adidas

2024

ANNUAL REPORT


YOU GOT THIS
WE ALL NEED SOMEONE TO MAKE US BELIEVE
7
BOSTON
AT&T


OUR PURPOSE
THROUGH SPORT,
WE HAVE THE POWER TO CHANGE LIVES
OUR MISSION
TO BE THE BEST SPORTS BRAND IN THE WORLD

Targets – Results – Outlook

Targets – Results – Outlook

	2024 Targets[1]	2024 Results	2025 Outlook
Currency-neutral net sales development	to increase at a rate of around 10%	12%	to increase at a high-single-digit rate
Operating profit	around € 1.2 billion	€ 1,337 million	between € 1.7 billion and € 1.8 billion
Average operating working capital in % of net sales	between 21% and 22%	19.7%	between 21% and 22%
Capital expenditure[2]	around € 600 million	€ 540 million	around € 600 million

1 As published on October 15, 2024.
2 Excluding acquisitions and leases.

Financial Highlights 2024 (IFRS)

Financial Highlights 2024 (IFRS)

	2024	2023	Change
Operating Highlights (€ in millions)			
Net sales	23,683	21,427	11%
Gross profit	12,026	10,184	18%
Other operating expenses	10,945	10,070	9%
EBITDA	2,465	1,358	81%
Operating profit	1,337	268	398%
Net income/(loss) from continuing operations	824	(58)	n.a.
Net income/(loss) attributable to shareholders	764	(75)	n.a.
Key Ratios			
Gross margin	50.8%	47.5%	3.3pp
Other operating expenses in % of net sales	46.2%	47.0%	(0.8pp)
Operating margin	5.6%	1.3%	4.4pp
Effective tax rate	26.5%	189.2%	(162.7pp)
Net income/(loss) attributable to shareholders in % of net sales	3.2%	(0.4%)	n.a.
Average operating working capital in % of net sales	19.7%	25.7%	(5.9pp)
Equity ratio[1]	26.5%	25.4%	1.1pp
Adjusted net borrowings/EBITDA	1.5	3.3	(1.9)
Financial leverage[1]	66.1%	98.6%	(32.5pp)
Return on equity[1]	14.0%	(1.6%)	n.a.
Balance Sheet and Cash Flow Data (€ in millions)			
Total assets	20,655	18,020	15%
Inventories	4,989	4,525	10%
Receivables and other current assets	4,460	3,819	17%
Operating working capital	4,306	4,154	4%
Shareholders' equity	5,476	4,580	20%
Capital expenditure	540	504	7%
Net cash generated from operating activities[2]	2,910	2,550	14%
Per Share of Common Stock (€)			
Basic earnings	4.24	(0.67)	n.a.
Diluted earnings	4.24	(0.67)	n.a.
Net cash generated from operating activities[2]	16.30	14.28	14%
Dividend[3]	2.00	0.70	186%
Share price at year-end	236.80	184.16	29%
Other (at year-end)			
Number of employees	62,035	59,030	5%
Number of shares outstanding	178,549,084	178,549,084	0%
Average number of shares	178,549,084	178,543,596	0%

1 Based on shareholders' equity.
2 Prior year adjusted due to Hyperinflation accounting.
3 Current year value subject to Annual General Meeting approval.

About this Report

With the Annual Report 2024, adidas communicates financial and non-financial information in a combined publication. The report provides a comprehensive overview of the financial, environmental, and social performance of adidas in the 2024 financial year.

The cover pages and visuals throughout this Annual Report are inspired by the 'Plus One Effect' – the latest chapter of our 'You Got This' brand campaign. Introduced in 2024, You Got This puts the joy of sport and its power as a great unifier at the center, as we want to counteract an atmosphere of pressure and stress. Now, in 2025, we are evolving the narrative by highlighting the influence each of us has in uplifting others in sport. It is about changing the game, the tone, and the outcome for someone else, transforming self-doubt to self-belief and pressure to joy. We all need someone to make us believe. ► SEE OUR COMPANY

We publish our Annual Report exclusively in a digital format. It is available as a PDF and online version. The Online Report can be found on our website. ► REPORT.ADIDAS-GROUP.COM

The reporting period is the financial year from January 1 to December 31, 2024. To enhance readability, registered trademarks as well as references to rounding differences, which may arise in percentages and totals, are omitted in this publication. In addition, we have used the masculine form partially, although all such references are not intended to be gender-specific. The adidas Annual Report 2024 is available in English and German.

The following symbols indicate important information:

► There is more information online or on a different page within the report.

Term underlined in blue: There is a detailed definition of this term in the glossary.

Independent assurance

The Consolidated Financial Statements prepared by adidas AG, including the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the Notes as well as the Group Management Report, have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ('PwC').
► SEE REPRODUCTION OF THE INDEPENDENT AUDITOR´S REPORT

In addition, this report contains a Sustainability Statement that has been prepared in accordance with the European Sustainability Reporting Standards (ESRS). It also fulfills the requirements for non-financial reporting obligations in accordance with §§ 289b ff. and 315b to 315c of the German Commercial Code (HGB) and thus represents the Combined Non-Financial Statement for the adidas Group and adidas AG. The Sustainability Statement has been audited with limited assurance by PwC.

It was not part of PwC's engagement to review the Online Report or references to external sources such as our corporate website. ► SEE SUSTAINABILITY STATEMENT ► SEE INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO SUSTAINABILITY STATEMENT ► REPORT.ADIDAS-GROUP.COM

Forward-looking statements

Our Group Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of our company. The outlook is based on estimates that we have made on the basis of all the information available to us at the time of completion of this Annual Report. In addition, such forward-looking statements are subject to uncertainties that are beyond the control of the company. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialize, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. adidas does not assume any obligation to update any forward-looking statements made in the Group Management Report beyond statutory disclosure obligations. ▶ SEE OUTLOOK ▶ SEE RISK AND OPPORTUNITY REPORT

Alternative performance measures

adidas uses 'Alternative Performance Measures' ('APM') in its regulatory and mandatory publications that may represent so called non-GAAP-measures. An overview of these alternative performance measures can be found on our website. ▶ ADIDAS-GROUP.COM/S/FINANCIAL-PUBLICATIONS

TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT OUR COMPANY

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GROUP MANAGEMENT REPORT SUSTAINABILITY STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

1 TO OUR SHAREHOLDERS

Interview with our CEO

> 2024 WAS A YEAR THAT CONFIRMED THE STRENGTH OF THE BRAND AND THE POTENTIAL OF THE COMPANY

Bjørn, 2024 was spectacular in so many ways. How do you reflect on the past year?

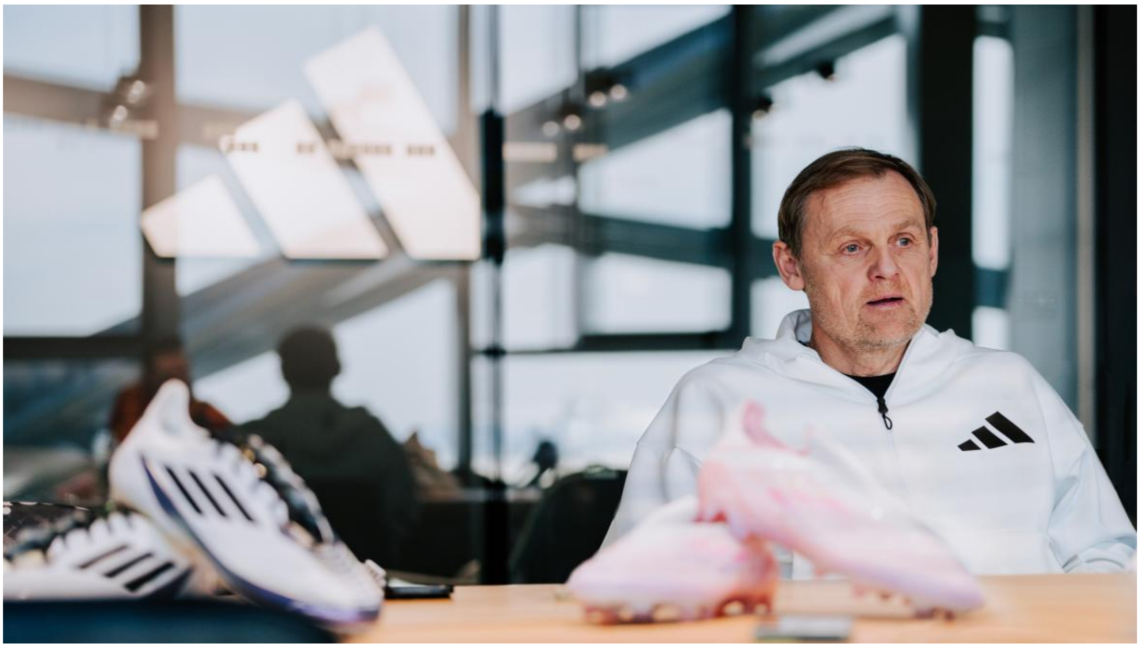
2024 was a year that confirmed the strength of the brand and the potential of the company. The turnaround in front of the consumer happened quicker than we had even hoped for, which shows the enormous power that this brand has. It was a busy year and it was a year where our people did a fantastic job. But then we also know that we are not at the end of something. We are just at the beginning.

Looking back at the summer of sports, what was your favorite moment?

That's difficult! When we started the year, we said that 2024 would be the year of sports and I think it was as good as we expected it to be. The Euro ended up being a fantastic event from the atmosphere of the German people and with fans from all over the world. Stadiums were full. A great tournament and also great for us. Just think of what we did with the German team, with the pink away jersey but also with the home jersey! And all the fantastic activations we did, especially in Berlin. And then we went to Paris. There was a lot of negativity before the games and then it ended up probably being the best Olympic and Paralympic Games ever. Full stadiums, great atmosphere and unique facilities. This summer showcased how important sport is, building bridges and bringing happiness to people. It makes me proud to be part of it and shows how important adidas can be for people. A great year for sports.

2024 was equally exciting on the product side with several adidas franchises making big waves. What was your favorite product last year?

There is too many to just name one. We started to turn around the brand with Originals, with what people now call Terrace or T-toe. First Gazelle, then Samba and Spezial, and we further extended that into Campus and SL72 – all shoes that carry the heritage of the brand. But then when you see what we did in Football, with Predator and F50. What we did in Running, with the Adizero Evo, the Adios Pro 4, and the Evo SL. If you look at our Anthony Edwards signature line in Basketball. It's now so many products that are competitive that we can be competitive in all the categories. We definitely have the pipeline we need to further increase distribution and, with the right marketing, achieve strong sell-throughs. Putting Performance and Lifestyle together, the way we have done it in Football by using the Trefoil on the third jerseys and then build a soccer culture collection around it is very unique. Bringing the past and the present together to create culturally relevant products and stories that come out of sport is something that not many brands can do. We can do it very well and we're just at the beginning of it.



While Terrace and Campus are still very popular, you have significantly evolved the Lifestyle offering beyond this over the past seasons. What has changed over the past 12 months?

When we brought back Terrace with the Samba, the Gazelle and the Spezial, we brought back a look that made people reconnect with adidas. It was what we needed to get our product on the cool people to make the brand visible. I think the way we then extended it into Campus and also SL72 worked well and showed that the brand is trending. We have a great setup of classics that people will recognize as franchises when we are heating them up. Now we have Megaride, ZX and Climacool coming, in addition to upcoming silhouettes that haven't been in the market before. Of course, you can't be successful with every new launch in Lifestyle, but I'm not worried about that at all. And then, we have the Superstar. The Superstar is maybe most important in the US, where we're introducing it as we speak. There will be a lot of activations, from Pharrell to Run DMC. The important thing is that, driven by our momentum, we get more space in retail so that the brand is visible across more categories, both in Lifestyle and Performance. I think for 2025 we are in very good shape already. Now we need to make sure that we also have extensions of what we're doing into 2026 and beyond. We have all the tools and all the resources we need to do that very successfully.

Are you happy with how the brand now shows up on the Performance side, too?

I'm happy with what we see in the showrooms and what we have in the pipeline. Of course, I'm not happy yet with the way we show up in the trade everywhere, I would love for our products to be more visible. But that is also normal. You can't create brand heat and sell through in all categories at the same time. But I'm very happy with the progress, knowing that we need to build more distribution and visibility, and that is of course different from market to market, especially on the Performance side. This attitude of going into the market with what is relevant for the local consumer is very important for us. I think we now have the right people in the markets and the right product pipeline. Now we just need to make sure that we adjust to the different needs in the markets and build even better relationships with the trade. That's what it is all about.

You have called adidas a global brand with a local mindset. What exactly does this mean and how do you balance global vs. local?

The days where you can build a global collection out of one center and sell it everywhere are over. You clearly see differences today, especially between Europe, the US, and China, but also in the other markets. Global brand with a local mindset means that we need a global vision for the brand - what categories should we be in, what technologies, what innovation, what do we want to stand for? But then we also have to ensure products and marketing are relevant in each market. We want to use the strength of being global, with so many resources in sports marketing and in innovation, but then cater for the local needs with very good local teams that have the authority to do what is relevant in their market. And if we can formalize some of this mindset in our processes and our go-to-market approach, it will make many things easier. Because right now we have to break a lot of internal rules to get there. But we definitely have the right attitude and the right people.

> WE WANT TO USE THE STRENGTH OF BEING GLOBAL, BUT THEN CATER FOR LOCAL NEEDS

During the past year, the brand has also signed many new partners as well as extended several high-profile contracts. What do all those teams and athletes have in common?

We have now some 5,500 partners worldwide, which shows you the enormous depth and breadth in our partnerships. Also here, we need the right combination: We have to make sure we have some global stars that give us global brand authenticity. In addition to that, we need people in the different markets that know which partners are relevant locally, which can change over time. As someone working at the headquarter, you should not believe you know what's happening in all the markets. The importance of having good and relevant individuals and teams everywhere is crucial. We have all the resources. We just need to continue to use them better and better.

You are personally meeting with many of these partners throughout the year. Was there any one interaction with an individual or team that left a particular lasting impression on you last year?

The privilege of meeting so many interesting and inspiring people makes my job kind of a dream. It's very hard to pick one, but the All Blacks visiting us on our campus, showing their team spirit and this mystique about why they perform so well and how they treat each other, was very touching and very motivating for me as a person. Going to the Paralympics, meeting many great athletes and seeing the full stadiums in Paris was also very emotional and very impressive. We also had the German Special Olympics team here on our campus, living and training here. Their positivity was definitely also a personal highlight. It is a huge privilege to meet so many unbelievably strong personalities, not only in the way they compete, but also outside of sports.

Many brand partners have been featured in the ‘You Got This’ brand campaign. What does the message mean to you and how does it influence consumers’ perception of adidas?

Sports have for a long time been positioned in a way that the only thing is to win. And a lot of campaigns from other brands and maybe even from adidas have been about winning. It was important for us in this complicated competitive world to remove some of that pressure. When the team came up with ‘You Got This’, I fell in love with it immediately because I think it's so relevant. In the latest chapter, ‘Plus One’, we showcase athletes together with who is important for them. Having someone that motivates you, supports you, protects you, is something that we all are looking for. And I think it showcases adidas as a sports brand for people that would like to win, but also as a sports brand that understands that even if you don't win, you gain this experience in life and this is something even bigger. Extremely well executed and very adidas.

Behind the scenes, what were the major developments inside the company that you are most proud of?

It's obvious that we are still a people business. And we have many good people, who on their own initiative have made an enormous effort to bring adidas back again. That’s something that is very positive to see. I'm proud that we again have an organization that clearly wants to win. And I’m very happy to see that talent is not something that we are missing. We need to continue to support our people so they can be successful in both their functions and in their markets. And that's my job now to give them the support to take adidas back again to be the brand that it should be.

And what were the challenges, internal or external, that you spent the most time and energy on in the past year?

In the beginning it was to convince the retailers that we are back again. Making sure that people believe that we can win again. And then of course, the message that it's better to break some internal rules and get things done than waiting for something to change formally. That can-do attitude is probably what has made adidas a winning company again. But I'm sure it has also frustrated some people, because it creates some chaos. Of course it’s always a fine balance, because you can't have too much chaos, but many rules in our organization have been set in a world that doesn't exist anymore. We have come a long way in understanding what’s possible and what we are capable of as an organization. Now the task is to simplify the way we work.

Turning ahead, how will 2025 shape up? Anything in particular that you are looking forward to this year?

The task is of course to bring the momentum from 2024 also through 2025. I believe we have the product pipeline and marketing plans to continue to drive brand heat globally. We then need to make sure we go to market with what is relevant locally. If we do that, I am confident that we will get more distribution for our strong product assortment. Of course we don't know what's going to happen in the world from the geopolitical side. But I'm actually very positive for our industry. I think people will continue to do more sports and do more for their health. We also know that people buy running shoes to walk in because it's comfortable. That increasing importance of comfort will continue. And the lifestyle piece of the market is, of course, also a big and growing part of it. When you look at all those three things, I think globally the industry will grow much quicker than some people believe. And if we have a pipeline of product that we think is on trend and we have the attitude of being agile and more local, I cannot see why we should not be successful. As a global brand, we can reallocate resources between markets and go after growth where there is growth. That's what should make adidas the number one brand in many markets going forward.

> WE HAVE THE PRODUCT PIPELINE AND MARKETING PLANS TO CONTINUE TO DRIVE BRAND HEAT GLOBALLY

When you started two years ago, improving the relationship with your retail partners was a key priority. Have you made the progress that you were envisioning back then?

Yes and no. Understandably, it took a while for them to open up to us again. And depending on where in the world you look, that opening up and giving more shelf space to us has happened at different speeds. In our home market in Europe, it was the easiest because we could make our commitment so easily visible. And of course, supplying them with products that they needed to be successful in a difficult marketplace gave them a lot of confidence. It's of course more difficult in the US, given the strong local brands. But also in the US, retail partners have started to believe in us and are now giving us more distribution, we just need to have some patience. I think globally, we now have a reputation among retailers that we are there for them. Our people have the service attitude and are starting to get the sales attitude back again. But of course there are other brands that have more distribution than us, especially in the US. Our goal must be to get more shelf space so we can prove that when we get that, we get better sell through and then build even stronger and bigger partnerships. We definitely aren’t at the end of improving relationships and increasing distribution.

You once said that there is literally no retailer around the world where you couldn’t double the business with. How far are you in achieving this?

Of course there are retailers today where we have gone from less than 10% share to more than 20%. In that case, doubling again is not realistic. So given what we have achieved over the past two years the statement is probably not true anymore everywhere. But in many, many markets, it's still the same situation. And there is no retailer around the world where we cannot significantly improve our performance, and there are many with which we can still double our share.

Halfway into your path towards being a healthy company in 2026 – what has gone better than expected? And has there been anything that has taken longer than initially anticipated?

The brand has turned positive in front of the consumer quicker than we could have hoped for. As I said many times, sometimes you need some luck and sometimes timing is everything. And then, of course, the effort and attitude of our people have been key as well. I think we are a little bit further ahead than I would have thought when we started two years ago. On the other hand, the world has become even more complicated. If you look at the conflicts and tensions around the world, these are making the world more difficult. But if we have the right attitude and are agile when there are changes, we may even turn this into a competitive advantage for us.

So you are ahead of plan at halftime. What's your halftime speech to your team going to look like? Do you need to change your gameplan for the second half?

The most important thing is not to fall in the trap of being happy with what we have achieved and starting to defend. I think that we need to have that vision to actually be #1 in all markets. We might not achieve it everywhere, but we should have this attitude because there's no rational reason not to. Think of our 75-year history, all the franchises, the pipeline of technologies, the resources and the reach we have as a brand and as a company. We have all the good reasons to be out there in all the markets around the world – maybe with the exception of the US – with the clear ambition of being #1. That will be the halftime speech.

Anything that concerns you, from a personal or a business perspective? How do you deal with the elevated uncertainty that affects us all one way or another?

The worst thing you can do in an organization is not to talk about the issues that are difficult. I think we have created a culture to talk about all these uncertainties. We can talk about everything, the things that work well and also about things that haven't worked. In our industry, not everything that you do will be a success. You will make mistakes, but you need to do many things and that's why you shouldn't stop doing things just because something has gone wrong. And we should not be afraid. Our people have strong personalities and the right attitude to take risks. That's why I'm saying that – if we continue to give them the right frame and the right support – then we are going to be a very, very good company.

How do you personally deal with such a volatile environment and the pressure that it brings along?

I think I have accepted that uncertainty is part of life. When I look at what we have been through just the last five years, there have been things that no one would have imagined to happen. There are always going to be things that are negative or uncertain. But in the bigger scheme of things, I am so lucky working in an industry that has great potential. I am working in a company that has a lot of potential. I've been in rough times, so I don't get worried that easily. I was much more worried when I was 25 than I am now. So it's probably age and experience that make you not feel the pressure that much.

What are you looking forward to the most this year?

There is no such major sports event in 2025 like last year. And still there are so many fun things to look forward to that I can't mention only one thing. From a business perspective, I look forward to see a continuous improvement in what we do. And I look forward to see our people feeling that they are successful and energized by that. The best thing is to see our people feeling that they're getting things done and seeing them grow because they're successful.

Executive Board

Our Executive Board is composed of four 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

Bjørn Gulden

Chief Executive Officer, Global Brands

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 as well as Global Sourcing.

Mandates:

- Chairman of the Board of Directors, Salling Group A/S, Brabrand, Denmark

- Member of the Supervisory Board, Tchibo GmbH, Hamburg, Germany

Mathieu Sidokpohou[1]

Global Sales

Mathieu Sidokpohou was born in Chaumont, France, in 1975, and is a French national. He holds a Master's degree in Management from ESSEC Business School, France. Mathieu started his professional career at Procter & Gamble in 1999. He held various roles in product and brand marketing in France and in Switzerland, with European and Global marketing responsibilities, as well as in Singapore as Marketing and Business leader for APAC. In 2015, Mathieu joined LVMH as Managing Director Sephora SEAPAC. From 2018 to 2020, he held the position of Global Vice President Dairy & Plant-Based at Danone in France. In mid-2020, Mathieu started his career at adidas as General Manager adidas France before assuming responsibility for the Cluster South Europe as General Manager as of 2021. In May 2023, he became Managing Director of Europe, adidas' largest market. In November 2024, Mathieu 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. 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 and assumed additional responsibility for Supply Chain and Tech in August 2024.

Mandates:

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

1 Since November 1, 2024.

Michelle Robertson

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 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.

Executive Board Member until August 10, 2024

Martin Shankland

Mandates:

- none

Executive Board Member until October 31, 2024

Arthur Hoeld

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

Paul Seline*

DEPUTY CHAIRMAN
residing in Erlangen, Germany
born on January 13, 1965
Member of the Supervisory Board since May 16, 2024
Chairman of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany

Ian Gallienne

DEPUTY CHAIRMAN
residing in Paris, France
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[2]
  - 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, Financière De La Sambre, Loverval, Belgium
  - Member of the Board of Directors, Carpar SA, Loverval, Belgium

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

2 Until September 26, 2024.
* Employee representative.

Linda Evenhuis*
residing in Herzogenaurach, Germany
born on December 3, 1973
Member of the Supervisory Board since May 16, 2024
Senior Lead Program and Facilitation (EMEA- GCA- APAC) Global HR Talent, adidas AG, Herzogenaurach, 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

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

Oliver Mintzlaff
residing in Königswinter, Germany
born on August 19, 1975
Member of the Supervisory Board since May 16, 2024
CEO Corporate Projects & Investments, Red Bull GmbH, Fuschl am See, Austria

Petar Mitrovic*
residing in Fürth, Germany
born on May 2, 1975
Member of the Supervisory Board since May 16, 2024
Senior Manager Program Facilitation, Global HR Talent, adidas AG, Herzogenaurach, Germany

Thomas Sapper*
residing in Nuremberg, Germany
born on December 20, 1966
Member of the Supervisory Board since May 16, 2024
Senior Director Tech Project Management, Technology Enablement Office, adidas AG, Herzogenaurach, Germany

* 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:

– Vice Chairman, Fertiglobe Plc, Abu Dhabi, UAE[3]
– Member of the Board of Directors, Joe & the Juice A/S, Copenhagen, Denmark[4]

Harald Sikorski*

residing in Munich, Germany
born on May 28, 1966
Member of the Supervisory Board since May 16, 2024
District Manager Bavaria, Industrial Union IG Bergbau, Chemie, Energie (IGBCE), Munich, Germany
Membership in other statutory supervisory boards in Germany:

– Member of the Supervisory Board, Wacker Chemie AG, Munich, Germany

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

– Member of the Supervisory Board, Company for the Safeguarding of Miners' Housing mbH, Essen, 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, Germany

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

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3 Since September 30, 2019.
4 From December 21, 2023, to December 31, 2024.
* Employee representative.

Standing Committees as of May 16, 2024

Steering Committee:
Thomas Rabe (Chairman), Ian Gallienne, Paul Seline*
General Committee:
Thomas Rabe (Chairman), Birgit Biermann*, Linda Evenhuis*, Ian Gallienne, Nassef Sawiris, Paul Seline*
Audit Committee:
Bodo Uebber (Chairman), Christian Klein, Thomas Sapper*, Günter Weigl*
Nomination Committee:
Thomas Rabe (Chairman), Ian Gallienne, Oliver Mintzlaff
Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG):
Thomas Rabe (Chairman), Ian Gallienne, Bastian Knobloch*, Paul Seline*

Members of the Supervisory Board until May 16, 2024

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

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

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, Germany

* Employee representative.

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

Standing Committees until May 16, 2024

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

* Employee representative.

Supervisory Board Report

Dear Shareholders,

2024 was a successful year for adidas. The company continued its turnaround with a clear focus on its people, products, and consumers, as well as its retail and brand partners. With this focus, adidas performed significantly better than initially expected, despite the overall business environment being characterized by geopolitical tensions and macroeconomic challenges in several regions. Brand momentum accelerated further and broadened across markets and categories, fueled by an improved product offering and go-to-market approach. In addition, adidas leveraged the 'Summer of Sports' with impactful marketing activations featuring its strong portfolio of sports teams and athletes. At the same time, the company's relationships with its retail partners were further strengthened and conversations intensified. As a result of these various initiatives, adidas was able to drive quality growth, with less discounting and a higher share of full-price sales benefitting profitability levels. Consequently, we were able to upgrade our full-year guidance three times in the course of 2024, reflecting the faster-than-expected progress both financially and operationally. This provides a strong foundation for further improvements in 2025 and puts adidas firmly on track to becoming a healthy company by 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, diligently and continuously supervising 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, 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 significantly better-than-expected development of the underlying business (especially in view of the Terrace trend), the sale of the remaining Yeezy inventory, and the currency effects. 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	3	5
Nomination Committee	1	1
General Committee	4	1
Audit Committee	1	3

As part of the Executive Board's financial reporting to the Supervisory Board in particular, the external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ('PwC'), Frankfurt am Main, Germany, attended the meetings of the Supervisory Board insofar as no Executive Board matters and 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 as well as 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. During the Supervisory Board and committee meetings, the Chairman of the Supervisory Board and the Chairman of the Audit Committee regularly reported on discussions with the Executive Board outside the 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 96% (2023: approximately 99%) with regard to the Supervisory Board meetings, 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, 2024			
Thomas Rabe, Chairman	15	15	100%
Ian Gallienne, Deputy Chairman	15	14	93%
Paul Francis Seline, Deputy Chairman	8	8	100%
Birgit Biermann	11	11	100%
Linda Evenhuis	8	8	100%
Jackie Joyner-Kersee	8	8	100%
Christian Klein	10	8	80%
Bastian Knobloch	8	8	100%
Oliver Mintzlaff	6	5	83%
Petar Mitrovic	5	5	100%
Thomas Sapper	7	7	100%
Nassef Sawiris	11	10	91%
Harald Sikorski	5	5	100%
Bodo Uebber	12	12	100%
Jing Ulrich	8	8	100%
Günter Weigl	12	12	100%

Tasks and topics for the entire Supervisory Board

In the year under review, there were eight meetings of the entire Supervisory Board (2023: seven 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. As the focus was on sustainable net sales growth and increasing operating profit, key topics in the year under review were the business development in the major markets and sales channels, the order book development and the sell-through of our products, the inventory development, and the handling of the existing Yeezy inventory. In addition, we dealt intensively with the major legal disputes, various brand and product topics, the latest marketing campaigns, and adidas' key partnerships – especially in the context of the 'Summer of Sports' with the European Football Championship, the Copa 2024, and the Olympic and Paralympic Games. Furthermore, during a three-day offsite meeting in Los Angeles, we dealt extensively with the North American market and the challenges in the year under review. Moreover, during our stay in Los Angeles, the company's Supervisory Board members were able to gain a comprehensive insight into different concepts of adidas stores and stores of partners, competitors, and fashion influencers. The Supervisory Board dealt intensively with the core areas of the Los Angeles location such as Originals, Culture Collaborations & Partnerships, Basketball, and Cultural Marketing. The Supervisory Board also had the opportunity to visit the shoe production at our German location in Scheinfeld, including the 'Athlete Services' made-to-measure production. The growing importance of ESG-related topics and their regulation were further regular topics of discussion at the Supervisory Board meetings. Further focus topics were information security at adidas, investor expectations, and the preparation of the Supervisory Board elections. Moreover, the Executive Board informed us about the current status and the developments of the Human Resources organization. As regards personnel matters, the departure of Martin Shankland and Arthur Hoeld from the Executive Board, Mathieu Sidokpohou's appointment, the general succession planning, and the revision of the compensation system for the Executive Board were the focus topics.

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 discussed personnel and compensation matters concerning the Executive Board as well as questions of corporate governance. ▶ ADIDAS-GROUP.COM/S/COMPENSATION ▶ SEE DECLARATION ON CORPORATE GOVERNANCE

At the February meeting, which was an offsite meeting in Los Angeles, the preliminary financial results for the 2023 financial year and the company's business situation, particularly on the North American market, were the major topics of discussion. John Miller, Managing Director North America since January 2024, reported on the structure of the organization, the existing challenges, and his focus topics. In addition, the Executive Board presented the Budget Plan for the 2024 financial year. The further handling of the existing Yeezy inventory and the dividend proposal were also discussed in detail. Another focus topic was Executive Board compensation. After determining the degree of target achievement and thoroughly discussing the individual performance of the Executive Board members, we set the variable compensation to be paid to the Executive Board members for the 2023 financial year. Furthermore, following an internal appropriateness assessment, the Executive Board compensation was assessed to be appropriate. Moreover, the Supervisory Board discussed the new compensation system for the Executive Board members based on the General Committee's corresponding preparation. Finally, we approved the diversity concept for the Executive Board and the Declaration on Corporate Governance. After extensive visits of adidas stores and stores of competitors and retail partners, the Supervisory Board had the opportunity to gain a deeper insight into the Originals business unit. Apart from new products, the Supervisory Board was updated on Culture Collaborations & Partnerships, Basketball and Culture Marketing.

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 2023 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. The Executive Board also outlined the company's business situation at the time, the Budget Plan for the 2024 financial year, and the resulting guidance for 2024. Following a thorough discussion, the Supervisory Board approved the Budget Plan as presented. We also dealt with adidas brand and product topics, current marketing campaigns, key partnerships, compliance, and the major legal disputes of adidas. Moreover, we approved the Supervisory Board Report to the Annual General Meeting as well as the proposed resolutions to be submitted to the 2024 Annual General Meeting, including the proposal on the appropriation of retained earnings for the 2023 financial year. Furthermore, we conferred on the Supervisory Board election in 2024. After thorough discussions, the shareholder representatives approved the candidate proposal for the Supervisory Board election to the 2024 Annual General Meeting prepared by the Nomination Committee and the proposed new terms of office for the shareholder representatives ('staggered board'). Another focus topic was Executive Board compensation. Following corresponding preparation by the General Committee and extensive discussions, we approved the new compensation system for the Executive Board members and the resulting amendments of the Executive Board service contracts. In addition, we determined the criteria and targets for the variable, performance-related compensation of the Executive Board members for the 2024 financial year and approved the Compensation Report for the 2023 financial year at this meeting. Finally, we approved the amendments of the Business Allocation Plan for the Executive Board.

The May meeting, which took place on the evening before the Annual General Meeting, centered around the business performance at the time, as well as adidas brand and product topics, the latest marketing campaigns, and key partnerships. In this regard, the Executive Board reported on the events and activations planned by adidas for the 'Summer of Sports', the ongoing high demand for the Samba, Gazelle, Spezial, and Campus footwear franchises and the increasing demand for the SL72. In addition, we thoroughly discussed the better-than-expected financial results for the first quarter of 2024, the impact of negative currency effects, the handling of the existing Yeezy inventory, and the resulting increased outlook for the year under review. Furthermore, we were informed about the expected main topics and questions at the Annual General Meeting. Moreover, we approved the proposed amendment of the Rules of Procedure of the Supervisory Board to increase the number of General Committee members to six. After the Supervisory Board meeting, the Supervisory Board and the Executive Board visited the Spring/Summer 2025 product exhibition.

During the constituent meeting of the Supervisory Board directly after the Annual General Meeting, the newly composed Supervisory Board elected Thomas Rabe as Chairman of the Supervisory Board and Paul Francis Seline as First Deputy Chairman and Ian Gallienne as Additional Deputy Chairman. The committee members were also elected.

At our meeting in late July, we discussed, in particular, the financial results for the second quarter and the first half of 2024 and the outlook for the 2024 financial year, which had to be adjusted due to the better-than-expected results for the second quarter and the market dynamics. In this regard, we also discussed the currency effects with the Executive Board. Moreover, we were given an overview of the brand and product topics, the latest marketing campaigns, and key partnerships. With regard to marketing and brand heat, the Executive Board focused on the successes at the EURO 2024 and Copa America and on the 75th anniversary celebrations at the various adidas locations. We also received an update on the SL72 campaign, the situation of the Human Resources organization, and the positive results of the Employee Listening Survey. Finally, training opportunities for the Supervisory Board were presented.

At an extraordinary Supervisory Board meeting in August, we resolved upon the termination of Martin Shankland's appointment as a member of the Executive Board of adidas AG by mutual consent upon expiry of August 10, 2024, based on the recommendation of the General Committee and after thorough deliberation.

The October meeting of the Supervisory Board focused on the discussion of the business situation at the time and the preliminary financial results for the third quarter of 2024, as well as on the outlook for the 2024 financial year, which had to be adjusted due to the ongoing momentum. Moreover, we were given an overview of the latest adidas brand and product topics, marketing campaigns, and key partnerships, with a focus on, inter alia, the successes of adidas athletes at the Olympic and Paralympic Games 2024. We also received an update on information security at adidas. Furthermore, we approved Harm Ohlmeyer's Advisory Board mandate at the German branch of HSBC Continental Europe S.A., Germany. After thorough discussions and following the recommendation of the General Committee, we approved the termination by mutual consent of Arthur Hoeld's appointment as a member of the Executive Board of adidas AG effective October 31, 2024. Also upon the General Committee's recommendation, Mathieu Sidokpohou was appointed as a new Executive Board member with responsibility for Global Sales effective November 1, 2024. After the Supervisory Board meeting, the Supervisory Board and Executive Board visited the Fall/Winter 2025 product exhibition.

At the December meeting, which took place at our German production site in Scheinfeld, we focused on the preliminary Budget Plan for the 2025 financial year presented by the Executive Board as well as on the marketing and sponsorship agreements concluded in the year under review. After a thorough review, we approved the final Budget Plan presented to us for resolution in early 2025. Moreover, the Executive Board gave a detailed report on the business situation at the time, the outlook for the year under review as well as on adidas brand and product topics, the latest marketing campaigns, and key partnerships. Further focus topics were the report by the Investor Relations department on the dialog with and feedback from investors and the report by the Chairman of the Audit Committee on the Audit Committee's discussions around ESG topics and sustainability reporting. In addition, the Supervisory Board was informed about the searches conducted at German adidas sites in connection with compliance with customs and tax regulations when importing products into Germany. We also discussed the assessment of the Supervisory Board members' independence, resolved the Declaration of Compliance with the German Corporate Governance Code, and reviewed the objectives of the Supervisory Board regarding its composition (incl. the competency profile). 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 of the shareholder representatives at the 2025 Annual General Meeting, the shareholder representatives resolved pursuant to § 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. Another agenda item was the horizontal comparison of the Executive Board compensation and potential further adjustments of the compensation system for the members of the Executive Board. Finally, we agreed that the self-assessment of the Supervisory Board (efficiency examination) would presumably be conducted in 2025 due to the extensive personnel changes as a result of the most recent Supervisory Board election. After the Supervisory Board meeting, we visited the shoe production in Scheinfeld, Germany, together with the Executive Board.

Tasks and topics in 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 five meetings in the year under review (2023: 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, such as, in particular, the termination of Martin Shankland's and Arthur Hoeld's appointments by mutual consent and the appointment of Mathieu Sidokpohou. 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. Moreover, the General Committee dealt intensively with the compensation report for the year under review, the revision and further potential adjustments of the compensation system for the Executive Board, and the resulting amendments of the Executive Board service contracts. The long-term succession planning for the Executive Board was also discussed by the General Committee.

The **Audit Committee** held four meetings in the year under review (2023: 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 monitoring the accounting process, the committee's work focused on the audit of the 2023 annual financial statements and 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 2023 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. Other matters of thorough deliberation were the assignment of the audit mandate to the auditor and the determination of the audit fees and key audit matters. Furthermore, the Audit Committee commissioned the auditor with a limited assurance audit of the content of the non-financial statement which was prepared in accordance with the European Sustainability Reporting Standards (ESRS). 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 of the 2023 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, 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 in view of the implementation of the Corporate Sustainability Reporting Directive (CSRD). Global Business Services, foreign exchange risks, and the S4/HANA implementation at adidas were also discussed by the Audit Committee.

The **Nomination Committee** held two meetings in the year under review (2023: two meetings). The focus topic of both meetings and of deliberations in the period between the meetings was, in particular, the preparation of the Supervisory Board's proposals for the election of the Supervisory Board members representing the shareholders to the 2024 and 2025 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, the statutory requirements for the candidates' suitability and independence, the applicable recommendations of the German Corporate Governance Code, as well as investor expectations and feedback, 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, concrete resolution proposals for the Supervisory Board were eventually prepared.

Furthermore, the Nomination Committee discussed the general succession planning for the Supervisory Board with a particular focus on the position of the Chairman, on female representation, and also considering investor requests. This also comprised a thorough review of the Supervisory Board's objectives regarding its composition, the Supervisory Board's competency and diversity profile, and the independence and availability of the Supervisory Board members. The Nomination Committee concluded that all members of the Supervisory Board generally have sufficient time to perform their tasks. Finally, the Nomination Committee prepared resolution proposals 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

At the end of the Annual General Meeting on May 16, 2024, the terms of office of all Supervisory Board members expired. Therefore, an election of all shareholder representatives was necessary.

For every new election taking place, the Supervisory Board submits its proposals to the Annual General Meeting. Each election proposal is preceded by a diligent selection process for suitable candidates, which is outlined under 'Tasks and topics in the committees – Nomination Committee.'

In accordance with the Articles of Association, the regular term of office of the shareholder representatives is five years. However, within the context of the shareholder candidate proposals to the Annual General Meeting, the option to appoint shareholder representatives for a shorter term of office of no more than four years was used as stipulated in the Articles of Association of adidas AG. To strengthen the shareholders' voting rights, take the demands of today's corporate governance into account, and be able to react flexibly to changing competency requirements, the shareholder representatives were not all proposed to be elected for this maximum term of office of four years but for terms of one year or two, three, or four years. This has allowed for the gradual formation of a staggered board in the future.

Thomas Rabe was elected to the Supervisory Board for the period until the end of the 2025 Annual General Meeting by the shareholders and, during the constituent Supervisory Board meeting directly after the Annual General Meeting, as Chairman of the Supervisory Board by the Supervisory Board members.

Furthermore, our shareholders elected Ian Gallienne and Nassef Sawiris until the end of the 2026 Annual General Meeting, Bodo Uebber and Jing Ulrich until the end of the 2027 Annual General Meeting, and Jackie Joyner-Kersee, Christian Klein, and Oliver Mintzlaff, who was proposed for the first time for election as a new Supervisory Board member, until the end of the 2028 Annual General Meeting.

The employee representatives were newly elected in April 2024 by delegates. In this regard, all adidas AG employees eligible to vote elected delegates, who subsequently elected the Supervisory Board members at the assembly of delegates. Since the end of the 2024 Annual General Meeting, the elected candidates, Paul Francis Seline, Linda Evenhuis, Bastian Knobloch, Petar Mitrovic, Thomas Sapper, and Guenter Weigl, together with the union representatives Birgit Biermann and Harald Sikorski, are the employee representatives on the Supervisory Board.

The Chairman and his two Deputies as well as the committee members were elected at the constituent meeting of the Supervisory Board. The members of the Supervisory Board elected Thomas Rabe as Chairman, Paul Francis Seline as First Deputy Chairman, and Ian Gallienne as Additional Deputy Chairman of the Supervisory Board. Bodo Uebber was again elected as Chairman of the Audit Committee.
► SEE SUPERVISORY BOARD

With regard to the representation of women and men, the Supervisory Board complies with the statutory minimum quota pursuant to § 96 section 2 sentence 1 AktG. Prior to the resolution on the election proposals, both the shareholder representatives and the employee representatives resolved that the minimum quota of 30% women and 30% men on the Supervisory Board should be fulfilled separately for the shareholder representatives and the employee representatives in accordance with § 96 section 2 sentence 3 AktG.

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. The new Audit Committee members participated in comprehensive introductory sessions, inter alia, in the areas of accounting, internal control and risk management systems, compliance, information security, and ESG. Moreover, in the year under review, the Supervisory Board and Executive Board participated in a three-day offsite meeting in Los Angeles. In addition to the various concepts of the adidas stores and stores of partners, competitors, and fashion influencers, the various core areas of the Los Angeles location, namely Originals, Culture Collaborations & Partnerships, Basketball and Cultural Marketing, were presented to the Supervisory Board. Moreover, the Supervisory Board received an update on product innovations of adidas and various cooperation partners as well as new collections. Furthermore, the Supervisory Board visited the shoe production, including 'Athlete Services' made-to-measure production, at our German location Scheinfeld. The company also 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

Effective January 1, 2024, Michelle Robertson was appointed as new Executive Board member responsible for Global Human Resources, People and Culture. Furthermore, upon expiry of August 10, 2024, Martin Shankland, responsible for Global Operations, resigned as Executive Board member in agreement with the Supervisory Board and left the company. Bjørn Gulden assumed responsibility for the areas of Sourcing, Product Operations, and Sustainability. Harm Ohlmeyer has since been responsible for the areas of Supply Chain and Tech. Furthermore, upon expiry of October 31, 2024, Arthur Hoeld, responsible for Global Sales, resigned as Executive Board member in agreement with the Supervisory Board and left the company. Mathieu Sidokpohou was appointed as a new Executive Board member, responsible for Global Sales effective November 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 thorough deliberations, the current Declaration of Compliance pursuant to § 161 AktG was resolved by the Executive Board and Supervisory Board of adidas AG in December 2024 and was made permanently available on our website. ► 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-Kersee 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 2024 Annual General Meeting appointed PwC as auditor and Group auditor for the 2024 financial year. Prior to this, PwC had confirmed to both the Supervisory Board and Audit Committee that there are no circumstances which could prejudice their independence as auditor or which could cast doubt on PwC's 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 were contractually agreed for the following year.

PwC audited the 2024 consolidated financial statements drawn up 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. The auditor also approved without qualification the 2024 annual financial statements of adidas AG, prepared in accordance with HGB requirements, and the combined Management Report for adidas AG and the 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 3, 2025, and at the balance sheet meeting of the Supervisory Board on March 4, 2025, during which the Executive Board explained 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 passing of the resolution, the auditor reported on the results of the audit of the content of the non-financial statement with limited assurance, as commissioned by the Audit Committee in accordance with § 111 section 2 sentence 4 AktG. In addition, the Supervisory Board thoroughly discussed and approved the Executive Board's proposal concerning the appropriation of retained earnings for the 2024 financial year.

Based on our own examinations of the annual financial statements and consolidated financial statements (including the non-financial statement), we concluded 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 2024 financial year. The annual financial statements were thus adopted. PwC has been acting as auditor and Group auditor for adidas AG since the 2023 financial year. 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. Moreover, I would like to express my gratitude for the always trustful collaboration between the shareholder representatives and the employee representatives on the Supervisory Board and would like to thank, in particular, Petra Auerbacher, Kathrin Menges, Udo Müller, Beate Rohrig, Frank Scheiderer, and Michael Storl, who left the Supervisory Board. Moreover, I would like to thank Martin Shankland, who resigned from the Executive Board in mid-August 2024, and Arthur Hoeld, who resigned from the Executive Board at the end of October 2024, for their numerous important contributions and their commitment to adidas.

For the Supervisory Board

THOMAS RABE
CHAIRMAN OF THE SUPERVISORY BOARD
March 2025

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 regarding 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 with the German Corporate Governance Code pursuant to § 161 AktG in December 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 Declaration of Compliance in December 2023, 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 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.

Herzogenaurach, December 2024

For the Executive Board	For the Supervisory Board
BJØRN GULDEN	THOMAS RABE
Chief Executive Officer	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

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.

Upon expiry of August 10, 2024, Martin Shankland, Executive Board member responsible for Global Operations, resigned from the Executive Board of adidas AG. Since then, Hoa Ly, SVP Sourcing and Product Operations, has been responsible for all sourcing and product operations at adidas, reporting into the Chief Executive Officer Bjørn Gulden. Chief Financial Officer Harm Ohlmeyer assumed additional responsibility for Supply Chain and Tech. Furthermore, upon expiry of October 31, 2024, Arthur Hoeld, Executive Board member responsible for Global Sales, resigned from the Executive Board of adidas AG. The Supervisory Board appointed Mathieu Sidokpohou to succeed Arthur Hoeld as Executive Board member responsible for Global Sales, effective November 1, 2024. He has been with the company since 2020, most recently as Managing Director Europe. Thus, the Executive Board consists of four members.

The Executive Board is responsible for independently managing the company with the aim of sustainable value creation in the best interest 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 corporate 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. Furthermore, the Executive Board prepares a combined non-financial statement for the company and the Group in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). 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 System 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. It is tied to the company's interests and obligated to strive for a sustainable increase in the company's value.

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 67 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 Supervisory Board's opinion, 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 had 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 are elected by the employees. ► SEE SUPERVISORY BOARD

The most recent regular Supervisory Board elections were held in the 2024 financial year. While the eight new employee representatives were already elected by the employees of adidas AG prior to the 2024 Annual General Meeting, the Supervisory Board's proposals for the eight shareholder representatives were confirmed by the shareholders at the 2024 Annual General Meeting. Moreover, in order to strengthen shareholders' voting rights, meet the demands of modern corporate governance, and be able to react flexibly to changing competency requirements, the Annual General Meeting shortened the maximum term of office of five years to four years. At the same time, by way of individual voting, some shareholder representatives were elected to the Supervisory Board for a term of office of one year or two, three, or four years. In this respect, the option stipulated in § 8 section 2 of the Articles of Association of adidas AG was applied which allows for the determination of shorter terms than the regular term of office and different terms of office for individual Supervisory Board members ('staggered board').

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 Paul Seline
General Committee	Thomas Rabe (Chairman) Birgit Biermann Linda Evenhuis Ian Gallienne Nassef Sawiris Paul Seline
Audit Committee	Bodo Uebber (Chairman) Christian Klein Thomas Sapper Günter Weigl
Nomination Committee	Thomas Rabe (Chairman) Ian Gallienne Oliver Mintzlaff
Mediation Committee (§ 27 paragraph 3 MitBestG)	Thomas Rabe (Chairman) Ian Gallienne Bastian Knobloch Paul Seline

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

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. In addition to the entire Supervisory Board's primary responsibility for the adidas Group's relevant environmental/sustainability, social and governance (ESG) matters, the Audit Committee monitors sustainability topics. 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 2024, the Supervisory Board reviewed and confirmed its objectives regarding its composition (including the competency profile for the entire Supervisory Board). 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. This includes, 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, in the areas of digital transformation, information technology (including IT security), production, marketing, and sales, especially in 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 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

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 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 in 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, and the Audit Committee member Christian Klein, at least three 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 the Supervisory Board has set regarding its composition and also aims at fulfilling the competency profile developed by the Supervisory Board for the Board as a whole. The Supervisory Board pays attention to a balanced composition to ensure that the required know-how is represented on as broad a scale as possible. Moreover, the Supervisory Board ascertains from each proposed candidate whether they have 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, 2024	Thomas Rabe	Ian Gallienne	Jackie Joyner-Kersee	Christian Klein	Oliver Mintzlaff	Nassef Sawiris	Bodo Uebber	Jing Ulrich
Gender[1]	m	m	f	m	m	m	m	f
Year of birth	1965	1971	1962	1980	1975	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]	IBWL[5]	BWL[6]	BA (Econ.)[7]	Diploma in Industrial Engineering	MA (EAS)[8]

1 f = female, m = male.
2 Master of Business Administration.
3 Doctor of Economics.
4 Bachelor in History.
5 International Business Administration.
6 Business Administration.
7 Bachelor in Economics.
8 Master in East Asian Studies.

Diversity profile of the Supervisory Board: employee representatives

Diversity as at December 31, 2024	Paul Seline	Birgit Biermann	Linda Evenhuis	Bastian Knobloch	Petar Mitrovic	Thomas Sapper	Harald Sikorski	Günter Weigl
Gender[1]	m	f	f	m	m	m	m	m
Year of birth	1965	1973	1973	1982	1975	1966	1966	1965
Nationality	US-American	German	Dutch	German	German	German	German	German
Educational background	MA[2] *(Diplom Exportwirt)*	Lawyer	BA[3]	IT Specialist	MA[4]	MBA[5] *(Diplom Kaufmann)*	Energy systems electronics technician	Diploma in Sports Economics

1 f = female, m = male.
2 Master in International Marketing.
3 Bachelor in International Business and Languages.
4 Master in Humanities.
5 Master of Business Administration.

Supervisory Board competency profile: shareholder representatives

Qualifications and competencies as at December 31, 2024	Thomas Rabe (2019)[1]	Ian Gallienne (2016)[1]	Jackie Joyner-Kersee (2021)[1]	Christian Klein (2020)[1]	Oliver Mintzlaff (2024)[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]	✓ (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, EU, US)[6]			✓ (AS)[6]
Production, marketing, sales	✓	✓		✓	✓	✓	✓	
Business strategy development and implementation	✓	✓		✓	✓	✓	✓	
Digital transformation, IT and IT security, AI	✓			✓				
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, 2024	Paul Seline (2024)[1]	Birgit Biermann (2022)[1]	Linda Evenhuis (2024)[1]	Bastian Knobloch (2022)[1]	Petar Mitrovic (2024)[1]	Thomas Sapper (2024)[1]	Harald Sikorski (2024)[1]	Günter Weigl (2019)[1]
Auditing[2]								
Accounting[3]								
ESG		✓ (E, S, G)[4]					✓ (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, AI				✓		✓		
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 the management of the company. The supervision and advice also include sustainability issues in particular. The Executive Board regularly, expeditiously, and comprehensively reports on the strategy, planning, business development, the company's risk situation, the risk management, and the compliance organization as well as material compliance cases and litigation, and 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 the Annual General Meeting. Moreover, the Supervisory Board examines the combined non-financial statement for the company and the Group and 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 individual Executive Board positions. This is based on multiple planning horizons. 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 and the General Committee discuss 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 is available on the company's website. ► 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

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

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 (particularly with regard to the increasing regulation of environmental, social, and governance ('ESG') topics and non-financial reporting) and opportunities for external training, and provides relevant specialist literature. Moreover, the Supervisory Board is updated on questions of information security and regulations in this regard.

To facilitate the performance of their duties, the company also offers particularly new Supervisory Board members or members who assume new responsibilities introductions to the work of the Supervisory Board and/or to new areas of responsibility of Supervisory Board members. In this regard, the Supervisory Board members receive a detailed introduction to the business and subject areas that are relevant for their particular tasks. The new Audit Committee members participated in comprehensive introductory sessions by the responsible adidas employees, inter alia, in the areas of accounting, internal control and risk management systems, compliance, information security, and ESG.

Moreover, the Supervisory Board as well as the Audit Committee, General Committee, and Nomination Committee regularly assess the efficiency of their work. Following the successful implementation of the individual measures to improve the organization of the Supervisory Board's work, which had been resolved in the previous financial years, the Supervisory Board agreed at its meeting in December 2024 that the next efficiency examination of its work would presumably be conducted in the 2025 financial year due to the extensive personnel changes as a result of the most recent Supervisory Board election.

The compensation of the Supervisory Board members is set out in the Compensation Report.
▶ 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 in fostering diversity and inclusion and in promoting women in leadership positions. ▶ SEE PEOPLE AND CULTURE

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.

In 2024, we continued our Diversity, Equity and Inclusion efforts. On the balance sheet date, we achieved percentage shares of women of 36.1% on the first management level below the Executive Board of adidas AG and 38.2% on the second management level below the Executive Board of adidas AG. Against this backdrop, we are working toward achieving the target of a 40% share of female representation for both the first and the second management level below the Executive Board of adidas AG by December 31, 2025, as defined by the Executive Board.

Moreover, in 2024, women's representation globally at director level and above increased from 39.6% to 40.7%, demonstrating steady progress toward our ambition to reach gender balance in leadership positions on a global level by December 31, 2033.

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 objected to an overall fulfillment of the aforementioned quota pursuant to § 96 section 2 sentence 3 AktG, the minimum quota must be fulfilled separately by the Supervisory Board 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). Thus, the Supervisory Board of adidas AG must consist of at least two women and two men on the shareholder representative side and on the employee representative side. These minimum quotas were achieved.

As at December 31, 2024, two Supervisory Board mandates were held by women and six Supervisory Board mandates were held by men on both the shareholder representative side and the employee representative side.

The company will continue to intensify its Diversity, Equity, and Inclusion efforts 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 PEOPLE AND CULTURE**

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-Kersee. 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-Kersee.
► **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 Regulation (EU) No 596/2014 (Market Abuse Regulation) notified to adidas AG in 2024 is published on our website. ► **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 continue our intensive commitment to sustainability in the years ahead. As regards the environment, we will continue our close collaboration with our partners in the global supply chain to reduce energy consumption and increase the proportion of renewable energy we use. This is one part of our climate strategy, which aims at reducing greenhouse gas emissions by 42% by 2030 compared to the base year 2022. Moreover, we will increase our involvement in industry-wide initiatives to collaborate on developing solutions for the challenges our industry is facing – e.g., through projects such as Textile Recycling Excellence (T-REX) and New Cotton, and also through our active participation in industry organizations such as Fashion for Good, The Fashion Pact, and Textile Exchange.

Further information on company-specific practices that are applied in addition to statutory requirements, such as our Code of Conduct ('Fair Play'), as well as information 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 PEOPLE AND CULTURE ► SEE SUSTAINABILITY ► ADIDAS-GROUP.COM/SUSTAINABILITY

Compliance and risk management

Compliance with laws, internal and external provisions, and 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 company-wide 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. On our website, 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. With our Investor Relations activities, we maintain close and continual contact with our current and potential shareholders. ► SEE OUR SHARE ► 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.

Our Annual General Meeting on May 16, 2024, 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 15, 2025, 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

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

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 PEOPLE AND CULTURE ► 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 2024 annual financial statements and consolidated financial statements by the Annual General Meeting of May 16, 2024. The Supervisory Board had previously assured itself of the auditor's independence. ► SEE REPRODUCTION OF THE INDEPENDENT AUDITOR'S REPORT

Our Share

Global stock markets developed positively in 2024, ending the year well above prior-year levels. Market participants appreciated a fall in interest rates, lower levels of inflation, and overall solid corporate earnings. Sector performance was uneven, however, with consumer indices lagging. The adidas AG share strongly outperformed its peer group and the broader stock market, ending 2024 with an increase of 29% compared to the prior year. Off the back of three financial guidance upgrades and significantly better-than-expected results for 2024, adidas will propose a dividend of € 2.00 per share to its shareholders at the Annual General Meeting in May 2025.

adidas AG share member of major indices

The adidas AG share is part of a variety of major indices such as the DAX, the EURO STOXX 50 as well as the MSCI World Textiles, Apparel and Luxury Goods Index. As of December 31, 2024, our weighting in the DAX – the German benchmark index, was 3% (2023: 3%), and we ranked 13th on market capitalization (2023: 12th).

adidas AG share price increases and outperforms in 2024

In 2024, global stock markets were higher as investors reacted positively to moderating inflation rates and the resulting interest rate cuts introduced by several central banks. In addition, overall solid corporate earnings supported investor sentiment. At the same time, geopolitical tensions and political developments continued to cause volatility in financial markets throughout the year. Against this backdrop, the DAX gained 19% and the EURO STOXX 50 increased by 8%. In contrast, the MSCI World Textiles, Apparel and Luxury Goods Index decreased 11% in 2024, largely due to the luxury subsector facing lower consumer demand as well as some brands dealing with idiosyncratic issues. The adidas AG share strongly outperformed its peer group and the broader stock market, ending 2024 with a 29% increase compared to the prior year. This positive development reflects the three financial guidance upgrades during the year and significantly better-than-expected results for 2024.

Level 1 ADR with strong increase in 2024

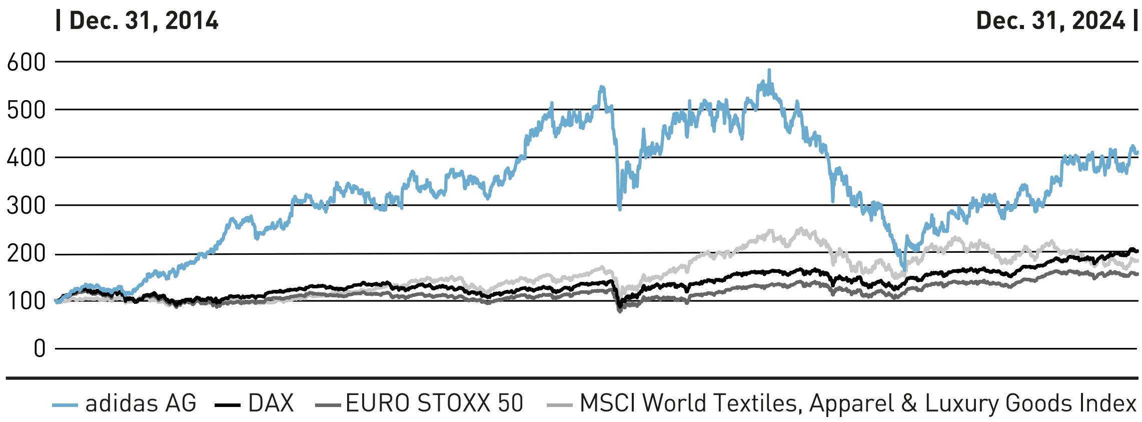
Our Level 1 ADR closed 2024 at US $ 121.77, representing an increase of 20% versus the prior-year level (2023: US $ 101.65). The less pronounced increase of the Level 1 ADR price compared to the ordinary share price was due to the appreciation of the US dollar versus the euro in 2024. The number of Level 1 ADRs outstanding increased to 9.1 million at year-end 2024 compared to 8.5 million at the end of 2023. Further information on our ADR program can be found on our website. ► ADIDAS-GROUP.COM/ADR

Performance of the adidas AG share and important indices at year-end 2024 in %

	1 year	3 years	5 years	10 years
adidas AG	29	(6)	(18)	311
DAX	19	25	50	103
EURO STOXX 50	8	14	31	56
MSCI World Textiles, Apparel and Luxury Goods Index	(11)	(24)	11	83

Source: Bloomberg.

Ten-year share price development[1]



1 Index: December 31, 2014 = 100. Source: Bloomberg.

adidas AG share

		2024	2023	Important indices
Number of shares outstanding at year-end[1]	shares	178,549,084	178,549,084	
Basic earnings per share[2]	€	4.24	(0.67)	
Diluted earnings per share[2]	€	4.24	(0.67)	
Year-end price	€	236.80	184.16	
Year high	€	244.50	197.40	
Year low	€	164.68	127.70	— DAX
Market capitalization[3]	€ in millions	42,280	32,882	— EURO STOXX 50 — MSCI World Textiles, Apparel and Luxury Goods
Dividend per share	€	2.00[4]	0.70	— MSCI World ESG Leaders Index
Dividend payout	€ in millions	357[4]	125	— FTSE4Good Index Series
Dividend payout ratio[2]	%	43.3[4]	–	
Dividend yield	%	0.8[4]	0.4	
Shareholders' equity per share[3]	€	30.67	25.65	
Price-earnings ratio at year-end[5]	x	55.9	–	
Average trading volume per trading day[6]	shares	449,120	529,294	

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 € 2.00 per share

The adidas AG Executive and Supervisory Boards will recommend paying a dividend of € 2.00 per dividend-entitled share to shareholders at the Annual General Meeting on May 15, 2025 (2024: € 0.70). The total payout of € 357 million (2024: € 125 million) reflects a payout ratio of 43% of net income from continuing operations. The proposal reflects the company's significantly better-than-expected performance in 2024, its improved financial profile, and Management's confident outlook for the future. This payout ratio is within the target range of between 30% and 50% of net income from continuing operations as defined in our Financial Policy. ▶ SEE OUTLOOK

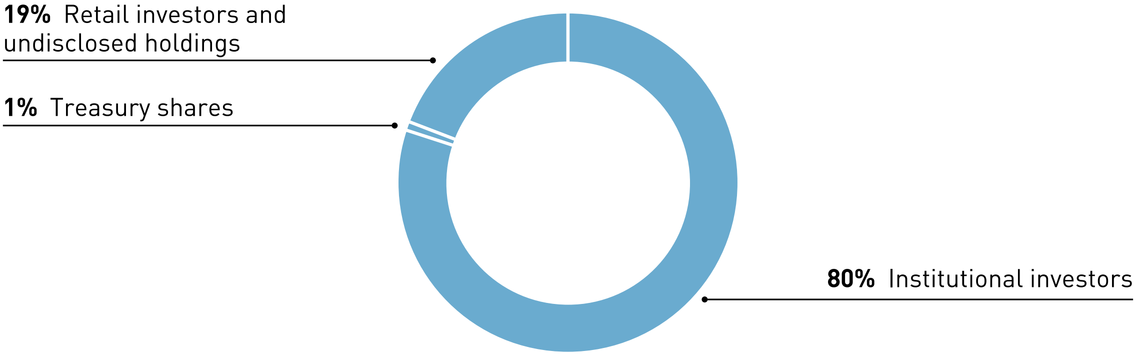
Dividend

€ 2.00 (subject to Annual General Meeting approval)

Strong international investor base

Based on our share register, adidas AG currently has more than 136,000 shareholders (2023: more than 158,000). The reduction in the number of shareholders compared to the previous year was largely driven by a decrease in the number of retail investors. In our latest ownership analysis conducted in December 2024, we identified almost 100% of our shares outstanding. Institutional investors represent the largest investor group, holding 80% of shares outstanding (2023: 81%). Retail investors and undisclosed holdings account for 19% (2023: 19%). Lastly, adidas AG currently holds 1% of the company's shares as treasury shares (2023: 1%).

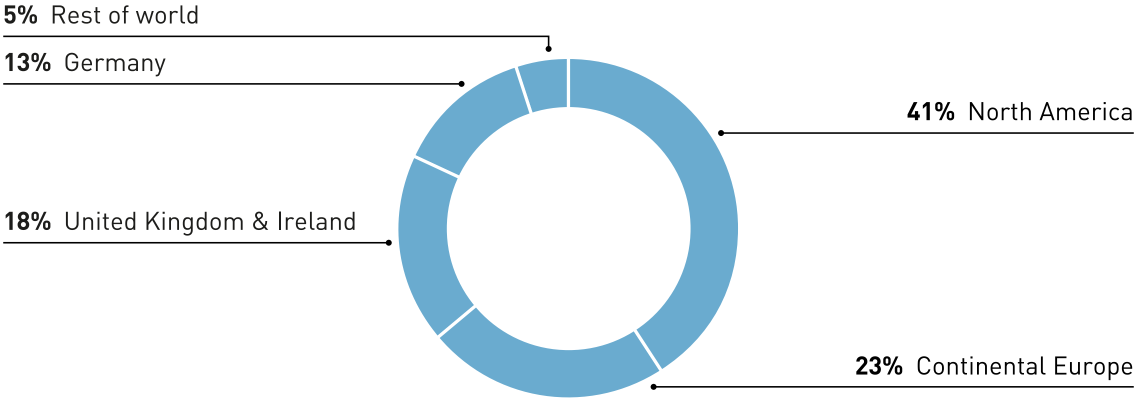
Shareholder structure by investor group[1]



1 As of December 2024.

In terms of geographical distribution, the North American market currently accounts for 41% of institutional shareholdings (2023: 34%), followed by the United Kingdom and Ireland with 18% (2023: 21%). Identified German investors hold 13% of institutional shareholdings (2023:14%) and institutional investors from other continental European countries account for 23% (2023: 27%), while 5% of institutional shareholders were identified in other regions of the world (2023: 4%).

Shareholder structure by region[1,2]

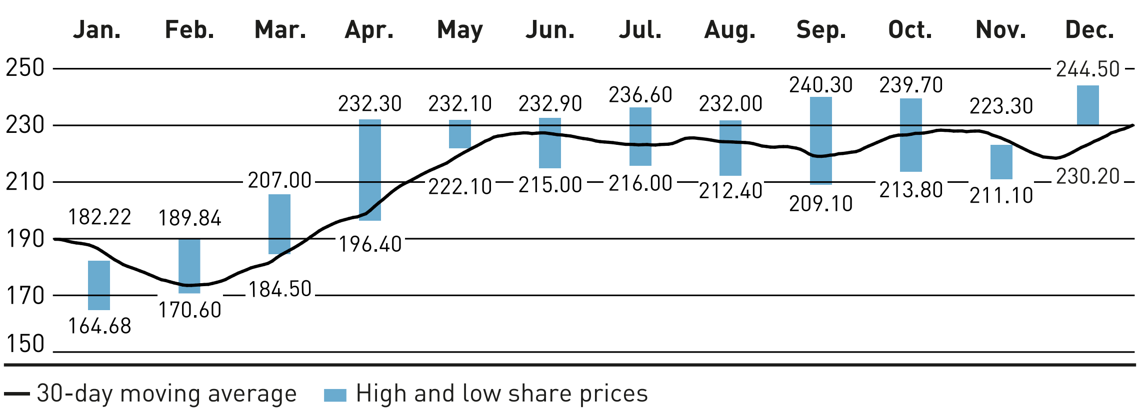


1 As of December 2024.
2 Reflects institutional investors only.

Majority of analysts have a positive view on our share

Our share is actively covered by 31 analysts from investment banks and brokerage firms. As of December 31, 2024, 63% of analysts recommended investors to 'buy' our share (2023: 42%), 30% of analysts advised investors to 'hold' our share (2023: 44%), and 7% recommended to 'sell' our share (2023: 14%).

adidas AG high and low share prices per month[1] in €



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

Frequent and meaningful touchpoints with capital market participants

adidas strives to maintain a close dialogue with institutional and retail shareholders as well as financial analysts. We notify capital market participants of operational and financial developments of adidas in a timely and transparent manner. In addition, the adidas Management and Investor Relations team continually engage in conversations with existing and potential investors on a wide variety of topics, including financial results releases, operational progress and priorities, the current and future product pipeline, marketing initiatives, and our ongoing sustainability efforts. In 2024, Management and Investor Relations spent more than 50 days on roadshows and at conferences across the world. We also hosted more than 150 investors and analysts at our headquarters as well as in several of our regional hubs, enabling them to interact with senior leaders, experience the atmosphere on site, explore our product showrooms, and take a tour of our rich archives. The Investor Relations team also engaged with retail shareholders at several dedicated events in 2024. In addition, the physical Annual General Meeting in May also allowed for many in-person interactions with the company's retail shareholder base. Investors can find in-depth information on our share, financial publications, and financial calendar on our corporate website. ► ADIDAS-GROUP.COM/EN/INVESTORS/OVERVIEW

Voting rights notifications published

All voting rights notifications received in 2024 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 ► 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 corporate website. ► ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS

2

GROUP MANAGEMENT REPORT OUR COMPANY

Roadmap to Success

2024 was a successful year for adidas. The turnaround that was initiated in 2023 gained momentum and broadened across markets, categories, and channels. Against this backdrop, we not only delivered results that significantly exceeded initial expectations, but also made adidas a better company during 2024: We have created brand heat with a focus on locally relevant products and activations, further improved our product range and go-to-market approach, built stronger partnerships with both our retail and brand partners, arrived at a healthy inventory position globally, and started to simplify the way we work. With this, we laid the foundation for continued success on our roadmap to becoming a good company in 2025 and a healthy company by 2026.

During 2024, we continued to strengthen our brand and our business in several ways:

— **Global brand with a local mindset:** We need to be where our consumers are. With more local trends emerging, the need for local relevance continues to increase. Instead of a centrally defined one-size-fits-all approach, we have empowered our markets to create the product, storytelling, partnerships, and channels they need to be successful. By providing our markets with decision-making autonomy, we can meet the expectations of our customers and the needs of our consumers around the world.

— **Speed and agility:** Fast-changing trends and consumer demands require flexibility and agility. We have empowered our people to accelerate decision-making and have begun to eliminate complicated processes to react quickly. We will continue to prioritize speed and agility to react faster to the needs of our consumers and the feedback from our retail partners.

— **Healthy balance between channels:** We have transitioned from a narrow focus on our direct-to-consumer business to a service-oriented model toward our retail partners. By listening closely to their feedback and acting on it, we have proven our desire to be a trusted partner for them. And while wholesale is crucial for our future success, we continue to invest in our own retail and e-commerce presence. It is all about maintaining a healthy balance between our channels to win with the consumer.

— **Brand heat:** We are proud to produce groundbreaking innovation in sports and some of the most sought-after product in lifestyle. This outstanding product is amplified by brand heat – and vice versa. Brand heat is the sum of everything we do. It comprises athletes, teams, celebrities, street culture and more. With this in mind, we have entered and extended partnerships with some of the greatest teams and players out there, such as the Argentine Football Association and rising football star Lamine Yamal, and also welcomed countless athletes to our brand who are pushing boundaries in smaller sports, including track and field, rugby, tennis, and baseball. And while we are equally proud of our cultural partnerships, we will remain deeply rooted in sport.

— **Brand message on the joy of sport:** To complement our strong product offering and drive brand heat holistically, we have created a new brand narrative – 'You Got This.' By putting the joy of sport and its power as a great unifier at the center, we want to counteract an atmosphere of pressure and stress, especially for our younger consumers. We have activated this message globally – amplifying it through last summer's major sports events and featuring many of our brand partners – and will continue to evolve the narrative in the seasons to come. The latest chapter of our brand campaign focuses on the 'Plus One Effect', highlighting the influence each of us has in uplifting others in sport. We all need someone to make us believe.

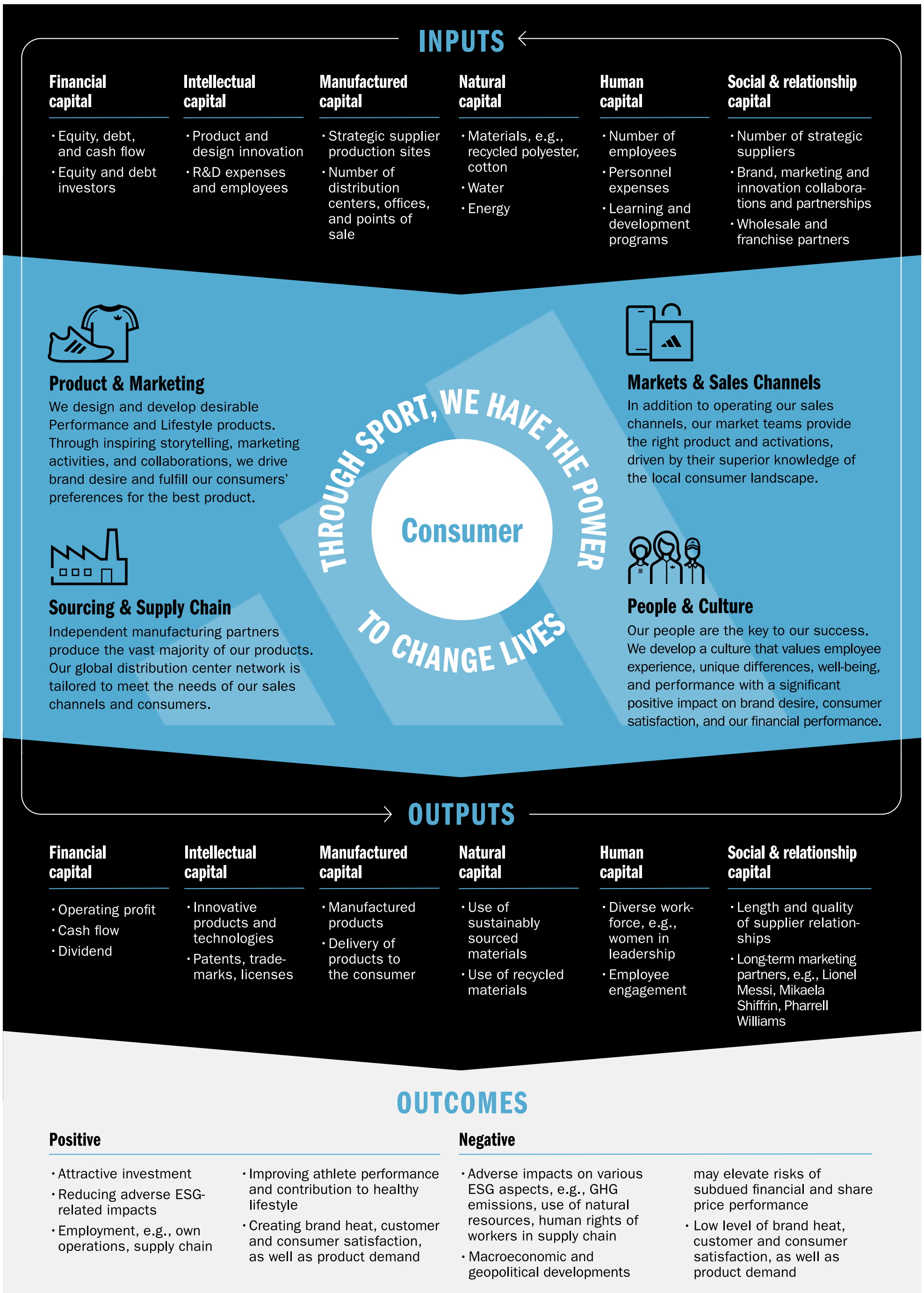
In addition, we have five foundational pillars that will continue to guide us through 2025 and beyond:

- **People:** We believe that our people are the key to the company's success. We focus on creating a culture that strengthens their performance, well-being, and personal development. This will have a significant impact on brand heat, consumer and customer satisfaction, and, ultimately, our results.
- **Product:** Product is king and queen. We innovate in materials, designs, and technologies to constantly bring exciting new products to the market. This allows us to be relevant to consumers, both on the Performance and the Lifestyle side, as well as to keep growing our deep archive of sportswear icons.
- **Consumers:** Our consumers are at the heart of everything we do. We focus on what matters to them, creating the product they want, offering the service they expect, and providing the experience they need.
- **Retail partners:** We need to be the best service partner for retailers. Multi-branded environments reach consumers at scale, and we can leverage our strong product pipeline through efficient distribution.
- **Athletes:** Whether the crowd watching is large or small, we are here for all athletes. For 75 years, we have been innovating for sports and striving to create only the best for the athlete. This is in our DNA and has shaped our rich heritage. It is where we come from and where we need to be.

Description of business model

Business Model Overview

The overview below outlines the major input and output factors as well as the outcomes of our business activities. More detailed information can be found in the respective sections of this Annual Report. An interactive version of the presentation of our business model can be found online. ▶ REPORT.ADIDAS-GROUP.COM



Product and Marketing

Under the adidas brand, we have been designing, engineering, and marketing world-class sports products for 75 years. Through developing innovative products and telling inspiring stories, we create only the best for the athlete. By doing so, we continue to build brand equity as well as trust of our partners, which in turn enables us to capitalize on structural growth opportunities in the sporting goods industry.

The adidas brand

The adidas brand has a long history and deep-rooted connection with sport. We believe that through sport, we have the power to change lives. This is our purpose, and we live it every day by expanding the limits of human possibilities. To remain one of the most recognized and iconic brands in the world, on and off the field of play, we need to drive and maintain our credibility in sport. For us as the adidas brand, this means launching groundbreaking innovations to continuously deliver the best for the athlete, while also enabling a broader culture that is born from it. Being committed to inclusivity, we ensure that all athletes and consumers are considered and supported by our product assortment. ▶ SEE ESRS S4 CONSUMERS AND END USERS

Product born from sport

Product is at the core of everything we do. Our Performance products are built from sport and worn for sport, helping our athletes to perform at their best in a broad range of sports, represented by our famous 3-Bar logo. We serve all athletes, in major participation sports like football, running, and training, as well as in credibility sports, including outdoor, golf, and tennis, among many others. On the Lifestyle side, adidas Originals is motivated by the collective memory of sports and represents brand classics as well as new visionary designs. The Trefoil – adidas Originals' iconic signifier – celebrates products that connect with culture, leveraging our archive and celebrating our partnerships. In addition, Sportswear is built as an expansion from the playing field to courtside. It is born from sport and worn for style. Sportswear offers our consumers everyday products that redefine comfort, versatility, and aesthetics.

