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TO OUR
SHAREHOLDERS

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Interview with our CEO

Bjørn Gulden



THE TRUST IN ADIDAS HAS STARTED TO
COME BACK.

Bjørn, you have now completed your first full year at the helm of adidas. How do you look back on the year 2023?

I think it was a positive year in the sense that a lot of positive things happened vis-à-vis our consumer. At the beginning of the year, we had little success when it comes to the sell-through of our product. But then, during the year, we had a couple of franchises in the Lifestyle area starting to do very well. And they actually continue to develop very well in 2024. First it was the Terrace trend with Samba, Gazelle, and Spezial, but then also Campus accelerated at the back end of the year. We have been steadily increasing the supply to better please the demand of the consumer and, of course, to also give our retail partners good sell-throughs.

In the Performance area, the launch of the Predator was fantastic. This football franchise is probably the best we have ever had. In Running, our athletes continued to win a lot of races and break records. With the Adizero Adios Pro Evo 1 we have the shoe that set completely new standards in terms of performance. The

halo effect of these victories in our shoes is that we are starting to build a better distribution for our entire running range. This will take a while, but it's a positive start. Even in basketball, and I say even because that's probably the area where we haven't had the biggest success in the past, the Anthony Edwards signature shoe has been selling out every time we launch a new colorway.

Improving the relationship with the retailers was one of your priorities for 2023. What feedback have you been receiving from them?

Since we have better products in the market and consumer demand is higher, more and more retailers would like to buy more from us now, which is positive, of course. You have to remember that we started the year 2023 with a lot of inventory in our own warehouses, but also in the warehouses of our retail partners. Sell-through was not good and discounts were high. It took a while to replace the bad inventory with good inventory. And it's probably fair to say that many of the retailers were skeptical at the beginning. But I have the feeling that during the course of the year, they have seen that the pipeline of our products works. They have seen that they can make money with us. As a result, the trust in adidas has started to come back. I hope that the retailers see that we are a company that really wants to be a partner and that they see this all over the world.

That's a big change from being a DTC-led company, which we were twelve months ago. I would say that the relationship between the retailers and us is also improving in the way we talk and work with each other. More importantly, the results for the retailers are starting to show. When retailers sell more with a better margin of a brand, they like to do more. And that's always the best argument to improve the business

What changes did you make at the product level to lay the foundation for a better future?

I don't know if I changed so much. I think if you look at the different categories, then in the Lifestyle area, it's obvious that we have been very classic-driven. We have been very strong on the courtside, which is Terrace and now also Campus. What I tried to do is to scale that at the right speed at the right time to build and keep the heat. We continue to do collabs and limited editions on all the franchises, but at the same time we also make sure that we increase production and give the retailers more of the products that work. And then we do takedowns of the trends that are happening on the more commercial side. We are doing this on the courtside, and now we have started to do the same in running lifestyle. SL72 and Country are two shoes coming out of our archive that we saw potential in. SL72 is also a Terrace shoe, but in an old running style. So far, it has done very well. And then on top of what we do on the classic side, because of the lack of newness in running lifestyle, we have initiated many projects when it gets to completely new silhouettes. Many of those are seeded into the market as we speak. The goal is that we will have new running silhouettes in the Lifestyle area that the market has never seen before at the back end of this year to be scaled in 2025 and beyond.

How about the performance side of the business?

Here we also looked at what kind of products do we have in the different categories that are ready to go. And we have accelerated quite a few of them. In running, as I said, the whole Adizero range is very, very successful from a performance point of view. The Adizero Adios Pro Evo 1 was initially planned for 2025

and we accelerated that. Now the goal is to scale running also into other price points and to focus more on the comfort and the value side of running. With the new Supernova, which we just launched, and a completely new UltraBoost and Adistar later in the year, the product pipeline looks very strong. And when it comes to distribution, it will be about having sales reps servicing running specialty again and being more ingrained in the running community where the action is happening.

In football, we have what we need from a product, a player, and a team point of view. So here we will continue the strategy as is. In basketball, we've done a lot of work. I'm very, very convinced that all our signature shoes for players like Anthony Edwards, James Harden, and Damian Lillard are a lot better in 2024 than they had been before. And I mentioned it before: The first positive results are already coming in. I am also very happy with the initial results of Fear of God. College teams in the NCAA now even play in Fear of God jerseys. In outdoor, we have the right product with Terrex. We have now started to commercialize it, also by taking it down to more commercial price points. Also here the task is more to get a better distribution.

And last but not least, Sportswear: We refocused the business unit to make sure that the entire range is more commercial, that we work closer with the accounts, that we become more local. I am pleased to see that our teams have now connected much better with the market, both with retailers and with the consumer.

How have these changes in how you create product and bring them to market also changed how you present the brand vis-à-vis the consumer?

When it comes to marketing, the strategy is to be visible in sports. Not only the big sports, but also the smaller sports, if you can even call them smaller because some of them are really meaningful in their region. We invested into cricket in India, we extended our partnership with the All Blacks in rugby. We are trying to sign partners across all sports again for the Olympics. Of course, we will not be able to sign everyone we want, but I think the attitude, again, is to be visible in many sports that adidas previously had left and to clearly show up as the best sports brand again.

Many adidas athletes performed extremely well in 2023 and in the first months of 2024: Tigist Assefa, Jude Bellingham, Noah Lyles, Patrick Mahomes, Lionel Messi, Mikaela Shiffrin – just to mention a very few. What do these successes mean to the brand?

First of all, we need athletes, teams, and federations that perform. Of course, you would like to be with winners. And then secondly, you would like to have people and teams and federations with the right adidas attitude. I think the ones you mentioned have exactly that. Seeing Mahomes leading his team in the Super Bowl to victory again in our product is simply great. He's a fantastic athlete with a great attitude and he fits our brand extremely well. It's the same with the fastest man in the world, Noah Lyles. Or watching Shiffrin skiing down the mountains and breaking records. These are all examples of great performing athletes who also have a great personality that fits our brand so well. I am proud that we can work with them. In my opinion, we have the best group of athletes and sports marketing partners that you can dream about.

Have these successes changed the way how consumers perceive the brand?

Consumers see the changes particularly in the Lifestyle area. Here we are currently trending in a way adidas hasn't done for a long time. At many retailers, we have the best sell-through in years, which means that more consumers are buying our products again. As a consequence, consumer sentiment towards adidas is turning positive in almost every market. So brand desire has clearly increased. I always repeat the same thing: I don't think the consumer ever had anything against adidas. I just think we were not visible and maybe not commercial enough in the way that we went to market. And we're reversing a lot of that as we speak.

This year will be a year of sports, with the UEFA EURO 2024 and the Copa América in football, the Olympic and Paralympic Games in Paris all taking place this summer. How important are these events for the adidas business?

They all play a little bit of a different role, but what they have in common is that after years of covid and difficult circumstances for big events with no spectators or limited access, it's the first year again where everything is largely back to normal. I think both athletes and spectators are looking forward to participating in big events and to celebrating sports and being together again. The summer of sport starts with the UEFA EURO in our home market Germany, which, of course, is very special. We all remember the fantastic atmosphere of the football World Cup 2006 in Germany and I think we will see the same again this year. It will be a very important event, not only for sports, but for people's mindset in general. For us, both the EURO and the Copa also have a business impact, because we sell replicas of the different teams, licensed products and the official match ball for the EURO 'Fussballliebe.'

The Olympics and Paralympics are different because they are not necessarily commercial events where we sell a lot of products directly related to them. But the Olympics and Paralympics both create global and local heroes. And they make sport play a bigger role in people's life all over the world. That's why in general they have a positive impact on sports companies and especially adidas which is the Olympic brand when you look back at our history. It is really good for us that these sports events all happen in 2024, because that fits perfectly with our plan to be the best sports brand again. It is also perfect timing with the product pipeline and the plans we have for 2024 and beyond.



I LOVE TO SEE AND DO SPORTS. IT'S MY LIFE AND MY JOB.

You are a big sports fan. Which sports event are you personally looking forward to the most?

I look forward to all sports events. It doesn't matter what it is. If it's a Bundesliga game or if it's a national championship, a college tournament or the Olympics, I don't really separate between the events. I love to see and do sports. It's my life and my job. There are so many good events and to be honest with you, there

are good events almost every day in some kind of sport somewhere in the world. So there's enough to look forward to and it would be kind of unfair to only pick one.

adidas will have an extra moment to celebrate this year as it is also the company's 75th anniversary. What does this heritage mean for the future?

For me personally, the 75 as a number doesn't mean so much because it doesn't matter if you're 75 or 76 or 80. The most important thing is which legacy these 75 years have created for the company. We have such a great sports history, both with products and athletes. Everything you see today is built on this foundation. There is no company in the world that has such a heritage in sports. When you visit our archive and see what we have in there, then you know what I am talking about. Therefore, the 75th anniversary gives us an enormous knowledge and product base to build on. That's very unique for our company.

Putting it all together in 2023, what worked better than you expected?

The success in Lifestyle maybe came quicker than we had expected. And the consumer reacted positively to our brand, quicker than I thought. I think I said it when I started at adidas last year: The product pipeline that everybody complained about was much better than people said it was. And adidas had already all the ingredients to be successful. It was just that they were not put together in a way that they were visible enough. In general, although we need time to also get the financial results back to former strength, there are so many good things happening in this company – clearly many more than any negative things. All in all, I think we were a little bit further at the end of 2023 than what I expected when we started.

Talking about negative things, were there also some challenges that you didn't see coming?

Well, there's always challenges. I think that the negativity around the company at the beginning was quite tough to manage. But I think we are in much better territory today and can now focus on the many positive things. One thing we clearly need to continue to tackle is our internal complexity. Although we increased our agility, it still takes us too long to make decisions. But we're on that and I feel that the attitude and the adidas DNA to do stuff is starting to come through again.

Looking forward, how will 2024 shape up from a business point of view?

The pipeline of products that is going out to the market will continue to improve quarter by quarter. Therefore, the size of the poor performing inventory, not so much in terms of age, but in terms of overall product strength, that we still have in the trade will actually become less and less compared to good inventory. As a result, sales growth should accelerate quarter by quarter. The external factors are, of course, something nobody can control. When we started a year ago, we didn't have a crisis in the Middle East, we didn't have the Red Sea issue. We all had hoped that the war in the Ukraine would end. Now we know that this is unfortunately not the case. So we are still living in a very uncertain world. But I think the companies that are agile and flexible in a volatile world will win. And that's part of our strategy to be agile and flexible.

Last year, when you started, you also laid out a plan to bring adidas back to the top step by step between 2023 and 2026. How confident are you that you are on the right track?

One year ago, we described where we were and where we should go. By now, I think we confirmed that we have the ingredients to start turning things around in 2023, be a better company in 2024, be a good company in 2025, and then be a good and profitable company in 2026. From where we are today, everything else being equal in the external world, I am confident that this will happen. As a management team, it is our goal to do things short term that are also right long term. We are not trying to impress anybody short-term by doing something stupid in one quarter to look good that has a negative impact maybe in a year's time. Our goal is to build adidas back again to be the best sports brand and the best sports company in the world, step by step. A company where people are happy to work, that retailers see as a partner, and where consumers like our product. With everything we know today, that means we can be a company that grows double digits each year and has a double-digit operating margin. It's doable within the timeline that we talked about.



WE HAVE A VERY GLOBAL AND DIVERSE
WORKFORCE WITH PEOPLE THAT CAN
BRING THIS COMPANY TO THE TOP
AGAIN.

What role will the adidas employees play in this plan?

They are the reason that we can have the plan. You have to remember that adidas is the brand and the people. I am 100% sure that we have the talents we need. We have a very global and diverse workforce with people that can bring this company to the top again. I think we need to make sure that we find the right structure and the right processes so that our talented people are able to do their job. And that's what we are in the process of doing. But, again, people are the most important factor that our company has and always will be. You cannot replace people with machines or computers.

That's good to hear. Last question to you, Bjørn: What's the one thing you personally want to focus on in 2024?

Personally: Enjoy life.

