

Q1 2023



PUMA records double-digit Sales growth in Q1

Herzogenaurach, April 26, 2023

2023 First Quarter Facts

- Sales increase by 14.4% currency adjusted (ca) to € 2,188 million (+14.4% reported / Q1 2022: € 1,912 million)
- Gross profit margin is at 46.5% (Q1 2022: 47.2%)
- Operating expenses (OPEX) increase by 19.0% to € 848 million (Q1 2022: € 713 million)
- Operating result (EBIT) amounts to € 176 million (Q1 2022: € 196 million)
- EBIT margin is at 8.0% (Q1 2022: 10.3%)
- Net income is at € 117 million (Q1 2022: € 121 million)

Product, Marketing & Other Highlights

- PUMA and Rihanna announce a new multi-year collaboration focused on unisex and kids collections
- PUMA signs long-term partnership with Manchester City & England playmaker Jack Grealish
- PUMA celebrates sports in China with Manchester City's Trophy Tour and a running event at the Shanghai International Circuit
- PUMA introduces its legendary KING football boot made with animal-free K-BETTER upper material
- PUMA signs legendary marathon runner Edna Kiplagat and fastest European female mid-distance runner Konstanze "KoKo" Klosterhalfen
- PUMA and LaMelo Ball launch a Rick and Morty version of the MB.02 basketball shoe

- PUMA launches FOREVER. CLASSIC. Campaign in the USA featuring culturally relevant celebrities
- PUMA celebrates the terrace sneaker trend with PALERMO and SUPER TEAM and broadens its product offering
- PUMA joins forces with the iconic cartoon series SpongeBob SquarePants for a new collection
- PUMA ranked among the top 3 companies in Fossile Free Fashion scorecard by STAND.earth

Arne Freundt, Chief Executive Officer of PUMA SE:

“Our Q1 growth was a strong start to 2023. In line with our strategy to be the best partner to retailers, we grew our wholesale business in a challenging environment and further strengthened our performance credibility with strong growth in our strategically important performance categories. Our significant growth in DTC demonstrated PUMA’s continued brand momentum globally, including North America and Greater China.

We benefited from our geographically diversified business, as strong growth in other regions more than offset the decline in North America. The current development of our North American business confirms the importance and necessity of our new strategy to grow more desirable distribution channels and to contain the off-price business in North America as well as to further elevate the brand. It is reassuring that we returned to growth in Greater China after more than two years of declining business and we are cautiously optimistic about an ongoing positive development.

We consider 2023 to be a year of transition. In line with our expectations, the year has started with pressure on gross profit margin and profitability. For the second quarter, we expect low to mid single-digit sales growth due to high inventory levels in the trade and continued headwinds in the market. For the full year, we confirm high single-digit sales growth and EBIT of € 590 to € 670 million. With our continued momentum we are fully on track to normalize our inventory levels and to achieve our full-year guidance.”

Sales Development

Sales by regions and product divisions		Q1		growth rates	
€ million	2023	2022	Euro	currency adjusted	
Breakdown by regions					
EMEA	883.8	708.8	24.7%	25.4%	
Americas	827.9	815.9	1.5%	-0.8%	
Asia/Pacific	476.0	387.4	22.9%	27.4%	
Total	2,187.7	1,912.2	14.4%	14.4%	
Breakdown by product divisions					
Footwear	1,210.4	941.3	28.6%	28.8%	
Apparel	647.7	638.7	1.4%	1.5%	
Accessories	329.5	332.2	-0.8%	-1.7%	
Total	2,187.7	1,912.2	14.4%	14.4%	

First Quarter 2023

Sales increased by 14.4% (ca) to € 2,187.7 million (+14.4% reported). The **EMEA** region recorded strong sales growth of 25.4% (ca) to € 883.8 million and **Asia/Pacific** grew 27.4% (ca) to € 476.0 million, supported by a return to growth in Greater China for the first time in two years. Sales in the **Americas** came in at € 827.9 million (-0.8% ca) due to a decline in North America, while Latin America continued to show strong growth. The decline in North America was due to a lower sell-in to the Wholesale distribution channel, particularly to off-price retailers, as a result of high inventory levels in the market. This development underlines the importance of PUMA's strategy to reduce its relative dependency on the off-price Wholesale business and the need to strengthen its business with more desirable retailers in North America. While the overall business declined in North America, PUMA continued to show growth in all of its strategic performance categories and its DTC business in North America. PUMA benefited from geographic diversification of its business, as strong growth in other regions more than offset the decline in North America, resulting in a double-digit growth rate for the PUMA Group.