3-BAR LOGO

Sport Performance **Sportswear**

TREFOIL

Originals

With a 75-year history of groundbreaking innovation in sports, we have built an enormously rich archive – the collective memory of our brand. Some memorable moments include:

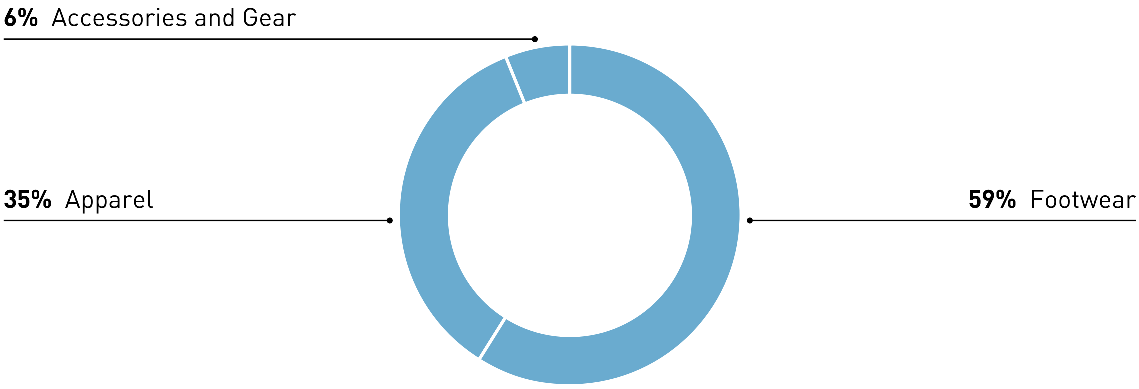
- **1949:** 'Adolf Dassler adidas Sportschuhfabrik' is registered in the small town of Herzogenaurach, Germany, and founder Adi Dassler launches a sports shoe featuring the soon-to-become-famous 3-Stripes, marking the humble beginnings of a global success story.
- **1954:** adidas makes its mark on the football pitch, with innovative screw-in studs on lightweight football boots helping the German national football team beat Hungary in the 1954 World Cup final.
- **1967:** The iconic Franz Beckenbauer tracksuit celebrates its debut as the first piece of apparel from the brand. To this day, iterations of our tracksuits resonate with consumers around the globe.
- **1970:** After unlocking footwear and apparel, we deliver the Telstar as our first official match ball for the 1970 FIFA World Cup in Mexico. This marks the beginning of a successful strategic partnership, with the brand providing innovative official match balls for every FIFA World Cup ever since.
- **1972:** To enhance brand visibility, the Trefoil is introduced as a new logo featuring three leaf-shaped foils. In the same year, the Samba as we know it today launches as a fast-paced and agile football shoe, before later turning into a lifestyle icon.
- **1973:** A tennis shoe developed in the 1960s is rebranded in honor of one of the biggest sports stars of the time: Stan Smith. The silhouette is synonymous with timeless style and has become an everyday staple of modern footwear.
- **1986:** Initially designed for basketball, US-based hip-hop group Run-D.M.C. turn the Superstar shoe into a streetwear icon with the release of the song 'My Adidas'.
- **1994:** Marking the next chapter in our rich football history, the Predator boot is born. While the rippled rubber fins remain a distinctive feature, continued iterations ensure the franchise remains a go-to for the world's top players and amateurs alike.
- **2001:** adidas becomes the pioneer in the industry to introduce a new lifestyle segment, focusing on sports-inspired streetwear. In the years to come, new partnerships with Yohji Yamamoto (2001), Stella McCartney (2002), and Pharrell Williams (2014) are born along with exciting labels, such as Y-3 (2003).
- **2013:** Boost hits the market and the running industry is changed forever. With the Ultraboost franchise launch in 2015, the responsive cushioning technology is brought into an elegant silhouette, dissolving the boundaries between performance and lifestyle running.
- **2019:** Leveraging years of comprehensive research, we introduce a new sustainability concept called Futurecraft.Loop, a completely recyclable performance shoe. This marks another critical milestone in our ambition to continuously push industry-wide boundaries in terms of sustainability.
- **2022:** In collaboration with Gucci, we build on the incredible legacy of the Gazelle since 1966, resulting in one of our most sought-after releases. Featuring premium materials, a kaleidoscope of colors, and merging the iconic Trefoil and Gucci emblems, these 'Made in Italy' Gazelles firmly reestablish the silhouette around the world.
- **2023:** Continuing to provide only the best for the athlete, we unveil the Adizero Adios Pro Evo 1, our lightest-ever running shoe. Weighing in at 138 grams, the shoe is 40% lighter than any other shoe adidas has ever created and enables our athletes to set new personal bests and break multiple records.

Product franchises as lighthouses for our brand

Within our wide and deep product range, product franchises are our most iconic symbols of sport and culture as well as the lighthouses of our brand. In Performance, globally recognized footwear franchises include Predator and F50 in Football, Adizero and Ultraboost in Running, Dropset in Training, Agravic in Outdoor, Barricade in Tennis, and AE1 in Basketball. In the Lifestyle category, they include perennial footwear icons such as Samba, Gazelle, Handball Spezial, Campus, Stan Smith, and Superstar.

Footwear is key to winning consumer mindshare. With our rich archive, access to fundamental athlete insights as well as technological innovation, we have been pushing and continue to push boundaries in the athletic footwear industry. This is reflected in our category mix: In 2024, footwear had the highest share of net sales by product category at 59% (2023: 57%), followed by apparel at 35% (2023: 36%), and accessories and gear at 6% (2023: 7%).

Net sales share by product category



We leverage the footwear-led brand heat and expand it into our apparel as well as accessories and gear business. On the apparel side, we aim to build and grow franchises such as the Firebird range, the Z.N.E. collection, Tiro pants, and MyShelter jackets. In apparel, too, our franchises represent the very best of adidas, influencing not only sport but also the culture born from it while contributing to building our brand equity. Through uncompromised functionality, iconic designs, and unique stories, they have the potential to be iterated over time to preserve desirability.

Global brand with locally relevant product range

Brand desirability might look and feel different in different parts of the world. As a global brand with a local mindset, we therefore ensure that our product is tailored to local tastes and trends. While product franchises and our seasonal spring/summer and fall/winter ranges are developed on a global basis, our markets are empowered to adapt the assortment and go-to-market to their local needs. Through dedicated local design, development, sourcing, and marketing resources, we enable our market teams to cater to the consumers in their respective market.

Besides the global creation engine at our headquarters in Herzogenaurach, we have invested into creation capabilities in Portland and Los Angeles for North America, in Shanghai for Greater China, and Tokyo for Japan, among others. This set-up enables us to leverage our archive and the strength of a global brand, while ensuring relevance for a broad array of local consumer preferences. ▶ SEE MARKETS AND SALES CHANNELS

Product innovation and success stories

We have a long heritage of innovation and constantly strive to provide athletes with the best by creating high-performance and competitive products. Technology platforms such as Boost, Lightstrike, and Clima are proof points of our broader approach to innovation and act as enablers to define new successful athlete stories through best-in-class product execution. We collaborate with athletes and consumers, universities, innovative companies, governments, and research organizations to further understand performance requirements. Based on these insights, we invest in manufacturing techniques and new technologies with the aim to address the challenges athletes experience.

In the past year, we continued to serve all athletes with innovative technologies, materials, and sustainable concepts built into our Performance products:

- **AE1:** Showcasing the future of adidas Basketball through innovative design and technology, the Anthony Edwards 1 excites consumers on and off the court. Voted sneaker of the year in 2024 by Complex, the success of Anthony Edwards' model also drives consumer awareness for our Harden, D.O.N., and Dame signature lines.
- **Adizero Adios Pro 4:** The Adizero Adios Pro range is developed to break records. The Adios Pro 4 takes the technology from Adizero Adios Pro Evo 1 – our record-breaking running shoe – and makes it available to all ambitious marathon runners.
- **Adizero Evo SL:** This launch is further democratizing our record-breaking Adizero range, offering technological innovation and design elements from the Adizero Adios Pro Evo 1 at the more affordable price point of € 150. With its clean look, the Evo SL catches attention during and after any run.
- **Supernova 2:** Even lighter than its predecessor, the Supernova 2 provides a superior daily running experience, with new features such as the Dreamstrike+ midsole which enhance the franchise's comfort-driven proposition.
- **Ultraboost 5:** The latest iteration of our iconic running franchise refocuses on performance, featuring a reengineered midsole to provide even more energy return and bold colorways for lifestyle-conscious runners.
- **Duramo SL:** Developed for the price-conscious runner and priced below € 80, the mesh upper and padded heel create a soft, supportive feel, while the Lightmotion midsole adds lightweight cushioning.
- **Predator:** Many of football's greatest players trust the Predator, a boot crafted for goals. The latest iteration continues this success story, featuring a lightweight soleplate and heel construction that optimizes traction for dynamic movement and stability when striking the ball.
- **F50:** After a nine-year hiatus, we relaunched the F50 on the occasion of its 20th anniversary. Taking inspiration from elite track spikes, we provided this famous built-for-speed football franchise with a comprehensive upgrade.
- **Crazyquick:** As padel's popularity and presence grows, we built on our deep expertise in tennis and other court sports to introduce our first dedicated padel footwear franchise. Its lightweight and breathable design offers enhanced stability, cushioning, and energy return.
- **Dropset 3:** Designed specifically for the demands of weight-based exercises, the new Dropset offers enhanced stability and grip. This helps gym enthusiasts distribute weight evenly while transferring force from feet to ground, reducing injury risk.
- **Optime:** Our new Optime leggings blend support, style, and freedom of movement. Engineered with advanced material constructs, the squat-proof leggings offer all-day confidence and comfort inside and outside the gym.
- **Terrex Xperior:** Made with 100% recycled PrimaLoft insulation, this award-winning jacket does not compromise performance for sustainability. Its distinctive pattern and insulation support breathability and keep adventurers warm even in wet conditions.
- **Z.N.E.:** Our revamped Z.N.E. collection ('Zero Negative Energy') is the epitome of innovation in apparel. Bringing high-quality performance fabrics into everyday silhouettes, including hoodies and pants, creates a distinctive offering that our consumers can rely on in all occasions.

We also continued to create sports-inspired product stories that resonate with consumers in Lifestyle, leveraging our rich archive and roster of brand partners:

– **Terrace:** Seeded by the adidas x Gucci Gazelle, one of our most sought-after collaborations, we continue to drive newness and depth, building on the increasing interest of the consumer in our Terrace offering, consisting of Samba, Gazelle, and Handball Spezial. Numerous high-profile collaborations with Pharrell Williams, JJJJound, and Bad Bunny keep our franchises relevant as we carefully manage supply.
– **Campus:** Originally at home in skateboarding, the Campus with its bulkier silhouette perfectly complements our Terrace offering. Organically picked up from our Gen Z and Gen Alpha consumer on social media, it now enjoys even greater popularity than Terrace silhouettes in some of our markets.
– **SL 72:** Historically developed for marathoners, this franchise now takes the T-toe style into Retro Running for our Lifestyle consumers. We continue to scale volumes in response to fast-growing demand, while keeping the franchise relevant through fresh colorways and exciting collaborations such as that with Sporty & Rich.
– **Low Profile:** Given our credentials in martial arts, boxing, and motorsport, we successfully incubated Low Profile franchises such as Taekwondo and Japan. The low and slim silhouettes have already created hype on fashion runways and red carpets around the world. Examples of our activations include the Stella McCartney show at Paris Fashion Week and Emma Chamberlain on the cover of The Face magazine.
– **Climacool:** By pushing the boundaries of design innovation, we offer a shoe that defies conventional norms with a unique lattice structure and is entirely 3D-printed with cutting-edge technology. The 360° airflow makes the shoe feel as if it is almost non-existent, a testament to our innovation, design, and comfort journey toward creating the best Lifestyle Running product for our consumers.
– **Aruku:** Another highlight in Lifestyle Running, the Aruku provides a completely different level of comfort. Inspired by an iconic running shoe from the 2000s, this franchise has a curved rocker shape and Swirlfoam cushioning that keeps our consumers moving comfortably all day. Bold activations with artists such as Gunna at ComplexCon have pushed the franchise to the forefront of the sneaker community.
– **Superstar:** We are relaunching one of our most iconic shoes with new colorways, materials, collaborations, and a dedicated market-by-market approach. Led by North America, we are focusing on a young, urban consumer group and strengthening the connection to local street culture with dedicated Superstar iterations and activations coming out of our creation center in Los Angeles.
– **Third jerseys:** The Trefoil logo returned to the pitch with the launch of third jerseys made from 100% recycled polyester for each of our five major European football clubs, namely Bayern Munich, Manchester United, Juventus, Arsenal, and Real Madrid. Blending performance and contemporary street style, the limited-edition jerseys are designed to bring the enthusiasm for football from the field to the streets.
– **The Bad Bunny & Messi Collection:** In the one-of-a-kind partnership, Bad Bunny and Lionel Messi reinvented two of our most celebrated silhouettes. The collection pays tribute to individual trophies of the two global superstars. It includes the Gazelle as Bad Bunny's favorite style element and the F50, widely recognized as one of the best football cleats of all time and worn by Messi throughout his career.

Holistic approach to marketing investments

Our marketing activities – alongside product creation, innovation, and collaborations – are an important constituent for creating brand desirability and winning the consumer. adidas is focused on generating inspirational and innovative concepts that drive consumer advocacy, build brand equity, and drive demand for our products. With partner and brand marketing activities extending through digital platforms, advertising, point-of-sale, and grassroots activations, we create one powerful narrative. The ambition is to have a fully connected marketing funnel, from grabbing consumer attention to driving consideration when consumers are in the buying phase, down to conversion at the point of sale.

► SEE ESRS S4 CONSUMERS AND END USERS

We are active across five dimensions with bespoke marketing objectives:

- **Brand campaigns:** create visibility, unaided awareness, and establish a brand point of view.
- **Elevated franchises:** drive global desire and demand for our product franchises.
- **Category activation:** strengthen sport and cultural credibility by sharpening category propositions.
- **Horizontal brand stories:** ensure visibility and engagement for brand priorities across categories.
- **Commercial conversion:** drive conversion at the point of sale, both in-store and online.

Marketing plans anchored in our 'You Got This' brand campaign

From building brand awareness and brand heat all the way down to deliberate point-of-sale experiences, our brand marketing plans showcase a variety of activations at all levels of the marketing funnel, with our global brand campaign 'You Got This' being at the very center of it. You Got This was born from consumer insights. In conversations with our consumers, we repeatedly heard that pressure makes everything feel impossible and that sport stops being fun when negative pressure comes from all angles. The most vocalized point was the disconnect from sport due to the expectations of others.

In response, we crafted and adopted You Got This as our brand message to help people believe they can disarm negative pressure and engage with sport on their terms. We want to bring them back to where they first fell in love with sport, like their own backyard, reminding them that sport can be played without pressure. You Got This was launched in February 2024 – featuring the likes of Patrick Mahomes, Trinity Rodman, Lionel Messi, Linda Caicedo, Jude Bellingham, Anthony Edwards, Rohit Sharma and the New Zealand Rugby All Blacks – and will see continued iterations and chapters throughout 2025 and beyond.

The latest chapter of our brand campaign focuses on the 'Plus One Effect', highlighting the influence each of us has in uplifting others in sport. It is about changing the game, the tone, and the outcome for someone else, transforming self-doubt to self-belief and pressure to joy. We all need someone to make us believe.

Impactful and effective marketing initiatives

The summer of sports in 2024 was a fantastic opportunity to showcase how our athletes harness their inner self-belief and confidence to overcome pressure during high-stakes moments in their respective disciplines. Accordingly, we launched several You Got This chapters around major sports events, with stories narrated by our athletes, as a reminder to all – from amateur to elite level – of how integral self-belief is. For us, being a global brand with a local mindset also means telling such stories in a locally relevant way. Our teams therefore created market-specific iterations of our brand campaign chapters and hosted additional events to resonate best with local communities.

- **EURO/Copa:** We amplified the success of our teams at the UEFA EURO and CONMEBOL Copa América football tournaments through the launch of the second chapter of our You Got This brand campaign: Stars including Jude Bellingham and Lionel Messi shared their experience on pressure and how to overcome it. Simultaneously, we drove elevated brand visibility with activations such as our 'Home of adidas Football' in Berlin – a fully immersive hub with public viewing, creative studios, exhibitions, game boxes, and five-a-side football pitches for our consumers.
- **Olympics/Paralympics:** Against the backdrop of the Paris 2024 Olympic and Paralympic Games, the third chapter of our You Got This brand campaign highlighted the importance of self-belief: Athletes at the top of the game shared their mindset to encourage the next generation. The campaign matched the launch of our comprehensive Athlete Pack, a footwear collection equipping athletes across 41 different disciplines, which was also made available at our newly opened Home of Sport flagship store on the Champs-Elysées. To round up the event experience, we celebrated Olympic medal wins with our athlete partners at our adidas house in Paris.
- **Move for the Planet**: For the second time, we called on athletes at every level across the world to track their physical activity across a variety of sports. Almost 230 million minutes of activity were tracked in the adidas Running app globally, with adidas donating € 1.5 million to make sports facilities more resilient to extreme weather conditions and to provide sustainability education tools to a number of local communities.
- **Road to Records**: For the fourth edition of Road to Records, we gathered 120 world-class athletes for a unique running event at our headquarters in Herzogenaurach, Germany. Our athletes secured one new world record, two under 20 records, nine national records, and stimulated incredible energy at our World of Sports. The excitement was also visible in our adidas Runners' community – who remotely participated across 60 cities – as well as around 200 retail partners and our employees who also joined in on this extraordinary experience.

Brand partner portfolio rooted in sport

2024 was a fantastic year for sport. Many athletes were able to further improve their outstanding performances and inspire spectators all over the world. For others, it was the year in which they were able to shine on the big stage for the first time. As a sports brand, we are grateful for the trust these athletes place in us, and we will support them unconditionally throughout all stages of their journey.

We constantly strive to further extend our sizeable roster of athletes and partners. The latest signings include, among others, the Mercedes-AMG PETRONAS F1 team, the New South Wales Rugby League, the French Rugby Federation, the Ukrainian Association of Football, Texas Tech University, Aitana Bonmatí, Lamine Yamal, and Travis Hunter. In addition, we were able to extend our partnerships with UEFA Champions League, Major League Soccer (MLS), Indiana University, the Argentine Football Association, the Mexican Football Federation, the German Olympic Committee (Team D), the British Olympic Association (Team GB), and Noah Lyles.

With this, we will continue to bring our products to the biggest stages in the world through partners like:

- **Major teams, federations, leagues, and events:** Football: national teams of Algeria, Argentina, Belgium, Colombia, Costa Rica, Germany, Mexico, Italy, Jamaica, Japan, Peru, Saudi Arabia, Spain, and Sweden. Top clubs such as Arsenal F.C., F.C. Bayern Munich, Juventus Turin, Manchester United, Real Madrid, A.S. Roma, and all clubs of the Major League Soccer (MLS). Basketball: US-American universities such as University of Kansas. Running: Ethiopian Athletics Federation (EAF), French Athletics Federation (FFA), Berlin Marathon, and Boston Marathon. Other sports: Mercedes-AMG PETRONAS F1 team, India cricket team, German Olympic Committee (Team D), British Olympic

Association (Team GB), Dutch field hockey team, the New Zealand All Blacks, and the China national volleyball team.

– **High-profile athletes and individuals:** Football stars Selma Bacha, Jude Bellingham, Florian Wirtz, Pedri, Dani Olmo, Linda Caicedo, Kadidiatou Diani, Trent Alexander-Arnold, Ousmane Dembélé, Paulo Dybala, Emiliano Martínez, Rafael Leão, Mapi León, Lionel Messi, Lamine Yamal, Lindsey Horan, Manuel Neuer, Lena Oberdorf, Guro Reiten, Declan Rice, Trinity Rodman, Aitana Bonmatí, Alessia Russo, Mo Salah, Son Heung-min, Zinedine Zidane and Jürgen Klopp. Track and field athletes Anna Hall, Grant Holloway, Steven Gardiner, Noah Lyles, Shaunae Miller-Uibo, Gout Gout, marathon runner Tigist Assefa, as well as triathlete Patrick Lange. Basketball stars Aliyah Boston, Zia Cooke, Anthony Edwards, James Harden, Damian Lillard, Donovan Mitchell, Jalen Green, Jalen Williams, and Candace Parker. American football players Patrick Mahomes, Travis Hunter, Garrett Wilson, and Micah Parsons. Tennis players Karolína Muchová, Jessica Pegula, Elina Svitolina-Monfils, Stefanos Tsitsipas, Xinyu Wang, Caroline Wozniacki, and Alexander Zverev. Alpine skier Mikaela Shiffrin. Skateboarders Tyshawn Jones and Nora Vasconcellos. Golf players Rose Zhang and Ludvig Aberg.
– **Cultural marketing partners:** Anitta, Baby Monster, Bad Bunny, Tate McRae, Grace Wales Bonner, Edison Chen, Caroline Daur, HoYeon Jung, Jennie Kim (Blackpink), Jerry Lorenzo, Léna Mahfouf (Léna Situations), Deepika Padukone, Stormzy, Pusha T, Pharrell Williams, and Dingyun Zhang.

Markets and Sales Channels

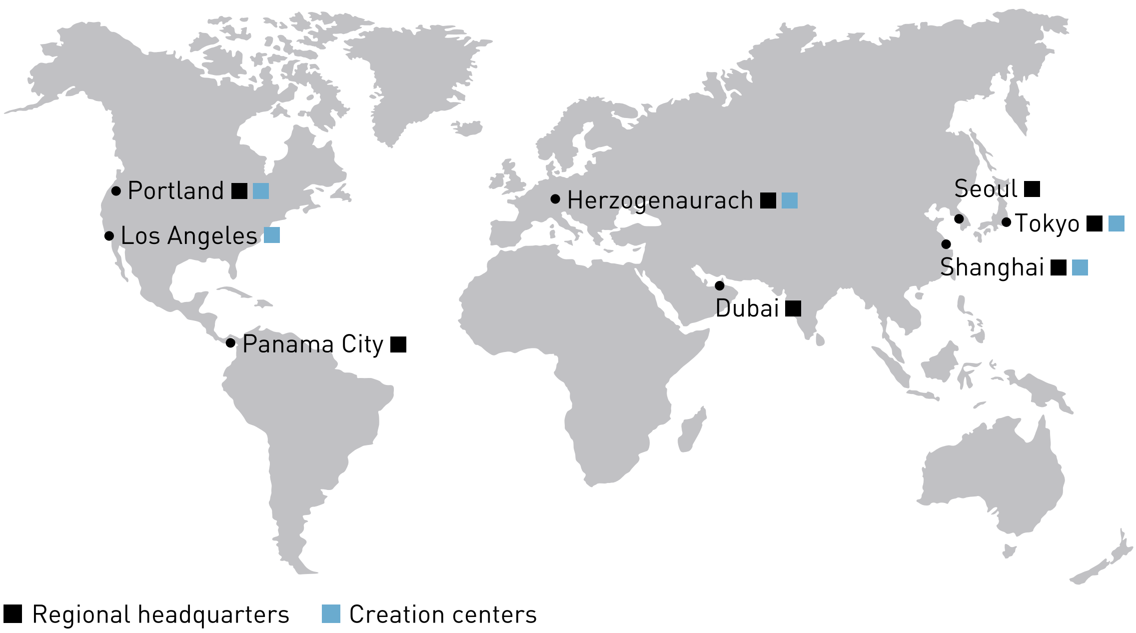
We are a global brand with a local mindset. In addition to operating our sales channels, our market teams are empowered to provide the right product and activations, driven by their superior knowledge of the local consumer landscape. The majority of our consumers buy our products at the point-of-sale of our wholesale partners. We ensure that we are a collaborative and trusted partner for them. Moreover, we engage directly with our consumers through own retail stores and our e-commerce platforms.

Local empowerment

We empower our markets to choose their offering from our global product range, create product locally to complement our global range, work with relevant brand partners, and establish the business models they need to be successful. By doing so, we ensure proximity to emerging trends, take into account unique cultural differences, and reduce our time to market. While our headquarter organization in Herzogenaurach, Germany, provides the global framework for how our brand comes to life, our market organizations ensure local relevance. In this context, our home market Europe is managed out of Herzogenaurach, North America out of Portland, and Greater China out of Shanghai. We run Emerging Markets from Dubai, Latin America from Panama City, and Japan/South Korea from Tokyo and Seoul. In several of these regional hubs, we have invested into and operate local creation centers.

► SEE PRODUCT AND MARKETING

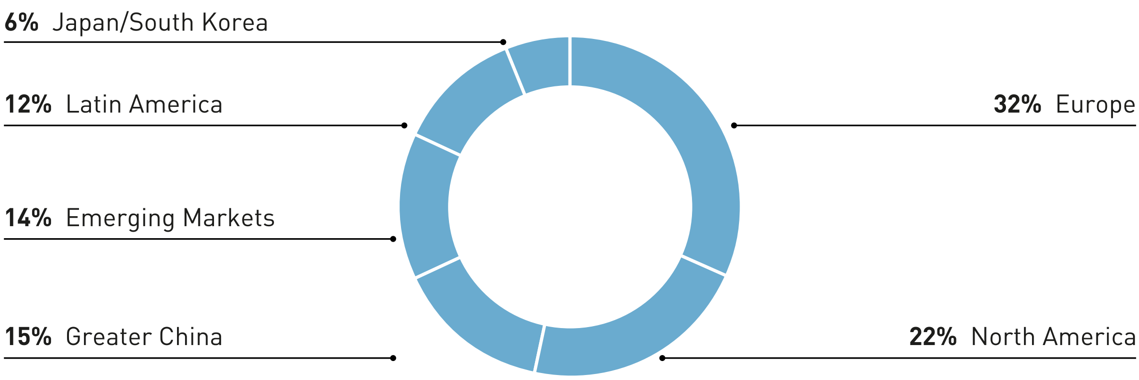
Regional headquarters and creation centers



Global reach

From a net sales perspective, in 2024, Europe – our home market – had the highest share of business at 32% (2023: 30%), followed by North America at 22% (2023: 25%), and Greater China at 15% (2023: 15%). Emerging Markets represented 14% (2023: 13%), complemented by Latin America at 12% (2023: 11%) and Japan/South Korea at 6% (2023: 6%). ▶ SEE BUSINESS PERFORMANCE BY SEGMENT

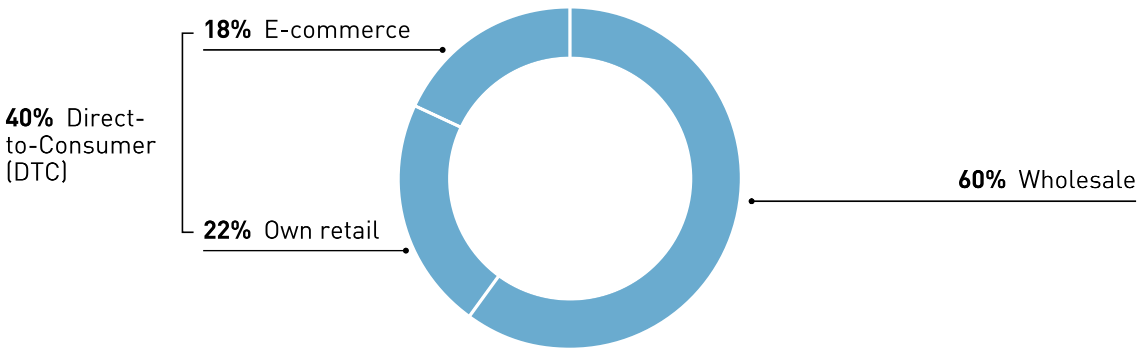
Net sales share by market



Sales channels

Our guiding principle is to meet our consumers where they are. Given the strong relevance of multi-brand distribution in several markets and categories globally, wholesale remained our largest channel, accounting for 60% of total net sales in 2024 (2023: 59%). The share of direct-to-consumer (DTC) business, consisting of own retail and e-commerce sales, was 40% in 2024 (2023: 41%).

Net sales share by channel



Wholesale

We focus on being a trusted service partner to our retail partners. Through speed, flexibility, strategic foresight, and the right attitude, we successfully leveraged the elevated interest in our brand and products to regain shelf space. At the same time, we are closely managing demand and vigilantly track customer sell-out and inventory levels. Our priority remains to build the right assortments for each key account and ensure that we have a more focused sell-in and better in-store presentation. We continue to invest in future growth with our partners through branded space initiatives and customer-exclusive products that have a positive impact on our business. In addition, we are building on the positive feedback and strengthening the direct dialogue with our partners through dedicated partner camps at our various hubs around the world. We unlock additional sales opportunities by sharing and scaling these best practices across all of our markets.

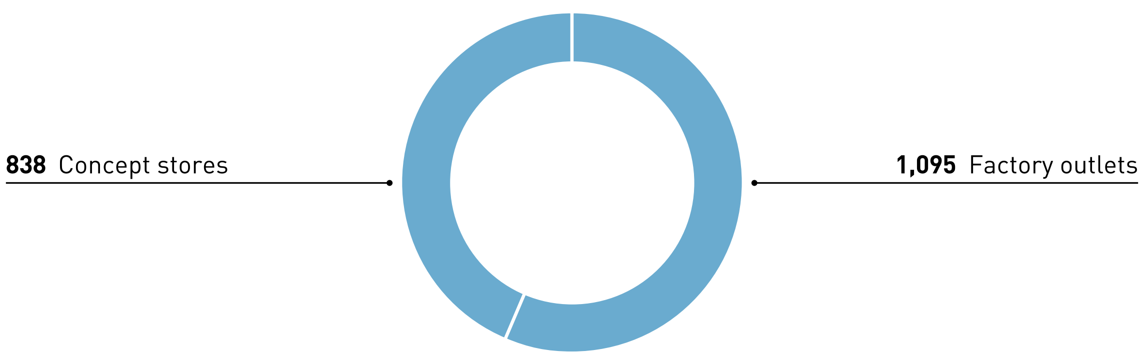
Own retail

Our own retail stores allow our consumers to directly interact with our brand, product, teams, and communities. They can touch and try on our products, feel inspired by our stories, and experience what we stand for as a brand. We continued to invest into a premium physical brand presence with digital elements and an environment that satisfies a wide variety of our consumers' needs in strategic locations.

In 2024, the total number of stores was 1,933 (2023: 1,863), comprising of 838 concept stores (2023: 832) and 1,095 factory outlets (2023: 1,031). Our fleet of concept stores – including flagship stores, brand centers, and concession corners – focuses on offering premium experiences, while factory outlet stores are targeted at the value-seeking consumer.

We continued to elevate our presence in strategic locations through additional stores and remodels during 2024. For example, we opened our new Champs-Elysées flagship store right in time for the Olympic and Paralympic Games in Paris 2024, and the first sneaker store in the culturally relevant Bukchon neighborhood in Seoul, South Korea. In Saudi Arabia and Dubai, we invested in dedicated women's stores to mirror the changing consumer landscape in these countries. Our store fleet is also complemented by local pop-ups, where we leverage our influencers and athletes to promote products. Ultimately, we will keep investing into our physical retail fleet as it represents an essential part of building our brand heat.

Number of stores by format



E-commerce

We redefined the role of e-commerce within our sales channel mix and successfully focused on improving full-price sales and reducing promotional activity. In addition, our adiClub membership program brings unique experiences such as raffles, 'money-can't-buy' products, vouchers, and partner offers to our members. Accumulated points can be used across all our digital and retail touchpoints, creating a seamless consumer experience. Our award-winning running app keeps millions of consumers active, motivates them by earning adiClub points, provides personalized fitness plans, and brings global brand moments to life. The 'Confirmed' app – our digital boutique and premium touchpoint for sneakerheads, streetwear, fashion, and style enthusiasts – continued to thrive through collaborations with high-fashion brands and pioneers such as Wales Bonner, Bad Bunny, and Edison Chen. The app delivers coveted and premium products to our consumers, offering best-in-class experiences and further solidifies our status as a trendsetter in the global lifestyle world.

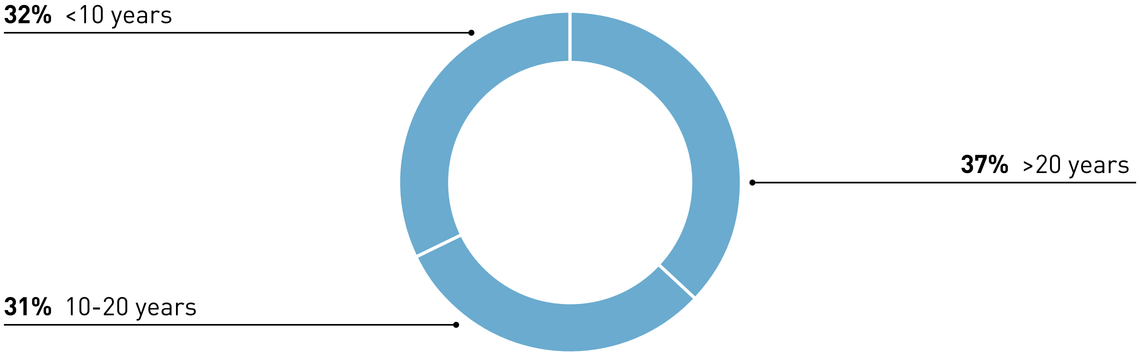
Sourcing and Supply Chain

To ensure high standards in product quality and efficiency, we mainly source our products through independent manufacturing partners located in Asia. In addition, to maximize responsiveness, we follow a local-for-local sourcing approach, wherever reasonable. We acknowledge adverse social and environmental impacts within our supply chain and drive actions to mitigate and reduce those impacts. With the consumer in mind, we aim to support our markets in having the right product available at the right point of sale at the right point in time.

Long-term relationships with independent manufacturing partners

To ensure high standards in product quality and efficiency, we outsource almost 100% of our production to independent manufacturing partners with the vast majority located in Asia. Strong capabilities around materials and processes have been built up in close collaboration with our strategic suppliers in this region over several decades. While we provide them with detailed product specifications that cover technical and sustainability dimensions, they possess excellent expertise in cost-efficient, high-volume production of footwear, apparel, and accessories and gear. By valuing long-term relationships, we can ensure that this expertise continues to grow: 68% of our independent manufacturing partners have worked with adidas for at least ten years, and 37% for over 20 years.

Length of relationship with independent manufacturing partners



Local-for-local sourcing for maximum responsiveness and flexibility

With our responsive and flexible sourcing model, we are able to react quickly to changing order patterns. In close collaboration with our wholesale partners, we are continuously assessing sell-through and can replenish product that is particularly sought-after during the season. This helps us to effectively reduce inventory risk and drive incremental net sales and higher margins by reducing initial order sizes.

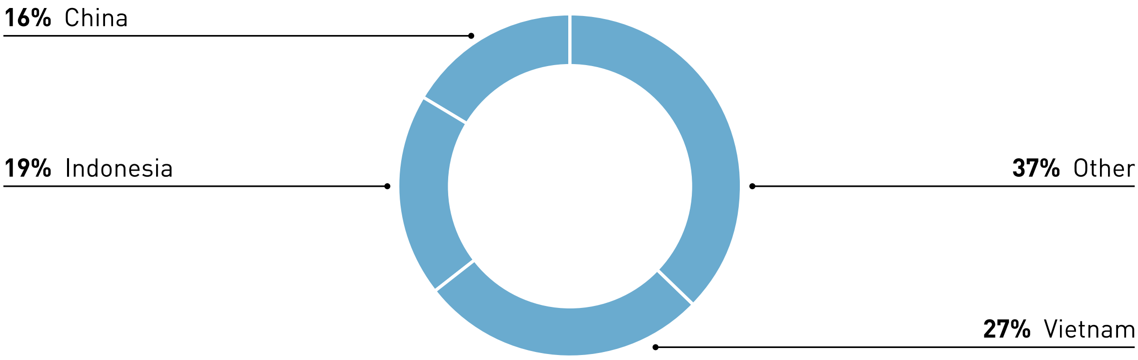
We have continued to increase our local-for-local sourcing in several markets such as Greater China, India, Brazil, and Argentina. For example, we have set up an operating model in Greater China that enables end-to-end lead time reduction for articles requiring higher in-season responsiveness. We have improved market order efficiency and now produce the vast majority of product for the local market in Greater China. In addition to ensuring higher responsiveness, we constantly monitor the political and regulatory environment across the globe and avoid transferring goods between countries that would trigger increased trade tariffs.

Vietnam as our main sourcing country

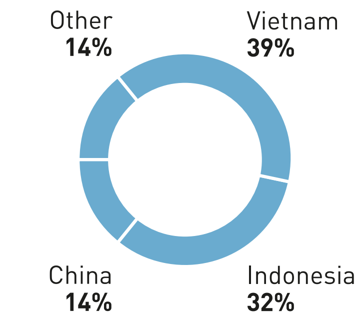
In 2024, Vietnam remained the largest sourcing country, accounting for 27% of adidas total volume (2023: 26%), followed by Indonesia at 19% (2023: 19%) and China at 16% (2023: 16%). Overall, 92% of our total 2024 volume was produced in Asia (2023: 90%). Our largest factory produced approximately 5% of the total sourcing volume (2023: 4%).

Share of sourcing volumes by product category and country

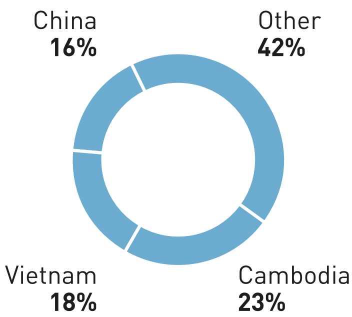
Total



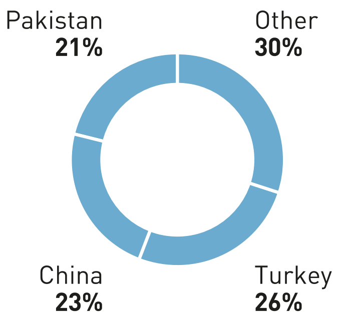
Footwear



Apparel



Accessories and Gear



Reduction of adverse impacts throughout our supply chain

Greenhouse gas emissions from manufacturing are a major contributor to our CO_2e emissions. To address this, we work with our suppliers to set decarbonization targets, including, but not limited to, increasing the use of renewable energy sources, the adaption of more sustainable materials, and demonstrating progress toward targets that are aligned with the Science Based Target initiative (SBTi). We incentivize suppliers for their decarbonization performance through product allocation priority and market share opportunities. We also expect our suppliers to reduce water consumption at Tier 2 factories and to use chemical formulations that achieve the highest conformance level with ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) standards. By mapping and addressing deforestation risks, we manage the impact of our supply chain on biodiversity.

To ensure that we focus on both environmental topics and the interests of the workers in our supply chain, we have established the Human Rights and Environmental Due Diligence (HREDD) framework. This guides internal risk assessment and risk management processes in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and is in line with our Human Rights Policy commitments and other regulatory obligations, including the German Supply Chain Due Diligence Act.

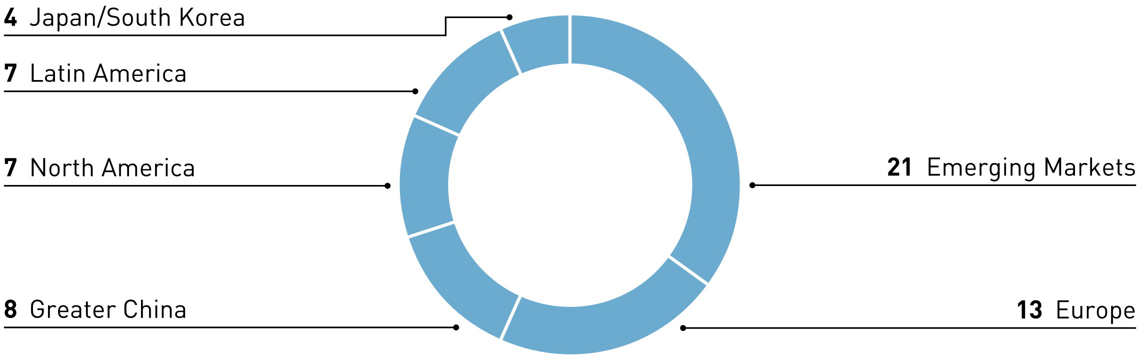
▶ SEE SUSTAINABILITY STATEMENT

Serving consumers and partners through global distribution center network

After production, our products are shipped primarily by sea to our global distribution network of 60 distribution centers, 21 of which are company-owned and 39 of which are managed by logistics partners. These centers are strategically located across the globe. To enhance product availability, around half of the centers serve all channels, while the other half are tailored to specific channels or services. This set-up ensures that our products are available when and where the consumer wants them.

▶ SEE MARKETS AND SALES CHANNELS

Distribution centers by region



People and Culture

We believe that our people are the key to the company's success. Their performance, well-being, and personal development have a significant impact on brand desire, consumer satisfaction, and, ultimately, our financial performance.

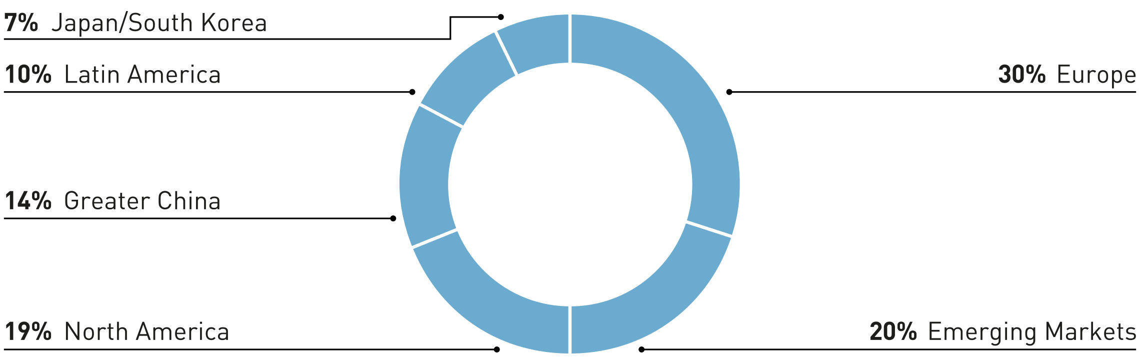
Our goal is to develop a culture that values our employees' experience, unique differences, well-being, and performance. To support this aim, we rely on our six values – Courage, Ownership, Innovation, Team Play, Respect, and Integrity – across our people policies and processes, including how we hire, develop, promote, and evaluate performance. These values underpin our culture and are the essence of our identity. They underscore the behaviors and mindsets we value in our colleagues, represent the attitude we want to see in each other, and help us achieve top performance.

Our business model is fundamentally driven by human capital, encompassing skilled and creative individuals. As a result, fostering excellent working conditions and supporting freedom of association and the right to collective bargaining are material for us. This includes ensuring secure employment, promoting a healthy work-life balance with flexible and fair working time, enhancing employee engagement and development, creating an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory, fostering everyone's talent, and providing competitive and adequate wages. These factors are crucial for attracting and retaining top talent, which in turn guarantees high product quality and the ability to meet consumer demands.

Employees worldwide

62,035

Employee share by region[1]



1 At year-end.

Our continued focus on people and culture is also reflected in our priorities around 'Diversity, Equity, and Inclusion' ('DEI'), leadership, and performance. These pillars seek to focus our efforts on people and culture through:

- **Creating a level playing field for everyone:** DEI means valuing and leveraging the differences of our talents, consumers, and partners, while ensuring they are treated fairly and respectfully to enhance performance and unleash creativity. By creating a level playing field for everyone, we ensure that every individual has an equal opportunity to thrive and unleash high performance. By recruiting talent with diverse backgrounds and fostering a welcoming environment, we create a workplace where everyone commits and contributes at their full potential. ▶ SEE ESRS S1 DIVERSITY

Women in management positions

41%

- **Attracting, developing, and retaining key talent:** adidas is recognized as one of the best companies to work for, with our 'employer of choice' status continuing to receive global recognition in 2024, as we are ranked second best in our category in Forbes' 'World's Best Employers' list. We were also listed once again in Universum's 'World's Most Attractive Employers' rankings in 2024 for business students worldwide. In addition, we were ranked second in 'Stern Germany's Best Employers,' which is three positions higher than in the previous year. According to Stern, we are ranked as the third most attractive company in Germany for female employees. Also in 2024, adidas was ranked first in TextilWirtschaft's 'Working in Fashion' study, which identifies Germany's most popular employers in the fashion industry. Among other awards, adidas also won the 'Employee Experience Breakthrough Artist Award' for empowering its employee experience with AI-powered solutions. Finally, adidas received a perfect score of 100 from the 'Human Rights Campaign' for creating an equitable and inclusive workplace for our LGBTQIA team members. ▶ SEE ESRS S1 DIVERSITY

- **Building role-model leaders who empower people:** Our development offerings focus on growing leadership behaviors and the essential skills needed to ensure our continued success, across all different seniorities. In addition, our leaders receive inclusive leadership training through our 'Leading with Inclusion' program. Our ambition is to inspire and nurture talented and diverse leaders who exemplify our leadership behaviors in their day-to-day work. Through our new leadership framework, we aim to establish a language that can support our people in embedding these behaviors in all moments and hold each other accountable to the highest standards. We undertake different initiatives to elevate and enhance our leadership pipeline. ▶ SEE ESRS S1 TRAINING AND SKILLS DEVELOPMENT

- **Creating a premier employee experience:** Ensuring a positive and impactful employee experience is a key focus for us. We do this through listening to feedback from our employees, offering opportunities for flexibility, and focusing on well-being. To support a healthy lifestyle and mental well-being, our employees have access to a wide range of sports activities, events, and facilities. We have corporate gyms at many locations worldwide, including Herzogenaurach, Portland, Gurgaon, Shanghai, Dubai, and Manchester. Many of our office buildings have lockers and showers, allowing employees to include sports in their working day or cycle to work. To meet employee needs in a hybrid work set-up, programs are both local and virtual to support teamwork and a healthy lifestyle. Offerings include hybrid sports classes, medical and psychosocial consultations (in-person and virtual), tools for digital disconnection, and carefully curated sessions on life topics. ▶ SEE ESRS S1 GENERAL ENGAGEMENT WITH OWN WORKFORCE
▶ SEE ESRS S1 WORKING TIME AND WORK-LIFE BALANCE

- **Instilling a mindset of continuous learning:** We continue to promote a high-performance culture by developing our employees and rewarding performance. We offer a wide range of learning and development opportunities, including online learning resources and interactive learning experiences that provide personal and professional growth opportunities for our workforce. Our investments in digital learning and development opportunities offer equitable access to learning content and just-in-time upskilling and/or reskilling. ► SEE ESRS S1 TRAINING AND SKILLS DEVELOPMENT

- **Recognizing and rewarding both individual and team performance:** The key focus of our rewards approach is to attract, retain, and motivate individuals through remuneration and benefits that are inclusive, fit for purpose, and competitive in the marketplace – thus enabling us to achieve our strategic objectives. To promote a high-performance culture, it is essential that we focus on performance management to ensure fair and equitable reward and recognition. ► SEE ESRS S1 ADEQUATE WAGES ► SEE ESRS S1 REMUNERATION METRICS

Our employees' interests, views, and rights are of great importance to us. We engage with them through multiple channels and events to continually create a premier employee experience.

3

GROUP MANAGEMENT REPORT FINANCIAL REVIEW

Internal Management System

We are committed to significant value creation – for our company and all its stakeholders. We strive to create value by converting sales and profit growth into strong operating cash flow, while at the same time proactively managing our asset base. Our company's planning and controlling system is therefore designed to provide a variety of tools to assess our current performance and to align future decisions to best utilize commercial and organizational opportunities.

Internal management system designed to drive shareholder value

In order to drive and steer value creation, the company's Management focuses on a set of major financial key performance indicators (KPIs). Sales and operating profit growth, paired with a focus on the management of operating working capital, are the main contributors to operating cash flow improvements. At the same time, value-enhancing capital expenditure benefits future operating profit and cash flow development. Our strong focus on value creation is reflected in Management's short- and long-term variable compensation components, which are closely linked to the company's growth in sales and profitability. ► ADIDAS-GROUP.COM/S/COMPENSATION

Net sales and operating profit growth

Net sales growth is a reflection of the attractiveness of our product offering driven by innovation and our ability to create, identify, and respond to the latest consumer trends. To ensure that we have the most relevant information to assess our respective performance, we exclude foreign currency effects and use currency-neutral net sales growth as one of our major KPIs.

Operating profit as another major KPI helps to drive and improve our company's operational performance. The primary drivers to enhance operating profit are as follows:

- **Sales and gross margin development:** Management focuses on identifying and exploiting growth opportunities that not only provide for future top-line improvements but also have the potential to increase our gross margin. Major levers include reducing promotional activity, driving full-price sales, and managing product and supply chain costs.

- **Operating expense control:** Management puts an emphasis on ensuring efficiency and flexibility in the company's cost base, especially in marketing and operating overhead expenses. Marketing expenditure is one of our largest operating expenses, and at the same time, one of the most important mechanisms for driving brand desirability and top-line growth. Therefore, we are committed to increasing investments into our brand and products as well as ensuring the effectiveness and efficiency of our marketing activities. We also aim to improve our operational efficiency by actively managing our operating overhead expenses. In addition to leveraging our top-line growth, we regularly review our organizational set-up to reduce complexity.

Cash flow and operating working capital management

Actively managing our liquidity, cash flow, and operating working capital remains a focus for us and continues to be monitored closely by Management. In general, due to a comparatively low level of fixed assets required in our business, the efficiency of the balance sheet depends to a large degree on our operating working capital management. Operating working capital is comprised of accounts receivable plus inventories minus accounts payable. ► SEE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

In this context, the major KPI we use is average operating working capital as a percentage of net sales. Monitoring the development of this metric facilitates the measurement of our progress in improving the efficiency of our business cycle.

We strive to proactively manage our inventory levels to meet demand in our markets, ensure fast replenishment, and reduce promotional activity. Inventory aging is controlled carefully to reduce inventory obsolescence and to minimize clearance activities. As a result, 'Inventory Days Lasting' ('IDL') is monitored and assessed regularly as it measures the average number of days goods remain in inventory before being sold, highlighting the efficiency of capital locked up in products. To optimize capital tied up in accounts receivable and accounts payable, we focus on managing collection efforts and payment terms.

Capital expenditure targeted to maximize future returns

Improving the effectiveness of capital expenditure is another major lever to drive our cash flow generation. We control capital expenditure with a top-down, bottom-up approach. In the first step, Management defines focus areas and an overall investment budget based on investment requests from various functions within the organization. In the second step, our operating segments align their initiatives within the scope of assigned priorities and available budget. We evaluate potential return on planned investments utilizing the net present value method. Risk is accounted for by adding a risk premium to the cost of capital, thus reducing our estimated future earnings streams where appropriate. By means of scenario planning, the sensitivity of investment returns is tested against changes in initial assumptions. For large investment projects, timelines and deviations versus budget are monitored on a monthly basis throughout the course of the project. In addition to optimizing return on investments, we evaluate larger projects upon completion and document learnings for future capital expenditure decisions.

Other key performance indicators

In addition to the major financial KPIs, which assess the performance and operational success of our company, as outlined above, we have also identified a set of KPIs that help us track our progress in other areas we deem important for success. These KPIs are assessed on a regular basis and include, among others, employee engagement, the share of female leadership, and carbon intensity per product.
► SEE SUSTAINABILITY STATEMENT ► SEE MANAGEMENT ASSESSMENT OF PERFORMANCE, RISKS AND OPPORTUNITIES, AND OUTLOOK
► SEE ADIDAS-GROUP.COM/S/COMPENSATION

Structured performance measurement system

We have developed an extensive performance measurement system that uses a variety of tools to measure the company's performance. Key performance indicators and other important financial metrics are regularly monitored and compared against initial targets as well as rolling forecasts. When negative deviations exist between actual and target numbers, we perform a detailed analysis to identify and address the cause. If necessary, action plans are implemented to optimize the development of our operating performance. To assess current sales and profitability development, Management continuously analyzes the performance of our operating segments. We also benchmark our financial results with those of our major competitors on a regular basis. Taking into account the year-to-date performance as well as opportunities and risks, the company's financial performance is assessed regularly. Finally, as an early indicator of future performance, the results of any relevant market or consumer research are assessed as available.

Business Performance

In 2024, adidas continued its turnaround and recorded significantly better-than-expected results against a challenging and volatile macroeconomic backdrop. Revenues increased 12% on a currency-neutral basis as brand momentum accelerated further and broadened across markets and categories. The company's gross margin improved 3.3 percentage points to 50.8%, while operating profit increased by more than € 1 billion to € 1,337 million in 2024.

Economic and sector development

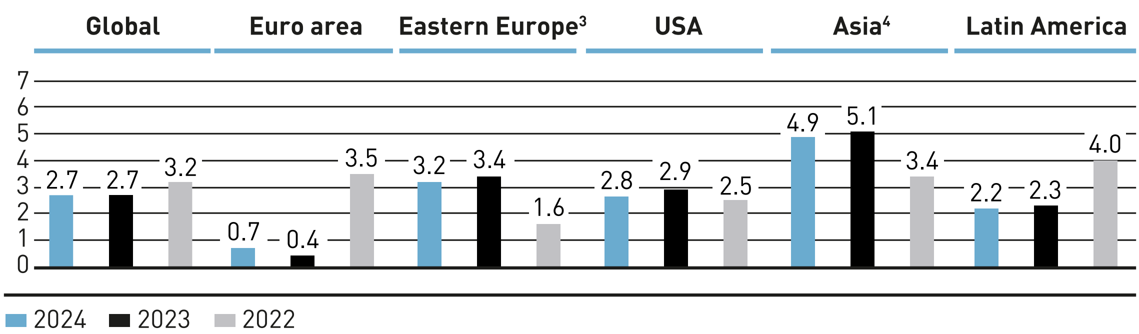
Global economy stable in 2024[5]

The global economy stabilized in 2024, particularly in the second half of the year, as inflation levels decreased and global central banks cut interest rates. At the same time, geopolitical tensions persisted, and political developments caused further uncertainty. Against this backdrop, consumer sentiment was generally cautious, reflecting concerns over economic stability and discretionary spending power. In this context, global gross domestic product (GDP) grew 2.7% in 2024, the same rate as in the previous year. Growth in advanced economies stagnated at 1.7%, while developing economies continued to outperform with growth of 4.1%. Globally, the risks of heightened political uncertainty and adverse trade policy shifts, a resurgence of inflation, geopolitical tensions, supply chain disruptions, as well as climate-related disasters remain.

Sporting goods industry resilient in 2024

In 2024, the global sporting goods industry proved resilient. In a challenging consumer environment, the overall sector expanded despite concerns over economic stability and discretionary spending power. Although inventories in most markets were back at healthy levels, North America still faced excess stock, particularly in the first half of the year. In other major markets, including Europe and Greater China, macroeconomic conditions weighed on demand, also for sporting goods. On the other hand, consumer excitement was boosted by major sports events during the summer. The industry also continued to benefit from lasting structural trends such as increasing sports participation rates, rising health and fitness awareness, and consumer preferences for high-quality and comfort footwear and apparel. Looking ahead, the sporting goods industry is expected to remain fundamentally attractive. At the same time, it is subject to risks of lower consumer demand due to heightened macroeconomic challenges, adverse tariff schemes, and further geopolitical tensions.

Regional GDP development[1,2] in %



1 Real change in percent versus prior year. 2023 and 2022 figures restated compared to prior year.
2 Source: World Bank as of January 16, 2025.
3 Includes Emerging Europe and Central Asia.
4 Includes East Asia and Pacific.

5 Source: World Bank Global Economic Prospects.

Income Statement

Acceleration to double-digit revenue growth in 2024

In euro terms, revenues increased 11% to € 23,683 million in 2024 (2023: € 21,427 million). On a currency-neutral basis, revenues were up 12% compared to the prior year. The double-digit growth was driven by the strong momentum of the adidas brand. Excluding Yeezy sales in both years, currency-neutral revenues of the underlying adidas business increased 13% in 2024. The sale of the remaining Yeezy inventory, which was successfully concluded during the fourth quarter, generated revenues of around € 650 million in the year (2023: around € 750 million).

Net sales

+12% C.N.

€ 23,683 million

Net sales € in millions

Currency-neutral net sales increased strong double digits in Europe, Emerging Markets and Latin America. In addition, both Japan/South Korea and Greater China also increased at a double-digit rate. North America recorded a low-single-digit decline as the company continued its conservative sell-in approach to the wholesale channel in response to still elevated inventory levels in this market, particularly in the first half of the year, as well as due to lower Yeezy sales. With those anticipated headwinds moderating sequentially, revenue growth in North America accelerated to a double-digit rate in the fourth quarter. ▶ SEE BUSINESS PERFORMANCE BY SEGMENT

Net sales by segment[1,2] € in millions

	2024	2023	Change	Change (currency-neutral)
Europe	7,551	6,302	20%	19%
North America	5,128	5,219	(2%)	(2%)
Greater China	3,459	3,190	8%	10%
Emerging Markets	3,310	2,850	16%	19%
Latin America	2,772	2,291	21%	28%
Japan/South Korea	1,339	1,293	4%	10%
Other Businesses	104	199	(48%)	(46%)
Total	**23,683**	**21,427**	**11%**	**12%**

1 Prior year adjusted in context of introduction of new segment structure.
2 Differences to aggregated net sales may arise due to items which are not directly attributable. See Note 36.

Footwear-led growth reflecting strong brand and product momentum

Footwear led the company's growth with an increase of 17%, driven by a strong and locally-relevant product offering that resonates with consumers. Next to additional newness and depth for its iconic Samba, Gazelle, Handball Spezial, and Campus products, the company introduced and started to scale volumes in Retro Running with the SL72 and incubated franchises in the Low Profile domain, such as Taekwondo and Japan. Alongside the strong Originals range, an improved footwear offering in Sportswear served consumer needs across a wider range of price points. In Football, adidas drove strong growth through the latest iterations of the iconic Predator boots as well as the revamped F50 franchise. In Running, the company started to leverage the credibility of its record-breaking Adizero running shoe family into its newly launched Ultraboost 5, Supernova and Adistar franchises developed for everyday runners. Lastly, adidas benefited from increased demand for its basketball signature shoe models, led by Anthony Edwards' award-winning AE1.

Apparel revenues grew 6% as the company continued to broaden its brand and product momentum. In addition to growth in its football performance kit business, the company successfully launched retro-inspired third jerseys and a range of other products featuring the iconic Trefoil logo, as part of its strategy to create a bigger football lifestyle business. Apparel revenues in Originals increased on the back of new offerings such as the Firebird range, while Sportswear introduced completely revamped apparel collections, such as the innovative Z.N.E. range. Accessories and gear sales were up 2%.

Net sales by product category[1,2] € in millions

	2024	2023	Change	Change (currency-neutral)
Footwear	13,975	12,083	16%	17%
Apparel	8,216	7,856	5%	6%
Accessories and Gear	1,499	1,488	1%	2%
Total	**23,683**	**21,427**	**11%**	**12%**

1 Prior year adjusted due to category reclassification of hyperinflation-related effects.
2 Differences to aggregated net sales may arise due to items which are not directly attributable. See Note 36.

Momentum broadening across categories

The broad-based demand for adidas products was also evident from an overall category perspective. Currency-neutral revenues in Lifestyle and Performance increased at a double-digit and high-single-digit rate, respectively. In Lifestyle, Originals led the growth with a strong double-digit increase, while Sportswear was up mid-single digits. On the Performance side, double-digit growth in Football stood out among several categories that posted increases, including Running and Training.

Balanced growth across all channels

On a currency-neutral basis, wholesale revenues increased 14% as relationships with retail partners further strengthened, while direct-to-consumer (DTC) sales grew 11%. Within DTC, own retail posted growth of 15% versus the prior year, driven by the strong sell-out rates in the company's concept store fleet, while e-commerce revenues increased 6%. The continued focus on reducing discounting activity and improving the overall business mix on own online platforms pared back much stronger growth in e-commerce full-price sales. In addition, lower Yeezy sales weighed significantly on e-commerce growth.

Cost of sales increase moderately

Cost of sales is defined as the amount paid to third parties for expenses associated with producing and delivering adidas products. In addition, own-production expenses are also included in the cost of sales. However, these expenses represent only a very small portion of total cost of sales. In 2024, cost of sales was € 11,658 million, representing an increase of 4% compared to the prior year level of € 11,244 million. This development reflects the company's growth as well as less favorable currency rates, partly offset by lower freight and product costs.

Gross margin up significantly to 50.8%

In 2024, gross profit increased 18% to € 12,026 million from € 10,184 million in 2023, while gross margin increased 3.3 percentage points to 50.8% (2023: 47.5%). The improvement was mainly driven by lower freight and product costs, a more favorable business mix, and reduced discounting. In contrast, negative currency effects weighed significantly on the gross margin, particularly in the first half of the year.

Gross margin[1] in %

1 Gross margin = (gross profit / net sales) × 100.

Royalties and other operating income

Royalty and commission income was relatively flat at € 81 million in 2024 (2023: € 83 million), while other operating income was up 144% to € 174 million from € 71 million in 2023. The increase in other operating income mainly reflects the release of prior year's accruals in the third quarter of 2024 in an amount of around € 100 million following the Yeezy settlement. This was offset by provisions in a similar amount for further donations, which were recorded within operating overhead expenses.

Other operating expenses growing slower than revenues

Other operating expenses, including depreciation and amortization, mainly consist of marketing and point-of-sale, distribution and selling, as well as general and administration expenses. In 2024, other operating expenses were up 9% to € 10,945 million (2023: € 10,070 million). As a percentage of sales, other operating expenses decreased 0.8 percentage points to 46.2% from 47.0% in 2023.

Marketing and point-of-sale expenses increased 12% to € 2,841 million in 2024 (2023: € 2,528 million). The company continued its marketing investments to support its global brand campaign 'You Got This' and large-scale activations around the UEFA EURO 2024, the CONMEBOL Copa América, the Olympic and Paralympic Games Paris 2024, as well as support for new product launches such as the Supernova running franchise or the Z.N.E. apparel range. Furthermore, adidas broadened its portfolio of sports partners, with new additions such as the French Rugby Federation, Texas Tech University, and the Ukrainian Association of Football, or individual athletes like Aitana Bonmatí, Lamine Yamal, and Travis Hunter. As a percentage of sales, marketing and point-of-sale expenses increased 0.2 percentage points to 12.0% (2023: 11.8%).

Operating overhead expenses increased 7% to € 8,103 million (2023: € 7,541 million). This development reflects ongoing investments aimed at strengthening the company's sales activities and increasing its agility. In addition, operating overhead expenses include provisions for further donations in an amount of around € 100 million. As a percentage of sales, operating overhead expenses decreased 1.0 percentage point to 34.2% from 35.2% in 2023. Within operating overhead expenses, distribution and selling expenses increased 7% to € 5,936 million in 2024 from € 5,547 million in the prior year. As a percentage of sales, distribution and selling expenses decreased 0.8 percentage points to 25.1% from 25.9% in 2023. General and administration expenses were up 16% to € 2,138 million (2023: € 1,839 million). As a percentage of sales, general and administration expenses were up 0.4 percentage points to 9.0% (2023: 8.6%).
► SEE NOTE 30

Other operating expenses in % of net sales

Marketing and point-of-sale expenses in % of net sales

EBITDA increases strongly

Earnings before interest, taxes, depreciation, and amortization, as well as impairment losses/reversal of impairment losses on property, plant, and equipment; right-of-use; and intangible assets (EBITDA) increased 81% to € 2,465 million in 2024 versus € 1,358 million in 2023. Total depreciation and amortization as well as impairment losses/reversal of impairment losses for tangible, right-of-use, and intangible assets was relatively flat at € 1,180 million in 2024 (2023: € 1,170 million).

EBITDA[1] € in millions

1 EBITDA = income before taxes (IBT) + net interest expenses + depreciation and amortization + impairment losses – reversal of impairment losses.

Operating margin reaches 5.6%

Operating profit increased 398%, or more than € 1 billion in absolute terms, to € 1,337 million in 2024 versus € 268 million in 2023. The sale of the remaining Yeezy inventory in the course of 2024 contributed around € 200 million to operating profit. This compares to a profit contribution from Yeezy of around € 300 million in the prior year. The operating margin was 5.6% in 2024, 4.4 percentage points above the prior-year level (2023: 1.3%).

Operating margin

5.6%

+4.4PP

Operating profit € in millions

Operating margin[1] in %

1 Operating margin = (operating profit / net sales) × 100.

Net financial result stable while tax rate normalizes

Financial income increased 28% to € 101 million in 2024 (2023: € 79 million), mainly reflecting higher interest income. Financial expenses were up 12% to € 317 million compared to € 282 million in 2023, mainly reflecting higher financing costs in some markets, partly offset by lower negative effects related to hyperinflation countries. As a result, the company's net financial result was relatively stable at negative € 215 million (2023: negative € 203 million). The company's tax rate decreased to 26.5% in 2024 (2023: 189.2%), reflecting the normalization of profitability levels throughout the year.

▶ SEE NOTE 32 ▶ SEE NOTE 34

Net income from continuing operations increases to € 824 million

Driven by significant business improvements in 2024, net income from continuing operations improved strongly to € 824 million (2023: net loss of € 58 million). Taking into consideration € 68 million of net income attributable to non-controlling interests (2023: € 61 million), both basic and diluted earnings per share (EPS) from continuing operations reached € 4.24 (2023: negative € 0.67). The total number of shares outstanding was unchanged at 178,549,084 at the end of 2024. Consequently, the average number of shares used in the calculation of basic earnings per share (EPS) was also 178,549,084 (2023: 178,543,596).

Net income/(loss) from continuing operations € in millions

Basic earnings per share in €

Gains from discontinued operations

In 2024, adidas incurred gains from discontinued operations of € 8 million, net of tax, related to the Reebok divestiture (2023: € 44 million). ► SEE NOTE 03

Net income attributable to shareholders of € 764 million

The company's net income attributable to shareholders, which, in addition to the net income from continuing operations, considers the gains from discontinued operations as well as net income attributable to non-controlling interests, amounted to € 764 million in 2024 (2023: net loss of € 75 million). As a result, both basic and diluted EPS from continuing and discontinued operations were € 4.28 in 2024 versus negative € 0.42 in 2023.

Statement of Financial Position and Statement of Cash Flows

Assets

At the end of December 2024, total assets were up 15% to € 20,655 million from € 18,020 million in the prior year, mainly related to the increase of cash and cash equivalents, accounts receivable, inventories, and right-of-use assets.

Structure of statement of financial position[1] in % of total assets

	2024	2023
Assets (€ in millions)	**20,655**	**18,020**
Cash and cash equivalents	11.9%	7.9%
Accounts receivable	11.7%	10.6%
Inventories	24.2%	25.1%
Fixed assets[2]	33.7%	35.4%
Right-of-use assets (IFRS 16)[3]	40.0%	35.2%
Other assets	18.6%	20.9%

1 For absolute figures see Consolidated Statement of Financial Position.
2 Fixed assets = property, plant, and equipment + right-of-use assets + goodwill + other intangible assets + long-term financial assets.
3 As a percentage of fixed assets.

Total current assets increased 21% to € 11,904 million at the end of December 2024 compared to € 9,809 million in 2023. Cash and cash equivalents were up 72%, or more than € 1 billion in absolute terms, to € 2,455 million at the end of December 2024 (2023: € 1,431 million). This increase is mainly due to the positive cash flow from operating activities, partly offset by the repayment of a € 500 million eurobond maturing in September 2024, repayments of lease liabilities, interest paid, as well as the dividend payment for the year 2023. Inventories increased 10% to € 4,989 million at the end of December 2024 (2023: € 4,525 million) to support the company's growth off of a healthy inventory position. On a currency-neutral basis, inventories increased 11%. ▶ SEE NOTE 04-08

Inventories € in millions

Accounts receivable increased 27% to € 2,413 million at the end of December 2024 (2023: € 1,906 million), mainly reflecting higher sell-in and a more sizable wholesale business compared to the prior year. On a currency-neutral basis, receivables were up 26%. Other current financial assets were up 55% to € 950 million (2023: € 614 million), mainly related to a shift from non-current to current financial assets with regard to a part of the earn-out component of the Reebok divestiture, which has a maturity of less than one year, as well as the increase in the fair value of financial instruments. Other current assets were down 13% to € 997 million at the end of December 2024 (2023: € 1,143 million) due to customs refund claims, now being presented under other non-current assets in 2024 due to a change in the assumption of the duration of the proceedings as well as a decrease of tax receivables. ► SEE NOTE 05-08

Accounts receivable € in millions

Total non-current assets increased 7% to € 8,751 million at the end of December 2024 from € 8,211 million in 2023. This development is mainly related to an increase in fixed assets, which were up 9% to € 6,953 million at the end of December 2024 versus € 6,386 million in 2023. Right-of-use assets increased 24% to € 2,779 million (2023: € 2,247 million), mainly due to additions relating to a new distribution center. Goodwill was up 3% to € 1,275 million (2023: € 1,238 million), reflecting currency effects. Other intangible assets decreased 4% to € 426 million (2023: € 442 million), while other non-current financial assets decreased 44% to € 234 million from € 418 million at the end of 2023. This development is mainly related to a shift from non-current to current financial assets with regard to a part of the earn-out component of the Reebok divestiture, which has a maturity of less than one year. Other non-current assets increased 491% to € 291 million from € 49 million at the end of 2023. This was caused by a shift from customs refund claims to non-current assets. Deferred tax assets amounted to € 1,272 million compared to € 1,358 million in 2023. ► SEE NOTE 09-15

Liabilities and equity

Total current liabilities were up 19% to € 9,593 million at the end of December 2024 from € 8,043 million in 2023. Short-term borrowings increased 4% to € 570 million at the end of December 2024 (2023: € 549 million), as the reclassification of a eurobond in an amount of € 500 million due to its maturity in 2025 was offset by the repayment of a eurobond amounting to € 500 million in September 2024. Accounts payable increased 36% to € 3,096 million at the end of December 2024 versus € 2,276 million in 2023, mainly reflecting higher sourcing volumes. On a currency-neutral basis, accounts payable were also up 36%. Current lease liabilities increased 11% to € 607 million at the end of December 2024 versus € 545 million in 2023, mainly in connection with a new distribution center. Other current financial liabilities were down 28% to € 191 million from € 266 million in 2023, mainly related to reduced customs liabilities as well as a lower fair value of financial instruments. Other current provisions increased 16% to € 1,538 million at the end of December 2024 versus € 1,323 million in 2023, mainly due to higher provisions for personnel that offset lower provisions for customs due to a reclassification from current to non-current. Current accrued liabilities were up 17% to € 2,659 million at the end of December 2024 from € 2,273 million in 2023, mainly due to higher accruals for outstanding invoices, personnel, and discounts, which were only partly offset by lower accruals for marketing costs. Other current liabilities were up 23% to € 598 million at the end of December 2024 from € 488 million in 2023. This increase is mainly related to higher tax liabilities as well as donations in connection with the sale of the remaining Yeezy inventory.
► SEE NOTE 16-21

Structure of statement of financial position[1] in % of total liabilities and equity

	2024	2023
Liabilities and equity (€ in millions)	**20,655**	**18,020**
Short-term borrowings	2.8%	3.0%
Accounts payable	15.0%	12.6%
Long-term borrowings	9.3%	13.5%
Other liabilities	44.6%	43.5%
Current and non-current lease liabilities (IFRS 16)[2]	33.7%	33.0%
Total equity	28.4%	27.3%

1 For absolute figures see Consolidated Statement of Financial Position.
2 As a percentage of other liabilities.

Accounts payable € in millions

Total non-current liabilities increased 3% to € 5,194 million at the end of December 2024 compared to € 5,052 million in the prior year. Long-term borrowings were down 21% to € 1,915 million at the end of December 2024 compared with € 2,430 million in the prior year. This decrease is mainly due to the reclassification of a eurobond of € 500 million to short-term borrowings due to its maturity in 2025. Non-current lease liabilities were up 22% to € 2,495 million at the end of December 2024 from € 2,039 million in the prior year, due to a new distribution center as well as currency effects. Deferred tax liabilities decreased 9% to € 133 million at the end of December 2024 from € 147 million in the prior year. Other non-current provisions were up 88% to € 353 million at the end of December 2024 from € 188 million in the prior year, reflecting a reclassification of provisions for customs from current to non-current and higher other provisions. Other non-current liabilities were up 49% to € 154 million at the end of December 2024 from € 103 million in 2023. This increase is related to donations in connection with the sale of the remaining Yeezy inventory. ▶ SEE NOTE 16-24

Shareholders' equity increased 20% to € 5,476 million at the end of December 2024 versus € 4,580 million in 2023. This was mainly driven by higher net income, the increase of hedging reserves as well as positive currency effects, partly offset by the dividend paid to shareholders for the full year 2023. The equity ratio increased to 26.5% compared to 25.4% in the prior year. ▶ SEE NOTE 25

Equity ratio[1] in %

1 Equity ratio = shareholders' equity / total liabilities and equity.

Operating working capital

Operating working capital increased 4% to € 4,306 million at the end of December 2024 compared to € 4,154 million in 2023. On a currency-neutral basis, operating working capital was also up 4%. Average operating working capital as a percentage of sales decreased 5.9 percentage points to 19.7% (2023: 25.7%), reflecting the slight increase of average operating working capital against the background of significantly higher net sales in 2024 compared to 2023.

Average operating working capital[1, 2] in % of net sales

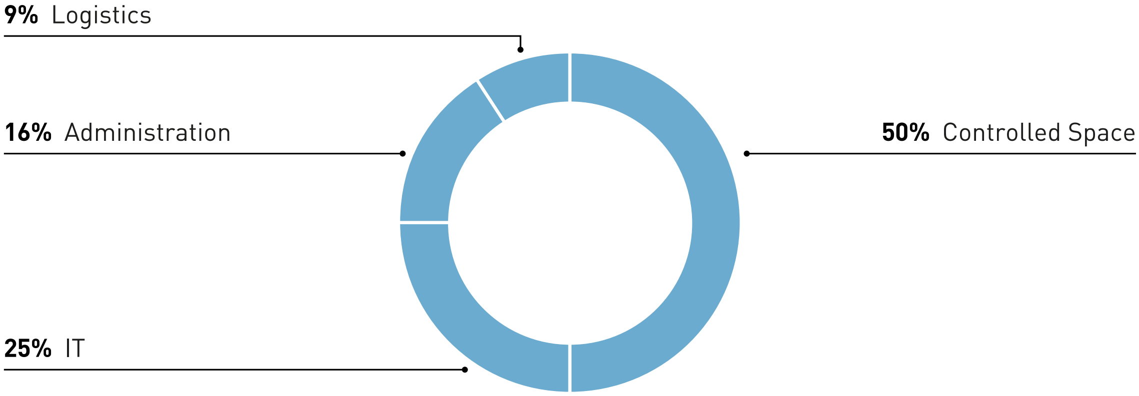
1 Average operating working capital = sum of operating working capital at quarter-ends/4. Operating working capital = accounts receivable + inventories – accounts payable.
2 2021 figure reflects the reclassification of the Reebok business to assets or liabilities held for sale.

Investment analysis

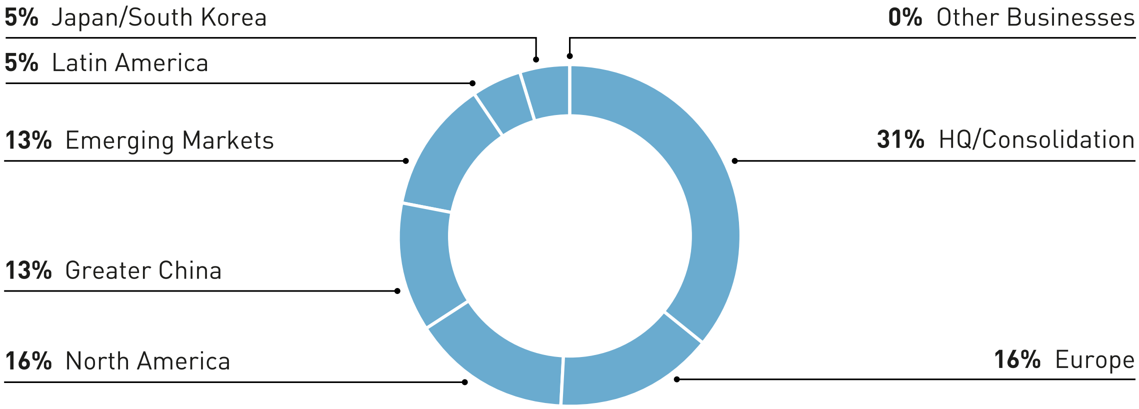
Capital expenditure is defined as the total cash expenditure for the purchase of tangible and intangible assets (excluding acquisitions and right-of-use assets according to IFRS 16). Capital expenditure increased 7% to € 540 million (2023: € 504 million). Capital expenditure for property, plant, and equipment was up 15% to € 419 million compared to € 363 million in the prior year. The company invested € 121 million in intangible assets (2023: € 141 million). Depreciation and amortization, excluding impairment losses and reversal of impairment losses of tangible and intangible assets, increased 5% to € 530 million in 2024 (2023: € 505 million).

Controlled space initiatives, which comprise investments in new or remodeled own retail and franchise stores as well as in shop-in-shop presentations of our products in our customers' stores, accounted for 50% of total capital expenditure (2023: 45%). Expenditure for IT and logistics represented 25% and 9%, respectively (2023: 32% and 9%, respectively). In addition, expenditure for administration accounted for 16% (2023: 14%). From a segmental perspective, the majority of the capital expenditure was recorded centrally at headquarter level, which accounted for 31% (2023: 38%). From a regional perspective, capital expenditure in Europe and North America accounted for 16% each (2023: 12% and 15%, respectively) of the total capital expenditure, followed by Greater China and Emerging Markets with 13% each (2023: 10% and 15%, respectively) as well as Latin America and Japan/South Korea with 5% each (2023: 6% and 3%, respectively).

Capital expenditure by type in %



Capital expenditure by segments in %



Liquidity analysis

Net cash generated from operating activities amounted to € 2,910 million in 2024 (2023: € 2,550 million). This development was mainly due to the higher operating profit in the period, which was partly offset by a less favorable operating working capital development versus the prior year. Adjustments according to IAS 29 'Financial Reporting in Hyperinflationary Economies' are required to be separately disclosed and had a positive impact of € 9 million on the company's 2024 operating cash flow (2023: negative € 19 million). In accordance with IAS 29 the prior year's presentation was changed. ▶ SEE NOTE 37

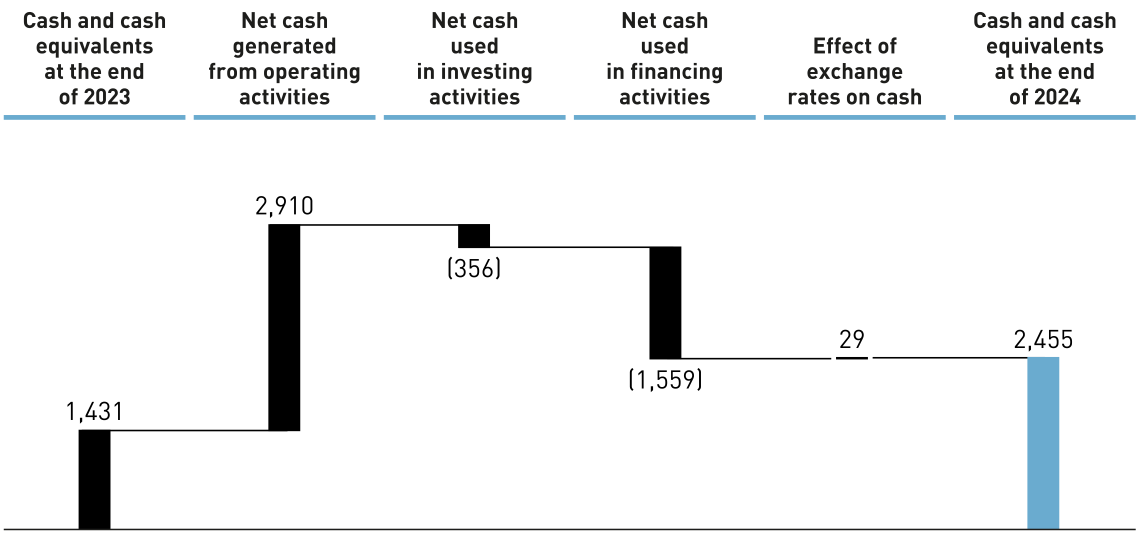
In 2024, net cash used in investing activities reached a level of € 356 million compared to net cash used of € 451 million in 2023. This development was mainly due to the proceeds related to the divestiture of the Reebok business.

Net cash used in financing activities amounted to € 1,559 million (2023: € 1,425 million). This is mainly a result of repayments of lease liabilities, the repayment of a € 500 million eurobond in September 2024, interest paid as well as the dividend payment for the year 2023.

Exchange rate effects on cash positively impacted the company's cash position by € 29 million (2023: negative € 40 million).

As a result of all these developments, cash and cash equivalents increased by € 1,024 million to € 2,455 million at the end of December 2024 compared to € 1,431 million at the end of December 2023.