Executive Board

**Our Executive Board is composed of five members.
Each Board Member is responsible for at least one major function
within the company.**

More information on the adidas Executive Board

► [ADIDAS-GROUP.COM/EXECUTIVE-BOARD](https://adidas-group.com/executive-board)



Bjørn Gulden

Chief Executive Officer, Global Brands^{1,2}

Bjørn was born in Zurich, Switzerland, in 1965 and is a Norwegian national. He obtained a Bachelor of Business Administration from the University of Rogaland, Norway, as well as an MBA from the Babson Graduate School of Business, USA. Between 1992 and 1999, he held various management positions at adidas in Herzogenaurach, ultimately as Senior Vice President of Apparel and Accessories. In 1999, Bjørn became Head of Product, Marketing and Sourcing at Helly Hansen in Norway, and remained on the company's advisory board for several years after his departure. From 2000, he was Managing Director of the Deichmann Group and President/CEO of Deichmann's US-American subsidiary Rack Room Shoes. From 2012 to 2013, Bjørn was Chief Executive Officer and from 2013 to 2018 a Supervisory Board Member of the Danish jewelry brand Pandora. In 2013, he joined Puma SE in Herzogenaurach as CEO. From 2014 to 2022, he also was a member of the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA. Since January 1, 2023, Bjørn has been a member of the Executive Board and CEO of adidas AG, Herzogenaurach, Germany and is also responsible for the business area Global Brands.

Mandates:

- Chairman of the Board of Directors, Salling Group A/S, Brabrand, Denmark
- Member of the Supervisory Board, Tchibo GmbH, Hamburg, Germany
- Member of the Board of Directors, Essity AB, Stockholm, Sweden³

¹ Since January 1, 2023.

² From July 16, 2023, to December 31, 2023, on an interim basis also Global Human Resources, People and Culture.

³ Until March 29, 2023.



Arthur Hoeld⁴

Global Sales

Arthur was born in Illertissen, Germany, in 1969, and is a German national. He holds a degree in Business Administration and Advertising Management from Pforzheim University, Germany. Arthur joined adidas in 1998 from Bartle Bogle Hegarty, London, UK, where he started his professional career as an Advertising Account Manager. Between 1998 and 2011, he held various roles across Global Brands and Market EMEA at adidas in Herzogenaurach and Amsterdam. From 2011, he led the company's Originals business as SVP/GM Originals and became SVP Brand Strategy & Business Development in 2017. In July 2018, Arthur was appointed Managing Director Europe, and was i.a. responsible for the business restructuring of adidas and Reebok. Between 2020 and 2023, he held the role of Managing Director EMEA. In 2023, Arthur was appointed to the Executive Board and is responsible for Global Sales.



Harm Ohlmeyer

Chief Financial Officer

Harm was born in Hoya, Germany, in 1968 and is a German national. He holds a degree in Business Studies from the University of Regensburg, Germany, as well as an MBA from Murray State University, USA. Harm started his career with adidas in 1998 and gained extensive experience in the areas of Finance and Sales, including responsibility as CFO TaylorMade-adidas Golf in Carlsbad, USA, and Senior Vice President Finance adidas Brand and Global Sales (adidas and Reebok). From 2011, he led the company's e-commerce business as Senior Vice President Digital Brand Commerce. From 2014 to 2016, he held additional responsibility as Senior Vice President Sales Strategy and Excellence. In 2017, Harm was appointed to the Executive Board and subsequently became Chief Financial Officer. From November 12, 2022, to December 31, 2022, he led adidas AG as Chief Executive Officer in the interim. In July 2023, he was appointed as Labor Director.

Mandates:

- Member of the Supervisory Board, SV Werder Bremen GmbH & Co. KGaA, Bremen, Germany

⁴ Since April 1, 2023.



Michelle Robertson⁵

Global Human Resources, People and Culture

Michelle was born in Aberystwyth, Wales, in 1975, and is a British national. She holds a Postgraduate Diploma in Human Resources (CIPD qualified) from the University of Central Lancashire, UK. Michelle started her professional career in the UK hospitality industry, where she worked in different HR positions from 1995 onward. In 2004, she joined Reebok as Head of HR Reebok UK & Ireland, in Bolton, UK, later became Head of HR EMEA in Amsterdam, The Netherlands, and, in 2010, went on to be Director HR Global Brand Marketing at the Reebok HQ in Boston, USA. In 2012, Michelle transitioned to adidas in Herzogenaurach where she held various senior management roles within HR with responsibility for i.a. Global IT, Global Operations, Global Legal, and Global Workplaces. In 2018, she became Senior Vice President Workplaces & HR Global Functions. As of 2020, Michelle additionally took over the global Covid-19 crisis management lead, and between 2022 and 2023, she also acted as HR Business Partner for Global Brands. From mid-2023, she led the company's global Human Resources organization as Head of Global HR. In 2024, Michelle was appointed to the Executive Board and is responsible for Global Human Resources, People and Culture.



Martin Shankland

Global Operations

Martin was born in Sydney, Australia, in 1971 and is an Australian national. He holds a Bachelor of Commerce degree from the University of New South Wales, Australia, and completed the Professional Year Program at the Australian Institute of Chartered Accountants. He joined adidas in 1997 as Finance Director for adidas Russia/CIS and was Managing Director from 2000 to 2017. From 2017 to 2019, he led adidas Emerging Markets as Managing Director. In 2019, Martin was appointed to the Executive Board and is responsible for Global Operations.

⁵ Since January 1, 2024.

Executive Board Members until March 31, 2023

Roland Auschel

Mandates:

- none

Brian Grevy

Mandates:

- Member of the Board of Directors, Pitzner Gruppen Holding A/S, Copenhagen, Denmark

Executive Board Member until July 15, 2023

Amanda Rajkumar

Mandates:

- none

Supervisory Board

Thomas Rabe

CHAIRMAN

residing in Berlin, Germany

born on August 6, 1965

Member of the Supervisory Board since May 9, 2019

Chairman and Chief Executive Officer, Bertelsmann Management SE, Gütersloh, Germany

Chief Executive Officer, RTL Group S.A., Luxembourg, Luxembourg

Udo Müller*

DEPUTY CHAIRMAN

residing in Herzogenaurach, Germany

born on April 14, 1960

Member of the Supervisory Board since October 6, 2016

Manager History Management, adidas AG, Herzogenaurach, Germany

Ian Gallienne

DEPUTY CHAIRMAN

residing in Gerpinnes, Belgium

born on January 23, 1971

Member of the Supervisory Board since June 15, 2016

Chief Executive Officer, Groupe Bruxelles Lambert, Brussels, Belgium

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Member of the Board of Directors, Pernod Ricard SA, Paris, France
- Member of the Board of Directors, SGS SA, Geneva, Switzerland
- Mandates within the Groupe Bruxelles Lambert or in entities under common control with the Groupe Bruxelles Lambert:
 - Member of the Board of Directors, Imerys SA, Paris, France
 - Member of the Board of Directors, Sienna Investment Managers SA, Strassen, Luxembourg
 - Member of the Board of Directors, Compagnie Nationale à Portefeuille SA, Loverval, Belgium
 - Member of the Board of Directors, Château Cheval Blanc, Société Civile, Saint-Émilion, France
 - Member of the Board of Directors, GBL Development Ltd., London, United Kingdom
 - Chairman of the Supervisory Board, Marnix French ParentCo SAS (Webhelp Group), Paris, France
 - Member of the Board of Directors, Financière De La Sambre, Loverval, Belgium
 - Member of the Board of Directors, Carpar SA, Loverval, Belgium

Petra Auerbacher*

residing in Emskirchen, Germany

born on December 27, 1969

Member of the Supervisory Board since May 9, 2019

Full-time member of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany

* Employee representative.

Birgit Biermann*

residing in Bochum, Germany

born on December 26, 1973

Member of the Supervisory Board since September 1, 2022

Member of the Steering Committee, IGBCE, Hannover, Germany

Membership in other statutory supervisory boards in Germany:

- Member of the Supervisory Board, Merck KGaA, Darmstadt, Germany

Jackie Joyner-Kersee

residing in Ballwin, Missouri, USA

born on March 3, 1962

Member of the Supervisory Board since May 12, 2021

CEO, Jackie Joyner-Kersee Foundation, and Motivational Speaker, East St. Louis, Illinois, USA

Christian Klein

residing in Mühlhausen, Germany

born on May 4, 1980

Member of the Supervisory Board since August 11, 2020

Chief Executive Officer, SAP SE, Walldorf, Germany

Mandates within the SAP Group:

- Member of the Board of Directors, Qualtrics International, Inc., Provo, Utah, USA⁶

Bastian Knobloch*

residing in Bramsche, Germany

born on September 12, 1982

Member of the Supervisory Board since January 1, 2022

Chairman of the Works Council Campus North, adidas AG, Rieste, Germany

Kathrin Menges

residing in Großenbrode, Germany

born on October 16, 1964

Member of the Supervisory Board since May 8, 2014

Self-employed entrepreneur

Beate Rohrig*

residing in Glashütten, Germany

born on March 24, 1965

Member of the Supervisory Board since May 9, 2019

Head of Participation in the Work Environment, IGBCE, Hannover, Germany⁷

Membership in other statutory supervisory boards in Germany:

- Member of the Supervisory Board, Wacker Chemie AG, Munich, Germany⁸

⁶ Until June 28, 2023.

⁷ Since March 1, 2023, previously State District Manager of the Industrial Union IG BCE, State District Bavaria, Munich, Germany.

⁸ Until September 30, 2023.

* Employee representative.

Nassef Sawiris

residing in London, United Kingdom

born on January 19, 1961

Member of the Supervisory Board since June 15, 2016

Executive Chairman and Member of the Board of Directors, OCI N.V., Amsterdam, the Netherlands

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- CEO of Avanti Acquisition Corp., New York, USA⁹

Frank Scheiderer*

residing in Wilhelmsdorf, Germany

born on April 16, 1977

Member of the Supervisory Board since May 9, 2019

Director Finance – Strategy and Programs, adidas AG, Herzogenaurach, Germany

Michael Storl*

residing in Oberreichenbach, Germany

born on July 3, 1959

Member of the Supervisory Board since May 9, 2019

Deputy Chairman of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany

Bodo Uebber

residing in Munich, Germany

born on August 18, 1959

Member of the Supervisory Board since May 9, 2019

Independent Management Consultant

Membership in other statutory supervisory boards in Germany:

- Member of the Supervisory Board, Bertelsmann SE & Co. KGaA/Bertelsmann Management SE, Gütersloh, Germany
- Chairman of the Supervisory Board, Flix SE, Munich, Germany¹⁰

Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Non-Executive Director, Levere Holding Corp., Grand Cayman, Cayman Islands¹¹

Jing Ulrich

residing in Stamford, Connecticut, USA

born on June 28, 1967

Member of the Supervisory Board since May 9, 2019

Managing Director and Vice Chairman, Investment Banking, JPMorgan Chase & Co., New York, USA

Günter Weigl*

residing in Oberreichenbach, Germany

born on April 14, 1965

Member of the Supervisory Board since May 9, 2019

Senior Vice President Brand Partnerships, adidas AG, Herzogenaurach, Germany

⁹ Until July 13, 2023.

¹⁰ Since November 28, 2023.

¹¹ Until April 9, 2023.

* Employee representative.

Standing Committees

Steering Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller*

General Committee:

Thomas Rabe (Chairman), Ian Gallienne, Udo Müller*, Michael Storl*

Audit Committee:

Bodo Uebber (Chairman), Kathrin Menges, Frank Scheiderer*, Günter Weigl*

Nomination Committee:

Thomas Rabe (Chairman), Ian Gallienne, Kathrin Menges

Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG):

Thomas Rabe (Chairman), Ian Gallienne, Petra Auerbacher*, Udo Müller*

Biographical information on our Supervisory Board members is available online

► [ADIDAS-GROUP.COM/SUPERVISORY-BOARD](https://adidas-group.com/supervisory-board)

* Employee representative.

