FINANCIAL REVIEW 2017

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

UNAUDITED

This publication consists of both audited and unaudited contents. The audited parts include the financial statements. The related pages are marked with blue. The unaudited parts – such as Amer Sports in brief, CEO's review and Board of Directors' report – are marked with a box at the bottom of the page.

In 2017
net sales totaled

2,685.2
meur

Market capitalization
at the end of 2017

2,660.5
meur

In 2017, sales network covered

34 countries

Group employed

8,607 people

Net sales 2017

Outdoor
1,670.9
meur

Ball Sports
653.2
meur

Fitness
361.1
meur

Total
2,685.2
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

UNAUDITED

CEO's Review

Continuous improvement and transformation for long-term value creation

2017 was the eighth consecutive year of growth and broad-based improvement for Amer Sports, despite a challenging market with quickly changing consumer shopping behaviors that put legacy commercial models under pressure, calling for a consumer-driven business model transformation. We pursued this transformation proactively, with a focus on long-term value creation, and hence we continued to invest significantly into the commercial omni-channel transformation and the strengthening of our future initiative pipeline rather than seek to maximize short-term EBIT. Importantly, in 2017 we did also continue to create shorter-term value as we reached record results in three out of our four strategic targets: record sales, record cash flow, and the strongest ever balance sheet. We believe that our approach, the Sustainable Growth Model, drives the best value creation over the cycle.

Our glidepath: strategic targets and priorities

In 2017, we revised our 2020 financial targets to align them to market conditions and our transformation plans and to ensure we can follow our Sustainable Growth model. The 2020 targets are:

i) Annual mid-single-digit topline growth (in local currencies)
ii) Annual EBIT margin improvement
iii) Free Cash Flow at least 80% of Net Profit
iv) Balance Sheet: year-end Net Debt / EBITDA < 3

While we continue to target solid growth, the key change in the financial targets is a higher prioritization of profitability in a context where the rapid changes in the market risk making growth overly uncertain and expensive. Hence, we pursue higher Opex productivity, faster restructuring, and Gross Margin improvement. Our strategic growth drivers are unchanged: Softgoods, Direct to Consumer, China, USA, and Connected Devices and Services. We pace our investments based on expected returns and expect strong growth across these drivers, with possibly slower growth in the USA in the short term due to the wholesale market slowdown.

Beside our 2020 organic glidepath, we continue to be active in M&A and look for criteria-based non-organic growth opportunities as we have done over the past years with several smaller scale acquisitions. In this context, we also continuously assess the attractiveness of the businesses we are in, and evaluate ourselves through the lens of "Are we a better owner?" for these businesses. This approach ensures that we remain focused, but also agile and realistic about future value creation.

UNAUDITED

Progress in 2017: a logical slice of the 2020 glidepath

1. Financial performance

We are guided by our long-term financial targets which we break down into logical annual sub-targets. In 2017, we continued to improve our performance and reached company records and met or exceeded the annual sub-targets in three out of the four areas:

- Record Net Sales: we grew 4% on a currency-neutral basis
- Record Cash Flow: we recorded Free Cash Flow at 117% of net profit
- Record Balance Sheet: we recorded a year-end Net Debt/ EBITDA ratio of 1.6

We did not meet our fourth financial target of annual profitability improvement as we kept EBIT practically at the previous year's level, reflecting our choice to continue to invest into the company's transformation and longer-term initiative sufficiency. It is worth highlighting that we improved our Asset Efficiency to maintain Return on Capital Employed at a good level, offsetting the slight decline in EBIT margin.

2. Strategic growth priorities

In 2017, we continued to make strong progress on our long-term strategic growth priorities:

- Softgoods net sales grew by 7% toward EUR 1.1 billion (long-term target EUR 1.5 billion). Apparel, especially Arc'teryx, continued to grow at a strong double-digit rate, driven by a balanced range and geographical expansion, and significant progress in Direct to Consumer sales. Also Footwear made good progress in range expansion and Direct to Consumer, but growth was slow in wholesale, so we will continue to work to gain speed.
- Direct to Consumer grew by 25% to EUR 250+ million (long-term target EUR 400+ million). Specifically, own retail grew by 19% and e-commerce by 38%, indicating that consumer demand for our brands remains high. By the end of 2017, we had approximately 300 own retail and partner stores, and almost 90 e-commerce stores.
- Sales in China grew by 15% to EUR 120 million (long-term target EUR 200 million). The growth could have been even faster, but we executed a major distribution model change for the benefit of long-term growth that had an adverse impact in 2017.
- Connected Devices and Services, mainly Precor and Suunto, grew double-digit toward EUR 300 million (long-term target EUR 600 million), and we gained momentum toward the year end as the business responded favorably to our initiative pipeline investments made in 2015–2016.

The one strategic priority area where growth remained slow was the USA where our business remained at the previous year's level, as the wholesale market slowdown particularly impacted Ball Sports, and our rapid growth in Direct to Consumer sales and new channels did not yet sufficiently offset the wholesale impact.

Another area worth highlighting is our strong progress in Winter Sports Equipment, which grew 8% with continuously improving profitability, thanks to our robust operating model and strong brand initiatives. On the challenging side, Cycling continued to decline due to high industry inventory levels and lower sales to bike manufacturers.

Shareholder value creation

Since 2010 when we started the current strategic glidepath, Amer Sports has delivered a Total Shareholder Return of approximately 350% consisting of share price appreciation of 260% and paid dividends (reinvested) of 90%. The annualized return has been 20%. In 2017 (January 1, 2017 – February 14, 2018), our total shareholder return was 3%.

Thanks to our improving performance and strengthening balance sheet, we have now increased our dividends every year since the renewal of the strategy in 2010, and for 2017 the Board of Directors is proposing another increased payout to the shareholders, in line with our dividend policy. In addition, in 2017 we acquired approximately 2.5 million of own shares of which we cancelled 2 million in early 2018.

Prioritizing sustainable, profitable growth over short-term result maximization

We continue to strictly follow our Sustainable Growth Model which consists of annual growth, annual profit improvement, and annual investment to secure long-term success. This model ensures that we deliver both appropriate financial results in the short term and secure the long-term health of the company. In the current market context with significant changes in the consumer and commercial landscape, we have chosen to further prioritize the long-term health through on-going investment into transformation, restructuring, and the future initiative pipeline, rather than maximize short-term results. We believe our long-term focus drives the best value creation over the cycle.

Moving forward with confidence

We have a portfolio of great market-leading brands that delight and improve the performance of our global consumers and athletes. Our organization is motivated and capable. We collaborate with our customers, suppliers, and other stakeholders to create joint value. We seek to do the right thing, always looking to improve across all areas of Corporate Responsibility.

We have a good track record of delivering short- and long-term results and value creation. We accept challenges, embracing change and transformation, and deal with business issues proactively but also with patience. Over the cycle, this approach has given us good and sustainable results. We believe our strategies are strong, and as we execute them with excellence, we continue to create significant value.

We are looking forward to delivering our long-term glidepath, and as part of that, another year of growth and improvement in 2018.

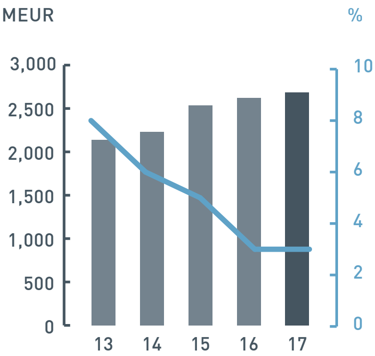
February 15, 2018

Heikki Takala
President & CEO

UNAUDITED

Year 2017 in Brief

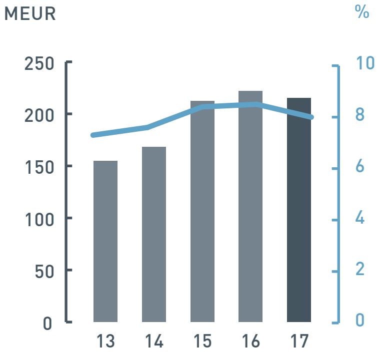
NET SALES



Growth in local currencies

Target: Mid-single digit organic, currency-neutral annual growth (updated in August 2017)

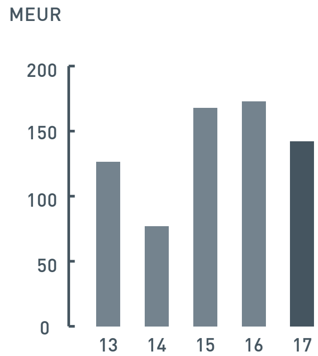
PROFIT



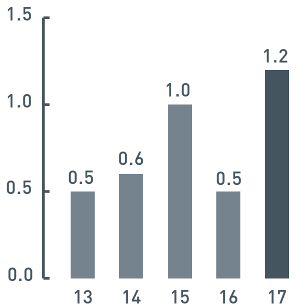
EBIT margin

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

EARNINGS BEFORE TAXES

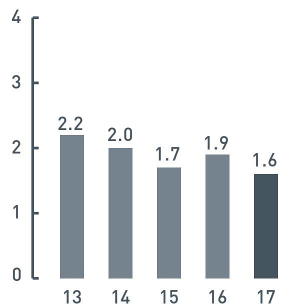


CASH FLOW CONVERSION



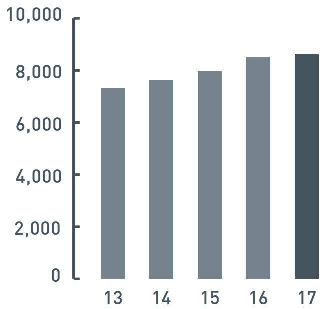
Target: Free cash flow / net profit at least 80%

NET DEBT/EBITDA

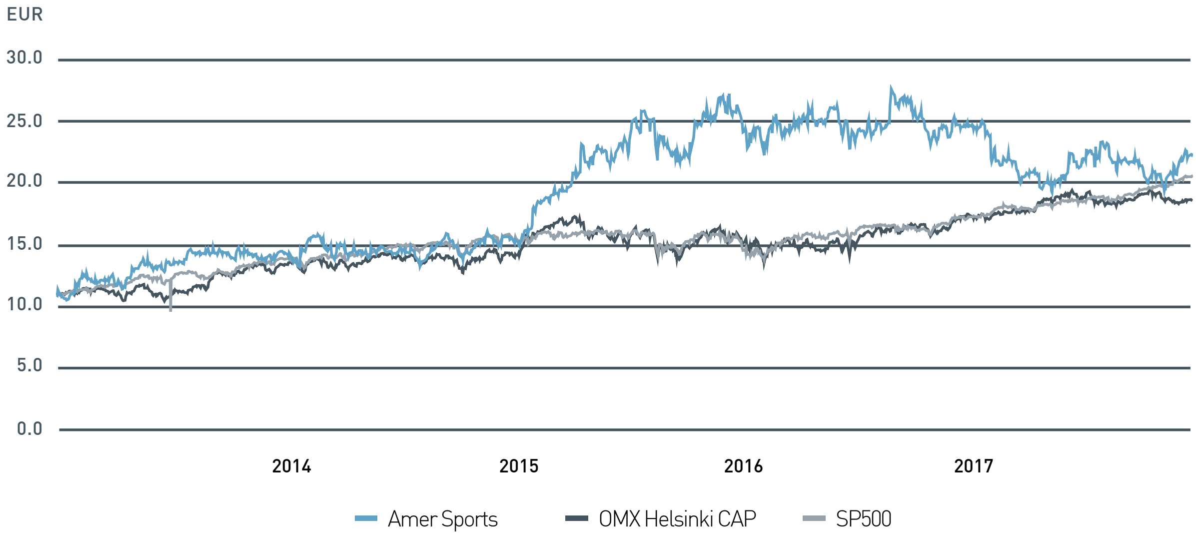


Target: Year-end net debt / EBITDA ratio max 3

PERSONNEL AT YEAR END



SHARE PRICE DEVELOPMENT

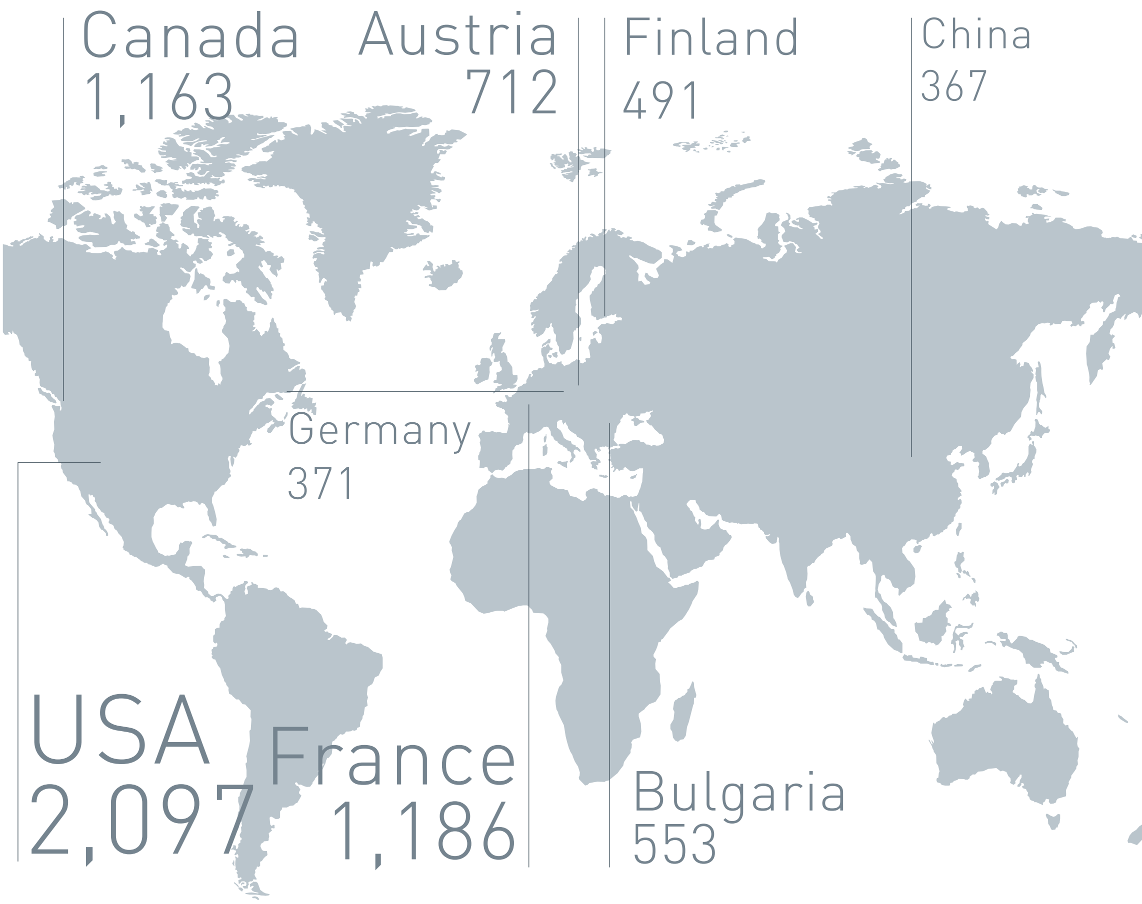


More information about Amer Sports share is available at www.amersports.com.

UNAUDITED

PERSONNEL BY COUNTRY

	2017	2016
USA	2,097	2,173
France	1,186	1,198
Canada	1,163	1,033
Austria	712	649
Bulgaria	553	504
Finland	491	512
Germany	371	412
China	367	383
Japan	271	256
UK	199	198
Mexico	195	232
Poland	174	171
Russia	121	125
Italy	97	77
Taiwan	84	84
Switzerland	81	86
Spain	71	69
Australia	70	69
Czech	59	57
Korea	51	55
Other countries	194	183
Total	8,607	8,526



QUARTERLY NET SALES

EUR million	I 2017	II 2017	III 2017	IV 2017	I 2016	II 2016	III 2016	IV 2016
Outdoor	396.2	238.3	509.1	527.3	374.4	231.0	505.7	490.7
Ball Sports	184.9	167.5	139.6	161.2	186.7	165.5	147.0	171.9
Fitness	80.5	81.5	84.5	114.6	74.4	80.9	84.1	109.8
Total	661.6	487.3	733.2	803.1	635.5	477.4	736.8	772.4

QUARTERLY EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	I 2017	II 2017	III 2017	IV 2017	I 2016	II 2016	III 2016	IV 2016
Outdoor	28.8	–31.1	105.4	76.2	37.7	–16.0	105.5	69.7
Ball Sports	16.5	9.0	5.9	13.5	19.0	7.7	5.3	12.8
Fitness	0.7	2.5	4.5	12.4	0.3	4.5	5.4	6.8
Headquarters	–7.8	–5.2	–6.8	–9.5	–11.0	–8.3	–9.7	–8.0
EBIT excl. IAC	38.2	–24.8	109.0	92.6	46.0	–12.1	106.5	81.3
IAC	–6.7	1.0	–34.3	–6.7	–6.3	-	–2.4	–8.2
EBIT	31.5	–23.8	74.7	85.9	39.7	–12.1	104.1	73.1

UNAUDITED

Board of Directors' Report

2017 was another year of record sales for Amer Sports, despite a challenging wholesale trading environment. Consumer demand for Amer Sports brands continued to be high, and the company grew at strong double-digit rate in the strategic priority areas Apparel, own retail, e-commerce, and China. EBIT excluding items affecting comparability (IAC) was approximately at previous year's level as gross margin was adversely impacted by currencies, partially offset by operating expense efficiency improvement. Cash flow was at an all time high and asset efficiency improved. 2017 represented the 8th consecutive year of growth and broad-based improvement.

