FINANCIAL REVIEW 2016

AMER SPORTS

AMER SPORTS IN BRIEF

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).

Contents

In 2016
net sales totaled
2,622.1
meur

Market capitalization
at the end of 2016
2,971.6
meur

In 2016 sales network covered
34 countries

Group employed
8,526 people

Net sales 2016

Outdoor
1,601.8
meur

Ball Sports
671.1
meur

Fitness
349.2
meur

Total
2,622.1
meur

The offering of sports equipment, apparel, footwear, and accessories covers a wide range of sports, including:

tennis, badminton, golf, American football, baseball, basketball, alpine skiing, cross-country skiing, fitness training, cycling, running, hiking, and diving

CEO'S REVIEW

"We reached several strategic milestones, including Footwear & Apparel net sales at approximately EUR 1 billion.

Heikki Takala
President and CEO

2016 was another year of record sales, profits, and renewal – and a year of external challenges

In 2016, we delivered again record sales and profits as we closed our 7th consecutive year of profitable growth following our Sustainable Growth Model with annual growth, annual profit improvement, and annual investment for the future. We reached several strategic milestones, including Footwear & Apparel net sales at approximately EUR 1 billion, Business to Consumer bypassing EUR 200 million, and China bypassing EUR 100 million. We continued to invest into our 2020 acceleration priorities, most notably digitalization, retail openings, and developing new products and technologies for future commercialization. We built future warehouse and operations capacity to support our long-term growth objectives. In addition to the organic growth, we made two strategic acquisitions, ENVE Composites in Cycling and EvoShield in Baseball, to continue reinforcing our leadership positions.

The year was also challenging, especially in the second half, partially due to internal reasons as we had to postpone some of the planned launches in Sports Instruments and we had a delayed impact from some Fitness product launches, and partially due to a market slowdown resulting from elevated wholesale inventory levels, and several bankruptcies of our wholesale customers in the US market. As the market slowed down, we pursued sustainable, non-promotional growth. We improved our gross margins and tightened our opex management, whilst simultaneously continuing to invest into our strategic acceleration priorities. As a further enabler for profitable growth, we started a smaller scale cost restructuring program with focus on factory footprint reduction and legacy cost elimination.

Key achievements and key improvement areas

In 2016 we continued to successfully accelerate following our strategic priorities. To name a few achievements:

- Footwear and Apparel net sales grew to approximately EUR 1 billion (approximately EUR 300 million in 2010).
- Business to Consumer grew to EUR 200+ million, representing 8% of the Group sales (1% in 2010).
- China sales bypassed EUR 100 million, up more than 6x since 2010.
- Winter Sports Equipment continued to improve profitability despite lower topline in a context of unfavorable winters.
- Gross margin continued to improve to all-time high.

We also fell behind our plans especially in two areas:

In Sports Instruments and Fitness, we invested into transformational technology platforms and the biggest ever initiative pipeline. In Sports Instruments, we faced technical challenges and market introduction delays, and in Fitness, the impact of the product launches was delayed, which hurt our short-term sales and profits. The issues are being solved, and we look forward to the 2017 roll-outs and positive impact.

Our operating cost base is too high. As growth has become more uncertain in the short-term, we need to pursue efficiencies faster. In 2016 we started a EUR 20 million restructuring with good initial results, and we will further expand the cost restructuring program for bigger opex reductions, worth approximately 100 EBIT margin basis points once the program has been completed in approximately two years. This will ensure we close any gaps versus our sustainable profitability improvement target, whilst simultaneously enabling sufficient investment into accelerated growth in the selected priority areas.

Value creation

Since 2010, Amer Sports has delivered a Total Shareholder Return of 334% consisting of share price appreciation of 270% and paid dividends invested back into the company of 64%. Thanks to our improving performance and stronger balance sheet, we have now increased our dividends every year since the renewal of the strategy in 2010, and for 2016 The Board of Directors is proposing yet another increased payout to the shareholders. In the short term, in 2016, our share price was slightly down by 6%.

Targeted acceleration to 2020

In the 2016 Capital Markets Day we called our 2020 targets, with most notably organic growth to EUR 3.5 billion, with the five selected acceleration priorities:

i) Grow Footwear and Apparel beyond EUR 1.5 billion
ii) Grow US beyond USD 1.5 billion
iii) Stepchange China beyond EUR 200 million
iv) Build Business to Consumer beyond EUR 400 million
v) Drive Connected Devices and Services beyond EUR 600 million

> **We are increasingly agile and vigilant, driving growth where it makes sense whilst improving productivity and scale & synergy.**

In three out of these five priorities, i.e. Footwear & Apparel, China, and B2C, we delivered 2016 in line with our 2020 targets. In two, i.e. US and Connected Devices and Services, we were somewhat behind due to the US market turbulence and due to the challenges with the Sports Instruments and Fitness product launches. We remain committed to driving all five areas, energized by our successes, and we are determined to fix the challenges, expecting commercial success in 2017.

To enable the longer term acceleration, we continued to invest significantly into future building blocks. We opened 27 new brand stores and several new e-commerce shops, and continued to build our global cloud-based consumer database. We expanded warehouse capacity to meet tomorrow's needs of significantly higher e-commerce volumes both in EMEA and in the US. We recruited key talent to build capability to execute the acceleration, and we continued to drive our Corporate Responsibility efforts with broad-based improvement in our Key Performance Indicators. These investments ensure we build the capability and capacity for long-term growth and improvement, despite short term dilutive profit impact. This is what makes our Sustainable Growth Model sustainable.

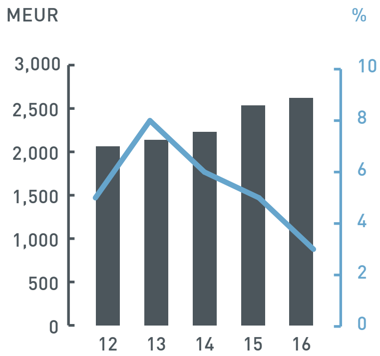
The way forward: toward 2020

We have now delivered seven consecutive years of profitable growth and overall performance improvement, following our Sustainable Growth Model. This solid performance is the foundation for our future growth and value creation. Our initiative pipeline for 2017 and beyond is strong, our acceleration priorities are enabled through funding and improved capability, and we continue to focus on delighting our consumers, partnering with our customers, and building strong brands and organization. As the times are uncertain, we are increasingly agile and vigilant, driving growth where it makes sense whilst improving productivity and scale & synergy, and eliminating legacy spend through continuous renewal in all areas of the company. This is how we continue to create value, today and tomorrow.

Heikki Takala
President and CEO

Year 2016 in Brief

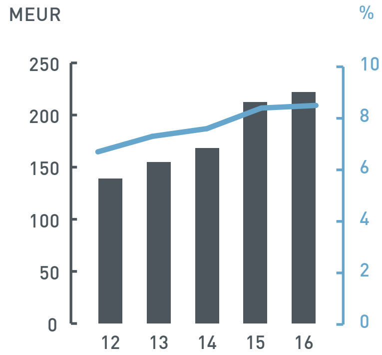
NET SALES



Growth in local currencies

Target: At least EUR 3.5 billion net sales by 2020 with minimum mid-single digit organic, currency-neutral annual growth

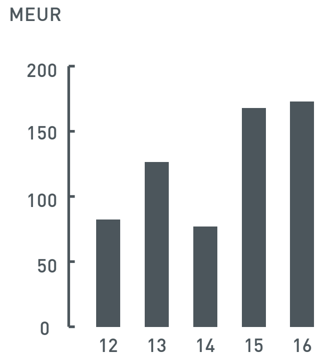
PROFIT



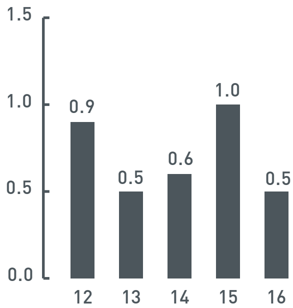
EBIT margin

Target: Annual EBIT growth (excl. items affecting comparability) ahead of net sales growth

EARNINGS BEFORE TAXES

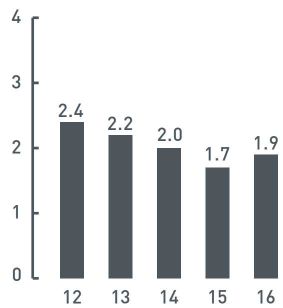


CASH FLOW CONVERSION



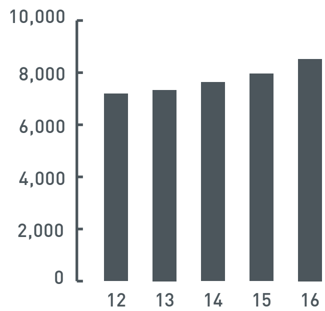
Target: Free cash flow / net profit at least 80%

NET DEBT/EBITDA

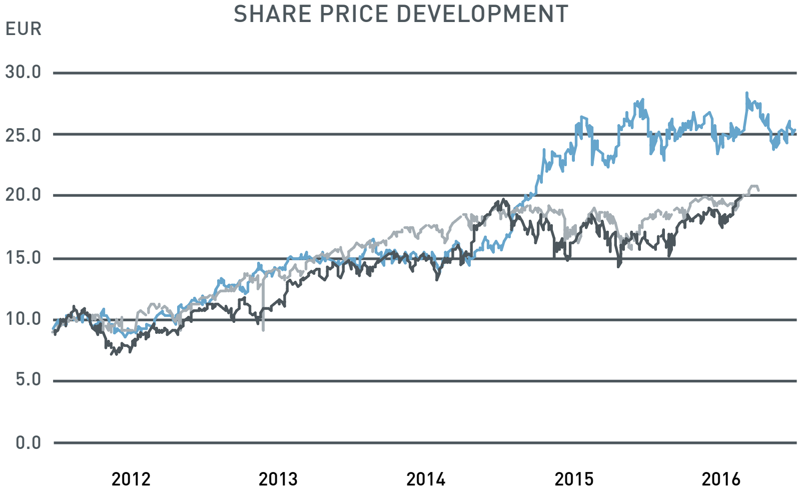


Target: Year-end net debt / EBITDA ratio max 3

PERSONNEL AT YEAR END



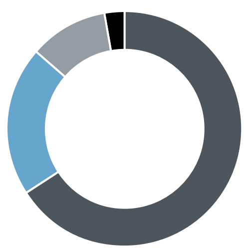
SHARE PRICE DEVELOPMENT



Amer Sports — OMX Helsinki CAP — SP500

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

PERSONNEL BY OPERATING SEGMENT

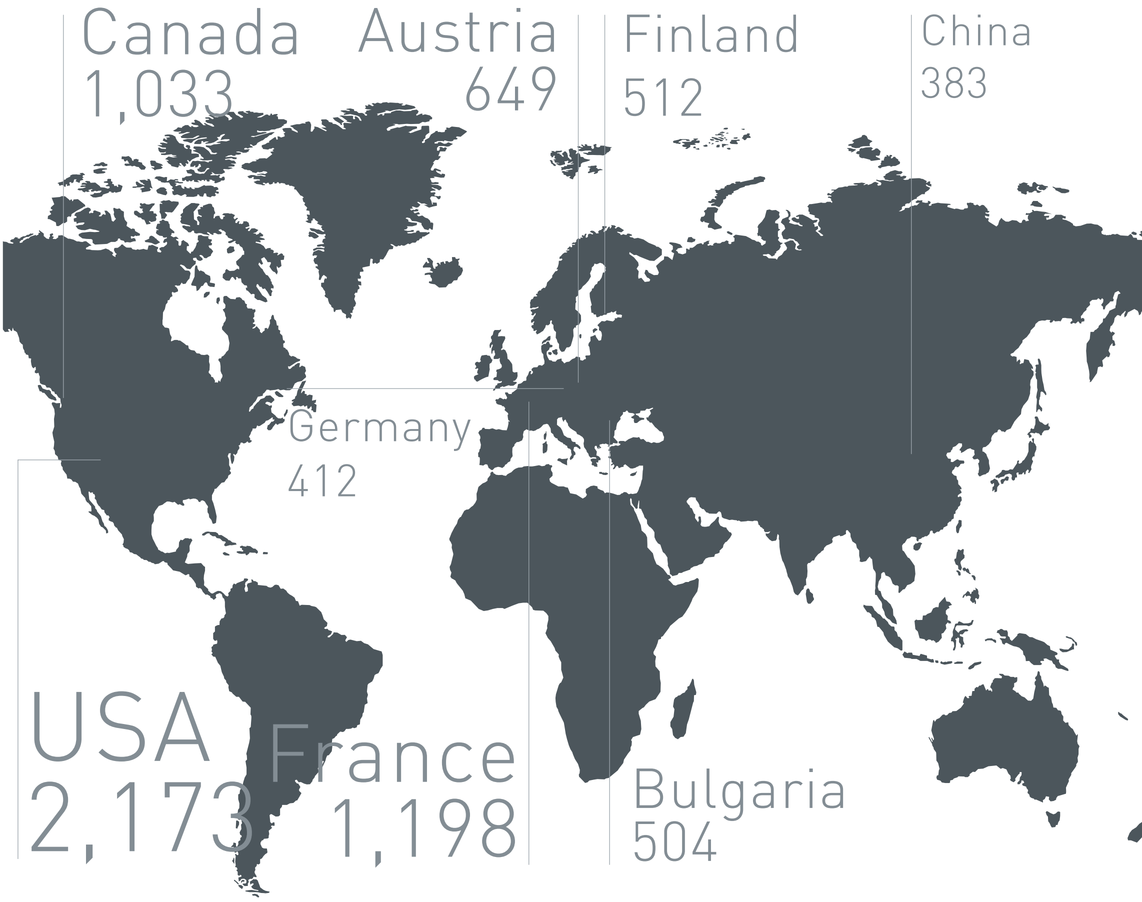


- Outdoor 66%
- Ball Sports 21%
- Fitness 10%
- Headquarters and shared services 3%

Year 2016 in Brief

PERSONNEL BY COUNTRY

	2016	2015
USA	2,173	1,883
France	1,198	1,153
Canada	1,033	951
Austria	649	661
Finland	512	491
Bulgaria	504	530
Germany	412	388
China	383	374
Japan	256	235
Mexico	232	101
UK	198	194
Poland	171	165
Russia	125	136
Switzerland	86	87
Taiwan	84	82
Italy	77	95
Australia	69	68
Spain	69	59
Czech Republic	57	60
South Korea	55	63
Other countries	183	178
Total	8,526	7,954



QUARTERLY NET SALES

EUR million	I 2016	II 2016	III 2016	IV 2016	I 2015	II 2015	III 2015	IV 2015
Outdoor	374.4	231.0	505.7	490.7	341.9	209.7	476.6	501.9
Ball Sports	186.7	165.5	147.0	171.9	164.1	169.4	147.8	165.7
Fitness	74.4	80.9	84.1	109.8	69.9	82.0	89.3	116.1
Total	635.5	477.4	736.8	772.4	575.9	461.1	713.7	783.7

QUARTERLY EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	I 2016	II 2016	III 2016	IV 2016	I 2015	II 2015	III 2015	IV 2015
Outdoor	37.7	–16.0	105.5	69.7	21.4	–18.7	92.9	65.6
Ball Sports	19.0	7.7	5.3	12.8	18.3	11.3	8.8	8.2
Fitness	0.3	4.5	5.4	6.8	1.3	5.1	9.1	15.7
Headquarters	–11.0	–8.3	–9.7	–8.0	–7.4	–6.7	–7.3	–5.5
EBIT excl. IAC	46.0	–12.1	106.5	81.3	33.6	–9.0	103.5	84.0
IAC	–6.3	-	–2.4	–8.2	–1.4	–6.6	-	-
EBIT	39.7	–12.1	104.1	73.1	32.2	–15.6	103.5	84.0

Board of Directors' Report

In 2016, Amer Sports delivered all-time high net sales and profit, despite a challenging trading environment especially in the US following several retailer bankruptcies during the year. The strategic acceleration areas Footwear, Apparel, Business to Consumer, and China continued the strong growth, and the gross margin was all time high. The company has now delivered seven consecutive years of profitable growth and overall performance improvement, in line with Amer Sports' Sustainable Growth Model.

NET SALES AND EBIT IN 2016

Amer Sports net sales in 2016 were EUR 2,622.1 million (2015: EUR 2,534.4 million). Despite the challenging trading environment, net sales increased by 4% in local currencies. Organic growth was 3%. The market slowed down especially in the second half of the year, and Amer Sports pursued sustainable, non-promotional growth.

The Group's financial net sales target is to achieve at least EUR 3.5 billion net sales by 2020 with minimum mid-single digit organic, currency-neutral annual growth.

Gross margin was 46.3% (45.2). The improvement was driven by price increases combined with favorable hedges and product cost efficiencies.

EBIT excluding items affecting comparability (IAC) was EUR 221.7 million (212.1). Items affecting comparability were EUR –16.9 million due to a significant write-down of the receivable balance from a US sporting goods retailer in the context of its bankruptcy, and the restructuring program announced in August 2016. Increased sales in local currencies contributed to EBIT by approximately EUR 48 million and improved gross margin by approximately EUR 24 million. Operating expenses increased by approximately EUR 61 million in local currencies driven by investments into digital acceleration and own retail. Currencies and other income and expenses had a negative impact of approximately EUR 1 million on EBIT. EBIT was EUR 204.8 million (204.1).

EBIT as a percentage of sales excl. IAC was 8.5% (8.4), including a slightly dilutive impact from acquisitions. The Group's financial profit target is to reach annual EBIT growth (excl. IAC) ahead of net sales growth.