Supervisory Board Report

Dear Shareholders,

2023 was a transition year for adidas. The appointment of Bjørn Gulden as new CEO effective January 1 paved the way for a successful restart of the company. The overall business environment continued to be characterized by geopolitical tensions, macroeconomic challenges, and elevated inventory levels. Against this backdrop, the company performed significantly better than initially expected as it put the focus back on its core: people, product, consumers, retail partners, and athletes. This started to pay off as brand momentum began to re-accelerate driven by the [Terrace](#) trend in [Lifestyle](#) and game-changing innovation in [Performance](#). The company improved the relationship to its retailers and invested into broadening its portfolio of sports partners. In addition, adidas successfully reduced high inventory levels by limiting the sell-in to the wholesale channel and clearing excess stock. This was essential to be able to return to a healthier business mix going forward. In addition, adidas was able to conduct two drops of the remaining Yeezy products. As a result, the write-off and destruction of the products could be avoided, and the company made significant donations from the proceeds. Consequently, despite the challenging market environment, adidas was able to upgrade its full year guidance twice in the course of 2023 and ultimately posted top- and bottom-line results significantly above the increasing expectations. This reflects the operational and financial progress made during the year and provides a stronger foundation for further improvements in 2024 and a successful 2025 and 2026.

Supervision and advice in dialogue with the Executive Board

In the year under review, we performed all of our tasks laid down by law, the Articles of Association, the German Corporate Governance Code ('Code'), and the Rules of Procedure carefully and conscientiously, as in previous years. We regularly advised the Executive Board on the management of the company, as well as diligently and continuously supervised its management activities. The Executive Board involved us directly and in a timely and comprehensive manner in all of the company's fundamental decisions.

The Executive Board informed us extensively and regularly through written and oral reports. This information covered all relevant aspects of the company's strategic direction, business planning (including finance, investment, and personnel planning), the business development, and the company's financial position and profitability. We were also kept up to date on matters relating to accounting processes, the risk situation, the adequacy and further development of the internal Control and Risk Management Systems, and compliance, as well as all major decisions and business transactions. Furthermore, the Executive Board always reported immediately and thoroughly on any deviations in business performance from the plans. In the year under review, such deviations were attributable, in particular, to the handling of the existing Yeezy inventory, the reduction of elevated inventory levels, the impact of foreign exchange developments, and the negative business development in North America.

Furthermore, we received regular comprehensive written reports from the Executive Board for the preparation of our meetings. We thus always had the opportunity to critically analyze the Executive Board's reports and resolution proposals within the committees and the entire Supervisory Board and to put forward suggestions before passing resolutions based on in-depth examination and thorough consultation. At the Supervisory Board meetings, the Executive Board was available for discussions and for answering our questions. In the periods between our meetings, the Executive Board also provided us with extensive monthly reports on the current business situation. We critically examined and scrutinized the information provided by the Executive Board.

Meetings of the Supervisory Board and its committees

In the past financial year, the Supervisory Board primarily exercised its duties in plenary meetings. Members who were unable to participate in the meetings took part in the resolutions by submitting their votes in writing. In the year under review, the meetings of the Supervisory Board and its committees took place both as physical and virtual meetings. The latest videoconferencing technology was used to ensure an open and appropriate discussion between the Executive Board and the Supervisory Board within the virtual meetings.

Type of meeting

	Virtual meeting	Physical meeting
Supervisory Board	2	5
Nomination Committee	1	1
General Committee	3	3
Audit Committee	1	3

The external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ('PwC'), Frankfurt am Main, Germany, attended the meetings of the Supervisory Board, in particular as part of the Executive Board's financial reporting to the Supervisory Board, insofar as no Executive Board matters or internal matters of the Supervisory Board and Executive Board were discussed. Furthermore, PwC attended all meetings of the Audit Committee.

In the periods between meetings, the Chairman of the Supervisory Board and the Chairman of the Audit Committee maintained regular contact with the Chief Executive Officer and the Chief Financial Officer, conferring on matters such as the company's strategic orientation, business planning and development, the risk situation, control and risk management, and compliance. In addition, the Chairman of the Supervisory Board and, as applicable, the entire Supervisory Board, were informed about events of fundamental importance for evaluating the situation, development, and management of the company, if required, also at short notice. The Chairman of the Supervisory Board regularly reported during meetings on discussions with the Executive Board outside the Supervisory Board meetings.

The Supervisory Board also convened regularly without the Executive Board members, in particular to discuss internal affairs of the Supervisory Board as well as personnel and compensation matters relating to the Executive Board. The Audit Committee also followed recommendation D.10 of the Code and regularly consulted with the auditor in the Audit Committee meetings without the Executive Board.

In this year under review, too, the participation rate of the Supervisory Board and its committees was constantly high, totaling approximately 99% (2022: approximately 96%) and thus exceeding the targeted minimum participation rate of 75%.

Individual meeting participation of the Supervisory Board members

	Number of meetings	Participation	Participation rate
Members of the Supervisory Board as at December 31, 2023			
Thomas Rabe, Chairman	15	15	100%
Ian Gallienne, Deputy Chairman	15	15	100%
Udo Müller, Deputy Chairman	13	13	100%
Petra Auerbacher	7	7	100%
Birgit Biermann	7	7	100%
Jackie Joyner-Kersee	7	7	100%
Christian Klein	7	6	86%
Bastian Knobloch	7	7	100%
Kathrin Menges	13	13	100%
Beate Rohrig	7	7	100%
Nassef Sawiris	7	7	100%
Frank Scheiderer	11	11	100%
Michael Storl	13	13	100%
Bodo Uebber	11	11	100%
Jing Ulrich	7	6	86%
Günter Weigl	11	11	100%

Tasks and topics for the entire Supervisory Board

In the year under review, there were seven meetings of the entire Supervisory Board (2022: nine meetings).

The following subject areas were presented to us in detail by the Executive Board for regular discussion at meetings of the entire Supervisory Board: the development of sales, earnings, and the employment situation, the financial position of the company, and the development of the company's individual operations, brands, and markets. Focus topics in the year under review with regard to stabilizing operating profit were the business development in the major markets and sales channels, the order book development and the sell-through of our products, and the reduction of elevated inventory levels, as well as the handling of the existing Yeezy inventory and the Yeezy partnership in general. In addition, we dealt intensively with the major legal disputes, various brand and product topics, current marketing campaigns, and adidas' key partnerships. The opportunities of artificial intelligence ('AI') for adidas as well as the associated risks were also discussed. The growing importance of ESG (Environmental, Social, Governance) topics and their regulation were further regular topics of discussion at the Supervisory Board meetings. Moreover, the Executive Board informed us about the current status and the developments of the Human Resources organization. As regards personnel matters, the extension of Harm Ohlmeyer's appointment, the resignations of Roland Auschel, Brian Grevy, and Amanda Rajkumar, from the Executive Board and the appointments of Arthur Hoeld and Michelle Robertson to the Executive Board were the main subjects of consultation.

Due to statutory regulations or the Rules of Procedure, certain transactions and measures of the Executive Board require the approval of the Supervisory Board. The Supervisory Board discussed transactions requiring its approval as they arose and gave its approval to resolution items after thorough reviews, in some cases based on preparations by the relevant committees. In addition, the Supervisory Board regularly conferred on personnel and compensation matters concerning the Executive Board as

well as questions of corporate governance. ► [ADIDAS-GROUP.COM/S/COMPENSATION](https://www.adidas-group.com/s/compensation) ► [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

At the Supervisory Board's February meeting, we welcomed the new Chief Executive Officer Bjørn Gulden, who started by sharing his initial impressions of adidas. He addressed the current status of the operating business, the existing challenges, and his priorities for the first few months of his tenure. Subsequently, the Executive Board reported on the company's situation, the preliminary financial results for the 2022 financial year, and the Business Improvement Plan as well as the challenges in the Chinese market. Further focus topics were the Budget and Investment Plan presented by the Executive Board for the 2023 financial year and the resulting financial guidance for 2023. In this connection, the further handling of the existing Yeezy inventory was also discussed at length. Following a thorough discussion, the Supervisory Board approved the Budget and Investment Plan as presented. Furthermore, we approved the preliminary extension of the Public Cloud Computing contract with AWS. Another focus topic was Executive Board compensation. In this respect, having determined the degree of target achievement and having discussed in detail the individual performance of the Executive Board members, we set the variable compensation to be paid to the Executive Board members for the 2022 financial year. Due to the challenges in the financial year, the overall degree of target achievement for the 2022 Performance Bonus and the 2022 LTI tranche was below 50% for all Executive Board members and no payout was made. Furthermore, following an internal appropriateness test, the Executive Board compensation was assessed to be appropriate. Finally, we approved the Declaration on Corporate Governance.

At the balance sheet meeting in March, the Executive Board reported on the financial results for the past financial year as well as on the audit of the 2022 annual financial statements and consolidated financial statements. Before the Supervisory Board passed its resolution, the auditor reported on the material results of the audit, including the results of the audit of the content of the non-financial statement commissioned by the Supervisory Board in accordance with § 111 section 2 sentence 4 of the German Stock Corporation Act (Aktiengesetz – AktG). After in-depth examination of the financial statements and based on the auditor's report and the Audit Committee report on the audit results, the Supervisory Board approved the annual financial statements and consolidated financial statements as well as the combined Management Report including the non-financial statement for adidas AG and the adidas Group. The annual financial statements were thus adopted. Furthermore, the Executive Board reported on the humanitarian crisis in Turkey and Syria and on the safety of and support for adidas' employees. The Executive Board also outlined the company's current business situation and the outlook for the 2023 financial year and gave an update on adidas brand and product topics, current marketing campaigns, and key partnerships. Other topics of discussion included compliance and major legal disputes involving adidas. Moreover, we approved the Supervisory Board Report to the Annual General Meeting as well as the proposed resolutions to be submitted to the 2023 Annual General Meeting, including the proposal on the appropriation of retained earnings for the 2022 financial year. In addition, we determined the criteria and targets for the variable, performance-based compensation of the Executive Board members for the 2023 financial year and approved the Compensation Report for the 2022 financial year at this meeting. Furthermore, in the absence of Jackie Joyner-Kersey, the Supervisory Board approved the continuation of the ambassador agreement between adidas and Jackie Joyner-Kersey. After thorough discussions and following the recommendation of the General Committee, we approved the extension of Harm Ohlmeyer's appointment as member of the Executive Board of adidas AG by another three years until early 2028 and the termination by mutual consent of Roland Auschel's and Brian Grevy's appointments as members of the Executive Board of adidas AG, each effective upon expiry of March 31, 2023. Also upon the General Committee's recommendation, Arthur Hoeld was appointed as a new Executive Board member with responsibility for Global Sales with effect from April 1, 2023. Responsibility for Global Brands was allocated to Chief Executive Officer Bjørn Gulden.

The May meeting, which took place on the evening before the Annual General Meeting, centered on the current business performance as well as adidas brand and product topics, current marketing campaigns, and key partnerships. The Supervisory Board was given reports on, inter alia, the Partner Camp with key retail partners, the 'Football is Home' event, and the Sourcing Partner Summit. Furthermore, we thoroughly discussed the financial results for the first quarter of 2023 and the handling of the existing Yeezy inventory. The Executive Board reported in detail on the business situation in the markets, especially in China and North America. Finally, we were informed about the expected main topics and questions at the Annual General Meeting.

At an extraordinary Supervisory Board meeting in June, we resolved upon the termination of Amanda Rajkumar's appointment as member of the Executive Board of adidas AG by mutual consent upon expiry of July 15, 2023, based on the recommendation of the General Committee and after thorough deliberation.

At the August meeting, we particularly discussed the financial results for the second quarter and for the first half of 2023, with the Executive Board focusing on the challenges in North America. Furthermore, the Executive Board outlined the most recent update of the outlook for the 2023 financial year due to the positive impact of the first tranche of the Yeezy products sell-off. In this regard, we also discussed with the Executive Board the status of the legal dispute with Kanye West. Moreover, we were given an overview of the situation of the Human Resources organization and of brand and product topics, current marketing campaigns, and key partnerships. The Executive Board reported, in particular, on the lasting positive development of the Terrace shoe models (above all Samba, Gazelle, and Handball Spezial). Finally, training opportunities for the Supervisory Board were presented.

