# FINANCIAL REVIEW 2015

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Amer Sports (www.amersports.com) is a sporting goods company with internationally recognized brands including Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto and Precor. The company's technically advanced sports equipment, footwear and apparel improve performance and increase the enjoyment of sports and outdoor activities. The Group's business is balanced by its broad portfolio of sports and products and a presence in all major markets.

Amer Sports shares are listed on the Nasdaq Helsinki stock exchange (AMEAS).

Heikki Takala
President and CEO

# 2015 – A year of continuous growth and improvement

**2015 was yet another year of record sales and profit for Amer Sports, as we completed our 6th consecutive year of profitable growth in line with our Sustainable Growth Model. We also generated strong cash flow improvement, and further strengthened our balance sheet. In short, the company is healthy, and we continue to improve across virtually all areas.**

**"We proceed with confidence and with improving capabilities and excellence in strategy execution. Amer Sports is ready for the next match.**

The growth was again driven primarily by our strategic focus areas: Footwear, Apparel, Business to Consumer, digitally connected devices and services, and geographically especially China and the United States. Also our established core businesses continued to improve. Ball Sports returned to healthy profitable growth in the key focus areas, especially performance tennis and baseball, and Winter Sports Equipment continued to drive profitability and working capital efficiency. In Sports Instruments, Fitness and Cycling we focused on renewal and restructuring for faster future growth behind scalable platforms, and we built an exciting pipeline of growth initiatives already for 2016.

In 2015 we also started to accelerate through selective acquisitions, enabled by our strong balance sheet. We acquired Louisville Slugger for Baseball acceleration, and Sports Tracker for building a scalable Amer Sports online sports service. We also acquired Queenax, a functional training systems provider, to close a gap in our Fitness offering versus an important consumer trend. These acquisitions follow our strategic priorities, providing us platforms and scale for further acceleration.

# CEO'S REVIEW

## Turnaround completed, sustainable growth model established

Following the strategy put in place in 2010, the company is now firmly on a sustainable growth path, as we have built sales from EUR 1.5 billion (2009) to EUR 2.5+ billion, and EBIT from EUR 44 million to EUR 212 million. The growth and improvement have been based on strategic renewal and sustainable fundamentals, illustrated by a few examples:

- Footwear and Apparel growth from approximately EUR 300 million to EUR 900 million
- Company gross margin improvement from 40% to 45%
- Business to Consumer growth from 1% of the Group sales to 7%, with a global footprint of over 290 retail stores, and a global multi-brand e-commerce
- China sales up by 5x
- Digitally connected devices and services from zero toward 7% of the Group sales

## Accelerating toward 2020

Following the successful completion of the 2010 five-year strategic glidepath, we have now put in place a new five-year "2020 glidepath" with focus on accelerating profitable growth. The new strategy prioritizes five areas where we see the highest growth potential and where we have built a repeatable business model: Apparel and Footwear, United States, China, Business to Consumer (own retail and e-commerce), and digitally connected devices and services.

In conjunction to the new strategic glidepath, we introduced new financial targets toward 2020:

- Net sales: At least EUR 3.5 billion translating into minimum 6.5% CAGR, with minimum mid-single digit organic, currency-neutral annual growth
- Profit: Annual EBIT growth (excl. non-recurring items) ahead of net sales growth
- Cash flow conversion: Free cash flow / net profit at least 80%
- Net debt / EBITDA: Year-end net debt / EBITDA ratio max 3x

Compared to the previous financial targets set in 2010, the new targets emphasize accelerated growth, both organic and through acquisitions, and continuously improving profitability. The new cash flow conversion target is aligned to the need to increase our working capital and investment to support the higher growth objective.

## New glidepath already in execution

During 2015 we already ramped up our investment and capability injection to enable the acceleration. We continued to strengthen our retail opening pipeline, fueled investment into digital products and services, invested into Go to Market integration especially in Fitness and Cycling, and recruited critical talent into the acceleration areas. We also continued to monitor strategic M&A opportunities and intensified strategic collaboration with external partners such as various start-ups and universities.

## Positive shareholder returns

For the shareholders, the ongoing Amer Sports performance improvement has been positive. In 2015 Amer Sports share price increased by 68%. Following the new dividend policy of 2015, and enabled by our strong positive cash flow, the Board of Directors is again proposing an increased dividend of EUR 0.55 per share, an increase of 22% versus the previous year. From a longer term perspective, since the beginning of the new strategy in 2010, Amer Sports share price has increased by 285% (Jan 1, 2010–Dec 31, 2015), with a total shareholder return of 352%.

## Delighting the consumer, collaborating with our partners, sustainably

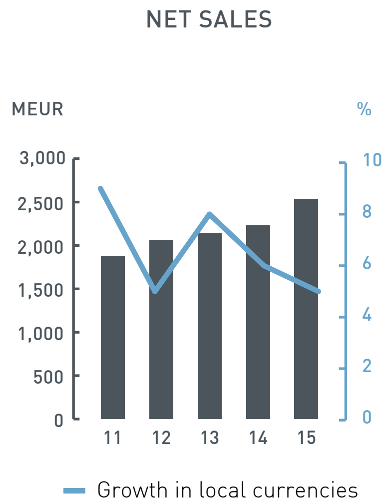
Our company aims to improve the consumers' sports and fitness performance, and inspire active life and lifestyle. Innovation and deep consumer engagement are the cornerstones of the company, and we continue to make great progress. For example, our innovations have again received a multitude of industry awards and recognitions, and our consumer engagement attracts an increasing number of consumers through inspiring solutions and stories. Our web traffic and captive consumer database continue to grow day by day and we reach tens of millions of people around the world. Moreover, our innovation and concepts bring us commercial success and ultimately profitable growth. We continue to improve our strategic collaboration with our retail partners to delight the shopper, and to drive joint commercial value with our business partners. As we pursue our strategy, we focus on operating responsibly and sustainably, seeking to improve across all areas from sourcing to manufacturing to social responsibility and beyond.

## Taking the company to the next level

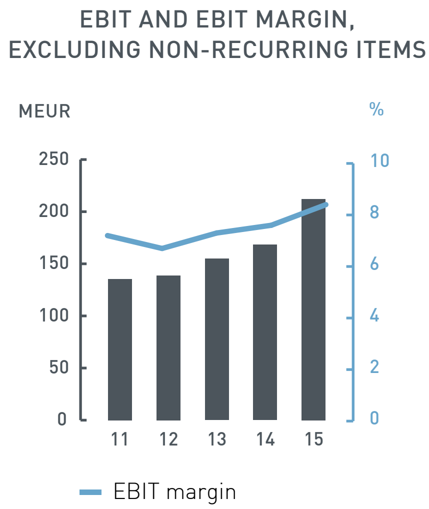
We have now delivered six consecutive years of profitable growth and overall performance improvement. This solid performance is the foundation for our faster future growth. Changing consumer needs, digitalization and new business models and logic open up market opportunities, which we will capitalize on. We proceed with confidence and with improving capabilities and excellence in strategy execution. Amer Sports is ready for the next match.

Heikki Takala
PRESIDENT AND CEO

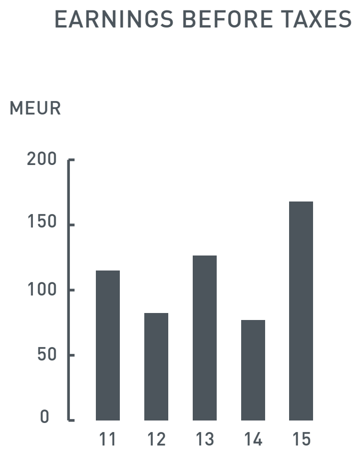
# YEAR 2015 IN BRIEF

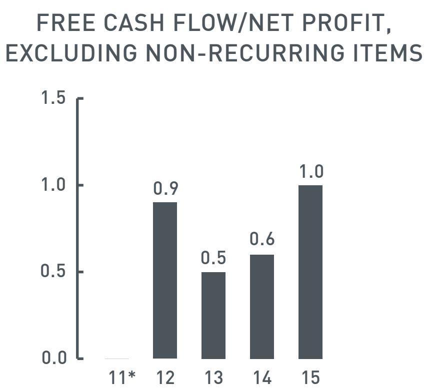



Target: organic, currency-neutral annual growth of 5%

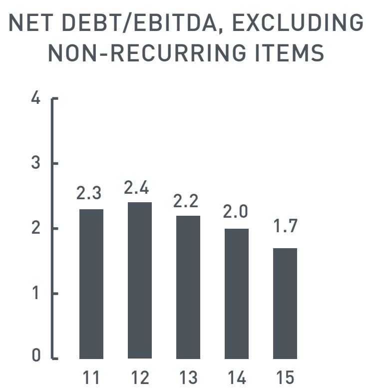



Target: EBIT of at least 10% of net sales

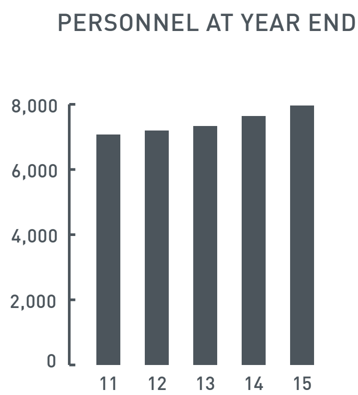


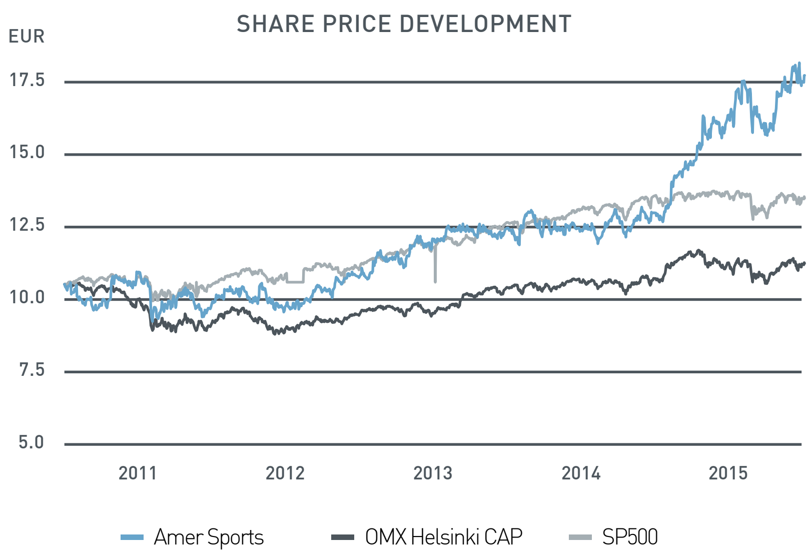




* Negative
Target: annual free cash flow equal to net profit

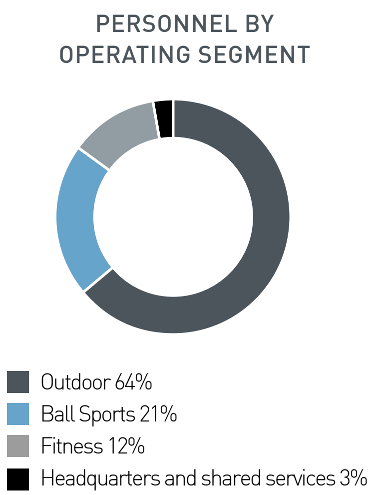



Target: year-end net debt/ EBITDA ratio of 3 or less



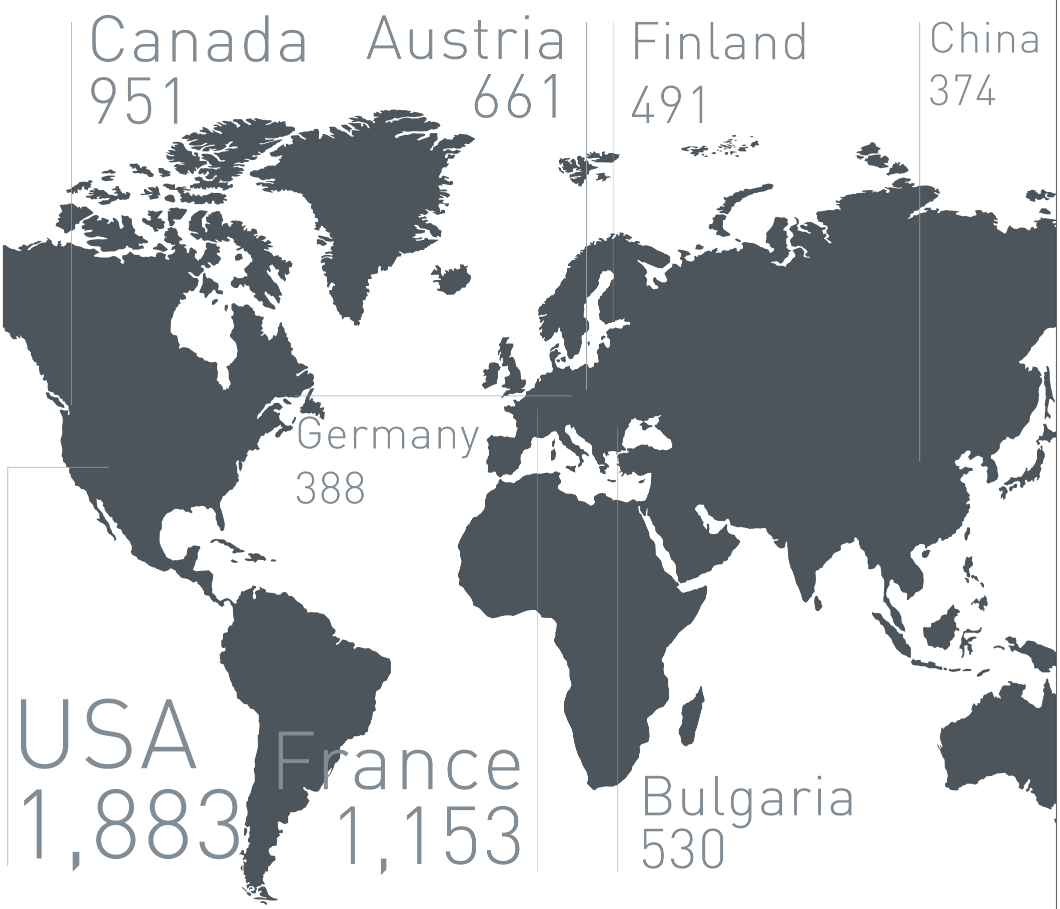

More information about Amer Sports share is available at www.amersports.com.



# YEAR 2015 IN BRIEF

## PERSONNEL BY COUNTRY

| | | |
|---|---|---|
| USA | 1,883 | (1,735) |
| France | 1,153 | (1,143) |
| Canada | 951 | (820) |
| Austria | 661 | (706) |
| Bulgaria | 530 | (555) |
| Finland | 491 | (417) |
| Germany | 388 | (393) |
| China | 374 | (362) |
| Japan | 235 | (220) |
| UK | 194 | (170) |
| Poland | 165 | (161) |
| Russia | 136 | (179) |
| Mexico | 101 | (100) |
| Italy | 95 | (68) |
| Switzerland | 87 | (83) |
| Taiwan | 82 | (79) |
| Australia | 68 | (65) |
| Korea | 63 | (61) |
| Czech | 60 | (58) |
| Spain | 59 | (64) |
| Other countries | 178 | (191) |
| Total | 7,954 | (7,630) |




## QUARTERLY NET SALES

| EUR million | I 2015 | II 2015 | III 2015 | IV 2015 | I 2014 | II 2014 | III 2014 | IV 2014 |
|---|---|---|---|---|---|---|---|---|
| Outdoor | 341.9 | 209.7 | 476.6 | 501.9 | 287.5 | 174.8 | 452.2 | 456.7 |
| Ball Sports | 164.1 | 169.4 | 147.8 | 165.7 | 150.7 | 136.2 | 112.9 | 136.9 |
| Fitness | 69.9 | 82.0 | 89.3 | 116.1 | 63.3 | 65.1 | 80.7 | 111.7 |
| Total | 575.9 | 461.1 | 713.7 | 783.7 | 501.5 | 376.1 | 645.8 | 705.3 |

## QUARTERLY EBIT

| EUR million | I 2015 | II 2015 | III 2015 | IV 2015 | I 2014 | II 2014 | III 2014 | IV 2014 |
|---|---|---|---|---|---|---|---|---|
| Outdoor | 20.0 | –24.3 | 92.9 | 65.6 | 9.5 | –22.0 | 72.7 | 41.3 |
| Ball Sports | 18.3 | 10.4 | 8.8 | 8.2 | 13.2 | 5.1 | –4.0 | –6.2 |
| Fitness | 1.3 | 5.0 | 9.1 | 15.7 | 3.4 | 4.1 | 7.3 | 13.1 |
| Headquarters | –7.4 | –6.7 | –7.3 | –5.5 | –5.5 | –6.0 | –6.7 | –5.2 |
| Total | 32.2 | –15.6 | 103.5 | 84.0 | 20.6 | –18.8 | 69.3 | 43.0 |

# Board of Directors' Report

2015 was a good year for Amer Sports. The company delivered all-time high net sales with broad-based strong growth in the strategic focus areas. Profitability improved from the previous year, cash flow was strong and balance sheet strengthened further.

Amer Sports now has a new five-year strategic glidepath for 2016–2020 focusing on accelerating profitable growth. The strategy prioritizes five areas where the company sees the highest growth potential: Apparel and Footwear, United States, China, Business to Consumer, and digitally connected devices and services.

## NET SALES AND EBIT IN 2015

Amer Sports net sales in 2015 were EUR 2,534.4 million (2014: EUR 2,228.7 million). Net sales increased by 6% in local currencies, driven by Apparel (+15%), Footwear (+14%) and Team Sports (+15%). Excluding acquisitions, net sales increased by 5% in local currencies. In 2010–2015, the Group's financial net sales target was to deliver an organic, currency-neutral annual growth of 5%.

Gross margin was 45.2% (43.9). EBIT excluding non-recurring items (NRI) was EUR 212.1 million (168.3). Non-recurring items were EUR –8.0 million related to the restructuring program announced in July 2014. Increased sales in local currencies contributed to EBIT by approximately EUR 64 million and improved gross margin by approximately EUR 30 million. Operating expenses increased by approximately EUR 69 million in local currencies driven by Go to Market acceleration, Business to Consumer growth and acquisitions, including transaction expenses. Currencies and other income and expenses had a positive impact of approximately EUR 19 million on EBIT. EBIT was EUR 204.1 million (114.1).

EBIT as a percentage of sales excluding NRI was 8.4% (7.6), including a slight dilutive impact from acquisitions. In the 2010–2015 strategic glidepath, the Group's financial profitability target was to reach EBIT of at least 10% of net sales long-term.

### EBIT excluding non-recurring items by operating segment

| EUR million | 2015 | 2014 | Change, % |
|---|---|---|---|
| Outdoor | 161.2 | 125.6 | 28 |
| Ball Sports | 46.6 | 35.9 | 30 |
| Fitness | 31.2 | 29.7 | 5 |
| Headquarters*) | –26.9 | –22.9 | |
| EBIT excluding non-recurring items | 212.1 | 168.3 | 26 |
| Non-recurring items | –8.0 | –54.2 | |
| EBIT total | 204.1 | 114.1 | 79 |

*) The Headquarters segment consists of Group administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

### Net sales by operating segment

| EUR million | 2015 | 2014 | Change, % | Change, %*) | % of sales 2015 | % of sales 2014 |
|---|---|---|---|---|---|---|
| Outdoor | 1,530.1 | 1,371.2 | 12 | 8 | 60 | 62 |
| Ball Sports | 647.0 | 536.7 | 21 | 6 | 26 | 24 |
| Fitness | 357.3 | 320.8 | 11 | –3 | 14 | 14 |
| Total | 2,534.4 | 2,228.7 | 14 | 6 | 100 | 100 |

### Geographic breakdown of net sales

| EUR million | 2015 | 2014 | Change, % | Change, %*) | % of sales 2015 | % of sales 2014 |
|---|---|---|---|---|---|---|
| EMEA | 1,114.7 | 1,064.0 | 5 | 4 | 44 | 48 |
| Americas | 1,070.1 | 874.3 | 22 | 6 | 42 | 39 |
| Asia Pacific | 349.6 | 290.4 | 20 | 11 | 14 | 13 |
| Total | 2,534.4 | 2,228.7 | 14 | 6 | 100 | 100 |

*) In local currencies

Net financial expenses totaled EUR 36.1 million (37.1), including net interest expenses of EUR 28.6 million (28.6). Net foreign exchange losses were EUR 5.4 million (2.7). Other financing expenses were EUR 2.1 million (5.8). Earnings before taxes totaled EUR 168.0 million (77.0) and taxes were EUR –46.4 million (–21.6). Earnings per share excluding NRI were EUR 1.09 (0.80). Earnings per share were EUR 1.04 (0.47).

## OUTLOOK GIVEN FOR 2015

In Amer Sports financial statements for 2014, the company's net sales in local currencies were expected to increase and EBIT margin excluding non-recurring items to improve from 2014, despite challenging market conditions.

## CASH FLOW AND FINANCING

In 2015, free cash flow was EUR 121.7 million (53.5). Compared to the end of 2014, inventories were up by EUR 51.3 million (increase 49.0) due to increased pre-orders for Q1. Receivables decreased by EUR 2.8 million (decrease 0.5). Payables increased by EUR 54.6 million (28.2). In the 2010–2015 strategic glidepath, the Group's financial cash flow target was to have annual free cash flow equal to net profit. In 2015, free cash flow was 100% of net profit.

At the end of 2015, the Group's net debt was EUR 460.3 million (419.1). In the 2010–2015 strategic glidepath, the Group's financial balance sheet target was to have a year-end net debt / EBITDA ratio of 3 or less. At the end of 2015, the ratio was 1.7 excluding NRI (2.0).

Interest-bearing liabilities amounted to EUR 791.7 million (659.3) consisting of short-term debt of EUR 157.2 million and long-term debt of EUR 634.5 million. The average interest rate on the Group's interest-bearing liabilities was 2.7% (3.5).

Short-term debt consists mainly of repayments of long-term loans of EUR 154.4 million (153.5). At the end of calendar year Amer Sports had not issued any commercial papers in the Finnish market (December 31, 2014: EUR 114.5 million). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 331.4 million (240.2).

Amer Sports had not used any of its EUR 150 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of the year was 37.2% (38.8) and net debt/equity was 0.48 (0.50).

In January, Amer Sports issued Schuldschein agreements with a total value of EUR 100 million. The loan period is five years and the loans have both fixed (EUR 15 million) and floating (EUR 85 million) rate tranches.

In April, Amer Sports issued Schuldschein agreements with a total value of EUR 40 million and USD 85 million. The loan periods are five and seven years and the loans have both fixed and floating rate tranches.

In August, Amer Sports issued Schuldschein agreements with a total value of USD 55 million. The loan periods are 5 and 5.5 years and the loans have floating rate tranches.

In September, Amer Sports issued a private placement bond with a total value of EUR 100 million. The fixed rate bond has a maturity of seven years.

The Group's most significant transaction risk arises from the US dollar. Amer Sports is a net buyer of USD due to sourcing operations in Asia. The next 24 months EUR/USD net flow - subject to hedging policy - is expected to be approximately USD 725 million. The weakening of the euro against the US dollar therefore has a negative impact on the company's EBIT, with a delay due to hedging.

Amer Sports' hedging policy covers the transaction risks up to 12–24 months forward. Hedging tenors of currency pairs vary due to costs related to hedging. At the end of 2015, the Group had fully hedged the 2016 EUR/USD net cash flow at an average EUR/USD rate of 1.22 and 37% of the 2017 EUR/USD net cash flow at an average EUR/USD rate of 1.13.

Because Amer Sports' consolidated financial statements are presented in euros, Amer Sports is subject to currency translation risk when currency dominated result is converted into euros. Combining the yearly transaction risk and translation risks of the EBIT, Amer Sports is a net buyer of USD. In all other currencies the company is a net seller. The most significant currencies after USD are GBP, CAD and CHF with net flows varying from EUR 66 million to EUR 91 million at yearly level.

A more detailed report on the Group's financial risks and how they are managed is available in the notes to the financial statements.

## CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 77.3 (51.6) million. The increase was mainly due to accelerated investments in the new platforms for connected devices and digital services as well as own retail, especially Arc'teryx flagship stores. Depreciation totaled EUR 51.1 million (44.8). In 2016, capital expenditure is expected to be approximately EUR 70 million.

## RESEARCH AND DEVELOPMENT

Amer Sports' strategy emphasizes excellence in consumer-centric product creation. Through continuous research and development, Amer Sports seeks to develop new and better sporting goods, services and experiences that appeal to both consumers and trade customers.

The Group has six R&D and design sites serving the business areas globally. Portland design center was closed in 2015 due to restructuring. In 2015, R&D expenses remained stable at EUR 77.7 million, accounting for 8.3% of all operating expenses (2014: EUR 76.2 million, 9.3% of operating expenses, 2013: EUR 76.2 million, 9.7% of operating expenses). Outdoor accounted for 71% of the R&D expenditure, Ball Sports for 17% and Fitness for 12%.

In 2015, the Group focused in its R&D on building future platforms for connected devices and scalable digital services. New innovative products and services based on these platforms are expected already for 2016.

On December 31, 2015, 784 (680) persons were employed in the company's R&D and digital platforms development, representing approximately 10% (9) of the total number of people employed by Amer Sports.

## SALES AND MARKETING

Amer Sports sells its products to trade customers (sporting goods chains, specialty retailers, mass merchants, fitness clubs and distributors) and directly to consumers through brand stores, factory outlets, and e-commerce.

Strong gains in distribution were achieved in 2015 across all brands and regions primarily due to improved sales representative coverage and Key Account joint business plans. The significant development of in-store solutions ensured Amer Sports brands provided a better consumer shopping experience as well as good sell-through.

Commercial management continued to add significant value, providing better understanding of customer needs and accurate segmentation of ranges to fulfil consumer needs and desires. This led to strong growth in the apparel and footwear businesses.

In 2015, Amer Sports Business to Consumer accounted for approximately 7% of the Group's sales (5). At the end of 2015, Amer Sports had 293 branded retail stores (250). 57% of the stores are operated by local, independent partners. During the year, a net of 43 new stores were opened, of which 12 are operated by Amer Sports and 31 by independent partners. Geographically, the retail store footprint is balanced with approximately one third in each of Europe, Asia Pacific and the Americas. In 2015, Amer Sports also strengthened its e-commerce and at the year end the number of e-commerce stores was 71 (62).

Sales and distribution expenses in 2015 were EUR 414.7 million (344.3), 16% of sales (15). Of the increase, approximately half was related to strategic investments into distribution (geographical expansion and own retail openings), while half was growth driven. Advertising, promotion and marketing expenses in 2015 were EUR 256.1 million (225.2), 10% (10) of sales.

On December 31, 2015, the Amer Sports own sales organization covered 34 countries (34). 3,381 (3,184) persons were employed in sales and distribution activities, representing 43% (42) of the total number of people employed by Amer Sports. 633 (592) persons were employed in marketing activities, representing 8% (8) of the total number of people employed by Amer Sports.

## SUPPLY CHAIN MANAGEMENT

In supply chain management, the main focus areas in 2015 were customer service, complexity reduction as well as cost and working capital efficiencies.

To gain operational efficiencies and cost savings as well as continuously reducing risks, Amer Sports is constantly reviewing both its make or buy strategy and the company's global production and sourcing footprint. Of Amer Sports' production value, approximately 25% is in China, 34% elsewhere in Asia Pacific, 26% in EMEA and 15% in the Americas.

Amer Sports manufactures approximately 24% of its products itself and approximately 13% is produced by partially outsourced vendors. Of Amer Sports' total production value, approximately 63% is outsourced. This includes manufacturing in all racket sports and golf products, most team sports products and most of the apparel and footwear.

Amer Sports' most important own production facilities are located in Bulgaria, Austria, France, Finland, Canada and the United States.

## HUMAN RESOURCES

In 2015 Amer Sports had a strong focus on capability building and resource management. The company continued to allocate resources from more stable business areas to fast growing areas. In 2015 the Group had approximately 1,000 open positions, of which 25% was filled through internal rotation and 75% through external recruitments.

At the end of 2015 the number of Group employees was 7,954 (2014: 7,630; 2013: 7,330). Of the increase, approximately 2/3 was related to acceleration in Apparel, Business to Consumer and Go to Market. Acquisitions increased the headcount by 71 employees. Men represented 61% (2014: 61%, 2013: 61%) and women 39% (2014: 39%; 2013: 39%) of the Group employees at the end of 2015. The average number of personnel in 2015 was 7,848 (2014: 7,505; 2013: 7,370).

Salaries, incentives and other related costs paid in 2015 totaled EUR 482.2 million (2014: 429.2, 2013: 416.2) and were up by 6% in local currencies of which 2% was due to higher salaries and incentives and 4% due to an increase in the number of personnel. Amer Sports total rewarding principles are based on the company's "Pay for Performance" philosophy and are managed through the performance management practice "Coaching for Success", which cascades Amer Sports strategies to the individual level objectives. Base pay is complemented by performance-based annual and long-term incentive programs, all the elements being closely linked to targeted business success and individual performance.

In 2015 Amer Sports introduced a cloud based global HR information and management system in order to support Group wide capability building, resource fluidity and performance management.

### Personnel

| | December 31, 2015 | December 31, 2014 | Change, % |
|---|---|---|---|
| Outdoor | **5,084** | 4,966 | 2 |
| Ball Sports | **1,686** | 1,537 | 10 |
| Fitness | **975** | 932 | 5 |
| Headquarters and shared services | **209** | 195 | 7 |
| Total | **7,954** | 7,630 | 4 |

| | December 31, 2015 | December 31, 2014 | Change, % |
|---|---|---|---|
| EMEA | **4,154** | 4,141 | 0 |
| Americas | **2,942** | 2,662 | 11 |
| Asia Pacific | **858** | 827 | 4 |
| Total | **7,954** | 7,630 | 4 |

| | December 31, 2015 | December 31, 2014 | Change, % |
|---|---|---|---|
| Manufacturing and sourcing | **2,244** | 2,243 | 0 |
| Sales and distribution | **3,381** | 3,184 | 6 |
| Support functions/shared services | **912** | 931 | −2 |
| R&D and digital platforms | **784** | 680 | 15 |
| Marketing | **633** | 592 | 7 |
| Total | **7,954** | 7,630 | 4 |

## CORPORATE RESPONSIBILITY

Amer Sports promotes healthy and active living. The company's products encourage people to exercise to stay healthy throughout their lives.

Amer Sports implements its business strategy in an ethically, socially and environmentally responsible manner and ensures that its products are innovative and safe while providing a safe and healthy work environment. The company continuously improves its performance and communication about how this is implemented in practice.

Amer Sports is committed to socially responsible labor and workplace practices. Amer Sports expects also the sourcing partners to respect human rights in the spirit of internationally recognized social and ethical standards including the International Labour Organization (ILO) Standards and the United Nations' Universal Declaration on Human Rights. These principles are described in the Amer Sports Code of Conduct and Ethical Policy, which are available at www.amersports.com under Responsibility. Additionally, Amer Sports Social Compliance Policy defines how the company implements its supplier monitoring program. Amer Sports monitors that subcontractors follow its standards for ethical operations and conducts third party audits to help sourcing partners comply with industry standards and regulations as well as Amer Sports' expectations in regards to health, safety, and environmental and social responsibility. In Asia, the number of audits conducted by the end of 2015 represented 97% of total purchases.

Amer Sports is committed to reducing the environmental impact of its operations by using methods which are both responsible and economically sound. For instance, Amer Sports Restricted Substances List (RSL) is used to manage the chemicals present in its products. In 2015 Amer Sports Apparel category developed further its Materials Compliance Program and extended it to the Group's core Tier 2 suppliers so that fabrics and trims are proactively screened against emerging priority substances. Core to this program is Amer Sports Apparel category's participation in the bluesign® system partner network, a solution for more sustainable textile production.

Amer Sports conducts its corporate-wide carbon footprint annually and participates in the Investor Carbon Disclosure Program (CDP) in order to gain more understanding on the company's carbon emission sources and to estimate how to cut down emissions and improve efficiency.

In 2015 Amer Sports published its first Corporate Responsibility report. The report introduces Amer Sports' policies and key actions in the areas of Corporate Responsibility. It is available at www.amersports.com/responsibility/reports.