EBIT excluding IAC by operating segment

EUR million	2016	2015	Change %
Outdoor	196.9	161.2	22
Ball Sports	44.8	46.6	–4
Fitness	17.0	31.2	–46
Headquarters*)	–37.0	–26.9	
EBIT excl. IAC	221.7	212.1	5
IAC	–16.9	–8.0	
EBIT total	204.8	204.1	0

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

Net sales by operating segment

EUR million	2016	2015	Change%	Change%*)	% of sales 2016	% of sales 2015
Outdoor	1,601.8	1,530.1	5	5	61	60
Ball Sports	671.1	647.0	4	4	26	26
Fitness	349.2	357.3	–2	–1	13	14
Total	2,622.1	2,534.4	3	4	100	100

*) Change in local currencies

Geographic breakdown of net sales

EUR million	2016	2015	Change%	Change%*)	% of sales 2016	% of sales 2015
EMEA	1,133.7	1,114.7	2	3	43	44
Americas	1,116.0	1,070.1	4	5	43	42
Asia Pacific	372.4	349.6	7	4	14	14
Total	2,622.1	2,534.4	3	4	100	100

*) Change in local currencies

Board of Directors' Report

Reconciliation of EBIT excluding IAC

EUR million	2016	2015
EBIT	204.8	204.1
IAC		
Restructuring program 2014		8.0
Significant write-down of the receivable balance from a U.S. sporting goods retailer	6.3	
Restructuring program 2016	10.6	
EBIT excl. IAC	221.7	212.1

Net financial expenses totaled EUR 31.8 million (36.1), including net interest expenses of EUR 28.9 million (28.6). Net foreign exchange losses were EUR 1.1 million (5.4). Other financing expenses were EUR 1.8 million (2.1). Earnings before taxes totaled EUR 173.0 million (168.0) and taxes were EUR –46.1 million (–46.4). Earnings per share excl. IAC were EUR 1.18 (1.09). Earnings per share were EUR 1.08 (1.04).

OUTLOOK GIVEN FOR 2016

In Amer Sports financial statements for 2015, the company's net sales in local currencies were expected to increase and EBIT margin excluding items affecting comparability to improve from 2015, despite challenging market conditions.

CASH FLOW AND FINANCING

In 2016, free cash flow was EUR 64.4 million (121.7). Compared to the end of 2015, inventories increased by EUR 12.5 million (increase 51.3). Receivables increased by EUR 37.8 million (decrease 2.8). Payables decreased by EUR 7.2 million (increase 54.6). The Group's financial cash flow target is to have annual free cash flow / net profit of at least 80%. In 2016, annual free cash flow/net profit was 51%.

At the end of 2016, the Group's net debt was EUR 535.9 million (460.3). The increase was mainly due to the acquisitions. The Group's financial balance sheet target is to have year-end net debt / EBITDA ratio of three or less. At the end of 2016, the year-end net debt / EBITDA ratio was 1.9 excl. IAC (1.7).

Interest-bearing liabilities amounted to EUR 899.9 million (791.7) consisting of short-term debt of EUR 53.7 million and long-term debt of EUR 846.2 million. The average interest rate on the Group's interest-bearing liabilities was 2.0% (2.7).

Short-term debt consists mainly of commercial papers of EUR 49.9 million (December 31, 2015:-), which Amer Sports had issued in the Finnish market. The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 364.0 million (331.4).

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 36.9% (37.2) and net debt/equity was 0.53 (0.48).

In March, Amer Sports issued Schuldschein (certificate of indebtedness) loan agreements with a total value of EUR 100 million. The loans have both fixed and floating rate tranches and the loan periods are five (5) and seven (7) years.

In April, Amer Sports issued a term loan with a value of EUR 50 million. The floating rate loan has a maturity of five (5) years with an extension option.

In September, Amer Sports issued Schuldschein agreements with a total value of EUR 60 million. The loan period is seven (7) years and the loans have a fixed interest rate.

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 767 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 2016, the Group had fully hedged the 2017 EUR/USD net cash flow at an average EUR/USD rate of 1.13 and 24% of the 2018 EUR/USD net cash flow at an average EUR/USD rate of 1.12.

Amer Sports' consolidated financial statements are presented in euros, and therefore the company 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, CHF, CNY and CAD with net flows varying from EUR 51 million to EUR 76 million at yearly level.

CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 91.7 (77.3) million. The increase in capital expenditure was mainly due to investments into digital platforms, own retail, and warehouse and production capacity especially in Footwear and Apparel. Depreciation totaled EUR 60.0 million (51.1). In 2017, capital expenditure is expected to be approximately 3.5% of net sales.

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. In 2016, R&D expenses were EUR 97.5 million, accounting for 9.5% of all operating expenses (2015: EUR 77.7 million, 8.3% of operating expenses, 2014: EUR 76.2 million, 9.3% of operating expenses). Outdoor accounted for 72% of the R&D expenditure, Ball Sports for 15% and Fitness for 13%.

In 2016, the Group further focused its R&D on building future platforms for connected devices and scalable digital services. Suunto launched a new family of sports watches with a new software platform and a new cloud based intelligent training solution. Precor's Preva service completed its platform migration to Android and invested in a significant range of capabilities to enable partners to deliver content on the Preva

Board of Directors' Report

network. It is now a leading networked fitness environment for personalized content. Amer Sports also developed and launched MoveSense, a development environment for building sports sensing solutions.

On December 31, 2016, 802 (784) persons were employed in the company's R&D and digital platforms development, representing approximately 9% (10) 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.

The consumer is today navigating and purchasing without boundaries across all channels from wholesale to brand stores to e-commerce, and Amer Sports continues to evolve its strategy and re-organize to respond to the consumer's changing habits and practices. In order to create growth through omnichannel expansion, Amer Sports' Go to Market organization was restructured in 2016 by bringing retail, e-commerce, and wholesale organizations together. Amer Sports' omnichannel encapsulates the ways the company interacts with consumers, delivering an excellent consumer experience at every touch point. It encompasses both the online and in-store experience, irrespective of whether these are in-house or managed by an external retail partner.

In 2016, Amer Sports Business to Consumer accounted for approximately 8% of the Group's sales (7). At the end of 2016, Amer Sports had 287 branded retail stores (293). Half of the stores are operated by local, independent partners. During the year, 39 new stores were opened, of which 27 are operated by Amer Sports and 12 by independent partners. 45 stores, most of which operated by independent partners, were closed, mainly due to a distributor change in South Korea. Geographically, the retail store footprint is balanced with approximately one third in each of Europe, Asia Pacific and the Americas. At the end of 2016, the number of Amer Sports' e-commerce stores was 69 (71). New e-commerce stores were opened in Canada and Japan and at the same time some stores were merged.

Sales and distribution expenses in 2016 were EUR 462.8 million (421.4), 18% of sales (17). The increase was mainly due to own retail openings and significant receivable write-offs related to especially US retail customers. Advertising, promotion and marketing expenses in 2016 were EUR 268.3 million (256.1), 10% (10) of sales.

On December 31, 2016, the Amer Sports own sales organization covered 34 countries (34). 3,693 (3,381) persons were employed in sales and distribution activities, representing 43% (43) of the total number of people employed by Amer Sports. 692 (633) 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 2016 were customer service, cost of goods reduction, and sustainable complexity reduction as well as 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 24% is in China, 36% elsewhere in Asia Pacific, 27% in EMEA and 13% in the Americas.

Amer Sports manufactures approximately 23% of its products itself and approximately 13% is produced by partially outsourced vendors. Of Amer Sports' total production value, approximately 64% 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 2016 Amer Sports maintained a strong focus on building and scaling capabilities to support the growth strategy in Apparel and Footwear, US, China, Business to Consumer, and Digital. There was an increased focus on scaling common platforms including implementing one global Go to Market sales organization for the portfolio, integrating Supply Chain and Operations, and creating a Connected Devices Category organization to enable Digital growth. Further, there was an increased focus on productivity and cost reduction to free up resources for investment and adapt to soft market conditions.

At the end of 2016 the number of Group employees was 8,526 (2015: 7,954; 2014: 7,630), demonstrating an increase of approximately 5% per year since 2014 due to accelerated investment in Apparel and Business to Consumer as well as Go to Market in China and in the Americas. The number of employees in Fitness decreased by 7% as a result of the restructuring program initiated in August. Of Group employees at the end of 2016, 61% were male (2015: 61%, 2014: 61%) and 39% female (2015: 39%, 2014: 39%).

Salaries, incentives and other related costs in 2016 totaled EUR 507.6 million (2015: 482.2; 2014: 429.2). Average cost per employee remained stable.

Board of Directors' Report

Personnel

	December 31, 2016	December 31, 2015	Change %
Outdoor	5,619	5,084	11
Ball Sports	1,770	1,686	5
Fitness	908	975	–7
Headquarters and shared services	229	209	10
Total	8,526	7,954	7

	December 31, 2016	December 31, 2015	Change %
EMEA	4,205	4,154	1
Americas	3,442	2,942	17
Asia Pacific	879	858	2
Total	8,526	7,954	7

	December 31, 2016	December 31, 2015	Change %
Manufacturing and sourcing	2,383	2,244	6
Sales and distribution	3,693	3,381	9
Support functions/ shared services	956	912	5
R&D and digital platforms	802	784	2
Marketing	692	633	9
Total	8,526	7,954	7

CORPORATE RESPONSIBILITY

Amer Sports implements its business strategy in an ethically, socially and environmentally responsible manner. The company continuously improves its performance and communication about how the corporate responsibility is implemented in practice.

Amer Sports promotes healthy and active life and lifestyle through its products, which encourage and support access to exercise and fitness.

Amer Sports is committed to socially responsible sourcing practices and expects its 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/responsibility. The Ethical Policy is approved by the Board of Directors and is reviewed periodically. In 2016, the Board of Directors defined the company's approach to living wage concept.

To ensure that Amer Sports' business partners and also its own manufacturing facilities are in compliance with the defined standards, Amer Sports has implemented a Social Compliance Monitoring Program. Amer Sports Social Compliance Policy defines how the company implements the monitoring program in practice. Amer Sports monitors that subcontractors follow its standards for ethical operations and the company also 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 2016 represented 97% of total purchases (97%).

Amer Sports reviews its global production and sourcing footprint to identify need for improvements and to reduce its environmental impact 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 2016 Arc'teryx and Salomon joined the Sustainable Apparel Coalition (SAC) which is the apparel, footwear and home textile industry's alliance for sustainable production. Amer Sports Apparel category is also a member of the bluesign® system partner network, a solution for more sustainable textile production.

Amer Sports calculates a corporate-wide carbon footprint assessment annually and participates in the Investor Carbon Disclosure Program (CDP) in order to manage the company's carbon emission sources, to cut down emissions and improve efficiency.

SEGMENT REVIEWS

Outdoor

EUR million	2016	2015	Change %	Change %*)
Net sales				
Footwear	490.5	461.2	6	8
Apparel	431.1	387.2	11	13
Winter Sports Equipment	388.5	400.2	–3	–4
Cycling	150.2	138.5	8	8
Sports Instruments	141.5	143.0	–1	0
Net sales, total	1,601.8	1,530.1	5	5
EBIT excl. IAC	196.9	161.2		
EBIT % excl. IAC	12.3	10.5		
Personnel, Dec 31	5,619	5,084	11	

*) Change in local currencies

In 2016, Outdoor's net sales were EUR 1,601.8 million (1,530.1), an increase of 5% in local currencies. Net sales growth was driven by Apparel, which was up by 13% (+16% excl. divestments) and Footwear, up by 8%. Winter Sports Equipment declined by 4% due to mild winters particularly in Europe. Cycling grew by 8% due to the acquisition of ENVE Composites LLC (–7% excl. the acquisition, due to a challenging cycling market). Sports Instruments sales were at previous year's level as the planned product launches were postponed to 2017 due to technical issues.

Geographic breakdown of net sales

EUR million	2016	2015	Change %	Change %*)
EMEA	935.5	915.9	2	3
Americas	429.6	398.8	8	9
Asia Pacific	236.7	215.4	10	7
Total	1,601.8	1,530.1	5	5

*) Change in local currencies

Board of Directors' Report

In 2016, Outdoor's EBIT excl. IAC was EUR 196.9 million (161.2). Increased sales in local currencies contributed to EBIT by approximately EUR 39 million, while higher gross margin had a positive impact of approximately EUR 35 million. Operating expenses increased by approximately EUR 40 million, driven by sales, distribution and marketing costs. Other income and expenses and currencies had a positive impact of approximately EUR 1 million on EBIT.

Ball sports

EUR million	2016	2015	Change %	Change %*)
Net sales				
Individual Ball Sports	299.8	315.4	–5	–4
Team Sports	371.3	331.6	12	12
Net sales, total	671.1	647.0	4	4
EBIT excl. IAC	44.8	46.6		
EBIT % excl. IAC	6.7	7.2		
Personnel, Dec 31	1,770	1,686	5	

*) Change in local currencies

In 2016, Ball Sports' net sales were EUR 671.1 million (647.0). In local currencies, net sales increased by 4%. Organic growth was 1%. The growth in Team Sports, especially in baseball, was offset by challenging market conditions in the Individual Ball Sports segment and the US customer bankruptcies.

Geographic breakdown of net sales

EUR million	2016	2015	Change %	Change %*)
EMEA	118.2	114.4	3	6
Americas	476.2	453.5	5	6
Asia Pacific	76.7	79.1	–3	–5
Total	671.1	647.0	4	4

*) Change in local currencies

In 2016, Ball Sports' EBIT excl. IAC was EUR 44.8 million (46.6). Increased sales in local currencies had a positive impact of approximately EUR 12 million on EBIT while decreased gross margin had a negative impact of approximately EUR 9 million. Operating expenses increased by approximately EUR 8 million. Currencies had a positive impact of approximately EUR 3 million on EBIT.

Fitness

EUR million	2016	2015	Change %	Change %*)
Net sales	349.2	357.3	–2	–1
EBIT excl. IAC	17.0	31.2		
EBIT % excl. IAC	4.9	8.7		
Personnel, Dec 31	908	975	–7	

*) Change in local currencies

In 2016, Fitness' net sales were EUR 349.2 million (357.3). There was a delayed impact on net sales of some Fitness product launches.

Geographic breakdown of net sales

EUR million	2016	2015	Change %	Change %*)
EMEA	80.0	84.4	–5	0
Americas	210.2	217.8	–3	–4
Asia Pacific	59.0	55.1	7	6
Total	349.2	357.3	–2	–1

*) Change in local currencies

In 2016, Fitness' EBIT excl. IAC was EUR 17.0 million (31.2). Decreased sales in local currencies had a negative impact of approximately EUR 2 million on EBIT and decreased gross margin a negative impact of approximately EUR 5 million. Operating expenses increased by approximately EUR 6 million, mostly due to the new products. Currencies and other income and expenses had a negative impact of approximately EUR 2 million on EBIT.

CORPORATE GOVERNANCE STATEMENT

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 Nasdaq Helsinki Ltd, Amer Sports' Articles of Association, and the Finnish Corporate Governance Code 2015 for listed companies. Amer Sports complies with the code without exceptions. The code is published at www.cgfinland.fi.

The Corporate Governance Statement has been prepared pursuant to the Finnish Corporate Governance Code 2015 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 relating to the financial reporting process is consistent with the financial statements.

CHANGES IN GROUP MANAGEMENT

Amer Sports continues to pursue scale and synergy across the company, including the management structure. In 2016, the company simplified its structure and reduced the size of its Executive Board from 14 to 10 members. The following changes were implemented:

In January 2016, Amer Sports announced that it 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, left Amer Sports to pursue his career outside of the company.

In May, Amer Sports announced that Victor Duran, Amer Sports' SVP, Marketing and Business to Consumer and member of the Executive Board, is leaving the company to assume a new position as the CEO of Intersport International Corporation as

Board of Directors' Report

of January 1, 2017. Michael White, Amer Sports' Chief Sales Officer and General Manager, EMEA and Americas, was appointed Amer Sports Chief Commercial Officer with the responsibility for the company's global Business to Consumer and Go to Market Marketing in addition to his earlier regional responsibilities.

In June, Amer Sports announced that Sebastian Lund was appointed Amer Sports Chief Human Resources Officer and member of the Executive Board as of October 1, 2016. Terhi Heikkinen, who had been Amer Sports Senior Vice President, Human Resources, and member of the Executive Board, left the company on August 31, 2016.

In November, Amer Sports announced that Chief Digital Officer Heikki Norta was appointed President, Amer Sports Connected Devices and Services. Mikko Moilanen, President of Sports Instruments and member of Amer Sports Executive Board, left the company on December 31, 2016. Michael White, Amer Sports' Chief Commercial Officer and General Manager, EMEA and Americas, assumed the direct responsibility also for the Asia Pacific region as Chief Commercial Officer. Matt Gold, currently General Manager for Asia Pacific and member of Amer Sports Executive Board, will leave the company on February 17, 2017. The changes in the Executive Board were effective immediately.

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, 2016 and the number of shares was 118,517,285.

Authorizations

The Annual General Meeting held on March 8, 2016 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 Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 8, 2016 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 shares to the Company itself without payment. The authorization is valid for 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 for fourteen (14) months from the date of the decision of the Annual General Meeting.

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 and Euroclear Finland Ltd. The Repurchase Authorization was valid for 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 for 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 was valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

The Board of Directors did not utilize any of these authorizations in 2016.

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

Own shares

A total of 41,502 shares granted as share-based incentives were returned to Amer Sports in 2016 as employments ended.

In March, a total of 246,457 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 971,718 shares (1,176,673) of Amer Sports Corporation, corresponding to 0.8% (1.0) of all Amer Sports shares.

Trading in shares

In 2016, a total of 80.1 million (76.8) Amer Sports shares with a value totaling EUR 2,038.4 million (1,733.6) were traded on Nasdaq Helsinki. Share turnover was 68.1% (65.5) (as a proportion of the average number of shares, excluding own shares). The average daily volume in 2016 was 316,446 shares (306,028).

Board of Directors' Report

In addition to Nasdaq Helsinki, Amer Sports shares were traded on the biggest alternative exchanges as follows: 26.5 million on Chi-X (33.3 million), 15.6 million on BATS (8.8 million) and 12.3 million on Turquoise (7.0 million).

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki stock exchange in 2016 was EUR 25.28 (2015: 26.97). Shares registered a high of EUR 28.75 (28.07) and a low of EUR 22.78 (15.37). The average share price was EUR 25.46 (22.57). At the end of December, the company had a market capitalization of EUR 2,971.6 million (3,164.7), excluding own shares.

At the end of December, Amer Sports Corporation had 22,881 registered shareholders (17,991). Ownership outside of Finland and nominee registrations represented 49.9% (51.2) of the company's shares. Public sector entities owned 15.1% (14.8), financial and insurance corporations 11.9% (12.2), households 12.7% (11.7), non-profit institutions 7.1% (6.9), private companies 2.5% (2.2) and Amer Sports 0.8% (1.0).