The Supervisory Board meeting in October focused on the discussion of the current business situation and the preliminary financial results for the third quarter of 2023, the outlook for the year under review, adidas brand and product topics, current marketing campaigns, and key partnerships. The main topics were, inter alia, innovations in the Running area and the associated successes in long-distance races on a global scale, and the 'Fear of God' basketball product range which was to be launched soon. Moreover, the Executive Board reported on Diversity and Inclusion and in this connection also on the new goals for the promotion of women in leadership positions and the 'high potential' development program. Furthermore, we were updated on use cases of artificial intelligence ('AI') at adidas as well as the strategic ESG orientation and the associated regulatory provisions. We also discussed the fulfillment of the statutory gender quota in the Supervisory Board stipulated in § 96 section 2 sentences 1, 3, and 4 AktG. In view of the Supervisory Board election at the 2024 Annual General Meeting, both the shareholder representatives and the employee representatives resolved in accordance with § 96 section 2 sentence 3 AktG that the minimum quota of 30% women and 30% men on the Supervisory Board has to be fulfilled separately for the shareholder representatives and the employee representatives.

At the December meeting, we focused on the preliminary Budget and Investment Plan for the 2024 financial year as presented by the Executive Board, which we approved after thorough deliberation, as well as on the marketing and sponsorship agreements concluded in the year under review. After a thorough review, we approved the final Budget and Investment Plan presented to us for resolution in February 2024. Moreover, the Executive Board gave a detailed report on the current business situation, the outlook for the year under review, as well as on adidas brand and product topics, current marketing campaigns, and key partnerships. In addition, we dealt with current legal disputes involving adidas, discussed the assessment of the Supervisory Board members' independence, and resolved the Declaration of Compliance with the Code. A further agenda item was the review of the objectives of the Supervisory Board regarding its composition (including the competency profile). We also conferred on the upcoming Supervisory Board election in 2024 and thoroughly discussed the horizontal comparison of the Executive Board compensation conducted by an external compensation consultant. Based on this comparison, the Executive Board compensation was assessed to be appropriate. The Supervisory Board also discussed the current

implementation status of the proposed measures of improvement resulting from the self-assessment conducted in the 2022 financial year (efficiency examination). Finally, upon the General Committee's recommendation, we resolved to appoint Michelle Robertson as a member of the Executive Board, responsible for Global Human Resources, People and Culture, effective January 1, 2024.

Tasks and topics for the committees

In order to perform our tasks in an efficient manner, we have established a total of five standing Supervisory Board committees. The committees prepare resolutions and topics for the meetings of the entire Supervisory Board. Within the legally permissible framework and in appropriate cases, we have furthermore delegated the Supervisory Board's authority to pass certain resolutions to individual committees. With the exception of the Audit Committee, the Chairman of the Supervisory Board also chairs all the standing committees. The respective committee chairmen report to the Supervisory Board on their work as well as the content and results of the committee meetings on a regular and comprehensive basis.

The **Steering Committee** did not meet in the year under review.

The **General Committee** held six meetings in the year under review (2022: six meetings). The main task of the General Committee was to prepare resolutions for the entire Supervisory Board on personnel and compensation matters of the Executive Board. In particular, it discussed the extension of Harm Ohlmeyer's appointment and the terminations of Roland Auschel's, Brian Grevy's, and Amanda Rajkumar's appointments by mutual consent. The General Committee also prepared Arthur Hoeld's and Michelle Robertson's appointments. Regarding Executive Board compensation, the General Committee mainly drafted proposals for resolutions on the targets, the target achievement, and the amount of the variable performance-related compensation, and pre-examined the horizontal and vertical appropriateness of the Executive Board compensation. Furthermore, the General Committee dealt intensively with the Compensation Report for the year under review and the revision of the compensation system for the Executive Board. The longterm succession planning for the Executive Board was also discussed by the General Committee.

The **Audit Committee** held four meetings in the year under review (2022: four meetings). The Chief Financial Officer and the auditor were present at all meetings and reported to the committee members in detail. The Audit Committee followed the recommendation of the Code and regularly consulted with the auditor at Audit Committee meetings without the Executive Board being present.

In addition to the monitoring of the accounting process, the committee's work focused on the audit of the 2022 annual financial statements and the consolidated financial statements, including the combined Management Report and the non-financial statement of adidas AG and the Group, as well as the proposal regarding the appropriation of retained earnings. Following a detailed presentation of the audit reports by the auditor, the Audit Committee decided to recommend to the Supervisory Board to approve the 2022 annual financial statements and consolidated financial statements. Furthermore, the Audit Committee prepared the audit of the non-financial statement.

In the year under review, the Audit Committee thoroughly discussed the continued development and monitoring of the effectiveness and adequacy of the Risk Management System, the Internal Audit System, the Internal Control System, and the Compliance Management System. Moreover, due to the initial appointment of PwC as auditor by the Annual General Meeting, the Audit Committee also dealt intensively with the progress of PwC's onboarding and the preparation of the audit. Other matters discussed in detail were the assignment of the audit mandate to the auditor and the determination of the audit fees and key audit matters. In accordance with § 111 section 2 sentence 4 AktG, the Audit Committee furthermore commissioned the auditor with the audit of the content of the non-financial statement with limited assurance and with an audit with reasonable assurance of the statements on the 'share of sustainable

articles offered' ('9 out of 10') KPI contained therein. In addition, the Audit Committee monitored the auditor's independence and qualification, while also taking into account the non-audit services provided by the auditor. With regard to assessing the quality of the audit, the Audit Committee determined on the basis of, inter alia, an internal quality review, that there were no indications of insufficient quality in the 2022 audit. Finally, the Audit Committee discussed the quarterly financial results and the half-year financial report. Furthermore, in the year under review, the Audit Committee thoroughly dealt with the audit plan and the risk management report. At each committee meeting, the Audit Committee was also informed about the findings and developments of the Internal Audit department and current cases and developments in the area of compliance.

Moreover, topics such as data privacy and information security, business partner due diligence, and adidas' Global Business Services, as well as ESG and sustainability topics at adidas were discussed during the Audit Committee meetings. In this regard, a particular focus was on the provisions of the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. Further topics of deliberation were the subsidiaries' dividend strategy to ensure the distribution capability of adidas AG and the general requirements for the non-audit services rendered by the auditor. The tax strategy and the pension strategy at adidas were also discussed by the Audit Committee.

The **Nomination Committee** held two meetings in the year under review (2022: no meetings). The focus topic of both meetings and of deliberations in the period between the meetings was the preparation of the Supervisory Board's proposals for the election of the Supervisory Board members representing the shareholders at the 2024 Annual General Meeting. The Nomination Committee received support from external personnel consultants in this regard. Taking into account the competency and diversity profile defined by the Supervisory Board and the qualification matrix for the Supervisory Board members as well as the statutory requirements for the candidates' suitability and independence, the Nomination Committee developed a qualification profile. Based on this profile, the committee members thoroughly discussed the proposals prepared by the personnel consultants and had personal meetings with selected candidates. Following a careful assessment and thorough discussion, a concrete resolution proposal for the Supervisory Board was eventually prepared.

Furthermore, the Nomination Committee discussed the general succession planning for the Supervisory Board, in particular for the position of the Chairman of the Supervisory Board, with the discussion including consideration of investors' expectations. In this connection, the committee also reviewed the objectives of the Supervisory Board regarding its composition and prepared resolution recommendations for the Supervisory Board.

As in previous years, the **Mediation Committee**, established in accordance with the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG), did not have to be convened in the year under review.

Election and composition of the Supervisory Board

In the year under review, the composition of the Supervisory Board and its committees did not change.

► SEE SUPERVISORY BOARD

The members of the Supervisory Board are individually responsible for undertaking any necessary training and further education measures required for their tasks. To assist them in their role, the company offers new Supervisory Board members or members who assume new responsibilities an introduction to the work of the Supervisory Board and/or to new areas of responsibility within adidas AG. In this regard, the Supervisory Board members receive a detailed introduction to the business and subject areas that are relevant to their particular tasks. In the year under review, the Supervisory Board participated in a presentation on the brand's creative direction organized by the 'Creative Direction' team. Moreover,

product innovations of adidas and cooperation partners were presented to the Supervisory Board. Furthermore, the company informed the Supervisory Board regularly about current legislative changes, particularly with regard to the increasing regulation of ESG topics and non-financial reporting, and about opportunities for external training, and provided relevant specialist literature.

Changes to the Executive Board

In March 2023, the Supervisory Board resolved to extend Harm Ohlmeyer's appointment as Chief Financial Officer of the company by another three years until March 2028. Furthermore, the Supervisory Board mutually agreed with Roland Auschel, responsible for Global Sales, and Brian Grevy, responsible for Global Brands, that both would resign as members of the Executive Board with effect from the end of March 31, 2023, and leave the company. The Supervisory Board appointed Arthur Hoeld as a new Executive Board member, responsible for Global Sales, with effect from April 1, 2023, and transferred responsibility for Global Brands to the Chief Executive Officer Bjørn Gulden. Moreover, in agreement with the Supervisory Board, Amanda Rajkumar, responsible for Global Human Resources, People and Culture, resigned as an Executive Board member with effect from the end of July 15, 2023, and left the company. Responsibility for Global Human Resources, People and Culture was transferred to Chief Executive Officer Bjørn Gulden on an interim basis. In December 2023, the Supervisory Board resolved to appoint Michelle Robertson as a new Executive Board member, responsible for Global Human Resources, People and Culture, effective January 1, 2024. ► [SEE EXECUTIVE BOARD](#)

Corporate governance

The Supervisory Board regularly monitors the application and further development of the corporate governance regulations within the company, in particular the implementation of the regulations of the Code. The Supervisory Board and its committees dealt with the corporate governance requirements of the German Stock Corporation Act and the Code at their meetings. Further detailed information on corporate governance within the company is set out in the Declaration on Corporate Governance. ► [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

Following an in-depth discussion, the current Declaration of Compliance pursuant to § 161 AktG was resolved upon by the Executive Board and Supervisory Board of adidas AG in December 2023 and was made permanently available on our website. ► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://www.adidas-group.com/s/corporate-governance)

In the year under review, there were no conflicts of interest among the members of either the Supervisory Board or the Executive Board. In the opinion of the Supervisory Board, the brand ambassador agreement between adidas and the Supervisory Board member Jackie Joyner-Kersey does not constitute a conflict of interest with regard to her role on the Supervisory Board.

Examination of the annual financial statements and consolidated financial statements

Following the Supervisory Board's proposal, which was based on the Audit Committee's recommendation, the 2022 Annual General Meeting appointed PwC as auditor and Group auditor for the 2023 financial year. Prior to this, PwC had confirmed to both the Supervisory Board and the Audit Committee that there are no circumstances which could prejudice their independence as auditor or cast doubt on their independence. In this respect, PwC also declared the extent to which non-audit services were rendered for the company in the previous financial year or are contractually agreed for the following year.

PwC audited the 2023 consolidated financial statements prepared by the Executive Board in accordance with § 315e of the German Commercial Code (Handelsgesetzbuch – HGB) in compliance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union, and issued an unqualified opinion thereon. This also applies to the 2023 annual financial statements of adidas AG, prepared in accordance with the requirements of the German Commercial Code, and the combined Management Report of adidas AG and the adidas Group. Furthermore, as commissioned by the

Supervisory Board, PwC audited the non-financial statement. The financial statements, the proposal on the appropriation of retained earnings, and the reports of the auditor of the annual financial statements and consolidated financial statements were distributed by the Executive Board to all Supervisory Board members in a timely manner.