Change in cash and cash equivalents € in millions



Adjusted net borrowings at December 31, 2024 amounted to € 3,622 million, compared to € 4,518 million in 2023. The company's ratio of adjusted net borrowings over EBITDA amounted to 1.5 at the end of December 2024 (2023: 3.3). This strong deleveraging relates to the significantly lower adjusted net borrowings and the higher EBITDA compared to the prior year period. ▶ SEE TREASURY

Adjusted net borrowings/EBITDA[1,2] € in millions

1 First-time application of adjusted net borrowings as of 2020. Figures for 2020 and 2021 were restated to reflect methodology revision in 2022.
2 2021 figure reflects the reclassification of the Reebok business to assets or liabilities held for sale.

Off-balance-sheet items

The company's most significant off-balance-sheet items are commitments for promotion and advertising, for service arrangements as well as for other contracts. At the end of December 2024, financial commitments for promotion and advertising increased 27% to € 8,122 million in 2024 (2023: € 6,418 million). adidas has outsourced certain logistics and information technology functions, for which it has entered into long-term contracts. For these service arrangements, financial commitments decreased 60% to € 669 million in 2024 (2023: € 1,667 million). The decrease mainly relates to an obligation entered for a new distribution center, which was recognized as a lease liability in 2024. ► SEE NOTE 38

Treasury

Corporate Financial Policy

In order to be able to meet the company's payment commitments at all times, the major goal of our Financial Policy is to ensure adidas' solvency, to limit financing risks, and to balance financing costs with financial flexibility. The operating activities of our segments and the resulting cash inflows represent the company's main source of liquidity. Liquidity is planned on a rolling monthly basis under a multi-year financial and liquidity plan.

Treasury Policy and responsibilities

Our Treasury Policy governs all treasury-related issues, including banking policy and approval of bank relationships, financing arrangements and liquidity/asset management, currency, interest, equity and commodity risk management, and the management of intercompany cash flows. Responsibilities are arranged in a three-tiered approach:

- The Treasury Committee consists of members of the Executive Board and other senior executives who decide on the Treasury Policy and provide strategic guidance for managing treasury-related topics. Major changes to our Treasury Policy are subject to the prior approval of the Treasury Committee.

- The Treasury department is responsible for specific centralized treasury transactions and for the global implementation of our Treasury Policy.

- On a subsidiary level, where applicable and economically reasonable, local managing directors and finance directors are responsible for managing treasury matters in their respective subsidiaries. Controlling functions on a corporate level ensure that the transactions of the individual business units are in compliance with our Treasury Policy.

Centralized Treasury function

In accordance with our Treasury Policy, all worldwide credit lines are directly or indirectly managed by the central Treasury department. Portions of those lines are allocated to our subsidiaries and sometimes backed by adidas AG guarantees. As a result of this centralized liquidity management, the company is well positioned to allocate resources efficiently throughout the organization. The company's debt is generally unsecured and may include standard covenants. We maintain good relations with numerous partner banks, thereby avoiding a high dependency on any single financial institution. Banking partners of the company and our subsidiaries are required to have at least a 'BBB-' long-term investment grade rating by Standard & Poor's or an equivalent rating by another leading rating agency. We authorize our companies to work with banks with a lower rating only in very exceptional cases. To ensure optimal allocation of the company's liquid financial resources, subsidiaries transfer excess cash to our headquarters in all instances where it is legally and economically feasible. In this regard, the standardization and consolidation of our global cash management and payment processes, including automated domestic and cross-border cash pools, are a key priority for our centrally managed Treasury department. In addition, the department is responsible for effective management of our currency exposure and interest rate risks.
► SEE NOTE 02

Standard covenants

In the case of our committed credit facilities, we have entered into various legal covenants. These legal covenants may include limits on the disposal of fixed assets, the amount of debt secured by liens, cross-default provisions, and change of control. However, our financial arrangements do not contain any financial covenants. If we fail to meet any covenant and were unable to obtain a waiver, borrowings would become due and payable immediately. As of December 31, 2024, we were in full compliance with all our covenants. We are fully confident that we will continue to be in compliance with these covenants in the future. We believe that cash generated from operating activities, together with access to internal and external sources of funds, will be sufficient to meet our future operating and capital needs.

Credit ratings

adidas received strong first-time investment-grade ratings by both Standard & Poor's and Moody's in August 2020. Standard & Poor's gave adidas an 'A+' rating, and Moody's granted the company an 'A2' rating. The initial outlook for both ratings was 'stable' as both rating agencies recognized the company's strong credit metrics, robust liquidity profile, and conservative financial policies. In November 2022, both Standard & Poor's and Moody's revised their outlook for adidas to 'negative' due to a deterioration in credit metrics amid pressure on the company's operating performance from economic as well as company-specific challenges. In February 2023, Standard & Poor's lowered its rating on adidas to 'A-', while Moody's downgraded the company to 'A3', both with a 'negative' outlook. Due to adidas showing strong improvements in revenue growth and financial performance, Standard & Poor's revised adidas' outlook to 'stable' in October 2024, acknowledging significantly better-than-expected operating performance and credit metrics. In December 2024, Moody's also changed the outlook to 'stable' from 'negative', reflecting the ongoing improvements in the company's financial performance. Overall, adidas' investment-grade credit ratings continue to ensure an efficient access to capital markets.

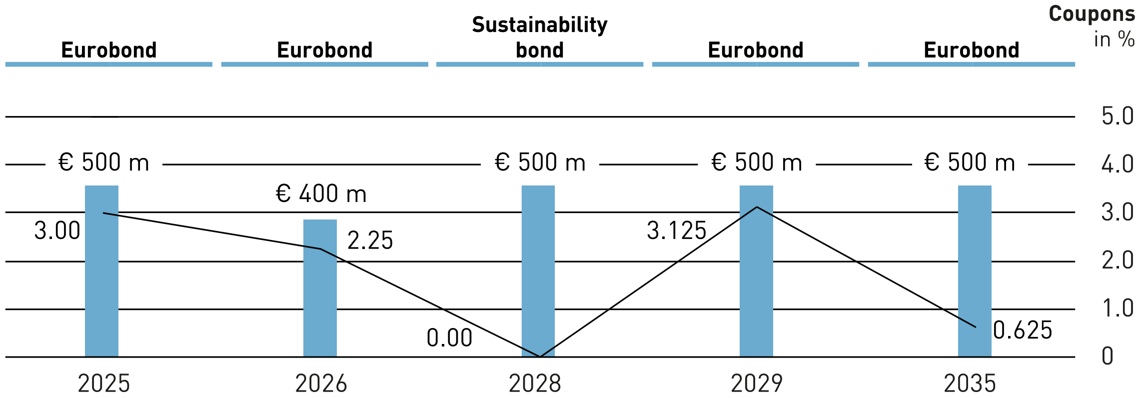
Syndicated credit facility

adidas entered into a € 1,500 million syndicated credit facility with twelve of its partner banks in November 2020. This credit facility agreement was subsequently amended in October 2021 and in November 2022. The amended and restated credit facility with then eleven partner banks had a size of € 2,000 million. In December 2023, adidas reduced the size of the syndicated credit facility, which runs until November 2027, to € 1,864 million and the number of lending banks to ten partner banks.

Outstanding bonds

adidas currently has five bonds outstanding. Most recently, in 2022, the company issued a three-year bond of € 500 million maturing in November 2025 with a coupon of 3.00%, in addition to a seven-year bond of € 500 million that matures in November 2029 and has a coupon of 3.125%. In September 2020, adidas successfully priced its first sustainability bond. At the time of the issuance, the € 500 million bond had a term of eight years until October 2028 and a coupon of 0.00%. adidas planned to use the proceeds of the sustainability bond to finance and refinance, in whole or in part, eligible sustainable projects, as defined in the Sustainability Bond Framework. As of September 2023, the total amount of net proceeds of € 500 million was fully allocated to eligible sustainable projects. Also in September 2020, adidas issued a 15-year bond of € 500 million which matures in September 2035 and has a coupon of 0.625%. Lastly, the company has a further outstanding bond of € 400 million issued in 2014 which matures in October 2026 with a coupon of 2.25%. All bonds have been listed on the Luxembourg Stock Exchange and have denominations of € 100,000 each, except for the bond that matures in October 2026 with a denomination of € 1,000 each. ▶ SEE NOTE 16

Maturity profile and coupons of adidas bonds[1]



1 Coupons are fixed.

Additional credit lines

In addition to the syndicated credit facility and access to bond markets, the company's financial flexibility is ensured by the availability of further credit facilities. At the end of 2024, committed and uncommitted credit lines, including the syndicated loan facility, amounted to € 3,656 million (2023: € 3,648 million), of which € 3,560 million was unutilized (2023: € 3,556 million). Committed and uncommitted credit lines represent approximately 52% and 48% of total credit lines, respectively (2023: 53% and 47%, respectively). In addition, we have an unused multi-currency commercial paper program in the amount of € 2,000 million available (2023: € 2,000 million). We monitor the ongoing need for available credit lines based on the current level of debt and future financing requirements.

Gross borrowings decrease

The company's gross borrowings, the vast majority of which are denominated in euro, are composed of bank borrowings as well as outstanding bonds. Gross borrowings decreased 17% to € 2,485 million at the end of 2024 from € 2,979 million in the prior year, mainly due to the repayment of the € 500 million eurobond in September 2024. The total amount of bonds outstanding at the end of 2024 was € 2,389 million (2023: € 2,886 million). Bank borrowings amounted to € 96 million at the end of 2024 compared to € 93 million in the prior year.

Financing structure € in millions

	2024	2023
Cash and cash equivalents	**2,455**	**1,431**
Bank borrowings	96	93
Eurobonds	2,389	2,886
Gross total borrowings	**2,485**	**2,979**
Net (borrowings)/cash	**(30)**	**(1,548)**

As of December 31, 2024, cash and cash equivalents include € 325 million (2023: € 211 million) held by subsidiaries which were subject to foreign exchange control (e.g., Russia, Argentina) or other legal restriction and hence were not anytime available for general use by adidas AG or other subsidiaries.

Debt maturity profile

In 2025, assuming unchanged maturities, debt instruments of € 570 million will mature. This compares to € 549 million that matured in the course of 2024.

Remaining time to maturity of gross borrowings € in millions

	2024	2023
< 1 year	**570**	549
1 to 3 years	**425**	935
3 to 5 years	**994**	504
> 5 years	**496**	991
Total	**2,485**	2,979

2024 2023

Adjusted net borrowings of € 3,622 million

Adjusted net borrowings on December 31, 2024, amounted to € 3,622 million, compared to € 4,518 million on December 31, 2023. This development was mainly due to significantly higher cash and cash equivalents resulting from a positive cash flow from operating activities and lower long-term borrowings, which have been slightly offset by higher current and non-current lease liabilities in 2024.

Adjusted (net borrowings)/net cash[1,2] € in millions

2024	**(3,622)**
2023	(4,518)
2022	(6,047)
2021	(2,082)
2020	(2,424)

1 Figures for 2020 and 2021 were restated to reflect methodology revision in 2022.
2 2021 figure reflects the reclassification of the Reebok business to assets or liabilities held for sale.

In 2020, the definition of net borrowings was adapted to adjusted net borrowings in order to reflect changes in the company's Financial Policy. The most significant difference between the previous net borrowings definition and the adjusted net borrowings definition was the inclusion of the present value of future lease and pension liabilities. In 2022, the methodology for calculating adjusted net borrowings was revised to align with broader market practice and the approach of rating agencies. The main change of the methodology revision was the elimination of income tax adjustments from net borrowings. ▶ SEE NOTE 25

Composition of adjusted net borrowings € in millions

	2024	2023
Short-term borrowings	570	549
Long-term borrowings	1,915	2,430
Current and non-current lease liabilities	3,102	2,584
Pensions and similar obligations	144	139
Factoring	21	70
Subtotal	**5,752**	**5,772**
Cash and cash equivalents	2,455	1,431
Short-term financial assets	0	34
Less trapped cash	325	211
Less accessible cash and cash equivalents	**2,130**	**1,254**
Adjusted net borrowings	**3,622**	**4,518**

Leverage ratio improves significantly

The company remains committed to an adjusted net borrowings below two times EBITDA (Earnings before interests, taxes, depreciation and amortization and impairment losses and reversals) over the long term. This ratio amounted to 1.5 at the end of December 2024 (2023: 3.3). The strong deleveraging relates to the significantly lower adjusted net borrowings and the higher EBITDA compared to the prior year period.
▶ SEE INCOME STATEMENT ▶ SEE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS ▶ SEE NOTE 25

Adjusted net borrowings/EBITDA

1.5

Interest rate increases

The weighted average interest rate on the company's gross borrowings increased to 2.5% in 2024 (2023: 1.6%). This development was mainly due to higher financing needs in some subsidiaries in markets with high interest rates. Fixed-rate financing represented 98% of total gross borrowings at the end of 2024 (2023: 99%). Variable-rate financing accounted for 2% of total gross borrowings at the end of 2024 (2023: 1%).

Interest rate development[1] in %

1 Weighted average interest rate of gross borrowings.

Effective foreign exchange management is a key priority

As a globally operating company, adidas is exposed to currency risks. Therefore, effective currency management is a key focus of our Treasury department, with the aim of reducing the impact of currency fluctuations on non-euro-denominated net future cash flows. In this regard, hedging US dollars is a central part of our hedging program. This is a direct result of our Asian-dominated sourcing, which is largely denominated in US dollars. In 2024, our Treasury department managed a net deficit of around US $ 5.0 billion related to business activities (2023: US $ 4.1 billion). Thereof, around US $ 3.6 billion was against the euro (2023: US $ 3.0 billion). As governed by our Treasury Policy, we have established a hedging program on a rolling basis up to 24 months in advance, under which the vast majority of the anticipated seasonal hedging volume is secured approximately six months prior to the start of a season. In rare instances, hedges are contracted beyond the 24-month horizon. We had largely covered our anticipated hedging needs for 2025 as of the end of 2024. At the same time, we have already started hedging our exposure for 2026. The use of different hedging instruments, such as foreign exchange contracts, currency options, and swaps, or the combination of different instruments protect us against unfavorable currency movements. ▶ SEE SOURCING AND SUPPLY CHAIN ▶ SEE RISK AND OPPORTUNITY REPORT ▶ SEE NOTE 28

Financial Statements and Management Report of adidas AG

adidas AG is the parent company of the adidas Group. It includes operating business functions, primarily for the German market, as well as corporate headquarter functions such as Marketing, IT, Treasury, Taxes, Legal, and Finance. adidas AG also administers the company's shareholdings.

Operating activities and capital structure of adidas AG

The majority of the operating business of adidas AG consists of the sale of merchandise to wholesale partners and own retail activities.

In addition to its own trading activities, the results of adidas AG are significantly influenced by its holding function for the adidas Group. This is reflected primarily in currency effects, cost recharges for services provided, interest result, and income from investments in related companies.

The risks and opportunities as well as the future development of adidas AG largely reflect those of the adidas Group. ► SEE OUTLOOK ► SEE RISK AND OPPORTUNITY REPORT

The asset and capital structure of adidas AG is significantly impacted by its holding and financing function for the adidas Group. For example, 49% of total assets as of December 31, 2024, related to financial assets (2023: 48%), which primarily consist of shares in affiliated companies. Intercompany accounts, through which transactions between affiliated companies are settled, represent another 17% of total assets (2023: 28%) and 29% of total equity and liabilities as of December 31, 2024 (2023: 28%).

Preparation of accounts

Unlike the consolidated financial statements, which are in conformity with the International Financial Reporting Standards (IFRS), as adopted by the European Union as of December 31, 2024, the following financial statements of adidas AG have been prepared in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch – HGB).

Income statement in accordance with HGB

Statement of income in accordance with HGB (Condensed) € in millions

	2024	2023
Net sales	5,068	4,510
Change in finished and unfinished goods	–	(4)
Total output	**5,068**	**4,506**
Other operating income	687	721
Cost of materials	(1,845)	(1,678)
Personnel expenses	(891)	(852)
Depreciation and amortization	(137)	(139)
Other operating expenses	(3,150)	(2,801)
Operating result	**(268)**	**(243)**
Financial result	500	103
Taxes	(83)	(49)
Net income/(loss)	**149**	**(189)**
Retained earnings brought forward	286	598
Utilization for the repurchase/issuance of adidas AG shares	–	2
Retained earnings	**435**	**411**

adidas AG net sales € in millions

	2024	2023
Royalty and commission income	2,475	2,275
adidas Germany	1,673	1,267
Foreign subsidiaries	75	88
Central distribution unit	78	125
Other revenues	767	755
Total	**5,068**	**4,510**

Sales of adidas AG comprise external revenues generated by adidas Germany with products of the adidas brand as well as revenues from foreign subsidiaries. Revenues of adidas AG also include royalty and commission income, mainly from affiliated companies, revenues from the central distribution unit and other revenues which mainly consist of costs recharged to subsidiaries. In 2024, adidas AG net sales increased 12% to € 5,068 million compared to € 4,510 million in the prior year.

In 2024, other operating income of adidas AG decreased 5% to € 687 million (2023: € 721 million). This development was primarily due to lower positive currency effects.

In 2024, other operating expenses for adidas AG increased 12% to € 3,150 million (2023: € 2,801 million). This was largely attributable to higher costs for advertising and promotion as well as recharges from subsidiaries.

Depreciation and amortization for adidas AG relating to intangible and tangible fixed assets decreased 1% to € 137 million in 2024 (2023: € 139 million).

In 2024, adidas AG generated an operating loss of € 268 million (2023: € 243 million). This development is mainly reflecting higher expenses.

The financial result of adidas AG increased 385% to € 500 million in 2024 (2023: € 103 million). The increase was attributable to higher income from dividends.

Net income, after taxes of € 83 million (2023: € 49 million), amounted to € 149 million in 2024 and was higher than the prior year net loss of € 189 million.

Balance sheet in accordance with HGB

Balance sheet in accordance with HGB (Condensed) € in millions

	Dec. 31, 2024	Dec. 31, 2023
Assets		
Intangible assets	359	359
Property, plant and equipment	652	675
Financial assets	4,425	4,427
Fixed assets	**5,436**	**5,461**
Inventories	38	44
Receivables and other assets	1,733	2,765
Cash and cash equivalents, securities	1,648	859
Current assets	**3,419**	**3,668**
Prepaid expenses	153	136
Total assets	**9,008**	**9,265**
Equity and liabilities		
Shareholders' equity	2,479	2,455
Provisions	956	813
Liabilities and other items	5,573	5,997
Total equity and liabilities	**9,008**	**9,265**

At the end of December 2024, total assets decreased 3% to € 9,008 million compared to € 9,265 million in the prior year. This development was mainly a result of the decrease in receivables and other assets.

Shareholders' equity increased 1% to € 2,479 million at the end of 2024 (2023: € 2,455 million). The equity ratio increased to 27.5% (2023: 26.5%).

Provisions were up 18% to € 956 million at the end of 2024 (2023: € 813 million).

At the end of December 2024, liabilities and other items decreased 7% to € 5,573 million (2023: € 5,997 million). This is mainly due to the repayment of a eurobond in 2024.

Development of cash and cash equivalents

adidas AG has a syndicated credit facility of € 1,864 million and additional bilateral credit lines (including overdrafts) of € 841 million. In addition, the company has a multi-currency commercial paper program in an amount of € 2,000 million available. ► SEE TREASURY

In 2024, operating activities of adidas AG resulted in a cash inflow of € 55 million (2023: € 212 million). The change versus the prior year was mainly a result of lower receivables. Net cash inflow from investment activities was € 525 million (2023: € 104 million). This was primarily attributable to higher dividend income from subsidiaries. Financing activities resulted in a net cash outflow of € 345 million (2023: € 323 million). The net cash outflow from financing activities mainly relates to the dividend payment to the shareholders of adidas AG, the repayment of a eurobond and interest payments. As a result of these developments, cash and cash equivalents of adidas AG increased to € 424 million at the end of December 2024 compared to € 189 million at the end of the prior year.

adidas AG is able to meet its financial commitments at all times.

Disclosures Pursuant to § 315a and § 289a of the German Commercial Code and Explanatory Report

Composition of subscribed capital

The nominal capital of adidas AG amounts to € 180,000,000 (as at December 31, 2024) and is divided into the same number of registered no-par-value shares with a notional pro rata amount in the nominal capital of € 1 each. The nominal capital and the number of shares did not change in the 2024 financial year. The shares are fully paid in. Any claim on the part of the shareholders to the issuance of individual share certificates is generally excluded pursuant to § 4 section 7 of the Articles of Association unless such issuance is required in accordance with the regulations valid at a stock exchange at which the shares are admitted. Pursuant to § 67 section 2 German Stock Corporation Act (Aktiengesetz – AktG), in relation to adidas AG, only a person who is registered accordingly in the share register shall be deemed a shareholder. Each share grants one vote at the Annual General Meeting and determines the shareholders' share in the company's profit. All shares carry the same rights and obligations. The shareholders' individual rights and obligations follow from the provisions of the German Stock Corporation Act, in particular from §§ 12, 53a et seq., 118 et seq., and 186 AktG. As at December 31, 2024, adidas AG held in total 1,450,916 treasury shares, which do not confer any rights to the company in accordance with § 71b AktG. ▶ SEE NOTE 25

In the USA, adidas AG has issued American Depositary Receipts (ADRs). ADRs are deposit certificates of non-US shares that are traded instead of the original shares on US stock exchanges. Two ADRs equal one adidas AG share. ▶ SEE OUR SHARE

Restrictions on voting rights or transfer of shares

The company is not aware of any contractual agreements with adidas AG or other agreements restricting voting rights or the transfer of shares. However, based on the Code of Conduct and internal guidelines of adidas AG and based on Article 19 section 11 of the Regulation (EU) No 596/2014 (Market Abuse Regulation), particular trade prohibitions do exist for members of the Supervisory Board and the Executive Board as well as employees with regard to the purchase and sale of adidas AG shares in connection with the (time of) publication of quarterly results as well as half-year and full-year financial reports.

In addition, restrictions of voting rights may exist pursuant to, inter alia, § 136 AktG or for treasury shares pursuant to § 71b AktG as well as due to capital market regulations, in particular pursuant to §§ 33 et seq. German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The shares that were issued to employees of adidas AG in the context of the employee stock purchase plan and to employees of subsidiaries participating in the employee stock purchase plan are not subject to any lock-up periods, unless such a lock-up period is stipulated in locally applicable regulations. Employees who hold the shares which they purchased themselves (investment shares) for at least one year will subsequently receive one share for every six investment shares without having to pay for such share (matching share) if they are still adidas employees at that point in time. If employees transfer, pledge, or hypothecate investment shares in any way during the one-year vesting period, the right to receive matching shares ceases.

Shareholdings in share capital exceeding 10% of voting rights

The company has not been notified of, and is not aware of, any direct or indirect shareholdings in the share capital of adidas AG reaching or exceeding 10% of the voting rights.

Shares with special rights

There are no shares bearing special rights. In particular, there are no shares with rights conferring powers of control.

Voting right control if employees have a share in the capital

Like other shareholders, employees who hold adidas AG shares can exercise their control rights in accordance with statutory provisions and the Articles of Association. This also applies to the shares acquired by a service provider as part of the employee stock purchase plan. Employees may exercise their voting rights from these shares directly or indirectly.

Executive Board appointment and dismissal

Pursuant to § 6 of the Articles of Association and § 84 AktG, the Supervisory Board is responsible for determining the exact number of members of the Executive Board, for their appointment and dismissal as well as for the appointment of the Chief Executive Officer (CEO). The adidas AG Executive Board, which, as a basic principle, comprises at least two members, consists of the CEO and three further members as at the balance sheet date. Executive Board members may be appointed for a maximum period of five years. Such appointments may be renewed and the terms of office may be extended, provided that no term exceeds five years. ► SEE EXECUTIVE BOARD

The Supervisory Board may revoke the appointment as a member of the Executive Board or CEO for good cause such as gross negligence of duties or a vote of no confidence by the Annual General Meeting.

As adidas AG is subject to the regulations of the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG), the appointment of Executive Board members and also their dismissal require a majority of at least two thirds of the Supervisory Board members (§ 31 MitbestG). If such a majority is not established in the first vote by the Supervisory Board, the Mediation Committee has to present a proposal which, however, does not exclude other proposals. The appointment or dismissal is then made in a second vote with a simple majority of the votes cast by the Supervisory Board members. Should the required majority not be established in this case either, a third vote, again requiring a simple majority, must be held in which the Chair of the Supervisory Board has two votes.

If the Executive Board does not have the required number of members, the competent court must, in urgent cases, make the necessary appointment upon application (§ 85 section 1 AktG).

Amendments to the Articles of Association

Pursuant to §§ 119 section 1 number 6, 179 section 1 sentence 1 AktG, the Articles of Association of adidas AG can, in principle, only be amended by a resolution of the Annual General Meeting. Pursuant to § 21 section 3 of the Articles of Association in conjunction with § 179 section 2 sentence 2 AktG, the Annual General Meeting of adidas AG principally resolves upon amendments to the Articles of Association with a simple majority of the votes cast and with a simple majority of the nominal capital represented when passing the resolution. If mandatory legal provisions stipulate a larger majority of voting rights or capital, this majority is applicable. When it comes to amendments solely relating to the wording, the Supervisory Board is authorized to make these modifications in accordance with § 179 section 1 sentence 2 AktG in conjunction with § 10 section 1 sentence 2 of the Articles of Association.

Authorizations of the Executive Board

The authorizations of the Executive Board are regulated by §§ 76 et seq. AktG in conjunction with §§ 7 and 8 of the Articles of Association. The Executive Board is responsible, in particular, for managing the company and represents the company judicially and extra-judicially.

Authorization of the Executive Board to issue shares

The authorization of the Executive Board to issue shares is regulated by § 4 of the Articles of Association and by statutory provisions:

Authorized Capital

— Until August 6, 2026, the Executive Board is authorized to increase the nominal capital, subject to Supervisory Board approval, by issuing new shares against contributions in cash once or several times by no more than € 50,000,000 altogether (Authorized Capital 2021/I). The Executive Board may, subject to Supervisory Board approval, exclude residual amounts from shareholders' subscription rights.

— Until August 6, 2026, the Executive Board is also authorized to increase the nominal capital, subject to Supervisory Board approval, by issuing new shares against contributions in kind and/or cash once or several times by no more than € 20,000,000 altogether (Authorized Capital 2021/II). The Executive Board is authorized, subject to Supervisory Board approval, to exclude residual amounts from shareholders' subscription rights and to wholly or partly exclude shareholders' subscription rights when issuing shares against contributions in kind. Additionally, the Executive Board may, subject to Supervisory Board approval, exclude shareholders' subscription rights if the new shares against contributions in kind are issued at a price not significantly below the stock market price of the company's shares already quoted on the stock exchange at the point in time when the issue price is ultimately determined, which should be as close as possible to the placement of the shares; this exclusion of subscription rights can also be associated with the listing of the company's shares on a foreign stock exchange. The authorization to exclude subscription rights under this authorization, however, may only be used to the extent that the pro-rata amount of the new shares in the nominal capital together with the pro-rata amount in the nominal capital of other shares, which have been issued by the company since May 12, 2021, subject to the exclusion of subscription rights, on the basis of an authorized capital or following a repurchase or for which subscription or conversion rights or subscription or conversion obligations have been granted through the issuance of convertible bonds and/or bonds with warrants while excluding subscription rights, does not exceed 10% of the nominal capital existing on the date of the entry of this authorization with the Commercial Register or – if this amount is lower – as of the respective date on which the resolution on the utilization of the authorization is adopted. The previous sentence does not apply to the exclusion of subscription rights for residual amounts. The Authorized Capital 2021/II must not be used to issue shares within the scope of compensation or participation programs for Executive Board members or employees or for members of the management bodies or employees of affiliated companies. ► SEE NOTE 25

Contingent Capital

The nominal capital of the company is conditionally increased by up to € 12,500,000 (Contingent Capital 2022). The Contingent Capital serves the purpose of granting holders or creditors of bonds that were issued based on the resolution of the Annual General Meeting on May 12, 2022, option or conversion rights relating to not more than a total of 12,500,000 shares in compliance with the corresponding conditions of the bonds. Based on the authorization granted by the Annual General Meeting on May 12, 2022, the Executive Board is authorized to issue bonds with warrants and/or convertible bonds (together 'bonds') in an aggregate nominal value of up to € 4,000,000,000 with or without a limited term against contributions in cash once or several times until May 11, 2027, and to guarantee bonds issued by subordinated Group companies. The Executive Board is also authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights for bonds insofar as this is required for residual amounts, and to also exclude shareholders' subscription rights insofar as and to the extent that this is necessary for granting subscription rights to which holders or creditors of previously issued bonds are entitled. Finally, the Executive Board is authorized, subject to Supervisory Board approval, to also exclude shareholders' subscription rights insofar as the bonds are issued against contributions in cash and the issue price of the bonds is not significantly below the hypothetical market value of these bonds and the number of shares to be issued do not exceed 10% of the nominal capital. Shares which are issued or sold in accordance with § 186 section 3 sentence 4 AktG during the term of this authorization until its utilization, as well as shares to be issued or granted during the term of this authorization on the basis of bonds issued with the exclusion of subscription rights in accordance with this provision utilizing another authorization, shall be attributed to the aforementioned limit of 10%. The total number of shares to be issued under bonds which are issued with the exclusion of subscription rights based on the authorization and of shares which are issued from an authorized capital with the exclusion of subscription rights during the term of the authorization may not exceed a pro-rata amount of the nominal capital of 10% on the date of the entry of this authorization with the Commercial Register. Notwithstanding the Supervisory Board's right to determine further approval requirements, the Executive Board requires the Supervisory Board's approval for the issuance of bonds based on the resolution of the Annual General Meeting on May 12, 2022, with the exclusion of shareholders' subscription rights.

The Executive Board has so far not utilized the authorization to issue bonds granted by the Annual General Meeting on May 12, 2022.

Authorization of the Executive Board to repurchase shares

The authorizations of the Executive Board to repurchase adidas AG shares arise from §§ 71 et seq. AktG and, as at the balance sheet date, from the authorization granted by the Annual General Meeting on May 11, 2023.

Until May 10, 2028, the Executive Board is authorized to repurchase adidas AG shares in an amount totaling up to 10% of the nominal capital at the date of the resolution (or, as the case may be, a lower amount of nominal capital at the date of utilization of the authorization) for any lawful purpose and within the legal framework. The authorization may be used by the company but also by its subordinated Group companies or by third parties on account of the company or its subordinated Group companies or third parties assigned by the company or one of its subordinated Group companies.

The repurchase can be carried out via the stock exchange, through a public invitation to submit sale offers, through a public repurchase offer, or through granting tender rights to shareholders. The authorization furthermore sets out the lowest and highest nominal value that may be granted in each case.

The purposes for which treasury shares repurchased based on this authorization may be used are set out in the resolution on Item 8 of the Agenda for the Annual General Meeting held on May 11, 2023. The shares may, in particular, be used as follows:

- They may be sold on the stock exchange or through a public offer to all shareholders in relation to their shareholding quota; in case of an offer to all shareholders, subscription rights for residual amounts are excluded. The shares may also be sold differently, provided the shares are sold in exchange for a cash payment and at a price that, at the time of the sale, is not significantly below the stock market price of the company's shares with the same features; the prorated amount of the nominal capital which is attributable to the aggregate number of shares sold under this authorization may not exceed 10% of the company's nominal capital. The prorated amount of the nominal capital attributable to new shares which may be issued between May 11, 2023, and the sale of the shares based on an authorized capital while excluding shareholders subscription rights pursuant to §§ 203 section 1, 186 section 3 sentence 4 AktG is attributed to the limit of 10%. Likewise, the prorated amount of the nominal capital that is attributable to shares which may be issued due to bonds with warrants and/or convertible bonds which are linked to subscription or conversion rights or obligations or the company's right to delivery of shares, provided these bonds are issued on the basis of authorizations pursuant to §§ 221 section 4, 186 section 3 sentence 4 AktG between May 11, 2023, and the sale of the shares, shall also be attributed to the limit of 10%.

- The shares may be offered and assigned as consideration for the direct or indirect acquisition of companies, parts of companies or participations in companies or other business assets, especially real estate and rights to real estate, or receivables (also from the company) or within the scope of company mergers.

- They may be offered and sold as consideration for the acquisition of industrial property rights or intangible property rights or for the acquisition of licenses relating to such rights, also through subordinated Group companies.

- They may be used for purposes of meeting the subscription or conversion rights or obligations or the company's right to delivery of shares arising from bonds with warrants and/or convertible bonds issued by the company or its subordinated Group companies.

- In connection with employee stock purchase plans, the shares may be used in favor of (current and former) employees of the company and its affiliated companies as well as in favor of (current and former) members of management bodies of the company's affiliated companies, whereas the amount of shares must not exceed 5% of the nominal capital neither at the point in time when this authorization becomes effective nor at the point in time when the shares are used. Shares assigned to members of the Executive Board as compensation in the form of a share bonus based on this authorization are to be attributed to this limit.

- They may be canceled without such cancelation requiring an additional resolution of the Annual General Meeting.

Furthermore, the shares may be assigned to members of the Executive Board as compensation in the form of a share bonus subject to the provision that resale by the Executive Board members shall only be permitted following a lock-up period of at least four years. Responsibility in this case lies with the Supervisory Board. The amount of shares which may be used for such purposes must not exceed 5% of the nominal capital, neither at the point in time when this authorization becomes effective nor at the point in time when the shares are used or promised. Shares used for employee stock purchase plans based on this authorization shall be attributed to this limit.

The rights of shareholders to subscribe treasury shares shall be excluded to the extent that such shares are used pursuant to the aforementioned authorization. The Supervisory Board may determine that transactions based on this authorization may only be carried out subject to the approval of the Supervisory Board or one of its committees.

Within the scope of the authorization resolved upon by the Annual General Meeting on May 11, 2023, the Executive Board is furthermore authorized to conduct the share buyback also by using equity derivatives which are arranged with a credit institution or financial services institution in close conformity with market conditions or by using a multilateral trading facility within the meaning of § 2 section 6 Stock Exchange Act (Börsengesetz). adidas AG is authorized to acquire options which entitle the company to purchase shares of the company upon the exercise of the options (call options) and/or to sell options which require the company to purchase shares of the company upon the exercise of the options (put options) or to use a combination of call and put options or other equity derivatives if the option conditions ensure that the shares delivered for these equity derivatives were purchased in compliance with the principle of equal treatment. All share purchases using the aforementioned equity derivatives are limited to a maximum value of 5% of the nominal capital existing at the date on which the resolution was adopted by the Annual General Meeting (or, as the case may be, a lower amount of nominal capital at the date of exercising the authorization). The term of the equity derivatives may not exceed 18 months and must furthermore be chosen in such a way that the shares are purchased upon the exercise of the equity derivatives no later than May 10, 2028. The authorization to purchase adidas AG shares while using equity derivatives or via multilateral trading facilities also contains specifications on the highest and lowest amount of consideration per share which may be granted in each case.

For the use, the exclusion of subscription rights and the cancelation of shares purchased using equity derivatives or a multilateral trading facility, the general provisions adopted by the Annual General Meeting (as set out earlier) apply accordingly.

In the 2024 financial year, the Executive Board did not use the authorization to purchase adidas AG shares.

Change of control / compensation agreements

The essential agreements that provide for regulations in the case of a change of control are the material financing agreements of adidas AG. In the case of a change of control, these agreements, as is customary in the market, entitle the creditor/bondholder to termination and early calling-in.

No compensation agreements were entered into with members of the Executive Board or employees relating to the event of a takeover bid.

Business Performance by Segment

Since the beginning of 2024, adidas has been reporting on its financial and operating performance via the following breakdown: Europe, North America, Greater China, Emerging Markets, Latin America, and Japan/South Korea.

Europe

In 2024, sales in Europe grew 19% on a currency-neutral basis and increased 20% in euro terms to € 7,551 million from € 6,302 million in 2023. The currency-neutral development was driven by double-digit increases in both Lifestyle and Performance. In Lifestyle, Originals increased at a strong double-digit rate, while Sportswear grew high single digits. Growth in Performance was led by Football, where revenues increased at a strong double-digit rate, but was broad-based with increases across several categories.

Net sales in Europe

+19% C.N.

€ 7,551 million

Europe at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	7,551	6,302	20%	19%
Gross margin	50.3%	45.9%	4.3pp	–
Segmental operating profit	1,485	852	74%	–
Segmental operating margin	19.7%	13.5%	6.1pp	–

Gross margin in Europe increased 4.3 percentage points to 50.3% from 45.9% in 2023. Lower sourcing costs, a better business mix, and reduced discounting more than offset negative currency developments. Operating expenses were up 12% to € 2,310 million versus € 2,057 million in 2023, mainly driven by increases in marketing spend. As a percentage of sales, operating expenses were down 2.0 percentage points to 30.6% (2023: 32.6%). Operating profit in Europe increased 74% to € 1,485 million versus € 852 million in the prior year. The operating margin improved 6.1 percentage points to 19.7% (2023: 13.5%).

North America

Revenues in North America decreased 2% on a currency-neutral basis and also 2% in euro terms to € 5,128 million (2023: € 5,219 million). This development was mainly driven by the company's continued conservative sell-in approach to the wholesale channel in response to still elevated inventory levels in this market, particularly in the first half of the year, as well as lower Yeezy sales. With those anticipated headwinds moderating sequentially, revenue growth in North America accelerated to a double-digit rate in the fourth quarter.

Net sales in North America

(2%) C.N.

€ 5,128 million

North America at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	5,128	5,219	(2%)	(2%)
Gross margin	43.1%	40.1%	3.0pp	–
Segmental operating profit	480	273	76%	–
Segmental operating margin	9.4%	5.2%	4.1pp	–

Gross margin in North America increased 3.0 percentage points to 43.1% (2023: 40.1%). Benefits from lower sourcing costs, healthier inventory levels, and a better business mix more than offset impacts from higher discounting. Operating expenses were down 4% to € 1,788 million versus € 1,872 million in 2023, mainly driven by a decrease in operating overhead costs. Operating expenses as a percentage of sales decreased 1.0 percentage point to 34.9% (2023: 35.9%). Operating profit in North America increased 76% to € 480 million from € 273 million in 2023, while the operating margin increased 4.1 percentage points to 9.4% from 5.2% in 2023.

Greater China

Sales in Greater China increased 10% on a currency-neutral basis. In euro terms, sales increased 8% to € 3,459 million (2023: € 3,190 million). The currency-neutral increase was driven by growth in both Lifestyle and Performance. In Lifestyle, Originals grew at a double-digit rate, while Sportswear was up high single digits. In Performance, Football increased strong double digits, with several other categories also posting growth.

Net sales in Greater China

+10% C.N.

€ 3,459 million

Greater China at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	3,459	3,190	8%	10%
Gross margin	49.6%	48.7%	0.9pp	–
Segmental operating profit	714	553	29%	–
Segmental operating margin	20.6%	17.3%	3.3pp	–

Gross margin in Greater China improved by 0.9 percentage points to 49.6% from 48.7% in 2023, mainly reflecting a better business mix. At the same time, higher sourcing costs and negative currency developments weighed on the gross margin. Operating expenses were relatively flat at € 1,012 million (2023: € 1,002 million), while operating expenses as a percentage of sales decreased 2.1 percentage points to 29.3% compared to 31.4% in the prior year. Operating profit in Greater China increased 29% to € 714 million versus € 553 million in 2023, while the operating margin improved 3.3 percentage points to 20.6% from 17.3% in 2023.

Emerging Markets

Sales in Emerging Markets improved 19% on a currency-neutral basis. In euro terms, sales were up 16% to € 3,310 million from € 2,850 million in 2023. On a currency-neutral basis, this development was driven by double-digit growth in both Lifestyle and Performance. In Lifestyle, Originals increased at a strong double-digit rate and Sportswear grew high single digits. Growth in Performance was broad-based across all categories.

Net sales in Emerging Markets

+19% C.N.

€ 3,310 million

Emerging Markets at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	3,310	2,850	16%	19%
Gross margin	51.3%	50.0%	1.3pp	–
Segmental operating profit	738	626	18%	–
Segmental operating margin	22.3%	22.0%	0.3pp	–

Gross margin in Emerging Markets increased 1.3 percentage points to 51.3% (2023: 50.0%). Benefits from price increases, lower sourcing costs, and a better business mix more than offset significant negative currency developments. Operating expenses were up 20% to € 959 million versus € 803 million in 2023, driven by increases in both marketing expenditure and operating overhead costs. Operating expenses as a percentage of sales were up 0.8 percentage points to 29.0% (2023: 28.2%). Operating profit in Emerging Markets increased 18% to € 738 million from € 626 million in 2023, while the operating margin was up 0.3 percentage points to 22.3% versus 22.0% in 2023.

Latin America

Revenues in Latin America increased 28% on a currency-neutral basis. In euro terms, sales in Latin America improved 21% to € 2,772 million from € 2,291 million in 2023. On a currency-neutral basis, this improvement was driven by strong double-digit growth in most Performance categories. In Lifestyle, Originals and Sportswear also grew at strong double-digit rates.

Net sales in Latin America

+28% C.N.

€ 2,772 million

Latin America at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	2,772	2,291	21%	28%
Gross margin	47.9%	45.6%	2.3pp	–
Segmental operating profit	614	482	27%	–
Segmental operating margin	22.2%	21.0%	1.1pp	–

Gross margin in Latin America increased 2.3 percentage points to 47.9% (2023: 45.6%). Benefits from lower sourcing costs, price increases, an improved business mix, and lower discounting more than offset significant negative currency developments. Operating expenses were up 27% to € 717 million from € 564 million in 2023. This development reflects increases in both marketing expenditure and operating overhead costs. Operating expenses as a percentage of sales increased 1.2 percentage points to 25.9% (2023: 24.6%). Operating profit in Latin America increased 27% to € 614 million versus € 482 million in 2023. The operating margin increased 1.1 percentage points to 22.2% from 21.0% in 2023.

Japan/South Korea

Revenues in Japan/South Korea increased 10% on a currency-neutral basis. In euro terms, sales improved 4% to € 1,339 million from € 1,293 million in 2023. The currency-neutral increase was driven by double-digit growth in Lifestyle, including a strong double-digit increase in Originals. In Performance, Football grew double digits.

Net sales in Japan/South Korea

+10% C.N.

€ 1,339 million

Japan/South Korea at a glance € in millions

	2024	2023	Change	Change (currency-neutral)
Net sales	1,339	1,293	4%	10%
Gross margin	53.1%	52.5%	0.5pp	–
Segmental operating profit	295	268	10%	–
Segmental operating margin	22.0%	20.7%	1.3pp	–

Gross margin in Japan/South Korea increased 0.5 percentage points to 53.1% from 52.5% in 2023. An improved business mix, benefits from price increases, lower sourcing costs, and less discounting more than offset significant negative currency developments. Operating expenses were flat at € 428 million (2023: € 427 million). However, operating expenses as a percentage of sales decreased 1.1 percentage points to 32.0% (2023: 33.0%). Operating profit in Japan/South Korea increased 10% to € 295 million versus € 268 million in 2023. The operating margin increased 1.3 percentage points to 22.0% from 20.7% in 2023.

Outlook

In 2025, we expect macroeconomic challenges and geopolitical tensions to persist. While this may negatively affect consumer sentiment and discretionary spending power, the global sporting goods industry is set to continue its positive development. Despite these challenges, we expect to gain further market share and grow the company's currency-neutral sales at a high-single-digit rate in 2025. This reflects continued double-digit growth for the adidas brand. With an ongoing focus on profitable growth and operating leverage, we project to further increase operating profit to a level of between € 1.7 billion and € 1.8 billion in 2025.

Forward-looking statements

This Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of our company. The outlook is based on estimates that we have made on the basis of all the information available to us at the time of completion of this Annual Report. In addition, such forward-looking statements are subject to uncertainties which are beyond the control of the company. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialize, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. adidas does not assume any obligation to update any forward-looking statements made in this Management Report beyond statutory disclosure obligations.

► SEE RISK AND OPPORTUNITY REPORT

Global economic growth to remain constant in 2025[6]

Global gross domestic product (GDP) growth is projected to remain constant at 2.7% in 2025, influenced by the ongoing impact of tight monetary policies, restrictive financial conditions, and sluggish global trade. Although inflation rates have declined, they remain above target levels in most advanced economies, which means that monetary policies are expected to stay restrictive in the near term. In addition, geopolitical conflicts continue to affect the global economy. Advanced economies are anticipated to grow by only 1.7%, while developing economies are expected to see better conditions with a growth forecast of 4.1% in 2025. However, there are still significant risks, including weaker-than-expected performance in major economies such as Greater China, North America, and Europe. Additionally, geopolitical conflicts and political developments could lead to higher tariffs or otherwise disrupt global trade. Potential supply chain disruptions, spikes in energy prices, and climate-related disasters also remain critical concerns for the global economy.

Sporting goods industry to continue its positive trajectory in 2025

After demonstrating resilience in 2024, the global sporting goods industry is expected to continue its positive trajectory in 2025. The industry is expected to benefit from sustained consumer interest in health and fitness, with a continued emphasis on athleisure and rising sports participation rates. Product innovation, both for elite and everyday athletes, is expected to further drive consumer engagement. Additionally, the rising importance of community events in promoting sports participation is becoming increasingly evident. Local sports events and training programs are playing a significant role in

6 Source: World Bank Global Economic Prospects.

encouraging active lifestyles and fostering a sense of community. However, the industry is expected to face several challenges in 2025. Still elevated inflation and interest rates are likely to limit discretionary spending power. At the same time, geopolitical conflicts and political developments may lead to global trade disruptions. Against this backdrop, companies' ability to adapt to changing consumer preferences and macroeconomic conditions will be crucial.

2025 outlook

	2024	2025 outlook
Net sales	€ 23,683 million	to increase at a high-single-digit rate[1]
Operating profit	€ 1,337 million	to reach a level of between € 1.7 billion and € 1.8 billion
Average operating working capital in % of sales	19.7%	to reach a level of between 21% and 22%
Capital expenditure[2]	€ 540 million	to reach a level of around € 600 million

1 Currency-neutral.
2 Excluding acquisitions and leases.

Currency-neutral sales to increase at a high-single-digit rate in 2025

We expect the company's currency-neutral sales to increase at a high-single-digit rate in 2025, reflecting continued double-digit growth for the adidas brand. Our increased focus on local consumer preferences combined with a significantly better, broader, and deeper product range as well as much improved retailer relationships will be the main drivers of our projected top-line increase. In addition, impactful marketing initiatives will further add to our brand momentum and fuel sales growth. Having completed the sale of the remaining Yeezy inventory in 2024, the company's outlook does not include any Yeezy revenues in 2025 (2024: around € 650 million).

Significant growth expected in all market segments

Currency-neutral revenues are expected to grow strongly in all markets in 2025. Specifically, we expect sales for the adidas brand to grow at a double-digit rate in North America, Greater China, Emerging Markets, and Latin America. Revenues in Europe and Japan/South Korea are projected to increase at a high-single-digit rate.

Operating profit to increase further to between € 1.7 billion and € 1.8 billion

While we will continue to increase our marketing and sales investments, operating overhead efficiencies will allow us to leverage our strong top-line growth. This is expected to lead to further significant bottom-line improvements in 2025. As a result, we project operating profit to increase to a level of between € 1.7 billion and € 1.8 billion in 2025. Having completed the sale of the remaining Yeezy inventory in 2024, the company's outlook does not include any profit contribution from Yeezy in 2025 (2024: around € 200 million).

Average operating working capital of between 21% and 22%

During 2024, average operating working capital as a percentage of sales decreased by 5.9 percentage points to 19.7%, mainly reflecting effective measures to return to a healthy inventory position. From this healthy inventory position, our focus in 2025 will be on enabling continued top-line growth as well as on supporting our retail and manufacturing partners. Consequently, we forecast average operating working capital as a percentage of sales to increase moderately to a level of between 21% and 22% in 2025.

Capital expenditure of around € 600 million

In addition to leveraging the company's existing state-of-the-art infrastructure, we will continue to invest into our business. As a result, capital expenditure is expected to reach a level of around € 600 million in 2025 (2024: € 540 million).

Management proposes dividend payment of € 2.00 per share

The adidas AG Executive and Supervisory Boards will recommend paying a dividend of € 2.00 per dividend-entitled share to shareholders at the Annual General Meeting on May 15, 2025 (2024: € 0.70). The total payout of € 357 million (2024: € 125 million) reflects a payout ratio of 43% of net income from continuing operations. The proposal reflects the company's significantly better-than-expected performance in 2024, its improved financial profile, as well as Management's confident outlook for the future. This payout ratio is within the target range of between 30% to 50% of net income from continuing operations as defined in our Financial Policy. ▶ SEE OUR SHARE

Risk and Opportunity Report

In order to remain competitive and ensure sustainable success, adidas consciously takes risks and continuously explores and develops opportunities. Our risk and opportunity management principles and system provide the framework for our company to conduct business in a well-controlled environment.

Risk and opportunity management principles

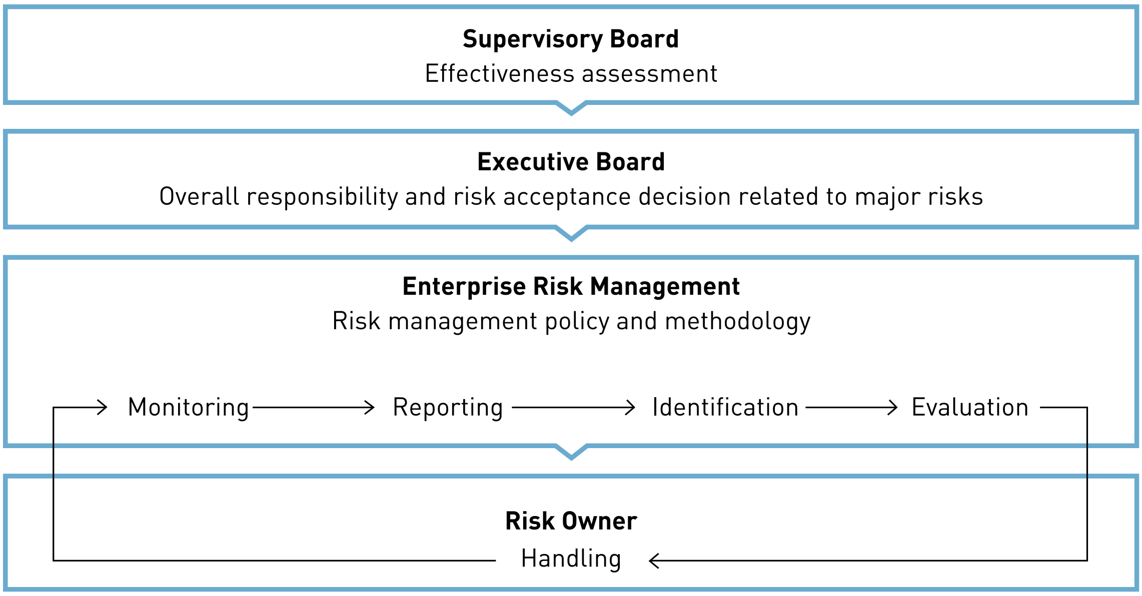
The key objective of the risk and opportunity management is to support business success and protect the company as a going concern through an opportunity-focused but risk-aware decision-making framework. Our Enterprise Risk Management Policy outlines the principles, processes, tools, risk areas, key responsibilities, reporting requirements, and communication timelines within our company. Risk and opportunity management is a company-wide activity that utilizes key insights from the members of the Executive Board as well as from global and local business units and functions. We define risk as the potential occurrence of an external or internal event (or series of events) that may negatively impact our ability to achieve the company's business objectives or financial goals. Opportunity is defined as the potential occurrence of an external or internal event (or series of events) that can positively impact the company's ability to achieve its business objectives or financial goals.

Risk and opportunity management system

The Executive Board has overall responsibility for establishing a risk and opportunity management system that ensures comprehensive and consistent management of all relevant risks and opportunities. The Enterprise Risk Management department governs, operates, and develops the company's risk and opportunity management system and is the owner of the centrally managed risk and opportunity management process on behalf of the Executive Board. The Supervisory Board is responsible for monitoring the effectiveness of the risk management system. These duties are undertaken by the Supervisory Board's Audit Committee. Working independently of all other functions of the organization, the Internal Audit department provides objective assurance to the Executive Board and the Audit Committee regarding the adequacy and effectiveness of the company's risk and opportunity management system on a regular basis. In addition, the Internal Audit department includes an assessment of the effectiveness of risk management processes and compliance with the company's Enterprise Risk Management Policy as part of its regular auditing activities with selected adidas subsidiaries or functions each year.

Our risk and opportunity management system is based on frameworks for enterprise risk management and internal controls developed and published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Additionally, we have adapted our risk and opportunity management system to more appropriately reflect the structure as well as the culture of the company. This system focuses on the identification, evaluation, handling, systematic reporting, and monitoring of risks and opportunities. Furthermore, we use a quantitative concept for risk capacity and risk appetite. Risk capacity is a liquidity-based measure and represents the maximum level of risk adidas AG can take before being threatened with insolvency. Risk appetite refers to the maximum level of risk the company is willing to take and is linked to the company's liquidity targets.

Risk and opportunity management system



Our risk and opportunity management process comprises the following steps:

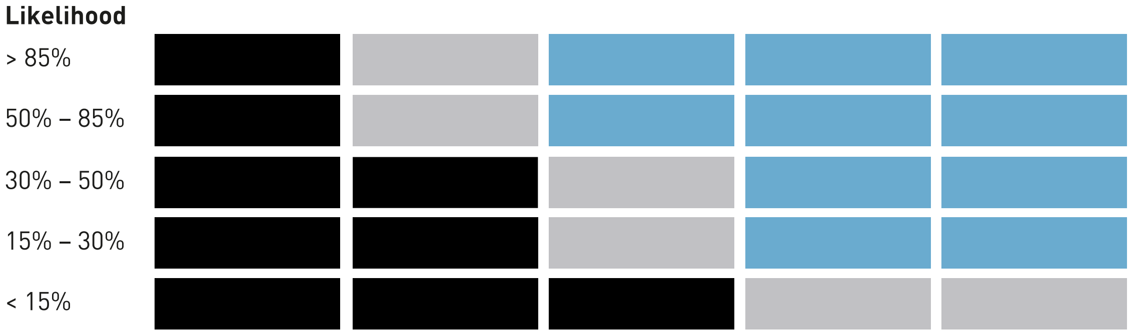
- **Risk and opportunity identification:** adidas continuously monitors the macroeconomic environment and developments in the sporting goods industry as well as internal processes to identify risks and opportunities as early as possible. On a semiannual basis, the Enterprise Risk Management department conducts a survey among senior management and selected middle management to ensure an effective bottom-up identification of risks and opportunities. Enterprise Risk Management has also defined 25 categories to help identify risks and opportunities in a systematic way. In addition, adidas uses various instruments in the risk and opportunity identification process, such as primary qualitative and quantitative research including trend scouting and consumer surveys as well as feedback from our business partners. These efforts are supported by global market research and competitor analysis. Through this process, we seek to identify the markets, categories, consumer target groups, and product styles that show the most potential for future growth at a local and global level. Equally, our analysis focuses on those areas that are at risk of saturation or exposed to increased competition or changing consumer tastes. Furthermore, we consider topics related to environmental, social, and governance aspects in our overall identification process as well as in the following process steps. Our risk and opportunity identification process is not only limited to external risk factors or opportunities, but also includes an internal perspective that considers company culture, processes, projects, human resources, and compliance aspects.

- **Risk and opportunity evaluation:** We assess identified risks and opportunities individually according to a systematic evaluation methodology, which allows adequate prioritization as well as allocation of resources. Risk and opportunity evaluation is part of the responsibility of the Enterprise Risk Management department supported by subject matter experts as well as internal and external data. The Enterprise Risk Management department also conducts assessments with the Executive Board members and senior leaders to validate the evaluation of most relevant risks and opportunities.

  According to our methodology, risks and opportunities are evaluated by looking at two dimensions: the potential impact and the likelihood that this impact materializes. Based on this evaluation, we classify risks and opportunities into three categories: minor, moderate, and major.

The potential impact is evaluated using five categories: marginal, low, medium, high, and significant. These categories represent financial or equivalent non-financial measurements. The financial measurements are based on the potential effect on the company's net income and cash flow. Non-financial measurements used are the degree to which the company's reputation, brand image, and employer value proposition are affected. Moreover, the degree of damage to people's health and safety, caused by non-compliance with legal regulations or gross negligence, and the degree of legal and judicial consequences at a corporate and personal level can be considered. Likelihood represents the possibility that a given risk or opportunity may materialize with the specific impact. The likelihood of individual risks and opportunities is evaluated on a percentage scale divided into five categories.

Risk evaluation categories



	Marginal	Low	Medium	High	Significant
Financial equivalent[1]	> € 1 million - € 10 million	> € 10 million - € 35 million	> € 35 million - € 60 million	> € 60 million - € 100 million	> € 100 million
Qualitative equivalent	Marginal impact on reputation, e.g., growing negative consumer reactions locally & slightly impaired bargaining power with partners & lower ranking in employer ratings. Minor harm to employees or third parties that doesn't require medical treatment. Internal corrective actions required.	Low impact on reputation, e.g., strong increase of negative consumer reactions globally & impaired bargaining power with partners & weaker results in important non-financial external ratings. Minor harm to employees or third parties that requires medical treatment. Judicial investigations leading to no direct sanctions but requiring internal corrective actions, including dismissal of employees.	Medium impact on reputation, e.g., rejection by specific consumer groups & termination or renegotiation of partnerships & profit warnings. Harm to employees or third parties that leads to hospitalization. Judicial investigations leading to imprisonment of employees and/or business interruption.	High impact on reputation, e.g., regional consumer boycotts & termination of key partnership & downgrade of credit and analyst ratings & temporary local employee strikes. Serious, life-changing harm to employees or third parties. Judicial investigations leading to imprisonment of senior leadership and/or significant business interruption including due to ongoing investigations.	Significant impact on reputation, e.g., persisting global consumer boycott & termination of multiple key partnerships & exclusion from key stock indices & long-lasting global employee strikes. Fatalities of employees or third parties. Imprisonment of Board member(s), monitorship and/or cessation of business operations due to court order.

Potential impact

Risk classification: Minor Moderate Major

1 Based on net income and cash flow.

When evaluating risks and opportunities, we also consider the speed of materialization (velocity). In this respect, we differentiate in which financial year risks and opportunities could occur. We consider both gross and net risk in our risk assessments. While the gross risk reflects the inherent risk before any mitigating action, the net risk reflects the residual risk after all mitigating action. On the one hand, this approach allows for a good understanding of the impact of mitigating action taken; on the other hand, it provides the basis for scenario analysis. Our assessment of risks presented in this report only reflects the net risk perspective. We measure the actual financial impact of selected risks and opportunities that materialized against the original assessment on a yearly basis ('back-testing'). In this way, we ensure continuous monitoring of the accuracy of risk and opportunity evaluations across the company, which enables us to continuously improve evaluation methodology based on our findings.

In assessing the potential effect from opportunities, each opportunity is appraised with respect to viability, commerciality, and potential risks. This approach is not only applied to longer-term strategic prospects but also to shorter-term tactical and opportunistic initiatives at the corporate level as well as at the market and brand level. In contrast to the risk evaluation, only the net perspective exists for assessing opportunities.

We aggregate risks and opportunities using a stochastic simulation (Monte Carlo simulation) to determine the company's risk and opportunity portfolio (i.e., the company's aggregated risk position), considering interdependencies of individual risks and opportunities. To identify a potential threat to the company as a going concern, we compare the 2025 risk and opportunity portfolio to the company's defined risk capacity and determine the likelihood that the aggregated risk exceeds the risk capacity; to identify a potential threat to the company's rating, we compare the 2025 risk and opportunity portfolio to the defined risk appetite and determine the likelihood that the aggregated risk exceeds the risk appetite.

- **Risk and opportunity handling:** Risks and opportunities are treated in accordance with the company's risk and opportunity management principles as described in the Enterprise Risk Management Policy. Risk Owners are in charge of developing and implementing appropriate risk-mitigating action within their area of responsibility. In addition, the Risk Owners need to determine a general risk-handling strategy for the identified risks, which is either risk avoidance, risk reduction with the objective to lower impact or likelihood, risk transfer to a third party or risk acceptance. The decision on the implementation of the respective risk-handling strategy also takes into account the costs in relation to the benefit of any planned mitigating action if applicable. The Enterprise Risk Management department works closely with the Risk Owners to monitor the continuous progress of planned mitigating action and assess the viability of already implemented mitigating action. Depending on the risk class determined by the risk and opportunity evaluation, the authority to make decisions to accept risks resides with the Executive Board, leaders reporting directly to an Executive Board member and the operational management on the next hierarchical level. The decision to accept major risks without taking additional mitigating action can only be made by the entire Executive Board. In its decision-making process, the Executive Board takes into account the risk profile, i.e., the relationship between risk and opportunity portfolio (i.e., the company's aggregated risk position) and risk appetite, as well as risk capacity. To support the Executive Board, the Enterprise Risk Management department defined clear thresholds for the likelihood that the company's aggregated risk exceeds the defined risk appetite and risk capacity. The company's risk appetite must not be exceeded with a likelihood of at least 95%; the company's risk capacity must not be exceeded with a likelihood of at least 99%.

- **Risk and opportunity monitoring and reporting:** Our risk and opportunity management system aims to increase the transparency of risks and opportunities. As both risks and opportunities are subject to constant change, Risk Owners not only monitor developments but also the adequacy and effectiveness of the current risk-handling strategy on an ongoing basis.

Regular risk reporting takes place half-yearly and consists of a five-step reporting stream:

- Enterprise Risk Management identifies risks and opportunities (with a potential effect on net income and cash flow higher than € 1 million) by conducting a survey among senior management and selected middle management as well as utilizing available information concerning the internal and external environment of the company. In collaboration with subject matter experts, Enterprise Risk Management evaluates, consolidates, and aggregates the identified risks and opportunities ('bottom-up assessment').

- Enterprise Risk Management discusses the assessment of most relevant risks and opportunities with the members of the Executive Board and leaders directly reporting to them. The Executive Board members and senior leaders validate the assessment of risks and opportunities in their respective area of responsibility ('top-down assessment').

- Enterprise Risk Management provides a consolidated report to the Executive Board summarizing the results of both bottom-up and top-down assessment as well as the risk and opportunity profile to highlight a potential threat to the company's rating and going concern. The Executive Board reviews the report, jointly agrees on a company assessment of risks and opportunities and decides if Risk Owners are required to take further action.

- Based on the Executive Board's decision, Enterprise Risk Management creates the final risk and opportunity report that is also shared with the 'Leadership Group.'

- The Executive Board presents in collaboration with Enterprise Risk Management the final risk and opportunity assessment results to the Audit Committee of the Supervisory Board.

Material changes in previously reported risks and opportunities or newly identified substantial risks and opportunities are also reported outside the regular half-yearly reporting stream on an ad hoc basis to the Executive Board. To further improve the risk culture at adidas, we also offer a risk management training to all our employees through our company intranet.

Compliance management system (adidas Fair Play)

We consider compliance with the law as well as with external and internal regulations to be imperative. The Executive Board sets the tone from the top, and every employee is required to act ethically and in compliance with the law as well as with internal and other external regulations while executing the company's business. We believe adidas Fair Play will prevent a majority of potential compliance issues. For that reason, we have specific measures to detect and respond to any concerns. We realize, however, that no compliance system can eliminate all violations.

The adidas Chief Compliance Officer (CCO) oversees the company's Compliance Management System (CMS). We see compliance as all-encompassing, spanning all business functions throughout the entire value chain. Our central Compliance team works closely with Regional Compliance Managers and Local Compliance Officers to conduct a systematic assessment of key compliance risks on a regular basis.

The company's CMS is based on the OECD Principles of Corporate Governance. It refers to the OECD Guidelines for Multinational Enterprises and is designed to:

- support the achievement of qualitative and sustainable growth through good corporate governance,
- reduce and mitigate the risk of financial losses or damage caused by non-compliant conduct,
- protect and further enhance the value and reputation of the company and its brand through compliant conduct, and
- support 'Diversity, Equity, and Inclusion' ('DEI') initiatives by fighting harassment and discrimination.

The adidas Fair Play Code of Conduct is accessible on our website, includes guidelines for employee behavior in everyday work, and is applicable globally for all business areas.
► ADIDAS-GROUP.COM/S/CODE-OF-CONDUCT

The Fair Play Code of Conduct and our CMS are organized around three pillars: prevent, detect, and respond.

- **Prevent:** The Compliance team regularly reviews and updates the CMS as necessary. In addition to the Fair Play Code of Conduct mentioned above, we also support all initiatives to prevent and fight harassment and discrimination in the workplace. Management also shares compliance-related communication, and the Compliance team together with the Regional Compliance Managers and Local Compliance Officers provides mandatory training to all employees globally during onboarding and in regular, repeated cycles. The Compliance team and partners also provide targeted in-person compliance training as appropriate with senior management and newly promoted or hired senior executives across the globe in order to further enhance the compliance 'tone from the top,' as well as the 'tone from the middle.' We closely monitor the completion rates for these training measures. We also focused on further enhancing cooperation among the Compliance team and the Corporate Internal Audit, the Group Policies, the Internal Controls, and the Enterprise Risk Management departments to align risk assurance.
- **Detect:** adidas has whistleblowing procedures in place to ensure timely detection of potential infringements of statutory regulations or internal guidelines. Employees can report compliance concerns internally to their supervisor, the CCO, Regional Compliance Managers or Local Compliance Officers, the relevant HR Manager, the Employee Relations department, or, where applicable, the Works Council. Employees can also report externally via the independent, confidential Fair Play hotline and website, which also allow for anonymous complaints. The Fair Play hotline and website are available at all times worldwide, including the services of interpreters, if required. They are promoted digitally and with posters to reach all our locations around the world. We comply with the requirements under the German Whistleblower Protection Act, based on Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.
- **Respond:** Appropriate and timely response to compliance violations is essential. The Compliance team leads all investigations in cooperation with an established team of Regional Compliance Managers and a global network of Local Compliance Officers, with further support from Employee Relations and HR. We track, monitor, and report potential incidents of non-compliance worldwide. In 2024, we recorded 1,260 potential compliance violations (2023: 590). Most importantly, insights gained from the investigation of past violations are used to continuously improve the CMS. Where necessary, we react promptly to confirmed compliance violations, through appropriate and effective sanctions ranging from warnings to termination of employment contracts. In 2024, the Compliance team further strengthened its

relationship with the Employee Relations organization, a key partner in many compliance matters, especially those related to harassment and discrimination.

Potential compliance violations

	2024 Incidents[1]	2023 Cases[2]
Financial, including theft	86	51
Malfeasance, including conflicts of interest and corruption	57	17
Competition	2	0
Behavioral	848	387
Other[3]	267	135

1 Incidents reported (with various allegation types) per area, with several incidents per raised case being possible.
2 Total cases reported in the year per area. Incident level reporting not available under old case management tool.
3 Includes payroll issues, intellectual property, and leaks of confidential information, among others.

Reporting of potential compliance violations in %

	2024	2023
Anonymous contact to hotline	38	53
Named contact to hotline	16	23
Compliance Officer, Employee Relations and other	46	24

The introduction of the new case management tool at the end of 2023 has allowed for more comprehensive incident capturing and reporting of each case. This resulted in a higher number of reported incidents in 2024 compared to cases captured in the 2023 data.

The company's CCO regularly reports to the Executive Board on the further development of the CMS and on major compliance cases. In addition, the CCO reports to the Audit Committee on a regular basis. In 2024, the CCO attended four meetings of the Audit Committee of the Supervisory Board to report on the further development of the compliance program, major compliance cases, and other relevant compliance topics.

The information on the potential compliance violations is part of the entity-specific information for ESRS G1-4 - Corruption and bribery cases. ▶ SEE ESRS G1-4 - CORRUPTION AND BRIBERY CASES

Description of the main features of the internal control and risk management system process pursuant to § 315 section 4 German Commercial Code (Handelsgesetzbuch – HGB)

The accounting-related internal control and risk management system of the company represents a process embedded within the company-wide corporate governance system. It aims to provide reasonable assurance regarding the reliability of the company's external financial reporting by ensuring company-wide compliance with statutory accounting regulations, in particular the International Financial Reporting Standards (IFRS) and internal consolidated financial reporting policies (Finance Manual). We regard the internal control and risk management system as a process based on the principle of segregation of duties, encompassing various sub-processes in the areas of Accounting, Controlling, Taxes, Treasury, Planning, Reporting, and Legal, focusing on the identification, assessment, mitigation, monitoring, and reporting of financial reporting risks. Clearly defined responsibilities are assigned to each distinct sub-process. The internal control and risk management system serves to identify, assess, limit, and control risks identified in the consolidated financial reporting process that might result in the consolidated financial statements not being compliant with internal and external regulations.

Internal Control over Financial Reporting (ICoFR) aims to provide reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations. To monitor the effectiveness of ICoFR, the Corporate Internal Audit department, which includes both the Internal Audit and Global Internal Controls functions, regularly reviews accounting-related processes. Additionally, as part of the year-end audit, the external auditor assesses the effectiveness of selected internal controls, including IT controls. The Audit Committee of the Supervisory Board also monitors the effectiveness of ICoFR, with the results reported at least once every year.

All adidas companies are required to comply with the consolidated financial reporting policies (Finance Manual), which are available to all employees involved in the financial reporting process through the company-wide intranet. We update the Finance Manual on a regular basis, dependent on regulatory changes and internal developments. Changes to the Finance Manual are promptly communicated to all adidas companies. Clear policies serve to limit employees' scope of discretion with regard to recognition and valuation of assets and liabilities, thus reducing the risk of inconsistent accounting practices within the company. We aim to ensure compliance with the Finance Manual through continuous adherence to the four-eyes principle in accounting-related processes. In addition, the local manager responsible for the accounting-related process within the respective company and the respective local Managing Director confirm adherence to the Finance Manual and to IFRS in a signed representation letter to the Accounting department semiannually.

The accounting for adidas companies is conducted either locally or by our Global Business Services. Virtually all the IT Enterprise Resource Planning (ERP) systems used are based on a company-wide standardized SAP system. Following approval by the Finance Director of the respective adidas company, the local financial statements are transferred to a central consolidation system based on SAP Group Reporting. At the corporate level, the regularity and reliability of the financial statements prepared by adidas companies are reviewed by the Accounting and Controlling departments. These reviews include automated validations in the system as well as the creation of reports and analyses to ensure data integrity and adherence to the reporting logic. In addition, differences between current-year and prior-year financial data as well as budget figures are analyzed on a market level. If necessary, adidas seeks the opinion of independent experts to review business transactions that occur infrequently and on a non-routine basis. After ensuring data plausibility, the centrally coordinated and monitored consolidation process begins, running automatically on SAP Group Reporting. Controls within the individual consolidation steps, such as those relating to the consolidation of debt or of income and expenses, are conducted both manually and system-based, using automatically created consolidation logs. Any inadequacies are remedied manually by systematically processing the individual errors as well as differences and are reported back to the adidas companies. After finalization of all consolidation steps, all items in the consolidated income statement and in the consolidated statement of financial position are analyzed with respect to trends and variances. Unless already otherwise clarified, the adidas companies are asked to explain any identified material deviations.

All financial systems used are protected against malpractice by means of appropriate authorization concepts, approval concepts, and access restrictions. Access authorizations are reviewed on a regular basis and updated if required. The risk of data loss or outage of accounting-related IT systems is minimized through central control and monitoring of virtually all IT systems, centralized management of change processes, and regular data backups.

Furthermore, the adidas internal control and risk management system includes non-accounting-related controls which serve to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of non-financial reporting, and compliance with applicable laws and regulations. The internal control and risk management system regarding the non-accounting-related activities focuses also on the identification, assessment, mitigation, monitoring, and reporting of relevant risks. It is as well embedded within the company-wide corporate governance system and encompasses various sub-processes in the areas of Brands, Sourcing, Supply Chain Management, Procurement, IT, Sales, or Human Resources.

All adidas companies are also required to comply with the non-accounting-related policies ('Policy Manual'), which are available to all employees involved in the various processes through the company-wide intranet and are updated and communicated on a regular basis.

The effectiveness of the non-accounting-related controls is also regularly monitored by the Corporate Internal Audit department and the Global and Market Internal Controls teams. The reporting of internal control testing results to the Audit Committee of the Supervisory Board also includes the effectiveness of non-accounting-related controls.

Nothing came to our attention that would cause us to doubt the adequacy and effectiveness of the entire internal control and risk management system. However, due to the limitations of any internal control and risk management system, absolute certainty about the appropriateness and effectiveness of these systems cannot be guaranteed.[7]

Illustration of risks

This report includes an explanation of financial and non-financial risks that we deem to be most relevant to the achievement of the company's objectives in 2025 and beyond. In this context, we present the risks in a more aggregated form than in our internal reporting. In addition, risks that are currently rated as minor or are not considered relevant or that are not yet known to us could have a negative impact on the achievement of our business objectives or financial goals. Additional information on risks related to environmental, social, and governance aspects is available in our Sustainability Statement. According to our risk assessment methodology, macroeconomic, sociopolitical, regulatory, and currency risks; risks related to tax and customs regulations; risks related to impairment of goodwill; risks related to consumer demand and product offering; personnel risks; and IT and cybersecurity risks are classified as major. The corporate risks overview table illustrates the assessment of all risks described below.

Corporate risks overview

Risk categories	Potential impact	Change (2023 rating)	Likelihood	Change (2023 rating)
Macroeconomic, sociopolitical, regulatory, and currency risks	Significant		30% – 50%	
Risks related to tax and customs regulations	Significant		15% – 30%	
Risks related to impairment of goodwill	High		30% – 50%	
Risks related to consumer demand and product offering	High	↓ (Significant)	15% – 30%	
Personnel risks	High		15% – 30%	
IT and cybersecurity risks	High		15% – 30%	
Risks related to media and stakeholder activities	Medium		30% – 50%	
Risks related to the competitive and retail environment	Significant		< 15%	↓ (15% – 30%)
Business partner risks	Significant		< 15%	
Compliance risks	Significant		< 15%	
Hazard risks	Significant		< 15%	
Litigation risks	Significant		< 15%	
Project risks	Significant		< 15%	

7 The statement in relation to German Corporate Governance Code A5 was not audited in terms of content as part of the audit of this Group Management Report.

Macroeconomic, sociopolitical, regulatory, and currency risks

Growth in the sporting goods industry is highly dependent on consumer spending and consumer confidence. Economic downturns, inflation, financial market turbulence, currency exchange rate fluctuations, and sociopolitical factors such as geopolitical conflicts, changes of government, civil unrest, pandemics, nationalization, expropriation, or nationalism, in particular in regions where adidas is strongly represented, could therefore negatively impact the company's business activities (up to a potential wind-down of subsidiaries) and top- and bottom-line performance. Currency risks are a direct result of multi-currency cash flows within the company, in particular the mismatch of the currencies required for sourcing our products versus the denominations of our sales. Furthermore, translation impacts from the conversion of non-euro-denominated results into the company's functional currency, the euro, might lead to a material negative impact on our company's financial performance. In addition, substantial changes in the regulatory environment such as trade restrictions, economic and political sanctions, regulations concerning product compliance, social aspects, human rights, environmental, and climate protection regulations could lead to potential sales shortfalls or cost increases. ► SEE NOTE 28

To mitigate these macroeconomic, sociopolitical, and regulatory risks, adidas strives to balance sales across key regions and also between developed and emerging markets. We continuously monitor the macroeconomic, political, and regulatory landscape in all our key markets to anticipate potential problem areas, so that we can quickly adjust our business activities accordingly upon any change in conditions. Potential adjustments may be a reallocation of manufacturing of our products to alternative countries, a reallocation of investments to alternative, more attractive markets, changes in product prices, closure of our own retail stores, more conservative product purchasing, tight working capital management, and an increased focus on cost control.

To mitigate the risk related to fluctuations in currency exchange rates, we utilize a centralized currency risk management system and hedge currency needs for projected sourcing requirements on a rolling basis up to 24 months in advance. In rare instances, hedges are contracted beyond the 24-months horizon.
► SEE TREASURY

By building on our leading position within the sporting goods industry and taking into account the interests of our stakeholders, we actively engage in supporting policymakers and regulators in their efforts to liberalize global trade and curtail trade barriers, and to proactively influence and adapt to significant changes in the regulatory environment.

Risks related to tax and customs regulations

Numerous laws and regulations regarding customs and taxes as well as changes in such laws and regulations affect the company's business practices worldwide. Non-compliance with regulations concerning product imports (including calculation of customs values), intercompany transactions, or income taxes could lead to substantial financial penalties and additional costs as well as negative media coverage and therefore reputational damage, for example in case of understatements or underpayments of corporate income taxes or customs duties. Changes in regulations regarding customs and taxes may also have a substantial impact on the company's sourcing costs or income taxes. Therefore, we also create provisions in accordance with the relevant accounting regulations to account for potential disputes with customs or tax authorities. Due to the current geopolitical situation, we assume in individual cases increasingly aggressive positions taken by tax and customs authorities in audits, which could increase the potential impact of such risks and the likelihood that they materialize. In 2021, the 'OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting' agreed on a two-pillar solution to address the tax challenges arising from the digitalization of the economy. Pillar 2, which includes the introduction of global minimum tax, could lead to higher-than-planned income tax expenses.

We seek to manage tax and customs risks in a balanced way that bears an appropriate relationship to the operating structure, commercial and economic substance, and other business risks. To proactively manage such risks, we constantly seek expert advice from specialized independent law and tax advisory firms in areas such as process design, transaction advisory, compliance, and tax or customs audits. Processes are in place requiring that attention is regularly directed to potential areas of tax or customs risk (e.g., a quarterly tax risk questionnaire) and the corporate tax and customs teams are involved in critical business transactions. Compliance with global tax and customs policies and controls is monitored by the Corporate Tax and Customs teams, internal controls experts and the Internal Audit department. We closely monitor changes in legislation to properly adopt regulatory requirements regarding customs and taxes; apply any available and applicable guidance from tax authorities and organizations such as the OECD, the World Customs Organization, and the World Trade Organization; and seek guidance from individual authorities, as appropriate, which may include requesting tax rulings from a tax authority. In addition, our internal legal, customs, and tax teams advise our operational management teams to ensure appropriate and compliant business practices. Our specialized staff receive adequate training for their role and non-tax, or non-customs staff are made aware of potential tax and customs matters relevant to their roles. Furthermore, we work closely with customs authorities and governments worldwide to make sure we adhere to customs and trade regulations at import and export to ensure the availability and obtain the required clearance of products to fulfill sales demand.

Risks related to impairment of goodwill

Our balance sheet carries book values in goodwill. Deterioration in the business performance, and particularly in future business prospects, as well as significant exchange rate fluctuations could require corrections of the book values by incurring impairment charges. In addition, increases in market interest rates could trigger increases in discount rates used in our impairment test for goodwill and require impairment charges. An impairment charge would be a purely accounting, non-cash effect impacting the company's operating result. ► SEE NOTE 11

Risks related to consumer demand and product offering

Our success largely depends on our ability to continuously create new, innovative, and sustainable products. Consumer demand changes can be sudden and unexpected, particularly when it comes to the more fashion-related part of our business. Therefore, we face a risk of short-term revenue loss in cases where we are unable to anticipate consumer demand or respond quickly to changes. In addition, creating and offering products that do not resonate with consumers and our retail partners is a critical risk to the success of our brands, especially considering our focus on key product franchises. This risk could be exacerbated if our marketing activities and brand campaigns fail to generate consumer excitement. Even more critical in the long term, however, are the risks of continuously overlooking new trends and failing to continuously introduce and successfully commercialize new product innovation.

