its forecast for operating result for the full-year 2023, despite the significant devaluation of the Argentine peso.

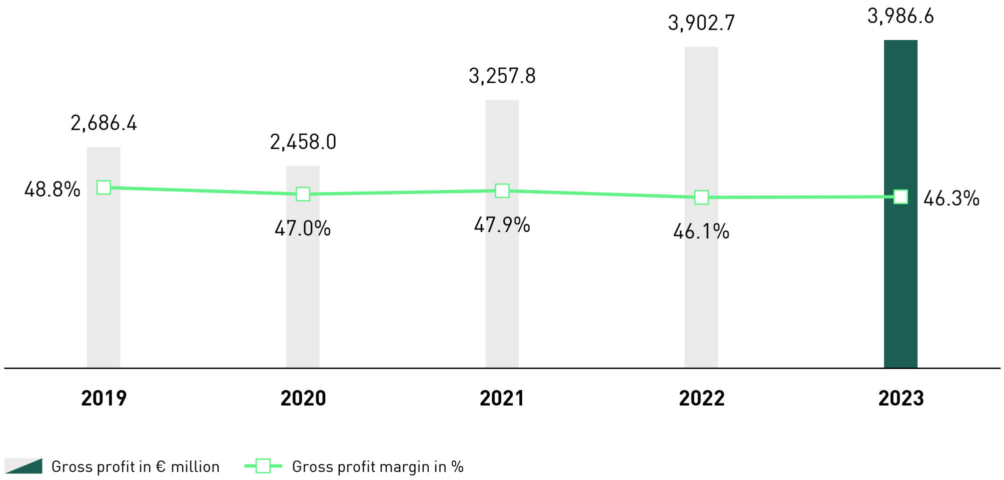
More details on earnings development in the financial year under review are provided below.

GROSS PROFIT MARGIN

PUMA's gross profit in the financial year 2023 increased by 2.1% from € 3,902.7 million to € 3,986.6 million. The gross profit margin improved by 20 basis points from 46.1% to 46.3%. The increase was due to price adjustments, a more favourable regional and distribution channel mix, and positive currency effects. In contrast, a discount-intensive market environment with higher sales-promoting measures, fluctuating sourcing prices due to raw materials and fluctuating freight costs had a negative effect.

The gross profit margin in the footwear division improved from 44.9% in the previous year to 45.4% in 2023. The gross profit margin for apparel increased from 47.3% to 47.8%. In contrast, the gross profit margin for accessories fell from 47.4% to 46.6%.

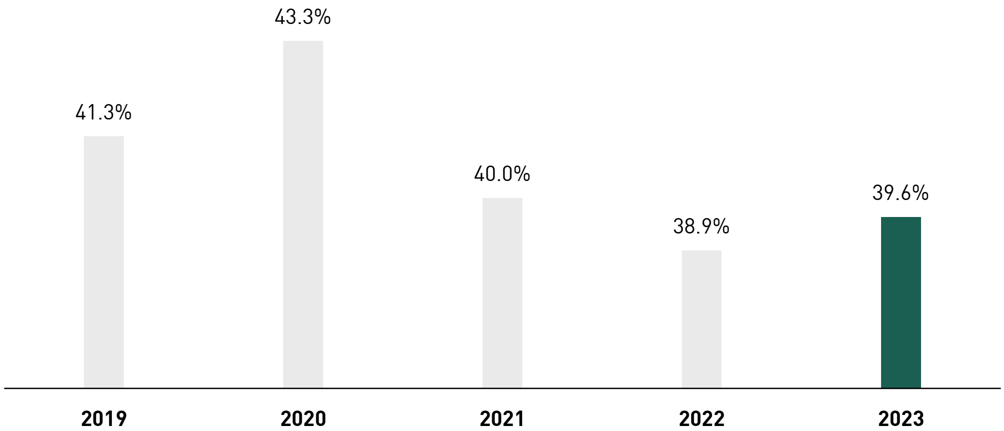
↗ G.11 GROSS PROFIT/GROSS PROFIT MARGIN



OTHER OPERATING INCOME AND EXPENSES

The net expense of other operating income and expenses (OPEX) increased by 3.3% in financial year 2023 to € 3,403.5 million (from € 3,295.9 million in the previous year). The increase is due to sales-related distribution and other variable costs, the strong growth in our DTC sales channel and higher marketing investments. This development was partially offset by operational leverage in other cost areas and favourable exchange rate effects. The cost ratio increased from 38.9% in the previous year to 39.6% in 2023.

↗ **G.12 OPERATING EXPENSES** (as a % of sales)



Within selling expenses, marketing/retail expenses increased by 4.1% to € 1,643.2 million, while the cost ratio was 19.1% of sales in 2023, compared with a cost ratio of 18.6% in the previous year. Other selling expenses, which mainly include sales-related costs and costs for warehousing and logistics, increased by 5.2% to € 1,155.8 million. The cost ratio of other selling expenses decreased to 13.4% of sales in 2023 compared to a cost ratio of 13.0% in the previous year.

Research and development/product management expenses increased by 12.0% to € 171.5 million compared to the previous year and the cost ratio rose slightly to 2.0%. Other operating income amounted to € 17.8 million in the past financial year and essentially includes income from the sale of fixed assets and income from the disposal of finance leases. General and administrative expenses fell by 3.2% to € 450.9 million in 2023. The cost ratio of general and administrative expenses improved to 5.2% of sales in 2023. Depreciation and amortisation is included in the relevant costs and total € 351.7 million (previous year: € 332.8 million). In addition, the respective costs include impairment expenses totalling € 5.7 million and corresponding reversals of impairment losses in the amount of € 11.9 million.

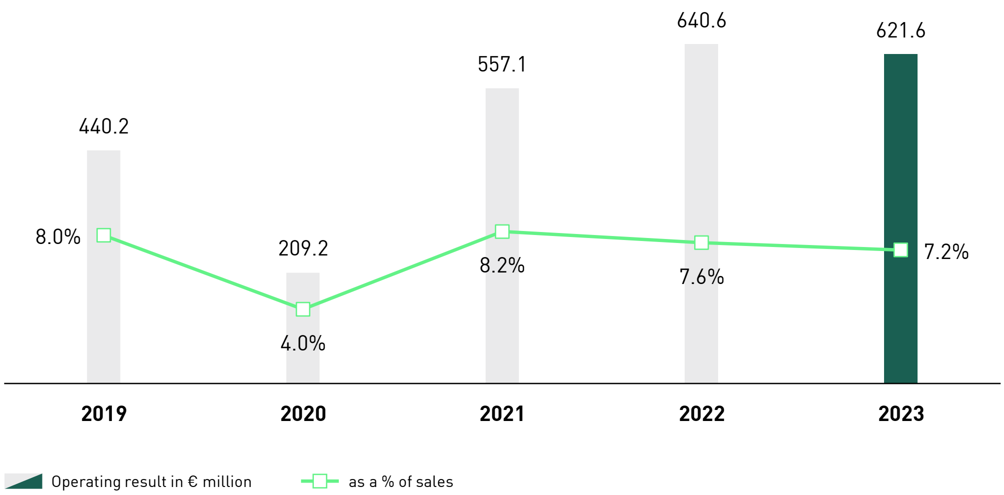
RESULT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

The result before interest (= financial result), taxes, depreciation and amortisation (including impairment losses and reversals of impairment losses) (EBITDA) decreased by 3.2% to € 967.1 million in financial year 2023 (from € 999.3 million in the previous year). The EBITDA margin decreased from 11.8% in the previous year to 11.2% in 2023.

OPERATING RESULT (EBIT)

In the 2023 financial year, operating result decreased by 3.0% to € 621.6 million (from € 640.6 million in the previous year). Despite higher sales and an improved gross profit margin, the slightly stronger increase in other operating income and expenses in comparison with sales led to this decline. The EBIT margin decreased from 7.6% in the previous year to 7.2% in 2023.

↗ G.13 OPERATING RESULT



FINANCIAL RESULT

The financial result in 2023 decreased from a total of € -88.9 million in the previous year to € -143.3 million. This development is mainly due to the sharp increase in expenses from currency conversion differences totalling € -69.4 million in 2023, compared to just € - 2.2 million in the previous year, and also includes valuation losses in connection with the devaluation of the Argentine peso. The increase in interest expenses in 2023 to a total of € -100.8 million (previous year: € - 54.4 million) also contributed significantly to this development. In contrast, interest income increased to a total of € 37.8 million in 2023 (previous year: € 32.3 million) and expenses from hyperinflation effects fell to € - 23.7 million (previous year: € - 27.8 million). The remaining other financial income and expenses, which in particular include interest components in connection with forward exchange contracts ("swap points"), improved to € 12.8 million compared to € - 36.8 million in the previous year.

EARNINGS BEFORE TAXES (EBT)

In the financial year 2023, PUMA generated earnings before taxes of € 478.3 million. This corresponds to a decrease of 13.3% compared to the previous year (€ 551.7 million). Tax expenses decreased to € 117.8 million, compared to € 127.4 million in the previous year. Accordingly, the tax rate rose from 23.1% to 24.6% in 2023.

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 decreased by 21.4% to € 55.7 million in the financial year 2023 (previous year: € 70.9 million). The companies affected are PUMA United North America LLC, PUMA United Aviation North America LLC, PUMA United Canada ULC and Janed Canada LLC. 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 INCOME

Consolidated net income decreased by 13.7% in financial year 2023 to € 304.9 million (from € 353.5 million). Despite higher sales and an improved gross profit margin, the slightly stronger increase in other operating income and expenses compared to sales and the declining financial result led to this development.

Earnings per share and diluted earnings per share decreased from € 2.36 in the previous year to € 2.03 in the financial year 2023, in line with the development of the consolidated net income.

DEVELOPMENT OF THE SEGMENTS

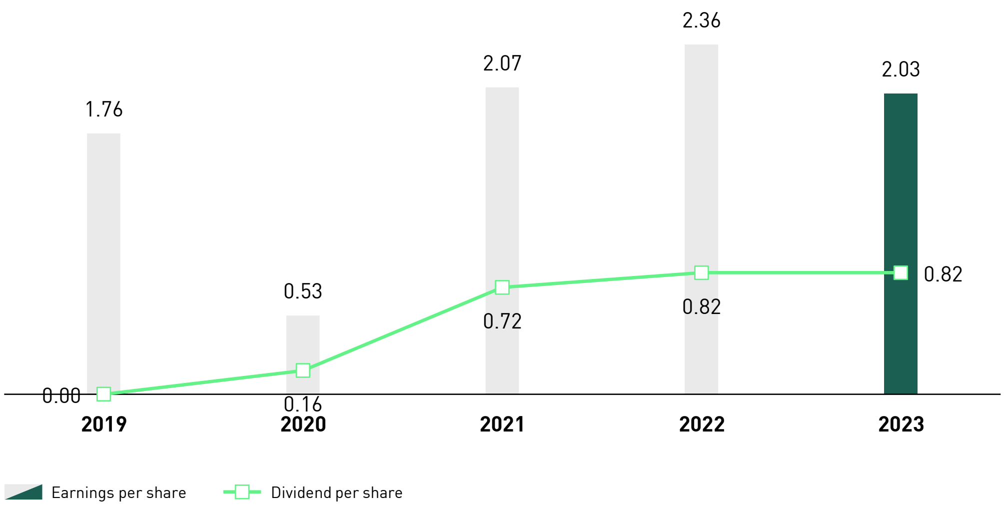
Internal management of the PUMA Group is carried out across seven segments (Europe, EEMEA, North America, Latin America, Greater China, Asia/Pacific (excluding Greater China) and stichd), based on the registered office of the respective subsidiaries. The differences from the presented regional development 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. Exceptions were the EEMEA segment, which showed double-digit growth rates due to the comparatively strong growth of sales and operating result in several countries and especially in Turkey. In the North America segment, the difficult macroeconomic environment, high inventory levels in the trade and the relative dependence on wholesale business in the off-price segment led to a decline in sales and operating result. In the Latin America segment, operating result was only at the previous year's level, despite double-digit sales growth in Mexico, Chile and Brazil. This was mainly due to the negative currency exchange effects resulting from the sharp devaluation of the Argentine peso, which had a strong impact on profitability in the Latin America segment. In the Greater China segment, double-digit sales growth and a significant improvement in operating result were achieved due to the continued recovery and re-opening of the market. The stichd segment recorded a decline in operating result due to start-up costs in the Formula 1 business and due to expenses in connection with the implementation of SAP in 2023.

DIVIDENDS

The positive net income enables the Management Board and the Supervisory Board of PUMA SE to propose the distribution of a dividend of € 0.82 per share for the financial year 2023 at the Annual General Meeting on 22 May 2024. This corresponds to a payout ratio of 40.3% of consolidated net income. The higher payout ratio results from the strong improvement in free cash flow and reflects the underlying positive operating business development. In general, PUMA's dividend policy continues to provide for a payout of 25% to 35% of consolidated net income. 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 € 0.82 per share was paid out (payout ratio for previous year: 34.7%).

↗ **G.14 EARNINGS/DIVIDEND PER SHARE** (in €)



NET ASSETS AND FINANCIAL POSITION

↗ T.02 BALANCE SHEET

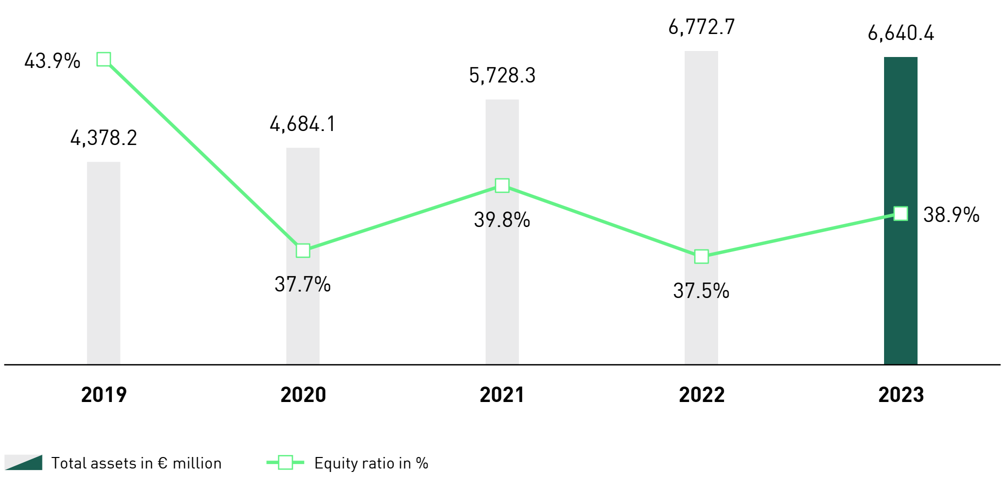
	31 Dec. 2023		31 Dec. 2022		
	€ million	**%**	**€ million**	**%**	**+/-%**
Cash and cash equivalents	552.9	8.3%	463.1	6.8%	19.4%
Inventories *	1,804.4	27.2%	2,245.1	33.1%	-19.6%
Trade receivables *	1,118.4	16.8%	1,064.9	15.7%	5.0%
Other current assets *	385.6	5.8%	304.1	4.5%	26.8%
Other current assets	69.8	1.1%	123.2	1.8%	-43.4%
Current assets	**3,931.1**	**59.2%**	**4,200.4**	**62.0%**	**-6.4%**
Deferred tax assets	296.1	4.5%	295.0	4.4%	0.3%
Right-of-use assets	1,087.7	16.4%	1,111.3	16.4%	-2.1%
Other non-current assets	1,325.6	20.0%	1,166.0	17.2%	13.7%
Non-current assets	**2,709.3**	**40.8%**	**2,572.3**	**38.0%**	**5.3%**
Total assets	**6,640.4**	**100.0%**	**6,772.7**	**100.0%**	**-2.0%**
Current borrowings	145.9	2.2%	75.9	1.1%	92.3%
Trade payables *	1,499.8	22.6%	1,734.9	25.6%	-13.6%
Other current liabilities *	631.3	9.5%	792.3	11.7%	-20.3%
Current lease liabilities	212.4	3.2%	200.2	3.0%	6.1%
Other current liabilities	47.7	0.7%	39.7	0.6%	20.1%
Current liabilities	**2,537.2**	**38.2%**	**2,843.0**	**42.0%**	**-10.8%**
Non-current borrowings	426.1	6.4%	251.5	3.7%	69.4%
Deferred tax liabilities	12.4	0.2%	42.0	0.6%	-70.5%
Pension provisions	22.5	0.3%	22.4	0.3%	0.7%
Non-current lease liabilities	1,020.0	15.4%	1,030.3	15.2%	-1.0%
Other non-current liabilities	40.0	0.6%	44.7	0.7%	-10.5%
Non-current liabilities	**1,520.9**	**22.9%**	**1,390.9**	**20.5%**	**9.4%**
Equity	**2,582.3**	**38.9%**	**2,538.8**	**37.5%**	**1.7%**
Total liabilities and equity	**6,640.4**	**100.0%**	**6,772.7**	**100.0%**	**-2.0%**
Working Capital	**1,177.3**		**1,086.8**		**8.3%**
- in % of sales	13.7%		12.8%		

* 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 1.7%, from € 2,538.8 million in the previous year to € 2,582.3 million as of 31 December 2023. Although the positive consolidated income contributed to the increase in Group equity, there was a negative impact of € - 85.9 million from the other comprehensive income that is directly recorded in equity, mainly due to negative currency conversion differences. The balance sheet total decreased slightly by 2.0% as at the balance sheet date, to € 6,640.4 million (from € 6,772.7 million in the previous year). Overall, this resulted in an increase in the equity ratio of 1.4 percentage points from 37.5% in the previous year to 38.9% as at 31 December 2023.

↗ G.15 BALANCE SHEET TOTAL/EQUITY RATIO



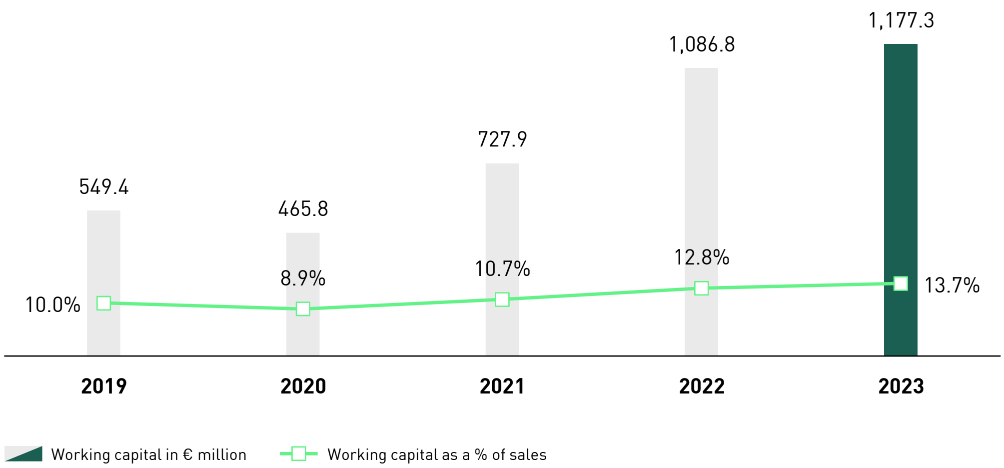
WORKING CAPITAL

As of the balance sheet date, working capital increased by 8.3% from € 1,086.8 million in the previous year to € 1,177.3 million as of 31 December 2023. In relation to sales in the respective financial year, this corresponds to an increase in the working capital ratio from 12.8% in the previous year to 13.7% at the end of 2023. This development was mainly attributable to the decline of trade payables due to the adjusted sourcing volumes in 2023 and the decrease in other current liabilities and provisions included in working capital. In addition, higher trade receivables and higher other current assets attributable to working capital contributed to the increase. In contrast, the reduction in inventories had the opposite effect.

On the assets side, inventories fell by 19.6% as at the balance sheet date, to € 1,804.4 million (from € 2,245.1 million). This development shows that our previous measures to reduce inventories to an appropriate level were successful. Trade receivables increased due to longer customary payment terms by 5.0% to € 1,118.4 million (from € 1,064.9 million) as at the balance sheet date. Other current assets, which are attributable to working capital rose by 26.8% to € 385.6 million (from € 304.1 million), primarily due to higher advance payments and tax refund claims.

On the liabilities side, trade payables decreased by 13.6% to € 1,499.8 million (from € 1,734.9 million) due to the adjusted sourcing volumes. The other current liabilities and provisions, which are contained in working capital and include, among other things, customer bonus and warranty provisions, decreased by 20.3% to € 631.3 million (from € 792.3 million).

↗ G.16 WORKING CAPITAL



OTHER ASSETS AND OTHER LIABILITIES

Other current assets outside of working capital include, in particular, the positive market value of derivative financial instruments and current receivables from leases. Overall, other current assets outside of working capital decreased to € 69.8 million, compared to € 123.3 million in the previous year.

Right-of-use assets fell slightly by 2.1% to € 1,087.7 million (from € 1,111.3 million in the previous year). The decline was due to the ongoing depreciation of right-of-use assets and the effects of subleasing. In contrast, the additions to right-of-use assets in 2023 were mainly related to newly opened retail stores and extensions or contract amendments to existing retail stores as well as the opening of new warehouses or the expansion of existing warehouses. The right-of-use assets referred to own retail stores totalling € 464.2 million (previous year: € 430.9 million), warehouses and offices totalling € 557.7 million (previous year: € 613.1 million) and other lease items, mainly technical equipment and machines and motor vehicles, totalling € 65.7 million as of 31 December 2023 (previous year: € 67.3 million). The associated current and non-current leasing liabilities remained virtually unchanged overall.

Other non-current assets, which mainly comprise intangible assets and property, plant and equipment, increased by 13.7% to € 1,325.6 million (from € 1,166.0 million) in the past financial year. The increase is linked to the expansion of investment activities in 2023, following lower investments in non-current assets in previous years. In addition, the acquisition of investment property totaling € 21.1 million contributed to the increase.

As at 31 December 2023, current borrowings include the current proportion of promissory note loans in the amount of € 125.0 million (previous year: € 60.0 million) and short-term bank liabilities amounting to € 20.9 million (previous year: € 15.9 million).

Other current liabilities, which exclusively include the negative market value of derivative financial instruments, increased from € 39.7 million to € 47.7 million compared to the previous year.

Non-current borrowings include promissory note loans totalling € 426.1 million (previous year: € 251.5 million).

Pension provisions remained almost unchanged at € 22.5 million (previous year: € 22.4 million).

Other non-current liabilities amounted to € 40.0 million as at the balance sheet date (previous year: € 44.7 million).

CASH FLOW

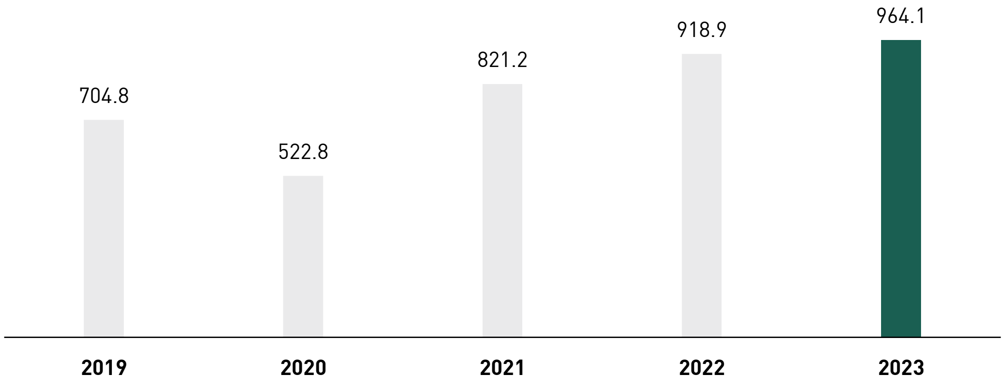
↗ T.03 CASH FLOW STATEMENT

	1-12/2023	1-12/2022	
	€ million	€ million	+/-%
Earnings before taxes (EBT)	**478.3**	**551.7**	**-13.3%**
Financial result and non-cash effected expenses and income	485.7	367.2	32.3%
Gross cash flow	**964.1**	**918.9**	**4.9%**
Change in current assets, net	-129.2	-343.3	-62.4%
Payments for taxes on income	-181.3	-157.4	15.2%
Net cash from operating activities	**653.6**	**418.3**	**56.3%**
Payments for investing in fixed assets	-300.4	-263.6	13.9%
Other investing and divestment activities incl. interest received	15.8	22.9	-31.1%
Net cash used in investing activities	**-284.6**	**-240.8**	**18.2%**
Free cash flow	**369.0**	**177.5**	**107.9%**
Free cash flow (before acquisitions)	**369.0**	**177.5**	**107.9%**
Dividend payments to shareholders of PUMA SE	-122.8	-107.7	14.0%
Dividend payments to non-controlling interests	-92.4	-73.3	26.2%
Proceeds from borrowings	299.6	17.9	1571.2%
Cash repayments of borrowings	-59.1	-69.5	-14.9%
Repayments of lease liabilities	-208.0	-190.0	9.4%
Interest paid	-94.3	-53.8	75.3%
Net cash used in financing activities	**-277.1**	**-476.4**	**-41.8%**
Exchange rate-related changes in cash and cash equivalents	-2.1	4.4	-146.8%
Changes in cash and cash equivalents	**89.8**	**-294.4**	**-130.5%**
Cash and cash equivalents at the beginning of the financial year	463.1	757.5	-38.9%
Cash and cash equivalents at the end of the financial year	**552.9**	**463.1**	**19.4%**

NET CASH FROM OPERATING ACTIVITIES

Gross cash flow increased by 4.9% to € 964.1 million in financial year 2023 (from € 918.9 million in the previous year). This development was due to the increase in non-cash adjustments relating to the financial result and other non-cash expenses and income by 32.3% to € 485.7 million. In contrast, earnings before taxes decreased by 13.3% to € 478.3 million.

G.17 GROSS CASH FLOW (€ million)



As a result of the smaller increase in working capital compared to the previous year, there was a lower cash outflow from the change in net working capital* of € - 129.2 million in financial year 2023, compared to a cash outflow of € - 343.3 million in the previous year. The cash outflow from payments for income taxes increased from € - 157.4 million in the previous year to € - 181.3 million in financial year 2023. On balance, due to the improvement in gross cash flow and the lower cash outflows in connection with working capital, there was a significant improvement in cash inflow from operating activities, which rose by 56.3% to € 653.6 million (from € 418.3 million).

NET CASH USED IN INVESTING ACTIVITIES

In the financial year 2023, cash outflow from investment activities increased from a total of € 240.8 million to € 284.6 million. The investments in fixed assets included in this figure increased from € 263.6 million in the previous year to € 300.4 million in 2023 in line with our investment planning. The increase mainly related to investments in our own retail stores, in our logistics infrastructure and in investment properties. In addition, investments in the modernisation 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 area, which is not allocated to the business segments.

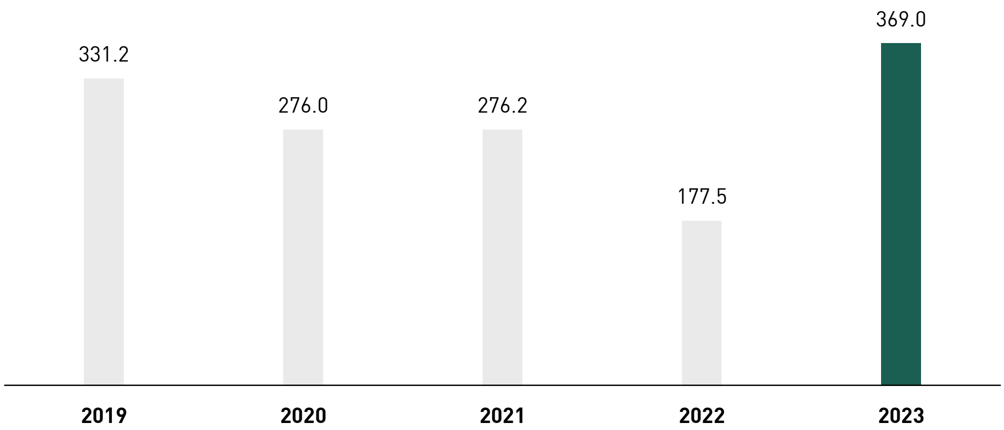
* Net current assets include working capital line items plus current assets and liabilities, which are not part of the working capital calculation. Current lease liabilities are not part of the net current assets.

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 or disposals of investments were made in 2022 and 2023.

Free cash flow before acquisitions improved from € 177.5 million in the previous year to € 369.0 million in the financial year 2023. Free cash flow before acquisitions was 4.3% of sales compared to 2.1% in the previous year.

↗ **G.18 FREE CASH FLOW (BEFORE ACQUISITIONS)** (€ million)



NET CASH USED IN FINANCING ACTIVITIES

The net cash used in financing activities decreased overall from a cash outflow of € 476.4 million in the previous year to a cash outflow of € 277.1 million in 2023. The decline in cash outflow was mainly due to increased proceeds from taking on financial borrowings.

A dividend payment of € 122.8 million was distributed to the shareholders of PUMA SE for the financial year 2022. In the previous year, the dividend payment was € 107.7 million. The net cash used in financing activities also included payouts to non-controlling interests totalling € 92.4 million in 2023 (previous year: € 73.3 million). Cash inflows from borrowings amounted to € 299.6 million, compared with cash inflows of € 17.9 million in the previous year. In the financial year 2023, payments made for the repayment of financial borrowings totalled € 59.1 million (previous year: € 69.5 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 € 228.7 million in the previous year to € 254.8 million in 2023.

As of 31 December 2023, PUMA had cash and cash equivalents of € 552.9 million, an increase of 19.4% compared with the previous year (€ 463.1 million). The PUMA Group also had credit lines totalling € 1,552.8 million as of 31 December 2023 (previous year: € 1,271.0 million). Unutilised credit lines amounted to € 986.1 million as at the balance sheet date, compared to € 943.7 million in the previous year.

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

In financial year 2023, we were confronted with an increasingly difficult geopolitical and macroeconomic market environment. The conflict in the Middle East, the war in Ukraine, persistent inflation and risks of recession had a negative impact on the consumer sentiment and led to volatile retail demand. We therefore considered 2023 to be a transitional year. In 2023, we continued to focus on overcoming the short-term challenges without compromising the medium and long-term success of PUMA. Accordingly, we prioritised sales growth and increasing market share over short-term profitability optimisation. Despite the difficult market environment, we were able to further increase PUMA's sales based on our operating flexibility. In the past financial year, we were also able to fully achieve our target in terms of operating result.