The financial statements were examined in depth, with a particular focus on legality and regularity, in the presence of the auditor at the Audit Committee meeting held on March 4, 2024, and at the balance sheet meeting of the Supervisory Board on March 12, 2024, during which the Executive Board outlined the financial statements in detail. At both meetings, the auditor reported on the material results of the audit, inter alia with regard to the audit focus points agreed and key audit matters, and was available for questions, providing additional information. The auditor did not report any significant weaknesses of the Internal Control and Risk Management Systems with regard to the accounting process. Prior to the resolution being passed, the auditor also reported on the results of the audit of the non-financial statement with limited assurance as commissioned by the Audit Committee in accordance with § 111 section 2 sentence 4 AktG, and the audit with reasonable assurance of the statements on the 'share of sustainable articles offered' ('9 out of 10') KPI contained therein. In addition, the Supervisory Board thoroughly discussed and approved the Executive Board's proposal concerning the appropriation of retained earnings for the 2023 financial year.

Based on our own examinations of the annual financial statements and consolidated financial statements (including the non-financial statement), we came to the conclusion that there are no objections to be raised. Therefore, following the recommendation of the Audit Committee, the Supervisory Board agreed with the auditor's audit results and approved the financial statements prepared by the Executive Board, including the non-financial statement, for the 2023 financial year. The annual financial statements were thus adopted. PwC has been acting as auditor and Group auditor for adidas AG since the year under review. As the responsible audit partners since the 2023 financial year, the auditors Rainer Kroker and Christian Landau have signed the financial statements.

Expression of thanks

On behalf of the entire Supervisory Board, I wish to thank the current Executive Board and all our employees around the world for their great personal dedication and ongoing commitment. I would also like to express my gratitude for the enduring trust and cooperation between the employee and shareholder representatives on the Supervisory Board.

Moreover, I would like to thank Roland Auschel and Brian Grevy, who resigned from the Executive Board at the end of March 2023, and Amanda Rajkumar, who resigned from the Executive Board in July 2023, for their numerous important contributions and their commitment to adidas.

For the Supervisory Board



THOMAS RABE

CHAIRMAN OF THE SUPERVISORY BOARD
March 2024

Declaration on Corporate Governance

Corporate Governance stands for responsible, transparent corporate management and control geared toward a long-term increase in value. We are convinced that good corporate governance is an essential basis for sustainable corporate success and strengthens the trust placed in our company by our shareholders, business partners, and employees, as well as the financial markets.

Declaration of the adidas AG Executive Board and Supervisory Board on the German Corporate Governance Code pursuant to § 161 German Stock Corporation Act (Aktiengesetz – AktG)

The adidas AG Executive Board and Supervisory Board issued their last Declaration of Compliance pursuant to § 161 AktG in December 2022 and made an intra-year change in July 2023. The following declaration refers to the recommendations of the 'Government Commission on the German Corporate Governance Code' in the version of April 28, 2022, published in the Federal Gazette on June 27, 2022 ('Code').

The adidas AG Executive Board and Supervisory Board declare that since the publication of their last complete Declaration of Compliance in December 2022, the recommendations of the Code have been and are met with the following exceptions:

Recommendation C.5 Alternative 1

One member of the Supervisory Board, Ian Gallienne, holds more than two mandates in supervisory bodies of non-group companies which are listed at a stock exchange or have similar requirements. Ian Gallienne is Chief Executive Officer of Groupe Bruxelles Lambert ('GBL'). GBL is a holding company that is regularly represented in the supervisory bodies of portfolio companies as an institutional investor, inter alia, by its Chief Executive Officer. All companies (apart from adidas AG) in which Ian Gallienne is a member of the supervisory body are portfolio companies or subsidiaries of GBL or are under joint control of GBL and therefore belong to the same group of companies. They have to be attributed to his main occupation as Chief Executive Officer of GBL.

We are of the opinion that in accordance with its rationale, recommendation C.5 alternative 1 of the Code is thus not applicable to Ian Gallienne. For precautionary reasons, however, a deviation is declared. The Supervisory Board has also assured itself that Ian Gallienne has sufficient time to duly perform his duties as a member of the Supervisory Board of adidas AG.

Recommendation C.5

As already declared in July 2023, the former mandate of Chief Executive Officer Bjørn Gulden at Essity Aktiebolag (publ.), a listed stock corporation under the laws of the Kingdom of Sweden, has ended in the meantime. Consequently, there is no longer any deviation from recommendation C.5 of the Code due to non-group mandates held by Bjørn Gulden.

Recommendation C.5 Alternative 2

The Chairman of the Supervisory Board, Thomas Rabe, is also Chief Executive Officer of the listed company RTL Group S.A., Luxembourg. In this respect, the company deviates from recommendation C.5 alternative 2 of the Code. However, the Supervisory Board is convinced that Thomas Rabe's mandate at RTL Group S.A. does not affect the due performance of his duties as Chairman of the Supervisory Board. In

particular, the Supervisory Board has assured itself that Thomas Rabe has sufficient time to perform his duties.

Recommendations G.9, G.10, and G.12

In connection with Amanda Rajkumar's departure from the Executive Board with effect upon expiry of July 15, 2023, deviations were made from recommendations G.9, G.10, and G.12 of the Code to the effect that, with regard to a final agreement on the termination of the Executive Board mandate, adidas AG paid out prematurely in cash the short-term and long-term variable compensation components for the 2023 financial year at a fixed amount. Moreover, Ms. Rajkumar is not obliged to invest the amount attributable to the long-term variable compensation into adidas AG shares. Furthermore, the lock-up period for adidas AG shares from the 2021 tranche of the long-term variable compensation was terminated early.

Herzogenaurach, December 2023

For the Executive Board
BJØRN GULDEN
Chief Executive Officer

For the Supervisory Board
THOMAS RABE
Chairman of the Supervisory Board

The aforementioned Declaration of Compliance has been published on and can be downloaded from our website. ► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://www.adidas-group.com/s/corporate-governance)

Dual board system

As a globally operating stock corporation with its registered seat in Herzogenaurach, Germany, adidas AG is subject to, inter alia, the provisions of German stock corporation law. A dual board system, which assigns the management of the company to the Executive Board and advice and supervision of the Executive Board to the Supervisory Board, is one of the fundamental principles of German stock corporation law. These two boards are strictly separated in terms of both members and competencies. However, both boards cooperate closely in the interest of the company.

Composition and working methods of the Executive Board

The composition of our Executive Board reflects the international structure of our company.

Due to Amanda Rajkumar's departure upon expiry of July 15, 2023, the Executive Board temporarily consisted of four members. With effect from January 1, 2024, the Supervisory Board appointed Michelle Robertson as Executive Board member responsible for Global Human Resources, People and Culture. She had previously already led this area as interim Head of Global HR. Thus, the Executive Board once again consists of five members.

The Executive Board is responsible for independently managing the company with the aim of sustainable value creation in the best interests of the company, developing the company's strategic orientation, coordinating it with the Supervisory Board, and ensuring its implementation. Furthermore, it determines business objectives, the company's policy, and the organization of the Group. In this respect, the Executive Board also systemically assesses risks and opportunities for the company linked with social and environmental factors as well as the environmental and social impact of its business activities. Moreover, the Executive Board is responsible for preparing the quarterly statements, the half-year report, and the annual financial statements and consolidated financial statements, as well as the combined Management Report of adidas AG and the Group. It also prepares a combined non-financial statement for the company and the Group. Additionally, the Executive Board ensures responsible management of business resources

as well as compliance with and observance of legal provisions and internal regulations by the Group companies. For this purpose, the Executive Board sets up an Internal Control and Risk Management System adequate and effective in view of the scope of business activities and the company's risk situation which comprises a Compliance Management System aligned to the company's risk situation and also covers sustainability-related objectives. The Executive Board also provides employees with the opportunity to report, in an appropriate and protected manner, suspected legal infringements within the company. The Executive Board is tied to the company's interests and obligated to strive for a sustainable increase in the value of the company.

Notwithstanding the Executive Board's joint responsibility for managing the company, the Executive Board members are individually responsible for managing their respective operations in accordance with the Business Allocation Plan for the Executive Board. There are no Executive Board committees. The Chief Executive Officer represents the Executive Board and the company and is in charge of the overall management and development of the company, including cooperation with the Supervisory Board as well as coordination and supervision of the Executive Board members' work, the Executive Board areas, operations, brands, and markets. The Executive Board members continually report to the Chief Executive Officer and to each other about all significant developments in their respective business areas and coordinate with each other on all cross-functional measures. Collaboration within the Executive Board is further governed by the Rules of Procedure of the Executive Board and the Business Allocation Plan. These documents specifically stipulate requirements for meetings and resolutions as well as for cooperation with the Supervisory Board.

The Executive Board and Supervisory Board cooperate closely and trustfully for the benefit of the company. The Executive Board reports to the Supervisory Board regularly, extensively, and in a timely manner on all matters relevant to the company's strategy, planning, business development, financial position, and compliance, as well as on material business risks. Fundamental questions related to the corporate strategy and its implementation are thoroughly discussed and aligned with the Supervisory Board.

The composition of the Executive Board is determined by the Supervisory Board. The Supervisory Board is committed to promoting a culture of diversity and inclusion at adidas. Diversity is understood in the broadest sense, including age, gender, cultural origin, nationality, educational background, professional qualifications, and experience.

Greater diversity on the Executive Board will help secure the long-term success of adidas by taking diverse perspectives into account. For this reason, the Supervisory Board has adopted a diversity concept. In addition, an age limit of 65 years applies for Executive Board members.

The General Committee of the Supervisory Board already takes the diversity concept into account when selecting candidates for Executive Board positions. Every decision by the Supervisory Board on the composition of the Executive Board is made in the best interests of the company and with due consideration of all circumstances in each individual case. In the opinion of the Supervisory Board, the current composition of the Executive Board meets the diversity concept mentioned above.

As at the balance sheet date, no member of the Executive Board has accepted a Supervisory Board chair or more than two Supervisory Board mandates in non-group listed companies or in supervisory bodies of non-group companies with comparable requirements. ► [SEE EXECUTIVE BOARD](#)

Composition and working methods of the Supervisory Board

Our Supervisory Board consists of 16 members. It comprises eight shareholder representatives and eight employee representatives in accordance with the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG). The shareholder representatives are elected by the shareholders at the Annual General Meeting and the employee representatives by the employees. ► [SEE SUPERVISORY BOARD](#)

The last regular Supervisory Board elections were held in the 2019 financial year. In the subsequent 2020 financial year, Christian Klein was appointed as a new member of the Supervisory Board in a by-election due to Igor Landau's resignation, and Thomas Rabe was elected as the new Chairman of the Supervisory Board. Due to Herbert Kauffmann's departure, Jackie Joyner-Kersee was elected to the Supervisory Board as a new shareholder representative in the 2021 financial year. At the end of 2021, Roswitha Hermann resigned from the Supervisory Board as an employee representative, and Bastian Knobloch was appointed by court to succeed her. Most recently, Roland Nosko resigned from the Supervisory Board with effect from the end of August 31, 2022. He was also an employee representative (trade union representative) and was succeeded by Birgit Biermann, who was appointed by court. The terms of office of the current members of the Supervisory Board will expire at the end of the 2024 Annual General Meeting. While the Supervisory Board prepares nomination proposals for the eight shareholder representatives who will be newly elected by the shareholders at the 2024 Annual General Meeting as scheduled, the eight new employee representatives are already elected prior to the 2024 Annual General Meeting.

In order to increase the efficiency of its work and to deal with complex matters, the Supervisory Board has formed five permanent committees from among its members, which, inter alia, prepare its resolutions and, in certain cases, pass resolutions on its behalf. At present, these committees are as follows:

Committee	Members
Steering Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller
General Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller Michael Storl
Audit Committee	Bodo Uebber (Chairman) Kathrin Menges Frank Scheiderer Günter Weigl
Nomination Committee	Thomas Rabe (Chairman) Ian Gallienne Kathrin Menges
Mediation Committee (§ 27 paragraph 3 MitBestG)	Thomas Rabe (Chairman) Ian Gallienne Petra Auerbacher Udo Müller

The tasks, responsibilities, and work processes of the committees are in line with the requirements of the German Stock Corporation Act and the Code. The Chairmen of the committees regularly report to the Supervisory Board on the results of the committee work.

Further information on the committees can be found on the company's website.