To mitigate these risks, identifying and responding to shifts in consumer demand as early as possible is a key responsibility of our brand and sales organizations and, in particular, of the respective Risk Owners. Therefore, we utilize extensive primary and secondary research tools as outlined in our risk and opportunity identification process. By putting the consumer at the center of our decision-making, we intend to create higher brand advocacy and attract new consumers. We continuously expand our consumer analytics efforts to read and quickly react to changes in demand or trend shifts. In addition, direct touchpoints with consumers via our own digital channels, such as the adidas app, and direct communication with consumers on social media platforms strengthen our understanding of consumer preferences and behavior and, as a result, help us to reduce our vulnerability to changes in demand. Through continuous monitoring of sell-through data and disciplined product life-cycle management, in particular for our major product franchises, we are able to better detect demand patterns and prevent excess supply. By leveraging our promotion partnerships and by carefully orchestrating launch events across markets and channels, we intend to maintain brand desire and consumer demand at a constantly high level. Utilizing external insights and capabilities in product creation helps us strengthen our product offering and drive consumer demand, brand desire, market share, and profitability.

Personnel risks

Achieving the company's strategic and financial objectives is highly dependent on our employees and their talents. In this respect, strong leadership and a performance-enhancing culture are critical to the company's success. Therefore, ineffective leadership as well as the failure to maintain a performance-oriented culture that fosters 'Diversity, Equity, and Inclusion' ('DEI') and strong employee engagement among our workforce could substantially impede our ability to achieve our goals. An ineffective, unbalanced, or insufficient allocation of resources to business activities as well as improper planning and untimely execution of reorganization and transformation initiatives may reduce employee engagement, cause business disruption and inefficiencies, and may negatively affect business performance. In addition, global competition for highly qualified personnel remains fierce. As a result, the loss of key personnel in strategic positions and the inability to identify, recruit, and retain highly qualified and skilled talent who best meet the specific needs of our company pose risks to our business performance.

We are taking various measures to ensure that we maintain a culture that fosters DEI. Through several specialized programs, DEI is embedded into our recruitment processes. Our DEI Executive Council, comprising a diverse group including all members of the Executive Board and leaders from each market, continued its work in 2024 to increase accountability for global DEI initiatives, address emerging DEI issues impacting our brand, and drive the execution of our DEI strategy in a legally compliant manner. Furthermore, our workforce takes part in DEI learning programs. To ensure effective leadership across the company we offer a portfolio of leadership development experiences designed for every level of management across all markets and functions. To optimize staffing levels and resource allocation (i.e., having the right people with the right skillsets in the right roles at the right time), we adjust resource allocation where required to reflect developments in business performance, the economic environment, and our company's strategic priorities. Organizational transformations and reorganizations are supported by change activations with our leadership teams and organizational design consultancy. We continuously invest in improving employer branding activities, and our global recruiting organization constantly enhances our internal and external recruiting services and capabilities. Our global succession management helps create internal talent pipelines for critical leadership positions and therefore reduces succession risk.

IT and cybersecurity risks

Theft, leakage, corruption, or unavailability of critical information (e.g., consumer data, employee data, product data) and systems could lead to reputational damage, regulatory penalties, or the inability to perform key business processes. Key business processes, including product marketing, order management, warehouse management, invoice processing, customer support, and financial reporting, are all dependent on IT systems. Significant outages, application failures, or cybersecurity threats to our infrastructure, or that of our business partners, could therefore result in reputational damage, regulatory penalties, or cause considerable business disruption or impact to business-critical data.

To mitigate these risks, our Information Security organization proactively drives system preventive maintenance, service continuity planning, adherence to Information Security policies (aligned with the NIST SP 800-53 Rev. 5 framework), and continuous execution of a comprehensive information security program aligned with a zero-trust and cloud strategy. Information security architecture design, application security, governance, data security, employee awareness programs, and a 24x7 incident response help us to adequately protect the company. We have also secured limited insurance coverage for damage resulting from cybersecurity incidents.

Risks related to media and stakeholder activities

Adverse or inaccurate media coverage on our products or business practices (including topics related to social, environmental, and governance) as well as negative social media discussion may significantly harm adidas' reputation and brand image, lead to public misperception of the company's business performance and eventually result in a sales slowdown. Similarly, certain activities on the part of key stakeholders (e.g., non-governmental organizations, governmental institutions) could cause reputational damage, distract top management, and disrupt business activities.

To mitigate these risks, we pursue proactive, open communication and engagement with key stakeholders (e.g., consumers, media, the financial community, non-governmental organizations, governmental institutions) on a continuous basis. In addition, we have established clear crisis communication processes to ensure a quick and effective response to adverse developments. We have also strengthened social media capabilities and created various digital newsrooms around the globe that enable continuous monitoring of social media content related to the company's products and activities and allow early management of potentially damaging social media discussion. On a case-by-case basis, we seek external advice from experts in communication and stakeholder management.

Risks related to the competitive and retail environment

Changes in the competitive landscape and the retail environment could impact the company's success. Strategic alliances among competitors or retailers, the increase in retailers' own private-label businesses and intense competition for consumers, production capacity, and promotion partnerships between well-established industry peers and new market entrants pose a substantial risk to adidas. This could lead to harmful competitive behavior, such as sustained periods of heavy discounting in the marketplace or intense bidding for promotion partnerships. Failure to recognize and respond to consolidation in the retail industry could lead to increased dependency on particular retail partners, reduced bargaining power, and, consequently, considerable margin erosion. Sustained pricing pressure in key markets could threaten the company's financial performance and the competitiveness of our brands. Aggressive competitive practices could also drive increases in marketing costs and market share losses, thus hurting the company's profitability and market position. The inability to adjust our distribution strategy in a timely manner to a changing retail industry, which is experiencing continuous substitution of physical retail stores by digital commerce platforms as well as increasing connectivity between physical and digital retail, could result in sales and profit shortfalls. A decline in the attractiveness of particular shopping locations such as shopping malls could lead to sales shortfalls in our customers' and our own stores, higher inventory in the marketplace, increased clearance activity, and margin pressure.

To mitigate these risks, we continuously monitor and analyze information on our competitors and markets in order to be able to anticipate unfavorable changes in the competitive environment rather than merely reacting to such changes. This enables us to proactively adjust our marketing and sales activities (e.g., product launches or selective pricing adjustments) when needed. We also continuously and closely monitor numerous indicators (e.g., order placement, sell-through rates at the point of sale, average selling prices, discounts, store traffic) that help us identify changes in the retail environment and quickly take appropriate action such as closing or remodeling our own stores. We constantly adjust our segmentation strategies to ensure that the right product is sold at the right point of sale at an appropriate price. Continuous investment in research and development ensures that we remain innovative and distinct from competitors. We also pursue a strategy of entering into long-term agreements with key promotion partners. In addition, our product and communication initiatives are designed to increase brand desire, drive market share growth, and strengthen our brand's market position.

Business partner risks

adidas interacts and enters into partnerships with various third parties, such as athletes, creative partners, innovation partners, retail partners, or suppliers of goods or services. As a result, the company is exposed to a multitude of business partner risks.

We work with strategic partners in various areas of our business (e.g., product creation, manufacturing, research, and development) or distributors in a few selected markets whose approach might differ from our own business practices and standards, which could also negatively impact the company's business performance and reputation. Similarly, failure to maintain strong relationships with our partners could negatively impact the company's sales and profitability. Risks may also arise from a dependency on particular partners. For example, the overdependency on a supplier or customer increases the company's vulnerability to delivery and sales shortfalls, respectively, and could lead to significant margin pressure. Business partner default (including insolvency) or other disruptive events such as strikes may negatively affect the company's business activities and result in additional costs and liabilities as well as lower sales for the company. Unethical business practices or improper behavior on the part of business partners could have a negative spillover effect on the company's reputation, lead to higher costs or liabilities or even disrupt business activities.

To mitigate business partner risks, adidas has implemented various measures. For example, we generally include clauses in contractual agreements with partners that allow us to suspend or even terminate our partnership in case of improper or unethical conduct. In addition, we work with a broad portfolio of promotion partners to reduce the dependency on the success and popularity of a few individual partners. We utilize a broad distribution strategy, which includes our direct-to-consumer business to reduce the risk of overreliance on key customers. Specifically, no single customer accounted for more than 5% of the company's sales in 2024. To reduce risk in the supply chain, we work with suppliers who demonstrate reliability, financial stability, quality, and innovation. Furthermore, in order to minimize any potential negative consequences such as a violation of our Workplace Standards by our suppliers, we enforce strict control and inspection procedures at our suppliers and also demand adherence to social and environmental standards throughout our supply chain. In addition, we have selectively bought insurance coverage for the risk of business interruptions caused by physical damage to suppliers' premises. To reduce supplier dependency, the company follows a strategy of diversification. In this context, adidas works with a broad network of suppliers in different countries and, for the vast majority of its products, does not have a single-sourcing model.

Compliance risks

As a globally operating company, adidas is subject to various laws and regulations. Non-compliance with such laws and regulations could lead to penalties and fines and cause reputational damage. For example, non-compliance with laws and regulations concerning data protection and privacy, such as the EU General Data Protection Regulation (GDPR), may result in substantial fines. In addition, failure to comply with data protection and privacy regulations could cause reputational damage and result in a loss of consumer trust in our brands. We also face the risk that members of top management and our employees breach rules and standards that guide appropriate and responsible business behavior. This includes the risks of fraud, financial misstatements or manipulation, anti-competitive business practices, bribery, corruption, discrimination, and harassment in the workplace.

Our Compliance Management System (CMS) helps us to prevent, detect, and adequately respond to these risks. Our Global Policy Manual provides a framework for basic work procedures and processes, and our Fair Play Code of Conduct stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems where they conduct company business. In addition, our Regional Compliance Managers and Local Compliance Officers guide and advise our operating managers regarding fraud and corruption topics. Furthermore, we utilize controls such as segregation of duties in IT systems and data analytics technology to prevent or detect fraudulent activities. We are also working with external partners and law firms to ensure we are informed about legal requirements across the globe, and we take appropriate action to ensure compliance. To mitigate the risk of non-compliance with laws and regulations concerning data protection and privacy, we train our employees and introduced global privacy principles and standards. This framework applies to all adidas businesses worldwide and sets our expectations of third-party business partners for managing personal information for or on behalf of adidas. Our Global Privacy Officer, the Global Privacy department, and local privacy experts drive compliance with laws and regulations and the company framework, which is updated regularly to reflect new requirements and improvements.

Hazard risks

As climate change intensifies, the likelihood and intensity of natural disasters such as storms, floods, wildfires, droughts, pandemics, or heat waves increases, and so does adidas' potential risk. In addition, our business activities could be impacted by other hazards such as port congestions, strikes, riots, armed conflicts, or terrorist attacks. All of the above could damage our offices, stores, or distribution centers or disrupt our operational processes (e.g., sourcing, logistics) leading to loss of sales, higher cost, a decrease in profitability, and physical injury.

To manage and mitigate these risks, we continuously monitor potential threats and have implemented business continuity plans including but not limited to fallback solutions for transportation, dynamic capacity management of containers and carriers, and reallocation of production. We also maintain high safety standards in all our locations and have secured insurance coverage for property damage and business interruptions.

Litigation risks

adidas may be involved in legal disputes and proceedings in different jurisdictions. For example, despite a rigid internal clearance process, legal steps may be taken against adidas due to the company's use of certain technologies or trademarks that are protected by a third party's intellectual property rights. These actions may result in, among others, the company having to stop using certain technologies or designs, imposed royalty payment obligations, the withdrawal of products from certain markets, legal costs, or reputational damage. In particular, in commercial disputes involving the company, third parties may also claim financial damages, including lost profits, as a result of an alleged breach of contract by the company.

Our Legal team actively defends adidas' intellectual property rights and regularly communicates with all relevant internal business partners to ensure that our products, including our designs and other innovations, are cleared and adequately protected prior to use. We may retain specialized external counsel (and other advisors, if needed) in case legal action is taken against the company.

Project risks

To effectively support further business growth and improve efficiency, adidas continuously invests in new projects such as the creation, implementation, expansion, harmonization, or modernization of IT systems, distribution centers, or office buildings. Ineffective project management could delay the execution of critical projects and lead to higher expenditures. Inadequate project planning and controlling as well as executional mistakes or ineffective change management could cause inefficiencies, delays, or business disruption, resulting in higher costs and sales shortfalls. Inappropriate project governance, prioritization, and oversight of the project portfolio may lead to suboptimal resource allocation and undesired project results.

We manage projects utilizing reviews by project teams as well as project steering committees to evaluate the progress, quality, and costs of those projects on a regular basis. This approach allows early detection of project risks and quick implementation of corrective action or timely cancelation of projects with a low chance of success. To ensure true end-to-end management of key projects we have established a network of program and project management departments across all main functions. We also work with external partners for project management support in areas where we do not have the required expertise or experience in-house.

Illustration of opportunities

In this report, we illustrate financial and non-financial opportunities considered most relevant in 2025 and beyond. In this context, we present the opportunities in a more aggregated form than in our internal reporting. In addition, opportunities that are currently rated as minor or are not considered relevant or that are not yet known to us could have a positive impact on the achievement of our business objectives or financial goals. Additional information on opportunities related to environmental, social, and governance aspects is available in our Sustainability Statement. According to our assessment methodology, opportunities related to consumer demand and product offering; macroeconomic, sociopolitical, regulatory, and currency opportunities; and opportunities related to order and supply management are considered major. The assessment is illustrated in the corporate opportunities overview table.

Corporate opportunities overview

Opportunity categories	Potential impact	Change (2023 rating)	Likelihood	Change (2023 rating)
Opportunities related to consumer demand and product offering	Significant		30% – 50%	
Macroeconomic, sociopolitical, regulatory, and currency opportunities	Significant		30% – 50%	
Opportunities related to order and supply management	Significant		15% – 30%	
Personnel opportunities	Medium	↓ (High)	15% – 30%	

Opportunities related to consumer demand and product offering

Well-executed campaigns and marketing initiatives could increase brand desire and consumer appeal, which may drive full-price sell-through and result in higher-than-expected sales and profit. In addition, outstanding competitive performance of promotion partners such as individual athletes, club teams, or national teams may further increase their popularity among consumers. As a result, adidas may generate higher sales of signature footwear or licensed apparel and accessories. We believe that our continued focus on product innovation and the ability to fully commercialize such innovation through an attractive product offering that resonates with consumers and considers global as well as local trends could provide further upside potential both in terms of sales and profit. In that respect, we see untapped commercial potential particularly for our Lifestyle franchises as well as our Running and Training business.

Macroeconomic, sociopolitical, regulatory, and currency opportunities

Positive macroeconomic developments could strengthen consumer sentiment and purchasing power. Favorable exchange rate developments can potentially have a positive impact on the company's financial results. Translation effects from the conversion of non-euro-denominated results into our company's functional currency, the euro, might also positively impact our company's financial performance. Legislative and regulatory changes such as the elimination of trade barriers due to free trade agreements can create cost savings or potentially open up new channels of distribution and, as a result, positively impact profitability in the mid to long term.

Opportunities related to order and supply management

Changes in consumer demand can be sudden and unexpected, including rapid increases in demand for certain products in certain markets. By strengthening our local supply chains and introducing more flexible and simplified order and supply management, we would be better able to respond to new trends and meet specific local demand. This could lead to incremental net sales and higher margins, and effectively reduce inventory risk.

Personnel opportunities

Further strengthening a performance-oriented culture that fosters 'Diversity, Equity, and Inclusion' as well as leadership accountability and clear values in the workplace could lead to increased diversity of thought, increased creativity and innovation, and higher employee satisfaction and engagement. This may positively impact the company's financial performance. A workforce that includes diverse talent and reflects the diversity of our customers and consumers helps us better serve the communities we work in and strengthens brand reputation among our consumers, which could potentially create a competitive advantage and positively impact top- and bottom-line performance.

Management Assessment of Performance, Risks and Opportunities, and Outlook

Assessment of performance versus targets

We communicate our financial targets on an annual basis. We also provide updates throughout the year as appropriate. 2024 was a successful year for adidas and we performed significantly better than initially expected, while the overall business environment was still characterized by geopolitical tensions and macroeconomic challenges in several regions. Our strong top-line development reflected an acceleration of brand momentum that broadened across markets, categories, and channels. Less discounting and a higher share of full-price sales benefited our profitability levels, partially offset by continued investments into marketing and sales. We were able to upgrade our guidance three times in the course of the year, reflecting the faster-than-expected progress both financially and operationally. Ultimately, our 2024 financial results exceeded our latest guidance from October on both the top and bottom line.

▶ SEE INCOME STATEMENT

Company targets versus actual key metrics

	2023 Results	2024 Initial targets[1]	2024 Updated targets[2]	2024 Updated targets[3]	2024 Latest targets[4]	2024 Results	2025 Outlook
Currency-neutral net sales development	0%	to increase at a mid-single-digit rate	to increase at a mid- to high-single-digit rate	to increase at a high-single-digit rate	to increase at a rate of around 10%	12%	to increase at a high-single-digit rate
Operating profit	€ 268 million	around € 500 million	around € 700 million	around € 1.0 billion	around € 1.2 billion	€ 1,337 million	between € 1.7 billion and € 1.8 billion
Average operating working capital in % of net sales	25.7%	between 23% and 24%	between 23% and 24%	between 21% and 22%	between 21% and 22%	19.7%	between 21% and 22%
Capital expenditure[5]	€ 504 million	around € 600 million	around € 600 million	around € 600 million	around € 600 million	€ 540 million	around € 600 million

1 As published on January 31, 2024. For average working capital and capital expenditure as of March 13, 2024.
2 As published on April 16, 2024.
3 As published on July 16, 2024. For average working capital and capital expenditure as of July 31, 2024.
4 As published on October 15, 2024.
5 Excluding acquisitions and leases.

In 2024, revenues increased 12% on a currency-neutral basis. This was significantly better than our initial expectation (January 2024: increase at a mid-single-digit rate) and also ahead of our latest guidance (October 2024: increase at a rate of around 10%). Excluding Yeezy sales in both years, currency-neutral revenues of the underlying adidas business increased 13% in 2024. The sale of the remaining Yeezy inventory, which we successfully concluded during the fourth quarter of 2024, generated revenues of around € 650 million in the year (2023: around € 750 million).

Our currency-neutral top-line development reflected strong double-digit growth in Europe, Emerging Markets and Latin America. Japan/South Korea and Greater China also increased at a double-digit rate. North America recorded a low-single-digit decline as we continued our conservative sell-in approach to the wholesale channel in response to still elevated inventory levels in this market, particularly in the first half of the year, as well as due to lower Yeezy sales. With those anticipated headwinds moderating sequentially, North America accelerated to double-digit revenue growth in the fourth quarter of 2024.

Our operating profit reached € 1,337 million in 2024, ahead of our latest guidance of around € 1.2 billion provided in October and significantly better than our expectation at the beginning of the year (January 2024: around € 500 million). The sale of the remaining Yeezy inventory in the course of 2024 contributed around € 200 million to operating profit (2023: around € 300 million). ▶ SEE INCOME STATEMENT

Average operating working capital as a percentage of sales ended the year 2024 at 19.7%, better than the latest guidance of between 21% and 22% in July and representing a significant year-over-year decrease of 5.9 percentage points. Capital expenditure increased 7% to € 540 million in 2024, slightly below our guidance of a level of around € 600 million. ▶ SEE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

Beyond our financial performance, we also actively monitor other KPIs. These other KPIs include, among others, the share of women in management positions as well as the carbon intensity per product. With 41% female representation in management positions in 2024, we remain committed to achieving a level of 50% by 2033. CO_2e emissions per product decreased by 2.5% in 2024, in line with our ambition to reduce carbon intensity by 9% between 2022 and 2025. ▶ SEE SUSTAINABILITY STATEMENT ▶ SEE ESRS S1 ▶ SEE ESRS E1

Assessment of overall risks and opportunities

Our Risk Management team aggregates all risks and opportunities identified through the half-yearly risk and opportunity assessment process to determine the company's risk and opportunity portfolio (i.e., the company's aggregated risk position). Results from this process are analyzed and reported to the Executive Board accordingly. The Executive Board discusses and assesses risks and opportunities on a regular basis and takes into account the relationship between the risk and opportunity portfolio (i.e., the company's aggregated risk position) and risk appetite as well as risk capacity in its decision-making. Compared to the prior year, our assessment of certain risks and opportunities has changed in terms of likelihood of occurrence and/or potential financial impact. Our risk and opportunity aggregation using a Monte Carlo simulation determined that the company's aggregated risk position does not exceed the company's risk capacity threshold with a likelihood of at least 99%. Therefore, we do not foresee any material jeopardy to the viability of the company as a going concern. ▶ SEE RISK AND OPPORTUNITY REPORT

Assessment of financial outlook

The global sporting goods industry is expected to continue its positive development in 2025 despite several challenges and risks. Still elevated inflation and interest rates are likely to limit discretionary spending power. At the same time, geopolitical conflicts and political developments could lead to higher tariffs or otherwise disrupt global trade.

Despite these challenges, we aim to gain further market share, leveraging our significantly better, broader, and deeper product range with an increased focus on local consumer preferences, in combination with much improved retailer relationships and impactful marketing initiatives. As a result, we expect the company's currency-neutral sales to increase at a high-single-digit rate in 2025, reflecting continued double-digit growth for the adidas brand. The strong top-line growth, in combination with operating overhead leverage, is projected to lead to further significant bottom-line improvements in 2025. We expect operating profit to increase to a level of between € 1.7 billion and € 1.8 billion in 2025.
▶ SEE OUTLOOK

We believe our outlook for 2025 realistically describes the underlying development of the company. However, the outlook for 2025 as outlined in this report is subject to change. Ongoing uncertainties regarding macroeconomic challenges, the impact from geopolitical conflicts, the development of consumer sentiment, and potential supply-chain disruptions represent risks to the achievement of our stated financial goals and aspirations. No other material event between the end of 2024 and the publication of this report has altered our view. ► SEE OUTLOOK

4

GROUP MANAGEMENT REPORT SUSTAINABILITY STATEMENT

ESRS 2

General Disclosures

2024 marks an important milestone for adidas and its long history in sustainability reporting as we report in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the corresponding European Sustainability Reporting Standards (ESRS) on a voluntary basis. As a result of our Double Materiality Assessment (DMA) process, we identified material impacts, risks and opportunities (IROs) for each ESRS topical standard, leading to the disclosure of all ESRS sustainability matters:

§ **ESRS 2 – General Disclosures**
adidas to report on all ESRS standards with material IROs

✓ **ESRS E1 – Climate change**
Most of GHG emissions occur in upstream value chain – raw material and manufacturing

✓ **ESRS S1 – Own workforce**
Own employees' well-being of utmost importance for adidas

✓ **ESRS G1 – Business Conduct**
Adequate business conduct is imperative for adidas

✓ **ESRS E2 – Pollution**
Main impact occurs in upstream value chain – manufacturing

✓ **ESRS S2 – Workers in the value chain**
Important to safeguard rights of workers in our value chain

✓ **ESRS E3 – Water and marine resources**
Main impact occurs in upstream value chain – manufacturing

✓ **ESRS S3 – Affected communities**
Important to safeguard human rights of individuals and communities linked to our value chain

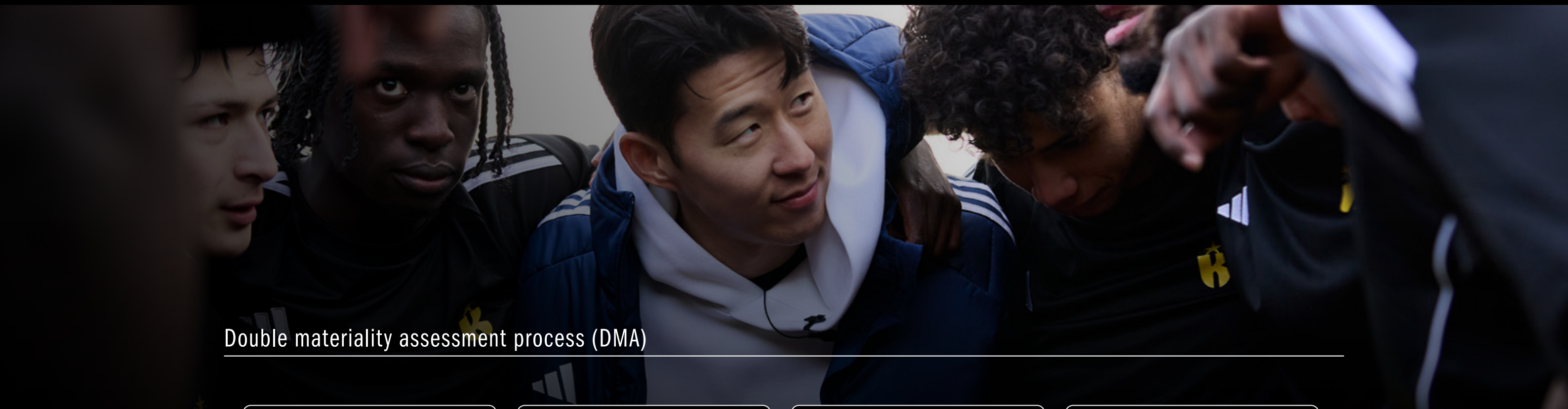
✓ **ESRS E4 – Biodiversity and ecosystems**
Main impact occurs in upstream value chain – natural materials

✓ **ESRS S4 – Consumers and end-users**
Consumers are in the center of everything we do

✓ **ESRS E5 – Resource use and circular economy**
Main impact occurs in upstream value chain – resource use and lack of circular infrastructure in industry

§ Mandatory

✓ adidas reporting IROs related to ESRS standard



Double materiality assessment process (DMA)

1 Preparation

- Update of previous DMA methodology in close collaboration with the Enterprise Risk Management team
- Development of a structured scoring system and thresholds – ensuring consistency with internal risk assessment
- Creation of a long list of sustainability matters based on ESRS and additional entity specific topics
- Involvement of subject-matter experts in the process

2 Workshops

- Conduct various workshops to collect information and assess all ESRS topics, sub-topics and sub-sub-topics
- Evaluation and agreement on impacts, risks and opportunities (IROs) on all value chain levels
- Cross-functional exercise, in which internal subject-matter experts played a key role as they not only represented their topic but also the respective external stakeholder groups involved

3 Documentation & Reviews

- Internal review loops conducted by the Investor Relations team with subject-matter experts and responsible senior management
- Close dialogue with senior management throughout the process
- Finalization of documentation of IROs across different sustainability matters

4 Approval & Audit

- Final approval of respective senior management
- Audit closing of DMA methodology, documentation and results by auditors
- Presentation of results of DMA to the Audit Committee

ESRS Index

ESRS Index

	Description
E4-2	▶ Policies related to biodiversity and ecosystems
E4-3	▶ Actions and resources related to biodiversity and ecosystems
E4-4	▶ Targets related to biodiversity and ecosystems
E5 Resource use & circular economy	
E5, SBM-3	▶ Material IROs and their interaction with strategy and business model
E5, IRO-1	▶ Description of the processes to identify and assess material resource use and circular economy-related IROs
E5-1	▶ Policies related to resource use and circular economy
E5-2	▶ Actions and resources related to resource use and circular economy
E5-3	▶ Targets related to resource use and circular economy
E5-4	▶ Resource inflows
E5-5	▶ Resource outflows
S1 Own workforce	
S1, SBM-2	▶ Interests and views of stakeholders
S1, SBM-3	▶ Material IROs and their interaction with strategy and business model
S1-1	▶ Policies related to own workforce
S1-2	▶ Processes for engaging with own workers and workers' representatives about impacts
S1-3	▶ Processes to remediate negative impacts and channels for own workers to raise concerns
S1-4	▶ Taking action on material impacts and approaches to managing material risks and opportunities related to own workforce
S1-5	▶ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6	▶ Characteristics of the undertaking's employees
S1-8	▶ Collective bargaining coverage and social dialogue
S1-9	▶ Diversity metrics
S1-10	▶ Adequate wages
S1-14	▶ Health and safety metrics
S1-16	▶ Remuneration metrics (pay gap and total remuneration)
S1-17	▶ Incidents, complaints, and severe human rights impacts
S2 Workers in the value chain	
S2, SBM-2	▶ Interests and views of stakeholders
S2, SBM-3	▶ Material IROs and their interaction with strategy and business model
S2-1	▶ Policies related to value chain workers
S2-2	▶ Processes for engaging with supply chain workers about impacts
S2-3	▶ Processes to remediate negative impacts and channels for value chain workers to raise concerns
S2-4	▶ Taking action on material impacts, risks and opportunities related to workers
S2-5	▶ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
Entity-specific	▶ S-KPI
S3 Affected communities	
S3, SBM-2	▶ Interests and views of stakeholders
S3, SBM-3	▶ Material IROs and their interaction with strategy and business model
S3-1	▶ Policies related to affected communities
S3-2	▶ Processes for engaging with affected communities about impacts
S3-3	▶ Processes to remediate negative impacts and channels for affected communities to raise concerns

ESRS Index

	Description
S3-4	▶ Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
S3-5	▶ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S4 Consumers and end-users	
S4, SBM-2	▶ Interests and views of stakeholders
S4, SBM-3	▶ Material IROs and their interaction with strategy and business model
S4-1	▶ Policies related to consumers and end-users
S4-2	▶ Processes for engaging with consumers and end-users about impacts
S4-3	▶ Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
S4-4	▶ Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
S4-5	▶ Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
G1 Business conduct	
G1, GOV-1	▶ The role of the administrative, management and supervisory bodies
G1, SBM-3	▶ Material IROs and their interaction with strategy and business model
G1, IRO-1	▶ Description of the processes to identify and assess material impacts, risks and opportunities
G1-1	▶ Business conduct policies and corporate culture
G1-2	▶ Management of relationships with suppliers
G1-3	▶ Prevention and detection of corruption and bribery
G1-4	▶ Incidents of corruption or bribery
G1-6	▶ Payment practices

Basis for preparation

BP-1 – General basis for preparation of the Sustainability Statement

This Sustainability Statement provides a comprehensive overview of the material sustainability matters of adidas in the 2024 financial year. It is part of our Annual Report, which is published as an online version and in .pdf format on our corporate website. The reporting period is the financial year from January 1 to December 31, 2024.

The Sustainability Statement has been audited with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ('PwC'). It has been prepared for the adidas Group on a consolidated basis in accordance with the European Sustainability Reporting Standards (ESRS). It also fulfils the requirements for non-financial reporting obligations in accordance with §§ 289b ff. and 315b to 315c of the German Commercial Code (HGB) (combined non-financial statement).

The Sustainability Statement has been prepared on a consolidated basis and includes adidas AG and all its direct and indirect subsidiaries. An entity is considered a subsidiary if it is controlled by adidas AG. The scope of consolidation of the Sustainability Statement therefore follows the financial reporting scope. Further information on the scope of consolidation can be found in the Annual Report – Principles of consolidation in Note 2. ▶ SEE NOTE 2

The Sustainability Statement generally covers the value chain to the following extent: upstream, downstream, and our own operations. However, it does not cover all possible value chain activities or actors, it only does so where material information is present. We do not yet have full transparency, especially in our multi-tiered upstream supply chain, but also downstream. adidas has evaluated all ESRS standards and (sub-)sub-topics with a focus on its material impacts, risks and opportunities (IROs). The disclosures have been prepared in accordance with the guidance laid out in ESRS 1.

The safeguard clause does not apply; no information corresponding to intellectual property, know-how or the results of innovations has been omitted. The exemption from disclosure of impending developments or matters in the course of negotiations does not apply.

BP-2 – Disclosures in relation to specific circumstances

Time horizons

The general definition of the time horizons applied by adidas is in line with the ESRS definition in ESRS 1 section 6.4. The same time horizons are applied for the adidas risk management methodology:

- Short-term: 1 year (equal to the reporting period of our financial statements)

- Medium-term: 2-5 years

- Long-term: ≥ 6 years

Measurement basis

The information on methodologies and, if applicable, calculation factors, estimations (including value chain estimations, sources, measurement and outcome uncertainties, planned actions to improve accuracy of metrics, approximations and judgements) and assumptions and limitations is listed in the topical standards with the relevant metrics along with references. Please note that the validation of the measurement of all disclosed metrics by an external body other than the assurance provider, if applicable, is outlined in the respective topical standards.

This Sustainability Statement contains forward-looking statements based on estimates that we have made using the information available to us at the time this Sustainability Statement was prepared. Such forward-looking statements are subject to uncertainties that are beyond the control of the company. In case the underlying assumptions turn out to be incorrect or the described risks or opportunities materialize, actual results and developments may deviate materially (negatively or positively) from those expressed in these statements.

In previous years, adidas reported the non-financial statement in alignment with the GRI standards. For the 2024 Sustainability Statement, we have changed the environmental, social, and governance (ESG) reporting framework to the European Sustainability Reporting Standards (ESRS). This has had a significant impact on the content and structure of the statement compared to previous years. Information and data previously reported have been re-sorted, expanded or replaced by newly required information. Cases lacking comparative figures for one or more previous periods are due to the fact that they are either not required by ESRS or due to impracticability.

Incorporation by reference

The following information is incorporated by reference into this Sustainability Statement.

ESRS 2 SBM-1 - Description of business model, strategy and value chain is incorporated by reference into the Sustainability Statement ▶ SEE OUR COMPANY

ESRS E1-6 - Gross Scope 1, 2, 3 and total GHG emissions: reference to Consolidated Income Statement for Net Sales. ▶ SEE INCOME STATEMENT

ESRS S1-6 - Characteristics of our employees: reference to Group Management Report – Financial Review ▶ SEE GROUP MANAGEMENT REPORT – FINANCIAL REVIEW

ESRS G1-4 – Incidents of corruption or bribery: reference to Risk and Opportunity Report ▶ SEE RISK AND OPPORTUNITY REPORT

Disclosure in relation to the German commercial code

This Sustainability Statement, which has been prepared in accordance with the ESRS also meets the requirements for the non-financial (group) statement prepared in accordance with §§ 289b ff. and 315b to 315c of the German Commercial Code (HGB) and thus represents the combined non-financial statement for the adidas Group and adidas AG.

IN ORDER TO FULFIL OUR REPORTING OBLIGATIONS UNDER COMMERCIAL LAW, WE DECLARE THE FOLLOWING

The first-time and full application of the European Sustainability Reporting Standards (ESRS) as a framework in accordance with §§ 315c (3) in conjunction with 289d HGB is based on the importance of the ESRS as reporting standards for sustainability reporting adopted by the European Commission.

There are no significant risks arising from our own operations or from business relationships, products or services that are highly likely to have a serious negative impact on the non-financial aspects according to § 289c HGB.

DISCLOSURES BASED ON THE EU TAXONOMY REGULATION

In addition, with this Sustainability Statement, the adidas Group is meeting the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereafter EU Taxonomy Regulation). ▶ SEE EU-TAXONOMY

ADDITIONAL INFORMATION ON THE NON-FINANCIAL STATEMENT OF ADIDAS AG IN ACCORDANCE WITH § 289B HGB

No recognized framework has been used for the non-financial statement of adidas AG because the ESRS Group Statement is of primary relevance to stakeholders.

adidas AG is the parent company of the adidas Group and is responsible for all corporate decisions. Therefore, with regard to the content of the non-financial statement for adidas AG in accordance with § 289b HGB, reference can be made to the statement concerning the Group.

There are no non-financial performance indicators that are reportable exclusively for adidas AG.

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

As a globally operating stock corporation with its registered seat in Herzogenaurach, Germany, adidas AG is subject to, inter alia, the provisions of the German Stock Corporation Act (Aktiengesetz – AktG). One of the fundamental principles of German stock corporation law is a dual board system, whereby the Executive Board is responsible for the management of the company and the Supervisory Board is responsible for advising and supervising the Executive Board. These two boards are strictly separated in terms of both members and competencies. However, both boards cooperate closely in the interest of the company.

We report on the composition of the Executive Board and the Supervisory Board, including expertise, skills and diversity as well as roles and responsibilities in our Annual Report. More detailed information can be found here: ▶ SEE EXECUTIVE BOARD ▶ SEE SUPERVISORY BOARD ▶ SEE SUPERVISORY BOARD REPORT ▶ SEE DECLARATION ON CORPORATE GOVERNANCE

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.[8]

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 is tied to the company's interests and obligated to strive for a sustainable increase in the value of the company.

More detailed information on the responsibilities and working methods of the Executive Board can be found here: ▶ SEE DECLARATION ON CORPORATE GOVERNANCE

The **composition of the Executive Board** is determined by the Supervisory Board and reflects the international structure of our company. 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. It is composed of four members:

- Bjørn Gulden – Chief Executive Officer, Global Brands
- Mathieu Sidokpohou – Global Sales
- Harm Ohlmeyer – Chief Financial Officer
- Michelle Robertson – Global Human Resources, People and Culture

8 More detailed information on material impacts, risks and opportunities (IROs) management can be found below.

More detailed information on each member of the Executive Board, including their expertise, skills and experience relevant to adidas' business, can be found here: ▶ SEE EXECUTIVE 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.

The Supervisory Board is responsible for the appointment and dismissal of members of the Executive Board, and for the allocation of their areas of responsibility and for monitoring and advising the Executive Board in its conduct of business and on questions relating to the management 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.

Moreover, 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 adidas **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):

- Thomas Rabe (Chairman) – shareholder representative
- Paul Seline (Deputy Chairman) – employee representative
- Ian Gallienne (Deputy Chairman) – shareholder representative
- Birgit Biermann – employee representative
- Jackie Joyner-Kersee – shareholder representative
- Linda Evenhuis – employee representative
- Christian Klein – shareholder representative
- Bastian Knobloch – employee representative
- Oliver Mintzlaff – shareholder representative
- Nassef Sawiris – shareholder representative
- Bodo Uebber – shareholder representative
- Jing Ulrich – shareholder representative
- Petar Mitrovic – employee representative
- Thomas Sapper – employee representative
- Harald Sikorski – employee representative
- Guenter Weigl – employee representative

The shareholder representatives are elected by the shareholders at the Annual General Meeting and the employee representatives by the employees.

In accordance with statutory regulations, the Articles of Association of adidas AG, and the Rules of Procedure of the Supervisory Board, the Supervisory Board has formed five permanent **expert committees** to handle complex tasks in the most efficient manner:

– Steering Committee: Thomas Rabe (Chairman), Ian Gallienne, Paul Seline
– General Committee: Thomas Rabe (Chairman), Birgit Biermann, Linda Evenhuis, Ian Gallienne, Nassef Sawiris, Paul Seline
– Audit Committee: Bodo Uebber (Chairman), Christian Klein, Thomas Sapper, Guenter Weigl
– Nomination Committee: Thomas Rabe (Chairman), Ian Gallienne, Oliver Mintzlaff
– Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG): Thomas Rabe (Chairman), Ian Gallienne, Bastian Knobloch, Paul Seline

More detailed information on the committees of the Supervisory Board, including their roles and responsibilities, can be found here: ▶ **SEE DECLARATION ON CORPORATE GOVERNANCE**

The objectives for the composition of the **Supervisory Board** are published on our corporate website:
▶ **ADIDAS-GROUP.COM/S/BODIES**

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 should 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.

In addition, an adequate number of the shareholder representatives should have long-standing international experience.

The Supervisory Board members as a whole must be familiar with the sporting goods industry. 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 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.

In the Supervisory Board's assessment, the Supervisory Board as a whole, in its current position, fulfills the objectives stated and the competency profile.

The Supervisory Board's competency profile and the expertise of the individual Supervisory Board members are outlined under this link: ▶ **SEE DECLARATION ON CORPORATE GOVERNANCE** ▶ **SEE 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. For this reason, the Supervisory Board has adopted a diversity concept. The Supervisory Board already takes the diversity concept into account in terms of long-term succession planning and when selecting candidates for Executive Board positions.

The **Executive Board** consists of four members, of whom one is female and three are male (1:3). The share of female members in relation to the number of overall members of the Executive Board is 25% and of male members to the number of overall members is 75%. Thereby, the requirements of § 76 section 3a AktG, which stipulates that at least one woman and at least one man be appointed as members of the Executive Board, are fulfilled. In addition, an age limit of 67 years applies for Executive Board members.

The **Supervisory Board** is committed to a diverse composition in terms of age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. The Supervisory Board's diversity profile is outlined in the overviews under this link: ► SEE DECLARATION ON CORPORATE GOVERNANCE

The Supervisory Board currently consists of 16 members with four female members and twelve male members (4:12). The share of female members in relation to the number of overall members of the Supervisory Board is 25% and of male members to the number of overall members is 75%. It thereby fulfills the statutory requirements of § 96 section 2 sentence 1 AktG, that the Supervisory Board must be composed of at least two women and two men on the shareholder representatives as well as the employee representatives side, respectively.

In general, the age limit for the Supervisory Board members should be 72 years at the time of their appointment.

The Supervisory Board comprises eight shareholder representatives and eight employee representatives in accordance with the German Co-Determination Act (*Mitbestimmungsgesetz – MitbestG*).

Regarding the independence of its members, the Supervisory Board considers the following provisions to be appropriate: More than half of the shareholder representatives of the Supervisory Board should be independent within the meaning of the German Corporate Governance Code. From the company's perspective, 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. In the opinion of the Supervisory Board, all shareholder representatives qualified as independent in 2024. Consequently, the percentage of independent shareholder representatives is 100% – and accordingly 50% with regard to the whole Supervisory Board.

In addition, 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 major competitor and should not have a personal relationship with any key competitor.

Finally, as a general rule with regard to independence, the length of membership of the Supervisory Board should not exceed twelve years or three terms of office.

More details and relevant independent Supervisory Board members can be found here: ► ADIDAS-GROUP.COM/SUPERVISORY-BOARD

Within adidas, there are various management and supervisory roles, that are responsible for overseeing different aspects of material impacts, risks and opportunities (IROs) management throughout our company. At the highest level are the Executive Board and the Supervisory Board.

The Executive Board determines business objectives, the company's policy, and the organization of the Group. In this context, the Executive Board also systemically assesses the risks and opportunities for the company related to social and environmental factors, as well as the environmental and social impact of its business activities. The Executive Board members manage relevant IROs as part of their regular responsibilities and coordinate with each other on all cross-functional measures. Collaboration within the Executive Board is 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. ▶ ADIDAS-GROUP.COM/S/BODIES

The Executive Board put in place an **Internal Control system** and **Risk Management system** in light of the scope of the business activities pursued by adidas and in light of its risk situation. This comprises, in particular, the Risk and Opportunity Management System, the Internal Control System, the Compliance Management System and the activities of Internal Audit team.

With regard to the **Risk and Opportunity Management System**, the Executive Board ensures comprehensive and consistent management of all relevant risks and opportunities, including sustainability-related objectives. The Enterprise Risk Management department, reporting into the CFO, governs, operates, and develops the company's risk and opportunity management system and is the owner of the centrally managed risk and opportunity management process on behalf of the Executive Board.

The **Internal Control System** represents a process embedded in the company-wide corporate governance system. It is designed to provide reasonable assurance regarding the reliability of the company's external financial reporting, as well as the effectiveness and efficiency of operations, the reliability of non-financial reporting, and compliance with applicable laws and regulations. The effectiveness of the non-accounting-related controls is also regularly monitored by the Internal Audit department, reporting into the CEO, and the Global and Market Internal Controls teams.

The **Compliance Management System** is aligned to the company's risk situation and also covers sustainability-related objectives. The adidas CCO oversees the company's Compliance Management System and reports to the CEO. It establishes the organizational framework for company-wide awareness of our internal rules and guidelines and for the legally compliant conduct of our business. The Global Policy Manual provides a framework for basic work procedures and processes, and the Fair Play Code of Conduct stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems in which they conduct company business. The Compliance Management System is designed to support the achievement of qualitative and sustainable growth through good corporate governance, to reduce and mitigate the risk of financial losses or damage caused by non-compliant conduct, to protect and further enhance the value and reputation of the company and its brand through compliant conduct, and to support 'Diversity, Equity, and Inclusion' initiatives by fighting harassment and discrimination.

The **Internal Audit department**, which works independently from all other functions of the organization, provides the Executive Board and the Audit Committee with regular, objective assurance on the adequacy and effectiveness of the company's internal control system and risk management system.

More detailed information on the Internal Control System and Risk Management System can be found here: ▶ SEE RISK AND OPPORTUNITY REPORT

In addition, a **central ESG function**, reporting into the CEO, has been established to steer adidas' sustainability and ESG direction, including overseeing and monitoring the target setting relating to material impacts, risks and opportunities in collaboration with relevant functions, based on an ESG compliance framework.

The head of the central ESG function leads the Sustainability Sponsor Board (SSB). The SSB is composed of senior representatives from different functions across the company and ensures cross-functional alignment, transparent end-to-end management, and execution of agreed-upon sustainability goals. It aims to guide and embed sustainability and ESG within adidas' functions, enable transformation, ensure regulatory readiness, enable related reporting and risk management, as well as drive communication and engage with stakeholders.

We also maintain a separate compliance function, which operates as the Social and Environmental Affairs (SEA) team, to monitor supplier-facing social and environmental compliance performance and human rights impacts, reporting to the CEO through the General Counsel. In 2022, we established a cross-functional ESG Regulation Board to ensure that we stay well on track of upcoming regulations for managing ESG topics and disclosures. The sponsor of the ESG Regulation Board is also a member of the SSB to ensure the best possible alignment between the two bodies. Notably, various ESG progress updates were provided to the Executive Board and Supervisory Board in 2024.

All of the above functions, as well as other functions that manage IROs at the senior management level, report regularly to the Executive Board and to the Supervisory Board, including on the setting and monitoring of targets relating to material impacts, risks and opportunities. The Supervisory Board is responsible for monitoring the effectiveness of the internal control system and risk management systems. These duties are generally undertaken by the Audit Committee of the Supervisory Board. ESG and sustainability topics at adidas are regularly discussed during Audit Committee meetings. The Audit Committee is also responsible for the preparation and oversight of non-financial reporting at adidas AG. The work of the Audit Committee is regulated by the Rules of Procedure.

More detailed information on the Audit Committee of the Supervisory Board, its members, responsibilities and rules of procedure as well as the focus of its work in 2024 can be found here: ► ADIDAS-GROUP.COM/S/SUPERVISORY-BOARD-COMMITTEES ► SEE SUPERVISORY BOARD REPORT

The Supervisory Board is responsible for the appointment and dismissal of the Executive Board members as well as for the allocation of their areas of responsibility. 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. This ensures a sustainable approach to identifying and evaluating successor candidates for Executive Board positions, while also accommodating the company's diversity concept.

With regard to the Supervisory Board, when preparing proposals for the election of shareholder representatives to the Supervisory Board, it takes into account the objectives regarding the composition of the Supervisory Board and, in particular, aims to fulfill the competency profile developed for the Supervisory Board as a whole (see above), which also includes the skills and expertise for sustainability matters. In addition, the Supervisory Board and its committees regularly evaluate the efficiency of their work and resolve on individual measures to further improve the organization of the Supervisory Board's work.

The members of the Executive Board and Supervisory Board are regularly informed by expert teams who are actively involved in managing all material impacts, risks and opportunities mentioned in this report (in particular, for sustainability-related matters, the central ESG function, the Social and Environmental Affairs team, the Governmental Affairs team, the Legal team, Brand teams, Sourcing teams, Investor Relations, Sales, Enterprise Risk Management, Internal Controls, Internal Audit, Group Policies, and Sustainable Finance), about, e.g., legislative changes related to sustainability, as well as risks and opportunities, in particular with regard to the increasing regulation of environmental/sustainability, social and corporate governance issues. This also includes relevant training opportunities. This ensures that sustainability topics are embedded into the company's decision making and regulatory/ reporting readiness and compliance.

In addition, regular communication with relevant stakeholder groups such as customers, suppliers, business partners, investors, NGOs, or employees further add to their understanding of different stakeholder perspectives.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Each of the Executive Board members, including the CEO, is regularly informed about the material impacts, risks and opportunities (IROs), the results and effectiveness of policies, actions, metrics and targets adopted on an ongoing basis by their senior management teams responsible for managing these IROs. The mentioned topics are also an integral part of the meetings of the Supervisory Board and its Audit Committee. ► SEE GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

In the periods between meetings, the Chairman of the Supervisory Board and the Chairman of the Audit Committee maintain regular contact with the CEO and the CFO, conferring on matters such as adidas' strategic orientation, business planning and development, the risk situation, potential trade-offs associated with IROs, control and risk management, and compliance. In addition, the Chairman of the Supervisory Board and, as applicable, the Supervisory Board is informed about events of fundamental importance for evaluating the situation, the development and management of the company, if required, also at short notice.

The Executive Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee report 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 results of operation, the adequacy and further development of due diligence processes, including updates on the internal control and risk management systems and compliance matters, as well as on special matters of company impacts, risks and opportunities.

Throughout 2024, we monitored our non-financial topics to be assessed as laid out by the ESRS through our 2023 and 2024 full-scope materiality analysis. A list of all assessed material topics that derived directly from IROs (as depicted in the topical standards) was presented to the Audit Committee. In addition, a further list of all immaterial topics that resulted from the assessment was shared with the Audit Committee, followed by a discussion on the immateriality for adidas. The material matters and related IROs can be found in the beginning of each topic chapter.

More detailed information on the content of the Supervisory Board and its committee meetings can be found here: ► SEE SUPERVISORY BOARD REPORT

GOV-3 – Integration of sustainability-related performance in incentive schemes

The Supervisory Board is responsible for determining, implementing, and reviewing the compensation and the compensation system for the Executive Board members. In case of material changes, however, no later than every four years, the Executive Board compensation system is presented by the Supervisory Board for approval to the Annual General Meeting.

The compensation of the Executive Board members is composed of non-performance-related (fixed) and performance-related (variable) compensation components and consists of a fixed compensation, an annual cash bonus ('Performance-Bonus'), a long-term share-based bonus (Long-Term Incentive Plan – 'LTIP Bonus') as well as other benefits and pension benefits.

Sustainability-related performance criteria can be integrated into the performance-related (variable) compensation. The variable performance-related compensation is designed to provide the right incentives for the Executive Board to act in the interest of the company's strategic direction, the shareholders, and other stakeholders, as well as to ensure a successful, sustainable, and long-term corporate management and development. When selecting the performance criteria, the Supervisory Board ensures that they are transparent, clearly measurable or identifiable and directly promote the implementation of the strategic direction, including from an ESG perspective.

Performance-Bonus

As the annual variable performance-related component, the Performance-Bonus serves as compensation for the Executive Board's performance in the past financial year in line with the short-term development of the company. It incentivizes operational success within the established strategic framework. At the start of the financial year, the Supervisory Board establishes the respective weighted performance criteria. In the case of 100% target achievement, the target amount of the Performance-Bonus corresponds to 30% of the target direct compensation of the respective Executive Board member.

The amount of the Performance Bonus is determined based on the achievement of weighted criteria. Two of these criteria are financial performance criteria, which are the same for all Executive Board members and are overall weighted at 80% ('financial criteria'). The other criteria are defined for the Executive Board as a whole or individually for the respective Executive Board member and are overall weighted at 20% ('other criteria'). These other criteria may comprise financial, non-financial or ESG targets and allow for further differentiation depending on the specific operating and strategic priorities. If several non-financial or ESG targets are selected, the Supervisory Board also determines their relative weighting.

The criteria for the 2024 financial year will be disclosed ex-post in the Compensation Report 2024. In this Compensation Report, the respective target achievements will be explained transparently, and the concrete calculation of the Performance-Bonus amount will be set out comprehensively.

Long-Term Incentive Plan

The LTIP is designed to link the long-term performance-related variable compensation of the Executive Board to the company's performance and thus to the interests of the shareholders. Therefore, the LTIP is share-based and oriented toward achieving long-term targets. The LTIP consists of annual tranches, each with a term of four years. Each LTIP tranche consists of a three-year performance period followed by a one-year lock-up period.

In case of 100% target achievement, the LTIP target amount for the respective LTIP tranche corresponds to 40% of the target direct compensation of the respective Executive Board member. The amount of the LTIP Bonus is determined based on the achievement of uniform financial and non-financial performance criteria for all Executive Board members, which are derived from the long-term strategic direction of adidas.

During the performance period, a total of 80% of the target achievement is measured against financial criteria and a total of 20% is measured against non-financial or ESG criteria. At the start of the performance period of an LTIP tranche, the Supervisory Board also determines the non-financial or ESG criteria and target values for the entire duration of the performance period.

For the LTIP tranche 2024 (performance period 2024 to 2026), the following ESG-related performance criteria have been set with regard to the strategic targets:

— **Reduction of carbon intensity per product[9]:** 10% weighting. The target setting is derived from the CO_2e emissions intensity target per product for 2025 (-15% intensity reduction compared to 2017 and -9% intensity reduction compared to 2022) and is in line with our SBTi-approved targets for 2030 and 2050.

— **Percentage of women in leadership positions[10]:** 10% weighting. The target setting is derived from the goal of increasing the percentage of women in leadership positions worldwide to 50% by 2033.

The Compensation Report for each past financial year will include an outlook on the application of the compensation system for the current financial year. This outlook will transparently disclose ex ante the determination of the financial and non-financial or ESG criteria. After expiry of the respective performance period, the performance criteria and targets, as well as the respective target achievement will be outlined transparently and comprehensively disclosed in the Compensation Report. Therefore, the target values and target achievement of the performance criteria determined for the LTIP tranche 2024 and the related determination of the variable performance-related compensation will be disclosed in detail in the Compensation Report 2026.

With regard to the Supervisory Board, the compensation for Supervisory Board members consists of a fixed compensation for their work on the Supervisory Board and an additional compensation for committee work as well as an attendance fee. There are no performance-related targets that are measured against sustainability-related targets and/or sustainability-related metrics. The compensation system for the members of the Supervisory Board is set out in § 18 of the Articles of Association of adidas AG – in case of material changes, however, no later than every four years, the Supervisory Board compensation system will be submitted to the Annual General Meeting for approval.

A more detailed description of the Executive Board and Supervisory Board compensation, the key characteristics of the incentive scheme for the Executive Board, the target setting, and the target achievement can be found here: ▶ **ADIDAS-GROUP.COM/S/COMPENSATION**

9 CO_2 equivalent emissions allocated to an average adidas product. Calculated by dividing total emissions of Scope 1, 2, and 3 (without use phase) in kg CO_2e by the total number of products manufactured with regard to season Spring/Summer and season Fall/Winter. The internationally most recognized standards such as the GHG Protocol (Greenhouse Gas Protocol), SBTi (Science Based Targets initiative), and PEFCR (Product Environmental Footprint Category Rules Guidance) are applied for the calculation. This non-financial performance criterion is part of the combined non-financial statement, which is subject to an audit by an external auditor.
10 Global percentage of women in leadership positions on Director level or higher.

GOV-4 – Statement on due diligence

The following table shows where information about our due diligence processes can be found throughout this Sustainability Statement:

GOV-4 – Statement on due diligence

Core elements of due diligence	Paragraphs in the Sustainability Statement
Embedding due diligence in governance, strategy and business model	ESRS 2, SBM-1, SBM-2, SBM-3; SBM-2 and SBM-3 also in specific topical standards S1, S2, S3, S4
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2, SBM-2 and in specific topical standards S1, S2, S3, S4
Identifying and assessing adverse impacts	ESRS 2, IRO-1 and in specific topical standards E1, E2, E3, E5, G1
Efforts to mitigate adverse impacts	ESRS 2, MDR-P and MDR-A; related disclosures in each topical standard
Tracking and communicating the effectiveness of these efforts	ESRS 2, MDR-M and MDR-T; related disclosures in each topical standard

GOV-5 – Risk management and internal controls over sustainability reporting

We recognize the importance of establishing robust risk management and internal control processes that support the integrity of our sustainability reporting. We are actively working to assess and integrate controls for ESG reporting into our existing internal control system.

Our risk management and internal control processes for sustainability reporting aim to cover the following scope areas:

- **External reporting**: Ensure the integrity of disclosed information, with a particular focus on quantitative data points and steering KPIs.
- **Regulatory compliance**: Ensure compliance with all relevant local, national, and international ESG regulations and standards.
- **Internal and external audits**: Consider the risks, deviations, and action items highlighted in both internal and external audits.
- **Enterprise risk management**: Consider risks and opportunities identified in enterprise risk management, which serves as a comprehensive record of our company-level risk-management efforts, including identified risks, their potential impact, their likelihood, and mitigation measures.
- **Stakeholder engagement**: Consider the expectations and concerns of our key stakeholders, including investors, customers, employees, and the community.

The Global Internal Controls team plays an active role in guiding the business in identifying risks, addressing process gaps, and enhancing controls related to sustainability reporting. Our internal control processes for sustainability reporting aim to include the following key components:

- **Risk identification and assessment**: Identify potential risks within the key processes and assess their impact and likelihood. A good understanding of the processes and risks is essential to guide effective mitigation efforts and controls.

— **Control identification and assessment**: Determine whether the designed controls meet the process objectives and are effective in preventing or detecting the risks (e.g., errors or fraud that could lead to material misstatements in reporting disclosures).

— **Monitoring and testing**: Determine suitable monitoring or testing procedures and assign responsibilities for each control activity formalized in the internal control system.

— **Communication and reporting**: Integrate ESG-relevant risks and control testing results into existing reports for the Audit Committee of the Supervisory Board.

— **Continuous improvement**: Enhance the quality and effectiveness of controls during planned revision cycles by re-evaluating regulatory requirements, capabilities, and processes.

From a sustainability reporting perspective, the main objective is to implement effective processes and controls to ensure that disclosed ESG information is complete and accurate. As we progress on our ESG journey over the next few years, we aim to:

— **Highlight gaps**: Continue to highlight gaps in processes, data, and systems to enhance the level of automation, consistency, and standardization (gap assessment).

— **Expand the scope**: Implement a phase-in approach to integrating ESG into our internal control system and expand our efforts to cover key business processes and regulations in line with our evolving 'IC over ESG roadmap.'

— **Optimize processes**: Refine and optimize our risk management and the internal control processes to achieve greater efficiency and efficacy.

In 2024, the Global Internal Controls team focused on assessing the maturity of existing processes and advising the business on closing identified gaps. The gap assessment focused on the ESRS metrics for the 2024 Sustainability Statement based on the material IROs identified in our materiality assessment. The assessment evaluated the maturity of the underlying processes, data points, and reporting capabilities for each metric. This was achieved by gathering insights and conducting interviews with key business stakeholders. Our primary focus was to gain a thorough understanding of the risks associated with the data-collection processes needed to collect the ESRS quantitative metrics for reporting.

The main risks identified during the assessment include gaps in understanding of ESRS disclosure requirements, inconsistencies in calculation methodologies, data availability and collection issues, limitations in system capabilities, and insufficient process documentation.

The 2024 ESG Compliance Framework project, an internal initiative, has translated the identified gaps into requirements for capabilities and processes to advance ESG compliance and reporting in the coming years. To achieve this, we will invest in capabilities that mitigate risks and address gaps in processes, systems, and data. The Global Internal Controls team will synchronize its roadmap with the ESG investment plan and guide the business to implement the necessary governance processes and controls.

For the ESRS metrics disclosed in the 2024 statement, our primary focus was on documenting the underlying processes and formalizing the control activities in a standardized format (e.g., KPI one-pagers). This also included advising the business teams on mitigation actions for identified gaps, providing guidance on establishing processes and controls that ensure the completeness and reliability of the reported information.

For sufficiently mature processes, we initiated process walkthroughs to evaluate whether the risks are adequately addressed by the implemented controls. Once the design of the controls has been assessed, they will be integrated into our internal control system and are then subject to regular monitoring or independent testing to evaluate their effectiveness.

Once they are available, the ESG internal control testing will be integrated into the existing annual reporting to the Audit Committee of the Supervisory Board. This will include details on the effectiveness of the controls and observations on high-risk deviations. Throughout 2025, we plan to provide more detailed and transparent information on the status of internal controls for ESG to relevant Management as well as the Audit Committee.

Strategy

SBM-1 – Strategy, business model and value chain

For information on our business model and value chain please refer to the 'Our Company' section. ▶ SEE OUR COMPANY

Headcount of employees by geographical area

As of the end of the reporting period, adidas employed approximately 62,035 people worldwide. The geographical distribution of our employees is as follows ▶ SEE ESRS S1 OWN WORKFORCE

SBM-1 – Number of employees by geographical area

	Number of employees
Emerging Markets	12,267
Europe	18,470
Greater China	8,718
Japan/South Korea	4,236
Latin America	6,331
North America	12,013
Total	**62,035**

Sustainability-related goals

Our commitment to sustainability is rooted in our purpose, 'Through sport, we have the power to change lives.' To underline this commitment, in 2021, we further sharpened our focus on sustainability and defined a roadmap for 2025 and beyond that allows us to create – and drive – positive impact. We will continue joining forces with the industry and peers to drive systemic change such as with the 'T-REX' initiative, and will focus on our decarbonization roadmap that covers our entire value chain. These efforts include measures to reduce our adverse impacts across major product groups such as footwear and apparel. We will continue to empower our employees to become sustainability ambassadors, just as we invite our consumers globally to engage and connect with us on the topic of sustainability, e.g., through our established running movement. Lastly, we also aim to uphold the highest standards in the area of social compliance across our supply chain. For further information on our individual targets, please refer to the topical standards in this Sustainability Statement.

Environmental impacts

In 2024, climate change, pollution, water, biodiversity and ecosystems, and resource use and circular economy were confirmed as material environmental impact areas for us to continue to focus on in the future. We continued to work on the reduction of our greenhouse gas (GHG) emissions across our entire value chain. We also assessed selected key materials potentially contributing to biodiversity risks and committed to a deforestation-free leather supply chain by 2030 at the latest. We further evolved our circularity approach to support the creation of an ecosystem needed to scale circular solutions in our industry. This included focused engagement in cross-industry projects aimed at unlocking circularity, such as 'T-REX' and 'Sorting for Circularity.' We also continued to address water efficiency and quality in our supply chain, with an advanced chemical management program and ambitious targets in place.

Engaging closely with our suppliers also remains critical to achieving our targets. We are therefore leveraging our long-term relationships with suppliers to ensure they contribute to achieving our decarbonization targets. We are furthermore working closely with partners to scale innovative materials, recycling technologies, and circular business practices across the value chain.

We believe that moving toward achieving the targets we have defined for 2025 and beyond will set us up for future success.

Social impacts

adidas recognizes its responsibility to respect human rights and the importance of managing the appropriate due diligence to fulfill this obligation as a business. We do this by striving to operate responsibly along the entire value chain, from raw material production to our own operations; by safeguarding the rights of our own employees and those of workers who manufacture our products through our Workplace Standards; and by using our influence on suppliers and our industry to bring about positive change wherever adverse human rights impacts are linked to our business activities. Detailed information can be found in the topical Social Standards. ▶ SEE ESRS S1 OWN WORKFORCE ▶ SEE ESRS S2 WORKERS IN THE VALUE CHAIN ▶ SEE ESRS S3 AFFECTED COMMUNITIES ▶ SEE ESRS S4 CONSUMERS AND END-USERS

Governance impacts

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, employees, as well as the financial markets. Further information can be found on our corporate website as well as in the ESRS G1 Standard. ▶ SEE ESRS G1 BUSINESS CONDUCT

Business model and value chain

To achieve our mission of being the best sports brand in the world, our business model is centered around designing and developing performance and lifestyle products that resonate with our consumers. We aim to set trends, drive innovation, and respond swiftly to consumer preferences, ultimately creating brand heat. Our production is carried out in collaboration with independent manufacturing partners in our upstream value chain, which includes Tier 4 and beyond suppliers for raw material sourcing, Tier 3 and 2 suppliers for material manufacturing, spinning, coloring and finishing, and Tier 1 suppliers involved in assembling adidas products.

In our own operations within our business activities, we design and develop products, engage with consumers through marketing activities and sales, and tailor our global distribution network to meet the needs of our sales channels and consumers. We respond to consumer preferences, collaborate with investors, and partner with brands and creators to generate demand for our products. To drive these business activities, key input factors are essential to deliver value to our investors, consumers, and business partners by creating innovative products and sustainable offerings, responding to consumer demands and creating brand heat (output factors).

Our products are designed to create positive downstream value chain outcomes, such as improved athlete performance, enhanced consumer satisfaction, increased product demand, and the creation of brand heat. Additionally, we work to reduce adverse ESG impacts and risks of our business activities throughout our entire value chain, from sourcing materials to minimizing environmental and social impacts through applying our due diligence processes and Workplace Standards with strategic suppliers. While we strive for positive outcomes, we acknowledge that negative outcomes can occur. We remain committed to balancing attractive investments with reducing adverse ESG-related impacts to ensure long-term financial and brand success. An illustrative figure displaying the key inputs, outputs, and outcomes of our business activities as they relate to our value creation can be found in the Group Management Report – Our Company. ► SEE OUR COMPANY

SBM-2 – Interests and views of stakeholders

We seek to ensure that we address the topics that are most salient to our business and our stakeholders. To identify these topics, we actively engage with our stakeholders and consider their views and opinions when making decisions that shape our day-to-day operations as well as when setting targets. We continuously communicate with relevant stakeholder groups such as customers, suppliers, business partners, investors, NGOs, or employees to enable stakeholder feedback and act on stakeholder concerns. This is integral to our human rights and environmental impact due diligence activities and the shaping of our social and environmental strategies and plans.

Our stakeholders are those people or organizations who affect – or are affected by – our operations, including the following:

- adidas employees
- Authorizers: governments, trade associations, shareholders, and the Executive Board
- Business partners: suppliers, licensees, and service providers
- Workers in our suppliers' factories
- Human rights defenders: trade unions and community activists
- Opinion formers: journalists, community members, academics, and special interest groups
- Customers: professional athletes, distributors, retailers, and consumers

Engaging openly with stakeholders and establishing ways to increase transparency and disclosure has long been central to our approach. The adidas Stakeholder Relations Guideline specifies key principles for the development of stakeholder relations and the different forms of stakeholder engagement. It highlights the importance of meeting the changing expectations of our stakeholders and encourages open, honest communication that fosters trust and cooperation. Our principles that guide stakeholder-relations development are:

- Those affected by adidas' business have the right to be informed about our activities, participate in a transparent stakeholder engagement process, and be involved in issues and opportunities that affect them.

- Stakeholders will be provided with timely and accurate information about our business, and we will take their needs and concerns into account when making decisions on behalf of the company.

- We will actively seek stakeholder input and feedback on business decisions and will act on what we learn.

- We will encourage stakeholders to define how they wish to be consulted and strive to remain flexible and responsive to stakeholder preferences.
- We will identify, assess, and address potential risks of stakeholders and adidas to ensure a high-quality engagement process and outcome.
- Those acting on behalf of adidas must be willing to be influenced by stakeholders and, where appropriate, act on their input, even if this means changing the company's business plans.
- We respect the values and culture of each stakeholder. When disagreements with stakeholders arise that cannot be resolved, our employees will always show respect for the diversity of views presented.

adidas' stakeholders are diverse, which translates into a wide range of engagements, some of which are ongoing and span many years, and some of which are targeted, based on current issues or trends requiring critical feedback. Thus, our numerous stakeholder engagements range from basic communication, consultation and dialogue to more in-depth processes such as advisory panels or multi-stakeholder forums. The most frequent forms of stakeholder engagements we practice include:

- Holding formal stakeholder consultation meetings (stakeholder dialogue) with workers, union representatives, NGOs, and suppliers.
- Meetings with investors and investment analysts
- Employee engagement through surveys, internal information, reporting and induction programs, as well as grievance channels to the senior management and Works Councils
- Responding to enquiries from consumers, media, and authorities
- Collaborating with other brands and other companies in joint initiatives
- Participating in multi-stakeholder initiatives
- Engaging in outreach to the academic community, governmental organizations, and governments

Regardless of the form of engagement, we will seek to ensure that the approach, at a minimum:

- Addresses key stakeholder expectations,
- ensures that stakeholder concerns, perceptions, and viewpoints can be fully and accurately expressed and recorded, and
- enables us to provide a coherent response to stakeholder expectations and concerns.

adidas also participates in a variety of industry associations, multi-stakeholder initiatives, and non-profit initiatives, including the Apparel and Footwear International RSL Management (AFIRM) working group, Better Cotton (BC), Fair Factories Clearinghouse (FFC), Fair Labor Association (FLA), Fashion for Good, Federation of European Sporting Goods Industry (FESI), German government-led Partnership for Sustainable Textiles (Textilbündnis), Leather Working Group (LWG), Organic Cotton Accelerator (OCA), Textile Exchange, The Fashion Pact, The Microfibre Consortium (TMC), International Accord for Health and Safety in the Textile and Garment Industry, United Nations Fashion Industry Charter for Climate Action (UNFCCC), World Federation of the Sporting Goods Industry (WFSGI), Zero Discharge of Hazardous

Chemicals (ZDHC) Foundation and the Organization for Economic Co-operation and Development (OECD) Forum on Due Diligence in the Garment and Footwear Sector, among others. Through these memberships and engagements, we work closely with leading companies from different sectors to develop sustainable business practices and discuss social and environmental issues on a global, regional, and local levels.

As stated above, our stakeholder engagement strongly informs our operational decision-making and is considered to improve our strategies, e.g., through our ongoing exchange with the investor and analyst community, we are well aware of their expectations and respond accordingly. Another example is the employee listening survey, the results of which are carefully analyzed and acted upon by the different internal business functions and teams. We also use collaborations and partnerships to build leverage for systemic change in our industry, such as for efforts in the textile and footwear supply chain to mitigate the GHG emissions, to strengthen chemical management practices, and to raise social and environmental standards. In addition, we build awareness, capacity, and knowledge of laws and rights among factory management and workers by partnering with leading providers such as the International Labor Organization's (ILO) 'Better Work' program and the United Nations' International Organization for Migration (IOM) with the objective of ensuring that the labor rights of foreign and migrant workers in the adidas supply chain are upheld.

During our double materiality assessment, we used internal management to represent key external stakeholder interests and views, as detailed in IRO-1. This approach allowed us to gain a clear understanding of the interests and views of our most important stakeholders and to have them represented in our discussions and evaluations of the materiality for each topic. Experts and senior management from all relevant teams were involved to represent the environmental perspective, such as our decarbonization and biodiversity experts and our SVP for Sustainability and ESG. On the social side, many teams of the Human Resource (HR) function were involved to ensure that the interests of our employees were understood and represented, e.g., on Diversity, Equity and Inclusion (DEI). Similarly, our Social and Environmental Affairs (SEA) team, which manages the human rights perspective with all involved stakeholders, was an essential contributor of the materiality analysis.

As consumer demand and all other stakeholder interests and views may change over time, we will adapt our approach accordingly to ensure we meet these expectations. Each function at adidas continuously adjusts its actions to stakeholder group expectations based on the results of stakeholder engagement and dialogue. In this way, we ensure that we address the topics that are most salient to our business and our stakeholders, and the challenges ahead.

We strive to keep up with our stakeholders' views and interests regarding sustainability impacts. Due to the cross-functional nature of these impacts, each team that interacts with our key stakeholder groups informs its management teams and the Executive Board of any relevant major changes on a regular and/or ad hoc basis. The Supervisory Board reports publicly on the content of its meetings in each Annual Report. ▶ SEE SUPERVISORY BOARD REPORT

For further information on stakeholder engagement, please refer to the topical Standards or on the adidas website. ▶ ADIDAS-GROUP.COM/S/ENGAGEMENT WITH STAKEHOLDERS

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Disclosures related to the SBM-3 data points as well as the list of material impacts, risks and opportunities (IROs) are displayed in each topical standard, where applicable.

Impact, risk and opportunity management

IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

Our process and methodology for identifying material impacts, risks and opportunities (IROs) is based on the requirements of ESRS 1, section 3 and the application requirement of ESRS 1 AR 16. The provided list of sustainability matters from ESRS 1 AR16, alongside our existing material topics, formed the basis for developing a comprehensive long list of potentially material sustainability matters. This list also formed the basis for the IRO identification process. To determine if a sustainability matter is material or immaterial, the analysis was carried out from both an impact materiality perspective and a financial materiality perspective (double materiality). A sustainability matter is deemed material according to the double materiality concept if it is material from either or both perspectives. Other criteria have not been applied.

Impact materiality

Our impact materiality analysis followed the ESRS recommended process (please refer to ESRS 1, section 3.4). We identified, assessed and evaluated the impacts of all sustainability matters at the sub-topic level and, where applicable, sub-sub-topic level. To evaluate each impact, we first identified whether the impact was actual or potential, positive or negative, short, medium or long term, and at which value chain level the impact occurred. Based on this initial assessment, the materiality of actual negative impacts was evaluated based on the severity of the impact, while the materiality of potential negative impacts was evaluated based on the severity and likelihood of the impact. Severity was assessed using the following three parameters: scale, scope and irremediability. In the case of a potential negative human rights impact, the severity of the impact took precedence over its likelihood. For actual positive impacts, the materiality was based on the scale and scope of the impact, whereas for potential positive impacts, the materiality was based on the scale, scope and likelihood. Finally, we considered all aspects explained above and applied a scoring from 1, being marginal impact, to 5, being a significant impact on the respective matter.

Financial materiality

For financial materiality, we also followed the ESRS recommended process for assessing and evaluating the financial materiality of each identified risk and opportunity. We evaluated whether a sustainability matter causes or could cause a material risk or opportunity for adidas based on a combination of the likelihood of occurrence and the potential magnitude of the short-, medium- or long-term financial effects. This included material risks or opportunities affecting our net income and/or cash flows and/or our reputation, the health and safety of our employees, or legal and judicial consequences. We aligned the financial materiality methodology with our enterprise risk management (ERM) methodology to ensure consistency between our sustainability reporting and our risk management report.

Finally, we considered all aspects explained in this paragraph and applied a scoring from 1, being marginal, to 5, being significant from a financial materiality perspective. The materiality threshold for both impact and financial materiality was set at three, meaning every topic that has a score equal to three or higher is deemed material.

Process of our double materiality assessment

After creating a long list of sustainability matters mainly based on ESRS 1, AR16 as well as on some entity specific topics as a result of our prior materiality analyses and previous non-financial reporting, we identified generally relevant topics to potentially be reported on together with responsible internal content owners and expert teams. With them, we then proceeded to identify, assess, and prioritize potential and actual positive and negative impacts on people and the environment, as well as risks and opportunities that have or may have financial effects on our company.

Part of the process involved the mapping of affected stakeholders or users of information to identify and assess sustainability matters, integrating their perspectives and views. Although there was no direct involvement of external stakeholders, adidas teams acted as representatives of external stakeholder views and interests to ensure they were considered in the topic assessment. For example, affected communities and value chain workers were represented by the Social and Environmental Affairs team, the investor perspective by the Investor Relations team, the employee perspective by the Human Resources team, and the consumer perspective by the Brand team. Additionally, the Enterprise Risk Management team was involved in all discussions to ensure completeness and alignment in evaluating and assessing methodologies.

Through a series of workshops over a period of several months with internal stakeholders, including responsible experts and senior management, we identified, assessed and validated impacts, risks and opportunities. This process included the consideration of the connections of our impacts and dependencies with risks and opportunities that could arise from impacts and dependencies between sustainability matters. Further information on topical dependencies can be found in the respective topical standards as well as in the Risk and Opportunity Report. Generally, the success of our business model depends on our products, which are made of natural resources such as cotton, leather and rubber, as well as other materials such as recycled polyester. The availability and cost of these resources are critical to ensuring the supply of our products to consumers when they want it, where they want it and at a competitive price level. The manufacturing process for our products is very energy intensive and still requires a high level of manual work provided by the workers in our upstream value chain. Similarly, the success of our business activities depends on the creativity of our own employees, impactful collaborations with designers and celebrities, and our marketing and sponsoring activities, to ensure that we offer relevant products to our consumers. For the double materiality analysis, we considered all of these dependencies on natural, human and social resources to evaluate the IROs.

Relevant internal experts and content owners actively contributed to the process of the materiality assessment in the workshops, ensuring a thorough evaluation of the IROs related to our business and our value chain. Senior management and their expert teams are responsible for monitoring and managing our impacts, risks and opportunities from sustainability matters:

- **Environmental**: Material environmental impacts occur mainly in the upstream value chain. We have established teams that work in close collaboration with our suppliers and manufacturers to manage material impacts, e.g., GHG emissions, water, biodiversity, waste, and use of chemicals.

- **Social**: Material social impacts occur at every stage of the value chain and relate to the workers of manufacturing partners, our own employees, and our consumers. We have established teams and functions that manage highly material impacts, such as the Social and Environmental Affairs team in the legal function to manage human rights and working conditions in the supply chain, the HR function to manage impacts, risks and opportunities related to our own workforce, and the Marketing and Sales function to manage consumer interests.

- **Governance**: Material governance-related impacts, such as compliance and corporate culture topics are managed by the legal function, i.e., the compliance team together with HR.

The senior management of these teams, as well as experts in specific material topics, were deeply involved in the materiality assessment and provided final judgment on the results based on their subject-matter expertise. The involved senior managers also have a direct link to other internal decision-making processes up to the Executive Board level. In general, our sustainability-related risks are assessed at the same level of priority as all other business-related risks.

The Internal Controls team was involved in the entire materiality assessment process. Furthermore, for the collection and disclosure of material quantitative metrics, the team members worked together with content and data owners to ensure that data quality requirements for the metrics were met. For more information on internal controls for sustainability reporting, please see the general risk management process and the GOV-5 section.

After several workshops, the final assessment of materiality was conducted in collaboration with expert teams based on the evaluation criteria and threshold described above. Throughout our entire double materiality assessment, we considered all of our business activities, business relationships or geographies. Material entity-specific sustainability matters were not identified.

Value chain

An in-depth definition of the adidas value chain served as the foundation for our double materiality assessment and identification of sustainability matters and IROs. Given our business model, which relies on outsourced manufacturing and production processes with independent partners, we have segmented the value chain into three distinct parts:

- **Upstream**: all of our suppliers, e.g., product manufacturers
- **Own operations**: our own offices, distribution centers (DCs), and retail stores
- **Downstream**: our wholesale customers and end consumers

Data and assumptions

For the materiality assessment, adidas used existing internal environmental data (e.g., GHG emissions calculations, water usage data, biodiversity assessment, own workforce data, financial data) alongside regularly collected data on consumption, social compliance, suppliers and consumer insights. Additionally, we incorporated external data, focusing on the latest scientific studies, benchmarks, regulations, and other reporting standards such as GRI, SASB and the GHG Protocol.

Revision of materiality assessment

The materiality assessment process with the methodology described above was conducted for the first time in the reporting period. We plan to revise the assessment annually based on additional or new insights gathered in the respective year.