## OPERATING SEGMENT REVIEWS

### Outdoor

| EUR million | 2015 | 2014 | Change, % | Change, % |
|---|---|---|---|---|
| Net sales | | | | |
| Footwear | **461.2** | 391.9 | 18 | 14 |
| Apparel | **387.2** | 328.5 | 18 | 15 |
| Winter Sports Equipment | **400.2** | 386.7 | 3 | 1 |
| Cycling | **138.5** | 138.5 | 0 | −2 |
| Sports Instruments | **143.0** | 125.6 | 14 | 7 |
| Net sales, total | **1,530.1** | 1,371.2 | 12 | 8 |
| EBIT excluding NRI | **161.2** | 125.6 | | |
| EBIT % excluding NRI | **10.5** | 9.2 | | |
| NRI | **−7.0** | −24.1 | | |
| EBIT total | **154.2** | 101.5 | | |
| Personnel, Dec 31 | **5,084** | 4,966 | 2 | |

*) In local currencies

In 2015, Outdoor's net sales were EUR 1,530.1 million (1,371.2), an increase of 8% in local currencies. Net sales growth was driven by Apparel (+15%) and Footwear (+14%), supported by Sports Instruments (+7%). Despite mild winters particularly in Europe, Winter Sports Equipment sales increased by 1% in local currencies.

| EUR million | 2015 | 2014 | Change, % | Change, % |
|---|---|---|---|---|
| EMEA | **915.9** | 872.9 | 5 | 5 |
| Americas | **398.8** | 322.5 | 24 | 13 |
| Asia Pacific | **215.4** | 175.8 | 23 | 14 |
| Total | **1,530.1** | 1,371.2 | 12 | 8 |

*) In local currencies

In 2015, Outdoor's EBIT excluding NRI was 161.2 million (125.6). Increased sales in local currencies contributed to EBIT by approximately EUR 54 million, while higher gross margin had a positive impact of approximately EUR 16 million. Operating expenses increased by approximately EUR 45 million, driven by sales, distribution and marketing costs. Other income and expenses and currencies had a positive impact of approximately EUR 11 million on EBIT.

#### Footwear

In 2015, Footwear's net sales were EUR 461.2 million (391.9), up by 14% in local currencies. The growth was generated across all channels and geographic regions. EMEA accounted for 72% of global sales, followed by the Americas with 22% and Asia Pacific with 6%.

**Apparel**
In 2015, Apparel's net sales totaled EUR 387.2 million (328.5) and increased by 15% in local currencies. Strong growth in Arc'teryx continued. EMEA accounted for 39% of global sales, the Americas for 43%, and Asia Pacific for 18%.

**Winter Sports Equipment**
In 2015, Winter Sports Equipment's net sales totaled EUR 400.2 million (386.7) and increased by 1% in local currencies despite mild winters particularly in Europe. In 2015, 63% of the Winter Sports Equipment business area's net sales were from EMEA, 24% from the Americas, and 13% from Asia Pacific.

**Cycling**
In 2015, Cycling's net sales were EUR 138.5 million (138.5), and declined by 2% in local currencies mainly due to a delay in a key product launch until 2016. Net sales by geographical region were as follows: EMEA 70%, the Americas 12% and Asia Pacific 18%.

**Sports Instruments**
In 2015, Sports Instruments' net sales totaled EUR 143.0 million (125.6) and increased by 7% in local currencies. Growth was driven by strengthened distribution supported by product launches. The distribution of net sales by geographical region was as follows: EMEA 49%, the Americas 22% and Asia Pacific 29%.

## Ball Sports

| EUR million | 2015 | 2014 | Change,% | Change,% |
|---|---|---|---|---|
| Net sales | | | | |
| Individual Ball Sports | **315.4** | 290.4 | 9 | –2 |
| Team Sports | **331.6** | 246.3 | 35 | 15 |
| Net sales, total | **647.0** | 536.7 | 21 | 6 |
| EBIT excluding NRI | **46.6** | 35.9 | | |
| EBIT % excluding NRI | **7.2** | 6.7 | | |
| NRI | **-0.9** | -27.8 | | |
| EBIT total | **45.7** | 8.1 | | |
| Personnel, Dec 31 | **1,686** | 1,537 | 10 | |

*) In local currencies

In 2015, Ball Sports' net sales were EUR 647.0 million (536.7). In local currencies, net sales increased by 6%. Excluding the Louisville Slugger acquisition, net sales increased by 1% in local currencies. Performance tennis rackets delivered double-digit growth and in Team Sports the growth was strong across all main product categories.

In March, Amer Sports announced the acquisition of Louisville Slugger, a market leading baseball brand with annual sales of USD 75 million in 2014, to accelerate profitable growth in baseball and softball. The acquisition was finalized on April 22, 2015.

| EUR million | 2015 | 2014 | Change, % | Change, % |
|---|---|---|---|---|
| EMEA | **114.4** | 113.3 | 1 | –1 |
| Americas | **453.5** | 351.5 | 29 | 9 |
| Asia Pacific | **79.1** | 71.9 | 10 | 1 |
| Total | **647.0** | 536.7 | 21 | 6 |

*) In local currencies

In 2015, Ball Sports' EBIT excluding NRI was EUR 46.6 million (35.9). Increased sales in local currencies had a positive impact of approximately EUR 15 million on EBIT while improved gross margin had a positive impact of approximately EUR 13 million. Operating expenses increased by approximately EUR 23 million. Currencies had a positive impact of approximately EUR 5 million on EBIT. Louisville Slugger acquisition, and related one-time expenses, had a slight dilutive impact on Ball Sports' EBIT margin.

**Individual Ball Sports**
Individual Ball Sports' net sales in 2015 totaled EUR 315.4 million (290.4), a decrease of 2% in local currencies. Performance tennis rackets delivered double-digit growth offset by a decline in the sales of lower price point products. The Americas accounted for 45% of the net sales, EMEA for 35% and Asia Pacific for 20%.

**Team Sports**
Team Sports' net sales in 2015 were EUR 331.6 million (246.3), an increase of 15% in local currencies. Excluding the Louisville Slugger acquisition, net sales increased by 5% in local currencies. Growth was strong across all main product categories.

The Americas accounted for 93% of net sales, Asia Pacific for 5% and EMEA for 2%.

## Fitness

| EUR million | 2015 | 2014 | Change,% | Change, % |
|---|---|---|---|---|
| Net sales | **357.3** | 320.8 | 11 | –3 |
| EBIT excluding NRI | **31.2** | 29.7 | | |
| EBIT % excluding NRI | **8.7** | 9.3 | | |
| NRI | **–0.1** | –1.8 | | |
| EBIT total | **31.1** | 27.9 | | |
| Personnel, Dec 31 | **975** | 932 | 5 | |

*) In local currencies

In 2015, Fitness' net sales were EUR 357.3 million (320.8) and decreased by 3% in local currencies. Fitness' focus was on business model renewal and restructuring as well as preparing for acceleration in 2016 with important new building blocks, including Queenax functional training and Spinning. Geographically, the Americas accounted for 61% of the net sales, EMEA for 24% and Asia Pacific for 15%.

In July, Amer Sports acquired a functional training systems provider Queenax. The acquisition will enable Amer Sports' Fitness segment to offer its customers a complete functional training system.

In September, Precor partnered with Mad Dogg Athletics, Inc., the creator of the Spinning® indoor cycling program and Spinner® line of bikes, to launch a new line of indoor cycling equipment in 2016. Under the exclusive multi-year global licensing agreement, the companies will co-develop a new range of indoor cycling equipment, and Precor will assume the manufacturing and distribution of the new range of products.

| EUR million | 2015 | 2014 | Change, % | Change, % |
|---|---|---|---|---|
| EMEA | 84.4 | 77.8 | 8 | 2 |
| Americas | 217.8 | 200.3 | 9 | –8 |
| Asia Pacific | 55.1 | 42.7 | 29 | 16 |
| Total | 357.3 | 320.8 | 11 | –3 |

*) In local currencies

In 2015, Fitness' EBIT excluding NRI was EUR 31.2 million (29.7). Decreased sales in local currencies had a negative impact of approximately EUR 4 million on EBIT. Operating expenses decreased by approximately EUR 1 million. Currencies and other income and expenses had a positive impact of approximately EUR 5 million on EBIT.

## CORPORATE GOVERNANCE STATEMENT

In its decision making and administration, Amer Sports Corporation applies the Finnish Companies Act, the Finnish Securities Markets Act and the rules issued by the Nasdaq Helsinki Stock Exchange, Amer Sports Articles of Association, and the Finnish Corporate Governance Code 2010 for listed companies. Amer Sports complies with the code without exceptions. The code is published at www.cgfinland.fi.

Amer Sports provides a Corporate Governance Statement for 2015 as a separate report at www.amersports.com. This Corporate Governance Statement has been prepared pursuant to Recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies and the Securities Markets Act (Chapter 7, Section 7) and it is issued separately from the Board of Directors' report. The Audit Committee of the Board of Directors has reviewed the Corporate Governance Statement and the auditor, Ernst & Young Oy, has verified that the statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

## CHANGES IN GROUP MANAGEMENT

In March, Mr. Vincent Wauters, General Manager of Arc'teryx Inc., was appointed President of Amer Sports Apparel business and a member of Amer Sports Executive Board. Andy Towne, previously President of Apparel, left Amer Sports at the same time.

In October, Mr. Heikki Norta was appointed Chief Digital Officer and a member of Amer Sports Executive Board to lead the acceleration of the Group's Connected Devices and Services.

More information about Amer Sports Executive Board is available at www.amersports.com/investors/governance/executive-board.

## SHARES AND SHAREHOLDERS

The company's share capital totaled EUR 292,182,204 on December 31, 2015 and the number of shares was 118,517,285.

### Authorizations

The Annual General Meeting held on March 12, 2015 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 12, 2015 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company. By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue own shares to the Company for free. The authorization is valid until two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid until fourteen (14) months from the date of the decision of the Annual General Meeting.

The Annual General Meeting held on March 6, 2014 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization was valid for eighteen (18) months from the decision of the Annual General Meeting.

Apart from the above, the Board of Directors has no other authorizations to issue shares, convertible bonds or warrant programs.

## Own shares

In 2015, a total of 49,840 shares granted as share-based incentives were returned to Amer Sports during the review period.

In March, a total of 290,596 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2010, Performance Share Plan 2013 and Restricted Stock Plan 2013 incentive programs.

At the end of December, Amer Sports held a total of 1,176,673 shares (1,415,112) of Amer Sports Corporation, corresponding to 1.0% (1.2) of all Amer Sports shares.

## Trading in shares

In 2015, a total of 76.8 million (75.5) Amer Sports shares with a value totaling EUR 1,733.6 million (1,151.7) were traded on Nasdaq Helsinki. Share turnover was 65.5% (64.1%) (as a proportion of the average number of shares, excluding own shares). The average daily volume in 2015 was 306,028 shares (301,968).

In addition to Nasdaq Helsinki, Amer Sports shares were traded on the biggest alternative exchanges as follows: 33.3 million on Chi-X (19.0 million), 8.8 million on BATS (3.9 million) and 7.0 million on Turquoise (5.7 million).

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki stock exchange in 2015 was EUR 26.97 (2014: 16.06). Shares registered a high of EUR 28.07 (16.79) and a low of EUR 15.37 (13.76). The average share price was EUR 22.57 (15.26). On December 31, 2015 the company had a market capitalization of EUR 3,164.7 million (1,880.7), excluding own shares.

At the end of December, Amer Sports Corporation had 17,991 registered shareholders (18,206). Ownership outside of Finland and nominee registrations represented 51.2% (46.2) of the company's shares. Public sector entities owned 14.8% (15.9), financial and insurance corporations 12.2% (14.8), households 11.7% (12.4), non-profit institutions 6.9% (7.2), private companies 2.2% (2.3) and Amer Sports 1.0% (1.2).

## Major shareholders, December 31, 2015 (does not include nominee registrations nor shares held by the company)

| | | Shares | % of shares and votes |
|---|---|---|---|
| 1. | Keva | 5,277,261 | 4.45 |
| 2. | Maa-ja vesitekniikan Tuki ry. | 5,000,000 | 4.22 |
| 3. | Varma Mutual Pension Insurance Company | 4,440,680 | 3.75 |
| 4. | Mandatum Life Insurance Company | 3,937,654 | 3.32 |
| 5. | Brotherus Ilkka | 2,692,265 | 2.27 |
| 6. | Ilmarinen Mutual Pension Insurance Company | 2,650,000 | 2.24 |
| 7. | Elo Mutual Pension Insurance Company | 2,301,000 | 1.94 |
| 8. | The State Pension Fund | 950,000 | 0.80 |
| 9. | Kaleva Mutual Insurance Company | 870,000 | 0.73 |
| 10. | Nordea Fennia Fund | 843,500 | 0.71 |

## Disclosure of control

Amer Sports Board of Directors is not aware of any natural or legal persons who have control over the company or has information on these persons' portion of the voting rights of the shares and of the total number of shares.

## Agreements and arrangements relating to shareholdings and the use of voting rights

Amer Sports Board of Directors is not aware of any agreements or arrangements concerning the ownership of the company's shares and the use of their voting rights.

## Shareholdings of Board of Directors and Executive Board on December 31, 2015

| Shareholder | Shares | Related parties and controlled corporations |
|---|---|---|
| Board of Directors | | |
| Anssi Vanjoki | 18,410 | |
| Ilkka Brotherus | 2,692,265 | 9,250 |
| Martin Burkhalter | 14,253 | |
| Christian Fischer | 14,253 | |
| Hannu Ryöppönen | 26,712 | |
| Bruno Sälzer | 14,253 | |
| Lisbeth Valther | 845 | |
| Indra Åsander | 5,576 | |
| Executive Board | | |
| Heikki Takala | 171,069 | |
| Robert Barker | 22,780 | |
| Michael Dowse | 50,942 | |
| Victor Duran | 50,613 | |
| Matthew Gold | 40,712 | |
| Terhi Heikkinen | 40,356 | |
| Bernard Millaud | 58,852 | |
| Mikko Moilanen | 40,415 | 390 |
| Heikki Norta | 0 | |
| Jean-Marc Pambet | 71,443 | |
| Michael Schineis | 58,732 | |
| Jussi Siitonen | 61,607 | 300 |
| Vincent Wauters | 75,408 | |
| Michael White | 47,847 | |
| TOTAL | 3,577,343 | 9,940 |
| % of shares | 3.0 | 0 |

| | | |
|---|---|---|
| Including circle of acquaintances and controlled corporations | 3,587,283 | |
| % of shares | 3.0 | |

During the year, the Group had three share-based incentive plans and one cash-based long-term incentive plan effective for Group key personnel. On December 17, 2015, The Board of Directors of Amer Sports Corporation approved two new share-based incentive plans for the Group key personnel, Performance Share Plan 2016 and Restricted Stock Plan 2016. The long-term incentive plans are described in the notes to the financial statements.

# BOARD OF DIRECTORS' REPORT

## DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS

At the Amer Sports Corporation Annual General Meeting held on March 12, 2015, the following resolutions were approved:

### Adoption of the annual accounts

The Annual General Meeting (AGM) approved Amer Sports' financial statements for 2014.

### Resolution on use of the profit shown on the balance sheet and the payment of dividend

The AGM resolved to distribute a dividend of EUR 0.45 per share to be paid for the financial year ended December 31, 2014. The dividend was paid to shareholders who were registered on the list of shareholders maintained by Euroclear Finland Ltd as of March 16, 2015, which was the record date for the dividend payment. The dividend was paid on April 1, 2015.

### Resolution on the discharge of the members of the Board of Directors and the CEO from liability

The AGM granted the members of the Board of Directors and Company's President and CEO a discharge from liability for the financial year 2014.

### Resolution on the remuneration of the members of the Board of Directors

The AGM resolved that the annual remuneration payable to the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2016 remains unchanged from 2014 and be as follows: Chairman EUR 100,000, Vice Chairman EUR 60,000 and other members EUR 50,000 each. No extra remuneration is paid for attending meetings of the Board of Directors or meetings of the Committees of the Board of Directors. Of the annual remuneration, 40% is paid in the form of the Company's shares and 60% in cash.

### Resolution on the number of the members of the Board of Directors

The AGM confirmed that the number of the members of the Board of Directors is eight (8).

### Election of members of the Board of Directors

The AGM re-elected Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer, Anssi Vanjoki and Indra Åsander as members of the Board of Directors and elected Lisbeth Valther as a new member of the Board of Directors. The Board of Directors' term of service will run until the close of the 2016 Annual General Meeting.

### Resolution on the remuneration of the auditor

The AGM decided that the auditor's fee will be paid as invoiced.

### Election of auditor

The AGM elected Authorized Public Accountants Ernst & Young Oy to act as auditor of the Company.

### Authorizing the Board of Directors to decide on the repurchase of the Company's own shares

The AGM authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid eighteen (18) months from the decision of the Annual General Meeting.

### Authorizing the Board of Directors to decide on the share issue

The AGM authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows:

By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue own shares to the Company for free.

The authorization is valid until two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid until fourteen (14) months from the date of the decision of the Annual General Meeting.

## BOARD OF DIRECTORS' WORKING ARRANGEMENTS

At its organizing meeting following the Annual General Meeting, Amer Sports Corporation's Board of Directors appointed Anssi Vanjoki as Chairman and Ilkka Brotherus as Vice Chairman. The Board appointed from among its members the following members to the Committees:

- Compensation and HR Committee: Indra Åsander, Chairman, Ilkka Brotherus, Bruno Sälzer and Anssi Vanjoki
- Nomination Committee: Ilkka Brotherus, Chairman, Martin Burkhalter and Anssi Vanjoki
- Audit Committee: Hannu Ryöppönen, Chairman, Martin Burkhalter, Christian Fischer and Lisbeth Valther.

## CHANGES IN GROUP STRUCTURE

In March, Amer Sports divested Nikita and Bonfire brands to CRN Pte Ltd. The combined net sales of Nikita and Bonfire in 2014 were EUR 9.8 million.

In March, Amer Sports announced the acquisition of Louisville Slugger, a leading American baseball brand. The acquisition was finalized on April 22. Louisville Slugger net sales were USD 75 million in 2014. The final acquisition price net of working capital adjustments was USD 72.3 million.

In May, Amer Sports acquired Sports Tracker, a digital sports application and online service.

In July, Amer Sports acquired a functional training systems provider Queenax.

## RESTUCTURING PROGRAM TO FURTHER ACCELERATE PROFITABLE LONG-TERM GROWTH TOWARD 2020

Following the successful completion of the restructuring announced in 2012, Amer Sports moved into the next phase of restructuring in July 2014. The primary objectives are to re-ignite profitable growth in Ball Sports and to further accelerate Amer Sports' growth toward 2020, especially in Apparel and Footwear, Business to Consumer, and digital products and services. The program will help to drive further scale and synergies across the Group and it will enable re-allocation of resources into the focus acceleration areas.

Related expenses of EUR 8.0 million were recorded in January-June 2015. The restructuring will be finalized during the first half of 2016.

## NEW FINANCIAL TARGETS AND A NEW ACCELERATED GLIDEPATH TOWARD 2020

In August, Amer Sports announced new financial targets and a new five-year glidepath toward 2020 with focus on accelerating profitable growth.

The new financial targets are:

- Net sales: At least EUR 3.5 billion with minimum mid-single digit organic, currency neutral annual growth
- Profit: Annual EBIT growth (excl. non-recurring items) ahead of net sales growth
- Cash flow conversion: Free cash flow / net profit at least 80%
- Net debt / EBITDA: Year-end net debt / EBITDA ratio max 3x

The new glidepath consists of growing the core business and accelerating disproportionally in five prioritized areas: Apparel and Footwear, US, China, Business to Consumer (own retail and e-commerce), as well as digitally connected devices and services.

Compared to the previous financial targets set in 2010, the new targets emphasize accelerated growth, both organic and through acquisitions, and continuously improving profitability. The new 80% cash flow target allows the company to invest appropriately into growth, especially into Apparel and Footwear which are working capital intensive. The net debt/EBITDA target is unchanged.

## DIVIDEND POLICY

In March, Amer Sports introduced a dividend policy. The company's dividend policy is to provide a sustainable, steadily increasing dividend reflecting the company's earnings performance. With good performance in the businesses, and improving profitability and cash flow, the company can simultaneously distribute an attractive dividend, implement focused growth projects and act on strategic opportunities.

## SIGNIFICANT RISKS AND UNCERTAINTIES

Amer Sports' business is balanced by its broad portfolio of sports and brands, the increasing share of apparel and footwear in the company portfolio as well as the company's presence in all major markets. Short-term risks for Amer Sports are particularly associated with general economic conditions and consumer demand development, the ability to compete successfully against existing or new competitors and the ability to identify and respond to constantly shifting trends, to leverage technology advancements and to develop new and appealing products.

For example, the following risks could potentially have an impact on the company's development:

- The sporting goods industry is subject to risks related to consumer demand and general economic conditions. Economic downturn may increase trade customers' payment problems and Amer Sports may be forced to write-off accounts receivables.
- The sporting goods industry is highly competitive and includes many global, regional and national companies. Although Amer Sports has no competitors that challenge it across all of its product categories, it faces competition from a number of companies in most of the product categories. There cannot be any assurances that additional competitors will not enter Amer Sports' existing markets or that Amer Sports will be able to compete successfully against existing or new competitors.
- Amer Sports' success is dependent on its ability to identify and respond to constantly shifting trends in consumer demand, to leverage advancements in technologies and to develop new and appealing products.
- Trade customers are developing new business models, keeping less inventories and requesting consignment stock arrangement. New demands from trade customers may increase Amer Sports' costs without generating additional revenue. Retailers may quickly change their product offering and de-list Amer Sports brands and/or products if not satisfied with service, products and/or trade terms.
- Growing the number of Amer Sports' own retail stores requires up-front investments. In addition, the maintenance of the stores and the personnel employed in own retail create more fixed costs than distribution to trade customers. A failure to execute Amer Sports' retail growth plan as part of the company's multi-channel sales strategy could have a negative impact on the company's results.
- Amer Sports extensively utilizes information technology and ICT services in its operations. This may expose Amer Sports to information security violations, misuse of systems and/or data, viruses, malware and to such malfunctions, which can result in system failures or disruptions in processes and therefore have a material and adverse effect on the

company's operations. Roles and responsibilities have been defined to manage IT security risks to ensure that adequate security is inbuilt within the IT management processes according to security policies, principles and best practices. A number of security controls have been implemented to strengthen the protection of confidential information and to facilitate compliance with international regulations.
- Despite extensive testing of its products before market launch, the company cannot completely rule out the risk of product recalls and legal actions related to product liability. Product quality issues could harm Amer Sports' reputation and, as a result, could have an adverse effect on its sales.
- A characteristic feature of the sporting goods industry is the need to protect intellectual property rights and disputes connected with them. Any litigation to defend against claims or infringement could result in substantial costs and diversion of resources and could negatively affect results of operations or the competitive position of Amer Sports. The material impacts on Amer Sports' financial position arising from pending litigation and decisions of the authorities are assessed regularly.
- Amer Sports' most important production facilities are Winter Sports Equipment factories in Austria and Bulgaria, Fitness factories in the United States, and a Sports Instruments factory in Finland. In addition, Amer Sports has major factories in Eastern Europe, which are owned by subcontractors. The most important distribution centers are located in Germany, Austria, the United States and France. Any unexpected production or delivery breaks in these units would have a negative impact on the company's business.
- Amer Sports and its subcontractors use steel, aluminium, rubber and oil-based materials and components in the manufacturing and must obtain adequate supplies of these raw materials from the markets in competition with other users of such materials. Significant fluctuations in raw material prices may impact margins. Labor costs are increasing in Asia, especially in China where Amer Sports sources a significant share of its products.
- Amer Sports sources a significant proportion of its products from subcontractors located throughout Asia, which exposes it to the political, economic, and regulatory conditions in that area and to a variety of local business and labor practice issues. Although Amer Sports has policies such as Company Code of Conduct and Ethical Policy for suppliers, and established processes to monitor the working conditions with third party auditors in Asia, it cannot fully control its subcontractors' actions. The violation of labor laws, regulations or standards by Amer Sports' subcontractors, or the divergence of those subcontractors' labor practices from those generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Amer Sports' public image and the reputation of its brands.
- Amer Sports can be adversely affected by unusual or severe weather conditions. For example, sales of winter sports equipment is affected by snow conditions in particular in Europe and North America.
- Foreign exchange risk consists of transaction risk and translation risk. Due to geographical distribution of Amer Sports' operations, especially due to sourcing from Asia, most significant currency risks arise from the U.S. dollar and to lesser extent, from Canadian dollar, Swiss franc, British pound and Japanese yen. Amer Sports uses hedging instruments to mitigate the impact of exchange rate fluctuations.

## MATERIAL EVENTS AFTER THE FINANCIAL PERIOD

In January 2016, Amer Sports announced that the company is simplifying its structure with President & CEO Heikki Takala assuming direct responsibility for the company's Apparel business unit and the Arc'teryx brand. Mr Vincent Wauters, President of Apparel and member of the Executive Board, is leaving Amer Sports to pursue his career outside of the company.

## OUTLOOK FOR 2016

In 2016, Amer Sports' net sales in local currencies are expected to increase and EBIT margin excluding non-recurring items is expected to improve from 2015, despite challenging market conditions. The company will focus on growing the core business and accelerating in five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

## BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF EARNINGS

The parent company's distributable earnings amount to EUR 300,603,235.24 of which the net result for the period is EUR 120,755,258.17.

The Board of Directors proposes to the Annual General Meeting that the distributable earnings be used as follows:

- A dividend of EUR 0.55 per share, totaling EUR 65,184,506.75 to be paid to shareholders
- EUR 235,418,728.49 to be carried forward in distributable earnings

Totaling EUR 300,603,235.24

No dividend will be paid for own shares held by the company.

There have been no significant changes to the company's financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company's financial standing.

# FIVE-YEAR REVIEW

| EUR million | 2015 | Change, % | 2014 | 2013 | Restated 2012 | Restated 2011 |
|---|---|---|---|---|---|---|
| Net sales | **2,534.4** | **13.7** | 2,228.7 | 2,136.5 | 2,064.0 | 1,880.8 |
| Depreciation | **51.1** | **14.1** | 44.8 | 42.2 | 40.2 | 35.8 |
| Research and development expenses | **77.7** | **2.0** | 76.2 | 76.2 | 72.2 | 64.2 |
| % of net sales | **3** | | 3 | 4 | 3 | 3 |
| EBIT | **204.1** | **78.9** | 114.1 | 154.9 | 113.9 | 135.5 |
| % of net sales | **8** | | 5 | 7 | 6 | 7 |
| EBIT excluding non-recurring items | **212.1** | **26.0** | 168.3 | 154.9 | 138.7 | 135.5 |
| % of net sales | **8** | | 8 | 7 | 7 | 7 |
| Net financing expenses | **–36.1** | | –37.1 | –28.6 | –31.5 | –20.5 |
| % of net sales | **1** | | 2 | 1 | 2 | 1 |
| Earnings before taxes | **168.0** | | 77.0 | 126.3 | 82.4 | 115.0 |
| % of net sales | **7** | | 3 | 6 | 4 | 6 |
| Taxes | **46.4** | | 21.6 | 36.0 | 24.5 | 24.1 |
| Net result attributable to equity holders of the parent company | **121.6** | | 55.4 | 90.3 | 57.9 | 90.8 |
| Capital expenditure and acquisitions | **153.6** | | 51.6 | 45.3 | 52.9 | 57.9 |
| % of net sales | **6** | | 2 | 2 | 3 | 3 |
| Divestments | **1.5** | | 0.3 | 0.5 | 12.1 | 5.9 |
| Non-current assets | **963.2** | **19.4** | 807.0 | 755.7 | 783.3 | 777.7 |
| Inventories | **482.0** | **16.7** | 413.2 | 355.1 | 336.7 | 359.7 |
| Current receivables | **779.1** | **9.8** | 709.7 | 649.1 | 607.8 | 607.5 |
| Cash and cash equivalents | **331.4** | **38.0** | 240.2 | 270.0 | 142.5 | 78.8 |
| Assets held for sale | **-** | | 3.5 | - | - | - |
| Shareholders' equity | **949.6** | **12.7** | 842.8 | 761.3 | 731.8 | 808.9 |
| Interest-bearing liabilities | **791.7** | **20.1** | 659.3 | 701.7 | 576.8 | 470.4 |
| Interest-free liabilities | **814.4** | **21.3** | 671.5 | 566.9 | 561.7 | 544.4 |
| Balance sheet total | **2,555.7** | **17.6** | 2,173.6 | 2,029.9 | 1,870.3 | 1,823.7 |
| Return on investment (ROI), % | **12.4** | | 8.2 | 11.8 | 8.5 | 11.3 |
| Return on shareholders' equity (ROE), % | **13.6** | | 6.9 | 12.1 | 7.5 | 11.4 |
| Return on shareholders' equity (ROE), excluding non-recurring items, % | **14.2** | | 11.7 | 12.1 | 9.8 | 11.4 |
| Equity ratio, % | **37** | | 39 | 38 | 39 | 44 |
| Debt to equity ratio | **0.8** | | 0.8 | 0.9 | 0.8 | 0.6 |
| Gearing, % | **48** | | 50 | 57 | 59 | 48 |
| Free cash flow/net profit | **1.0** | | 1.0 | 0.5 | 1.2 | - |
| Free cash flow/net profit, excluding non-recurring items | **1.0** | | 0.6 | 0.5 | 0.9 | - |
| Net debt/EBITDA | **1.8** | | 2.6 | 2.2 | 2.8 | 2.3 |
| Net debt/EBITDA, excluding non-recurring items | **1.7** | | 2.0 | 2.2 | 2.4 | 2.3 |
| Average personnel | **7,848** | **4.6** | 7,505 | 7,370 | 7,209 | 6,921 |

Calculation of key indicators, see page 53

# SHARE CAPITAL AND PER SHARE DATA

| EUR million | 2015 | 2014 | 2013 | Restated 2012 | Restated 2011 |
|---|---|---|---|---|---|
| Share capital | **292.2** | 292.2 | 292.2 | 292.2 | 292.2 |
| Number of shares in issue, million | **118.5** | 118.5 | 118.5 | 118.5 | 121.5 |
| Adjusted number of shares in issue, million | **118.5** | 118.5 | 118.5 | 118.5 | 121.5 |
| Adjusted number of shares in issue less own shares, million | **117.3** | 117.1 | 117.5 | 117.8 | 117.5 |
| Adjusted average number of shares in issue less own shares, million | **117.3** | 117.7 | 117.7 | 117.7 | 119.9 |
| Cancellation of own shares | - | - | - | 3.0 | - |
| Earnings per share, continuing operations, EUR | **1.04** | 0.47 | 0.77 | 0.48 | 0.71 |
| Earnings per share, diluted, continuing operations, EUR | **1.03** | 0.47 | 0.76 | 0.48 | 0.71 |
| Earnings per share, continuing operations, excluding non-recurring items, EUR | **1.09** | 0.80 | 0.77 | 0.65 | 0.71 |
| Earnings per share, diluted, continuing operations, excluding non-recurring items, EUR | **1.08** | 0.79 | 0.76 | 0.65 | 0.71 |
| Equity per share, EUR | **8.09** | 7.20 | 6.48 | 6.21 | 6.86 |
| Total dividends | **65.2** *) | 52.8 | 47.2 | 41.3 | 38.9 |
| Dividend per share, EUR | **0.55** *) | 0.45 | 0.40 | 0.35 | 0.33 |
| Dividend % of earnings | **54** *) | 95 | 52 | 71 | 44 |
| Dividend % of earnings excluding non-recurring items | **51** *) | 56 | 52 | 53 | 44 |
| Effective yield, % | **2.0** *) | 2.8 | 2.6 | 3.1 | 3.7 |
| P/E ratio | **26.0** | 34.1 | 19.7 | 23.3 | 12.6 |
| Market capitalization | **3,164.7** | 1,880.7 | 1,777.1 | 1,325.0 | 1,057.5 |
| Share value, EUR | | | | | |
| Par value | **4.00** | 4.00 | 4.00 | 4.00 | 4.00 |
| Share price low | **15.37** | 13.76 | 11.08 | 8.39 | 7.52 |
| Share price high | **28.07** | 16.79 | 16.00 | 11.80 | 11.97 |
| Average share price | **22.57** | 15.26 | 13.68 | 9.93 | 9.78 |
| Share price at closing date | **26.97** | 16.06 | 15.12 | 11.25 | 9.00 |
| Trading volume | **1,733.6** | 1,151.7 | 683.4 | 629.4 | 752.5 |
| 1,000s | **76,813** | 75,492 | 49,952 | 63,401 | 76,906 |
| % | **65** | 64 | 42 | 54 | 64 |
| Number of shareholders | **17,991** | 18,206 | 15,180 | 14,729 | 15,351 |

*) Proposal of the Board of Directors for 2015

Calculation of key indicators, see page 53

## Shares/shareholder at December 31, 2015

| Shares | Share-holders | % of shareholders | Shares | % of shares |
|---|---|---|---|---|
| 1–100 | 5,464 | 30.4 | 287,112 | 0.3 |
| 101–1,000 | 9,558 | 53.1 | 3,822,642 | 3.2 |
| 1,001–10,000 | 2,698 | 15.0 | 6,903,656 | 5.8 |
| 10,001–100,000 | 207 | 1.2 | 5,840,458 | 4.9 |
| Over 100,000 | 63 | 0.3 | 100,486,744 | 84.8 |
| Own shares held by the company | 1 | 0.0 | 1,176,673 | 1.0 |
| Total | 17,991 | 100.0 | 118,517,285 | 100.0 |
| of which nominee registered | 10 | 0.1 | 58,289,923 | 49.2 |

## Sectors at December 31, 2015

| | |
|---|---|
| Outside Finland and nominee registrations | 51.2% |
| Public sector entities | 14.8% |
| Financial and insurance corporations | 12.2% |
| Households | 11.7% |
| Non-profit institutions | 6.9% |
| Private companies | 2.2% |
| Own shares held by the company | 1.0% |
| Total | 100.0% |

# CONSOLIDATED INCOME STATEMENT

| EUR million | Notes | 2015 | 2014 |
|---|---|---|---|
| NET SALES | 2 | 2,534.4 | 2,228.7 |
| Cost of goods sold | 7, 30 | –1,388.5 | –1,281.1 |
| License income | | 7.3 | 6.2 |
| Other operating income | 4 | 4.8 | 5.5 |
| Research and development expenses | 7 | –77.7 | –76.2 |
| Selling and marketing expenses | 7, 30 | –677.5 | –582.9 |
| Administrative and other expenses | 7, 8, 9, 30 | –198.7 | –186.1 |
| EARNINGS BEFORE INTEREST AND TAXES | 5, 6, 30 | 204.1 | 114.1 |
| % of net sales | | 8.1 | 5.1 |
| Financing income | 10 | 1.1 | 0.4 |
| Financing expenses | 10 | –37.2 | –37.5 |
| Financing income and expenses | | –36.1 | –37.1 |
| EARNINGS BEFORE TAXES | | 168.0 | 77.0 |
| Income taxes | 11 | –46.4 | –21.6 |
| NET RESULT | | 121.6 | 55.4 |
| Attributable to: | | | |
| Equity holders of the parent company | | 121.6 | 55.4 |
| Earnings per share of the net result attributable to equity holders of the parent company, EUR | 12 | | |
| Undiluted | | 1.04 | 0.47 |
| Diluted | | 1.03 | 0.47 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million | Notes | 2015 | 2014 |
|---|---|---|---|
| Net result | | 121.6 | 55.4 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement effects of postemployment benefit plans | | 2.9 | –25.7 |
| Income tax related to remeasurement effects | | –1.4 | 8.5 |
| Items that may be reclassified to profit or loss | | | |
| Translation differences | | 31.9 | 44.9 |
| Cash flow hedges | 26 | 2.7 | 66.5 |
| Income tax related to cash flow hedges | 26 | –0.5 | –16.6 |
| Other comprehensive income, net of tax | | 35.6 | 77.6 |
| TOTAL COMPREHENSIVE INCOME | | 157.2 | 133.0 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent company | | 157.2 | 133.0 |

The notes are an integral part of consolidated financial information.