Our focus on the PUMA family is an important cornerstone of our corporate strategy. We want to offer our employees an attractive working environment and diversity plays an important role in our corporate culture. In 2023, PUMA received multiple awards for this successful strategy, including the "Top Employer Award" for 24 PUMA subsidiaries in the Europe, Asia/Pacific and Latin and North America regions. We can therefore continue to 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. We were able to further optimise our processes by upgrading the logistics centres in our main markets, and by expanding existing warehouses and opening new ones. We also invested in improving our IT infrastructure, product development and ERP systems.

We were able to achieve currency-adjusted sales growth of 6.6% in the financial year 2023. Sales development was affected by the significant devaluation of the Argentine peso, which had an extraordinary impact in the fourth quarter and on the full-year 2023. Due to the extent and timing of these currency effects, we were unable to fully compensate for all of the negative impacts at the end of the year. Nevertheless, sales development was mainly in the high single-digit percentage range, in line with the outlook for currency-adjusted sales growth. In addition to sales growth, the gross profit margin improved. However, these positive effects were offset by the slightly stronger increase in other operating income and expenses compared to sales.

Operating result (EBIT) of € 621.6 million in the past financial year was in line with our forecast of a range between € 590 million and € 670 million. Despite the significant devaluation of the Argentine peso, we have therefore fully achieved our target in terms of operating result in the past financial year. The devaluation of the Argentine peso had a particularly negative effect on the financial result. Because of this, consolidated net income amounted to € 304.9 million compared to € 353.5 million in the previous year. This corresponds to a decrease of 13.7%. Earnings per share therefore decreased from € 2.36 in the previous year to € 2.03. Under the given circumstances of a challenging macroeconomic environment worldwide and the exceptional devaluation of the Argentine peso, we are very satisfied with the achievement of objectives in financial year 2023. We believe that, despite the exceptional devaluation of the Argentine peso, the business development of PUMA in 2023 reflects strong underlying operational development and strict cost discipline.

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 nearly € 2.6 billion and the equity ratio was 38.9%.

Our measures to right-size inventories to an appropriate level contributed to limiting the increase in our working capital in 2023. This is also reflected in the improvement in the cash flow from operating activities and free cash flow. Our cash and cash equivalents amounted to € 552.9 million as of the balance sheet date. In addition, the PUMA Group has unutilised credit lines totalling € 986.1 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 22 May 2024 a dividend of € 0.82 per share for the financial year 2023. This corresponds to a payout ratio of 40.3% in relation to the consolidated net income according to IFRS. The higher payout ratio results from the strong improvement in free cash flow and reflects the underlying positive operating business development. In general, PUMA's dividend policy continues to provide for a payout of 25% to 35% of consolidated net income.

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 INCOME STATEMENT (GERMAN GAAP, HGB)

	2023		2022		
	€ million	%	€ million	%	+/- %
Sales	**1,243.7**	**100.0%**	**1,151.9**	**100.0%**	**8.0%**
Other operating income	83.7	6.7%	84.0	7.3%	-0.4%
Cost of sales	-389.5	-31.3%	-316.4	-27.5%	23.1%
Personnel expenses	-130.8	-10.5%	-120.2	-10.4%	8.8%
Depreciation	-36.1	-2.9%	-36.8	-3.2%	-2.0%
Other operating expenses	-898.8	-72.3%	-816.3	-70.9%	10.1%
Total expenses	**-1,455.2**	**-117.0%**	**-1,289.7**	**-112.0%**	**12.8%**
Financial result	**258.8**	**20.8%**	**189.5**	**16.5%**	**36.6%**
Income before Tax	**131.0**	**10.5%**	**135.8**	**11.8%**	**-3.5%**
Income tax	-21.2	-1.7%	-18.8	-1.6%	12.9%
Net income	**109.8**	**8.8%**	**117.0**	**10.2%**	**-6.2%**

In the financial year 2023, **sales** increased by a total of 8.0% to €1,243.7 million. The increase resulted both from higher revenues from product sales and from higher commission income in the context of licence management. Revenues from PUMA SE product sales rose by 15.8% to €589.4 million (previous year: €508.9 million). Royalty and commission income included in sales increased by 1.7% to €599.3 million (previous year: € 589.1 million). Other sales, which mainly consisted of recharges of costs to affiliated companies, totalled € 55.0 million in 2023 (previous year: € 53.9 million).

Other operating income amounted to € 83.7 million in 2023 (previous year: € 84.0 million) and includes, in particular, realised and unrealised 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 12.8% to € 1,455.2 million compared to the previous year (previous year: a total of € 1,289.7 million). The increase in material expenses compared to the previous year was mainly due to the increase in sales. The disproportionate growth in material expenses in comparison with sales resulted from intra-group sales of goods to PUMA Benelux, which were carried out without a surcharge. Personnel expenses increased due to a higher number of employees. Other operating expenses increased compared with the previous year, mainly due to increased administrative, marketing and sales expenses.

The **financial result** increased, compared to the previous year, by 36.6% to € 258.8 million. The increase was mainly due to higher profit transfer from affiliated companies. The interest result and the income from dividends from investments in affiliated companies fell slightly. In addition, the investment in Borussia Dortmund GmbH & Co. KGaA (BVB), Dortmund, was written down in the financial year due to an impairment of € 0.5 million, which is expected to be permanent.

The increase in sales was offset by the increase in expenses, which is why **earnings before income taxes** fell by 3.5% to € 131.0 million in 2023 (from € 135.8 million in the previous year). **Taxes on income** amounted to € 21.2 million (previous year: € 18.8 million). Accordingly, PUMA SE's **net income** under the German Commercial Code (German GAAP, HGB) decreased by 6.2% to € 109.8 million in the financial year 2023 (previous year: € 117.0 million).

NET ASSETS

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

	31.12.2023		31.12.2022		
	€ million	**%**	**€ million**	**%**	**+/- %**
Fixed Assets	1,648.9	63.3%	1,100.3	43.7%	49.9%
Inventory	85.7	3.3%	115.2	4.6%	-25.6%
Receivables and other current assets	680.9	26.1%	1,177.8	46.8%	-42.2%
Cash and cash equivalents	165.8	6.4%	96.5	3.8%	71.8%
Current Assets	932.4	35.8%	1,389.5	55.2%	-32.9%
Others	23.7	0.9%	25.2	1.0%	-5.9%
Total Assets	**2,605.0**	**100.0%**	**2,515.1**	**100.0%**	**3.6%**
Equity	925.8	35.5%	933.8	37.1%	-0.9%
Accruals/Provision	123.7	4.7%	141.9	5.6%	-12.8%
Liabilities	1,555.0	59.7%	1,438.9	57.2%	8.1%
Others	0.5	0.0%	0.5	0.0%	0.0%
Total Equity & Liabilities	**2,605.0**	**100.0%**	**2,515.1**	**100.0%**	**3.6%**

Overall, **fixed assets** increased by 49.9% to € 1,648.9 million in 2023. The increase is mainly the result of the increase in shareholdings in the amount of € 521.9 million due to capital contributions to PUMA Sprint GmbH, Germany, as well as further investments in IT.

The decline in inventories of **current assets** by 25.6% to € 85.7 million was mainly due to more conservative purchasing behaviour, especially at the end of the year. The consolidation of inventories for Central Europe, including Benelux, and the associated improvement in the management of purchases and sales supported the positive development of inventories. Receivables and other assets decreased by a total of 42.2% compared with the previous year to € 680.9 million. In particular, lower receivables from affiliated companies contributed to this development, which resulted in particular from the capital contribution. Cash and cash equivalents increased by 71.8% to € 165.8 million compared to the previous year, due to the cash inflow from financing and investing activities.

On the **liabilities** side, equity fell slightly by 0.9% to € 925.8 million in 2023. In combination with the increase of the balance sheet total due to higher liabilities, this led to a decline in the equity ratio, which was 35.5% as at the balance sheet date of 31 December 2023 compared to 37.1% in the previous year.

Provisions decreased by 12.8% compared to the previous year to € 123.7 million. This development was mainly due to lower provisions for outstanding invoices. Liabilities increased from € 1,438.9 million in the previous year to € 1,555.0 million as of 31 December 2023. This increase primarily resulted from the increased liabilities to banks due to the taking out of a promissory note loan and, in contrast, lower liabilities to affiliated companies.

FINANCIAL POSITION

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

	2023	2022	
	€ million	**€ million**	**+/- %**
Cash flow used in/ from operating activities	**-92.6**	**4.9**	**-**
Cash flow from/ used in investing activities	**66.3**	**-441.2**	**-**
Free Cash Flow	**-26.3**	**-436.3**	**-94.0%**
Cash flow from financing activities	**95.6**	**134.0**	**-28.7%**
Change in cash and cash equivalents	**69.3**	**-302.3**	**>-100%**
Cash and cash equivalents at beginning of financial year	96.5	398.8	-75.8%
Cash and cash equivalents at year-end	**165.8**	**96.5**	**71.8%**

In financial year 2023, **cash outflow from operating activities** amounted to € 92.6 million, compared to a cash inflow of € 4.9 million in the previous year. This development is mainly due to the decrease of receivables from affiliated companies. In contrast, the reduction in inventories had a positive effect.

The **cash inflow from investing activities** in 2023 is mainly due to the reduction in cash pool and loan receivables from affiliated companies. These are offset by cash outflows from investments in fixed assets.

Cash flow from financing activities showed a total cash inflow of € 95.6 million in 2023 (previous year: € 134.0 million). The cash inflow primarily resulted from the taking out of promissory note loans. In contrast, reduced liabilities to affiliated companies and the payment of dividends to PUMA SE shareholders for financial year 2022 in the amount of € 122.8 million led to 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 mid single-digit percentage range for the financial year 2024. Assuming dividends from investments in affiliated companies at the previous year's level, we expect earnings before tax for the financial year 2024 to be at the previous year's level.

INFORMATION CONCERNING TAKEOVERS

The following information, valid 31 December 2023, 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 980,096 treasury shares.

Shareholdings exceeding 10% of the voting rights (Sections 289a [1][3], 315a [1][3] HGB)
As of 31 December 2023, 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 1.47% of the share capital on 18 September 2023. The shareholding of Artémis S.A.S. and Kering S.A. together amounted to 29.99% of the share capital on18 September 2023.

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 Section 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:

AUTHORISED CAPITAL
By resolution of the Annual General Meeting on 5 May 2021, the Management Board is authorised, 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 (Authorised 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 authorised 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 authorisation by the Annual General Meeting as well as at the time of exercise of the authorisation. Shares of the Company (i) which are issued or sold during the term of the Authorised 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 Authorised 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 authorisation while excluding shareholders' pre-emption rights may neither exceed 10% of the share capital at the time of the authorisation becoming effective nor at the time of exercising the authorisation; this limit must include all shares which have been disposed of or issued or are to be issued during the term of this authorisation based on other authorisations 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 authorisation 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 Authorised Capital 2021 and after the expiration of the authorisation period.

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

CONDITIONAL CAPITAL

The Annual General Meeting of 11 May 2022 has authorised the Management Board until 10 May 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 authorisation to date.

AUTHORISATION TO ACQUIRE TREASURY SHARES

The Annual General Meeting of 7 May 2020 resolved under agenda item 6 to authorise PUMA SE to acquire and utilise treasury shares until 6 May 2025, including the authorisation to sell treasury shares while excluding shareholders' pre-emption rights and the authorisation to offer and transfer treasury shares to third parties against non-cash consideration. The authorisation from 2020 was extended by resolution of the Annual General Meeting on 5 May 2021 to the effect that the Supervisory Board was authorised 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 authorisation from 2020 was extended by resolution of the Annual General Meeting on 11 May 2022 to the effect that the Management Board was authorised 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 authorisation from 2020 remained unchanged.

No use has been made of the authorisation 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 315D HGB

The corporate governance statement (in accordance with Sections 289f and 315d HGB) includes the declaration of compliance, information on corporate governance practices and a description of the working methods of the Management Board and Supervisory Board. It is available at **https://about.puma.com/en/investor-relations/corporate-governance**.

RISK AND OPPORTUNITY REPORT

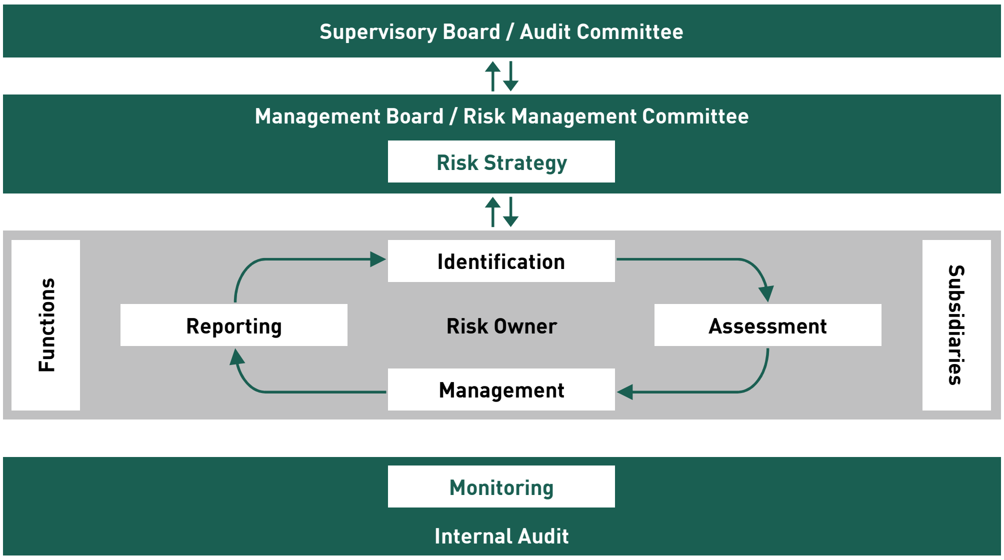
PUMA is continuously exposed to opportunities and risks in the competitive, fast-paced and international sport and lifestyle industry. The risk strategy is therefore to take business risks in a calculated manner in order to implement the corporate strategy with all its opportunities. For this purpose, effective risk and opportunity management is required so that opportunities can be recognised and utilised, 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 jeopardise 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 organisation 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 organisation, 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 organisation and is based on the globally recognised COSO standard (Committee of Sponsoring Organisations 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 PUMA's enterprise risk guidelines. The structure and design of the risk management system are as follows:

↗ G.19 RISK MANAGEMENT SYSTEM

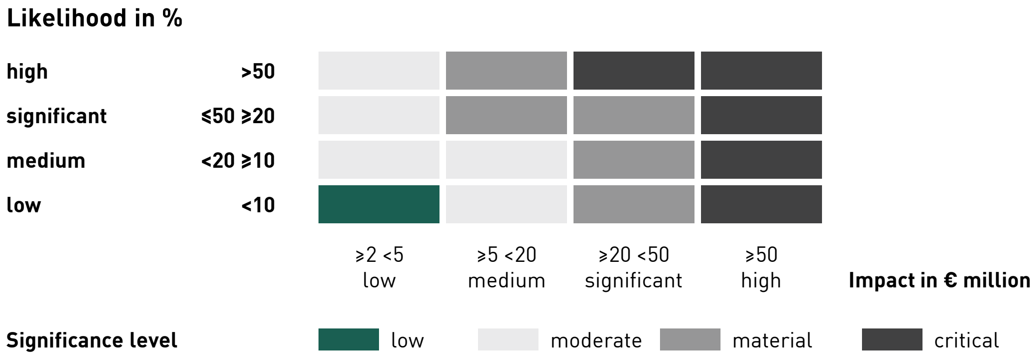


The risk owners are mainly the managers of the functional areas and the managing directors of the subsidiaries. Risks are identified company-wide by performing a bottom-up analysis within the risk owner's area of responsibility. These risks are regularly reported to the risk management function and/or the local monitoring bodies in structured interviews that take place every six months or during the year using established internal reporting channels. As a part of the risk culture at PUMA, general information for risk management as well as training materials are made available for all employees.

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: Low, Medium, Significant and High. 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 regarding their significance level ("Low", "Moderate", "Material" and "Critical") for internal monitoring and to assess their viability (see graphic G.21).

For example, a risk can be allocated within the most critical range, which may also include risks that could even jeopardise the company's existence, in the case that its assessment reflects a combination of highest bandwidth for extent of damage ("High > € 50 million") and probability ("High > 50%"). The overview of the risk groups is presented in table T.7, summarised 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 to achieve the targeted and acceptable residual risk. Within the reporting process, material risks or those which could even jeopardise the company's existence are coordinated with and managed by the Risk Management Committee or the Management Board, considering the risk-bearing capacity, which is also based on the planned operating result.

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 utilisation 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 from the Group perspective for the financial year 2023.

MACROECONOMIC DEVELOPMENTS

As an internationally operating enterprise, PUMA is exposed to challenges and uncertainties that affect the global economy and the associated risks may have an impact on our sales and sourcing markets. For example, macroeconomic risks because of economic recessions, changes in interest rates, or inflation and cost pressures, might have an impact on consumer behavior, production costs, sales, and profit margins. Likewise, global events such as political changes, social developments, geopolitical tensions, and natural disasters can disrupt supply chain activities or affect consumer sentiment, are also reflected in legal and macroeconomic conditions.

In 2023, the macroeconomic and geopolitical environment remain challenging. The recent conflict in Middle East, the war in Ukraine, persistent inflation, and the risks of recession weights on consumer sentiment, resulting in volatile demand in the retail sector. The pattern of China's economic recovery after COVID-19 remains uncertain and competition with both local and global brands remains high.

Overall, we manage these challenges by having close alignment and communication with regions and key markets to follow up and deal with critical developments affecting PUMA business environment (e.g., price increases, supply chain interruptions, geopolitical tensions) and develop alternative scenarios to analyse possible occurrence of events. Moreover, the Management Board is regularly updated about country and macroeconomic developments and defines action plans to quickly adapt to changing economic conditions.

BUSINESS PARTNERS

As an enterprise with global operations, managing sourcing and supply chain related risks is of key importance for PUMA. Most of our PUMA products are produced in Asia in countries like China, Vietnam, Cambodia, Bangladesh, Indonesia and India. In addition to the 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. 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 due to extraordinary events and/or human or system error.

To mitigate business partners related risks, we have implemented a functional framework for sourcing and supply chain processes. Our sourcing portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. Generally, long-term master framework agreements are concerted to secure the required production capacities for the future. Regular communication with PUMA entities allows us to anticipate any price increase and strengthen our forecast activities. A quality control process and the direct and partnership-like collaboration with suppliers should permanently secure the quality and availability of our products. Moreover, we continuously analyse political, economic, and legal framework conditions and have further enhanced our close cooperation with our logistics partners 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 2023 global sourcing markets normalised because of the end of COVID-related restrictions: However, there are continued supply chain and sourcing challenges regarding rising costs and the potential threat of a larger recession that could still cause disruptions and delays in the operations. To diminish these challenges, we have further intensified the cooperation with our suppliers and logistics partners to be able to act flexibly and base our actions around finding the right solutions.

CURRENCY RISKS

As a group that operates internationally, PUMA is exposed to transactional foreign currency risks. The currency risks exist to the extent that the exchange rates of currencies in which purchase and sales transactions as well as lending transactions and receivables are carried out fluctuate against the functional currency of the PUMA Group - the euro.

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 purchase and sales 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 2023, the net requirements for the 2024 planning period were adequately hedged against currency effects, if possible.

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 addition, as an international group with its own presence in a large number of countries, PUMA is also exposed to translation risks. These arise in the course of consolidation when individual financial statements of foreign subsidiaries that do not prepare their accounts in euros are translated into the PUMA Group's functional currency, the euro.

In countries with high interest and inflation rates, both transaction risks and translation risks can arise to a considerable extent. PUMA does not hedge these risks, as the hedging costs in high-interest countries - insofar as hedging is possible at all - in some cases significantly exceed the benefits of hedging. The negative effects of currency and inflation are generally compensated for by adjusting the prices of products in the respective market.

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.

PANDEMIC

PUMA first identified the COVID-19 pandemic as a new risk in the financial year 2020 and accordingly established the risk category "Pandemic". Risks related to a pandemic event such as supply chain disruptions, economic and financial strains, lockdowns, retail store closings, cancellations of sport events or social restrictions could lead to severe business disruptions, reduced consumption, loss of sales, or liquidity shortfalls. For financial year 2023, the negative impacts of the pandemic have diminished as countries and regions ended pandemic-related restrictions and economic and life activities are normalising. In principle, uncertainties arise in relation to new variants that could lead to possible lockdowns or restrictions.

To mitigate pandemic-related risks, different strategic approaches have been established to ensure and prioritise the health and safety of our employees and customers, as well as continuous monitoring of the situation and possible restrictions. There is continuous monitoring of the latest economic events and close alignment with our regions and key markets to manage critical developments and adapt to market conditions. Close cooperation with partners and suppliers is essential to implement and monitor contingency strategies. In addition to Direct-to-Consumer business, the e-commerce business and PUMA App are an essential part of our distribution structure.

PRODUCT & MARKET ENVIRONMENT

The sport and lifestyle markets are defined by intense competition, constant innovation, and changing consumer preferences. PUMA faces the challenge of continuously innovating and differentiating its product offering to capture consumer interest and gain and edge over its competitors. Product and market environment risks could arise from a non-anticipated or late response to consumer demand within the fast-moving lifestyle and sports markets. Constant changes in consumer lifestyle/sports trends and long product lifecycles bear the risk of creating products that are not relevant to our consumers, launching them at the wrong time, launching them with the wrong marketing campaign or placing them in the wrong distribution channels. As a result, these risks could lead to a loss in market share, sales shortfalls, and lower brand attractiveness. Media reports about PUMA also play a key role in brand image. For example, reports about the infringement of laws or internal/external requirements, product recalls and exposure on social media as well as reports about workforce diversity and tolerance can cause significant damage to brand image and ultimately result in the loss of sales and profit.

To mitigate these risks, we conduct market research and systemic monitoring of market environment for early recognition and taking advantage of relevant consumer trends. 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. Accordingly, we have set the guiding principle that "We want to become the fastest sports brand in the world" 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. 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.

PROJECTS

The strategic program portfolio of PUMA contains important and critical projects to ensure that the flow of goods and information is sufficiently supported by modern warehouse, logistics and IT infrastructure. These include, for example, the implementation of IT systems to enhance operations, such as centralised systems or e-commerce platforms and systems in the warehouse and supply chain. Risk associated with projects include ineffective change management, lack of resources, high costs, exceeding budget, overrun time frames, non-acceptance of users due to weak communication, increase vulnerability to potential data breaches and disruption to business processes.

To manage project-related risks effectively, PUMA has established group and regional project teams as well as policies to manage the roll-out of new and existing projects that have a significant impact on the core value chain. In addition, as part of project management practices, continuous alignment with stakeholders and steering meetings to monitor, provide support and guidance on strategic projects are implemented to ensure its execution is in line with pre-defined objectives and milestones such as time frames and budgets.

INFORMATION TECHNOLOGY

The ongoing digitalisation of business environments brings new challenges to PUMA in the field of information technology which – in case of incidents - may have an impact on our operations, data security and privacy, as well as overall performance. Key business procedures and processes such as supply chain management, e-commerce, and financial reporting depend on digital services, infrastructure, and their unimpaired availability. Interruptions of service availability can disrupt essential processes and cause operational problems. Moreover, information security is of outmost importance for PUMA, the risk of a data breach might lead to financial loss, brand damage, legal claims, and loss of customer trust.

To mitigate these risks, we continuously carry out technical and organisational measures. Key business procedures, processes and infrastructure on information technology and security are established based on best -practice frameworks, regularly updated and controlled. These processes are subject to internal and external audits to ensure their reliability and the appropriateness of control mechanisms. Appropriate procedures and guidelines related to IT-incident response are in place and updated accordingly. Moreover, PUMA has an Information Security Committee which consistently updates the Management Board on the latest status and developments. In addition, trainings and information campaigns are conducted regularly to increase awareness and knowledge on information security related issues.

DISTRIBUTION STRUCTURE

PUMA relies on different distribution channels including the Wholesale business with our retail partners and the Direct-to-Consumer (DTC) business with our PUMA-owned and operated (O&O) retail stores and e-commerce platforms. This diversified distribution mix enables PUMA to reduce its dependency on individual distribution channels and/or retail partners.

The wholesale business represents the largest share of sales overall and is characterised by strong partnerships with all our retail partners. The company's DTC business has a complementary role and is intended to ensure a better and more comprehensive presentation of PUMA products in a controlled brand environment, direct interaction with our end consumers and a higher gross profit margin.

In the wholesale business, growing retailers, including those offering their own brands, and direct competitors pose the risk of intensified competition for market shares, price pressures or reduced profit margins. 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 our O&O retail stores and e-commerce platforms is, however, also associated with various risks including the required investments in expansion and infrastructure, setting up and refurbishing stores, higher fixed costs, and leases with long-term lease obligations. This can have an adverse impact on profitability in the event of a business decline.

To avoid risks, we carry out permanent monitoring of distribution channels and regular reporting by Controlling and the dedicated functions. We maintain strong collaborations with all our retail partners in line with our wholesale-focused strategy. 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 and overall to monitor the evolution of the distribution landscape. A detailed location and profitability analysis is carried out in our DTC business before making any investment decision. In e-commerce, global activities are harmonised and investments in IT systems are carried out to further improve the shopping experience for our consumers and to drive conversion. This includes the continued global roll-out of the PUMA Shopping App.

SUSTAINABILITY

Sustainability topics are highly important for PUMA specially in sourcing as well as along the entire value chain. Natural resources crises and the resulting increase in customer requirements regarding 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 environmentally preferred materials and environmentally friendly chemicals in production are crucial parts of our sustainability strategy. The risk of not implementing an effective sustainability approach to our products and along the supply chain could lead to serious brand damage, loss of customer loyalty, supply chain disruptions, increased costs, and non-compliance with environmental regulations.

PUMA’s efforts towards managing sustainability risks and efficient use of resources are reflected in the comprehensive “Forever Better” strategy which defines 10 target areas to improve sustainability performance: Human Rights, Climate Action, Circularity, Products, Water and Air, Biodiversity, Plastics and the Oceans, Chemicals, Health & Safety as well as Fair Income. For each of these target areas, which are aligned to the UN Sustainable Development Goals (SDGs), there are measurable targets and KPI’s which are regularly monitored and reported to Board Members, Supervisory Board, and stakeholders. Additionally, risk assessments and audits are performed to ensure our suppliers follow environmental standards. PUMA’s efforts to engage with stakeholder dialog through different events like “Conference of the People” or "Voices of a RE:GENERATION" allowed to discuss sustainability topics with generation Z representatives, industry peers, experts and activists.

PUMA's sustainability report (the Non-financial Report) for the financial year 2023 is published together with the combined management report and can be accessed at the following page on our website: **https://about.PUMA.com/en/investor-relations/financial-reports**.

MONITORING OF WORKING CONDITIONS

An important aspect of corporate responsibility is maintaining and monitoring good working conditions and compliance with human rights in PUMA’s own operations and throughout the supply chain to ensure that employee’s rights and well-being are protected. This risk considers the event of human rights violation or social and environmental non-compliance (e.g., child labor, excessive overtime, forced labor, sexual harassment, gender-based violence, unsafe work environment, fair income) in PUMA’s own business and its supply chain.

To mitigate these risks, PUMA has implemented clear policies that are aligned with all relevant legislation on sustainability like the German Supply Chain Act, United Nations’ (UN) Declaration of Human Rights, the UN Guiding Principles (UNGPs) on Business and Human Rights, the International Labor Organisation’s Core Labor Conventions, and the ten principles of the UN Global Compact (UNGC). Regular audits and human rights/environmental risk assessments are conducted at the corporate and the supply chain level to evaluate compliance with applicable standards. Stakeholder dialogue with NGOs and partnerships with organisations (e.g., Fair Labor Association) enable transparent communication channels to address concerns and share best practices regarding human rights and environmental standards.

PUMA’s Sustainability Report (the Non-financial Report) for the financial year 2023 is available here: **https://about.PUMA.com/en/investor-relations/financial-reports**.

LEGAL

As an internationally operating group, PUMA is exposed to various legal risks. These risks could arise from Intellectual Property (IP) infringements that involve using a trademark, patent or copyright without proper authorisation and resulting in legal disputes, brand damage or loss of exclusivity rights. Contractual risks or risks that a third party could assert claims and litigations for infringements of its trademark rights are also considered. Counterfeit products are often of inferior quality and may not meet safety standards which can undermine the PUMA's brand reputation, reduce consumer trust and lead to legal disputes.

The continuous monitoring of contractual obligations and the integration of internal and external legal experts in contractual matters should ensure that any legal risks reduced to the minimum. The legal team is responsible for protecting our intellectual property in order to act against brand piracy. This not only ensures that we have a strong global portfolio of property rights, such as trademarks, designs and patents, but also works closely with customs, police and other authorities and provides input to legislators regarding the implementation of effective measures to protect intellectual property.

COMPLIANCE

As an international group, PUMA is exposed to compliance risks resulting from the potential non-adherence to corporate governance rules, legal and regulatory requirements, or industry standards. These risks include fraud, conflict of interest, money laundering, antitrust law, corruption as well as deliberate misrepresentations in financial reporting which may lead to significant penalties, legal consequences, reputational damage, and disruption to business operations.

PUMA has implemented various tools to manage such risks. This includes a functioning compliance management system, the internal control system, group controlling and the internal audit departments to prevent, detect and sanction compliance-related topics at an early stage. Through the compliance management system, clear roles and responsibilities are assigned to group and local compliance functions. To ensure PUMA employees comply with PUMA ´s values there are ongoing trainings, communication and awareness campaigns for policies and procedures. PUMA employees also have access to a whistleblowing system for reporting illegal or unethical behavior.

TAX

As a global company PUMA is exposed to a complex tax environment in which main challenges arise from cross-border transactions involving intercompany transfer of goods, services, and intellectual property. To minimise tax exposure, it is essential to optimise tax planning activities and ensure compliance with local and international laws and reporting requirements. 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 related parties. Different countries have implemented laws and guidelines for international taxes in alignment with the Organisation for Economic Co-operation and Development (OECD) recommendations to standardise requirements for transfer-pricing documentation and update global tax policy.

In order to manage tax-related risks in an effective manner, PUMA established a solid tax governance framework. An adequate tax organisation with internal and external tax experts to comply with the relevant tax regulations and to be able to react to changes in the constantly changing tax environment. For the group-internal transfer pricing, corresponding documentation and policies are in place and aligned with international and national requirements and standards. There are guidelines and specifications for determining transfer prices for intra-group transactions that are common 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 can control and monitor tax developments at PUMA on an ongoing basis. Training and awareness activities are performed on a regular basis to ensure relevant stakeholders are informed about current tax developments and acquire further expertise for tax treatment activities. Both, the Management Board, and the Supervisory Board, are regularly informed about ongoing tax developments at PUMA to identify and avoid tax-related risks as early as possible.