► [ADIDAS-GROUP.COM/S/SUPERVISORY-BOARD-COMMITTEES](https://adidas-group.com/s/supervisory-board-committees)

Taking into account the recommendations of the Code, the Rules of Procedure of the Supervisory Board and the Rules of Procedure of the Audit Committee clarify that the Supervisory Board's supervision and advising activities also include, in particular, sustainability issues. Accordingly, non-financial reporting and its audit are part of accounting and the annual audit which fall within the Audit Committee's sphere of responsibility. Further information on the competency profile for the entire Supervisory Board and the expertise of the individual Supervisory Board members in sustainability issues relevant to the company are outlined in the qualification matrix below.

Objectives for the composition of the Supervisory Board

At its meeting in December 2023, the Supervisory Board reviewed its objectives regarding its composition (including the competency profile for the entire Supervisory Board), which was last updated to comply with the provisions of the new Code in 2022, and reflected the reduction of the term of office of the shareholder representatives on the Supervisory Board from five to four years. The objectives are published on our website. According to these objectives, the Supervisory Board should be composed in such a way that qualified supervision of and advice to the Executive Board are ensured. Its members as a whole are expected to have the knowledge, skills, and professional experience required to properly perform the tasks of a supervisory board in a capital market-oriented international company in the sporting goods industry. Therefore, it is ensured that the Supervisory Board as a whole possesses the competencies considered essential in view of adidas' activities. These competencies include, in particular, in-depth knowledge and experience in the sporting goods and sports- and leisurewear industry, in the business of fast-moving consumer-oriented goods, and the areas of digital transformation and information technology (including IT security), production, marketing, and sales, as well as, in particular, the e-commerce and retail sector. Moreover, the Supervisory Board is expected to possess knowledge and experience in the markets relevant for adidas, in particular the Asian and US markets, and in the management of a large international company. Furthermore, the Supervisory Board as a whole must possess knowledge and experience in the areas of business strategy development and implementation, personnel planning and management, accounting and financial reporting, governance/compliance, and sustainability issues relevant to adidas, including environmental, social, and governance ('ESG') aspects. At least one member of the Supervisory Board must have expertise in the field of accounting, and at least one further member of the Supervisory Board must have expertise in the field of auditing. Accounting and auditing also include non-financial reporting and its audit and assurance. The Supervisory Board members as a whole must be familiar with the sporting goods industry. ► [ADIDAS-GROUP.COM/S/BODIES](https://www.adidas-group.com/s/bodies)

Regarding the independence of its members, the Supervisory Board considers the following provisions to be appropriate: More than half of the Supervisory Board members should be independent within the meaning of the Code, whereby it is assumed that the employee representatives' independence is not impaired either by their role as employee representatives or by their status as adidas employees. If we consider shareholder representatives and employee representatives separately, more than half of the Supervisory Board members in each of these groups should be independent. From the company's perspective and following the regulations of the Code, Supervisory Board members are to be considered independent if they have no personal or business relationship with the company or its Executive Board that may cause a substantial, and not merely temporary, conflict of interest.

More than two thirds of the shareholder representatives should be free of any potential conflicts of interest. This applies, in particular, to potential conflicts of interest that may arise as a result of an advisory or governing body function among customers, suppliers, lenders, or other third parties. As a rule, members of the Supervisory Board should not have a governing body or advisory function with any key competitor and should not have a personal relationship with any key competitor.

Furthermore, the Supervisory Board is committed to a diverse composition in terms of age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. An adequate number of the shareholder representatives should have long-standing international experience. In addition, each Supervisory Board member must ensure that they have sufficient time to properly perform the tasks associated with the mandate. In general, the age limit for the Supervisory Board members should be 72 years at the time of their appointment. As a rule, the length of membership of the Supervisory Board should not exceed twelve years or three terms of office.

In the Supervisory Board's assessment, the Supervisory Board as a whole fulfills the objectives stated and the competency profile in its current composition. With Thomas Rabe, Chairman of the Supervisory Board, Bodo Uebber, Chairman of the Audit Committee, Christian Klein, and Kathrin Menges, at least four members of the Supervisory Board have proven expertise in the fields of accounting and auditing. They have expert knowledge and experience both in accounting and in the application of accounting principles as well as in internal control systems and risk management systems and in non-financial reporting and its audit and assurance.

In the opinion of the Supervisory Board, all shareholder representatives qualified as independent in the year under review. The names of the independent shareholder representatives are set out in the overview of all Supervisory Board members in this Annual Report. ► [SEE SUPERVISORY BOARD](#)

The Supervisory Board's proposals for the Supervisory Board elections to the Annual General Meeting are prepared by the Nomination Committee. The committee takes into account the objectives regarding the Supervisory Board's composition resolved by the Supervisory Board and also particularly aims at fulfilling the competency profile developed by the Supervisory Board for the Board as a whole. Therefore, the Supervisory Board pays attention to a balanced composition to ensure that the know-how sought after is represented on as broad a scale as possible. Moreover, the Supervisory Board will ascertain that each proposed candidate has sufficient time to perform their mandates.

The Supervisory Board's diversity profile as well as the competency profile for the entire Supervisory Board and the expertise of the individual Supervisory Board members are outlined in the following overviews:

Diversity profile of the Supervisory Board: shareholder representatives

Diversity as at December 31, 2023	Thomas Rabe	Ian Gallienne	Jackie Joyner- Kersee	Christian Klein	Kathrin Menges	Nassef Sawiris	Bodo Uebber	Jing Ulrich
Gender ¹	m	m	f	m	f	m	m	f
Year of birth	1965	1971	1962	1980	1964	1961	1959	1967
Nationality	German	French	US- American	German	German	Egyptian/ Belgian	German	US- American
Educational background	MBA ² , Dr. rer. pol. ³	MBA ²	BA (Hist.) ⁴	IBA ⁵	Certified Teacher	BA (Econ.) ⁶	Diploma in Industrial Engineering	MA (EAS) ⁷

1 f = female, m = male.

2 Master of Business Administration.

3 Doctor of Economics.

4 Bachelor in History.

5 International Business Administration.

6 Bachelor in Economics.

7 Master in East Asian Studies.

Diversity profile of the Supervisory Board: employee representatives

Diversity as at December 31, 2023	Udo Müller	Petra Auerbacher	Birgit Biermann	Bastian Knobloch	Beate Rohrig	Frank Scheiderer	Michael Storl	Günter Weigl
Gender ¹	m	f	f	m	f	m	m	m
Year of birth	1960	1969	1973	1982	1965	1977	1959	1965
Nationality	German	German	German	German	German	German	German	German
Educational background	Retail Salesman	Secondary School	Lawyer	IT Specialist	Industrial Mechanic, Degree program in Politics and Sociology	Drafter Mechanical Engineering	Industrial Clerk	Diploma in Sports Economics

1 f = female, m = male.

Supervisory Board competency profile: shareholder representatives

Qualifications and competencies as at December 31, 2023	Thomas Rabe (2019) ¹	Ian Gallienne (2016) ¹	Jackie Joyner-Kersey (2021) ¹	Christian Klein (2020) ¹	Kathrin Menges (2014) ¹	Nassef Sawiris (2016) ¹	Bodo Uebber (2019) ¹	Jing Ulrich (2019) ¹
Auditing ²	✓			✓	✓ [AC] ⁴		✓ [AC] ⁴	
Accounting ³	✓			✓	✓ [AC] ⁴		✓ [AC] ⁴	
ESG	✓ [G] ⁵	✓ [G] ⁵	✓ [S] ⁵	✓ [E, G] ⁵	✓ [E, S, G] ⁵	✓ [G] ⁵	✓ [E, S, G] ⁵	
International management	✓	✓		✓	✓	✓	✓	✓
Sporting goods industry		✓	✓		✓	✓		
Business with fast-moving consumer goods	✓	✓			✓		✓	
Main markets			✓ [US] ⁶					✓ [AS] ⁶
Production, marketing, sales	✓	✓		✓	✓	✓	✓	
Business strategy development and implementation	✓	✓		✓	✓	✓	✓	
Digital transformation, IT and IT security	✓			✓				
Personnel planning and management	✓				✓		✓	

1 Year of appointment as Supervisory Board member.

2 Incl. special knowledge and experience in auditing non-financial reporting.

3 Incl. special knowledge and experience in internal control and risk management systems as well as non-financial reporting.

4 AC = Audit Committee.

5 E = Environment, S = Social, G = Governance (incl. Compliance).

6 AS = Asian market, EU (EMEA) = Europe (Europe, Middle East, Africa), US = United States market.

Supervisory Board competency profile: employee representatives

Qualifications and competencies as at December 31, 2023	Udo Müller (2016) ¹	Petra Auerbacher (2019) ¹	Birgit Biermann (2022) ¹	Bastian Knobloch (2022) ¹	Beate Rohrig (2019) ¹	Frank Scheiderer (2019) ¹	Michael Storl (2019) ¹	Günter Weigl (2019) ¹
Auditing ²								
Accounting ³								
ESG			✓ (G) ⁴		✓ (G) ⁴	✓ (E, S, G) ⁴		✓ (E, S, G) ⁴
International management								✓
Sporting goods industry	✓	✓		✓		✓	✓	✓
Business with fast-moving consumer goods	✓	✓		✓		✓	✓	✓
Main markets								✓ (EU) ⁵
Production, marketing, sales	✓					✓		✓
Business strategy development and implementation								
Digital transformation, IT and IT security				✓			✓	
Personnel planning and management			✓		✓			

1 Year of appointment as Supervisory Board member.

2 Incl. special knowledge and experience in auditing non-financial reporting.

3 Incl. special knowledge and experience in internal control and risk management systems as well as non-financial reporting.

4 E = Environment, S = Social, G = Governance (incl. Compliance).

5 AS = Asian market, EU (EMEA) = Europe (Europe, Middle East, Africa), US = United States market.

Tasks of the Supervisory Board

The Supervisory Board supervises and advises the Executive Board on questions relating to the management of the company. The supervision and advice also include sustainability issues in particular. The Executive Board regularly, expeditiously, and comprehensively reports on strategy, planning, business development, the company's risk situation, risk management, the compliance organization, as well as material compliance cases and litigation, and it coordinates the corporate strategy and its implementation with the Supervisory Board. The Supervisory Board examines and approves the annual financial statements and consolidated financial statements as well as the combined Management Report of adidas AG and the Group, taking into consideration the auditor's reports, and resolves upon the proposal of the Executive Board on the appropriation of retained earnings. Additionally, it resolves on the Supervisory Board's resolution proposals to be presented to the Annual General Meeting. Moreover, the Supervisory Board examines the combined non-financial statement for the company and the Group and/or any separate non-financial reports. Certain business transactions and measures of the Executive Board with fundamental significance are subject to approval by the Supervisory Board or by a Supervisory Board committee. The respective details are set out in § 9 of the Rules of Procedure of the Supervisory Board of adidas AG. Furthermore, the requirement of prior Supervisory Board approval is stipulated in some resolutions by the Annual General Meeting.

The Supervisory Board is also responsible for the appointment and dismissal of the Executive Board members as well as for the allocation of their areas of responsibility. The respective proposals are prepared by the General Committee. When appointing new Executive Board members, the Supervisory Board provides for the best possible, diverse, and mutually complementary Executive Board composition for the company and, together with the Executive Board, ensures long-term succession planning. The Supervisory Board takes a structural approach in its succession planning for the Executive Board. This is based on multiple planning horizons. Accordingly, the company has established a number of management groups (Core Leadership Group [CLG], Extended Leadership Group [ELG], and High Potentials). This ensures a sustainable approach to identifying and evaluating successor candidates for Executive Board positions, while also accommodating the company's diversity concept. The Supervisory Board discusses succession planning on a regular basis.