NET SALES AND EBIT IN 2017

Amer Sports net sales in 2017 were EUR 2,685.2 million (2016: EUR 2,622.1 million). Despite the challenging wholesale market especially in the US, net sales increased by 4% in local currencies.

The Group's 2020 financial net sales target is annual mid-single digit organic, currency-neutral growth.

Gross margin excl. items affecting comparability (IAC) was 45.3% (46.3). The decline was due to currency headwinds partly offset by improving mix, mainly through increased share of own retail and e-commerce sales of the Group's total net sales.

Operating expenses as percentage of net sales (excl. IAC) declined to 37.6% (38.2), driven by restructuring initiated in 2016 and right-sized investments into digital products and services.

EBIT excl. IAC was EUR 215.0 million (221.7). Items affecting comparability were EUR –46.7 million (–16.9). Increased sales in local currencies had a positive impact of approximately EUR 46 million on EBIT while declined gross margin had a negative impact of approximately EUR 31 million. Operating expenses increased by approximately EUR 17 million in local currencies, driven by investments into the acceleration of Arc'teryx and Direct to Consumer. Currencies and other income and expenses had a negative impact of approximately EUR 4 million on EBIT. EBIT was EUR 168.3 million (204.8).

EBIT as a percentage of sales excl. IAC was 8.0% (8.5), including a slight dilutive impact from acquisitions. The Group's financial profit target is to have annual EBIT growth (excl. IAC) ahead of net sales growth.

EBIT excluding IAC by operating segment

EUR million	2017	2016	Change %
Outdoor	179.3	196.9	–9
Ball Sports	44.9	44.8	0
Fitness	20.1	17.0	18
Headquarters*)	–29.3	–37.0	
EBIT excl. IAC	215.0	221.7	–3
IAC	–46.7	–16.9	
EBIT total	168.3	204.8	–18

*) 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	2017	2016	Change %	Change %*)	% of sales 2017	% of sales 2016
Outdoor	1,670.9	1,601.8	4	5	62	61
Ball Sports	653.2	671.1	–3	–1	24	26
Fitness	361.1	349.2	3	6	14	13
Total	2,685.2	2,622.1	2	4	100	100

*) In local currencies

GEOGRAPHIC BREAKDOWN OF NET SALES

EUR million	2017	2016	Change %	Change %*)	% of sales 2017	% of sales 2016
EMEA	1,173.5	1,133.7	4	4	44	43
Americas	1,122.2	1,116.0	1	2	42	43
Asia Pacific	389.5	372.4	5	8	14	14
Total	2,685.2	2,622.1	2	4	100	100

*) In local currencies

UNAUDITED

Reconciliation of EBIT excluding IAC

EUR million	2017	2016
EBIT excl. IAC	215.0	221.7
Items affecting comparability		
Significant write-down of the receivable balance from a US sporting goods retailer	-	–6.3
Restructuring program 2016	–8.7	–10.6
Restructuring program 2016 expansion and write-downs	–37.1	-
Acquisition related accounting adjustments	–0.9	-
EBIT	168.3	204.8

Reconciliation of EBIT excluding IAC by income statement line item

	1–12/2017		
	IFRS	IAC	Income statement excl. IAC
NET SALES	2,685.2	-	2,685.2
Cost of goods sold	–1,478.3	8.4	–1,469.9
License income	5.7	-	5.7
Other operating income	7.0	–0.6	6.4
Research and development expenses	–120.2	18.7	–101.5
Selling and marketing expenses	–744.2	18.5	–725.7
Administrative and other expenses	–186.9	1.7	–185.2
EBIT	168.3	46.7	215.0
Financing income and expenses	–26.3	-	–26.3
EARNINGS BEFORE TAXES	142.0	46.7	188.7
Taxes			
Write-down of deferred tax assets due to US federal tax rate reduction	–10.4	10.4	0.0
Other current and deferred taxes	–38.3	–12.2	–50.5
NET RESULT	93.3	44.9	138.2

	1–12/2016		
	IFRS	IAC	Income statement excl. IAC
NET SALES	2,622.1	-	2,622.1
Cost of goods sold	–1,409.7	1.1	–1,408.6
License income	6.8	-	6.8
Other operating income	8.8	-	8.8
Research and development expenses	–97.5	2.3	–95.2
Selling and marketing expenses	–731.1	13.1	–718.0
Administrative and other expenses	–194.6	0.4	–194.2
EBIT	204.8	16.9	221.7
Financing income and expenses	–31.8	-	–31.8
EARNINGS BEFORE TAXES	173.0	16.9	189.9
Taxes	–46.1	–4.5	–50.6
NET RESULT	126.9	12.4	139.3

Items affecting comparability (IAC) 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.

Net financial expenses totaled EUR 26.3 million (31.8), including net interest expenses of EUR 31.6 million (28.9). Net foreign exchange gains were EUR 2.0 million (losses of 1.1). Other financing income was EUR 3.3 million (expenses 1.8). Earnings before taxes totaled EUR 142.0 million (173.0) and taxes were EUR –48.7 million (–46.1), including a write-down of deferred tax assets of USD 12.4 million due to the US federal tax rate reduction from 35% to 21%. The underlying effective tax rate was 26.9% (26.6). Earnings per share excl. IAC were EUR 1.18 (1.18). Earnings per share were EUR 0.80 (1.08).

OUTLOOKS GIVEN FOR 2017

In Amer Sports financial statements for 2016 published in February 2017, the company published the following outlook for the year:
"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."

In January-March 2017 interim report published in April, the outlook was updated as follows:

"In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016. The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. 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."

CASH FLOW AND FINANCING

In 2017, free cash flow was EUR 161.3 million (64.4). Compared to the end of 2016, inventories decreased by EUR 6.0 million (increase 12.5). Receivables increased by EUR 46.1 million (37.8). Payables increased by EUR 86.2 million (decrease 7.2). The Group's financial cash flow target is to have annual free cash flow / net profit of at least 80%. In 2017, free cash flow / net profit excl. IAC was 117% (51).

Asset efficiency improved: asset turnover improved to 1.85X (1.78X). Return on Capital Employed excl. IAC was 14.8% (15.0).

At the end of 2017, the Group's net debt was EUR 460.7 million (535.9). The Group's financial balance sheet target is to have year-end net debt / EBITDA ratio of three or less. At the end of 2017, the year-end net debt / EBITDA ratio excl. IAC was 1.6 (1.9).

Interest-bearing liabilities amounted to EUR 819.1 million (899.9) consisting of short-term debt of EUR 186.3 million and long-term debt of EUR 632.8 million. The average interest rate on the Group's interest-bearing liabilities was 2.5% (2.0).

UNAUDITED

Short-term debt consists mainly of repayments of term loans (EUR 30.4 million) and bonds (EUR 153.7 million). At the end of the year Amer Sports had not issued any commercial papers in the Finnish market (December 31, 2016: EUR 49.9 million). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 358.4 million (364.0).

Amer Sports had not used any of its EUR 200 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of the year was 34.1% (36.9) and net debt/equity was 0.52 (0.53).

In November 2017, Amer Sports signed a five-year EUR 200 million amendment and restatement agreement to the Revolving Credit Facility (RCF) of EUR 150 million from 2014. The facility of EUR 200 million replacing the previous RCF is meant for general corporate purposes. The facility has an extension option of 1+1 years.

The Group's most significant transaction risk arises from the US dollar. Amer Sports is a net buyer of USD due to sourcing operations in Asia. The next 24 months EUR/USD net flow - subject to hedging policy - is expected to be approximately USD 828 million. In general, 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 foreign exchange transaction risks up to 12–24 months forward. Hedging tenors of currency pairs vary due to costs related to hedging. At the end of 2017, the Group had fully hedged the 2018 EUR/USD expected net cash flow at an average EUR/USD rate of 1.13 and 49% of the 2019 EUR/USD expected net cash flow at an average EUR/USD rate of 1.21.

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. The most significant transaction risks are in USD, CAD, GBP and CHF. 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.

CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 83.6 (91.7) million. Depreciation totaled EUR 69.4 million (60.0) and write-down of intangible assets was EUR 16.7 million (0.0). In 2018, capital expenditure is expected to be approximately 3.0–3.5% 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.

In 2017, the Group put in place a new consumer-driven innovation and design process to drive implementation of best practices and cross-learning throughout the brands. This renewal of Amer Sports R&D and creative processes concentrates on exploring unmet consumer needs and wants, and elevates the design capabilities to meet changing and growing consumer demands.

The Group has six R&D and design sites serving the business areas globally. In 2017, R&D expenses excl. IAC were EUR 101.5 million, accounting for 10.0% of all operating expenses (2016: EUR 95.2 million, 9.5% of operating expenses, 2015: EUR 77.7 million, 8.2% of operating expenses). Outdoor accounted for 71% of the R&D expenditure, Ball Sports for 14% and Fitness for 15%.

On December 31, 2017, 794 (802) persons were employed in the company's R&D and digital platforms development, representing approximately 9% (9) of the total number of people employed by Amer Sports.

SALES AND MARKETING

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

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 2017, the company utilized its new omni-channel set-up to engage directly with consumers, striving to give them great experiences across a range of different touchpoints. Millions of new consumers (+50% from 2016) opted into the Amer Sports database, allowing the company to further engage and share its passion for sport with more consumers, ensuring they benefit from the latest technologies and innovations. Many of these consumers participated at events, took the opportunity to demo Amer Sports products, shared their experiences through social media and purchased Amer Sports products. Traffic to Amer Sports e-commerce sites grew substantially as brands provided consumers with more compelling online experiences as well as more opportunities to customize or personalize their purchase. The company also developed the consumer experience at many of the wholesale partners, both in store and online, particularly focusing on providing the consumer a high level of service.

In 2017, Amer Sports Direct to Consumer net sales were EUR 254.1 million (2016: EUR 203.6 million). Growth in local currencies was 25%, of which e-commerce growth was 37% and retail growth was 19%. Same store sales growth was 7%.

At the end of 2017, Amer Sports had 288 (287) branded retail stores. Half of the stores are operated by local, independent partners. 80% of the stores are full price, 20% are outlets. During the year, 21 new stores were opened and there were also six re-fits to a new format. There were also 20 closures, both own and partner, where stores were at the end of contract or in less strategic areas. Geographically, the retail store footprint is balanced, with approximately one third in each of Europe, Asia Pacific and the Americas.

At the end of 2017, the number of Amer Sports e-commerce stores was 86 (69). The addition was mainly through the launch of Mavic e-commerce stores in EMEA as well as expansion in Suunto.

Sales and distribution expenses excl. IAC in 2017 were EUR 454.4 million (449.7), 17% of sales (17). Advertising, promotion and marketing expenses in 2017 were EUR 271.3 million (268.3), 10% (10) of sales.

On December 31, 2017, the Amer Sports own sales organization covered 34 countries. 3,575 (3,693) persons were employed in sales and distribution activities, representing 42% (43) of the total number of people employed by Amer Sports. 719 (692) persons were employed in marketing, 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 2017 were customer service, cost of goods reduction, and sustainable complexity reduction as well as working capital efficiencies.

To gain operational efficiencies and cost savings, Amer Sports is constantly reviewing both its make or buy strategy and the company's global production and sourcing footprint. Approximately 24% of Amer Sports' production value 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 another 13% is produced in the hybrid factories. Approximately 64% of Amer Sports' total production value 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. In addition, Amer Sports has major hybrid factories in Eastern Europe, where ownership is shared with local subcontractors.

HUMAN RESOURCES

In 2017 Amer Sports maintained a strong focus on building and scaling capabilities to support the strategy of profitable growth. To win in the changing market place, the Group reorganized the Go to Market organization to sell more effectively omni-channel across wholesale, e-commerce and own retail stores. Amer Sports also continued to integrate and scale the supply chain and distribution operations. The company focused on productivity and cost reduction to free up resources for investment into renewal.

In 2017, the average number of Group employees was 8,631 (2016: 8,439; 2015: 7,848). At the end of 2017, the number of Group employees was 8,607 (2016: 8,526; 2015: 7,954).

Of Group employees at the end of 2017, 60% were male (2016: 61%, 2015: 61%) and 40% female (2016: 39%, 2015: 39%).

Salaries, incentives and other related costs in 2017 totaled EUR 522.9 million (2016: 507.6; 2015: 482.2). Average cost per employee remained stable.

Personnel

	December 31, 2017	December 31, 2016	Change %
EMEA	4,259	4,205	1
Americas	3,458	3,442	0
Asia Pacific	890	879	1
Total	8,607	8,526	1

	December 31, 2017	December 31, 2016	Change %
Manufacturing and sourcing	2,540	2,383	7
Sales and distribution	3,575	3,693	–3
Support functions/ shared services	979	956	2
R&D and digital platforms	794	802	–1
Marketing	719	692	4
Total	8,607	8,526	1

NON-FINANCIAL INFORMATION STATEMENT

Amer Sports will publish a separate non-financial information statement for 2017 by the end of June 2018 at www.amersports.com.

OPERATING SEGMENT REVIEWS

Outdoor

EUR million	2017	2016	Change %	Change %*)
Net sales				
Footwear	501.3	490.5	2	3
Apparel	479.7	431.1	11	12
Winter Sports Equipment	414.0	388.5	7	9
Cycling	134.3	150.2	–11	–10
Sports Instruments	141.6	141.5	0	1
Net sales, total	1,670.9	1,601.8	4	5
EBIT excl. IAC	179.3	196.9	–9	
EBIT % excl. IAC	10.7	12.3		

*) Change in local currencies

In 2017, Outdoor net sales were EUR 1,670.9 million (1,601.8), an increase of 5% in local currencies. Own retail and e-commerce continued to perform well.

Apparel 12% growth was driven by Arc'teryx. Footwear sales were adversely impacted by Amer Sports' global distribution consolidation, and the prudent wholesale market. Winter Sports Equipment sales grew by 9%. Cycling was adversely impacted by declined OEM orders and high industry and retail inventories, and sales declined by 10%. In Sports Instruments, sales increased by 1%, accelerating to high-double-digit growth toward the year end as the demand for the new Spartan product family was strong and sales grew especially in e-commerce and Asia Pacific.

In March, Amer Sports acquired Armada, the iconic US ski brand. Armada was integrated into Amer Sports Winter Sports Equipment business unit.

Geographic breakdown of net sales

EUR million	2017	2016	Change %	Change %*)
EMEA	970.0	935.5	4	4
Americas	449.9	429.6	5	6
Asia Pacific	251.0	236.7	6	10
Total	1,670.9	1,601.8	4	5

*) Change in local currencies

In 2017, Outdoor EBIT excl. IAC was 179.3 million (196.9). Increased sales in local currencies had a positive impact of approximately EUR 42 million on EBIT while declined gross margin had a negative impact of approximately EUR 22 million. Operating expenses increased by approximately EUR 37 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

Ball sports

EUR million	2017	2016	Change %	Change %*)
Net sales				
Individual Ball Sports	294.3	299.8	–2	–1
Team Sports	358.9	371.3	–3	–1
Net sales, total	653.2	671.1	–3	–1
EBIT excl. IAC	44.9	44.8	0	
EBIT % excl. IAC	6.9	6.7		

*) Change in local currencies

UNAUDITED

In 2017, Ball Sports' net sales were EUR 653.2 million (671.1). In local currencies, net sales decreased by 1%. Ball Sports sales were adversely impacted by the challenging US wholesale market.

Geographic breakdown of net sales

EUR million	2017	2016	Change %	Change %*)
EMEA	116.5	118.2	–1	–1
Americas	458.7	476.2	–4	–2
Asia Pacific	78.0	76.7	2	4
Total	653.2	671.1	–3	–1

*) Change in local currencies

In 2017, Ball Sports EBIT excl. IAC was EUR 44.9 million (44.8). Decreased sales in local currencies had a negative impact of approximately EUR 3 million on EBIT while declined gross margin had a negative impact of approximately EUR 3 million. Operating expenses decreased by approximately EUR 7 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

Fitness

EUR million	2017	2016	Change %	Change %*)
Net sales	361.1	349.2	3	6
EBIT excl. IAC	20.1	17.0	18	
EBIT % excl. IAC	5.6	4.9		

*) Change in local currencies

In 2017, Fitness net sales were EUR 361.1 million (349.2). In local currencies, net sales increased by 6% driven by product launches and networked fitness.

Geographic breakdown of net sales

EUR million	2017	2016	Change %	Change %*)
EMEA	87.0	80.0	9	12
Americas	213.6	210.2	2	4
Asia Pacific	60.5	59.0	3	6
Total	361.1	349.2	3	6

*) In local currencies

In 2017, Fitness EBIT excl. IAC was EUR 20.1 million (17.0). Increased sales in local currencies had a positive impact of approximately EUR 8 million on EBIT while declined gross margin had a negative impact of approximately EUR 9 million. Operating expenses decreased by approximately EUR 4 million.