# CONSOLIDATED CASH FLOW STATEMENT

| EUR million | Notes | 2015 | 2014 |
|---|---|---|---|
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Earnings before interest and taxes | | 204.1 | 114.1 |
| Depreciation | | 51.1 | 44.8 |
| Adjustments to cash flow from operating activities | 22 | 0.4 | 14.5 |
| Cash flow from operating activities before change in working capital | | 255.6 | 173.4 |
| | | | |
| Increase (–) or decrease (+) in inventories | | –51.3 | –49.0 |
| Increase (–) or decrease (+) in trade and other current receivables | | 2.8 | 0.5 |
| Increase (+) or decrease (–) in interest-free current liabilities | | 54.6 | 28.2 |
| Change in working capital | | 6.1 | –20.3 |
| | | | |
| Cash flow from operating activities before financing items and taxes | | 261.7 | 153.1 |
| | | | |
| Interest paid | | –29.3 | –22.6 |
| Interest received | | 1.1 | 0.4 |
| Income taxes paid and received | | –22.0 | –26.1 |
| Financing items and taxes | | –50.2 | –48.3 |
| Total net cash flow from operating activities | | 211.5 | 104.8 |
| | | | |
| **NET CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Acquired operations | | –76.3 | - |
| Divested operations | | 1.0 | - |
| Capital expenditure on non-current tangible assets | | –48.3 | –48.5 |
| Capital expenditure on non-current intangible assets | | –29.0 | –3.1 |
| Proceeds from sale of tangible non-current assets | | 0.6 | 0.3 |
| Net cash flow from investing activities | | –152.0 | –51.3 |
| | | | |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Repurchase of own shares | | - | –13.1 |
| Change in short-term borrowings | | –115.4 | –5.9 |
| Withdrawals of long-term borrowings | | 368.0 | 30.0 |
| Repayments of long-term borrowings | | –153.8 | –66.0 |
| Dividends paid | | –52.8 | –47.2 |
| Other financing items *) | | –15.9 | 18.7 |
| Net cash flow from financing activities | | 30.1 | –83.5 |
| | | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | 89.6 | –30.0 |
| | | | |
| Cash and cash equivalents | | | |
| Cash and cash equivalents at year end | 14 | 331.4 | 240.2 |
| Translation differences | | 1.6 | 0.2 |
| Cash and cash equivalents at year beginning | | 240.2 | 270.0 |
| **Change in cash and cash equivalents** | | 89.6 | –30.0 |

*) Including, for example, cash flow from hedging intercompany balance sheet items

| | | | |
|---|---|---|---|
| **FREE CASH FLOW **)** | | 121.7 | 53.5 |

**) Cash flow from operating activities - net capital expenditure -restricted cash
Net capital expenditure = total capital expenditure less proceeds from sale of assets

The above figures cannot be directly traced from the balance sheet due to acquisitions/divestments of subsidiaries and changes in rates of exchange.

The notes are an integral part of consolidated financial information.

# CONSOLIDATED BALANCE SHEET

| ASSETS<br>EUR million | Notes | 2015 | 2014 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | 13 | | |
| Intangible rights | | **240.5** | 189.0 |
| Goodwill | | **346.2** | 305.0 |
| Other intangible assets | | **41.6** | 15.7 |
| Land and water | | **14.8** | 14.5 |
| Buildings and constructions | | **57.9** | 55.8 |
| Machinery and equipment | | **123.4** | 96.7 |
| Other tangible assets | | **0.3** | 0.4 |
| Advances paid and construction in progress | | **10.3** | 6.6 |
| Available-for-sale financial assets | 14 | **0.4** | 0.3 |
| Deferred tax assets | 15 | **116.2** | 101.5 |
| Other non-current receivables | | **11.6** | 21.5 |
| **TOTAL NON-CURRENT ASSETS** | | **963.2** | 807.0 |
| | | | |
| **CURRENT ASSETS** | | | |
| | | | |
| INVENTORIES | 16 | | |
| Raw materials and consumables | | **41.9** | 37.0 |
| Work in progress | | **6.8** | 8.7 |
| Finished goods | | **433.3** | 367.5 |
| | | **482.0** | 413.2 |
| | | | |
| RECEIVABLES | | | |
| Accounts receivable | 16 | **563.9** | 543.3 |
| Loans receivable | | - | 1.7 |
| Current tax assets | | **12.1** | 14.5 |
| Prepaid expenses and other receivables | 17 | **203.1** | 150.2 |
| | | **779.1** | 709.7 |
| | | | |
| MARKETABLE SECURITIES | | | |
| Other securities | | - | 19.0 |
| | | | |
| CASH AND CASH EQUIVALENTS | 14 | **331.4** | 221.2 |
| | | | |
| **TOTAL CURRENT ASSETS** | | **1,592.5** | 1,363.1 |
| | | | |
| Assets held for sale | 3 | - | 3.5 |
| | | | |
| **TOTAL ASSETS** | | **2,555.7** | 2,173.6 |

The notes are an integral part of consolidated financial information.

SHAREHOLDERS' EQUITY AND LIABILITIES

| EUR million | Notes | 2015 | 2014 |
|---|---|---|---|
| **EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY** | 18 | | |
| Share capital | | **292.2** | 292.2 |
| Premium fund | | **12.1** | 12.1 |
| Fund for own shares | | **–18.1** | –20.2 |
| Translation differences | | **17.0** | –14.9 |
| Fair value and other reserves | 26 | **43.8** | 41.6 |
| Remeasurements | | **–35.1** | –36.6 |
| Invested unrestricted equity reserve | | **163.1** | 163.1 |
| Retained earnings | | **353.0** | 350.1 |
| Net result | | **121.6** | 55.4 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **949.6** | 842.8 |
| | | | |
| **LIABILITIES** | | | |
| | | | |
| LONG-TERM LIABILITIES | | | |
| Bonds | 19 | **534.1** | 309.9 |
| Loans from financial institutions | 19 | **81.4** | 80.3 |
| Other interest-bearing liabilities | 19 | **19.0** | 0.1 |
| Deferred tax liabilities | 15 | **40.6** | 20.0 |
| Defined benefit pension liabilities | 6 | **60.2** | 60.0 |
| Other interest-free liabilities | | **25.9** | 21.9 |
| Provisions | 21 | **2.5** | 2.1 |
| | | **763.7** | 494.3 |
| | | | |
| CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 19 | **157.2** | 269.0 |
| Accounts payable | | **275.7** | 237.8 |
| Accrued liabilities | 20 | **347.2** | 281.1 |
| Current tax liabilities | | **27.9** | 14.4 |
| Provisions | 21 | **34.4** | 34.2 |
| | | **842.4** | 836.5 |
| **TOTAL LIABILITIES** | | **1,606.1** | 1,330.8 |
| | | | |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **2,555.7** | 2,173.6 |

The notes are an integral part of consolidated financial information.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| EUR million | Share capital | Premium fund | Fund for own shares | Translation differences | Fair value and other reserves | Remea-surements | Invested unrestricted equity reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2014** | 292.2 | 12.1 | –11.1 | –59.8 | –8.3 | –19.4 | 156.7 | 398.9 | 761.3 |
| Other comprehensive income: | | | | | | | | | |
| Translation differences | | | | 44.9 | | | | | 44.9 |
| Remeasurement effects of postemployment benefit plans | | | | | | –25.7 | | | –25.7 |
| Cash flow and fair value hedges | | | | | 66.5 | | | | 66.5 |
| Income tax related to OCI | | | | | –16.6 | 8.5 | | | –8.1 |
| Net result | | | | | | | | 55.4 | 55.4 |
| Total comprehensive income | | | | 44.9 | 49.9 | –17.2 | | 55.4 | 133.0 |
| Transactions with owners: | | | | | | | | | |
| Repurchase of own shares | | | –12.9 | | | | | | –12.9 |
| Share-based incentive program | | | 3.8 | | | | 6.4 | –1.6 | 8.6 |
| Dividend distribution | | | | | | | | –47.2 | –47.2 |
| **Balance at December 31, 2014** | 292.2 | 12.1 | –20.2 | –14.9 | 41.6 | –36.6 | 163.1 | 405.5 | 842.8 |
| Other comprehensive income: | | | | | | | | | |
| Translation differences | | | | 31.9 | | | | | 31.9 |
| Remeasurement effects of postemployment benefit plans | | | | | | 2.9 | | | 2.9 |
| Cash flow and fair value hedges | | | | | 2.7 | | | | 2.7 |
| Income tax related to OCI | | | | | –0.5 | –1.4 | | | –1.9 |
| Net result | | | | | | | | 121.6 | 121.6 |
| Total comprehensive income | | | | 31.9 | 2.2 | 1.5 | | 121.6 | 157.2 |
| Transactions with owners: | | | | | | | | | |
| Repurchase of own shares | | | –1.1 | | | | | | –1.1 |
| Share-based incentive program | | | 3.2 | | | | | 0.3 | 3.5 |
| Dividend distribution | | | | | | | | –52.8 | –52.8 |
| **Balance at December 31, 2015** | 292.2 | 12.1 | –18.1 | 17.0 | 43.8 | –35.1 | 163.1 | 474.6 | 949.6 |

Note 18 provides additional information on shareholders' equity and note 26 on the fair value and other reserves.

The notes are an integral part of consolidated financial information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

### General
Amer Sports Corporation is a Finnish public listed company that is domiciled in Helsinki.

Amer Sports Corporation and its subsidiaries ("the Group") manufacture, sell and market sports equipment, apparel and footwear to the sports equipment trade and direct to consumers. The Group's business is founded on its globally recognized brands, the most important of which are Salomon, Wilson, Precor, Arc'teryx, Atomic, Mavic and Suunto.

The Group shared sales network covers 34 countries. The Group's main market areas are the United States and Europe.

These financial statements were authorized for issue by the Board of Directors on February 3, 2016.

### Basis of preparation
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards approved for use in the EU (IFRS), observing the IAS and IFRS standards and SIC and IFRIC interpretations in force as of December 31, 2015. In the Finnish Accounting Act and the provisions issued under it, International Financial Reporting Standards refer to standards approved for use in the EU in accordance with the procedure laid down in the EU regulation (EC) No 1606/2002, and their interpretations.

The Group has applied the following new and revised standards, amendments and interpretations as of January 1, 2015, which did not have material impact on the Group's financial statements:

- IAS 19 (amendment): Defined benefit plans
- Small changes to various standards or interpretations as part of the annual improvements to IFRS project.

The following standards and amendments that will come into force in 2016 are expected not to have any material effect on the consolidated financial statements, as currently estimated by the Group:

- IFRS 10 (amendment): Consolidated financial statements
- IFRS 11 (amendment): Joint arrangements
- IFRS 12 (amendment): Disclosures of interests in other entities
- IAS 16 (amendment): Property, plant and equipment
- IAS 27 (amendment): Consolidated and separate financial statements
- IAS 28 (amendment): Investments in associates and joint ventures
- IAS 38 (amendment): Intangible assets
- Changes to the following standards or interpretations as part of the annual improvements to IFRS project: IFRS 5, IFRS 7, IAS 19 and IAS 34

The following new and revised standards will be adopted in 2016 or later (subject to EU endorsement):

- IFRS 9: Financial instruments
- IFRS 15: Revenue from contracts with customers
- IFRS 16: Leases
- IAS 1 (amendment): Presentation of financial statements
- IAS 19: Employee benefits – discount rate

The new standard IFRS 16: Leases will have significant implications on the recognition of the lease expenses, non-current assets, interest-bearing liabilities as well as on the key financial ratios. The operating lease commitments as of December 31, 2015 were EUR 188.2 million.

The consolidated financial statements are presented in millions of euros and have been prepared under the historical cost convention with the exception of available-for-sale financial assets, share based payments, financial assets and liabilities measured at fair value through profit and loss as well as derivative financial instruments at fair value.

### Principles of consolidation
The consolidated financial statements include all subsidiaries in which the parent company holds directly or indirectly more than half of the votes or otherwise controls the subsidiary. Companies acquired during the financial year have been included in the consolidated financial statements from the date when control was obtained. Similarly, divested subsidiaries are included up to the date when control has been relinquished.

The inter-company share ownership within the Group has been eliminated using the acquisition method. The transferred consideration and all the identifiable assets and liabilities of an acquired company are measured at fair values at the date of acquisition. Goodwill is recognized as the amount by which the total transferred consideration exceeds the fair value of the acquired net assets. The potential additional purchase price is measured at fair value on the balance sheet date and the related profit or loss is booked in the income statement. Goodwill is not amortized, but its value is tested for impairment at least once a year by means of a cash flow analysis (see impairment of assets below). Impairment losses are booked in the income statement.

Intercompany transactions as well as intercompany receivables and liabilities are eliminated.

### Foreign currencies
The transactions in subsidiaries' financial statements are valued in the currency of the country where the subsidiary operates ("functional currency"). The Group financial statements are presented in euros, which is the functional currency of the parent company and the presentation currency of the Group. The assets and liabilities of foreign subsidiaries are translated into euros at the closing exchange rates confirmed by the European Central Bank on the balance sheet date. The income statement is translated into euros by consolidating each calendar month separately using the actual daily average rate for the month, whereby the sum of the twelve calendar months represents the whole year. Translation differences arising from the translation of the net investment in foreign operations are booked to translation differences in other comprehensive income. Intercompany long-term capital loans that are not expected to be repaid are considered as a part of the company's net investment in the foreign operation and are treated similarly.

The following exchange rates have been used in the consolidated accounts:

| | Income statement*) | | Balance sheet | |
|---|---|---|---|---|
| | 2015 | 2014 | 12/15 | 12/14 |
| USD | 1.11 | 1.33 | 1.09 | 1.21 |
| CAD | 1.42 | 1.47 | 1.51 | 1.41 |
| JPY | 134.38 | 140.23 | 131.07 | 145.23 |
| GBP | 0.73 | 0.81 | 0.73 | 0.78 |

*) Calculated average of the monthly average rates

Group companies record transactions in foreign currencies at the rate on the transaction date or at an estimated rate sufficiently close to the rate on the transaction date. Assets and liabilities denominated in foreign currencies that are outstanding at the end of the financial year are translated at the closing rate of exchange in effect on the balance sheet date.

Foreign exchange gains and losses related to operational transactions are presented in EBIT. Exchange rate gains and losses on foreign currency-denominated loans and other receivables and liabilities connected with financing transactions are recorded at their net values as financing income and expenses.

## Derivatives and hedge accounting

The company's derivative instruments may include foreign exchange forward contracts and options, interest rate swaps and interest rate options and cross-currency swaps. Foreign exchange forward contracts and options are used to hedge against changes in the value of receivables and liabilities denominated in a foreign currency and interest rate swaps and interest rate options to hedge against the interest rate risk. Cross-currency swaps are used to hedge against changes in value of foreign currency denominated receivables and liabilities and against the interest rate risk.

Foreign exchange forward contracts and options, interest rate swaps and options and cross currency swaps are measured at fair value on the day that the Group becomes a party to the contract. Subsequent measurement is also at fair value. Foreign exchange derivatives are measured at fair value using the closing rates quoted by the European Central Bank on the reporting date together with common pricing models that are used for valuation of foreign exchange forward contracts and options. The fair values of interest rate and cross currency swaps are calculated as the current value of future cash flows. Interest rate options are valued with year-end interest rates together with common option pricing models.

Gains and losses from fair value measurement are treated in accordance with the purpose of the derivative financial instrument. For maturities below 12 months after the balance sheet date, the fair value of the derivatives is presented in prepaid expenses and other receivables or accrued liabilities. For maturities over 12 months, the fair value is presented in other non-current receivables or other interest-free liabilities.

Changes in the value of derivative instruments, which do not qualify for hedge accounting are recorded as financing income and expenses, except for when they are associated with hedging the cash flow from operating activities, in which case they are recorded in other operating income and expenses.

The Group applies cash flow and fair value hedge accounting to foreign exchange derivatives that hedge material cash flows from operating activities and to interest rate swaps and cross currency swaps hedging against the interest risks and fair value changes associated with floating rate loans denominated in foreign currency. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, in accordance with IAS 39, is recognized in the fair value and other reserves under shareholders' equity. Any ineffective component, however, will be immediately recognized in the income statement. The cumulative change in gains or losses for the effective hedges is transferred to the income statement for the period when the hedged item is recorded in the income statement.

When a hedging instrument expires, is sold, or if the hedge does not meet the requirements set for hedge accounting under IAS 39, any cumulative gain or loss recorded in equity remains in equity until the forecasted transaction is recorded in the income statement. When the forecasted cash flow is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recorded in financing income and expenses in the income statement in the case of an interest rate hedge and in other operating income and expenses in the case of an operating cash flow hedge.

When initiating hedge accounting, the Group documents the correlation between the hedged item and the hedging instruments, as well as the Group's risk management objective and hedge initiation strategy. The Group documents and evaluates the effectiveness of hedges when initiating hedging and on a quarterly basis by examining the degree to which the hedging instrument offsets changes in the fair value and cash flow of the hedged item.

The Group does not hedge the net investment in foreign subsidiary operations with derivatives.

## Measurement of financial assets

In accordance with IAS 39: Financial Instruments: Recognition and Measurement, financial assets are categorized as:

I. financial assets at fair value through profit or loss
II. held-to-maturity investments
III. loans and receivables
IV. available-for-sale financial assets

Financial assets at fair value through profit or loss are financial assets held for trading. Changes in fair value are booked as a credit or charge to earnings in financing income and expenses. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets, except for maturities over 12 months after the balance sheet date.

Held-to-maturity investments and loans granted by the company are carried at amortized cost using the effective interest rate method. Held-to-maturity investments are valued at cost and are included in current assets, except for maturities over 12 months after the balance sheet date. At the end of the financial year, the Group did not possess any held-to-maturity investments.

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivable are carried at the original invoiced amount less impairment losses and credits for returns. Impairment losses are recognized case by case when there is evidence that the receivable cannot be recovered in full, such as due to the payment difficulties or impending bankruptcy of the debtor.

Available-for-sale financial assets are measured at their fair value by applying the market prices at the balance sheet date or some other determination of value used by the company. The change in fair value is presented in fair value and other reserves under shareholders' equity. Fair value changes are transferred from shareholders' equity to the income statement when the asset is sold or its value has been impaired such that an impairment loss must be recognized. Available-for-sale financial assets whose fair value cannot be determined reliably are measured at cost or a lower value if they are impaired. Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the balance sheet date.

Financial assets are recognized on the settlement date. Financial assets carried at fair value through the income statement are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets not carried at fair value through the income statement are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On each closing date, the Group assesses whether there is objective evidence for the impairment of a financial asset item or class. A significant or prolonged decline in the fair value of a financial asset below its cost is seen as evidence that the assets are impaired. The impairment loss is recorded as a charge to earnings in financing items. Impairment losses are not reversed through financing items.

## Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks as well as readily realizable marketable securities.

## Financial liabilities

Financial liabilities are initially carried at fair value. Transaction costs are included in the original carrying amount of financial liabilities. All financial liabilities are subsequently carried at amortized cost using the effective interest rate method. Financial liabilities are classified as current liabilities unless they mature over 12 months after the balance sheet date, in which case they are included in long-term liabilities. The amounts drawn under the revolving credit facility are included in loans from financial institutions.

## Revenue recognition

Revenue from the sale of goods is booked when significant risks and rewards connected with ownership of the goods have been transferred to the purchaser. Net sales represent the invoiced value of goods, less value added taxes as well as discounts and adding or subtracting foreign exchange differences.

Revenue obtained from other companies is booked to license income when these companies manufacture or sell products bearing Amer Sports trademarks. In addition, license income includes royalty payments obtained from other companies when they utilize manufacturing technology patents owned by Amer Sports. License income based on fixed license agreements is recognized evenly throughout the financial year. License income determined by sales volumes is recognized during the financial year as the licensee generates sales revenue.

Other operating income comprises rental income, gains on the sale of non-current assets as well as other non-recurring income, such as patent settlements.

## Cost of goods sold

The cost of goods sold includes all the salaries and wages, materials, procurement and other costs connected with the manufacture and purchase of products.

## Research and development

Research expenses are recognized as expenses when they are incurred. Product development expenses are capitalized when they meet the recognition criteria according to IAS 38 Intangible Assets.

## Sales and marketing expenses

Expenses related to the sales, distribution, marketing and advertising of products are booked to sales and marketing expenses. These include sales inventory, customer service, marketing and sales, media advertising expenses and athlete endorsements.

## Administrative and other expenses

Administrative and other expenses encompass Group Headquarter's expenses, general administration expenses, as well as minor one-off losses such as losses on disposals of non-current assets.

## Pension plans

The Group's pension arrangements comply with the local rules and practices of the countries where Amer Sports operates. The Group's pension arrangements are either defined contribution or defined benefit plans. Under defined contribution based plans, such as the Finnish TyEL employment pension system, the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. In defined contribution plans, the Group's contributions are recorded as an expense in the period to which they relate.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. In defined benefit plans, the pension expenses recognized in the income statement are determined using the projected unit credit method which calculates the present value of the obligation and the related service costs. The pension liability is measured by calculating the present value of future pension obligations, discounted using the market yield on high quality corporate bonds or government bonds in countries where there is no deep market for such bonds. Fair value of plan assets is deducted from present value of obligation and net liability (asset) is presented in balance sheet. All actuarial gains and losses ("remeasurements") relating to post-employment benefits are recognized in full in other comprehensive income. For other long-term employee benefits, the Group recognizes actuarial gains and losses immediately in profit or loss. All past service costs are recognized immediately in the income statement. Net interest expense (income) is determined based on the net defined benefit liability (asset) and the discount rate at the beginning of the year. Expenses related to defined benefit post-employment plans are reported as follows:

- service cost: above EBIT
- net interest expense: in financing expenses
- remeasurement components: under other comprehensive income

## Share-based payment

The Group's key employees have been granted several share-based incentive schemes where the rewards are settled either as equity instruments or in cash. The rewards are measured at fair value at the time of granting using generally accepted valuation models and recognized as expenses in the income statement in even installments over the vesting period of the rights. Cash-settled share-based payment transactions and the change in fair value are recognized as expenses over the vesting period. The income effect of the arrangements is presented as employee benefits in the income statement.

## Earnings before interest and taxes (EBIT)

Earnings before interest and taxes is a net amount which is derived from net sales by deducting the cost of goods sold and the research and development, selling, marketing, administrative and other expenses and adding license income and other operating income. Foreign exchange differences related to operational transactions are presented in EBIT whilst other foreign exchange differences are recorded as financing income and expenses.

## Non-current assets held for sale and discontinued operations

A non-current asset or a disposal group of assets and liabilities is categorized as held for sale when the economic benefits gained from it will be accrued primarily from its sale rather than from continuous use. Non-current assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less selling costs and disclosed as a separate line item in the balance sheet. These assets are not depreciated.

Discontinued operations refer to a significant part of the company (such as a segment) that it has decided to discontinue. The net result of discontinued operations is disclosed on its own line in the income statement, separately from continuing operations.

## Income taxes

Taxes include the taxes for the financial year calculated on the basis of the result for the period and in accordance with the tax legislation of each company's local domicile as well as assessed or returned taxes for previous financial periods and the change in deferred taxes.

Deferred tax assets and liabilities are calculated on all temporary differences between the book and tax base of assets in accordance with the tax rate at the balance sheet date or with the future tax rates prevailing when the tax is estimated to be paid. Temporary differences arise from factors such as unused tax losses, depreciation differences, provisions, defined benefit pension plans, the fair valuation of derivative financial instruments, the internal inventory margin as well as measurements to fair value of assets in connection with business acquisitions. The tax effect of undistributed earnings of subsidiaries is recorded as a deferred tax liability if a dividend payout is probable and it will result in tax consequences. A deferred tax asset is recognized as a result of unused tax losses and other temporary differences to the extent that it is probable that these can be utilized in future financial periods. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

## Earnings per share

The undiluted earnings per share are calculated by dividing the net result for the financial year less interest on the hybrid bond (net of tax) by the weighted average number of shares outstanding during the financial year. The dilutive effect of warrants and shares granted on the basis of share-based incentive plans is taken into account in calculating diluted earnings per share.

The effect of share issues on previous years' earnings per share is taken into account by using a share issue ratio.

## Government grants

Government grants are recorded as adjustments to expenses in the financial period they are received, except when they relate to investments, in which case they are deducted from the cost.

## Intangible rights and other intangible non-current assets

Intangible rights comprise trademarks and patents. Other intangible assets include for example software licenses. Patents and software licenses are recognized in the balance sheet at cost and amortized on a straight-line basis during a useful life of three to fifteen years. Trademarks with indefinite useful lives are not amortized, but tested for impairment on an annual basis (see impairment of assets below). Capitalised development expenses are amortized during their useful lives.

## Tangible non-current assets

Tangible non-current assets are stated at cost less accumulated depreciation and any impairment losses (see impairment of assets below).

Depreciation is calculated on a straight-line basis in order to write down the cost of the tangible assets to their residual values over their expected useful lives, adjusting for any impairment. The depreciation periods are:

| | |
|---|---|
| Buildings and constructions | 25–40 years |
| Machinery and equipment | 3–10 years |

Land and water are not depreciated.

## Impairment of assets

The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests whenever there is an indication of impairment. Any impairment of goodwill and other intangible rights having an indefinite useful life are nevertheless assessed at least once a year.

Impairment tests involve measuring the recoverable amount of said asset. The recoverable amount is the higher of the asset's net selling price or cash flow -based value in use. An impairment loss is recognized in the income statement when the carrying amount of an asset is greater than the recoverable amount. Impairment recognized on assets other than goodwill is reversed if a change occurs in the estimates leading to the impairment charge. An impairment loss is reversed to a maximum amount that does not exceed the carrying amount of the asset if impairment would not have been originally recognized.

The recoverable amount of goodwill and other intangible rights with indefinite useful lives is determined via fair value less cost of selling or higher cash flow-based value-in-use (impairment tests of these items are more closely explained in note 7).

In the cash flow-based impairment calculations for other intangible rights and property, plant and equipment, cash flows are recognized so that the first three years are based on the budgets and strategic plans for the next three years as approved by the Group's Board of Directors. In the calculations, later years are estimated conservatively according to the growth assumptions made in the three-year plans. The residual values used in the calculations are estimates of the probable net selling prices of the asset items.

The discount rate in the calculations is based on the long-term risk-free market interest rates and on generally used standard risk premiums (the key assumptions of the discount rate are presented more closely in note 7).

## Lease agreements

Lease agreements relating to tangible assets, in which the Group retains a significant part of the ownership risks and rewards, are classified as finance lease agreements. A finance lease agreement is recorded on the balance sheet at the lower of the asset's fair value or the present value of minimum lease payments, and it is depreciated. Lease obligations are included in interest-bearing liabilities. Other leasing payments are treated as rental expenses.

## Inventories

Inventories are measured at the lower of cost calculated according to the FIFO principle or the net realizable value. For self-manufactured products, the cost includes direct wage and raw material costs for the manufacture of the products as well as a portion of the indirect costs of manufacture. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Shareholders' equity

An equity instrument is recorded in the shareholders' equity if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

The subscription proceeds from share issues are booked to invested unrestricted equity reserve to the extent that they are not, in accordance with a shareholders' resolution, booked to the share capital. The transaction costs of the share issues are charged to retained earnings net of tax.

The acquisition cost of repurchased own shares is charged to equity until the shares are cancelled or reissued.

Any dividend proposed by the Board of the Directors is not deducted from distributable shareholders' equity until approved at the Annual General Meeting.

## Provisions

Obligations arising as the consequence of a past event, which are legal or which the company has an actual obligation to settle and are considered certain or likely to occur, are booked in the income statement under an appropriate expense heading. They are presented in the balance sheet as provisions when it is probable that the resources will be transferred out of the Group but the precise amount or timing is not known. In other cases they are presented as accrued liabilities. The most important regular provisions are due to the repair or replacement of products during the warranty period. These provisions are determined on the basis of historical experience. A provision for reorganization is made when the Group has drawn up a detailed reorganization plan and announced the reorganization. Long-term provisions are discounted.

## Use of estimates in the financial statements

When preparing the financial statements, the Group's management has to make estimates and assumptions influencing the content of the financial statements and it must exercise its judgment regarding the application of accounting policies. The most important of these estimates and assumptions are related to impairment of goodwill and other asset items, such as trademarks, property, plant and equipment, inventories and accounts receivable; provisions for reorganization, warranty and legal proceedings; evaluation of pension liabilities and share-based payments schemes as well as the future utilization of deferred tax assets. Actual results may differ from these estimates. Any changes in the estimates and assumptions are recognized in the period in which the estimate or assumption is revised.

**Critical accounting estimates and assumptions**

***Pension plans***

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

Amer Sports determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on current market conditions (see note 6).

Net liability recognized for defined benefit pension plans was EUR 60.2 million as of December 31, 2015.

***Share-based payment***

The Group key employees have been granted several share-based incentive schemes where the rewards are settled either as equity instruments or in cash. The rewards are measured at fair value at the time of granting using generally accepted valuation models and periodized as expenses in the income statement in even installments over the vesting period of the rights. Cash-settled share-based payment transactions and the change in fair value are periodized as expenses over the vesting period. The income effect of the arrangements is presented as employee benefits in the income statement.

Expenses recognized for the share-based incentive schemes for the year ended December 31, 2015 amounted to EUR 10.1 million and for the deferred cash long-term incentive programs EUR 3.5 million.

***Income taxes***

Management judgment is required in determining provisions for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. As of December 31, 2015, the company has recognized net deferred tax assets of EUR 75.6 million on tax loss carry forwards and other temporary differences. The Group is also subject to income taxes in various jurisdictions. Judgment is required in determining the Group's provision for income taxes. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group anticipates questions arising in tax audits and recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

***Impairment of assets***

The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests whenever there is an indication of impairment. Any impairment of goodwill and other intangible assets having an indefinite useful life are nevertheless assessed at least once a year. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. As of December 31, 2015, the amount of goodwill and other non-current intangible assets with indefinite useful lives tested for impairment amounted to EUR 346.2 million and EUR 228.5 million, respectively. No impairment losses were recognized in 2015. In 2014 an impairment of EUR 3.6 million was recognized for other non-current intangible assets. Management estimates, used assumptions as well as sensitivity analyses are presented in note 7.

***Inventories***

The Group periodically reviews its inventories for excess amounts, obsolescence and declines in market value below cost and records an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for products. If the future demand for Group's products was weaker than anticipated or the market conditions deteriorated, the value of inventories would likely have to be written down. As of December 31, 2015, the amount of inventories on balance sheet amounted to EUR 482.0 million. Value of inventories has been decreased by EUR 27.2 million for the year ended December 31, 2015 to correspond to its net realizable value.