Furthermore, the Supervisory Board determines the Executive Board compensation system, examines it regularly, and decides on the individual overall compensation of each Executive Board member. The Supervisory Board, together with the Executive Board, annually prepares a clear and comprehensible report on the compensation granted and due in the previous financial year in accordance with § 162 AktG. Further information on Executive Board compensation, the current compensation system, the Compensation Report, and the auditor's report in accordance with § 162 AktG can be found on the company's website. ► [ADIDAS-GROUP.COM/S/COMPENSATION](https://www.adidas-group.com/s/compensation)

Further information on corporate governance

More information on topics covered in this report can be found on our website, including:

- Articles of Association
- Rules of Procedure of the Executive Board
- Rules of Procedure of the Supervisory Board
- Rules of Procedure of the Audit Committee
- Supervisory Board committees (composition and tasks)
- CVs of Executive Board members and Supervisory Board members
- Objectives of the Supervisory Board regarding its composition (including competency profile for the full Supervisory Board)

► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://www.adidas-group.com/s/corporate-governance)

Apart from the members' individual skills, the Rules of Procedure of the Supervisory Board and of the Audit Committee also set out the tasks and responsibilities as well as the procedure for meetings and passing resolutions. These Rules of Procedure are available on our website. The Supervisory Board Report provides information on the activities of the Supervisory Board and its committees in the year under review. ► [SEE SUPERVISORY BOARD REPORT](#) ► [ADIDAS-GROUP.COM/S/BODIES](https://www.adidas-group.com/s/bodies)

The members of the Supervisory Board are individually responsible for undertaking any necessary training and professional development measures required for their tasks and are supported by adidas AG in this regard. The company informs the Supervisory Board regularly about current legislative changes as well as opportunities for external training and provides the Supervisory Board with relevant specialist literature. In this regard, the Supervisory Board has also examined the sustainability issues relevant to adidas and the associated reporting obligations as well as the potential of and the challenges posed by the company's use of artificial intelligence ('AI').

Moreover, the Supervisory Board as well as the Audit Committee, General Committee, and Nomination Committee regularly assess the efficiency of their work. The individual measures to further improve the organization of the Supervisory Board's work resolved in the previous financial year were deemed to have been implemented successfully by the Supervisory Board at its meeting in December 2023, and the Supervisory Board agreed that another efficiency examination of its work will presumably be conducted in the 2025 financial year.

The compensation of the Supervisory Board members is set out in the Compensation Report.

► [ADIDAS-GROUP.COM/S/COMPENSATION](https://www.adidas-group.com/s/compensation)

Commitment to the promotion of equal participation of women and men in leadership positions

When filling leadership positions in the company, the Executive Board takes diversity into account and aims for an appropriate participation of women in particular. The Supervisory Board is also convinced that an increase in the number of women in leadership positions within the company is necessary to ensure that, in the future, a larger number of suitable female candidates is available for Executive Board positions. The Executive Board and Supervisory Board therefore recognize the enormous importance of

the company's initiatives to foster diversity and inclusion and to promote women in leadership positions.

► [SEE OUR PEOPLE](#)

With Michelle Robertson as Executive Board member for Global Human Resources, People and Culture, we fully meet the requirements of § 76 section 3a AktG, introduced with the Second Leadership Positions Act (Führungspositionengesetz – FüPoG II), which stipulates that at least one woman and at least one man be appointed as members of the Executive Board.

On the first management level below the Executive Board, the percentage share of women amounted to 35.5% at the balance sheet date. The target figure of 39% was thus not achieved. In this respect, it must be noted that adidas AG has only a small number of leadership positions on this management level; therefore, minor changes already result in considerable changes in percentage numbers. The missing of the defined target figure is particularly attributable to unplanned departures from the company in the year under review and partly also to replacements and changes that only take effect in the following year.

On the second management level below the Executive Board, the percentage share of women amounted to 37.4% at the balance sheet date. The target figure of 31% was thus significantly exceeded.

Against this backdrop, the Executive Board has set the new target of 40% as the share of female representation for the first and the second management level below the Executive Board of adidas AG. The Executive Board set December 31, 2025, as the deadline for achieving these two targets. Moreover, the new gender balance ambition of the Executive Board is to increase the global share of women in leadership positions (director level and above) to 50% by 2033, after the previous target of 40% was nearly met at the end of 2023, with 39.6%.

In accordance with § 96 section 2 sentence 1 AktG, at least 30% of the members of the Supervisory Board must be female and at least 30% must be male. As the Supervisory Board did not object to an overall fulfillment of the aforementioned quota pursuant to § 96 section 2 sentence 3 AktG, the minimum quota must be fulfilled by the Supervisory Board overall in the year under review, with the numbers of male and female members rounded up or down to full numbers (§ 96 section 2 sentences 2 and 4 AktG). This means that the Supervisory Board of adidas AG must be composed of at least five women and five men. These minimum quotas were achieved. As at December 31, 2023, six of the company's 16 Supervisory Board mandates were held by women. In view of the Supervisory Board election at the 2024 Annual General Meeting, both the shareholder representatives and the employee representatives resolved in accordance with § 96 section 2 sentence 3 AktG that the minimum quota of 30% women and 30% men on the Supervisory Board has to be fulfilled separately for the shareholder representatives and the employee representatives.

The company will continue to intensify its efforts for Diversity, Equity, and Inclusion in order to remain an attractive employer in the future. There will be a particular focus on a long-term approach to equity in leadership positions – both through hiring and through appropriate succession planning. ► [SEE OUR PEOPLE](#)

Avoiding conflicts of interest

The members of the Executive Board and Supervisory Board are obligated to disclose any conflicts of interest to the Supervisory Board without delay. Substantial transactions between the company and members of the Executive Board or related parties of the Executive Board require Supervisory Board approval. Contracts between the company and members of the Supervisory Board also require Supervisory Board approval. The Supervisory Board reports any conflicts of interest, as well as the handling thereof, to the Annual General Meeting. In the year under review, the members of the Executive Board and the members of the Supervisory Board did not face any conflicts of interest. A brand ambassador agreement exists between adidas and Jackie Joyner-Kersey. The Supervisory Board is of the

opinion that this does not constitute a conflict of interest. In particular, the brand ambassador agreement does not represent a material business relationship for either adidas or Jackie Joyner-Kersey. The Supervisory Board passed a unanimous resolution approving the extension of this agreement without the participation of Jackie Joyner-Kersey. ► [SEE SUPERVISORY BOARD REPORT](#)

Share transactions conducted by the Executive Board and Supervisory Board

An overview of the transactions of the Executive Board and the Supervisory Board pursuant to Article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation) notified to adidas AG in 2022 is published on our website. ► [ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS](https://adidas-group.com/s/managers-transactions)

Relevant management practices

Our business activities are aligned with the legal systems of the various countries and markets in which we operate. We are also aware of our considerable social and environmental responsibility.

We will increase our commitment to sustainability in the years ahead. For instance, we are working closely with our partners in the global supply chain to reduce energy consumption and increase the proportion of renewable energy we use. By 2025, nine out of every ten adidas articles should be made from more sustainable materials, the carbon footprint per product should be reduced by 15% compared to the base year 2017, and the absolute greenhouse gas emissions across the entire value chain should be reduced by 30%, also compared to the base year 2017.

Further information on company-specific practices, which are applied in addition to statutory requirements, such as our Code of Conduct ('Fair Play'), on compliance with working and social standards within our supply chain, environmentally friendly resource management in our manufacturing processes, and our social commitment, is available in this Annual Report and on our website. ► [SEE OUR PEOPLE](#)

► [SEE SUSTAINABILITY](#) ► [ADIDAS-GROUP.COM/S/SUSTAINABILITY](https://adidas-group.com/s/sustainability)

Compliance and risk management

Compliance with laws and internal and external provisions, as well as responsible risk management are part of corporate governance at adidas. Our Compliance Management System is linked to the company's Internal Control and Risk Management System. As part of our global 'Fair Play' concept, the Compliance Management System establishes the organizational framework for companywide awareness of our internal rules and guidelines and for the legally compliant conduct of our business. It underscores our strong commitment to ethical and fair behavior in our own organization and also sets the parameters for how we deal with others. The principles of our Compliance Management System are set out in the Risk and Opportunity Report. The Risk and Opportunity Management System ensures risk-aware, opportunity-oriented, and informed actions in a dynamic business environment in order to guarantee the competitiveness and sustainable success of adidas. ► [SEE RISK AND OPPORTUNITY REPORT](#)

Transparency and protection of shareholders' interests

It is our goal to inform all institutional investors, private shareholders, financial analysts, business partners, employees, and the interested public about the company's situation, at the same time and to an equal extent, through regular, transparent, and up-to-date communication. We publish all essential information, such as ad hoc announcements, press releases, and voting rights notifications, as well as all presentations from roadshows and conferences, all financial reports, and the financial calendar, on our website. With our Investor Relations activities, we maintain close and continuous contact with our current and potential shareholders. ► [SEE OUR SHARE](#) ► [ADIDAS-GROUP.COM/S/INVESTORS](https://adidas-group.com/s/investors)

In addition, we provide all documents and information on our Annual General Meeting on our website. The shareholders of adidas AG exercise their shareholders' and voting rights at the Annual General Meeting. Each share grants one vote. Through these participation rights, our shareholders can take part in all fundamental decisions of the Annual General Meeting. The company aims to support its shareholders in the best-possible manner when they exercise their rights at the Annual General Meeting.

After three years in the virtual format, our Annual General Meeting on May 11, 2023, once again took place with our shareholders being present at the Stadthalle Fürth. At that event, as well as at the next Annual General Meeting in Fürth on May 16, 2024, we offered and will offer our shareholders a comprehensive service. For instance, shareholders can register electronically for the Annual General Meeting through our shareholder portal and cast their votes electronically by postal vote if they do not participate in person at the Annual General Meeting, or they can participate in the voting by granting powers of representation and giving instructions online to the proxies appointed by the company until the end of the general debate at the Annual General Meeting. Moreover, each year, a live stream of the entire Annual General Meeting is available via our shareholder portal for shareholders of adidas AG and via our website for the interested public. ► [ADIDAS-GROUP.COM/AGM](https://adidas-group.com/agm)

Further information on the principles of our management

More information on topics covered in this report can be found on our website, including:

- Code of Conduct
- Sustainability
- Social commitment
- Risk and opportunity management and compliance
- Information and documents on the Annual General Meeting
- Managers' transactions
- Compensation
- Accounting and annual audit

► [ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE](https://adidas-group.com/s/corporate-governance)

Share-based programs for senior executives

A long-term incentive plan, which is part of the remuneration for senior executives of adidas, applies. Based on this plan, the plan participants receive virtual shares (Restricted Stock Units). As per their contracts, each Executive Board member is entitled to participate in the Long-Term Incentive Plan (LTIP) established for Executive Board members. The adidas shares purchased are subject to a multi-year lock-up period. ► [SEE NOTE 28](#) ► [SEE OUR PEOPLE](#) ► [ADIDAS-GROUP.COM/S/COMPENSATION](https://adidas-group.com/s/compensation)

Employees of adidas AG and its affiliated companies are able to participate in an employee stock purchase plan under which they can acquire adidas AG shares with a discount and benefit, on a prorated basis, from free matching shares. ► [SEE NOTE 26](#)

Accounting and annual audit

adidas AG prepares the annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the AktG. The annual consolidated financial statements are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, was appointed as auditor for the 2023 annual financial statements and consolidated financial statements by the Annual General Meeting of May 12, 2022. The Supervisory Board had previously assured itself of the auditor's independence. ► [SEE COPY OF THE AUDITOR'S REPORT](#)

Our Share

Global stock markets developed positively in 2023 and ended the year well above prior-year levels. The DAX increased by 20%, the EURO STOXX 50 by 19%, and the MSCI World Textiles, Apparel and Luxury Goods Index by 11% as investor concerns over rising interest rates, economic resilience, and high inflation slowly began to subside. In this market environment, the adidas AG share significantly outperformed the broader stock market and ended 2023 with an increase of 44% compared to the prior year.

adidas AG share rises and outperforms broader stock market in 2023

In 2023, easing of inflationary pressures, a corresponding halt in interest rate increases by global central banks, and a comparatively resilient economy led to a sturdy rebound of global stock markets. At the same time, geopolitical tensions, the war in Ukraine as well as the conflict in the Middle East weighed on financial markets throughout the year. During the second half of the year, markets benefited from the prospect of interest rate cuts by global central banks in 2024. Against this backdrop, the DAX gained 20% and the EURO STOXX 50 increased by 19%, while the MSCI World Textiles, Apparel and Luxury Goods Index was up 11% in 2023. Meanwhile, the adidas AG share outperformed the broader stock market and ended 2023 with a 44% increase compared to the prior year. The development reflects the operational and financial progress the company has made in the course of the transition year 2023. This provides a stronger foundation for further improvements in 2024 and a successful 2025 and 2026.