CORPORATE GOVERNANCE

In its decision making and administration, Amer Sports Corporation 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

In September 2017, Bernard Millaud, President of Cycling and a member of Amer Sports Executive Board, stepped down from his role and was appointed into a Special Advisory role reporting to Amer Sports President and CEO Heikki Takala. The Cycling category, which includes the Mavic and ENVE brands, is led by General Manager Gary Bryant, reporting to the President and CEO. The role is not an Executive Board position, in line with the recent simplification of Amer Sports Executive Board structure.

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, 2017 and the number of shares was 118,517,285.

Authorizations

The Annual General Meeting held on March 9, 2017 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 unrestricted 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 9, 2017 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 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 was 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 was 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.

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

Own shares

In February 2017, Amer Sports Board of Directors decided to utilize the authorization given by the Annual General Meeting held on March 8, 2016 to repurchase Amer Sports shares. The repurchases started on February 13, 2017. In February-September, the company repurchased a total of 1,070,000 shares at an average price of EUR 21.92.

In October 2017, Amer Sports Board of Directors decided to continue to utilize the authorization given by the Annual General Meeting held on March 9, 2017 to repurchase Amer Sports shares. The repurchases started on October 30, 2017 and will end on March 7, 2018 at the latest. In October-December, the company repurchased a total of 1,393,000 shares at an average price of EUR 21.27.

The total number of repurchased shares in 2017 corresponds to 2.08% of all shares.

In March 2017, a total of 175,230 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2013, Performance Share Plan 2016 and Restricted Stock Plan 2016 incentive programs.

A total of 35,036 shares granted as share-based incentives were returned to Amer Sports during the review period.

At the end of December, Amer Sports held a total of 3,294,524 shares (971,718) of Amer Sports Corporation, corresponding to 2.8% (0.8) of all Amer Sports shares.

Trading in shares

In 2017, a total of 113.9 million (80.1) Amer Sports shares with a value totaling EUR 2,521.3 million (2,038.4) were traded on Nasdaq Helsinki. Share turnover was 97.6% (68.1) (as a proportion of the average number of shares, excluding own shares). The average daily volume in 2017 was 453,814 shares (316,446).

In addition to Nasdaq Helsinki, Amer Sports shares were traded on the biggest alternative exchanges as follows: 38.4 million on Chi-X (26.5 million), 14.9 million on BATS (15.6 million) and 12.8 million on Turquoise (12.3 million).

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki stock exchange in 2017 was EUR 23.09 (2016: 25.28). Shares registered a high of EUR 26.36 (28.75) and a low of EUR 19.81 (22.78). The average share price was EUR 22.13 (25.46). At the end of December, the company had a market capitalization of EUR 2,660.5 million (2,971.6), excluding own shares.

At the end of December, Amer Sports Corporation had 25,904 registered shareholders (22,881). Ownership outside of Finland and nominee registrations represented 48.4% (49.9) of the company's shares. Public sector entities owned 14.3% (15.1), financial and insurance corporations 12.0% (11.9), households 13.0% (12.7), non-profit institutions 7.1% (7.1), private companies 2.4% (2.5) and Amer Sports 2.8% (0.8).

Major shareholders, December 31, 2017 (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. Mandatum Life Insurance Company Ltd.	4,333,238	3.66
4. Ilmarinen Mutual Pension Insurance Company	3,144,000	2.65
5. Elo Mutual Pension Insurance Company	2,700,000	2.28
6. Brotherus Ilkka Johannes	2,694,658	2.27
7. Varma Mutual Pension Insurance Company	2,588,951	2.18
8. OP-Finland Value Fund	1,372,407	1.16
9. The State Pension Fund	1,050,000	0.89
10. Kaleva Mutual Insurance Company	900,000	0.76

Notification of change in shareholding under the Finnish Securities Market Act

Amer Sports Corporation received a notification from Allianz Global Investors GmbH (city and country of residence: Frankfurt/Main, Germany) on November 16, 2017, in accordance with the Finnish Securities Markets Act Chapter 9, Section 5. According to the notification, the proportion of Allianz Global Investors GmbH of the total number of Amer Sports Corporation's shares and voting rights increased above five (5) per cent on November 16, 2017.

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.

Repurchased shares

Time	Amount	Total value, EUR	Purchase price (average), EUR	Purchase price (high and low), EUR
Feb 13 – Mar 31, 2017	700,000	15,739,308	22.48	22.77 and 22.12
Apr 1 – Jun 30, 2017	370,000	7,716,324	20.85	22.20 and 20.31
Jul 1 – Sep 30, 2017	0	0		
Oct 1 – Dec 31, 2017	1,393,000	29,626,886	21.27	22.85 and 19.99
Total	2,463,000	53,082,518	21.55	22.85 and 19.99

UNAUDITED

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, 2017

Shareholder	Shares	Controlled corporations
Board of Directors		
Bruno Sälzer	62,447	
Manel Adell	1,142	18,230
Ilkka Brotherus	2,694,658	*
Christian Fischer	16,304	
Tamara Minick-Scokalo	1,142	
Hannu Ryöppönen	28,763	
Lisbeth Valther	2,896	
Executive Board		
Heikki Takala	202,925	
Rob Barker	34,606	
Michael Dowse	42,319	
Sebastian Lund	1,710	
Heikki Norta	8,662	
Jean-Marc Pambet	73,715	
Michael Schineis	67,054	
Jussi Siitonen	78,107	
Michael White	62,471	
TOTAL	3,378,921	18,230
% of shares	2.9	0.0
Including controlled corporations	3,397,151	
% of shares	2.9	

* Acquisition of forward contracts by a controlled corporation as published in the managers' transactions notification on May 8, 2017.

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 9, 2017, the following resolutions were approved:

Adoption of the annual accounts and consolidated annual accounts

The Annual General Meeting (AGM) approved Amer Sports annual accounts and consolidated annual accounts for the financial year ended December 31, 2016.

Resolution on use of the profit shown on the balance sheet and the capital repayment

The AGM resolved that a capital repayment of EUR 0.62 per share be paid to shareholders. The capital repayment will be paid from the invested unrestricted equity fund. The capital repayment will be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the capital repayment March 13, 2017. The capital repayment was paid on March 30, 2017. The AGM resolved that no dividend will be paid from the retained earnings.

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 2016.

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 2018 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 seven (7).

Election of members of the Board of Directors

The AGM re-elected Ilkka Brotherus, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer and Lisbeth Valther as members of the Board of Directors. Manel Adell and Tamara Minick-Scokalo were elected as new members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2018 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 Accountants Ernst & Young Oy to act as auditor of the Company.

Amendment of the Articles of Association

The AGM resolved that Article 4 of the Articles of Association is amended so that the age limit for the election of members of the Board of Directors is removed. In addition, the AGM resolved that Article 8, Section 9, of the Articles of Association is amended so that it corresponds to the changed terminology of the Auditing Act.

After the amendment Article 4 reads as follows:

"Article 4

Board of Directors

The administration and due arrangement of the business of the Company is the responsibility of a Board of Directors consisting of not less than five (5) and not more than eight (8) members.

In particular, the Board of Directors shall

1. *supervise the activities of the Company and its subsidiaries;*
2. *appoint the President and determine his or her remuneration;*

3. *approve the appointment and remuneration of the President's direct subordinates, as well as the appointment of the presidents of the subsidiaries and their remuneration;*
4. *grant and revoke the authorizations to represent the Company;*
5. *determine granting of procurations;*
6. *prepare the annual report and the financial statements of the Company and sign the balance sheets; and*
7. *ensure the implementation of the resolutions of the General Meetings.*

The term of the members of the Board of Directors shall end at the close of the first Annual General Meeting following the election.

The Board of Directors shall elect the Chairman and the Vice Chairman of the Board from among its members.

The Board of Directors shall constitute a quorum when more than half of the members are present, one of whom shall be the Chairman or Vice Chairman. The opinion which is supported by more than half of the members present, or in the event of a tie, the opinion which is supported by the Chairman shall constitute the resolution of the Board of Directors. In the event of a tie when electing the Chairman, the matter shall be decided by drawing of lots. When the meeting is attended by the minimum number of members required for a quorum, the resolutions shall, however, be unanimous."

After the amendment Article 8, Section 9, reads as follows:

"9. one Auditor who shall be an audit firm, for a term of one financial year; and"

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 unrestricted 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 appointed Bruno Sälzer 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:** Lisbeth Valther (Chairman), Manel Adell, Tamara Minick-Scokalo, Ilkka Brotherus
- **Nomination Committee:** Ilkka Brotherus (Chairman), Bruno Sälzer, Hannu Ryöppönen
- **Audit Committee:** Hannu Ryöppönen (Chairman), Christian Fischer, Lisbeth Valther, Bruno Sälzer

CHANGES IN GROUP STRUCTURE

In March, Amer Sports acquired Armada, the iconic US ski brand, with annual net sales of approximately USD 10 million. The acquisition includes the Armada brand, Armada branded products, as well as intellectual property and distribution rights. The transaction value was USD 4.1 million, of which USD 2.5 million was settled with cash. Armada was integrated into Amer Sports Winter Sports Equipment business unit. The acquisition had no material impact on Amer Sports 2017 financial results.

RESTRUCTURING AS FURTHER ENABLER FOR TRANSFORMATION AND PRODUCTIVITY

In February 2017, Amer Sports expanded the cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points by the end of 2018, with full impact of approximately EUR 30 million annually from 2019 onwards. Restructuring expenses will be approximately EUR 45 million (pre-tax, reported under "Items affecting comparability"), of which EUR 37.1 million was recognized during the second half of 2017 and the remaining balance will be recognized in 2018. In 2017, the cash flow impact was EUR 14.7 million, and the impact in 2018 is expected to be approximately EUR 5 million. The first part of the restructuring program announced in August 2016 has been successfully completed.

2020 GROWTH TARGET UPDATED, PRIORITIZING SUSTAINABLE PROFITABLE GROWTH

In August 2017, Amer Sports updated its 2020 growth target, prioritizing sustainable, profitable growth. The company targets annual mid-single digit organic, currency-neutral growth instead of the previous target of EUR 3.5 billion by 2020. The change reflects the challenging wholesale market in the US. The company will continue to focus on its five strategic priorities (Apparel and Footwear, Business to Consumer, China, US, and Connected Devices and Services) whilst accelerating its consumer-led transformation.

Amer Sports' updated financial targets are:

- Net sales: mid-single digit organic, currency-neutral annual growth
- Profit (unchanged): Annual EBIT growth (excl. items affecting comparability, IAC) ahead of net sales growth
- Cash flow conversion (unchanged): Free cash flow / net profit at least 80%
- Net debt / EBITDA (unchanged): Year-end net debt / EBITDA ratio max 3x

UNAUDITED

Compared to the previous financial targets set in 2016, the updated targets focus on profitable growth, with priority on profitability. The previous growth target was to reach a net sales of EUR 3.5 billion by 2020, with minimum mid-single digit organic, currency-neutral annual growth. Other financial targets are unchanged.

ADJUSTMENTS TO THE PERFORMANCE SHARE PLAN 2016

To align the Company incentive programs to the updated financial targets and strategic glidepath, Amer Sports Board of Directors decided on adjustments to the Performance Share Plan 2016 for the Company's key personnel. The updated long term incentive program ensures that the performance of the company management is tied to the strategy and targets, and that strategic continuity and retention of key management is further safeguarded.

The Plan comprises a three-year performance period covering the period of 2018–2020, instead of one-year performance periods. The performance targets will be net sales growth and EBIT margin for the earning period 2018–2020. The potential share reward payable based on the plan will be paid in the spring 2021, provided that the performance targets for the plan are achieved. The potential reward will be paid in listed shares of Amer Sports Corporation, added with a cash portion to cover the taxes and tax-like items payable by the participants on the reward.

The Plan is directed to key personnel of approximately 340 persons, including the members of the Group Executive Board. If the performance targets set for the period 2018–2020 are fully achieved, the aggregate maximum number of shares to be paid under the plan is 650,000 shares.

The Board of Directors anticipates that no new shares need to be issued based on the plan and that the plan will, therefore, have no dilutive effect on the registered number of the company's shares.

Further information about the Performance Share Plan 2016 and the related adjustments is available at https://www.amersports.com/investors/governance/remuneration/long-term-incentives/.

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 and/or personal 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.

- Amer Sports and its subcontractors use steel, aluminum, 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 US dollar and, to lesser extent, from Canadian dollar, British pound and Swiss franc. Amer Sports uses hedging instruments to mitigate the impact of exchange rate fluctuations.

OUTLOOK FOR 2018

In 2018, Amer Sports' net sales in local currencies as well as EBIT excl. IAC are expected to increase from 2017. Due to ongoing wholesale market uncertainties, the quarterly growth and improvement are expected to be uneven. The company will prioritize sustainable, profitable growth, focusing on its five strategic priorities (Apparel and Footwear, Direct to Consumer, China, US, and Connected Devices and Services) whilst continuing its consumer-led transformation.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF EARNINGS

The parent company's distributable earnings amount to EUR 283,822,713.65 of which the net result for the period is EUR 150,114,662.20.

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

- A capital repayment of EUR 0.70 per share, totaling EUR 82,962,099.50 to be paid to shareholders
- EUR 200,860,614.15 to be carried forward in distributable earnings

Totaling EUR 283,822,713.65

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	2017	Change, %	2016	2015	2014	2013
Net sales	2,685.2	2.4	2,622.1	2,534.4	2,228.7	2,136.5
Depreciation	69.4	15.7	60.0	51.1	44.8	42.2
Research and development expenses	120.2	23.3	97.5	77.7	76.2	76.2
% of net sales	4		4	3	3	4
EBIT	168.3	–17.8	204.8	204.1	114.1	154.9
% of net sales	6		8	8	5	7
EBIT excluding items affecting comparability	215.0	–3.0	221.7	212.1	168.3	154.9
% of net sales	8		8	8	8	7
Net financing expenses	–26.3		–31.8	–36.1	–37.1	–28.6
% of net sales	1		1	1	2	1
Earnings before taxes	142.0	–17.9	173.0	168.0	77.0	126.3
% of net sales	5		7	7	3	6
Taxes	48.7	5.6	46.1	46.4	21.6	36.0
Net result attributable to equity holders of the parent company	93.3	–26.5	126.9	121.6	55.4	90.3
Capital expenditure and acquisitions	85.9	–42.2	148.5	153.6	51.6	45.3
% of net sales	3		6	6	2	2
Divestments	0.8		0.6	1.5	0.3	0.5
Non-current assets	989.7	–5.9	1,051.5	963.2	807.0	755.7
Inventories	477.9	–7.0	513.6	482.0	413.2	355.1
Current receivables	778.2	–1.0	786.0	779.1	709.7	649.1
Cash and cash equivalents	358.4	–1.5	364.0	331.4	240.2	270.0
Assets held for sale	-		-	-	3.5	-
Shareholders' equity	888.0	–11.5	1,003.1	949.6	842.8	761.3
Interest-bearing liabilities	819.1	–9.0	899.9	791.7	659.3	701.7
Interest-free liabilities	897.1	10.5	812.1	814.4	671.5	566.9
Balance sheet total	2,604.2	–4.1	2,715.1	2,555.7	2,173.6	2,029.9
Return on investment (ROI), %	9.5		11.4	12.4	8.2	11.8
Return on shareholders' equity (ROE), %	9.9		13.0	13.6	6.9	12.1
Return on shareholders' equity (ROE), excluding items affecting comparability, %	14.6		14.3	14.2	11.7	12.1
Equity ratio, %	34		37	37	39	38
Debt to equity ratio	0.9		0.9	0.8	0.8	0.9
Gearing, %	52		53	48	50	57
Free cash flow/net profit	1.7		0.5	1.0	1.0	0.5
Free cash flow/net profit, excluding items affecting comparability	1.2		0.5	1.0	0.6	0.5
Net debt/EBITDA	1.9		2.0	1.8	2.6	2.2
Net debt/EBITDA, excluding items affecting comparability	1.6		1.9	1.7	2.0	2.2
Average personnel	8,631	2.3	8,439	7,848	7,505	7,370

Calculation of key indicators, see page 18

UNAUDITED

Share capital and per share data

EUR million	2017	2016	2015	2014	2013
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	115.2	117.5	117.3	117.1	117.5
Adjusted average number of shares in issue less own shares, million	116.7	117.5	117.3	117.7	117.7
Earnings per share, continuing operations, EUR	0.80	1.08	1.04	0.47	0.77
Earnings per share, diluted, continuing operations, EUR	0.80	1.07	1.03	0.47	0.76
Earnings per share, continuing operations, excluding items affecting comparability, EUR	1.18	1.18	1.09	0.80	0.77
Earnings per share, diluted, continuing operations, excluding items affecting comparability, EUR	1.18	1.18	1.08	0.79	0.76
Equity per share, EUR	7.71	8.53	8.09	7.20	6.48
Total capital repayment/dividends	83.0 *)	72.7	64.7	52.8	47.2
Capital repayment/dividend per share, EUR	0.70 *)	0.62	0.55	0.45	0.40
Capital repayment/dividend % of earnings	89 *)	57	53	95	52
Capital repayment/dividend % of earnings, excluding items affecting comparability	60 *)	52	51	56	52
Effective yield, %	3.0 *)	2.5	2.0	2.8	2.6
P/E ratio	28.9	23.4	26.0	34.1	19.7
Market capitalization	2,660.5	2,971.6	3,164.7	1,880.7	1,777.1
Share value, EUR					
Par value	4.00	4.00	4.00	4.00	4.00
Share price low	19.81	22.78	15.37	13.76	11.08
Share price high	26.36	28.75	28.07	16.79	16.00
Average share price	22.13	25.46	22.57	15.26	13.68
Share price at closing date	23.09	25.28	26.97	16.06	15.12
Trading volume	2,521.3	2,038.4	1,733.6	1,151.7	683.4
1,000s	113,907	80,061	76,813	75,492	49,952
%	98	68	65	64	42
Number of shareholders	25,904	22,881	17,991	18,206	15,180

*) Proposal of the Board of Directors for 2017

Calculation of key indicators, see page 18

Shares/shareholder at December 31, 2017

Shares	Share-holders	% of share-holders	Shares	% of shares
1–100	10,584	40.9	511,121	0.4
101–1,000	12,031	46.4	4,537,204	3.8
1,001–10,000	3,008	11.6	7,579,524	6.4
10,001–100,000	223	0.9	6,279,495	5.3
Over 100,000	58	0.2	96,315,417	81.3
Own shares held by the company		0.0	3,294,524	2.8
Total	25,904	100.0	118,517,285	100.0
of which nominee registered	10	0.0	55,440,209	46.8

Sectors at December 31, 2017

Outside Finland and nominee registrations	48.4%
Public sector entities	14.3%
Financial and insurance corporations	12.0%
Households	13.0%
Non-profit institutions	7.1%
Private companies	2.4%
Own shares held by the company	2.8%
Total	100.0%

UNAUDITED

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.