***Accounts receivable***

Accounts receivable are carried at the original invoiced amount less impairment losses and credits for returns. Impairment losses are recognized case by case and on the basis of historical experience when there is evidence that the receivable cannot be recovered in full, such as due to payment difficulties or impending bankruptcy of the debtor. The estimates are based on a systematic, ongoing review and evaluation performed as part of the credit-risk evaluation process. As part of this evaluation, the Group takes into account the history of collections, the size and composition of the receivable balances and current economic events and conditions. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment losses may be recognized in future periods. As of December 31, 2015, the amount of accounts receivable on balance sheet amounted to EUR 563.9 million and impairment losses of accounts receivable amounted to EUR 15.7 million.

***Provisions***

Provisions are recognized on the balance sheet when there is a legal or actual obligation for the company to settle an obligation arising as the consequence of a past event that is considered certain or likely to occur. The most important regular provisions are due to the repair or replacement of products during the warranty period. These provisions are determined on the basis of historical experience. The provisions recognized represent management's best estimate of the present value of the future costs assumed to be incurred. The actual costs may differ from the estimated. As of December 31, 2015, the amount of provisions on balance sheet was EUR 36.9 million.

## 2. SEGMENT INFORMATION

Amer Sports operates primarily in one industry – the design, manufacturing, distribution, selling and marketing of sporting goods, apparel and footwear.

The company is managed through its global operating segments, business areas, regional sales organizations and company wide platforms such as global operations, which encompass business functions from product development to product sourcing, manufacturing and outbound logistics.

The chief operating decision maker of the Group is the President and CEO, who is assisted by the Executive Board. The Chairman of the Board of Directors continuously monitors Amer Sports' operations and development through contact with the President and CEO. The President and CEO is also the President of Outdoor operating segment. Ball Sports and Fitness operating segments have their own Presidents.

Amer Sports has three reportable operating segments:

- Outdoor: manufacturer and supplier of footwear, apparel, winter sports equipment, cycling components and sports instruments
- Ball Sports: manufacturer and supplier of racquet and team sports equipment and golf equipment
- Fitness: manufacturer and supplier of fitness equipment

The operating segments are based on the Group's global organizational structure and management reporting. The decisions concerning assessing the performance of segments and allocation of resources to the segments are mainly based on segments' net sales and earnings before interest and taxes. The operating segments are not fully independent as they operate in cooperation with Amer Sports' regional sales organizations and company wide support functions.

No operating segments have been aggregated to form the above reportable operating segments.

The operating segments have been divided into the following business areas:

**Outdoor**
- Footwear: Salomon, Arc'teryx
- Apparel: Salomon, Arc'teryx
- Winter Sports Equipment: Salomon winter sports equipment and Atomic
- Cycling: Mavic
- Sports Instruments: Suunto

**Ball Sports**
- Individual Ball Sports: Wilson, Racquet Sports and Golf
- Team Sports: Wilson, DeMarini, Louisville Slugger

**Fitness**
- Fitness Equipment: Precor, Queenax

The accounting policies for segment reporting do not differ from the Group's accounting policies. There were no intersegment business operations in 2015 and 2014. In the income statement, line items below EBIT have not been allocated to the segments.

The assets and liabilities of the operating segments include only items directly connected to the business as well as the goodwill and non-current intangible assets with indefinite useful lives related to them. Tax assets and liabilities, prepaid and accrued interest, receivables and payables related to derivative financial instruments, cash and cash equivalents, and interest-bearing liabilities are not allocated to the operating segments.

Unallocated items relating to EBIT include income and expenses of corporate headquarters.

Geographic net sales are presented according to customers' location and assets according to where the assets are located. Goodwill and intangible assets with indefinite useful lives are not allocated to the geographical areas.

**OPERATING SEGMENTS**

**2015**

| EUR million | Outdoor | Ball Sports | Fitness | Operating segments total | Unallocated items | Total |
|---|---|---|---|---|---|---|
| Net sales | 1,530.1 | 647.0 | 357.3 | 2,534.4 | - | 2,534.4 |
| EBIT | 154.2 | 45.7 | 31.1 | 231.0 | –26.9 | 204.1 |
| % of net sales | 10.1 | 7.1 | 8.7 | 9.1 | - | 8.1 |
| Financing income and expenses | | | | | –36.1 | –36.1 |
| Earnings before taxes | | | | | 168.0 | 168.0 |
| | | | | | | |
| Goodwill and intangible assets with indefinite useful lives | 227.1 | 176.6 | 171.0 | 574.7 | - | 574.7 |
| Other assets | 855.2 | 341.1 | 180.6 | 1,376.9 | 604.1 | 1,981.0 |
| Liabilities | 321.3 | 259.3 | 73.7 | 654.3 | 951.8 | 1,606.1 |
| Capital expenditure | 48.1 | 9.2 | 18.6 | 75.9 | 1.4 | 77.3 |
| Depreciation | 33.4 | 8.4 | 7.6 | 49.4 | 1.7 | 51.1 |
| Cash flow from operating activities before financing items and taxes | 186.4 | 64.4 | 38.5 | 289.3 | –27.6 | 261.7 |

**2014**

| EUR million | Outdoor | Ball Sports | Fitness | Operating segments total | Unallocated items | Total |
|---|---|---|---|---|---|---|
| Net sales | 1,371.2 | 536.7 | 320.8 | 2,228.7 | - | 2,228.7 |
| EBIT | 101.5 | 8.1 | 27.9 | 137.5 | –23.4 | 114.1 |
| % of net sales | 7.4 | 1.5 | 8.7 | 6.2 | - | 5.1 |
| Financing income and expenses | | | | | –37.1 | –37.1 |
| Earnings before taxes | | | | | | 77.0 |
| | | | | | | |
| Goodwill and intangible assets with indefinite useful lives | 223.4 | 110.8 | 155.8 | 490.0 | - | 490.0 |
| Other assets | 805.7 | 259.2 | 155.7 | 1,220.6 | 463.0 | 1,683.6 |
| Liabilities | 302.9 | 211.4 | 61.7 | 576.0 | 754.8 | 1,330.8 |
| Capital expenditure | 35.4 | 5.0 | 7.2 | 47.6 | 4.0 | 51.6 |
| Depreciation | 30.6 | 6.4 | 6.4 | 43.4 | 1.4 | 44.8 |
| Cash flow from operating activities before financing items and taxes | 149.8 | 4.9 | 16.0 | 170.7 | –17.6 | 153.1 |

#### OTHER ASSETS

| EUR million | 2015 | 2014 |
|---|---|---|
| Other non-current assets, accounts and other receivables and inventories of operating segments | 1,376.9 | 1,220.6 |
| | | |
| Deferred tax assets | 116.2 | 101.3 |
| Unallocated other non-current assets, accounts and other receivables | 24.1 | 45.6 |
| Derivative financial instruments | 108.3 | 54.8 |
| Prepaid interest | 12.0 | 6.6 |
| Current tax assets | 12.1 | 14.5 |
| Cash and cash equivalents | 331.4 | 240.2 |
| Unallocated other assets | 604.1 | 463.0 |

#### LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Other interest-free long-term liabilities, accounts payable, non-tax and non-financing related accrued liabilities and provisions of operating segments | 654.3 | 576.0 |
| | | |
| Interest-bearing long-term liabilities | 634.5 | 390.3 |
| Deferred tax liabilities | 40.6 | 20.0 |
| Interest-bearing current liabilities | 157.2 | 269.0 |
| Unallocated accounts payable and accrued liabilities | 11.9 | 6.0 |
| Derivative financial instruments | 63.2 | 40.2 |
| Accrued interests | 16.5 | 14.9 |
| Current tax liabilities | 27.9 | 14.4 |
| Unallocated liabilities | 951.8 | 754.8 |

#### GEOGRAPHIC INFORMATION

**2015**

| EUR million | EMEA | Americas | Asia Pacific | Elimination | Unallocated items | Total |
|---|---|---|---|---|---|---|
| External net sales | 1,114.7 | 1,070.1 | 349.6 | - | - | 2,534.4 |
| | | | | | | |
| Assets | 937.5 | 744.5 | 161.6 | –108.9 | 821.0 | 2,555.7 |
| Capital expenditure | 43.4 | 27.1 | 6.8 | - | - | 77.3 |

**2014**

| EUR million | EMEA | Americas | Asia Pacific | Elimination | Unallocated items | Total |
|---|---|---|---|---|---|---|
| External net sales | 1,064.0 | 874.3 | 290.4 | - | - | 2,228.7 |
| | | | | | | |
| Assets | 699.2 | 699.6 | 136.4 | –55.6 | 694.0 | 2,173.6 |
| Capital expenditure | 28.0 | 17.9 | 5.7 | - | - | 51.6 |

## 3.ACQUIRED AND DIVESTED BUSINESSES AND ASSETS HELD FOR SALE

Amer Sports strengthened its Ball Sports business by acquiring the global brand, sales and innovation rights to the American baseball brand Louisville Slugger on April 22, 2015 from Hillerich & Bradsby Co. Louisville Slugger is an iconic American baseball brand, the official bat of Major League Baseball and the market leading wood bat. Louisville Slugger reported annual sales of USD 75 million in 2014. Louisville Slugger sales in 2015 from the date of acquisition were USD 32 million. The final acquisition price was USD 72.3 million, which was mainly paid in cash in April 2015. The transaction and other acquisition related one-time costs had a slightly negative impact on Amer Sports 2015 financial results.

The fair value of the acquired net assets of Louisville Slugger was EUR 66.4 million. EUR 40.6 million of the fair value was allocated to the non-current intangible assets of which EUR 38.7 million to the Louisville Slugger trademark. The Louisville Slugger trademark is not amortized. EUR 12.1 million of the fair value was allocated to goodwill. Baseball is one of Amer Sports' chosen strategic growth areas, which already includes two leading brands, Wilson and DeMarini. The acquisition enhances Ball Sports' product portfolio and provides Amer Sports with a strong position and opportunity for gaining substantial synergies by combining Louisville Slugger's operations to Wilson and DeMarini. The goodwill is tax deductible.

The following fair values of the assets and liabilities of Louisville Slugger business have been consolidated into Amer Sports' results from the acquisition date. Transaction costs of EUR 1.4 million are included in the operating expenses of the consolidated income statement.

| EUR million | Fair value |
|---|---|
| Intangible non-current assets | 40.6 |
| Goodwill | 12.1 |
| Inventories | 6.2 |
| Accounts receivables | 11.8 |
| Total assets | 70.7 |
| | |
| Interest-free liabilities | 4.3 |
| Net assets | 66.4 |
| | |
| Purchase price | 66.4 |

**Analysis of the cash flows on the acquisition**

| | |
|---|---|
| Purchase price | 66.4 |
| Transaction costs | 1.4 |
| Net cash flow on acquisition | 67.8 |

Fair value of accounts receivables was EUR 2.6 million lower than book value at the date of acquisition due to impairment of doubtful receivables.

On May 12, 2015 Amer Sports acquired 100% of the shares in the company Sports Tracking Technologies Oy to strengthen its digital connectivity services and capabilities. Sports Tracker is a digital sports application and online service. It has a strong technology platform and capability, and it is a recognized digital service which is used globally. The purchase price was EUR 5.0 million. The fair value of the acquired net assets was EUR 4 million, which mainly comprised of the intangible assets, such as the customer register and technical know-how. In addition goodwill of EUR 1 million was recognized. The acquisition had no material impact on Amer Sports' 2015 financial results.

On July 21, 2015 Amer Sports strengthened its fitness product and service offering through the acquisition of Queenax. Queenax is a leading functional training systems provider. Queenax will be integrated into Precor, which is Amer Sports' Fitness business segment. The acquisition includes the Queenax brand as well as intellectual property and distribution rights, among others. Functional strength training is one of the fastest growing segments in the commercial fitness industry. The acquisition will enable Precor to offer its customers a complete functional training system and will further solidify Precor as a leading player in the global fitness equipment and services market. The purchase price was EUR 5.0 million, out of which EUR 4.5 million was paid in 2015. The fair value of acquired net assets was EUR 5.0 million, which was also the value allocated to goodwill. The purchase price allocation is preliminary. The acquisition had no material impact on Amer Sports 2015 financial results.

In March 2015, Amer Sports sold Nikita and Bonfire brands to CRN Pte Ltd. The sale price was EUR 1.0 million and received fully in cash. The combined net sales of Nikita and Bonfire in 2014 was EUR 9.8 million. The divestments had no material impact on Amer Sports' 2015 financial results.

There were no significant business acquisitions or company divestments in 2014.

## Assets held for sale in 2014

Assets held for sale reported in 2014 were intangible non-current assets of EUR 1.0 million and net inventories of EUR 2.5 million related to Nikita and Bonfire brands.

## 4. OTHER OPERATING INCOME

| EUR million | 2015 | 2014 |
|---|---|---|
| Rental return on real estate | 0.0 | 0.0 |
| Gain on sale of non-current assets | 0.1 | 0.4 |
| Other | 4.7 | 5.1 |
| Total | 4.8 | 5.5 |

## 5. EMPLOYEE BENEFITS

| EUR million | 2015 | 2014 |
|---|---|---|
| Wages and salaries | 386.6 | 337.6 |
| Social expenditure | | |
| Pensions - defined contribution plans | 13.0 | 10.5 |
| Pensions - defined benefit plans | 3.9 | 3.3 |
| Other social security | 78.7 | 77.8 |
| Total | 482.2 | 429.2 |

In countries where social expenditure paid to the government cannot be divided between pensions and other social security, the expenses are presented under the heading Other social security.

Salaries and other compensation of the management are presented in note 27.

## 6. PENSIONS

Pension security for Group companies is based on each country's local regulations and practices. The Group's most significant defined benefit pension plan is for Wilson Sporting Goods Co. (USA), whose present value of funded obligations is 61% (61) of the Group's total value. In addition to the USA, the Group has defined benefit pension plans in France, Switzerland, the UK, Germany and Japan. These are handled via pension funds or pension companies whose assets are not included in Group's assets. Contributions to the funds are made in accordance with local regulations. In the USA and the UK pension funds are closed, and new members are no longer admitted to them. The Group's other pension arrangements, such as the Finnish TyEL statutory employment pension, are mainly defined contribution plans.

The net liability recognized in the balance sheet relating to defined benefit pension plans is defined as follows:

| EUR million | 2015 | 2014 |
|---|---|---|
| Present value of funded obligations | 178.0 | 167.3 |
| Fair value of plan assets | –117.8 | –107.3 |
| Deficit | 60.2 | 60.0 |
| Impact of minimum funding requirement/ asset ceiling | - | - |
| Net liability in the balance sheet at December 31 | 60.2 | 60.0 |

The movement in the defined benefit obligation is as follows:

| EUR million | Present value of obligation | Fair value of plan asset | Total |
|---|---|---|---|
| At January 1, 2014 | 123.4 | –90.5 | 32.9 |
| Current service cost | 3.0 | - | 3.0 |
| Past service cost and gains and losses on settlements | 0.2 | - | 0.2 |
| Administration cost paid from plan assets | –0.4 | 0.5 | 0.1 |
| Interest expense/(income) | 6.1 | –4.9 | 1.2 |
| Cost recognized in income statement | 8.9 | –4.4 | 4.5 |
| Remeasurements: | | | |
| Return on plan assets, excluding amounts included in interest expenses/(income) | - | 0.8 | 0.8 |
| (Gain)/loss from change in demographic assumptions | 7.8 | - | 7.8 |
| (Gain)/loss from change in financial assumptions | 12.9 | - | 12.9 |
| Experience (gains)/losses | 5.0 | - | 5.0 |
| Remeasurements effects recognized in OCI | 25.7 | 0.8 | 26.5 |
| Contributions: | | | |
| Employers | –0.6 | –6.0 | –6.6 |
| Employees | 1.1 | –1.1 | 0.0 |
| Benefits paid from plan assets | –4.0 | 4.0 | 0.0 |
| Other changes | 0.8 | - | 0.8 |
| Exchange rate differences | 12.0 | –10.1 | 1.9 |
| At December 31, 2014 | 167.3 | –107.3 | 60.0 |

| EUR million | Present value of obligation | Fair value of plan asset | Total |
|---|---|---|---|
| At January 1, 2015 | **167.3** | **–107.3** | **60.0** |
| Current service cost | **4.1** | **-** | **4.1** |
| Past service cost and gains and losses on settlements | **–0.2** | **-** | **–0.2** |
| Administration cost paid from plan assets | **–0.8** | **0.8** | **0.0** |
| Interest expense (income) | **6.5** | **–4.6** | **1.9** |
| Cost recognized in income statement | **9.6** | **–3.8** | **5.8** |
| Remeasurements: | | | |
| Return on plan assets, excluding amounts included in interest expenses/(income) | **-** | **4.7** | **4.7** |
| (Gain)/loss from change in demographic assumptions | **0.3** | **-** | **0.3** |
| (Gain)/loss from change in financial assumptions | **–7.4** | **-** | **–7.4** |
| Experience (gains)/losses | **–1.0** | **-** | **–1.0** |
| Other changes | **0.4** | **0.1** | **0.5** |
| Remeasurements effects recognized in OCI | **–7.7** | **4.8** | **–2.9** |
| Contributions: | | | |
| Employers | **–0.4** | **–6.7** | **–7.1** |
| Employees | **0.8** | **–0.8** | **0.0** |
| Benefits paid from plan assets | **–6.9** | **6.9** | **0.0** |
| Exchange rate differences | **15.3** | **–10.9** | **4.4** |
| At December 31, 2015 | **178.0** | **–117.8** | **60.2** |

Principal actuarial assumptions:

| | 2015 | | | **2014** | | |
|---|---|---|---|---|---|---|
| % | USA | Europe | Japan | **USA** | **Europe** | **Japan** |
| Discount rate | **4.70–4.85** | **0.90–3.80** | **0.80** | 4.20–4.40 | 1.40–3.55 | 0.90 |
| Inflation | **2.25** | **1.00–3.20** | **0.00** | 2.25 | 1.00–3.10 | N/A |
| Future salary increases | **2.50** | **1.00–3.10** | **1.70** | 2.50 | 1.00–3.00 | 0.30 |
| Future pension increases | **0.00** | **0.00–2.20** | **0.00** | 0.00 | 0.00–2.10 | N/A |

Sensitivity analysis:

| % | Change in assumption | Impact on defined obligation |
|---|---|---|
| Discount rate | 0,25% decrease | 3.57 |
| Inflation rate | 0,25% increase | 0.51 |
| Mortality rate | 1 year increase in life expectancy | 1.90 |

Major categories of plan assets:

| EUR million | 2015 | **2014** |
|---|---|---|
| US equities | **12.1** | 10.4 |
| UK equities | **6.0** | 6.0 |
| Other equities | **11.4** | 10.0 |
| Corporate bonds | **17.1** | 16.0 |
| Government bonds | **65.9** | 57.6 |
| Commodities | **0.6** | 0.7 |
| Other including cash | **4.7** | 6.6 |

Through its defined pension plans Amer Sports is exposed to actuarial risks such as investment risk, interest rate risk, inflation risk and mortality risk.

The main risk is that additional contributions are required if investment returns are not sufficient to pay for the benefits. The level of equity returns is a key determinant of overall investment return; the investment portfolio is also subject to range of other risks typical to asset classes held.

A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase in plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased cost in income statement. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The estimated contributions to the pension plans during 2016 are EUR 7,7 million.

## 7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

**Depreciation and amortization by asset type**

| EUR million | 2015 | 2014 |
|---|---|---|
| Intangible rights | 3.4 | 2.5 |
| Other intangible assets | 5.8 | 6.4 |
| Buildings and constructions | 9.6 | 7.7 |
| Machinery and equipment | 32.3 | 28.2 |
| Total | 51.1 | 44.8 |

**Impairment losses by asset type**

| EUR million | 2015 | 2014 |
|---|---|---|
| Other intangible assets | - | 3.6 |
| Total | - | 3.6 |

In 2014 Amer Sports wrote down value of certain minor trademarks by EUR 3.6 million.

**Depreciation, amortization and impairment losses by function**

| EUR million | 2015 | 2014 |
|---|---|---|
| Cost of goods sold | 19.5 | 17.1 |
| Research and development | 3.1 | 2.1 |
| Selling and marketing | 12.8 | 11.1 |
| Administration and other expenses | 15.7 | 14.5 |
| Total | 51.1 | 44.8 |

Amer Sports brands are well known and established in their respective markets. Products sold under these brands have been available to customers for a long period of time and they have been used by top athletes for decades. Amer Sports focuses on brand awareness and on the quality and performance of the products sold under those brands. The brands will continue to generate positive cash flow, hence they are not subject to amortization.

Impairment tests of goodwill and other intangible rights with indefinite useful lives, such as trademarks, are performed when the management has identified indications of impairment or once a year when business areas' plans for the next three years are approved by the management in the last quarter.

Goodwill is monitored by management at Cash Generating Unit ("CGU") level, the level at which it and other intangible assets with indefinite lives are tested for impairment. The CGUs in Amer Sports are the following: Winter Sports Equipment, Salomon Apparel and Footwear, Arc'teryx Apparel and Gear, Cycling, Sports Instruments, Individual Ball Sports, Team Sports, Golf, and Fitness.

The impairment tests were calculated during the fourth quarter of 2015 on budgeted 2016 opening balances by comparing the carrying amount of the asset being tested to its recoverable amount. Recoverable amount is the higher of value-in-use ("VIU") and fair value less cost of selling. If the VIU indicates impairment, the fair value less cost to sell is calculated in order to determine recoverable amount. The VIU has been calculated using a discounted cash flow model method for each CGU based on the following assumptions:

- A five-year future period was used after which a perpetuity value was defined.
- First year is based on the approved budget and the next two years on the business areas' detailed business plans. The expected growth for the fourth and fifth year is zero.
- The perpetuity value is derived from a combination of estimate period and actual results using the Gordon model. The default perpetuity growth is 2% which is in line with the management's view on long-term inflation which is no growth in real terms. In some cases where management expects well above average growth after the estimate period, the growth rate may rise to 5%.
- Current cost structure is to remain unchanged.
- Discount rate is determined separately for the North America and European businesses and it has varied on the range of 6.90%–9.07% pre-tax (10.37); equal to 5.92%–5.96% post-tax (7.73). The main components of the discount rate were:

| | 2015 | 2014 |
|---|---|---|
| Risk Free Interest Rate Debt | 0.73% | 0.73% |
| Risk Free Interest Rate Equity | 1.32% | 1.61% |
| Equity Market Risk Premium | 5.11% | 6.64% |
| Asset Beta (Unlevered Beta) | 0.89 | 0.91 |
| Debt Risk Premium | 1.82% | 2.34% |
| Tax Rate | 27%–36% | 27%–36% |

The main change to discount rate arose from a drop in the equity market risk premium and lower debt risk premium.

Goodwill and other intangible rights with indefinite useful lives have been allocated to CGUs as described in the table below. The table also sets out the discount rates used per CGU:

| EUR million | Pre -tax discount rate, % | Goodwill 2015 | Goodwill 2014 | Intangible rights with indefinite useful lives 2015 | Intangible rights with indefinite useful lives 2014 |
|---|---|---|---|---|---|
| Outdoor | | | | | |
| Winter Sports Equipment | 7.5 | 11.7 | 11.7 | 87.8 | 86.0 |
| Salomon Apparel and Footwear | 7.7 | - | - | 66.2 | 63.4 |
| Arc'teryx Apparel and Gear | 6.9 | - | - | 7.9 | 8.5 |
| Cycling | 7.7 | - | - | 23.3 | 23.3 |
| Sports Instruments | 8.0 | 30.2 | 29.0 | - | - |
| Ball Sports | | | | | |
| Individual Ball Sports | 9.1 | 77.7 | 63.4 | - | - |
| Team Sports | 8.5 | 58.2 | 47.4 | 40.7 | - |
| Fitness | | | | | |
| Fitness | 8.5 | 168.4 | 153.5 | 2.6 | 2.4 |
| Total | 7.8 | 346.2 | 305.0 | 228.5 | 183.6 |

In 2015 and 2014, the value-in-use of goodwill and other intangible rights with indefinite useful lives of all CGUs exceeded their carrying amounts. The table below summarizes how a +/– 1–2%-point change in discount rate and/or in perpetuity growth would impact on the result of the impairment test in 2015:

| | –2% | –1% | Growth | 1% | 2% |
|---|---|---|---|---|---|
| –2% | 0 | 0 | 0 | 0 | 0 |
| –1% | 0 | 0 | 0 | 0 | 0 |
| Rate | 0 | 0 | 0 | 0 | 0 |
| 1% | 0 | 0 | 0 | 0 | 0 |
| 2% | 0 | 0 | 0 | 0 | 0 |

Based on the changes in the key variables used in the sensitivity analysis, the management estimates that it is unlikely that there is sensitivity on impairment.

The table below summarizes how a +/– 1–2%-point change in growth rate and/or in profitability in the 5 year estimate period would impact on the result of the impairment test in 2015:

| | –2% | –1% | Growth | 1% | 2% |
|---|---|---|---|---|---|
| 2% | 0 | 0 | 0 | 0 | 0 |
| 1% | 0 | 0 | 0 | 0 | 0 |
| EBIT-% | 0 | 0 | 0 | 0 | 0 |
| –1% | 0 | 0 | 0 | 0 | 0 |
| –2% | 0 | 0 | 0 | 0 | 0 |

Based on the changes in the key variables used in the sensitivity analysis, the management estimates that it is unlikely that there is significant sensitivity on impairment.

The results of the value-in-use calculations have been analyzed against the valuation reports prepared by industry analysts in various investment banks. The analysis shows that the results are in-line with the analysts' average estimates.

## 8. COMPENSATION OF AUDITORS

| EUR million | 2015 | 2014 |
|---|---|---|
| Statutory audit | **1.9** | 1.9 |
| Tax consulting | **0.5** | 0.3 |
| Other services | **0.1** | 0.2 |
| Total | **2.5** | 2.4 |

Amer Sports Corporation Annual General Meeting held on March 12, 2015 elected Authorised Public Accountants Ernst & Young Oy to act as auditor of the Company. The financial year 2014 was audited by Authorised Public Accountants PricewaterhouseCoopers Oy.

## 9. SHARE-BASED PAYMENT

In 2015, the Group had several share-based incentive arrangements which are targeted to Group key personnel. These have been accounted for in accordance with IFRS 2. According to the terms of the arrangements, the Group key employees are granted shares and a cash payment covering taxes and tax-related costs arising from the reward. In some arrangements, the reward is payable only in cash.

### Performance share plans 2010 and 2013

The performance share plan 2010 included six earning periods, the calendar years 2010, 2011 and 2012 and calendar years 2010–2012, 2011–2013 and 2012–2014. The Board of Directors decided on the earnings criteria and the targets to be established for them for each earning period at the beginning of each earning period. Rewards from the plan for the earning period 2010 were based on the Group's EBIT and rewards for the earning period 2010–2012 were based on the Group's total shareholder return. Rewards from the plan for the earning period 2011 were based on Group's EBIT and net sales and rewards for the earning period 2011–2013 were based on the Group's total shareholder return. Rewards from the plan for the earning period 2012 were based on the Group's EBIT and net sales and rewards for the earning period 2012–2014 were based on the Group's total shareholder return. For the six earning periods, Group's EBIT and net sales constituted 70% and total shareholder return 30% of the earnings criteria.

The performance share plan 2013 includes six earning periods as well: the calendar years 2013, 2014 and 2015 and calendar years 2013–2015, 2014–2016 and 2015–2017. The Board of Directors decides on the earnings criteria and the targets to be established for them for each earning period at the beginning of each earning period. Rewards from the plan for the earning period 2013 were based on the Group's EBIT and net sales and potential rewards for the earning period 2013–2015 will be based on the Group's total shareholder return. Rewards from the plan for the earning period 2014 were based on Group's EBIT and net sales. Potential rewards for the earning period 2014–2016 will be based on the Group's total shareholder return. Potential rewards from the plan for the earning period 2015 will be based on Group's EBIT and net sales. Potential rewards for the earning period 2015–2017 will be based on the Group's total shareholder return. For the ongoing earning periods, the weighting for the Group's EBIT and net sales totals 80% and total shareholder return 20%.

A prerequisite for participation by key personnel in the plans and for receiving rewards on the basis of the plans is that they must acquire company shares. In 2015, as a reward for meeting this condition, 31,649 shares were transferred to new key personnel participating in the performance share plan (2014: 43,720).

Potential rewards from the earning periods will be paid partly in company's shares and partly in cash. Cash payments will equal to taxes and tax-related costs which arise from the reward to key personnel. The amount of net rewards to be paid on the basis of the performance share plan 2010 will be a maximum total of 1,000,000 Amer Sports Corporation shares. The amount of net rewards to be paid on the basis of the performance share plan 2013 will be a maximum total of 1,400,000 Amer Sports Corporation shares. In 2014, 246,656 shares were transferred to key personnel in relation to the earning period 2013, and 77,370 shares in relation to the earning period 2011–2013. In 2015, 134,126 shares were transferred to key personnel in relation to the earning period 2014, and 72,870 shares in relation to the earning period 2012–2014. Shares awarded in connection with the earning periods 2013, 2014 and 2015 may not be transferred during the restriction periods ending on December 31, 2015, December 31, 2016, and December 31, 2017 respectively.

In 2014, 16,197 shares and in 2015, 35,540 shares granted as share-based incentives based on the performance share plan were returned to Amer Sports Corporation in accordance with the terms of the incentive plan as employment ended.

Members of the Group Executive Board must hold 50% of the shares they receive on the basis of incentive plans as long as the value of the shares held by the member of the Executive Board in total corresponds to the person´s annual gross salary.

The performance share plan 2010 was directed at approximately 60 people and the performance share plan 2013 at approximately 200 people, including the members of the Group Executive Board. At the end of 2015, 50 people were covered by the performance share plan 2010 for earning period 2012–2014. 70 people participated in the performance share plan 2013 for the earning period 2013–2015, 194 people for the earning periods 2014 and 2014–2016 and 231 people for earnings periods 2015 and 2015–2017.

Performance share plan has been measured at fair value at grant date. The cash payment intended to cover the tax consequences has been calculated using the share market price on the date of conveying the shares. The cash payment accrued relating to shares not yet conveyed has been revalued at the share market price prevailing on the closing date.

## Restricted stock plan 2013

In restricted stock plans, potential rewards will be based on continuation of employment. Potential rewards from the earning periods will be paid partly as the company's shares and partly in cash. Cash payments will equal to taxes and tax-related costs incurring by a result of receiving a reward.

The restricted stock plan 2013 includes three earning periods: calendar years 2013, 2014 and 2015. Shares may not be transferred during the restriction periods, which will end on December 31, 2015, December 31, 2016 and December 31, 2017 respectively. The amount of net rewards to be paid on the basis of the restricted stock plan 2013 will be a maximum total of 300,000 Amer Sports Corporation shares. In 2014 and in relation to earning period 2013, 88,500 shares were transferred to key employees participating in this plan. In 2015 and in relation to earning period 2014, 83,600 shares were transferred.

In 2014, 12,000 shares and in 2015, 14,300 shares granted as share-based incentives in the restricted stock plan were returned to Amer Sports Corporation in accordance with the terms of the incentive plan as employment ended.

At the end of 2015, 65 people were covered by the restricted stock plan for the earning period 2015.

The members of the Group Executive Board must hold 50% of the shares they receive on the basis of incentive plans as long as the value of the shares held by the member of the Executive Board in total corresponds to the person's annual gross salary.

Restricted stock plan has been measured at fair value at grant date. The cash payment intended to cover the tax consequences has been calculated using the share market price on the date of conveying the shares. The cash payment accrued relating to shares not yet conveyed has been revalued at the share market price prevailing on the closing date.

## Deferred cash long-term incentive plans

Deferred cash long-term incentive programs seeks to elicit commitment from key executives. The programs encourage the achievement of the annual targets and long-term shareholder value. The results are tied to the three-year trend in shareholder value. The rewards are payable in cash in the same currency as the salary and the payments are subject to taxes and other deductions under applicable laws. At the end of 2015, 101 employees were within the scope of the program for 2011–2013 (2014: 137).