PERSONNEL DEPARTMENT

The creative potential, commitment and performance of PUMA employees are essential factors for achieving our strategic and financial targets. Personnel-related risks involve the management of workforce, talent acquisition and retention, employee engagement and compliance with employment laws. Any shortfall in staffing may lead to inadequate performance of tasks and have a negative impact on operational efficiency. In addition, there is still strong global competition for highly qualified personnel. Therefore, loss of key personnel and difficulties in identifying, attracting, and retaining key talent could lead to loss of know-how and decrease business performance. Likewise, non-compliance to health and safety laws and regulations could lead to accidents, penalties, employee dissatisfaction, business interruptions and reputational damage at Group level.

Through our human resources strategy, we seek to encourage independent thinking and action, which are key in an open corporate culture with flat hierarchies on a long-term and sustainable basis. To achieve this goal, a control process is in place to detect and assess human-resource risks. PUMA pays particular attention to talent management, identifying key positions and talent, ensuring this talent is trained and 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. Moreover, employee surveys are conducted to obtain feedback and measure employee engagement (e.g., "Great Place to Work", "Diversity Leader"). During 2023, PUMA received several awards which recognised the ongoing efforts to create a diverse, inclusive, and equal workforce (e.g., "Top Employer"). We will continue to make targeted investments in the human resource needs of functions or regions 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, 2023, the PUMA Group had unused credit lines totaling € 896.1 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 utilised promissory note loans amount to a total of € 551.5 million as of December 31, 2023 and have a remaining term of between one and five years.

Changes in market interest rates around the world have an impact on future interest payments for variable interest liabilities. As PUMA only has a limited amount of variable interest-bearing liabilities, interest rate hedging instruments are used to a limited extent.

DEFAULT RISKS

Due to its business activities, PUMA is exposed to default risk on trade receivables. These risks consider delayed payments and losses of accounts receivables (e.g., default of a customer) as well as default risks from counterparty's other contractual financial obligations (e.g., bank deposits, derivative financial instruments). This could lead to bad debt expenses and reduced liquidity and could have a negative impact on cash flow and profitability, as trade receivables are one of the most significant financial assets.

The default risk is managed by continuously monitoring outstanding receivables and recognising 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 recognised 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 summarises the risk groups described above based on their relative importance (significance level) and any changes during the year:

↗ T.07 OVERVIEW OF RISK GROUPS

Risk Groups	Classification	Description	Significance level	Change compared to previous year
Macroeconomic Developments	Strategic	e.g., economic development, political situation, geopolitical tensions	Critical	↗
Business Partners	Operational	e.g., raw material bottlenecks, supply chain disruptions, sourcing and logistic costs, quality problems	Critical	→
Currency Risk	Financial	e.g., exchange rate fluctuations	Critical	↗
Pandemic	Strategic	e.g., store closures, supply problems, health of employees and customers	Critical	↘
Product and Market Environment	Strategic	e.g., trends, customer requirements, brand image, media reports	Material	→
Projects	Strategic	e.g., IT infrastructure, construction projects	Material	→
Information Technology	Operational	e.g., cyberattacks, network and system failures	Material	→
Distribution Structure	Strategic	e.g., change in the distribution landscape	Material	→
Sustainability	Regulatory	e.g., climate change, environmental standards	Material	→
Working Conditions	Regulatory	e.g., labor law, human rights, German Supply Chain Due Diligence Act	Material	→
Legal	Regulatory	e.g., trademark law, patent law, counterfeit products	Material	→
Compliance	Regulatory	e.g., fraud, corruption	Material	→
Tax	Financial	e.g., transfer prices	Material	→
Personnel Department	Operational	e.g., key positions, employee retention, health & safety	Moderate	→
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 - materialised. The operational management teams in the markets and departments are responsible for opportunity management. In course of the budget- and mid-term process, the identified opportunities are incorporated into PUMA’s overall planning approach. PUMA has identified and defined multiple key opportunity categories for the current planning period and beyond.

PUMA is operating in an external environment that is characterised by increasing geo-political risks, continued macro-economic headwinds, a muted consumer sentiment and a strong volatility in foreign exchange rates. In addition, the speed of recovery in the important U.S. and Chinese markets remains uncertain. In response, PUMA will continue to focus on managing short-term challenges without compromising the mid- and long-term momentum of the brand, always prioritising sales growth and market share gains over short-term profitability. Therefore, PUMA will continue to focus on being the best partner to its wholesale accounts and end consumer, providing them with the best possible service.

Within our corporate strategy, we have defined the following six strategic priorities which offer significant opportunities: elevate the brand, enhance product excellence, improve distribution quality, focus on people first, digitalise our infrastructure and evolve sustainability. Within this overarching framework, we’re currently placing a special focus on brand elevation, winning in the important U.S. market, and accelerating our rebound in China. PUMA will continue to invest into the brand and sees significant opportunities to increase market shares in all key markets. Supported by new landmark partnerships with brand ambassadors such as Rihanna and A$AP Rocky, our lifestyle products continue to enjoy strong relevance and demand across all age groups and regions. We have also made great progress in performance in recent years and have significantly improved our market position across football, running, fitness, basketball, golf, and motorsport. PUMA's product range is being continuously optimised and further developed across all categories with a special emphasis on innovation and franchise management. In 2024, multiple international sport events such as the UEFA Euro Cup in Germany, the Olympic & Paralympic Games in Paris, and the Copa America in the U.S. will give us a platform to underline our performance credibility and to increase brand heat and visibility. The major global interest in these events and sports in general will further support the growth of the sporting goods industry. We are also seeing a continued trend toward a healthier lifestyle, greater sports participation, and more casual clothing, which opens corresponding opportunities for our industry. Meaningful marketing campaigns supported by relevant brand ambassadors in all major markets are essential to anchor PUMA deeply in the hearts and minds of our consumers and create brand relevancy and loyalty. To further elevate the brand and strengthen our consumer connection, PUMA will also launch a big brand campaign in 2024.

In terms of distribution, PUMA will continue to focus on the wholesale channel. The strong partnerships with our wholesale accounts offer opportunities for future market share gains and business growth. However, we also see significant opportunities in our Direct-to-Consumer (DTC) business with a special emphasis on PUMA’s e-commerce channels. Since 2022, we’re rolling out a dedicated PUMA shopping app which is showing strong results and significantly better KPIs compared to our traditional puma.com e-commerce channels. The PUMA shopping app will be expanded to other markets in the coming years and will open further opportunities regarding customer loyalty and sales growth. New store formats and improvements to the overall shopping experience in our own retail stores can and should also lead to additional business opportunities. In China, we introduced a new store format that was developed by a local agency to fit the needs of the Chinese consumers and that is showing strong results. In terms of distribution, ensuring delivery excellence through new, state-of-the art multi-channel distribution centers in key markets also continues to support business development.

In information technology, improved communication with wholesale accounts and consumers via digital channels also offers opportunities – e.g., through the increased use of 3D technology. In addition, new or more efficient processes supported by digital technology may add value or result in cost optimisation. The digitalisation of key business processes such as product design will continue to be advanced in order to increase efficiency and effectiveness.

With end consumers paying more attention to sustainability, there is an opportunity to improve sustainability-related communication and sell more sustainable products. PUMA's strategic approach for sustainability is centered around creating maximum possible impact within the supply chain and final customer. Numerous initiatives are ongoing and aligned with the UN Sustainable Development Goals. For example, in 2023 PUMA reached another milestone: 7 out of 10 products were produced from better materials such as recycled polyester. PUMA started the "Voices of a RE:GENERATION" initiative which aims to have constant communication with GEN-Z activists and environmentalists and give feedback to our senior management on how PUMA can further strengthen its sustainability initiatives and communicate its sustainability efforts to young audiences. All these initiatives will help us to evolve sustainability within PUMA and leverage corresponding business opportunities.

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 2023. Following the description in our 2023 combined management report, our assessment of PUMA's overall risk situation this year is predominantly influenced by the macroeconomic environment and volatile retail demand specially in key markets, 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 jeopardise 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, organisational and authorisation 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 analyse 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 recognised 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

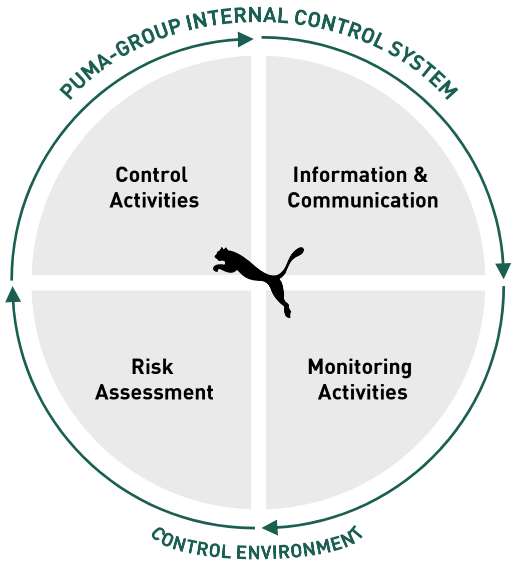
PUMA's internal control system applies to all employees throughout the Group as it incorporates the principles, procedures and measures established by PUMA Group management. All essential business processes that support the organisational implementation of management decisions must be taken into account.

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 to systematically track their timely implementation. 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 formalised procedures and by clear guidelines on giving instructions and authorisations to do so. Together with external regulations, these internal standards form a control environment that applies to all employees of the PUMA Group, supported by the relevant management and the process manager in the entities.

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. Based on the responses, a level of implementation of the controls is determined, which undergoes independent verification by the Internal Control function and is then communicated to the Management Board using 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 standardised 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 and monitored continuously.

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 characterised 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 arising.

OUTLOOK REPORT

GLOBAL ECONOMY

In their winter forecast dated 13 December 2023, experts at the Kiel Institute for the World Economy (Kiel Institut für Weltwirtschaft – IfW Kiel) expect global gross domestic product (GDP) to increase by 2.9% in 2024, following growth of 3.1% in 2023. Meanwhile, inflation is rapidly on the decline, and central banks are expected to start cutting interest rates in the first half-year of 2024. However, there are currently no prospects of an economic upturn. A high level of uncertainty about the economic conditions is slowing things down in the advanced economies, and fiscal incentives are tapering out. In China, economic momentum remains subdued, in view of structural issues. According to experts at IfW Kiel, the risks to the economic forecast for 2024 are primarily financial and political in nature. Among other things, there is uncertainty about developments in China, where orderly consolidation in the property sector is still not guaranteed. In addition, geopolitical risks have stemmed from the increasingly prominent differences between China and the United States. Irrespective of this, the outcome of the upcoming presidential elections in the United States in November harbours considerable economic and political uncertainty.

SPORTING GOODS INDUSTRY

Unless the geopolitical environment has any significant negative impact on the overall economic environment, we expect growth in the sporting goods industry in 2024. We expect demand for sporting goods to increase in 2024 as the trend towards increased sports activities and healthier lifestyles continues and becomes even more significant following the COVID-19 pandemic. This applies equally to the increasing popularity of athletic footwear and leisure/athletic apparel as an integral part of everyday fashion ("athleisure"). We also assume that major sporting events in the coming year, such as the Summer Olympics in Paris and the UEFA Euro 2024 men's football championship in Germany, will help to support growth in the sporting goods industry.

OUTLOOK 2024

We expect geopolitical and macroeconomic headwinds as well as currency volatility to persist in 2024. These conditions already led to muted consumer sentiment and volatile demand in 2023 and we expect these effects to continue in 2024, particularly in the first half of the year.

In this continued challenging environment, we are fully focused on executing our strategic priorities: elevating the brand, increasing product excellence and improving our distribution quality - especially in the key markets US and China. For us, 2024 is not only the year of sport with major events such as the Olympic Games, Euro 2024 and the Copa America providing the perfect platform to showcase our strong product innovation and credibility as a performance brand. It is also the year in which PUMA will invest in a new global brand campaign to improve its positioning as the fastest sports brand in the world.

Supported by the continued brand momentum and despite ongoing global geopolitical and macroeconomic challenges, PUMA expects to achieve mid-single-digit currency-adjusted sales growth and an operating result (EBIT) in the range of € 620 million to € 700 million for the financial year 2024 (2023: € 621.6 million). The outlook assumes that the future devaluation of the Argentine peso will be fully compensated by corresponding price increases in Argentina.

We expect net income (2023: € 304.9 million) to change in 2024 in line with the operating result.

As in previous years, PUMA will continue to focus on managing short-term challenges without compromising the brand's medium- and long-term momentum. Our sales growth and market share gains will take priority over short-term profitability. The exciting product range for 2024 and the very good feedback from retail partners as well as consumers give us confidence for the medium- and long-term success and continued growth of PUMA.

INVESTMENTS

Investments in fixed assets of around € 300 million are planned for 2024. 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 the expansion and modernisation of the Group's own retail stores and investments in IT infrastructure.

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, 7 February 2024

The Management Board

Freundt Hinterseher Descours Valdes

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

CONSOLIDATED FINANCIAL STATEMENTS

PUMA SE FOR FINANCIAL YEAR 2023 – INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS

CONSOLIDATED FINANCIAL STATEMENTS

↗ T.01 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 Dec. 2023 € million	31 Dec. 2022 € million
ASSETS			
Cash and cash equivalents	3	552.9	463.1
Inventories	4	1,804.4	2,245.1
Trade receivables	5	1,118.4	1,064.9
Income tax receivables	22	90.1	54.0
Other current financial assets	6	94.9	137.4
Other current assets	7	270.4	235.9
Current assets		**3,931.1**	**4,200.4**
Deferred tax assets	8	296.1	295.0
Property, plant and equipment	9	685.6	592.2
Right-of-use assets	10	1,087.7	1,111.3
Intangible assets	11	530.8	506.5
Other non-current financial assets	12	83.6	58.4
Other non-current assets	12	25.6	8.8
Non-current assets		**2,709.3**	**2,572.3**
Total assets		**6,640.4**	**6,772.7**

	Notes	31 Dec. 2023 € million	31 Dec. 2022 € million
LIABILITIES AND EQUITY			
Current borrowings	13	145.9	75.9
Trade payables	13	1,499.8	1,734.9
Income tax liabilities	22	79.3	86.8
Current lease liabilities	10	212.4	200.2
Other current provisions	16	27.7	50.3
Other current financial liabilities	13	78.6	76.1
Other current liabilities	13	493.4	618.9
Current liabilities		**2,537.2**	**2,843.0**
Non-current borrowings[1]	13	426.1	251.5
Non-current lease liabilities	10	1,020.0	1,030.3
Deferred tax liabilities	8	12.4	42.0
Pension provisions	15	22.5	22.4
Other non-current provisions	16	27.3	29.5
Other non-current financial liabilities	13	11.4	13.8
Other non-current liabilities	13	1.3	1.4
Non-current liabilities		**1,520.9**	**1,390.9**
Subscribed capital	17	150.8	150.8
Capital reserve	17	93.8	90.8
Other reserves	17	2,330.4	2,253.6
Treasury stock	17	-21.6	-23.5
Equity attributable to the shareholders of PUMA SE		2,553.4	2,471.7
Non-controlling interests	17, 28	28.9	67.1
Total equity		**2,582.3**	**2,538.8**
Total liabilities and equity		**6,640.4**	**6,772.7**

[1] In order to improve the communication of decision-relevant information, non-current borrowings are no longer reported under other non-current financial liabilities in the 2023 reporting year, but are reported in a separate balance sheet item. The previous year's figures have been adjusted accordingly.

↗ T.02 CONSOLIDATED INCOME STATEMENT

	Notes	2023 € million	2022 € million
Sales	19, 24	**8,601.7**	**8,465.1**
Cost of sales	24	-4,615.1	-4,562.3
Gross profit	24	**3,986.6**	**3,902.7**
Royalty and commission income		38.5	33.8
Other operating income and expenses	20	-3,403.5	-3,295.9
thereof impairment losses on trade receivables and other financial assets		-12.2	-4.4
Operating Result (EBIT)		**621.6**	**640.6**
Financial income	21	112.7	79.4
Financial expenses	21	-256.0	-168.3
Financial result		**-143.3**	**-88.9**
Earnings before taxes (EBT)		**478.3**	**551.7**
Taxes on income	22	-117.8	-127.4
Consolidated net income of the year		**360.6**	**424.4**
attributable to:			
Non-controlling interests	17, 28	55.7	70.9
Net income attributable to the shareholders of PUMA SE		**304.9**	**353.5**
Earnings per share (€)	23	2.03	2.36
Earnings per share (€) - diluted	23	2.03	2.36
Weighted average number of outstanding shares (million shares)	23	149.85	149.65
Weighted average number of outstanding shares, diluted (million shares)	23	149.87	149.66

T.03 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
	€ million	**€ million**
Consolidated net income of the year before attribution	**360.6**	**424.4**
Currency translation differences	-87.6	68.5
Net gain/ loss on cash flow hedges, net after tax	-18.0	-64.5
Items expected to be reclassified to the income statement in the future	**-105.6**	**4.0**
Remeasurements of the net defined benefit liability, net after tax	-0.8	7.6
Neutral effects financial assets through other comprehensive income (FVOCI), net after tax	-0.5	-3.4
Items not expected to be reclassified to the income statement in the future	**-1.3**	**4.2**
Other comprehensive income	**-106.9**	**8.2**
Comprehensive income	**253.7**	**432.6**
attributable to:		
Non-controlling interests	54.2	75.0
Shareholders of PUMA SE	199.6	357.6

↗ T.04 CONSOLIDATED STATEMENT OF CASH FLOWS

		2023	2022
	Notes	**€ million**	**€ million**
Operating activities			
Earnings before tax (EBT)		478.3	551.7
Adjustments for:			
Depreciation and impairment	9, 10, 11	357.5	358.7
Reversal of impairment losses	9, 10, 11	-11.9	0.0
Non-realized currency gains/losses, net		60.1	-43.6
Financial income	21	-37.8	-32.3
Financial expenses	21	100.7	54.4
Gains/losses from the sale of fixed assets		-3.9	1.0
Changes to pension provision	15	-1.5	0.5
Other non cash effected expenses/income		22.5	28.6
Gross cash flow	25	**964.1**	**918.9**
Changes in receivables and other current assets	5, 6, 7	-153.4	-209.4
Changes in inventories	4	352.1	-747.0
Changes in trade payables and other current liabilities	13	-327.9	613.1
Net cash from operational business activities		**834.9**	**575.6**
Income taxes paid	22	-181.3	-157.4
Net cash from operating activities	25	**653.6**	**418.3**

	Notes	2023 € million	2022 € million
Investing activities			
Purchase of property and equipment	9, 11	-300.4	-263.6
Proceeds from sale of property and equipment		14.3	1.3
Payment for other assets	12	-36.3	-10.8
Interest received	21	37.8	32.3
Net cash used in investing activities		**-284.6**	**-240.8**
Financing activities			
Repayment of lease liabilities	10	-208.0	-190.0
Repayment of current borrowings	13	-59.1	-9.5
Raising of current borrowings	13	0.0	17.9
Repayment of non-current borrowings	13	0.0	-60.0
Raising of non-current borrowings	13	299.6	0.0
Dividend payments to shareholders of PUMA SE	17	-122.8	-107.7
Dividend payments to non-controlling interests	17, 28	-92.4	-73.3
Interest paid	21	-94.3	-53.8
Net cash used in financing activities	**25**	**-277.1**	**-476.4**
Exchange rate-related changes in cash and cash equivalents		-2.1	4.4
Change in cash and cash equivalents		89.8	-294.4
Cash and cash equivalents at beginning of the financial year		463.1	757.5
Cash and cash equivalents at the end of the financial year	**3, 25**	**552.9**	**463.1**

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

			Other reserves						
	Subscribed capital	**Capital reserve**	**Revenue reserves incl. retained earnings**	**Difference from currency conversion**	**Cash flow hedges**	**Treasury stock**	**Shareholders' equity**	**Non-controlling interests**	**TOTAL equity**
1 January 2022	**150.8**	**86.4**	**2,245.4**	**-320.6**	**78.1**	**-26.9**	**2,213.3**	**65.2**	**2,278.5**
Consolidated net income of the year			353.5				**353.5**	70.9	**424.4**
Other comprehensive income			4.2	63.8	-63.9		**4.1**	4.1	**8.2**
Comprehensive income			**357.7**	**63.8**	**-63.9**		**357.6**	**75.0**	**432.6**
Dividends paid to shareholders of PUMA SE / non-controlling interests			-107.7				**-107.7**	-75.3	**-183.0**
Share-based payment and Utilization/Issue of treasury stock		4.4				3.4	**7.7**		**7.7**
Transaction with shareholders			0.9				**0.9**	2.2	**3.1**
31 December 2022/ 1 January 2023	**150.8**	**90.8**	**2,496.2**	**-256.8**	**14.2**	**-23.5**	**2,471.7**	**67.1**	**2,538.8**
Consolidated net income of the year			304.9				**304.9**	55.7	**360.6**
Other comprehensive income			-1.3	-85.9	-18.1		**-105.3**	-1.5	**-106.9**
Comprehensive income			**303.6**	**-85.9**	**-18.1**		**199.6**	**54.2**	**253.7**
Dividends paid to shareholders of PUMA SE / non-controlling interests			-122.8				**-122.8**	-92.4	**-215.3**
Share-based payment and Utilization/Issue of treasury stock		3.0				1.9	**4.9**		**4.9**
Transaction with shareholders								0.1	**0.1**
31 December 2023	**150.8**	**93.8**	**2,677.0**	**-342.7**	**-3.9**	**-21.6**	**2,553.4**	**28.9**	**2,582.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Under the PUMA and Cobra Golf brand names, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and parent company of the PUMA Group; its registered office is on PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria), the register number is HRB 13085.

The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter referred to in short as the "Group" or "PUMA") were prepared in accordance with the "International Financial Reporting Standards (IFRS)" accounting standards issued by the International Accounting Standards Board (IASB), as they are to be applied in the EU, and the supplementary accounting principles to be applied in accordance with Section 315e(1) of the German Commercial Code (HGB). All of the IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of 1 January 2023, have been applied.

The items contained in the financial statements of the individual Group companies are measured based on the currency that corresponds to the currency of the primary economic environment in which the Company operates. The consolidated financial statements are prepared in euros (EUR or €). The presentation of amounts in millions of euros with one decimal place may lead to rounding differences since the calculation of individual items is based on figures presented in thousands.

The cost of sales method is used for the consolidated income statement.

The following new or amended standards and interpretations have been used for the first time in the current financial year:

↗ T.06 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standard	Title
First-time adoption in the current financial year	
IFRS 17 (including amendment IFRS 17)	Insurance contracts
Amendments to IAS 1	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred taxes relating to assets and liabilities from a single transaction
Amendments to IFRS 17	First-time application of IFRS 17 and IFRS 9 – Comparative information
Amendments to IAS 12	International tax reform – Pillar Two model rules

The amendments to the standards and interpretations described below, which were to be initially adopted as of 1 January 2023, did not materially affect the PUMA consolidated financial statements.

The IFRS 17 standard regulates the accounting treatment of insurance contracts and replaces the previously valid transitional standard IFRS 4. The scope of application includes insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The amendment to IFRS 17 postponed the date of first mandatory application of IFRS 17 to 1 January 2023. These amendments have no effect on the PUMA consolidated financial statements.

The amendments to IAS 1 and IFRS Guideline Document 2 are intended to assist preparers in deciding which accounting policies they must disclose in the financial statements. This requires an enterprise to disclose essential information relating to accounting policies rather than just its significant accounting policies. This change has no material effect on the PUMA consolidated financial statements.

The amendment to IAS 8 is intended to help distinguish between accounting policies and accounting-related estimates. The definition of a change in accounting estimates has been replaced by a definition of accounting estimates. According to the new definition, accounting-related estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". This change has no effect on the PUMA consolidated financial statements.

The amendment to IAS 12 narrows the scope of the "initial recognition exemption" under which no deferred tax assets or liabilities are to be recognised at the time of recognition of an asset or liability. If temporary differences of the same amount are simultaneously deductible and taxable in a single transaction, they are no longer covered by the exception, meaning that deferred tax assets and liabilities must be recognised. This change does not materially affect PUMA's net assets, financial position and results of operations. However, the amendment to IAS 12 leads to a change in the disclosures to be made in the notes to the consolidated financial statements.

The amendment to IFRS 17 concerns companies that apply IFRS 17 and IFRS 9 simultaneously for the first time. The amendment allows an entity to present comparative information about a financial asset in such a way that the IFRS 9 rules on classification and measurement would have been previously applied to that financial asset. This change has no effect on the PUMA consolidated financial statements.

The amendments to IAS 12 introduce a temporary exemption for deferred tax accounting in the framework of the implementation of the global minimum taxation ("OECD Pillar Two Scheme"). This should help to ensure the consistency of financial statements while facilitating implementation of the rules. Targeted disclosure requirements will also be introduced to help investors better understand the impact of the reform on the company, especially before the country-specific legislation implementing minimum taxation enters into force. This change has no material effect on the PUMA consolidated financial statements.

NEW, BUT NOT YET MANDATORY, STANDARDS AND INTERPRETATIONS

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

↗ T.07 NEW, BUT NOT YET MANDATORY, STANDARDS AND INTERPRETATIONS

Standard	Title	Date of adoption*	Planned adoption
Endorsed			
Amendments to IFRS 16	Lease liabilities as part of a sale and leaseback transaction	01/01/2024	01/01/2024
Endorsement pending			
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024	01/01/2024
Amendments to IAS 1	Non-current liabilities with covenants	01/01/2024	01/01/2024
Amendments to IAS 7 and IFRS 7	Supplier financing agreements	01/01/2024	01/01/2024
Amendments to IAS 21	Lack of exchangeability	01/01/2025	01/01/2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets	Postponed indefinitely	

* Adjusted by EU endorsement, if applicable

PUMA does not expect that these amendments will have any significant effects on the net assets, financial position and results of operations. However, the amendments to IAS 7 and IFRS 17 concerning supplier financing agreements expand the scope of future disclosures in the notes to the consolidated financial statements.

2. SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared as of 31 December 2023, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.

GROUP OF CONSOLIDATED COMPANIES

In addition to PUMA SE, the consolidated financial statements include all subsidiaries in which PUMA SE directly or indirectly holds existing rights that give it the current ability to direct the relevant activities. At present, control of all Group companies is based on a direct or indirect majority of voting rights.

Associated companies are generally accounted for in the Group using the equity method. As of 31 December 2023, however, the Group does not hold any investments in associated companies.

The changes in the number of Group companies (including the parent company PUMA SE) in the financial year 2023 were as follows:

↗ T.08 GROUP OF CONSOLIDATED COMPANIES

As of	**31 Dec. 2022**	**100**
Formation of companies		1
Disposal of companies		-1
As of	**31 Dec. 2023**	**100**

The addition to the group of consolidated companies relates to the formation of PUMA Card Services NA LLC, USA.

The disposal in the group of consolidated companies concerns the merger of PUMA Sports SEA Trading Pte. Ltd., Singapore within the group of consolidated companies.

The changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

The Group companies are allocated to regions as follows:

↗ T.09 LIST OF SHAREHOLDINGS

AS OF 31 DECEMBER 2023

No.	Companies/Legal Entities	Country	City	Shareholder	Share of capital
	Parent company				
1.	PUMA SE	Germany	Herzogenaurach		
	EMEA				
2.	Austria Puma Dassler Gesellschaft m.b.H.	Austria	Salzburg	direct	100%
3.	stichd austria gmbh	Austria	Salzburg	indirect	100%
4.	Puma Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%
5.	PUMA DENMARK A/S	Denmark	Aarhus	indirect	100%
6.	PUMA Estonia OÜ	Estonia	Tallinn	indirect	100%
7.	PUMA Finland Oy	Finland	Helsinki	indirect	100%
8.	PUMA FRANCE SAS	France	Strasbourg	indirect	100%
9.	stichd france SAS	France	Boulogne Billancourt	indirect	100%
10.	PUMA International Trading GmbH	Germany	Herzogenaurach	direct	100%
11.	PUMA Europe GmbH	Germany	Herzogenaurach	direct	100%
12.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
13.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
14.	PUMA Blue Sea GmbH	Germany	Herzogenaurach	indirect	100%
15.	stichd germany gmbh	Germany	Düsseldorf	indirect	100%
16.	PUMA UNITED KINGDOM LTD	Great Britain	London	indirect	100%
17.	PUMA PREMIER LTD	Great Britain	London	indirect	100%
18.	STICHD UK LTD	Great Britain	Mansfield	indirect	100%

AS OF 31 DECEMBER 2023

19.	STICHD SPORTMERCHANDISING UK LTD	Great Britain	London	indirect	100%
20.	GENESIS GROUP INTERNATIONAL LIMITED	Great Britain	Manchester	direct	100%
21.	Sport Equipment Hellas S. A. of Footwear, Apparel and Sportswear u.Li.	Greece	Athens	direct	100%[1]
22.	PUMA ITALIA S.R.L.	Italy	Assago	indirect	100%
23.	STICHD ITALY SRL	Italy	Assago	indirect	100%
24.	Puma Sport Israel Ltd. In Liq	Israel	Hertzeliya	indirect	100%
25.	Puma Benelux B.V.	Netherlands	Leusden	direct	100%
26.	PUMA International Sports Marketing B.V.	Netherlands	Leusden	direct	100%
27.	stichd group B.V.	Netherlands	s-Hertogenbosch	direct	100%
28.	stichd international B.V.	Netherlands	s-Hertogenbosch	indirect	100%
29.	stichd sportmerchandising B.V.	Netherlands	s-Hertogenbosch	indirect	100%
30.	stichd B.V.	Netherlands	s-Hertogenbosch	indirect	100%
31.	stichd logistics B.V.	Netherlands	s-Hertogenbosch	indirect	100%
32.	stichd licensing B.V.	Netherlands	s-Hertogenbosch	indirect	100%
33.	PUMA NORWAY AS	Norway	Fornebu	indirect	100%
34.	PUMA POLSKA sp. z o.o.	Poland	Warsaw	indirect	100%
35.	PUMA SPORTS ROMANIA SRL	Romania	Voluntari	indirect	100%
36.	PUMA-RUS o.o.o.	Russia	Moscow	indirect	100%
37.	PUMA SPORTS DISTRIBUTORS (PTY) LTD	South Africa	Cape Town	indirect	100%
38.	PUMA SPORTS S A (PTY) LTD	South Africa	Cape Town	indirect	100%
39.	PUMA IBERIA SLU	Spain	Madrid	direct	100%
40.	STICHDIBERIA S.L.	Spain	Cornella de Llobregat	indirect	100%
41.	Nrotert AB	Sweden	Helsingborg	direct	100%
42.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%

AS OF 31 DECEMBER 2023

43.	Nrotert Sweden AB	Sweden	Helsingborg	indirect	100%
44.	stichd nordic AB	Sweden	Helsingborg	indirect	100%
45.	MOUNT PUMA AG	Switzerland	Oensingen	direct	100%
46.	Puma Retail AG	Switzerland	Oensingen	indirect	100%
47.	stichd switzerland ag	Switzerland	Egerkingen	indirect	100%
48.	PUMA Spor Giyim Sanayi ve Ticaret A.S.	Türkiye	Istanbul	indirect	100%
49.	PUMA UKRAINE LIMITED LIABILITY COMPANY	Ukraine	Kiew	indirect	100%
50.	PUMA Middle East FZ-LLC	United Arab Emirates	Dubai	indirect	100%
51.	PUMA UAE (L.L.C)	United Arab Emirates	Dubai	indirect	100%
	Americas				
52.	PUMA Sports Argentina S.A. (former Unisol S.A.)	Argentina	Buenos Aires	indirect	100%
53.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
54.	PUMA Canada, Inc.	Canada	Toronto	indirect	100%
55.	PUMA United Canada ULC	Canada	Vancouver	indirect	51%
56.	PUMA CHILE SpA	Chile	Santiago	direct	100%
57.	PUMA SERVICIOS SpA	Chile	Santiago	indirect	100%
58.	PUMA México Sport, S.A. de C.V.	Mexico	Mexico City	direct	100%
59.	Importaciones RDS, S.A. de C.V.	Mexico	Mexico City	direct	100%
60.	GLOBAL LICENSE STICHD GROUP MEXICO S.A. de C.V.	Mexico	Mexico City	indirect	100%
61.	Importationes Brand Plus Licensing S.A. de C.V.	Mexico	Mexico City	indirect	100%
62.	Distribuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
63.	Distribuidora Deportiva PUMA Tacna S.A.C.	Peru	Tacna	indirect	100%
64.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
65.	PUMA Suede Holding, Inc.	USA	Wilmington	indirect	100%

AS OF 31 DECEMBER 2023

66.	PUMA North America, Inc.	USA	Wilmington	indirect	100%
67.	Cobra Golf Incorporated	USA	Wilmington	indirect	100%
68.	PUMA United Aviation North America LLC	USA	Wilmington	indirect	70%
69.	PUMA United Canada Holding, Inc.	USA	Wilmington	indirect	100%
70.	PUMA United North America LLC	USA	Dover	indirect	51%
71.	Janed Canada, LLC	USA	Dover	indirect	51%
72.	stichd NA, Inc.	USA	Lewes	indirect	100%
73.	PUMA Card Services NA, LLC.	USA	Plantation	indirect	100%
	Asia/Pacific				
74.	PUMA Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
75.	White Diamond Australia Pty. Ltd.	Australia	Melbourne	indirect	100%
76.	White Diamond Properties Pty. Ltd.	Australia	Melbourne	indirect	100%
77.	PUMA China Ltd. (彪马（上海）商贸有限公司)	China	Shanghai	indirect	100%
78.	stichd Trading (Shanghai) Co., Ltd. (斯梯起特贸易（上海）有限公司)	China	Shanghai	indirect	100%
79.	Guangzhou World Cat Information Consulting Services Company Ltd. (广州寰彪信息咨询服务有限公司)	China	Guangzhou	indirect	100%
80.	World Cat Ltd. (寰彪有限公司)	China	Hong Kong	direct	100%
81.	Development Services Ltd.	China	Hong Kong	direct	100%
82.	PUMA International Trading Services Ltd.	China	Hong Kong	indirect	100%
83.	PUMA ASIA PACIFIC LTD (彪馬亞太區有限公司)	China	Hong Kong	direct	100%
84.	PUMA Hong Kong Ltd. (彪馬香港有限公司)	China	Hong Kong	indirect	100%
85.	stichd Limited	China	Hong Kong	indirect	100%
86.	PUMA Sports India Private Ltd.	India	Bangalore	indirect	100%
87.	PT PUMA Cat Indonesia	Indonesia	Jakarta	indirect	100%
88.	PT PUMA Sports Indonesia	Indonesia	Jakarta	indirect	100%

AS OF 31 DECEMBER 2023

89.	PUMA Japan K.K. (プーマ ジャパン株式会社)	Japan	Tokyo	indirect	100%
90.	PUMA Korea Ltd. (푸마코리아 유한회사)	(South) Korea	Seoul	direct	100%
91.	Stichd Korea Ltd	(South) Korea	Incheon	indirect	100%
92.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Petaling Jaya	indirect	100%
93.	STICHD SOUTHEAST ASIA SDN. BHD.	Malaysia	Kuala Lumpur	indirect	100%
94.	PUMA New Zealand Ltd.	New Zealand	Auckland	indirect	100%
95.	PUMANILA IT SERVICES INC.	Philippines	City of Makati	indirect	100%
96.	PUMA Sports Philippines Inc.	Philippines	City of Makati	indirect	100%
97.	PUMA SOUTH EAST ASIA PTE. LTD.	Singapore		indirect	100%
98.	PUMA Taiwan Sports Ltd. (台灣彪馬股份有限公司)	China (Taiwan)	Taipei	indirect	100%
99.	PUMA Sports (Thailand) Co., Ltd.	Thailand	Bangkok	indirect	100%
100.	World Cat Vietnam Sourcing & Development Services Company Limited (CÔNG TY TNHH DỊCH VỤ PHÁT TRIỂN & NGUỒN CUNG ỨNG WORLD CAT VIỆT NAM)	Vietnam	Ho Chi Minh City	indirect	100%

[1] subsidiaries which are assigned to be economically 100% PUMA Group

PUMA Mostro GmbH, PUMA Blue Sea GmbH and PUMA Sprint GmbH have made use of the exemption provision under Section 264(3) of the German Commercial Code (HGB). PUMA Europe GmbH and PUMA International Trading GmbH have also made use of the exemption provision under Section 264(3) HGB, but waive the exemption from the third subsection.

CURRENCY CONVERSION

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

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

The significant conversion rates per euro are as follows:

↗ T.10 SIGNIFICANT CONVERSION RATES

	2023		2022	
Currency	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.1050	1.0813	1.0666	1.0530
CNY	7.8509	7.6600	7.3582	7.0788
JPY	156.3300	151.9903	140.6600	138.0274
MXN	18.7231	19.1830	20.8560	21.1869
ARS*	892.9166	-	188.7249	-
GBP	0.8691	0.8698	0.8869	0.8528

* Due to the application of accounting for hyperinflationary economies in Argentina, all items in the financial statements are converted at the exchange rate applicable on the reporting date.

Argentina and Türkiye are in a hyperinflation environment. In 2022, the subsidiaries whose functional currency is the Argentine peso or the Turkish lira applied the accounting for hyperinflationary economies in accordance with IAS 29 for the first time, with retroactive effect from 1 January 2022. The carrying amounts of non-monetary assets and liabilities, shareholders' equity and other comprehensive income are translated into the unit of measurement applicable at the balance sheet date and thus adjusted to reflect price changes. The financial statements are based on the concept of historical acquisition and/or production costs. The exchange rate as of 31 December 2023 was used for conversion into the reporting currency, the euro, for all items.

Gains and losses on the net monetary position are included in the financial result. In the financial year 2023, the net profit from the monetary items amounted to € 7.7 million (previous year: € 0.9 million). The amount also includes interest income from invested liquid funds in accordance with IAS 29.28.

The price index used for Türkiye as of 31 December 2023 was 1,859.4 (31 December 2022: 1,128.5) and is based on the consumer price index. The general price index used for Argentina as of 31 December 2023 was 3,500.4 (31 December 2022: 1,134.3).

ACCOUNTING AND VALUATION PRINCIPLES

FINANCIAL INSTRUMENTS

Financial instruments are classified and recognised in accordance with IFRS 9. Acquisitions and disposals of financial assets, with the exception of trade receivables, are initially recognised on the settlement date and are recorded at fair value.

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

DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING

In relation to the accounting of hedge relationships, PUMA made use of the option to continue applying the rules of IAS 39 for hedge accounting.

Derivative financial instruments are recognised at fair value at the time a contract is entered into and thereafter. At the time a hedging instrument is concluded, PUMA classifies the derivatives either as hedges of a planned transaction and hedging variable interest flows from the promissory note loans (cash flow hedge accounting), or as hedges of the fair value of a recognised asset or liability (fair value hedge).

At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of the hedging relationship and continuously thereafter.

The Group designates the spot rate for forward transactions and the intrinsic value for options contracts. The interest component and/or fair value are excluded from the designation of the hedging instrument and are recorded in the financial result through profit or loss.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged underlying transaction on the basis of the key valuation parameters, such as the reference interest rate, the currency, the amount and the time of their respective cash flows (critical terms match method). The Group uses the cumulative dollar offset method to assess whether the derivative designated in each hedging relationship is expected to be prospectively effective and retroactively effective in relation to offsetting changes in the cash flows of the hedged underlying transaction.

The main reason for ineffectiveness is the decline or loss of hedged transactions in these hedging relationships.

Changes in the market value of derivatives that are intended and suitable for cash flow hedging and that prove to be effective are adjusted directly in other comprehensive income, taking into account deferred taxes. If there is no complete effectiveness, the ineffective part is recognised in the income statement. The amounts recognised in other comprehensive income are recognised in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in other comprehensive income are included in the initial measurement of the acquisition costs of the respective asset or liability.

Changes in the market value of derivatives that qualify for and are designated as fair value hedges are recognised directly in the consolidated income statement, together with changes in the fair value of the underlying transaction attributable to the hedged risk. The changes in the market value of the derivatives and the change in the underlying transaction attributable to the hedged risk are reported in the consolidated income statement under the item relating to the underlying transaction.

The fair values of the derivative instruments used to secure planned transactions and for hedging the variable cash flows from the promissory note loans (cash flow hedge accounting) and to secure the fair value of a recognised asset or liability (fair value hedge) are shown under "Other current and non-current financial assets or liabilities".

PUMA AS LESSEE

The leases for which PUMA acts as a lessee are identified at the individual contract level. For these leases, PUMA recognises a right-of-use asset and a respective lease liability, with the exception of short-term leases (defined as leases with a term of no more than 12 months) and low-value lease agreements (with a value of less than € 5,000 at contract conclusion). In the case of a short-term lease or low-value lease, the Group recognises the lease payments on a straight-line basis over the term of the lease agreement as other operating expense.

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

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

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

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

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

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

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

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

The rights of use are subject to the impairment regulations pursuant to IAS 36. As a general rule, the right-of-use assets are tested for impairment (impairment test) if there is any indication that the value of the asset could be impaired. The right-of-use assets, in particular in connection with the Group's own retail stores, are subjected to an impairment test if there are indicators or changes in planning assumptions that suggest that the carrying amount of the assets may not be recoverable. To this end, a triggering event test of all retail stores, each of which is a separate cash-generating unit, is carried out after preparation of the annual budget planning or on an ad-hoc basis.

For the purposes of the triggering event test, the recoverable amount of the respective retail stores is determined as a value in use using a simplified discounted cash flow method. The value in use is determined on the basis of the planned cash flows for the retail stores according to the budget, which is prepared on a bottom-up basis and approved by management. The forecast period is derived from the expected useful lives of the respective retail store and is reviewed annually. Following the bottom-up budget, revenue and cost developments are used as a basis for the remaining useful life, the growth rate of which is based on expected nominal retail growth. Growth rates in the single-digit percentage range are expected for all retail stores over the three-year detailed planning period. In calculating the value in use of retail transactions, cash flows in non-inflationary countries were measured at a weighted cost of capital rate of between 8.8% and 38.0% (previous year: between 8.2% and 25.3%) and the cash flows of retail transactions in the two high-inflation countries with a weighted cost of capital between 31.2% and 145.0% (previous year: between 20.0% and 62.7%). This was based on a risk-free interest rate on equivalent term structures of 3.1% (previous year: 2.3%) and a market risk premium of 7.0% (previous year: 7.3%) are used as a basis.

If, in the triggering event test, the carrying amount of the retail store assets exceeds the simplified value in use, the recoverable amount of this cash-generating unit is calculated with the discounted cash flow method using the above cost of capital rates. This is based on the individual planning of cash flows for the retail store. If an impairment arises, the right of use is impaired first.

If there are indications that retail stores for which impairment has been recorded in the past have been able to achieve a turnaround and that their rights of use are recoverable, the impairment is reversed up to a maximum of the amount of amortised costs.

If there is an impairment loss or a reversal of an impairment loss, this is allocated to the central area in the segment reporting under IFRS 8. However, the impaired assets are reported in the relevant operating segments.

PUMA AS LESSOR

In financial year 2023, the accounting principles of IFRS 16 were applied for PUMA as a lessor for the first time. If PUMA acts as a lessor, it is determined at the beginning of the lease whether it is a finance lease or an operating lease. In order to classify the lease agreement, PUMA makes an overall assessment of whether the lease essentially transfers all the risks and benefits associated with ownership of the underlying asset. If this is the case, it is classified as a finance lease. If not, it is classed as an operating lease. Various indicators are taken into account as part of this assessment, such as whether the lease ratio comprises the majority of the economic useful life of the underlying asset. At our discretion, the leases in which PUMA acts as an intermediate lessor are in most cases finance leases, as subletting always covers most of the term of the main lease. If PUMA acts as an interim lessor, the shares in the main lease contract and the sub-lease contract are accounted for separately.

In the case of finance leases, a net investment (receivable) equal to the discounted future rental payments to be received is recognised in the balance sheet and reported under other assets (without inclusion in working capital). The marginal debt interest rate is used to determine the discount, as the interest rate underlying the lease is generally unknown. Interest income from finance leases is reported in the cash flow from investing activities.

If the lease is classified as operating leases, the lease payments are immediately recognised in profit or loss as rental income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances. This also includes free cash and cash equivalents that are invested as a fixed-term deposit with a term of up to three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

Cash and cash equivalents are measured at amortised cost. They are subject to the impairment requirements in accordance with IFRS 9 "Financial Instruments". PUMA monitors the credit risk of these financial instruments taking into account the economic situation, external credit rating and/or premiums for credit default swaps (CDS) of other financial institutions. The credit risk from cash and cash equivalents is classified as immaterial, due to the relatively short terms and the investment-grade credit rating of the counterparty, which signals a low probability of default for the financial instruments.

INVENTORIES

The Group procures inventories primarily from third parties and these are reported as goods within inventories. To a small extent, footwear and golf clubs are produced in-house, which are reported as finished goods together with the goods within the inventories.

Inventories are measured at acquisition or manufacturing cost or at the lower net realisable values derived from the selling price at the balance sheet date. The acquisition cost of merchandise is determined using an averaging method. Value adjustments are adequately recorded, depending on age, seasonality and realisable market prices.

TRADE RECEIVABLES

Trade receivables are initially measured at the transaction price and subsequently at amortised cost with deduction of value adjustments, in the form of a provision for risks.

When determining the provision for risks for trade receivables, PUMA uniformly applies the simplified method in order to determine the expected credit losses over the remaining lifetime of the trade receivables (called "lifetime expected credit losses") in accordance with the provisions of IFRS 9 "Financial Instruments". For this, trade receivables are classified by geographic region into suitable groups with shared credit risk characteristics. The expected credit losses are calculated using a matrix that presents the age structure of the receivables and depicts a likelihood of loss for the individual maturity bands of the receivables on the basis of historic credit loss events and future-based factors. The percentage rates for the loss likelihoods are checked regularly to ensure they are up to date. If objective indications of a credit impairment are found regarding the trade receivables of a certain customer, a detailed analysis of this customer's specific credit risk is conducted and an individual provision for risks is established for the trade receivables with respect to this customer. If a credit insurance is in place, it is taken into account when determining the amount of the risk provision.

The Group assumes that the default risk of a financial asset has increased significantly if it is more than 30 days overdue.

OTHER FINANCIAL ASSETS

Other financial assets are classified based on the business model for control and the cash flows of the financial assets. In the Group, financial assets are generally held under a business model that provides for "holding" the asset until maturity, in order to collect the contractual cash flows. The second condition is that the terms and conditions of the financial asset result in cash flows at specified times, which exclusively represent repayments and interest payments on the outstanding nominal amount.

The "trading" business model is used for financial assets in the form of derivatives without a hedging relationship. These are valued at fair value through profit or loss (FVPL).

Non-current financial assets include rental deposits and other assets. Non-interest-bearing non-current assets are discounted to present value if the resulting effect is significant.

INVESTMENTS

The investment recognised under non-current financial assets belongs to the category "measured at fair value through other comprehensive income" (FVOCI), since these investments are held over the long term for strategic reasons.

All purchases and disposals of investments are recorded on the settlement date. Investments are initially recognised at fair value plus transaction costs. They are also recognised at fair value in subsequent periods. Unrealised gains and losses are recognised in other comprehensive income, taking into account deferred taxes. The gain or loss on disposal of investments is transferred to retained earnings.

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of the assets involved. Buildings are subject to a useful life of between ten and fifty years, and a useful life of between three to ten years is assumed for movable assets.

Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalised to the extent that the criteria for capitalisation of an asset item apply.

INVESTMENT PROPERTY

In the financial year 2023, accounting for investment property was applied for the first time in accordance with IAS 40. These are accounted for in the same way as property, plant and equipment in accordance with the cost model, with their acquisition or production costs less scheduled depreciation and any necessary impairment losses. Depreciation is carried out on a straight-line basis and the useful lives are generally equivalent to those of property, plant and equipment used in-house.

OTHER INTANGIBLE ASSETS (NOT INCLUDING GOODWILL)

Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are measured at acquisition cost, net of accumulated amortisation. The useful life of intangible assets is between three and ten years. Scheduled depreciation is done on a straight-line basis.

If the capitalisation requirements of IAS 38.57 "Intangible Assets" are met cumulatively, expenses in the development phase for internally generated intangible assets are capitalised at the time they arise. In subsequent periods, internally generated intangible assets and acquired intangible assets are measured at cost less accumulated amortisation and impairment losses. In the Group, internally generated intangible assets are generally depreciated on a straight-line basis over a useful life of 3 years.

There are also trademark rights acquired for a fee in relation to Cobra Golf. Cobra Golf, founded in 1978, has a brand history spanning over 40 years in golf. The Cobra brand represents the core of the Golf business area and is continued through ongoing marketing investments by the PUMA Group in the Cobra brand. Due to the stability of the golf market and the continuation of the brand by PUMA, an indefinite useful life is assumed for the Cobra brand.

IMPAIRMENT OF ASSETS

Intangible assets with an indefinite useful life are not amortised according to schedule but are subjected to an annual impairment test. Property, plant and equipment, right-of-use assets, and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the level of a group of cash-generating units. If it is determined within the scope of the impairment test that an asset needs to be impaired, then the goodwill, if any, of the group of cash-generating units is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets within the application scope of IAS 36. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the amortised costs. There is no reversal of an impairment loss for goodwill.

The recoverable amount is primarily calculated using the discounted cash flow method. For determining the fair value less costs to sell and value in use, the expected cash flows are based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions. As part of the fair value determination less cost to sell, no special synergies of cash-generating units are taken into account, and corporate planning data is adjusted to the assumptions of market participants, if required. Moreover, there is a difference between the fair value less costs to sell and the value in use because the costs to sell are also taken into account.

Trademarks with an indefinite useful life are subjected to an impairment test based on the relief from royalty-method during the financial year or when the occasion arises. If there is evidence that the underlying Cobra business is insufficiently profitable, the trademark is not only valued individually using the relief from royalty-method, but the recoverable amount of the cash-generating units to which the trademark is attributable is determined.

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

BORROWINGS, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

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

The "trading" business model is used for financial liabilities in the form of derivatives without a hedge relationship. These are valued at fair value through profit or loss (FVPL).

Current borrowings also include those long-term loans that have a maximum residual term of up to one year.

PUMA offers its suppliers a supplier financing programme. This is reverse factoring, the financing conditions of which are also linked to the achievement of sustainability targets by the suppliers in most cases. Participation in the programme is voluntary for the suppliers and helps them to already pre-finance the supplier invoices to PUMA from one of the partner banks against an interest discount significantly before the customary payment date. PUMA is not affected by the participation of the suppliers in the supplier financing programme (in particular no changes to the payment terms, no changes to the payment methods and/or no changes to the original contractual conditions). Accordingly, the liabilities are recognised in the balance sheet as trade payables, and cash outflows are allocated to the cash inflow from operating activities in the cash flow statement.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In addition to defined benefit plans, some companies apply defined contribution plans, which do not result in any additional pension commitment other than the current contributions. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This method takes into account not only known pension benefits and pension rights accrued as of the reporting date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future cash outflows at the rate of return on senior, fixed-rate corporate bonds. The currencies and maturity periods of the underlying corporate bonds are consistent with the currencies and maturity periods of the obligations to be satisfied. In some of the plans, the obligation is accompanied by a plan asset. In that case, the pension provision shown is reduced by the plan asset.

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

OTHER PROVISIONS

Provisions for the expected expenses from warranty obligations pursuant to the respective national sales contract laws are recognised at the time of sale of the relevant products, according to the best estimate in relation to the expenditure needed in order to fulfil the Group's obligation.

Provisions are also made to account for onerous contracts. An onerous contract is assumed to exist where the unavoidable costs for fulfilling the contract exceed the economic benefit arising from this contract.

MANAGEMENT INCENTIVE PROGRAMMES

PUMA uses cash-settled share-based payments, share-based payments settled in cash or equities, and key performance indicator-based long-term incentive programmes. The share-based payments settled in cash or equities are accounted for in the same way as cash-settled share-based payments.

Detailed information on the management incentive programmes is presented in Chapter 18.

RECOGNITION OF SALES

The Group recognises sales from the sale of sporting goods. The sales are measured at fair value of the consideration to which the Group expects to be entitled from the contract with customers, taking into account returns, discounts and rebates. Amounts collected on behalf of third parties (such as VAT) are not included in sales. The Group records sales at the time when PUMA fulfils its performance obligation to customers and has transferred the right of disposal over the product to customers.

The Group sells footwear, apparel and accessories both to wholesalers and directly to customers through its own retail activities and online sales channels. Meanwhile, the sales-related warranty services cannot be purchased separately and do not lead to services that go beyond the assurance of the specifications at the time of the transfer of risk. Accordingly, the Group records warranties in the balance sheet in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

In the case of sales of products to wholesalers, the sales revenue is recorded at the date on which the right of disposal over the products is transferred to customers, in other words, when the products have been shipped to the specific location of the wholesaler (delivery). After delivery, the wholesaler bears the inventory risk and has full right of disposal over the manner and means of distribution and the selling price of the products. In the case of sales to end customers in the Group's own retail stores, the sales are recorded at the date when the right of disposal over the products is transferred to the end customer, in other words, the date on which the end customer buys the products in the retail store. The payment of the purchase price is due as soon as the customers purchase the products. In the case of sales of goods through our own online sales channels, sales are realised when the end customers have accepted the goods and the power of disposal over the goods has been passed to the end customer. The payment terms applied correspond to the standard industry payment terms for each country.

Under certain conditions and according to the contractual stipulations, customers have the option to exchange products or return them for a credit. The amount of the expected returns is estimated on the basis of past experience and is deducted from sales in the form of a liability based on refund obligations. The asset value of the right arising from the product return claim is recorded under inventories and leads to a corresponding reduction of cost of sales.

ROYALTY AND COMMISSION INCOME

The Group recognises license and commission income from the out-licensing of trademark rights to third parties in accordance with IFRS 15 Revenue from contracts with customers. Income from royalties is recognised in the income statement in accordance with the invoices to be submitted by the licensees. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced if the underlying purchase transaction is classified as realised.

ADVERTISING AND PROMOTIONAL EXPENSES

Advertising expenses are recognised in the income statement at the time they are incurred. In general, promotional expenses stretching over several years are recognised as an expense over the contractual term on an accrual basis. Any expenditure surplus exceeding the economic benefit that results from this allocation of expenses after the balance sheet date is recognised in the financial statements in the form of an impairment of assets and, if necessary, a provision for anticipated losses. If promotional and advertising contracts provide for additional payments when predefined targets are achieved (e.g. medals, championships), which cannot be predicted exactly in terms of time and amount, they are recognised in full in profit or loss at the relevant date.

FINANCIAL RESULT

The financial result includes interest income from financial investments and interest expenses from loans, along with interest income and expenses in connection with derivative financial instruments. Financial results also include interest expenses from lease liabilities as well as discounted, non-current liabilities associated with acquisitions and those arising from the valuation of pension commitments, in addition to interest income from finance leases.

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

INCOME TAXES

Current income taxes are determined in accordance with the tax regulations of the respective countries where the individual Group companies conduct their operations.

PUMA management regularly assesses individual tax issues to determine whether there is scope for interpretation in view of existing tax regulations. If appropriate, these issues are taken into account in income tax liabilities or deferred taxes. The income tax assessment is generally carried out at the level of the individual case, taking into account any possible interactions. Appropriate balance sheet provisions have been made for potential risks from uncertain tax positions, taking into account IFRIC 23.

DEFERRED TAXES

Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation procedures, which are levied by the same taxation authority and can be netted, are charged to each taxable entity and recognised either as deferred tax assets or deferred tax liabilities.

Deferred tax assets may also include claims for tax reductions that result from the expected utilisation of existing losses carried forward to subsequent years and which is likely to materialise. Deferred tax assets or liabilities may also result from accounting treatments that do not affect the income statement.

Deferred tax assets are recognised only to the extent that the respective tax advantage is likely to materialise.

ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the measurement and presentation of the recognised assets and liabilities, income and expenses, and contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual development differs from the expectation, the premises and, if necessary, the carrying amounts of the relevant assets and liabilities are adjusted with an effect on profit or loss.

All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. Assumptions and estimates mainly relate to the valuation of goodwill and trademarks, inventories, liabilities from refund obligations, taxes and leases in which PUMA is the lessee. The most significant forward-looking assumptions and sources of estimation and uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

Goodwill and brands

A review of the impairment of goodwill is based on the calculation of the value in use as a leading valuation concept. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behaviour. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). The relief from royalty-method is used to value brands. See chapter 11 for further details, in particular regarding the assumptions used for the calculation.

Inventories

Inventories are measured at acquisition or manufacturing cost or at the lower net realisable values derived from the selling price at the balance sheet date. Value adjustments are adequately recorded, depending on age, seasonality and realisable market prices. Further details on the inventory valuation are provided in chapter 4.

Liabilities from refund obligations

The Group recognises sales from the sale of sporting goods. The sales are measured at fair value of the consideration to which the Group expects to be entitled from the contract with customers, taking into account returns, discounts and rebates. As customers have the opportunity to exchange goods under certain conditions and in accordance with the contractual agreements, the amount of expected return deliveries is estimated on the basis of experience. The accrual of sales takes place via the liability from refund obligations.

Taxes

Tax items are determined taking into account the various prevailing local tax laws and the relevant administrative opinions and, due to their complexity, may be subject to different interpretations by persons subject to tax on the one hand and the tax authorities on the other hand. Differing interpretations of tax laws may result in subsequent tax payments for past years; these are included based on the assessment of the management, using the most probable amount or the expected value for the individual case.

The recognition of deferred taxes requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of occurrence and the amount of future taxable income. The taxable income from the relevant corporate planning is derived for this assessment. It takes into account the past financial position and the business development expected in the future. Deferred tax assets are recorded in the event of companies incurring a loss only if it is highly probable that future positive results will be achieved. See Chapter 8 for further information.

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

DISCRETIONARY DECISIONS

The preparation of the consolidated financial statements requires discretionary decisions relating to the application of accounting methods and the amounts of assets, liabilities, income and expenses reported. Information on the application of accounting policies that have the most material impact on the amounts recorded in the financial statements can be found in the following notes:

Evaluation of the control of companies with non-controlling interests
The determination as to whether the Group controls the companies with non-controlling interests is presented in chapter 28, Information on non-controlling interests.

PUMA as lessee
The accounting for leases in which PUMA is the lessee includes discretionary decisions, in particular in relation to the term of the lease agreements with regard to determining whether the exercise of extension options is sufficiently certain.

Some real estate leases contain extension options that can only be exercised by PUMA and not by the lessor. If possible, the Group seeks to include extension options when concluding new leases in order to ensure operational flexibility. On the date of provision, the Group assesses whether it is sufficiently certain that the extension options will be exercised. The assessment is carried out individually for each contract and takes into account the amount of the company's own investments and the possibility of changing macroeconomic conditions in the future. If significant events or significant changes occur during the term of the contract that are within PUMA's control, it will be reassessed as to whether it is sufficiently certain that the extension option will be exercised.

Significant discretionary decisions are made in the subsequent valuation of rights of use for retail stores in the context of assessing the existence of an impairment and determining the impairment requirement. Among other things, assumptions are made about the duration of the lease, the future economic development and profitability of the retail stores, and also the underlying interest rate.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

3. CASH AND CASH EQUIVALENTS

As of 31 December 2023, the Group has € 552.9 million (previous year: € 463.1 million) in cash and cash equivalents. This includes bank balances, including short-term financial investments with an original term of up to three months. The average effective interest rate of the financial investments was 1.1% (previous year: 1.7%) for countries without hyperinflation. In countries with hyperinflation, the average effective interest rate of financial investments was 40.9% (previous year: 33.4%). Due to currency exchange controls, transfer restrictions of € 45.6 million (previous year: € 93.3 million) were placed on the cash and cash equivalents reported.

4. INVENTORIES

Inventories are allocated to the following main groups:

T.11 INVENTORIES (in € million)

	2023	**2022**
Goods/inventory and finished goods		
Footwear	625.9	750.2
Apparel	420.8	519.0
Accessories/Other	216.0	266.4
Raw materials, consumables and supplies	34.9	46.8
Prepayments made	2.9	3.2
Goods in transit	458.7	592.6
Inventory adjustments related to returns	45.2	66.9
Total	**1,804.4**	**2,245.1**

The raw materials, consumables and supplies mainly relate to raw materials for the production of golf clubs and footwear.

The table shows the carrying amounts of the inventories net of value adjustments. Of the value adjustments in the amount of € 157.1 million (previous year: € 217.0 million) approx. 64.3% (previous year: approx. 67.5%) were recognised as an expense under cost of sales in financial year 2023. The volume of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

The inventory adjustments related to returns represents the historical acquisition or production costs of the inventories for which a return is expected.