Sales in **Footwear** were up 28.8% (ca), driven by continued strong demand for our Performance categories like Football, Basketball, Running & Training and Golf as well as for

the Sportstyle category. Sales in **Apparel** grew by 1.5% (ca), while **Accessories** declined by 1.7% (ca), mainly because of softer leg- and bodywear business, especially in North America.

PUMA's **Wholesale** business increased by 12.4% (ca) to € 1,722.1 million and the **Direct-to-Consumer (DTC)** business was up by 22.5% (ca) to € 465.5 million. Sales in owned & operated retail stores increased 17.3% (ca) and e-commerce was up 32.7% (ca). The strong growth in DTC, especially in e-commerce, was primarily driven by continued brand momentum and improved product availability. This resulted in an increased DTC share of 21.3% (Q1 2022: 20.1%). The Wholesale distribution channel continued to grow at a double-digit rate despite high inventory levels in the trade. PUMA continues to focus on the Wholesale distribution channel to be the best partner to retailers.

The **gross profit margin** declined by 70 basis points to 46.5% (Q1 2022: 47.2%). The ongoing industry-wide promotional activity, higher sourcing and freight costs as well as unfavorable currency effects had a negative impact on the gross profit margin. However, the negative effects were partially offset by price adjustments, a favorable geographical and distribution channel mix.

Operating expenses (OPEX) increased by 19.0% to € 848.3 million (Q1 2022: € 712.8 million). The increase was driven by higher sales-related distribution and other variable costs, mainly associated with strong e-commerce growth, a higher number of retail stores in operation as well as higher marketing expenses. As a consequence, the OPEX ratio increased by 150 basis points to 38.8% (Q1 2022: 37.3%).

The **operating result (EBIT)** decreased by 10.5% to € 175.5 million (Q1 2022: € 196.0 million) and the EBIT margin came in at 8.0% (Q1 2022: 10.3%).

Net income decreased by 3.4% to € 117.3 million (Q1 2022: € 121.4 million) at a lower rate than EBIT due to improved financial result and lower non-controlling interests. The **earnings per share** amounted to € 0.78 (Q1 2022: € 0.81).

Working Capital

The **working capital** increased by 74.3% to € 1,751.5 million (March 31, 2022: € 1,004.8 million). **Inventories** were up by 32.7% to € 2,147.3 million (March 31, 2022: € 1,618.3 million). This represents a further improvement and shows that PUMA is on track to rightsize its inventories – also in North America and Greater China. **Trade receivables** increased by 13.2% to € 1,276.9 million (March 31, 2022: € 1,128.5 million), which is in line with business growth. On the liabilities side, **trade payables** increased by 0.6% to € 1,282.7 million (March 31, 2022: € 1,275.0 million).

Outlook 2023

PUMA has successfully started the year with double-digit sales growth in the first quarter of 2023. The growth was based on continued brand momentum, new product launches and our partnership approach along our value chain with athletes, retailers and suppliers. PUMA benefited from strong geographical diversification of its business, as strong growth including Greater China more than offset the market headwinds in North America. At the same time, continued demand for our products and our operational agility allowed us to further rightsize our inventory levels.

While PUMA's start to 2023 has been successful, the macroeconomic situation and overall uncertainty in the trade remain challenging. Recession fears in various markets, persistently high inflation and elevated interest rates are leading to muted consumer sentiment and volatile demand in retail. In addition, elevated inventory levels in the market contribute to a slower sell-in to the Wholesale channel at the moment.

Based on PUMA's strong start to 2023, continued brand momentum and strong growth across our performance categories, we confirm **high single-digit percentage currency-adjusted sales growth** and **operating result (EBIT) in a range of € 590 million to € 670 million** (2022: € 641 million) for the financial year 2023. PUMA's net income is expected to change accordingly.

For the second quarter, PUMA expects low to mid single-digit sales growth due to high inventory levels in the trade trade and continued headwinds in the market.

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

PUMA will continue to focus on managing short-term challenges without compromising the mid- and long-term momentum of the brand, as in previous years. Our sales growth and market share gains will have priority over short-term profitability. The exciting product range for 2023 and very good feedback from retailers on our product pipeline for 2024 make us confident for the mid- and long-term success and continued growth momentum of PUMA.