UNAUDITED

Consolidated income statement

EUR million	Notes	2017	2016
NET SALES	2	2,685.2	2,622.1
Cost of goods sold	7	−1,478.3	−1,409.7
License income		5.7	6.8
Other operating income	4	7.0	8.8
Research and development expenses	7	−120.2	−97.5
Selling and marketing expenses	7	−744.2	−731.1
Administrative and other expenses	7, 8, 9	−186.9	−194.6
EARNINGS BEFORE INTEREST AND TAXES		168.3	204.8
% of net sales		6.3	7.8
Financing income	10	6.1	1.1
Financing expenses	10	−32.4	−32.9
Financing income and expenses, net		−26.3	−31.8
EARNINGS BEFORE TAXES		142.0	173.0
Income taxes	11	−48.7	−46.1
NET RESULT		93.3	126.9
Attributable to:			
Equity holders of the parent company		93.3	126.9
Earnings per share of the net result attributable to equity holders of the parent company, EUR	12		
Undiluted		0.80	1.08
Diluted		0.80	1.07

Consolidated statement of comprehensive income

EUR million	Notes	2017	2016
Net result		93.3	126.9
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement effects of postemployment benefit plans		2.2	−8.9
Income tax related to remeasurement effects		−0.5	−3.2
Items that may be reclassified to profit or loss			
Translation differences		−28.0	16.1
Cash flow hedges	26	−68.4	−20.0
Income tax related to cash flow hedges	26	13.6	4.0
Other comprehensive income (loss), net of tax		−81.1	−12.0
TOTAL COMPREHENSIVE INCOME		12.2	114.9
Total comprehensive income attributable to:			
Equity holders of the parent company		12.2	114.9

The notes are an integral part of consolidated financial information.

Consolidated cash flow statement

EUR million	Notes	2017	2016
NET CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before interest and taxes		168.3	204.8
Depreciation		69.4	60.0
Adjustments to cash flow from operating activities	22	15.1	3.2
Cash flow from operating activities before change in working capital		252.8	268.0
Increase (-) or decrease (+) in inventories		6.0	–12.5
Increase (-) or decrease (+) in trade and other current receivables		–46.1	–37.8
Increase (+) or decrease (-) in interest-free current liabilities		86.2	–7.2
Change in working capital		46.1	–57.5
Cash flow from operating activities before financing items and taxes		298.9	210.5
Interest paid		–29.9	–28.4
Interest received		1.9	1.1
Income taxes paid and received		–29.9	–32.9
Financing items and taxes		–57.9	–60.2
Total net cash flow from operating activities		241.0	150.3
NET CASH FLOW FROM INVESTING ACTIVITIES			
Acquired operations		–2.3	–56.8
Capital expenditure on non-current tangible assets		–65.2	–58.6
Capital expenditure on non-current intangible assets		–18.4	–33.1
Proceeds from sale of tangible non-current assets		0.8	0.6
Net cash flow from investing activities		–85.1	–147.9
NET CASH FLOW FROM FINANCING ACTIVITIES			
Repurchase of own shares		–53.1	-
Change in short-term borrowings		–51.6	50.9
Withdrawals of long-term borrowings		-	210.0
Repayments of long-term borrowings		–2.4	–156.1
Capital repayment/dividends paid		–72.7	–64.7
Other financing items *)		23.7	–12.0
Net cash flow from financing activities		–156.1	28.1
CHANGE IN CASH AND CASH EQUIVALENTS		–0.2	30.5
Cash and cash equivalents			
Cash and cash equivalents at year end	14	358.4	364.0
Translation differences		–5.4	2.1
Cash and cash equivalents at year beginning		364.0	331.4
Change in cash and cash equivalents		–0.2	30.5

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

FREE CASH FLOW **)		161.3	64.4

**) 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.

Consolidated balance sheet

ASSETS EUR million	Notes	2017	2016
NON-CURRENT ASSETS			
Intangible rights	13	247.8	265.5
Goodwill	13	344.3	373.4
Other intangible assets	13	57.1	66.8
Land and water	13	14.1	15.0
Buildings and constructions	13	73.9	62.6
Machinery and equipment	13	116.2	127.8
Advances paid and construction in progress	13	23.8	20.6
Available-for-sale financial assets	14	0.4	0.4
Deferred tax assets	15	106.0	110.1
Other non-current receivables		6.1	9.3
TOTAL NON-CURRENT ASSETS		989.7	1,051.5
CURRENT ASSETS			
INVENTORIES, NET	16		
Raw materials and consumables		44.0	47.5
Work in progress		10.5	10.7
Finished goods		423.4	455.4
		477.9	513.6
RECEIVABLES			
Accounts receivable, net	16	595.5	607.3
Current tax assets		17.6	17.4
Prepaid expenses and other receivables	17	165.1	161.3
		778.2	786.0
CASH AND CASH EQUIVALENTS	14	358.4	364.0
TOTAL CURRENT ASSETS		1,614.5	1,663.6
TOTAL ASSETS		2,604.2	2,715.1

The notes are an integral part of consolidated financial information.

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Notes	2017	2016
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	18	292.2	292.2
Premium fund	18	12.1	12.1
Fund for own shares	18	–66.8	–15.5
Translation differences	18	5.1	33.1
Fair value and other reserves	18, 26	–27.0	27.8
Remeasurements		–45.5	–47.2
Invested unrestricted equity reserve	18	90.4	163.1
Retained earnings		534.2	410.6
Net result		93.3	126.9
TOTAL SHAREHOLDERS' EQUITY		888.0	1,003.1
LIABILITIES			
LONG-TERM LIABILITIES			
Bonds	19	516.8	697.5
Loans from financial institutions	19	100.7	131.0
Other interest-bearing liabilities	19	15.3	17.7
Deferred tax liabilities	15	31.3	36.3
Defined benefit pension liabilities	6	70.1	78.0
Other interest-free liabilities		33.9	22.4
Provisions	21	7.4	5.1
		775.5	988.0
CURRENT LIABILITIES			
Interest-bearing liabilities	19	186.3	53.7
Accounts payable		315.0	256.3
Accrued liabilities	20	352.8	347.3
Current tax liabilities		48.0	32.1
Provisions	21	38.6	34.6
		940.7	724.0
TOTAL LIABILITIES		1,716.2	1,712.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,604.2	2,715.1

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, 2016	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:									
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
Other comprehensive income:									
Translation differences				–28.0					–28.0
Remeasurement effects of postemployment benefit plans						2.2			2.2
Cash flow and fair value hedges					–68.4				–68.4
Income tax related to OCI					13.6	–0.5			13.1
Net result								93.3	93.3
Total comprehensive income				–28.0	–54.8	1.7		93.3	12.2
Transactions with owners:									
Repurchase of own shares			–53.1						–53.1
Share-based incentive program			1.8					0.5	2.3
Capital repayment							–72.7		–72.7
Other								–3.8	–3.8
Balance at December 31, 2017	292.2	12.1	–66.8	5.1	–27.0	–45.5	90.4	627.5	888.0

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 has its domicile 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 8, 2018.

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, 2017. 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, 2017, which did not have material impact on the Group's financial statements:

- 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
- Small 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 (subject to EU endorsement):

- IFRS 2 (amendment): Share-based payment – no material impact
- IFRS 9: Financial instruments
- IFRS 15: Revenue from contracts with customers
- Small changes to various standards or interpretations as part of the annual improvements to IFRS project – no material impact

The following standards that are issued but not yet effective and will be adopted in 2019 or later (subject to EU endorsement):

- IFRS 16: Leases
- IFRS 17: Insurance contracts – no material impact
- IFRS 10 (amendment): Consolidated financial statements – no material impact
- IAS 28 (amendment): Investments in associates – no material impact
- Small changes to various standards or interpretations as part of the annual improvements to IFRS project – no material impact

The new standard IFRS 15 Revenue from contracts with customers outlines the accounting requirements for when and how much to recognize revenue from the sale of goods and rendering of services based on a new five-step framework. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer when the control transfers to the customer either over time or at a point in time. IFRS 15 replaces the existing revenue standards and interpretations including e.g. IAS 11 Construction contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programs.

Amer Sports will 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.

Amer Sports has during 2016 and 2017 analysed and evaluated the impact of IFRS 15 to its financial statements. The areas with the biggest income statement impacts of the identified applicable IFRS 15 areas in Amer Sports are principal vs. agent considerations and transfer of control. Together with the analyzes of the IFRS 15 impacts, Amer Sports has harmonized and sharpened its accounting principles and practices especially related to transfer of control.

Amer Sports provides freight services in all of its operating segments and installation services in its Fitness segment. Currently the revenue from both the freight and installation services have been netted against the related expenses. As Amer Sports acts as the principal in rendering the freight and installation services, netting of the revenue and expenses is no longer applicable according to IFRS 15.

The other identified IFRS 15 areas that are applicable to Amer Sports business were trade discounts, customer sales with right of return, customer loyalty campaigns, gift card breakage and extended payment terms. The calculated impact in the income statement from all of the afore mentioned areas would not have been material or there would not have been any impact in the income statement in 2017. The calculated impact in the retained earnings from IFRS 15 and the harmonization of the accounting principles on 1.1.2017 was immaterial.

The new standard IFRS 9 Financial instruments gives guidance on the classification, measurement and impairment of the financial instruments as well as general hedge accounting and derecognition of financial instruments. IFRS 9 replaces the current standard IAS 39. Amer Sports will adopt the new standard from the annual period beginning on January 1, 2018.

Amer Sports has evaluated the application of the provision matrix as a practical expedient for measuring ECLs (Expected Credit Losses) on accounts receivables. Giving the nature of the financial assets, Amer Sports does not expect a significant impact to the valuation of the accounts receivables due to impairments from this change. The adoption of IFRS 9 will require certain changes in the classification of the financial instruments and the disclosures thereof. Amer Sports will classify its other non-current financial assets, currently classified as Loans and other receivables, as Financial assets measured at amortised cost. The non-current financial assets, currently classified as Available-for-sale financial assets, will be classified as Financial assets at fair value through OCI. The hold-to-collect accounts receivables, other non-interest yielding receivables, cash in hand and short-term deposits will be classified as Financial assets measured at amortised cost instead of the current classification of Loans and other receivables. The available-for-sale factoring receivables, promissory notes and investments on money market funds, currently classified as Loans and other receivables, will be classified as Financial assets at fair value through OCI.

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 volume of the lease contracts and related liabilities Amer Sports expects to report significant increases in leasing assets and leasing liabilities. The off-balance sheet operating lease commitments as of December 31, 2017 were EUR 231.9 million (EUR 239.4 million as of December 31, 2016). The number of agreements recognized in the balance sheet under IFRS 16 may differ from the number of agreements recognized as operating lease commitments as the concept of agreements disclosed as lease commitments is somewhat different from the concept used in IFRS 16. In 2017 Amer Sports has collected data of the existing lease contracts, evaluated potential tools for creating the journal entries according to IFRS 16 and created account structures in the ERP systems. Amer Sports will adopt the new standard from the annual period beginning on January 1, 2019.

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	
	2017	2016	12/17	12/16
USD	1.13	1.11	1.20	1.05
CAD	1.46	1.47	1.50	1.42
JPY	126.61	120.26	135.01	123.40
GBP	0.88	0.82	0.89	0.86

*) 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 (Earnings before Interest and Taxes). 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. From time to time certain accounts receivables are sold through sale-of-receivable programs for working capital management purposes. Transactions through these programs are recognized as non-recourse. Any promissory and discounted notes receivables, on the other hand, are recorded in the balance sheet.

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, except for maturities over 12 months after the balance sheet date, in which case they are classified as long-term liabilities.

Current financial liabilities include current interest bearing liabilities, accounts payable and other current liabilities. Accounts payable correspond primarily trade payables. They also include payables that have been transferred to vendor financing program, as there is no material difference in the nature or terms of the liabilities compared to other trade payables.

Long-term financial liabilities include long-term interest bearing liabilities and other interest free liabilities.

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.

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.

Selling and marketing expenses

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

Administrative and other expenses

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

Pension plans

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

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

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

Share-based payment
The Group's key employees have been granted several share-based incentive schemes where the rewards are settled as equity instruments. 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. 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 substantially enacted future tax rate. 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 capitalized when they meet the recognition criteria in IAS 38 and 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 the 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 70.1 million as of December 31, 2017.

Share-based payment

The Group key employees have been granted several share-based incentive schemes where the rewards are settled as equity instruments. 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. 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, 2017 amounted to EUR 5.0 million.

Income taxes

Management judgment is required in determining provisions for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. As of

December 31, 2017, the company has recognized net deferred tax assets of EUR 74.7 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, 2017, the amount of goodwill and other non-current intangible assets with indefinite useful lives tested for impairment amounted to EUR 344.3 million and EUR 221.7 million, respectively. No impairment losses were recognised in these assets in 2017 or 2016. Management estimates, used assumptions as well as sensitivity analyses are presented in note 7.

Impairment losses related to the capitalised R&D expenses and other intangible non-current assets were EUR 16.7 million in 2017 (0.0).

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, 2017, the amount of inventories on the balance sheet amounted to EUR 477.9 million. Value of inventories has been decreased by EUR 23.8 million for the year ended December 31, 2017 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, 2017, the amount of accounts receivable on balance sheet amounted to EUR 595.5 million and impairment losses of accounts receivable amounted to EUR 8.3 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, 2017, the amount of provisions on balance sheet was EUR 46.0 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, Atomic and Armada
- 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 2017 and 2016. 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

2017 EUR million	**Outdoor**	**Ball Sports**	**Fitness**	**Operating segments total**	**Unallocated items**	**Total**
Net sales	1,670.9	653.2	361.1	2,685.2	-	2,685.2
EBIT excl. IAC	179.3	44.9	20.1	244.3	–29.3	215.0
% of net sales	10.7	6.9	5.6	9.1	-	8.0
IAC					–46.7	–46.7
EBIT					168.3	168.3
% of net sales						6.3
Financing income and expenses					–26.3	–26.3
Earnings before taxes					142.0	142.0
Goodwill and intangible assets with indefinite useful lives	240.9	163.5	161.6	566.0	-	566.0
Other assets	955.9	326.4	189.5	1,471.8	566.4	2,038.2
Liabilities	380.7	262.8	72.1	715.6	1,000.6	1,716.2
Capital expenditure	53.3	18.9	10.0	82.2	1.4	83.6
Depreciation	49.9	5.7	12.6	68.2	1.2	69.4
Cash flow from operating activities before financing items and taxes	247.9	64.6	17.2	329.7	–30.8	298.9

2016 EUR million	**Outdoor**	**Ball Sports**	**Fitness**	**Operating segments total**	**Unallocated items**	**Total**
Net sales	1,601.80	671.1	349.2	2,622.1	-	2,622.1
EBIT excl. IAC	196.9	44.8	17.0	258.7	–37.0	221.7
% of net sales	12.3	6.7	4.9	9.9	-	8.5
IAC					–16.9	–16.9
EBIT					204.8	204.8
% of net sales						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

OTHER ASSETS

EUR million	2017	2016
Other non-current assets, accounts and other receivables and inventories of operating segments	1,471.8	1,502.9
Deferred tax assets	106.0	110.1
Unallocated other non-current assets, accounts and other receivables	28.4	26.8
Derivative financial instruments	38.8	56.0
Prepaid interest	17.2	14.4
Current tax assets	17.6	17.4
Cash and cash equivalents	358.4	364.0
Unallocated other assets	566.4	588.7

LIABILITIES

EUR million	2017	2016
Other interest-free long-term liabilities, accounts payable, non-tax and non-financing related accrued liabilities and provisions of operating segments	715.6	679.6
Interest-bearing long-term liabilities	632.8	846.2
Deferred tax liabilities	31.3	36.3
Interest-bearing current liabilities	186.3	53.7
Unallocated accounts payable and accrued liabilities	4.9	6.7
Derivative financial instruments	75.8	39.4
Accrued interests	21.5	18.0
Current tax liabilities	48.0	32.1
Unallocated liabilities	1,000.6	1,032.4

GEOGRAPHIC INFORMATION

2017

EUR million	EMEA	Americas	Asia Pacific	Elimination	Unallocated items	Total
External net sales	1,173.5	1,122.2	389.5	-	-	2,685.2
Assets	830.3	1,014.0	151.0	–109.5	718.4	2,604.2
Capital expenditure	44.0	32.1	7.5	-	-	83.6

2016

EUR million	EMEA	Americas	Asia Pacific	Elimination	Unallocated 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

3. ACQUIRED AND DIVESTED BUSINESSES

2017

On March 29, 2017 Amer Sports acquired the iconic US ski brand Armada with annual net sales of approximately USD 10 million. The acquisition included the Armada brand, Armada branded products, as well as intellectual property and distribution rights. The transaction value was USD 4.1 million, of which USD 2.5 million was settled with cash. Armada has been integrated into Amer Sports Winter Sports Equipment business unit. According to the purchase price allocation the fair value of acquired net assets was EUR 4.4 million resulting in a gain of EUR 0.6 million. EUR 2.2 million of the fair value was allocated to Armada trademark, which is amortized in 10 years.