5. TRADE RECEIVABLES

The trade receivables are broken down as follows:

↗ T.12 TRADE RECEIVABLES (in € million)

	2023	2022
Trade receivables, gross	1,183.4	1,122.8
Less provision for risks	-65.0	-57.9
Trade receivables, net	**1,118.4**	**1,064.9**

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

↗ T.13 CHANGE OF RISK PROVISIONS FOR TRADE RECEIVABLES (in € million)

	2023	2022
Status of provision for risks as of 1 January	**57.9**	**58.7**
Exchange rate differences	-1.6	0.4
Additions	26.7	20.3
Utilization	-3.8	-5.6
Reversals of unused provision for risks	-14.3	-15.8
Status of provision for risks as of 31 December	**65.0**	**57.9**

The age structure of the trade receivables is as follows:

↗ T.14 AGE STRUCTURE 2023 (in € million)

			overdue			
2023	**Total**	**Not due**	**0-30 days**	**31-90 days**	**90-180 days**	**Over 180 days**
Gross carrying amount - Trade receivables	1,183.4	952.3	92.4	83.4	14.1	41.4
Provision for risks	-65.0	-16.4	-4.0	-8.2	-4.5	-31.9
Net carrying amount - Trade receivables	1,118.4	935.8	88.4	75.2	9.6	9.5
Expected loss rate		1.7%	4.3%	9.8%	32.0%	77.1%

↗ T.15 AGE STRUCTURE 2022 (in € million)

2022	Total	Not due	overdue 0-30 days	31-90 days	90-180 days	Over 180 days
Gross carrying amount - Trade receivables	1,122.8	986.7	58.5	26.4	11.6	39.7
Provision for risks	-57.9	-21.2	-3.7	-2.7	-2.7	-27.6
Net carrying amount - Trade receivables	1,064.9	965.5	54.8	23.7	8.9	12.1
Expected loss rate		2.1%	6.3%	10.2%	23.6%	69.6%

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

6. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets are broken down as follows:

↗ T.16 OTHER CURRENT FINANCIAL ASSETS (in € million)

	2023	2022
Fair value of derivative financial instruments	34.5	115.9
Lease receivables	14.9	0.0
Other financial assets	45.6	21.6
Total	**94.9**	**137.4**

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

7. OTHER CURRENT ASSETS

Other current assets are broken down as follows:

↗ T.17 OTHER CURRENT ASSETS (in € million)

	2023	2022
Prepaid expense relating to the subsequent period	98.3	86.2
Other receivables	172.1	149.8
Total	**270.4**	**235.9**

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

Other receivables mainly comprise receivables relating to VAT of € 98.9 million (previous year: € 97.9 million) and other taxes of € 25.6 million (previous year: € 30.3 million).

8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

↗ T.18 DEFERRED TAXES[1] (in € million)

	2023	2022
Tax loss carryforwards	76.9	57.5
Inventories	74.5	90.8
Remaining current assets	13.5	13.5
Non-current assets	56.3	37.6
Lease liabilities (current and non-current)	290.8	289.6
Provisions and other liabilities	118.1	142.6
Deferred tax assets (before netting)	**630.1**	**631.6**
Current assets	17.4	37.6
Intangible assets	42.1	44.1
Right-of-use assets	258.2	260.5
Remaining non-current assets	24.6	32.4
Provisions and other liabilities	4.1	4.0
Deferred tax liabilities (before netting)	**346.4**	**378.5**
Deferred tax assets, net	**283.7**	**253.1**

[1] In order to better provide decision-relevant information, the data – including the previous year's figures – has been adjusted.

As of 31 December 2023, tax losses carried forward amounted to a total of € 447.9 million (previous year: € 360.7 million). Deferred tax assets were recognised for these items in the amount at which the associated tax advantages are likely to be realised in the form of future profits for income tax purposes. In financial year 2023, no deferred tax items were recognised for the losses carried forward in the amount of

€ 102.9 million (previous year: € 93.5 million), of which € 94.5 million (previous year: € 88.2 million) are vested. The remaining tax losses carried forward, for which no deferred tax items were recognised, in the amount of € 8.3 million (previous year: € 5.3 million) will expire within the next six years[1].

In addition, no deferred tax items were recognised for temporary differences in the amount of € 27.0 million (previous year: € 22.6 million) because they were not expected to be realised as of the balance sheet date.

For Group companies that achieved a negative tax result in this or the previous financial year, a total of deferred tax assets in the amount of € 157.1 million were recognised after deduction of any deferred tax liabilities (previous year: € 70.0 million) as sufficiently positive tax results can be expected in the future on the basis of the relevant projections.

No deferred taxes on retained profits at subsidiaries were recognised where these gains are to be reinvested on an ongoing basis and there is no intention to make a distribution in this respect.

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

↗ T.19 DEFERRED TAX ASSETS AND LIABILITIES (in € million)

	2023	2022
Deferred tax assets	296.1	295.0
Deferred tax liabilities	12.4	42.0
Deferred tax assets, net	**283.7**	**253.1**

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

↗ T.20 MOVEMENT OF DEFERRED TAXES (in € million)

	2023	2022
Deferred tax assets, net as of 1 January	253.1	231.1
Recognition in the income statement	22.8	25.1
Adjustment related to remeasurements of the net defined benefit liability, recognised in other comprehensive income	0.2	-2.5
Adjustment related to the market value of hedging contracts, recognised in other comprehensive income	10.1	-0.7
Currency exchange effects	-2.5	0.0
Deferred tax assets, net as of 31 December	**283.7**	**253.1**

[1] In order to better provide decision-relevant information, the data – including the previous year's figures – has been adjusted.

9. PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment is shown in the following tables:

↗ T.21 MOVEMENTS PROPERTY, PLANT & EQUIPMENT 2023 (in € million)

	Real Estate	Technical equipment and machines	Other equipment, factory and office equipment	Payments on account and assets under construction	Total
Purchase costs as of 1 January 2023	**175.2**	**170.8**	**706.2**	**75.1**	**1,127.3**
Additions	23.9	16.6	118.4	66.5	225.4
Disposals	-4.8	-0.4	-41.0	-2.8	-49.0
Transfers	0.1	39.7	2.2	-42.3	-0.4
Currency changes	-5.0	-4.1	-32.6	-1.8	-43.4
As of 31 December 2023	**189.5**	**222.5**	**753.2**	**94.8**	**1,260.0**
Accumulated depreciation as of 1 January 2023	**-54.5**	**-37.3**	**-443.2**	**-0.1**	**-535.2**
Depreciation	-6.2	-15.0	-84.4	0.0	-105.7
Disposals	3.5	0.4	38.6	0.0	42.5
Transfers	0.0	-0.3	-0.0	0.0	-0.3
Currency changes	1.2	2.5	20.3	0.1	24.2
As of 31 December 2023	**-56.0**	**-49.7**	**-468.7**	**0.0**	**-574.4**
Net carrying amount as of 31 December 2023	**133.5**	**172.8**	**284.6**	**94.8**	**685.6**

↗ T.22 MOVEMENTS PROPERTY, PLANT & EQUIPMENT 2022 (in € million)

	Real Estate	Technical equipment and machines	Other equipment, factory and office equipment	Payments on account and assets under construction	Total
Purchase costs as of 1 January 2022	**168.6**	**145.2**	**574.1**	**42.1**	**930.0**
Additions	0.9	6.8	112.7	79.5	199.9
Disposals	-0.2	-0.5	-45.0	-2.4	-48.1
Transfers	-4.2	12.8	44.9	-44.8	8.5
Currency changes	10.1	6.5	19.6	0.8	37.0
As of 31 December 2022	**175.2**	**170.8**	**706.2**	**75.1**	**1,127.3**
Accumulated depreciation as of 1 January 2022	**-47.0**	**-19.5**	**-391.1**	**0.0**	**-457.6**
Depreciation	-6.0	-9.0	-78.7	0.0	-93.7
Disposals	0.1	0.4	43.6	0.0	44.2
Transfers	0.1	-4.1	-0.0	-0.1	-4.2
Impairment	0.0	0.0	-0.6	0.0	-0.6
Currency changes	-1.7	-5.2	-16.4	0.0	-23.2
As of 31 December 2022	**-54.5**	**-37.3**	**-443.2**	**-0.1**	**-535.2**
Net carrying amount as of 31 December 2022	**120.7**	**133.5**	**263.1**	**75.0**	**592.2**

Investment properties are included under real estate within property, plant and equipment with a carrying amount of € 21.1 million (previous year: € 0.0 million) as of 31 December 2023. The fair value of investment properties as of 31 December 2023 is € 23.3 million (previous year: € 0.0 million). This was determined by external, independent experts who have relevant professional qualifications and current experience with the location and type of properties to be valued. The fair value was determined on the basis of the market-comparative approach, which reflects the most recent transaction prices for similar properties.

The rental income generated by the Group from investment properties amounted to € 0.6 million in the financial year (previous year: € 0.0 million). Direct operating expenses for investment properties, which generated rental income in the financial year, amounted to € 0.0 million (previous year: € 0.0 million).

10. LEASES

PUMA AS LESSEE

The Group rents and leases offices, warehouses, facilities, technical equipment and machinery, motor vehicles and sales rooms for its own retail business. As a rule, the lease agreements have a term of between one and fifteen years. Some agreements include renewal options and price adjustment clauses.

The carrying amounts for right-of-use assets recognised in the balance sheet relate to the following asset classes:

↗ T.23 RIGHT-OF-USE ASSETS 2023 (in € million)

	Real Estate – Retail stores	Real Estate – Warehouses & offices	Others (technical equipment and machines and vehicles)	Total
Depreciation	107.1	89.7	12.2	209.0
Additions	174.1	71.9	14.3	260.3
Net carrying amount as of 31 December 2023	**464.2**	**557.7**	**65.7**	**1,087.7**

↗ T.24 RIGHT-OF-USE ASSETS 2022 (in € million)

	Real Estate – Retail stores	Real Estate – Warehouses & offices	Others (technical equipment and machines and vehicles)	Total
Depreciation	110.1	82.1	10.6	202.8
Additions	187.1	188.8	29.5	405.4
Net carrying amount as of 31 December 2022	**430.9**	**613.1**	**67.3**	**1,111.3**

The following lease liabilities result:

↗ T.25 LEASE LIABILITIES (in € million)

	2023	2022
Current lease liabilities	212.4	200.2
Non-current lease liabilities	1,020.0	1,030.3
Total	**1,232.4**	**1,230.4**

The amounts recognised in the income statement are as follows:

↗ T.26 RECOGNISED IN INCOME STATEMENT (in € million)

	2023	2022
Depreciation of right-of-use assets incl. impairment losses and reversal of impairment losses (included in operating expenses)	202.8	228.1
Interest expense (included in financial expenses)	46.8	38.6
Expenses short-term leases (included in operating expenses)	11.3	10.1
Expenses leases of low-value assets (included in operating expenses)	1.2	1.0
Expenses variable lease payments (included in operating expenses)	35.4	29.7
Total	**297.5**	**307.6**

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

Total cash outflows from lease liabilities in 2023 amounted to € 254.8 million (previous year: € 228.7 million).

Due to reduced earnings prospects based on updated financial planning and estimates as well as retail store closures, impairment expenses in the total amount of € 5.7 million were recorded for the right of use of assets in connection with PUMA's own retail stores in financial year 2023 (previous year: € 25.4 million). To determine the impairment, the recoverable amount was calculated for the individual retail stores. This amounted to € 65.3 million for impaired retail stores (previous year: € 111.4 million). In the financial year, impairment reversals in the amount of € 11.9 million (previous year: € 0.0 million) were recorded for retail stores. There were no impairment losses or impairment reversals in the other categories of right-of-use assets.

In 2023, PUMA entered into lease agreements that had not yet commenced by year-end. As a result, no lease liabilities and corresponding right-of-use assets had been recognised as of 31 December 2023. Future lease payments in connection with these agreements amount to € 2.0 million (previous year: € 2.6 million) for the next year, € 28.2 million for years two to five (previous year: € 13.7 million) and € 48.5 million for the subsequent period (previous year: € 8.7 million). The lease terms for these are up to 15 years.

The maturity analysis of lease liabilities is as follows:

↗ T.27 MATURITY ANALYSIS OF LEASE LIABILITIES (in € million)

	2023	2022
Due within one year	255.8	234.0
Due between one and five years	679.6	665.3
Due after five years	510.4	541.2
Total (undiscounted)	**1,445.8**	**1,440.6**
Interest expense (not yet realised)	-213.4	-210.2
Total	**1,232.4**	**1,230.4**

PUMA AS LESSOR

PUMA rents out properties owned and leased as a lessor. From the lessor's point of view, these (sub)leases are classified as operating or finance leases. In the previous year, PUMA did not rent out any properties.

The net investments from finance leases are shown as receivables in the balance sheet and are reduced by the repayment portion included in the lease payment. The interest portion included in the lease payment is reported as interest income in the financial result.

The maturities of the existing receivables on lease payments against third parties classified as finance leases are as follows:

↗ T.28 MATURITY ANALYSIS OF LEASE RECEIVABLES (in € million)

	2023
Due within one year	16.8
Due between one and five years	24.8
Due after five years	4.5
Total (undiscounted)	**46.1**
Interest income (not yet realised)	-5.4
Provision for risks	-0.5
Total	**40.2**

The following income was recognised in the income statement in connection with leases:

↗ T.29 RECOGNISED IN INCOME STATEMENT (in € million)

	2023
Operating leases	
Fixed rental income	1.0
Finance leases	
Variable rental income	0.4
Total rental income (included in other operating income)	**1.4**
Selling profit (included in other operating income)	8.0
Interest income (included in financial income)	1.2

Future lease payments from operating leases for the coming year amount to € 1.6 million (previous year: € 0.0 million) and to € 5.1 million for years two to five (previous year: € 0.0 million).

11. INTANGIBLE ASSETS

Intangible Assets mainly include goodwill, intangible assets with indefinite useful lives (e.g. brands), assets associated with the Company's own retail activities and software licenses.

The development of intangible assets is shown in the following table:

↗ T.30 MOVEMENTS INTANGIBLE ASSETS 2023 (in € million)

	Goodwill	Intangible assets with an indefinite useful life	Other intangible assets	Total
Purchase costs as of 1 January 2023	**289.3**	**151.0**	**341.0**	**781.2**
Additions	0.0	0.0	74.2	74.2
Disposals	0.0	0.0	-16.8	-16.8
Transfers	0.0	0.0	0.6	0.6
Currency changes	-4.0	-4.6	-1.5	-10.1
As of 31 December 2023	**285.3**	**146.3**	**397.5**	**829.1**
Accumulated depreciation as of 1 January 2023	**-46.6**	**-17.6**	**-210.5**	**-274.7**
Depreciation	0.0	0.0	-37.0	-37.0
Disposals	0.0	0.0	11.9	11.9
Transfers	0.0	0.0	-0.1	-0.1
Currency changes	0.4	0.0	1.3	1.6
As of 31 December 2023	**-46.3**	**-17.6**	**-234.5**	**-298.2**
Net carrying amount as of 31 December 2023	**239.0**	**128.7**	**163.0**	**530.8**

↗ T.31 MOVEMENTS INTANGIBLE ASSETS 2022 (in € million)

	Goodwill	Intangible assets with an indefinite useful life	Other intangible assets	Total
Purchase costs as of 1 January 2022	**291.5**	**143.2**	**276.6**	**711.4**
Additions	0.0	0.0	64.0	64.0
Disposals	0.0	0.0	-2.4	-2.4
Transfers	0.0	0.0	1.3	1.3
Currency changes	-2.2	7.8	1.4	6.9
As of 31 December 2022	**289.3**	**151.0**	**341.0**	**781.2**
Accumulated depreciation as of 1 January 2022	**-46.8**	**-17.6**	**-175.1**	**-239.5**
Depreciation	0.0	0.0	-36.3	-36.3
Disposals	0.0	0.0	2.2	2.2
Transfers	0.0	0.0	-0.2	-0.2
Currency changes	0.2	0.0	-1.1	-1.0
As of 31 December 2022	**-46.6**	**-17.6**	**-210.5**	**-274.7**
Net carrying amount as of 31 December 2022	**242.7**	**133.4**	**130.4**	**506.5**

The item Other intangible assets includes advance payments in the amount of € 21.6 million (previous year: € 5.6 million).

The current amortisation of intangible assets in the amount of € 37.0 million (previous year: € 36.3 million) is included in the other operating expenses. Of this, € 11.5 million relate to sales and distribution expenses (previous year: € 7.7 million), € 0.1 million to expenses for product management/merchandising (previous year: € 0.1 million), € 0.0 to development expenses (previous year: € 1.9 million), and € 25.3 million to administrative and general expenses (previous year: € 26.5 million).

INFORMATION ON PLANNING ASSUMPTIONS FOR IMPAIRMENT TESTS

Goodwill and intangible assets with indefinite useful lives are not amortised according to schedule. Impairment tests with regard to goodwill were performed in the past financial year using the discounted cash flow method. The data from the three-year plan for the respective cash-generating unit or group of cash-generating units was used as a basis for this. Planning on the level of the cash-generating units was thereby derived from the PUMA Group's three-year plan. The following key assumptions have been made for the PUMA Group plans:

Based on the basic assumptions regarding overall economic development, planning at Group level assumes that geopolitical tensions will not increase any further. Under these conditions, we expect our business to continue to grow profitably.

Planned sales growth is based on the good future growth prospects in the sporting goods industry and on market share gains by PUMA. This is to be achieved, in particular, via the continued consistent implementation of the Forever Faster corporate strategy and the increase in PUMA's brand heat.

The improvement in EBIT margin in the planning period is the result of a slight increase in gross profit margin due to, for example, a higher share of own retail sales as a result of above-average growth of the e-commerce distribution channel. Furthermore, the slightly weaker percentage increase of other operating income and expenses compared to sales growth is also expected to contribute to the improvement of the EBIT margin; for example, the operating requirements for planned sales growth over the coming years have essentially been met, meaning that economies of scale can be realised.

The planning of investments and working capital is based on historical experience and is carried out in accordance with strategic objectives.

The future tax payments are based on current tax rates in the respective country.

For periods beyond the three-year plan, an annual growth rate is determined and used to forecast future cash flows beyond the three-year period. The assumed growth rate is based on long-term expectations of inflation rates and does not exceed the long-term average growth rates for the business area in which the respective cash-generating unit, or group of cash-generating units, operates.

The recoverable amount for the respective cash-generating unit or group of cash-generating units was determined on the basis of the value-in-use. This did not result in impairment losses for any cash-generating units.

INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

In connection with the Golf business unit (CPG – Cobra PUMA Golf), the Cobra brand exists as an intangible asset with an indefinite useful life amounting to € 128.7 million (previous year: € 133.4 million). The carrying amount of the Cobra brand is significant in comparison to the overall carrying amount of the intangible assets with an indefinite useful life. It was assigned to the North America business segment, where the headquarters of Cobra PUMA Golf is located. The recoverable amount of the Cobra brand was determined using the relief from royalty-method (level 3 – see explanation in chapter 14). A discount rate of 10.6% p.a. (previous year: 9.4% p.a.), a royalty rate of 6.0% (previous year: 8.0%) and a sustainable 2.0% growth rate (previous year: 2.0%) was used. Cobra or CPG's three-year plan shows average revenue growth in the high single-digit percentage range. The Management's key assumptions about improvement in the EBIT margin in Cobra's or CPG's three-year plan are essentially in line with the fundamental assumptions in the plans at Group level.

A reduction of the royalty rate to approximately 5.4% or a reduction of the average planned sales revenues by approx. 10.3% would not result in any impairment requirement for the Cobra brand, and the recoverable amount would correspond to the carrying amount.

If there is evidence that the underlying Cobra business is insufficiently profitable, the trademark is not only valued individually using the relief from royalty-method, but the recoverable amount of the cash-generating units to which the trademark is attributable is determined. In 2023, there were no indications of an impairment.

GOODWILL

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

↗ T.32 COMPOSITION OF GOODWILL (in € million)

	2023	2022
PUMA UK	1.6	1.6
Genesis	7.0	6.9
Subtotal Europe	8.7	8.5
PUMA Canada	9.7	9.9
PUMA United NA	2.0	2.1
Subtotal North America	11.7	11.9
PUMA Argentina	15.8	16.4
PUMA Chile	0.5	0.5
PUMA Mexico	12.2	10.9
Subtotal Latin America	28.5	27.8
PUMA China	2.5	2.5
PUMA Taiwan	13.3	13.7
Subtotal Greater China	15.8	16.2
PUMA Japan	35.0	38.9
Subtotal Asia/Pacific (excluding Greater China)	35.0	38.9
stichd	139.4	139.4
Total	**239.0**	**242.7**

Assumptions used in conducting the impairment tests in 2023:

↗ T.33 ASSUMPTIONS IMPAIRMENT TEST 2023

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	13.3%	11.1%
North America *	26.2%	12.7%	10.3%
Latin America	27.0%-35.0%	16.5%-64.1%	12.1%-51.7%
Greater China	20.0%-25.0%	12.9%-14.0%	10.5%-11.2%
Asia/Pacific (excluding Greater China) *	38.1%	16.4%	10.5%
stichd *	25.0%	13.1%	10.2%

* The information for North America, Asia/Pacific (excluding Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

The tax rates used for the impairment test correspond to the actual tax rates in the respective countries. The weighted average cost of capital (WACC) was derived on the basis of the weighted average cost of total capital, taking into account a standard market capital structure (ratio of debt to equity) and including the most important listed competitors (peer group).

In addition, a growth rate of 2.0% (previous year: 2.0%) is generally assumed. A growth rate of less than 2.0% (previous year: less than 2.0%) was applied only in justified exceptional cases, where the long-term expectations on inflation rate for the country in which the cash-generating unit operates were lower than the assumed growth rate; this applies, in particular, to the UK, Japan and Taiwan.

The cash-generating unit stichd includes goodwill of € 139.4 million (previous year: € 139.4 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 10.2% p.a. (previous year: 9.4% p.a.) and a growth rate of 2.0% (previous year: 2.0%). Stichd's three-year plan shows sales growth in the low double-digit percentage range. In the three-year plan for stichd, a lower improvement in the EBIT margin is expected compared to the Group, as the EBIT margin of stichd is already higher than for the Group as a whole.

The cash-generating unit PUMA Japan includes goodwill of € 35.0 million (previous year: € 38.9 million), which is significant in comparison to the overall carrying amount of goodwill. The recoverable amount was determined by a value-in-use calculation with a discount rate of 10.5% p.a. (previous year: 9.4% p.a.) and a growth rate of 1.2% (previous year: 1.0%). PUMA Japan's three-year plan shows sales growth in the high single-digit percentage range. PUMA Japan's three-year plan shows that the company expects a strong improvement in the EBIT margin and a return to the historical profitability level of PUMA Japan.

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

↗ T.34 ASSUMPTIONS IMPAIRMENT TEST 2022

	Tax rate (range)	WACC before tax (range)	WACC after tax (range)
Europe	19.0%	12.3%-12.4%	10.4%
North America *	26.2%	11.8%	9.1%
Latin America	27.0%-34.9%	14.8%-65.4%	11.2%-58.3%
Greater China	20.0%-25.0%	12.1%-13.5%	10.0%-10.6%
Asia/Pacific (excluding Greater China) *	38.1%	14.3%	9.4%
stichd *	25.0%	12.0%	9.4%

* The information for North America, Asia/Pacific (excluding Greater China) and stichd relates in each case to only one cash-generating unit (CGU)

12. OTHER NON-CURRENT ASSETS

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

↗ T.35 OTHER NON-CURRENT ASSETS (in € million)

	2023	2022
Investments	21.2	21.7
Fair value of derivative financial instruments	1.4	2.5
Lease receivables	25.3	0.0
Other financial assets	35.7	34.2
Total of other non-current financial assets	**83.6**	**58.4**
Other non-current non-financial assets	25.6	8.8
Other non-current assets, total	**109.1**	**67.2**

The investments relate to the 5.32% shareholding in Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien (BVB) with registered office in Dortmund, Germany. According to the audited IFRS consolidated financial statements 2022/2023 of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, equity as of 30 June 2023 amounted to € 282.7 million and the result of the last financial year was € 9.6 million.

Other financial assets mainly include rental deposits in the amount of € 31.9 million (previous year: € 29.8 million). The other non-current non-financial assets mainly include accruals and deferrals in connection with promotional and advertising agreements.

13. LIABILITIES

The residual terms of liabilities are as follows:

↗ T.36 LIABILITIES (in € million)

	2023				2022			
		Residual term of				Residual term of		
	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Borrowings	**572.0**	**145.9**	**426.1**	**0.0**	**327.4**	**75.9**	**251.5**	**0.0**
Trade payables	**1,499.8**	**1,499.8**	**0.0**	**0.0**	**1,734.9**	**1,734.9**	**0.0**	**0.0**
Other liabilities*			0.0					
Liabilities from other taxes	110.0	110.0	0.0	0.0	82.6	82.6	0.0	0.0
Liabilities relating to social security	10.6	10.6	0.0	0.0	10.0	10.0	0.0	0.0
Payables to employees	123.6	123.6	0.0	0.0	137.2	137.2	0.0	0.0
Liabilities from refund obligations	236.9	236.9	0.0	0.0	373.9	373.9	0.0	0.0
Liabilities from derivative financial instruments	58.2	47.7	10.5	0.0	52.4	39.5	12.9	0.0
Remaining other liabilities	45.4	43.2	2.0	0.2	54.0	51.6	2.0	0.3
Total	**2,656.5**	**2,217.7**	**438.5**	**0.2**	**2,772.5**	**2,505.8**	**266.3**	**0.3**

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

The liabilities from refund obligations result from contracts with customers and essentially comprise obligations from customer return rights.

14. FINANCIAL INSTRUMENTS

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AND ALLOCATION TO VALUATION CATEGORIES

T.37 CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUE (in € million)

	Measurement categories under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
		2023	2023				2022	2022			
Assets											
Cash and cash equivalents	[1]AC	552.9					463.1				
Trade receivables	AC	1,118.4					1,064.9				
Other current financial assets											
Derivatives - hedge accounting	n/a	22.8	22.8		22.8		56.1	56.1		56.1	
Derivatives - no hedge accounting	[2]FVPL	11.6	11.6		11.6		59.8	59.8		59.8	
Lease receivables	n/a	14.9					0.0				
Remaining current financial assets	AC	45.6					21.6				
Other non-current financial assets											
Derivatives - hedge accounting	n/a	1.4	1.4		1.4		2.5	2.5		2.5	
Investments	[3]FVOCI	21.2	21.2	21.2			21.7	21.7	21.7		
Lease receivables	n/a	25.3					0.0				
Remaining non-current financial assets	AC	35.7					34.2				
Liabilities											
Current borrowings											
Bank liabilities	AC	15.2					15.9				
Promissory note loans	AC	130.8	124.9		124.9		60.0	59.3		59.3	

	Measurement categories under IFRS 9	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
		2023	2023				2022	2022			
Trade payables	AC	1,499.8					1,734.9				
Current lease liabilities	n/a	212.4					200.2				
Other current financial liabilities											
Derivatives - hedge accounting	n/a	22.6	22.6		22.6		23.6	23.6		23.6	
Derivatives - no hedge accounting	[2]FVPL	25.1	25.1		25.1		15.9	15.9		15.9	
Remaining current financial liabilities	AC	30.9					36.5				
Non-current borrowings (promissory note loans)	AC	426.1	427.4		427.4		251.5	239.5		239.5	
Non-current lease liabilities	n/a	1,020.0					1,030.3				
Other non-current financial liabilities											
Derivatives - hedge accounting	n/a	10.5	10.5		10.5		12.9	12.9		12.9	
Remaining non-current financial liabilities	AC	0.9					1.0				
Total financial assets at amortised cost		**1,752.6**					**1,583.8**				
Total financial liabilities at amortised cost		**2,103.6**					**2,099.8**				
Total financial assets at fair value through profit or loss		**11.6**					**59.8**				
Total financial liabilities at fair value through profit or loss		**25.1**					**15.9**				
Total financial assets at FVOCI		**21.2**					**21.7**				

[1] AC = at amortised cost
[2] FVPL = fair value through PL
[3] FVOCI (fair value through OCI) = equity instruments at fair value through other comprehensive income

Financial instruments that are measured at fair value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.

Level 2: Use of input factors that do not involve the quoted prices stated under level 1, but can be observed for the asset or liability either directly (i.e. as the price) or indirectly (i.e. derived from the price).

Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

Reclassification between different levels of the fair value hierarchy are recorded at the end of the reporting period in which the change occurred.

The fair value of the investments held for strategic reasons only refers to equity instruments of the category "fair value through OCI" (FVOCI) and is determined on the basis of level 1. The market values of the derivative assets and liabilities as well as the fair value of the promissory note loans were determined in accordance with level 2.

The following table shows the measurement techniques used for determining Level 2 fair values for financial instruments.

↗ T.38 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE - LEVEL 2

Type	Measurement technique	Material, non-observable input factors	Connection between material, non-observable input factors and fair value measurement
Currency forward transactions	The fair values are determined on the basis of current market parameters, i.e., reference prices observable on the market, taking into account forward premiums and discounts. The discounted result of the comparison of the forward price on the reporting date with the forward price of the valuation date is included in the measurement. The fair values are also checked for the counterparty's non-performance risk. In doing this, PUMA calculates credit value adjustments (CVA) or debt value adjustments (DVA) on the basis of an up/down method, taking current market information into account, in particular the creditworthiness of the company's business partners. No material deviations were found, so that no adjustments were made to the fair value determined.	Not applicable	Not applicable
Currency options	The valuation is based on Garman Kohlhagen model, an extended version of the Black Scholes model.	Not applicable	Not applicable
Promissory note loans	The valuation takes into account the cash value of expected payments, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable
Interest options	The valuation is based on the Black Scholes model.	Not applicable	Not applicable

Of the fair value of the derivatives with a hedge relationship with positive market values of € 24.2 million (previous year: € 58.6 million), € 24.5 million (previous year: € 65.9 million) related to the valuation of the spot component. Of the fair value of the derivatives with a hedge relationship with negative market values of € 33.1 million (previous year: € 36.5 million), € 40.7 million (previous year: € 46.9 million) related to the valuation of the spot component.

Cash and cash equivalents, trade receivables and other receivables have short maturities. Accordingly, as of the reporting date, the carrying amount approximates fair value. Receivables are stated at nominal value, taking into account deductions for default risk.

The fair values of other financial assets correspond to their carrying amount, as the interest calculation occurs at the prevailing market interest rates on the balance sheet date. Other (current and non-current) financial assets include € 40.3 million (previous year: € 37.8 million) that were pledged as rental deposits at usual market rates.

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

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

NET RESULT BY VALUATION CATEGORIES

The following table shows the net result by valuation category:

↗ T.39 NET GAINS/LOSSES FROM FINANCIAL INSTRUMENTS (in € million)

	2023	2022
Financial assets at amortised cost (AC)	5.8	26.0
Financial liabilities at amortised cost (AC)	-89.3	-7.1
Derivatives without hedging relationship measured at fair value through profit or loss (FVPL)	7.7	-47.6
Financial assets measured at fair value through other comprehensive income (FVOCI)	-0.5	-3.4

The net result was determined by taking into account interest income and expense, currency exchange effects, changes in provisions for risks as well as gains and losses from disposal. It also includes effects from the fair value measurement of derivatives without a hedging relationship.