Topic-specific processes

In addition to our general approach and processes for identifying and assessing our IROs, we conducted the following topic-specific processes, including actions and steps of the double materiality assessment:

IRO-1 – Topic-specific processes

Standard	Description
E1 Climate change	
Process to identify and assess the impacts on GHG emissions [//ESRS E1-20a IRO-1]	To identify and assess climate-related IROs, we use our GHG emissions as reported in the annual reports of the past years for Scope 1, 2, and 3. Our own developed tool enables us to quantify, monitor, and be transparent about our carbon footprint along our entire value chain. With regard to Scope 3 emissions, we have put considerable effort into gathering more primary data from our suppliers over the last few years. This has allowed us to gain more precise insights into carbon emissions, energy consumption, and the impact of our decarbonization initiatives. This tool is our primary source to understand and report on our impact related to GHG emissions. Based on the calculated GHG emissions, we come to the conclusion that our impact on climate change is distributed unequally across the value chain, with the most significant impact generated in the upstream supply chain, particularly in raw materials production and processing. Our current assessment covers future potential sources of GHG emissions due to the nature of our business model.
[//ESRS E1-20b IRO-1]	For our climate scenario/risk analysis, we used a climate modeling tool with the ability to model different climate scenarios; we used three climate scenarios covering a low, intermediate and high emissions scenario[1].On this basis, we assessed our exposure in each scenario and the related vulnerability to selected climate hazards – wind, flood, avalanche, landslide, temperature, wildfire, snowfall, earthquake, and soil liquefaction – using more specific climate indicators, e.g., wind gust speed, blizzards, or average wind speed. The tool allowed us to create a digital twin of our business model (focusing on operational footprint, key own assets, main sourced materials, strategic suppliers, and supply chain information, including certain distribution routes) to provide focused information on our vulnerability. As a result, an in-depth view of our exposure to physical risks at the asset level formed the basis for identifying and assessing the material climate-related physical risks in the three different time frames assessed (2030, 2040, 2050).
[//E1-20c IRO-1]	To identify and assess climate-related transition risks and opportunities along our value chain, such as heightened exposure to respective regulation and changes in consumer preferences, etc., the climate modeling tool uses the Shared Socioeconomic Pathways (SSP) scenarios derived from the latest intergovernmental Panel on Climate Change (IPCC) AR6 report (2023) and the six scenarios explored in the third version of the Network for Greening the Financial System (NGFS) to compute bespoke transition indicators. The analyzed scenarios include a low-emission scenario (RCP2.6-SSP126) consistent with limiting global warming to 1.5°C. The assessment applied the same timeframes as for the physical risks (2030, 2040, 2050). The scenario analysis informed the resilience analysis (which considered our business model, operating model, and own assets) and its results can be found in ESRS E1 SBM-3 Climate Change[2].
E2 Pollution	
[//E2-11a+b IRO-1]	We screened our business activities to identify and assess actual and potential pollution-related IROs, focusing on our upstream supply chain but also considering own operations as well as downstream activities. For this, we used existing data collected through our manufacturing partners, such as use of substances of concern and quality of wastewater discharge[3]. With regard to pollution of water, adidas conducts a supply chain water risk mapping aiming to identify water risks in our sourcing locations on an annual basis. By using World Resources Institute (WRI) tools (Aqueduct), adidas aims to understand physical, reputational and regulatory water-related risks and assess exposure to water risk across multiple locations of our supply chain. The scope of this analysis was the global factory list shared publicly on our website. For all previously mentioned risks, a baseline and future scenarios were analyzed considering different time scales: 2030, 2050, and 2080. The analysis shows that a relevant part of our supply chain currently operates in water-stressed areas and performs water-intense processes when manufacturing our products. This combination exposes us to risks when related to water withdrawal, as suppliers are very dependent on availability of water to operate. Affected communities are considered indirectly through our stakeholder outreach activities. To clearly quantify pollution-related impacts through microplastics is an industry-wide

IRO-1 – Topic-specific processes

Standard	Description
	challenge as the textile industry is lacking a holistic methodology on how to measure the release of microplastics and how to assess the impact generated by such release. Polyester – and to a vast majority recycled polyester – represents the largest share of material we use in our products.
E3 Water and marine resources	
[//E3-8a+b IRO-1]	Same process, screening, methodologies, assumptions, tools and consultations as outlined in ESRS E2 Pollution.[4]
E4 Biodiversity and ecosystems	
Description of processes to identify and assess material biodiversity and ecosystem-related IROs [//E4-17a IRO-1]	There have been three major analyses conducted in 2023/2024, where the results were used as the foundation to identify and assess the IROs related to biodiversity: - The biodiversity dependencies and impacts analysis, conducted in 2023/2024 using ENCORE nature (specialized tool for biodiversity related assessments). The basis was the type of activities held in our value chain, using specific ISIC codes that represent such activities, especially considering the adidas use of natural and synthetic materials for its products. - The biodiversity risk analysis was integrated in our climate risk assessment and was mainly related to the risk of sourcing key nature-derived materials like cotton, leather and rubber in the future and the impacts of climate change in the availability of these materials. - The proximity biodiversity impact assessment considered the proximity of the locations of our strategic suppliers and our own operations against biodiversity sensitive areas by using the Integrated Biodiversity Assessment Tool (IBAT) from Birdlife Alliance. All analyses showed that biodiversity dependencies, impacts and risks are more prevalent in the adidas upstream value chain[5]. Consequently, biodiversity-related impacts on own operations as well as on our downstream value chain were assessed as immaterial.
[//E4-17b IRO-1]	adidas assessed biodiversity dependencies in its upstream value chain (the only value chain level with material biodiversity IROs), focusing on leather, natural rubber, and timber. We reviewed ecosystem services, conducted literature reviews, and expert interviews. The assessment linked the apparel industry to ecosystem services, detailing how natural capital assets provide these services and are affected by environmental changes. Factsheets and summary tables highlighted key assets and drivers. Together with the Natural Capital Finance Alliance, we developed a framework for assessing the importance of natural capital assets and the impact of environmental changes.
[//E4-17c IRO-1]	Transition and physical risks and opportunities related to biodiversity and ecosystems have been identified and assessed, focusing on impacts and dependencies in the upstream value chain. The assessment criteria included regulatory compliance, cost implications, and environmental impacts[6]. Material risks identified include increased operational costs due to the need for traceability systems and sourcing-certified raw materials to comply with regulations like the EU Deforestation-free Regulation and the 2030 EU Biodiversity Plan. Non-compliance with these regulations could result in fines and restricted market access, particularly in the EU. Additionally, decreased biodiversity may compromise the availability and cost of nature-derived materials such as cotton, leather, and natural rubber, due to factors like reduced pollinators and ecosystem health issues. Water availability for production processes, such as dyeing and tanning, also poses significant risks.
[//E4-17d IRO-1]	adidas recognizes the importance of systemic risks related to biodiversity and ecosystems, but they have not been a primary focus of the current assessment process due to the lack of a widely recognized methodology and the significant cross-collaboration and time required. However, we are preparing to consider them in the future. adidas plans to address this gap by gathering insights through the Science Based Targets Network (SBTN) and other sources. Currently, the focus is on immediate risks such as regulatory compliance, cost implications and environmental impacts in the upstream value chain. As our understanding of systemic risks evolves, we intend to integrate these considerations into our risk management framework.
[//E4-17e IRO-1]	Consultations with affected communities on sustainability assessments of shared biological resources and ecosystems have not been conducted directly or formally yet. Affected communities were considered indirectly in our materiality process. Our internal experts maintain regular contact with external stakeholders, and their views are indirectly incorporated into our decision-making and strategy development.

IRO-1 – Topic-specific processes

Standard	Description
[//E4-19b IRO-1]	Sites in or near biodiversity-sensitive areas are disclosed in the topical standard E4. As potential impact on biodiversity was deemed low, no mitigation measures are deemed necessary.
E5 Resource use and circular economy	
Description of the processes to identify and assess material resource use and circular economy-related IROs [E5-11a, b IRO-1]	adidas has rigorously screened its assets and activities to identify actual and potential impacts, risks and opportunities across its operations and throughout the upstream and downstream value chain. The methodologies, assumptions, and tools used in the screening process of assets and activities are consistent with those applied for ESRS E4. The involvement of stakeholders regarding E5 was conducted in alignment with our general approach and double materiality assessment process[7].
G1 Business conduct	
Description of the processes to identify and assess material impacts, risks and opportunities [//G1-6 IRO-1]	The process for identifying material impacts, risks and opportunities related to business conduct matters followed the same process and criteria described in the 'Process of our double materiality assessment' section. However, as stated in the requirement, we specifically included the asked criteria for the ESRS G1 topic: - Location: We assess impacts, risks and opportunities based on the geographic regions in which we operate, taking into account local regulations, market conditions, and socio-political factors. - Activity: We evaluate the specific business activities involved, such as manufacturing, marketing, and distribution, to identify potential impacts, risks and opportunities unique to each function. - Sector: We analyze industry-specific risks and opportunities, taking into account trends, the competitive landscape, and sector-specific regulations. - Transaction structure: We consider the nature and structure of transactions, including partnerships and other business arrangements, to identify associated risks and opportunities. Impact, risk and opportunity management is a company-wide activity that utilizes key insights from the members of the Executive Board as well as from global and local business units and functions[8].

1 For further information, please refer to ESRS E1 Climate Change SBM-3.
2 For further information, please refer to ESRS E1 Climate Change SBM-3.
3 For further information, please refer to ESRS E2 Pollution E2-1.
4 For further information, please refer to ESRS E2 Pollution E2-1.
5 For further information, please refer to ESRS E4 Biodiversity and Ecosystems SBM-3.
6 For further information, please refer to ESRS E4 Biodiversity and Ecosystems E4-1.
7 For further information, please refer to ESRS 2 'Process of our double materiality assessment.'
8 For further information, please refer to the Risk and Opportunity Report.

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

Materiality assessment and disclosure explanation

To evaluate the materiality of an IRO, and therefore of a sustainability matter, we employed a scoring system that assesses both impact and financial materiality, as explained in detail in the section of IRO-1. If the IRO, including its sustainability matter, is deemed immaterial, it means that the impact and the financial materiality were assessed with a score of two or below and therefore did not meet the threshold of three to be material.

Afterwards, we have determined the material information to be disclosed based on the impacts, risks and opportunities that we had assessed to be material and on the guidance of ESRS 1, section 3.2. In general, we followed the ESRS Disclosure and Application Requirements including the Minimum Disclosure Requirements (MDRs) for policies, actions and resources, and metrics and targets for those sustainability matters that had yielded a score of three or higher for either impact or financial materiality as a result of our DMA.

For detailed information on all existing policies, actions, and targets, please refer to the corresponding topical standard. For sustainability matters where no targets are currently established, we still track the effectiveness of our policies and/or actions through comprehensive processes that evaluate progress. If there is a defined ambition level or base period this is stated in the respective topical standards. Furthermore, in case any actual impact required the provision of remedy for those harmed by these impacts, a reference is given to relevant actions in the corresponding topical standard. In instances where we made use of the exemptions outlined in ESRS 1 Appendix C: List of phased-in Disclosure Requirements, these are explicitly stated. Nevertheless, our commitment is to address all reporting requirements diligently and to provide the necessary context and information.

List of phased-in disclosure requirements

ESRS-Disclosure require-ment	Information
ESRS 2 General Disclosures	
SBM-3	ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects)
E1 Climate Change	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
E2 Pollution	
E2-6	Anticipated financial effects from material pollution-related risks and opportunities
E3 Water & marine resources	
E3-5	Anticipated financial effects from material water and marine resources-related risks and opportunities
E4 Biodiversity & ecosystems	
E4-6	Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities
E5 Resource use & circular economy	
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities
S1 Own workforce	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce
S1-11	Social protection
S1-12	Percentage of employees with disabilities

List of phased-in disclosure requirements

ESRS-Disclosure requirement	Information
S1-13	Training and skills development metrics
S1-15	Work-life balance

Datapoints from other EU legislation in accordance with ESRS 2 Appendix B

The following table provides an overview of all datapoints derived from other EU legislation listed in ESRS 2 Appendix B of this standard.

ESRS datapoints from other EU legislation

Disclosure requirement	Data point		Legislation	Materiality/ Applicability / Disclosure
ESRS 2, GOV-1	21 (d)	Board's gender diversity	SFDR/BRR	Obligatory
	21 (e)	Percentage of board members who are independent	BRR	Obligatory
ESRS 2, GOV-4	30	Statement on due diligence	SFDR	Obligatory
ESRS 2, SBM-1	40 (d) (i)	Involvement in activities related to fossil fuel activities	SFDR/P3/BRR	n.a.
	40 (d) (ii)	Involvement in activities related to chemical production	SFDR/BRR	n.a.
	40 (d) (iii)	Involvement in activities related to controversial weapons	SFDR/BRR	n.a.
	40 (d) (iv)	Involvement in activities related to cultivation and production of tobacco	BRR	n.a.
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050	EUCL	Material
	16 (g)	Undertakings excluded from Paris-aligned benchmarks	P3/BRR	n.a.
ESRS E1-4	34	GHG emission reduction targets	SFDR/P3/BRR	Material
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	SFDR	Material
	37	Energy consumption and mix	SFDR	Material
	40-43	Energy intensity associated with activities in high climate impact sectors	SFDR	Material
ESRS E1-6	44	Gross Scopes 1, 2, 3, and total GHG emissions	SFDR/P3/BRR	Material
	53-55	Gross GHG emissions intensity	SFDR/P3/BRR	Material
ESRS E1-7	56	GHG removals and carbon credits	EUCL	Immaterial, but disclosed
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	BRR	Phase-In; not disclosed
	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk	P3	Phase-In; not disclosed
	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	P3	Phase-In; not disclosed
	69	Degree of exposure of the portfolio to climate-related opportunities	BRR	Phase-In; not disclosed
ESRS E2-4	28	Amount of each pollutant listed in annex II of the E-PRTR regulation emitted to air, water, and soil	SFDR	Immaterial
ESRS E3-1	9	Water and marine resources	SFDR	Material
	13	Dedicated policy	SFDR	Immaterial
	14	Sustainable oceans and seas	SFDR	Immaterial
ESRS E3-4	28 (c)	Total water recycled and reused	SFDR	Immaterial
	29	Total water consumption in m3 per net revenue on own operations	SFDR	Immaterial
ESRS E4, SBM-3 (ESRS 2)	16 (a) (i)	Activities negatively affecting biodiversity-sensitive areas	SFDR	Material

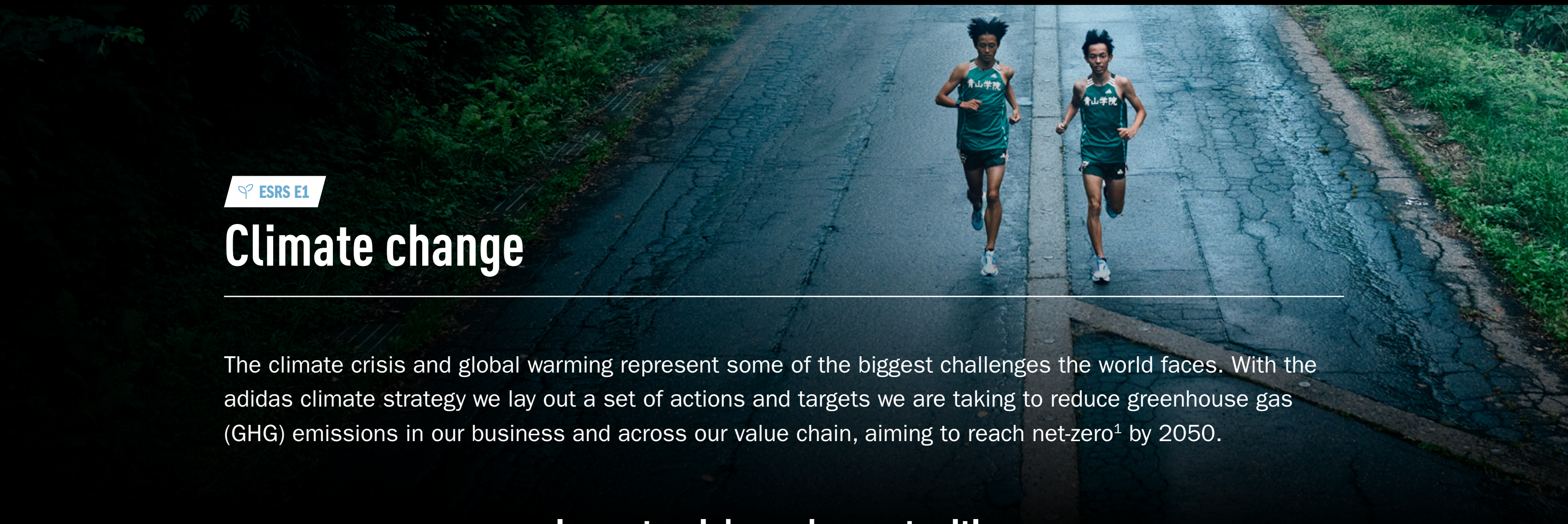
ESRS datapoints from other EU legislation

Disclosure requirement	Data point		Legislation	Materiality/ Applicability / Disclosure
	16 (b)	Land degradation, desertification, or soil sealing	SFDR	Material
	16 (c)	Threatened species	SFDR	Material
▶ ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	SFDR	Material
	24 (c)	Sustainable oceans/seas practices or policies	SFDR	Material
	24 (d)	Policies to address deforestation	SFDR	Material
▶ ESRS E5-5	37 (d)	Non-recycled waste	SFDR	Immaterial
	39	Hazardous waste and radioactive waste	SFDR	Immaterial
▶ ESRS S1, SBM-3 (ESRS 2)	14 (f)	Risk of incidents of forced labor	SFDR	Immaterial
	14 (g)	Risk of incidents of child labor	SFDR	Immaterial
▶ ESRS S1-1	20	Human rights policy commitments	SFDR	Material
	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	SFDR	Material
	22	Processes and measures for preventing trafficking in human beings	SFDR	Immaterial, but disclosed
	23	Workplace accident prevention policy or management system	SFDR	Material
▶ ESRS S1-3	32 (c)	Grievance/complaints-handling mechanisms	SFDR	Material
▶ ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	SFDR/BRR	Material
	88 (e)	Number of days lost to injuries, accidents, fatalities, or illness	SFDR	Material
▶ ESRS S1-16	97 (a)	Unadjusted gender pay gap	SFDR/BRR	Material
	97 (b)	Excessive CEO pay ratio	SFDR	Material
▶ ESRS S1-17	103 (a)	Incidents of discrimination	SFDR	Material
	104 (a)	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Immaterial
▶ ESRS S2, SBM-3 (ESRS 2)	11 (b)	Significant risk of child labor or forced labor in the value chain	SFDR	Material
▶ ESRS S2-1	17	Human rights policy commitments	SFDR	Material
	18	Policies related to value chain workers	SFDR	Material
	19	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Material
	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	BRR	Material
▶ ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	SFDR	Material
▶ ESRS S3-1	16	Human rights policy commitments	SFDR	Material
	17	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Material
▶ ESRS S3-4	36	Human rights issues and incidents	SFDR	Material
▶ ESRS S4-1	16	Policies related to consumers and end-users	SFDR	Material
	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR/BRR	Material

ESRS datapoints from other EU legislation

Disclosure requirement	Data point		Legislation	Materiality/ Applicability / Disclosure
▶ ESRS S4-4	35	Human rights issues and incidents	SFDR	Immaterial, but not disclosed
▶ ESRS G1-1	10 (b)	United Nations Convention against Corruption	SFDR	Material
	10 (d)	Protection of whistleblowers	SFDR	Material
▶ ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	SFDR/BRR	Material
	24 (b)	Standards of anti-corruption and anti-bribery	SFDR	Material

SFDR – Sustainable Finance Disclosure Regulation
BRR – Banking Regulatory Reporting
P3 – Pillar 3 Disclosure Requirements
EUCL – European Union Climate Law



ESRS E1

Climate change

The climate crisis and global warming represent some of the biggest challenges the world faces. With the adidas climate strategy we lay out a set of actions and targets we are taking to reduce greenhouse gas (GHG) emissions in our business and across our value chain, aiming to reach net-zero[1] by 2050.

Impacts, risks and opportunities

Impacts
- Energy-intensive supply chain
- 87% of adidas total GHG emissions from upstream activities

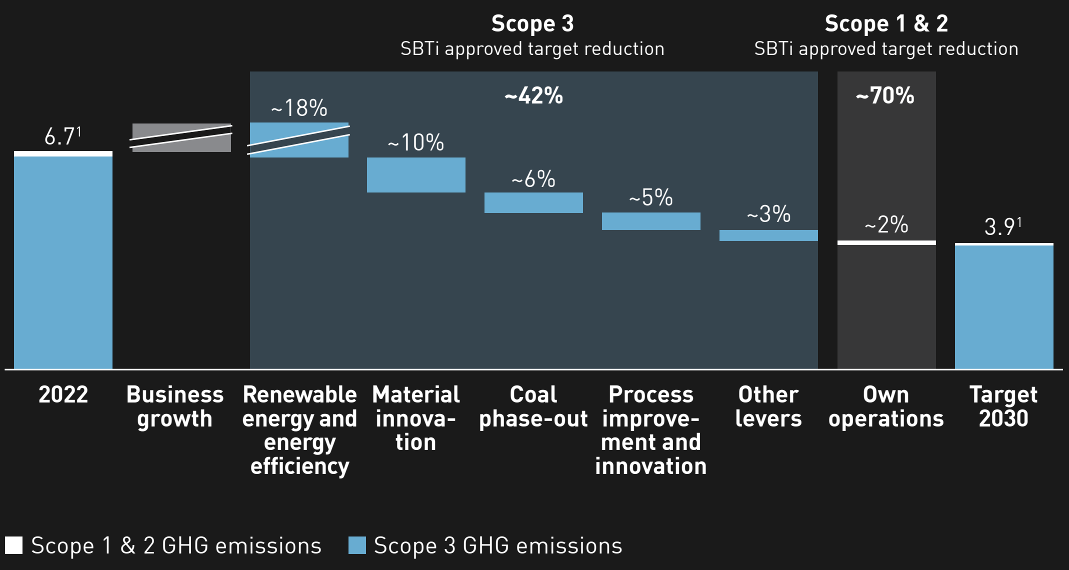
Physical risks
- Reduced material availability due to changing weather patterns, leading to higher material costs
- Extreme weather events and shifting weather patterns causing physical damage to properties and inventories

Transition risks
- Exposure to GHG emissions pricing mechanisms and/or related regulation and litigation
- Increased stakeholder scrutiny resulting in reputational risks

Our climate strategy levers & actions 2030

Our climate strategy is based on well defined decarbonization levers and actions to reduce GHG emissions across our entire value chain with a particular focus on Scope 3 GHG emissions in our upstream supply chain.

Climate strategy levers



1 CO_2e in million tons

1 Net-zero: As per SBTi, net-zero GHG emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period ("net-zero" future). This is necessary at the global level to stabilize temperature increase at 1.5°C. In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90%) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

Scope 1 & 2 GHG emissions (own operations)

— Drive energy efficiency at our sites

— Increase on-site renewable energy generation and procurement

— Fleet electrification

Scope 3 GHG emissions

— Maximize usage of renewable electricity (RE) and drive energy efficiency (EE) in our supply chain

— Replace use of coal in the boilers at our Tier 1 and Tier 2 suppliers' facilities

— Develop and scale lower-impact solutions in material processing, manufacturing, and product assembly

— Drive low-impact materials innovation

Targets

Our climate strategy targets are approved by the SBTi and in line with a 1.5°C pathway – the most ambitious goal established by the Paris Agreement.

Climate strategy targets

SBTi APPROVED
Achieve **net-zero** GHG emissions for Scope 1, 2 and 3 by 2050

SBTi APPROVED
Reduce Scope 3 GHG emissions: **–42%** by 2030
(baseline 2022)

SBTi APPROVED
Reduce Scope 1 & 2 GHG emissions: **–70%** by 2030
(baseline 2022)

Achieve a **9% reduction** in carbon intensity per product by 2025
(baseline 2022)

Carbon intensity per product

Current status 2024	Target 2025
–5%	–9%

Baseline 2022

Scope 3 GHG emissions

Current status 2024	Target 2030
–20%	–42%

Baseline 2022

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to climate change in the management of our business. An overview of these policies can be found in the topical standard of E1.

ESRS E1 – Climate Change

ESRS 2 General disclosures

The climate crisis represents one of the biggest challenges the world faces. Mitigating global warming requires significant measures and strong collaboration within and across industries as well as global supply chains. The adidas climate strategy reflects this imperative. It lays out the actions and targets we are taking to reduce greenhouse gas (GHG) emissions in our business and across our value chain, aiming to reach net-zero[11] by 2050.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results of our double materiality analysis concerning material impacts, risks and opportunities for climate change matters are as follows:

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time horizon	Value chain	Description[1]
Energy	Negative Impact	Actual	n.a.	Up-stream	adidas has a multi-tiered supply chain, with energy-intensive raw material production and manufacturing processes that still partially rely on non-renewable energy sources leading to GHG emissions.
Energy	Negative Impact	Actual	n.a.	Down-stream	Downstream energy use and its GHG emissions are significantly lower than in the upstream value chain and occurs during the product use, and end-of-life phases (e.g., washing and disposal of products).
Energy	Risk	n.a.	Mid-term	Own Oper-ations	Energy risks in our own operations could relate to: - Increased stakeholder scrutiny: Although our own energy consumption is relatively low compared to our value chain, the expectation from various stakeholders is that we maintain our long-term approach in managing and reporting energy use in a systematic way and that we show progress toward reducing it. Failure to do so could lead to reputational risks - Higher operating costs
Climate change mitigation	Negative Impact	Actual	n.a.	Up-stream	Around 87% of adidas' total GHG emissions originate from upstream activities such as raw material processing, manufacturing, and product assembly processes.
Climate change mitigation	Negative Impact	Actual	n.a.	Down-stream	Downstream GHG emissions primarily originate from the product use and end-of-life phases (e.g., washing and disposal of products).
Climate change mitigation	Risk	n.a.	Long-term	Up-stream	Climate change mitigation risks in our upstream value chain could be related to: - (T) Exposure to carbon pricing mechanisms and carbon-related regulation

11 Net-zero: As per SBTi, net-zero GHG emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period ("net-zero" future). This is necessary at the global level to stabilize temperature increase at 1.5°C. In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time horizon	Value chain	Description[1]
					and litigation: We expect an increase in regulations from authorities aiming at preventing or reducing GHG emissions. This could lead to increased exposure to direct and indirect carbon pricing as well as product-related regulations and requirements. In turn, these could result in increased operating costs and reporting requirements. An increase in regulation could also lead to higher exposure to litigation for non-compliance, both for adidas and our business partners.
Climate change mitigation	Risk	n.a.	Mid-term	Own Oper-ations	Climate change mitigation risks in our own operations could relate to: - (T) Increased stakeholder scrutiny: Although our Scope 1 and 2 GHG emissions are a very small portion of our overall GHG emissions, the expectation from various stakeholders is that we maintain our long-term approach in managing and reporting Scope 1 and 2 GHG emissions in a systematic way and that we show progress toward reducing them. Failure to do so could lead to reputational risks.
Climate change adaptation	Risk	n.a.	Long-term	Up-stream	Climate change adaptation risks in our upstream value chain could relate to: - (P) Physical damage to our business partners' properties and disruption of their business operations: Extreme weather events and changes in overall weather patterns could increasingly lead to damages to our business partners' properties and disruptions of their business operations. In turn, these could result in higher operating costs for business partners and, eventually, in higher cost of sales for adidas. - (P) Interruptions in our supply chain: Extreme weather events and changes in weather patterns could lead to business interruptions and disruptions within our supply chain, such as interruptions in key transport routes or port operations. In turn, these could result in lower revenues and higher insurance and operating costs for business partners and, eventually, in higher cost of sales for adidas. - (P) Harm to and lower productivity of our business partners' workforce: An increase in average temperatures and heat waves worldwide could harm our business partners' workforce and reduce their productivity. - (P + T) Increased cost of materials and low-carbon technologies: Changes in weather patterns could reduce the availability of existing materials, which may result in increased costs. At the same time, the higher demand (and potentially limited availability) for low-carbon technologies could lead to higher operating costs for our business partners and, eventually, result in higher cost of sales for adidas.

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time horizon	Value chain	Description[1]
Climate change adaptation	Risk	n.a.	Long-term	Own Opera-tions	Climate change adaptation risks in our own operations could relate to: - (P) Physical damage to our own properties and business disruptions in own operations: Extreme weather events and changes in overall weather patterns could increasingly lead to damage to our own properties (such as office buildings, DCs, and retail stores) and inventories and business disruptions in our own operations. In turn, these could result in lower revenues, as well as higher insurance and operating costs. - (P) Harm to and lower productivity of our own workforce: An increase in average temperatures and heat waves worldwide could harm and reduce the productivity of our own workforce.
Climate change adaptation	Risk	n.a.	Long-term	Down-stream	Climate change adaptation risks in our downstream value chain could relate to: - (T) Changes in consumer preferences and product demand: The transition to a low-carbon economy could influence consumers' preferences and expectations toward brands and products, negatively impacting sales and market share if expectations are not met.

1 Physical risk (P), Transition risk (T).

We do not expect any of the presented climate-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Kicked-off in mid-2023 and finalized in mid-2024, our climate scenario and subsequent resilience analysis covered our entire value chain and all the physical and transition risks identified in the risk and opportunity identification process. We used a climate modelling tool to assess our exposure to those risks considering three GHG emission scenarios (low, intermediate, and high GHG emissions) and three different timeframes (2030, 2040, 2050) which are aligned with our climate strategy milestones and targets (2030 and 2050).

Using the input from the tool, we created a digital visual representation ('digital twin') of the adidas' business model and operational footprint: locations of key assets such as distribution centers, sourcing countries, and production regions of main materials, locations of strategic suppliers' facilities, as well as transportation routes. Risks and opportunities were then quantified (to the extent possible) and aggregated to inform not only the resilience analysis, but also future strategic planning and decision-making.

Our main assumptions for the climate scenario analysis were as follows:

— The basis was our current asset base and value chain without factoring in any potential changes over the analyzed time horizons. Similarly, potential changes to our sourcing locations and/or materials portfolio were not taken into consideration, because the sporting goods industry is very dynamic and volatile with projections of trends over the analyzed time horizons not considered to be robust enough.

- Varying business growth rates were considered for the period until 2030 and from then onwards until 2050. In addition, the analysis factored in different growth assumptions between net sales on the one hand and production volumes on the other hand. For the GHG emission growth projection until 2030, production and sales forecast numbers were included until 2025, and a constant business growth rate for the subsequent years. The current product division mix and material mix are assumed to remain constant.

- We did not assume any production and/or process efficiency improvements for suppliers and other business partners. We also did not assume technology-driven yield improvements in the production of raw materials.

- We only considered the achievement of our climate strategy and planned outcomes of risk handling actions when assessing the potential financial impact of selected transition risks (e.g., increased shareholder scrutiny, increased exposure to carbon pricing and increased costs of low carbon materials and technologies). For all the other assessed risks we did not assume any expected future outcomes of actions currently in place.

- Depending on the analyzed risk and the associated tiering within the upstream supply chain, cost pass-through assumptions were considered on a case-by-case basis to quantify the potential impact on adidas.

The scenarios were as follows:

- Low-emission scenario (RCP2.6-SSP126): This future is in line with a 1.5°C pathway and characterized by a GHG emissions level which is stable until 2020, then declines and becomes negative by 2100. An early introduction of climate policies, which become more and more stringent over time would lead to a mitigation of both transition and physical risks. This scenario implies strong collective action, with transition risks more likely to occur in the short to medium term and a potential reduction of the severity of physical risks occurring in the long term.

- Intermediate-emission scenario (RCP4.5-SSP245): GHG emissions peak around 2040 followed by a decline. In this scenario, strong climate policies are not in place, yet the exhaustible character of non-renewable fuels is taken into account. If limited global action is taken, transition risks would decline in the short term. Inaction, however, would increase the severity and frequency of physical risks in the long term.

- High-emission scenario (RCP8.5-SSP585): This future projects a worst-case or business-as-usual scenario in which GHG emissions continue to rise throughout the 21st century. It assumes that no major efforts to reduce GHG emissions are taken, resulting in severe global warming.

It is important to note that the climate variables, values, and impacts of the scenarios will differ strongly from each other only in the long term (2070-2100), while they are relatively stable and similar until 2050. The climate scenario analysis showed that irrespective of the selected GHG emissions scenario, risks become more relevant from 2030 onwards.

The insights gained from the climate scenario analysis were then used to perform our resilience analysis. We assessed each material risk, its trend related to the different emission scenarios as well as our ability to manage such risks in the future, considering the nature of our business model, as well as the actions related to our specific strategies, such as the climate and biodiversity strategies. The scope and timeframe applied were the same as those used in our climate scenario analysis, as explained earlier. By considering all the mentioned aspects, we were able to assess our overall resilience towards climate change.

SBM-3 Resilience analysis

Identified risks	Trend	Risk-handling actions
Physical damage and business disruption in our own or business partners' properties	The risk is more significant in a high-emission scenario and in the 2050 timeframe.	- Regular update of climate risk assessment and to inform location decisions - Insurance coverage for property damage and business interruption
Interruptions in our supply chain	The risk is more significant in a high-emission scenario and in the 2050 timeframe.	- Diversification in the logistics portfolio - Incident and crisis response - Business continuity plans
Increasing costs of materials and high costs of low-carbon technologies	The risk is quite stable across the three different emission scenarios and timeframes.	- Flexibility in the materials portfolio - Material cost forecasts - Focus on material and technology innovation
Harm to and lower productivity of our own and business partners' workforce	The risk is more significant in a high-emission scenario and in the 2040/2050 timeframes.	- Insurance coverage - Training and education - Use of adequate heating and cooling systems
Exposure to carbon pricing mechanisms, carbon-related regulations, and litigation	The risk is more significant in a low-emission scenario, combined with a scenario where adidas does not meet its corresponding GHG emissions reduction targets.	- Continuous monitoring of regulatory landscape - Delivery of the climate transition plan - Continuous review and adaptation of sourcing and logistics infrastructure - Continuous review and implementation of the sustainable material roadmap as part of the climate transition plan - Avoidance of major dependencies on one sourcing country/region
Stakeholder scrutiny and activism	The risk is more significant in a low-emission scenario, combined with a scenario where adidas does not meet its corresponding GHG emission reduction targets.	Transparent communication of climate transition plan and its year-on-year delivery
Lack of ability to adapt to changes in consumer preferences and product demand	The risk is prevalent in all emission scenarios.	- Consumer Insights to monitor market developments - Climate transition plan - Product and marketing innovation - Continuous consumer engagement and dialogue

Based on the analysis of the results, we conclude that our business model is sufficiently resilient to climate change for the foreseeable future. The main aspects that drive our resilience are the nature of our business model, with its inherent agility and flexibility in terms of e.g., product design, material selection and sourcing locations, as well as the actions we take related to our climate strategy. Similarly, with our policy on capital management, we continuously intend to maintain a strong capital base and efficient access to capital markets. This is a fundamental requirement for sustaining the future development of our business and underscores our resilience and ability to adapt to potential impacts of climate change in the relevant timeframe.

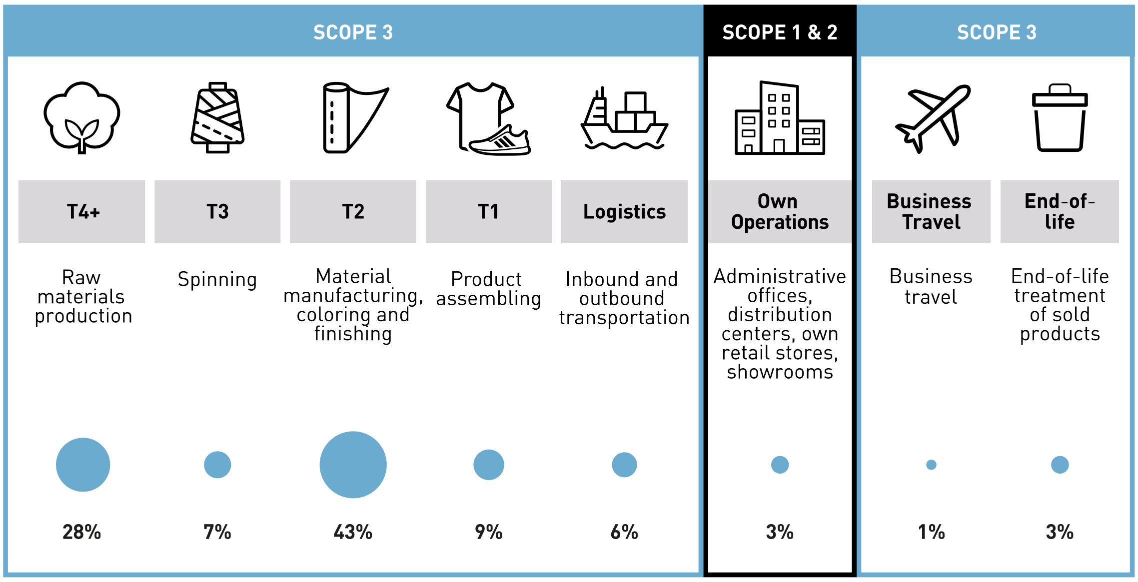
The way forward for countries' Nationally Determined Contributions (NDCs) and climate change mitigation and adaptation regulations remains unclear currently. This leads to uncertainty about the future implementation of policies in several countries to meet their respective GHG reduction targets and the related costs. In this context, we consider our climate-related scenario analysis to be an effective tool for providing guidance and direction on our exposure to climate-related risks. However, it cannot yet be used as a tool to estimate future costs and investments with high precision. Furthermore, macroeconomic effects can pose a significant challenge to the decarbonization pathway globally and are difficult to be incorporated climate-related scenario models accurately.

E1-1 – Transition plan for climate change mitigation

As a key player in an energy-intensive industry, we acknowledge our responsibility to contribute to climate change mitigation by implementing, optimizing and scaling existing solutions on the one hand and by supporting and collaborating on the development of long-term alternatives on the other hand.

The majority of adidas' total GHG emissions originate from upstream activities such as raw material cultivation and extraction, processing and preparation, as well as product assembly, while GHG emissions stemming from our own operations account for around 3% of total GHG emissions.

adidas 2024 total GHG emissions along the value chain[1]



1 Excluding GHG emissions related to use of sold products.

In 2024, as part of our continuous efforts to respond to climate-related risks, we reviewed and updated our climate strategy. Led and orchestrated by the central Sustainability & ESG team, all relevant parts of our organization (primarily Sourcing, Product Operations, Supply Chain Management, Workplaces, and Finance) contributed to the refinement process. This cross-functional and collaborative effort was designed to ensure that the updated climate strategy is in alignment with other strategic, operational, and financial objectives. The strategy was endorsed by the adidas Executive Board.

The aim of the adidas climate strategy is to reduce our GHG emissions in line with a 1.5°C pathway – the most ambitious goal established by the Paris Agreement – and contribute to a net-zero future. Accordingly, with the approval from the Science Based Target Initiative (SBTi), we have refined our near- and long-term GHG emission reduction targets as follows:

- We aim to achieve net-zero GHG emissions (Scope 1, 2, and 3) for the entire value chain by 2050[12].

12 In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

— We aim to reduce absolute GHG emissions across the supply chain (Scope 3)[13] by 42% by 2030, measured against a baseline of 2022.

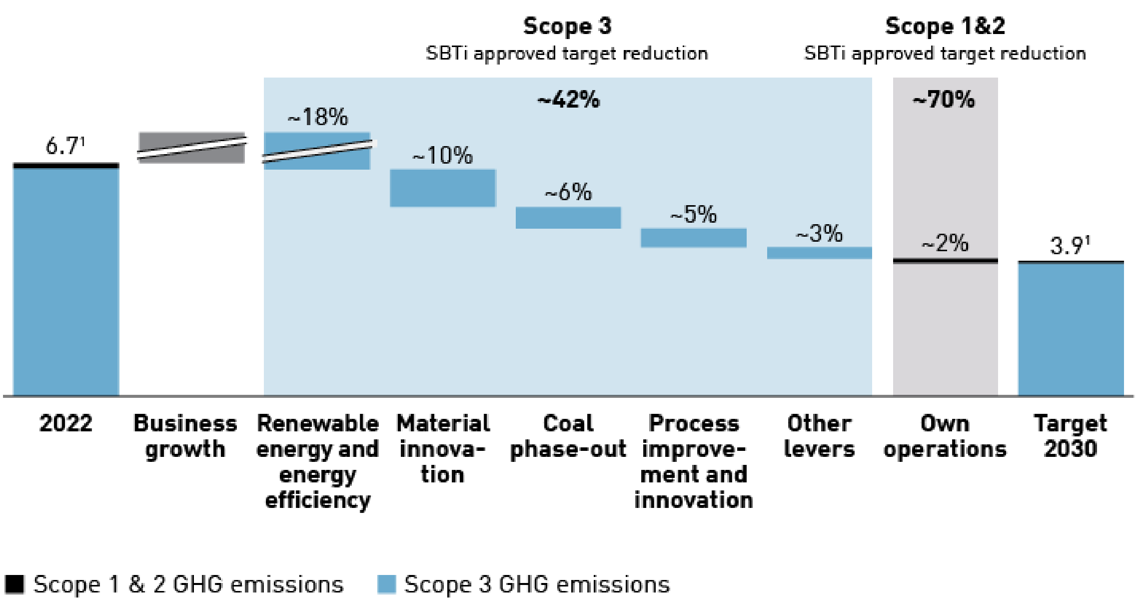
— We aim to reduce absolute GHG emissions across our own operations (Scope 1 and 2) by 70% by 2030, measured against a baseline of 2022.

According to the SBTi guidelines, re-baselining is necessary when significant changes occur that could impact the relevance and consistency of existing targets. The divestiture of the Reebok business, formally completed as of February 28, 2022, represents such a significant change. In addition, we have enhanced our GHG emissions accounting since 2022 as considerable effort has been put into gathering more primary data from our suppliers, remaining aligned with international methodology standards. We apply established methodologies to account for the GHG emissions, based on the GHG Protocol, and include all GHG categories material to adidas' business. ▶ SEE E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS
▶ SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

All this led to a change in the baseline from 2017 to 2022. The change in our baseline also required a recalculation of our near-term target (2030). By changing the needed reduction from 30% vs. 2017 to 42% vs. 2022, we account for the changed baseline, while keeping the effort equal.

Due to the importance of our climate strategy, the Supervisory Board has decided that carbon intensity per product is a performance criterion for the LTIP of the Executive Board. In addition, as a reflection of the importance of our ESG roadmap, including our climate strategy, it was decided in 2024 that the central Sustainability & ESG team reports directly to our CEO. This team is responsible for the orchestration, progress tracking and continuous refinement of our climate strategy working with all relevant functions throughout the organization to embed the necessary action plans in their functional business areas and planning.

adidas climate strategy levers and targets 2030[1]



1 CO_2e in million tons.

13 The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

Scope 1 and 2 GHG emissions: Decarbonization levers for our own operations:

- Control: Improve the quality of energy data to inform strategic energy decisions.
- Optimization: Increase energy efficiency with direct investments in building equipment, primarily at our corporate sites, e.g., HVAC (heating, ventilation, and air conditioning) improvements and insulation.
- Transition: Increase on-site renewable energy generation and the procurement of renewable energy, primarily through long-term contracts (e.g., virtual power purchase agreements – VPPAs).

Scope 3 GHG emissions: Decarbonization levers for our upstream value chain:

- Renewable energy (RE) and energy efficiency (EE): Collaborate with our key suppliers to reduce energy consumption by driving EE and maximize generation and/or use of RE.
- Coal phase-out: Replace use of coal in the boilers at our direct supplier facilities at Tier 1 and Tier 2 for thermal energy generation with low-carbon fuels such as biomass or natural gas.
- Process improvements and innovation: Develop and scale lower impact solutions in material processing, manufacturing, as well as product assembly that help us reduce GHG emissions (e.g. process electrification and low-temperature assembly).
- Material innovation: Scale the use of low-carbon materials (e.g. recycled, biobased and organic).
- Other decarbonization levers include:
  - Increasing the use of biofuels in inbound transportation
  - Using less, recycled and/or sustainably sourced[14] packaging materials
  - Reducing the share of air freight transportation

Due to the importance of taking action within the foreseeable time horizon, our presented climate strategy levers focus on reducing GHG emissions until 2030. These levers will also lay the foundation for long-term GHG reduction initiatives beyond 2030 and towards achieving our ambition to become net-zero by 2050. In this regard, we recognize the need for continuous innovation, cross-industry collaboration and policy support.

Financial considerations for our climate strategy

The implementation of our climate strategy will require continued investments, both within our own operations as well as related to our upstream value chain levers. For own operations measures, these investments are managed by adidas, while the upstream value chain measures are to a large extent to be funded directly by our suppliers. This can have an indirect impact on us through the cost of products, which is reflected in the cost of sales of adidas. Due to the evolving nature of the topic and to be able to better account for market developments (e.g., increasing access to RE in different regions, improvement of different countries' energy mix), technological developments, as well as changes in our own and our suppliers' asset portfolio, investments are decided on and implemented in due course and on an ongoing basis. An exact quantification of expected impacts on cost of sales, OpEx and CapEx until 2030 is to be

14 We consider a material sustainable or sustainably sourced when it has a lower environmental and / or social impact than its conventional equivalent. Our materials are evaluated against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix. (PFMM). Our validation framework and the respective governance are laid down in the 'Sustainable Ingredient and Concept Standard Definition SOP.'
► SEE SECTION E5-1.

defined. However, we consider the impact to be manageable due to the expected overall development of the company and its financial position over time, the available time to implement mitigation actions, and expected efficiency gains in our supply chain. The funding of the adidas climate strategy is intended to be largely driven by operational cash flow generation. In combination with our strong credit metrics, robust liquidity profile, and conservative financial policies, our ability to fund our climate strategy is determined to be sufficient.

Furthermore, in the context of the EU Taxonomy regulation, the core business activities of adidas are currently not covered (i.e., not eligible) by the Taxonomy Regulation. The Taxonomy-KPIs presented in this report are no meaningful indicators for the robustness and effectiveness of the adidas climate strategy. Similarly, driving the Taxonomy alignment of eligible activities would not make a material contribution to the achievement of our climate strategy targets. Therefore, we have no plans to prioritize resources to drive the alignment with the Taxonomy's specific technical screening criteria. ▶ SEE EU TAXONOMY

In alignment with SBTi, GHG emissions from the 'use of sold products' are excluded from our climate strategy targets. There is no risk from any potential locked-in GHG emissions from our products toward the achievement of our targets, and no specific actions to manage locked-in GHG emissions from the use phase of our sold products are deemed necessary. In addition, any potential locked-in GHG emissions from key assets of our physical infrastructure related to property, plant, and equipment as well as right-of-use assets (leased assets) affect Scope 1 and 2 emissions within the own operations decarbonization lever. These GHG emissions account for less than 3% of the adidas corporate footprint and, hence, do not represent a material risk to the achievement of our climate strategy targets. Please refer to the following section on progress of our actions: ▶ SEE E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Impact, risk and opportunity management

E1-2 – Policies related to climate change mitigation and adaptation

E1-2 – Policies related to climate change

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Climate Strategy (EE, RE, CCM, CCA)	Provides adidas SLT with information on our GHG emissions and plans to meet SBTi targets.	Entire value chain	SVP Sustainability and ESG	GHG Protocol	SBTi	Available for all employees
Global Energy Policy (RE, CCM)	Sets energy and renewable energy purchasing standards across all facilities operated by adidas.	Own operations	Executive Board member Global Human Resources, People and Culture	RE100 Technical Criteria (reference)	n.a.	Available for all employees
Integrated Management System Policy (EE)	Sets standards for adidas entities worldwide to manage operations in a safe, healthy, energy-efficient, and environmentally responsible manner. It documents the adidas HSEE management system for all brands, functions, sites and locations within the scope of our management system.	Own operations	Executive Board member Global Human Resources, People and Culture	ISO standards for energy management, environmental management, and health and safety	n.a.	Accessible on corporate website
Rooftop Solar Guideline (RE, CCM, CCA)	Supports suppliers in transition toward renewable energy solutions, giving practical guidance, e.g., on feasibility studies or vendor selection.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; rooftop solar policies /regulations of key supply	adidas suppliers	Available on supplier SharePoint

E1-2 – Policies related to climate change

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
				base countries		
Coal Replacement Guideline (RE, CCM, CCA)	Supports suppliers to replace coal as an energy source, showing alternatives and giving practical guidance.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	UNFCCC Fashion Charter; Sustainable Biomass Guidelines	adidas suppliers	Available on supplier SharePoint
Environmental Guidelines: Sustainable Resource Use section (EE, CCM)	Outlines adidas' expectations for suppliers to manage resources actively, focusing on energy efficiency and renewable energy adoption.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; policies/regulations related to renewable energy certificates of key supply base countries	adidas suppliers	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit (EE, RE)	Outlines potential savings and improvements for suppliers, including industry best practices for energy and emissions management.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by various global standards and best practices, including Waterwise, a UK-based organization providing reference on water efficiency	adidas suppliers	Accessible on corporate website
Supplier Manifesto (RE, CMM, CMA)	Sets expectations toward our supply partners regarding GHG emissions reduction (Tier 1 and 2).	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	n.a.	adidas suppliers, internal and external experts	Directly shared with suppliers
Renewable Energy Transition and Energy Attribute Certificates Guideline (RE, CCM, CCA)	Gives guidance on the transition to effective renewable energy and energy attribute certificates, including the benefits and potential limitations of the latter.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; policies/regulations related to renewable energy certificates of key supply base countries	adidas suppliers	Available on supplier SharePoint

1 Main topics addressed by each policy and guideline are highlighted as:
EE – energy efficiency
RE – renewable energy
CCM – climate change mitigation
CCA – climate change adaptation

E1-3 – Actions and resources in relation to climate change policies

Overall, our actions and measures that are guided by our climate change policies aim to improve our management of energy, reduce GHG emissions and mitigate our negative climate impacts. Stakeholders affected are mainly our upstream suppliers and internal business areas. If not indicated otherwise, as of now, all actions mentioned are intended to be ongoing without a set completion date.

Scope 1 and 2 GHG emissions related actions:

- Control: During 2024, we managed to increase our primary data coverage for our own retail sites by 2 percentage points compared to the previous year, to 43% globally. Data coverage for administrative offices and distribution centers is at 100%, while data for showrooms and smaller offices was mostly estimated.

- Optimization: We increased EE with direct investments in building equipment, primarily at our corporate sites (e.g., a chiller replacement at our Portland office and LED retrofits in various locations).

- On-site RE generation: At our own sites, we continuously increase the consumption of renewable electricity. In 2024, we implemented additional on-site solar projects at the DC Manchester and at our factory outlet in Herzogenaurach.

- RE procurement: We continue to increase the renewable energy coverage by procuring renewable electricity through power purchase agreements (PPAs) and virtual power purchase agreements (VPPAs). After securing a VPPA contract for many European countries in 2023, we also signed a VPPA contract for the USA and Canada in 2024. The European project will become operational in 2025, the project for North America in 2026.

- Environmental risk assessment: We carry out environmental risk and opportunity assessments for our facilities (by 2024, 325 facilities were covered by ISO50001 and 76 facilities covered by ISO14001) to identify improvement opportunities and also, at an early stage, any potential risk which could affect our ability to meet our GHG emissions reduction targets.

Scope 3 GHG emissions related actions:

- RE and EE: We collaborate with our key Tier 1 and Tier 2 suppliers to adopt energy-efficient equipment and processes. Our Environmental Good Practices Guidelines (EGPG) provide a comprehensive list of best practices for reducing energy use. We encourage suppliers to periodically conduct energy audits, identify energy reduction initiatives, and implement them. Our suppliers are also asked to scale up the use of electricity from RE sources and move toward our aspirational goal of maximizing RE usage, wherever possible, by 2030. During 2024, suppliers participating in our Environmental Program sourced 24% of their electricity from renewable sources through on-site electricity generation and/or procurement via PPAs, as well as high-quality Energy Attribute Certificates (EACs) where sourcing or scaling up of electricity from rooftop solar and/or RE PPA-Agreements was not possible/limited. 7% of the electricity used by our key suppliers is sourced from rooftop solar PV systems, with the majority of our suppliers having maximized the viable potential of rooftop solar PV electricity generation within existing policy constraints. In many of our sourcing countries, governments have initiated targeted policies to transition their national power grids toward renewable sources. The (slow but) steady progress on the path to greening the grids, will provide additional, external tailwind for our supplier base to increase the usage of RE. In 2024, adidas has worked with industry associations and NGOs to support governments in driving policies to accelerate energy transition. This includes engagement on policies related to power purchase agreements and rooftop solar projects.

- Coal phase-out: The manufacturing of our products is reliant on thermal energy that has traditionally been generated by coal-fueled boilers. Together with our direct Tier 1 and Tier 2 suppliers, we have a dedicated program to replace wherever possible coal-fueled boilers in their factories with lower-carbon fuel boilers, such as biomass and natural gas. By the end of 2024, more than half of the targeted suppliers in the program have upgraded their equipment and transitioned to lower-carbon fuels.

— Process improvement and innovation: Developing and scaling lower-impact solutions in material processing, manufacturing, and product assembly that can help adidas reduce its GHG emissions. The steps from material manufacturing, coloring, and finishing up to the final product assembly is an energy-intensive process. Innovation through developing, testing, and scaling new technologies with a lower carbon footprint is a critical enabler of our climate strategy.

— Material innovation: Scaling the use of low-carbon materials. The materials we use in our products are a key contributor to our carbon footprint. This impact is mainly attributable to the use of five materials: (animal) leather, recycled polyester, ethylene-vinyl acetate (EVA), cotton, and rubber. In 2024, we continued our efforts to evaluate low-carbon material alternatives, including recycled and bio-based options. As part of this commitment, we have made significant progress in transitioning from virgin polyester, with 99% of all polyester– our most widely used material –sourced from recycled polyester.
► SEE ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

— Other levers:

- Inbound transportation: Most of our transportation is by sea and truck, and only a very small proportion is by air freight (2% in 2024). To support our climate strategy, we encourage our logistics partners to increase their adoption of biofuels and alternative fuels to power vessels and trucks. We also focus on continuously improving our planning and go-to-market capabilities to minimize the use of air freight to deliver products.
- Packaging: Although packaging accounts for only a small proportion of our GHG emissions, we focus on using more recycled and sustainably sourced materials, while optimizing box sizes and the number of shipments. In 2024, 85% of our primary carboard packaging was recycled, while 83% of our polybags are made of recycled plastic.

Industry collaboration-related actions:

— Suppliers' SBTi targets: We recognize that achieving our targets relies on collaboration to support the development and industry-wide scaling of new solutions. We connected with various industry experts and engagement platforms such as World Resources Institute (WRI), CDP, World Wildlife Fund (WWF), and Indonesia Business Council for Sustainable Development (IBCSD) to provide assistance to our key suppliers to establish their SBTi targets. Through the program, our suppliers were trained on how to identify and quantify their Scope 1, 2, and 3 GHG emissions and to build roadmaps on how to reduce GHG emissions.

— adidas is part of several organizations aimed at driving the adoption of low carbon processes and renewable energy in sourcing countries and promoting innovation in the industry. We will continue establishing collaborations and partnerships to build leverage for systemic change in our industry, such as for efforts to mitigate the carbon footprint in our industry's supply chain. For example, adidas is a member and part of the UNFCCC Fashion Industry Charter for Climate Action Steering Committee and also member of the Fashion Pact, which, among other objectives, aim at creating capacity at suppliers to adopt renewable energy and also appeal to governments in sourcing countries for the need to scale up their renewable energy portfolio and capacity. Moreover, adidas is part of the Fashion for Good organization, which, among other objectives, aims at identifying and scaling up innovation in materials and production processes for the fashion industry. On top, as a member of the World Federation of the Sporting Goods Industry (WFSGI) and by vice-chairing its ESG committee, adidas actively contributes to shaping the WFSGI roadmap for its chosen strategic priority of decarbonization, aiming to find ways to help the industry decarbonize jointly with other industry players.

- Circular business models: adidas works with different organizations to set up the needed infrastructure to scale up capabilities related to circular business models (e.g., take-back programs and re-commerce), to extend the life cycle of our products and make sure that the end-of-life GHG emissions are reduced. We will continue refining our approach to circularity by adopting a systemic approach to addressing circularity challenges within our value chain. Utilizing frameworks established by industry organizations and upcoming regulatory requirements, we will identify pertinent actions to be implemented across our entire value chain operations.

- Advocacy and 'just transition': Ensure that we contribute to a net-zero future, creating pathways that are inclusive, equitable, and just. This means empowering communities, protecting workers' rights, and fostering sustainable opportunities ('just transition'). In order to do so, we also work with external stakeholders as part of our "Move For The Planet initiative": Together with athletes and sports organizations around the world, adidas tries to identify and fund areas impacted by extreme weather conditions.

- Move For The Planet: This is a yearly global initiative that focuses on sustainability education through sport and improving sports facilities. Its goal is to encourage adidas' stakeholders to sign up for the Move For The Planet challenge and turn collective movement into collective impact for local communities. As a result of the 2024 activation, more than 1.2 million participants worldwide tracked almost 230 million minutes of movement on the adidas Running app. adidas pledged to donate € 1 to its partner organizations Common Goal and United Nations Climate Change for every ten minutes of movement logged – up to € 1.5 million. The funds support projects that provide education on sustainability through sport and help make sports facilities more resilient against extreme weather conditions, such as heat waves and flooding.

Data and transparency-related actions:

- Product footprint calculation: Data and transparency are key enablers to translate our climate strategy into tangible and measurable actions as they serve as catalysts for increasing awareness and inform decision-making. One of the most essential components of our business model is the design and development of our products. Decisions made along this process, such as material composition, have a significant effect on the environmental impact in general and our carbon footprint in particular. To guide the necessary interventions and choices in our product design and development to reduce impact, in 2023, we achieved a critical milestone with the development of an in-house, state-of-the-art tool that allows us to measure the environmental footprint, including GHG emissions of our footwear and apparel products. Aligned with international standards, the calculation methodology adheres to ISO 14067:2018 and has undergone rigorous third-party verification. This tool is seamlessly integrated into our existing product creation systems, connecting and leveraging available life cycle assessment (LCA) data, ultimately speeding up the calculation process and enhancing accuracy. With this tool, we are also able to provide higher transparency about our products' environmental impact to consumers and allow them to make more informed purchasing choices. In 2024, we continued to disclose the carbon footprint of selected articles.

- Data accuracy: We collaborate with our suppliers to gather primary data on fuel consumption, electricity use and its sources, water, waste, chemicals, and other inputs to track their progress on our sustainability and decarbonization initiatives. We drive better data accuracy by providing our suppliers with clear guidance and making them accountable for timely and accurate reporting. We also engage with third-party assessors to verify if these data are documented as per the defined standards.

In 2024, the carbon intensity per product declined 2.5% compared to 2023 and 5.3% compared to the climate strategy baseline year 2022. This improvement is largely attributable to the actions taken in cooperation with our suppliers and was achieved despite the relatively higher share of footwear sourced in 2024 versus 2023 and 2022. Footwear in general, and footwear with a high leather use in particular have a higher carbon intensity compared to apparel and hardware products. On an absolute basis, total GHG emissions decreased 1.4 million tons CO_2e (-20%) in 2024 compared to the baseline year 2022. The climate strategy actions we took over this two-year period contributed a considerable portion to this reduction, for example, the combination of coal phase-out and the higher share of renewable energy used in the production process at our Tier 1 and Tier 2 suppliers resulted in a decrease of Scope 3 GHG emissions of 0.6 million tons of CO_2e. Measures we took to align production planning and improve our inventory management also supported this positive development. Total GHG emissions (Scope 1, 2, and 3) increased 5.5% in 2024 versus 2023. Nonetheless, due to the strong progress made against the 2022 climate strategy target baseline (-20%), we are on track and remain confident to achieve our SBTi-approved ambition of a 42% reduction of Scope 3 GHG emissions against the baseline by 2030.

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

For setting our climate strategy targets, we follow the SBTi guidance to be aligned with the 1.5°C pathway. Accordingly, offsets and avoided emissions do not count toward our science-based targets. In addition, the following assumptions were applied:

- We calculated the absolute reduction needed based on a defined business growth assumption and corresponding production forecasts (aligned with the business growth assumptions used for the already presented scenario analysis).

- We made assumptions on how our main sourcing countries will evolve in the coming years, supplemented by insights derived from a third-party study on the development of the energy grid.

We also consulted suppliers to validate our climate strategy as well as increase their commitments and engagement. We monitor the effectiveness of these actions by tracking and reporting applicable milestones.

Further details on our GHG emissions accounting and target setting approach are included in the following section: ► SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

For a detailed description of our climate strategy levers and actions, please refer to the following sections:
► SEE E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
► SEE E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

E1-4 – Targets related to climate change mitigation and adaptation

	Climate strategy targets[1, 2, 3]	2024 value	2022 (baseline) value	Progress 2024 vs. baseline
Scope 1 and 2 GHG emissions (in tons CO_2e)	By 2030, reduction of 70% measured against a baseline of 2022	135,814	164,149	(17%)
Scope 3 GHG emissions (in tons CO_2e)	By 2030, reduction of 42% measured against a baseline of 2022	5,248,523	6,578,270	(20%)
Scope 1 to 3 GHG emissions per product ('carbon intensity'; in kg CO_2e)[4]	By 2025, reduction of 9% measured against a baseline value of 2022[5]	6.11	6.45	(5.3%)
Scope 1 to 3 GHG emissions (in tons CO_2e)	By 2050, achieve net-zero GHG emissions across our value chain[6]	5,384,337	6,742,419	(20%)

1 GHG emission reduction targets, including Scope 2 GHG emissions, use market-based emissions.
2 GHG emission reduction targets, including Scope 3 GHG emissions, have a target boundary that includes biogenic emissions and removals from bioenergy feedstocks.
3 In line with the SBTi criteria, we exclude Scope 3 GHG emissions from 'Use of sold products' in our GHG emissions targets.
4 Refers to products produced.
5 Target replaces and corresponds to '15% carbon intensity reduction compared to baseline value of 2017', which was mentioned in prior year statements.
6 In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

E1-5 – Energy consumption and mix

Energy consumption in our own operations

	Consumption 2024 (MWh)	Consumption 2023 (MWh)	Consumption 2022 (MWh)
Fossil energy source			
Fossil electricity	244,741	301,059	291,377
Natural gas	63,993	66,072	59,834
Heating oil	4,322	4,410	4,391
Diesel (emergency generator)	360	449	371
District heating	25,655	26,404	26,652
Diesel (company vehicles)	10,434	12,899	16,034
Gasoline/petrol (company vehicles	15,179	14,407	16,503
Nuclear sources[1]	40,529	-	-
Total fossil energy consumption	**405,213**	**425,700**	**415,162**
Renewable energy source			
Wood chips for combustion (heating)	43	38	38
Green electricity bundled	5,296	61,548	65,226
Green electricity unbundled	77,575	-	11,388
Green gas	-	-	10,327
Green district heating	-	59	-
On-site solar PV consumption from self-generation	9,152	7,144	8,398
Total renewable energy consumption	**92,066**	**68,789**	**95,377**
Total energy consumption	**497,278**	**494,489**	**510,539**

1 Data on nuclear sources is measured from 2024 onwards.

Through solar PV plants on our facilities' rooftops, we produced a total of 13,683 MWh of electricity in 2024 (2023: 10,697 MWh). Of this amount, 9,152 MWh was directly used by our own sites (2023: 7,144 MWh), and 4,530 MWh was supplied into the public power grid (2023: 3,553 MWh).

adidas is part of the high-climate-impact sectors 'manufacturing' (textile and apparel, leather, and footwear products) and 'wholesale and retail trade.' While we do not have significant own manufacturing activities, our business model is based on the sourcing, distribution and selling of finished goods produced by independent, third-party suppliers. In that regard, the net revenue related to high-climate-impact sector-activities is equal to our net sales discussed in the consolidated income statement. This results in an energy intensity of 21.0 MWh per million (2023: 23.1 MWh per million).

Our net sales amount generated by activities in our sector(s) is discussed in the consolidated income statement. ▶ SEE INCOME STATMENT

Energy intensity per net revenue

	2024	2023	Change
Energy intensity per net revenue (MWh per million)	21.0	23.1	(9%)

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions[1]

	Retrospective					Milestones and climate strategy target years			
	2024	2023	Change	2022 (target baseline)	Change vs. target baseline	2025	2030	2050	Annual % target / baseline year
Scope 1 emissions (in tons CO_2e)	**20,844**	**21,779**	**(4%)**	**21,856**					
Scope 2 emissions, market-based (in tons CO_2e)	**114,970**	**142,457**	**(19%)**	**142,293**					
Administrative offices	21,301	16,349	30%	13,354					
Distribution centers	18,994	20,311	(6%)	21,647					
Own retail stores	72,890	102,003	(29%)	104,480					
Showrooms	1,785	3,794	(53%)	2,812					
Scope 2 emissions, location-based (in tons CO_2e)	**164,079**	**158,637**	**3%**	**164,400**					
Administrative offices	25,069	23,498	7%	24,005					
Distribution centers	25,911	25,612	1%	28,614					
Own retail stores	111,287	105,670	5%	108,885					
Showrooms	1,812	3,857	(53%)	2,896					
Scope 1 and 2 emissions, market-based (in tons CO_2e)	**135,814**	**164,236**	**(17%)**	**164,149**	**(17%)**		**(70%)**		**(9%)**
Scope 1 and 2 emissions, location-based (in tons CO_2e)	**184,923**	**180,416**	**2%**	**186,256**					
Scope 3 emissions (in tons CO_2e)	**5,248,523**	**4,937,382**	**6%**	**6,578,269**	**(20%)**		**(42%)**		**(5%)**

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions[1]

	Retrospective					Milestones and climate strategy target years			
	2024	2023	Change	2022 (target baseline)	Change vs. target baseline	2025	2030	2050	Annual % target / baseline year
Purchased goods and services	4,710,261	4,503,000	5%	6,041,553					
Upstream transportation and distribution	316,684	247,684	28%	343,556					
Business travel	66,332	43,753	52%	36,158					
End-of-life treatment of sold products	155,246	142,945	9%	157,002					
Use of sold products	994,948	957,429	4%	1,057,515					
Total emissions (market-based in tons CO_2e)	**5,384,337**	**5,101,618**	**6%**	**6,742,418**	**(20%)**			**Net-zero[3]**	**(3%)[4]**
Total emissions (location-based in tons CO_2e)	**5,433,446**	**5,117,798**	**6%**	**-**					
Carbon intensity (in kg CO_2e)[2]	**6.11**	**6.26**	**(2.5%)**	**6.45**	**(5.3%)**	**(9%)**			**(3%)**

1 For further details on our GHG emissions accounting approach and the reported GHG emissions please refer to: ▶ SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS
2 Total emissions (market-based) per product produced
3 In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90%) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage
4 Assumes a cut of all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct reduction actions before neutralizing the residual GHG emissions

Explanatory notes to our reported Scope 1, 2, 3 and total GHG emissions

Our GHG emissions are reported in alignment with the methodologies provided by the GHG Protocol and the requirements laid out by the ESRS E1-6.

- In the reporting year, there were no significant changes in connection with our value chain or scope of consolidation, which resulted in a change to the methodology used to present past progress in meeting our climate strategy targets. However, as described within this section E1, we changed our climate strategy target baseline to 2022 from 2017. ▶ SEE E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

- Scope 1 & 2 GHG emissions relate to our own operations including administrative offices, distribution centers, production sites, and own retail stores. The emissions are calculated based on 78% of reported environmental quantities (primary data) in the Health and Safety, Environment, and Energy (HSEE) own operations data collection systems. The calculation for the remaining 22% uses estimations by scaling up the primary data collected on facility or site level to a company-wide level on the basis of the gross lease area (in square meters). In addition, we apply emission factors from different sources in our calculation. For Scope 1 GHG emissions, we use emission factors published by the GHG Protocol, for Scope 2 we use emission factors from the International Energy Agency (IEA) related to emissions from electricity) and the Department for Environment, Food and Rural Affairs (DEFRA) related to emissions from district heating.

- Scope 3 GHG emissions relate to certain upstream and downstream value chain categories, which are significant due to their magnitude (see below). Wherever available, adidas uses primary data in the calculations (examples of primary data used are the annual material consumption, annual sales volumes, energy consumption of key suppliers, as well as shipping data for inbound logistics). Collected primary data is complemented by and matched with life cycle assessment (LCA) data in a tool, which was specifically developed for calculating GHG emissions. In addition, emission factors from different sources are used such as the DEFRA, IEA and the Product Environmental Footprint Calculation Rules (PEFCR).

— Scope 3 GHG emissions include the following significant categories:

- **Purchased goods and services:** This category considers the production and processing of raw materials for which impacts are estimated based on quantities of materials and life-cycle analysis data. The reporting year values cover production seasons SS24 and FW24. All key production processes are factored in. Primary, secondary, and tertiary packaging material quantities are also included. The quantities are estimated based on sales volumes, using composition and weight assumptions from the PEFCR. Furthermore, this category also considers the assembly phase, for which impacts are estimated by applying emission factors to reported energy consumption from Tier 1 strategic suppliers. Sourcing volume data is used to estimate the impact of non-strategic suppliers (<20%).
- **Upstream transportation and distribution:** This category considers inbound and outbound transportation of products. For calculating GHG emissions, quantities of shipped products for specified distribution routes are combined with transport emissions factors.
- **Business travel:** This category includes emissions from air travel by adidas employees. Emission calculations are based on the business travel data system.
- **Use of sold products:** This category relates to emissions caused by washing, drying, and ironing of sold products throughout their lifetime. The calculation is based average care cycles data from PEFCR and life-cycle analysis datasets. In line with our SBTi-approved targets, we exclude Scope 3 GHG emissions from use of sold products in our total (=Scope 1 to 3) GHG emissions calculation.
- **End-of-life treatment of sold products:** This category relates to emissions caused by disposal of sold products and the calculation uses estimates based on sales volumes and typical waste disposal routes (e.g., landfill and incineration).

— Scope 3 GHG emissions related to the following categories are insignificant for adidas due to their estimated magnitude and excluded from the reported data, accordingly:

- Capital goods
- Fuel- and energy-related activities
- Waste generated in operations
- Employee commuting
- Upstream leased assets
- Downstream transportation
- Processing of sold products
- Downstream leased assets
- Franchises
- Investments

— adidas has no Scope 1 GHG emissions related to regulated emissions trading schemes.

— adidas has no Scope 1 and 2 GHG emissions related to unconsolidated subsidiaries or joint ventures under adidas' operational control.

— Biogenic emissions in Scope 1-3 are not reported separately due to immateriality.

GHG emissions intensity per net revenue

	2024	2023	Change in %
GHG emissions intensity per net revenue (tons CO_2e per million)	227.3	238.1	(5%)

Our net sales figure is disclosed in the consolidated income statement. ▶ SEE INCOME STATMENT

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

adidas has no GHG removal or storage initiatives in place and does not plan to implement any in the mid-term future. In addition, adidas does neither purchase nor plan to purchase carbon credits in the foreseeable future to support its climate strategy and to account for in its GHG emission calculation.

Our climate strategy details our actions and targets to reduce future GHG emissions, which are aligned with the 1.5°C pathway and contribute to a net-zero future. As per the SBTi guideline, we will only consider the purchase and cancellation of carbon credits in the long term to remove and/or mitigate any potential residual GHG emissions for which reduction actions are not viable (with a maximum of 10%).

E1-8 – Internal carbon pricing

In order to achieve the targets of the adidas climate strategy, the various measures and actions as presented earlier are driven along milestones with clearly defined accountabilities. Progress against these milestones is monitored, tracked, and reported on regularly to ensure the timely and effective execution. In addition, embedding the carbon intensity target into the Executive Board's LTIP provides for an adequate steering instrument to ensure that the impact on our climate strategy is a relevant factor in our decision-making (e.g., material selection, investment in renewable energy). We are confident that this approach is sufficient for implementing the needed actions. Accordingly, we do not consider the introduction of an internal carbon pricing scheme as adding value to the execution of the adidas climate strategy at this point in time.

ESRS E2

Pollution

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. We strive for the adoption of responsible water, waste and chemical management practices by our suppliers, by supporting a number of different initiatives described in detail in this chapter.

Impacts, risks and opportunities

Impacts

— Pollution of water can happen either during agricultural or production processes, due to the use of chemicals

— The use of substances of concern in our production can lead to adverse impacts on the environment

Risks

— Stricter regulation

— Increased requirements for traceability and transparency of substances of concern throughout the supply chain

Targets

adidas targets focus on preventing and minimizing water pollution and the use of substances of concern by our Tier 1 and Tier 2 suppliers.

Quality of wastewater discharge

The target is designed to improve the quality of wastewater in selected Tier 1 and Tier 2 suppliers, by achieving recognized industry standards.

Current status 2024 **85%**

Target 2025 **90%**

(Metric based on number of facilities.)

Chemical input management

The target is designed to focus on eliminating the use of any restricted substances in our supply chain by increasing the use of chemicals that meet the highest conformance level according to industry standards.

Current status 2024 **73%**

Target 2025 **80%**

(Metric based on number of chemical formulations.)

Key metrics & actions

The actions we take are designed to prevent and minimize pollution, avoid the depletion of natural resources, and further minimize the impacts of our suppliers in the upstream value chain.

Quality of wastewater-related actions

— Bi-annual environmental compliance checks
— Continuous wastewater monitoring and reporting from suppliers
— Guidance and support to suppliers to drive continuous improvement

Chemical input related actions

— Ensuring robust input chemical management
— Monthly data reporting and monitoring, to drive transparency
— Annual onsite verification checks
— Industry engagement to drive collective action

Industry engagement

Our industry engagement has been externally recognized by the ZDHC[1] group and we received, for the second consecutive year, the Champion Level in the ZDHC 'Brands to Zero' program.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to pollution in the management of our business. An overview of these policies can be found in the topical standard of E2.

1 Zero Discharge of Hazardous Chemicals (ZDHC)

ESRS 2 – General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Pollution and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classifi-cation	Time horizon	Value chain	Description
Pollution of water	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water happen either during agricultural or production processes. For agricultural processes, the impact comes mainly from the use of chemicals that can compromise the quality of fresh water. For production processes, the impact is mainly present during the dyeing and tanning phases, as these are water intensive processes and lead to potential discharge of chemicals.
Substances of concern	Negative Impact	Actual	n.a.	Up-stream	Multiple chemicals used in our production (Tier 1, Tier 2 and raw material production) are classified as substances of concern. They are difficult to substitute in our industry, as alternatives either do not exist or are costly and/or difficult to obtain and manage. The use of substances of concern leads to adverse impacts on the environment.
Substances of concern	Risk	n.a.	Long-term	Up-stream	For adidas, the risk associated with the use of substances of concern could be related to: – stricter regulation, either in sourcing or importing countries, potentially leading to higher operating costs for suppliers and/or market accessibility challenges; – increased requirements for traceability and transparency of substances of concern throughout the supply chain, leading to higher operating costs for adidas.
Micro-plastics	Negative Impact	Actual	n.a.	Up-stream and Down-stream	Microfibers are generated during the production and use phase of adidas products. Due to the lack of a holistic methodology in the textile industry, it is still difficult to define the exact extent and nature of the impact.

We do not expect any presented pollution-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report. ► SEE RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E2-1 – Policies related to pollution

E2-1 – Policies related to pollution

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Environmental Guidelines: Wastewater Discharge	Describes water management expectations as well as practices to keep water discharge at a high quality.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Consideration of ZDHC wastewater guideline and ZDHC MRSL	ZDHC	Accessible on corporate website
Environmental Guidelines: Chemical Management	Covers adidas restricted substances and describes expectations toward the use and management of such substances.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	ZDHC MRSL, ZDHC chemical management system (CMS) technical guideline	ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and best practices, e.g. for energy, emissions, water, and pollution management.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing reference on water efficiency	Third-party environ-mental consultancy	Accessible on corporate website
Environmental Guidelines: Environmental management system	Guides suppliers on implementing an Environment Management System (EMS) to manage environmental issues, improve resource efficiency, reduce waste and cut costs. Examples include ISO 14001, ZDHC, and ISO 50001.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	ISO, ZDHC, Cascale	n.a.	Accessible on corporate website
adidas Policy for the control and monitoring of hazardous substances	Prohibits the use of chemicals considered harmful or toxic and includes the restrictions of using animal-derived materials, emphasizing that adidas does not source or process any raw materials from endangered or threatened species.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations, General Counsel	World Federation of Sporting Goods Industries, International Union for Conservation of Nature and Natural Resources (IUCN), International Labour Organization (ILO), AFIRM	For animal-derived materials exclusions, adidas considers external stakeholders (NGOs), legislation and consumers expectations	Accessible on corporate website

Due to the lack of a holistic methodology in the textile industry on how to measure the release of microplastics and how to assess the impact generated by such release, it is still difficult to define the extent of the impact on the environment and human health. Nevertheless, adidas is committed to the topic and is contributing to the creation of a scientifically sound and comprehensive methodology, together with other industry players, i.e., via research conducted by The Microfibre Consortium. With more clarity on the causes of microfiber release, adidas will be able to define policies, actions and targets to avoid and/or minimize its release, both focusing on the release at the production phase, and providing the needed orientation for consumers.

adidas Environmental Guidelines and Standards

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. Our policies and guidelines lay out business practices that apply to our suppliers (Tier 1 and Tier 2 suppliers), with whom we closely partner and provide training for continuous improvement. adidas strongly focuses on reducing adverse environmental impacts by supporting responsible water, waste and chemical management in production processes, for example by avoiding the intentional use of restricted substances in our production processes, and by providing support for the implementation of governance processes and/or environmental management systems at supplier facilities.

We set clear expectations for our suppliers regarding the management of pollution-related impacts. Firstly, our Tier 1 and Tier 2 suppliers, as well as their partners, should, at a minimum, adhere to respective local regulations and legal requirements. adidas always aims to adopt the industry standard if it is stricter than local regulations. Secondly, our suppliers must follow the adidas Environmental Guidelines, which have been developed to minimize and mitigate environmental impacts. The Environmental Guidelines draw on good industry practices and provide guidance on preventing pollution, as well as establishing environmental (ISO 14001) and chemical management systems, including handling substances of (high) concern. To ensure compliance with our guidelines and policies, our suppliers (Tier 1 and Tier 2 suppliers) are required to conduct audits and assessments (managed by third-party verifiers) on a yearly basis.

Any facilities that fail to meet our expectations must immediately follow the mitigation process defined in the adidas Workplace Standards and the Remediation Guide and take action to address any adverse impact. We also set topic-specific targets for our suppliers (▶ SEE SECTION 'METRICS AND TARGETS'), which require them to make progressive improvements in their environmental performance within a specific timeframe, based on the nature of the opportunities identified. In addition, we encourage our suppliers to develop pollution prevention strategies. Our regional teams track and monitor our suppliers' environmental performance through monthly reporting into the adidas data-collection platform. All these measures aim at minimizing the environmental impacts on the communities where suppliers are based.

adidas is highly committed to chemical management and is working to eliminate restricted substances from its global supply chain. As a founding member of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, since 2011, we actively support the development of industry standards and wider policy requirements. Part of our engagement includes promoting standardized measurement across the apparel and footwear industry (by developing and implementing a commonly accepted testing methodology and related acceptable thresholds), as well as setting strict industry requirements that go beyond legal mandates.