The key conditions and assumptions used in the determination of the fair value of the arrangements are presented in the table below:

| | Performance share plan and restricted stock plans 2013 | | | **Performance share plan and restricted stock plans 2010** | | |
|---|---|---|---|---|---|---|
| | 2015 | **2014** | **2013** | **2012** | **2011** | **2010** |
| Grant date | **Feb 2/March 12, 2015** | Jan 28/March 7, 2014 | Jan 31/March 8,2013 | Jan 31/March 8, 2012 | Feb 4/March 14,2011 | March 31, 2010 |
| Number of instruments granted | **528,247/–257,419** | 530,715/–112,116 | 475,532/–224,866 | 403,060/–19,950 | 397,800/12,198 | 408,700 |
| Fair value at grant date, EUR | **18.13** | 14.62 | 11.64 | 9.76 | 9.83/8.75 | 8.75 |
| Vesting period, years | **3** | 3 | 3 | 3 | 3 | 3 |
| Returned shares | **49,840** | 28,197 | 29,198 | 6,409 | - | - |
| Fair value per instrument at grant date, EUR | **18.13** | 14.62 | 11.64 | 9.76 | 9.83/8.75 | 8.75 |

| **EUR million** | 2015 | **2014** |
|---|---|---|
| Expense of share-based incentive schemes recognized in earnings | **10.1** | 6.1 |
| Accrual of cash component of share-based incentive schemes | **4.0** | 3.4 |
| Expense of deferred cash long-term incentive plans recognized in earnings | **3.5** | 1.5 |
| Accrual of deferred cash long-term incentive plans | **6.0** | 5.2 |

## 10. FINANCING INCOME AND EXPENSES

| EUR million | 2015 | 2014 |
|---|---|---|
| Interest income | 1.1 | 0.4 |
| Interest expenses | | |
| Interest expenses on bonds | –17.3 | –18.8 |
| Interest expenses on commercial papers | –0.1 | –0.5 |
| Interest expenses on loans from financial institutions | –1.1 | –1.3 |
| Other interest expenses | –11.2 | –8.4 |
| Total interest expenses | –29.7 | –29.0 |
| Change in fair value of derivative instruments not used in hedge accounting | –1.0 | –3.3 |
| Exchange rate losses | –5.4 | –2.7 |
| Other financing expenses | –1.1 | –2.5 |
| Uneffectiveness of cash flow hedges | 0.0 | 0.0 |
| Total | –36.1 | –37.1 |

## 11. INCOME TAXES

| EUR million | 2015 | 2014 |
|---|---|---|
| Current taxes | 36.3 | 20.0 |
| Taxes for prior periods | 1.5 | –1.9 |
| Deferred taxes | 8.6 | 3.5 |
| Total | 46.4 | 21.6 |

| EUR million | 2015 | 2014 |
|---|---|---|
| Current taxes: | | |
| EMEA | 18.0 | 8.5 |
| Americas | 3.8 | –0.4 |
| Asia Pacific | 16.0 | 10.0 |
| Total | 37.8 | 18.1 |
| Thereof for prior periods | 1.5 | –1.9 |
| Deferred taxes | 8.6 | 3.5 |
| Total | 46.4 | 21.6 |

Reconciliation between income taxes at local tax rates in different countries and the total tax expense in the income statement:

| EUR million | 2015 | 2014 |
|---|---|---|
| Taxes at local rates applicable to earnings in countries concerned | 45.6 | 18.9 |
| Permanent differences | –1.3 | 2.0 |
| Realisability of deferred tax assets | 3.3 | 6.6 |
| Changes in tax rates and tax laws | 0.4 | –0.6 |
| Taxes for prior periods | 1.5 | –1.9 |
| Tax credits | –3.1 | –3.4 |
| Taxes recognized in the income statement | 46.4 | 21.6 |
| | | |
| Effective tax rate, % | 27.6 | 28.1 |

Certain of the Group companies' income tax returns for prior periods are under examination by tax authorities. Even though the Group does not expect that any significant additional taxes in excess of those already provided for will arise as a result of the examinations, it cannot be excluded that final resolutions of open items may differ from the amounts initially recorded.

The Group classifies interest on tax claims as interest expense and income tax penalties as provision for income taxes.

The reconciliation of deferred tax assets and liabilities is presented in note 15.

## 12. EARNINGS PER SHARE

| | 2015 | 2014 |
|---|---|---|
| Net result attributable to equity holders of the parent company, EUR million | 121.6 | 55.4 |
| Net result for the calculation of earnings per share, EUR million | 121.6 | 55.4 |
| | | |
| Weighted average number of shares outstanding during the period (1,000 pcs) | 117,314 | 117,697 |
| Earnings per share, EUR | 1.04 | 0.47 |
| Earnings per share, excluding non-recurring items, EUR | 1.09 | 0.80 |
| | | |
| Weighted average number of shares outstanding during the period, diluted (1,000 pcs) | 117,913 | 118,323 |
| Earnings per share, diluted, EUR | 1.03 | 0.47 |
| Earnings per share, diluted, excluding non-recurring items, EUR | 1.08 | 0.79 |

## 13. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

| EUR million | Intangible rights | Goodwill | Other intangible assets | Land and water | Buildings and constructions | Machinery and equipment | Other tangible assets | Advances paid and construction in progress |
|---|---|---|---|---|---|---|---|---|
| Initial cost, January 1, 2015 | 232.9 | 400.3 | 69.0 | 14.5 | 136.7 | 366.0 | 0.4 | 6.6 |
| Additions | 3.2 | - | 25.8 | - | 6.7 | 26.1 | - | 15.5 |
| Company acquisitions | 46.2 | 18.5 | 2.0 | - | - | - | - | - |
| Company divestments and disposals | - | - | - | - | –0.3 | –3.9 | - | - |
| Transfers | 1.5 | - | 3.7 | –0.1 | –0.3 | 20.1 | –0.1 | –12.1 |
| Translation differences | 4.2 | 30.2 | 2.2 | 0.4 | 5.4 | 9.7 | - | 0.3 |
| Balance, December 31, 2015 | 288.0 | 449.0 | 102.7 | 14.8 | 148.2 | 418.0 | 0.3 | 10.3 |
| Accumulated depreciation and impairment losses, January 1, 2015 | 43.9 | 95.3 | 53.3 | 0.0 | 80.9 | 269.3 | 0.0 | 0.0 |
| Depreciation during the period | 3.2 | - | 6.0 | - | 9.6 | 32.3 | - | - |
| Company divestments and disposals | - | - | - | - | –0.1 | –3.4 | - | - |
| Transfers | –0.5 | - | –0.2 | - | –3.8 | –10.7 | - | - |
| Translation differences | 0.9 | 7.5 | 2.0 | - | 3.7 | 7.1 | - | - |
| Balance, December 31, 2015 | 47.5 | 102.8 | 61.1 | 0.0 | 90.3 | 294.6 | 0.0 | 0.0 |
| Balance sheet value, December 31, 2015 | 240.5 | 346.2 | 41.6 | 14.8 | 57.9 | 123.4 | 0.3 | 10.3 |
| Carrying amount of finance leases included | - | - | - | - | - | 21.5 | - | - |

Accumulated impairment losses of goodwill at January 1, 2015 totaled EUR 16.5 million.

Additions in other intangible assets include EUR 21.9 million of capitalized product development expenses including investments in the new platforms for connected devices and digital services.

| EUR million | Intangible rights *) | Goodwill | Other intangible assets | Land and water | Buildings and constructions | Machinery and equipment | Other tangible assets | Advances paid and construction in progress |
|---|---|---|---|---|---|---|---|---|
| Initial cost, January 1, 2014 | 234.3 | 368.9 | 58.9 | 14.0 | 121.5 | 337.4 | 1.3 | 12.9 |
| Additions | 0.3 | - | 2.8 | 0.1 | 8.6 | 26.1 | - | 13.5 |
| Company acquisitions | - | - | - | - | - | - | - | - |
| Company divestments and disposals | - | - | - | - | –0.1 | –1.5 | - | - |
| Transfers | –6.8 | - | 5.7 | - | 1.3 | –4.5 | –0.9 | –20.4 |
| Translation differences | 5.1 | 31.4 | 1.6 | 0.4 | 5.4 | 8.5 | - | 0.6 |
| Balance, December 31, 2014 | 232.9 | 400.3 | 69.0 | 14.5 | 136.7 | 366.0 | 0.4 | 6.6 |
| Accumulated depreciation and impairment losses, January 1, 2014 | 42.8 | 87.7 | 45.4 | 0.0 | 69.8 | 248.9 | 0.1 | 0.0 |
| Depreciation during the period | 2.5 | - | 6.4 | - | 7.7 | 28.2 | - | - |
| Company divestments and disposals | - | - | - | - | –0.1 | –1.6 | - | - |
| Transfers | –2.3 | - | - | - | –0.5 | –13.5 | –0.1 | - |
| Translation differences | 0.9 | 7.6 | 1.5 | - | 4.0 | 7.3 | - | - |
| Balance, December 31, 2014 | 43.9 | 95.3 | 53.3 | 0.0 | 80.9 | 269.3 | 0.0 | 0.0 |
| Balance sheet value, December 31, 2014 | 189.0 | 305.0 | 15.7 | 14.5 | 55.8 | 96.7 | 0.4 | 6.6 |
| Carrying amount of finance leases included | - | - | - | - | - | 0.6 | - | - |

Accumulated impairment losses of goodwill at January 1, 2014 totaled EUR 14.5 million.

*) Transfers of intangible assets include impairment losses of EUR 3.6 million related to Nikita and Bonfire trademarks and transfer of EUR 1.0 million to assets held for sale.

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS AND CASH AND CASH EQUIVALENTS

Available-for-sale financial assets, EUR 0.4 million (0.3), consist in their entirety of shares in unlisted companies and real estate shares. They are measured at fair value.

Cash and cash equivalents, EUR 331.4 million (240.2), include cash in hand EUR 298.4 million, short-term deposits EUR 20.0 million and restricted cash EUR 13.0 million.

## 15. DEFERRED TAX ASSETS AND LIABILITIES

| EUR million | Jan 1, 2015 | Charge in income statement | Translation differences | Charged to OCI | Acquired and sold operations | Dec 31, 2015 |
|---|---|---|---|---|---|---|
| Deferred tax assets: | | | | | | |
| Provisions | 24.2 | 0.1 | 0.2 | - | - | 24.5 |
| Carryforward of unused tax losses | 42.2 | –12.3 | 0.1 | - | - | 30.0 |
| Employee benefits | 23.1 | 2.8 | 4.1 | –1.4 | - | 28.6 |
| Impairment | 3.8 | 0.2 | 0.2 | - | - | 4.2 |
| Other temporary differences | 29.8 | –4.5 | –0.1 | - | - | 25.2 |
| Total | 123.1 | –13.7 | 4.5 | –1.4 | - | 112.5 |
| | | | | | | |
| Deferred tax liabilities: | | | | | | |
| Fair value adjustments | –11.6 | 8.5 | 0.5 | –0.5 | - | –3.1 |
| Depreciation differences | –26.8 | –4.0 | 0.1 | - | –0.7 | –31.4 |
| Other temporary differences | –3.2 | 0.6 | 0.2 | - | - | –2.4 |
| Total | –41.6 | 5.1 | 0.8 | –0.5 | –0.7 | –36.9 |
| | | | | | | |
| Net deferred tax assets | 81.5 | –8.6 | 5.3 | –1.9 | –0.7 | 75.6 |

| | |
|---|---|
| Deferred taxes recognized in the balance sheet at December 31, 2015: | |
| Deferred tax assets | 116.2 |
| Deferred tax liabilities | 40.6 |

| EUR million | Jan 1, 2014 | Charge in income statement | Translation differences | Charged to OCI | Acquired and sold operations | Dec 31, 2014 |
|---|---|---|---|---|---|---|
| Deferred tax assets: | | | | | | |
| Provisions | 21.7 | 2.5 | - | - | - | 24.2 |
| Carryforward of unused tax losses | 47.0 | –4.8 | - | - | - | 42.2 |
| Employee benefits | 15.1 | –1.3 | 0.8 | 8.5 | - | 23.1 |
| Impairment | 5.6 | –1.8 | - | - | - | 3.8 |
| Other temporary differences | 23.2 | 6.7 | –0.1 | - | - | 29.8 |
| Total | 112.6 | 1.3 | 0.7 | 8.5 | - | 123.1 |
| | | | | | | |
| Deferred tax liabilities: | | | | | | |
| Fair value adjustments | 0.9 | 0.6 | - | –13.1 | - | –11.6 |
| Depreciation differences | –21.7 | –5.0 | –0.1 | - | - | –26.8 |
| Other temporary differences | –2.8 | –0.4 | - | - | - | –3.2 |
| Total | –23.6 | –4.8 | –0.1 | –13.1 | - | –41.6 |
| | | | | | | |
| Net deferred tax assets | 89.0 | –3.5 | 0.6 | –4.6 | - | 81.5 |

| | |
|---|---|
| Deferred taxes recognized in the balance sheet at December 31, 2014: | |
| Deferred tax assets | 101.5 |
| Deferred tax liabilities | 20.0 |

At December 31, 2015 there were unused tax losses carried forward and other temporary differences of EUR 33.1 million (52.7) for which no deferred tax assets were recognized. The unrecognized deferred tax assets at December 31, 2015 totaled EUR 10.0 million (16.1). No deferred tax asset has been recognized since the utilization of losses in full in the near future is not probable or the losses have been created in countries where the possibilities for their utilization are limited.

No deferred tax liabilities of the retained earnings of foreign subsidiaries have been recognized. The distribution of dividend from the subsidiaries is under control of the Group and no plans that could lead to income tax consequences are probable in the near future.

## 16. VALUATION PROVISIONS OF INVENTORIES AND ACCOUNTS RECEIVABLE

| EUR million | 2015 | 2014 |
|---|---|---|
| Impairment losses of accounts receivable | 15.7 | 10.1 |
| Net realizable value valuation provision | 27.2 | 36.7 |

**Aging analysis of accounts receivable and amounts recognized as impairment losses**

| EUR million | 2015 | Impairment losses | Net 2015 | 2014 | Impairment losses | Net 2014 |
|---|---|---|---|---|---|---|
| Undue accounts receivable | 473.4 | - | 473.4 | 461.8 | - | 461.8 |
| Accounts receivable 1–30 days overdue | 49.6 | - | 49.6 | 49.3 | - | 49.3 |
| Accounts receivable 31–60 days overdue | 19.3 | - | 19.3 | 16.2 | - | 16.2 |
| Accounts receivable 61–90 days overdue | 10.1 | - | 10.1 | 7.3 | - | 7.3 |
| Accounts receivable 91–120 days overdue | 7.3 | - | 7.3 | 3.6 | - | 3.6 |
| Accounts receivable more than 120 days overdue | 19.9 | –15.7 | 4.2 | 15.2 | –10.1 | 5.1 |
| Total | 579.6 | –15.7 | 563.9 | 553.4 | –10.1 | 543.3 |

## 17. PREPAID EXPENSES AND OTHER RECEIVABLES

| EUR million | 2015 | 2014 |
|---|---|---|
| Prepaid interest | 12.0 | 6.6 |
| Prepaid advertising and promotion | 5.1 | 4.3 |
| Other tax receivables | 18.0 | 20.5 |
| Accrued employee benefits | 10.3 | 3.6 |
| Derivative instruments | 101.7 | 54.8 |
| Other receivables | 56.0 | 60.4 |
| Total | 203.1 | 150.2 |

## 18. SHAREHOLDERS' EQUITY

| EUR million | Number of shares | Share capital | Premium fund | Invested unrestricted equity reserve |
|---|---|---|---|---|
| January 1, 2014 | 118,517,285 | 292.2 | 12.1 | 156.7 |
| Transfer of own shares | - | - | - | 6.4 |
| December 31, 2014 | 118,517,285 | 292.2 | 12.1 | 163.1 |
| December 31, 2015 | 118,517,285 | 292.2 | 12.1 | 163.1 |

The articles of association of Amer Sports Corporation does not restrict the number of shares that can be issued.

### Premium fund
The premium fund is used for recognizing the payments for share subscriptions received in excess of the par value (EUR 4.00 per share) before the 2009 share issue.

### Fund for own shares
Fund for own shares includes the cost of own shares held by the Group (Dec 31, 2015: EUR 18.1 million or 1,176,673 shares; Dec 31, 2014: EUR 20.2 million or 1,415,112 shares). At Dec 31, 2015 Amer Sports Corporation held 1,176,673 own shares (1,404,187) and its fully owned subsidiary Amer Sports International Oy 0 shares (10,925).

### Translation differences
Translation differences comprise the differences arising from the elimination of net investments in non-euro entities.

### Fair value and other reserves
Fair value and other reserves include changes in the fair values of available-for-sale financial assets and derivative financial instruments used for hedging interest and foreign currency cash flows.

### Invested unrestricted equity reserve
Invested unrestricted equity reserve contains the subscription proceeds from a share issue to the extent that it is not, in accordance with an explicit decision of the shareholders, booked to the share capital.

### Amount of dividends proposed
Dividend proposed by the Board of Directors for the financial year is EUR 0.55 (0.45) per share. Total dividends amount to EUR 65.2 million (52.8).

## 19. INTEREST-BEARING LIABILITIES

| | Outstanding | Repayments | | | | | |
|---|---|---|---|---|---|---|---|
| **EUR million** | **Dec 31, 2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021 and after** |
| Bonds | **688.5** | **154.4** | - | **165.5** | - | **208.7** | **159.9** |
| Loans from financial institutions | **81.4** | - | **0.0** | **30.4** | **50.4** | **0.4** | **0.2** |
| Pension loans | - | - | - | - | - | - | - |
| Other interest-bearing liabilities | **21.8** | **2.8** | **2.6** | **2.5** | **2.4** | **2.3** | **9.2** |
| Total | **791.7** | **157.2** | **2.6** | **198.4** | **52.8** | **211.4** | **169.3** |

| | Outstanding | Repayments | | | | | |
|---|---|---|---|---|---|---|---|
| **EUR million** | **Dec 31, 2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020 and after** |
| Bonds | 459.9 | 150.0 | 153.3 | 0.0 | 156.6 | 0.0 | - |
| Loans from financial institutions | 80.9 | 0.6 | 0.3 | 0.0 | 80.0 | - | - |
| Pension loans | 2.9 | 2.9 | - | - | - | - | - |
| Other interest-bearing liabilities | 0.1 | - | - | - | - | - | 0.1 |
| Total | 543.8 | 153.5 | 153.6 | 0.0 | 236.6 | 0.0 | 0.1 |

#### INTEREST-BEARING CURRENT LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Commercial papers | 0.0 | 114.5 |
| Current repayments of long-term loans | 154.4 | 153.5 |
| Other interest-bearing current liabilities | 2.8 | 1.0 |
| Total | 157.2 | 269.0 |

#### INTEREST-BEARING LIABILITIES AT FAIR VALUE

| | 2015 | | 2014 | |
|---|---|---|---|---|
| EUR million | Carrying amount | Fair value | Carrying amount | Fair value |
| Bonds | 688.5 | 680.6 | 459.9 | 446.9 |
| Loans from financial institutions | 81.4 | 81.4 | 80.9 | 80.9 |
| Pension loans | - | - | 2.9 | 2.8 |
| Commercial papers | - | - | 114.5 | 114.5 |
| Other interest-bearing liabilities | 21.8 | 21.8 | 1.1 | 1.1 |
| Total | 791.7 | 783.8 | 659.3 | 646.2 |

Fair values have been calculated by discounting future cash flows at market-determined interest rates at the end of the financial period.

#### FINANCE LEASE LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Finance lease liabilities are due as follows: | | |
| Not later than one year | 2.9 | 0.3 |
| Later than one year but not later than five years | 10.0 | 0.3 |
| Later than five years | 8.6 | - |
| Total minimum lease payments | 21.5 | 0.6 |

Present value of minimum lease payments is not materially different from their carrying amount.

## 20. ACCRUED LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Accrued personnel costs | 116.0 | 106.2 |
| Accrued discounts and rebates | 19.2 | 14.4 |
| Accrued interest | 16.5 | 14.9 |
| Accrued rent | 2.3 | 3.7 |
| Accrued advertising and promotion | 10.9 | 9.4 |
| Value added tax | 23.7 | 16.1 |
| Payables related to derivatives | 56.8 | 33.7 |
| Other accrued liabilities | 101.8 | 82.7 |
| Total | 347.2 | 281.1 |

## 21. PROVISIONS

| EUR million | Product warranty | Restruc-turing | Environ-mental | Other | Total |
|---|---|---|---|---|---|
| Balance at January 1, 2015 | 22.9 | 8.5 | 0.6 | 4.3 | 36.3 |
| Translation differences | 1.2 | 0.1 | 0.1 | 0.2 | 1.6 |
| Reclassification from accrued liabilities | - | - | - | 3.0 | 3.0 |
| Provisions made during the year | 10.3 | 0.7 | - | 1.4 | 12.4 |
| Company acquisitions | 1.0 | - | - | - | 1.0 |
| Provisions used during the year | –9.3 | –5.0 | –0.2 | –1.0 | –15.5 |
| Provisions reversed during the year | –0.9 | –0.1 | - | –0.9 | –1.9 |
| Balance at December 31, 2015 | 25.2 | 4.2 | 0.5 | 7.0 | 36.9 |

| | |
|---|---|
| Current provisions | 34.4 |
| Long-term provisions | 2.5 |
| Total | 36.9 |

The most important regular provisions are due to the repair or replacement of products during their warranty period. In material terms warranty provisions are realized in the following year. In Fitness business some extended warranty periods are granted to customers. Extended warranties expected to realise after one year are presented under long-term provisions and they were EUR 1.4 million at the 2015 period end.

Restructuring provisions related to 2014 restructuring program are fully booked.

The Group has long-term environmental provisions in USA.

Other provisions include e.g. buyback provisions of Fitness business and asset retirement obligations of some leased premises.

## 22. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Share-based incentive schemes | 0.2 | 2.2 |
| One-time costs | 0.3 | 9.2 |
| Gains and losses on sale of non-current assets | –0.1 | –0.5 |
| Impairment losses | - | 3.6 |
| Total | 0.4 | 14.5 |

## 23. OPERATING LEASE COMMITMENTS

| EUR million | 2015 | 2014 |
|---|---|---|
| The future minimum payments of non-cancellable operating leases: | | |
| Not later than one year | 45.4 | 40.5 |
| Later than one year but not later than five years | 101.6 | 83.6 |
| Later than five years | 41.2 | 24.0 |
| Total | 188.2 | 148.1 |
| | | |
| Total rent expense of non-cancellable operating leases recognized in the income statement | 47.9 | 37.2 |

Non-cancellable rental agreements are primarily related to the office, shop and production premises rented by the Group.

## 24. CONTINGENT LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| Guarantees | 33.8 | 24.2 |
| Other contingent liabilities | 69.4 | 71.4 |

Other contingent liabilities are primarily due to long-term endorsement contracts with several professional and other leagues, particularly in the United States, and athlete contracts.

There are no guarantees or contingencies given for the management of the Group, for the shareholders, or for the associated companies.

### Ongoing litigations

The Group has extensive international operations and is involved in a number of legal proceedings, including product liability suits. The Group does not expect the outcome of any legal proceedings currently pending to have materially adverse effect upon its consolidated results or financial position.

## 25. PRINCIPAL GROUP COMPANIES AT DECEMBER 31, 2015

| | Group holding, % |
|---|---|
| Amer Sports Austria GmbH, Bergheim bei Salzburg, Austria | 100 |
| Amer Sports Canada Inc., British Columbia, Canada | 100 |
| Amer Sports Corporation, Helsinki, Finland | |
| Amer Sports Deutschland GmbH, Garching, Germany | 100 |
| Amer Sports Europe Services GmbH, Garching, Germany | 100 |
| Amer Sports European Center AG, Geneva, Switzerland | 100 |
| Amer Sports France S.A.S., Villefontaine, France | 100 |
| Amer Sports Japan, Inc., Tokyo, Japan | 100 |
| Amer Sports Sourcing Ltd, Hong Kong, China | 100 |
| Amer Sports UK Limited, Irvine, UK | 100 |
| Amer Sports Winter & Outdoor Company, Ogden, USA | 100 |
| Atomic Austria GmbH, Altenmarkt, Austria | 100 |
| Mavic S.A.S., Annecy, France | 100 |
| Precor Incorporated, Woodinville, USA | 100 |
| Salomon S.A.S., Annecy, France | 100 |
| Suunto Oy, Vantaa, Finland | 100 |
| Wilson Sporting Goods Co., Chicago, USA | 100 |
| ZAO Amer Sports, Moscow, Russia | 100 |

A complete list of Amer Sports' subsidiaries is included in statutory accounts of Amer Sports Corporation. Group had no associated companies at December 31, 2015.

## 26. FAIR VALUE AND OTHER RESERVES

| EUR million | |
|---|---|
| Balance at January 1, 2015 | 41.6 |
| Gains and losses deferred to shareholders' equity | |
| Hedging of operating cash flows | –27.9 |
| Hedging of interest cash flows | 5.0 |
| Gains and losses recognized in the income statement | |
| Hedging of operating cash flows | 31.0 |
| Hedging of interest cash flows | –5.4 |
| Deferred taxes | –0.5 |
| Balance at December 31, 2015 | 43.8 |
| | |
| Balance at January 1, 2014 | –8.3 |
| Gains and losses deferred to shareholders' equity | |
| Hedging of operating cash flows | 30.4 |
| Hedging of interest cash flows | –1.6 |
| Gains and losses recognized in the income statement | |
| Hedging of operating cash flows | 36.1 |
| Hedging of interest cash flows | –1.9 |
| Deferred taxes | –13.1 |
| Balance at December 31, 2014 | 41.6 |

## 27. RELATED PARTY TRANSACTIONS

Related parties include the parent company, subsidiaries (note 25), the Board of Directors and the Executive Board.

Key management includes the Board of Directors and the Executive Board. Salaries and remuneration paid to key management is shown below:

| EUR million | 2015 | 2014 |
|---|---|---|
| Salaries and remuneration of the Board of Directors | 0.5 | 0.4 |
| Salaries and remuneration of the Executive Board (excluding President and CEO) | 9.7 | 10.2 |
| Annual Salaries of the President and CEO | 0.7 | 0.6 |
| Annual and long-term incentives of the President and CEO | 0.8 | 1.1 |
| Total | 11.7 | 12.3 |
| Cumulative expenses, President and CEO | 0.5 | 0.6 |
| Total | 12.2 | 12.9 |

Compensation recognized in earnings:

| EUR million | 2015 | 2014 |
|---|---|---|
| Salaries and other short-term employee benefits | 5.9 | 5.5 |
| Post-employment benefits | 0.3 | 0.3 |
| Share-based payments | 3.3 | 3.7 |
| Total | 9.5 | 9.5 |

40% of the annual remuneration to the Board of Directors is paid in shares and 60% in cash.

Members of the Board of Directors do not have contractual retirement benefits with the company.

The terms and conditions of the President and CEO's employment are defined in a written executive agreement that has been approved by the Board of Directors. Both the company and the President and CEO must provide six months' notice to terminate the President and CEO's employment contract. Should the company give the President and CEO notice of termination, the company must pay severance payment equal to twelve months of total annual gross salary. The President and CEO participates in the standard local statutory pension system and may retire at the age of 65. In 2015, the expense for post-employment benefits was EUR 0.1 million (0.1).

In 2015 EUR 0.4 million (0.6) of the salaries and remuneration paid to the President and CEO was paid in shares.

No loans have been granted to the Group's management.

### Shares held by management

Amer Sports Board of Directors held a total of 2,786,567 Amer Sports Corporation shares as of December 31, 2015 (December 31, 2014: 2,778,791), or 2.4% (2.3) of the outstanding shares and votes.

Amer Sports Executive Board (including the President and CEO) owned a total of 790,776 Amer Sports Corporation shares on December 31, 2015 (December 31, 2014: 650,053), representing 0.7% (0.5) of the shares and votes.

Incentive plans are described in note 9. The members of the company's Board of Directors are not included in the Group's incentive plans.

## 28. BALANCE SHEET VALUES OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

| 2015<br>EUR million | Financial assets/ liabilities at fair value through income statement | Derivative financial instruments used in hedge accounting | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortized cost | Carrying amount by balance sheet item | Fair value |
|---|---|---|---|---|---|---|---|
| **NON-CURRENT FINANCIAL ASSETS** | | | | | | | |
| Other non-current financial assets | | | 4.9 | 0.4 | | 5.3 | 5.3 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | | 6.4 | | | | 6.4 | 6.4 |
| Interest rate derivatives and cross currency swaps | 4.4 | 0.2 | | | | 4.6 | 4.6 |
| **CURRENT FINANCIAL ASSETS** | | | | | | | |
| Accounts receivable | | | 563.9 | | | 563.9 | 563.9 |
| Loans receivable | | | | | | 0.0 | 0.0 |
| Other non-interest yielding receivables *) | | | 83.4 | | | 83.4 | 83.4 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | 35.9 | 61.4 | | | | 97.3 | 97.3 |
| Interest rate derivatives and cross currency swaps | | 0.0 | | | | 0.0 | 0.0 |
| Cash and cash equivalents | | | 331.4 | | | 331.4 | 331.4 |
| Balance sheet values by category at December 31, 2015 | 40.3 | 68.0 | 983.6 | 0.4 | | 1,092.3 | 1,092.3 |
| **LONG-TERM FINANCIAL LIABILITIES** | | | | | | | |
| Long-term interest-bearing liabilities | | | | | 634.5 | 634.5 | 630.4 |
| Other long-term liabilities | | | | | 6.2 | 6.2 | 6.2 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | | 0.5 | | | | 0.5 | 0.5 |
| Interest rate derivatives and cross currency swaps | 8.9 | 5.3 | | | | 14.2 | 14.2 |
| **CURRENT FINANCIAL LIABILITIES** | | | | | | | |
| Current interest-bearing liabilities | | | | | 157.2 | 157.2 | 153.4 |
| Accounts payable | | | | | 275.7 | 275.7 | 275.7 |
| Other current liabilities **) | | | | | 264.6 | 264.6 | 264.6 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | 34.2 | 6.9 | | | | 41.1 | 41.1 |
| Interest rate derivatives and cross currency swaps | 5.1 | 2.5 | | | | 7.6 | 7.6 |
| Balance sheet values by category at December 31, 2015 | 48.2 | 15.2 | | | 1,338.2 | 1,401.6 | 1,393.7 |

| 2014<br>EUR million | Financial assets/ liabilities at fair value through income statement | Derivative financial instruments used in hedge accounting | Loans and other receivables | Available-for-sale financial assets | Financial liabilities measured at amortized cost | Carrying amount by balance sheet item | Fair value |
|---|---|---|---|---|---|---|---|
| **NON-CURRENT FINANCIAL ASSETS** | | | | | | | |
| Other non-current financial assets | | | 4.0 | 0.3 | | 4.3 | 4.3 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | | 17.0 | | | | 17.0 | 17.0 |
| Interest rate derivatives and cross currency swaps | 4.9 | 0.5 | | | | 5.4 | 5.4 |
| **CURRENT FINANCIAL ASSETS** | | | | | | | |
| Accounts receivable | | | 543.3 | | | 543.3 | 543.3 |
| Loans receivable | | | 1.7 | | | 1.7 | 1.7 |
| Other non-interest yielding receivables *) | | | 74.9 | | | 74.9 | 74.9 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | 4.5 | 45.4 | | | | 49.9 | 49.9 |
| Cash and cash equivalents | | | 240.2 | | | 240.2 | 240.2 |
| Balance sheet values by category at December 31, 2014 | 9.4 | 62.9 | 864.1 | 0.3 | | 936.7 | 936.7 |
| **LONG-TERM FINANCIAL LIABILITIES** | | | | | | | |
| Long-term interest-bearing liabilities | | | | | 390.3 | 390.3 | 377.3 |
| Other long-term liabilities | | | | | 5.8 | 5.8 | 5.8 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | | 0.6 | | | | 0.6 | 0.6 |
| Interest rate derivatives and cross currency swaps | 15.9 | 5.9 | | | | 21.8 | 21.8 |
| **CURRENT FINANCIAL LIABILITIES** | | | | | | | |
| Current interest-bearing liabilities | | | | | 269.0 | 269.0 | 268.9 |
| Accounts payable | | | | | 237.8 | 237.8 | 237.8 |
| Other current liabilities **) | | | | | 228.7 | 228.7 | 228.7 |
| Derivative financial instruments | | | | | | | |
| Foreign exchange derivatives | 11.5 | 4.4 | | | | 15.9 | 15.9 |
| Interest rate derivatives and cross currency swaps | 0.4 | 1.5 | | | | 1.9 | 1.9 |
| Balance sheet values by category at December 31, 2014 | 27.8 | 12.4 | | | 1,131.6 | 1,171.8 | 1,158.7 |

| EUR million | 2015 | 2014 |
|---|---|---|
| *) Other non-interest yielding receivables | | |
| Prepaid expenses and other receivables | **203.1** | 150.2 |
| ./. Other tax receivables | **18.0** | 20.5 |
| ./. Derivative financial instruments | **101.7** | 54.8 |
| | **83.4** | 74.9 |
| **) Other current liabilities | | |
| Accrued liabilities | **347.2** | 281.1 |
| ./. Other tax liabilities | **25.8** | 18.7 |
| ./. Derivative financial instruments | **56.8** | 33.7 |
| | **264.6** | 228.7 |

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | 40.3 | | 40.3 |
| Derivatives used for hedging | | 68.0 | | 68.0 |
| Available-for-sale financial assets | | | 0.4 | 0.4 |
| Total | | 108.3 | 0.4 | 108.7 |
| | | | | |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | 48.2 | | 48.2 |
| Derivatives used for hedging | | 15.2 | | 15.2 |
| Total | | 63.4 | | 63.4 |

Level 1 instruments are traded in active markets with quoted prices. Level 2 instruments are, for example, over-the-counter derivatives and the fair value is determined by using valuation techniques from observable market data. Level 3 instruments are valued by using valuation techniques without any observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | 9.4 | | 9.4 |
| Derivatives used for hedging | | 62.9 | | 62.9 |
| Available-for-sale financial assets | | | 0.3 | 0.3 |
| Total | | 72.3 | 0.3 | 72.6 |
| | | | | |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss | | 27.8 | | 27.8 |
| Derivatives used for hedging | | 12.4 | | 12.4 |
| Total | | 40.2 | | 40.2 |

## 29. FINANCIAL RISK MANAGEMENT

Amer Sports is exposed to customary financial risks relating to its global businesses such as funding and liquidity risks, foreign exchange and interest rate risks, counterparty and credit risks. Financial risk management is centralized within Amer Sports Treasury, which is acting as an in-house bank providing financial services for subsidiaries within the Group. Risk management is governed by the Treasury Policy approved by the Board of Directors. The Policy includes principles and risk limits relating to debt structure, counterparties, bank relations and interest rate and foreign exchange risk management. Written guidelines have been set to manage operational risks. Amer Sports Treasury follows and monitors risks constantly and does not allow any material deviations from the Treasury Policy. The Board of Directors reviews the financial risks annually.