The net result includes interest income of € 36.6 million (previous year: € 31.8 million) and interest expenses of € 47.7 million (previous year: € 15.2 million) according to the effective interest method.

General administrative expenses include changes in risk provisions for receivables.

DISCLOSURES RELATING TO FINANCIAL RISKS

The PUMA Group is exposed to the following risks from the use of financial instruments:

- Default risk
- Liquidity risk
- Market risk

These risks and the principles of risk management are explained below.

PRINCIPLES OF RISK MANAGEMENT

The Management Board of PUMA SE is responsible for developing and monitoring risk management in the PUMA Group. To this end, the Management Board has set up a Risk Management Committee that is responsible for designing, reviewing and adapting the risk management system. The Risk Management Committee regularly reports to the Management Board on its work.

The guidelines for the risk management system define the responsibilities, tasks and processes of the risk management system. The guidelines for the risk management system and the risk management system itself are reviewed regularly in order to be able to pick up on any changes in market conditions and PUMA's activities and incorporate them accordingly.

The Audit Committee, on the one hand, monitors the Management Board's compliance with the guidelines and the Group risk management processes. On the other hand, the Audit Committee monitors the effectiveness of the risk management system with regard to the risks to which the PUMA Group is exposed. The Internal Audit department supports the Audit Committee in its monitoring tasks. To this end, regular audits and ad hoc audits are also carried out by the Internal Audit department. Their results are reported directly to the Audit Committee.

DEFAULT RISK

Default risk is the risk of financial losses if a customer or party to a financial instrument fails to meet its contractual obligations. Default risk arises in principle from trade receivables and from other contractual financial obligations of the counterparty, such as bank deposits and derivative financial instruments.

Without taking into account any existing credit insurance policies or other guarantees received, the maximum default risk is equal to the carrying amount of the financial assets.

At the end of financial year 2023, there was no relevant concentration of default risk by customer type or region. Default risk is mainly influenced by individual customer characteristics. In accordance with our credit guidelines, new customers are checked for creditworthiness before we offer them our regular payment and delivery terms. In addition, we set specific receivables limits for each customer. In particular, the international credit insurance programme that PUMA has concluded for all major subsidiaries contributes to risk mitigation. The creditworthiness of our customers and the limits on receivables are monitored on an ongoing basis, which also includes requests for individual credit limits from credit insurance providers for all customers who have external accounts that exceed a certain value limit. The credit insurer's response to such credit limit requests always includes information on the creditworthiness. Customers with a credit rating that does not meet the minimum requirements set may, as a rule, only acquire products against advance payment.

Further activities to reduce default risk include retention of title clauses, and also in individual cases the selective sale of trade receivables (without recourse) and the obtaining of bank guarantees or parent company guarantees for our customers.

At the end of the financial year 2023, no individual customers accounted for more than 10% of trade receivables.

The central Treasury department has a comprehensive overview of the banks involved in currency hedging instruments and the management of cash and cash equivalents. Business with banks is focused on core banks with the appropriate credit rating (currently a minimum rating of BBB+ or better), while maximum risk amounts are specified for banks that have also been engaged in addition to this. The counterparty risks resulting from this are reviewed at least once every six months.

PUMA held derivative financial instruments with a positive market value of € 35.8 million in 2023 (previous year: € 118.3 million). The maximum default risk for an individual bank from such assets amounted to € 7.5 million (previous year: € 24.8 million).

In accordance with IFRS 7, the following table contains further information on the offsetting options for derivative financial assets and liabilities. Most agreements between financial institutions and PUMA include a mutual right to offsetting; the right to offsetting is only enforceable in the event of the default of a business partner. Therefore, the criteria for offsetting in the balance sheet are not met.

The carrying amounts of the derivative financial instruments affected by the aforementioned offsetting agreements are shown in the following table:

T.40 OFFSETTING POSSIBILITIES OF DERIVATIVE FINANCIAL INSTRUMENTS (in € million)

	2023	2022
Assets		
Gross amounts of financial assets recognised in the balance sheet	35.8	118.3
Financial instruments that qualify for offsetting	0.0	0.0
= Net book value of financial assets	**35.8**	**118.3**
Offsettable on the basis of framework agreements	-34.5	-50.6
Total net value of financial assets	**1.3**	**67.7**

	2023	2022
Liabilities		
Gross amounts of financial liabilities recognised in the balance sheet	58.2	52.4
Financial instruments that qualify for offsetting	0.0	0.0
= Net book value of financial liabilities	**58.2**	**52.4**
Offsettable on the basis of framework agreements	-34.5	-50.6
Total net value of financial liabilities	**23.7**	**1.8**

LIQUIDITY RISK

Liquidity risk is the risk that the Group may not be able to meet its financial liabilities by delivering cash or other financial assets in accordance with the agreement. The objective of the Group in managing liquidity is to ensure that, as far as possible, sufficient cash and cash equivalents are always available in order to meet the payment obligations upon maturity, under both normal and strained conditions.

PUMA aims to maintain the amount of cash, cash equivalents and fixed loan commitments at a level that covers the effects of an assumed worst-case scenario. This scenario is based on the events and financial impact of the COVID-19 crisis in Q2 2020, which must be covered accordingly.

PUMA has confirmed credit lines amounting to a total of € 1,552.8 million (previous year: € 1,271.0 million), of which € 986.1 million had not been used as at 31 December 2023 (previous year: € 943.7 million).

No financial liabilities were utilised from credit lines granted only until further notice.

The effective interest rate of the financial liabilities ranged from 0.0% to 1.3% (previous year: 0.0% to 0.9%).

The following table shows the future cash outflows from the financial liabilities existing as at the reporting date, as well as the contractual cash flows in connection with derivatives with a negative market value. These are non-discounted gross amounts including expected interest payments, but exclude presentation of the effects of offsetting:

↗ T.41 CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES 2023 (in € million)

	Total	2024	2025	2026 et seq.
Non-derivative financial liabilities				
Borrowings	634.0	166.9	85.1	382.0
Trade payables	1,499.8	1,499.8		
Other liabilities	31.8	30.9	0.5	0.4
Derivative financial liabilities	**47.0**	**43.8**	**2.2**	**1.0**
Cash inflow derivative financial liabilities	-2,876.6	-2,397.1	-479.5	
Cash outflow derivative financial liabilities	2,923.6	2,440.8	481.8	1.0

The following values were determined for the previous year:

↗ T.42 CONTRACTUAL CASH FLOWS FROM FINANCIAL LIABILITIES 2022 (in € million)

	Total	2023	2024	2025 et seq.
Non-derivative financial liabilities				
Borrowings	332.7	78.3	126.6	127.8
Trade payables	1,734.9	1,734.9		
Other liabilities	37.5	36.5	0.8	0.2
Derivative financial liabilities	**34.5**	**34.2**	**0.3**	
Cash inflow derivative financial liabilities	-1,905.7	-1,303.9	-601.8	
Cash outflow derivative financial liabilities	1,940.2	1,338.1	602.1	

[1] The previous year's figures have been adjusted

MARKET RISK

Market risk is the risk that market prices, such as exchange rates, share prices or interest rates, may change, thereby affecting the income of the Group or the value of the financial instruments held.

The aim of market risk management is to manage and control market risk within acceptable margins while optimising returns.

To manage market risks, PUMA acquires and sells derivatives and also enters into financial liabilities. All transactions are carried out within the framework of the Group's risk management regulations.

CURRENCY RISK

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.

In financial year 2023, PUMA designated currency hedges in Cashflow Hedge Accounting in order to hedge the amount payable of purchases denominated in USD, and converted to euros, as well as for other currency risks resulting from internal resale to PUMA subsidiaries.

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

The estimated foreign currency risks are initially subjected to a quantitative materiality test, while simultaneously taking hedging costs into account. Material risks are then hedged, in accordance with the Group directive, up to a hedging ratio of up to 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.

The summarised quantitative information about the Group's currency risk is as follows:

↗ T.43 EXPOSURE TO FOREIGN CURRENCY RISK 2023 (in € million)

as of 31 December 2023	USD	MXN	JPY
Risk from forecast transactions	-1,716.4	269.1	190.0
Balance sheet risk	-628.3	78.8	13.4
Total gross risk	**-2,344.7**	**347.9**	**203.4**
Hedged with currency options	18.1	0.0	-51.5
Hedged with currency forward contracts	1,933.1	-211.1	-110.3
Net risk	**-393.5**	**136.7**	**41.6**

↗ T.44 EXPOSURE TO FOREIGN CURRENCY RISK 2022 (in € million)

as of 31 December 2022	USD	GBP	JPY
Risk from forecast transactions	-1,665.5	104.5	205.2
Balance sheet risk	-307.1	76.6	28.3
Total gross risk	**-1,972.6**	**181.0**	**233.4**
Hedged with currency forward contracts	1,833.9	-171.9	-181.6
Net risk	**-138.7**	**9.1**	**51.9**

Currency forward contracts and the risk from forecast transactions were calculated on a one-year basis.

The nominal amounts of open exchange rate-hedging transactions refer primarily to currency forward contracts in a total amount of € 3,745.0 million (previous year: € 3,792.6 million).

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

↗ T.45 MARKET VALUE OF EXCHANGE RATE HEDGING CONTRACTS (in € million)

	2023	2022
Currency forward contracts	35.5	118.3
Currency options	0.3	0.0
Currency hedging contracts, assets	**35.8**	**118.3**
Currency forward contracts	56.0	52.4
Currency options	1.2	0.0
Currency hedging contracts, liabilities	**57.2**	**52.4**
Net	**-21.4**	**66.0**

The net risk position and the average hedging rates are broken down as follows:

↗ T.46 AVERAGE HEDGING RATES

	2023		2022	
	Current	Non-current	Current	Non-current
Currency risk				
Net risk position (€ million)	**1,076.5**	**504.2**	**1,167.5**	**508.2**
Currency forward contracts				
Average EUR/USD exchange rate	1.108	1.110	1.092	1.069
Average EUR/MXN exchange rate	19.978	-	21.636	-
Average EUR/JPY exchange rate	138.560	148.736	133.205	137.338
Currency options				
Average EUR/USD exchange rate (Put/Call)	1.050/1.144	1.039/1.131	-	-
Average EUR/MXN exchange rate (Put/Call)	-	-	-	-
Average EUR/JPY exchange rate (Put/Call)	140.198/157.850	143.733/161.366	-	-

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

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

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.

The following table shows the increase or decrease of profit or loss or cash flow hedge reserve in equity in the event of a 10% appreciation or depreciation against the euro spot price. It is assumed that all other influencing factors, including interest rates and commodity prices, remain constant. The effects of the forecasted operating cash flows are also ignored.

↗ T.47 SENSITIVITY ANALYSIS FOR FOREIGN EXCHANGE RATE CHANGES 2023 (in € million)

as of 31 December 2023	**USD**	**MXN**	**JPY**
Nominal amounts of outstanding currency forward contracts	2,413.7	-211.1	-123.7
	EUR +10%	**EUR +10%**	**EUR +10%**
Equity	-151.3	17.9	-1.0
Profit or loss	2.0	-0.6	-0.1
	EUR -10%	**EUR -10%**	**EUR -10%**
Equity	218.9	-11.0	-23.7
Profit or loss	-2.4	0.8	0.1

↗ T.48 SENSITIVITY ANALYSIS FOR FOREIGN EXCHANGE RATE CHANGES 2022 (in € million)

as of 31 December 2022	**USD**	**GBP**	**JPY**
Nominal amounts of outstanding currency forward contracts	2,428.2	-205.7	-233.8
	EUR +10%	**EUR +10%**	**EUR +10%**
Equity	-186.6	7.7	13.9
Profit or loss	5.7	-0.1	0.4
	EUR -10%	**EUR -10%**	**EUR -10%**
Equity	221.0	-18.8	-28.7
Profit or loss	-6.9	0.1	-0.5

Currency risks and other risk and opportunity categories are discussed in greater detail in the Combined Management Report in the Risk and Opportunity Report.

INTEREST-RATE RISKS

The interest rate risk in the PUMA Group is primarily attributable to variable-interest borrowings. Interest rate management is carried out centrally by the Treasury division on the basis of specified limits. Within this framework, the division manages and monitors interest rate risk through the use of interest rate derivatives. Transactions are only concluded with counterparties that are creditworthy. Derivatives financial instruments must not be used for speculative purposes, but only to hedge risks related to underlying transactions.

As of 31 December 2023, € 207.5 million (previous year: € 67.5 million) of the borrowings were subject to variable interest.

Interest rate collars were also concluded at the same amount and with the same maturity to hedge the risk of interest rate changes for the variable interest-rate promissory note tranches in the amount of € 150.0 million in May 2023.

There is an economic relationship between the underlying and hedging transactions, since the terms of the interest-rate collars correspond to those of the floating-rate loans. This applies to the nominal amount, maturity, payment and interest adjustment dates. The underlying risk of interest rate collars is identical to that of the hedged risk components. A hedge ratio of 1:1 has therefore been established for the hedging relationship.

The net risk position and the average hedged interest rate are as follows:

↗ T.49 AVERAGE HEDGED INTEREST RATE

	2023	
	Current	**Non-current**
Net risk position (€ million)	**54.5**	**3.0**
Interest rate risk		
Average hedged interest rate in % based on current fixing (Cap/Floor)		4.7%/1.5%

As there were no significant variable interest-bearing liabilities in the previous year and no interest hedging transactions were therefore used, the information for the previous year is not applicable.

Interest sensitivity analysis
The result in the Group depends on the development of the market interest rate level. A change in the interest rate level would have an impact on the Group's income and equity. The analysis carried out includes all interest-bearing financial instruments that are subject to interest rate risk.

A change in the interest rate level of 100 basis points would have the following effects on profit or loss and the cash flow hedge reserve in equity

↗ T.50 SENSITIVITY ANALYSIS FOR INTEREST RATE RISK (in € million)

	2023	
	+1.0%	**-1.0%**
Equity	0.8	0.0
Profit or loss	0.4	-1.9

As there were no significant variable interest-bearing liabilities in the previous year, no interest-rate sensitivity analysis was prepared for the previous year.

INFORMATION ON HEDGING INSTRUMENTS THAT ARE IN A HEDGING RELATIONSHIP

On the balance sheet date, the amounts relating to items designated as hedged underlying transactions with regard to exchange rate risks were as follows:

T.51 DESIGNATED HEDGE ITEMS (in € million)

	Change in value for the calculation of hedge ineffectiveness	Reserve for cash flow hedges	Balance remaining in the cash flow hedging reserve from hedging relationships to which hedge accounting is no longer applied
as of 31 December 2023			
Currency risk – sales transactions	-8.2	19.6	0.0
Currency risk – sourcing transactions	-5.4	-23.5	0.0
Interest rate risk	0.0	0.0	0.0
as of 31 December 2022			
Currency risk – sales transactions	-31.1	29.8	0.0
Currency risk – sourcing transactions	188.1	-15.7	0.0

The amounts relating to items designated as hedging instruments have the following effects on the statement of financial position and income statement:

↗ T.52 DESIGNATED HEDGE INSTRUMENTS (in € million)

	Nominal value	Carrying amount			in the financial year 2023					
		Assets	**Liabilities**	**Item in the balance sheet, in which the hedging instrument is included**	**Changes in the value of the hedging instrument, recognized in other comprehensive income**	**Ineffectiveness of the hedging instrument, recognized in the income statement**	**Items in the income statement, containing the ineffectiveness of the hedging**	**Amount transferred from the hedging reserve to the inventory acquisition cost**	**Amount reclassified from the hedging reserve to the income statement**	**Items in the income statement affected by the reclassification**
as of 31 December 2023										
Currency risk – sales transactions	1,082.2	22.3	-6.2	other current/ non-current financial assets/ liabilities	8.2	-	Financial expenses	-	29.8	Sales
Currency risk – sourcing transactions	1,996.4	2.3	-34.5		5.4	-		-12.9	-5.1	Cost of sales
Interest rate risk	150.0	0.0	0.0		0.0	-		-	0.0	Financial expenses
					in the financial year 2022					
as of 31 December 2022										
Currency risk – sales transactions	1,097.7	44.0	-3.5	other current/ non-current financial assets/ liabilities	31.1	-	Financial expenses	-	-16.7	Sales
Currency risk – sourcing transactions	2,082.6	21.9	-43.4		-188.1	-		91.9	144.0	Cost of sales

The following table shows the reconciliation of the change in equity in relation to cash flow hedges:

↗ T.53 **CHANGES IN THE RESERVE FOR CASH FLOW HEDGE** (in € million)

	2023	2022
Reserve for cash flow hedge as of 1 January	**14.2**	**78.1**
Change in fair value		
Thereof currency risk	-13.6	157.0
Thereof interest rate risk	0.0	0.0
Amount included in the acquisition cost of non-financial assets	12.9	-91.9
Amount reclassified to the income statement		
Thereof currency risk	-27.5	-128.2
Thereof interest rate risk	0.0	0.0
Tax effect	10.1	-0.7
Reserve for cash flow hedge as of 31 December	**-3.9**	**14.2**

A small portion of the originally planned sourcing and sales volume in foreign currencies did not transpire, leading to an excess of hedging transactions. Hedge accounting was terminated for those sourcing and sales transactions that were no longer expected to transpire, and the fair value was transferred as a profit or loss from the cash flow hedge reserve to the income statement. As soon as any highly likely sourcing or sales transaction is no longer expected to transpire, an offsetting transaction is concluded. Across all currency pairs, an amount of € 5.5 million (previous year: € -14.8 million) was recognised in the income statement.

15. PENSION PROVISIONS

Pension provisions result from employees' claims and, if applicable, their survivors, for benefits which are based on the statutory or contractual regulations applicable in the respective country in the event of invalidity, death or when a certain retirement age has been reached. Pension commitments in the PUMA Group include both benefit- and contribution-based pension commitments and include both obligations from current pensions and rights to pensions payable in the future. The pension entitlements are financed by both provisions and funds.

The risks associated with the pension commitments mainly concern the usual risks of benefit-based pension plans in relation to possible changes in the discount rate and inflation trends, and recipient longevity. In order to limit the risks of changed capital market conditions and demographic developments, plans with the maximum obligations were agreed or insured for new hires a few years ago in Germany and Great Britain. The specific risk of obligations based on salary is low within the PUMA Group. The introduction of an annual cap for pensionable salary in the Great Britain plan in 2016 covers this risk for the highest obligations. The Great Britain plan is therefore classified as a non-salary obligation.

↗ T.54 PRESENT VALUE OF PENSION OBLIGATION 2023 (in € million)

	Germany	Great Britain	Other companies	PUMA Group
Present value of pension obligation 31 December 2023				
Salary-based obligations				
Annuity	0.0	0.0	8.8	8.8
One-off payment	0.0	0.0	9.1	9.1
Non-salary based obligations				
Annuity	49.3	31.9	0.0	81.2
One-off payment	8.2	0.0	0.0	8.2
Total	**57.5**	**31.9**	**17.9**	**107.3**

The following values were determined in the previous year:

↗ T.55 PRESENT VALUE OF PENSION OBLIGATION 2022 (in € million)

	Germany	Great Britain	Other companies	PUMA Group
Present value of pension obligation 31 December 2022				
Salary-based obligations				
Annuity	0.0	0.0	8.6	8.6
One-off payment	0.0	0.0	9.3	9.3
Non-salary based obligations				
Annuity	48.9	29.6	0.0	78.5
One-off payment	7.9	0.0	0.0	7.9
Total	**56.8**	**29.6**	**17.9**	**104.3**

The main pension arrangements are described below:

The general pension scheme of PUMA SE essentially provides for pension payments to a maximum amount of € 127.82 per month and per eligible employee. It was closed for new members beginning in 1996. In addition, PUMA SE provides individual commitments (fixed sums in different amounts) as well as contribution-based individual benefits (in part from salary conversion). The contribution-based individual benefits are insured plans. There are no statutory minimum funding requirements. The scope of obligation for domestic pension claims amounts to € 57.5 million at the end of 2023 (previous year: € 56.8 million) and thus comprises 53.6% of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to € 50.4 million. The corresponding pension provision amounts to € 7.1 million.

The defined benefit plan in Great Britain has not been available to new hires since 2006. This defined benefit plan includes salary and length of service-based commitments to provide old age, invalidity and surviving dependents' retirement benefits. In 2016, a growth cap of 1% p.a. was introduced on the pensionable salary. Partial capitalisation of the old-age pension is permitted. There are statutory minimum funding requirements. The obligations regarding pension claims under the defined benefit plan in the UK amount to € 31.9 million at the end of 2023 (previous year: € 29.6 million) and thus account for 29.7% of the total obligation. The obligation is covered by assets amounting to € 29.7 million. The provision amounts to € 2.2 million.

The present value of the pension obligation has developed as follows:

T.56 DEVELOPMENT OF PRESENT VALUE OF PENSION OBLIGATION (in € million)

	2023	2022
Present value of pension obligation 1 January	**104.3**	**122.3**
Cost of the pension obligation earned in the reporting year	2.0	2.5
Interest expense on pension obligation	4.4	1.9
Employee contributions	0.6	8.3
Benefits paid	-4.5	-3.4
Effects from transfers	0.0	0.0
Actuarial gains (-) and losses	0.1	-25.1
Currency exchange effects	0.5	-2.2
Present value of pension obligation 31 December	**107.3**	**104.3**

The changes in the plan assets are as follows:

T.57 DEVELOPMENT OF PLAN ASSETS (in € million)

	2023	2022
Plan assets 1 January	**82.4**	**90.7**
Interest income on plan assets	3.5	1.4
Actuarial gains and losses (-)	-0.9	-15.0
Employer contributions	1.2	1.0
Employee contributions	0.6	8.3
Benefits paid	-2.2	-2.3
Currency exchange effects	0.6	-1.7
Plan assets 31 December	**85.2**	**82.4**

The pension provision for the Group is derived as follows:

↗ T.58 PENSION PROVISION (in € million)

	2023	2022
Present value of pension obligation from benefit plans	107.3	104.3
Fair value of plan assets	-85.2	-82.4
Financing status	**22.1**	**21.9**
Pension provision 31 December	**22.1**	**21.9**
Thereof assets	0.4	0.5
Thereof liabilities	22.5	22.4

In 2023, benefits paid amounted to € 4.5 million (previous year: € 3.4 million). Contributions in 2024 are expected to amount to € 3.0 million. Of this, € 0.9 million is expected to be paid directly by the employer. Employer contributions to external plan assets amounted to € 1.2 million in 2023 (previous year: € 1.0 million). Employer contributions in 2024 are expected to amount to € 0.8 million.

The changes in pension provisions are as follows:

↗ T.59 DEVELOPMENT OF THE PENSION PROVISION (in € million)

	2023	2022
Pension provision 1 January	**21.9**	**31.6**
Pension expense	2.8	3.0
Actuarial gains (-) and losses recorded in other comprehensive income	1.0	-10.1
Employer contributions	-1.2	-1.0
Direct pension payments made by the employer	-2.3	-1.1
Transfer values	0.0	0.0
Currency exchange differences	-0.2	-0.5
Pension provision 31 December	**22.1**	**21.9**
Thereof assets	0.4	0.5
Thereof liabilities	22.5	22.4

The expenses in financial year 2023 are structured as follows:

↗ T.60 EXPENSES FOR DEFINED BENEFIT PLANS (in € million)

	2023	2022
Cost of the pension obligation earned in the reporting year	2.0	2.5
Interest expense on pension obligation	4.4	1.9
Interest income on plan assets	-3.5	-1.4
Administration costs	0.0	0.0
Expenses for defined benefit plans	**2.8**	**3.0**
Thereof personnel costs	1.9	2.5
Thereof financial costs	0.9	0.5

In addition to the defined benefit pension plans, PUMA also makes contributions to defined contribution plans. Payments for financial year 2023 amounted to € 19.8 million (previous year: € 18.5 million).

Actuarial gains and losses recorded in Other Comprehensive Income:

↗ T.61 GAINS AND LOSSES RECORDED IN OTHER COMPREHENSIVE INCOME (in € million)

	2023	2022
Revaluation of pension commitments	**0.1**	**-25.1**
Actuarial gains (-) and losses resulting from changes in demographic assumptions	-0.7	-0.1
Actuarial gains (-) and losses resulting from changes in financial assumptions	0.0	-30.3
Actuarial gains (-) and losses due to adjustments based on experience	0.8	5.3
Revaluation of plan assets	**0.9**	**15.0**
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
Adjustment of administration costs	0.0	0.0
Total revaluation amounts recorded directly in other comprehensive income	**1.0**	**-10.1**

Plan assets investment classes:

↗ T.62 PLAN ASSETS INVESTMENT CLASSES (in € million)

	2023	2022
Cash and cash equivalents	0.3	0.1
Equity instruments	6.0	5.5
Bonds	7.4	3.5
Investment funds	3.2	3.0
Derivatives	10.0	11.6
Real estate	2.9	2.9
Insurance	50.6	49.4
Other	4.9	6.4
Total plan assets	**85.2**	**82.4**

Of which, investment classes with a quoted market price:

↗ T.63 PLAN ASSETS WITH A QUOTED MARKET PRICE (in € million)

	2023	2022
Cash and cash equivalents	0.3	0.1
Equity instruments	6.0	5.5
Bonds	7.4	3.5
Investment funds	3.2	3.0
Derivatives	10.0	11.6
Real estate	2.1	2.1
Insurance	0.0	0.0
Other	4.7	6.3
Plan assets with a quoted market price	**33.7**	**32.1**

Plan assets still do not include the Group's own financial instruments or real estate used by Group companies.

The plan assets are used exclusively to meet defined pension commitments. Legal requirements exist in some countries for the type and amount of financial resources that can be chosen; in other countries (for example Germany) the financing of pension commitments can be chosen freely. In Great Britain, a board of trustees made up of company representatives and employees is in charge of asset management. Its investment strategy is aimed at long-term profits and tolerable volatility. It was last revised in 2022 to reduce the risk profile. In 2023, the trustees continued to monitor the investment strategy.

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

↗ T.64 ASSUMPTIONS USED TO DETERMINE THE PENSION OBLIGATIONS

	2023	2022
Discount rate	4.55%	4.35%
Future pension increases	1.93%	2.00%
Future salary increases	2.05%	2.06%

The indicated values are weighted average values. A standard interest rate of 4.45% was applied for the eurozone (previous year: 4.00%).

The 2018 G Heubeck guideline tables were used as mortality tables for Germany. For Great Britain, the mortality was assumed based on basic table series S2 taking into account life expectancy projections in accordance with CMI2021 with a long-term trend of 1%.

The following overview shows how the present value of pension obligations from benefit plans would have been affected by changes to significant actuarial assumptions.

↗ T.65 SENSITIVITY ANALYSIS FOR PENSION OBLIGATION (in € million)

	2023	2022
Effect on present value of pension obligations if		
the discount rate were 50 basis points higher	-3.7	-3.7
the discount rate were 50 basis points lower	4.2	4.1

Salary and pension trends have only a negligible effect on the present value of pension obligations due to the structure of the benefit plans.

The weighted average duration of pension obligations is around 12 years (previous year: around 11 years).

16. OTHER PROVISIONS

↗ T.66 OTHER PROVISIONS (in € million)

	2022					2023		2022
		Currency adjustments, retransfers	**Additions**	**Utilization**	**Reversal**		**thereof non-current**	**thereof non-current**
Provisions for:								
Warranties	2.7	-0.1	0.5	-0.6	-0.3	2.1	0.0	0.0
Purchasing risks	7.1	-0.1	5.9	-4.6	-0.9	7.4	0.0	0.0
Litigation risks	26.6	-0.7	6.1	-15.2	-2.8	13.9	7.5	8.4
Restoration obligations	17.0	-0.8	1.9	-0.8	-0.5	16.9	13.9	14.1
Personnel provisions	7.0	0.4	2.6	-4.1	0.0	5.9	5.9	7.0
Other	19.3	-0.2	5.5	-6.1	-9.8	8.7	0.0	0.0
Total	**79.8**	**-1.4**	**22.3**	**-31.5**	**-14.3**	**55.0**	**27.3**	**29.5**

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that the majority of these expenses will fall due within the first six months of the next financial year. Purchasing risks relate primarily to materials and moulds that are required for the manufacturing of shoes.

Personnel provisions mainly relate to non-current variable compensation components. The risks arising from legal disputes relate to any form of legal dispute, including those relating to trademark and patent rights. The other provisions relate to other risks, in particular those associated with sourcing.

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

17. EQUITY

SUBSCRIBED CAPITAL

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

As of the balance sheet date, the subscribed capital in accordance with the Articles of Association corresponds to €150,824,640.00 and is divided into 150,824,640 no-par value voting shares. This corresponds to a proportional amount of €1.00 per share.

Changes in the outstanding shares:

↗ T.67 CHANGE IN OUTSTANDING SHARES

	2023	2022
Outstanding shares as of January 1, share	**149,758,644**	**149,605,600**
Issue of Treasury Stock, share	85,900	153,044
Outstanding shares as of December 31, share	**149,844,544**	**149,758,644**

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

CAPITAL RESERVE

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

REVENUE RESERVES INCL. RETAINED EARNINGS

The revenue reserves incl. retained earnings include the net earnings of the financial year as well as the earnings achieved in the past by the companies included in the consolidated financial statements to the extent that it was not distributed. In addition, the valuation effects from the pension provision recognised in other comprehensive income are recognised in retained earnings.

DIFFERENCE FROM CURRENCY CONVERSION

The equity item for currency conversion serves to record the foreign exchange differences from the conversion of the financial statements of subsidiaries with non-euro accounting.

CASH FLOW HEDGES

The "cash flow hedges" item includes the market valuation of derivative financial instruments. The item amounting to € -3.9 million (previous year: €14.2 million) is offset by deferred taxes of €5.3 million (previous year: € -4.8 million).

TREASURY STOCK

The resolution adopted by the Annual General Meeting on 7 May 2020 authorised the Company to purchase treasury shares up to a value of 10% of the share capital until 6 May 2025. By resolution of the Annual General Meeting of 5 May 2021, the Supervisory Board was authorised to issue the acquired shares to the members of the Management Board of the Company, excluding the shareholders' subscription rights. By resolution of the Annual General Meeting of 11 May 2022, the Management Board was, moreover, authorised to issue the acquired shares, excluding the shareholders' subscription rights, as part of the Company's or its affiliated companies' share-based payments or employee share programmes to individuals currently or formerly in an employment relationship with the Company or one of its affiliated companies or to members of the management of one of the Company's affiliated companies. If purchased through the stock exchange, the purchase price per share must not exceed 10% or fall below 20% of the average closing price for the Company's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last three trading days prior to the date of purchase.