For our chemical management approach, since 2015 adidas has adopted the ZDHC MRSL (Manufacturing Restricted Substances List) industry standard, which outlines the chemical substances prohibited from any intentional use in the processing of textile materials, leather, rubber, foam, adhesives and trims used in the textile, apparel, and footwear industries. adidas additionally uses its own comprehensive restricted substance policy – Policy for the control and monitoring of hazardous substances – to avoid and control the use of any restricted substances in its products and to ensure consumer safety, going beyond the legal requirements. To monitor wastewater effluent (output chemical management), we apply the ZDHC Wastewater Guidelines, which is a unified approach on wastewater parameters and limits. The guidelines ensure a high standard of wastewater quality that minimizes environmental harm when discharged from suppliers' facilities. We collaborate with the ZDHC Foundation to drive industry engagement to improve the water quality standards beyond legal requirements. Furthermore, adidas has been a member of the Leather Working Group (LWG) since 2006. The LWG certification for tanneries also focuses on effluent treatment (water treatment), aiming to reduce water pollution derived from tanning processes.

Our suppliers should also take precautionary measures to avoid pollution incidents involving chemicals leaks or emissions, which can lead to risks of contamination. To this end, suppliers are expected to have environmental, health and safety (EHS) management system in place, as well as continual risk management and remediation measures. These expectations are laid out in our Environmental Guidelines, Health and Safety Guidelines and the ZDHC Chemical Management System Technical Guide.

E2-2 – Actions and resources related to pollution

The actions we take to address adverse environmental impacts, as outlined in our Environmental Guidelines, are designed to prevent and minimize pollution, avoid the depletion of natural resources and further minimize the impacts of our suppliers in the upstream value chain. Moreover, the actions are designed to support policy implementation and target achievement for the material topics of water pollution and the use of substances of concern as detailed below and are planned to be ongoing.

In the reporting year, adidas carried out the following actions related to pollution preventions:

- We conducted an annual environmental compliance check with 80% of Tier 1 and Tier 2 facilities (based on sourcing value). No critical findings were identified in the 2024 annual assessments regarding air, water or soil pollution.

- ZDHC Wastewater Initiative (since 2017): In line with the ZDHC Wastewater Guidelines and the 'right to know' principle, we expect our Tier 2 suppliers (80% of Tier 2 suppliers performing wet processes – based on sourcing values) to test their wastewater twice a year and to disclose the results on the Institute of Public & Environmental Affairs (IPE) DETOX platform or the ZDHC Gateway platform. In the event of a non-compliance case, the supplier is required to address the issue and perform a follow-up audit to confirm the new wastewater quality results.

- To increase environmental transparency and accountability in our supply chain, since 2015 we have required the majority of our suppliers' facilities located in China to report their water pollution data on an annual basis to the IPE Pollutant Release and Transfer Register (PRTR) platform. The disclosure drives supplier differentiation and showcases each supplier's individual commitment to their sustainability practices and goals.

- We have partnered with service providers, e.g., ZDHC-approved laboratories and third-party consultants, to guide suppliers in advancing their wastewater treatment capabilities. In this initiative, suppliers will receive on-site evaluations and consultation aimed at enhancing their treatment capabilities and operational practices. This support is designed to improve the quality of their wastewater, enabling it to be recycled or safely discharged surpassing legal requirements. The findings are also shared at our regional supplier summit to foster knowledge exchange among industry peers. The initiative covers 80% of Tier 1 and Tier 2 suppliers with wet processing facilities – based on sourcing values.

- We have implemented an effluent treatment plant evaluation initiative to enhance the operation of on-site effluent plants, which contributes to adidas' goal of 90% of suppliers achieving the ZDHC Wastewater Foundational Level for their wastewater quality by 2025 ▶ SEE SECTION 'METRICS AND TARGETS'. This initiative aims at facilitating suppliers' continuous improvement in wastewater quality monitoring and control and ensures environmental standards are met. In 2024, we have achieved 85.5% of suppliers with wastewater quality at or above the ZDHC Wastewater Foundational Level.

Actions related to the prevention and minimization of the use of substances of concern:

— We take a precautionary approach and continuously monitor the chemical formulation used in our production to avoid any restricted substances from being intentionally used. We adhere to the latest version of the ZDHC MRSL as our restricted substances list. Each year, our suppliers (80% of Tier 1 and Tier 2 suppliers with chemical usage facilities – based on sourcing values) undergo an on-site assessment focusing in particular on their chemical usage, compliance status and improvement progress.

— Our suppliers (Tier 1 and Tier 2 suppliers) report their chemical inventory and consumption on a monthly basis through a third party online chemical inventory platform (BV Ecube). We monitor our chemical profiles monthly to avoid any intentional use of restricted substances and to ensure overall compliance, environmental protection, and worker safety. Additionally, annual ZDHC MRSL targets are established at the facility level to promote the adoption of better chemicals, with their usage performance also reviewed monthly.

— We actively collaborate with organizations such as the ZDHC group, the Apparel and Footwear International Restricted Substances Management Working Group (AFIRM), the International Chemical Secretariat (ChemSec) Business Group, Better Cotton and the Leather Working Group (LWG), recognizing the importance of collective efforts to drive responsible chemical management practices in the apparel and footwear industry. Our industry engagement has been externally recognized by the ZDHC group. In 2024, we received the Champion Level in the ZDHC 'Brands to Zero' program. This is the second consecutive year that adidas has achieved the highest level in the 'Brands to Zero' program, demonstrating our effort on driving chemical management in our supplier base and our achievement in avoiding any restricted substances used in our manufacturing process.

— We continuously work with Better Cotton and other organizations that shape the environmental requirements for our raw materials to reduce the risk of using restricted substances and hazardous pesticides in their production processes. More information can be found in ► ESRS E4 BIODIVERSITY AND ECOSYSTEMS and ► ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY.

For information on our approach to address actual or potential negative impact on affected communities with regard to water and sanitation, please refer to ► ESRS S3 AFFECTED COMMUNITIES.

Unless explicitly described otherwise, all checks, tests, and verifications of the measures described were carried out by an independent third party. The coordination and monitoring of actions is performed by our Sustainable Sourcing team, which operates within our key sourcing countries.

The majority of actions are reported and monitored on a monthly basis, with the exception of wastewater testing and annual verification checks. All the measures described are designed to be ongoing, in line with achieving adidas' targets.

While we rely on internal resources (mainly from the Sustainable Sourcing team), no significant additional operating expenses or capital expenditure are needed for now or the foreseeable future for the implementation of the presented measures. The costs for the aforementioned activities (third-party evaluations and audits, as well as tests) are covered by the suppliers. These additional costs are subsequently passed on to us through contractually agreed pricing, and we ultimately incur higher cost of sales.

Metrics and targets

E2-3 – Targets related to pollution

We aim to proactively collaborate with our Tier 1 and Tier 2 suppliers to reduce environmental pollution resulting from our manufacturing activities wherever possible. We implement responsible water, waste, and chemical management approaches in our production processes through two approaches:

- Precautionary approaches: Related targets focus on preventing pollution and minimizing its impact. This involves proactive measures to prevent pollution at the source.

- Monitoring approaches: Related targets focus on continuous assessment and measurement of pollution levels. Through monitoring, we can identify the areas of improvement and track the progress over time.

adidas has set the following targets to prevent and minimize water pollution and the use of substances of concern, as well as to support the objectives of the Environmental Guidelines. Both targets were developed considering the applicable requirements and standards, baseline assessments and industry benchmark. Moreover, suppliers were involved through maturity and readiness assessments. Lastly, both targets apply ZDHC guidelines as their main guiding principle, as they are based on the latest scientific studies for the industry and are reviewed by the ZDHC Advisory Committee on a regular basis to ensure they meet the latest industry requirements.

Quality of wastewater discharge

By 2025, we aim to ensure that 90% of Tier 1 and Tier 2 suppliers operating on-site effluent plants attain the ZDHC Wastewater 'Foundational Level,' which sets minimum requirements for testing and managing wastewater to ensure it is safe for the environment. In 2024, 85.5% of our Tier 1 and Tier 2 suppliers achieved the ZDHC Wastewater 'Foundational Level,' (2023: 84%) an important milestone towards meeting our 2025 goal.

Annual targets are also set at the facility level to foster continuous improvement in wastewater quality. Progress on these targets is monitored twice a year, through ZDHC Wastewater Test Reports, conducted by third-party accredited labs.

Chemical input management

In 2021, we established the measurement framework and implemented a data-collection system to collect accurate chemical inventory information from our suppliers. This laid the foundation for effective monitoring and tracking of chemical usage throughout our supply chain, which also enabled us to set up a chemical input management target for our suppliers. This target is designed to focus on eliminating the use of any restricted substances in our supply chain by increasing the use of Level 3 chemicals (chemicals that meet the highest conformance level according to the ZDHC MRSL standard).

By 2025, our target is to achieve Level 3 ZDHC MRSL standards for 80% of the chemical formulations used in our production (total number of chemical formulations).

Annual targets are also set at a facility level. Performance is evaluated annually, and suppliers are required to track their performance and report progress monthly. The evaluation processes are conducted by third-party auditors. Through strong collaboration with our chemical formulators via the 'adiFormulator' program (established in 2023), we have improved the quality of chemicals to meet ZDHC MRSL Level 3 requirements. The success of this program has further supported our suppliers in achieving 73.5% of the chemical formulations used in production to meet the ZDHC MRSL Level 3 standard in 2024 (2023: 66.6%). We see this optimization as a key step toward achieving our 2025 target.

Our Tier 1 and Tier 2 suppliers are required to fulfill local regulatory requirements as well as adidas specific environmental requirements. Pollution-related targets are mandatory for suppliers with a high environmental risk due to their production processes and significant business impact in a given year. These high-risk suppliers are reviewed annually to ensure the right coverage for the environmental measures.

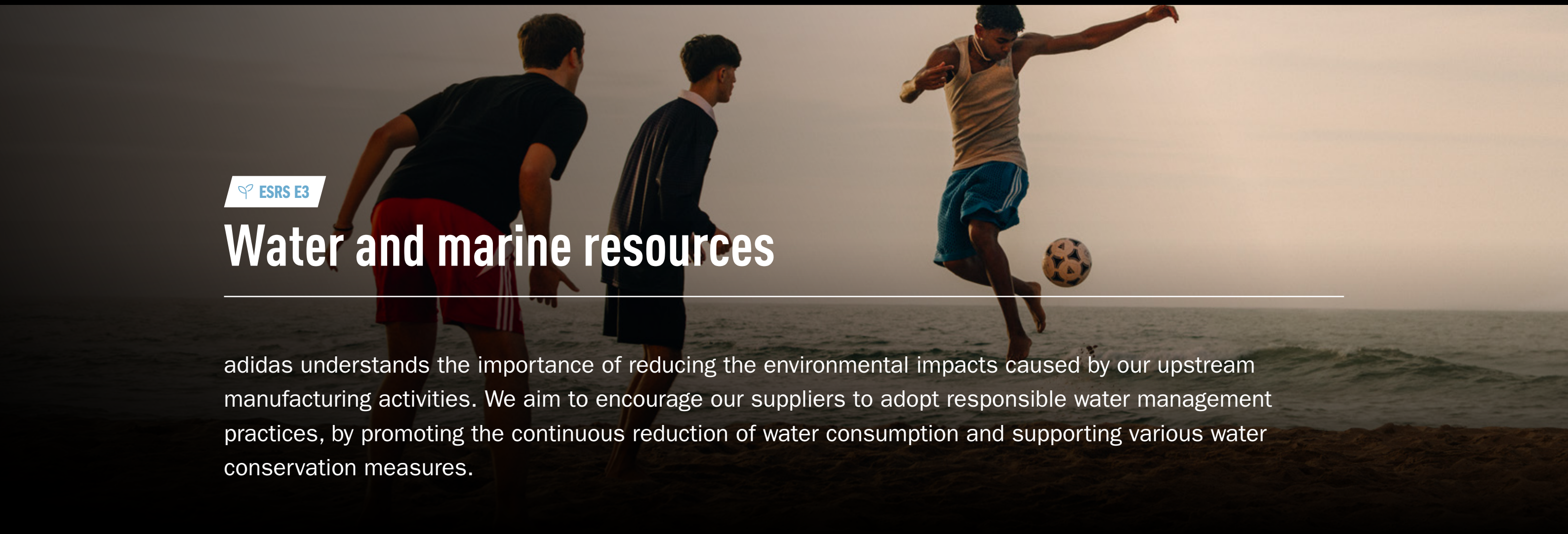
Entity-specific information

Wastewater discharge-related metrics

In 2024, 85.5% of our Tier 1 and Tier 2 suppliers operating on-site effluent plants achieved the ZDHC Wastewater 'Foundational Level.' The metric is based on the ZDHC Wastewater 'Foundational Level' (including both Conventional and MRSL parameters) which sets minimum requirements for testing and managing wastewater to ensure it is safe for the environment. ZDHC guidance (ZDHC Wastewater Guideline V2.1) is used as a basis for the methodology, as it represents the latest industry requirements in this field. Wastewater tests are performed twice a year, the results are provided to adidas directly by the lab performing such tests and are considered to cover a twelve-month period (from January to December). Only suppliers that meet the ZDHC Wastewater 'Foundational Level' are considered in the KPI achievement.

Chemical input related metrics

In 2024, 73.5% of the chemical formulations used in production met the ZDHC MRSL Level 3 standard. The metric is based on the total number of formulations used (by Tier 1 and Tier 2 suppliers with chemical usage for production) and the classification of such formulations (based on the ZDHC MRSL). Only formulations that meet the ZDHC MRSL Level 3 standard are considered in the KPI achievement. Data covers a twelve-month period (from November to October), is reported by each supplier directly to the BVE3 platform and is also validated by a third-party auditor before we use it for the KPI calculation.



ESRS E3

Water and marine resources

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. We aim to encourage our suppliers to adopt responsible water management practices, by promoting the continuous reduction of water consumption and supporting various water conservation measures.

Impacts, risks and opportunities

Impacts

— Water consumption and withdrawal (present during agriculture and production processes) can lead to changes in availability of water

— Water discharge could lead to water pollution

Risks

— Stricter regulation

— Business disruption at our suppliers

— Reputational risks

Targets

adidas' target focuses on improving suppliers' water efficiency on a yearly basis, resulting in a reduction in the amount of water used.

Water intensity reduction target

The target focuses on water-intensive Tier 2 suppliers and is designed to reduce their water usage on an intensity level.

Current status 2024: **34%**

Target 2025: **40%**

Baseline 2017

Key metrics & actions

Our actions are formulated to address water management holistically. They are designed to help us monitor water consumption, improve water discharge, and drive water efficiency and sustainable water management in our upstream value chain.

— Continuous monitoring and monthly reporting, with yearly review cycles

— Technical advice and guidance to improve water management practices

— Industry engagement and collaboration

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to water and marine resources in the management of our business. An overview of these policies can be found in the topical standard of E3.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Water and marine resources and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classifi-cation	Time horizon	Value chain	Description
Water consumption	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water consumption occur during either agricultural or facilities' operational processes. For agricultural processes, the impact comes mainly from the use of water for raw material production (e.g., cotton cultivation, cattle farming for leather). For facilities' operational processes, the impact occurs with the use of water for personal hygiene and sanitation purposes, which could lead, in severe cases, to reduced water availability for local communities.
Water Withdrawal	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water withdrawal occur mainly during water-intensive production processes, such as dyeing and tanning (mostly present at our Tier 2 suppliers). The combination of location and water-intensive processes could lead, in severe cases, to reduced water availability for local communities.
Water withdrawal	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to water withdrawal could be related to: – stricter regulation in the sourcing countries, potentially leading to higher operational costs for suppliers; – business disruption and/or reduced manufacturing capacity at our suppliers, due to the reduced availability and higher cost of water.
Water discharges	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water discharges occur during production processes. The impact is mainly present during the dyeing and tanning phases as these are chemical and water-intensive processes, which could lead, in severe cases, to pollution of water and damage to living conditions for local communities.
Water discharges	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to water discharge could be related to: – stricter regulation in sourcing countries, potentially leading to higher operating costs for suppliers and/or fines for non-compliance; – reputational risks, if adidas is linked to claims related to damage of living conditions by local communities due to improper water discharge.

We do not expect any presented water-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

▶ RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E3-1 – Policies related to water and marine resources

E3-1 – Policies related to water and marine resources

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Environmental Guidelines: Water Conservation and Access to Water and Wastewater Management	Outlines adidas' expectations for suppliers to manage wastewater discharge and implement water conservation programs to reduce freshwater intake and improve water consumption efficiency in production process.	Up-stream (Tier 1 and Tier 2 sup-pliers)	SVP Sourcing and Product Operations	WHO Guidelines for drinking water quality, ZDHC Wastewater Guidelines and ZDHC MRSL[1]	Suppliers, workers, affected communities, ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and best practices, such as water saving technologies and pollution prevention measures, among others.	Up-stream (Tier 1 and Tier 2 sup-pliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing references on water efficiency.	Third-party environmen-tal consultancy	Accessible on corporate website

1 WHO Guidelines for drinking water quality (3rd edition incorporating 1st and 2nd addendum), ZDHC Wastewater Guidelines (v.2.1) and ZDHC MRSL (v.2)

adidas understands the importance of reducing the environmental impacts caused by our upstream industrial and manufacturing activities. Our Environmental Guidelines lay out adidas' expectations for our suppliers (Tier 1 and Tier 2 suppliers) toward establishing a sound environmental management system and cover, for example, the handling of water withdrawals, consumption, and discharges in the upstream value chain. It is designed to ensure compliance with applicable laws, regulations, and requirements for our suppliers and products. It also aims to support our suppliers to identify and mitigate their operational risks and, as a result, to foster continuous improvement.

We promote a continuous reduction of water consumption in our upstream value chain and support various conservation measures, including water saving and recycling practices, as well as improvement of sanitary conditions. Our Environmental Guidelines set specific and measurable targets for suppliers with water-intensive processes in their facilities (mostly Tier 2 suppliers), while Tier 1 suppliers adopt a self-governance approach and are encouraged to continuously improve their water efficiency and reduce their consumption. We directly communicate the Guidelines' objectives as well as the related targets to every affected supplier.

Our Environmental Guidelines – Water Conservation and Access to Water section sets out a number of requirements for our suppliers. As a minimum, we expect them to comply with the following:

- Water abstraction from either surface or ground water must be in compliance with local regulatory requirements and approved by the respective authorities;
- illegal water intake is not allowed;
- water extraction and consumption have to be responsible; and
- water recycling and reuse in production sites are highly encouraged (as a way to minimize the overall water intake).

- Additionally, we have clearly listed some key actions that can be taken for water recycling and recovery in our suppliers' facilities, on a voluntary basis to support their target achievement. These actions include, storm/rainwater harvesting and use; zero discharge design and recycling of wastewater to be included in production processes and cooling tower; use of local recirculation systems in facilities and shops (as opposed to centralized recirculation systems), reusing and recycling cooling tower blowdown; and limiting condenser or cooling tower blowdown to the minimum required, e.g., to prevent accumulation of dissolved solids. Our team performs on-site visits to support the facilities in conducting these tasks.

For our policies, actions and targets concerning wastewater management, please refer to
► ESRS E2 POLLUTION.

The product design phase covers water management considerations by using preferred materials, such as leather certified by the Leather Working Group and third-party certified cotton, including organic, recycled, and other third-party-certified cotton such as Better Cotton – which provides farmers with a comprehensive framework for using water in a way that improves yields while conserving resources for them and their community.

While emphasizing our commitment to the reduction of water consumption and prevention of water pollution, our Environmental Guidelines focus on empowering suppliers to enhance their water management system within their facilities as a key priority. Our suppliers must adhere to our Environmental Guidelines, ensuring responsible water consumption. They are also required to invest in improving their water efficiency and discharge quality to minimize the impact on aquatic systems. Their performance is evaluated on an annual basis by third-party auditors. The consideration of water risk areas, however, is not yet included in the assessment, due to the complexity of implementing a uniform risk-measurement approach across all facilities.

E3-2 – Actions and resources related to water and marine resources

Our actions follow our guidelines and are formulated to address water management holistically. Thus, they are designed to help us monitor water consumption and withdrawal, improve water discharge, and drive water efficiency and sustainable water management in our upstream value chain. They collectively contribute to the implementation of the Environmental Guidelines and to the achievement of the water intensity reduction target.

In the reporting year, adidas carried out the following actions related to water management:

- Since 2015, we have been closely monitoring water consumption and water flow processes at key production facilities on a monthly basis. Regional teams closely track the water usage and discharge via systematic submetering and through an adidas reporting platform, which helps to identify any water leakage or abnormal usage as well as areas for improvement on water management. Any anomaly triggers immediate action. We provide individual technical advice to our suppliers and offer guidance on improving their water management practices, as well as encourage recycling water practices in production, such as recycling cooling water and installing reverse osmosis systems for effluent treatment. In 2024, we continued to expand and focus our water reduction efforts by including additional Tier 2 suppliers with high water use in our environmental program. Suppliers take ownership of resolving issues, and our regional teams follow up with remediation plans when needed.

- All actions and reported data are verified by third-party experts who also provide advice on further water saving practices.

- We conduct yearly review cycles to evaluate our water management program on Tier 2 level.

- Third-party auditors review and verify the suppliers' facilities' water management practices annually, ensuring compliance with our standards and guidelines. Moreover, third-party inspections and data checks are conducted at our Tier 1 and Tier 2 suppliers on an annual basis.

- adidas fosters strong relationships within the sustainability community and among peers and engages openly with stakeholders to promote sustainable practices across the supply base. We conduct regular awareness-raising activities such as webinars or supplier summits to facilitate best practice sharing and knowledge exchange from peers and industry experts.

- We continuously work with Better Cotton, the Leather Working Group, and other organizations that shape the environmental requirements for our raw materials to prioritize responsible water management practices in their guidelines and standards.

- In 2024, we carried out a water risk mapping, which included areas of high-water stress, for suppliers in scope for adidas environmental program. The assessment was based on WRI Aqueduct 4.0 and aimed at exploring the best approach to be used moving forward. In the coming years we will refine such an approach, and the insights will be used to establish a mitigation and adaptation plan to address the identified water risks.

Our actions regarding wastewater are disclosed in ▸ ESRS E2 POLLUTION as well as information concerning wastewater recycling and reducing plastic use in products in ▸ ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY.

All the measures described are designed to be ongoing, in line with achieving adidas' targets.

All actions mentioned above are executed and monitored by our Sustainable Sourcing team, which operates within our key sourcing countries. The team provides capacity building training and technical advice to individual suppliers (Tier 1 and Tier 2) on areas for improvement, focusing on resource efficiency and responsible management practices. While we rely on internal resources (mainly from the Sustainable Sourcing team), no significant additional operating expenses or capital expenditure is needed for now and the foreseeable future for the implementation of the presented measures.

Metrics and targets

E3-3 – Targets related to water and marine resources

Water intensity reduction target

We set a five-year water intensity reduction target for our global supply chain. Such a target has been established to consider water quantity and water quality from intensive water usage manufacturing processes, and it is not yet connected with a specific water risk level. Moreover, it is a voluntary target and not required by legislation. The target requires our suppliers to improve their water efficiency on a yearly basis, resulting in a reduction in the amount of water used – e.g., through increasing the recycling rate of water used in production and minimizing freshwater intake. The target contributes to the achievement of water consumption and withdrawal reduction, as stated in the adidas Environmental Guidelines.

By 2025, our target is to reduce the overall water intensity at adidas' water-intensive Tier 2 production facilities by 40% (baseline: 2017; baseline value: approximately 0.0157 m^3/US $ – m^3/total product output value in US $). In this context, single facilities are expected to reduce their water intensity by at least 5% each year. These targets are based on the facilities' water use in activities and processes; geographical locations of the facilities were not taken into account. In the future, we aim to align our targets with the requirements of the Science Based Targets Network (SBTN) for nature-related targets.

The target performance is tracked and verified on an annual basis, based on primary consumption data reported by each facility to the adidas system. In 2024, we achieved a 34.5% (2023: 32.9%) reduction in water intensity. This achievement is the result of the ongoing commitment and collaboration of our Tier 2 suppliers in improving sustainable water management practices in their production. We conduct an annual assessment process with suppliers and third-party auditors to gather improvement opportunities and continuously bring efficiency to the overall process.

For water quality targets, please see ► ESRS E2 POLLUTION (TARGET SECTION). Targets to reduce plastic use (connected to water resources) are disclosed in ► ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY.

Entity-specific information

Water-consumption-related metrics

In 2024, Tier 2 suppliers with water-intensive production facilities achieved a 34.5% (2023: 32.9%) reduction in water intensity (m^3/total product output value in US $), compared to the 2017 baseline. The water intensity is calculated as the volume of water used in a specific facility (in cubic meters) per product output value (in US dollars). Data covers a twelve-month period (from January to December) and is reported by each supplier directly to the adidas system and is also validated by a third-party auditor before we use it for the KPI calculation. The metric was developed considering the applicable requirements and standards relate to water, baseline assessments and industry best practices.

Wastewater-discharge-related metrics

For information on metrics concerning wastewater discharge, please see ► ESRS E2 POLLUTION.

ESRS E4

Biodiversity and ecosystems

Managing the impact of our business operations on biodiversity and ecosystems along the value chain is a key focus of our sustainability strategy. For this, we follow holistic frameworks such as SBTN's science-based targets for nature and the Accountability Framework to guide our approach: Assess, Reduce, and Restore.

Impacts, risks and opportunities

Impacts

— Our demand for natural and nature-derived materials can lead to land-use change (i.e., deforestation, conversion and degradation of natural ecosystems)

— Unfit agricultural practices can reduce biodiversity, and therefore negatively impact ecosystems and ecosystem services

Risks

— Increased costs and/or unavailability of raw materials

— Increased operational costs due to the need for an end-to-end traceability system

— Reputational risks

Targets

Our biodiversity strategy outlines our overall approach and aims to ensure our company's readiness to achieve deforestation- and conversion-free (DCF) supply chains for high-risk commodities by 2030 or earlier. Our targets fully support our strategy implementation.

ONGOING

100%

third-party certified cotton (achieved in 2018)

This target applies to all cotton sourced by adidas.

ONGOING

100%

third-party certified wool (achieved in 2024)

This target applies to all sheep wool sourced by adidas.

ONGOING

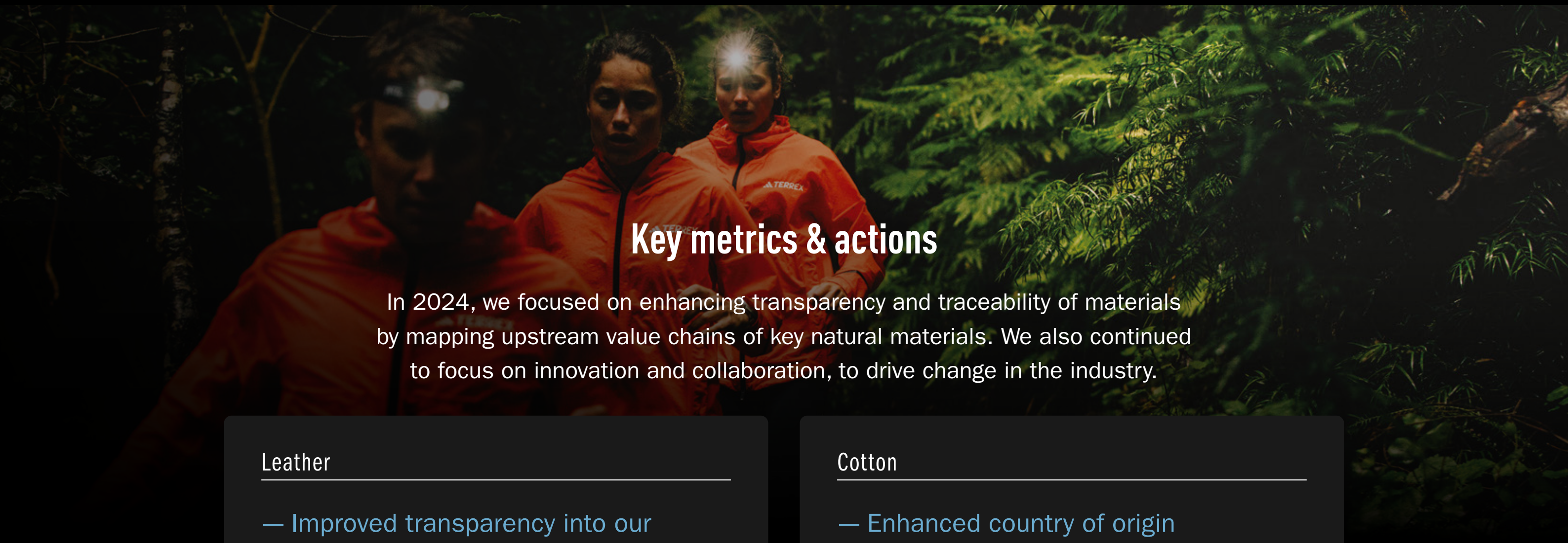
0

sourcing and processing of raw materials from endangered and/or threatened species

This target applies to the entire volume of materials sourced by adidas.

Deforestation- and conversion-free (DCF) bovine leather supply chain by 2030

This target applies to all bovine leather sourced by adidas (excluding recycled leather and leather trims).



Key metrics & actions

In 2024, we focused on enhancing transparency and traceability of materials by mapping upstream value chains of key natural materials. We also continued to focus on innovation and collaboration, to drive change in the industry.

Leather

- Improved transparency into our supply chain (visibility upstream to the slaughterhouse and in some cases even to farm level)
- Collaboration to drive the creation of industry standards and targeted joint action
- Raising awareness among our suppliers

Timber-derived materials

- Initial supply chain mapping of man-made cellulosic fibers, in collaboration with Canopy Planet, to be refined in the next years
- Optimization of packaging in our distribution centers to reduce packaging material consumption

Natural rubber

Initial supply chain mapping of natural rubber to be refined in the next years

Cotton

- Enhanced country of origin transparency based on supplier self-declaration
- Steering our cotton portfolio towards a verified country of origin for all cotton sourced

Innovation and collaboration

- Continuously scouting and piloting innovative material solutions that can reduce our impact
- Collaboration with industry organizations such as Textile Exchange, Fashion for Good, Better Cotton, and Leather Working Group with the goal of creating industry standards that help reduce the impact of raw materials on biodiversity and enhance transparency and traceability in the upstream supply chain

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to biodiversity and ecosystems in the management of our business. An overview of these policies can be found in the topical standard of E4.

ESRS 2 General disclosures

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Managing the impact of our business operations on biodiversity and ecosystems along the value chain is a key focus of our work in the area of sustainability. For this, we follow holistic frameworks such as SBTN's science-based targets for nature and the Accountability Framework to guide our approach: assess, reduce, and restore.

While we have transparency of the locations and business activities of our Tier 1, Tier 2 and part of our Tier 3 suppliers, information about the origin of raw materials (suppliers in Tier 4 and beyond) is not available in a systematic and verified manner. As deforestation is the biggest driver of terrestrial biodiversity loss globally[15], we focus on deforestation-free supply chains as a priority for the years to come.

At the same time, we understand that maintaining, preserving, and restoring biodiversity is a complex challenge that requires systemic change and strong collaboration among multiple actors, including suppliers, certifiers, innovators, and industry peers. As a signatory of the Fashion Pact and a member of several industry working groups, we are committed to setting specific targets and action plans to decrease our impact on biodiversity and advocate for the topic in different forums, including support for innovation, which adidas understands as an important enabler for systemic change.

Biodiversity is also addressed through water efficiency, water quality, and chemical management programs with Tier 1 and Tier 2 suppliers. ► SEE ESRS E2 POLLUTION AND ► SEE ESRS E3 WATER AND MARINE RESOURCES.

Biodiversity assessment 2023/2024

adidas recognizes its dependencies on reliable and cost-effective access to ecosystem services, while at the same time also acknowledges its impacts on ecosystems and their provision of different ecosystem services. These indirect or direct impacts, being positive or negative, were considered in adidas' dependencies and impact analysis conducted in 2023/2024, using ENCORE, a specialized tool for biodiversity and assessments related to natural capital. The analysis concluded that the biggest dependencies and impacts are related to structure and biotic integrity, followed by water and atmosphere. This is due to our business reliance on raw materials and on regulating and maintenance services related to water, but also pressures on the physical structure and composition of different ecosystems, such as climate, rainfall pattern, and soil regulation services. Species as natural capital turned out to play a significant role in our upstream value chain through their ecosystem services, such as solid waste remediation, biological control, and pollination services. For these ecosystem services, understanding the relevance of possible local impacts is paramount, and, for this reason, adidas conducted a more detailed biodiversity assessment, including the factor of proximity to sensitive biodiversity areas as key criteria.

Overall, the biodiversity dependencies and impacts analysis, as well as the biodiversity risk analysis and the biodiversity proximity impact assessment, all showed that biodiversity dependencies, impacts, and risks are more prevalent in the upstream value chain and will become more relevant for adidas from 2030 onwards (long-term time frame). Nevertheless, due to our operating model and our agility and flexibility in terms of design, material selection, and sourcing locations – all connected to our upstream value chain – we consider our business model sufficiently resilient in the short and medium term.

15 Source : UN https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/

Scope and main assumptions

Our biodiversity dependencies and impacts analysis has taken into account the current adidas business model and value chain, covering main manufacturing processes used by our direct suppliers, e.g., Tier 1 manufacturing of footwear and apparel, and also activities related to our indirect suppliers, such as Tier 3 leather tanneries and spinning and weaving mills, which are located in our upstream value chain. Our own operations (offices and distribution centers) were also included in the analysis. The assessment was conducted by using the ENCORE tool, based on the type of economic activities carried out in our value chain (which were based on the International Standard Industrial Classification of All Economic Activities – ISIC – codes), especially considering adidas' use of natural and synthetic materials for its products.

To enhance our analysis, we also considered biodiversity-related aspects in the climate risk assessment – mainly related to the effects of changes in the weather patterns and the associated risk of sourcing essential natural materials such as cotton, leather, and rubber in the future and the impacts of climate change on the availability of these materials. For this risk assessment, we did not take into consideration any future potential changes to our asset base, sourcing locations, and material portfolio. Also, to be conservative, we did not assume technology-driven yield improvements in the production of raw materials.

Lastly, understanding that biodiversity risks are usually experienced locally, we also conducted a biodiversity assessment considering the proximity of the locations of selected Tier 1 and Tier 2 suppliers (preliminary assessments) and our own operations in 2024 to biodiversity-sensitive areas by using the Integrated Biodiversity Assessment Tool (IBAT) from BirdLife International. The input variables were the location of the site (latitude/longitude), activities at the site (e.g., administrative office, distribution center), and a proximity buffer according to the economic activities conducted at each location. Moreover, two types of aggregated biodiversity-sensitive areas were used: Protected Areas (PAs) and Key Biodiversity Areas (KBAs), as defined by the IUCN (International Union for Conservation of Nature and Natural Resources) and BirdLife International, respectively[16].

Our biodiversity dependencies and impacts analysis as well as our climate and biodiversity risk analysis applied the same time horizons as defined in our enterprise risk management system: short-term (one year), medium-term (two to five years), long-term (over six years). The biodiversity proximity impact assessment considered a short-term time horizon (one year).

Stakeholders involved

Internal stakeholders from different departments (e.g., Enterprise Risk Management, Sustainable Sourcing, Workplace Governance, Sustainability) were formally involved when assessing the resilience of our business model with respect to climate and biodiversity risks. Moreover, our internal experts are in regular contact with external stakeholders in more informal settings (such as conferences, meetings, and working groups), and their views are therefore indirectly considered in our internal assessments. These external stakeholders include organizations such as the World Wildlife Fund (WWF), Canopy Planet, Textile Exchange, and the Leather Working Group (LWG), as well as other companies in the same value chain, peers, and local farmers (from Brazil, Australia, Indonesia, the US, and Turkey).

16 PAs can be national parks and equivalent reserves, recognizing they are valuable for economic and scientific reasons and as areas for the future preservation of fauna and flora and geologic structures in their natural state. KBAs are sites that contribute significantly to the global persistence of biodiversity (in terrestrial, freshwater, and marine ecosystems) and that meet one or more of eleven criteria, clustered into five categories: threatened biodiversity; geographically restricted biodiversity; ecological integrity; biological processes; and irreplaceability.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Biodiversity and ecosystems and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classifi-cation	Time horizon	Value chain level	Description
Climate change	Negative Impact	Actual	n.a.	Up-stream	Climate change effects negatively impact biodiversity and ecosystem services. Our total GHG emissions (disclosed under ESRS E1 Climate change) contribute to this effect.
Land-use change; fresh water-use and sea-use change	Negative Impact	Actual	n.a.	Up-stream	adidas' increased use of nature-derived materials or the use of non-certified materials leads, in severe cases, to land-use changes (e.g., through deforestation and/or poorly managed agriculture practices). In turn, these cause the loss of diversity in species and introduction of invasive species, among others.
Land-use change; fresh water-use and sea-use change	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to land-use change could be related to: – Increased operational costs, potential fines for non-compliance, and inability to sell in specific markets, due to the need of an end-to-end traceability system to comply with upcoming regulations; – Reputational risks if adidas is associated with deforestation claims.
Impact on the extent and condi-tion of eco-systems	Negative Impact	Actual	n.a.	Up-stream	Conventional agriculture practices cause land-use change and degradation, if not carried out in an environmentally responsible manner. This, in turn, negatively impacts certain ecosystems by reducing their species in size and diversity.
Impacts and dependen-cies on ecosystem services	Negative Impact	Actual	n.a.	Up-stream	Land-use change and conventional agriculture practices, if not carried out in an environmentally responsible manner, negatively impacts ecosystem services and also local communities. With regard to adidas' dependency on ecosystem services, it goes beyond resource use and also includes water supply for our supply chain processes and availability of renewable energy for our suppliers.
Impacts and dependen-cies on ecosystem services	Risk	n.a.	Long-term	Up-stream	For adidas, risks related to the impact and dependencies on ecosystem services could be related to: – Increased costs and/or unavailability of raw materials (especially nature-derived materials); – Increased costs or unavailability of water for production processes (e.g., dyeing and tanning).

We do not expect any presented biodiversity-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

▶ SEE RISK AND OPPORTUNITY REPORT

Our biodiversity proximity impact assessment did not identify material biodiversity impacts and risks related to our own operations (covering owned and leased offices and distribution centers under our operational control). The proximity assessment identified nine sites (covering an area of 56.6ha) that are near biodiversity-sensitive areas. Due to their location, national context, nature of business activity, and environmental management practices already in place, the potential impact on biodiversity is deemed low. Moreover, adidas has no direct operations that affect threatened species, including flora and fauna listed in the European Red List of Threatened Species or the IUCN (International Union for Conservation of Nature and Natural Resources) Red List of Threatened Species. Due to the complexity of the activities conducted by our suppliers, the preliminary Tier 1 and Tier 2 suppliers' biodiversity proximity impact assessment will be further analyzed at a later stage.

Impact, risk and opportunity management

E4-2 – Policies related to biodiversity and ecosystems

E4-2 – Policies related to biodiversity and ecosystems

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Biodiversity Strategy (S, P, C)	Describes our approach to biodiversity and the way to achieve deforestation- and conversion-free supply chains by 2030 or earlier, including human rights, aligned with adidas decarbonization and biodiversity goals.	Up-stream (all sup-pliers)	SVP Sustainability and ESG	Accountability Framework, WWF, human rights references, certification bodies, Canopy Planet, SBTN.	Ongoing dialogue and information sharing with stakeholders/ initiatives. Their views were considered in strategy-setting, if relevant.	Accessible for suppliers as part of their onboarding process
adidas Policy for the control and monitoring of hazardous substances (S, P)	Prohibits the use of chemicals considered as harmful or toxic and includes restrictions on using animal-derived materials, emphasizing that adidas does not source or process any raw materials from endangered or threatened species.	Up-stream (Tier 1 and Tier 2 sup-pliers)	SVP Sourcing and Product Operations, General Counsel	World Federation of the Sporting Goods Industry (WFSGI), IUCN, International Labour Organization (ILO).	For the exclusion of animal-derived materials, adidas considers external stakeholders (NGOs), legislation, and consumer expectations.	Accessible on corporate website
Animal-Derived Materials Standard (S, P, C)	Sets the requirements for sourcing of animal-derived materials, rules out sourcing of endangered or threatened species.	Up-stream (all sup-pliers)	SVP Sustainability and ESG	References the 'Five Freedoms' of Animal Welfare (WOAH – World Organization for Animal Health) Leather Working Group, Textile Exchange standards: Responsible Down Standard, Responsible Wool Standard	n.a.	Accessible on corporate website
Responsibly Sourced Wool SOP (S, C)	Determines that adidas will only use responsibly sourced wool and provides information on certifications that are accepted by adidas.	Up-stream (all sup-pliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Wool Standard.	n.a.	Directly shared with suppliers
Responsibly Sourced Biobased Synthetics SOP (S, C)	Describes procurement expectations as well as practices for assessing bio-based synthetics in terms of environmental and social impacts.	Up-stream (all sup-pliers)	SVP Sourcing and Product Operations	Textile Exchange standards: References the seven high-risk commodities defined by WRI Global Forest Review and WWF Deforestation Fronts	n.a.	Directly shared with suppliers

1 Main activities addressed by policy and guidelines are abbreviated as follows:
S – Sourcing from ecosystems that are managed to maintain conditions for biodiversity
P – Production in ecosystems that are managed to maintain conditions for biodiversity
C – Consumption from ecosystems that are managed to maintain conditions for biodiversity

Our biodiversity strategy outlines our overall approach, which aims to ensure our company's readiness to achieve deforestation- and conversion-free (DCF) supply chains by 2030 or earlier, with human rights considerations included. It is also aligned with adidas' decarbonization goals. The strategy focuses on our upstream supply chain, especially on sourcing activities related to materials associated with man-made deforestation risks (in our case leather, natural rubber, and timber), and also addresses the opportunities of compliance and indirect carbon reduction related to land use. Finally, we are convinced that the biodiversity strategy will help influence the identified dependencies and pressures related to climate change, land-use change, impacts on ecosystems and the respective ecosystem services. Currently, a Biodiversity and Ecosystems Policy is under development, which will act as an umbrella for functional policies that drive implementation of biodiversity-related measures throughout the organization.

Our adidas Policy for the control and monitoring of hazardous substances prohibits the use of chemicals considered as harmful or toxic in the production of our products and includes restrictions on the use of animal-derived materials, among others, emphasizing that adidas does not source or process any raw materials from endangered or threatened species. With these considerations, the policy directly addresses impacts related to the extent and condition of ecosystems, as well as impacts and dependencies on ecosystem services.

adidas aims to source materials of animal origin in a humane, ethical, and sustainable manner that respects animal welfare and species conservation. Our Standards on Animal-Derived Materials prohibit the use of specific materials (e.g., hides or skins of exotic animals and angora wool) and set minimum standards to be followed when sourcing leather, down, and animal wool. By using certified materials, we aim to promote the adoption of sustainable land and agriculture practices, as well as the protection of pasture landscapes to reduce the negative impact of land-use change and the impact on biosystems. With these considerations, this standard directly addresses impacts related to land-use change, the extent and condition of ecosystems, as well as impacts and dependencies on ecosystem services.

adidas has the ambition to reduce its reliance on fossil-fuel-based resources, phasing out virgin fossil-based materials. By replacing these with recycled materials or materials derived from renewable sources such as bio-based feedstocks, we can help avoid the depletion of finite resources and reduce our carbon footprint and pressure on nature. In the production of plastics and synthetics, bio-feedstock can be an alternative to some chemical building blocks that conventionally come from fossil sources. Before including bio-based feedstocks into the adidas material portfolio, an impact assessment with a multi-factor analysis is required. High-risk feedstocks for deforestation are either excluded from any sourcing options or require certification. Additionally, any feedstock must be assessed based on its sourcing origin against key factors that drive environmental impact, and risks related to social impacts and human rights must be considered.

Moreover, traceability is covered by our Sustainable Product Tracing Methods SOP, which is an overarching document for any traceability related topic. Furthermore, other policies mentioned in ▶ ESRS E1 CLIMATE CHANGE, ▶ ESRS E2 POLLUTION, ▶ ESRS E3 WATER AND MARINE RESOURCES, and ▶ ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY indirectly deal with the topic of biodiversity. For instance, our climate strategy provides the overall framework for our climate change mitigation actions, including alternative materials and processes addressing land-use change. Our Environmental Guidelines aim at preventing negative impacts on ecosystems by rethinking the use of resources and avoiding pollution.

adidas is committed to respecting and upholding internationally recognized human rights, both in its own operations and throughout its business relationships. With our biodiversity strategy, we want to avoid potential negative social consequences of biodiversity- and ecosystem-related impacts by including human rights and livelihood into the scope. Moreover, policies mentioned in ▶ ESRS S2 WORKERS IN THE VALUE CHAIN and

► ESRS S3 AFFECTED COMMUNITIES further layout our approach towards addressing human rights topics in the value chain.

E4-3 – Actions and resources related to biodiversity and ecosystems

Due to the complex supply chain structures in our industry, a key focus of our actions is to understand the origin and the respective biodiversity impact of the raw materials we use. Therefore, in 2024, we focused on enhancing transparency and traceability of materials by mapping upstream value chains of key materials. The highest priority was given to materials associated with a deforestation risk (which for us are leather, natural rubber, and timber-derived materials), followed by cotton as the largest nature-derived material used in our portfolio. We also initiated the creation of policies and standard operating procedures (SOPs) to support the implementation of the biodiversity strategy and actively contributed to evolving industry solutions for the traceability of materials in several working groups we participate in.

In the reporting year, adidas carried out the following actions related to biodiversity:

- Leather: Our activities related to leather in 2024 were designed around three main objectives – getting more transparency over our upstream supply chain (visibility all the way to the slaughterhouse and in some cases all the way to farm level); collaboration with other stakeholders to drive industry standards and targeted actions; and building awareness among our suppliers. For transparency in the supply chain, we completed a supply chain mapping, including all leather suppliers we had worked with in 2023, with the goal of identifying the origin of the raw materials up to the slaughterhouse, and in some cases even to farm level. The mapping is an integral part of our work toward meeting our target of deforestation- and conversion-free (DCF) bovine leather supply chains by 2030 or earlier. Currently, the intended endpoint of a deforestation-free chain of custody is the slaughterhouse, the origin of leather as a product. During 2024, we engaged with indirect suppliers in our leather supply chain and also with companies from the meat industry to understand how deforestation-free due diligence can be enabled from farm to slaughterhouse through certification and other methods. This builds on our work from 2023, when we sponsored the first phase of COTI (Certification of Origin and Traceability Implementation Initiative), which aims to enable traceability for social and environmental compliance from farming to slaughterhouse, including indirect farming systems in the state of Pará, Brazil, based on a system of individual animal tagging. For driving industry standards and targeted measures, we actively contributed to several working groups such as Textile Exchange's DCF call to action working group and the LWG chain of custody/traceability task team, aiming at enhancing the LWG audit protocol to include deforestation-free due diligence and extending it to the slaughterhouse through a chain of custody. We also consulted with the WWF and the Brazilian consultancy Rever to advance the development of a DCF toolkit to guide adidas activities towards a deforestation-free bovine leather supply. Finally, to create awareness of deforestation topics, we communicated our DCF target to direct and indirect suppliers in specific meetings and workshops. In 2024, adidas decided to stop purchasing kangaroo leather, which will be gradually replaced with other types of leather.

- Natural rubber: In 2024, we also completed the mapping of our natural rubber supply chain, partially covering our Tier 3 rubber suppliers, mainly in Southeast Asia. Due to data gaps, another mapping exercise – to be carried out in 2025 – will be needed to derive actionable results. This mapping contributes directly to the implementation of our biodiversity strategy.

- Timber-derived materials – specifically man-made cellulosic fibers (MMCFs) and paper packaging: To steer our journey toward deforestation-free MMCFs and paper packaging (covering our total volume globally), adidas has joined CanopyStyle and Pack4Good, two initiatives from Canopy Planet setting the framework for good sourcing practices to protect ancient and endangered forests. Several consultations were already held in 2024. In collaboration with Canopy Planet, adidas has embarked on a supply chain mapping exercise for MMCFs as part of our deforestation-free supply chain targets, linked to our biodiversity strategy. We have identified the Tier 4 suppliers (fiber producers) our suppliers source from, and we will continue to monitor risks and set targets for a certified supply chain. For paper packaging, many internal teams were consulted to better understand the volumes sourced, certifications used, and country of origin of the material. Throughout 2025, a more detailed assessment will be carried out to create a baseline from which we will derive an action plan. Additionally, our distribution centers constantly optimize the packaging size in order to minimize the consumption of packaging material and to improve transportation efficiency.

- Cotton: Since 2018, adidas has stopped sourcing conventional cotton and started using solely third-party certified cotton (organic, recycled, and other cotton standards). Most of the cotton in our portfolio is Better Cotton certified, a standard which uses a mass balance approach and therefore is not traceable to the country of origin. Our measures in 2024 revolved around gaining more transparency on the country of origin and diversifying our cotton portfolio in order to ultimately have a verified country of origin for all cotton we source. To gain more insights, we requested supplier self-declarations on the cotton sourcing countries. Additionally, we signed up for Traceable Better Cotton, aiming to start sourcing product-segregated Better Cotton, with traceability up to the country of origin. In parallel, we have joined the US Cotton Trust Protocol, which provides a chain of custody to the country of origin for cotton. Finally, we advanced the development of our Responsibly Sourced Cotton SOP (to be finalized and adopted in 2025), which will formalize adidas' guidance on cotton sourcing and traceability.

- Innovation: We continuously explore innovative solutions that can replace current materials and may reduce pressures on land and ecosystems. Scouting and piloting is done by our own innovation team as well as through Fashion for Good, a multi-stakeholder platform for sustainable innovation in the fashion industry. More details on our activities during 2024 are listed in ▶ ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY.

- Collaboration: During 2024, we continued to contribute to several working groups from Textile Exchange, Better Cotton, and Leather Working Group, with the goal of generating knowledge and ultimately creating industry standards to reduce the impact of raw materials and processes on biodiversity, for example through improved agricultural practices. As a member of Textile Exchange's Regenerative Agriculture Outcome Framework working group, we contributed to the creation of a cross-industry basket of indicators for regenerative agriculture and their piloting. We are also an active member of the Fashion Pact Unlock Project, which tests the carbon accounting and other environmental benefits of regenerative cotton, and Textile Exchange's Leather, Cotton, Synthetics, and Manmade Cellulosic Round Tables. These groups focus on advancing important topics in the sector, such as improving traceability and developing environmental impact analyses and guidance for the industry. These activities support the implementation of our biodiversity strategy.

- In November 2024, adidas held a stakeholder consultation with civil society organizations, suppliers, customers, and partner organizations. One of three topics discussed during the full-day event was adidas' approach to biodiversity, including a draft version of our Biodiversity and Ecosystems Policy. We received valuable feedback, which will be included in the final version of the policy, which is supposed to be launched in early 2025.

- In 2024, adidas joined the Corporate Engagement Program of SBTN's science-based targets for nature. Throughout the year, we have collected information, consulted with peers, and onboarded a specialized external organization to support the process of target setting. In 2025, we will keep involving external stakeholders to continuously get feedback on our progress.

Unless explicitly stated otherwise, all actions are ongoing.

While we rely on internal resources (mainly from the Sustainability team), no significant additional Operating expenses or capital expenditure are needed for now or the foreseeable future for the implementation of the presented measures.

Further measures to reduce negative impacts on biodiversity and ecosystems related to climate change, pollution or resource use are described in detail in the relevant chapters (▶ ESRS E1 CLIMATE CHANGE, ▶ ESRS E2 POLLUTION and ▶ ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY, respectively).

Biodiversity offsets are part of neither our measures nor of our short- or mid-term action plans.

Metrics and targets

E4-4 – Targets related to biodiversity and ecosystems

The targets described below support the implementation of our biodiversity strategy and reflect our company commitment to reduce the described negative impacts and risks that arise in our upstream value chain.

Deforestation- and conversion-free (DCF) bovine leather by 2030

We want to ensure that the materials used in adidas' products are free from deforestation and conversion. This is a global goal that covers all bovine leather sourced by adidas, excluding recycled leather and leather trims. Our target is informed by the EU Deforestation Regulation (EUDR) and the EU biodiversity strategy for 2030, as well as research by the World Resource Institute (WRI) 'Global Forest Review' and World Wildlife Fund (WWF) 'Deforestation Fronts.' With the deforestation focus of the target, we support the Paris Agreement, and it is also indirectly aligned with the Kunming-Montreal Global Biodiversity Framework (GBF), aiming to protect species by preserving their habitats (forests and ecosystems). We monitor progress toward target achievement based on the materials' sourcing volumes and overview of country of origin, while assessing suppliers from high-risk areas with additional due diligence matters. The target relates to material impacts on biodiversity and ecosystems from climate change, land-use change, extent and conditions of ecosystems, as well as dependencies of ecosystems (all upstream). Furthermore, it addresses risks from rising raw material costs, potential fines for non-compliance with EU regulations, as well as potentially increasing operational costs. While, in 2024, we prioritized leather in terms of DCF, respective roadmaps for natural rubber and timber-derived materials are currently under development.

100% third-party certified wool by 2024

This target is connected to the objective of supporting biodiversity through better land management in the upstream supply chain, which is secured by certification standards, and it is aligned with the Kunming-Montreal Global Biodiversity Framework (GBF). Through the target, we aim to mitigate negative impacts by land-use change as well as dependencies on ecosystem services and risks linked to availability and costs of raw materials. As a global target, it covers the entire volume of wool sourced by adidas, with the exception of recycled wool. Progress is measured annually, based on the total percentage of third-party certified wool (gathered through primary data), and no base year is applied. In 2024, we sourced 100% certified wool, fully meeting the target.

Zero sourcing and processing of raw materials from endangered and/or threatened species

Our goal is to support biodiversity by avoiding the use or processing of raw materials from threatened species (based on the IUCN Red List of Threatened Species) and to avoid impacting species in the upstream part of our value chain. The target is aligned with the GBF and addresses negative impacts, dependencies on ecosystem services and risks. It is a global target that covers the entire volume of materials sourced by adidas without exception. As an ongoing target, there is no set end date, and the result should be zero every year. In 2024, the target was met successfully.

100% third-party certified cotton

Since the end of 2018, 100% of the cotton we use has come from more sustainable sources, including organic, recycled, and other third-party certified cotton, e.g., BCI-cotton. The target covers the entire volume of cotton sourced globally and is tracked on a yearly basis. For 2024 performance data around this target, please refer to ESRS E5 Resource use and circular economy (resource inflows section).

For our current targets, no ecological thresholds and/or allocation of impacts were applied because this was not yet necessary. Furthermore, no offsets were taken into account. All four targets are global targets focusing on adidas' upstream value chain and its most important nature-derived materials, as presented earlier. They are all allocated to the avoidance layer of the mitigation hierarchy.

Further targets that have a relation to biodiversity and ecosystems were developed as part of our climate strategy, our water management and our resource approaches. These additionally contribute to reducing negative impacts on biodiversity and ecosystems and are described in detail in ► ESRS E1 CLIMATE CHANGE, ► ESRS E3 WATER AND MARINE RESOURCES and ► ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY, respectively (refer to target section).

ESRS E5

Resource use and circular economy

The footwear and apparel industry is resource intensive and has impacts on the environment along the entire value chain, from raw materials extraction to product manufacturing and end-of-life. We strive to mitigate these impacts through responsible sourcing practices, the use of sustainable materials[1] and strict waste management in our value chain. With our long-term circularity strategy, we are working toward gradually embedding circular economy principles into our business model.

Impacts, risks and opportunities

Impacts

- Dependency on renewable and non-renewable resources leading to adverse environmental impacts
- Lack of circular product end-of-life solutions leading to waste generation

Risks

- Increased sourcing costs for materials mandated through regulations (e.g., ESPR: Ecodesign For Sustainable Products Regulation)
- Higher operating costs related to the establishment of circular infrastructure in our industry (e.g., EPR: Extended Producer Responsibility)

Targets

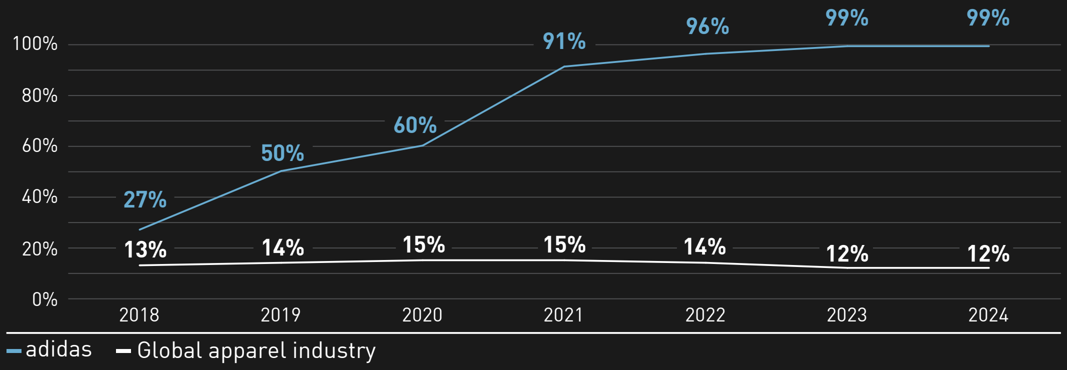
To address the multifaceted challenges of resource use and the circular economy, we have defined specific targets to effectively steer these interconnected topics.

100%
of our polyester to be recycled polyester[2] by 2024

10%
of polyester to come from recycled textile waste by 2030

98%
of waste from Tier 1 and Tier 2 suppliers diverted from landfills by 2025

Recycled polyester share of total polyester use[3]



1 We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. We validate materials against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM).
2 Where technically possible
3 Source: Textile Exchange Recycled Polyester Challenge Dashboard; 2024 value for global apparel industry is an estimate

Key actions & metrics

In 2024, our actions continued to address the key challenges to embed circular economy principles in our business.

Our key actions

- Strengthen our foundation, such as improving our product and material data tracking and accuracy
- Increasing the use of sustainably sourced materials in our products
- Engaging in multi-stakeholder initiatives to build a blueprint for a circular textile industry (e.g., EU-funded projects T-REX and New Cotton, Fashion for Good innovation platform)

Materials used in adidas' products in 2024[1]

adidas' product portfolio includes footwear, apparel as well as accessories and gear. We outsource almost 100% of our production to independent manufacturing partners and don't purchase any significant amounts of materials or components directly. However, we keep track of the key materials used in our products through our systems. For this information, we rely on receiving accurate information from our suppliers. See table below for our materials portfolio in 2024.

	Total material weight in tons	Share within total in %
Materials used for products	456,227	77.6
Materials used for packaging	131,915	22.4
Total materials	**588,142**	**100**
Thereof total recycled materials[2]	249,743	42.7
Thereof total biological materials[3]	219,020	37.4

1 For further details, refer to the following section in E5-4: Explanatory notes to our reported material use data.
2 This number is partly derived from primary data and partly based on LCA data.
3 We define biological materials as natural fibers, natural polymers and biobased materials.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to resource use and circular economy in the management of our business. An overview of these policies can be found in the topical standard of E5.

ESRS 2 – General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The apparel and footwear industry uses significant amounts of non-renewable and renewable resources. Extraction and growth of resources, as well as intensive manufacturing processes, negatively affect the environment. Equally, resource outflow has negative impacts, including waste generation during production, but also the disposal of products at end of life.

To mitigate such impacts, adidas applies criteria for responsible sourcing, follows product creation guidelines which mandate the use of more sustainable materials[17] and provides waste guidelines for upstream activities and own operations. At the same time, our circularity strategy provides us with a long-term vision and sets priorities for our engagement.

SBM-3 – Resource use and circular economy and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Resource inflows	Negative impact	Actual	n.a.	Upstream	The apparel and footwear industry is heavily dependent on the use of resources, both renewable and non-renewable, which leads to adverse environmental impacts.
Resource inflows	Risk	n.a.	Mid-term	Upstream	The risk related to resource inflows in the upstream supply chain is due to potentially higher costs and/or unavailability of materials, as well as the risk linked to upcoming regulations like ESPR (Ecodesign for Sustainable Products Regulation) which may require the use of materials (i.e., high-recycled content) that could become scarce.
Resource outflows	Negative impact	Actual	n.a.	Downstream	Currently, the lack of a circular economy ecosystem and infrastructure in the apparel and footwear industry means that most products have no circular end-of-life solution and end up as waste.
Resource outflows	Risk	n.a.	Long-term	Upstream, downstream	The risks associated with resource outflows are: Upstream: High uncertainty in the regulatory developments in different countries and potentially inconsistent approaches to circular product definition and related infrastructure (e.g., sorting and recycling infrastructure). Such fragmentation may be challenging for a globally operating company such as adidas, e.g., when defining circular product design guidelines. Downstream: Cost of establishing a circular infrastructure for apparel and footwear is to be partly paid for by brands (e.g., upcoming EPR legislation in several countries).

17 We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. Our materials are evaluated against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM). Our validation framework and the respective governance is laid down in the Sustainable Ingredient and Concept Standard Definition SOP, see section E5-1.

SBM-3 – Resource use and circular economy and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Waste	Risk	n.a.	Mid-term	Upstream	The risk related to waste in the upstream supply chain is potentially higher operational costs for our suppliers, as stricter waste management requirements are imposed on them (e.g., the need for improved processes for waste separation, handling, transportation, disposal, and/or treatment).

We do not expect any presented risks related to resource use and circular economy to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report. ▶ SEE RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E5-1 – Policies related to resource use and circular economy

adidas governs resource use and circular economy through policies, guidelines, and standard operating procedures (SOPs) throughout the entire value chain (▶ SEE TABLE E5-1). These policies anchor our strategy in the business and ensure we steer the organization toward a lower impact on the environment. Resource inflows are regulated by material-specific SOPs and by product creation guidelines. Our key priority is to reduce dependency on virgin fossil-based materials by increasing the share of recycled materials, as well as by using sustainably sourced renewable materials. Resource outflows and waste are also covered by several policies and guidelines implemented by our manufacturing partners (as the highest impacts occur upstream). However, guidance on circular product design and product end of life is still under development. This is due to a lack of technologies and infrastructure that can effectively sort, pre-process, and recycle different types of products at scale. Therefore, we are currently focusing our work in circularity on understanding the full ecosystem needed to enable a transition from a linear to a circular value chain ▶ SEE E5-2 ACTIONS, CIRCULAR ECONOMY SECTION.

E5-1 – Policies related to resource use and circular economy

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Circularity Strategy (RI, RO, W)	Provides a long-term vision and framework and sets priorities for engagement.	Entire value chain	SVP Sustainability and ESG	References definition by UNEP and Ellen MacArthur Foundation	Internal content experts	Available for all employees
Sustainable Product Policy (RI, RO)	Defines sustainability terminologies and the governance framework. It contains cross-functional and interdepartmental high-level agreements of roles, responsibilities and key milestones which must be followed. It sets the framework to substantiate sustainability claims.	Entire value chain	SVP Sustainability and ESG	n.a.	Internal content experts	Available for all employees
Sustainable Ingredient and Concept Standard Definition SOP (RI)	Sets the framework for sustainable ingredients and concepts for adidas products, detailing the lifecycle and roles and responsibilities. It includes templates, change management, and exceptional handling. Product sustainability claims must meet this standard and be validated according to the Sustainable Product Validation SOP.	Entire value chain	SVP Sourcing and Product Operations	Criteria for sustainable ingredient validation reference the Preferred Fiber and Materials Matrix from	Internal content experts	Available for all employees

E5-1 – Policies related to resource use and circular economy

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
				Textile Exchange		
Seasonal Product Creation Guidelines (RI)	Product-related sustainability guidelines, updated seasonally. They include strategy brief and product creation guidelines, as well as pre-defined sustainable ingredients. Sustainable products are defined by a minimum content of recycled or sustainably sourced renewable material.	Own operations (all product creation teams), upstream (Tier 1 suppliers)	SVP Sourcing and Product Operations	n.a.	Internal content experts	Available for all employees; directly shared with business units and Tier 1 suppliers
Recycled Polyester SOP (RI)	States the intention to eliminate virgin polyester, where technically possible, sets certification requirements and governance framework.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Global Recycling Standard, Recycled Content Standard	n.a.	Available for all employees
Responsibly Sourced Biobased Synthetics SOP (RI)	Describes procurement expectations as well as practices for assessing bio-based synthetics in terms of environmental and social impacts.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Textile Exchange standard references the 7 high-risk commodities defined by WRI Global Forest Review and WWF Deforestation Fronts	n.a.	Available for all employees
Animal-derived Materials Standard (RI)	Sets the requirements for sourcing of animal-derived materials, rules out sourcing of endangered or threatened species.	Upstream (all suppliers)	SVP Sustainability and ESG	References the 'Five Freedoms' of Animal Welfare (WOAH) Leather Working Group, Textile Exchange standards: Responsible Down Standard, Responsible Wool Standard	n.a.	Accessible on corporate website
Responsibly Sourced Wool SOP (RI)	Determines that adidas will only use responsibly sourced wool and provides information on certifications that are accepted by adidas.	Upstream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Wool Standard	n.a.	Available for all employees
Responsibly Sourced Down SOP (RI)	Determines that adidas will only use responsibly sourced down and provides information on certifications that are accepted by adidas.	Upstream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Down Standard	n.a.	Available for all employees
Guidance on Biodegradation (RI, RO)	States adidas' position regarding biodegradability of materials and products, based on scientific evidence and industry context.	Upstream, downstream	SVP Sustainability and ESG	Definitions reference European Environmental Agency; LCA data inform impact of biodegradation	n.a.	Available for all employees

E5-1 – Policies related to resource use and circular economy

Policies[1]	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Environmental Guidelines (W)	Describes ways to prevent pollution, manage and control environmental impacts, and avoid depletion of natural resources; includes waste management.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	n.a.	n.a.	Accessible on corporate website
Environmental Good Practice Guide and Toolkit (W)	Describes requirements for suppliers and industry best practices, e.g., for waste management.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference on water efficiency by Waterwise – (UK-based organization)	Third-party environmental consultancy	Accessible on corporate website
Waste Management Guidelines (W)	Defines a waste management process to prevent pollution and depletion of natural resources; outlines connected goals and objectives.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	References the EU Waste Framework Directive	n.a.	Directly shared with suppliers
Waste Co-processing Partners Due Diligence Guideline (W)	Supports and provides guidance to suppliers to select partners for waste co-processing and other waste-to-energy technologies, helping them to comply with due diligence obligations.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	n.a.	n.a.	Directly shared with suppliers

1 Main activities addressed by policies and guidelines are abbreviated as follows:
RI – resource inflows
RO – resource outflows
W – waste

Going forward, we will continue to adapt, widen, and substantiate our approach to circularity and resource use. Our approach is based on science, but will also be influenced by emerging industry standards and regulatory requirements that are becoming more concrete, particularly within the EU and in connection with its 'EU Strategy for Sustainable and Circular Textiles.' We expect these regulatory requirements to become clearer in the coming years, which will help eliminate some of the ambiguity within our industry as well as set a common baseline for every brand and market participant to adhere to.

E5-2 – Actions and resources related to resource use and circular economy

Our actions regarding resource use and circular economy are in line with our circularity strategy as well as corresponding to our material impacts, risks and opportunities mentioned in this standard. By focusing on traceability of materials, among other topics, we take the necessary step to gain transparency on related impacts and on where provision of remedy would be potentially needed. If not stated otherwise, as of now, all actions mentioned are intended to be ongoing, without a set completion date.

Resource use

- Creating more sustainable products enabled by improved IT infrastructure: To progress toward our ambition of 90% sustainable article share by 2025,[18] we have continued to evolve our foundational capabilities in 2024 to create more transparency and higher accuracy for material and product data. This has required investments into our IT infrastructure and now enables improved data quality.

- Transition to recycled polyester: Polyester is the most used material in our materials portfolio, therefore, transitioning to recycled polyester is a significant lever to lower our impact on resource use. In 2023, we had already reached 99% recycled polyester in our products, excluding trims, leaving us very close to our target of replacing all virgin polyester with recycled polyester where technically

18 We define products as sustainable when they contain a pre-defined amount of sustainable materials, see 'Sustainable Article Share' in sections E5-2 and E5-3. We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. We validate materials against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM). Our validation framework and the respective governance is laid down in the Sustainable Ingredient and Concept Standard Definition SOP, see section E5-1 Policies.

feasible ► SEE E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY. Therefore, in 2024, we set ourselves a new, more ambitious target: to transition from using recycled plastic bottles to using recycled textile waste. We aim to achieve 10% of our polyester volume coming from textile waste by 2030. We are convinced that setting and communicating this target is also a signal to the industry and can enable our suppliers to scale up commercially viable offers for textile-to-textile recycled polyester.

— Sourcing of third-party certified cotton: Since the end of 2018, 100% of the cotton we use has come from sources, including organic, recycled, and other third-party certified cotton such as Better Cotton. Since 2024, we have also sourced cotton certified by the US Cotton Trust Protocol ► SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS. We are currently working on a Responsibly Sourced Cotton SOP that prescribes procurement expectations as well as practices for assessing cotton in terms of environmental and social impacts. This SOP is expected to be adopted in 2025.

— Increase recycled content in EVA and rubber and start sourcing certified natural rubber: EVA and rubber are key materials in most of our footwear. In 2024, we were able to slightly increase the recycled content in both materials. However, our in-house testing has shown that recycled content negatively impacts the performance of EVA and rubber, therefore its application is limited. We recognize the need for alternatives that can replace the current materials without compromising quality and are therefore continuously evaluating innovative solutions. Our goal is to adopt such alternatives as soon as they become commercially available. The rubber used in our footwear consists of a mixture of synthetic and natural rubber. For the natural rubber, we are working toward sourcing certified natural rubber that aligns with our environmental and social standards, in particular to avoid the risk of deforestation ► SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS. We are currently working on a Responsibly Sourced Natural Rubber SOP, which will prescribe procurement expectations as well as practices for assessing natural rubber in terms of environmental and social impacts. This SOP is expected to be adopted in 2025.

— Animal-derived materials account for 5.7% of total materials used in 2024. The largest share of animal-derived material at adidas is leather, mostly coming from cattle. 99% of our current leather volume is sourced from tanning facilities audited in accordance with the Leather Working Group (LWG). In 2023, adidas further committed to a deforestation- and conversion-free bovine leather supply chain no later than 2030 ► SEE 2024 ACTIVITIES IN ESRS E4 BIODIVERSITY AND ECOSYSTEMS. In 2024, we decided to stop purchasing kangaroo leather, which will be gradually replaced with other types of leather. All down used in our products is certified according to the Responsible Down Standard (RDS). Since the Fall/Winter '24 season, all wool used is certified by the Responsible Wool Standard (RWS). With both standards, we ensure that down and wool are sourced from suppliers who meet the required animal welfare and sustainability standards.

— Innovation: We continuously explore innovative solutions that can replace current materials and may lower pressures on land and ecosystems. Scouting and piloting is done in our own innovation team as well as through Fashion for Good, a multi-stakeholder platform for sustainable innovation of the fashion industry. In 2024, innovation focus was on enzymatic recycling of textile waste, biobased materials, and sustainable innovations for footwear-specific materials.

Circular economy

We define circularity as maintaining the value of products and materials at the highest level for as long as possible. This aligns with the UN Environmental Programme's (UNEP) definition as laid out in their report 'Sustainability and Circularity in the Textile Value Chain.'

— Quality and durability: As a sportswear company, the performance, fit for purpose and quality of our products are of utmost importance for our business success. While there are currently no industry average durability metrics and standards in place for apparel and footwear, we are constantly testing the quality and performance of our products. For product development and production phases, testing and quality teams across adidas ensure that products meet a defined set of physical, functional, and color fastness standards. We generally align our testing protocols with ISO test standards. When there is no suitable ISO standard available for a material type, product type or assessment we are doing, we use other internationally recognized test standards such as DIN, GB, ASTM, or SATRA. During product development, every material, component, and product type is tested in the laboratory to ensure that the materials we select and the finished products we create meet our quality expectations and those of our consumers. We also test products with athletes to determine quality, performance, and durability during the use phase of the product. During production, a framework defines for our partners how often testing should be completed to confirm consistent production quality, how to assess product quality during production, and our quality expectations for all final product types. We continually assess our suppliers' compliance with our quality procedures through annual audits.

— Recyclability: As part of the Made To Be Remade (MTBR) initiative, adidas has developed end-of-life solutions for a dedicated range of products, with the objective that once returned, the product components can be remade into something new. The first product was a running shoe called Futurecraft.Loop, which was launched in 2019; we successfully expanded the concept into a comprehensive MTBR apparel and footwear collection across various categories through to our 2023 collections. Over the years, we have recognized that effective circular services necessitate close collaboration with partners across the value chain, including the collection, sorting, and recycling of waste materials. Building this circular environment as a stand-alone solution is not feasible. Therefore, we have focused our efforts and resources on supporting multi-stakeholder initiatives aiming to create such a circular ecosystem for the apparel and footwear industry.

Circular ecosystem

To drive systemic change toward a more circular industry, adidas is committed to fostering collaboration across our value chain and has engaged in multiple projects as well as made dedicated investments to this end. Examples include T-REX and the New Cotton Project, as well as Fashion for Good.

— T-REX is a publicly funded EU research project that brings together 13 major actors from across the entire value chain, with adidas acting as coordinator and leader. The aim of this multi-year project is to create a harmonized blueprint and guidelines as well as pursue business opportunities for closed-loop sorting and recycling of household textile waste in the EU. In 2024, adidas supported the progress of the project with completed collection and sorting activities and ongoing recycling. With these learnings, adidas kicked off the development of the circular design guidelines as a key deliverable of the project. In addition, adidas led the policy roundtable event on behalf of the project, bringing together industry and the EU Commission to provide valuable insights for upcoming regulations.

— The New Cotton Project focuses on scaling chemical recycling technology for cotton textile waste and includes stakeholders along the entire value chain. adidas was a contributing partner in the project and participated by designing and producing products using the feedstock generated as a result of the project.[19] The work was successfully completed in 2024 with adidas participating in the project review conducted by the EU Research and Innovation Office (Horizon Europe Program).

19 adidas press release as of September 21, 2022: adidas by Stella McCartney Unveil Industry-First, with Viscose Sportswear Made in Collaboration with twelve Pioneering Partners (https://news.adidas.com/)

- Through our partnership with the Fashion For Good innovation platform, we are contributing to the development of frameworks and guidelines for garment lifecycle mapping and textile waste recycling. In 2024, three new projects were launched: assessing the renewable textile market in Europe,[20] understanding the traceability challenges for textile recycled materials,[21] and shifting the focus to assessing the circularity of footwear.[22]

Circular services

Circular services such as repair, rental or re-commerce can help extend the life of products once they are in the hands of consumers. Therefore, adidas has conducted several pilot projects over the last few years to gain insights into consumer response and business opportunity of circular services, including in-store sneaker cleaning, rental, and product take-back programs. In 2024, we focused on better understanding care and repair. Under the project name 'Choose to Repair,' we continued our pilot repair service offer in the Terrex store in Munich until May 2024 and tested an online repair service in the UK from July to October 2024 in partnership with the third-party service provider The Seam. From these experiences, we have learned that consumer expectations and behaviors vary widely and that circular services must be adapted to the local context in order to be successful. As a consequence, we aim to enhance our global guidance on circular services for our market organizations in the coming year.

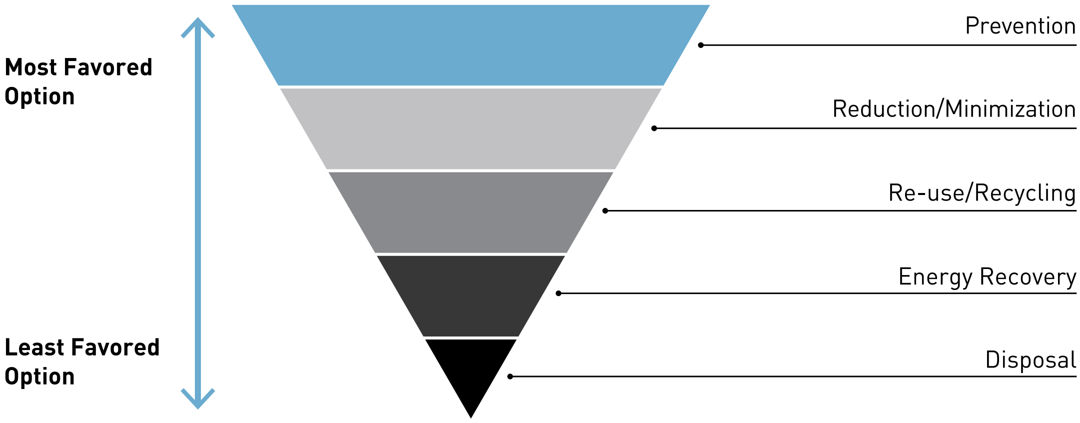
Waste management

Our actions regarding waste management are aligned with our Waste Management Guidelines and our Waste Co-processing Partners Due Diligence Guideline. If not stated otherwise, as of now, all actions mentioned are intended to be ongoing, without a set completion date.

Our Waste Management Guidelines require our suppliers to segregate and treat all post-industrial waste according to the waste management hierarchy. This includes the prohibition of waste incineration at production sites. Suppliers included in our Environmental Program are required to record and track waste generated in adidas' own digital platform to ensure that suppliers send waste for proper treatment, such as recycling, reuse, or waste-to-energy. We also support our suppliers through regular workshops for upskilling and strategy planning. The progress of waste diversion from landfill is monitored through regular audits and the performance by individual suppliers is monitored annually. ► SEE TARGETS SECTION

20 Source: Sorting for Circularity Europe Expands to Address Rewearable Textile Crisis – Fashion for Good.
21 Source: Fashion for Good and Textile Exchange Team Up to Trace Textile Waste – Fashion for Good.
22 Source: Pioneering the Future of Footwear: A New Initiative by Fashion for Good – Fashion for Good.

Our Waste Management Guideline adopts the following waste management hierarchy:



Waste Management Hierarchy

Furthermore, we have implemented a waste diversion program with co-processing partners in key sourcing regions that aims to use non-recyclable manufacturing waste to generate energy. In this program, we rely on our Waste Co-processing Partners Due Diligence Guideline. Through the co-processing solution, suppliers can achieve pollution reduction, reduced consumption of natural resources, and minimized landfill use, thereby contributing to a reduced carbon footprint.

Since 2021, we have successfully expanded our waste diversion program across our global upstream value chain, with the involvement of both Tier 1 and Tier 2 suppliers. We have provided guidance to our facilities to improve their waste segregation practices, resulting in improved recycling rates. For those materials that cannot be recycled, facilities are required to implement waste-to-energy solutions in partnership with a co-processing partner in accordance with our Waste Co-processing Partners Due Diligence Guideline. This strategy has resulted in significant achievement in landfill diversion achievements across our sourcing markets. Additionally, some of our Tier 2 suppliers are engaged in recycling activities to reclaim cutting scraps and post-industrial waste from the production process to be integrated into the materials and products.

Furthermore, we have engaged with industry organizations to drive improvements in waste management at supplier facilities. adidas joined GIZ FABRIC, other fashion brands, Closed Loop Fashion, Sevea and Reverse Resources in Cambodia to drive a collaboration project for 'Advancing Post-Industrial Textile Waste Recycling in a Circular Supply Chain.' The project aimed to optimize textile waste management and demonstrate circular business case feasibility, advance compliance among waste handlers and recyclers, strengthen the local structures and disseminate knowledge and learnings to foster up-scaling and public-private dialogue. adidas actively participated in the project and nominated our strategic suppliers to participate in the program. Through the project, all partners were able to enhance the collection, segregation and labelling of textile waste at 21 facilities. These actions were audited through on-site assessments. Training and corrective action plans were developed by consultants for the nominated facilities to implement actions beyond the project timelines. Overall, around 3,000 tons of cotton textile waste was collected from 17 of the 21 facilities and send to a local recycling company. The project was successfully completed in 2024.