### Funding risk

Amer Sports aims to use different sources of funding. The focus has been in debt transactions taken directly from domestic and/or international debt capital markets. With its core relationship banks Amer Sports is upholding long and trustworthy relations by acquiring advisory and other services from those banks. During year 2014 and 2015 Amer Sports finalized the following financial transactions:

In January, 2015 Amer Sports issued Schuldschein (certificate of indebtedness) loan agreements with a total value of EUR 100 million. The loan period is five years and the loans have both fixed (EUR 15 million) and floating (EUR 85 million) rate tranches. In April, 2015 Amer Sports issued Schuldschein agreements with a total value of EUR 40 million and USD 85 million. The loan periods are five and seven years and the loans have both fixed and floating rate tranches. In August, 2015 Amer Sports issued Schuldschein agreements with a total value of USD 55 million. The loan periods are 5 and 5.5 years and the loans have floating rate tranches. In September, 2015 Amer Sports issued a private placement bond with a total value of EUR 100 million. The fixed rate bond has a maturity of seven years. The proceeds of the Schuldschein loans and the private placement bond have been used for repayment of debt and general corporate purposes.

In September, 2014 Amer Sports renewed its loan with Unicredit Bank Austria AG and signed a new 4-year EUR 30 million term loan with the bank. In December, 2014 Amer Sports signed a five-year EUR 150 million syndicated revolving credit facility agreement. The facility is meant for general corporate purposes including the refinancing of Amer Sports' syndicated loan of EUR 200 million from 2011 which was terminated. In the connection with the renewal of the syndicated facility, the EUR 40 million bilateral facility with Pohjola Bank was terminated.

### Liquidity risk

Amer Sports has a cyclical need for working capital that also defines the level of liquidity for the Group. Typically, the highest level of working capital has been reached in the third quarter when the short-term debt is tied up in inventories and accounts receivable.

Amer Sports Treasury has established several cash pooling structures with Group's relationship banks in order to control the liquidity of the Group. Treasury Policy sets guidelines for the management of the liquidity that is outside cash pooling structures.

Short term shortages of liquidity are covered by issuance of corporate papers through Finnish commercial paper program with total size of EUR 500 million.

Amer Sports uses sale of receivables with purpose to balance liquidity swings of the Group. In December 2015 EUR 77.8 million receivables in total were sold within two different receivable sale programs that are in place for certain approved US and Europe based obligors. Other discounting programs are used within the group, but the volumes are less significant.

Depending on the projections of short term and long term liquidity forecasts, excess liquidity is placed on the money market within limits and instruments defined in the Treasury Policy.

Amer Sport's EUR 150 million syndicated committed revolving credit facility is a back-up for exceptional liquidity needs. The credit facility follows LMA's (Loan Market Association) documentation, including typical representations and warranties, general undertakings, events of default and covenants. At the end of 2015 Amer Sports had no drawings from the facility.

The below table is a breakdown of the Group's non-derivative financial liabilities and net-settled derivatives in their contractual maturities.

**MATURITY ANALYSIS FOR FINANCIAL LIABILITIES BASED ON THEIR CONTRACTUAL MATURITY**

| | Dec 31, 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **EUR million** | Nominal value | Available | Total | **2016** | **2017** | **2018** | **2019** | **2020 and after** |
| Loans from financial institutions | | | | | | | | |
| Repayments | **81.4** | | **81.4** | - | 0.0 | 30.4 | 50.4 | 0.6 |
| Interest | **3.4** | | **3.4** | 0.8 | 0.8 | 1.3 | 0.5 | 0.0 |
| Bonds | | | | | | | | |
| Repayments | **688.5** | | **688.5** | 154.4 | | 165.5 | | 368.6 |
| Interest | **59.7** | | **59.7** | 14.5 | 10.4 | 11.5 | 9.4 | 13.9 |
| Pension loans | | | | | | | | |
| Repayments | **0.0** | | **0.0** | | | | | |
| Interest | **0.0** | | **0.0** | | | | | |
| Commercial papers | | | | | | | | |
| Repayments | **0.0** | | **0.0** | | | | | |
| Interest | **0.0** | | **0.0** | | | | | |
| Other interest-bearing liabilities | | | | | | | | |
| Repayments | **21.8** | | **21.8** | 2.8 | 2.6 | 2.5 | 2.4 | 11.5 |
| Interest | **0.2** | | **0.2** | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Accounts payable | | | | | | | | |
| Repayments | **275.7** | | **275.7** | 275.7 | | | | |
| Other interest-free liabilities | | | | | | | | |
| Repayments | **5.5** | | **5.5** | 5.5 | | | | |
| Total | | | | | | | | |
| Repayments | **1,072.9** | | **1,072.9** | 438.4 | 2.6 | 198.4 | 52.8 | 380.7 |
| Interest | **63.3** | | **63.3** | 15.3 | 11.2 | 12.8 | 9.9 | 14.1 |
| Financial guarantee contracts | | **10.2** | **10.2** | 10.2 | | | | |
| Committed revolving credit facility | | **150.0** | **150.0** | | | | 150.0 | |
| Derivative liabilities | | | | | | | | |
| Foreign exchange derivatives under hedge accounting | **991.7** | | **991.7** | 743.2 | 248.5 | | | |
| Other foreign exchange derivatives | **486.5** | | **486.5** | 486.5 | | | | |
| Interest rate swaps under hedge accounting, fair value | **9.0** | | **9.0** | 0.5 | | 3.9 | | 4.6 |
| Cross currency swaps, fair value | **4.4** | | **4.4** | 0.9 | | 3.5 | | |
| Derivative assets | | | | | | | | |
| Foreign exchange derivatives under hedge accounting | **1,055.6** | | **1,055.6** | 799.2 | 256.4 | | | |
| Other foreign exchange derivatives | **494.1** | | **494.1** | 494.1 | | | | |
| Interest rate swaps under hedge accounting, fair value | **0.0** | | **0.0** | | | | | |
| Cross currency swaps, fair value | - | | - | | | | | |

| | Dec 31, 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| EUR million | Nominal value | Available | Total | 2015 | 2016 | 2017 | 2018 | 2019 and after |
| Loans from financial institutions | | | | | | | | |
| Repayments | 80.9 | | 80.9 | 0.6 | 0.3 | 0.0 | 80.0 | |
| Interest | 5.4 | | 5.4 | 1.4 | 1.4 | 1.5 | 1.1 | |
| | | | | | | | | |
| Bonds | | | | | | | | |
| Repayments | 459.9 | | 459.9 | 150.0 | 153.3 | 0.0 | 156.6 | |
| Interest | 55.3 | | 55.3 | 19.0 | 19.2 | 10.9 | 6.2 | |
| | | | | | | | | |
| Pension loans | | | | | | | | |
| Repayments | 2.9 | | 2.9 | 2.9 | | | | |
| Interest | 0.1 | | 0.1 | 0.1 | | | | |
| | | | | | | | | |
| Commercial papers | | | | | | | | |
| Repayments | 114.5 | | 114.5 | 114.5 | | | | |
| Interest | 0.5 | | 0.5 | 0.5 | | | | |
| | | | | | | | | |
| Other interest-bearing liabilities | | | | | | | | |
| Repayments | 1.1 | | 1.1 | 1.0 | | | | 0.1 |
| Interest | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | | |
| Accounts payable | | | | | | | | |
| Repayments | 237.8 | | 237.8 | 237.8 | | | | |
| | | | | | | | | |
| Other interest-free liabilities | | | | | | | | |
| Repayments | 5.8 | | 5.8 | 5.8 | | | | |
| | | | | | | | | |
| Total | | | | | | | | |
| Repayments | 902.9 | | 902.9 | 512.6 | 153.6 | 0.0 | 236.6 | 0.1 |
| Interest | 61.3 | | 61.3 | 21.0 | 20.6 | 12.4 | 7.3 | 0.0 |
| | | | | | | | | |
| Financial guarantee contracts | | 7.4 | 7.4 | 7.4 | | | | |
| | | | | | | | | |
| Committed revolving credit facility | | 150.0 | 150.0 | | | | | 150.0 |
| | | | | | | | | |
| Derivative liabilities | | | | | | | | |
| Foreign exchange derivatives under hedge accounting | 843.1 | | 843.1 | 601.2 | 241.9 | | | |
| Other foreign exchange derivatives | 503.7 | | 503.7 | 503.7 | | | | |
| Interest rate swaps under hedge accounting, fair value | 5.9 | | 5.9 | | 1.9 | | 4.0 | |
| Cross currency swaps, fair value | 7.1 | | 7.1 | | 1.8 | | 5.3 | |
| Other interest rate derivatives, fair value | 3.4 | | 3.4 | | 0.0 | | | 3.4 |
| | | | | | | | | |
| Derivative assets | | | | | | | | |
| Foreign exchange derivatives under hedge accounting | 901.4 | | 901.4 | 859.9 | 41.5 | | | |
| Other foreign exchange derivatives | 505.2 | | 505.2 | 505.2 | | | | |
| Interest rate swaps under hedge accounting, fair value | 0.0 | | 0.0 | | | | 0.0 | |
| Cross currency swaps, fair value | - | | - | | | | | |
| Other interest rate derivatives, fair value | 0.0 | | 0.0 | 0.0 | | | | |

## Currency risk

Transaction risk arises from foreign currency denominated receivables and liabilities, cash flow estimates in foreign currencies and derivatives.

Translation risk relates to the foreign currency denominated earnings when they are translated into euro. Amer Sports has operations in most of the major currency areas, and its sales are diversified in 20 currencies at least. On the business unit level, transaction risk arises when the unit sells in its home currency but the cost base is in foreign currencies or sells or buys goods in foreign currencies. Efficient risk management eliminates material uncertainties relating to foreign exchange rates.

At the end of the year, Amer Sports' currency position, in accordance with IFRS 7, consisted of inter-company and external interest-free and interest-bearing currency denominated receivables and liabilities and foreign exchange derivatives. Foreign exchange derivatives include both balance sheet and cash flow hedges.

The geography of Amer Sports businesses has led to the most significant currencies being US dollar, Canadian dollar, Swiss franc, British pound and Japanese yen. The significance of US dollar is emphasized by its dominant role in the global procurement and the growth in Apparel and Footwear. In funding, Amer Sports has diversified its funding sources, which is reflected in diverse currency denomination of the external debt.

Balance sheet risks have been managed by financing subsidiaries in their home currencies. The risks have been concentrated on the centralized distribution and purchasing units that invoice the subsidiaries in their respective home currencies. The parent company's balance sheet risk arises from internal and external receivables and liabilities in foreign currencies.

The following table sets out the IFRS 7-compliant foreign exchange position at the balance sheet date:

| | Dec 31, 2015 | | | | | | Dec 31, 2014 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EUR million** | **USD** | **CAD** | **CHF** | **GBP** | **SEK** | **JPY** | **USD** | **CAD** | **CHF** | **GBP** | **SEK** | **JPY** |
| Interest-bearing external receivables | - | - | - | - | **136.0** | - | - | - | - | - | 133.1 | - |
| Interest-bearing inter-company receivables | **244.0** | **67.3** | **0.5** | - | - | **25.4** | 134.7 | 71.9 | - | - | - | 19.0 |
| External receivables | **77.6** | **–35.2** | **2.2** | **–7.1** | **0.7** | **0.0** | 14.7 | 8.4 | 2.1 | –1.7 | 1.0 | 0.0 |
| Inter-company receivables | **2.8** | **4.0** | **4.4** | **9.5** | **2.1** | **4.1** | 18.0 | –0.8 | 3.0 | 8.8 | 3.1 | 2.3 |
| | | | | | | | | | | | | |
| Interest-bearing external liabilities | **–197.5** | - | - | - | **–136.0** | - | –61.8 | - | - | - | –133.1 | - |
| Interest-bearing inter-company liabilities | - | - | - | **–17.5** | **–4.2** | - | - | - | –2.8 | –9.3 | –2.6 | - |
| External payables | **–78.4** | **2.7** | **–0.3** | **0.2** | **0.0** | **0.0** | –71.9 | –3.1 | –0.6 | –0.3 | 0.0 | 0.0 |
| Inter-company payables | **–22.6** | **1.0** | **–0.4** | **1.7** | **–0.1** | **–0.3** | –6.4 | 2.1 | –0.4 | –1.0 | –0.1 | –0.8 |
| | | | | | | | | | | | | |
| Foreign exchange derivatives | **640.8** | **–172.2** | **–76.2** | **–130.8** | **–48.6** | **–62.5** | 633.0 | –151.4 | –88.3 | –93.1 | –36.5 | –49.5 |
| | | | | | | | | | | | | |
| Total | **666.7** | **–132.4** | **–69.8** | **–144.0** | **–50.1** | **–33.3** | 660.3 | –72.9 | –87.0 | –96.6 | –35.1 | –29.0 |

The table below presents the sensitivity of shareholders' equity and the income statement at the balance sheet date to the strengthening of the euro by 10%, provided other factors remain unchanged. The weakening of the euro by 10% would cause a similar change in the opposite direction:

| **EUR million** | **Shareholders' equity** | **Income statement** |
|---|---|---|
| USD | –60.8 | –6.0 |
| CAD | 8.0 | 5.2 |
| CHF | 5.7 | 1.3 |
| GBP | 9.8 | 4.6 |
| SEK | 3.9 | 1.1 |
| JPY | 3.0 | 0.4 |

The following table presents the corresponding sensitivities at the balance sheet date in 2014:

| **EUR million** | **Shareholders' equity** | **Income statement** |
|---|---|---|
| USD | –66.0 | 0.0 |
| CAD | 8.9 | –1.6 |
| CHF | 6.0 | 2.7 |
| GBP | 5.5 | 4.1 |
| SEK | 1.7 | 1.8 |
| JPY | 2.1 | 0.8 |

Earnings sensitivity before taxes is influenced by changes in the fair value of derivative instruments not used in hedge accounting and on-balance sheet hedging derivative instruments as well as changes in the value of on-balance sheet currency-denominated loans and receivables. Shareholders' equity is affected by changes in the fair value of derivative instruments used in hedge accounting recognized under the hedge reserve.

The following table sets out Amer Sports' cash flows that are under hedging policy for the next 24 months (EUR million):

| **USD** | **GBP** | **CAD** | **CHF** | **SEK** | **NOK** | **CZK** | **JPY** | **OTHER** |
|---|---|---|---|---|---|---|---|---|
| 952 | –185 | –173 | –134 | –80 | –63 | –50 | –47 | –125 |

The following table sets out the hedging of Amer Sports' cash flows as at December 31, 2015 (EUR million):

| **USD** | **GBP** | **CAD** | **CHF** | **SEK** | **NOK** | **CZK** | **JPY** | **OTHER** |
|---|---|---|---|---|---|---|---|---|
| –710 | 129 | 106 | 76 | 48 | 35 | 32 | 33 | 77 |

The strengthening of the euro against the USD typically improves Amer Sports' result of operations. The strengthening of the euro against the other foreign currencies typically weakens Amer Sports' result of operations. A significant share of the US dollar denominated procurement cost risk is eliminated against the US dollar denominated operating result. Due to the growth of the business that is dependent on sourcing from Asia, the US dollar procurement exceeded the US dollar denominated operating result remarkably.

According to the hedging policy, the transaction risk arising from subsidiaries' business operations is hedged up to 12–24 months. In practice, the hedge ratios are higher for closer months than for later months. The hedge ratio is maintained between 55% and 95% of 24 months cash flow, except in currencies with high interest rate where the hedge horizon is 12–18 months. The hedged cash flow is expected to be realized during the following 12–24 months. Amer Sports hedges only annual cash flows or other exposures with a value of over EUR 3.0 million.

The company applies hedge accounting for annual cash flows with a counter value of over EUR 10 million per currency pair in the entity. It monitors hedge ratios daily and tests effectiveness at three-month intervals. Foreign exchange differences of foreign exchange derivates are recognized as hedging reserve while interest rate differentials related to the foreign exchange derivates are recorded through financial profit and loss.

According to its Treasury Policy, Amer Sports may hedge 0 to 50% of subsidiaries' equity. At the end of 2015, there were no outstanding equity hedges or net investment hedges.

## Interest risk

Amer Sports is exposed to interest rate risk when it funds its operations with euro or currency denominated debt. The risk arises from the repricing of floating rate debt and with the raising of new floating rate debt. A fixed rate debt is subject to "fair value risk". The purpose of interest rate risk management is to bring predictability for interest expenses by keeping the duration within the agreed limits with an optimal mix of fixed and floating rate debt.

Treasury is constantly hedging current outstanding interest rate position of the Group and from time to time may hedge forthcoming position of the Group, up to 7 years. The interest rate derivatives that can be used in the risk management are defined in the Treasury Policy.

The neutral target for duration of interest rate position is 12 months, but it is allowed to vary between 6 and 18 months. As of December 31, 2015, the duration was 15 months. 92% of the debt portfolio was at fixed rate as of December, 2015. The company has set EUR 3.0 million sensitivity limits to 1% raise in the market rate for the following 12 months interest expenses and negative mark-to-market valuation of non-hedge accounting transactions.

Cash and cash equivalents are excluded from the interest rate risk portfolio of the company due to their short term nature.

The sensitivity of the income statement contains changes in interest expenses for the next 12 months due to an increase/decrease of 1% in market interest rates, provided that other factors remain unchanged.

Shareholders' equity is effected by a change in the market value of the hedge accounting interest rate swaps. The change is booked to the hedge reserve.

The below table illustrates the sensitivity of shareholders' equity and income statement to an increase of 1% in interest rates, provided that other factors remain unchanged. The sensitivity is calculated to interest bearing liabilities.

| EUR million | Position | 2015 |
|---|---|---|
| Shareholders' equity | 423.6 | 10.5 |
| Income statement | 94.0 | –0.4 |

In 2014, the sensitivity of the shareholders' equity and income statement to an increase of 1% interest rates, provided that other factors remain unchanged, was:

| EUR million | Position | 2014 |
|---|---|---|
| Shareholders' equity | 226.5 | 7.5 |
| Income statement | 109.0 | –1.1 |

The effective interest rate of the total debt including interest rate hedges was 3.8%. The interest rate was 3.1% on bonds, 1.4% on bank loans, 2.1% on pension loans and 0.6% on commercial papers.

The average interest rate of the Group's interest bearing debt including interest rate derivatives and facility fees was 2.7% (Dec 31, 2014: 3.5).

After foreign exchange derivatives that hedge the inter-company debt, the average interest rate was 3.0% (Dec 31, 2014: 3.8).

Amer Sports applies hedge accounting to interest rate derivatives whenever it is applicable. Non-hedge accounting derivatives are measured at fair value and the result is recognized in the financing items.

## Credit risk

The company is exposed to customary credit risk through its accounts receivable. The Group has a global customer base, and there are no significant risk concentrations. The largest single customer accounts for 2% of total accounts receivable and the largest 20 combined total about 19%. At the end of year 2015 the actual payment time for the outstanding sales was 76 days.

Amer Sports uses a global credit insurance program to support sales activities. Major part of European and Asian customers risks are covered by the credit insurance.

The company assumes limited repurchase obligations through its fitness related financial leasing agreements.

Excess liquidity is placed either in bank deposits within banks that Amer Sports has outstanding debt or committed facilities, or on money market instruments or funds that are selected according to Treasury Policy's criteria and limits.

The credit risk arising from derivatives is negligible. The risk is minimized by limiting the number of counterparties, their shares of the total portfolio and by monitoring the credit standings and their outstanding liability to Amer Sports.

The following table sets out the balance sheet values or fair values of financial assets which represent the maximum amount of the credit risk at balance sheet dates:

| EUR million | Balance sheet value or fair value Dec 31, 2015 | Balance sheet value or fair value Dec 31, 2014 |
|---|---|---|
| **Long-term financial assets** | | |
| Long-term interest-bearing receivables | - | - |
| Other long-term financial assets | 5.3 | 4.3 |
| Derivative contracts | | |
| Foreign exchange derivatives | 6.4 | 17.0 |
| Interest rate and cross currency swap derivatives | 4.6 | 5.4 |
| | | |
| **Short-term financial assets** | | |
| Accounts receivable | 563.9 | 543.3 |
| Loans receivable | - | 1.7 |
| Other interest-free receivables | 83.4 | 74.9 |
| Derivative contracts | | |
| Foreign exchange derivatives | 97.3 | 49.9 |
| Interest rate and cross currency swap derivatives | - | - |
| Cash and cash equivalents | 331.4 | 240.2 |

(+ = Assets, – = Debt)

DERIVATIVE FINANCIAL INSTRUMENTS

| | Dec 31, 2015 | | | | | Dec 31, 2014 | |
|---|---|---|---|---|---|---|---|
| EUR million | Nominal value | Fair value | 2016 | 2017 | 2018 and after | Nominal value | Fair value |
| **Hedge accounting-related** | | | | | | | |
| Foreign exchange derivatives hedging cash flows from operations | 1,055.6 | 60.1 | 799.2 | 256.4 | | 901.4 | 55.9 |
| Interest rate swaps hedging interest cash flow | 423.6 | –9.0 | 50.0 | | 373.6 | 226.5 | –5.9 |
| Interest cash flow of cross currency swaps | 136.0 | 0.3 | 54.4 | | 81.6 | 133.1 | 0.5 |
| | | | | | | | |
| **Other derivative contracts** | | | | | | | |
| Foreign exchange derivatives | 494.1 | 6.5 | 494.1 | | | 505.2 | 0.4 |
| Interest rate swaps | | | | | | 90.0 | –3.4 |
| Foreign exchange difference of cross currency swaps | | –4.7 | | | | | –7.6 |

## Capital management

The Group's capital management aims at the optimal capital structure that ensures the normal short-term and long-term operational requirements of business.

Amer Sports financial targets are net sales at least EUR 3.5 billion with minimum mid-single digit organic currency neutral annual growth, annual EBIT growth (excl. non-recurring items) ahead of net sales growth and in cash flow conversion free cash flow to net profit at least 80%. The balance sheet target is to have a year-end Net Debt/EBITDA ratio 3 in maximum.

Net Debt/EBITDA illustrates how Amer Sports can generate operational cash flow to serve its debt. Also, it shows required profitability level against the outstanding debt and therefore makes it possible to link business specific targets to Group's balance sheet structure. It creates a dynamic key performance indicator combining balance sheet structure and profitability target setting.

Amer Sports' bank facilities include a financial covenant where Amer Sports' consolidated gearing cannot exceed 100 percent, excluding the impact of any goodwill or intangible rights impairment. The bank facilities include also typical representations and warranties and events of default.

Amer Sports does not foresee any risks to a breach in the financial covenant in the next financial year given the current business environment.

| EUR million | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|
| Interest-bearing liabilities | 791.7 | 659.3 |
| Cash and cash equivalents | 331.4 | 240.2 |
| Net debt | 460.3 | 419.1 |
| | | |
| Total shareholders' equity | 949.6 | 842.8 |
| | | |
| Gearing, % | 48 | 50 |
| | | |
| EBITDA | 255.2 | 158.9 |
| | | |
| Net debt/EBITDA | 1.8 | 2.6 |

## Offsetting financial assets and liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2015:

| EUR million | Gross amount of derivative financial assets | Related amounts not set off: Financial instruments | Net amount |
|---|---|---|---|
| Derivative financial instruments | 53.7 | 17.2 | 36.5 |

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2015:

| EUR million | Gross amount of derivative financial liabilities | Related amounts not set off: Financial instruments | Net amount |
|---|---|---|---|
| Derivative financial instruments | 0.6 | 4.7 | –4.1 |

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2014:

| EUR million | Gross amount of derivative financial assets | Related amounts not set off: Financial instruments | Net amount |
|---|---|---|---|
| Derivative financial instruments | 47.5 | 14.7 | 32.8 |

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2014:

| EUR million | Gross amount of derivative financial liabilities | Related amounts not set off: Financial instruments | Net amount |
|---|---|---|---|
| Derivative financial instruments | 7.3 | 3.2 | 4.1 |

Other financial assets and liabilities than derivative financial assets and liabilities are not subject to material offsetting, enforceable master netting or similar agreements. Financial assets and liabilities that are not set off in the balance sheet, but may be set off are under enforceable master netting arrangements (such as International Swaps and Derivatives Association Inc, ISDA, Master Agreement and Schedules governing terms, obligations and other provision related to trading and settlement of derivative trades) that allow the Group and the counterparty for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting arrangement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

## 30. RECONCILIATION BETWEEN REPORTED EARNINGS BEFORE INTEREST AND TAXES (EBIT) UNDER IFRS AND EBIT EXCLUDING NON-RECURRING ITEMS COMMENTED IN THE BOARD OF DIRECTORS' REPORT

The income statement under IFRS has been adjusted by the following non-recurring items (NRIs) when reporting and commenting earnings before interest and taxes excluding non-recurring items in the Board of Directors' Report:

| EUR million | IFRS 2015 | Non-recurring items | Income statement excl. NRIs 2015 | IFRS 2014 | Non-recurring items | Income statement excl. NRIs 2014 |
|---|---|---|---|---|---|---|
| **NET SALES** | 2,534.4 | | 2,534.4 | 2,228.7 | | 2,228.7 |
| Cost of goods sold | –1,388.5 | - | –1,388.5 | –1,281.1 | 31.4 | –1,249.7 |
| License income | 7.3 | - | 7.3 | 6.2 | - | 6.2 |
| Other operating income | 4.8 | - | 4.8 | 5.5 | - | 5.5 |
| Research and development expenses | –77.7 | - | –77.7 | –76.2 | - | –76.2 |
| Selling and marketing expenses | –677.5 | 6.7 | –670.8 | –582.9 | 13.4 | –569.5 |
| Administrative and other expenses | –198.7 | 1.3 | –197.4 | –186.1 | 9.4 | –176.7 |
| **EBIT** | 204.1 | 8.0 | 212.1 | 114.1 | 54.2 | 168.3 |

Non-recurring items are exceptional and material transactions that are not related to normal business operations. These items can include, but are not limited to, capital gains and losses, exceptional write-downs, provisions for planned restructuring and other exceptional items Amer Sports management considers as material. A single non-recurring item has to represent more than one cent per share on annual basis to be classified as non-recurring.

# CALCULATION OF KEY INDICATORS

EARNINGS PER SHARE:

$$\frac{\text{Net result attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for the bonus element of share issues}}$$

EQUITY PER SHARE:

$$\frac{\text{Shareholders' equity}^{1)}}{\text{Number of shares at year end adjusted for the bonus element of share issues}}$$

DIVIDEND PER SHARE:

$$\frac{\text{Total dividend}}{\text{Number of shares at year end adjusted for the bonus element of share issues}}$$

DIVIDEND % OF EARNINGS:

$$100 \times \frac{\text{Adjusted dividend}}{\text{Net result}}$$

EFFECTIVE YIELD, %:

$$100 \times \frac{\text{Adjusted dividend}}{\text{Adjusted share price at closing date}}$$

P/E RATIO:

$$\frac{\text{Adjusted share price at closing date}}{\text{Earnings per share}}$$

MARKET CAPITALIZATION:

Number of shares at year end multiplied by share price at closing date

RETURN ON CAPITAL EMPLOYED (ROCE), %:

$$100 \times \frac{\text{EBIT}}{\text{Capital employed}^{2)}}$$

RETURN ON INVESTMENT (ROI), %:

$$100 \times \frac{\text{Earnings before taxes + interest and other financing expenses}}{\text{Balance sheet total less interest-free liabilities}^{3)}}$$

RETURN ON SHAREHOLDERS' EQUITY (ROE),%:

$$100 \times \frac{\text{Earnings before taxes - taxes}}{\text{Shareholders' equity}^{4)}}$$

EQUITY RATIO, %:

$$100 \times \frac{\text{Shareholders' equity}}{\text{Balance sheet total less advances received}}$$

DEBT TO EQUITY RATIO:

$$\frac{\text{Interest-bearing liabilities}}{\text{Shareholders' equity}}$$

GEARING, %:

$$100 \times \frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}}$$

FREE CASH FLOW/NET PROFIT:

$$\frac{\text{Free cash flow}}{\text{Net result}}$$

NET DEBT/EBITDA:

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{EBIT + depreciation}}$$

[1] Excluding non-controlling interests
[2] Non-current assets + working capital excluding receivables and payables relating to interest and taxes, monthly average of the financial period
[3] Monthly average of the financial period
[4] Average of the financial period
The calculation of key indicators excludes the company's own shares.

# PARENT COMPANY INCOME STATEMENT

| EUR million | 2015 | 2014 |
|---|---|---|
| Other operating income | 29.1 | 19.0 |
| | | |
| **EXPENSES** | | |
| Personnel expenses | 8.7 | 9.9 |
| Depreciation | 0.6 | 0.4 |
| Other expenses | 17.2 | 7.9 |
| Total expenses | 26.5 | 18.2 |
| | | |
| **EARNINGS BEFORE INTEREST AND TAXES** | 2.6 | 0.8 |
| | | |
| Financing income | 145.1 | 46.2 |
| Financing expenses | –27.1 | –37.4 |
| Financing income and expenses | 118.0 | 8.8 |
| | | |
| **EARNINGS BEFORE EXTRAORDINARY ITEMS** | 120.6 | 9.6 |
| | | |
| Group contributions | 3.6 | 6.9 |
| | | |
| **EARNINGS BEFORE APPROPRIATIONS AND TAXES** | 124.2 | 16.5 |
| | | |
| Appropriations | 0.0 | –0.1 |
| Income taxes | –3.4 | –1.5 |
| | | |
| **NET RESULT** | 120.8 | 14.9 |

# PARENT COMPANY CASH FLOW STATEMENT

| EUR million | 2015 | 2014 |
|---|---|---|
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | | |
| EBIT | 2.6 | 0.8 |
| Depreciation | 0.6 | 0.4 |
| Adjustments to cash flow from operating activities | 0.4 | 0.2 |
| Cash flow from operating activities before change in working capital | 3.6 | 1.4 |
| | | |
| Increase (–) or decrease (+) in trade and other current receivables | 13.4 | –33.6 |
| Increase (+) or decrease (–) in interest-free current liabilities | –0.7 | 38.7 |
| Change in working capital | 12.7 | 5.1 |
| | | |
| Cash flow from operating activities before financing items and taxes | 16.3 | 6.5 |
| | | |
| Interest paid | –29.5 | –47.1 |
| Interest received | 0.3 | 0.1 |
| Income taxes paid and received | 0.4 | –0.2 |
| Financing items and taxes | –28.8 | –47.2 |
| Total net cash flow from operating activities | –12.5 | –40.7 |
| | | |
| **NET CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Investments in subsidiaries | –12.2 | - |
| Capital expenditure | –1.4 | –3.9 |
| Proceeds from sale of tangible non-current assets | 0.4 | 5.6 |
| Repayments of loans receivable | - | 1.1 |
| Dividends received | 105.6 | 10.0 |
| Net cash flow from investing activities | 92.4 | 12.8 |
| | | |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repurchase of own shares | –1.2 | –13.0 |
| Transfer of own shares | 4.9 | 6.4 |
| Change in short-term borrowings | –123.7 | 115.1 |
| Withdrawals of long-term borrowings | 368.0 | 30.0 |
| Repayments of long-term borrowings | –152.9 | –65.7 |
| Change in current receivables | –73.4 | –24.2 |
| Dividends paid | –52.8 | –47.2 |
| Group contributions received | 7.0 | 9.5 |
| Other financing items *) | 8.0 | –2.0 |
| Net cash flow from financing activities | –16.1 | 8.9 |
| | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | 63.8 | –19.0 |
| | | |
| Cash and cash equivalents at year end | | |
| Cash and cash equivalents at year beginning | 250.4 | 186.6 |
| Change in cash and cash equivalents | 186.6 | 205.6 |
| Change in cash and cash equivalents | 63.8 | –19.0 |

*) Including, for example, cash flow from hedging intercompany balance sheet items

# PARENT COMPANY BALANCE SHEET

| ASSETS<br>EUR million | 2015 | 2014 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| INTANGIBLE ASSETS | | |
| Intangible rights | 1.1 | 0.2 |
| TANGIBLE ASSETS | | |
| Land and water | 0.8 | 0.8 |
| Buildings and constructions | 0.8 | 0.9 |
| Machinery and equipment | 1.3 | 1.3 |
| Other tangible assets | 0.3 | 0.3 |
| Construction in progress | 0.2 | 1.1 |
| | 3.4 | 4.4 |
| OTHER NON-CURRENT INVESTMENTS | | |
| Investments in subsidiaries | 722.4 | 710.2 |
| Other bonds and shares | 0.4 | 0.3 |
| | 722.8 | 710.5 |
| **TOTAL NON-CURRENT ASSETS** | 727.3 | 715.1 |
| **CURRENT ASSETS** | | |
| RECEIVABLES | | |
| Long-term | | |
| Receivables from subsidiaries | 472.1 | 457.2 |
| Deferred tax assets | 2.0 | 3.3 |
| Short-term | | |
| Accounts receivable | - | 0.0 |
| Receivables from subsidiaries | 728.0 | 635.5 |
| Prepaid expenses | 94.5 | 20.4 |
| | 1,296.6 | 1,116.4 |
| MARKETABLE SECURITIES | | |
| Other securities | - | 19.0 |
| CASH AND CASH EQUIVALENTS | 250.4 | 167.6 |
| **TOTAL CURRENT ASSETS** | 1,547.0 | 1,303.0 |
| **TOTAL ASSETS** | 2,274.3 | 2,018.1 |

## SHAREHOLDERS' EQUITY AND LIABILITIES

| EUR million | 2015 | 2014 |
|---|---|---|
| **SHAREHOLDERS' EQUITY** | | |
| Share capital | 292.2 | 292.2 |
| Premium fund | 12.1 | 12.1 |
| Invested unrestricted equity reserve | 175.6 | 173.3 |
| Retained earnings | 4.2 | 40.7 |
| Net result | 120.8 | 14.9 |
| **TOTAL SHAREHOLDERS' EQUITY** | 604.9 | 533.2 |
| | | |
| **ACCUMULATED APPROPRIATIONS** | | |
| Accumulated depreciation in excess of plan | 0.1 | 0.1 |
| | | |
| **LIABILITIES** | | |
| | | |
| LONG-TERM LIABILITIES | | |
| Bonds | 534.1 | 309.9 |
| Loans from financial institutions | 80.0 | 80.0 |
| | 614.1 | 389.9 |
| | | |
| CURRENT LIABILITIES | | |
| Bonds | 154.4 | 150.0 |
| Pension loans | - | 2.9 |
| Other interest-bearing liabilities | - | 115.4 |
| Accounts payable | 0.1 | 0.7 |
| Payables to subsidiaries | 855.2 | 783.5 |
| Other current liabilities | 0.6 | 0.1 |
| Accrued liabilities | 44.9 | 42.3 |
| | 1,055.2 | 1,094.9 |
| **TOTAL LIABILITIES** | 1,669.3 | 1,484.8 |
| | | |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | 2,274.3 | 2,018.1 |

# PARENT COMPANY ACCOUNTING POLICIES

The parent company's financial statements are prepared in accordance with the Finnish law. The results are reported in euros using the historical cost convention. The financial statements are presented excluding the notes to the financial statements.