Major shareholders, December 31, 2016 (does not include nominee registrations nor shares held by the company)

		Shares	% of shares and votes
1.	Keva	5,477,261	4.62
2.	Maa-ja vesitekniikan Tuki ry.	5,000,000	4.22
3.	Varma Mutual Pension Insurance Company	4,435,680	3.74
4.	Mandatum Life Insurance Company	3,809,509	3.21
5.	Ilmarinen Mutual Pension Insurance Company	2,740,000	2.31
6.	Brotherus Ilkka	2,693,325	2.27
7.	Elo Mutual Pension Insurance Company	2,301,000	1.94
8.	Nordea Fennia Fund	1,072,013	0.90
9.	The State Pension Fund	1,050,000	0.89
10.	Kaleva Mutual Insurance Company	870,000	0.73

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, 2016

Shareholder	Shares	Related parties and controlled corporations
Board of Directors		
Anssi Vanjoki	20,228	
Ilkka Brotherus	2,693,325	9,250
Martin Burkhalter	15,162	
Christian Fischer	15,162	
Hannu Ryöppönen	27,621	
Bruno Sälzer	15,162	
Lisbeth Valther	1,754	
Indra Åsander	6,485	
Executive Board		
Heikki Takala	191,269	
Robert Barker	30,322	
Michael Dowse	60,186	
Sebastian Lund	605	
Bernard Millaud	66,092	
Heikki Norta	4,581	
Jean-Marc Pambet	68,533	
Michael Schineis	63,572	
Jussi Siitonen	71,825	300
Michael White	57,089	
TOTAL	3,408,973	9,550
% of shares	2.9	0
Including circle of acquaintances and controlled corporations	3,418,523	
% of shares	2.9	

During the year, the Group had four share-based incentive plans for Group key personnel.

DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS
At the Amer Sports Corporation Annual General Meeting held on March 8, 2016, the following resolutions were approved:

Adoption of the annual accounts
The Annual General Meeting (AGM) approved Amer Sports annual accounts and consolidated annual accounts for the financial year ended December 31, 2015.

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 0.55 per share to be paid for the financial year ended December 31, 2015. The dividend was paid to shareholders who were registered on the list of shareholders maintained by Euroclear Finland Ltd as of March 10, 2016, which was the record date for the dividend payment. The dividend was paid on March 30, 2016.

Board of Directors' Report

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 2015.

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 2017 be as follows: Chairman EUR 120,000, Vice Chairman EUR 70,000 and other members EUR 60,000 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. 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 only valid for a maximum of five (5) years after the acquisition of the shares.

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, Lisbeth Valther, Anssi Vanjoki and Indra Åsander as members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2017 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 re-elected Authorized Public Accountant Firm 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 Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

The Repurchase Authorization is valid for 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 shares to the Company itself without payment.

The authorization is valid for 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 for 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 unanimously 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, Anssi Vanjoki
- Nomination Committee: Ilkka Brotherus (Chairman), Martin Burkhalter, Anssi Vanjoki
- Audit Committee: Hannu Ryöppönen (Chairman), Martin Burkhalter, Christian Fischer, Lisbeth Valther

CHANGES IN GROUP STRUCTURE

In February, Amer Sports announced the acquisition of ENVE Composites LLC, a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition price was USD 50 million in an all-cash transaction. The acquisition was finalized on March 8.

In November, Amer Sports acquired EvoShield, the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB) with an annual net sales of approximately EUR 10 million.

2014 RESTRUCTURING PROGRAM FINALIZED

The primary objectives of the 2014 restructuring program were 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 helped to drive further scale and synergies across the Group and to enable re-allocation of resources into the focus acceleration areas. The restructuring was finalized by the end of the first half of 2016.

Board of Directors' Report

2020 FINANCIAL TARGETS CONFIRMED, ORGANIC GROWTH GOAL RAISED

In August 2016, Amer Sports confirmed that it is on the glidepath to deliver the 2020 financial targets introduced in August 2015. The financial targets and acceleration priorities are unchanged, but now supported by further organic acceleration building blocks. Therefore the company now targets to reach EUR 3.5 billion organically, instead of through a combination of organic growth and acquisitions, as announced in 2015.

To support the acceleration, the company pursues continuous productivity improvement. In addition, Amer Sports will start a targeted restructuring to free up operating expenses of approximately EUR 20 million, which will be reallocated to fund the acceleration. Restructuring expenses will be EUR 20–25 million (pre-tax, reported under "Items affecting comparability"), of which EUR 10.6 were recognized in 2016 and the remaining expenses will be recognized in the first half of 2017. The restructuring will be implemented by the end of 2017.

Due to challenging market conditions, Amer Sports paces its short-term growth and expands the on-going cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points in the coming 24 months.

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 macroeconomic and sociopolitical conditions. Economic downturns 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 omnichannel strategy could have a negative impact on the company's sales and profitability.
- 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 and profitability.
- 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 are assessed regularly.
- Amer Sports' most important production facilities are Winter Sports Equipment factories in Austria and Bulgaria, Fitness and Ball Sports factories in the United States, an Apparel factory in Canada, 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.

Board of Directors' Report

- 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 British pound, Swiss franc, Chinese renminbi and Canadian dollar. Amer Sports uses hedging instruments to mitigate the impact of exchange rate fluctuations.

OUTLOOK FOR 2017

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. The growth is expected to be biased to the second half of the year. The company will continue to focus on growing the core business and the 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 256,957,642.04 of which the net result for the period is EUR 16,964,149.61.

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

- A capital repayment of EUR 0.62 per share, totaling EUR 73,480,716.70 to be paid to shareholders
- EUR 183,476,925.34 to be carried forward in distributable earnings

Totaling EUR 256,957,642.04

No capital repayment 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 capital repayment does not endanger the company's financial standing.

Five-year review

EUR million	2016	Change, %	2015	2014	2013	Restated 2012
Net sales	2,622.1	3.5	2,534.4	2,228.7	2,136.5	2,064.0
Depreciation	60.0	17.4	51.1	44.8	42.2	40.2
Research and development expenses	97.5	25.5	77.7	76.2	76.2	72.2
% of net sales	4		3	3	4	3
EBIT	204.8	0.3	204.1	114.1	154.9	113.9
% of net sales	8		8	5	7	6
EBIT excluding items affecting comparability	221.7	4.5	212.1	168.3	154.9	138.7
% of net sales	8		8	8	7	7
Net financing expenses	–31.8		–36.1	–37.1	–28.6	–31.5
% of net sales	1		1	2	1	2
Earnings before taxes	173.0	3.0	168.0	77.0	126.3	82.4
% of net sales	7		7	3	6	4
Taxes	46.1	–0.6	46.4	21.6	36.0	24.5
Net result attributable to equity holders of the parent company	126.9	4.4	121.6	55.4	90.3	57.9
Capital expenditure and acquisitions	148.5	–3.3	153.6	51.6	45.3	52.9
% of net sales	6		6	2	2	3
Divestments	0.6		1.5	0.3	0.5	12.1
Non-current assets	1,051.5	9.2	963.2	807.0	755.7	783.3
Inventories	513.6	6.6	482.0	413.2	355.1	336.7
Current receivables	786.0	0.9	779.1	709.7	649.1	607.8
Cash and cash equivalents	364.0	9.8	331.4	240.2	270.0	142.5
Assets held for sale	-		-	3.5	-	-
Shareholders' equity	1,003.1	5.6	949.6	842.8	761.3	731.8
Interest-bearing liabilities	899.9	13.7	791.7	659.3	701.7	576.8
Interest-free liabilities	812.1	–0.3	814.4	671.5	566.9	561.7
Balance sheet total	2,715.1	6.2	2,555.7	2,173.6	2,029.9	1,870.3
Return on investment (ROI), %	11.4		12.4	8.2	11.8	8.5
Return on shareholders' equity (ROE), %	13.0		13.6	6.9	12.1	7.5
Return on shareholders' equity (ROE), excluding items affecting comparability, %	14.3		14.2	11.7	12.1	9.8
Equity ratio, %	37		37	39	38	39
Debt to equity ratio	0.9		0.8	0.8	0.9	0.8
Gearing, %	53		48	50	57	59
Free cash flow/net profit	0.5		1.0	1.0	0.5	1.2
Free cash flow/net profit, excluding items affecting comparability	0.5		1.0	0.6	0.5	0.9
Net debt/EBITDA	2.0		1.8	2.6	2.2	2.8
Net debt/EBITDA, excluding items affecting comparability	1.9		1.7	2.0	2.2	2.4
Average personnel	8,439	7.5	7,848	7,505	7,370	7,209

Calculation of key indicators, see page 51

Share capital and per share data

EUR million	2016	2015	2014	2013	Restated 2012
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	118.5
Adjusted number of shares in issue, million	118.5	118.5	118.5	118.5	118.5
Adjusted number of shares in issue less own shares, million	117.5	117.3	117.1	117.5	117.8
Adjusted average number of shares in issue less own shares, million	117.5	117.3	117.7	117.7	117.7
Cancellation of own shares	-	-	-	-	3.0
Earnings per share, continuing operations, EUR	1.08	1.04	0.47	0.77	0.48
Earnings per share, diluted, continuing operations, EUR	1.07	1.03	0.47	0.76	0.48
Earnings per share, continuing operations, excluding items affecting comparability, EUR	1.18	1.09	0.80	0.77	0.65
Earnings per share, diluted, continuing operations, excluding items affecting comparability, EUR	1.18	1.08	0.79	0.76	0.65
Equity per share, EUR	8.53	8.09	7.20	6.48	6.21
Total capital repayment/dividends	73.5 *)	64.7	52.8	47.2	41.3
Capital repayment/dividend per share, EUR	0.62 *)	0.55	0.45	0.40	0.35
Capital repayment/dividend % of earnings	58 *)	53	95	52	71
Capital repayment/dividend % of earnings, excluding items affecting comparability	53 *)	51	56	52	53
Effective yield, %	2.5 *)	2.0	2.8	2.6	3.1
P/E ratio	23.4	26.0	34.1	19.7	23.3
Market capitalization	2,971.6	3,164.7	1,880.7	1,777.1	1,325.0
Share value, EUR					
Par value	4.00	4.00	4.00	4.00	4.00
Share price low	22.78	15.37	13.76	11.08	8.39
Share price high	28.75	28.07	16.79	16.00	11.80
Average share price	25.46	22.57	15.26	13.68	9.93
Share price at closing date	25.28	26.97	16.06	15.12	11.25
Trading volume	2,038.4	1,733.6	1,151.7	683.4	629.4
1,000s	80,061	76,813	75,492	49,952	63,401
%	68	65	64	42	54
Number of shareholders	22,881	17,991	18,206	15,180	14,729

*) Proposal of the Board of Directors for 2016

Calculation of key indicators, see page 51

Shares/shareholder at December 31, 2016

Shares	Share-holders	% of sha-reholders	Shares	% of shares
1–100	8,534	37.3	431,965	0.4
101–1,000	11,145	48.7	4,344,581	3.7
1,001–10,000	2,912	12.7	7,486,789	6.3
10,001–100,000	228	1.0	6,414,473	5.4
Over 100,000	62	0.3	98,867,759	83.4
Own shares held by the company		0.0	971,718	0.8
Total	22,881	100.0	118,517,285	100.0
of which nominee registered	10	0.0	57,184,373	48.2

Sectors at December 31, 2016

Outside Finland and nominee registrations	49.9%
Public sector entities	15.1%
Financial and insurance corporations	11.9%
Households	12.7%
Non-profit institutions	7.1%
Private companies	2.5%
Own shares held by the company	0.8%
Total	100.0%

Consolidated income statement

EUR million	Notes	2016	2015
NET SALES	2	2,622.1	2,534.4
Cost of goods sold	7, 30	–1,409.7	–1,388.5
License income		6.8	7.3
Other operating income	4	8.8	4.8
Research and development expenses	7	–97.5	–77.7
Selling and marketing expenses	7, 30	–731.1	–677.5
Administrative and other expenses	7, 8, 9, 30	–194.6	–198.7
EARNINGS BEFORE INTEREST AND TAXES	30	204.8	204.1
% of net sales		7.8	8.1
Financing income	10	1.1	1.1
Financing expenses	10	–32.9	–37.2
Financing income and expenses, net		–31.8	–36.1
EARNINGS BEFORE TAXES		173.0	168.0
Income taxes	11	–46.1	–46.4
NET RESULT		126.9	121.6
Attributable to:			
Equity holders of the parent company		126.9	121.6
Earnings per share of the net result attributable to equity holders of the parent company, EUR	12		
Undiluted		1,08	1,04
Diluted		1,07	1,03

Consolidated statement of comprehensive income

EUR million	Notes	2016	2015
Net result		126.9	121.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement effects of postemployment benefit plans		–8.9	2.9
Income tax related to remeasurement effects		–3.2	–1.4
Items that may be reclassified to profit or loss			
Translation differences		16.1	31.9
Cash flow hedges	26	–20.0	2.7
Income tax related to cash flow hedges	26	4.0	–0.5
Other comprehensive income (loss), net of tax		–12.0	35.6
TOTAL COMPREHENSIVE INCOME		114.9	157.2
Total comprehensive income attributable to:			
Equity holders of the parent company		114.9	157.2

The notes are an integral part of consolidated financial information.

Consolidated cash flow statement

EUR million	Notes	2016	2015
NET CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before interest and taxes		204.8	204.1
Depreciation		60.0	51.1
Adjustments to cash flow from operating activities	22	3.2	0.4
Cash flow from operating activities before change in working capital		268.0	255.6
Increase (–) or decrease (+) in inventories		–12.5	–51.3
Increase (–) or decrease (+) in trade and other current receivables		–37.8	2.8
Increase (+) or decrease (–) in interest-free current liabilities		–7.2	54.6
Change in working capital		–57.5	6.1
Cash flow from operating activities before financing items and taxes		210.5	261.7
Interest paid		–28.4	–29.3
Interest received		1.1	1.1
Income taxes paid and received		–32.9	–22.0
Financing items and taxes		–60.2	–50.2
Total net cash flow from operating activities		150.3	211.5
NET CASH FLOW FROM INVESTING ACTIVITIES			
Acquired operations		–56.8	–76.3
Divested operations		-	1.0
Capital expenditure on non-current tangible assets		–58.6	–48.3
Capital expenditure on non-current intangible assets		–33.1	–29.0
Proceeds from sale of tangible non-current assets		0.6	0.6
Net cash flow from investing activities		–147.9	–152.0
NET CASH FLOW FROM FINANCING ACTIVITIES			
Change in short-term borrowings		50.9	–115.4
Withdrawals of long-term borrowings		210.0	368.0
Repayments of long-term borrowings		–156.1	–153.8
Dividends paid		–64.7	–52.8
Other financing items *)		–12.0	–15.9
Net cash flow from financing activities		28.1	30.1
CHANGE IN CASH AND CASH EQUIVALENTS		30.5	89.6
Cash and cash equivalents			
Cash and cash equivalents at year end	14	364.0	331.4
Translation differences		2.1	1.6
Cash and cash equivalents at year beginning		331.4	240.2
Change in cash and cash equivalents		30.5	89.6

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

FREE CASH FLOW **)		64.4	121.7

**) Cash flow from operating activities - net capital expenditure - change in 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 EUR million	Notes	2016	2015
NON-CURRENT ASSETS			
Intangible rights	13	265.5	240.5
Goodwill	13	373.4	346.2
Other intangible assets	13	66.8	41.6
Land and water	13	15.0	14.8
Buildings and constructions	13	62.6	57.9
Machinery and equipment	13	127.5	123.4
Other tangible assets	13	0.3	0.3
Advances paid and construction in progress	13	20.6	10.3
Available-for-sale financial assets	14	0.4	0.4
Deferred tax assets	15	110.1	116.2
Other non-current receivables		9.3	11.6
TOTAL NON-CURRENT ASSETS		1,051.5	963.2
CURRENT ASSETS			
INVENTORIES	16		
Raw materials and consumables		47.5	41.9
Work in progress		10.7	6.8
Finished goods		455.4	433.3
		513.6	482.0
RECEIVABLES			
Accounts receivable	16	607.3	563.9
Current tax assets		17.4	12.1
Prepaid expenses and other receivables	17	161.3	203.1
		786.0	779.1
MARKETABLE SECURITIES			
Other securities		52.5	-
CASH AND CASH EQUIVALENTS	14	311.5	331.4
TOTAL CURRENT ASSETS		1,663.6	1,592.5
TOTAL ASSETS		2,715.1	2,555.7

The notes are an integral part of consolidated financial information.

SHAREHOLDERS' EQUITY AND LIABILITIES EUR million	Notes	2016	2015
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		–15.5	–18.1
Translation differences		33.1	17.0
Fair value and other reserves	26	27.8	43.8
Remeasurements		–47.2	–35.1
Invested unrestricted equity reserve		163.1	163.1
Retained earnings		410.6	353.0
Net result		126.9	121.6
TOTAL SHAREHOLDERS' EQUITY		1,003.1	949.6
LIABILITIES			
LONG-TERM LIABILITIES			
Bonds	19	697.5	534.1
Loans from financial institutions	19	131.0	81.4
Other interest-bearing liabilities	19	17.7	19.0
Deferred tax liabilities	15	36.3	40.6
Defined benefit pension liabilities	6	78.0	70.1
Other interest-free liabilities		22.4	25.9
Provisions	21	5.1	2.5
		988.0	773.6
CURRENT LIABILITIES			
Interest-bearing liabilities	19	53.7	157.2
Accounts payable		256.3	275.7
Accrued liabilities	20	347.3	337.3
Current tax liabilities		32.1	27.9
Provisions	21	34.6	34.4
		724.0	832.5
TOTAL LIABILITIES		1,712.0	1,606.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,715.1	2,555.7

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, 2015	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
Other comprehensive income:									
Translation differences				16.1					16.1
Remeasurement effects of postemployment benefit plans						–8.9			–8.9
Cash flow and fair value hedges					–20.0				–20.0
Income tax related to OCI					4.0	–3.2			0.8
Net result								126.9	126.9
Total comprehensive income				16.1	–16.0	–12.1		126.9	114.9
Transactions with owners:									
Repurchase of own shares									-
Share-based incentive program			2.6					0.7	3.3
Dividend distribution								–64.7	–64.7
Balance at December 31, 2016	292.2	12.1	–15.5	33.1	27.8	–47.2	163.1	537.5	1,003.1

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 consumer. The Group's business is founded on its globally recognized brands – the major brands are Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto and Precor.

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 9, 2017.