The acquisition had no material impact on Amer Sports 2017 financial results.

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 US, 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. The fair value of EvoShield tradename was USD 2.5 million and it is amortized in 10 years. USD 3.9 million of the fair value was allocated to goodwill.

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.

4. OTHER OPERATING INCOME

EUR million	2017	2016
Acquisition related accounting adjustment	0.6	-
Gain on sale of non-current assets	0.3	0.2
Government subsidies	0.8	1.8
Credits for research and competitiveness taxes	2.4	2.0
Compensation for discontinued distribution	0.0	2.8
Other	2.9	2.0
Total	7.0	8.8

5. EMPLOYEE BENEFITS

EUR million	2017	2016
Wages and salaries	412.6	405.9
Social expenditure		
Pensions - defined contribution plans	14.1	14.7
Pensions - defined benefit plans	4.7	3.7
Other social security	89.1	83.3
Total	520.5	507.6

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 37% (38) 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.

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

EUR million	2017	2016
Present value of funded obligations	187.7	196.6
Fair value of plan assets	–117.6	–118.6
Net liability in the balance sheet at December 31	70.1	78.0

The movement in the defined benefit obligation is as follows:

EUR million	Present value of obligation	Fair value of plan asset	Total
At January 1, 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

EUR million	Present value of obligation	Fair value of plan asset	Total
At January 1, 2017	196.6	–118.6	78.0
Current service cost	4.5	0.0	4.5
Past service cost and gains and losses on settlements	0.1	0.0	0.1
Administration cost paid from plan assets	–0.7	0.8	0.1
Interest expense/ (income)	5.7	–3.9	1.8
Cost recognized in income statement	9.6	–3.1	6.5
Remeasurements:			
Return on plan assets, excluding amounts included in interest expenses/(income)	0.0	–8.1	–8.1
(Gain)/loss from change in demographic assumptions	–0.8	0.0	–0.8
(Gain)/loss from change in financial assumptions	10.6	0.0	10.6
Experience (gains)/losses	–3.9	0.0	–3.9
Remeasurements effects recognized in OCI	5.9	–8.1	–2.2
Contributions:			
Employers	–0.9	–6.0	–6.9
Employees	0.7	–0.7	0.0
Benefits paid from plan assets	–7.1	6.6	–0.5
Exchange rate differences	–17.1	12.3	–4.8
At December 31, 2017	187.7	–117.6	70.1

Principal actuarial assumptions:

	2017			2016		
%	USA	Europe	Japan	USA	Europe	Japan
Discount rate	3.50–3.70	0.70–2.50	0.50	4.20–4.40	0.30–2.65	0.50
Inflation	2.25	1.00–3.40	0.00	2.25	0.00–3.50	0.00
Future salary increases	2.50	0.00–3.00	1.80	2.50	0.00–3.00	1.70
Future pension increases	0.00	0.00–2.10	0.00	0.00	0.00–2.10	0.00

Sensitivity analysis:

%	Change in assumption	Impact on defined obligation
Discount rate	0.25% decrease	6.10
Inflation rate	0.25% increase	1.00
Mortality rate	1 year increase in life expectancy	4.30

Major categories of plan assets:

EUR million	2017	2016
US equities	21.8	22.8
UK equities	4.8	4.5
Other equities	19.4	19.2
Corporate bonds	48.4	27.4
Government bonds	18.1	39.7
Other including cash	5.1	5.0

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 2018 are EUR 7.4 million.

The weighted average of the duration of the defined benefit obligations is 13.0.

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation and amortization by asset type

EUR million	2017	2016
Intangible rights	8.5	4.0
Other intangible assets	13.5	10.3
Buildings and constructions	12.1	11.2
Machinery and equipment	35.3	34.5
Total	69.4	60.0

Impairment losses by asset type

EUR million	2017	2016
Intangible rights	4.3	-
Other intangible assets	12.0	-
CIP	0.4	-
Total	16.7	-

Depreciation, amortization and impairment losses by function

EUR million	2017	2016
Cost of goods sold	21.8	20.3
Research and development	30.8	8.8
Selling and marketing	18.8	16.8
Administration and other expenses	14.7	14.1
Total	86.1	60.0

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 2017 on budgeted 2018 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 in real terms.
- The perpetuity value is derived from a combination of estimate period and actual results using the Gordon model. The default perpetuity growth is 2% which is in line with the management's view on long-term inflation which is no growth in real terms. In some cases where management expects well above average growth after the estimate period, the growth rate may rise to 5%.
- Current cost structure is to remain unchanged.
- Discount rate is determined separately for the North American and European businesses and it has varied on the range of 7.92%–11.88% pre-tax (7.84%–9.71%); equal to 6.29%–7.79% post-tax (6.15%–6.18%). The main components of the discount rate were:

	2017	2016
Risk Free Interest Rate Debt	0.34%–2.31%	0.42%
Risk Free Interest Rate Equity	1.18%–2.77%	1.24%
Equity Market Risk Premium	5.69%	4.25%
Asset Beta (Unlevered Beta)	0.89	0.92
Debt Risk Premium	1.56%	1.55%
Tax Rate	27%–36%	27%–36%

The main change to discount rate arose from a rise in the equity market risk premium and higher risk free interest rate in the North American businesses.

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	2017	2016	2017	2016	2017	2016[*]
Outdoor						
Winter Sports Equipment	8.1	7.9	11.7	11.7	86.1	88.3
Salomon Apparel and Footwear	8.0	7.8	-	-	65.0	66.6
Arc'teryx Apparel and Gear	10.2	7.9	-	-	8.0	8.4
Cycling	8.1	7.9	17.7	19.6	23.3	23.3
Sports Instruments	8.1	7.8	29.1	30.3	-	-
Ball Sports						
Individual Ball Sports	11.2	8.6	72.4	80.3	-	-
Team Sports	11.2	8.7	54.2	60.1	36.9	42.0
Fitness						
Fitness	11.4	8.7	159.2	171.4	2.4	2.8
Total	9.1	8.4	344.3	373.4	221.7	231.4

[*] 2016 Cycling value updated due to reclassification of ENVE intangible rights.

In 2017 and 2016, 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 2017:

	–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%	60	51	40	31	19

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 2017:

	–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	2017	2016
Statutory audit	2.1	1.9
Tax consulting	0.1	0.1
Other services	0.1	0.0
Total	2.3	2.0

Amer Sports Corporation Annual General Meeting held on March 9, 2017 elected Authorised Public Accountants Ernst & Young Oy to act as auditor of the Company.

9. SHARE-BASED PAYMENTS

In 2017, 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 and the rewards for the earning period 2014–2016 were 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 five earning periods: the calendar years 2016 and 2017 and calendar years 2016–2018, 2017–2019 and 2018–2020. 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. The reward from the plan for the earning period 2016 was based on the Group's EBIT and net sales, and so will the potential reward for the earning period 2017. The potential rewards for the earning periods 2016–2018 and 2017–2019 will be based on the Group's total shareholder return. The potential reward for the earning period 2018–2020 will be based on the Group's net sales growth and EBIT margin. 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 2017, as a reward for meeting this condition, 58,000 shares were transferred to new key personnel participating in the performance share plan (2016: 7,276).

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 1,383,333 Amer Sports Corporation shares. 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. In 2017, 64,430 shares were transferred to key personnel in relation to the earning period 2014–2016 but no shares in relation to the earning period 2016. Shares awarded in connection with the earning periods 2015 and 2016 may not be transferred during the restriction periods ending on December 31, 2017, and December 31, 2018 respectively.

In 2017, 24,436 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 (2016: 21,769).

At the end of 2017, 287 people were covered by the performance share plan 2016 for earning period 2017, 183 people for 2015–2017, 244 for 2016–2018 and 287 people for 2017–2019.

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. 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. In 2017 and in relation to earning period 2016, 52,800 shares were transferred. At the end of 2017, 80 people were covered by the restricted stock plan 2016 for earning period 2017.

In 2017, 10,600 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 (2016: 19,733).

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.

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

	2017	2016	2015	2014	2013
Grant date	Feb 9, 2017	Feb 3, 2016	Feb 2, 2015	Jan 28, 2014	Jan 31, 2013
Number of instruments granted	394,478	426,645	528,247	530,715	475,532
Fair value at grant date, EUR	22.86	25.03	18.13	14.62	11.64
Vesting period, years	3	3	3	3	3
Adjustment made to the number of instruments granted in previous years	–342,294	–273,643	–257,419	–112,116	–224,866
Returned shares	–35,036	–41,502	–49,840	–28,197	–29,198

EUR million	2017	2016
Expense of share-based incentive schemes recognized in earnings	5.0	9.2
Accrual of cash component of share-based incentive schemes	2.1	3.7
Expense of deferred cash long-term incentive plans recognized in earnings	-	–0.6

10. FINANCING INCOME AND EXPENSES

EUR million	2017	2016
Interest income	1.9	1.1
Interest expenses		
Interest expenses on interest bearing debt	–15.6	–15.4
Interest expenses related to derivative instruments	–12.2	–9.1
Interest expenses related to pension liabilities	–1.9	–2.5
Other interest expenses	–3.8	–3.0
Total interest expenses	–33.5	–30.0
Change in fair value of derivative instruments not used in hedge accounting	4.2	–1.4
Exchange rate gains or losses	2.0	–1.1
Other financing expenses	–0.9	–0.4
Total, net	–26.3	–31.8

11. INCOME TAXES

EUR million	2017	2016
Current taxes	43.6	39.2
Deferred taxes	5.1	6.9
Total	48.7	46.1
Thereof for prior periods	5.7	7.7

EUR million	2017	2016
Current taxes:		
EMEA	26.1	20.5
Americas	1.5	6.9
Asia Pacific	16.0	11.8
Total	43.6	39.2
Deferred taxes	5.1	6.9
Total	48.7	46.1

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

EUR million	2017	2016*)
Taxes at local rates applicable to earnings in countries concerned	34.9	44.7
Permanent differences	–0.2	–2.5
Realisability of deferred tax assets	–0.1	0.5
Changes in tax rates and tax laws **)	10.2	1.0
Taxes for prior periods	5.7	7.7
Tax credits	–3.0	–8.0
Other	1.2	2.7
Taxes recognized in the income statement	48.7	46.1
Effective tax rate, %	34.3	26.6

*) The comparison figures have been reclassified to comply with the classification of 2017 figures.

**) The 2017 figure relates mainly to the US federal tax rate reduction from 35% to 21%.

12. EARNINGS PER SHARE

	2017	2016
Net result attributable to equity holders of the parent company, EUR million	93.3	126.9
Net result for the calculation of earnings per share, EUR million	93.3	126.9
Weighted average number of shares outstanding during the period (1,000 pcs)	116,708	117,521
Earnings per share, EUR	0.80	1.08
Weighted average number of shares outstanding during the period, diluted (1,000 pcs)	117,181	118,052
Earnings per share, diluted, EUR	0.80	1.07

13. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

EUR million	Intangible rights	Goodwill	Other intangible assets	Land and water	Buildings and constructions	Machinery and equipment	Advances paid and construction in progress
Initial cost, January 1, 2017	314.3	478.5	138.3	15.0	160.6	424.5	20.6
Additions	3.5	-	14.9	0.3	8.2	21.4	35.3
Company acquisitions	2.2	-	-	-	-	-	-
Company divestments and disposals	-	-	-	–0.6	–0.2	–0.7	-
Transfers, scrapping and impairment	–5.5	2.3	–12.5	-	16.2	–6.2	–30.3
Translation differences	–15.3	–40.4	–4.7	–0.6	–8.4	–16.5	–1.8
Balance, December 31, 2017	299.2	440.4	136.0	14.1	176.4	422.5	23.8
Accumulated depreciation and impairment losses, January 1, 2017	48.8	105.1	71.5	0.0	98.0	296.7	0.0
Depreciation during the period	8.5	-	13.5	-	12.1	35.3	-
Company divestments and disposals	-	-	-	-	–0.2	–0.7	-
Transfers, scrapping and impairment	–4.3	-	–3.3	-	–1.4	–12.8	-
Translation differences	–1.6	–9.0	–2.8	-	–6.0	–12.2	-
Balance, December 31, 2017	51.4	96.1	78.9	0.0	102.5	306.3	0.0
Balance sheet value, December 31, 2017	247.8	344.3	57.1	14.1	73.9	116.2	23.8
Carrying amount of finance leases included	-	-	-	-	-	17.7	-

Accumulated impairment losses of goodwill at January 1, 2017 totaled EUR 19.0 million.

Additions in other intangible assets and advances paid and construction in progress include EUR 15.6 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	Advances paid and construction in progress
Initial cost, January 1, 2016	288.0	449.0	102.7	14.8	148.2	418.0	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	20.6
Accumulated depreciation and impairment losses, January 1, 2016	47.5	102.8	61.1	0.0	90.3	294.6	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
Balance sheet value, December 31, 2016	265.5	373.4	66.8	15.0	62.6	127.5	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 include EUR 26.0 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 358.4 million (364.0), include cash in hand EUR 319.6 million, short-term deposits and money market funds EUR 34.1 million, and restricted cash EUR 4.7 million.

15. DEFERRED TAX ASSETS AND LIABILITIES

EUR million	Jan 1, 2017	Dec 31, 2017
Deferred tax assets:		
Provisions	26.3	28.1
Carryforward of unused tax losses	20.4	15.9
Employee benefits	25.1	11.6
Impairment	4.3	2.3
Fair value adjustments	–2.8	9.6
Tax credits	7.5	14.2
Other temporary differences	29.8	24.3
Total	110.6	106.0
Deferred tax liabilities:		
Depreciation differences	–36.8	–26.0
Other temporary differences	0.0	–5.3
Total	–36.8	–31.3
Net deferred tax assets	73.8	74.7

EUR million	Jan 1, 2017	Charge in income statement	Translation differences	Charged to OCI	Dec 31, 2017
Carryforward of unused tax losses	20.4	–3.3	–1.2	-	15.9
Other temporary differences	53.4	–1.8	–5.9	13.1	58.8
Total	73.8	–5.1	–7.1	13.1	74.7
Deferred taxes recognized in the balance sheet at December 31, 2017:					
Deferred tax assets					106.0
Deferred tax liabilities					31.3

At December 31, 2017 there were unused tax losses carried forward of EUR 19.7 million (34.6) and other temporary differences of EUR 5.1 million (1.5) for which no deferred tax assets were recognized. The unrecognized deferred tax assets at December 31, 2017 totaled EUR 11.3 million (11.4). No deferred tax asset has been recognized since the utilization of losses and other temporary differences 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. For the assessment of probability, in addition to past performance and the respective prospects for the foreseeable future, appropriate tax structuring measures are also taken into consideration.

Amer Sports does not recognize deferred tax liabilities for unremitted earnings of non-Finnish subsidiaries to the extent that they are expected to be permanently invested in international operations. These earnings, the amount of which cannot be practicably computed, could become subject to additional tax if they were remitted as dividends or if the company were to sell the shareholdings in the subsidiaries.

16. VALUATION PROVISIONS OF INVENTORIES AND ACCOUNTS RECEIVABLE

EUR million	2017	2016
Impairment losses of accounts receivable	8.3	11.2
Net realizable value valuation provision	23.8	25.1

Aging analysis of accounts receivable and amounts recognized as impairment losses

EUR million	2017	Impairment losses	Net 2017	2016	Impairment losses	Net 2016
Undue accounts receivable	501.1	-	501.1	506.7	-	506.7
Accounts receivable 1–30 days overdue	50.0	-	50.0	58.6	-	58.6
Accounts receivable 31–60 days overdue	19.2	-	19.2	25.4	-	25.4
Accounts receivable 61–90 days overdue	15.0	-	15.0	8.0	-	8.0
Accounts receivable 91–120 days overdue	7.4	-	7.4	6.1	-	6.1
Accounts receivable more than 120 days overdue	11.1	–8.3	2.8	13.7	–11.2	2.5
Total	603.8	–8.3	595.5	618.5	–11.2	607.3

Gross and net inventories

EUR million	2017	2016
Gross inventories	501.7	538.7
Net realizable value valuation provision	–23.8	–25.1
Net inventories	477.9	513.6

17. PREPAID EXPENSES AND OTHER RECEIVABLES

EUR million	2017	2016
Prepaid interest	17.2	14.4
Prepaid advertising and promotion	4.9	5.6
Other tax receivables	30.2	17.3
Accrued employee benefits	18.8	14.3
Derivative instruments	37.2	51.4
Other receivables	56.8	58.3
Total	165.1	161.3

18. SHAREHOLDERS' EQUITY

EUR million	Number of shares	Share capital	Premium fund	Invested unrestricted equity reserve
January 1, 2016	118,517,285	292.2	12.1	163.1
December 31, 2016	118,517,285	292.2	12.1	163.1
Capital repayment	-	-	-	–72.7
December 31, 2017	118,517,285	292.2	12.1	90.4

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, 2017: EUR 66.8 million or 3,294,524 shares; Dec 31, 2016: EUR 15.5 million or 971,718 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 0.70 (0.62) per share. Total capital repayment amounts to EUR 83.0 million (72.7) and is proposed to be distributed from the invested unrestricted equity reserve.