## FOREIGN CURRENCIES

The parent company records foreign currency transactions at the rates of exchange on the transaction date. Assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange confirmed by the European Central Bank in effect at the balance sheet date.

Exchange rate gains and losses related to financing operations are reported at their net values as financing income and expenses.

## DERIVATIVE INSTRUMENTS

The company's derivative instruments may include foreign exchange forward contracts and options, interest rate swaps and interest rate options and cross-currency swaps. Foreign exchange forward contracts and options are used to hedge against changes in the value of receivables and liabilities denominated in a foreign currency and interest rate swaps and interest rate options to hedge against the interest rate risk. Cross-currency swaps are used to hedge against changes in value of foreign currency denominated receivables and liabilities and against the interest rate risk.

Foreign exchange forward contracts and options, interest rate swaps and options and cross currency swaps are measured at fair value on the day that the parent company becomes a party to the contract. Subsequent measurement is also at fair value. The changes of fair values are recorded to earnings. Foreign exchange derivatives are measured at fair value using the closing rates quoted by the European Central Bank on the reporting date together with common pricing models that are used for valuation of foreign exchange forward contracts and options. The fair values of interest rate and cross currency swaps are calculated as the current value of future cash flows. Interest rate options are valued with year end interest rates together with common option pricing models.

The interest rate differential on foreign exchange derivatives, interest rate derivatives and cross currency swaps is allocated over the duration of the derivative on a net basis in interest expenses. The exchange rate differences are recognized in the income statement.

## INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

Non-current assets are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis in order to write down the cost or revalued amounts of assets to their residual values over their expected useful lives which are as follows:

| | |
|---|---|
| Intangible rights and other capitalized expenditure | 5–10 years |
| Buildings | 40 years |
| Machinery and equipment | 3–10 years |

Land and water are not depreciated.

## SHAREHOLDERS' EQUITY

An equity instrument is recorded in the shareholders' equity if the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the issuer.

The subscription proceeds from share issues are booked to invested unrestricted equity reserve to the extent that they are not, in accordance with a shareholders' resolution, booked to the share capital. The transaction costs of the share issues are charged to financing expenses.

The acquisition cost of repurchased own shares is charged to equity until the shares are cancelled or reissued.

Any dividend proposed by the Board of Directors is not deducted from distributable shareholders' equity until approved at the Annual General Meeting.

## PROVISION FOR CONTINGENT LOSSES

Future costs and losses which the company has an obligation to settle and which are certain or likely to occur are disclosed in the income statement under an appropriate expense heading. They are presented in the balance sheet as provisions for contingent losses when the precise amount or timing is not known. In other cases they are presented as accrued liabilities.

## LEASING

Leasing payments are treated as rental expenses.

## PENSION PLANS

The pension and related fringe benefit arrangements of the parent company's employees are administered by a pension insurance company and recorded as determined by actuarial calculations and payments to the insurance company.

## SHARE-BASED PAYMENT

The cost of share-based incentive schemes granted to key employees of the parent company are posted as personnel expenses in the income statement over the vesting period of the schemes.

## TAXES

Taxes include taxes for the period calculated on the basis of the net result for the period, assessed or returned taxes for prior periods as well as deferred taxes calculated on temporary differences between the book and tax base of assets.

## DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets or liabilities are calculated on temporary differences between the book and tax base of assets in accordance with the future tax rate that is substantially enacted at the end of the financial period. A deferred tax asset is recognized to the estimated probable amount. It is presented under the long-term receivables.

# BOARD OF DIRECTORS' REPORT'S AND FINANCIAL STATEMENTS' SIGNATURES

Helsinki, Finland, February 3, 2016

| | | |
|---|---|---|
| Anssi Vanjoki | Ilkka Brotherus | Martin Burkhalter |
| Christian Fischer | Hannu Ryöppönen | Bruno Sälzer |
| Heikki Takala | Lisbeth Valther | Indra Åsander |

# AUDITOR'S REPORT

## To the Annual General Meeting of Amer Sports Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Amer Sports Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

## Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

## Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

## Other Opinions

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 3, 2016

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Järventausta
Authorized Public Accountant

# Amer Sports Corporate Governance Statement

## CORPORATE GOVERNANCE

In its decision making and administration, Amer Sports Corporation (hereinafter referred to as "Amer Sports" or "the Company") applies the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and the rules issued by the Nasdaq Helsinki Stock Exchange, Amer Sports' Articles of Association, and the Finnish Corporate Governance Code 2010 for listed companies. Amer Sports complies with the code without exceptions. The code is published at www.cgfinland.fi.

This Corporate Governance Statement has been prepared pursuant to Recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies and the Securities Markets Act (Chapter 7, Section 7) and it is issued separately from the Board of Directors' report. The Audit Committee of the Board of Directors has reviewed this Corporate Governance Statement and the auditor Ernst & Young Oy has verified that the Statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

## GENERAL

Pursuant to the provisions of the Finnish Limited Liability Companies Act and the Articles of Association of Amer Sports the responsibility for the control and management of Amer Sports is divided between the General Meeting of shareholders, the Board of Directors and the President and CEO. Shareholders participate in the control and management of Amer Sports through resolutions passed at General Meetings of shareholders, which convene upon notice given by the Board of Directors. In addition, General Meetings of shareholders may be held if requested in writing by an auditor of Amer Sports or by shareholders representing at least one-tenth of all the outstanding shares of the Company.

Amer Sports' shares are listed on the Nasdaq Helsinki Stock Exchange. In addition, Amer Sports has a Level I American Depositary Receipt ("ADR") program. The ADRs are traded over-the-counter in the United States. Two depositary receipts are equivalent to one Amer Sports share.

## BOARD OF DIRECTORS

### Composition and Term of the Board of Directors

The Board of Directors is responsible for duly organizing the administration and operations of Amer Sports. The Annual General Meeting of shareholders ("the AGM") elects a minimum of five and a maximum of eight directors for a term that ends at the close of the first Annual General Meeting following the election. A person who has reached the age of 66 at the time of election may not become a member of the Board of Directors. There is no special order of appointment of the members.

## The following members were elected to the Board of Directors at the AGM held on March 12, 2015:

| Name | Year born | Position | Year of appointment | Nationality |
|---|---|---|---|---|
| Anssi Vanjoki | 1956 | Chairman since 2006 | 2004 | Finnish |
| Ilkka Brotherus | 1951 | Vice chairman since 2002 | 2000 | Finnish |
| Martin Burkhalter | 1952 | Member | 2008 | Swiss |
| Christian Fischer | 1964 | Member | 2008 | Austrian |
| Hannu Ryöppönen | 1952 | Member | 2009 | Finnish |
| Bruno Sälzer | 1957 | Member | 2008 | German |
| Lisbeth Valther | 1966 | Member | 2015 | Danish |
| Indra Åsander | 1956 | Member | 2012 | Swedish |

All Board members are independent of the company and significant shareholders.

The Board evaluates the independence of its members annually or, if necessary, more often. Each member of the Board of Directors is obligated to provide the Board of Directors with sufficient information to allow an evaluation of their independence.

## The Board of Directors' Rules of Procedure and Meeting Practices

The Amer Sports Board of Directors approves the rules of procedure to govern its work, including a meeting schedule, on an annual basis. The rules of procedure include the specific themes discussed at each meeting and discussion items reviewed at each meeting. The rules of procedure also include a schedule of the dates when the Board of Directors will visit the operations of the Company and its partners, as well as the annual evaluation of the Board of Directors' own performance at the end of the term. Committees established by the Board of Directors assist the Board of Directors in matters that have been assigned to them.

The Board of Directors convenes 8–10 times a year according to a predetermined annual meeting schedule and in addition when necessary. At least once a year, the Board of Directors convenes when representatives of the Company's management are not in attendance. The President and CEO and the CFO participate in the meetings of the Board of Directors and the General Counsel acts as the secretary of the Board. The Board may invite other Amer Sports executives to participate in the meetings as necessary.

Meeting documents and other material are delivered to the members of the Board of Directors in advance and all meetings are documented.

## Main Duties of the Board of Directors

The duties and responsibilities of the Board of Directors are defined according to the Finnish Limited Liability Companies Act, other applicable legislation, and Amer Sports' Articles of Association. The Board of Directors has general authority in all matters where neither law nor the Company's Articles of Association stipulate that a matter should be decided or performed by any other bodies. In addition, the Board of Directors must act in the interests of the Company and all shareholders in all circumstances, and direct Amer Sports' operations with a view to generating the maximum enduring added value to shareholders without neglecting other stakeholders.

The main duties of the Board of Directors are to:

**1. Decide on Amer Sports' strategy and business operations**
- Decide on the Company's strategy and ensure that it is up-to-date
- Approve the business plans on the basis of the strategy and annual budget, and monitor achievements
- Decide on significant, strategically-important investments or acquisitions and the sale of assets

**2. Amer Sports' administration and key functions**
- Appoint and dismiss the President and CEO
- Appoint and dismiss the immediate subordinates of the President and CEO
- Decide on the terms of service of the President and CEO and his or her immediate subordinates, including possible incentive programs
- Set the President and CEO's personal targets for each year and monitor their achievement
- Monitor management succession and human resources strategy
- Evaluate the performance of the Board of Directors once a year

**3. Supervise the management of financial administration, internal control and risk management**

- Review and approve interim reports, annual financial statements and the report by the Board of Directors as well as related stock exchange releases
- Meet with the Company's auditors at least once a year
- Oversee significant risks connected with the Company's operations and risk management
- Oversee Corporate Social Responsibility strategy, policies and implementation

**4. Prepare and approve proposals to be decided on at the AGM**

According to the rules of procedure, the Chairman of the Board of Directors, in addition to leading the work of the Board of Directors, continuously monitors Amer Sports' operations and development through contact with the President and CEO. Furthermore, the Chairman represents the Company in matters associated with shareholders and ensures that the work of the Board of Directors is evaluated annually, and that the Board of Directors continuously updates and expands its knowledge of Amer Sports' operations.

### 2015

In 2015, in addition to its normal duties, the Board of Directors had special focus to ensure balanced regional growth with North American emphasis. An external analysis and benchmarking of Board of Directors efficiency and capability was completed and decisions for further development were made. Targets and programs were implemented to gain and understand properly the impact of digitalization in sporting goods business.

The Annual General Meeting of shareholders held on March 12, 2015 elected eight members to the Amer Sports Board of Directors. The Annual General Meeting re-elected Anssi Vanjoki, Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer and Indra Åsander and appointed Lisbeth Valther as a new member of the Board of Directors. Anssi Vanjoki was re-elected as Chairman and Ilkka Brotherus was re-elected as Vice Chairman of the Board of Directors. The composition of the Board of Directors during the period of January 1, 2015–March 12, 2015 was Anssi Vanjoki (Chairman), Ilkka Brotherus (Vice Chairman), Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer and Indra Åsander.

The Board of Directors convened ten times during the calendar year 2015 and the attendance rate of directors at meetings of the Board of Directors was 96.25%.

## BOARD COMMITTEES

The Board of Directors has established three permanent Committees to assist the Board of Directors in the matters assigned to them and has defined the rules of procedure for the Committees. The Board of Directors elects the members and Chairmen of the Committees amongst its members in the beginning of the term. The Committees shall regularly report on its work to the Board of Directors. The Committees have no independent decision-making power.

### Audit Committee

Audit Committee supervises the Company's financial administration. The Audit Committee comprises a minimum of three members of the Board of Directors. The members must be independent and have the qualifications necessary to perform the duties of the Audit Committee. The Audit Committee meets at least four times per year and maintains regular contact with the Company's external auditor. The Audit Committee monitors the reporting of the Company's financial statements and the adequacy of internal control and risk management systems. In addition, the Audit Committee monitors the statutory audit process, evaluates the independence of the statutory audit firm, and prepares the recommendation presented to the Annual General Meeting on the election of the auditor.

### 2015

In 2015, in addition to its regular duties, the Audit Committee focused on the transition of external audit services, risk management process and IT related systems and risks.

On March 12, 2015 the Board of Directors elected Hannu Ryöppönen (Chairman), Martin Burkhalter, Christian Fischer and Lisbeth Valther as members of the Audit Committee. The Audit Committee convened five times in 2015 and the meeting attendance rate was 100%. The composition of the Audit Committee during the period of January 1, 2015–March 12, 2015 was Hannu Ryöppönen (Chairman), Ilkka Brotherus and Martin Burkhalter.

### Compensation and Human Resources Committee

Compensation and Human Resources Committee ensures good governance in monitoring executive rewards, gives guidance on Amer Sports' reward philosophy and executive reward programs, assesses pay and performance relationships and recommends executive pay decisions concerning the President and CEO and his immediate direct reports for approval by the Board of Directors. In addition, the Committee gives guidance on succession planning and top talent identification and ensures development of competencies in line with succession planning. The Compensation and Human Resources Committee comprises a minimum of three members of the Board of Directors. The Chairman of the Committee convenes meetings as required, but at least twice a year.

### 2015

In 2015, the Compensation and Human Resources Committee focused on further development of long-term incentive programs. On March 12, 2015 the Board of Directors elected Indra Åsander (Chairman), Ilkka Brotherus, Bruno Sälzer and Anssi Vanjoki as members of the Committee. The Compensation and Human Resources Committee convened five times in 2015 and the meeting attendance rate was 95%. Composition of the Compensation Committee during the period of January 1, 2015–March 12, 2015 was Bruno Sälzer (Chairman), Christian Fischer, Anssi Vanjoki and Indra Åsander.

### Nomination Committee

Nomination Committee ensures good governance in preparing proposals concerning members of the Board of Directors and their compensation for decision by the General Meeting of shareholders. The Nomination Committee communicates with major shareholders in matters concerning the appointment of the Board of Directors, when considered to be appropriate. The Nomination Committee comprises a minimum of three members of the Board of Directors. The Chairman of the Committee convenes meetings as required, but at least once a year.

### 2015

On March 12, 2015 the Board of Directors elected Ilkka Brotherus (Chairman), Martin Burkhalter and Anssi Vanjoki as members of the Nomination Committee. The Nomination Committee convened six times in 2015 and the meeting attendance rate was 100%. Composition of the Nomination Committee during the period of January 1, 2015–March 12, 2015 was the same as after March 12, 2015.

## PRESIDENT AND CEO

The Board of Directors nominates the President and CEO, who is responsible for managing Amer Sports in accordance with the Finnish Limited Liability Companies Act and instructions provided by the Board of Directors.

The President and CEO reports to the Board of Directors and keeps the Board of Directors informed about Amer Sports' business, including information about relevant markets and competitors, as well as the Company's financial position and other matters of significance. The President and CEO is also responsible for overseeing the Company's day-to-day administration and ensuring that the financial administration of the Company has been arranged in a reliable manner. The President and CEO is assisted by the Executive Board.

### Heikki Takala

President and CEO of Amer Sports since April 1, 2010. Master of Science degree in International Business, Helsinki School of Economics and ESADE (Barcelona). Born 1966. Finnish nationality.

Primary work experience: Commercial Director of Salon Professional Global Commercial Operations of Procter & Gamble. Several line management positions in region and product line organizations at Procter & Gamble 1992–2010.

## MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

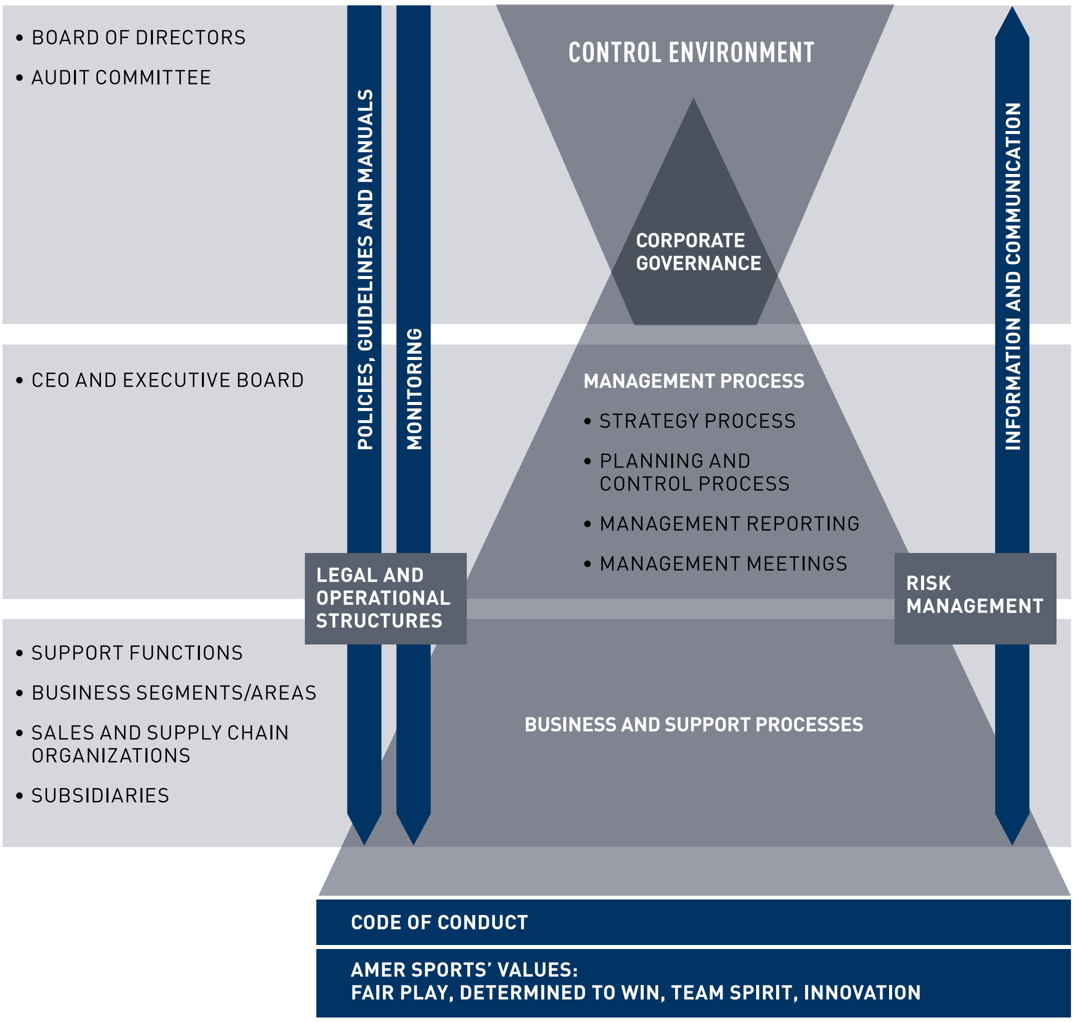
The Board of Directors of Amer Sports approves and endorses the Company's Risk Management Policy. This policy defines the objectives, principles, processes and responsibilities concerning risk management within Amer Sports companies.

The risk management process is embedded in the business management in order to support the accomplishment of the Company's strategic business targets and financial reporting objectives. Responsibility for risk management rests with Amer Sports' operating segments/areas, sales and supply chain organizations and support functions, all of which report regularly on the main risks connected with their operations to Amer Sports management. The management of financial risks is centralized within the Company's Treasury function. Guidelines for risk management are set out in the Treasury Policy, which is approved by the Board of Directors and encompasses the principles and risk limits connected with the Company's balance sheet structure, relationships with financial institutions and other financing risks.

Amer Sports has three reportable operating segments: Outdoor, Ball Sports and Fitness. In overseeing the Company's operations, the President and CEO and other executives utilize weekly sales reports, monthly financial reports, and regular meetings with the management teams of operating segments/areas and regions.

Financial reporting is carried out in a harmonized manner in all Group companies. Amer Sports' accounting policies are based on the International Financial Reporting Standards (IFRS). In addition to IFRS, more specific group policies and guidance are provided in the Company's accounting policies manual (Corporate Manual). The Finance function is responsible for maintaining the Company's accounting policies and reporting systems, and also performs monitoring to ensure that these reporting policies are followed. The Group's operating segments are responsible for providing their own financial statements. The Finance function provides consolidated financial statements.

AMER SPORTS INTERNAL CONTROL FRAMEWORK



Amer Sports is in the final phase of implementing a group-wide ERP (Enterprise Resource Planning) system. This includes a harmonized chart of accounts and structures enabling a more efficient control environment. The Finance function is responsible for monitoring the implementation of SAP rollouts. Amer Sports Risk Management framework includes internal controls over financial reporting that are aligned with the framework issued by the Committee of Sponsoring Organizations (COSO). There are five main components in this framework: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

### Control Environment

Amer Sports values and Code of Conduct support and guide the Company's operations around the world, providing a foundation for the control environment. The Board of Directors has overall responsibility for ensuring that an effective system of internal control and risk management is established. The Audit Committee oversees that risk management activities are in line with the Company's Risk Management Policy. The responsibility for maintaining the internal control and risk management system is delegated to the President and CEO and to the Executive Board.

### Risk Assessment

As part of Amer Sports risk management process, risks related to the business environment and operational and financial risks are identified, assessed and prioritized on an annual basis. Financial reporting priorities are defined by the Finance function to enable the identification and adequate management of risks.

### Control Activities

Amer Sports operating segments/areas, sales and supply chain organizations and support functions are responsible for aligning the Group's risk management priorities and strategies with Amer Sports management processes. Amer Sports support functions issue policies and guidelines for specific areas such as finance, accounting, purchasing, sales, IT, HR, and legal compliance. Operating segments/areas and sales and supply chain organizations and support functions are responsible for applying these policies and guidelines to achieve efficient and appropriate controls on the basis of their individual circumstances and operational contexts. Risk management and control activities are designed to mitigate identified risks while giving due consideration to the cost and potential effectiveness of control activities. Amer Sports Treasury function monitors the implementation of the Company's Treasury Policy within operating segments/areas and subsidiaries.

Amer Sports Corporate Manual and Internal Control Policies set standards for financial procedures. Financial control activities are designed to prevent, detect, and correct errors and irregularities and include a range of activities such as reporting, authorizations, approvals, reconciliations, and the segregation of duties.

Amer Sports Internal Control Policies harmonize and clarify rules and procedures by setting and communicating the expected minimum requirements that fall within the remit of internal controls. Property, loss-of-profits and liability risks arising out of the operations of Amer Sports companies are covered by taking out appropriate insurance policies. In addition to worldwide insurance programs, local policies are used when special legislation-related needs exist.

### Information and Communication

The components of Amer Sports' risk management and internal control system are described in various manuals, instructions and policies. These are communicated throughout the Group and stored in the Amer Sports intranet, which is accessible to Amer Sports employees. Amer Sports Corporate Manual defines, among other items, the planning and control process, reporting and accounting policies, and the role of the Amer Sports Treasury function. Taxation issues are covered in a range of instruction documents and guidelines. Amer Sports Internal Control Policy provides further information and establishes the expected minimum requirements regarding, among others, the authorization matrix, capital expenditure, and credit control policy. Operating segments/areas, sales and supply chain organizations and subsidiaries regularly provide Amer Sports management with financial and management reports, including analyses of financial performance as well as potential risks and opportunities.

### Monitoring Activities

The performance of Amer Sports companies is reviewed regularly at different organizational levels. Representatives of Amer Sports Finance function regularly visit the Company's businesses to carry out operational reviews. The Group Internal Control function adheres to the Internal Control Charter, approved by the Audit Committee, which stipulates the mission and scope of work for this function. The Group Internal Control function visits the Company's businesses to perform operational reviews and monitor compliance with internal control procedures, policies and guidelines according to an agreed plan.

Risk reporting is integrated into both the Operational Planning and Control Cycle and the Strategic Review Cycle management processes. Amer Sports operating segments/areas, sales and supply chain organizations and support functions report regularly on risk exposures and related mitigation efforts to the relevant management board.

The Board of Directors supervises significant risks connected with Amer Sports operations and evaluates the effectiveness of risk management activities.

The Risk Management Steering Team is responsible for overall development of the risk management process within Amer Sports, including the facilitation of Group level risk mapping.

### Internal Audit

In Amer Sports the internal audit activities are performed by the Group Internal Control function, consisting of three persons. This function has direct access to the Audit Committee, attends the Audit Committee meetings and reports regularly on the work performed and on findings to the Committee. The purpose of the Group Internal Control function is to ensure a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control system and governance processes. To support the current development with strong focuses on harmonization and consolidation of Amer Sport's functions and processes the Group Internal Control function also provides internal advisory services and shares best practices.

### 2015

Amer Sports Group Internal Control function analyzed the efficiency and adequacy of internal control in the Group's operations and evaluated the governance, internal control and risk management processes in the Company's businesses. A special focus this year as well as previous year was the transition of activities to the financial shared service center opened in 2011 in Poland. An additional focus area during 2015 has been the Business to Consumer part of the business.

### External Audit

According to the Company's Articles of Association, Amer Sports has one auditor, which must be a public accounting firm certified by Finland's Central Chamber of Commerce.

The independent public accountant engaged by Amer Sports is responsible for directing and coordinating audit work within all Amer Sports companies. The Audit Committee prepares a recommendation for the Annual General Meeting regarding the election of the auditor. The Annual General Meeting elects the auditor annually and for a period of one financial year.

The Company's auditor submits a written report on the audit to the Audit Committee and the Board of Directors once a year. The principal auditor presents a summary of the annual audit in person at the Board of Directors meeting at which the financial statements for the fiscal year are discussed. Auditors are invited to each of the Audit Committee's meetings and provide updates on how the Group audit is progressing and other findings.

### 2015

In 2015, the Annual General Meeting elected Ernst & Young Oy as Amer Sports' auditor. The principally responsible auditor is Mikko Järventausta.