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, 2016. 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, 2016, which did not have material impact on the Group's financial statements:

- IAS 38 (amendment): Intangible assets
- 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 2017 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 12 (amendment): Disclosures of interests in other entities
- IAS 7 (amendment): Statement of cash flows
- IAS 12 (amendment): Income taxes
- IAS 28 (amendment): Investments in associates and joint ventures
- Changes to various standards or interpretations as part of the annual improvements to IFRS project

The following new and revised standards will be adopted in 2018 or later (subject to EU endorsement):

- IFRS 2 (amendment): Share-based payment
- IFRS 9: Financial instruments
- IFRS 15: Revenue from contracts with customers
- IFRS 16: Leases

Amer Sports plans to adopt the new standard IFRS 9 Financial instruments from the annual period beginning on January 1, 2018. In 2017 Amer Sports plans to assess the effect of IFRS 9 on its consolidated financial statements and expects at this point that changes will arise from the expected credit loss model under IFRS 9.

Amer Sports plans to adopt the new standard IFRS 15 Revenue from Contracts with Customers from the annual period beginning on January 1, 2018 using the full retrospective method. During 2016 Amer Sports performed a preliminary assessment of the implications of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Amer Sports continues to assess individual contracts to determine IFRS 15 related changes.

In preparing for the adoption of IFRS 15 Amer Sports has identified the following areas with impact from the new standard:

- *Variable consideration:* some contracts with customers provide a right of return and trade discounts. The current provisions for deferred revenue give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception. Amer Sports expects more revenue being deferred under IFRS15 than is under current IFRS.
- *Customer loyalty programmes:* the loyalty programmes offered within Amer Sports B2C business are expected to give rise to a separate performance obligation as they generally provide a material right to the consumer. Amer Sports will allocate a portion of the transaction price to the loyalty programme points based on relative stand-alone selling price instead of the allocation using the fair value of points issued. Consistent with current requirements in IFRIC 13, Amer Sports expects that the revenue will be recognized when the loyalty points are redeemed or expire. At the current level of activity of the customer loyalty programmes, no material change is expected on the revenue recognition.
- *Rendering of services:* Amer Sports provides installation services in its Fitness segment. Currently the revenue from the installation services has been netted against the related expenses. As Amer Sports acts as the principal in rendering the installation services, netting of the revenue and expenses is no longer applicable according to IFRS 15. Amer Sports has preliminarily assessed that the services are satisfied over time and will continue to recognize revenue for these service contracts over time rather than at a point of time. Amer Sports expects to report more service related revenue and expenses under IFRS 15, whereas no impact is expected on the EBIT.
- *Presentation and disclosure:* The presentation requirements in IFRS 15 represent a significant change from current practice and increases the volume of disclosures required in Amer Sports' financial statements. In 2016 Amer Sports has developed account structures, accounting policies and procedures and planned ERP changes to collect and disclose the required information.

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. Due to the great number of the lease contracts and related liabilities Amer Sports expects to report significant increases in leasing assets and leasing liabilities. The operating lease commitments as of December 31, 2016 were 239.4 EUR million. In 2017 Amer Sports plans to assess the effect of IFRS 16 on its consolidated financial statements on a more detailed level.

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 ownership of the subsidiary shares 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	
	2016	2015	12/16	12/15
USD	1.11	1.11	1.05	1.09
CAD	1.47	1.42	1.42	1.51
JPY	120.26	134.38	123.40	131.07
GBP	0.82	0.73	0.86	0.73

*) 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, deposits held at call with banks, investments on money market funds 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 recognised 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, incentives and rebates earned by customers and adding or subtracting foreign exchange differences. Net sales is one of the key performance measures in Amer Sports.

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.

Notes to the consolidated financial statements

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 substantively enacted future tax rates. 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 or repayment of capital 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 78.0 million as of December 31, 2016.

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, 2016 amounted to EUR 9.2 million and for the deferred cash long-term incentive programs EUR –0.6 million.

Notes to the consolidated financial statements

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, 2016, the company has recognized net deferred tax assets of EUR 73.8 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, 2016, the amount of goodwill and other non-current intangible assets with indefinite useful lives tested for impairment amounted to EUR 373.4 million and EUR 250.1 million, respectively. No impairment losses were recognised in 2016 or 2015. 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, 2016, the amount of inventories on balance sheet amounted to EUR 513.6 million. Value of inventories has been decreased by EUR 25.1 million for the year ended December 31, 2016 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 the payment difficulties or impending bankruptcy of the debtor. The estimates are based on a systematic, on-going 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, 2016, the amount of accounts receivable on balance sheet amounted to EUR 607.3 million and impairment losses of accounts receivable amounted to EUR 11.2 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 represents 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, 2016, the amount of provisions on balance sheet was EUR 39.7 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 excluding items affecting comparability (EBIT excluding IAC). 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, ENVE
- Sports Instruments: Suunto

Ball Sports

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

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 2016 and 2015. 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

2016

EUR million	Outdoor	Ball Sports	Fitness	Operating segments total	Un-allocated items	EBIT excl. IAC	IAC	Total
Net sales	1,601.8	671.1	349.2	2,622.1	-	-	-	2,622.1
EBIT	196.9	44.8	17.0	258.7	–37.0	221.7	–16.9	204.8
% of net sales	12.3	6.7	4.9	9.9	-	-	-	7.8
Financing income and expenses					–31.8	-	-	–31.8
Earnings before taxes					173.0	-	-	173.0
Goodwill and intangible assets with indefinite useful lives	266.9	182.4	174.2	623.5	-	-	-	623.5
Other assets	957.5	342.2	203.2	1,502.9	588.7	-	-	2,091.6
Liabilities	345.6	261.4	72.6	679.6	1,032.4	-	-	1,712.0
Capital expenditure	56.8	13.8	19.9	90.5	1.2	-	-	91.7
Depreciation	41.0	7.3	9.7	58.0	2.0	-	-	60.0
Cash flow from operating activities before financing items and taxes	182.5	52.4	12.9	247.8	–37.3	-	-	210.5

2015

EUR million	Outdoor	Ball Sports	Fitness	Operating segments total	Un-allocated items	EBIT excl. IAC	IAC	Total
Net sales	1,530.1	647.0	357.3	2,534.4	-	-	-	2,534.4
EBIT	161.2	46.6	31.2	239.0	–26.9	212.1	–8.0	204.1
% of net sales	10.5	7.2	8.7	9.4	-	-	-	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

Notes to the consolidated financial statements

OTHER ASSETS

EUR million	2016	2015
Other non-current assets, accounts and other receivables and inventories of operating segments	1,502.9	1,376.9
Deferred tax assets	110.1	116.2
Unallocated other non-current assets, accounts and other receivables	26.8	24.1
Derivative financial instruments	56.0	108.3
Prepaid interest	14.4	12.0
Current tax assets	17.4	12.1
Cash and cash equivalents	364.0	331.4
Unallocated other assets	588.7	604.1

LIABILITIES

EUR million	2016	2015
Other interest-free long-term liabilities, accounts payable, non-tax and non-financing related accrued liabilities and provisions of operating segments	679.6	654.3
Interest-bearing long-term liabilities	846.2	634.5
Deferred tax liabilities	36.3	40.6
Interest-bearing current liabilities	53.7	157.2
Unallocated accounts payable and accrued liabilities	6.7	11.9
Derivative financial instruments	39.4	63.2
Accrued interests	18.0	16.5
Current tax liabilities	32.1	27.9
Unallocated liabilities	1,032.4	951.8

GEOGRAPHIC INFORMATION

2016

EUR million	EMEA	Americas	Asia Pacific	Elimination	Un-allocated items	Total
External net sales	1,133.7	1,116.0	372.4	-	-	2,622.1
Assets	845.2	1,003.3	165.4	–95.7	796.9	2,715.1
Capital expenditure	41.0	42.7	8.0	-	-	91.7

2015

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

3. ACQUIRED AND DIVESTED BUSINESSES

2016:

On March 8, 2016 Amer Sports acquired 100% of the shares in the company ENVE Composites LLC. ENVE is a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition accelerates Amer Sports Cycling business especially in the United States and provides further expansion opportunities internationally. ENVE brings capabilities in carbon technology, and it offers operational scale and synergy benefits complementing Amer Sports' cycling category.

The net cash acquisition price was USD 50 million in an all-cash transaction and was paid in March 2016. According to the purchase price allocation, the fair value of the acquired net assets was EUR 48.0 million. EUR 18.9 million of the fair value was allocated to the ENVE intangible assets including trademarks, customer relationships and technology. These assets are amortized over 10–15 years. EUR 18.5 million of the fair value was allocated to goodwill. Purchase of ENVE was treated as asset purchase in taxation and no deferred taxes were recognized.

The following fair values of the assets and liabilities of ENVE Composites LLC have been consolidated into Amer Sports' result from the acquisition date. Transaction costs of EUR 0.3 million are included in the administrative expenses of the consolidated income statement.

EUR million	Fair value
Intangible non-current assets	18.9
Goodwill	18.5
Other non-current assets	1.2
Inventories	5.7
Accounts receivables and other current assets	2.9
Cash	3.3
TOTAL ASSETS	50.5
Interest-free liabilities	2.5
NET ASSETS	48.0
Purchase price	48.0

Analysis of the cash flows on the acquisition

Purchase price	48.0
ENVE cash	–3.3
Transaction costs	0.3
Net cash flow on acquisition	45.0

Fair value of accounts receivables was equal to book value at the date of transaction.

The ENVE sales in 2016 from the date of acquisition were EUR 20 million. The ENVE transaction including one time integration costs and amortization of intangible assets had slightly negative impact on Amer Sports' 2016 financial results.

On November 17, 2016 Amer Sports acquired EvoShield, the leading protective gear brand for baseball and softball.

EvoShield is the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB). The annual net sales of EvoShield are approximately EUR 10 million.

The price of this selective asset acquisition was USD 9.3 million and it included the EvoShield brand, all EvoShield branded products as well as intellectual property and distribution rights. Based on preliminary purchase price allocation the fair value of acquired intangible assets such as EvoShield trademark was USD 7.3 million. The purchase accounting will be completed during 2017.

EvoShield has been integrated into Amer Sports Ball Sports business segment, which already includes the brands Wilson, Louisville Slugger, DeMarini and ATEC.

The EvoShield acquisition had no material impact on Amer Sports 2016 financial results.

2015:

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 4.0 million, which mainly comprised of the intangible assets, such as the customer register and technical know-how. In addition goodwill of EUR 1.0 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 was 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 acquisition had no material impact on Amer Sports 2015 financial results.

Notes to the consolidated financial statements

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.

4. OTHER OPERATING INCOME

EUR million	2016	2015
Rental income on real estate	0.0	0.0
Gain on sale of non-current assets	0.2	0.1
Government subsidies	1.8	1.2
Credits for research and competitiveness taxes	2.0	1.8
Compensation for discontinued distribution	2.8	-
Other	2.0	1.7
Total	8.8	4.8

5. EMPLOYEE BENEFITS

EUR million	2016	2015
Wages and salaries	405.9	386.6
Social expenditure		
Pensions - defined contribution plans	14.7	12.4
Pensions - defined benefit plans	3.7	4.5
Other social security	83.3	78.7
Total	507.6	482.2

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 38% (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, Japan and Austria. 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.

In the current year the company has reclassified obligations arising in Austria previously disclosed as accrued liabilities as part of defined pension obligations. Therefore the disclosed numbers in 2015 have been restated.

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

EUR million	2016	2015
Present value of funded obligations	196.6	187.9
Fair value of plan assets	–118.6	–117.8
Deficit	78.0	70.1
Impact of minimum funding requirement/asset ceiling	-	-
Net liability in the balance sheet at December 31	78.0	70.1

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, 2015	176.6	–107.3	69.3
Current service cost	4.7	-	4.7
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)	6.7	–4.6	2.1
Cost recognized in income statement	10.4	–3.8	6.6
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	–0.6	–6.7	–7.3
Employees	0.8	–0.8	0.0
Benefits paid from plan assets	–6.9	6.9	0.0
Other changes	-	-	0.0
Exchange rate differences	15.3	–10.9	4.4
At December 31, 2015	187.9	–117.8	70.1

EUR million	Present value of obligation	Fair value of plan asset	Total
At January 1, 2016	187.9	–117.8	70.1
Current service cost	3.5	0.0	3.5
Past service cost and gains and losses on settlements	0.1	0.0	0.1
Administration cost paid from plan assets	–0.9	1.0	0.1
Interest expense (income)	7.4	–4.9	2.5
Cost recognized in income statement	10.1	–3.9	6.2
Remeasurements:			
Return on plan assets, excluding amounts included in interest expenses/(income)	0.0	–2.4	–2.4
(Gain)/loss from change in demographic assumptions	–1.3	0.0	–1.3
(Gain)/loss from change in financial assumptions	12.0	0.0	12.0
Experience (gains)/losses	0.8	0.0	0.8
Other changes	0.0	0.0	0.0
Remeasurements effects recognized in OCI	11.5	–2.4	9.1
Contributions:			
Employers	–0.4	–6.8	–7.2
Employees	1.6	–1.6	0.0
Benefits paid from plan assets	–13.2	13.2	0.0
Exchange rate differences	–0.9	0.7	–0.2
At December 31, 2016	196.6	–118.6	78.0

Principal actuarial assumptions:

%	2016 USA	2016 Europe	2016 Japan	2015 USA	2015 Europe	2015 Japan
Discount rate	4.20–4.40	0.30–2.65	0.50	4.70–4.85	0.90–3.80	0.80
Inflation	2.25	0.00–3.50	0.00	2.25	1.00–3.20	0.00
Future salary increases	2.50	0.00–3.00	1.70	2.50	1.00–3.10	1.70
Future pension increases	0.00	0.00–2.10	0.00	0.00	0.00–2.20	0.00

Sensitivity analysis:

%	Change in assumption	Impact on defined obligation
Discount rate	0.25% decrease	3.22
Inflation rate	0.25% increase	1.18
Mortality rate	1 year increase in life expectancy	2.02

Major categories of plan assets:

EUR million	2016	2015
US equities	22.8	12.1
UK equities	4.5	6.0
Other equities	19.2	11.4
Corporate bonds	27.4	17.1
Government bonds	39.7	65.9
Commodities	0.0	0.6
Other including cash	5.0	4.7

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 2017 are EUR 8.4 million.

The weighted average of the duration of the defined benefit obligations is 13.3.

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation and amortization by asset type

EUR million	2016	2015
Intangible rights	4.0	3.2
Other intangible assets	10.3	6.0
Buildings and constructions	11.2	9.6
Machinery and equipment	34.5	32.3
Total	60.0	51.1

Impairment losses by asset type

No impairment losses were recognized in 2016 and 2015.

Depreciation, amortization and impairment losses by function

EUR million	2016	2015
Cost of goods sold	20.3	19.5
Research and development	8.8	3.1
Selling and marketing	16.8	12.8
Administration and other expenses	14.1	15.7
Total	60.0	51.1

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. The Group management uses assumptions in respect of future market and economic conditions, such as economic growth, expected inflation rates, expected market share, revenue and margin developments.

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 2016 on budgeted 2017 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.

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- Discount rate is determined separately for the North American and European businesses and it has varied on the range of 7.84%–10.83% pre-tax (6.90%–9.07%); equal to 6.15%–6.18% post-tax (5.92%–5.96%). The main components of the discount rate were:

	2016	2015
Risk Free Interest Rate Debt	0.42%	0.73%
Risk Free Interest Rate Equity	1.24%	1.32%
Equity Market Risk Premium	4.25%	5.11%
Asset Beta (Unlevered Beta)	0.92	0.89
Debt Risk Premium	1.55%	1.82%
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:

	Pre-tax discount rate, %		Goodwill		Intangible rights with indefinite useful lives	
EUR million	2016	2015	2016	2015	2016	2015
Outdoor						
Winter Sports Equipment	7.9	7.5	11.7	11.7	88.3	87.8
Salomon Apparel and Footwear	7.8	7.7	-	-	66.6	66.2
Arc'teryx Apparel and Gear	10.8	6.9	-	-	8.4	7.9
Cycling	7.9	7.7	19.6	-	42.0	23.3
Sports Instruments	7.8	8.0	30.3	30.2	-	-
Ball Sports						
Individual Ball Sports	8.6	9.1	80.3	77.7	-	-
Team Sports	8.7	8.5	60.1	58.2	42.0	40.7
Fitness						
Fitness	8.7	8.5	171.4	168.4	2.8	2.6
Total	8.4	7.8	373.4	346.2	250.1	228.5

In 2016 and 2015, 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 2016:

	–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 2016:

	–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	2016	2015
Statutory audit	1.9	1.9
Tax consulting	0.1	0.5
Other services	0.0	0.1
Total	2.0	2.5

Amer Sports Corporation Annual General Meeting held on March 8, 2016 elected Authorised Public Accountant Firm Ernst & Young Oy to act as auditor of the Company.

9. SHARE-BASED PAYMENT

In 2016, 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.

Performance share plans 2013 and 2016

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 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 2013 were based on the Group's EBIT and net sales and the rewards for the earning period 2013–2015 were 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. The rewards from the plan for the earning period 2015 were 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 six earning periods, Group's EBIT constituted 80% of and total shareholder return 20% of the earnings criteria.

The performance share plan 2016 includes six earning periods as well: the calendar years 2016, 2017 and 2018 and calendar years 2016–2018, 2017–2019 and 2018–2020. The Board of Directors will decide on the earnings criteria and the targets to be established for them for each earning period at the beginning of each earning period. The potential rewards from the plan for the earning periods 2016, 2017 and 2018 will be based on the Group's EBIT and net sales and the potential rewards for the earning periods 2016–2018, 2017–2019 and 2018–2020 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 2016, as a reward for meeting this condition, 7,276 shares were transferred to new key personnel participating in the performance share plan (2015: 31,649).

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 2013 will be a maximum total of 1,400,000 Amer Sports Corporation shares. The amount of net rewards to be paid on the basis of the performance share plan 2016 will be a maximum total of 1,100,000 Amer Sports Corporation shares. 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. In 2016, 111,264 shares were transferred to key personnel in relation to the earning period 2015, and 53,490 shares in relation to the earning period 2013–2015. Shares awarded in connection with the earning periods 2014 and 2015 may not be transferred during the restriction periods ending on December 31, 2016, and December 31, 2017 respectively.