19. INTEREST-BEARING LIABILITIES

EUR million	Outstanding Dec 31, 2017	Repayments 2018	2019	2020	2021	2022	2023 and after	Fair value
Bonds	670.5	153.7	-	200.1	87.9	133.3	95.5	662.3
Loans from financial institutions	131.1	30.4	50.5	0.2	-	50.0	-	131.1
Other interest-bearing liabilities	17.5	2.2	2.2	2.3	2.4	2.5	5.9	17.5
Total	819.1	186.3	52.7	202.6	90.3	185.8	101.4	810.9

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

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	2017	2016
Finance lease liabilities are due as follows:		
Not later than one year	4.2	2.9
Later than one year but not later than five years	14.4	9.6
Later than five years	3.2	6.4
Total minimum lease payments	21.8	18.9

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

20. ACCRUED LIABILITIES

EUR million	2017	2016
Accrued personnel costs	95.4	99.3
Accrued discounts and rebates	28.0	23.3
Accrued interest	21.5	18.0
Accrued advertising and promotion	14.5	13.4
Value added tax	35.8	29.0
Payables related to derivatives	70.4	35.5
Other accrued liabilities	87.2	128.8
Total	352.8	347.3

21. PROVISIONS

EUR million	Product warranty	Restructuring	Environmental	Other	Total
Balance at January 1, 2017	28.2	3.8	0.5	7.2	39.7
Translation differences	–1.9	–0.1	–0.1	–0.4	–2.5
Provisions made during the year	16.0	8.8	-	4.3	29.1
Provisions used during the year	–9.4	–7.0	–0.1	–2.2	–18.7
Provisions reversed during the year	–1.0	-	-	–0.6	–1.6
Balance at December 31, 2017	31.9	5.5	0.3	8.3	46.0

Current provisions	38.6
Long-term provisions	7.4
Total	46.0

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 2.0 million at the 2017 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	2017	2016
Impairment losses	16.7	-
Share-based incentive schemes	2.3	3.2
Gains and losses on sale of non-current assets	0.2	–0.1
Other non-cash valuation gains and losses	–4.1	0.1
Total	15.1	3.2

Change in liabilities arising from financing activities (excluding changes in derivatives) included cash flows of EUR –51.7 million, effects of changes in foreign exchange rates EUR –27.0 million and other changes EUR –2.1 million.

23. OPERATING LEASE COMMITMENTS

EUR million	2017	2016
The future minimum payments of non-cancellable operating leases:		
Not later than one year	53.0	55.4
Later than one year but not later than five years	125.7	134.7
Later than five years	53.2	49.3
Total	231.9	239.4
Total rent expense of non-cancellable operating leases recognized in the income statement	60.4	48.7

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

24. CONTINGENT LIABILITIES

EUR million	2017	2016
Guarantees	35.8	30.2
Other contingent liabilities	72.5	74.2

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, 2017

	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, Cham, 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, Camberley, 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, 2017.

26. FAIR VALUE AND OTHER RESERVES

EUR million	
Balance at January 1, 2017	27.8
Gains and losses deferred to shareholders' equity	
Hedging of operating cash flows	–23.6
Hedging of interest cash flows	5.4
Gains and losses recognized in the income statement	
Hedging of operating cash flows	–46.7
Hedging of interest cash flows	–3.5
Total of changes during the year	–68.4
Deferred taxes	13.6
Balance at December 31, 2017	–27.0

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
Total of changes during the year	–20.0
Deferred taxes	4.0
Balance at December 31, 2016	27.8

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	2017	2016
Salaries and remuneration of the Board of Directors	0.5	0.5
Salaries and remuneration of the Executive Board (excluding President and CEO)	5.9	9.7
Annual Salary of the President and CEO	0.7	0.7
Annual and long-term incentives of the President and CEO	0.5	0.6
Total	7.6	11.5
Cumulative expenses, President and CEO	0.4	0.4
Total	8.0	11.9

Compensation recognized in earnings:

EUR million	2017	2016
Salaries and other short-term employee benefits	6.7	7.5
Post-employment benefits	0.3	0.3
Share-based payments	1.9	2.2
Total	8.9	10.0

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 2017, the expense for post-employment benefits was EUR 0.1 million (0.1).

In 2017 EUR 0.3 million (0.5) 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 2,807,352 Amer Sports Corporation shares as of December 31, 2017 (December 31, 2016: 2,794,899), or 2.4% (2.4) of the outstanding shares and votes.

Amer Sports Executive Board (including the President and CEO) owned a total of 571,569 Amer Sports Corporation shares on December 31, 2017 (December 31, 2016: 614,074), representing 0.5% (0.5) of the shares and votes.

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

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

2017 EUR million	Financial assets/ liabilities at fair value through profit and loss	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			4.5	0.4		4.9	4.9
Derivative financial instruments ***)							
Foreign exchange derivatives		1.6				1.6	1.6
Interest rate derivatives and cross currency swaps	10.1					10.1	10.1
CURRENT FINANCIAL ASSETS							
Accounts receivable			595.5			595.5	595.5
Other non-interest yielding receivables *)			97.7			97.7	97.7
Derivative financial instruments ***)							
Foreign exchange derivatives	11.0	14.4				25.4	25.4
Interest rate derivatives and cross currency swaps	2.2					2.2	2.2
Cash and cash equivalents			358.4			358.4	358.4
Balance sheet values by category at Dec 31, 2017	23.3	16.0	1,056.1	0.4		1,095.8	1,095.8
LONG-TERM FINANCIAL LIABILITIES							
Long-term interest-bearing liabilities					632.8	632.8	624.9
Other long-term liabilities					28.6	28.6	28.6
Derivative financial instruments ***)							
Foreign exchange derivatives		3.8				3.8	3.8
Interest rate derivatives and cross currency swaps	9.6	1.6				11.2	11.2
CURRENT FINANCIAL LIABILITIES							
Current interest-bearing liabilities					186.3	186.3	186.0
Accounts payable					315.0	315.0	315.0
Other current liabilities **)					244.6	244.6	244.6
Derivative financial instruments ***)							
Foreign exchange derivatives	2.3	44.3				46.6	46.6
Interest rate derivatives and cross currency swaps	13.5	0.7				14.2	14.2
Balance sheet values by category at Dec 31, 2017	25.4	50.4			1,407.3	1,483.1	1,474.9

***) 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.

2016 EUR million	Financial assets/ liabilities at fair value through profit and loss	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.
****) Reclassification of liability in Fitness segment.

EUR million	2017	2016
*) Other non-interest yielding receivables		
Prepaid expenses and other receivables	165.1	161.3
./. Other tax receivables	30.2	17.4
./. Derivative financial instruments	37.2	51.4
	97.7	92.5
**) Other current liabilities		
Accrued liabilities	352.8	347.3
./. Other tax liabilities	37.8	32.1
./. Derivative financial instruments	70.4	35.5
	244.6	279.7

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss		23.3		23.3
Derivatives used for hedging		16.0		16.0
Available-for-sale financial assets			0.4	0.4
Total		39.3	0.4	39.7
Liabilities				
Financial liabilities at fair value through profit or loss		25.4		25.4
Derivatives used for hedging		50.4		50.4
Total		75.8		75.8

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, 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

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. During year 2016 and 2017 Amer Sports finalized the following financial transactions:

In November 2017, Amer Sports signed a five-year EUR 200 million amendment and restatement agreement to the Revolving Credit Facility (RCF) of EUR 150 million from 2014. The facility of EUR 200 million replacing the previous RCF is meant for general corporate purposes. The facility has an extension option of 1+1 years.

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 2016, 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 2016, 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 proceeds of the Schuldschein loans and the term loan 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 and vendor financing with purpose to balance liquidity swings of the Group. In December 2017, EUR 62.5 (87.2) 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. The value of payables transferred to Asian vendor finance program was EUR 73.4 (23.8) million at year end 2017.

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 Sports' EUR 200 million syndicated committed revolving credit facility is a back-up for exceptional liquidity needs. At the end of 2017, 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, 2017							
EUR million	**Nominal value**	**Available**	**Total**	**2018**	**2019**	**2020**	**2021**	**2022 and after**
Loans from financial institutions								
Repayments	131.1		131.1	30.4	50.5	0.2	0.0	50.0
Interest	4.1		4.1	1.5	0.9	0.6	0.6	0.5
Bonds								
Repayments	670.5		670.5	153.7		200.1	87.9	228.8
Interest	47.5		47.5	15.0	11.4	9.4	5.6	6.1
Other interest-bearing liabilities								
Repayments	17.5		17.5	2.2	2.2	2.3	2.4	8.4
Interest	0.1		0.1	0.0	0.0	0.0	0.0	0.1
Accounts payable								
Repayments	315.0		315.0	315.0				
Other interest-free liabilities								
Repayments	28.6		28.6	28.6				
Total								
Repayments	1,162.7		1,162.7	529.9	52.7	202.6	90.3	287.2
Interest	51.7		51.7	16.5	12.3	10.0	6.2	6.7
Financial guarantee contracts		4.8	4.8	4.8				
Committed revolving credit facility		200.0	200.0					200.0
Derivative liabilities								
Foreign exchange derivatives under hedge accounting	1,378.1		1,378.1	1,046.3	331.8			
Other foreign exchange derivatives	760.1		760.1	712.3	47.8			
Interest rate swaps under hedge accounting, fair value	1.4		1.4	1.0		0.4		
Cross currency swaps, fair value	9.2		9.2	9.2				
Other interest rate derivatives, fair value*)	3.8		3.8	0.2			3.6	
Derivative assets								
Foreign exchange derivatives under hedge accounting	1,358.2		1,358.2	1,023.7	334.5			
Other foreign exchange derivatives	764.7		764.7	717.2	47.5			
Interest rate swaps under hedge accounting, fair value	0.7		0.7	0.1		0.4	0.2	
Cross currency swaps, fair value	-		-					
Other interest rate derivatives, fair value*)	0.1		0.1	0.1				

*) 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.

	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.

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, 2017						Dec 31, 2016					
EUR million	USD	CAD	SEK	GBP	CHF	JPY	USD	CAD	SEK	GBP	CHF	JPY
Interest-bearing external receivables	-	-	76.2	-	-	-	-	-	78.5	-	-	-
Interest-bearing inter-company receivables	283.4	63.4	-	-	–0.2	5.4	455.8	67.0	-	-	0.4	21.0
External receivables	16.0	–14.0	0.7	–6.4	1.1	0.0	35.8	–33.9	0.7	–5.8	1.8	-
Inter-company receivables	61.0	–53.9	2.3	12.1	6.8	2.9	6.4	2.2	2.7	9.7	4.3	3.3
Interest-bearing external liabilities	–179.3	-	–76.2	-	-	-	–204.0	-	–78.5	-	-	-
Interest-bearing inter-company liabilities	-	-	–7.5	–7.1	-	-	-	-	–4.2	–3.7	-	-
External payables	–123.4	34.6	0.0	0.2	–0.1	–1.0	–79.7	0.8	0.0	0.2	–0.4	0.0
Inter-company payables	–51.4	39.4	0.0	–0.4	–0.3	–0.6	–20.0	4.1	0.0	2.2	–0.3	–0.2
Foreign exchange derivatives	621.9	–211.0	–44.9	–112.5	–81.1	–67.6	507.5	–155.8	–57.1	–101.4	–86.7	–66.7
Total	628.2	–141.5	–49.4	–114.1	–73.8	–60.9	701.8	–115.6	–57.9	–98.8	–80.9	–42.6

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	–71.2	8.4
CAD	13.1	1.1
SEK	4.5	0.4
GBP	11.1	0.3
CHF	6.0	1.4
JPY	3.2	2.9

The following table presents the corresponding sensitivities at the balance sheet date in 2016:

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

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	CAD	GBP	CHF	NOK	JPY	SEK	CZK	OTHER
1,062	–220	–149	–107	–91	–79	–78	–50	–142

The following table sets out the hedging of Amer Sports' cash flows as at December 31, 2017 (EUR million):

USD	CAD	GBP	CHF	NOK	JPY	SEK	CZK	OTHER
–803	135	114	76	61	56	49	37	106

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 2017, there were no outstanding equity hedges or net investment hedges.

Interest risk

Amer Sports is exposed to interest rate risk when it funds its operations with euro or currency denominated debt. The risk arises from the repricing of floating rate debt and with the raising of new floating rate debt. A fixed rate debt is subject to "fair value risk". The purpose of interest rate risk management is to bring predictability for interest expenses by keeping the duration within the agreed limits with an optimal mix of fixed and floating rate debt. Treasury is constantly hedging current outstanding interest rate position of the Group and from time to time may hedge forthcoming position of the Group, up to 7 years. The interest rate derivatives that can be used in the risk management are defined in the Treasury Policy.

The neutral target for duration of interest rate position is 12 months, but it is allowed to vary between 6 and 18 months. As of December 31, 2017, the duration was 14 months. 80% of the debt portfolio was at fixed rate as of December, 2017. 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	2017
Shareholders' equity	226.7	4.3
Income statement	159.0	–1.2
Income statement due to ineffective Other interest rate derivatives	185.0	4.4

In 2016, 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	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

The effective interest rate of the total debt including interest rate hedges was 2.8%. The interest rate was 2.1% on bonds and 1.1% on bank loans.

The average interest rate of the Group's interest bearing debt including interest rate derivatives and facility fees was 2.5% (Dec 31, 2016: 2.0). After foreign exchange derivatives that hedge the inter-company debt, the average interest rate was 3.2% (Dec 31, 2016: 2.5).

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 5% of total accounts receivable and the largest 20 combined total about 26%. At the end of year 2017 the actual payment time for the outstanding sales was 73 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 of 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, 2017	Balance sheet value or fair value Dec 31, 2016
Long-term financial assets		
Other long-term financial assets	4.9	5.0
Derivative contracts		
Foreign exchange derivatives	1.6	4.5
Interest rate and cross currency swap derivatives	10.1	8.7
Short-term financial assets		
Accounts receivable	595.5	607.3
Other interest-free receivables	97.7	92.5
Derivative contracts		
Foreign exchange derivatives	25.4	42.8
Interest rate and cross currency swap derivatives	2.2	0.0
Cash and cash equivalents	358.4	364.0

(+ = Assets, - = Debt)

DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	Dec 31, 2017 Nominal value	Fair value	2018	2019	2020 and after	Dec 31, 2016 Nominal value	Fair value
Hedge accounting-related							
Foreign exchange derivatives hedging cash flows from operations	1,358.2	–26.8	1,023.7	334.5		1,145.5	40.3
Interest rate swaps hedging interest cash flow	226.7	–0.7	126.7		100.0	242.8	–3.0
Interest cash flow of cross currency swaps	76.2	0.0	76.2			78.5	0.0
Other derivative contracts							
Foreign exchange derivatives	764.7	6.6	717.2	47.5		549.6	–0.9
Interest rate swaps *)	185.0	–3.7	100.0		85.0	135.0	–5.8
Foreign exchange difference of cross currency swaps	0.0	–9.2				0.0	–6.8

*) 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 mid-single digit organic, currency-neutral annual growth of net sales, 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, 2017	Dec 31, 2016
Interest-bearing liabilities	819.1	899.9
Cash and cash equivalents	358.4	364.0
Net debt	460.7	535.9
Total shareholders' equity	888.0	1,003.1
Gearing, %	52	53
EBITDA	237.7	264.8
Net debt/EBITDA	1.9	2.0

Offsetting financial assets and liabilities

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2017:

		Related amounts not set off	
EUR million	Gross amount of derivative financial assets	Financial instruments	Net amount
Derivative financial instruments	6.1	4.6	1.5

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2017:

		Related amounts not set off	
EUR million	Gross amount of derivative financial liabilities	Financial instruments	Net amount
Derivative financial instruments	39.9	14.8	25.1

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

		Related amounts not set off	
EUR million	Gross amount of derivative financial assets	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:

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

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.