# BOARD OF DIRECTORS

## ANSSI VANJOKI

**CHAIRMAN OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Professor at Lappeenranta University of Technology
- Individual Multicontributor
- MSc, Economics
- Born in 1956, Finnish nationality

**PRIMARY WORK EXPERIENCE**
- Executive Vice President and General Manager, Mobile Solutions Unit of Nokia Corporation 2010
- Executive Vice President of Markets, Nokia Corporation 2007–2010
- Executive Vice President and General Manager, Multimedia unit of Nokia Corporation 2004–2007
- Executive Vice President and General Manager, Nokia Mobile Phones 1998–2004
- Member of the Executive Board of Nokia Corporation 1998–2010
- Executive Vice President and Senior Vice President, Nokia Mobile Phones (Europe and Africa) 1994–1998
- Vice President of Sales, Nokia Mobile Phones 1991–1994
- Several management positions at 3M Corporation 1980–1991

**OTHER POSITIONS OF TRUST**
- Chairman of the Boards of Directors of Oriola-KD Corporation, KoruLab Inc, Omegawave Ltd, Aqsens Ltd and Sstatzz Oy
- Member of the Boards of Directors of Sonova Holding AG, Atacama Labs Oy and Basware Corporation

## ILKKA BROTHERUS

**VICE CHAIRMAN OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Owner and Managing Director, Sinituote Oy
- MSc, Economics
- Born in 1951, Finnish nationality

**PRIMARY WORK EXPERIENCE**
- Member of the Board of Directors of Veho Group Oy Ab 2003–2013
- Member of the Board of Directors of YIT Corporation 2000–2006
- Deputy Managing Director, Hackman Group 1988–1989
- Managing Director, Hackman Housewares Oy 1987–1988
- Managing Director, Havi Oy 1981–1986
- Various marketing and management positions, Mestarikustannus Oy 1977–1980

**OTHER POSITIONS OF TRUST**
- Vice Chairman of the Supervisory Board of Elo Mutual Pension Insurance Company

## MARTIN BURKHALTER

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Chief Executive Officer, Vizrt Ltd
- Degree in Biotechnology and in Accounting
- Born in 1952, Swiss nationality

**PRIMARY WORK EXPERIENCE**
- Independent Consultant, Switzerland 2004–2005
- Senior Vice President and Managing Director, EMEA Reebok International, France 2001–2003
- Chief Executive Officer, Intersport International Corporation (IIC), Switzerland 1997–2001
- Chief Executive Officer, Intersport Holding Norway 1996–1997
- Chief Executive Officer, Intersport Norway 1994–1996
- Senior Vice President and Sports Director, Lillehammer Olympic Organization Committee (LOOC) 1990–1994
- Sports Director and Assistant General Secretary, Norwegian Confederation of Sports (NIF) 1989–1990

## CHRISTIAN FISCHER

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholder
- Serial entrepreneur
- PHD Economics, MBA (INSEAD)
- Born in 1964, Austrian nationality

**PRIMARY WORK EXPERIENCE**
- Founder and CEO, NewMoove Online Fitness GmbH 2010–2014
- Founder and Managing Director, Accelate Business Launch and Expansion GmbH 2008–2013
- Founder and CEO, Security Land Sicherheits Fachmarkt GmbH 2005–2009
- Principal in A.T. Kearney Management Consultants 1994–1999
- International Brand Management of Henkel AG & Co. KGaA 1993

# BOARD OF DIRECTORS

## HANNU RYÖPPÖNEN

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Bachelor of Business Administration
- Born in 1952, Finnish nationality

**PRIMARY WORK EXPERIENCE**
- Non-Executive Director at several companies since 2009
- Deputy Chief Executive Officer of Stora Enso Oyj, Helsinki/London 2007–2009
- Chief Financial Officer of Stora Enso Oyj, Helsinki and London 2005–2008
- Chief Financial Officer of Koninklijke Ahold N.V., Amsterdam 2003–2005
- Chief Financial Officer of Industri Kapital Group, London 1999–2003
- Deputy Chief Executive Officer of Ikano Asset Management, Luxembourg 1998–1999
- Chief Financial Officer of the IKEA Group, Copenhagen 1985–1998
- Executive in banking and corporates in UK, USA and Sweden, 1977–1985

**OTHER POSITIONS OF TRUST**
- Chairman of the Advisory Board of True Capital private equity funds
- Chairman of the Boards of Directors of Altor private equity funds
- Member of the Boards of Directors of Value Creation Investments Limited and Samworth Brothers Ltd

## BRUNO SÄLZER

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Chairman and Chief Executive Officer of Bench International Ltd and Bench Germany GmbH
- BA, PhD in Logistics
- Born in 1957, German nationality

**PRIMARY WORK EXPERIENCE**
- Chief Executive Officer, Escada SE 2008–2014
- Chairman and Chief Executive Officer, Hugo Boss AG 2002–2008
- Executive Vice Chairman, Hugo Boss AG 1998–2002
- Member of the Managing Board, Hugo Boss AG 1995–1998
- Managing Director, Hairdressing International of Hans Schwarzkopf GmbH 1991–1995
- Director of International Sales Coordination, Beiersdorf AG 1986–1991

**OTHER POSITIONS OF TRUST**
- Member of the Supervisory Boards of Deichmann SE and Lacoste Holding NG

## LISBETH VALTHER

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Chief Executive Officer, Next Step Citizen A/S
- Bachelor of Business Administration and Marketing
- Born in 1966, Danish nationality

**PRIMARY WORK EXPERIENCE**
- Executive Vice President, Community, Education & Direct, LEGO A/S 2006–2012
- Vice President, Interactive Experiences, LEGO A/S 2004–2006
- Senior Director, Marketing, Global Innovation & Marketing, LEGO A/S 2002–2004
- Director, Product Management, Global Segment 4–8, LEGO A/S 2001–2002
- Director, New Business Development, LEGO System A/S 2000–2001
- Director, Concept Development, LEGO TIME, LEGO Lifestyle International Ltd 1999–2000
- Several manager positions, LEGO Group 1991–1999

**OTHER POSITIONS OF TRUST**
- Member of the Board of Directors of Orkla ASA

## INDRA ÅSANDER

**MEMBER OF THE BOARD OF DIRECTORS**
- Independent of the company and significant shareholders
- Chief Executive Officer, Sergel Group
- MSc, Engineering
- Born in 1956, Swedish nationality

**PRIMARY WORK EXPERIENCE**

TeliaSonera AB
- Senior Vice President, Head of Product Management Europe, Mobility Services, 2008–2011
- Senior Vice President, Head of Content Services Europe, Mobility Services, 2007
- Senior Vice President, Head of Consumer Business, 2003–2006

Telia AB
- Senior Vice President, Head of Business Area Internet Services, 2001–2002
- Vice President, Skanova, Marketing Director, 2000–2001

Vattenfall AB
- Senior Vice President, Energy Market, 2000
- Director of Product sales Energy Market, 1999–2000
- Divisional Manager for Corporate Customers, Sweden, 1998–1999
- Divisional Manager for the Private Consumer Market, Sweden 1995–1998
- Regional Manager for Vattenfall Electricity Provision 1994–1995

**OTHER POSITIONS OF TRUST**
- Member of the Board of Directors of Aura Light International AB

# EXECUTIVE BOARD
As of March 1, 2016

## HEIKKI TAKALA

**PRESIDENT AND CEO**
Born 1966, Finnish nationality
Executive Board member since 2010

**CAREER**
- President and CEO, Amer Sports since 2010
- Several leadership positions in brand management, marketing, sales, and commercial strategy at country, region, and global level, Procter & Gamble 1992–2010
- 16 years of international experience, last 9 years in Switzerland

**EDUCATION**
- M.Sc. International Business, Helsinki School of Economics, Finland and ESADE, Barcelona, Spain

## ROB BARKER

**FITNESS**
Born 1966, British nationality
Executive Board member since 2013

**CAREER**
- President, Fitness, Amer Sports since 2013
- Vice President, EMEA and Asia Pacific, Precor Inc. 2008–2013
- Regional Commercial Director, EMEA, Amer Sports Fitness 2003–2010
- European Commercial Director, Precor Products Ltd 2001–2003
- European Commercial Director, FitLinxx 2001
- Sales and Marketing Manager, UK, Precor Products Ltd 1995–2000

**EDUCATION**
- Diploma in marketing, Chartered Institute of Marketing, United Kingdom
- B.Sc. (Hons), sports science and business administration, Nottingham Trent University, United Kingdom

## MIKE DOWSE

**BALL SPORTS**
Born 1966, American nationality
Executive Board member since 2010

**CAREER**
- President, Ball Sports (Wilson Sporting Goods, DeMarini, ATEC), Amer Sports since 2013
- General Manager, Americas, Amer Sports 2010–2013
- President & General Manager, Winter and Outdoor Americas, Amer Sports 2006–2010
- Vice President, North America, Suunto 2004–2006
- Director of Tennis Footwear, Nike Inc. 2002–2004
- Various positions in United States and Germany, Wilson Sporting Goods

**EDUCATION**
- BBA, Marketing and Management, University of Portland, USA

## VICTOR DURAN

**MARKETING AND BUSINESS TO CONSUMER**
Born 1966, American nationality
Executive Board member since 2011

**CAREER**
- Senior Vice President, Marketing and Business to Consumer, Amer Sports since 2011
- Partner, HotHouse Consulting 2008–2010
- Director, Zyman Group Consulting 2006–2008
- Head of Marketing, EMEA, Caterpillar 2001–2005
- Brand Management line positions, Procter & Gamble 1994–2001
- Officer, US Army 1989–1992

**EDUCATION**
- MBA, International Business and Marketing, University of North Carolina, USA
- BS, Economics, US Military Academy at West Point, USA

# EXECUTIVE BOARD

As of March 1, 2016

## MATT GOLD

**ASIA PACIFIC**
Born 1969, American nationality
Executive Board member since 2010

**CAREER**
- General Manager, Asia Pacific, Amer Sports since 2007
- General Manager, Japan, Amer Sports 2002–2006

**EDUCATION**
- BA, Pomona College, Claremont, California, USA

## TERHI HEIKKINEN

**HUMAN RESOURCES**
Born 1964, Finnish nationality
Executive Board member since 2009

**CAREER**
- Senior Vice President, Human Resources, Amer Sports since 2009
- Senior Vice President, Human Resources, Rautaruukki Corporation 2005–2009
- Executive Vice President, Human Resources, Alma Media Corporation 2003–2005
- Human Resources Director, Fujitsu Invia Ltd 2001–2003
- Human Resources Director, Accenture Ltd 1999–2001
- Human Resources Manager, Hartwall Plc 1996–1999
- Human Resources Manager, Finland's Post Ltd 1989–1996
- Company Advisor, Ministry of Trade and Industry 1987–1989

**EDUCATION**
- M.Sc. Economics, University of Tampere, Finland

## BERNARD MILLAUD

**CYCLING**
Born 1958, French nationality
Executive Board member since 2009

**CAREER**
- President, Cycling (Mavic) since 2009
- President, Mavic SAS since 2010
- President, Salomon SAS, President of Cycling (Mavic) and President of Winter Sports (Salomon) 2007–2009
- General Manager, Mavic 2002–2007
- General Manager, Winter Sports, Salomon 1998–2002
- Various positions, Winter Sports, Salomon 1988–1998
- Various positions, Renault and its affiliate SNR Bearings 1981–1988

**EDUCATION**
- Ecole Polytechnique, France

# EXECUTIVE BOARD

As of March 1, 2016

## MIKKO MOILANEN

**SPORTS INSTRUMENTS**
Born 1965, Finnish nationality
Executive Board member since 2010

**CAREER**
- President, Sports Instruments (Suunto), Amer Sports since 2010
- Various international executive and senior manager positions in R&D, product creation, program and portfolio management as well as demand supply network management and strategy, Nokia 1992–2009
- Design Engineer and Project Manager, ASIC Design House Smartech Oy 1989–1992

**EDUCATION**
- M.Sc. (EE), Microelectronics and Digital Signal Processing, Tampere University of Technology, Finland

## HEIKKI NORTA

**CHIEF DIGITAL OFFICER**
Born 1967, Finnish nationality
Executive Board member since 2015

**CAREER**
- Chief Digital Officer, Amer Sports since 2015
- Partner and General Manager Surface, Microsoft, 2014–2015
- Vice President & General Manager, Connected Devices unit, Nokia 2011–2014
- Various leadership positions at Nokia Mobile Phones 2000–2011
- Various management positions at Nokia Mobile Phones 1992–2000

**EDUCATION**
- M.Sc. Economics, Helsinki School of Economics, Finland

## JEAN-MARC PAMBET

**FOOTWEAR**
Born 1959, French nationality
Executive Board member since 2009

**CAREER**
- President, Footwear and President, Salomon SAS, Amer Sports since 2010
- President of Apparel and Footwear, Amer Sports 2007–2009
- General Manager Apparel & Footwear, Salomon 2002–2007
- General Manager, EMEA, Salomon 1996–2001
- Country Manager France, Salomon 1990–1995
- Various positions, Salomon 1985–1989
- Consulting, Eurequip Paris 1983–1985

**POSITIONS OF TRUST**
- Member of the Board of Directors of European Outdoor Group (EOG)
- Vice President, Outdoor Sports Valley

**EDUCATION**
- Ecole HEC Paris, France

# EXECUTIVE BOARD

As of March 1, 2016

## MICHAEL SCHINEIS

**WINTER SPORTS EQUIPMENT**
Born 1958, German nationality
Executive Board member since 2002

**CAREER**

- President, Winter Sports Equipment, Amer Sports since 2007
- President, Atomic Austria GmbH since 1996
- General Manager, Salomon Germany GmbH 1993–1996
- Management team member, advertising agency CONTOP 1989–1993

**POSITIONS OF TRUST**

- Member of the "Beirat für Wissenschaft und Forschung des Landes Salzburg"
- Member of the Advisory Board of Bulthaup GmbH & Co. KG

**EDUCATION**

- MBA, PhD (Dr.rer.pol.), Augsburg, Germany

## JUSSI SIITONEN

**CHIEF FINANCIAL OFFICER**
Born 1969, Finnish nationality
Executive Board member since 2011

**CAREER**

- Chief Financial Officer, Amer Sports since 2011
- Senior Vice President, Finance, Amer Sports 2009–2010
- Senior Vice President and Group Controller, Stora Enso Group 2008–2009
- Senior Vice President, Chief Accounting Officer, Stora Enso Group 2006–2008
- Several leadership positions in finance, controlling and project management, Stora Enso Group 1992–2006

**EDUCATION**

- M.Sc. Economics, Helsinki School of Economics, Finland

## MICHAEL WHITE

**CHIEF SALES OFFICER AND GENERAL MANAGER, EMEA AND AMERICAS**
Born 1964, British nationality
Executive Board member since 2010

**CAREER**

- Chief Sales Officer and General Manager, EMEA and Americas, Amer Sports since 2013
- General Manager EMEA, Amer Sports 2010–2013
- General Manager, Europe, Amer Sports 2008–2009
- General Manager, UK & Ireland, Amer Sports 2005–2008
- General Manager, France, Office Depot 2000–2004
- General Manager, France, ICI Paints 1997–2000
- General Manager, France, French Connection 1995–1997
- Commercial Director, France, French Connection 1993–1995
- Sales & Marketing Manager, Ecuador, Coats Viyella 1992–1993
- Marketing Executive, Europe, Coats Viyella 1990–1991
- Management Trainee, Coats Viyella 1988–1990

**EDUCATION**

- MA (Hons), University of St Andrews, United Kingdom

**VINCENT WAUTERS** acted as the President of Apparel and member of the Amer Sports Executive Board from March 2015 until February 2016.

# Remuneration

Amer Sports strategy provides a clear direction to the Company's total reward principles, which are closely linked to targeted business success as well as financial and personal performance. The aim of total rewarding is to drive business success through programs that attract, motivate, reward and retain good and high performers.

## REMUNERATION AND OTHER FINANCIAL BENEFITS OF THE BOARD OF DIRECTORS

Amer Sports shareholders determine the amount of compensation to be paid to members of Amer Sports' Board of Directors at the Annual General Meeting of shareholders. The Annual General Meeting of shareholders of Amer Sports held on March 12, 2015 resolved that the remuneration of the Board of Directors shall be unchanged. The Chairman of the Board of Directors was paid an annual remuneration of EUR 100,000, the Vice Chairman EUR 60,000 and the other members EUR 50,000 each.

According to the resolution of the Annual General Meeting, 40 percent of the annual remuneration budgeted for the members of the Board of Directors, including the Chairman of the Board of Directors and the Vice Chairman, will be used to acquire Amer Sports shares to the account of each member.

A member of the Board of Directors is not permitted to sell or transfer any of these shares during the term of his or her Board membership. However, this limitation is valid for a maximum of five years after the acquisition of the shares.

## THE NUMBER OF SHARES GRANTED TO THE BOARD OF DIRECTORS AS REMUNERATION

On June 17, 2015 the members of the Board of Directors received annual remuneration totaling EUR 460,000, of which EUR 184,000 was paid in shares.

The members of the Board of Directors received the following compensation:

| | Cash payment in Euros | Number of shares | Total in Euros |
|---|---|---|---|
| Ilkka Brotherus | 36,001 | 1,015 | 60,000 |
| Martin Burkhalter | 30,021 | 845 | 50,000 |
| Christian Fischer | 30,021 | 845 | 50,000 |
| Hannu Ryöppönen | 30,021 | 845 | 50,000 |
| Bruno Sälzer | 30,021 | 845 | 50,000 |
| Lisbeth Valther | 30,021 | 845 | 50,000 |
| Anssi Vanjoki | 60,018 | 1,691 | 100,000 |
| Indra Åsander | 30,021 | 845 | 50,000 |
| **Yhteensä** | **276,145** | **7,776** | **460,000** |

## TOTAL REWARDING PRINCIPLES AND REMUNERATION OF THE PRESIDENT AND CEO AND OTHER EXECUTIVES

The Amer Sports total rewarding principles are derived from the Company's Pay for Performance philosophy and are closely linked to targeted business success as well as financial and personal performance. The principles of the total rewarding and Pay for Performance philosophy apply to all Amer Sports employees and are closely linked to Amer Sports performance management process called Coaching for Success. Annual targets are derived from the Group's strategy and long-term financial targets. These targets are cascaded to the Business Areas and team and individual level through Coaching for Success process. The individual performance is evaluated during an annual performance discussion. In the case of the President and CEO, the performance is evaluated by the Board of Directors.

The components of total reward are:
1. Base pay
2. Benefits
3. Annual incentives and
4. Long-term incentives

# REMUNERATION

Base pay forms the basic element of compensation and takes into account particularly the content and demands of the role and individual performance. Amer Sports conducts merit reviews annually in accordance with the Pay for Performance philosophy.

Benefits are part of Amer Sports total rewarding and the principles follow local legislation and practices. Examples of common benefits are health care and mobile phone.

Amer Sports annual incentive programs, which are cash-based, drive the company's strategy, financial targets and development programs in the short term. Annual incentive programs are built against the Group's and entity's strategy. Annual incentives reward employees for achieving business success through company's defined financial targets, key performance indicators and reaching personal targets. Participation in an annual incentive program is role-dependent and covers the majority of Amer Sports employees.

The long-term incentive programs, which are share and cash-based, drive Amer Sports strategy execution and reaching the financial targets in the long term. The long-term incentives have a strategic focus at the Group level and the earnings opportunity is linked to the company's financial performance and Amer Sports share price development. A limited number of executives and key players participate in long-term incentive programs, with participants being nominated by the President and CEO, reviewed and proposed to the Board of Directors by the Compensation and HR Committee and approved by the Board of Directors. Long-term incentive programs are governed by the Board of Directors.

Amer Sports key principles for incentive programs

A. Ensure performance targets are in line with agreed financial targets and differences in roles of and target setting in Business Areas
B. Pay for performance: emphasis on sustainable fundamentals and improvement
C. Reward for longer term achievements, and emphasize more on achieving long-term business aspirations of Amer Sports
D. Prioritize Group level target achievement

The Board of Directors determines the salaries and compensation which is paid to the President and CEO and his immediate subordinates. The Compensation and HR Committee is responsible for preparing the proposals for the CEO's and his immediate subordinates' salaries and the executive's incentive system.

In all remuneration decisions, Amer Sports follows the manager's manager principle of approval.

## Pensions

Executives in Finland participate in the standard statutory Finnish pension system called TyEL. According to this statutory pension system, base pay, taxable benefits and annual incentives represent pensionable earnings. Executives located outside of Finland participate in the local pension systems that apply in the countries where they are employed.

## President and CEO

Heikki Takala is the President and CEO of Amer Sports as of April 1, 2010. The terms and conditions of employment that apply to the company's President and CEO have been approved by the Board of Directors and are defined in a written executive agreement. Termination of President and CEO's written executive agreement requires six (6) months' notice on both sides. Should the company terminate the President and CEO's appointment, a severance payment equaling twelve (12) months of total annual gross salary is payable. The President and CEO participates in the standard local statutory pension system and can retire at the age of 65.

The Board of Directors determines the salaries and compensation which is paid to the President and CEO. He is eligible to participate in Amer Sports Corporation's Executive annual incentive program. The Board of Directors decides on the President and CEO's annual incentive target setting and makes the achievement review.

The President and CEO participates in the Performance Share Plan 2013 and in the Restricted Stock Plan 2013. The received shares are under transfer restrictions as per the plans' terms and conditions.

In 2014, The President and CEO received in total 35,710 shares from Company's long-term incentive Plans. From Performance Share Plan 2013 earning year 2013 he received 18,210 shares and earning years 2011–2013 he received 7,500 shares. From Restricted Stock Plan 2013 earning year 2013 he received 10,000 shares.

In 2015, The President and CEO received in total 21,224 shares from Company's long-term incentive Plans. From Performance Share Plan 2013 earning year 2014 he received 5,724 shares and earning years 2012–2014 he received 7,500 shares. From Restricted Stock Plan 2013 earning year 2013 he received 8,000 shares.

The President and CEO participates in the Performance Share Plan 2013 earning year 2015 and earning years 2015–2017, and Restricted Stock Plan 2013 earning year 2015.

In 2015, salaries and incentives paid to the President and CEO Heikki Takala amounted to EUR 1.0 million, of which incentives totaled EUR 0.3 million. In addition, cumulative long-term incentive related expenses were paid from 2013–2014 and amounted to EUR 0.5 million.

### Salaries, benefits and other compensation paid to the President and CEO up to December 31, 2015

| | Salaries | Annual incentive*,** | Long-term incentives** |
|---|---|---|---|
| President and CEO | 682,397 | 315,575 | 458,649 |

* Paid in 2015, based on 2014 achievements

** In addition, EUR 0.5 million cumulative expenses from 2013–2014

### Salaries and other compensation paid in 2015 to the members of the Executive Board

Salaries, benefits and other compensation paid to the President and CEO and the members of the Executive Board in 2015 totaled EUR 11.8 million. Salaries, benefits and other compensation paid to the members of the Executive Board (excluding President and CEO) totaled EUR 9.8 million, of which incentives totaled EUR 5.8 million. No separate compensation is paid to the members of the Executive Board for their participation in any management bodies.

The annual incentives paid to the members of the Executive Board in 2015 were based on the results of the calendar year 2014. The annual incentive target elements for all the members of the Executive Board were Group's Earnings Before Interest and Taxes (EBIT), Net Sales and Cash Flow. In addition to the Group's targets, the Business Area Presidents and the Regional General Managers were rewarded for their respective Business Areas' Earnings Before Interest and Taxes (EBIT), Net Sales and Gross Margin improvement, in line with their responsibility areas' strategic role in the Group. The President and CEO and members of the Executive Board also have a portion of incentive reward based on personal objectives, which are directly derived from the Group's strategy.

### Salaries and other compensation paid to the members of the Executive Board up to December 31, 2015 (EUR), excluding President and CEO

| | Salaries | Annual incentive* | Long-term incentives* |
|---|---|---|---|
| Members of the Executive Board** | 3 982 478 | 1 078 389 | 4 682 436 |

* Paid in 2015, based on 2014 achievements

** Excludes President and CEO; Andy Towne left on 23rd September, 2015; Heikki Norta joined on 22nd October, 2015

### Shareholding at December 31, 2015

| | Shares |
|---|---|
| Members of the Board of Directors | 2,785,722 |
| President and CEO | 171,069 |
| Executive Board | 619,707 |
| **Total** | **3,576,498** |

## LONG-TERM REMUNERATION PROGRAMS

### Cash-based long-term incentive plan

**Deferred cash long-term incentive 2011–2013**

At December 21, 2010, the Board of Directors resolved to establish continuation to the previous deferred cash long-term incentive program, with amended terms and conditions. This deferred cash long-term incentive program seeks to drive Amer Sports' strategy and long-term target achievement. The program encourages the achievement of the Group's annual financial targets and long-term shareholder value. Its result is tied to a two-year trend in shareholder value. The reward is payable in cash in the same currency as the participant's salary and the payment is subject to taxes and other deductions under applicable laws. At the end of 2015, 101 key employees in the organization were within the scope of this program.

### Share-based incentive plans

**Performance Share Plan 2010**

On February 4, 2010, the Board of Directors approved a share-based incentive plan for the Group's key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer key personnel competitive reward plans based on holding the company shares. The plan rewards the key personnel for short-term financial targets achievement and at the same time for long-term shareholder value and commitment.

The Performance Share Plan 2010 included six earning periods, the calendar years 2010, 2011 and 2012 and calendar years 2010–2012, 2011–2013 and 2012–2014. The Board of earnings criteria and the targets to be established for them for each earning period at the beginning of each earning period. Rewards from the plan for the earning period 2012 was based on the Group's Earnings Before Interest and Taxes (EBIT) and Net Sales and rewards for the earning period 2012–2014 was based on the Group's Total Shareholder Return (TSR). For the earning periods, Group's EBIT and Net Sales constituted 70% and Total Shareholder Return 30% of the earnings criteria.

A prerequisite for participation by key personnel in the plan and for receiving rewards on the basis of the plan was that they must acquire Company shares. Participants in the plan will be entitled to receive shares as a reward for meeting this condition. In 2011, as a reward for meeting this condition, 40,698 shares were transferred to key personnel participating in the Performance Share Plan. In 2012, as a reward for meeting this condition, 7,255 shares were transferred to new key personnel participating in the Performance Share Plan. In 2013, as a reward for meeting this condition, 4,434 shares were transferred to new key personnel participating in the Performance Share Plan.

Potential rewards from the earning periods will be paid partly in Company's shares and partly in cash. Cash payments will equal to taxes and tax-related costs, which arise from the reward to key personnel. Shares awarded in connection with the earning period 2012 may not be transferred during the restriction period, which ended at December 31, 2014. The amount of net rewards to be paid on the basis of the Performance Share Plan 2010 was a maximum total of 1,000,000 Amer Sports shares.

In addition to the Plan's restriction periods, members of the Group Executive Board must hold 50% of the shares they receive on the basis of incentive plans as long as the value of the shares held by the member of the Executive Board in total corresponds to the person's annual gross salary.

In March 2013, in relation to the earning period 2012, 4,580 shares were transferred to key personnel participating in the Performance Share Plan. In March 2014, in relation to the earning period 2011–2013, 77,370 shares were transferred to key personnel participating in the Performance Share Plan. In March 2015, in relation to the earning period 2012–2014, 72,870 shares were transferred to key personnel participating in the Performance Share Plan.

In 2012, 5,209 shares, in 2013, 19,198 shares, in 2014, 3,427 shares granted as share-based incentives based on the Performance Share Plan were returned to Amer Sports Corporation in accordance with the terms of the incentive plan as employment ended. These include shares paid as reward for achieving Group's financial targets and shares paid in meeting the Plan prerequisite.

The Performance Share Plan is directed at approximately 60 people, including the members of the Executive Board. At the end of the calendar year, 50 key players participated in the Performance Share Plan for the earning period 2012–2014.

### Performance Share Plan 2013

At December 14, 2012, the Board of Directors approved a share-based incentive plan for the Group's key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer key personnel competitive reward plans based on holding the company shares. The plan rewards the key personnel for short-term financial targets achievement and at the same time for long-term shareholder value and commitment.

At December 19, 2013, the Board of Directors approved amendments to the Performance Share Plan 2013 for the remaining earning years. The number of employees included in the Performance Share Plan is extended from approximately 80 to 200 persons, and the amount of net rewards to be paid on the basis of the Performance Share Plan is increased from a maximum total of 1,200,000 to a maximum total of 1,400,000 Amer Sports Corporation shares.

The Performance Share Plan 2013 includes six earning periods, the calendar years 2013, 2014 and 2015 and calendar years 2013–2015, 2014–2016 and 2015–2017. The Board of Directors decides on the earnings criteria and the targets to be established for them for each earning period at the beginning of each earning period. Rewards from the plan for the earning periods 2013, 2014 and 2015 were based on the Group's Earnings Before Interest and Taxes (EBIT) and Net Sales and potential rewards based on the Group's Total Shareholder Return (TSR) for the earning periods 2013–2015, 2014–2016 and 2015–2017. For the ongoing earning periods, the weighting for the EBIT and Net Sales totals 80% and TSR 20%.

A prerequisite for participation by the key personnel in the plan and for receiving rewards on the basis of the plan is that they must acquire Amer Sports Corporation shares. Participants will be entitled to receive shares as a reward for meeting this condition.

Potential rewards from the earning periods will be paid partly in company's shares and partly in cash. Cash payments will equal to taxes and tax-related costs, which arise from the rewards to the key personnel. Shares awarded in connection with the earning periods 2013, 2014 and 2015 may not be transferred during the restriction periods, which will end at December 31, 2015, at December 31, 2016 and at December 31, 2017 respectively. The amount of net rewards to be paid on the basis of the Performance Share Plan will be a maximum total of 1,400,000 Amer Sports Corporation shares. Prior to the amendment decision at December 19, 2013, the amount of net rewards to be paid on the basis of the Performance Share Plan was a maximum total of 1,200,000 Amer Sports Corporation shares.

In addition to the Plan's restriction periods, members of the Group Executive Board must hold 50% of the shares they receive on the basis of incentive plans as long as the value of the shares held by the member of the Executive Board in total corresponds to the person's annual gross salary.

In March 2014, in relation to the earning period 2013, 246,656 shares were transferred to the key personnel participating in the Performance Share Plan. In March 2015, in relation to the earning period 2014, 134,126 shares were transferred to the key personnel participating in the Performance Share Plan In 2014, 12,770 and in 2015, 35,540 shares granted as share-based incentives based on the Performance Share Plan were returned to Amer Sports Corporation in accordance with the terms of the incentive plan as employment ended.

The Performance Share Plan is directed at approximately 200 people, including the members of the Executive Board. Prior to the amendment decision at December 19, 2013, the Performance Share Plan was directed at approximately 80 people. At the end of 2015, 70 key players participated in the Performance Share Plan for the earning period 2013 and

2013–2015, 194 key players participated in the Performance Share Plan for the earning period 2014 and 2014–2016 and 231 key players participated in the Performance Share Plan for the earning period 2015 and 2015–2017.

**Restricted Stock Plan 2013**

At December 14, 2012, the Board of Directors also approved another share-based incentive plan for the Group's key personnel. The aim of the plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them competitive reward plans based on holding the company shares.

The Restricted Stock Plan includes three earning periods, calendar years 2013, 2014 and 2015. Potential rewards will be based on continuation of employment. Potential rewards from the earning periods will be paid partly as the company's shares and partly in cash. Cash payments will equal to taxes and tax- related costs incurring as a result of receiving a reward. Shares may not be transferred during the restriction periods, which ended at December 31, 2015, and will end at December 31, 2016 and at December 31, 2017 respectively. The amount of net rewards to be paid on the basis of the Restricted Stock Plan will be a maximum total of 300,000 Amer Sports Corporation shares.

In addition to the Plan's restriction periods, the members of the Group Executive Board must hold 50% of the shares they receive on the basis of incentive plans as long as the value of the shares held by the member of the Executive Board in total corresponds to the person's annual gross salary.

In March 2014, in relation to the earning period 2013, 88,500 shares were transferred to key personnel participating in the Restricted Stock Plan. In March 2015, in relation to the earning period 2014, 83,600 shares were transferred to key personnel participating in the Restricted Stock Plan. In 2014, 6,000 and in 2015, 14,300 shares granted as share-based incentives based on the Restricted Stock Plan were returned to Amer Sports Corporation in accordance with the terms of the incentive plan as employment ended.

At the end 2015, 48 key executives participated in the Restricted Stock Plan for the earning period 2013, 60 key executives participated in the Restricted Stock Plan for the earning period 2014 and 65 key executives participated in the Restricted Stock Plan for the earning period 2015.

**Performance Share Plan 2016**

At December 17, 2015, the Board of Directors approved a new share-based incentive plan for the Group key personnel. The aim of the new plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them competitive reward plans based on holding the Company shares.

The new Performance Share Plan includes six earning periods, calendar years 2016, 2017 and 2018 and calendar years 2016–2018, 2017–2019 and 2018–2020. The Board of Directors of the Company will decide on the earnings criteria, targets and participants at the beginning of each earning period. The potential reward from the plan for the earning period 2016 will be based on the Group's Earnings before Interest and Taxes (EBIT) and the Group's Net Sales and the potential reward for the earning period 2016–2018 will be based on the Group's Total Shareholder Return (TSR).

Key personnel must acquire the Company shares as a prerequisite for participation in the plan. Key personnel will be entitled to receive shares as a reward for fulfilling this prerequisite.

The potential rewards from the earning periods will be paid partly as the Company's shares and partly in cash. The cash payment equals to taxes and tax-related costs arising from the reward to the key person. The shares paid from the earning periods 2016, 2017 and 2018 may not be transferred during the restriction periods, which will end on 31 December 2018, on 31 December 2019 and on 31 December 2020.

The Performance Share Plan is directed to approximately 250 people, including the members of the Group Executive Board. The amount of net rewards to be paid on the basis of the Performance Share Plan will be a maximum total of 1,100,000 Amer Sports Corporation shares.

**Restricted Stock Plan 2016**

At December 17, 2015, the Board of Directors also approved another new share-based incentive plan for the Group key personnel. The aim of the new plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them competitive reward plans based on holding the Company shares.

The new Restricted Stock Plan includes three earning periods, calendar years 2016, 2017 and 2018. The potential reward will be based on continuation of employment. The Board of Directors of the Company will decide on the participants at the beginning of each earning period. The potential reward from the earning periods will be paid partly as the Company's shares and partly in cash. The cash payment equals to taxes and tax-related costs arising from the reward to the key person. The shares may not be transferred during the restriction periods, which will end on 31 December 2018, 31 December 2019 and on 31 December 2020.

The Restricted Stock Plan is directed to approximately 50 people, including the members of the Group Executive Board. The amount of net rewards to be paid on the basis of the Restricted Stock Plan will be a maximum total of 200,000 Amer Sports Corporation shares.

## Annual General Meeting
Amer Sports Corporation Annual General Meeting will start at 2 pm on Tuesday, March 8, 2016 at Messukeskus, Expo and Convention Centre Helsinki, Messuaukio 1, 00520, Helsinki, Finland. Registration and the distribution of voting tickets begin at 1.00 pm. More information about Amer Sports General Meetings is available at www.amersports.com/generalmeeting.

## Dividend
The Board of Directors proposes that a dividend of EUR 0.55 per share be paid for 2015, representing a dividend ratio of 54%. A dividend of EUR 0.45 per share was paid for 2015.

## Stock exchange releases
Amer Sports stock exchange releases are available in Finnish and English immediately after publication at www.amersports.com. Stock exchange releases can be subscribed and unsubscribed at www.amersports.com/investors /subscribe or by sending email to amer.communications@amersports.com.

## Interim reports 2016
- January–March: Friday, April 22
- January–June: Thursday, July 28
- January–September: Thursday, October 20

## Silent period
Amer Sports observes a silent period before issuing financial statements or interim reports.

- Start of the silent period: January 1, April 1, July 1, and October 1.
- End of the silent period: The results of the each respective quarter are made public.

During the silent period, the company's top management and Investor Relations do not meet with the representatives of capital markets or financial media, nor comment on issues related to the company's financial situation or general outlook.

If an event occurring during the silent period requires immediate disclosure, Amer Sports will disclose the information without delay in compliance with disclosure rules and may also comment on the event concerned.

The closed window rule for Amer Sports' insiders begins and ends at the same time as the silent period. During the closed window, insiders are not allowed to trade in the company's securities.

## Investor relations pages on the web
The Amer Sports investor relations pages at www.amersports.com/investors contain a share monitor, information about Amer Sports' largest shareholders, the company's insider register, presentations and reports as well as consensus estimates, among others.

## Change of address
Shareholders are advised to inform all banks and asset management companies where they have book-entry accounts about changes in their contact details. If the account is administered by Euroclear Finland, information about changes in contacts details should be send to Euroclear Finland.

## Contact information
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## Basic share information
- Listed on Nasdaq Helsinki Ltd
- NASDAQ OMX: AMEAS
- Reuters: AMEAS.HE
- Bloomberg: AMEAS.FH
- ADR: AGPDY, 023512205
- ISIN code: FI0009000285

## Primary indexes
- Nasdaq OMX Helsinki
- OMX Helsinki CAP
- OMX Helsinki 25
- NASDAQ OMX Nordic Consumer Goods Industry

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