In 2016, 21,769 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 (2015: 35,540).

At the end of 2016, 176 people were covered by the performance share plan 2013 for earning period 2014–2016 and 209 people for the earning period 2015–2017. 269 people participated in the performance share plan 2016 for the earning periods 2016 and 2016–2018.

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.

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 plans 2013 and 2016

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 included three earning periods: calendar years 2013, 2014 and 2015. Shares may not be transferred during the restriction periods, which will end on December 31, 2016 and December 31, 2017 respectively. In 2015 and in relation to earning period 2014, 83,600 shares were transferred to key employees participating in this plan. In 2016 and in relation to earning period 2015, 80,000 shares were transferred.

The restricted stock plan 2016 includes three earning periods as well: calendar years 2016, 2017 and 2018. Shares may not be transferred during the restriction periods, which will end on December 31, 2018, December 31,2019, and December 31, 2020 respectively. The amount of net rewards to be paid on the basis of the restricted stock plan 2016 will be a maximum total of 200,000 Amer Sports Corporation shares. At the end of 2016, 63 people were covered by the restricted stock plan 2016 for earning period 2016.

In 2016, 19,733 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 (2015: 14,300).

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 seeked to elicit commitment from key executives. The programs encouraged the achievement of the annual targets and long-term shareholder value. The results were tied to the three-year trend in shareholder value. The rewards were payable in cash in the same currency as the salary. The last program ended in 2015.

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

	Performance share plans and restricted stock plans 2016	Performance share plans and restricted stock plans 2013		
	2016	2015	2014	2013
Grant date	Feb 3/March 9, 2016	Feb 2/March 12, 2015	Jan 28/March 7, 2014	Jan 31/March 8, 2013
Number of instruments granted*)	426,645/–273,643	528,247/–257,419	530,715/–112,116	475,532/–224,866
Fair value at grant date, EUR	25.03	18.13	14.62	11.64
Vesting period, years	3	3	3	3
Returned shares	41,502	49,840	28,197	29,198
Fair value per instrument at grant date, EUR	25.03	18.13	14.62	11.64

*) The negative value refers to an adjustment made to the number of instruments granted in previous years.

EUR million	2016	2015
Expense of share-based incentive schemes recognized in earnings	9.2	10.1
Accrual of cash component of share-based incentive schemes	3.7	4.0
Expense of deferred cash long-term incentive plans recognized in earnings	–0.6	3.5
Accrual of deferred cash long-term incentive plans	-	6.0

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10. FINANCING INCOME AND EXPENSES

EUR million	2016	2015
Interest income	1.1	1.1
Interest expenses		
Interest expenses on bonds	–13.9	–17.3
Interest expenses on commercial papers	–0.2	–0.1
Interest expenses on loans from financial institutions	–1.3	–1.1
Other interest expenses	–14.6	–11.2
Total interest expenses	–30.0	–29.7
Change in fair value of derivative instruments not used in hedge accounting	–1.4	–1.0
Exchange rate losses	–1.1	–5.4
Other financing expenses	–0.4	–1.1
Uneffectiveness of cash flow hedges	0.0	0.0
Total, net	–31.8	–36.1

11. INCOME TAXES

EUR million	2016	2015
Current taxes	34.8	36.3
Taxes for prior periods	4.4	1.5
Deferred taxes	6.9	8.6
Total	46.1	46.4

EUR million	2016	2015
Current taxes:		
EMEA	20.5	18.0
Americas	6.9	3.8
Asia Pacific	11.8	16.0
Total	39.2	37.8
Thereof for prior periods	4.4	1.5
Deferred taxes	6.9	8.6
Total	46.1	46.4

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

EUR million	2016	2015
Taxes at local rates applicable to earnings in countries concerned	46.8	45.6
Permanent differences	–2.5	–1.3
Realisability of deferred tax assets	–3.4	3.3
Changes in tax rates and tax laws	1.0	0.4
Taxes for prior periods	4.4	1.5
Tax credits	–0.2	–3.1
Taxes recognized in the income statement	46.1	46.4
Effective tax rate, %	26.6	27.6

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

	2016	2015
Net result attributable to equity holders of the parent company, EUR million	126.9	121.6
Net result for the calculation of earnings per share, EUR million	126.9	121.6
Weighted average number of shares outstanding during the period (1,000 pcs)	117,521	117,314
Earnings per share, EUR	1.08	1.04
Earnings per share, excluding items affecting comparability, EUR	1.18	1.09
Weighted average number of shares outstanding during the period, diluted (1,000 pcs)	118,052	117,913
Earnings per share, diluted, EUR	1.07	1.03
Earnings per share, diluted, excluding items affecting comparability, EUR	1.18	1.08

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, 2016	288.0	449.0	102.7	14.8	148.2	418.0	0.3	10.3
Additions	1.5	-	17.6	-	11.2	25.5	-	35.9
Company acquisitions	26.0	18.5	-	-	-	2.4	-	-
Company divestments and disposals	-	-	-	-	–0.6	–2.1	-	-
Transfers and scrapping	–6.0	-	17.6	-	0.7	–23.8	-	–26.2
Translation differences	4.8	11.0	0.4	0.2	1.1	4.2	-	0.6
Balance, December 31, 2016	314.3	478.5	138.3	15.0	160.6	424.2	0.3	20.6
Accumulated depreciation and impairment losses, January 1, 2016	47.5	102.8	61.1	0.0	90.3	294.6	0.0	0.0
Depreciation during the period	4.0	-	10.3	-	11.2	34.5	-	-
Company acquisitions	-	-	-	-		1.2	-	-
Company divestments and disposals	-	-	-	-	–0.3	–2.0	-	-
Transfers and scrapping	–3.3	-	–0.5	-	–4.2	–35.4	-	-
Translation differences	0.6	2.3	0.6	-	1.0	3.8	-	-
Balance, December 31, 2016	48.8	105.1	71.5	0.0	98.0	296.7	0.0	0.0
Balance sheet value, December 31, 2016	265.5	373.4	66.8	15.0	62.6	127.5	0.3	20.6
Carrying amount of finance leases included	-	-	-	-	-	18.9	-	-

Accumulated impairment losses of goodwill at January 1, 2016 totaled EUR 18.4 million.

Additions in other intangible assets and advances paid and construction in progress include EUR 26.0 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, 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 and scrapping	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 and scrapping	–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.

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

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

Cash and cash equivalents, EUR 364.0 million (331.4), include cash in hand EUR 303.6 million, short-term deposits EUR 52.5 million and restricted cash EUR 7.9 million.

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15. DEFERRED TAX ASSETS AND LIABILITIES

EUR million	Jan 1, 2016	Charge in income statement	Translation differences	Charged to OCI	Acquired and sold operations	Dec 31, 2016
Deferred tax assets:						
Provisions	24.5	0.8	1.0	-	-	26.3
Carryforward of unused tax losses	30.0	–10.8	1.2	-	-	20.4
Employee benefits	28.6	–0.5	0.2	–3.2	-	25.1
Impairment	4.2	–0.1	0.2	-	-	4.3
Other temporary differences	25.2	10.1	1.2	-	-	36.5
Total	112.5	–0.5	3.8	–3.2	-	112.6
Deferred tax liabilities:						
Fair value adjustments	–3.1	–4.7	1.0	4.0	-	–2.8
Depreciation differences	–31.4	–4.7	–0.7	-	-	–36.8
Other temporary differences	–2.4	3.0	0.2	-	-	0.8
Total	–36.9	–6.4	0.5	4.0	-	–38.8
Net deferred tax assets	75.6	–6.9	4.3	0.8	-	73.8

Deferred taxes recognized in the balance sheet at December 31, 2016:	
Deferred tax assets	110.1
Deferred tax liabilities	36.3

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

At December 31, 2016 there were unused tax losses carried forward and other temporary differences of EUR 34.6 million (33.1) for which no deferred tax assets were recognized. The unrecognized deferred tax assets at December 31, 2016 totaled EUR 10.8 million (10.0). 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.

Deferred tax liabilities on the retained earnings of foreign subsidiaries have not been recognized, since the distributions of dividend from the subsidiaries are under control of the Group.

16. VALUATION PROVISIONS OF INVENTORIES AND ACCOUNTS RECEIVABLE

EUR million	2016	2015
Impairment losses of accounts receivable	11.2	15.7
Net realizable value valuation provision	25.1	27.2

Aging analysis of accounts receivable and amounts recognized as impairment losses

EUR million	2016	Impairment losses	Net 2016	2015	Impairment losses	Net 2015
Undue accounts receivable	506.7	-	506.7	473.4	-	473.4
Accounts receivable 1–30 days overdue	58.6	-	58.6	49.6	-	49.6
Accounts receivable 31–60 days overdue	25.4	-	25.4	19.3	-	19.3
Accounts receivable 61–90 days overdue	8.0	-	8.0	10.1	-	10.1
Accounts receivable 91–120 days overdue	6.1	-	6.1	7.3	-	7.3
Accounts receivable more than 120 days overdue	13.7	–11.2	2.5	19.9	–15.7	4.2
Total	618.5	–11.2	607.3	579.6	–15.7	563.9

Gross and net inventories

EUR million	2016	2015
Gross inventories	538.7	509.2
Net realizable value valuation provision	25.1	27.2
Net inventories	513.6	482.0

17. PREPAID EXPENSES AND OTHER RECEIVABLES

EUR million	2016	2015
Prepaid interest	14.4	12.0
Prepaid advertising and promotion	5.6	5.1
Other tax receivables	17.3	18.0
Accrued employee benefits	14.3	10.3
Derivative instruments	51.4	101.7
Other receivables	58.3	56.0
Total	161.3	203.1

18. SHAREHOLDERS' EQUITY

EUR million	Number of shares	Share capital	Premium fund	Invested unrestricted equity reserve
January 1, 2015	118,517,285	292.2	12.1	163.1
December 31, 2015	118,517,285	292.2	12.1	163.1
December 31, 2016	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 Amer Sports Corporation (Dec 31, 2016: EUR 15.5 million or 971,718 shares; Dec 31, 2015: EUR 18.1 million or 1,176,673 shares).

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 capital repayment proposed
A capital repayment proposed by the Board of Directors for the financial year is EUR 0.62 (dividend 0.55) per share. Total capital repayment amounts to EUR 73.5 million (dividend 64.7) and is proposed to be distributed from the invested unrestricted equity reserve.

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19. INTEREST-BEARING LIABILITIES

EUR million	Outstanding Dec 31, 2016	Repayments 2017	2018	2019	2020	2021	2022 and after	Fair value
Bonds	697.5	-	164.7	-	211.8	91.0	230.0	691.1
Loans from financial institutions	131.2	0.2	30.4	50.4	0.1	50.1	-	131.2
Commercial papers	49.9	49.9	-	-	-	-	-	49.9
Other interest-bearing liabilities	21.3	3.6	2.2	2.5	2.4	2.3	8.3	21.3
Total	899.9	53.7	197.3	52.9	214.3	143.4	238.3	893.5

EUR million	Outstanding Dec 31, 2015	Repayments 2016	2017	2018	2019	2020	2021 and after	Fair value
Bonds	688,5	154,4	-	165,5	-	208,7	159,9	680,6
Loans from financial institutions	81,4	-	0,0	30,4	50,4	0,4	0,2	81,4
Commercial papers	-	-	-	-	-	-	-	-
Other interest-bearing liabilities	21,8	2,8	2,6	2,5	2,4	2,3	9,2	21,8
Total	791,7	157,2	2,6	198,4	52,8	211,4	169,3	783,8

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	2016	2015
Finance lease liabilities are due as follows:		
Not later than one year	2.9	2.9
Later than one year but not later than five years	9.6	10.0
Later than five years	6.4	8.6
Total minimum lease payments	18.9	21.5

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

20. ACCRUED LIABILITIES

EUR million	2016	2015
Accrued personnel costs	99.3	106.1
Accrued discounts and rebates	23.3	19.2
Accrued interest	18.0	16.5
Accrued advertising and promotion	13.4	10.9
Value added tax	29.0	23.7
Payables related to derivatives	35.5	56.8
Other accrued liabilities	128.8	104.1
Total	347.3	337.3

21. PROVISIONS

EUR million	Product warranty	Restruc-turing	Environ-mental	Other	Total
Balance at January 1, 2016	25.2	4.2	0.5	7.0	36.9
Translation differences	0.6	0.1			0.7
Provisions made during the year	13.7	1.1		5.2	20.0
Company acquisitions	0.7				0.7
Provisions used during the year	–10.9	–1.3		–3.8	–16.0
Provisions reversed during the year	–1.1	–0.3		–1.2	–2.6
Balance at December 31, 2016	28.2	3.8	0.5	7.2	39.7

Current provisions	34.6
Long-term provisions	5.1
Total	39.7

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 1.5 million at the 2016 period end.

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	2016	2015
Share-based incentive schemes	3.2	0.2
One-time costs	0.1	0.3
Gains and losses on sale of non-current assets	–0.1	–0.1
Total	3.2	0.4

23. OPERATING LEASE COMMITMENTS

EUR million	2016	2015
The future minimum payments of non-cancellable operating leases:		
Not later than one year	55.4	45.4
Later than one year but not later than five years	134.7	101.6
Later than five years	49.3	41.2
Total	239.4	188.2
Total rent expense of non-cancellable operating leases recognized in the income statement	48.7	47.9

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

24. CONTINGENT LIABILITIES

EUR million	2016	2015
Guarantees	30.2	33.8
Other contingent liabilities	74.2	69.4

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, 2016

	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 Shanghai Trading Ltd, Shanghai, China	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

Principal group companies in the above list are the most important companies of the Group from the operational perspective. In addition to the parent company they include key brand companies, biggest sales companies and major logistics and sourcing companies.

A complete list of Amer Sports' subsidiaries is included in statutory accounts of Amer Sports Corporation. Group had no associated companies at December 31, 2016.

26. FAIR VALUE AND OTHER RESERVES

EUR million	
Balance at January 1, 2016	43.8
Gains and losses deferred to shareholders' equity	
Hedging of operating cash flows	22.5
Hedging of interest cash flows	8.1
Gains and losses recognized in the income statement	
Hedging of operating cash flows	–44.8
Hedging of interest cash flows	–5.8
Deferred taxes	4.0
Balance at December 31, 2016	27.8

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

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	2016	2015
Salaries and remuneration of the Board of Directors	0.5	0.5
Salaries and remuneration of the Executive Board (excluding President and CEO)	9.7	9.7
Annual Salary of the President and CEO	0.7	0.7
Annual and long-term incentives of the President and CEO	0.6	0.8
Total	11.5	11.7
Cumulative expenses, President and CEO	0.4	0.5
Total	11.9	12.2

Compensation recognized in earnings:

EUR million	2016	2015
Salaries and other short-term employee benefits	7.5	5.9
Post-employment benefits	0.3	0.3
Share-based payments	2.2	3.3
Total	10.0	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 2016, the expense for post-employment benefits was EUR 0.1 million (0.1).

In 2016 EUR 0.5 million (0.4) 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 2,794,899 Amer Sports Corporation shares as of December 31, 2016 (December 31, 2015: 2,786,567), or 2.4% (2.4) of the outstanding shares and votes.

Amer Sports Executive Board (including the President and CEO) owned a total of 614,074 Amer Sports Corporation shares on December 31, 2016 (December 31, 2015: 790,776), representing 0.5% (0.7) 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

2016 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			4.6	0.4		5.0	5.0
Derivative financial instruments ***)							
Foreign exchange derivatives		4.5				4.5	4.5
Interest rate derivatives and cross currency swaps	8.6	0.1				8.7	8.7
CURRENT FINANCIAL ASSETS							
Accounts receivable			607.3			607.3	607.3
Other non-interest yielding receivables *)			92.5			92.5	92.5
Derivative financial instruments ***)							
Foreign exchange derivatives	4.2	38.6				42.8	42.8
Cash and cash equivalents			364.0			364.0	364.0
Balance sheet values by category at Dec 31, 2016	12.8	43.2	1,068.4	0.4		1,124.8	1,124.8
LONG-TERM FINANCIAL LIABILITIES							
Long-term interest-bearing liabilities					846.2	846.2	839.8
Other long-term liabilities					16.5	16.5	16.5
Derivative financial instruments ***)							
Foreign exchange derivatives		0.4				0.4	0.4
Interest rate derivatives and cross currency swaps	21.4	3.5				24.9	24.9
CURRENT FINANCIAL LIABILITIES							
Current interest-bearing liabilities					53.7	53.7	53.7
Accounts payable					256.3	256.3	256.3
Other current liabilities **)					279.7	279.7	279.7
Derivative financial instruments ***)							
Foreign exchange derivatives	10.4	4.5				14.9	14.9
Interest rate derivatives and cross currency swaps		1.0				1.0	1.0
Balance sheet values by category at Dec 31, 2016	31.8	9.4			1,452.4	1,493.6	1,487.2

***) The balance sheet values of the derivatives have been recorded as they are disclosed in the Group's balance sheet and Fair value reserve, and therefore cannot be reconciled with their actual fair values.

2015 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
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
Cash and cash equivalents			331.4			331.4	331.4
Balance sheet values by category at Dec 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 ****)					19.2	19.2	19.2
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 **)					262.5	262.5	262.5
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 Dec 31, 2015	48.2	15.2			1,349.1	1,412.5	1,404.6

***) The balance sheet values of the derivatives have been recorded as they are disclosed in the Group's balance sheet and Fair value reserve, and therefore cannot be reconciled with their actual fair values.
****) Reclassification of liability in Fitness segment

EUR million	2016	2015
*) Other non-interest yielding receivables		
Prepaid expenses and other receivables	161.3	203.1
./. Other tax receivables	17.4	18.0
./. Derivative financial instruments	51.4	101.7
	92.5	83.4
**) Other current liabilities		
Accrued liabilities	347.3	347.2
./. Other tax liabilities	32.1	27.9
./. Derivative financial instruments	35.5	56.8
	279.7	262.5

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss		12.8		12.8
Derivatives used for hedging		43.2		43.2
Available-for-sale financial assets			0.4	0.4
Total		56.0	0.4	56.4
Liabilities				
Financial liabilities at fair value through profit or loss		31.8		31.8
Derivatives used for hedging		9.4		9.4
Total		41.2		41.2

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, 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

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 2015 and 2016 Amer Sports finalized the following financial transactions:

In March, 2016 Amer Sports issued Schuldschein (certificate of indebtedness) loan agreements with a total value of EUR 100 million. The loans have both fixed and floating rate tranches and the loan periods are five (5) and seven (7) years. In April, Amer Sports issued a term loan with a value of EUR 50 million. The floating rate loan has a maturity of five (5) years, but it has an extension option. In September, Amer Sports issued Schuldschein agreements with a total value of EUR 60 million. The loan period is seven (7) years and the loans have a fixed interest rate.