Income Statement	Q1/2023 € million	Q1/2022 € million	Devi- ation
Sales	2,187.7	1,912.2	14.4%
Cost of sales	-1,170.7	-1,010.0	15.9%
Gross profit	1,016.9	902.2	12.7%
- in % of sales	46.5%	47.2%	-0.7 pp
Royalty and commission income	6.9	6.7	3.3%
Other operating income and expenses	-848.3	-712.8	19.0%
Operating result (EBIT)	175.5	196.0	-10.5%
- in % of sales	8.0%	10.3%	-2.2 pp
Financial result	-7.8	-13.0	-40.0%
Earnings before taxes (EBT)	167.7	183.0	-8.4%
- in % of sales	7.7%	9.6%	-1.9 pp
Taxes on income	-41.9	-46.7	-10.2%
- Tax rate	25.0%	25.5%	-0.5 pp
Net income attributable to non-controlling interests	-8.5	-15.0	-43.2%
Net income	117.3	121.4	-3.4%
- in % of sales	5.4%	6.3%	-1.0 pp
Earnings per share (€)	0.78	0.81	-3.5%
Earnings per share (€) - diluted	0.78	0.81	-3.5%
Weighted average shares outstanding (million)	149.79	149.61	0.1%
Weighted average shares outstanding - diluted (million)	149.80	149.61	0.1%

Rounding differences may be observed in the percentage and numerical values expressed in millions of Euro since the underlying calculations are always based on thousands of Euro.

Balance Sheet	Mar. 31,'23 € million	Mar. 31,'22 € million	Devi- ation	Dec. 31,'22 € million
ASSETS				
Cash and cash equivalents	288.8	537.2	-46.2%	463.1
Inventories *	2,147.3	1,618.3	32.7%	2,245.1
Trade receivables *	1,276.9	1,128.5	13.2%	1,064.9
Other current assets *	348.5	257.8	35.2%	304.1
Other current assets	83.2	141.5	-41.2%	123.2
Current assets	4,144.7	3,683.2	12.5%	4,200.4
Deferred taxes	317.0	289.5	9.5%	295.0
Right-of-use assets	1,095.0	948.5	15.4%	1,111.3
Other non-current assets	1,209.3	1,032.4	17.1%	1,166.0
Non-current assets	2,621.3	2,270.4	15.5%	2,572.3
Total Assets	6,766.0	5,953.6	13.6%	6,772.7
LIABILITIES AND EQUITY				
Current financial liabilities	635.4	0.3	-	75.9
Trade payables *	1,282.7	1,275.0	0.6%	1,734.9
Other current liabilities *	738.5	724.8	1.9%	792.3
Current lease liabilities	199.1	178.6	11.4%	200.2
Other current liabilities	62.8	59.4	5.7%	39.7
Current liabilities	2,918.4	2,238.1	30.4%	2,843.0
Deferred taxes	41.4	49.8	-16.8%	42.0
Pension provisions	21.9	32.5	-32.6%	22.4
Non-current lease liabilities	1,015.0	857.9	18.3%	1,030.3
Other non-current liabilities	161.6	344.9	-53.2%	296.2
Non-current liabilities	1,239.9	1,285.1	-3.5%	1,390.9
Equity	2,607.6	2,430.4	7.3%	2,538.8
Total Liabilities and Equity	6,766.0	5,953.6	13.6%	6,772.7

* included in working capital.

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Financial Calendar:

May 24, 2023	Annual General Meeting
July 26, 2023	Interim Report Q2 2023
October 24, 2023	Quarterly Statement Q3 2023

The financial releases and other financial information are available on the Internet at "about.puma.com".

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Notes to the editors:

- The financial reports are posted on about.puma.com
- PUMA SE stock symbol:
Reuters: PUMG.DE, Bloomberg: PUM GY,
Börse Frankfurt: ISIN: DE0006969603– WKN: 696960

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.

PUMA

PUMA is one of the world's leading sports brands, designing, developing, selling and marketing footwear, apparel and accessories. For 75 years, PUMA has relentlessly pushed sport and culture forward by creating fast products for the world's fastest athletes. PUMA offers performance and sport-inspired lifestyle products in categories such as Football, Running and Training, Basketball, Golf and Motorsports. It collaborates with renowned designers and brands to bring sport influences into street culture and fashion. The PUMA Group owns the brands PUMA, Cobra Golf and stichd. The company distributes its products in more than 120 countries, employs about 20,000 people worldwide and is headquartered in Herzogenaurach/Germany. For more information, please visit <https://about.puma.com>.