The Company did not make use of the authorisation to purchase treasury stock during the reporting period.

As of the balance sheet date, the Company holds a total of 980,096 PUMA shares in its own portfolio, which corresponds to 0.65% of the subscribed capital.

AUTHORISED CAPITAL

As of 31 December 2023, the Company's Articles of Association provide for authorised capital totalling € 30,000,000.00:

Pursuant to Section 4.2. of the Articles of Association, the Management Board is authorised, with the consent of the Supervisory Board, to increase the Company's share capital by 4 May 2026 by up to € 30,000,000.00 (Authorised Capital 2021) by issuing new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions. In the 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 subscription right). The shareholders shall generally be entitled to subscription rights. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part in the cases specified in Section 4.2. of the Articles of Association.

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

CONDITIONAL CAPITAL

By resolution of the Annual General Meeting of 11 May 2022, the Management Board was authorised until 10 May 2027, with the consent of the Supervisory Board, through one or more issues, altogether or in parts and in various tranches at the same time, to issue bearer or registered convertible and/or option bonds, profit-sharing rights or participation bonds or a combination of these instruments with or without a term limitation in a total nominal amount of up to € 1,500,000,000.00.

The share capital was conditionally increased by up to € 15,082,464.00 by issuing 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 option/conversion obligations are met or tenders are carried out and to the extent that other forms of performance are not applied.

No use has been made of this authorisation to date.

DIVIDENDS

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

The Management Board and the Supervisory Board will propose to the Annual General Meeting that a dividend of € 0.82 (previous year: € 0.82) per circulating share, or a total of € 122.9 million (with respect to the circulating shares as of 31 December 2023), be distributed to the shareholders from the retained earnings of PUMA SE for financial year 2023.

Proposed appropriation of the retained earnings of PUMA SE:

↗ T.68 PROPOSED APPROPRIATION OF THE RETAINED EARNINGS OF PUMA SE

	2023	2022
Retained Earnings of PUMA SE as of December 31, € million	486.4	499.4
Retained earnings available for distribution, € million	486.4	499.4
Dividend per share, €	0.82	0.82
Number of outstanding shares*, share	149,844,544	149,758,644
Total dividend*, € million	122.9	122.8
Carried forward to the new accounting period*, € million	363.6	376.6

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

NON-CONTROLLING INTERESTS

This item comprises non-controlling interests. The composition is shown in chapter 28.

CAPITAL MANAGEMENT

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

Capital management relates to the consolidated equity of PUMA. This is presented in the consolidated statement of financial position and in the consolidated statement of changes in equity.

18. MANAGEMENT INCENTIVE PROGRAMMES

Virtual shares with cash settlement and other global long-term incentive programmes are used at PUMA to tie the management to the Company with a long-term incentive effect.

The current programmes are described below:

EXPLANATION OF "VIRTUAL SHARES", TERMED "MONETARY UNITS" (FULL TERM: MONETARY UNITS PLAN – MUP)

Monetary units were granted on an annual basis to members of the Management Board beginning in 2013 as part of a management incentive programme. Monetary units are based on the PUMA share performance. Each of these monetary units entitles the holder to a cash payment at the end of the term. The entitled cash payment compares the performance using the average virtual appreciation rights of the last thirty trading days before the start of the year of issue with the virtual appreciation rights of the last thirty trading days before the exercise date. The maximum increase in value (cap) is limited to 300% of the amount allocated. Monetary units are subject to a vesting period of three years. After that, there is an exercise period beginning 30 days after each quarterly publication date for a period of two years which can be freely used by participants for the purposes of execution. Virtual shares are reduced on a "pro rata" basis in the event of withdrawal during the vesting period. This programme will expire and be replaced by the Performance Share Plan. As a result, no more shares were issued from this programme in financial year 2023.

EXPLANATION OF "VIRTUAL SHARES" (FULL TERM: PERFORMANCE SHARE PLAN – PSP)

Virtual shares were granted on an annual basis to members of the Management Board beginning in 2021 as part of a management incentive programme. The virtual shares are based on the PUMA share performance. Each of these virtual shares entitles the holder to a cash payment at the end of the term. However, the Supervisory Board reserves the right to make the payment in PUMA shares instead of cash. This cash payout is based on the PUMA closing prices for the last thirty trading days before the exercise date. The final number of virtual shares is between 50% and 150%, depending on the relative "Total Shareholder Returns" (TSR) compared to the MDAX index. The PUMA and MDAX index TSRs are calculated using the arithmetic means of each of the TSR values on the 30 trading days before the start and end of the performance period. The averages calculated in this way for PUMA and the MDAX index are then compared with each other. The difference in percentage points between the PUMA TSR and the MDAX index TSR is then calculated (= TSR outperformance in percentage points). The maximum increase in value (cap) is limited to 300% of the amount allocated. Virtual shares are subject to a vesting period of four years. They are generally paid out within the first quarter of the fifth year after their issue. Virtual shares are reduced on a "pro rata" basis in the event of withdrawal during the vesting period. For the programmes issued in the financial years 2021 and 2022, the DAX acts as the basis for calculating virtual shares, while the MDAX index is used starting financial year 2023.

In financial year 2023, income of € 2.4 million was recorded for this purpose on the basis of the employment contract commitments to the Management Board members (previous year: income of € 0.9 million).

↗ T.69 VIRTUAL SHARES, MEMBERS OF THE MANAGEMENT BOARD

Plan	**MUP**	**MUP**	**PSP**	**MUP**	**PSP**	**PSP**	
Issue date	**1/1/2020**	**1/1/2021**	**1/1/2021**	**1/1/2022**	**1/1/2022**	**1/1/2023**	
Term	5	5	4.25	5	4.25	4.25	Years
Vesting period	3	3	4	3	4	4	Years
Base price PUMA share at issue	67.69	86.23	86.23	106.95	106.95	51.86	EUR/share
Reference value PUMA share at the end of the financial year	0	55.46	49.25	55.46	46.3	50.62	EUR/share
Weighted share price at the time of exercise	62.03	0	0	0	0	0	EUR/share
Participants in the year of issue	3	3	2	1	3	4	Persons
Participants at the end of the financial year	3	3	2	1	3	4	Persons
Number of monetary units/virtual shares as of 1 January 2023	62,743	34,548	7,070	10,323	16,458	81,279	Shares
Number of monetary units/virtual shares exercised in the financial year	-62,743	0	0	0	0	0	Shares
Number of monetary units/virtual shares expired in the financial year	0	0	0	0	0	0	Shares
Final number of monetary units/virtual shares as of 31 December 2023	**0**	**34,548**	**7,070**	**10,323**	**16,458**	**81,279**	**Shares**

This commitment consisting of share-based remuneration transactions with cash compensation is recorded as personnel provisions and remeasured at fair value on every balance sheet date, provided it has not been exercised yet. The expenses are recorded pro rata over the vesting period. Based on the prorated average market price over the last thirty trading days in 2023 and taking into account the intra-year exercises in 2023, the provisions for these programmes amounted to € 4.4 million at the end of the financial year (previous year: € 5.8 million).

EXPLANATION OF THE "GAME CHANGER 2.0" PROGRAMME

In 2018, the Long-Term Incentive Programme (LTIP) "Game Changer 2.0" was launched. Participants in this programme consist mainly of top executives reporting to the Management Board and individual key positions in the PUMA Group. The objective of this programme is to retain these employees in the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

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

The performance period of the Performance Cash Plan is three years and is based on the average medium-term targets of the PUMA Group in terms of EBIT, sales and cash flow or working capital as a percentage of sales. Payment is made in cash and is limited to a maximum of 200% of the granted proportionate target amount (cap).

The Performance Share Plan uses virtual shares to manage the incentive. The term is up to five years. This is divided into a three-year performance period and a two-year exercise period in which the virtual shares are paid out in cash. A payout is only possible at the four exercise times (6, 12, 18 or 24 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the value of a virtual share. The payout is limited to a maximum of 300% of the granted prorated target amount (cap) and is only made if an exercise hurdle of +10% share-price appreciation is exceeded once during the performance period.

EXPLANATION OF THE "GAME CHANGER 2.0 – 2023" PROGRAMME

In 2020, the global "Game Changer 2.0 – 2023" programme, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (70%), cash flow (15%) and sales (15%). As part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap).

In the reporting year, an amount of € 2.2 million (of which, € 0.8 million from the Performance Share Plan) was paid out to the participants. The payment was subject to the condition that the individual participants were in an unterminated employment relationship with a company in the PUMA Group as at 31 December 2022. Furthermore, € -0.1 million was released for this programme in the year under review (previous year: release of € 0.2 million). This resulted in a provision for this programme at the end of the financial year of
€ 0.5 million (previous year: € 2.8 million). The Performance Share Plan portion accounted for € 0.5 million (previous year: € 1.3 million).

EXPLANATION OF THE "GAME CHANGER 2.0 – 2024" PROGRAMME

In 2021, the global "Game Changer 2.0 – 2024" programme, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (45%), working capital as a percentage of sales (15%), and sales (40%). As part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). An employment relationship until 31 December 2023 is required. In the reporting year, € 0.2 million was released for this programme (previous year: € 0.0 million) and a proportionate amount of € 1.1 million (previous year: € 0.5 million) was set aside for this programme. This resulted in a provision for this programme at the end of the financial year of € 3.4 million (previous year: € 2.5 million). The Performance Share Plan portion accounted for € 1.2 million (previous year: € 0.8 million).

EXPLANATION OF THE "GAME CHANGER 2.0 – 2026" PROGRAMME

In 2023, the global "Game Changer 2.0 – 2026" programme, as outlined above, was launched. The Performance Cash Plan is based on the following targets: EBIT (70%), cash flow (15%) and sales (15%). As part of the Performance Share component, payment is limited to a maximum of 300% of the granted proportionate target amount (cap). An employment relationship until 31 December 2024 is required. In the reporting year, a prorated amount of € 1.8 million (previous year: € 0.0 million) was set aside for this programme. This resulted in a provision for this programme at the end of the financial year of € 1.8 million (previous year: € 0.0 million). The Performance Share Plan portion accounted for € 1.0 million (previous year: € 0.0 million).

EXPLANATION OF THE "ROAD 2 10B" PROGRAMME

In 2022, the "Game Changer 2.0" programme was replaced by the long-term incentive programme (LTIP) "Road 2 10B". Participants in this programme consist of important professionals and managers within the PUMA Group. The objective of this programme is to retain these employees in the Company on a long-term basis and to allow them to share in the medium-term success of the Company.

The LTIP "Road 2 10B" consists of two plan parts, a Performance Cash Plan and a Performance Share Plan, each with a 50% share. The Performance Cash Plan gives a reward for the PUMA Group's financial performance, while the Performance Share Plan gives a reward for the performance of the PUMA SE share in the capital market.

The Performance Cash Plan is focused on the following targets: EBIT, sales and working capital as a percentage of sales based on the three-year plan set by the Management Board of PUMA SE. For participants in the programme with an employment relationship at Group level, the target achievement is based on the following Group targets: EBIT (45%), sales (40%), and working capital as a percentage of sales (15%). For participants in the programme with an employment relationship at the national or regional level, 50% of the target achievement is based on achieving the Group targets. The remaining 50% is based on achieving the following targets at the national or regional level: EBIT (22.5%), sales (20%) and working capital as a percentage of sales (7.5%). Payment is limited to a maximum of 200% of the granted proportionate target amount (cap).

The Performance Share Plan is based on the performance of the PUMA share price. The term is up to five years, divided into a three-year performance period and a subsequent two-year exercise period, in which the virtual shares are paid out in cash. A payout is only possible at the four exercise times (6, 12, 18 or 24 months after the end of the performance period). The average share price of the last 30 trading days before the exercise date determines the payout value of a virtual share. The payout is limited to a maximum of 300% of the granted prorated target amount (cap) and is only made if an exercise hurdle of +10% share-price appreciation is exceeded once during the performance period.

In the reporting year, € 0.6 million was released for this programme (previous year: € 0.0 million) and a proportionate amount of € 0.8 million (previous year: € 4.7 million) was set aside for this programme. This resulted in a provision for this programme at the end of the financial year of € 6.0 million (previous year: € 5.8 million). The Performance Share Plan portion accounted for € 0.4 (previous year: € 0.6 million).

T.70 VIRTUAL SHARES, NON-MANAGEMENT BOARD MEMBERS

Program addendum	**Game Changer 2023**	**Game Changer 2024**	**Road 2.10b**	**Game Changer 2026**	
Issue date	**1/1/2020**	**1/1/2021**	**1/1/2022**	**1/1/2023**	
Term	5	5	5	5	Years
Vesting period	3	3	3	3	Years
Base price at program start	67.69	86.23	106.95	51.86	EUR/share
Reference value at the end of the financial year	55.46	55.46	5.73	55.46	EUR/share
Weighted share price at the time of exercise	51.43	0	0	0	EUR/share
Participants in the year of issue	60	76	486	84	Persons
Participants at the end of the financial year	19	65	467	84	Persons
Number of virtual shares as of 1 January 2023	24,547	23,340	103,352	55,167	Shares
Number of virtual shares expired in the financial year	-222	-2,370	-10,467	0	Shares
Number of virtual shares added in the financial year (new participants)	0	470	2,674	0	Shares
Number of virtual shares exercised in the financial year	-15,334	0	0	0	Shares
Final number of virtual shares as of 31 December 2023	**8,991**	**21,440**	**95,559**	**55,167**	**Shares**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

19. SALES

The following table shows the Group's sales broken down by distribution channel and division:

↗ T.71 BREAKDOWN BY DISTRIBUTION CHANNEL (in € million)

	2023	2022
Wholesale	6,468.6	6,513.7
Direct-to-consumer (DTC)	2,133.0	1,951.4
Total	**8,601.7**	**8,465.1**

↗ T.72 BREAKDOWN BY PRODUCT DIVISION (in € million)

	2023	2022
Footwear	4,583.4	4,317.9
Apparel	2,763.0	2,896.3
Accessories	1,255.3	1,251.0
Total	**8,601.7**	**8,465.1**

20. OTHER OPERATING INCOME AND EXPENSES

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

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

↗ T.73 OTHER OPERATING INCOME AND EXPENSES (in € million)

	2023	2022
Sales and distribution expenses	2,799.0	2,677.2
Product management/merchandising	82.5	70.9
Research and development	89.0	82.2
Administrative and general expenses	450.9	465.8
Other operating expenses	**3,421.3**	**3,296.0**
Other operating income	**-17.8**	**-0.1**
Total	**3,403.5**	**3,295.9**
Thereof personnel expenses	894.4	836.3
Thereof scheduled depreciation	351.7	332.8
Thereof impairment losses	5.7	26.0
Thereof reversal of impairment losses	-11.9	0.0

Within the sales and distribution expenses, marketing/retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's own retail activities. Other sales and distribution expenses include logistics expenses and other variable sales and distribution expenses.

Impairment expenses in the reporting year amounted to € 5.7 million and related exclusively to right-of-use assets (previous year: € 25.4 million). There were no impairment expenses for property, plant and equipment (previous year: € 0.6 million). In contrast, there were reversals of impairment losses on right-of-use assets amounting to € 11.9 million (previous year: € 0.0 million).

In the consolidated financial statements of PUMA SE, fees of € 2.0 million (previous year: € 1.9 million) are recorded as operating expenses for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, Germany. The audit fee is divided into fees for audit services for the annual and consolidated financial statements as well as the audit review of the half-year financial report in the amount of € 1.8 million (previous year: € 1.8 million) and other assurance services amounting to € 0.2 million (previous year: € 0.1 million) mainly for the audit of information in the sustainability report and other minor services in the amount of € 0.0 million (previous year: none). In addition to expenses for PUMA SE, the fees also include the fees of the domestic and foreign subsidiaries audited directly by the Group auditor.

In financial year 2023, government grants amounted to a mid single-digit (previous year: low double-digit) million euro amount. Government grants are deducted from the corresponding expenses.

Other operating income comprises income from the sale of fixed assets in the amount of € 8.5 million (previous year: € 0.1 million), selling profit from finance leases totalling € 8.0 million (previous year: € 0.0 million), and rental income totalling € 1.4 million (previous year: € 0.0 million).

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

↗ T.74 PERSONNEL COSTS (in € million)

	2023	2022
Wages and salaries	688.7	649.8
Social security contributions	101.2	91.9
Expenses from share-based payments with cash compensation	5.2	5.1
Expenses for retirement pension and other personnel expenses	99.3	89.5
Total	**894.4**	**836.3**

In addition, cost of sales includes personnel costs in the amount of € 6.2 million (previous year: € 10.2 million).

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

↗ T.75 EMPLOYEES

	2023	2022
Marketing/retail/sales	13,092	12,229
Research & development/product management	1,360	1,228
Administrative and general units	3,570	3,213
Total annual average	**18,023**	**16,669**

As of the end of the year, a total of 18,681 individuals were employed (previous year: 18,071).

21. FINANCIAL RESULT

The financial result consists of:

↗ T.76 **FINANCIAL RESULT** (in € million)

	2023	2022
Interest income	36.6	32.3
Interest income - lease receivables	1.2	0.0
Other	74.9	47.1
Financial income	**112.7**	**79.4**
Interest expense	-53.1	-15.2
Interest expense - lease liabilities	-46.8	-38.6
Interest expense of valuation of pension plans	-0.9	-0.6
Expenses from currency-conversion differences, net	-69.4	-2.2
Other	-85.9	-111.7
Financial expenses	**-256.0**	**-168.3**
Financial result	**-143.3**	**-88.9**

The "Other" item in the financial income of € 74.9 million (previous year: € 47.1 million) includes interest components in connection with currency derivatives as well as hedging gains from freestanding derivatives.

The item "Other" in financial expenses includes, among other things, interest components in connection with currency derivatives in the amount of € 58.1 million (previous year: € 69.9 million) and the loss on the net monetary position associated with hyperinflation in the amount of € 23.7 million (previous year: € 27.8 million).

22. INCOME TAXES

↗ T.77 **INCOME TAXES** (in € million)

	2023	2022
Current income taxes	140.6	152.5
Deferred taxes	-22.8	-25.1
Total	**117.8**	**127.4**

Current income taxes include € 0.8 million in out-of-period income. Deferred taxes include tax income of € 0.3 million (tax income in previous year: € 39.2 million), which is attributable to the occurrence or resolution of temporary differences.

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge and trade tax. Thus, a weighted mixed tax rate of 27.22% continued to apply for the financial year.

Reconciliation of the theoretical tax expense with the effective tax expense:

↗ T.78 TAX RATE RECONCILIATION (in € million)

	2023	2022
Earnings before income tax	478.3	551.7
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	130.2	150.2
Tax rate difference with respect to other countries	-21.0	-6.9
Other tax effects:		
Income tax for previous years	3.7	-9.7
Losses and temporary differences for which no tax claims were recognized	6.4	4.8
Changes in tax rates	-0.4	-0.6
Non-deductible expenses for tax purposes and non-taxable income and other effects	-1.1	-10.4
Effective tax expense	**117.8**	**127.4**
Effective tax rate	24.6%	23.1%

For the financial year 2023, the total tax advantage from previously uncapitalised tax losses, tax credits or temporary differences from previous years which led to a reduction in deferred tax expenses, amounted to € 7.5 million (previous year: € 7.0 million). Deferred tax expenses due to an impairment of deferred tax assets amounted to € 11.3 million in the financial year (previous year: € 5.0 million).

The tax effect resulting from items that were directly included in other comprehensive income can be found in chapter 8.

INFORMATION ON THE EFFECTS OF GLOBAL MINIMUM TAXATION (PILLAR II)

On 23 May 2023, the IASB published amendments to IAS 12, which require companies subject to global minimum taxation regulations to provide additional information on the impact of the global minimum taxation in their annual financial statements for financial years beginning on or after 1 January 2023.

The PUMA Group falls within the scope of application of the global minimum taxation. The relevant legislation entered into force on 28 December 2023 in Germany, the country in which the parent company of the PUMA Group is based, and applies to financial years beginning after 31 December 2023. As the Minimum Tax Act ("MinStG") applies to the financial year of the PUMA Group beginning on 1 January 2024, but was not yet applicable to the financial year beginning on 1 January 2023, the PUMA Group has no associated ongoing tax risk in financial year 2023. Taking into account the fact that the PUMA Group will be affected by the minimum tax legislation, a preliminary valuation of the potential risk was carried out.

The valuation of the potential risk of Pillar II taxes is based on the most recent country-related reports and financial statements available to the Group's business units. The Group has identified a potential risk of the suspension of Pillar II taxes on profits made in Hong Kong and the United Arab Emirates. The potential risk arises from the business units (mainly operating subsidiaries) in these countries, where the effective tax rate is likely to be less than 15%.

If the MinStG had been applied for this financial year ending on 31 December 2023, the amount of the tax increase determined according to the MinStG would have totalled approx. € 12 million. However, the actual amounts of tax increases in the countries concerned in 2024 will depend on various factors.

The PUMA Group makes use of the exemption under IAS 12.88A for the recognition of deferred taxes that result from the introduction of global minimum taxation.

23. EARNINGS PER SHARE

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

The calculation is shown in the table below:

T.79 EARNINGS PER SHARE

	2023	2022
Net income attributable to the shareholders of PUMA SE (€ million)	304.9	353.5
Weighted average number of outstanding shares (shares)	149,852,251	149,649,158
Earnings per share (€)	**2.03**	**2.36**
Net income for calculating the diluted earnings per share (€ million)	304.9	353.5
Weighted average number of outstanding shares (shares)	149,852,251	149,649,158
Dilutive effect of conditionally issuable shares in connection with service agreements	0	12,107
Dilutive effect from share-based payments	19,651	2,573
Weighted average number of outstanding shares, diluted (shares)	149,871,901	149,663,837
Earnings per share (€) - diluted	**2.03**	**2.36**

ADDITIONAL INFORMATION

24. SEGMENT REPORTING

Segment reporting is based on geographical areas of responsibility in accordance with the PUMA internal reporting structure, with the exception of stichd. The geographical area of responsibility corresponds to the business segment. Sales, the operating result (EBIT) and other segment information are allocated to the corresponding geographical areas of responsibility according to the registered office of the respective Group company.

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

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

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

The external sales presented in the segment reporting includes sales from both the wholesale business and own retail activities (direct-to-consumer business). The percentage breakdown of sales by wholesale business and direct-to-consumer business at the segment level mainly aligns with the breakdown at the Group level (see chapter 19). Exceptions to this are the Greater China segment, where wholesale sales represent approximately 50%, and the stichd segment, which almost exclusively generates wholesale sales.

The business relationships between the companies in the segments are essentially based on prices that are also agreed with third parties. With the exception of sales of goods by stichd amounting to €37.1 million (previous year: €38.3 million), there are no significant internal sales, which is why they are not included in the presentation.

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

The external sales, operating result (EBIT), inventories and trade receivables of the business segments are regularly reported to the main decision-maker. Amounts recognised by the Group from the intra-group profit elimination on inventories in connection with intra-group sales are not allocated to the business segments in the way that they are reported to the main decision-maker. Investments, depreciation and non-current assets at the level of the business segments are not reported to the main decision-maker. Intangible assets are allocated to the business segments in the manner described in chapter 11. Liabilities, the financial result and income taxes are not allocated to the business segments and are therefore not reported to the main decision-maker at the business segment level.

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

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

SEGMENT REPORTING JAN-DEC 2023

↗ T.80 BUSINESS SEGMENTS (in € million)

	External Sales		EBIT		Investments	
	1-12/2023	1-12/2022	1-12/2023	1-12/2022	1-12/2023	1-12/2022
Europe	2,016.0	1,922.5	251.4	242.0	25.8	33.6
EEMEA	1,626.2	1,333.3	392.1	308.5	28.1	30.2
North America	2,095.9	2,531.4	295.0	398.9	75.5	67.6
Latin America	1,239.9	1,098.3	285.3	285.2	75.8	34.6
Greater China	582.2	521.3	84.5	20.2	10.3	20.3
Asia/Pacific (excluding Greater China)	551.7	588.5	61.2	73.4	6.5	7.2
stichd	459.4	469.8	89.5	113.2	22.1	21.2
Total business segments	**8,571.3**	**8,465.1**	**1,458.9**	**1,441.2**	**244.1**	**214.7**

	Depreciation and amortization		Inventories		Trade Receivables (third parties)	
	1-12/2023	1-12/2022	1-12/2023	1-12/2022	1-12/2023	1-12/2022
Europe	61.7	58.5	498.5	602.5	196.4	190.3
EEMEA	55.6	55.8	338.4	378.5	286.5	189.4
North America	83.3	71.2	466.1	739.3	204.9	259.2
Latin America	39.2	23.1	306.9	253.1	223.7	200.7
Greater China	29.3	39.7	109.6	179.1	40.6	44.5
Asia/Pacific (excluding Greater China)	28.1	31.6	97.8	114.7	91.5	111.4
stichd	11.2	8.3	104.8	93.9	72.1	66.1
Total business segments	**308.3**	**288.2**	**1,922.0**	**2,361.1**	**1,115.7**	**1,061.6**

↗ T.81 CONTINUATION BUSINESS SEGMENTS (in € million)

	Non-current assets	
	1-12/2023	**1-12/2022**
Europe	477.4	477.1
EEMEA	186.1	198.1
North America	741.8	750.4
Latin America	221.5	128.2
Greater China	91.8	86.2
Asia/Pacific (excluding Greater China)	121.7	149.4
stichd	226.0	209.6
Total business segments	**2,066.4**	**1,999.1**

↗ T.82 PRODUCT External Sales (€ million) Gross Profit Margin (in %)

	External Sales		Gross Profit Margin	
	1-12/2023	**1-12/2022**	**1-12/2023**	**1-12/2022**
Footwear	4,583.4	4,317.9	45.4%	44.9%
Apparel	2,763.0	2,896.3	47.8%	47.3%
Accessories	1,255.3	1,251.0	46.6%	47.4%
Total	**8,601.7**	**8,465.1**	**46.3%**	**46.1%**

RECONCILIATIONS

↗ T.83 RECONCILIATIONS (in € million)

	External Sales	
	1-12/2023	1-12/2022
Total business segments	8,571.3	8,465.1
Central Areas	30.4	0.0
Total	**8,601.7**	**8,465.1**

	EBIT	
	1-12/2023	1-12/2022
Total business segments	**1,458.9**	**1,441.2**
Central Areas	-344.6	-364.4
Central expenses Marketing	-492.7	-436.2
Consolidation	0.0	0.0
EBIT	**621.6**	**640.6**
Financial Result	**-143.3**	**-88.9**
EBT	**478.3**	**551.7**

	Investments		Depreciation and amortization	
	1-12/2023	1-12/2022	1-12/2023	1-12/2022
Total business segments	**244.1**	**214.7**	**308.3**	**288.2**
Central Areas	55.5	49.3	43.4	44.6
Consolidation	0.0	0.0	0.0	0.0
Total	**299.6**	**263.9**	**351.7**	**332.8**

	Inventories		Trade Receivables (third parties)		Non-current assets	
	1-12/2023	1-12/2022	1-12/2023	1-12/2022	1-12/2023	1-12/2022
Total business segments	**1,922.0**	**2,361.1**	**1,115.7**	**1,061.6**	**2,066.4**	**1,999.1**
Not allocated to the business segments	-117.7	-116.0	2.8	3.3	237.7	211.0
Total	**1,804.4**	**2,245.1**	**1,118.4**	**1,064.9**	**2,304.1**	**2,210.1**

GEOGRAPHICAL INFORMATION

Sales revenue (with third parties) is reported in the geographical market in which it arises. Non-current assets are allocated to the geographical market based on the registered office of the relevant subsidiary, regardless of the segment structure.

↗ T.84 GEOGRAPHICAL INFORMATION BY COUNTRY (in € million)

	External Sales		Non-current assets	
	1-12/2023	1-12/2022	1-12/2023	1-12/2022
Germany, Europe	631.6	586.3	507.0	488.3
USA, North America	1,933.7	2,334.2	604.5	604.7

25. NOTES TO THE CASH FLOW STATEMENT

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

The cash and cash equivalents reported in the cash flow statement include all cash and cash equivalents shown in the statement of financial position under the item "Cash and cash equivalents", i.e. cash on hand, checks and current bank balances including short-term financial investments.

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

↗ T.85 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2023 (in € million)

			Non-cash changes			
	Notes	Balance 01/01/2023	Currency changes	Other	Cash changes	Balance 31/12/2023
Financial liabilities						
Lease liabilities	10	1,230.4	-44.9	254.9	-208.0	1,232.4
Current borrowings	13	75.9	-0.6	129.8	-59.1	145.9
Non-current borrowings	13	251.5	0.0	-125.0	299.6	426.1
Total		**1,557.8**	**-45.6**	**259.7**	**32.5**	**1,804.4**

↗ T.86 RECONCILIATION OF FINANCIAL LIABILITIES TO THE CASH INFLOW/ OUTFLOW FROM FINANCING ACTIVITIES 2022 (in € million)

			Non-cash changes			
	Notes	**Balance 01/01/2022**	**Currency changes**	**Other**	**Cash changes**	**Balance 31/12/2022**
Financial liabilities						
Lease liabilities	10	1,023.4	12.1	385.0	-190.0	1,230.4
Current borrowings	13	68.5	-1.1	0.0	8.4	75.9
Non-current borrowings	13	311.5	0.0	0.0	-60.0	251.5
Total		**1,403.4**	**11.1**	**385.0**	**-241.6**	**1,557.8**

The lease liabilities of € 1,232.4 million (previous year: € 1,230.4 million) break down into current lease liabilities of € 212.4 million (previous year: € 200.2 million) and non-current lease liabilities of € 1,020.0 million (previous year: € 1,030.3 million).

26. OTHER FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

OTHER FINANCIAL OBLIGATIONS

The Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

↗ T.87 COMMITMENTS FROM LICENSE, PROMOTIONAL AND ADVERTISING AGREEMENTS (in € million)

	2023	**2022**
From license, promotional and advertising agreements:		
Due within one year	402.4	348.6
Due between one and five years	1,203.5	781.1
Due after five years	314.2	130.8
Total	**1,920.2**	**1,260.5**

As is customary in the industry, the promotional and advertising agreements provide for additional payments on reaching pre-defined goals (e.g. medals, championships). These are contractually agreed, but by their nature cannot be predicted exactly in terms of their timing and amount.

In addition, there are other financial obligations totalling € 246.5 million, of which, € 146.5 million relate to the years from 2025. These include service agreements of € 234.2 million as well as other obligations of € 12.3 million.