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 (5) 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 (5) and seven (7) 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 five (5) and five and half (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, the term loan and the private placement bond have been used for repayment of debt and general corporate purposes.

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 2016 EUR 87.2 (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 2016 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, 2016							
EUR million	**Nominal value**	**Available**	**Total**	**2017**	**2018**	**2019**	**2020**	**2021 and after**
Loans from financial institutions								
Repayments	131.2		131.2	0.2	30.4	50.4	0.1	50.1
Interest	4.2		4.2	1.4	1.3	0.8	0.5	0.2
Bonds								
Repayments	697.5		697.5		164.7		211.8	321.0
Interest	63.4		63.4	14.9	15.0	11.8	9.9	11.8
Commercial papers								
Repayments	49.9		49.9	49.9				
Interest	0.1		0.1	0.1				
Other interest-bearing liabilities								
Repayments	21.3		21.3	3.6	2.2	2.5	2.4	10.6
Interest	0.3		0.3	0.1	0.0	0.0	0.0	0.2
Accounts payable								
Repayments	256.3		256.3	256.3				
Other interest-free liabilities								
Repayments	16.5		16.5	16.5				
Total								
Repayments	1,172.7		1,172.7	326.5	197.3	52.9	214.3	381.7
Interest	68.0		68.0	16.5	16.3	12.6	10.4	12.2
Financial guarantee contracts		5.0	5.0	5.0				
Committed revolving credit facility		150.0	150.0			150.0		
Derivative liabilities								
Foreign exchange derivatives under hedge accounting	1,101.9		1,101.9	935.7	166.2			
Other foreign exchange derivatives	551.8		551.8	528.6	23.2			
Interest rate swaps under hedge accounting, fair value	3.3		3.3		2.3		1.0	
Cross currency swaps, fair value	6.8		6.8		6.8			
Other interest rate derivatives, fair value *)	5.8		5.8		0.7		5.1	
Derivative assets								
Foreign exchange derivatives under hedge accounting	1,145.5		1,145.5	972.9	172.6			
Other foreign exchange derivatives	549.6		549.6	526.1	23.5			
Interest rate swaps under hedge accounting, fair value	0.3		0.3				0.2	0.1
Cross currency swaps, fair value	-		-					
Other interest rate derivatives, fair value *)	-		-					

*) The fair value of the Other interest rate derivatives has partly been recorded in the Fair value reserve in the shareholder's equity, and therefore the disclosed fair value amounts cannot be reconciled with the Group's balance sheet values.

Notes to the consolidated financial statements

	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
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	19.2		19.2	19.2				
Total								
Repayments	1,086.6		1,086.6	452.1	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	-		-					

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. Amer Sports' risk management is aiming to eliminate 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, British pound, Swiss franc 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 liabilities in foreign currencies.

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

	Dec 31, 2016						Dec 31, 2015					
EUR million	USD	CAD	SEK	GBP	CHF	JPY	USD	CAD	SEK	GBP	CHF	JPY
Interest-bearing external receivables	-	-	78.5	-	-	-	-	-	136.0	-	-	-
Interest-bearing inter-company receivables	455.8	67.0	-	-	0.4	21.0	244.0	67.3	-	-	0.5	25.4
External receivables	35.8	–33.9	0.7	–5.8	1.8	-	77.6	–35.2	0.7	–7.1	2.2	0.0
Inter-company receivables	6.4	2.2	2.7	9.7	4.3	3.3	2.8	4.0	2.1	9.5	4.4	4.1
Interest-bearing external liabilities	–204.0	-	–78.5	-	-	-	–197.5	-	–136.0	-	-	-
Interest-bearing inter-company liabilities	-	-	–4.2	–3.7	-	-	-	-	–4.2	–17.5	-	-
External payables	–79.7	0.8	0.0	0.2	–0.4	0.0	–78.4	2.7	0.0	0.2	–0.3	0.0
Inter-company payables	–20.0	4.1	0.0	2.2	–0.3	–0.2	–22.6	1.0	–0.1	1.7	–0.4	–0.3
Foreign exchange derivatives	507.5	–155.8	–57.1	–101.4	–86.7	–66.7	640.8	–172.2	–48.6	–130.8	–76.2	–62.5
Total	701.8	–115.6	–57.9	–98.8	–80.9	–42.6	666.7	–132.4	–50.1	–144.0	–69.8	–33.3

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	–61.8	–8.4
CAD	5.2	6.4
SEK	5.0	0.8
GBP	10.1	–0.2
CHF	6.3	1.8
JPY	2.4	1.8

The following table presents the corresponding sensitivities at the balance sheet date in 2015:

EUR million	Shareholders' equity	Income statement
USD	–60,8	–6,0
CAD	8,0	5,2
SEK	3,9	1,1
GBP	9,8	4,6
CHF	5,7	1,3
JPY	3,0	0,4

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	CHF	CAD	CNH	NOK	SEK	JPY	OTHER
1,061	–154	–120	–115	–93	–93	–84	–61	–169

The following table sets out the hedging of Amer Sports' cash flows as at December 31, 2016 (EUR million):

USD	GBP	CHF	CAD	CNH	NOK	SEK	JPY	OTHER
–697	95	83	82	58	59	57	46	109

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 significantly.

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 derivatives 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 2016, 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.

Notes to the consolidated financial statements

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, 2016, the duration was 17 months. 79% of the debt portfolio was at fixed rate as of December, 2016. 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	2016
Shareholders' equity	242.8	4.9
Income statement	214.0	1.2
Income statement due to ineffective other interest rate derivatives	135.0	–2.3

In 2015, 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	2015
Shareholders' equity	423.6	10.5
Income statement	94.0	–0.4

The effective interest rate of the total debt including interest rate hedges was 2.7%. The interest rate was 2.3% on bonds, 1.1% on bank loans and 0.4% on commercial papers.

The average interest rate of the Group's interest bearing debt including interest rate derivatives and facility fees was 2.0% (Dec 31, 2015: 2.7). After foreign exchange derivatives that hedge the inter-company debt, the average interest rate was 2.5% (Dec 31, 2015: 3.0).

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 3% of total accounts receivable and the largest 20 combined total about 21%. At the end of year 2016 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, 2016	Balance sheet value or fair value Dec 31, 2015
Long-term financial assets		
Long-term interest-bearing receivables	-	-
Other long-term financial assets	5.0	5.3
Derivative contracts		
Foreign exchange derivatives	4.5	6.4
Interest rate and cross currency swap derivatives	8.7	4.6
Short-term financial assets		
Accounts receivable	607.3	563.9
Loans receivable	-	-
Other interest-free receivables	92.5	83.4
Derivative contracts		
Foreign exchange derivatives	42.8	97.3
Interest rate and cross currency swap derivatives	0.0	-
Cash and cash equivalents	364.0	331.4

(+ = Assets, – = Debt)

DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 31, 2016					Dec 31, 2015	
EUR million	Nominal value	Fair value	2017	2018	2019 and after	Nominal value	Fair value
Hedge accounting-related							
Foreign exchange derivatives hedging cash flows from operations	1,145.5	40.3	972.9	172.6		1,055.6	60.1
Interest rate swaps hedging interest cash flow	242.8	–3.0		129.0	113.8	423.6	–9.0
Interest cash flow of cross currency swaps	78.5	0.0		78.5		136.0	0.3
Other derivative contracts							
Foreign exchange derivatives	549.6	–0.9	526.1	23.5		494.1	6.5
Interest rate swaps *)	135.0	–5.8		50.0	85.0		
Foreign exchange difference of cross currency swaps	0.0	–6.8					–4.7

*) The fair value of the Other interest rate derivatives has partly been recorded in the Fair value reserve in the shareholder's equity, and therefore the disclosed fair value amounts cannot be reconciled with the Group's balance sheet values.

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. items affecting comparability) 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, 2016	Dec 31, 2015
Interest-bearing liabilities	899.9	791.7
Cash and cash equivalents	364.0	331.4
Net debt	535.9	460.3
Total shareholders' equity	1,003.1	949.6
Gearing, %	53	48
EBITDA	264.8	255.2
Net debt/EBITDA*)	1.9	1.7

*) Excluding items affecting comparability

Offsetting financial assets and liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2016:

EUR million	Gross amount of derivative financial assets	Related amounts not set off: Financial instruments	Net amount
Derivative financial instruments	27.9	16.6	11.3

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2016:

EUR million	Gross amount of derivative financial liabilities	Related amounts not set off: Financial instruments	Net amount
Derivative financial instruments	4.2	6.8	–2.6

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

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 ITEMS AFFECTING COMPARABILITY COMMENTED IN THE BOARD OF DIRECTORS' REPORT

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

EUR million	IFRS 2016	Items affecting compa-rability	Income statement excl. IAC 2016	IFRS 2015	Items affecting compa-rability	Income statement excl. IAC 2015
NET SALES	2,622.1	-	2,622.1	2,534.4	-	2,534.4
Cost of goods sold	–1,409.7	1.1	–1,408.6	–1,388.5	-	–1,388.5
License income	6.8	-	6.8	7.3	-	7.3
Other operating income	8.8	-	8.8	4.8	-	4.8
Research and development expenses	–97.5	2.3	–95.2	–77.7	-	–77.7
Selling and marketing expenses	–731.1	13.1	–718.0	–677.5	6.7	–670.8
Administrative and other expenses	–194.6	0.4	–194.2	–198.7	1.3	–197.4
EBIT	204.8	16.9	221.7	204.1	8.0	212.1

Items affecting comparability are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share on annual basis.

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 (CAPITAL REPAYMENT) PER SHARE:

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

DIVIDEND (CAPITAL REPAYMENT) % OF EARNINGS:

$$100 \times \frac{\text{Adjusted dividend (capital repayment)}}{\text{Net result}}$$

EFFECTIVE YIELD, %:

$$100 \times \frac{\text{Adjusted dividend (capital repayment)}}{\text{Adjusted share price at closing date}}$$

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	2016	2015
Other operating income	27.1	29.1
EXPENSES		
Personnel expenses	10.1	8.7
Depreciation	0.9	0.6
Other expenses	16.0	17.2
Total expenses	27.0	26.5
EARNINGS BEFORE INTEREST AND TAXES	0.1	2.6
Financing income	85.5	145.1
Financing expenses	–67.9	–27.1
Financing income and expenses	17.6	118.0
EARNINGS BEFORE APPROPRIATIONS AND TAXES	17.7	120.6
Appropriations	0.0	3.6
Income taxes	–0.7	–3.4
NET RESULT	17.0	120.8

Parent company cash flow statement

EUR million	2016	2015
NET CASH FLOW FROM OPERATING ACTIVITIES		
EBIT	0.1	2.6
Depreciation	0.9	0.6
Adjustments to cash flow from operating activities	–0.2	0.4
Cash flow from operating activities before change in working capital	0.8	3.6
Increase (–) or decrease (+) in trade and other current receivables	4.1	13.4
Increase (+) or decrease (–) in interest-free current liabilities	0.1	–0.7
Change in working capital	4.2	12.7
Cash flow from operating activities before financing items and taxes	5.0	16.3
Interest paid	–25.0	–29.5
Interest received	0.3	0.3
Income taxes paid and received	-	0.4
Financing items and taxes	–24.7	–28.8
Total net cash flow from operating activities	–19.7	–12.5
NET CASH FLOW FROM INVESTING ACTIVITIES		
Investments in subsidiaries	–39.7	–12.2
Capital expenditure	–1.2	–1.4
Proceeds from sale of tangible non-current assets	0.4	0.4
Dividends received	15.0	105.6
Net cash flow from investing activities	–25.5	92.4
NET CASH FLOW FROM FINANCING ACTIVITIES		
Repurchase of own shares	–0.8	–1.2
Transfer of own shares	4.8	4.9
Change in short-term borrowings	–268.3	–123.7
Withdrawals of long-term borrowings	160.0	368.0
Repayments of long-term borrowings	–104.4	–152.9
Change in current receivables	327.2	–73.4
Dividends paid	–64.7	–52.8
Group contributions received	3.6	7.0
Other financing items *)	7.9	8.0
Net cash flow from financing activities	65.3	–16.1
CHANGE IN CASH AND CASH EQUIVALENTS	20.1	63.8
Cash and cash equivalents		
Cash and cash equivalents at year end	270.5	250.4
Cash and cash equivalents at year beginning	250.4	186.6
Change in cash and cash equivalents	20.1	63.8

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

Parent company balance sheet

ASSETS EUR million	2016	2015
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights	1.5	1.1
TANGIBLE ASSETS		
Land and water	0.8	0.8
Buildings and constructions	0.8	0.8
Machinery and equipment	1.1	1.3
Other tangible assets	0.3	0.3
Construction in progress	0.4	0.2
	3.4	3.4
OTHER NON-CURRENT INVESTMENTS		
Investments in subsidiaries	762.1	722.4
Other bonds and shares	0.1	0.4
	762.2	722.8
TOTAL NON-CURRENT ASSETS	767.1	727.3
CURRENT ASSETS		
RECEIVABLES		
Long-term		
Receivables from subsidiaries	556.0	472.1
Deferred tax assets	2.0	2.0
Short-term		
Receivables from subsidiaries	332.1	728.0
Prepaid expenses	72.2	94.5
	962.3	1,296.6
MARKETABLE SECURITIES		
Other securities	52.5	-
CASH AND CASH EQUIVALENTS	218.0	250.4
TOTAL CURRENT ASSETS	1,232.8	1,547.0
TOTAL ASSETS	1,999.9	2,274.3

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	2016	2015
SHAREHOLDERS' EQUITY		
Share capital	292.2	292.2
Premium fund	12.1	12.1
Invested unrestricted equity reserve	177.8	175.6
Retained earnings	62.1	4.2
Net result	17.0	120.8
TOTAL SHAREHOLDERS' EQUITY	561.2	604.9
ACCUMULATED APPROPRIATIONS		
Accumulated depreciation in excess of plan	0.1	0.1
LIABILITIES		
LONG-TERM LIABILITIES		
Bonds	697.5	534.1
Loans from financial institutions	130.0	80.0
	827.5	614.1
CURRENT LIABILITIES		
Bonds	-	154.4
Other interest-bearing liabilities	49.9	-
Accounts payable	0.3	0.1
Payables to subsidiaries	503.8	855.2
Other current liabilities	1.7	0.6
Accrued liabilities	55.4	44.9
	611.1	1,055.2
TOTAL LIABILITIES	1,438.6	1,669.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,999.9	2,274.3

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 tax compensation 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. The acquisition price of the shares has been booked to equity on the date of acquisition.

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 9, 2017

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

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Amer Sports Corporation (business identity code 0131505–5) for the year ended 31 December, 2016. The financial statements comprise the consolidated income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, as well as the parent company's income statement, cash flow statement, balance sheet and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Revenue recognition

We refer to the Group's accounting policies and the note 2.

Revenue is measured taking into account discounts, incentives and rebates earned by customers, and is recognised when the risks and rewards of the underlying products and services have been transferred to the customer. Due to the multitude and variety of contractual terms across the Group's markets significant management judgement is needed to account for the revenue, and therefore, revenue could be subject to misstatement, whether due to fraud or error. The Group focuses on revenue as a key performance measure which could create the incentive for revenue to be recognised before the risks and rewards have been transferred.

Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others:

- Assessing the compliance of the Group's accounting policies over revenue recognition, including those relating to discounts, incentives and rebates, with applicable accounting standards.
- Testing the Group's controls over timing of revenue recognition and over the calculation of discounts, incentives and rebates. These controls comprised a combination of transaction level prevent controls and detect controls.
- Testing the cutoff of revenue with substantive analytical procedures supplemented with test of details on a transaction level either side of the balance sheet date as well as credit notes issued after the balance sheet date.
- Considering the appropriateness of the Group's disclosures in respect of revenues.

Impairment testing of goodwill and intangible assets

We refer to the Group's accounting policies and the note 7.

At the balance sheet date, the value of tested goodwill and intangible assets amounted to 623,5 M€ representing 23 % of the total assets and 62% of the total equity. Procedures over management's annual impairment test were significant to our audit because the test imposes estimates. The Group management use assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, expected market share, revenue and margin developments.

Our audit procedures included, among others, involving valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, profit margins and weighted average cost of capital. We specifically focused on the sensitivity in the available headroom by Cash Generating Unit and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of the management's estimates. We considered the appropriateness of the Group's disclosures in respect of impairment testing.

Income taxes

We refer to the Group's accounting policies and the notes 11 and 15.

The Group has extensive international operations and in the normal cause of business the management makes assumptions and judgments in relation to tax issues and exposures. This is a key estimate due to the inherent uncertainty of complying with evolving tax regulations in multiple different tax jurisdictions and the recovery of deferred tax assets recognised with respect to tax loss carryforwards.

Our audit procedures included, among others, assessing the Group's process around the recording and assessment of tax provisions. Our own tax specialists performed an assessment of the Group's correspondence with relevant tax authorities, to evaluate the recorded tax provisions for relevant risks. We also assessed the assumptions used, taking into consideration our tax specialists' knowledge and experience. In addition, we assessed relevant opinions from third parties in considering any need for a provision. We also considered the appropriateness of the Group's disclosures in respect of income taxes.

Inventory valuation and related provisions

We refer to the Group's accounting policies and the note 16.

The total value of inventory and related excess and obsolete provision as of December 31, 2016 amounted to 538,7 M€ and 25,1 M€, respectively (net 513,6 M€). The gross inventory and related provision are material to the financial statements, involve management judgment and are subject to uncertainty due to rapid technological, fashion and consumer demand changes.

Our audit procedures involved assessing the compliance of the Group's accounting policies over the recording of inventory with applicable accounting standards. We also evaluated, among others, the analyses and calculations made by management with respect to slow moving and obsolete stock and the expected demand and market value related to the inventoried items. We also assessed the historical accuracy of management's estimates and considered the appropriateness of the Group's disclosures about the accounting policies for the valuation of inventory and the related balances.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent

company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's report, and the Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Helsinki, Finland, February 9, 2017

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 Nasdaq Helsinki Ltd, Amer Sports' Articles of Association, and the Finnish Corporate Governance Code 2015 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 the Finnish Corporate Governance Code 2015 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 relating 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 approved 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 Nasdaq Helsinki Ltd. 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 members of the Board of 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.