While we rely on internal resources (mainly from the Sustainability team), no significant additional operating expenses or capital expenditure are needed in the foreseeable future for the implementation of the presented measures. Topic owners and teams implementing the measures track their effectiveness.
► SEE E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Further actions to reduce negative impacts on resource use are described in detail in the relevant chapters. ► SEE ESRS E1 CLIMATE CHANGE ► SEE ESRS E2 POLLUTION ► SEE ESRS E3 WATER AND MARINE RESOURCES ► SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS

Metrics and targets

E5-3 – Targets related to resource use and circular economy

To address the multifaceted challenges of circular economy, resource use, and waste management, and to effectively steer our various efforts across these interconnected topics, we have defined specific targets related to these issues. For all target setting, we rely on scientific evidence and recognized frameworks where they exist. Targets are benchmarked against industry practice and validated in informal interactions with stakeholders.

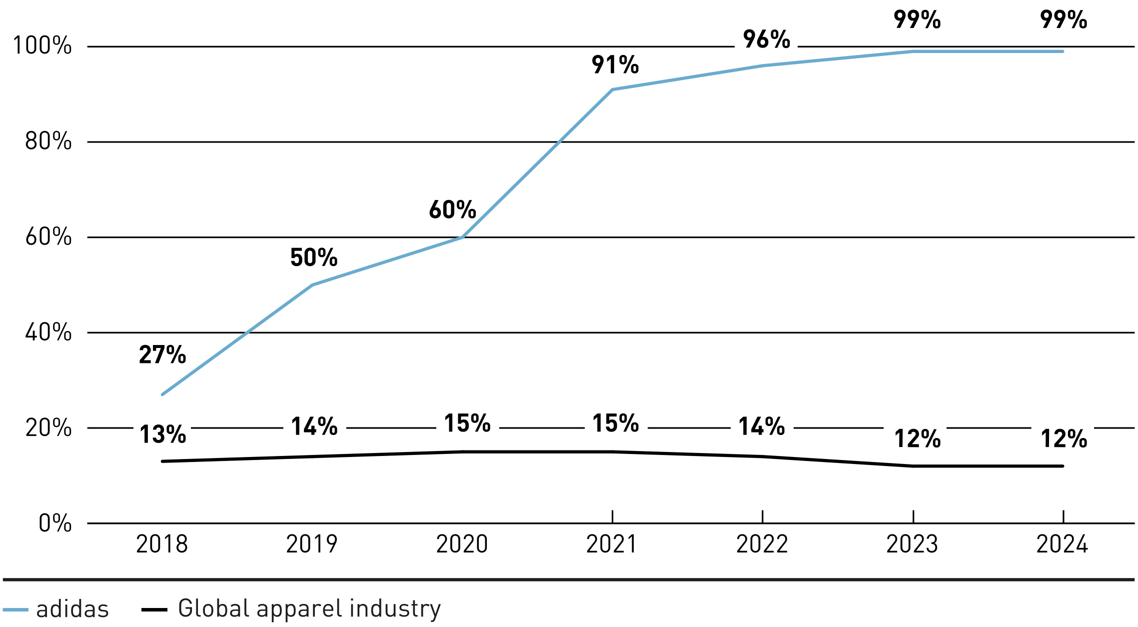
- 90% of our articles to be sustainable by 2025: This target is specific to the increase of circular material use, the minimization of virgin materials and sustainable sourcing of renewable resources. We define articles as sustainable when they show environmental benefits versus conventional articles due to the materials used, meaning that they are – to a significant degree – made with environmentally preferred materials. Our definition of sustainable materials references the framework of Textile Exchange's Preferred Fiber and Materials Matrix and is documented in the Sustainable Ingredient and Concept Standard SOP, see section E5-1. The majority of the environmentally preferred materials currently used are recycled materials or more sustainable cotton. To qualify as a sustainable article, environmentally preferred materials have to exceed a certain predefined percentage of the article weight. The applied criteria for environmentally preferred materials and the percentage of the article weight are defined based on standards reflecting the latest industry developments, competitor benchmarks, and expert opinions: for apparel, the environmentally preferred material content is required to be at least 70% of the article weight, for accessories and gear, at least 50%; and for footwear, at least 20%[23]. There is no baseline value or base year associated with the target. In 2023, almost eight out of ten of our articles were sustainable according to our definition. However, over the course of 2024, we decided that the maturity of the foundational capabilities we built over the last few years – to create more transparency and higher accuracy for material and product data – has reached a level that allows us to now operationalize the capability without specifically incentivizing it in the future. As a result, we will not apply this target for 2024 and 2025, but keep monitoring the sustainable article share of business units against the 2023 achievement level.

- Use 100% recycled polyester wherever technically possible by the end of 2024: This target is specific to the increase of circular material use and the minimization of virgin raw materials. It applies to all polyester used in our products. In 2017, adidas made a commitment to replace all virgin polyester with recycled polyester by the end of 2024, where technically possible. In 2024 we achieved 99%, which puts us very close to our target. We focus on the use of recycled polyester because it reduces resource use and has a significantly lower environmental impact compared to virgin polyester (based on Life Cycle Analysis). As polyester is the material most used in our products, this is also a significant lever for our decarbonization roadmap. With our roadmap and target achievement, we are significantly exceeding the

23 This standard is being applied since 2022. Percentage of sustainable articles (by count) offered at points of sale (average of Fall/Winter season of the current financial year and Spring/Summer season of the following financial year). When calculating the article weight, trims are excluded for apparel, footwear, and accessories and gear. Only articles with verified content of environmentally preferred materials are included. Licensed articles are excluded.

level of recycled polyester adoption within the global apparel industry since 2018. The integrity of the recycled materials used is certified by recognized third-party certifications such as the Global Recycled Standard (GRS) and the Recycled Claim Standard (RCS). These certifications guarantee a robust chain of custody and minimize the risks of unauthorized mixing or swapping of materials.

Recycled polyester share of total polyester use[1]



1 Source: Textile Exchange Recycled Polyester Challenge Dashboard; 2024 value for global apparel industry is an estimate

- 10% of polyester to come from recycled textile waste by 2030: This target is specific to the increase of circular material use and the minimization of virgin raw materials. It applies to all polyester used in our products. To raise our ambition, we have set a new target in our recycled polyester roadmap. Moving from plastic bottles to textile waste as a feedstock for recycled polyester is aligned with Ellen MacArthur Foundation's framework of circular fashion[24], and is the start of scaling circularity with the material most used in our products. This goal also prepares us for anticipated regulatory changes that will most likely require companies to responsibly manage the end-of-life of their products. The first products with textile-to-textile recycled polyester are planned for 2026.

- 100% third party certified cotton: This target is specific to the sustainable sourcing and use of renewable resources. Since the end of 2018, 100% of the cotton we use has come from more sustainable sources, including organic, recycled, and other third-party certified cotton. Textile Exchange's Preferred Fiber and Materials Matrix serves us as a framework to define sustainable types of cotton based on scientific criteria. The target covers the total volume of cotton sourced globally and is tracked on a yearly basis. In 2024, we again met this target. For detailed data on the 2024 performance, please refer to the resource Inflows section below.

- Deforestation and conversion free (DCF) bovine leather supply chain by 2030: This target is specific to sustainable sourcing and use of renewable resources. ▶ SEE TARGETS SECTION OF ESRS E4 BIODIVERSITY AND ECOSYSTEMS.

24 Source: Ellen MacArthur Foundation: Fashion and the circular economy: Quote: "In such a system, clothes, textiles, and fibers are kept at their highest value during use and re-enter the economy after use, never ending up as waste".

- 98% of waste is diverted from landfills at Tier 1 and Tier 2 suppliers by 2025: This target is specific to waste management. It was set in 2021 based on industry benchmarks and is aligned with our waste management guidelines and waste diversion program to assist our suppliers in enhancing waste segregation during manufacturing, reuse of non-hazardous waste, and focusing on recycling or waste-to-energy. There is no baseline value and base year for the target. Expanding this program globally has led to a collective landfill diversion rate of 96.2% among our enrolled suppliers in 2024. This target refers to the recycling and waste-to-energy layers of the waste hierarchy.

As explained under E5-2 Actions – Circular Economy, the circular ecosystem in the apparel and footwear industry is in early stages of development. Industry average durability and recyclability metrics and standards are still under development. Product design guidelines for these important areas can only be provided once such standards are in place, which is currently under discussion in different research and policy forums related to EU Product Environmental Footprint Category Rules (PEFCR) and Ecodesign for Sustainable Product Regulation (ESPR).

All of the above targets are voluntary and not mandated by law.

E5-4 – Resource inflows

Materials used in products: adidas' product portfolio includes apparel, footwear as well as accessories and gear. We outsource almost 100% of our production to independent manufacturing partners and do not purchase any significant amounts of materials or components directly. While we do not track the individual weight of products (due to large variations in sizes and models), we keep record of the materials used in our products through our systems. For this information, we rely on receiving accurate data from our suppliers.

Materials used in packaging: Products are packaged in the factory for protection, i.e., against humidity and dust. The packaging material is either paper-based (i.e., shoe boxes) or recycled low-density polyethylene (rLDPE) (i.e., polybags for apparel and some types of accessories). Additionally, paper-based transport packaging (i.e., cartons, corrugate) is used to ship products.

Other resource inflows: For water withdrawal during production processes, please ► SEE ESRS E3 WATER AND MARINE RESOURCES for more information. For other resource inflows we currently still lack reliable data.

Materials used in adidas products 2024[1]

	Total material weight in tons	Share within total in %	Sustainable share within material in %
Polyester	**130,365**	28.6	
Recycled polyester	129,388		99.3
Rubber	**78,610**	17.2	
Recycled rubber	1,428		1.8
Natural rubber	9,373		11.9
Cotton	**54,883**	12.0	
Third-party certified – Better Cotton (mass-balanced)	54,257		98.9
Third-party certified – US Cotton Trust Protocol (traceable to country)	82		
Organic cotton	495		
Recycled cotton	48		
Ethylene-vinyl acetate (EVA)	**48,931**	10.7	
Recycled EVA	2,538		5.2
Biobased EVA	401		0.8
Silica	**33,243**	7.3	
Leather	**24,691**	5.4	
Third-party certified leather	24,662		99.9
Polyurethane (PU)	**24,478**	5.4	
Polyamide (PA)	**18,133**	4.0	
Recycled polyamide	4,946		27.3
Thermoplastic polyurethane (TPU)	**17,026**	3.7	
Thermoplastic rubber and elastomer (TPR/TPE)	**6,597**	1.5	
Other synthetic materials	**17,395**	3.8	
Other natural materials (wool, down, man-made cellulosic fibers)	**1,874**	0.4	
Third-party certified	1,115		59.5
Total	**456,227**	**100**	

1 Further details are provided in the following section: ▶ **SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA**

Materials used for packaging (product and transport packaging)[1]

	Total material weight in tons	Share within total in %	Sustainable share within material in %
Paper-based packaging	**128,174**	**97.2**	
Paper-based packaging recycled	108,307		84.5
Plastic packaging LDPE	**3,741**	**2.8**	
Plastic packaging LDPE recycled	3,088		82.5
Total	**131,915**	**100**	

1 Further details are provided in the following section: ▶ **SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA**

Our packaging is 97.2% paper-based, with 84.5% made from recycled content. Plastic packaging represents 2.8% of our packaging materials, of which 82.5% is recycled LDPE. Several of our distribution centers have started to implement reusable transport packaging and continue to reduce packaging volume by optimizing box sizes and number of shipments. However, we are not yet able to report quantitative information on the impact these initiatives have on packaging reduction.

Total materials used in 2024[1]

	Total material weight in tons	Share within total in %
Materials used for products	456,227	77.6
Materials used for packaging	131,915	22.4
Total materials	**588,142**	**100**
Thereof total recycled materials	249,743	42.7
Thereof total biological materials[2]	219,020	37.4

1 Further details are provided in the following section: ▶ **SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA**
2 We define biological materials as natural fibers, natural polymers and biobased materials.

The share of biological materials in our overall materials portfolio is 37.4%, thereof 86.3% are sustainably sourced materials. For the definition of sustainably sourced biological materials, the cascading principle has been applied. In addition, we use the following certifications for sustainably sourced biological materials:

- For cotton: Better Cotton (mass balanced), US Cotton Trust Protocol, Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Recycled Claim Standard (RCS)
- For leather: Leather Working Group (LWG)
- For wool: Responsible Wool Standard (RWS)
- For down: Responsible Down Standard (RDS)

The share of recycled materials in our overall materials portfolio is 42.7%. Recycled textile materials are GRS or RCS certified. For EVA and rubber, we partly rely on supplier self-declaration, as certification is not yet available for some of the recycling processes used in footwear production. We do not purchase or track components or intermediary products, and therefore, the reuse of such components or intermediary products is not a business situation we encounter. For packaging materials data are based on LCA data.

Explanatory notes to our reported material use data

The presented product and packaging material use data are based on the following calculation methodologies and sources:

- Materials used in adidas products: Use data is based on Spring/Summer 2024 and Fall/Winter 2024 seasons.
- Materials used for packaging: Due to the decentralized nature of our distribution, it is difficult to collect primary data for packaging. Packaging material consumption is calculated based on 2024 sales data (volume by channel) and average packaging weights per product division (based on primary data collected in 2021). The ratio between virgin and recycled materials for polybags is based on primary data collected in 2021 and recycled content for cardboard is based on LCA data (EU-28: Corrugated board 2018). The average weights for secondary (transport) packaging are based on PEFCR. Due to the fact that we use recognized and widely applied data sources and methodologies, we consider our assumptions and calculations to be solid. However, we aim to start collecting primary packaging data for key parts of the supply chain in the upcoming years to improve accuracy in the future.

- For the purpose of presenting materials use data, the term “sustainable” includes recycled and sustainably sourced materials.

- **Polyester, cotton, polyamide, wool, man-made cellulosic fibers, down** as well as **leather:** Material use is derived from actual consumption data in the bill of materials as reported by Tier 1 suppliers and the material composition information provided by our Tier 2 suppliers. Due to the complexity stemming from the product construction of leather based footwear, we perform control checks on the weight of leather used for the main footwear models and apply a correction factor to calculate the final leather consumption.

- **Polyester trims:** Material use is reported in “Other synthetic materials”.

- **Rubber, EVA, PU, TPU, TPR/TPE** and other **synthetic polymers** for footwear bottom parts: Material use is based on actual consumption data in the bill of materials as reported by Tier 1 suppliers, supplemented by a calculated additive ratio, which is derived from the respective material formulation.

- **Silica:** Material use is calculated by applying a ratio, which is derived from the respective material formulation.

E5-5 – Resource outflows

There is currently no industry standard that clarifies circular economy principles for designing apparel and footwear products. Nonetheless, we are already following an approach that aims to consider sustainable resource use and circularity principles where possible ► SEE POLICIES SECTION FOR MORE INFORMATION. We will eventually adjust our approach when the expected adoption of the ESPR and other similar regulations provides more clarity on definitions and standards.

Durability, repairability and recyclability are neither legally defined nor standardized in the apparel and footwear industry, yet. One reason for this is the wide variety of product types and product purposes in scope. As part of the EU’s PEFCR and ESPR, several multi-stakeholder working groups are working to define standards in these areas. We are planning to align our approach with regulations and standards as soon as they become available.

- Durability: While there are currently no industry average metrics or standards in place that determine durability of apparel and footwear, we are constantly testing the quality and performance of our products (see section E5.2 on durability for more information regarding our testing protocols).

- Repairability: There is no average metric or standard for repairability in the apparel and footwear industry. Most of our apparel products can be repaired by consumers themselves or by any tailor. Our footwear can be repaired by shoemakers, however, some of our technical footwear products and sports accessories may not be repairable due to their design or construction. In case of defective products, we provide the legally mandated warranty. We have also piloted consumer repair services to understand how we can better serve customers in this area ► SEE E5-2 CIRCULAR SERVICES.

- Recyclability: As mentioned in earlier sections, recycling technology for apparel and footwear is in the early stages of development. Due to the lack of a standardized definition of recyclability and the respective infrastructure (collecting, sorting and recycling), it is not possible to claim recyclability for our products at this time. In the EU today, there is not yet an established process for the treatment of textile waste. While some countries have initiated efforts in this area, current practices vary significantly from country to country. In most cases, textiles still end up in the mixed waste stream (e.g., ‘residual waste’ in Germany), where they are mixed with all other types of waste. According to the Waste

Framework Directive,[25] textiles will have to be captured in a separate waste stream in all EU countries as of January 1, 2025. adidas expects that these waste streams will contain the materials disclosed in our resource inflow section E5-4.

As per the packaging materials table, we use only monomaterial packaging, which is fully recyclable. All our paper packaging is recyclable. The LDPE polybags used for apparel and some types of accessories are also recyclable.

25 Waste framework directive: As part of the revision of the Waste Framework Directive in 2023, the European Commission proposed harmonized Extended Producer Responsibility (EPR) regulations for textiles. This initiative aims to establish an economy focused on collecting, sorting, reusing and recycling textiles, while also ensuring that products are designed with circularity in mind. To achieve these objectives, the European Commission proposes to allocate a significant portion of the EPR contributions paid by textile producers to waste prevention measures and preparing items for reuse (EC, 2023).

EU Taxonomy

Reporting scope for fiscal year 2024

In 2020, the EU introduced the EU Taxonomy Framework ('Taxonomy'), a classification system to determine the environmental sustainability of economic activities, which has been amended and partially revised in subsequent years. In accordance with the Taxonomy, we are obligated to disclose the share of our Taxonomy-eligible and Taxonomy-aligned turnover (net sales), capital expenditure ('CapEx') and operating expenses ('OpEx') for the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems.

Determination of Taxonomy-eligible activities

Due to the adidas core business activities, i.e., the manufacturing of textiles and footwear as well as the wholesale and retail sale thereof, remaining out of the scope of the Taxonomy, we have no turnover-generating Taxonomy-eligible activities to report on for 2024. Unchanged to prior years, Taxonomy-eligible activities at adidas were identified only in connection with the environmental objective of climate change mitigation ('CCM'). These activities are related to our climate strategy actions and form part of our own operations decarbonization lever ► SEE ESRS E1:

- CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles (including company car leases)
- CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment (e.g., LED lighting in retail stores)
- CCM 7.7 Acquisition and ownership of buildings (including building leases)

In addition, we are required to provide specific information on economic activities related to fossil gas and nuclear energy. In 2024, as in previous years, we did not carry out any significant activities in this area.

Assessment of Taxonomy alignment of Taxonomy-eligible activities

Since the identified Taxonomy-eligible activities all relate to the purchase of output from potentially Taxonomy-aligned activities, the Taxonomy alignment assessment needs to be performed at the output, i.e., production level and is dependent on acquiring the relevant information from the respective third-party suppliers. Due to the expected time and resource investment necessary for assessing all individual projects and items contributing to the eligible activities, we prioritized the assessment of those individual activities that were most material in terms of value and/or were more likely to be Taxonomy-aligned due to the availability of the necessary information.

CCM 6.5: Eligible activities relate to the leasing of the adidas company car fleet. As per the applicable technical screening criteria, a vehicle that emits a maximum of 50g of CO_2e/km is considered to make a substantial contribution to climate change mitigation. For adidas, this applies to all leased electric vehicles and most plug-in hybrid vehicles.

Compliance with the 'Do-no-significant-harm' ('DNSH') criteria requires the performance of a robust climate risk and vulnerability assessment at the level of the car manufacturers, adherence of the vehicles to certain recyclability and reusability criteria, and adherence to various product-related EU regulations and directives concerning the limits for certain gaseous emissions and the external rolling noise and resistance characteristics of the vehicle tires. Based on the information collected from our suppliers to perform a complete and conclusive DNSH assessment, some of the leased electric cars can be categorized as Taxonomy-aligned.

CCM 7.3: Eligible activities in 2024 predominantly relate to the installation of energy efficiency equipment, such as LED lighting and heating, ventilation and air conditioning (HVAC) units, across our retail store properties and corporate office locations. The assessment of Taxonomy alignment of the multiple individual projects against the respective criteria was conducted in a structured manner, to the extent possible with reasonable effort. While the eligible activities fulfill the substantial contribution criterion, none of them are Taxonomy-aligned because of the non-compliance with the DNSH assessment.

CCM 7.7: Eligible activities include the leasing of warehouses/distribution centers, own retail stores, and corporate offices. The applicable substantial contribution and DNSH criteria are in connection with the primary energy demand of the analyzed building and the performance of a robust climate risk and vulnerability assessment for the building location, respectively. The substantial contribution criterion evidence that is most relevant for adidas in this regard is the existence of an Energy Performance Certificate (EPC) class A. Many of the eligible building leases are located outside of the EU, where this EU-centric certification is not common practice and other standards and frameworks, which are not mentioned in the Regulation, are typically used (e.g., LEED certification). In line with the generally low share of available non-residential buildings meeting these energy performance standards across our markets, only a few eligible leases in 2024 fulfill this criterion. This is particularly the case for our eligible retail leases as many retail stores are mall-based, where adidas has only very limited influence on the building design and/or (re)development. In addition, certain eligible retail lease locations are heritage sites for which it is not possible to obtain EPC class A certification. The climate risk analysis was performed on a case-by-case basis using different information sources, such as input from landlords and/or our insurance provider. In addition, the insights related to our climate resilience analysis ► SEE ESRS E1 were taken into account to perform the DNSH assessment for several eligible buildings. For the majority of the assessed building leases not all information was available for a complete and conclusive assessment exactly as per the methodology and scope prescribed by the regulation. In summary, one high value lease contract in connection with the opening of a major warehouse in Northern Italy is Taxonomy-aligned and thus contributes to the mitigation of climate change. For the climate risks identified at this location, we have implemented risk mitigation measures where economically viable. The remaining residual risk is adequately covered financially by our insurance. In addition, we have a few eligible lease contracts in connection with retail and corporate sites that fulfill the substantial contribution criterion.

Minimum safeguards

The minimum safeguards form part of the Taxonomy alignment criteria. Their purpose is to clarify that eligible economic activities can only be environmentally sustainable when performed in circumstances that are compliant with social norms and certain minimum governance standards. In this context, companies must implement appropriate processes and procedures to avoid negative influences on or violations of the following four specific topics: human rights (including labor rights), taxation, corruption/bribery, and fair competition.

adidas has taken a company-wide approach to meeting the minimum safeguards covering human rights, taxation, corruption/bribery and fair competition. Our subject matter experts in the areas of social and environmental affairs, tax, and legal determined the extent to which the mentioned governance standards and policy frameworks are already embedded in existing adidas policies (e.g., adidas Human Rights Policy) and standard operating procedures (e.g., adidas Fair Play Code of Conduct), as well as in its compliance management system.

As in 2023, our assessment for the fiscal year 2024 confirmed that Taxonomy-eligible activities were performed in a manner that is fully compliant with minimum safeguards. We maintain rigorous internal policies and oversight mechanisms to ensure ongoing compliance with these standards.

More information on our compliance with the respective criteria is included in this Annual Report:

- Human rights and labor rights ► SEE SOCIAL IMPACTS (ESRS S1-S4)
- Taxation ► SEE RISK AND OPPORTUNITY REPORT
- Corruption/bribery ► SEE RISK AND OPPORTUNITY REPORT
- Fair competition ► SEE RISK AND OPPORTUNITY REPORT

Determination and reporting of Taxonomy KPIs

Turnover KPI: Turnover as per the Taxonomy (denominator of the turnover KPI) is equivalent to our net sales disclosed in the consolidated financial statements in this report. In 2024, the turnover amounts to € 23,683 million (2023: € 21,427 million). The identified eligible activities at adidas were not turnover generating, resulting in a numerator value of '0' and, accordingly, a turnover KPI of 0% eligible and 100% non-eligible turnover. ► SEE INCOME STATEMENT

CapEx KPI: In comparison to the disclosed CapEx value of € 540 million in this report, the Taxonomy definition of CapEx results in a total value of € 1,767 million (denominator of the CapEx KPI) at adidas (2023: € 838 million). The denominator contains, in accordance with the definition of the Taxonomy and as disclosed in this report, additions to buildings, technical equipment and machinery, other equipment, furniture and fixtures, right-of-use assets, and other intangible assets, before depreciation, amortization, and remeasurements. To calculate the numerator of the CapEx KPI, we analyzed the additions in relation to the identified eligible activities as described above. In this process, we conducted several control measures, such as plausibility checks and reconciliations, to avoid double-counting of additions. In total, the corresponding numerator of the eligible CapEx KPI amounts to € 1,243 million (2023: € 344 million), resulting in a CapEx KPI of 70% eligible and 30% non-eligible CapEx. Most of the eligible CapEx in 2024 (96%) relate to building leases (section 7.7), which amount to € 1,192 million, € 26 million eligible CapEx relate to the installation of energy efficiency equipment (section 7.3), and the remaining € 25 million eligible CapEx relate to car leases (section 6.5). While a total of € 618 million of eligible CapEx complies with the substantial contribution criteria, € 579 million of eligible CapEx are Taxonomy-aligned. In summary, the corresponding numerator of the aligned CapEx KPI amounts to € 579 million, resulting in a CapEx KPI of 33% aligned and 37% non-aligned CapEx (2023: 1% aligned and 40% non-aligned CapEx).
► SEE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS

OpEx KPI: The Taxonomy definition of 'OpEx' refers to expenditure for research and development, short-term leases, maintenance and repair, as well as certain other expenditure. In 2024, this amounts to € 954 million (denominator of the OpEx KPI) at adidas (2023: € 969 million), which compares to € 23,683 million of net sales and € 10,945 million of OpEx as per the consolidated financial statements for adidas disclosed in this report. In the context of our business model, which is the design, development, production, and marketing of a broad range of performance and sports lifestyle products, we consider the Taxonomy OpEx KPI denominator value to be insignificant. Consequently, and in line with the provisions of the regulation, we report the numerator value of our Taxonomy-eligible OpEx KPI as € 0 (2023: € 0). No further information on the alignment of eligible OpEx can be provided in this Annual Report, accordingly.

Taxonomy-eligible Turnover, CapEx and OpEx in 2024

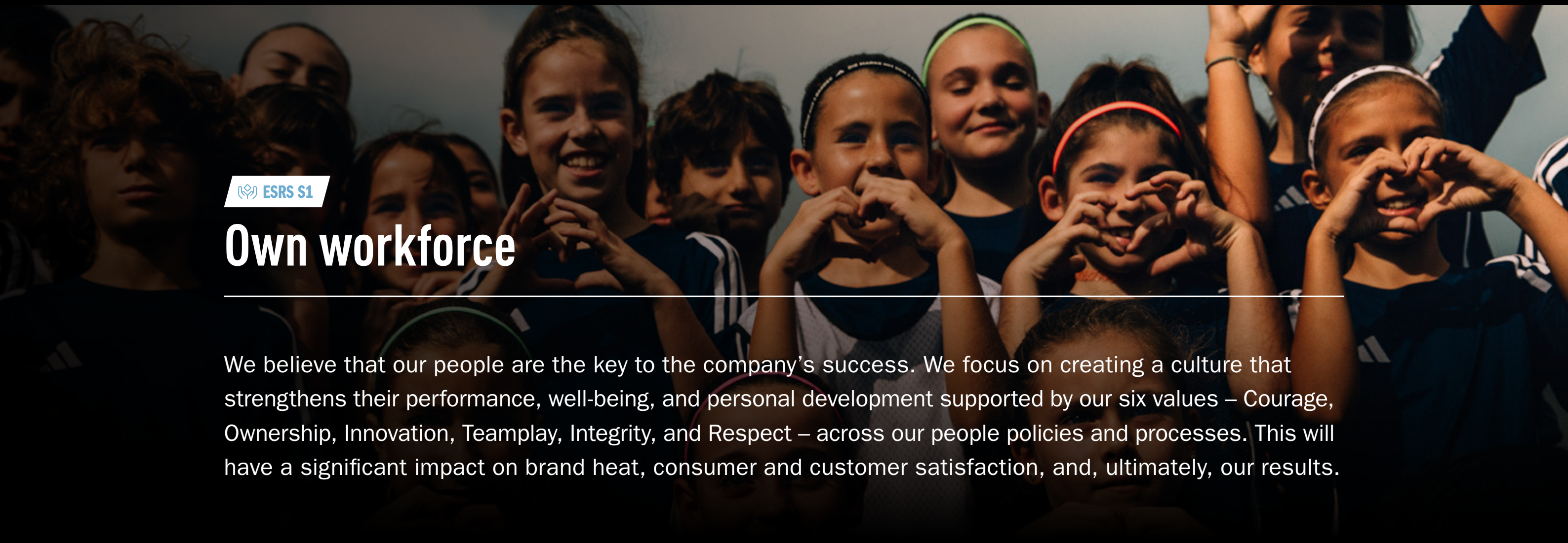
€ in millions	Total	Taxonomy-eligible	%	Substantial contribution	%	Taxonomy-aligned	%	Taxonomy-non-eligible	%
Turnover	**23,683**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
CapEx	**1,767**	**1,243**	**70**	**618**	**35**	**579**	**33**	**523**	**30**
CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	25	25	1	6	0	3	0	–	–
CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment	26	26	1	26	1	–	–	–	–
CCM 7.7 Acquisition and ownership of buildings (including building leases)	1,192	1,192	67	586	34	576	33	–	–
OpEx	**954**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Taxonomy-eligible Turnover, CapEx and OpEx in 2023

€ in millions	Total	Taxonomy-eligible	%	Substantial contribution	%	Taxonomy-aligned	%	Taxonomy-non-eligible	%
Turnover	**21,427**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
CapEx	**838**	**344**	**41**	**44**	**5**	**7**	**1**	**494**	**59**
CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	16	16	2	6	1	–	–	–	–
CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment	22	22	3	22	3	–	–	–	–
CCM 7.7 Acquisition and ownership of buildings (including building leases)	306	306	37	16	2	7	1	–	–
OpEx	**969**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Further information on the Taxonomy KPIs according to Annex II of the Delegated Regulation can be found in this Annual Report. ▶ **SEE EU TAXONOMY TABLES**

We consider the EU Taxonomy to be a potentially valuable instrument that might help us validate and adjust our sustainability ambitions over time, assuming our core business activities become eligible to contribute to the Taxonomy's environmental objectives and a common interpretation of all aspects relevant to adidas is established. At the time of the publication of this report, it remains unclear if this will happen in the foreseeable future.



ESRS S1

Own workforce

We believe that our people are the key to the company's success. We focus on creating a culture that strengthens their performance, well-being, and personal development supported by our six values – Courage, Ownership, Innovation, Teamplay, Integrity, and Respect – across our people policies and processes. This will have a significant impact on brand heat, consumer and customer satisfaction, and, ultimately, our results.

Impacts, risks and opportunities

Impacts

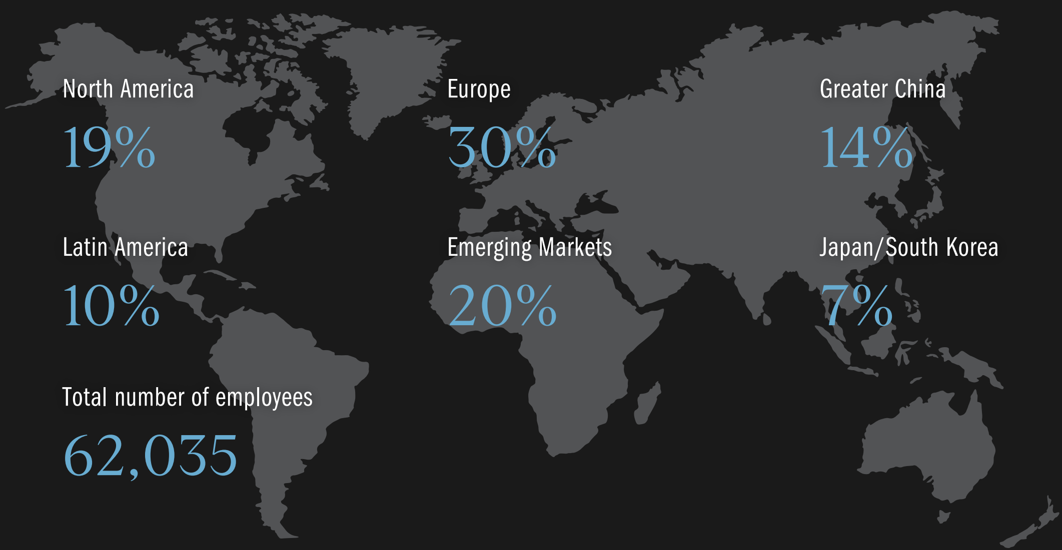
- Diversity – providing an inclusive working environment with fair opportunities for all
- Secure employment
- Providing flexible working hours and location options
- Offering adequate wages for employees

Risks

- Health and safety – non-compliance with health and safety laws and regulations
- Training and skills development – inadequate training and development may lead to higher staff turnover

Key metrics

Employees by region



Gender split

Male	Female
49%	51%

Number of nationalities

175

Actions

We have numerous ongoing initiatives and invest significant resources into managing material impacts, risks, and opportunities related to our own workforce.

Working conditions

- Flexible work options e.g. remote work up to 40%, ten days annually to work from elsewhere
- Competitive compensation programs
- Fostering diversity, equity and inclusion (DEI)
- Secure employment
- Training and skill development offerings

Targets

Our business model is fundamentally driven by human capital, encompassing skilled and creative individuals. As a result, fostering excellent working conditions is paramount. By setting aligned and measurable targets, we aim to achieve this goal.

Global equal pay target

Our ambition is to identify and monitor pay gaps and take concrete measures to close them. We intend to do this globally across all countries with adidas employees, in line with but not necessarily limited to the scope of the European Directives.

Women in leadership positions[1]

Current status 2024: **41%**

Global target: **50%**

1 Director (M2) and above positions

Health and safety target

adidas sets KPIs to fulfill and track the progress of our Health and Safety Policy, with the goal of minimizing work-related incidents.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to own workforce in the management of our business. An overview of these policies can be found in the topical standard of S1.

ESRS 2 – General disclosures

SBM-3 - Material impacts, risks, and opportunities and their interaction with strategy and business model

Our people are the key to our company's success. Their performance, well-being, and personal development have a significant impact on our brand reputation, consumer satisfaction, and, ultimately, our results. In our roadmap to success, we emphasize the focus on our own workforce as a foundational pillar that will guide us in the years to come.

Our goal is to develop a culture that values our employees' experience, well-being, and performance. To support this aim, we rely on our six values – Courage, Ownership, Innovation, Teamplay, Integrity, and Respect – across our people policies and processes, including how we hire, promote, and evaluate performance. These values are closely tied to our culture and are the essence of our identity. They underscore the behaviors and mindsets we value in our colleagues, represent the attitude we want to see in each other, and help us achieve top performance. These values build also the foundation of our leadership framework 'Leadership³' which is built around nine core competencies divided into three key areas: Excel, Empower, and Elevate, which guide leaders in driving performance, building inclusive teams, and fostering innovation.

Our business model is fundamentally driven by human capital, encompassing skilled and creative individuals. As a result, fostering excellent working conditions and supporting freedom of association and the right to collective bargaining are material for us. This includes ensuring secure employment, promoting a healthy work-life balance with flexible and fair working time, enhancing employee engagement and development, creating an inclusive workplace, for all employees in a way that is non-exclusionary and is non-discriminatory, leveraging everyone's talents, and providing competitive and adequate compensation and benefits. These factors are crucial for attracting and retaining top talent, which in turn guarantees high product quality and the ability to meet customer demands.

Our continued focus on our people can be further explained by our priorities around creating an equal playing field for all, leadership and performance.

These pillars seek to focus our efforts on people and culture by:

- embedding DEI even further into talent processes and our culture in a legally compliant manner.
- attracting, developing, and retaining key talent.
- developing role-model leaders who empower people.
- creating a premier employee experience.
- instilling a mindset of continuous learning.
- recognizing and rewarding both individual and team performance.

The interests, views, and rights of our employees are highly important to us. We engage with them through multiple channels and events to continually adapt our people focus and roadmap to success.

SBM-3 – Own workforce and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time horizon	Value chain	Description
Secure employment	Positive Impact	Actual	n.a.	Own Oper-ations	Providing a safe working environment for employees contributes to better productivity, well-being (incl. mental and physical health), and financial stability. Corporate, DC (distribution center), and Retail employees.
Working time	Positive Impact	Actual	n.a.	Own Oper-ations	Providing flexible and fair working time and rules for employees actively supports employee well-being (incl. mental and physical health) and work-life balance. Corporate employees.
Adequate wages	Positive Impact	Actual	n.a.	Own Oper-ations	Adequate wages positively impact employees' financial security and stability, contributing to overall well-being and motivation.
Freedom of association	Positive Impact	Actual	n.a.	Own Oper-ations	Basic human and labor rights positively impact employees' abilities to protect and enforce their rights and represent their views and interests around working conditions on an institutional level.
Collective bargaining	Positive Impact	Actual	n.a.	Own Oper-ations	Supporting employee representative organizations (e.g., trade unions) increases employees' ability to negotiate more favorable remuneration and working time packages with employer organizations.
Work-life-balance	Positive Impact	Actual	n.a.	Own Oper-ations	Providing flexible working hours and hybrid working, where job responsibilities allow, helps employees achieve a better balance between their private and professional lives.
Health and safety	Negative Impact	Actual	n.a.	Own Oper-ations	Negative impacts occur around mental and physical health, impacting an individual's ability to perform well at work.
Health and safety	Risk	n.a.	Short-term	Own Oper-ations	Non-compliance with health and safety regulations, such as those related to the coronavirus or security measures across our operations, risks legal penalties, fatalities, and reputational damage for adidas, particularly when responsibilities are unclear, or awareness is lacking.
Gender equality and equal pay	Negative Impact	Actual	n.a.	Own Oper-ations	Unfair and unequal treatment of employees leads to financial disadvantages for individuals and negatively impacts career progression and employee engagement.
Training and skills development	Positive Impact	Actual	n.a.	Own Oper-ations	Providing training positively impacts our employees' engagement, qualifications, professional development, and career progression.
Training and skills development	Negative Impact	Potential	Long-term	Own Oper-ations	Lack of training and skills development can result in lower employee engagement and qualifications and hinder career progression.
Training and skills development	Risk	n.a.	Short-term	Own Oper-ations	As we rely on a talented and skilled workforce, inadequate training and development may lead to higher staff turnover rates and the loss of key personnel and capabilities, resulting in productivity inefficiencies, disruption of key business activities, suboptimal business performance, and higher costs.

SBM-3 – Own workforce and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time horizon	Value chain	Description
Training and skills development	Opportu-nity	n.a.	Mid-term	Own Oper-ations	adidas relies on the skills and capabilities of its people and leaders to realize its strategic ambitions. If adidas successfully develops a diverse, inclusive, and talented workforce that maintains a culture of trust, creativity, and innovation, employee engagement will increase.
Employment and inclusion of persons with disabilities	Negative Impact	Actual	n.a.	Own Oper-ations	Insufficient employment opportunities and career progress for people with disabilities negatively impact overall employee engagement levels, as employees expect a more inclusive working environment.
Measures against violence and harassment	Negative Impact	Actual	n.a.	Own Oper-ations	Harassment and violence negatively impact the mental and physical health of all employees, particularly Retail employees can be exposed to external incidents like criminal activities for example store robberies.
Diversity	Positive Impact	Actual	n.a.	Own Oper-ations	Providing an inclusive working environment and fair opportunities for individuals helps employees feel a sense of belonging and engagement.
Diversity	Negative Impact	Potential	Long-term	Own Oper-ations	Unconscious and conscious biases in our systems and practices can negatively impact employees' career development and personal health.
Diversity	Opportu-nity	n.a.	Mid-term	Own Oper-ations	adidas strives to develop people and leaders of all backgrounds with the capability to maintain an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory as well as a culture of trust, diversity of thought, creativity, and innovation. This development can lead to greater employee satisfaction and engagement, as well as innovation, which may enhance adidas' capacity to execute its strategy and potentially overachieve its financial objectives.
Diversity	Risk	n.a.	Short-term	Own Oper-ations	adidas relies on the skills and capabilities of its employees and leaders to achieve its strategic ambitions. If adidas fails to further develop an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory as well as a culture of trust, diversity of thought, creativity, and innovation, this might lead to decreased employee satisfaction and engagement. As a result, adidas would jeopardize its capacity to execute its strategy and achieve its financial objectives.

We do not expect any presented own workforce related risks to result in any additional major risks and opportunities for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

All employees in adidas' own workforce that can be materially impacted are included in the scope of our disclosures under ESRS 2.

Types of employees affected by workforce-related material impacts

Employees – all employed by the company:

- **Corporate:** Employees working in departments such as Design, Marketing, Finance, Research and Development, Procurement, Human Resources (HR), etc., in all global corporate locations.
- **Retail:** Employees working in the back office (administration and management work) as well as roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.)
- **Distribution Centers (DCs):** Employees working in the back office (administration and management work) as well as workers performing DC operations.

External workforce types – non-employees:

The external workforce can be divided into two categories: Contingent Labor and Services Procurement. Each of these two sub-branches has unique characteristics, which are detailed below:

- **Contingent labor:** Individuals who are sourced on a role or project basis. There are two different types of contingent labor:
  - **Temporary labor:** Individuals employed by temp staffing agencies for the purpose of being assigned to other companies temporarily. Temporary labor workers perform internal adidas roles and are directly supervised and managed by adidas employees.
  - **Individual suppliers/employed professionals/employed consultants:** As experts in their fields, these individuals advise companies within their area of expertise; however, unlike temporary labor workers, they typically work independently while offering guidance and advice on strategic, legal, financial, or other matters.
- **Services Procurement:** In the area of Services Procurement, external service providers are companies that deliver people-based services to a company in an autonomous, liable, and self-reliant way. These include technical consulting companies, specialty services, marketing agencies, and maintenance companies. They are typically retained to perform project-based work under a contractual arrangement often called a Statement of Work (SOW).

Our employees are affected by both positive and negative material impacts to varying degrees due to the nature of their work:

SBM-3 – Material negative impacts – systemic or individual

Sub-topic	Material negative impact – systemic or individual
Health and safety	**Individual** – due to incidents in the workplace that could be related to physical violence, accidents in the workplace, or interaction with hazardous materials.
Gender equality and equal pay	**Systemic** – countries with more restrictive laws relating to women's employment are more at risk of having unequal pay and lower workforce diversity.
Training and skills development	**Systemic** – due to the availability of training and skill development offerings across countries and functions.
Employment and inclusion of persons with disabilities	**Systemic** – due to inclusion in terms of hiring and accessibility for disabled persons in the workplace.
Measures against violence and harassment	**Individual** – due to incidents in the workplace that may be related to physical violence between employees or between non-employees and customers.

SBM-3 – Material negative impacts – systemic or individual

Sub-topic	Material negative impact – systemic or individual
Diversity	**Systemic** – countries with more restrictive laws relating to the LGBTQIA+ community, women's employment, or restrictive immigration laws are more at risk of having lower diversity.

The business model of adidas is expected to be impacted by climate change only in the long term, as described in the chapter E1-1 Climate Change. Most of our environmental impacts occur in our upstream value chain. Therefore, our primary efforts to reduce environmental impacts focus on increasing the use of green energy in our upstream value chain, developing new materials, and changing the existing mix toward lower-impact materials. We do not anticipate any restructuring or employment loss as part of our response to climate change. Instead, we see the transition to greener operations as a potential opportunity to create new jobs and upskill our own workforce on environmental topics.

adidas has identified and recognizes the following people with particular characteristics, working in specific contexts, or undertaking certain activities, who may be at greater risk of harm:

— Underrepresented groups across all areas, particularly in high-ranking roles (Director level and above). They include women, diverse ethnicity groups, the LGBTQIA+ community, disabled (apparent and non-apparent disabilities) employees, and carers of children and elderly.

— Employees with non-guaranteed hours, who have a higher risk of being negatively impacted with regard to the topics of secure employment and adequate wages. It is especially relevant for those employed in DC or Retail due to the seasonality of the business. To a lesser degree, the same applies to temporary workers in the same environments.

— Retail employees working in busy urban areas, who have a higher exposure to violence as their workplaces provide open access to customers and the public.

— Retail and DC employees, who have a higher exposure to physical harm such as occupational accidents, due to the more physical nature of their work compared to corporate employees.

— Employees in countries with legal restrictions or barriers on work participation for women or underrepresented groups (e.g., visa restrictions), which can negatively impact gender equality or diversity.

We have also identified risks and opportunities that relate to specific groups of people rather than the entire workforce:

SBM-3 – Material impacts on employee groups

Sub-topic	Corporate/Retail/DC	Non-employees
Secure employment	Job security has a greater positive material impact on corporate employees but is less significant for DC and Retail workers due to the seasonality of workforce demand.	Demand volatility contributes to circumstances where non-employees may face more unpredictable employment conditions or are subject to short- or fixed-term contracting compared to employees.
Working time	Working time has a more positive impact on corporate employees, who have more flexible working options, whereas Retail and DC employees work on-site. Time tracking is simpler in Retail and DCs as these utilize	The positive impact is lower for non-employees as they are subject to working time tracking and benefits from their direct employer.

SBM-3 – Material impacts on employee groups

Sub-topic	Corporate/Retail/DC	Non-employees
	system check-ins and check-outs, while corporate time tracking is trust-based and conducted online.	
Work-life-balance	The actual positive impact on employees, particularly corporate workers who do not work in shifts, stems from the availability of flexible working hours and hybrid work options.	The positive impact is lower for non-employees as they are subject to working time tracking and benefits from their direct employer.
Adequate wages	This topic is less relevant for corporate employees but has a positive impact. Where the positive impact is not yet that strong is for retail and DC staff, whose salaries are comparatively lower than those offered in corporate roles.	Potentially different impact as non-employees are subject to conditions offered from their direct employer.
Freedom of association	No differentiation due to common framework.	Less material impact as non-employees are subject to rights from their direct employer.
Collective bargaining	No differentiation due to common framework.	Less material impact as non-employees are subject to rights from their direct employer.
Health and safety	Health and safety is a greater risk for DC and Retail employees due to the physical nature of their jobs, which exposes them to potential accidents or hazardous materials.	Non-employees benefit from the same on-site health and safety measures as employees.
Gender equality and equal pay	No differentiation within types of employees due to common salary frameworks applicable to these types of employees.	Potentially different impact as non-employees are subject to conditions offered from their direct employer.
Training and skills development	This opportunity is more pronounced for corporate employees, as they have better access to digital infrastructure, online training programs, and in-person training sessions conducted within the office environment.	Potentially different impact as non-employees are subject to offers for training and skills development from their direct employer.
Employment and inclusion of persons with disabilities	Greater risk for DC and Retail employees due to the physical nature of their jobs and the physical limitations of retail stores and DC warehouses, which make the inclusion of disabled persons more complex.	Greater risk for non-employees in DC and Retail environments due to the physical nature of their jobs and the limitations of the environment.
Measures against violence and harassment	Retail employees face a greater risk due to direct consumer contact, which can impact workplace security. In contrast, corporate and DC employees experience no increased risk, as access to their workplaces is restricted or closed.	Non-employees benefit from the same on-site health and safety measures as employees.
Diversity	Diversity in DC and Retail workers is represented by local ethnicities and diversity demographics, as hiring practices primarily focus on the local and seasonal workforce, and international mobility packages are less common. All DC, Retail and corporate employees benefit from a more positive impact regarding diversity.	Similar to employees.

SBM-3 – Material risks and opportunities arising from impacts relating to specific groups of people

Risks and opportunities of material subtopic	Corporate/Retail/DC	Underrepresented groups	Employees in crisis/conflict areas
Health and safety	Health and safety is a greater concern for DC and Retail employees due to the physical nature of their jobs and higher exposure to potentially hazardous situations and materials.	n.a.	Potential health and life threats (not work-related) in active military conflict areas and in crisis areas due to natural or environmental disasters.
Training and skills development	More opportunities for corporate employees due to the nature of their work, better access to digital infrastructure and online training programs, and in-person training conducted within the office environment.	Opportunities: Global training for creating a diverse and inclusive environment as well as having Employee Resource Groups (ERGs) that provide insights creates more attractive working conditions for underrepresented groups. Risks: n.a.	Fewer opportunities to conduct on-site training.
Diversity	Higher risk for DC and Retail employees due to hiring practices that rely more on local workforces.	Risk: Lack of non-exclusionary and non-discriminatory practices can negatively impact the careers and personal health of employees. Opportunity: DEI measures provide an inclusive environment and fair opportunities for all individuals, helping employees feel a sense of belonging and engagement.	n.a.

Impact, risk and opportunity management

S1-1 – Policies related to own workforce

S1-1 – Policies related to own workforce – working conditions

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Company agreement on 'Flexitime' working time regulations	Provides employees with the possibility to organize their daily working time flexibly within a time frame from 6 am to 10 pm.	Own Operations (all employees of adidas AG working in Herzogen-aurach and partially to employees in retail stores in Germany).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Company agreement on Mobile Working, 'Off-Campus Working'	It is the common understanding of the parties that this agreement is intended to expand the possibilities of making working arrangements at adidas more flexible by enabling mobile working within the framework of the global remote working concept.	Own Operations (location-wise, this agreement applies to adidas sites in Germany, excluding retail stores and showrooms. It generally applies to all adidas employees but includes specific aspects for those working within the company's infrastructure, e.g. Retail staff).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Company agreement on working location flexibility, 'Working from Elsewhere'	According to the common understanding of the operational partners, this agreement is intended to expand the possibilities of making adidas' work organization more flexible by enabling mobile work, particularly abroad, within the framework of the global Remote Working concept.	Own Operations (applies to all adidas sites in Germany, and all employees with specific exceptions, e.g., working students and trainees. Outside of Germany, this benefit is offered to all employees worldwide in accordance with local conditions).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Compensation Policy	Outlines the elements of employee total compensation and ensures consistent application within adidas. Monitoring includes annual salary reviews in the first quarter or as determined by HR Rewards.	Own Operations (applies to all adidas entities of adidas globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees on the Global Policy Manual
General Company Agreement 'Core benefits'	adidas and the General Works Council offer employees attractive, long-term opportunities for life, risk protection, and retirement. The flexible 'adidas Core Benefits' programs support employees in all life phases, complemented by the 'adidas Basic Contribution.'	Own Operations (applies to all locations in Germany)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Global Training Policy	Outlines adidas' approach to training and its expectation that employees complete all mandatory trainings. Monitoring process: Tracking	Own Operations (applies to all employees with regular access to the LMS. This	Executive Board Member Global Human Resources,	n.a.	Internal content experts	Available for all employees on the Global Policy Manual

S1-1 – Policies related to own workforce – working conditions

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
	via the Learning Management System (LMS).	policy does not apply to Non-employees, including externals, consultants, or vendors are excluded).	People and Culture			
Company Agreement on Human Resources Planning and Job Security	HR planning aims to ensure effective information exchange between employees, management, and the General Works Council through mutual cooperation and consultation.	Own Operations (applies to all employees of adidas AG working in Herzogen-aurach and partially to employees in retail stores in Germany).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint

Policies related to equal treatment and opportunities for all

As a diverse company where 175 nationalities bring their uniqueness to work each day, we are united by our values of Courage, Ownership, Innovation, Teamplay, Integrity, and Respect. We articulate and implement these values through our policies, which aim to educate our workforce on acting with integrity and non-discrimination to foster a culture of inclusion and belonging.

S1-1 – Policies related to own workforce – equal treatment and opportunities for all

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Fair Play Code of Conduct	Promotes a respectful, equitable, and inclusive work environment. The Code of Conduct expects all employees to act with integrity and provides guidance on issues such as anti-corruption, anti-bribery, and whistleblowing. Employees can report violations via the Fair Play Hotline or Webform.	Own Operations (all adidas employees globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees
Anti-Harassment and Anti-Discrimination	This policy details how adidas prevents, detects, and responds to all forms of discrimination and harassment. It is complemented by the adidas Fair Play Code of Conduct.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Accessible on corporate website; available for all employees
Equal Employment Opportunity	Ensures adidas and its entities comply with local laws, act as equal employers, and make employment decisions based on merit. It prohibits discrimination based on race, color, creed, origin, sex, orientation, age, ancestry, disability or other factors.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees

The policies listed above state various commitments related to the inclusion of people from groups at particular risk of vulnerability.

Our Code of Conduct and our Anti-Harassment and Anti-Discrimination policy unequivocally state that adidas does not tolerate any form of discrimination by employees or partners. This expectation is also specified in our Equal Employment Policy, which requires all our employment decisions to be made based on merit, qualifications, competence, and our company's business needs, covering all decisions involving the employment relationship, such as hiring, training, promoting, transferring, or terminating. This policy ensures that under no circumstances will adidas discriminate against individuals based on their race, color, religious creed, national origin, sex, sexual orientation, age, ancestry, disability, or other factors. With our Fair Play hotline, Employee Relations Team, Compliance Team, and Consequence Management policy, we are well equipped to follow up on our commitments to protect all vulnerable groups of employees.

The descriptions below (S1-4 and S1-5) list our commitments related to inclusion or positive action for people from groups at particular risk of vulnerability that we are pursuing outside of a policy.

Policies related to health and safety and measures against violence and harassment

In addition to the above-mentioned policies, adidas has a Health and Safety Policy and Management System in place to ensure that our infrastructure, assets, and operations comply with applicable standards and prevent workplace accidents.

S1-1 – Policies related to own workforce – health and safety and measures against violence and harassment

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Health and Safety Policy	Sets uniform and mandatory worldwide regulations for minimum occupational health and safety protection standards for adidas employees, visitors and external service providers. Monitoring process: Health and safety audits are conducted internally or externally dependent on the location. Country-specific, local policies remain valid if they set out the specifics and complement the requirements of this policy.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	ISO 45001	Internal content experts	Available for all employees
Integrated Management System Global Policy	To guide safe, healthy, energy-efficient and environmentally responsible operations in line with ISO standards. It outlines the Health and Safety, Environmental and Energy Management System across all adidas brands, functions, and locations, defining principles, roles and responsibilities to enhance practices.	Own Operations (facilities planning and design, daily operations for facility use as well as facilities maintenance for all adidas facilities globally)	Executive Board Member Global Human Resources, People and Culture	ISO 45001, ISO 14001, and ISO 50001	Internal content experts	Available for all employees
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own Operations (all adidas employees globally)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stake-holders to inform the policy content and salient human rights issues	Available for all employees

Our Health and Safety Manual and IMS Manual support the Health and Safety Policy and the Integrated Management System Global Policy in the area of the HSEE-Team. The policies represent the company's highest level of documentation in the area of health and safety.

Human Rights Policy

OBJECTIVE

This policy defines our commitment to respect human rights and safeguard the environment, along with measures implemented to fulfil our Human Rights and Environmental Due Diligence (HREDD) responsibilities.

SCOPE

This policy applies to all our company's brands, markets, and functions worldwide. Every adidas leader and employee must follow the company's policies and comply with all applicable laws and regulations, including those that seek to prevent human rights violations. Our commitment to upholding human rights is active in all adidas locations and applies to the company's business operations worldwide.

ROLES AND RESPONSIBILITIES

Executive Board: As outlined in this policy, the responsibility for implementing adidas' commitments is assumed at both a strategic and an operational level. The adidas Executive Board, overseen by the Supervisory Board, is responsible for the overall strategic direction of the business and ultimately decides on adidas' approach to and processes for respecting human rights, including allocating resources to support the implementation of this policy.

Chief Human Rights Officer (CHRO): Operationally, the adidas Executive Board has assigned the responsibility for implementing our Human Rights Policy to the General Counsel, who acts as the nominated CHRO. They are supported by our Legal and Compliance function, the specialist work of our Social and Environmental Affairs department, and our Human Resources (HR) function.

Our human rights commitment:

1. adidas is committed to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs). We also draw on guidance from the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.
2. adidas' commitment embraces all internationally recognized human rights, including those contained in:
   - the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights; and
   - the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. They include freedom of association, the right to collective bargaining, and the rights not to be subjected to forced or child labor or discriminated against regarding employment and occupation.

Where there is potential for adverse impacts on vulnerable people or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including Indigenous peoples, women, national, ethnic, religious, and linguistic minorities, children, disabled people, migrant workers and their families, and human rights defenders. Our considerations include, for example, the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of the Child.

OUR HUMAN RIGHTS APPROACH

Our commitment to human rights is supported through an ongoing due diligence process to identify, address, evaluate, and communicate the risks of involvement with adverse human rights impacts. Our Human Rights & Environmental Due Diligence (HREDD) processes are also aligned with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We are committed to providing for, or cooperating in, the prevention, mitigation, and remediation of adverse human rights we have caused or contributed to, and will seek to promote or cooperate in the mitigation and remediation of adverse impacts where we are linked to these through our business relationships.

Concerning human rights issues, adidas engages with its workforce both directly and through work councils. Please see S1-2 and S1-3 below for details on how we engage employees and provide open channels for communication and grievances.

As mentioned above, adidas' human rights policy related to its own workforce includes safeguarding against human trafficking, forced or compulsory labor, and child labor. Further details on how we address these issues, including measures to provide and/or enable remedies for human rights impacts, are found in the chapter on S1-3.

How policies are implemented

S1-1 – Policies related to own workforce – policy implementation

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Consequences Management Policy	When an employee violates an adidas policy, appropriate consequences must follow. The Consequences Management Policy provides a framework for HR, Legal & Compliance and other functions to determine fair, impartial and consistent consequences for policy violations.	Own Operations (all adidas legal entities globally, as well as all violations of adidas policies, including all global and local policies, company agreements, collective agreements, the adidas Fair Play Code of Conduct and employee handbooks)	General Counsel	n.a.	Internal content experts, Works Council	Available for all employees

When an employee violates a policy, such as our Code of Conduct or Anti-Harassment and Anti-Discrimination Policy, our Consequences Management Policy defines the appropriate response procedure. After a policy violation is reported or made clear, an adidas investigation team thoroughly and promptly investigates all suspected violations. This investigation team, specifically trained to deal with these matters, can include personnel from HR, Legal and Compliance, the implicated employee's line manager or other leadership from the market or business, and additional internal or external resources if needed. The investigation team cannot include any individual who has conflicts of interest or would otherwise be unable to approach the matter with fairness and independence. In countries with a works council, the works council will participate in the investigation process in accordance with their statutory mandate.

Once the investigation is completed, the investigation team determines the appropriate consequences. HR typically communicates these consequences to the employee and implements them. By following the Consequences Management Policy's four-step process (outlined below), all parties involved – the employee, the investigation team, and the company as a whole – can trust the resulting consequences are fair, impartial, and consistent.

The four steps of the Consequences Management Policy:

- Determine the nature and severity of the policy violation
- Consider mitigating and aggravating factors
- Review prior similar cases
- Determine appropriate consequences

adidas HR reviews all HR policies at least once a year or when our business needs require us to make ad-hoc policy updates. We define major policy changes as edits that go beyond document structure, rephrasing, or rewording and instead change the complete essence of a policy. Should such changes take place, it is the responsibility of a policy's owner to communicate those changes in relevant channels, such as email, an internal social media platform or in an HR activation call. Moreover, there should be training provided for the target audience to get them acquainted with the new policy version.

S1-1 – Relevant policies that underwent major changes in 2024

Relevant Policies	Type of changes
Anti-Harassment and Anti-Discrimination	- Update of the approver - Adaption of wording - Update in the contact details
Human Rights Policy	Updates to Executive Board signatories (including public policy version) and minor language changes to bring additional clarity to roles and responsibilities.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

adidas strives to engage all employees within our workforce, and we leverage our employees' valuable feedback to improve our business and management. Through various communication and engagement methods implemented across our global organization and workforce, we seek diverse perspectives to identify, understand, and address any negative, positive, actual, or potential material impacts. adidas engages directly with its own workforce as well as workers' representatives. We incorporate our workforce's perspectives into decision-making and activities seeking to manage material impacts by gathering and integrating employee feedback into our strategic and operational processes. We present insights from various employee surveys to senior leadership and the Board, which inform action plans and shape initiatives to address identified concerns. For example, our employee listening survey outcomes are utilized and influence our strategies aimed at improving employee engagement and retention or feelings of belonging and inclusion.

We also integrate feedback from workers' representatives and works councils into our management approach and practices. This collaboration ensures that employee concerns are addressed in the negotiation and implementation of company agreements, demonstrating adidas' commitment to aligning its actions with the interests and needs of its workforce. Additionally, employee perspectives are directly integrated at the highest levels of decision-making through employee and union representatives on adidas' Supervisory Board. This representation ensures that employee interests are formally considered in strategic decisions. Outcomes of decision-making and how they were influenced by our engagement with the workforce are communicated to employees in a timely manner and on an ongoing basis. The forums and channels we use include global or local town hall meetings, our corporate intranet, company-wide email communication, our internal social media tool, leadership- or direct line manager-led communications, and function-specific communication streams led by functions such as HR or Finance.

General engagement with own workforce

All employees and teams at adidas are free to discuss any matter or material impacts and take steps to address areas of concern through relevant communication channels. We have established the following engagement methods to gain perspectives from employees on issues important to them while fostering an environment of respect. The resources associated with the different engagement activities are not centrally measured.

HR Business Partners (HRBPs):

HRBPs serve as a crucial global and local point of contact for all employees, ensuring open, ongoing, and accessible communication channels across the organization. HRBPs engage directly with employees to understand their perspectives and address any concerns or material impacts they experience. By maintaining this close connection with the workforce, HRBPs provide insights that inform adidas' decisions and actions, enabling a responsive and supportive work environment. They also play a pivotal role in implementing local actions based on employee feedback gathered through ongoing engagement initiatives and regular interactions. This approach ensures that employee perspectives are integrated into adidas' overall strategy and management activities, fostering a culture of trust and collaboration.

Participants: All employees (engagement at local level).

Frequency of the engagement: Ongoing.

Most senior role responsible: Executive Board member responsible for HR.

Surveys

Annual employee listening survey (ELS)

The annual ELS is a team-centered survey to gain insights on topics that can be influenced directly by the manager and/or team. The responsibility to take action based on survey results lies with the local line managers. Action guides and available support and training materials are created to plan dedicated, feedback-based actions. The overall outcome of the ELS and subsequent action plan is presented to the Board.

Participants: All employees.

Frequency of the engagement: Annual.

Most senior role responsible: SVP HR Strategy & Excellence.

To assess the effectiveness of our ELS, we review a range of individual action plans created by our managers based on the results. We use this data to see what actions are being taken and develop supporting materials for the most critical and impactful topics. In addition, we conduct regular interviews with HR and other business functions to identify existing gaps in the listening program. For other surveys (e.g., candidate experience and exit surveys) we hold quarterly reviews with the stakeholders involved to evaluate the data and assess if any changes to the questionnaire are needed.

Candidate experience survey:

This survey aims to evaluate the experience of adidas candidates globally. It gathers insights about candidates' application experiences, such as suggestions to improve our interview process, as well as job offer and contract signing experiences. Global results from the survey are analyzed by the People Insights team and communicated to senior management and Talent Acquisition teams, who use them to design measures for their respective area or market.

Participants: All applicants that had an interview with a recruiter for a job at adidas – whether internal or external.

Frequency of the engagement: Ongoing.

Most senior role responsible: SVP HR Strategy & Excellence.

Exit survey:

Our exit survey helps us understand our employees' overall experience while working at adidas. These insights include understanding their main reasons for leaving, future plans, and intentions to return, if applicable. The survey results help adidas find ways to retain employees. Quarterly insights from the survey are presented to the HR Senior Leadership Team and local actions are driven by HRBPs in their areas of responsibility.

Participants: Corporate employees only.

Frequency of the engagement: Ongoing; results are reviewed quarterly.

Most senior role responsible: SVP HR Strategy & Excellence.

Meetings

Townhall meetings:

Our town hall meetings, hosted from our German headquarters in Herzogenaurach, provide global business and financial updates as well as opportunities for employee-related topics and announcements. Employees can submit questions to the Board and leadership in person at the meeting or via anonymous online submissions before the event. The Board provides answers during the meeting or later on via written follow-up. All adidas employees are invited to the town hall meetings via their company email address. Employee groups in adidas distribution centers without email addresses are offered a live stream link to attend online. The questions and concerns raised by employees provide insights and inform our decision-making on communication strategies, policy changes, reprioritization initiatives, or the need for leadership action.

Participants: adidas Executive Board and the entire global adidas workforce, excluding externals.

Frequency of the engagement: Quarterly.

Most senor role responsible: CEO.

Employee resource groups (ERGs):

ERGs are voluntary employee-led global and local networks that give employees of various backgrounds and perspectives a community of belonging and togetherness. We have over 30 ERGs worldwide, along with diversity ambassador teams that focus on diversity dimensions such as ethnicity, gender, women in tech, LGBTQIA+, experienced generation, faith, disability and caregivers at work. The DEI Team supports and collaborates with ERGs to ensure they are sustainable and to understand the sentiment and feedback of diverse communities. The team receives this feedback through quarterly touchpoints, global activations, and market lead conversations. This input is then used to influence future DEI activations and initiatives. For example, the LGBTQIA+ Equity project directly resulted from the 2023 Pride activations to ensure fair rewards to all employees.

The Global ERG Coordinator also hosts quarterly ERG calls, which are regular check-ins to talk about upcoming events, new learning and development needs, and global activation events during the year. These include International Women's History Month in March, Pride in June, and the Global Week of Inclusion in October.

Participants: All employees; participation is voluntary.

Frequency of the engagement: Ongoing.

Most senior role responsible: SVP Global DEI.

To assess the effectiveness of our ERGs, qualitative feedback is provided through ERG engagements. We also review the framework every year to ensure it is relevant and effective. In addition, we plan to introduce KPIs to reflect the number of active ERG members and the number of events held by ERGs.

Engagement with workers representatives and works councils

adidas has works councils at local, country, and European levels that maintain regular contact with the employees in their area of responsibility. Employee concerns are passed on via the works councils and influence the organization's decisions and activities. For instance, in Germany, there are various meetings set up with works councils, such as all-employee meetings and the annual conference of the works councils.

adidas has also established organizational structures to engage, work with, and be kept informed by the works councils. The legal interface between the company and works councils is the Labor Relations team. It advises and consults on all aspects of co-determination rights and the negotiation, conclusion, amendments, and termination of company agreements. The team also helps to improve the working processes and relationships with all works councils.

In Germany, the Herzogenaurach Site HR Lead is responsible for mediating between the Labor Director (part of the Executive Board) and the works councils, representing business perspectives and ensuring that approaches are consistent for specific locations. They also consult and support HR in large- and medium-scale reorganizations. Both are mandated to build a trustful and stable relationship with the works councils, lead and oversee negotiations of company agreements, and provide management if needed. Processes and procedures, in line with German statutory regulations, are in place for regular consultations with the works councils. adidas also has specific company agreements that are aligned and signed by the works councils.

In most adidas locations outside Germany, the local HR Leads are in charge of the employee topics per country and legal entity. adidas has local management structures in place according to the specific local statutory requirements.

Responsibility for engagement with own employees through workers representatives:

In Germany, adidas' most senior roles with operational responsibility for employee engagement and ensuring that results inform our strategy are the Labor Director (member of the Executive Board), the Herzogenaurach Site HR Lead, and the Head of Labor Relations.

In the other locations, workers' representation is locally structured. The most senior role of the responsibilities differs depending on the size of the location in terms of employee count.

Responsibility for direct inclusion of employee representatives in management bodies:

- **Supervisory Board:** Employee, Works Council, and union representatives are part of our Supervisory Board.

- **Executive Board:** The Labor Director, as part of our Executive Board, representing employees and their needs, as well as our Executive Board member for Global HR, People and Culture.

Engagement on diversity, equal opportunities, and inclusion

Diversity dimensions survey:

Under the operational responsibility of the SVP DEI, the diversity dimensions survey was first conducted in July 2022 and repeated in February 2023. It comprised five questions on the four diversity dimensions of gender, race and ethnicity, LGBTQIA+, and abilities. The survey was made available to corporate, Retail, and DC employees. The results and insights were shared with the Board, HR Senior Leadership Team (HRSLT), and Managing Directors of each market. The results were used to inform the DEI Strategy. The answers revealed a slight increase in the number of employees who felt uncomfortable disclosing their abilities or LGBTQIA+ dimensions. In response, the DEI team focused on these topics with the ERGs to build a better sense of belonging and create safe spaces for all employees. Future DEI surveys will be led at a market level to reinforce compliance with local laws and regulations.

Engagement with vulnerable groups

adidas also recognizes there are people in its own workforce who may be particularly vulnerable to impacts and/or marginalization and has developed focused engagement with these groups. While gender is the main diversity dimension that we track on a global level, we support underrepresented groups based on race and ethnicity, sexual orientation and gender identity, people with disabilities, age and caregivers through focused engagements on local levels.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

adidas is committed to providing for or cooperating with efforts to remediate negative impacts our own workforce may face. We provide various channels for our employees to raise concerns.

General approach for providing or contributing to remedy:

We leverage various tools to resolve negative impacts on our workforce, such as concerns of harassment, discrimination, and retaliation. These tools include coaching, mediation, intervention, and investigation. Globally, all HRBPs receive training on using the tools. It is the Employee Relations and/or relevant HRBP's responsibility to ensure the situation is remediated using the most appropriate conflict resolution tool.

We use the Case Management System (CMS) to record relevant documentation for each case. Tracking individual cases allows us to identify trends and take a proactive approach. The CMS was introduced in December 2023 and in 2024 we started gathering data to further enhance reporting and insights.

CMS investigation process:

- **Intake:**
  - Notification of the allegation from the reporter
  - Development of an investigation plan to set the scope and the process of the investigation
  - Intake interview with the reporter to gather relevant information
- **Investigation**
- **Outcome:** The investigation report includes a conclusion as to whether the allegation has been confirmed or not, along with a clear recommendation for measures. These measures are then implemented by the business area.
- **Documentation**
- **Aftercare:** Reach out to the reporter (if required) and/or witnesses and confirm the resolution of the investigation. Factors such as the case, concerns, actions, and legal framework determine how much information on measures taken is shared with the reporter.

In addition, as mentioned above in the S1-2 part, our approach to remedy negative impacts includes extensive collaboration with ERGs and works councils. It includes holding meetings with works councils and ERGs to ensure we address employee concerns.

In Germany, employee complaint cases brought to the knowledge of the Central Works Council are picked up through the Herzogenaurach Site HR Lead or respective HRBP for further processing. For specific topics, such as performance appraisal escalation processes, company agreements detail the conflict resolution process and procedures. Another example is off-campus working, for which we have a hardship case regulation and escalation process defined in our company agreement.

We strive to continuously improve these processes by reviewing our policies and procedures and updating the Employee Relations SharePoint regularly; this also includes incorporating feedback from employees and parties who are negatively impacted.

Channels for own workforce to raise concerns

adidas has established various channels through which its own workforce can raise concerns. We encourage employees to report concerns through any channel that is comfortable for them. The channels available to all employees, regardless of their position or location, for all material impacts are:

- Line Manager – established by adidas itself
- HR Business Partner – established by adidas itself
- Employee Relations team – established by adidas itself
- Works Council – established where legally required
- Fair Play hotline – external third-party vendor allowing anonymous reporting
- Fair Play web form – external third-party vendor allowing anonymous reporting
- Compliance team – established by adidas itself

These reporting channels are made known to the employees during onboarding and are accessible on the company SharePoint and our corporate website.

In addition, in our stores and DCs, posters with the relevant Fair Play phone numbers are displayed for all employees.

Fair Play hotline and web form:

The most formal way to raise a concern is through the Fair Play hotline or web form. They are provided by a third-party service provider who communicates directly with the reporter. They allow employees to raise concerns under their own name, anonymously, or semi-anonymously (their name is known to the service provider but not adidas). All concerns relating to harassment, discrimination, and retaliation are reviewed by the Employee Relations team to determine the most appropriate form of remediation. Within 48 hours of receiving the concern, Employee Relations contacts the reporter to schedule an intake call. During this call, the concerns are discussed with the reporter and the appropriate form of conflict resolution is agreed upon, such as an investigation.

The case manager determines how much information to share with the reporter, depending on the case, concerns, actions, and legal framework. At a minimum, they share the following information:

- HR conducted a thorough investigation.
- adidas is committed to resolving workplace concerns.
- Consequences have been recommended (most investigations produce recommendations, which may include formal disciplinary action, e.g., a coaching conversation).
- adidas does not tolerate retaliation and the reporter should reconnect with the HRBPs if they believe they are being retaliated against.
- Contact details, where applicable, for the Employee Assistance Program for additional support.

adidas assesses the effectiveness of the Fair Play hotline and web form through usage metrics such as frequency of use, types of reports, and resolution times. We also gauge its accessibility and awareness, e.g. by promoting our SharePoint and Fair Play. In 2026, we aim to implement surveys to seek feedback, conduct audits, and set and review KPIs to better assess and improve this grievance mechanism. Each year, adidas publishes statistics on Fair Play to help ensure our workforce is aware of and trusts these processes as a way to raise concerns and have them addressed. It also gives employees confidence that if they speak up, it will always be taken seriously and followed up with action. adidas is currently discussing whether to include questions about speaking up in its annual Employee Listening Survey.

We also have a non-retaliation policy to protect individuals who raise concerns from retaliation. Our Fair Play Code of Conduct clearly states that any adidas employee who reports a reasonable suspicion of an actual or potential policy violation is protected against any form of retaliation, regardless of whether their suspicion turns out to be valid. Conversely, any employee who retaliates or attempts to retaliate against a fellow employee who has reported or intends to report a suspected violation, including by pressuring or threatening them not to report, may face disciplinary action. Any employee found to have made a report with malicious intent may also be subject to discipline.

S1-4 – Taking action on material impacts and approaches to managing material risks and opportunities related to own workforce

adidas has numerous ongoing efforts and invests significant resources into managing material impacts, risks, and opportunities related to our workforce. We aim to provide secure employment and above-average working conditions, giving every individual an equal opportunity to develop, maximize their leadership potential, and achieve the highest levels of performance. Below is a list of our ongoing management approaches and measures, which apply on a global basis unless otherwise stated and are described in more detail throughout this S1-4 part. They include the following:

- adidas supports **secure employment** with a low percentage of temporary workers, prioritizing internal opportunities for employees affected by organizational changes.

- For **parental leave**, our flexible re-entry programs and unpaid bonding leave allow new parents to take up to six months off. In cases of termination, fair notice periods ensure consistent and equitable treatment across the company.

- adidas promotes employee engagement with **flexible work** options, including part-time and full-time contracts, remote work up to 40%, and ten days annually to work from elsewhere. Additional leave options support life events like marriage, caregiving, and moving, in alignment with local laws.

- Our **compensation** programs are designed to ensure all employees are paid within a competitive range and receive adequate wages for the roles they perform. They are gender agnostic and otherwise unbiased, factors that have a positive indirect impact on gender pay equity at adidas.

- adidas offers a variety of **training and skill development programs**, combining digital platforms like LinkedIn Learning and Udemy with informal initiatives such as mentoring and networking through the adidas Virtual Café. Leadership development is a key focus, with tailored experiences for all management levels. Programs like the Global High-Potential Program and adidas 360° foster leadership growth and succession planning. adidas Functional Academies also organize learning days to support career development, aiming to build leadership and functional skills, cross-cultural exposure, and strengthen succession pipelines across the organization.

- We aim to maintain an open and constructive **dialogue with all adidas employees** and their representatives, respecting their right to join organizations for representation. These organizations may engage in collective bargaining if recognized. For more details on the matter, please see the passage 'Freedom of association and collective bargaining' below. One way we support social dialogue is through our membership in the German Federal Association of the Footwear and Leather Goods Industry (HDS/L). As an employer association, the HDS/L is responsible for all collective bargaining and social and educational affairs in the shoe and leather goods industry. The HDS/L represents its members with works councils, trade unions, social security institutions, and the labor administration. Through integration in the state and federal associations of the German Employers' Associations, the federation is also supported in its legal competence.

- adidas is committed to fostering **diversity and inclusion** of persons with disabilities through various initiatives. The Leading with Inclusion Program, part of our DEI strategy, focuses on developing inclusive leadership at all levels of our company. Further programs like 'ElevateHer' support the advancement of women in leadership. Additionally, we celebrate 'cultural moments' during the year to promote diversity across our company globally.

adidas has taken the following actions to prevent or mitigate material negative impacts (health and safety, gender equality and equal pay for equal work, training and skills development, employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, and diversity) and/or risks for its business arising from its impacts and dependencies on its own workforce (health and safety, diversity, training and skills development), and to provide or enable a remedy in relation to an actual material impact (health and safety, gender equality and equal pay for equal work, measures against violence and harassment in the workplace, and employment and inclusion of persons with disabilities). All actions are ongoing.

Improving health and safety culture in the workplace

We believe physical, mental, and social well-being are equally important and form the cornerstone of sustainable performance. Through this holistic view, we aim to provide optimal conditions for our employees that ensure their well-being, health, and safety. Focusing on prevention, education, and support, our comprehensive and inclusive portfolio caters to the diverse needs of our employees.

- To prevent the risks of work-related injuries, adidas carries out **risk assessments** for all locations (offices, DC´s, own retail stores) at least every 2 years or in the event of changes or after an occupational accident. Risk assessments on the building and machinery are also conducted before the opening of a corporate location.

- **Health and safety trainings** are regularly conducted. They cover topics such as compliance with safe work practices, knowing responsibilities regarding workplace safety, and being able to identify hazards present in the workplace. There are also trainings on how to respond to an incident or safety concern and ensuring employees know where to locate resources.

- Regarding the remediation of existing actual health and safety impacts, all occurring **corporate and retail accidents are investigated**, and findings are shared globally with relevant stakeholders to prevent their recurrence. This approach leads to improved practices and risk mitigation in our workplaces. In the case of work-related accidents, adidas follows the local regulatory requirements and market practices regarding any insurance, which may include workers' compensation covering work-related injuries, sicknesses, medical insurance, or any other employee benefits.

- In 2024, we put focus on **mental health** and prevention and thus extended our **well-being offerings**. Highlights include psychosocial risk assessment combined with a comprehensive program to implement improvement measures in affected areas. Furthermore, a mental health compass for both employees and leaders has been launched as one-stop-shop for all topics concerning mental health. Our aim is to strengthen individual mental health knowledge and awareness of leaders to better care for themselves and their teams. The rich portfolio includes carefully curated content and resources for self-care, team-care and the duty of care. An all-year program with selected talks, workshops, courses etc. for various employee groups complements the preventive approach.

- To support a healthy lifestyle and mental well-being, our employees have **access to a wide range of sports activities**, events, and facilities. We have corporate gyms at many locations worldwide. Many of our office buildings have lockers and showers, allowing employees to include sports in their working day or cycle to work. To meet employee needs in a hybrid work set-up, programs are both local and virtual to support teamwork and a healthy lifestyle. Offerings include hybrid sports classes, medical and psychosocial consultations (in-person and virtual), tools for digital disconnection, and carefully curated sessions on life topics.