Level 1 ADR outperforms common stock

Our Level 1 ADR closed 2023 at US \$ 101.65, representing an increase of 50% versus the prior-year level (2022: US \$ 67.74). The more pronounced increase of the Level 1 ADR price compared to the ordinary share price was due to the valuation of the US dollar versus the euro in 2023. The number of Level 1 ADRs outstanding decreased to 8.5 million at year-end 2023 compared to 9.5 million at the end of 2022. The average daily trading volume decreased to around 64,000 ADRs in 2023 (2022: around 172,000). Further information on our ADR program can be found on our website. ► [ADIDAS-GROUP.COM/ADR](https://www.adidas-group.com/ADR)

adidas AG share member of important indices

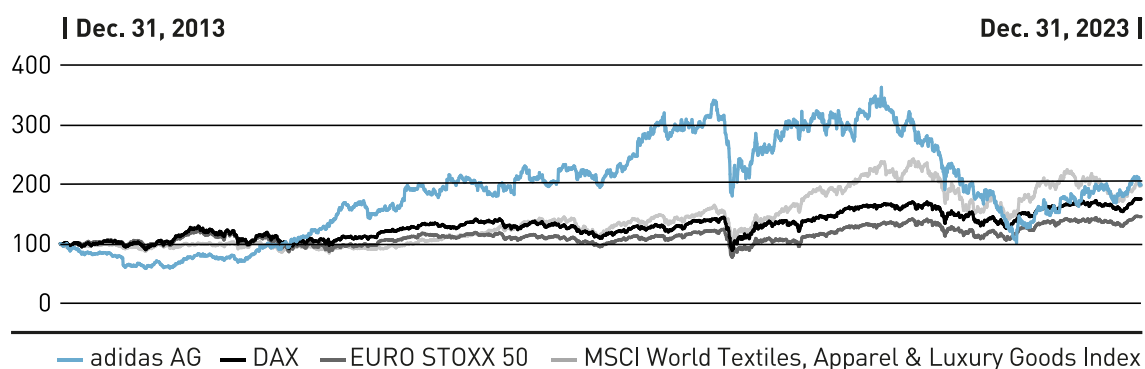
The adidas AG share is part of a variety of high-quality indices around the world such as the DAX, the EURO STOXX 50 as well as the MSCI World Textiles, Apparel and Luxury Goods Index. At December 31, 2023, our weighting in the DAX was 3% (2022: 2%) and we ranked twelfth on market capitalization (2022: 19th).

Performance of the adidas AG share and important indices at year-end 2023 in %

	1 year	3 years	5 years	10 years
adidas AG	44	[38]	1	99
DAX	20	22	59	75
EURO STOXX 50	19	27	51	45
MSCI World Textiles, Apparel and Luxury Goods Index	11	3	70	97

Source: Bloomberg.

Ten-year share price development¹

¹ Index: December 31, 2013 = 100. Source: Bloomberg.

adidas AG share

		2023	2022	Important indices
Number of shares outstanding at year-end ¹	shares	178,549,084	178,537,198	
Basic earnings per share ²	€	(0.67)	1.25	
Diluted earnings per share ²	€	(0.67)	1.25	
Year-end price	€	184.16	127.46	
Year high	€	197.40	260.85	
Year low	€	127.70	93.95	— DAX
Market capitalization ³	€ in millions	32,882	22,756	— EURO STOXX 50
Dividend per share	€	0.70 ⁴	0.70	— MSCI World Textiles, Apparel and Luxury Goods
Dividend payout	€ in millions	125 ⁴	125	— MSCI World ESG Leaders Index
Dividend payout ratio ²	%	n.a.	49.2	— FTSE4Good Index Series
Dividend yield	%	0.4 ⁴	0.5	
Shareholders' equity per share ³	€	25.65	27.96	
Price-earnings ratio at year-end ⁵	x	n.a.	102.4	
Average trading volume per trading day ⁶	shares	529,294	783,409	

¹ All shares carry full dividend rights, excluding treasury shares.² Based on net income from continuing operations.³ Based on number of shares outstanding at year-end, excluding treasury shares.⁴ Subject to Annual General Meeting approval.⁵ Based on basic EPS from continuing operations.⁶ Based on number of shares traded on Xetra.

Dividend proposal of € 0.70 per share

The adidas AG Executive and Supervisory Boards will recommend paying a stable dividend of € 0.70 per dividend-entitled share to shareholders at the Annual General Meeting on May 16, 2024 (2023: € 0.70). This corresponds to a total payout of € 125 million in line with the prior-year level (2023: € 125 million). The proposal reflects the company's better-than-expected performance in the transition year 2023, its robust financial profile as well as Management's confident outlook for the current year. Going forward, the company plans to return to its dividend policy of paying an annual dividend to shareholders in the range of 30% to 50% of net income from continuing operations. ► [SEE OUTLOOK](#)

Dividend

€ 0.70

(subject to Annual General Meeting approval)

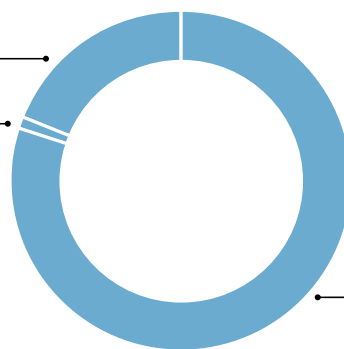
Strong international investor base

Based on our share register, adidas AG currently has more than 158,000 shareholders (2022: more than 169,000). The lower number of shareholders was mainly driven by a decrease in the number of German retail investors. In our latest ownership analysis conducted in December 2023, we identified almost 100% of our shares outstanding. Institutional investors represent the largest investor group, holding 81% of shares outstanding (2022: 80%). Retail investors and undisclosed holdings account for 19% (2022: 19%). Lastly, adidas AG currently holds 1% of the company's shares as treasury shares (2022: 1%).

Shareholder structure by investor group¹

19% Retail investors and
undisclosed holdings

1% Treasury shares

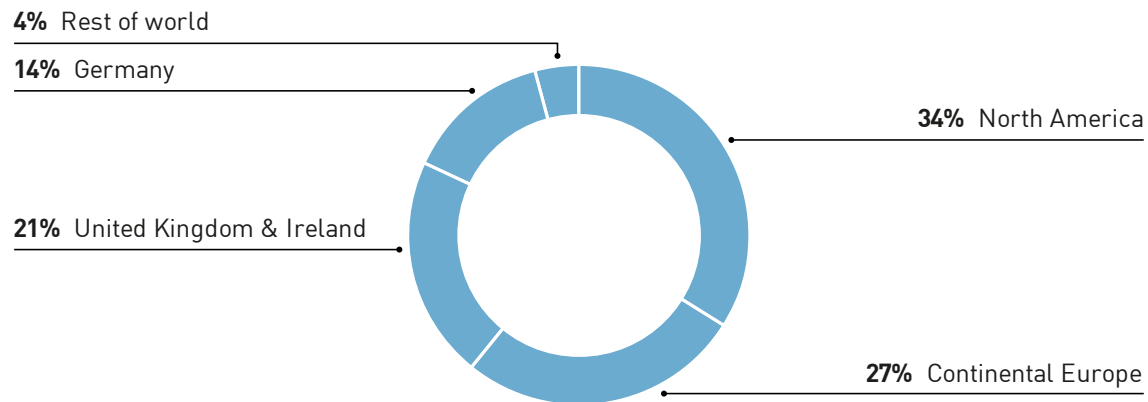


81% Institutional investors

¹ As of December 2023.

In terms of geographical distribution, the North American market currently accounts for 34% of institutional shareholdings (2022: 36%), followed by the UK and Ireland with 21% (2022: 26%). Identified German investors hold 14% of institutional shareholdings (2022: 9%). Institutional investors from other continental European countries account for 27% (2022: 27%) and 4% of institutional shareholders were identified in other regions of the world (2022: 2%).

Shareholder structure by region^{1,2}



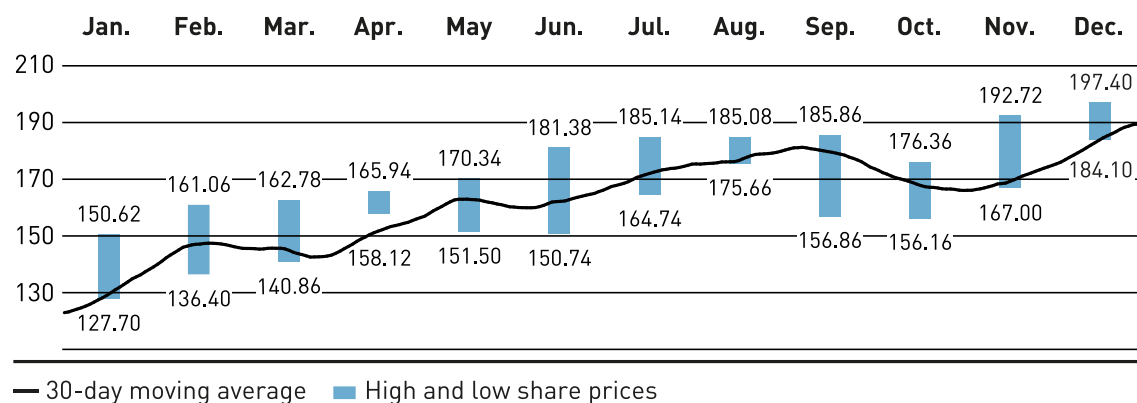
¹ As of December 2023.

² Reflects institutional investors only.

More than 40% of analysts recommend to buy our share

36 analysts from investment banks and brokerage firms regularly publish research reports on adidas. As at December 31, 2023, 42% of analysts recommended investors to 'buy' our share (2022: 32%), 44% of analysts advised investors to 'hold' our share (2022: 57%), and 14% recommended to 'sell' our share (2022: 11%).

adidas AG high and low share prices per month¹ in €



¹ Based on daily Xetra closing prices. Source: Bloomberg.

Successful Investor Relations activities

adidas strives to maintain close contact to institutional and retail shareholders as well as financial analysts. We notify capital market participants about operational and financial developments of adidas in a timely and transparent manner. In addition, the adidas Management and Investor Relations (IR) Team continuously engage in a dialogue with current and potential institutional investors around a large variety of topics, including published financial results, operational progress and priorities, current and future products, marketing initiatives as well as the company's sustainability efforts. In 2023, Management and IR

spent almost 50 days on roadshows and national and international conferences. We also hosted investors and analysts on our campus, enabling them to interact with Management, experience the unique atmosphere on-site and get an overview of both historic product and the future line-up. In 2023, the IR Team once again engaged with retail shareholders at several dedicated events. In addition, the physical Annual General Meeting in May also allowed for many in-person interactions with the company's retail shareholder base. On our IR website, interested investors find in-depth information on topics such as the company's performance, our share, and financial events.

Voting rights notifications published

All voting rights notifications received in 2023 in accordance with §§ 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) (§§ 21 et seq. German Securities Trading Act old version) are published on our corporate website. Information on reportable shareholdings that currently exceed or fall below a certain threshold can also be found in the Notes section of this Annual Report.

► [ADIDAS-GROUP.COM/VOTING_RIGHTS_NOTIFICATIONS](https://adidas-group.com/voting_rights_notifications) ► SEE NOTE 25

Managers' transactions reported on corporate website

Managers' transactions involving adidas AG shares (ISIN DE000A1EWWW0) or related financial instruments, as defined by Article 19 of the European Market Abuse Regulation (MAR), conducted by members of our Executive or Supervisory Boards, or by any person in close relationship with these persons, are reported on our website. ► [ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS](https://adidas-group.com/s/managers-transactions)