Corporate Governance Statement

The following members were elected to the Board of Directors at the AGM held on March 8, 2016:

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

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. 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. At least once a year, the Board of Directors convenes without representatives of the Company's management in attendance.

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

Corporate Governance Statement

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.

2016

In addition to its normal duties, the Board of Directors worked to ensure products and services innovation and go to market development. Management has been encouraged to continue efficiency improvements and renewal. The Board of Directors has established targets, programs and rewards to ensure corporate renewal.

The Annual General Meeting of shareholders held on March 8, 2016 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, Lisbeth Valther and Indra Åsander as members of the Board of Directors. The Board of Directors re-elected Anssi Vanjoki as Chairman and Ilkka Brotherus as Vice Chairman of the Board of Directors. The composition of the Board of Directors during the period of January 1, 2016 – March 8, 2016 was the same as after March 8, 2016.

The Board of Directors convened ten times during the calendar year 2016. The attendance rate at meetings of the Board of Directors was as follows:

Name	Attendance rate (%)
Anssi Vanjoki	100
Ilkka Brotherus	100
Martin Burkhalter	80
Christian Fischer	100
Hannu Ryöppönen	100
Bruno Sälzer	100
Lisbeth Valther	100
Indra Åsander	100

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.

2016

In 2016, in addition to its regular duties, the Audit Committee focused on risk management process, taxes and IT related systems and risks. The Audit Committee also performed a finance function capability review.

On March 8, 2016 the Board of Directors elected Hannu Ryöppönen (Chairman), Martin Burkhalter, Christian Fischer and Lisbeth Valther as members of the Audit Committee. The composition of the Audit Committee during the period of January 1, 2016 – March 8, 2016 was the same as after March 8, 2016. The Audit Committee convened five times in 2016 and the meeting attendance rate was as follows:

Name	Attendance rate (%)
Hannu Ryöppönen	100
Martin Burkhalter	80
Christian Fischer	100
Lisbeth Valther	100

Corporate Governance Statement

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.

2016

In 2016, the Compensation and Human Resources Committee focused on further development of executive compensation programs, succession plans and leadership & capability development. On March 8, 2016 the Board of Directors elected Indra Åsander (Chairman), Ilkka Brotherus, Bruno Sälzer and Anssi Vanjoki as members of the Committee. Composition of the Compensation and Human Resources Committee during the period of January 1, 2016 – March 8, 2016 was the same as after March 8, 2016. The Compensation and Human Resources Committee convened three times in 2016 and the meeting attendance rate was as follows:

Name	Attendance rate (%)
Indra Åsander	100
Ilkka Brotherus	100
Bruno Sälzer	100
Anssi Vanjoki	100

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.

The Company has no shareholders' nomination board.

2016

On March 8, 2016 the Board of Directors elected Ilkka Brotherus (Chairman), Martin Burkhalter and Anssi Vanjoki as members of the Nomination Committee. Composition of the Nomination Committee during the period of January 1, 2016 – March 8, 2016 was the same as after March 8, 2016. The Nomination Committee convened six times in 2016 and the meeting attendance rate was as follows:

Name	Attendance rate (%)
Ilkka Brotherus	100
Martin Burkhalter	100
Anssi Vanjoki	100

Diversity of the Board of Directors

The Nomination Committee values the benefits that diversity brings and seeks to maintain a Board of Directors comprised of talented and dedicated members with a diverse mix and an appropriate balance of professional expertise, experience, skills, age, gender, nationalities and backgrounds. The Committee shall consider candidates for members on the basis of their merits with consideration of the needs in the Board of Directors having due regard to the benefits of diversity. Based on these principles, the Committee aims to ensure skills and qualifications which collectively represented in the Board of Directors shall provide an appropriate balance of diversity, expertise and experience to maintain and enhance the overall effectiveness of the Board of Directors.

The objective is to have both genders represented in the Board of Directors and the aim is to strive towards an appropriately balanced gender distribution. In 2016, 25% of the Board members were female and 75% male.

PRESIDENT AND CEO AND OTHER EXECUTIVES

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.

Corporate Governance Statement

Heikki Takala

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

Primary work experience: Several leadership positions in brand management, marketing, sales and commercial strategy at country, region and global level at Procter & Gamble 1992–2010.

The Executive Board

The Executive Board is responsible for ensuring that the Amer Sports strategy is implemented consistently across all operating segments and business units. Other executives participate in the meetings as necessary.

The Amer Sports Executive Board comprises of the CFO, the Chief Commercial Officer, the President of Connected Devices and Digital Services, the Chief Human Resources Officer and the Presidents of operating segments and the most important business areas. The Presidents of the operating segments and business areas serve as the brand and/or operating segment representatives at the Executive Board.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATING 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 to Amer Sports management on the main risks connected with their operations. 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.

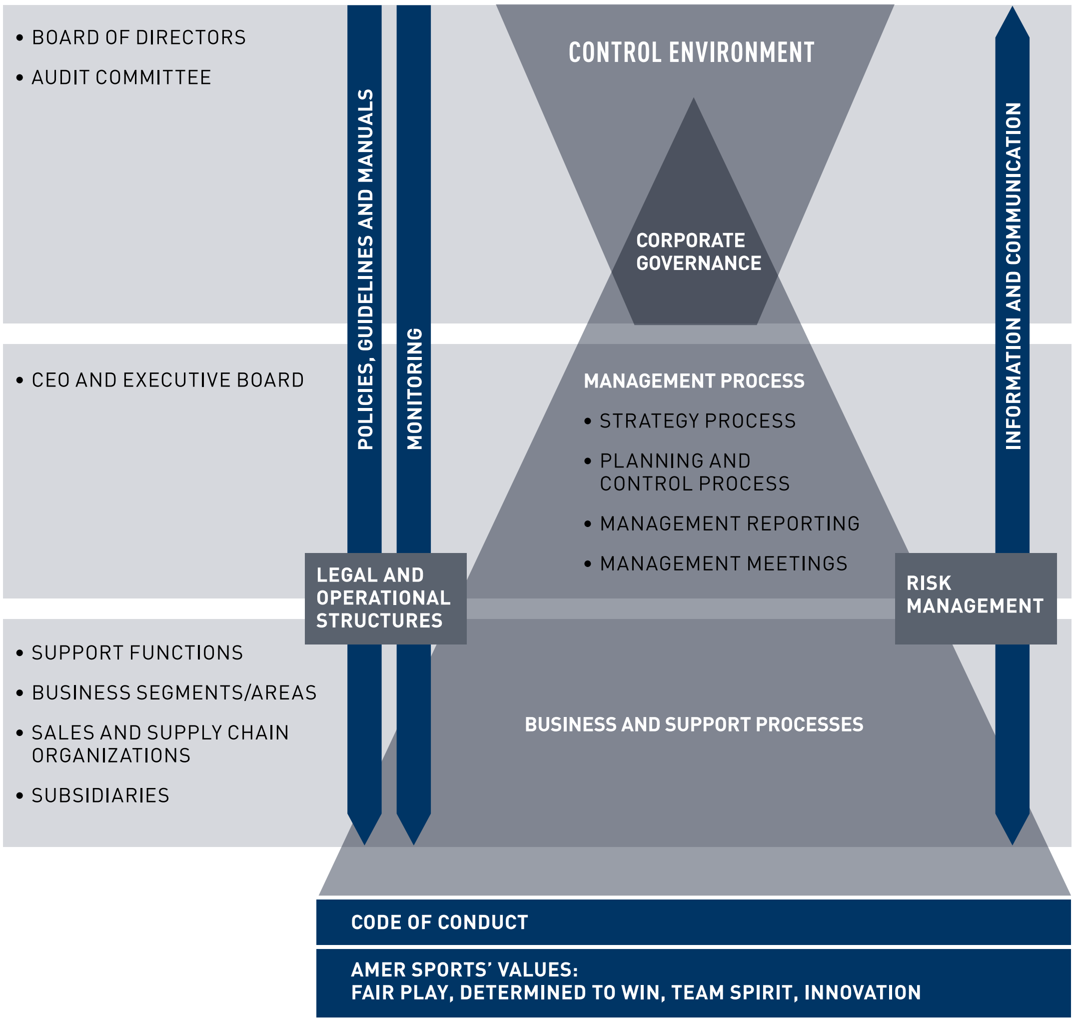
Amer Sports has three reportable operating segments:

SHAREHOLDINGS OF BOARD OF DIRECTORS AND EXECUTIVE BOARD ON DECEMBER 31, 2016

Shareholder	Shares	Related parties and controlled corporations
Board of Directors		
Anssi Vanjoki	20,228	
Ilkka Brotherus	2,693,325	9,250
Martin Burkhalter	15,162	
Christian Fischer	15,162	
Hannu Ryöppönen	27,621	
Bruno Sälzer	15,162	
Lisbeth Valther	1,754	
Indra Åsander	6,485	
Executive Board		
Heikki Takala	191,269	
Rob Barker	30,322	
Michael Dowse	60,186	
Sebastian Lund	605	
Bernard Millaud	66,092	
Heikki Norta	4,581	
Jean-Marc Pambet	68,533	
Michael Schineis	63,572	
Jussi Siitonen	71,825	300
Michael White	57,089	
TOTAL	3,408,973	9,550
% of shares	2.9	0
Including circle of acquaintances and controlled corporations	3,418,523	
% of shares	2.9	

Corporate Governance Statement

AMER SPORTS INTERNAL CONTROL FRAMEWORK



Corporate Governance Statement

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 monitors 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 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.

Corporate Governance Statement

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 focus on harmonization and consolidation of Amer Sports' functions and processes, the Group Internal Control function also provides internal advisory services and shares best practices.

2016

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. There has been a continuous focus on the transition of activities to the financial shared service center opened in 2011 in Poland. An additional focus area during 2016 has been the Business to Consumer part of the business, and the first steps have been taken to improve data analytics capabilities.

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.

2016

In 2016, the Annual General Meeting re-elected Authorized Public Accountants Ernst & Young Oy to act as auditor of the Company. The principally responsible auditor is Mikko Järventausta.

Compensation for Auditors (Amer Sports Group)

EUR million	2016	2015
Statutory audit	1.9	1.9
Tax consulting	0.1	0.5
Other services	0.0	0.1
Total	2.0	2.5

Insider guidelines

Amer Sports' Insider Policy is based on the Finnish Securities Markets Act, Regulation (EU) no 596/2014 of the European Parliament and of the Council on market abuse ("MAR") and so called 2- and 3-tier EU-regulation which supplement MAR, the Finnish Financial Supervisory Authority's ("FSA") regulations and guidelines regarding insider issues and issuer's obligation to provide information, Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies and the Finnish Criminal Code. The Insider Policy includes regulations on insiders, the prohibition of the abuse and illegitimate disclosure of inside information, notification and publication of transactions of Company Executives and their closely associated persons, closed period concerning Company Executives and certain core persons, project-specific insider lists as well as securities trading by employees through trading plans.

Corporate Governance Statement

Amer Sports prepares and maintains a list of all persons discharging managerial responsibilities in the Company ("Company Executives") and their closely associated persons, as set forth in MAR. The list is not open to public and share and/or other financial instrument ownership is not registered in it. Company Executives and their closely associated persons shall notify the Company and the FSA all the transactions they have conducted on their own account relating to the shares or debt instruments of Amer Sports Corporation or to derivatives or other financial instruments linked thereto. The Company shall publish the transactions of the Company Executives or their closely associated persons without delay once it has received the notification and at the latest within three business days since the transaction was concluded and store the releases in the Central Storage Facility.

Project-specific insiders

Persons to whom the Company discloses project-specific inside information shall be entered in a project-specific insider list. Persons in the project list may include, e.g., employees and Board members of the Company, advisors of the Company as well as shareholders and authorities to whom the Company discloses project-specific inside information.

Project-specific insiders are classified for the duration of a project. In general, persons entered in the list are prohibited from all trading in Amer Sports shares or other financial instruments or thereto related derivatives from the moment they were notified of the restriction until the project ends or is made public. Regardless of the time when the trading restriction comes into effect, a project-specific insider is always personally responsible for complying with insider provisions. A project-specific register of insiders is not public, but the FSA has the right to obtain and use information related to the Company's administration of project-specific inside information.

Closed period

A Company Executive or a core person, such as a person preparing the interim or year-end reports, shall not trade or conduct any transactions relating to a financial instrument of the Company, on its own account or for the account of a third party, directly or indirectly, during the time between the end of a quarter or a financial year and the publication of corresponding interim report or year-end report. However, the trading is always prohibited for a period of 30 calendar days before the announcement of an interim report or a year-end report and also on the day of the publication of an interim report or a year-end report (closed period).

Supervision

Amer Sports' General Counsel is responsible for appropriate communications regarding the Company's insider compliance and the maintenance of insider affairs.

Board of Directors




From left: Anssi Vanjoki, Ilkka Brotherus, Martin Burkhalter and Christian Fischer

ANSSI VANJOKI

CHAIRMAN OF THE BOARD OF DIRECTORS
- Independent of the company and significant shareholders
- Professor at Lappeenranta University of Technology
- Individual Multicontributor
- M.Sc, 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 Oyj, KoruLab Oy, Omegawave Oy, Aqsens Oy and Rantakesä-RKBS Oy
- Member of the Boards of Directors of Sonova Holding AG, Atacama Labs Oy, Basware Corporation and Sstatzz Oy

ILKKA BROTHERUS

VICE CHAIRMAN OF THE BOARD OF DIRECTORS
- Independent of the company and significant shareholders
- Owner and Managing Director, Sinituote Oy
- M.Sc, 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
- Degree in Biotechnology and in Accounting
- Born in 1952, Swiss nationality

PRIMARY WORK EXPERIENCE
- Chief Executive Officer, Vizrt Ltd 2010–2016
- Chief Operating Officer, Vizrt Ltd 2009–2010
- Chief Commercial Officer, Vizrt Ltd 2006–2009
- 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 shareholders
- Serial entrepreneur
- Ph.D, 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




From left: Hannu Ryöppönen, Bruno Sälzer, Lisbeth Valther and Indra Åsander

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, Stora Enso Oyj, Helsinki/London 2007–2009
- Chief Financial Officer, Stora Enso Oyj, Helsinki and London 2005–2008
- Chief Financial Officer, Koninklijke Ahold N.V., Amsterdam 2003–2005
- Chief Financial Officer, Industri Kapital Group, London 1999–2003
- Deputy Chief Executive Officer, Ikano Asset Management, Luxembourg 1998–1999
- Chief Financial Officer, 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, True Capital private equity funds
- Chairman of the Board of Directors, Altor private equity fund IV
- 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, Ph.D, 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, SE Next Step A/S
- Bachelor, Marketing & Economics
- 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
- M.Sc. 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 Holding AB

Executive Board As of December 31, 2016




From left: Heikki Takala, Rob Barker, Michael Dowse and Sebastian Lund

HEIKKI TAKALA

PRESIDENT AND CEO OF AMER SPORTS
Born 1966, Finnish nationality
Executive Board member since 2010

CAREER
- Amer Sports, President and CEO since 2010
- Procter&Gamble, several leadership positions in brand management, marketing, sales and commercial strategy at country, region and global level, 1992–2010

EDUCATION
- M.Sc. International Business, Helsinki School of Economics and ESADE (Barcelona)

ROB BARKER

PRESIDENT OF FITNESS
Born 1966, British nationality
Executive Board member since 2013

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

MICHAEL DOWSE

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

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

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

SEBASTIAN LUND

CHIEF HUMAN RESOURCES OFFICER
Born 1970, Finnish nationality
Executive Board member since 2016

CAREER
- Amer Sports Chief Human Resources Officer since 2016
- Procter & Gamble, several HR leadership positions at country, regional and global level, with a career start in Marketing,1996–2015
- 20 years of international experience based in the United States, Switzerland, Sweden and Finland

EDUCATION
- M.Sc. International Business, Swedish School of Economics and Business Administration, Helsinki, Finland

Executive Board As of December 31, 2016



From left: Bernard Millaud, Heikki Norta and Jean-Marc Pambet

BERNARD MILLAUD

PRESIDENT OF CYCLING
Born 1958, French nationality
Executive Board member since 2009

CAREER
- Amer Sports, President of Cycling (Mavic) since 2009
- Salomon SAS, President of Cycling (Mavic) and President of Winter Sports (Salomon), 2007–2009
- Mavic, General Manager, 2002–2007
- Salomon, Winter Sports General Manager, 1998–2002.
- Salomon, various positions in Salomon Winter Sport, 1988–1998
- Renault, automotive industry, various positions at Renault and its affiliate SNR Bearings, 1981–1988

EDUCATION
- Ecole Polytechnique, France

HEIKKI NORTA

PRESIDENT, AMER SPORTS CONNECTED DEVICES AND DIGITAL SERVICES
Born 1967, Finnish nationality
Executive Board member since 2015

CAREER
- Amer Sports, President, Amer Sports Connected Devices and Digital Services since 2016
- Amer Sports, Chief Digital Officer and President, Connected Devices and Digital Services 2015–2016
- 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

PRESIDENT OF FOOTWEAR
Born 1959, French nationality
Executive Board member since 2009

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

POSITIONS OF TRUST
- European Outdoor Group (EOG), Vice President since 2016, Board member since 2009
- Outdoor Sports Valley, Vice President since 2011

EDUCATION
- Ecole HEC Paris, France

Executive Board As of December 31, 2016



From left: Michael Schineis, Jussi Siitonen and Michael White

MICHAEL SCHINEIS

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

CAREER
- Member of the "Beirat für Wissenschaft und Forschung des Landes Salzburg" and of the Advisory Board of Bulthaup GmbH & Co.KG
- Amer Sports Winter Sports Equipment, President since 2007
- Atomic Austria GmbH, President since 1996
- Salomon Germany GmbH, General Manager, 1993–1996
- Member of management team of CONTOP (advertising agency), 1989–1993

EDUCATION
- MBA, Ph.D (Dr.rer.pol.), Augsburg, Germany

JUSSI SIITONEN

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

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

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

MICHAEL WHITE

CHIEF COMMERCIAL OFFICER, GLOBAL GO TO MARKET
Born 1964, British nationality
Executive Board member since 2010

CAREER
- Amer Sports, Chief Commercial Officer, Global Go to Market since 2016
- Amer Sports, Chief Commercial Officer and General Manager, EMEA and Americas, May–November 2016
- Amer Sports, Chief Sales Officer and General Manager, EMEA and Americas, 2013–2016
- Amer Sports, General Manager, EMEA 2010–2013; General Manager, Europe 2008–2009; General Manager, UK & Ireland, 2005–2008
- Office Depot, General Manager, France, 2000–2004
- ICI Paints, General Manager, France, 1997–2000
- French Connection, General Manager, France 1995–1997, Commercial Director, France, 1993–1995,
- Coats Viyella, Sales & Marketing Manager, Ecuador 1992–1993, Marketing Executive, Europe 1990–1991, Management Trainee 1988–1990

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

Vincent Wauters acted as the President of Apparel until February 2016.