Parent company income statement

EUR million	2017	2016
Other operating income	24.6	27.1
EXPENSES		
Personnel expenses	8.9	10.1
Depreciation	1.0	0.9
Other expenses	15.9	16.0
Total expenses	25.8	27.0
EARNINGS BEFORE INTEREST AND TAXES	–1.2	0.1
Financing income	276.7	85.5
Financing expenses	–129.2	–67.9
Financing income and expenses	147.5	17.6
EARNINGS BEFORE APPROPRIATIONS AND TAXES	146.3	17.7
Appropriations	3.9	0.0
Income taxes	–0.1	–0.7
NET RESULT	150.1	17.0

Parent company cash flow statement

EUR million	2017	2016
NET CASH FLOW FROM OPERATING ACTIVITIES		
EBIT	–1.2	0.1
Depreciation	1.0	0.9
Adjustments to cash flow from operating activities	0.1	–0.2
Cash flow from operating activities before change in working capital	–0.1	0.8
Increase (-) or decrease (+) in trade and other current receivables	20.4	4.1
Increase (+) or decrease (-) in interest-free current liabilities	0.8	0.1
Change in working capital	21.2	4.2
Cash flow from operating activities before financing items and taxes	21.1	5.0
Interest paid	–27.1	–25.0
Interest received	0.2	0.3
Financing items and taxes	–26.9	–24.7
Total net cash flow from operating activities	–5.8	–19.7
NET CASH FLOW FROM INVESTING ACTIVITIES		
Investments in subsidiaries	–15.0	–39.7
Capital expenditure	–1.4	–1.2
Proceeds from sale of tangible non-current assets	0.0	0.4
Dividends received	175.0	15.0
Net cash flow from investing activities	158.6	–25.5
NET CASH FLOW FROM FINANCING ACTIVITIES		
Repurchase of own shares	–53.9	–0.8
Transfer of own shares	3.3	4.8
Change in short-term borrowings	–114.5	–268.3
Withdrawals of long-term borrowings	-	160.0
Repayments of long-term borrowings	-	–104.4
Change in current receivables	117.3	327.2
Capital repayment/dividends paid	–72.7	–64.7
Group contributions received	-	3.6
Other financing items *)	–38.3	7.9
Net cash flow from financing activities	–158.8	65.3
CHANGE IN CASH AND CASH EQUIVALENTS	–6.0	20.1
Cash and cash equivalents		
Cash and cash equivalents at year end	264.5	270.5
Cash and cash equivalents at year beginning	270.5	250.4
Change in cash and cash equivalents	–6.0	20.1

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

Parent company balance sheet

ASSETS EUR million	2017	2016
NON-CURRENT ASSETS		
INTANGIBLE ASSETS		
Intangible rights	2.4	1.5
TANGIBLE ASSETS		
Land and water	0.8	0.8
Buildings and constructions	0.7	0.8
Machinery and equipment	1.0	1.1
Other tangible assets	0.3	0.3
Construction in progress	0.0	0.4
	2.8	3.4
OTHER NON-CURRENT INVESTMENTS		
Investments in subsidiaries	747.2	762.1
Other bonds and shares	0.1	0.1
	747.3	762.2
TOTAL NON-CURRENT ASSETS	752.5	767.1
CURRENT ASSETS		
RECEIVABLES		
Long-term		
Receivables from subsidiaries	607.3	556.0
Deferred tax assets	3.1	2.0
Short-term		
Receivables from subsidiaries	216.5	332.1
Prepaid expenses	55.9	72.2
	882.8	962.3
MARKETABLE SECURITIES		
Other securities	30.0	52.5
CASH AND CASH EQUIVALENTS	234.5	218.0
TOTAL CURRENT ASSETS	1,147.3	1,232.8
TOTAL ASSETS	1,899.8	1,999.9

SHAREHOLDERS' EQUITY AND LIABILITIES EUR million	2017	2016
SHAREHOLDERS' EQUITY		
Share capital	292.2	292.2
Premium fund	12.1	12.1
Invested unrestricted equity reserve	106.4	177.8
Retained earnings	27.3	62.1
Net result	150.1	17.0
TOTAL SHAREHOLDERS' EQUITY	588.1	561.2
ACCUMULATED APPROPRIATIONS		
Accumulated depreciation in excess of plan	0.0	0.1
LIABILITIES		
LONG-TERM LIABILITIES		
Bonds	516.7	697.5
Loans from financial institutions	100.0	130.0
	616.7	827.5
CURRENT LIABILITIES		
Bonds	153.7	-
Loans from financial institutions	30.0	-
Other interest-bearing liabilities	-	49.9
Accounts payable	0.6	0.3
Payables to subsidiaries	410.2	503.8
Other current liabilities	0.2	1.7
Accrued liabilities	100.3	55.4
	695.0	611.1
TOTAL LIABILITIES	1,311.7	1,438.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,899.8	1,999.9

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 8, 2018

Bruno Sälzer	Ilkka Brotherus	Manel Adell
Christian Fischer	Tamara Minick-Scokalo	Hannu Ryöppönen
Heikki Takala	Lisbeth Valther	

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 2017. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows 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.

Our opinion is consistent with the additional report submitted to the Audit Committee.

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.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

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.

Key Audit Matter	How our audit addressed the Key Audit Matter
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 purchaser. 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. Due to the multitude and variety of contractual terms across the group's markets management judgment is needed to account for the revenue, and therefore, revenue could be subject to misstatement, whether due to fraud or error. Based on above revenue recognition was a key audit matter. This matter was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement relating to revenue recognition we performed, among others, the following audit procedures: • We assessed the compliance of the group's accounting policies over revenue recognition, including those relating to discounts, incentives and rebates, with applicable accounting standards. • We tested 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. • We tested 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 prepared after the balance sheet date. • We considered the appropriateness of the group's disclosures in respect of revenues.
Valuation goodwill and intangible rights *We refer to the group's accounting policies and the notes 7 and 13.* At the balance sheet date, the value of tested goodwill and intangible rights amounted to 566 M€ representing 22 % of the total assets and 64 % of the total equity. Valuation of goodwill and intangible rights was a key audit matter because the impairment testing imposes estimates and judgment. The group management use assumptions in respect of determining weighted average cost of capital as well as future market and economic conditions such as economic growth, expected inflation rates, expected market share and revenue and margin developments.	We performed, among others, the following audit procedures: • We involved our 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 focused on analysing 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 assessed the historical accuracy of the management's estimates. • We considered the appropriateness of the group's disclosures in respect of impairment testing.
Valuation of product development costs *We refer to the group's accounting policies and the notes 7 and 13.* Product development costs are capitalized when they meet the recognition criteria of IAS 38 Intangible Assets. Capitalised product development costs are amortized during their useful lives. An impairment is recognised if the carrying amount of an asset exceeds its recoverable amount. Additions to capitalised product development costs amounted to 16 M€ in 2017 and 26 M€ in 2016. The group wrote down capitalized product development costs as impairment charges 12 M€ in 2017. Valuation of product development costs was a key audit matter because the impairment assessment imposes significant management judgment.	We performed, among others, the following audit procedures: • We assessed the compliance of the group's accounting policies over the recording of product development costs with applicable accounting standards. • We evaluated the analyses made by management with respect to capitalized and impaired product development costs. • We considered the appropriateness of the group's disclosures about the product development costs.

Key Audit Matter	How our audit addressed the Key Audit Matter
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. Income taxes was a key audit matter 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.	We performed, among others, the following audit procedures: • We assessed the group's process around the recording and assessment of tax provisions. • We involved our tax specialists to assist us in performing an assessment of the group's correspondence with relevant tax authorities, to evaluate the recorded tax provisions for relevant risks. • We assessed the assumptions used with our tax specialists. • We assessed relevant tax opinions from third parties obtained by the management. • We also considered the appropriateness of the group's disclosures in respect of income taxes.
Inventory valuation *We refer to the group's accounting policies and the note 16.* At the balance sheet date the total value of inventory and related excess and obsolete provision amounted to 502 M€ and 24 M€, respectively (net 478 M€). Inventory valuation was a key audit matter, because 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.	We performed, among others, the following audit procedures: • We assessed the compliance of the group's accounting policies over the recording of inventory with applicable accounting standards. • We evaluated 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. • We 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 parent company or the group 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

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12 March 2015, and our appointment represents a total period of uninterrupted engagement of three years.

Other information

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

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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 8 February 2018

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 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. There is no special order of appointment of the members. In accordance with the decision of the AGM held on March 9, 2017, the age limit for the election of members of the Board of Directors in Article 4 of the Articles of Association was removed. Article 4 of the Articles of Association had stated that a person who has reached the age of 66 at the time of election may not become a member of the Board of Directors.

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 following members were elected to the Board of Directors at the AGM held on March 9, 2017:

Name	Year born	Position	Year of appointment	Nationality
Bruno Sälzer	1957	Chairman since 2017	2008	German
Manel Adell	1961	Member	2017	Spanish
Ilkka Brotherus	1951	Vice chairman since 2002	2000	Finnish
Christian Fischer	1964	Member	2008	Austrian
Tamara Minick-Scokalo	1959	Member	2017	American
Hannu Ryöppönen	1952	Member	2009	Finnish
Lisbeth Valther	1966	Member	2015	Danish

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

Composition of the Board of Directors during the period of January 1, 2017 – March 9, 2017 was the following:

Name	Year born	Position	Year of appointment	Nationality
Anssi Vanjoki	1956	Chairman	2004	Finnish
Ilkka Brotherus	1951	Vice chairman	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 were independent of the Company and significant shareholders.

UNAUDITED

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

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.

2017

In addition to its standard duties, the Board of Directors reviewed and discussed extensively the Company 2020 strategy and the related transformation and capability implications, including the evaluation of the portfolio composition for best value creation. The strategy was published ahead of the August 2017 Capital Markets Day where Management presented the strategic choices, targets, and value creation model in detail. The Board of Directors also reviewed and revised the Company incentive programs to fully align them to the new strategic glidepath and value creation model.

The Annual General Meeting of shareholders held on March 9, 2017 elected seven members to the Amer Sports Board of Directors. The Annual General Meeting re-elected Bruno Sälzer, Ilkka Brotherus, Christian Fischer, Hannu Ryöppönen and Lisbeth Valther as members of the Board of Directors and elected Manel Adell and Tamara Minick-Scokalo as new members. The Board of Directors elected Bruno Sälzer as Chairman and re-elected Ilkka Brotherus as Vice Chairman of the Board of Directors.

The composition of the Board of Directors during the period of January 1, 2017 – March 9, 2017 was Anssi Vanjoki, Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer, Lisbeth Valther and Indra Åsander.

The Board of Directors convened eleven times during the calendar year 2017 (three times before the AGM held on March 9, 2017 and eight times after the AGM). The attendance rate at meetings of the Board of Directors was as follows:

Name	Attendance rate (%)	
Bruno Sälzer	100%	
Manel Adell	88%	(March 9, 2017 – December 31, 2017)
Ilkka Brotherus	100%	
Christian Fischer	100%	
Tamara Minick-Scokalo	100%	(March 9, 2017 – December 31, 2017)
Hannu Ryöppönen	100%	
Lisbeth Valther	100%	
Martin Burkhalter	67%	(January 1, 2017 – March 9, 2017)
Anssi Vanjoki	100%	(January 1, 2017 – March 9, 2017)
Indra Åsander	100%	(January 1, 2017 – March 9, 2017)

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. Audit Committee organizes the auditor selection process and monitors compliance with the rotation rules. Audit committee pre-approves permissible non-audit services and monitors the cap on the permissible services. 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.

2017

In 2017, in addition to its regular duties, the Audit Committee reviewed the implementation of the new risk management process, expected changes in corporate tax environment and development of the Company's financial forecasting process. The Audit Committee also performed a finance function capability review.

On March 9, 2017, the Board of Directors elected Hannu Ryöppönen (Chairman), Christian Fischer, Bruno Sälzer and Lisbeth Valther as members of the Audit Committee. The composition of the Audit Committee during the period of January 1, 2017 – March 9, 2017 was Hannu Ryöppönen (Chairman), Martin Burkhalter, Christian Fischer and Lisbeth Valther. The Audit Committee convened five times in 2017 (one meeting before the AGM held on March 9, 2017 and four meetings after the AGM) and the meeting attendance rate was as follows:

Name	Attendance rate (%)	
Hannu Ryöppönen	100%	
Christian Fischer	100%	
Bruno Sälzer	100%	(March 9, 2017 – December 31, 2017)
Lisbeth Valther	100%	
Martin Burkhalter	100%	(January 1, 2017 – March 9, 2017)

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.

2017

In 2017, the Compensation and Human Resources Committee focused on further development of executive compensation programs with special focus on updating the Long Term Incentive Program, as well as succession plans and leadership & capability development.

UNAUDITED

On March 9, 2017, the Board of Directors elected Lisbeth Valther (Chairman), Manel Adell, Ilkka Brotherus and Tamara Minick-Scokalo as members of the Committee. The composition of the Compensation and Human Resources Committee during the period of January 1, 2017 – March 9, 2017 was Indra Åsander (Chairman), Ilkka Brotherus, Bruno Sälzer and Anssi Vanjoki. The Compensation and Human Resources Committee convened five times in 2017 (one meeting before the AGM held on March 9, 2017 and four meetings after the AGM) and the meeting attendance rate was as follows:

Name	Attendance rate (%)	
Lisbeth Valther	100%	(March 9, 2017 – December 31, 2017)
Manel Adell	75%	(March 9, 2017 – December 31, 2017)
Ilkka Brotherus	100%	
Tamara Minick-Scokalo	75%	(March 9, 2017 – December 31, 2017)
Bruno Sälzer	100%	(January 1, 2017 – March 9, 2017)
Anssi Vanjoki	100%	(January 1, 2017 – March 9, 2017)
Indra Åsander	100%	(January 1, 2017 – March 9, 2017)

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.

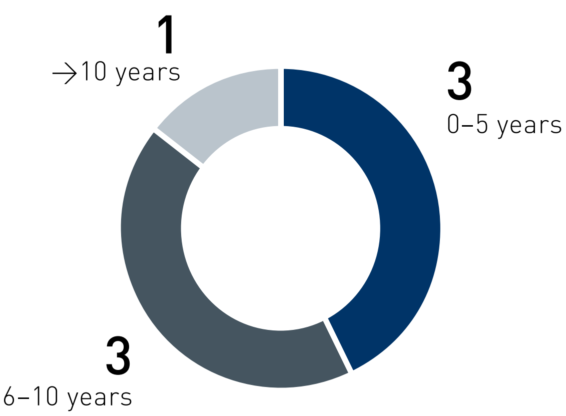
The Company has no shareholders' nomination board.

2017

On March 9, 2017, the Board of Directors elected Ilkka Brotherus (Chairman), Hannu Ryöppönen and Bruno Sälzer as members of the Nomination Committee. The composition of the Nomination Committee during the period of January 1, 2017 – March 9, 2017 was Ilkka Brotherus (Chairman), Martin Burkhalter and Anssi Vanjoki. The Nomination Committee convened five times in 2017 (three times before the AGM held on March 9, 2017 and two times after the AGM) and the meeting attendance rate was as follows:

Name	Attendance rate (%)	
Ilkka Brotherus	100%	
Hannu Ryöppönen	100%	(March 9, 2017 – December 31, 2017)
Bruno Sälzer	100%	(March 9, 2017 – December 31, 2017)
Martin Burkhalter	100%	(January 1, 2017 – March 9, 2017)
Anssi Vanjoki	100%	(January 1, 2017 – March 9, 2017)

BOARD DIVERSITY: TENURE



Amer Sports Board of Directors comprises seven members. The cultural background of the Board members is diverse: they represent six different nationalities. In addition, their length of service is spread: one member has served in Amer Sports Board of Directors for more than 10 years, three for 6-10 years and three for less than five years.

Name	Year of appointment	Nationality
Bruno Sälzer	2008	German
Manel Adell	2017	Spanish
Ilkka Brotherus	2000	Finnish
Christian Fischer	2008	Austrian
Tamara Minick-Scokalo	2017	American
Hannu Ryöppönen	2009	Finnish
Lisbeth Valther	2015	Danish

UNAUDITED

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.

Amer Sports Board of Directors comprises seven members. The cultural background of the Board members is diverse: they represent six different nationalities. In addition, their length of service is spread: one member has served in Amer Sports Board of Directors for more than 10 years, three for 6–10 years and three for less than five years. The Board members have significant experience in brand building, softgoods, fashion, consumer goods, retail, digital, international business including the US and China, and financial management.

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. At the end of 2017, two of the Board members were female and five 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.

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: 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.

SHAREHOLDINGS OF BOARD OF DIRECTORS AND EXECUTIVE BOARD ON DECEMBER 31, 2017

Shareholder	Shares	Controlled corporations
Board of Directors		
Bruno Sälzer	62,447	
Manel Adell	1,142	18,230
Ilkka Brotherus	2,694,658	*
Christian Fischer	16,304	
Tamara Minick-Scokalo	1,142	
Hannu Ryöppönen	28,763	
Lisbeth Valther	2,896	
Executive Board		
Heikki Takala	202,925	
Rob Barker	34,606	
Michael Dowse	42,319	
Sebastian Lund	1,710	
Heikki Norta	8,662	
Jean-Marc Pambet	73,715	
Michael Schineis	67,054	
Jussi Siitonen	78,107	
Michael White	62,471	
TOTAL	3,378,921	18,230
% of shares	2.9	0.0
Including controlled corporations	3,397,151	
% of shares	2.9	

* Acquisition of forward contracts by a controlled corporation as published in the managers' transactions notification on May 8, 2017.