CONTINGENT LIABILITIES

Individual PUMA companies are involved in legal disputes arising from normal operating activities, e.g. relating to intellectual property rights and employee matters. If an outflow of resources from these legal disputes is classified as probable and the amount of the obligation can be reliably estimated, the risks arising from these legal disputes are included in the other provisions. However, if the probability of occurrence is classified as low, these legal disputes are recognised as contingent liabilities, which are estimated at € 0.8 million in this financial year (previous year: € 3.1 million). Contingent liabilities also exist due to uncertainties in the appraisal of the facts by the tax and customs authorities in India. Based on external reports, the Management currently assumes that the receivables of Indian tax and customs authorities will not result in any cash outflow. Overall, the PUMA Management considers that the impact of the total of the contingent liabilities on the net assets, financial position and results of operations of the Company is immaterial.

27. COMPENSATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Disclosures pursuant to Section 314(1) 6 HGB (German Commercial Code [Handelsgesetzbuch]) in conjunction with Section 315e HGB.

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD

The total compensation of the members of the Management Board in financial year 2023 was € 10.3 million (previous year: € 11.9 million).

The total remuneration of the Management Board includes the share-based remuneration granted for the financial year with a fair value of € 4.2 million (previous year: € 1.7 million) and 81,279 performance shares were issued (previous year: 16,457). The total remuneration for the previous year also includes the issue of 30,968 virtual shares of the PUMA Monetary Unit Plan with a fair value of € 3.0 million.

TOTAL COMPENSATION OF FORMER MEMBERS OF THE MANAGEMENT BOARD

The total remuneration of former members of the Management Board and their surviving dependents amounted to € 2023 million in financial year 0.7 (previous year: € 0.7 million).

In addition, there were defined benefit pension obligations to former members of the Management Board and their widows/widowers amounting to € 2.4 million (previous year: € 2.5 million) as well as defined contribution plans from deferred compensation of former members of the Management Board and Managing Directors amounting to € 47.2 million (previous year: € 17.3 million). Both items are recognised accordingly within pension provisions to the extent they were not offset against plan assets of an equal amount.

COMPENSATION OF THE SUPERVISORY BOARD

The compensation paid to the Supervisory Board comprised fixed compensation and additional compensation for committee activities, and amounted to a total of € 0.4 million (previous year: € 0.2 million).

28. DISCLOSURES RELATED TO NON-CONTROLLING INTERESTS

The summarised financial information about subsidiaries of the Group in which non-controlling interests exist is presented below. This financial information relates to all companies with non-controlling interests in which the identical non-controlling shareholder holds an interest. The figures represent the amounts before intercompany eliminations.

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

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

In addition, there is a shareholding in the capital and the result, amounting to 70%, in the company PUMA United Aviation North America LLC.

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

The non-controlling interests existing on the balance sheet date relate to PUMA United North America LLC, PUMA United Canada ULC, Janed Canada, LLC (inactive) and PUMA United Aviation North America LLC at € 28.9 million (previous year: € 67.1 million).

The following tables show a summary of the financial information for subsidiaries with non-controlling interests:

↗ T.88 ASSETS AND LIABILITIES (in € million)

	2023	2022
Current assets	112.9	105.8
Non-current assets	8.6	10.3
Current liabilities	85.3	40.4
Non-current liabilities	0.0	0.0
Net assets	36.3	75.7
Net assets attributable to non-controlling interests	28.9	67.1

T.89 **INCOME STATEMENT** (in € million)

	2023	2022
Sales	411.8	452.2
Net income	56.8	72.0
Profit attributable to non-controlling interests	55.7	70.9
Other comprehensive income of non-controlling interests	4.3	4.1
Total comprehensive income of non-controlling interests	54.2	75.0
Dividends paid to non-controlling interests	92.4	73.3

T.90 **CASH** (in € million)

	2023	2022
Net cash from operating activities	101.8	79.4
Net cash used in investing activities	-0.3	0.0
Net cash used in financing activities	-101.4	-80.1
Changes in cash and cash equivalents	0.0	-0.4

29. RELATED PARTY RELATIONSHIPS

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

As of 31 December 2023, there was one shareholding in PUMA SE that exceeded 20% of the voting rights. This is held by the Pinault family via several companies that the family controls (in order of proximity to the Pinault family: Financière Pinault S.C.A., Artémis S.A.S. and Kering S.A.). The share of Kering S.A. in PUMA SE amounted to 1.47% of the share capital at 18 September 2023. Combined, the shareholdings of Artémis S.A.S. and Kering S.A. amounted to 29.99% of the share capital of PUMA SE at 18 September 2023. Since Artémis S.A.S. and Kering S.A. hold more than 20% of the voting rights in PUMA SE, they are presumed to have significant influence according to IAS 28.5 and IAS 28.6. They and all other companies directly or indirectly controlled by Financière Pinault S.C.A. that are not included in the consolidated financial statements of PUMA SE are considered as related parties in the following.

In addition, the disclosure obligation pursuant to IAS 24 extends to transactions with associated companies as well as transactions with other related companies and persons.

Transactions with related companies and persons largely concern sales of goods and licensing agreements.

The following overview illustrates the scope of the business relationships:

↗ T.91 DELIVERIES AND SERVICES RENDERED AND RECEIVED (in € million)

	Deliveries and services rendered		Deliveries and services received	
	2023	**2022**	**2023**	**2022**
Companies included in the Artémis Group	2.1	1.7	0.0	0.1
Other related companies and persons	0.0	0.0	0.0	0.0
Total	**2.1**	**1.7**	**0.0**	**0.1**

↗ T.92 NET RECEIVABLES AND LIABILITIES (in € million)

	Net receivables from		Liabilities to	
	2023	**2022**	**2023**	**2022**
Companies included in the Artémis Group	0.3	0.3	0.0	0.0
Other related companies and persons	0.0	0.0	0.0	0.0
Total	**0.3**	**0.3**	**0.0**	**0.0**

Receivables from related companies and persons are not subject to value adjustments.

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

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

In financial year 2023, the remuneration of the members of the Management Board of PUMA SE for short-term benefits amounted to € 6.1 million (previous year: € 7.2 million), for termination benefits to € 0.0 million (previous year: € 0.0 million) and the share-based payment € 1.4 million (previous year: € -0.5 million). Furthermore, just like in the previous year, no remuneration was granted in the form of other long-term benefits or in the form of post-employment benefits in the reporting year. Accordingly, the total expenditure for the reporting year amounted to € 7.5 million (previous year: € 6.7 million).

In financial year 2023, the remuneration of the members of the Supervisory Board of PUMA SE for short-term benefits amounted to € 0.4 million (previous year: € 0.2 million).

30. CORPORATE GOVERNANCE

In November 2023, the Management Board and the Supervisory Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) and published it on the Company's website (**https://about.PUMA.com**). Please also refer to the corporate governance statement in accordance with section 289f and section 315d HGB (Handelsgesetzbuch, German Commercial Code) in the Combined Management Report.

31. EVENTS AFTER THE BALANCE SHEET DATE

No events with any significant effect on the net assets, financial position and results of operations of the PUMA Group occurred after the balance sheet date.

32. DATE OF RELEASE

The Management Board of PUMA SE released the consolidated financial statements on 7 February 2024 for distribution to the Supervisory Board. The task of the Supervisory Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, 7 February 2024

The Management Board

Freundt Hinterseher Descours Valdes

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

APPENDIX 1 OF THE CONSOLIDATED FINANCIAL STATEMENT

MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR MANDATES STATUS: 31 DECEMBER 2023

MEMBERS OF THE MANAGEMENT BOARD AND THEIR MANDATES

Arne Freundt
Chief Executive Officer (CEO)

Hubert Hinterseher
Chief Financial Officer (CFO)

Anne-Laure Descours
Chief Sourcing Officer (CSO)

Maria Valdes (since 1 January 2023)
Chief Product Officer (CPO)

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MANDATES

Héloïse Temple-Boyer (first elected on 18 April 2019)
(Chair)
Paris, France

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

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises[2]

- Kering S.A., Paris/France
- Christie's International Plc., London/ United Kingdom
- CAA LL.C., Los Angeles/USA
- Giambattista Valli S.A.S., Paris/France
- Société d'exploitation de l'hebdomadaire le Point S.A., Paris/France
- Pinault Collection, Paris/France

[2] All mandates are mandates within the ARTÈMIS/KERING-Group. Only Kering S.A. is a listed company.

Thore Ohlsson (first elected on 21 May 1993)
(Deputy Chair)
Falsterbo, Sweden

President of Elimexo AB, Falsterbo/Sweden

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Tomas Frick AB, Vellinge/Sweden
- Orrefors Kosta Boda AB, Kosta/Sweden
- Infinitive AB, Malmö/Sweden
- Friskvårdcenter AB, Malmö/Sweden
- Totestories AB, Vellinge/Sweden

Jean-Marc Duplaix (first elected on 24 May 2023)
Paris, France

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

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises[3]:

- Balenciaga S.A., Paris/Frankreich

Jean-François Palus (first elected on 16 June 2007, until 24 May 2023)
Paris, France

Managing Director of Guccio Gucci S.p.A., Florence/Italy

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Financière Pinault S.C.A., Paris/France
- Sonova Management S.A.S., Paris/France
- Bureau Veritas S.A., Paris/France

Fiona May (first elected on 18 April 2019)
Calenzano, Italy

Independent Management Consultant

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises: None

3 The mandate is a mandate within the Kering Group. Kering S.A. is a listed company. Balenciaga S.A. is not listed

Martin Köppel (first elected on 25 July 2011)
(Employees' Representative)
Adelsdorf, Germany

Chair of the Works Council of PUMA SE

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises: None

Bernd Illig (first elected on 9 July 2018)
(Employees' Representative)
Bechhofen, Germany

Teamhead IT Endpoint Management of PUMA SE

Membership in other statutory supervisory boards in Germany: None

Membership in comparable domestic and foreign controlling bodies of commercial enterprises: None

SUPERVISORY BOARD COMMITTEES

Personnel Committee
- Héloïse Temple-Boyer (Chair)
- Fiona May
- Martin Köppel

Audit Committee
- Jean-Marc Duplaix (Chair since 24 May 2023)
- Thore Ohlsson (Chair until 24 May 2023)
- Héloïse Temple-Boyer (until 24 May 2023)
- Bernd Illig

Nominating Committee
- Héloïse Temple-Boyer (Chair)
- Jean-François Palus (until 24 May 2023)
- Fiona May
- Jean-Marc Duplaix (since 24 May 2023)

Sustainability Committee
- Fiona May (Chair)
- Héloïse Temple-Boyer
- Martin Köppel

DECLARATION BY THE LEGAL REPRESENTATIVES

We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group management report, which is combined with the Management report of PUMA SE for the financial year 2023, provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

Herzogenaurach, 7 February 2024

The Management Board

Freundt Hinterseher Descours Valdes

INDEPENDENT AUDITOR'S REPORT

For the Consolidated Financial Statements and Group Management Report we have issued an unqualified auditor's report. The English language text below is a translation of the auditor's report. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

To PUMA SE, Herzogenaurach

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of PUMA SE, Herzogenaurach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of PUMA SE for the financial year from January 1 to December 31, 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition cut-off for wholesale customers
For information on the accounting policies applied, please refer to Sections 2 and 19 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK
The consolidated financial statements of PUMA SE for financial year 2023 report revenue of EUR 8,601.7 million. Revenue includes revenue of EUR 6,468.6 million from the sale of goods to wholesale customers.

The Group recognizes revenue from the sale of goods to wholesale customers when it fulfils a performance obligation through the transfer of a promised asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In accordance with the transfer of control, revenue from wholesale customers is recognized at a point in time in the amount to which the Group is entitled.

The Management Board of PUMA SE has defined the criteria for the recognition of revenue at a point in time in a group-wide accounting policy and implemented processes for correct recognition and cut-off.

In the final weeks prior to the reporting date, a range of transactions with wholesale customers take place with individual contractual agreements on the transfer of risk. In addition, there are internally defined and externally communicated revenue targets for the financial year, which represent a key benchmark for measuring corporate success.

There is the risk for the consolidated financial statements that revenue in the reporting year is overstated due to it being recognized in the wrong period, meaning that it is not recorded on an accrual basis.

OUR AUDIT APPROACH

In order to audit revenue recognition cut-off for wholesale customers, we assessed the design, setup and effectiveness of the internal controls relating to outgoing goods and the acceptance of goods and invoicing, in particular the determination and verification of the correct transfer of control. In addition, we reviewed the presentation of revenue recognition in the group-wide accounting policy to ensure compliance with IFRS 15.

Furthermore, we assessed revenue recognition cut-off for wholesale customers by reconciling invoices with the related orders, underlying contracts and external delivery records. This was based on revenue recognized at the end of December 2023 and selected using a mathematical/statistical procedure.

OUR OBSERVATIONS

PUMA SE's approach to revenue recognition cut-off with wholesale customers is appropriate.

Impairment testing of right-of-use assets for retail stores

For information on the accounting policies applied, please refer to Sections 2 and 10 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As of December 31, 2023, right-of-use assets of EUR 1,087.7 million are recognized in the consolidated financial statements of PUMA SE. A significant portion of the right-of-use assets is attributable to retail stores (EUR 464.2 million). Right-of-use assets amount to 16.4% of total assets and thus have a material influence on the Company's net assets.

Owing to the large number of leases and the resulting transactions, the Company has set up group-wide processes and controls for the measurement of leases.

Right-of-use assets for retail stores are tested for impairment at the level of the individual retail stores as cash-generating units. The impairment test compares the carrying amount of the cash-generating unit with its recoverable amount. The Company determines the recoverable amount for the retail stores indicating potential impairment by using the discounted cash flow method. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized for the right-of-use asset of the cash-generating unit. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Impairment testing of right-of-use assets for retail stores is complex and based on a range of assumptions that require judgment. Among others, these include the business and earnings performance of the retail store for the next year, the assumed growth rates, the applied discount rate and the use of extension options. The Company recognized impairment losses in the amount of EUR 5.7 million for right-of-use assets for retail stores during the financial year.

In particular owing to the judgments for measuring right-of-use assets for retail stores, there is the risk for the consolidated financial statements that an impairment of right-of-use assets may not be identified.

OUR AUDIT APPROACH
Using the information obtained during our audit, we assessed whether there were any indicators of impairment for right-of-use assets for retail stores. In doing so, we thoroughly examined the Company's approach to determining the need to recognize impairment losses and, based on the information obtained in the course of our audit, assessed whether there were any indications of impairment that had not been identified by the Company.

With the involvement of our valuation specialists, for a sample of retail stores selected based on risk, we then assessed (among other things) the appropriateness of the Company's calculation method. For this purpose we discussed the expected business and earnings development for the retail stores selected in this sample and the assumed growth rates with those responsible for planning. Where accounting judgments were made for determining the lease term, we examined these judgments to determine whether the underlying assumptions were comprehensible in light of the prevailing market conditions and risks in the industry.

We also assessed the accuracy of the Company's previous forecasts for the affected right-of-use assets by comparing the budgets from the previous financial year for the selected retail stores in the sample with the actual results, and we analyzed any deviations. Further, we compared the assumptions and data underlying the discount rates with our own assumptions and publicly available data. We also assessed whether the calculation method for the discount rate was appropriate.

We verified the computational accuracy of the carrying amount of the right-of-use assets determined by PUMA SE for the retail stores included in the sample.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the discount rate, earnings performance and long-term growth rates on the value in use by calculating alternative scenarios for the selected sample and comparing these with the values stated by the Company (sensitivity analysis).

OUR OBSERVATIONS
The calculation method used for impairment testing of right-of-use assets for retail stores is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data used for the measurement of the right-of-use assets for retail stores are appropriate.

OTHER INFORMATION

The Management Board and/or the Supervisory Board is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and Group, which is included in a separate section of the combined management report, and
- information extraneous to combined management reports and marked as unaudited.

The other information also includes the annual report, which is expected to be made available to us after the date of this independent auditor's report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

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

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „PUMA KA 2023.zip" (SHA256-Hashwert: 3d9c82efdcc3657b21661fc4c90debfbfafac65be5b3f152055611b47a544d9b) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2023, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1) (09.2022).

Owing to the conversion process selected by the Company concerning the information in the notes in iXBRL format (block tagging), the consolidated financial statements converted into the ESEF format are not machine-readable in a fully meaningful respect. There is significant legal uncertainty regarding the legal conformity of the Management Board's interpretation that meaningful machine-readability of the structured information in the notes is not explicitly required by Commission Delegated Regulation (EU) 2019/815 for the block tagging of the notes, which thus also constitutes an inherent uncertainty of our audit.

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor at the Annual General Meeting on May 24, 2023. We were engaged by the Supervisory Board on November 21, 2023. We have been the group auditor of PUMA SE without interruption since financial year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Matthias Koeplin.

Nuremberg, February 9, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

Koeplin Wirtschaftsprüfer [German Public Auditor]	Behrendt Wirtschaftsprüferin [German Public Auditor]

ADDITIONAL INFORMATION

THE PUMA SHARE

The PUMA share had a negative performance in financial year 2023. The closing price of the PUMA share on the last trading day in 2023 (30 December) was € 50.52 and thus 10.8% lower than the closing price of the previous year. The market capitalisation of the PUMA Group fell accordingly from € 8.5 billion at the end of 2022 to € 7.6 billion at the end of 2023. The PUMA share started 2023 at a price of € 56.70 and fluctuated between € 67.22 (3 February 2023 / +18.6%) and € 44.36 (26 May 2023 / -21.8%) in the following twelve months. The daily trading volume of PUMA shares decreased from an average of 519 thousand shares in the previous year to an average of 423 thousand shares in financial year 2023.

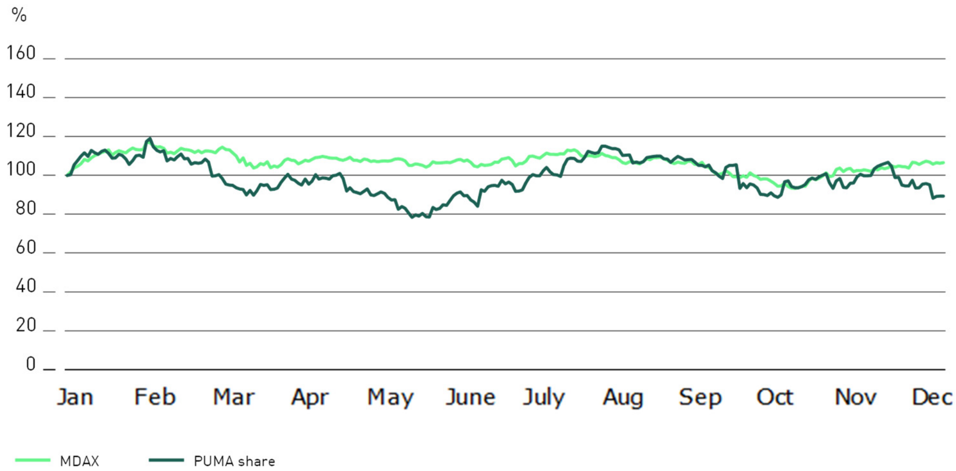
↗ T.01 **KEY DATA PER SHARE***

		2023	2022	2021	2020	2019	2018	2017
End of year price	€	50.52	56.70	107.50	92.28	68.35	42.70	36.30
Highest price listed	€	67.22	108.00	114.70	92.28	72.95	52.50	39.14
Lowest price listed	€	44.36	43.85	80.42	42.14	43.00	31.70	24.35
Daily trading volume (Ø)	amount in thousands	423	519	281	423	387	444	67
Earnings per share	€	2.03	2.36	2.07	0.53	1.76	1.25	9.09
Gross cashflow per share	€	6.43	6.14	5.49	3.50	4.71	2.66	2.21
Free cashflow (before acquisitions) per share	€	2.46	1.19	1.85	1.85	2.22	1.00	0.86
Shareholders' equity per share	€	17.23	16.97	15.23	11.79	12.84	11.52	11.09
Dividend per share	€	0.82	0.82	0.72	0.16	0.50	0.35	1.25**

* Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019
** one time/special dividend

↗ G.01 PUMA SHARE PERFORMANCE / TRADING VOLUME

↗ G.02 SHARE DEVELOPMENT - REBASED



The PUMA share has been registered for the regulated market on German stock exchanges since 1986. It is listed in the Prime Standard Segment and the Mid-Cap Index MDAX of the German Stock Exchange (Deutsche Börse). Moreover, membership in the FTSE4Good index was once again confirmed.

PUMA YEAR-ON-YEAR COMPARISON

↗ T.02 **PUMA YEAR-ON-YEAR COMPARISON** (in € million)

	2023	2022	Deviation
Sales			
Consolidated sales	8,601.7	8,465.1	1.6%
- Footwear	4,583.4	4,317.9	6.1%
- Apparel	2,763.0	2,896.3	-4.6%
- Accessories	1,255.3	1,251.0	0.3%
Result of operations			
Gross profit	3,986.6	3,902.7	2.1%
EBIT	621.6	640.6	-3.0%
EBT	478.3	551.7	-13.3%
Net earnings attributable to shareholders of PUMA SE	304.9	353.5	-13.7%
Profitability			
Gross profit margin	46.3%	46.1%	0.2%pt
EBT margin	5.6%	6.5%	-1.0%pt
Net earnings margin	3.5%	4.2%	-0.6%pt
Return on capital employed (ROCE)	25.1%	28.4%	-3.3%pt
Return on equity (ROE)	11.8%	13.9%	-2.1%pt
Balance sheet			
Total equity	2,582.3	2,538.8	1.7%
- Equity ratio	38.9%	37.5%	1.4%pt
Working capital	1,177.3	1,086.8	8.3%
- in % of consolidated sales	13.7%	12.8%	0.8%pt
Cash flow and investments			
Gross cash flow	964.1	918.9	4.9%
Free cash flow	369.0	177.5	107.9%
Investments (before acquisitions)	300.4	263.6	13.9%

	2023	2022	Deviation
Employees			
Number of employees (annual average)	18,023	16,669	8.1%
Sales per employee (k€)	477.3	507.8	-6.0%
PUMA share			
Share price (in €)	50.52	56.70	-10.8%
Average outstanding shares (in million)	149.85	149.65	0.1%
Number of shares outstanding as of 31 Dec. (in million shares)	149.84	149.76	0.1%
Earnings per share (in €)	2.03	2.36	-14.0%
Market capitalization	7,570	8,491	-10.8%
Average trading volume (amount/day)	423,200	519,477	-18.5%

PUMA GROUP DEVELOPMENT

↗ T.03 **PUMA GROUP DEVELOPMENT** (in € million)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sales										
Consolidated sales	8,601.7	8,465.1	6,805.4	5,234.4	5,502.2	4,648.3	4,135.9	3,626.7	3,387.4	2,972.0
- Change in %	1.6%	24.4%	30.0%	-4.9%	18.4%	12.4%	14.0%	7.1%	14.0%	-0.4%
- Footwear	4,583.4	4,317.9	3,163.6	2,367.6	2,552.5	2,184.7	1,974.5	1,627.0	1,506.1	1,282.7
- Apparel	2,763.0	2,896.3	2,517.3	1,974.1	2,068.7	1,687.5	1,441.4	1,333.2	1,244.8	1,103.1
- Accessories	1,255.3	1,251.0	1,124.5	892.7	881.1	776.1	719.9	666.5	636.4	586.3
Result of operations										
Gross profit	3,986.6	3,902.7	3,257.8	2,458.0	2,686.4	2,249.4	1,954.3	1,656.4	1,540.2	1,385.4
- Gross profit margin	46.3%	46.1%	47.9%	47.0%	48.8%	48.4%	47.3%	45.7%	45.5%	46.6%
Royalty and commission income	38.5	33.8	23.9	16.1	25.1	16.3	15.8	15.7	16.5	19.4
EBIT	621.6	640.6	557.1	209.2	440.2	337.4	244.6	127.6	96.3	128.0
- EBIT margin	7.2%	7.6%	8.2%	4.0%	8.0%	7.3%	5.9%	3.5%	2.8%	4.3%
EBT	478.3	551.7	505.3	162.3	417.6	313.4	231.2	118.9	85.0	121.8
- EBT margin	5.6%	6.5%	7.4%	3.1%	7.6%	6.7%	5.6%	3.3%	2.5%	4.1%
Net earnings attributable to shareholders of PUMA SE	304.9	353.5	309.6	78.9	262.4	187.4	135.8	62.4	37.1	64.1
- Net margin	3.5%	4.2%	4.5%	1.5%	4.8%	4.0%	3.3%	1.7%	1.1%	2.2%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Marketing/retail	1,643.2	1,578.5	1,309.1	1,050.2	1,112.1	931.2	822.9	732.3	697.6	599.7
Personnel	900.6	846.5	712.4	583.7	640.5	553.8	549.1	493.1	483.8	425.3
Balance sheet										
Total assets	6,640.4	6,772.7	5,728.3	4,684.1	4,378.2	3,207.2	2,853.8	2,765.1	2,620.3	2,549.9
Total equity	2,582.3	2,538.8	2,278.5	1,763.9	1,902.3	1,722.2	1,656.7	1,722.2	1,619.3	1,618.3
- Equity ratio	38.9%	37.5%	39.8%	37.7%	43.4%	53.7%	58.1%	62.3%	61.8%	63.5%
Working capital	1,177.3	1,086.8	727.9	465.8	549.4	503.9	493.9	536.6	532.9	455.7
- thereof: inventories	1,804.4	2,245.1	1,492.2	1,138.0	1,110.2	915.1	778.5	718.9	657.0	571.5
Cash flow										
Free cash flow	369.0	177.5	276.2	276.0	330.0	172.9	128.5	49.7	-98.9	39.3
Investments (incl. acquisitions)	300.4	263.6	202.4	151.0	218.4	130.2	122.9	91.1	79.5	96.4
Profitability										
Return on equity (ROE)	11.8%	13.9%	13.6%	4.5%	13.8%	10.9%	8.2%	3.6%	2.3%	4.0%
Return on capital employed (ROCE)	25.1%	28.4%	31.9%	15.1%	29.6%	25.8%	20.7%	10.3%	7.9%	11.5%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Additional information										
Number of employees (year-end)	18,681	18,071	16,125	14,374	14,332	12,894	11,787	11,495	11,351	11,267
Number of employees (annual average)	18,023	16,669	14,846	13,016	13,348	12,192	11,389	11,128	10,988	10,830
PUMA share*										
Share price (in €)	50.52	56.70	107.50	92.28	68.35	42.70	36.30	24.97	19.87	17.26
Earnings per share (in €)	2.03	2.36	2.07	0.53	1.76	1.25	0.91	0.42	0.25	0.43
Average outstanding shares (in million)	149.85	149.65	149.59	149.56	149.52	149.47	149.43	149.40	149.40	149.40
Number of shares outstanding as of 31 Dec. (in million shares)	149.84	149.76	149.61	149.58	149.55	149.51	149.46	149.40	149.40	149.40
Market capitalization	7,570	8,491	16,083	13,804	10,222	6,384	5,426	3,730	2,968	2,578

* Disclosures for the prior periods were adjusted retroactively to the 1:10 stock split carried out in the second quarter of 2019

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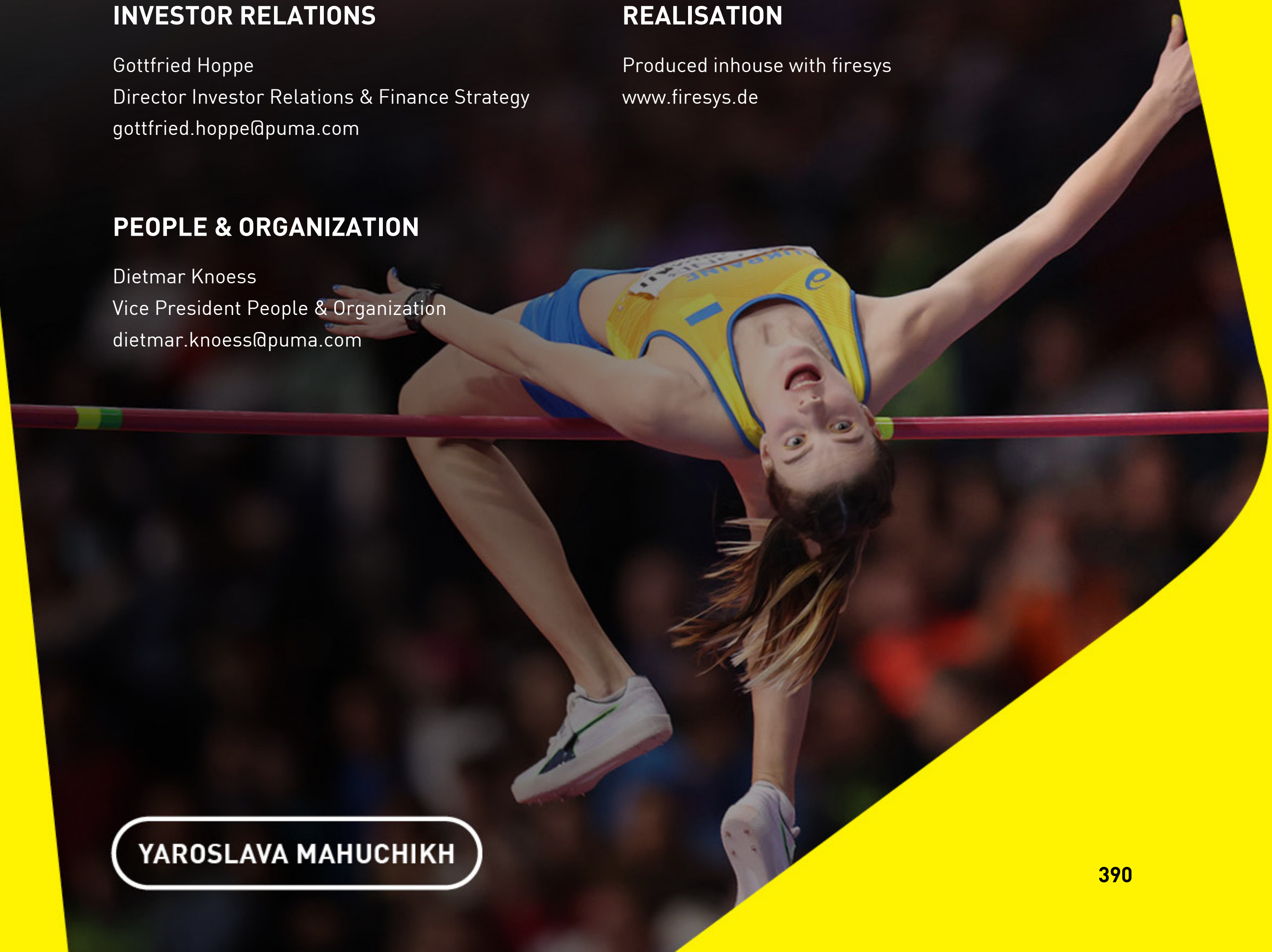

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