Victor Duran acted as Senior Vice President, Marketing and Business to Consumer until May 2016.

Terhi Heikkinen acted as Senior Vice President, Human Resources until August 2016.

Mikko Moilanen acted as President of Sports Instruments until December 2016.

Matt Gold acted as General Manager, Asia Pacific until February 2017.

Remuneration

Amer Sports strategy provides a clear direction for 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 Reward is to drive business success through programs that attract, motivate, reward and retain high performers.

DECISION-MAKING PROCEDURE CONCERNING REMUNERATION

The remuneration of the members of the Board of Directors is decided by the Annual General Meeting based on the proposal prepared by the Board of Directors' Nomination Committee.

The Board of Directors resolves on the remuneration of the President and CEO based on the proposal by the Board of Directors' Compensation and Human Resources Committee.

The Board of Directors also resolves on the remuneration of the members of the Executive Board. The President and CEO prepares a proposal to the Compensation and Human Resources Committee, which presents a proposal to the Board of Directors for resolution.

In all remuneration decisions Amer Sports follows two level review and approval, whereby the line manager's proposal is followed by the second level manager's review and approval.

MAIN PRINCIPLES OF REMUNERATION

Members of the Board of Directors

Amer Sports shareholders determine the amount of compensation to be paid to members of Amer Sports' Board of Directors, which is disclosed at the Annual General Meeting of shareholders. The Annual General Meeting held on March 8, 2016 resolved that the remuneration of the Board of Directors shall be as follows: Chairman of the Board of Directors will be paid an annual remuneration of EUR 120,000, the Vice Chairman EUR 70,000 and other members of the Board of Directors EUR 60,000 each.

According to the resolution of the Annual General Meeting, 40 percent of the annual remuneration of the members of the Board of Directors, including the Chairman and the Vice Chairman, will be paid in Amer Sports shares. 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.

President and CEO and Executive Board members

Amer Sports Total Reward principles are derived from the company's Pay for Performance philosophy and they are closely linked to targeted business success as well as financial and personal performance. The principles of the Total Reward 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 strategy and long-term financial targets. These targets are cascaded to the Business Areas as well as team and individual level through the Coaching for Success process. 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.

Key compensation elements of CEO and President and other Members of Executive Board are presented in the table below.

Base pay forms the basic element of compensation and takes into account particularly the content and demands of the role and individual performance, which is evaluated in Coaching for Success. Amer Sports conducts salary reviews in annual Merit Review process.

Benefits are also an important part of Amer Sports Total Rewards. Benefits follow local legislation and market practices. Examples of common benefits are health care and mobile phone.

Pensions

Executives in Finland participate in the standard statutory Finnish pension system 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 of the countries where they are employed.

Incentives

Amer Sports key principles for incentive programs:

A. Ensure performance targets are in line with agreed financial targets
B. Ensure differences in target setting per Business Areas
C. Pay for Performance: emphasis on sustainable fundamentals and improvement
D. Prioritize and reward for long-term Group level target achievement

Annual Incentives

Amer Sports' cash-based annual Incentive programs drive the company's strategy, financial targets and development programs in the short term. Annual Incentive programs are based on the Group and Business Area strategy. Annual incentives reward employees for achieving business success

Element	Payable in	Payable on the basis of	Time of payment /earning
Base pay	Cash	Executive contract	Monthly
Benefits	Health care and mobile phone, among others	Executive contract	Monthly
Annual incentives	Cash	Executive Annual Incentive Plan	Annually
Long-term incentives	Shares and cash	Performance Share Plan Restricted Stock Plan	Annual nomination following a three-year earning period

Remuneration

through the company's financial targets and key performance indicators as well as reaching personal targets. Participation in an annual incentive program is role-dependent and covers the majority of Amer Sports employees.

Maximum Annual Incentive

President and CEO	130% of annual Base pay
Executive Board members	60–75% of annual Base pay

Long-Term Incentives

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. Long-term incentives have a strategic focus at the Group level, and the earnings opportunity is linked to Amer Sports' financial performance and share price development. A limited number of executives and key players participate in long-term incentive programs. The participants are 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.

At December 17, 2015, the Board of Directors approved two share-based incentive plans, Performance Share Plan 2016 and Restricted Stock Plan 2016. Both plans have three earning and nomination years; 2016, 2017 and 2018.

Performance Share Plan 2016

The aim of the Performance Share Plan is to combine the objectives of shareholders and key personnel in order to increase the value of the company, to commit key personnel to the company, and to offer them competitive reward plans based on holding the company shares.

The Performance Share Plan includes six (6) earning periods; calendar years 2016, 2017 and 2018 and calendar years 2016–2018, 2017–2019 and 2018–2020. The Board of Directors 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 is based on the Group's Earnings before Interest and Taxes (EBIT), and the 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 company shares as a prerequisite for participating 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 in company shares and partly in cash. The cash payment equals 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.

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.

The Performance Share Plan is directed to approximately 300 people, including the members of the 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.

A description of the Performance Share Plan 2013 is available under section *Long-term Incentive Plan under restriction period.*

Restricted Stock Plan 2016

The aim of the Restricted Stock 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 2016, 2017 and 2018. The potential reward is based on the continuation of employment. The Board of Directors decides on the participants at the beginning of each earning period. The potential reward from the earning periods will be paid partly in company shares and partly in cash. The cash payment equals to taxes and tax-related costs arising from the rewards to the key personnel. The shares may not be transferred during the restriction periods, which will end on 31 December 2018, 31 December 2019 and 31 December 2020.

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.

The Restricted Stock Plan is directed to approximately 60 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.

A description of the Restricted Stock Plan 2013 is available under section *Long-term Incentive Plan under restriction period.*

REMUNERATION REPORT

Board of Directors

On June 17, 2016, the members of the Board of Directors received annual remuneration totaling EUR 550,000, of which EUR 219,944 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	42,018.54	1,060	70,000
Martin Burkhalter	36,004.67	909	60,000
Christian Fischer	36,004.67	909	60,000
Hannu Ryöppönen	36,004.67	909	60,000
Bruno Sälzer	36,004.67	909	60,000
Lisbeth Valther	36,004.67	909	60,000
Anssi Vanjoki	72,009.34	1,818	120,000
Indra Åsander	36,004.67	909	60,000
Total	330,056.01	8,332	550,000

Remuneration

Performance Share Plans	PSP 2013	PSP 2014	PSP 2015	PSP 2016
Number of participants	69	178	209	269
Actual achievements	61,4%	31,8%	31,4%	-
Max. number of shares to be delivered(*				
to the President & CEO	15,350	5,724	5,644	12,000
to other members of EXB	65,246	22,561	22,704	60,000
to other key individuals	89,794	58,809	68,707	173,832
Total max. number of shares to be delivered	170,390	87,094	97,055	245,832
Share delivery (year)	2014	2015	2016	2017
End of restriction period	2015	2016	2017	2018
Earning criteria (weighting)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)

*PSP 2013, PSP 2014 and PSP 2015 actual share delivery based on achievement

Total Shareholder Return Plans	TSR 2013-2015	TSR 2014-2016	TSR 2015-2017	TSR 2016-2018
Number of participants	66	176	209	269
Actual achievements	100%	-	-	-
Max. number of shares to be delivered(*				
to the President & CEO	5,000	4,500	4,500	3,000
to other members of EXB	21,250	16,600	18,100	15,000
to other key individuals	27,240	45,490	54,800	43,458
Total max. number of shares to be delivered	53,490	66,790	77,400	61,458
Share delivery (year)	2016	2017	2018	2019
End of restriction period	2015	2016	2017	2018
Earning criteria (weighting)	Total Shareholder Return (100%)	Total Shareholder Return (100%)	Total Shareholder Return (100%)	Total Shareholder Return (100%)

*TSR 2013–2015 actual share delivery based on achievement

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 salary and other rewards which are paid to the President and CEO. He is eligible to participate in Amer Sports Corporation's Executive Annual Incentive Plan and Long-Term Incentive Plans. The Board of Directors decides on the President and CEO's Executive Annual Incentive Plan target setting, reviews and approves the achievements and nominates and allocates shares to Performance Share Plan and Restricted Stock Plan.

Remuneration of President and CEO, Euros	2016	2015
Salaries(*	677,541	682,397
Other payments(**	430 800	530,730
Incentives	593,648	315,575
Long-term incentives	497,543	458,649
Total	2,199,532	1,987,351

*) Change in salary due to currency conversions
**) Cumulative expenses from 2014–2015 and 2013–2014

Members of the Executive Board

The annual salaries and other remuneration elements paid to Executive Board members (excluding the President and CEO) in 2016 are presented in the table below.

The annual incentives paid to the Executive Board members in 2016 were based on the results of the calendar year 2015. The annual incentive target elements for all Executive Board members 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 the strategic role of their respective responsibility. The President and CEO and members of the Executive Board also have a part of their incentive targets based on personal objectives, which are directly derived from the Group's strategy.

Remuneration of Executive Board members (excluding President and CEO), Euros	2016	2015
Salaries	3,549,261	3,982,478
Other payments(*	968,653	47,320
Annual incentives	1,327,622	1,078,389
Long-term incentives	5,801,620	4,682,436
Total	11,647,156	9,790,622

*) Cumulative expenses from 2014–2015 and 2013–2014

Remuneration

Restricted Stock Plans	RS 2013	RS 2014	RS 2015	RS 2016
Number of participants	47	53	57	63
Max. number of shares to be delivered[*]				
to the President & CEO	10,000	8,000	8,000	5,600
to other members of EXB	36,500	30,167	32,500	23,700
to other key individuals	27,000	29,200	31,700	28,400
Total max. number of shares to be delivered	73,500	67,367	72,200	57,700
Share delivery (year)	2014	2015	2016	2017
End of restriction period	2015	2016	2017	2018

[*] RS 2013, RS 2014 and RS 2015 actual share delivery

Shareholding at December 31, 2016

Shareholdings of the Board of Directors, President and CEO and other Executive Board members at the end of year 2016 are presented in the table below:

Shareholding at December 31, 2016, number of shares	2016	2015
Board of Directors	2,794,899	2,785,722
President and CEO	191,269	171,069
Executive Board	422,805	619,707
Total	3,408,973	3,576,498

LONG-TERM INCENTIVE PLAN UNDER RESTRICTION PERIOD

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 shareholders and key personnel in order to increase the value of the company, to commit 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 was extended from approximately 80 to 200 persons, and the amount of net rewards to be paid on the basis of the Performance Share Plan was 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; calendar years 2013, 2014 and 2015 and calendar years 2013–2015, 2014–2016 and 2015–2017. At the beginning of each earning period, the Board of Directors decides on the earnings criteria and targets for 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 acquire Amer Sports Corporation shares.

Potential rewards from the earning periods will be paid partly in company shares and partly in cash. Cash payments will equal 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 ended at December 31, 2015, and will end at December 31, 2016 and December 31, 2017. 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 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 is directed at approximately 200 people, including the members of the Executive Board.

Restricted Stock Plan 2013

At December 14, 2012, the Board of Directors 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 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 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 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 his/her annual gross salary.

Information for Investors

Annual General Meeting
Amer Sports Corporation Annual General Meeting will begin at 2.00 p.m. on Thursday, March 9, 2017 at Messukeskus, Expo and Convention Centre Helsinki, Messuaukio 1, 00520, Helsinki, Finland. Registration and the distribution of voting tickets begin at 1.00 p.m. More information about Amer Sports General Meetings is available at www.amersports.com/generalmeeting.

Capital repayment
The Board of Directors proposes that a capital repayment of EUR 0.62 per share be paid for 2016, representing a payout ratio of 58%. A dividend of EUR 0.55 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 and half year reports 2017
- January–March: Thursday, April 27
- January–June: Thursday, July 27
- January–September: Thursday, October 26

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 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.

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, 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
Päivi Antola
Head of Corporate Communications and IR
Tel. +358 20 712 2537
E-mail: paivi.antola@amersports.com

The e-mail address of Amer Sports Communications and IR is amer.communications@amersports.com.

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

Primary indexes
- OMX Helsinki
- OMX Helsinki Cap
- OMX Helsinki 25
- OMX Helsinki Consumer Goods

Contact Information

Amer Sports Corporate Headquarters
Konepajankuja 6
FI-00510 Helsinki
P.O. Box 1000
FI-00511 Helsinki
FINLAND
Tel. +358 20 712 2500
Domicile: Helsinki
Business ID: 0131505-5
www.amersports.com

Salomon
Salomon SAS
Les Croiselets
FR-74996 Annecy
Cedex
FRANCE
Tel. +33 4 5065 4141
www.salomon.com

Wilson
Wilson Sporting Goods Co.
8750 W. Bryn Mawr Avenue
Chicago
Illinois 60631
USA
Tel. +1 773 714 6400
www.wilson.com

Atomic
Atomic Austria GmbH
Atomic Strasse 1
AT-5541 Altenmarkt
AUSTRIA
Tel. +43 6452 3900 0
www.atomic.com

Arc'teryx
Arc'teryx Equipment Inc.
110 - 2220 Dollarton Hwy
North Vancouver, BC V7H 1A8
CANADA
Tel. +1 604 960 3001
www.arcteryx.com

Mavic
Mavic SAS
Les Croiselets
FR-74996 Annecy
Cedex
FRANCE
Tel. +33 4 5065 7171
www.mavic.com

Suunto
Suunto Oy
Tammiston kauppatie 7 A
FI-01510 Vantaa
FINLAND
Tel. +358 9 875 870
www.suunto.com

Precor
Precor Incorporated
20031 142nd Avenue NE
P.O. Box 7202
Woodinville, WA 98072
USA
Tel. +1 425 486 9292
www.precor.com

Corporate Responsibility

In 2016, Amer Sports defined the key areas and related strategic intents for its Corporate Responsibility:

Products & Customers

Amer Sports delivers excellent sporting goods, services and experiences that inspire athletic achievement and enjoyment while complying with regulation and relevant standards.

- Product compliance & materials of concern to ensure safe products
- Circular economy; to consider applicable circular economy principles

Supply Chain

Amer Sports is committed to socially responsible sourcing practices, expects its sourcing partners to adhere to international standards for human and labor rights, and provides training to help partners meet the standards.

- Human & labor rights

Operations

Amer Sports constantly reviews its global production and sourcing footprint to identify possibilities for improvements and reduce environmental impact.

- Climate change
- Environmental stewardship

People

Amer Sports provides a safe and healthy work environment, and ensures fair and equal opportunities. Amer Sports builds capabilities, nourishes engagement, and enhances great performance.

- Health & safety
- Fair & equal opportunities
- Competence development

Playground

Amer Sports promotes healthy and active living through its products, which encourage and support access to exercise and fitness.

- Sports community development
- Community development

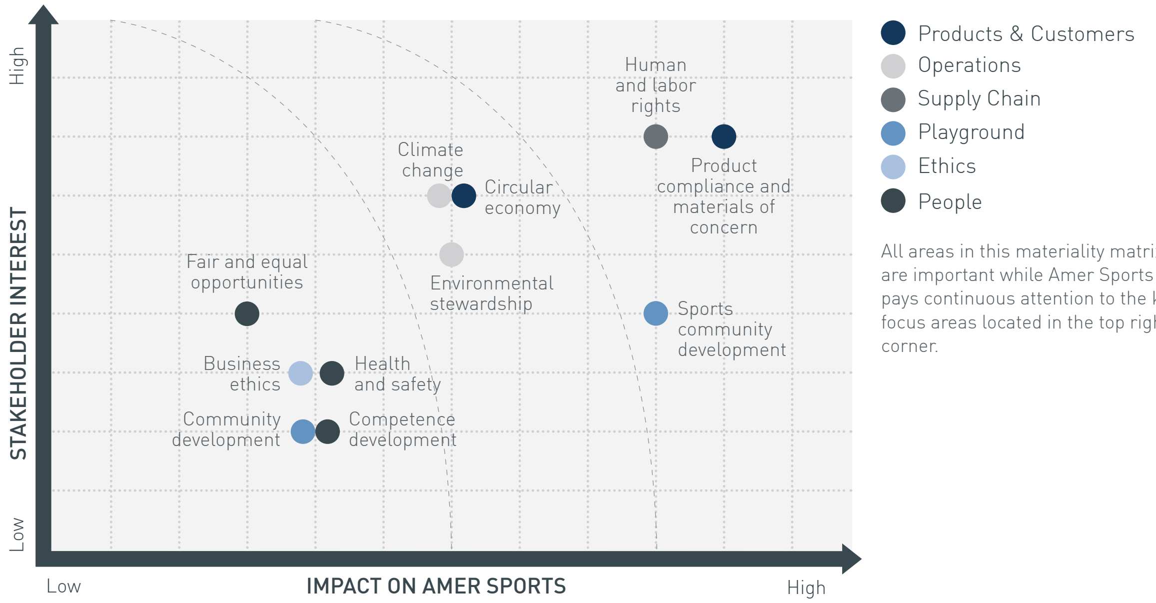
Ethics

Amer Sports goes about its business in an ethical manner and is determined to win and maintain the trust of its consumers, customers, suppliers, shareholders and business partners.

- Business ethics

Amer Sports Corporate Responsibility report is available in English at www.amersports.com/responsibility/reports.
The report for 2016 will be published in June 2017.

Materiality matrix



All areas in this materiality matrix are important while Amer Sports pays continuous attention to the key focus areas located in the top right corner.

AMER SPORTS