Amer Sports has implemented a group-wide ERP (Enterprise Resource Planning) system in most of its entities. 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 any further 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

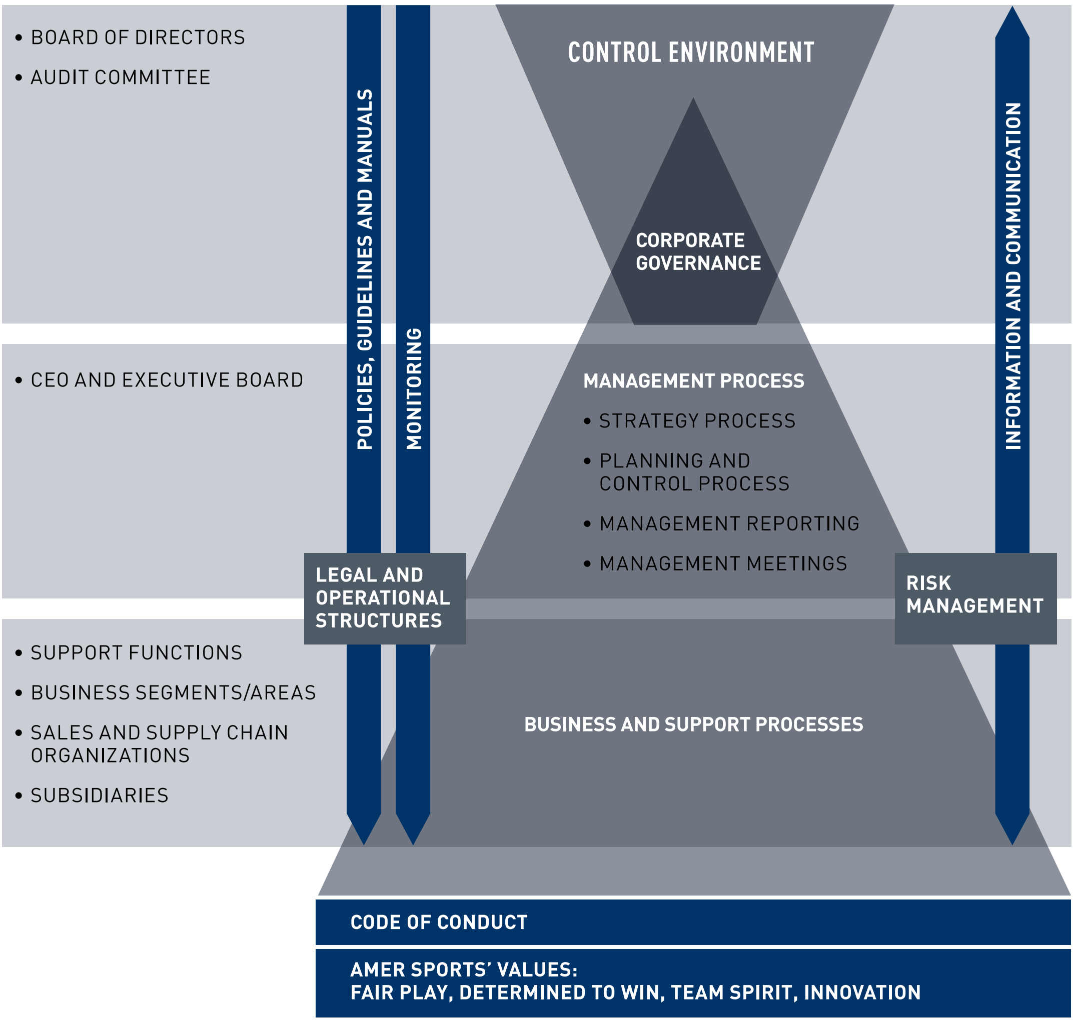
As part of Amer Sports risk management process, risks related to the business environment and operational and financial risks are identified, assessed and prioritized on an annual basis. Financial reporting priorities are defined by the Finance function to enable the identification and adequate management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

UNAUDITED

AMER SPORTS INTERNAL CONTROL FRAMEWORK



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

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

Information and Communication

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

Monitoring Activities

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

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

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

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

Internal Audit

In Amer Sports the internal audit activities are performed by the Group Internal Control function, consisting of two persons. Additionally external resources are used to support specific tasks depending on the focus area in question. The Group Internal Control 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.

2017

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 Poland in 2011. An additional focus area during 2017 has been to develop automated control testing capabilities.

External Audit

According to the Company's Articles of Association, Amer Sports has one auditor who shall be an audit firm.

The independent auditor 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.

2017

In 2017, the Annual General Meeting re-elected Authorized Public Accountant firm 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	2017	2016
Statutory audit	2.1	1.9
Tax consulting	0.1	0.1
Other services	0.1	0.0
Total	2.3	2.0

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.

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.

UNAUDITED

Board of Directors

From left: Bruno Sälzer, Ilkka Brotherus, Manel Adell and Christian Fischer

BRUNO SÄLZER

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

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

OTHER POSITIONS OF TRUST
- Member of the Supervisory Board, Deichmann SE and Lacoste Holding NG

ILKKA BROTHERUS

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

PRIMARY WORK EXPERIENCE
- Member of the Board of Directors, Veho Group Oy Ab 2003–2013
- Member of the Board of Directors, 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, Elo Mutual Pension Insurance Company

MANEL ADELL

MEMBER OF THE BOARD OF DIRECTORS
- Independent of the company and significant shareholders
- MBA, IMD and BA, Business Administration
- Born in 1961, Spanish nationality

PRIMARY WORK EXPERIENCE
- Chief Executive Officer, Desigual HQ 2002–2012
- Co-founder & Partner, StarLab 2000–2008
- Expansion Director, Bang & Olufsen, Denmark 1995–2001
- Marketing Director, Spain, Cadbury Schweppes 1989–1995
- Product Manager Citresa, Agrolimen, S.A. 1986–1989

OTHER POSITIONS OF TRUST
- Member of the Board of Directors, Puig and Tiger AS
- Member of International Advisory Board, Mango and Perfumers 1870
- Member of the Advisory Board, ESADE Challenge Business School

CHRISTIAN FISCHER

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

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

OTHER POSITIONS OF TRUST
- Member of the Advisory Board, Check Yeti GmbH

UNAUDITED



From left: Tamara Minick-Scokalo, Hannu Ryöppönen and Lisbeth Valther

TAMARA MINICK-SCOKALO

MEMBER OF THE BOARD OF DIRECTORS
- Independent of the company and significant shareholders
- B.Sc. Chemical Engineering
- Born in 1959, American nationality

PRIMARY WORK EXPERIENCE
- Chairman of the Board of Directors of Trax Technology Solutions Pte Ltd 2012-2017
- Regional President, Growth Markets, Pearson plc 2014–2016; President, Europe, Middle East, Africa, Interim CEO International, Pearson plc 2012–2014
- CEO, Trax Technology Solutions Pte Ltd 2011–2012
- President Chocolate Europe, Mondelez Europe (formerly Cadbury plc) 2010–2011; President, Europe, 2009–2010; President Global Commercial, Europe 2007–2008
- Senior Vice President, Europe, Elizabeth Arden Limited 2005–2006
- European General Manager / Vice President, E&J Gallo Winery, Inc. 2002-2005
- Marketing Director, Western European Tissue/Towel GBU, Procter & Gamble 2000–2002; Marketing Director, North American Tissue/Towel GBU, Procter & Gamble 1999–2000
- Vice President, Coffee Business Group, Japan, Coca-Cola Company 1998–1999
- Several management positions, Procter & Gamble 1982–1998

OTHER POSITIONS OF TRUST
- Member of the Advisory Board, Mustad Hoofcare

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/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 private equity funds
- Member of the Board of Directors, Value Creation Investments Limited and Samworth Brothers Ltd

LISBETH VALTHER

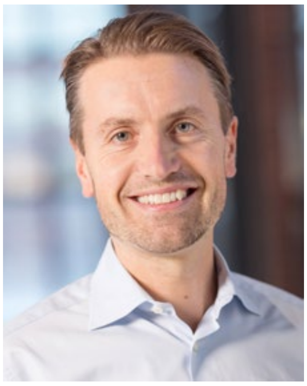
MEMBER OF THE BOARD OF DIRECTORS
- Independent of the company and significant shareholders
- CEO, SE Next Step A/S
- Bachelor, Marketing and Economics
- Born in 1966, Danish nationality

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, Orkla ASA

Executive Board



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, EvoShield) 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 United States and Germany, 1989-2002

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 global, regional and country level, with a career start in Marketing, 1996-2015
- Over 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

UNAUDITED



From left: Heikki Norta, Jean-Marc Pambet and Michael Schineis

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
- Microsoft, Partner and General Manager Surface, United States, 2014–2015
- Nokia, President & General Manager, Connected Devices unit, United States, 2011–2014
- Nokia Mobile Phones and Nokia, various leadership positions, 2000–2011
- Nokia Mobile Phones, various management positions, 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
- Board Member of MEDEF-Haute Savoie since 2015

EDUCATION
- Ecole HEC Paris, France

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

From left: Jussi Siitonen and Michael White

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

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

Bernard Millaud acted as President of Cycling until September 2017.

Remuneration

Amer Sports strategy provides a clear direction for the company's rewarding principles. Rewarding is linked to business targets as well as financial and personal performance. The aim of Total Reward principles 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 process, 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

The amount of compensation paid to Amer Sports' Board of Directors is determined by the Amer Sports shareholders at the Annual General Meeting. The Annual General Meeting held on March 9, 2017 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. Members of the Board of Directors are not permitted to sell or transfer any of these shares during their Board membership. However, this limitation is valid for a maximum of five (5) 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 the company's business success as well as financial and personal performance. The Total Reward principles and Pay for Performance philosophy apply to all Amer Sports employees. Pay for Performance is linked to Amer Sports performance management process 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. The performance of the President and CEO is evaluated by the Board of Directors.

Key compensation elements of President and CEO and other Executive Board members 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 abilities and performance, which is evaluated in Coaching for Success process. Salary reviews are conducted 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 located 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. Prioritize and reward for long-term Group level target achievement
B. Ensure performance targets are in line with agreed financial targets and the differences in business areas is considered in target setting
C. Pay for Performance: emphasis on sustainable fundamentals and improvement
D. Reward for long-term business achievements

Annual Incentives

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

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

UNAUDITED

Maximum Annual Incentive

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

Long-term incentives

Amer Sports' long-term incentive programs drive the execution of the company strategy and reaching the long-term financial targets. Long-term incentives have a strategic focus at the Group level, and the earnings opportunity is linked to the company's 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 has been updated according to the renewed strategy for earning year 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 included six (6) earning periods; calendar years 2016, 2017 and 2018 and calendar years 2016–2018, 2017–2019 and 2018–2020. The Board of Directors decides on the earnings criteria, targets and participants at the beginning of each earning period. The potential reward from the plan for the earning period 2017 is based on the Group's Earnings Before Interest and Taxes (EBIT) and Net Sales, and the potential reward for the earning period 2017–2019 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.

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, respectively.

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 350 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 733,333 Amer Sports Corporation shares for earning years 2016 and 2017.

At 28 August 2017, Amer Sports Board of Directors decided on adjustments to the Performance Share Plan 2016 for the Company's key personnel. The updated long term incentive program ensures that the performance of the company management is tied to the strategy and targets, and that strategic continuity and retention of key management is further safeguarded. The Plan comprises a three-year performance period covering the period of 2018-2020, instead of one-year performance periods. The performance targets will be net sales growth and EBIT margin for the earning period 2018-2020. The potential share reward payable based on the plan will be paid in the spring 2021, provided that the performance targets for the plan are achieved. The potential reward will be paid in shares of Amer Sports Corporation, and in addition a cash portion is paid to cover the taxes and tax-like items payable by the participant on the reward. The Plan is directed to key personnel of approximately 340 persons, including the members of the Group Executive Board. If the performance targets set for the period 2018-2020 are fully achieved, the aggregate maximum number of shares to be paid under the plan is 650,000 shares.

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 (3) 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. 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 rewards to 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, respectively.

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.

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 was 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.

UNAUDITED

Performance Share Plans, PSP	PSP 2014	PSP 2015	PSP 2016	PSP 2017
Number of participants	178	185	245	287
Actual achievements	31.8%	31.4%	0%	-
Max. number of shares to be delivered(*				
to the President & CEO	5,724	5,644	0	12,000
to other members of EXB	22,561	18,188	0	49,080
to other key individuals	58,809	60,682	0	189,360
Total max. number of shares to be delivered	87,094	84,514	0	250,440
Share delivery (year)	2015	2016	2017	2018
End of restriction period	2017	2018	2019	2020
Earning criteria (weighting)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)	EBIT (50%) Net Sales (50%)

*PSP 2014, PSP 2015 and PSP 2016 actual share delivery based on achievement

Total Shareholder Return Plans, TSR	TSR 2014-2016	TSR 2015-2017	TSR 2016-2018	TSR 2017-2019
Number of participants	172	183	244	287
Actual achievements	100%	-	-	-
Max. number of shares to be delivered(*				
to the President & CEO	4,500	4,500	3,000	3,000
to other members of EXB	14,900	14,500	12,480	12,270
to other key individuals	45,030	47,800	39,210	47,340
Total max. number of shares to be delivered	64,430	66,800	54,690	62,610
Share delivery (year)	2017	2018	2019	2020
End of restriction period	2017	2018	2019	2020
Earning criteria (weighting)	Total Shareholder Return (100%)	Total Shareholder Return (100%)	Total Shareholder Return (100%)	Total Shareholder Return (100%)

*TSR 2014-2016 actual share delivery based on achievement

Restricted Stock Plans, RS	RS 2014	RS 2015	RS 2016	RS 2017
No. of participants	53	52	57	80
No. of shares to be delivered				
To the President & CEO	8,000	8,000	5,600	5,600
To other members of EXB	30,167	25,500	19,100	22,100
To other key individuals	29,200	29,600	26,600	33,800
Total max. no of shares to be delivered	67,367	63,100	51,300	61,500
Share delivery (year)	2015	2016	2017	2018
End of restriction period (from the beginning of year)	2017	2018	2019	2020

The Performance Share Plan 2013 included 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 decided 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 for the earning periods 2013–2015, 2014–2016 and 2015–2017 were based on the Group's Total Shareholder Return (TSR). 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 was that they acquired 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, December 31, 2016, and December 31, 2017, respectively.

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, Amer Sports Board of Directors approved another share-based incentive plan for the Group's key personnel. The aim of the plan was 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 included three earning periods; calendar years 2013, 2014 and 2015. Potential rewards were based on continuation of employment. Potential rewards from the earning periods will be paid partly in 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 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.

REMUNERATION REPORT

Board of Directors

On June 16, 2017, the members of the Board of Directors received annual remuneration totaling EUR 490,000, of which EUR 195,888 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
Manel Adell	36,018	1,142	60,000
Ilkka Brotherus	42,007	1,333	70,000
Christian Fischer	36,018	1,142	60,000
Tamara Minick-Scokalo	36,018	1,142	60,000
Hannu Ryöppönen	36,018	1,142	60,000
Bruno Sälzer	72,015	2,285	120,000
Lisbeth Valther	36,018	1,142	60,000
Total	294,112	9,328	490,000

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 he is eligible for a voluntary contribution-based pension, under which the Company contribution in 2017 was EUR 34,856. The President and CEO can retire at the age of 65.

The Board of Directors determines the salary and other rewards of 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 his achievements, and nominates and allocates shares to Performance Share Plan and Restricted Stock Plan.

Remuneration of President and CEO, Euros	2017	2016
Salaries[*]	688,185	677,541
Other payments[**]	397,473	430,800
Annual incentives	205,260	593,648
Long-term incentives	281,489	497,543
Total	1,572,407	2,199,532

*) Change in salary due to currency conversions
**) Cumulative expenses from 2016, includes EUR 34,856 in 2017 and EUR 34,873 in 2016 of Company contribution in defined contribution pension plan.

Members of the Executive Board

The annual salaries and other remuneration elements paid to Executive Board members (excluding the President and CEO) in 2017 are presented in the table below.

The annual incentives paid to the Amer Sports Executive Board members in 2017 were based on the results of the calendar year 2016. 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 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 area of 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	2017	2016
Salaries	2,722,723	3,549,261
Other payments	370,426	968,653
Annual incentives	469,791	1,327,622
Long-term incentives	2,546,445	5,801,620
Total	6,109,385	11,647,156

Shareholding at December 31, 2017

Shareholdings of the Board of Directors, President and CEO and other Executive Board members at the end of 2017 are presented in the table below:

	2017	2016
Board of Directors	2,807,352	2,794,899
President and CEO	202,925	191,269
Executive Board	368,644	422,805
Total	3,378,921	3,408,973

Information for Investors

Annual General Meeting
Amer Sports Corporation Annual General Meeting will begin at 2.00 p.m. on Thursday, March 8, 2018 at Finlandia Hall, Mannerheimintie 13 e, 00100 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 0.70 per share be paid for 2017, representing a payout ratio of 89%. A capital repayment of EUR 0.62 per share was paid for 2016.

Stock exchange releases
Amer Sports stock exchange releases are available in Finnish and English at www.amersports.com immediately after publication. 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 2018
- January–March: Thursday, April 26
- January–June: Thursday, July 26
- January–September: Thursday, October 25

Silent period
Amer Sports observes a silent period before issuing financial statements, interim and half year reports.
- Start of the silent period: January 1, April 1, July 1, and October 1.
- End of the silent period: The results of the 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

UNAUDITED

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.
1 Prudential Plaza
130 East Randolph Street, Suite 600
Chicago, IL 60601
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

AMER SPORTS

WWW.AMERSPORTS.COM