- **Employee benefits** include monetary and non-monetary programs that supplement wages or salaries on a discretionary or non-discretionary basis and are based on benchmarks. Programs can be offered globally, regionally, or locally and can be statutory or supplemental. Employee benefits may consist of medical, disability, accident, or life insurance. They also include initiatives to support physical, mental, and social well-being (i.e., employee assistance programs) in line with our rewards strategy to attract, retain, and motivate individuals through remuneration and benefits that are inclusive, fit for purpose, and competitive in the marketplace based on external developments. These measures enable us to achieve our strategic objectives.

Pay equality analysis addressing gender equality and equal pay

In 2021, adidas conducted a **gender pay gap analysis** as a pilot in seven major locations to ensure equal pay within similar roles. The analysis focused on comparing **total direct compensation** for employees in clusters of similar positions (job codes). Where we identified significant pay gaps between male and female employees, adidas evaluated whether differences could be justified based on factors such as recent entry into the position, qualifications, or potential. In the vast majority of investigated cases, the differences could be justified. In the remaining cases, we implemented immediate adjustments. This proactive step highlights adidas' commitment to addressing pay disparities and fostering gender equality in its workforce. In addition to pay adjustments, adidas tracks **women in leadership** targets globally and has launched a **sponsorship program** aimed at closing the gender gap at senior levels, further reinforcing its efforts to promote gender equality.

Employee learning, training and skills development

adidas nurtures high-performing and high-potential employees through its **Global High Potential (GHIPO) program**. This initiative is designed to identify and develop future global leaders capable of taking on more complex responsibilities at higher leadership levels. Through continuous investment in the growth and development of GHIPO participants, adidas strengthens its leadership succession pipelines across global, regional, local, and functional levels. This investment in talent development helps employees enhance their performance and career growth, leading to increased loyalty and retention.

To avoid skill gaps that could negatively impact business performance, adidas offers a **wide range of functional learning programs** in key areas such as brand, digital, analytics, and commercials. These programs ensure that employees are prepared to perform in their roles and adapt to the constantly evolving market landscape. Learning offers are reviewed and updated regularly. In addition, learning teams respond to emerging external trends and create relevant offers to address the learning needs of the employees. To ensure this, the learning teams work together with external and internal experts. This focus on continuous learning supports the company's commitment to employee development and business sustainability.

Our global **performance development** approach, called #MYBEST, remains a key enabler of our high-performance culture. In 2024, we focused on enhancing our quality performance conversations, enabling our people to set clear performance expectations, engage in continuous feedback, and provide holistic, fact-based, and inclusive assessments.

Measures against violence and harassment in the workplace

adidas leverages various tools to resolve negative impacts on its workforce relating to violence, harassment, discrimination, and retaliation. These tools include coaching, mediation, intervention, and investigation. Globally, all HR Business Partners (HRBPs) are trained in using these tools on an annual basis. The Employee Relations team and/or relevant HRBP are responsible for ensuring that any potential situation is remediated using the most appropriate conflict resolution tool (see S1-3 part for more details).

Employment and inclusion of persons with disabilities and diversity

adidas actively works to prevent discrimination in the workplace, as no employee should face discrimination based on their gender, socio-economic background, beliefs, or any other personal characteristics. To this end, adidas has developed and plans to implement education and capacity building activities in this area over the next two years. As part of the DEI strategy released in October 2022, the DEI team launched the **Leading with Inclusion Program** to build inclusive leadership competencies starting at the top of our organization.

- In 2024, adidas prioritized its executives (S level), with over 160 executives successfully completing the Inclusion for Transformation workshops.
- In 2024, additionally, over 300 leaders of our middle management (M1 and M2 level) have also participated in and completed the Managing Inclusion workshops.
- adidas also provided self-service options in 2024 to ensure all employees are aware of DEI basics through the availability of various learning resources and tools.

Our DEI Executive Council, comprising a diverse group including all members of the Executive Board and leaders from each market, continued its work in 2024 to increase accountability for global DEI initiatives, address emerging DEI issues impacting our brand, and drive the execution of our DEI strategy. Within their individual functions and markets, Council members have committed to providing solutions to DEI challenges and identifying and removing cross-functional and market barriers. In 2024, the DEI Executive Council invited employees of all backgrounds to provide feedback to senior leadership.

adidas has identified the risks of not addressing diversity, which include losing competitiveness in the job market. A new Disability Hiring project headed by Talent & DEI will address these risks. It will allow us to evaluate options, collect and monitor disability related diversity data globally and locally to understand representation, increase disabled representation in a legally compliant manner, and ensure workspaces are inclusive to disabled employees. We consider external benchmarks and developments when setting targets and defining the relevant measures. In addition to complying with local legislation, this project will help create a greater sense of belonging among employees.

Actions with the primary purpose of delivering positive impacts for adidas' own workforce (secure employment, working time, adequate wages, freedom of association and collective bargaining, work-life balance, training and skills development, and diversity) and pursuing material opportunities for adidas regarding our own workforce (training and skills development and diversity) include the following:

Secure employment

— In the case of **organizational changes, business transformations, or reorganizations**, we aim to secure jobs for our impacted employees by offering them other internal opportunities aligned with their existing or transferable skills. We prioritize employees at risk based on restructures when it comes to internal hiring decisions; this is the case globally, but specifically in Germany, where it is done in partnership with the German Works Council.

— For **family-related leave and re-entry**, we have programs to provide employees with options for their return to work. For more information, please see the 'Working time and work-life balance' section below.

— **Protection in case of termination:** adidas agrees upon termination notice periods for both the employer and the employee in the respective employment contract. These may refer to statutory notice periods or alternative periods chosen by the employer in a standardized manner that ensures equality.

Working time and work-life balance

adidas offers **flexible working concepts,** leadership competence related to work-life integration, and family-oriented services, which improve employee engagement by supporting their unique needs and promoting working efficiency**.**

— We offer **part-time and full-time contracts**; working hour changes are handled in line with local legislation and laws.

— We also provide **flexibility in working locations**, part of our Remote Working Concept and Working from Elsewhere Policy. The Remote Working Concept provides corporate employees with the possibility to work from home 40% of the time and manage their daily working hours. The Working from Elsewhere Policy gives corporate employees the possibility to work from anywhere outside of their office location for ten days a year.

— Along with annual-, maternity, paternity, and parental leave, we provide various **additional time off options** (excluding sick leave), such as time for moving house, marriage, sabbaticals, and leave to take care of close relatives and family members. These vary by country in line with local needs and legislation.

— For **parental leave and re-entry**, we have programs in place to provide employees with advice early on and options for their return to work, taking into consideration flexible working hours and work locations. In Germany, employees on parental leave are guaranteed their original positions, which are only filled temporarily. In the US, in addition to regular parental leave for new parents (up to ten weeks at home at 70% of their salary), adidas offers an extra two weeks of paid parental leave. Furthermore, our special parental bonding allows parents to stay home for up to six months within the first 12 months after their child's birth or placement. While unpaid, it offers parents the opportunity to stay home longer to take care of their new arrival and adjust to their new lifestyle. Latin America provides an extended parental leave approach across its market, giving mothers 24 paid weeks to spend with their children, while fathers and partners receive 20 paid days. In addition, mothers can work fewer hours for one month immediately before and after their maternity leave period.

Employee learning and development offerings

We offer a wide range of learning and development opportunities, including online learning resources and interactive learning that facilitate employees' personal and professional growth. We provide various digital learning and development opportunities on platforms such as LinkedIn Learning, Udemy and DataCamp. They offer equitable access to learning content and allow employees to upskill or reskill based on their needs.

Our extended learning and development offerings are both formal and informal. Our informal learning is supported by networking platforms where employees can connect with each other across the organization. Our informal training is available through our adidas mentoring program and the adidas virtual café, enabling employees to connect with others with similar interests and development goals. When participating in our informal learning offerings, over 90% of employees said it made them feel more connected to the people and culture at adidas and would recommend the program to others.

adidas knows that to continue being successful as a company, we need to help our employees develop essential skills and leadership behaviors. We aim to inspire and nurture talented and diverse leaders who exemplify our culture and leadership skills. We offer various ongoing formal learning initiatives to elevate and enhance our leadership pipeline:

— **Leadership development experiences:** Interactive learning sessions designed for every level of management across all markets and functions. They include our People Leader Experience (PLE), Manager Development Experience (MDE), Director Development Experience (DDE), and Executive Development Experience (EDE).

— **adidas Functional Academies:** The Functional Academies organize regular learning days (quarterly or yearly) for respective employees to focus on their career development.

— **Global High Potential (GHIPO) Program:** The GHIPO program gives us the opportunity to identify and develop global leaders who are ready to step up their leadership responsibilities. It aims to strengthen the participants' business acumen skills, build peer relationships, and provide cross-functional and cross-cultural exposure.

— **adidas 360°:** After a successful pilot in 2022 and a final introduction in 2023, we continued adidas 360° as a leadership development tool in 2024. It involves soliciting feedback from multiple sources, including managers, direct reports, and other stakeholders, to gauge how senior leadership's behavior is perceived. It provides valuable and critical feedback, driving both professional and organizational growth.

Compensation

Our Global HR Rewards Compensation Programs (particularly our salary determination and review process) are designed to ensure all employees are paid within a competitive range and receive an adequate wage for the role they perform. This approach is gender agnostic and otherwise unbiased and has a positive indirect impact on gender equity for pay at adidas. Our compensation management approach comprises various elements that help ensure the following:

— All employees are assigned a job role using a global job architecture based on their job profile, ensuring we can compare jobs on a like-for-like basis.

— A salary range is assigned to each job role, this salary range is calibrated using external market data.

- The compensation of employees is based on their assignment to a job role and the associated salary range, independent of gender or any other diversity criteria.

- Upon hiring employees or in cases of position changes, such as through lateral moves, promotions, or demotions, individual salaries will be based on the ranges assigned to the job roles. This encompasses the employees' relevant experience for the role they are performing.

- These determinators are also applied during salary reviews, which are typically conducted annually.

Freedom of association and collective bargaining

We are committed to an open and constructive dialogue with all people employed by adidas and, where applicable, with their representatives. Our employees are free to join organizations of their choice that represent them consistent with local organizing laws. These organizations may, if recognized as the appropriate agent, engage in collective bargaining according to applicable law. Employees who act as representatives are neither disadvantaged nor favored in any way. In locations where employees have decided not to appoint representatives, we promote direct and open communication between employees and management.

Promoting diversity and inclusion

adidas is committed to fostering a culture of equity, inclusion, and belonging to ensure we continually attract, develop, and retain top talents and athletes from our diverse markets. Through structured initiatives such as targeted leadership programs, recruiting efforts, and employee-led groups, we create equal opportunities for all employees to thrive.

Promotion of women in leadership

'ElevateHer' is a one-year accelerated journey to develop and advocate for the advancement of talented and high-potential women. It offers sponsorship relationships, exposure and connection opportunities, and practical learnings to amplify skillsets and confidence. We launched the program in October 2024 across all seven of our markets. Each of the 82 participants was paired with a senior leader sponsor who provides mentorship, opens doors to new opportunities, and advocates for their growth within our organization. The program will track the participants' retention and development rates (both vertical and horizontal) compared to the rest of the organization.

Employee Resource Groups (ERGs)

We continued supporting and expanding our ERGs throughout the company by developing a new ERG framework and operating model. It provides governance, oversight, recognition, and upskilling for our ERG members. ERGs are employee-led networks that give employees with differing backgrounds and perspectives communities of belonging and togetherness. We have over 30 ERGs worldwide, as well as diversity ambassador teams focused on diversity dimensions such as ethnicity, gender, LGBTQIA+, experienced generation, faith, disability, and mental health. Participation in these groups is voluntary and inclusive to all employees.

Cultural moments

Since 2022, our DEI team has been committed to carrying out three 'cultural moments' globally in addition to any relevant local moments. Each cultural moment includes an 'Inform' session to provide updates on progress and new initiatives, an 'Inspire' session with a panel talk and videos, and an 'Educate' session that shares new DEI training and workouts. All details on activations can be found on the dedicated internal SharePoint and are available to all employees. Each year, we carry out the following activations:

- March: International Women's History Month and International Women's Day involves a full month of activations.
- June: Pride is a month with global activations.
- October: Global Week of Inclusion started in 2020.
- Local moments vary by market and include Lunar New Year, Asian American and Pacific Islander Heritage Month, Black History Month (in the United Kingdom, Netherlands, and US), International Day against Homophobia and Transphobia, Juneteenth, Latin Afro-American, Afro-Caribbean, and Diaspora Women's Day, Amsterdam Pride, Hispanic Heritage Month, World Mental Health Day, Race Day, Transgender Day of Remembrance, and International Day of People with Disabilities.

In addition, we acknowledge other cultural moments on an ad-hoc basis through the Advancing DEI Together channel on our internal social media tool.

Processes through which adidas identifies what action is needed

We regularly review key HR KPIs to guide our strategic actions. These indicators – including recruitment experience, engagement, women in leadership, and participation in DEI training – are assessed by senior management, who determine any necessary actions based on performance trends. For instance, when the representation of women in our leadership was not developing as intended, we introduced a sponsorship program and pulse checks to gather additional insights. Similarly, when our employee learning hours were not meeting expectations, we revamped our 2024 learning offerings to improve processes, communications, and user journeys, which reduced the drop-off rate.

In 2024, we redesigned the corporate employee listening survey to prioritize manager-driven, team-level actions over global themes. Each manager received supporting materials, learning recommendations, and suggested actions alongside their team's survey results to drive meaningful improvements within their teams. Many of them have created personalized action plans, reflecting a diverse range of topics and indicating a shift away from a one-size-fits-all approach. In 2025, we plan to conduct additional surveys for broader, centrally driven topics. For retail and distribution center (DC) environments, we apply a mixed approach of manager-led and centrally driven actions, managed by local market teams. In Germany, consultation with works councils is integrated into our decision-making processes, helping identify and shape required actions.

Additionally, learning opportunities are aligned with adidas' strategic objectives and cultural mindset, as identified through learning needs assessments conducted by academies and senior business stakeholders. We also use employee surveys to capture relevant insights. Every year, we conduct interviews and present a summary of findings to senior stakeholders to prioritize additions to our learning portfolio for the year.

Our standardized enterprise-wide risk management procedures further support our decision-making by assessing risks and opportunities semi-annually. The reviews examine the severity and likelihood of potential issues, such as health and safety, diversity, training and skills development, gender equality, inclusion of persons with disabilities, and anti-discrimination measures. If our current actions are deemed insufficient, we develop additional measures to mitigate elevated risks. The results of these reviews are shared with the senior management team during the management review, ensuring our strategic direction responds to emerging needs and challenges and informs the materiality analysis for the Sustainability Statement.

Tracking the effectiveness of the actions

To ensure continuous improvement and accountability at adidas, we regularly review key HR KPIs such as employment type (temporary vs. permanent), employee fluctuations, full-time vs. part-time work ratios, and others. Senior management assesses these metrics regularly, supported by further specific analyses in targeted areas:

- **Learning and development impact**: adidas's effort of measuring the impact of learning programs is based on the so-called Kirkpatrick Model. Not all learning initiatives will be measured using the four levels of the model; most of them will be measured at level 1 and 2. Only in some specific instances (especially in some of our functional academies) the impact will be measured up to level 4.

  For reference this model's four levels of learning evaluation are as follow:
  1 – reaction (degree to which participants find the training favorable, engaging, and relevant to their jobs),
  2 – learning (degree to which participants acquire the intended knowledge, skills, attitude, confidence, and commitment based on their participation in the training),
  3 – behavior (degree to which participants apply what they learned during training when they are back on the job), and
  4 – results (degree to which targeted outcomes occur as a result of the training and the support to business results). Evaluation levels are chosen based on factors like skills gaps and strategic relevance.

- **Employee engagement:** Our annual employee listening survey, launched in May 2024, achieved a record 87% participation rate, up 13 percentage points from 2023. Covering a wide range of employment topics, the survey results demonstrated a positive trend in engagement, particularly in corporate settings. Managers received tailored insights to drive team-specific actions, and global HR teams are using these findings to refine employee-facing programs.

- **Total compensation management and gender equity:** We track the impact of our compensation management approach, especially salary reviews, through management reports. They monitor employee positioning within salary ranges, budget allocations, and, if applicable, investments needed for pay equity, while including an annual gender pay snapshot. In Germany, we work closely with the Central Works Council to analyze overall pay positioning. We also conducted a comprehensive equal pay review in 2024 to monitor gender pay equity.

- **Diversity, equity, and inclusion (DEI):** adidas uses HR and DEI management reports to track DEI progress monthly. This data provides insights into the achievement of DEI targets and identifies any emerging issues, such as shifts in female senior leadership representation

- **Measures against violence and harassment:** To uphold a safe and inclusive workplace, discrimination and harassment cases are followed up with impacted individuals and tracked. This tracking enables a proactive analysis to help us identify trends and areas for improvement.

- **Employee health and safety:** All workplace accidents in both corporate and retail settings are reported immediately, thoroughly investigated and the findings are shared with relevant stakeholders.

- **Freedom of association and collective bargaining:** As adidas already complies with all related laws and regulations, no further actions and tracking of effectiveness are planned.

Through these systematic reviews and proactive measures, adidas reinforces a commitment to transparency, data-driven decision-making, and progress toward organizational goals.

How adidas ensures that its own practices do not cause or contribute to material negative impacts on its own workforce

DATA USE

The Global Privacy Management Policy states our privacy ambition: adidas is committed to complying with all relevant privacy laws and regulations and will actively work to identify and close privacy gaps.

The following internationally recognized privacy principles are part of our Global Privacy Framework and shall be applied in the light of applicable local privacy law and regulations:

- **Accountability:** The Global Privacy Framework ensures alignment between business strategy and privacy principles and records how we implement the Executive Board's privacy commitment.

- **Lawfulness and fairness:** We are committed to lawful, fair, and transparent processing that ensures individual rights can be effectively exercised.

- **Purpose specification and limitation:** We will ensure our data collection and use is limited to appropriate and defined purposes.

- **Data minimization:** Personal information we collect will be limited to meet the purpose of the collection and we will consider pseudonymization if and where appropriate.

- **Use and disclosure:** We will establish a culture and practice of respecting privacy in the way we use and share personal information, both within adidas and with third parties.

- **Security:** We will implement appropriate technical and organizational safeguards to assure the integrity, availability, and confidentiality of personal information we store and process.

- **Data management:** Our data management capabilities will ensure adequate data quality, avoid excessive data retention, and enable privacy principles from a technical perspective.

Any activity that could or does involve the processing of personal information must complete a Privacy Impact Assessment to identify significant privacy risks in high-risk processing activities, define measures to mitigate these risks, identify further privacy requirements imposed by local laws or regulations, and convert risk mitigating measures and further requirements or opportunities into comprehensive implementation criteria to be signed-off and implemented by the Privacy Action Owner. The Global Privacy Officer is responsible for taking action in the event of a privacy breach.

Resources allocated to the management of material impacts

adidas invests significant time and resources into addressing material impact, risks, and opportunities in its global workforce. These efforts include having dedicated teams distributed across HRBP functions to actively manage material issues in the workforce.

S1-4 – Resources allocated to the management of material topics

Topics	Resources allocated to the management of material topics
Secure employment	Distributed across HRBP functions
Working time	Benefits team
Adequate wages	Global Compensation team, Rewards Markets, and GBS
Freedom of association	Germany: • Labor Director (member of the Board) • Labor Relations team • HR Herzogenaurach Site team • HR Core team for workers representatives to align operative topics that require works council involvement: HR Center of Excellence representatives plus Labor relations and HR Herzogenaurach Site • HR Strategy team for workers representatives to align strategic topics that require works council involvement: HR Center of Excellence Leads plus Labor relations and HR Herzogenaurach Site • Various local HR Business Partners inside and outside of Germany
Collective bargaining	
Work-life-balance	Globally: Benefits team Locally: Various local HR teams
Health and safety	Workplaces team
Gender equality and equal pay	DEI Global: • Global team • Market teams
Training and skills development	Teams globally across Corporate, Retail, DC, and Virtual Merchandising
Employment and inclusion of persons with disabilities	DEI Global: • Global team • Market teams
Measures against violence and harassment	Global Employee Relations team
Diversity	DEI Global: • Global team • Market teams

Metrics and targets

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Gender equality: Women in leadership targets

adidas is committed to increasing female representation in management positions and furthering equal employment opportunities. We have established a policy and set measurable, aspirational targets to help us realize our diversity, equity, and inclusion (DEI) ambitions for gender balance.

Global target: We are committed to increasing the global share of women in leadership positions (Director level and above) to achieve a gender balance of 50% by 2033 for Director (M2) and above positions, from a 2023 baseline of 39.6%.

Target for adidas AG Germany: We have set a target to achieve 40% female representation at both the first and second management levels below the Executive Board by 2025. This target is based on a 2023 baseline of 35.5% for the first management level below the Executive Board and 37.4% for the second management level below the Executive Board.

As part of our target-setting process, our People Insights and HR Data teams collaborate to propose new targets. Their proposals are based on simulations, historical data, current organizational directives, exit data, and external market trends. They are approved by the Executive Board, such as for our global and adidas AG Germany targets. The progress made toward our women in leadership targets is shared annually with all employees globally during Women's History Month in March. Additionally, HR reviews our women in leadership targets every quarter to ensure continuous monitoring of opportunities and challenges.

Performance against these targets
With regard to the 2033 ambition to increase the global share of women in leadership positions (Director level and above) to 50% by 2033, from a 2023 baseline of 39.6%. The data as of December 31, 2024, shows:

The share of women in leadership positions (Director level and above) had increased to 40.7% compared to 39.6% in the fiscal year 2023. The share of female executives (S-level leaders) had stabilized in 2024 compared to the fiscal year 2023.

With regard to the 2025 target for adidas AG Germany: 40% for both the first and the second management level below Executive Board. As of the end of December, 31, 2024, shows:

- First management level below Executive Board: 36.1% (compared to 35.5% in the fiscal year 2023) (13 women; 23 men)

- Second management level below Executive Board: 38.2% (compared to 37.4% in the fiscal year 2023)(92 women; 149 men)

Women in leadership data is tracked monthly and on a quarterly basis to understand pipeline issues or DEI-related challenges.

Health and safety targets

adidas sets KPIs to fulfill and track the progress of our Health and Safety Policy, with the goal of minimizing work-related incidents. In 2020, we developed our five-year targets plan, which includes a focus on health and safety as a key component of our strategy. As part of this initiative, we had integrated three KPIs related to health and safety. Target values have been defined for

- the Lost Time Incident Rate (LTIR) (<1.3 based on the Occupational Health and Safety Assessment Series (OHSAS),

- zero fatalities, and zero occupational illnesses for corporate offices, showrooms, and distribution centers/production sites.

We discontinue reporting based on OHSAS and report based on ESRS as of 2024. Therefore, we added new KPIs, had to change the KPI calculation and consequently, also had to adjust the LTIR target value. Thus, for 2024 and 2025 our target for LTIR is <2.0. In terms of number of fatalities as result of work-related injuries and work-related ill health and number of cases of work-related ill health, our target stays zero. With regards to percentage of own workers covered by (an internally audited and/or third-party certified) health and safety management system our target is 100% coverage for corporate buildings/distribution centers[26] larger than 4500 sqm or with more than 50 HC (internal + external) at the end of 2025. As we added retail after corporate to be covered by a (internally audited and/or third-party certified) health and safety management system to our responsibility, we have an internal target, which is to roll-out the ISO 45001 (Occupational Health and Safety Management System) in 100% of our European own retail stores and showrooms[27] for 2025. For the number and rate of recordable work-related accidents and the number of lost days lost to work-related accidents, ill health and fatalities, we are striving for continuous improvement.

- Scope of the target: These targets refer to offices, distribution centers, own production sites, own-retail stores, and showrooms.

- The targets for Lost Time Incident Rate (LTIR), fatalities, and occupational illnesses for corporate offices, showrooms, and distribution centers/production sites have been defined in the past based on OHSAS. Due to the new scope that includes adidas' own retail stores, these targets were adjusted. Consequently, the calculation of the LTIR will be changed to 1,000,000 working hours in accordance with ESRS requirements.

- Baseline value and base year from which progress is measured: In the previous years we calculated this in accordance with OHSAS (Occupational Health and Safety Assessment Series). However, from 2024 onwards we will calculate in accordance with the ESRS requirements. Up until 2023 our baseline value for LTIR was <1.3 and the baseline year was 2020. For 2024 and 2025 , our baseline value is LTIR <2.0 and the baseline year is 2024.

- Period to which the target applies: As we are transitioning from OHSAS to ESRS we are updating our health and safety roadmap. In the meantime, we continue to track our progress of related KPIs to minimize work-related incidents.

- Methodologies and significant assumptions used: The development of our workforce health and safety targets is guided by our Health and Safety Manual, ISO 45001 (Occupational Health and Safety Management System) certification and ESRS.

- Whether and how stakeholders have been involved in the target setting, tracking the undertaking's performance against them; and identifying any lessons or improvements as a result of the undertaking's performance: The 2025 targets have been developed through cross-functional and global working groups involving multiple stakeholders. Additional KPIs have been formulated within the health and safety network and Health & Safety, Environment, and Energy team and have been agreed upon and approved. Every location tracks its own performance. On a global level, the performance is tracked by the Health and Safety, Environment, and Energy team and the Integrated Management System certification (Internal Audit department and external auditor).

- Any changes in targets and corresponding metrics or underlying measurement methodologies: Due to the requirements of the ESRS the calculation methodology was adjusted. The old baseline was based on Occupational Health and Safety Assessment Series (OHSAS) standards.

- Performance against its disclosed targets: We track performance against currently available data related to our target development. We identify and acquire further essential data in the course of our Health and Safety, Environment, and Energy (HSEE) own operations data strategy.

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26 In the context of ISO 45001 retail backoffice employees are also in scope.

27 In the context of ISO 45001 own retail stores refers to roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.).

Equal pay gap target

Our ambition is to identify and monitor gender pay gaps and take concrete measures to close them. We intend to do this globally across all countries with adidas employees, in line with but not necessarily limited to the scope of the European Directives.

Based on our current calculation methodology (see section S1-16, 'Remuneration Metrics – Pay Gap'), our current overall equal pay gap is below 1%, and we are committed to reducing it further.

Maintaining close collaboration between involved functions (HR DEI, HR Rewards, Talent Acquisition, and HR Business Partners) will help us expand our methods and analysis towards more granular population data, calculating investment budgets, and potentially investing in salary adjustments to close existing gaps.

- Defined target level to less than 5%.
- Scope of the target: Global, all countries.
- Baseline value and base year from which progress is measured: Less than 1% respectively specific figure reported in S1-16 for 2024.
- Period to which the target applies: Ongoing.
- Methodologies and significant assumptions used: Equal pay gap is an aggregated like-for-like comparison which considers employees in the same country, on the same grade, and within the same job family.
- Whether and how stakeholders have been involved in target setting: HR Rewards and HR DEI teams were involved in the target setting process. Since it is the first year of reporting, performance review will be conducted in 2025, after the first reporting year, while also assessing lessons learnt .
- Any changes in targets and corresponding metrics or underlying measurement methodologies: First year of reporting, hence no changes in measurement.
- Performance against its disclosed targets: See S1-16 for current performance.

S1-6 – Characteristics of the undertaking's employees

The total number of employees by head count, and breakdowns by gender and country for countries in which the undertaking has 50 or more employees, represents at least 10% of our total number of employees by the end of the reporting period:

S1-6 – Employees by headcount in specific countries

Country	Female	Male	Other	Not disclosed
China	5,311	2,355	0	0
Germany	4,472	3,947	0	4
United States of America	4,775	5,529	0	8

Please also refer to the Group Management Report – Financial Review in this report.

Total number by headcount (HC) of permanent employees as well as temporary employees is shown in the following table, including a breakdown by gender.

S1-6 – Information on employees by contract type, broken down by gender

	Female	Male	Other	Not disclosed	Total
Number of employees by headcount	**31,880**	**30,134**	**0**	**21**	**62,035**
Number of permanent employees	30,106	28,429	0	20	58,555
Number of temporary permanent employees	1,774	1,705	0	1	3,480
Number of full-time employees	23,172	22,863	0	10	46,045
Number of part-time employees	8,708	7,271	0	11	15,990
Number of non-guaranteed hours employees	2,591	3,160	0	3	5,754

S1-6 - Number of employees by region

	Emerging Markets	Europe	Greater China	Japan/ South Korea	Latin America	North America	Total
Number of employees by headcount	**12,267**	**18,470**	**8,718**	**4,236**	**6,331**	**12,013**	**62,035**
Number of permanent employees	10,855	17,402	8,713	3,906	5,985	11,694	58,555
Number of temporary employees	1,412	1,068	5	330	346	319	3,480
Number of full-time employees	10,251	13,420	8,690	2,640	5,023	6,021	46,045
Number of part-time employees	2,016	5,050	28	1,596	1,308	5,992	15,990
Number of non-guaranteed hours employees	778	223	2	0	0	4,751	5,754

The numbers are reported in headcount and extracted from the central HC system. They reflect the actual headcount as of 31st of December 2024.

Our part-time employment contracts often include employees who, due to different circumstances, require flexibility around their working time. Part-time work is a particularly effective way of combining work and family life. Flexible working time arrangements are a part of our Job Security Company Agreement, and adidas supports the willingness of its employees with family commitments to reduce their working time when possible.

The non-guaranteed hours employees are employed without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the undertaking is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

To gather data on non-guaranteed hours of employees, we established a questionnaire including all relevant data from the European Sustainability Reporting Standards (ESRS) framework. Through the annual European Sustainability Reporting Survey, the number of non-guaranteed employees is collected by the respective legal entity[28]. Local HR leads are responsible for reporting data back to the global HR Governance team, which consolidates the results to ensure all legal entities of adidas are considered. A list from the Supervisory Board Office is requested annually and cross-checked with the survey data of the previous year. From Q4 2024 onward, the collected data will be reviewed annually by the local HR leads via an online data collection process.

The total number of employees who have left the undertaking during the reporting period and the rate of employee turnover in the reporting period are explained in the following.

Turnover: 17,711 leavers in 2024 with an overall turnover rate of 30%.

S1-6 – Terminations

Terminations	**Regular**
Corporate	2,564
Distribution center	1,384
Production	59
Retail	13,704
Total	**17,711**

Data is reported from the company's global HR system on December 31 of the respective year. Turnover is reported across the reporting period according to the following methodology:

$$\text{Turnover rate} = \frac{\text{Number of terminations during the year}}{\text{Average headcount for the given calendar year}} \times 100$$

Turnover includes all leavers from corporate as well as volatile business areas of retail and distribution centers (higher turnover due to seasonality of business). Terminations include both voluntary and involuntary ones:

- Voluntary termination is defined as employee initiated. The termination date is the last day of the contractual relationship.

- Involuntary termination is defined as company initiated or death of an employee. The termination date is the last day of the contractual relationship.

28 The data query is conducted in September. Based on our experience, we assume that the number of non-guaranteed hours employees does not significantly change through months October to December, and therefore, we report these figures as an estimate as of the year's end.

Workforce definitions and categorizations

Employees are persons who have an established employment engagement with an adidas legal entity. The workforce is usually categorized into the following groups:

— **Corporate:** Responsible for the following job family groups:

- Brand Management & Communications
- Corporate Services
- Data Analytics & Data Science
- Design
- Digital
- Finance
- General Management & Business Development
- Legal & Regulatory
- Merchandising & Planning
- People & Culture
- Product Development & Operations
- Real Estate & Facilities
- Sales
- Sourcing
- Supply Chain Management
- Technology

— **Distribution center employees:** Responsible in our planning and services teams for productivity and logistics planning and services around inventory, quality, and reporting. In our distribution centers, operations teams oversee the receipt, storage, and shipment of products and related reporting.

— **Retail employees:** Responsible for adidas retail operations and the promotion and sale of in-store products and services directly to end-consumers. Their activities include store management, development, and sales.

— **Production employees:** Responsible for setting up, operating, maintaining, and troubleshooting manufacturing production (i.e., machining, processing, assembly, or modifying) equipment for any factories and centers. They help to ensure smooth, innovative, and cost-efficient production processes with optimal capacity utilization.

The following table provides an overview of adidas' full-time employees, broken down by gender and region:

S1-6 - Breakdown of adidas full-time employees by gender and region

Region	Female	Male	Other	Not disclosed	Total
Emerging Markets	4,299	5,951	0	1	10,251
Europe	6,455	6,958	0	7	13,420
Greater China	5,862	2,828	0	0	8,690
Japan/South Korea	1,153	1,487	0	0	2,640
Latin America	2,360	2,662	0	1	5,023
North America	3,043	2,977	0	1	6,021
Total by headcount	**23,172**	**22,863**	**0**	**10**	**46,045**

The following table provides an overview of adidas' part-time employees, broken down by gender and region:

S1-6 - Breakdown of adidas part-time employees by gender and region

Region	Female	Male	Other	Not disclosed	Total
Emerging Markets	1,069	947	0	0	2,016
Europe	3,401	1,648	0	1	5,050
Greater China	19	9	0	0	28
Japan/South Korea	1,002	594	0	0	1,596
Latin America	628	678	0	2	1,308
North America	2,589	3,395	0	8	5,992
Total by headcount	**8,708**	**7,271**	**0**	**11**	**15,990**

S1-8 – Collective bargaining coverage and social dialogue

The percentage of adidas employees covered by collective bargaining agreements is at 18%.

As there is no centralized tool for capturing the collective bargaining rate globally, we collect this data via a questionnaire, which includes all relevant data based on the ESRS framework[29]. Local HR leads are responsible for reporting this data back to the HR Strategy & Excellence team, which consolidates the results. From Q4 2024 onward, the collected data will be reviewed annually by our local HR leads. We will also use the results for purposes beyond the ESRS report, such as global HR projects to manage the involvement of local worker representative groups.

Collective bargaining agreements in the European Economic Area (EEA)

Germany is the only country with significant employment in the EEA, thus the collective bargaining coverage corresponds with the one in Germany and equals 53,3%. For the remaining approximately 50% of employees that fall under the German co-determination act, agreements with local works councils are in place. Collective bargaining rights are in place for all professional and management employees (P- and M-level grades). For all executive employees (S-level grades), individual contractual regulations and policies apply. Procedures outside of Germany are in line with local legislations.

Collective bargaining agreements outside of the European Economic Area (EEA)

Non-EEA countries that have significant workforce (following ESRS' requirement defined as at least 50 employees by headcount representing at least 10% of its total number of employees) at adidas are China and the USA. Based on the survey results, adidas workforce in these countries is not covered by collective bargaining agreements.

S1-8 - Collective bargaining coverage

Coverage rate	Collective bargaining coverage (2024) Employees EEA	Collective bargaining coverage (2024) Employees non-EEA
0-19%		China, United States of America
20-39%		
40-59%	Germany	
60-79%		
80-100%		

29 The data query is conducted in September. Based on our experience, we assume that the coverage by collective agreements does not significantly change through months October to December, and therefore, we report these figures as an estimate as of the year's end.

adidas has concluded a company agreement with the European Works Council. Information gathering for works council-related set-ups, content, and agreements in place is currently manually conducted.

The adidas AG Labor Relations team is implemented for Germany and the European Works Council, but currently has no oversight role. Additionally, we have contact persons for labor relations in each region. The local entities are accountable for complying with statutory regulations and company-specific agreements.

S1-9 – Diversity metrics

The gender distribution at top management level was the following in 2024: 40.7% women in leadership (Director level and above); 1,441 women and 2,097 men.

Top Management consists of executive (VP and SVP level) and middle management (Director and Senior Director level). The target applies to anyone who is either executive or middle management.

For adidas Germany, there is a specific legal obligation to report on both the first and second management levels below the Executive Board, in compliance with German Second Leadership Positions Act (FüPoG II).

As of December 31, 2024:

- First management level below Executive Board (Board -1) was 36.1% women

- Second management level below Executive Board (Board -2) was 38.2% women

The following table provides an overview of the distribution of employees by age group, divided into the categories of under 30 years old, 30-50 years old, and over 50 years old:

S1-9 – Distribution of employees by age group

Age groups	Percentage
<30	42.4%
30-50	51.3%
>50	6.4%
Total	**100%**

The methodology is the same as described above regarding the characteristics of adidas' workforce.

S1-10 – Adequate wages

All adidas employees are paid an adequate wage.

We mainly used data of our own HR systems complemented by data of an external data provider plus other publicly available data sources where relevant.

S1-14 – Health and safety metrics

Managing the health and safety of our global workforce is one of our highest priorities. Our infrastructure, assets, and operations are aligned with ISO 45001 (Occupational Health and Safety Management System). The certification of ISO 45001 is issued by the German accreditation office DAkkS (Deutsche Akkreditierungsstelle), and the compliance with the standard is audited by an external auditor. We also consistently perform internal and external audits to maintain a healthy, safe, and secure work environment for all employees. To track our progress and identify areas for enhancement, we closely monitor our performance and risk assessments. Our health and safety trainings have been carried out across the organization, and our distribution center framework guidelines have been rolled out.

In 2024, the percentage of our employees covered by adidas' health and safety management system was 96% for our corporate and distribution center employees[30]. For our own retail employees (also covered by ISO 45001)[31], the percentage was 10%, globally. The scope of the system is defined by locations ≥4,500 sqm or ≥50 employees (corporate buildings and distribution centers) and 100% of our European own retail stores and showrooms.[32]

During 2024, we recorded zero fatalities as result of work-related injuries and work-related ill health for our employees in corporate, distribution centers, retail and other workers, operating at the company's sites.[33] The number and rate of recordable work-related accidents in 2024 was 591 and 5.7, respectively, for our employees in corporate, distribution centers and retail.[34]

Regarding work-related ill health, we recorded zero cases among our employees in corporate, distribution centers and retail in 2024.[35]

The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health, and fatalities from ill health were 2,366 days in 2024. These days lost refer to work-related accidents for our employees in corporate, distribution centers and retail.[36]

In 2024, we recorded a Lost Time Incident Rate (LTIR) of 1.37 for our employees in corporate, distribution centers and retail.[37]

S1-16 – Remuneration metrics (pay gap and total remuneration)

Pay gap

We are firmly committed to fostering a culture of gender equality and equal pay for equal work. Therefore, we have developed and implemented the various policies, actions, and targets outlined in this report. To measure our progress and ensure we make well-informed decisions, it was first necessary to have clearly defined metrics and an in-depth understanding of the generated data.

Following our commitment of equal pay for equal work, we first calculated an equal pay gap. It provides a like-for-like comparison that considers employees in the same country and on the same grade. Then applying a weighted average to all calculated pay gaps, leads to an overall aggregated equal pay gap below

30 In the context of ISO 45001, retail backoffice employees are also in scope.
31 In the context of ISO 45001 own retail stores refers to roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.).
32 We cover both S1-14 § 90 and § 88a with our KPI and it is calculated as follows: Corporate/distribution centers: number of employees covered by ISO 45001 divided by total number of employees multiplied by 100; own retail/showrooms: number of employees covered by ISO 45001 divided by total number of employees multiplied by 100; please refer to Health and Safety target section for methodologies and significant assumptions used. Validation by external body: please see the adidas ISO 45001 certificate and its appendix.
33 Number of fatalities as result of work-related injuries and work-related ill health: number of fatalities. Reporting of ill health fatalities relies on the respective local regulations; the reporting regarding fatalities is consistent with the incident reporting process; please refer to Health and Safety target section for methodologies and significant assumptions used.
34 Number of recordable work-related accidents excludes business travel commuting, sport and event accidents; the rate of recordable work-related accidents = number of accidents per month multiplied by 1,000,000 hours divided by total working hours per month – the total rate is the average out of all the rates for 12 months; please refer to Health and Safety target section for methodologies and significant assumptions used.
35 Number of cases of recordable work-related ill health (subject to legal restrictions of data collection): Reporting of ill health fatalities relies on the respective local regulations; please refer to Health and Safety target section for methodologies and significant assumptions used.
36 Number of days lost to work-related accidents, ill health and fatalities: sum of lost days to work-related accidents (excluding business travel commuting, sport and event accidents), ill health and fatalities. Reporting of ill health fatalities relies on the respective local regulations; please refer to Health and Safety target section for methodologies and significant assumptions used.
37 number of work-related injuries with one or more lost days (excluding business travel, commuting, sport and event accidents) per month multiplied by 1,000,000 hours divided total working hours per month – the total rate is the average out of all the rates for 12 months. Please refer to Health and Safety target section for methodologies and significant assumptions used.

1.0%. This result highlights our efforts to achieve pay equity and our commitment to addressing any disparities.

However, the pay gap calculation logic as per the ESRS is based on a 'gender pay gap,' expressed as per below formula:

$$\frac{\text{(Average gross hourly pay level of male employees - average gross hourly pay level of female employees)}}{\text{Average gross hourly pay level of male employees}} \times 100$$

The result of this formula reflects the average pay difference between male and female employees, expressed as percentage of the average pay level of male employees across all functions, countries, and grades of our organization. This figure is influenced by several factors. The resulting gender pay gap per ESRS is 13.3%, mainly influenced by our share of women in leadership positions. As this share will grow (see 'Gender equality: Women in leadership targets'), the gender pay gap according to ESRS will decline, while an equal pay gap may be relatively insensitive to it.

We used our employees' hourly contractual/target Total Direct Compensation (TDC) data as per the key date of December 31, 2024. All active employees were included.

Total remuneration

To calculate the total remuneration metric, the median compensation of all employees was determined based on their annual contractual/target direct compensation (TDC), i.e., contractual base pay, target short term bonus (STI), and target long term bonus (LTI). We used our employees' annual contractual/target TDC data as per December 31, 2024, projected to a full time employment. All active employees were included. All remuneration components (including typical benefits in cash/in kind) were then determined for the person with median remuneration. We then compared the total actual remuneration of this person with the total actual remuneration of the highest paid individual in 2024. Per the Disclosure Requirements of ESRS, the following formula is applied for the annual total remuneration ratio:

$$\frac{\text{Annual total remuneration for the undertaking's highest paid individual}}{\text{Median employee annual total remuneration (excluding the highest - paid individual)}} \times 100$$

Based on the above formula, the annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees is 177. This ratio is heavily influenced by adidas' global footprint and the high share of retail-related roles within the company. When comparing total actual remuneration to the average among employees in Germany in 2024, as disclosed in our Compensation Report, the ratio is 63. ► ADIDAS-GROUP.COM/S/COMPENSATION

S1-17 – Incidents, complaints, and severe human rights impacts

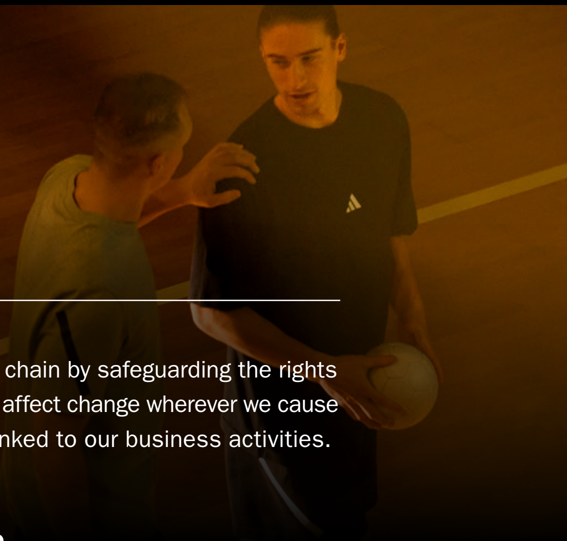
Regarding the total number of incidents of discrimination, including harassment, in 2024, there were 86 cases of harassment (all forms) and 59 cases of discrimination (all forms) reported for investigation.

Of these, 15 incidents of discrimination and 22 incidents of harassment were confirmed within adidas' own operations. The outcomes of the cases were managed in line with our Consequence Management Policy.

For the 2024 fiscal year, 1,246 incidents were filed (via the Fair Play channels) relating to our own workforce. Of these, 1,049 incidents (including harassment and discrimination) are related to the social factor definition of the standard.

In 2024, there were no material fines, penalties, compensation for damages, or sanctions imposed on the company.

adidas is made aware of any incidents or concerns through our Fair Play channel (see more information on the Fair Play channel under S1-3). This channel can be used by employees and external stakeholders to raise any kind of concerns. This also includes potential allegations made regarding human rights violations. The information on incidents raised, investigations conducted, and their outcomes is maintained in our Case Management System (CMS). The CMS data can be extracted to report on incidents, outcomes, and/or potential fines paid. Every year, all market/country legal representatives are asked to confirm any fines, sanctions, or compensations paid in the year under review. This can be compared to CMS data to ensure accuracy and completeness.



ESRS S2

Workers in the value chain

We recognize the importance of operating responsibly along the entire value chain by safeguarding the rights of the workers who manufacture our products, and by applying our influence to affect change wherever we cause or contribute to human rights impacts, or where human rights issues are linked to our business activities.

Impacts, risks and opportunities

Impacts

— Workplace accidents or work-related health and safety hazards due to the nature of the work, such as use of machinery or handling chemicals, can negatively impact workers

— We recognize that vulnerable groups – such as migrant workers, indigenous peoples and female workers – are exposed to additional risks

— We advance positive impacts through responsible sourcing practices, increasing gender equality, and providing fair compensation to workers in our supply chain

Risks

— At the raw material level of the value chain, there are potential risks of forced labor and child labor

Targets

We have set specific social targets to be achieved by 2025, which aim to reduce negative material impacts and risks and advance positive impacts and opportunities for workers in our value chain.

Social impact (S-KPI)

The social impact (S-KPI) rating helps us track impacts on workers in the supply chain including in the areas of health and safety, wages, gender equality, and working hours.

4S rating or better[1]

Current status 2024: **82%**

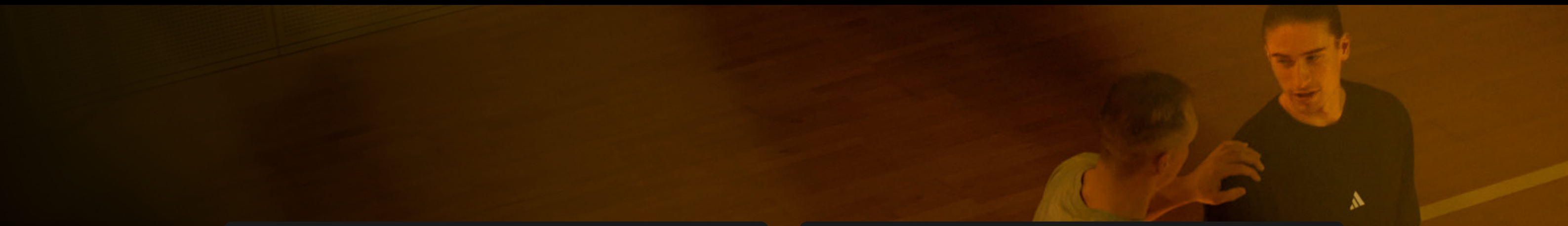
Target 2025: **90%**

3S rating or better[1]

Current status 2024: **95%**

Target 2025: **100%**

1 On a scale of 1S to 5S, with 5S being the highest rating



Gender equality and equal pay for equal work

Key Tier 1 suppliers will have secured gender wage parity for workers by 2025.

We have focused our actions on capacity building so suppliers can improve wage management systems that ensures equal pay for equal work.

Human Rights and Environmental Due Diligence (HREDD)

By 2025, 100% of the upstream value chain and our operations have a system in place to identify and manage high-risk human rights issues.

In 2024, we matured the internal risk management of non-trade goods and services suppliers – both upstream and downstream.

Key metrics & actions

The program activities and actions we have taken in 2024 have generated positive outcomes for workers in our supply chain, with measurable impacts.

Worker Voice (WOVO) grievances

35,700

human and labor rights complaints were shared by workers through the WOVO platform

99%

of these complaints were successfully closed by the end of 2024

100%

of factories within our data collection scope exceeded their applicable 2023 minimum wage in all six countries

Women leadership program

1,600

Female supervisors from 76 factories in 6 participating countries (Vietnam, Indonesia, India, Myanmar, China and Cambodia) joined this program

Gender equality program

46,000

Workers participated in the Gender Equality worker survey in 2024

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to workers in the value chain in the management of our business. An overview of these policies can be found in the topical standard of S2.

ESRS 2 – General disclosures

SBM-2 – Interests and views of stakeholders

Is reported under ESRS 2 SBM-2

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results of our double materiality analysis concerning material impacts, risks and opportunities for matters related to workers in the value chain are as follows:

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Secure employment	Negative Impact	Actual	n.a.	Upstream	For suppliers with a high dependency on adidas orders, demand volatility and changes in business volume have a potential negative impact on job security (i.e., triggering layoffs) or reduced working hours and take-home pay.
Secure employment	Positive Impact	Actual	n.a.	Upstream	adidas Workplace Standards limit short-term contracting in favor of permanent employment, increasing workers' job security and their access to higher pay and benefits, as well as improving the protection of their legal rights. The manufacturing of footwear and apparel products creates a net benefit by generating employment for workers along the entire value chain.
Secure employment	Risk	n.a.	Short-term	Upstream	Short-term risks may stem from non-compliance in our supply chain regarding secure employment, working time, adequate wages, social dialogue, freedom of association and collective bargaining, health and safety, measures against violence in the workplace, child labor, or forced labor. Such breaches of our Workplace Standards could lead to negative media and a loss of reputation.
Working time	Negative Impact	Actual	n.a.	Upstream	There are negative impacts on workers if overtime exceeds legal norms or international standards, which would mean breaching adidas' Workplace Standards.
Adequate wages	Negative Impact	Actual	n.a.	Upstream	There are negative impacts on workers in instances where they do not receive at least their legal minimum wages and benefits. The risk of this impact occurring is greatest in countries with weak enforcement of wage and social security regulations, or a lack of effective minimum wage setting mechanisms.
Social dialogue	Negative Impact	Actual	n.a.	Upstream	There are negative impacts on workers if there exist unlawful limits or prohibitions on their right to form or join trade unions, to engage in collective bargaining, or to exercise the right to strike, and/or experience trade union membership used as grounds for unjustified discrimination or retaliation.

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time Horizon	Value Chain	Description
Social dialogue	Positive Impact	Actual	n.a.	Up-stream	adidas generates positive impacts for workers by taking action to avoid restrictions on workers' freedom of association and collective bargaining rights to which they are legally entitled under the laws of the countries in which they operate. adidas supports social dialogue between governments, employers and workers' representatives, including trade unions.
Health and safety	Negative Impact	Actual	n.a.	Up-stream	Workplace accidents or work-related health hazards due to the nature of the work, such as use of machinery or handling chemicals, negatively impact workers. The most severe impacts are those that cause serious injury, illness, or death. Such impacts are more likely in countries where there is weak regulatory enforcement or inadequate monitoring of safety standards.
Gender equality and equal pay for work of equal value	Negative Impact	Actual	n.a.	Up-stream	Negative impacts on workers - particularly female - occur when they do not receive equal pay for work of equal value and/or face other forms of gender discrimination. Negative impacts also occur in cases where suppliers fail to comply with our Workplace Standards that state, e.g., 'workers must not be discriminated against on the basis of their gender, marital status, or because they are pregnant or breastfeeding.'
Training and skills develop-ment	Positive Impact	Actual	n.a.	Up-stream	adidas provides training and skills development for workers in the supply chain that support positive outcomes such as long-term career progression, job security and stability, which in turn advances local livelihoods. In our supply chain, we have provided training programs to advance skills development as part of our supervisor training and women empowerment initiatives.
Measures against violence in the workplace	Negative Impact	Actual	n.a.	Up-stream	In cases where workers face physical, verbal, or mental abuse, which may include cruel, inhumane, or degrading treatment, and/or damage to life or limb, there are material negative impacts. Such impacts are a direct violation of our Workplace Standards.
Diversity	Negative Impact	Actual	n.a.	Up-stream	There are negative impacts on workers' equal opportunities if any form of discrimination in employment occurs, based on protected characteristics like skin color, religion, beliefs, gender identification, or discrimination against vulnerable groups such as migrant workers or female workers.
Child labor	Negative Impact	Potential	Short-term	Up-stream	Instances of child labor - while rare - adversely impact children's rights, their access to and outcomes of education, and the best interests of the child. This is a zero-tolerance issue that is prohibited in our own operations and those of our business partners, however, it remains a potential risk in the upstream supply chain, in particular at the raw material level.

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Forced labor	Negative Impact	Potential	Short-term	Upstream	Compelling a person to work involuntarily through force or intimidation of any kind, including all forms of slavery or practices akin to slavery, prison labor, indentured labor, or bonded labor, is a zero-tolerance issue and is strictly prohibited in our own operations and those of our business partners. However, it remains a potential risk in the upstream supply chain, in particular at the raw material level.

We do not expect any presented risks related to workers in the value chain to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Material positive and negative impacts

adidas has outsourced most of its production and is therefore heavily reliant on its upstream value chain workforce. In 2024, adidas worked with 388 individual Tier 1 facilities of manufacturing partners (suppliers) that adidas has a manufacturing agreement with, and their Tier 1 subcontractor facilities, in nearly 40 countries. Our global supply chain extends through various tiers, with many diverse types of business partners, including directly contracted suppliers as well as indirect relationships managed through intermediaries, licensees and agents.

The assessment and management of social impacts along our global value chain has been an integral part of our business decision-making for more than 25 years. It has informed and shaped our business model, such as our sourcing activities, our choice and retention of business partners, and our reputation as a responsible company. And it has evolved progressively from a voluntary approach, founded on worker rights protection, to one that is increasingly regulated by governments in the form of mandatory human rights due diligence.

adidas' commitment to upholding human rights norms and safeguarding fundamental rights and freedoms of workers in our supply chain is a material consideration for the company. It has been included as a topic area in adidas' materiality assessment, in our semiannual enterprise risk and opportunity management process, and through relevant target setting.

The types of value chain workers most likely to experience negative potential and actual impacts related to working conditions and labor rights are workers in adidas' upstream supply chain. This encompasses those involved in raw material sourcing, including the harvesting of commodities, as well as in production and manufacturing of finished products. At the raw material sourcing and harvesting of commodities level of the value chain, these material impacts and risks are mostly widespread and/or systemic, based on the country where the operations are located and/or linked to specific commodity supply chains and their production processes. Material impacts and risks that occur in the production, manufacturing, and processing of adidas products (Tier 1, Tier 2, and Tier 3) are typically individual incidents.

adidas recognizes that certain groups in the upstream workforce – including migrant workers, indigenous peoples and female workers – are particularly exposed to potential adverse impacts. This includes discrimination and, in the case of women – who are the dominant gender in the supply chain, with almost 70% of workers making adidas products being female – gender-based violence. As we lack complete visibility of our supply chain beyond Tier 2, and compliance data is reduced at the far upstream (raw materials) supply chain, the prevalence of negative impacts may be greater.

Regarding potential impacts from forced or child labor, there are several raw materials in adidas' upstream supply chain that are sourced from countries listed on the U.S. Department of Labor (USDOL) List of Goods Made with Forced or Child Labor. These commodities are cotton (India, Brazil, Pakistan, and Turkey), leather (cattle farming in Brazil and Paraguay – key leather hide sourcing countries), and natural rubber (Vietnam and Indonesia). The inclusion of these raw materials on the USDOL list means that we closely monitor these and take preventive and mitigating actions to avoid potential impacts of occurrence in our own supply chain.

Impacts on value chain workers that may arise from the adjustments to climate change must be considered as well. We support a just and equitable transition through working closely together with supply chain partners to ensure fair labor practices and decarbonization on all value chain levels. For more information on our supply chain decarbonization efforts see ▶ ESRS E1 CLIMATE CHANGE.

adidas has also identified material positive impacts on supply chain workers, primarily impacting Tier 1 and Tier 2 workers, which are:

- adidas' outsourced production creates stable employment opportunities for workers in developing economies. Our supply chain is dependent on our strategic suppliers. We value long-term relationships, which can result in job creation and stable employment helping sustain the livelihoods of workers in the supply chain.

- adidas provides opportunities for training and skills development to support the long-term career progression and job security of workers in the supply chain. Alongside facility-led training, we also offered tailored training to advance skills development, including women empowerment initiatives.

- adidas also has positive impacts on supply chain workers' labor rights: adidas helps protect workers' rights to freedom of association and collective bargaining. We support social dialogue between governments, employers, and workers, including trade unions and other forms of worker representation.

Material risks

As stated above, these material impacts and risks relate to workers in Tier 1 and particularly to Tier 2 and Tier 3 workers and also to migrant workers, female workers, and/or those working in countries with a high risk of labor rights violations.

The materiality assessment has also identified short-term impacts on business continuity, particularly where there are dependencies on workers in our supply chain. Where there are breaches of our Workplace Standards, these can result in negative publicity, which can affect our business reputation and potentially lead to regulatory inquiries. Potential material risks can occur regularly or be limited to an individual incident/event.

Examples include:

- Poor worker-management relations may lead to strikes, work stoppages, or other forms of industrial action. Where we have dependencies on workers in our supply chain, for example in our strategic Tier 1 supplier base, this may result in adverse business impacts (disruption of production) and potential adverse impacts on workers in the supply chain, if their ability to exercise their freedom of association is restricted or if they face retaliation for engaging in industrial action or other trade union activity. As a responsible business, adidas respects the workers' right to freedom of association and supports the exercise of this right in our supply chain, while managing operational impacts to our business.

- Events such as factory closures can also adversely affect our reputation as an ethical and responsible business, if they are not effectively managed. Our guidelines on redundancy and layoffs clearly state our expectations of business partners in the event of retrenchment or layoffs, and we expect a clear severance plan to be provided by the business partner.

- An overall increase in regulatory enforcement risks and potential legal claims due to emerging human rights due diligence regulations and increased attention by regulators on the issues of forced labor and child labor.

To address material risks, adidas conducts systematic monitoring of our supply chain for human rights and labor rights risks to workers. We do this by mapping supply chain risks, conducting regular social compliance audits, engaging directly with workers through feedback mechanisms such as worker surveys and grievance mechanisms, and by regular engagement with governments, civil society organizations, unions, and employer federations.

To better understand potential impacts and risks faced by workers in the supply chain, we conduct annual risk assessments of the high-risk countries where we source our products from and monitor the suppliers we work with for human rights, labor rights, and environmental compliance through our social and environmental audit program. Country and factory profiles determine which issues are prioritized and the frequency of monitoring and remediation activities.

We also use various grievance mechanisms that allow open communication and exchange: Workers and other parties can reach the Social and Environmental Affairs (hereafter referred to as SEA) team through a variety of channels, including mobile apps, dedicated hotlines, and our third-party complaint mechanism. We take information from workers and other parties regarding factory conditions seriously and ensure that communication channels are easily accessible to all.

Impacts, risks, and opportunities management

S2-1 – Policies related to value chain workers

The policies described below are based on international law, including the conventions under the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and related conventions, as well as the other international and third-party standards and initiatives outlined in the table. As our governance framework related to value chain workers is very comprehensive, only the most important documents are listed in the table below.

S2-1 – Policies related to workers in the value chain

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environ-mental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFSGI)	Revisions have taken place in direct consultation with labor rights groups.	Accessible on corporate website and directly shared with suppliers
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own operations, upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consul-tation with stake-holders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees
Modern Slavery Policy Framework & Implementation Strategy	To manage and eradicate forced labor and human trafficking from operations and supply chain.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environ-mental Affairs	UNGPs, OECD MNE Guidelines	Direct consultation with stake-holders	Accessible on corporate website and directly shared with suppliers
Responsible Recruitment Policy	To eliminate the practice of migrant workers paying recruitment costs and fees to secure their employment.	Upstream (supply chain business partners, incl. suppliers, licensees, subcontractors)	VP Social and Environ-mental Affairs	The Dhaka Principles for Migration with Dignity	Direct consultation with stake-holders	Accessible on corporate website and directly shared with suppliers
Health and Safety Guidelines	Health and safety guidelines that detail the requirements which will allow suppliers to comply with the adidas Group Workplace Standards.	Upstream (all suppliers)	VP Social and Environ-mental Affairs	ILO Declaration on Fundamental Principles and Rights at Work	Direct consultation with stake-holders	Accessible on corporate website and directly shared with suppliers

Policies related to the Impacts, Risks and Opportunities in our Upstream Supply Chain

Our code of conduct for suppliers, the Workplace Standards, are contractually binding requirements applicable to our suppliers' factories, covering health and safety, labor rights, and environmental protection. The Workplace Standards are based on international law and the International Labour Organization (ILO) conventions and follow the code of conduct of the World Federation of Sporting Goods Industry (WFSGI). They are also aligned with the Fair Labor Association (FLA) 'Workplace Code of Conduct' and 'Principles of Fair Labor and Responsible Sourcing.'

Guidelines on Employment Standards and Health & Safety Guidelines

Supporting guidelines make the Workplace Standards understandable and provide additional guidance for our suppliers to find effective solutions to workplace problems, including material risks and impacts such as occupational health and safety.

These guidelines provide practical guidance on how to implement the Workplace Standards in a factory. The Guidelines on Employment Standards, together with the Guidelines on Health & Safety and Environment, remain our essential guidance for business partners on managing issues regarding labor conditions and workplace practices in our upstream supply chain. The guidelines encompass material topics including freedom of association, collective bargaining, social dialogue, health and safety, child labor and forced labor, and non-discrimination, among others. We ensure the guidelines are communicated to all suppliers during the onboarding process and they remain available on our corporate website. The SEA department is accountable for the guidelines' implementation.

Environmental Guidelines and Environmental Good Practice Guideline and Toolkit

The Environmental Guidelines are based on international industry practice and standards for environmental management and resource efficiency measures and support compliance with adidas' Workplace Standards.

Managing Supplier Compliance – Guidelines on Enforcement and Termination

The Enforcement Guideline sets out the SEA department's enforcement approach in cases when a supplier fails to comply with the Workplace Standards. The guidelines provide an overview of how and where to find relevant information to assist in enforcement actions which maps out the process of investigation, remediation, and enforcement, as well as the parties involved in that process. It is applicable to all suppliers, licensees, agents, or other similar third-party business entities which source suppliers for the production of adidas product.

The Termination Guideline outlines the key requirements to be followed when terminating a business relationship and to ensure that the actions are undertaken in a transparent and ethical manner. The SEA department's work is remedial in nature. SEA does not use punitive action as a first step for non-compliance. Opportunities are given to a supplier to remedy compliance issues before SEA, as a last resort, recommends to a sourcing entity to terminate a business relationship. As a result, the termination of a supplier solely for poor compliance is rare and usually the result of long-term inferior performance or a violation of specific zero-tolerance issues.

The Guidelines on Redundancy and Layoffs address cases in which secure employment may be at risk due to termination of a supplier relationship, downsizing, phasing out, or consolidation, which may result in substantial layoffs or the closure of a factory. These guidelines help mitigate the negative impact on their workforce.

We need to ensure that sourcing and purchasing decisions do not conflict with the fulfillment of the Workplace Standards. To this end, adidas has the Responsible Sourcing & Purchasing Policy in place along with the 10 Buyer Commitments. These documents are publicly available on our website. The policy outlines the processes to help reduce the potentially adverse business impacts that arise from suppliers' inability to comply with adidas Workplace Standards, in particular with regard to working hours (e.g., overtime resulting from certain purchasing decisions).

We furthermore implement standard operating procedures to authorize, monitor, and manage business relationships in our supply chain. Core policies and procedures that are part of adidas' policy framework include:

- Factory Approval Policy – describes the procedures for getting authorization from SEA for all production
- External Monitoring Policy – outlines requirements for external auditors conducting factory assessments on behalf of adidas business entities and licensees
- Remediation Guide – describes the approach for remediation of non-compliances to suppliers, including timelines, documentation and verification
- Termination Guideline – describes our approach to ethically terminate a relationship with a supplier

- Fair Factories Clearinghouse procedure – describes the responsibilities for disclosing and maintaining data in the company's supply chain database

Human Rights in the value chain

adidas is committed to respecting and promoting the fulfillment of human rights throughout the value chain. Human rights are basic rights and freedoms for everyone based on dignity, fairness, equality, and respect. For more information on the adidas' Human Rights Policy see ▶ ESRS S1 OWN WORKFORCE

The Human Rights Policy is operationalized through our human rights and environmental risk due diligence (HREDD) system. For an overview of our due diligence processes see ▶ ESRS G1 BUSINESS CONDUCT

Our approach to respecting the human rights of value chain workers is based on our Workplace Standards and our Human Rights Policy, which safeguard fair and safe working conditions. These policies help ensure fair compensation, protect workers' right to freely associate, and maintain healthy and safe working environments. We actively monitor and engage our suppliers to enforce compliance with our policies.

Since its inception in 1997, our human and labor rights program has been built on the back of intense stakeholder outreach and dialogue, seeking to understand and define the most relevant issues to address. Our active engagement includes participating in specialist forums to share lessons learned and develop best practices for our industry. It is also vital to involve governments, policymakers, and local worker organizations, who can help normalize industrial relations and workers' ability to organize and bargain collectively.

We use internal and third-party audits, worker hotlines and grievance processes as tools to monitor our suppliers' compliance status and identify incidences of non-compliance with our Human Rights Policy and Workplace Standards. As both policies are rooted in the UNGPs (United Nations Guiding Principles on Business and Human Rights), the ILO Declaration on Fundamental Principles and Rights and Work, and the Organisation for Economic Co-operation and Development (OECD) Multinational Enterprises (MNE) Guidelines, in general, breaches of our Human Rights Policy and Workplace Standards are considered cases of non-respect of these international instruments. If we find evidence of non-compliance, we recommend remedial steps and support our suppliers to continuously improve and prevent further non-conformance. However, where a supplier fails to meet our expectations or to take the necessary remedial or preventive steps, they will be subject to enforcement action, up to and including termination of the business relationship. For more information on non-compliances identified in 2024 and steps to remediate and address these, please see section below on ▶ SEE PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND RESULTS

adidas has a zero-tolerance stance on forced labor, human trafficking, and slavery, which are strictly prohibited by our Workplace Standards. Our approach to managing and eradicating forced labor and child labor from our business and business partners' activities is outlined in our Modern Slavery Policy Framework & Strategy Implementation, first published in 2010 and updated in 2023. This document outlines our commitment to prevent forced labor and child labor in our business operations and supply chain as well as our approach to a tailored, risk-based due-diligence process, regular monitoring activities, and performance measurements as well as the design and provision of targeted training and capacity building.

adidas requires suppliers to apply our Responsible Recruitment Policy, as we recognize that foreign migrant workers employed in global supply chains are particularly vulnerable to the material risk of forced labor and other forms of labor exploitation, including ILO indicators of forced labor such as debt bondage and deception. In March 2023, we renewed our support of the joint American Apparel & Footwear

Association (AAFA) and Fair Labor Association (FLA) ► SEE APPAREL & FOOTWEAR INDUSTRY COMMITMENT TO RESPONSIBLE RECRUITMENT, pledging to collaborate with our suppliers to ensure that no worker pays for a job.

adidas also supports and promotes the role of human rights defenders (HRDs) – including trade union organizers or labor rights advocates, and we expect our business partners to follow the same policy. Suppliers should not infringe on the lawful actions of a HRD or on their freedom of expression, freedom of association or right to peaceful assembly. For details on how we manage impacts to HRDs see ► SEE ESRS S3 AFFECTED COMMUNITIES

S2-2 – Processes for engaging with supply chain workers about impacts

adidas has several processes for engaging with workers in our upstream supply chain – directly and indirectly – about actual and potential material impacts which may affect their health and safety, wellbeing, or may otherwise adversely impact their fundamental human and labor rights. Such processes ensure that workers can voice concerns, complaints, or grievances related to material risks and impacts – as well as the full range of human rights and labor rights risks that workers in the upstream value chain may face.

Engagement occurs with supply chain workers through processes such as the Workers' Voice (WOVO) platform and the Worker Pulse survey (see below), as well as through engagement with their credible proxies or legitimate representatives via trade unions that are active in the manufacturing facilities. Engagement occurs on a regular, ongoing basis, since the WOVO grievance platform is open to workers at any time. Worker Pulse surveys are carried out twice a year in strategic supplier factories. Worker interviews are a core part of the social compliance audit process, in which suppliers are audited at least once a year. Engagement with trade unions occurs on an ongoing, ad hoc basis, based on issues and/or concerns raised by trade unions in our supplier facilities.

A detailed overview of these processes for engaging with supply chain workers and their representatives about the actual and potential impacts on them are described below:

1. **Workers' Voice (WOVO) – digital operational grievance mechanism:** A robust grievance mechanism through which workers can raise their concerns and secure remedies is essential. We have several channels in place such as local worker hotlines, which enable workers in our supplier factories to contact a local SEA team member by phone or email. As a complaint mechanism, we use the WOVO platform: a manufacturing facility-based digital grievance channel for workers to proactively raise complaints and grievances about any actual and potential impacts they face. For more detailed information, please see the section 'Processes to remediate negative impacts and channels for supply chain workers to raise concerns'.
2. **Worker Pulse – worker satisfaction survey:** Complementing our grievance channels, we use the Worker Pulse survey which comprises digitalized short surveys to capture workers' perception and awareness of their labor rights. These surveys are focused on areas such as communication, harassment and abuse, and also provide feedback on the effectiveness of our grievance systems. In 2024, 106 manufacturing facilities participated in the survey (2023: 109) across 16 countries (2023: 16). The survey presented six statements against which the level of agreement or disagreement was assessed. Topics included the willingness to speak up, to recommend the factory as a workplace to friends, and the comfort level when raising a suggestion or complaint or when talking to supervisors. The results show a steady increase in the number of favorable respondents across all questions since 2020, from roughly 78% to an average of nearly 90% in 2024 (with 100% representing 'strong agreement' and 0% representing 'strong disagreement').

3. **Freedom of association, social dialogue, and industrial relations:** We believe that worker-management communication is vital for the success of any business. Workers must have access to effective communication channels with their employers and managers, both as a means of exercising their social and economic rights and to help them resolve workplace issues and disputes. One important channel for worker-management dialogue is trade union representation. Our Workplace Standards clearly emphasize that our supplier partners must recognize and respect the right of their employees to join associations of their own choosing and to bargain collectively, and, when necessary, to participate in lawful strike action. No employee should be discriminated against because of their trade union affiliations. The direct feedback of workers and their elected representatives is a key indicator for us when checking the degree to which freedom of association is protected.

Our approach to effective workplace communication and ensuring freedom of association in our global supply chain is built around a framework of 'respect, remedy, and promote' and aligned with basic human rights concepts. We are a signatory to the ► INTERNATIONAL ACCORD FOR HEALTH AND SAFETY IN THE TEXTILE AND GARMENT INDUSTRY, which recognizes and prioritizes the importance of worker participation and commits adidas to promoting the respect for workers' rights to freedom of association. Further, where we see evidence of governments failing in their duty to properly investigate and protect the freedom of association of workers in our supply chain, we will petition them and call for effective remedies. At times, we have taken steps to expand the space for the exercise of representative rights. For example, in Indonesia we were a leading party in a multi-stakeholder process with local trade unions, non-government organizations, and suppliers to develop a Freedom of Association (FOA) Protocol – a basic framework for the exercise of trade union rights in the workplace. Elsewhere, we have worked with labor officials, trade unions, and suppliers to run FOA awareness training sessions, to strengthen workers' understanding of their associational rights to form and join organizations of their own choosing, and their right of access to trade union representation. To date, we still consistently implement the FOA Protocol in our strategic Tier 1 supplier facilities to strengthen industrial relations.

Over several decades of engagement with the global and local advocacy groups, trade unions, and individual workers, we have built deep knowledge and understanding of the impacts on supply chain workers and on those most vulnerable to exploitation, such as women, children, indigenous peoples, foreign migrant workers, and other minority groups. Consequently, we have developed specific programs and initiatives to address topics such as child labor, migrant labor, forced labor, human trafficking, and gender equality, to address the specific issues and concerns revealed through such stakeholder engagement.

We maintain an active and open dialogue with local and international non-governmental organizations (NGOs), labor rights advocacy groups, human rights advocacy groups, and trade unions, as well as investors, analysts, national and international government agencies, and academics. This stakeholder engagement helps us gain insights to identify and address the most important impacts that our upstream business activities can have on supply chain workers, as well as how we can most effectively mitigate and manage the potential and actual impacts that may affect them. adidas' stakeholders are a diverse group, which translates into a diverse range of engagements, some continuous and spanning many years, and some targeted, based on current issues or trends requiring critical feedback.

We are attentive to worker concerns and issues and continuously review and assess the feedback received through the WOVO platform. We track the WOVO platform's effectiveness by using KPIs and dashboard reviews, case satisfaction ratings, and on-site worker interviews. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions, where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility's management and their HR teams resolve cases and communicate their findings.

The SEA team has responsibility for the monitoring of social and environmental compliance of our suppliers' factories and ensuring that our suppliers provide fair and safe working conditions to their workers. They are a specialist team within adidas' Global Legal department, led by the VP Social & Environmental Affairs, who acts as the most senior role with oversight of the processes described in this chapter.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Processes to remediate negative impacts

We are committed to providing for, or cooperating in, the remediation of adverse impacts, including those which we have caused or contributed to through our business relationships. Whenever negative impacts are identified either through our audit process or through one of the various grievance channels available to workers, we engage directly with our business partners to support them in remediating the issue and addressing root causes within a specified period of time.

When an audit identifies that a supplier is not compliant with one or more of the criteria in adidas' Workplace Standards, a corrective action plan is created with the supplier, outlining the required actions and deadlines. If the issues are not sufficiently addressed within the specified time, the supplier will either not be authorized for production if it is a newly proposed supplier or will trigger adidas' enforcement process if it is an existing supplier.

adidas' Remediation Guideline details the procedures, timelines, and parties that are responsible for remediating any non-compliances with our Workplace Standards that are identified during an audit. In all cases, the required remediation should directly benefit the workers, for example if they were underpaid or denied a legal benefit, or to improve the working environment to reduce the chance of workers being negatively impacted or injured in the course of performing their assigned duties.

We categorize Workplace Standards breaches into zero-tolerance issues and threshold issues. Zero-tolerance issues include child labor, forced labor, and prison labor, life-threatening health and safety conditions, and repeated or systematic abuse, among others. If a zero-tolerance non-compliance case is identified, it will result in immediate engagement with the supplier and, if verified, termination of the business relationship.

Threshold issues include serious employment issues, serious health, safety, or environmental issues (or any combination of these). The Enforcement Guidelines for threshold issues can disqualify a new supplier or lead to enforcement actions with existing suppliers. When suppliers fail to meet our Workplace Standards, we apply the sanctions and remedies from our Enforcement Guidelines, which include:

- Termination of the manufacturing relationship
- Stop-work notices
- Third-party investigations
- Warning letters
- Reviewing orders
- The commissioning of special projects to remedy compliance problems

Warning letters are an essential part of our enforcement efforts when we find ongoing serious non-compliance issues that need to be addressed. In 2024, close engagement with our manufacturing partners' facilities limited the need to issue warning letters, with a total of seven (2023: nine) issued across five countries; six of these were active first warning letters, and a single second warning was issued in 2024. No third warning letters (which result in termination of the contract) were issued to our manufacturing partners in 2024.

We work closely with our manufacturing partners to help them improve their performance. However, in situations of severe or repeated non-compliance that cannot be resolved, we terminate business relationships with facilities. When making such a decision, we always seek to balance the adverse impacts arising from the unresolved non-compliance against the wider effects that a business termination can have on the rights and interests of the workers, especially if a termination triggers layoffs. In 2024, there were no instances in which a supplier agreement was terminated for social compliance reasons (2023: 0).

We work with our manufacturing partners to develop corrective action plans to remediate identified issues in a specific timeframe, and a process to verify completed remediation through a follow-up audit or a desktop review. All remediation measures are recorded in the factory's account within the Fair Factories Clearinghouse (FFC) database used for adidas' social audit program for both the direct and indirect supply chains.

All non-compliances must be sustainably remediated to help ensure that the issue does not occur again.

For specific issues that require additional remedial action due to their nature and complexity – such as child labor – we have developed specific guidelines. For example, there are ▶ GUIDELINES for the effective management of the recruitment process and for strengthening Human Resources (HR) systems at factory level to prevent child labor, ensure protection for juvenile workers, and to respond to violations, if they occur. If instances of child labor are found, we have issued guidance to suppliers on immediate measures to be taken, such as: verifying the identity and age of the child, removing the child from the production area, and providing accommodation, food, and care until a solution is found. This includes, among others, evaluating family circumstances and identifying opportunities to re-enroll the child in school. Further medium-term measures include: reviewing recruitment and personnel practices to identify gaps or failures, building a network of local organizations, trade unions, governments, and other parties to provide support services, and implementing a robust remediation program.

Channels for workers to raise concerns

To complement our due diligence processes, we have put in place a range of grievance channels to ensure we provide adequate access for workers in the upstream value chain to seek remedy. adidas suppliers are required to have grievance systems in place where workers can freely and – if they choose – anonymously submit any complaints or suggestions they may have. This includes the app-based WOVO (Workers' Voice) platform, which is an operational grievance mechanism required at all our strategic Tier 1 supplier facilities (for further information see section 'Processes for engaging with supply chain workers about impacts').

WOVO has been deployed to all strategic Tier 1 suppliers. When WOVO is implemented at a new factory, on-site and/or remote training sessions are held with factory managers and workers to explain how the platform works, lay out the privacy aspects, and to reiterate adidas' non-retaliation policy. adidas SEA team members regularly track not only the grievances received, but also the general usage of WOVO at a specific supplier in relation to the factory's total number of workers. The sustained usage of WOVO and the high volume of cases received through the app indicate that workers have a reasonable level of trust in the system.

Close to 35,700 human and labor rights complaints (2023: around 42,000) were filed by workers through the WOVO platform in 2024, and 99% of these complaints were closed by the end of 2024. The top complaints received in 2024 were related to internal communication (more than 6,700), personal affairs (more than 5,800), and benefits (more than 5,300). The case satisfaction rate, workers' level of satisfaction with complaint resolution, has almost doubled from 39% in 2019 to 76% in 2024. The increase in satisfaction is partly due to improved response times from factory management in addressing workers' grievances. Response time decreased from 49 hours in 2020 to less than twelve hours in 2024 due to improvements in communication and transparency in the workplace. The management teams in the manufacturing facilities have also continuously engaged with their workers through newsletters and broadcast messages, which has improved workers' engagement and encouraged feedback.

adidas also has a public external third-party complaint mechanism, which allows any external party, including workers or their credible proxies, to report any potential or actual harm – human rights and environment-related – linked to adidas' operations, products, or services. It is open to any individual or community directly affected by an issue, or any organization representing them.

Trained and impartial employees of our SEA team are responsible for reviewing and investigating all submitted complaints through this third-party complaint mechanism. The basic steps of the complaint procedure are as follows:

1. Confirmation of receipt and appointment of a contact person within five working days
2. Check whether the complaint falls within the scope of the procedure and whether sufficient information is available for further processing; if necessary, collect missing information
3. Rejection with explanation, or acceptance of the complaint
4. Accepted complaints are forwarded to the relevant SEA team/competent Compliance Officer
5. Facts of the case are carefully examined in exchanges with the complainant
6. Internal or external investigation is conducted as appropriate
7. Implementation of suitable preventive or remedial measures, including amicable dispute resolution
8. Notification of the conclusion of the proceedings and a summary to the complainant
9. Ongoing monitoring of preventive or remedial actions
10. Feedback from the complainant on the resolution of their complaint

The complainant's identity is kept confidential throughout the process. Open handling of the complaint, which can often contribute to problem-solving, is only done with the complainant's consent. While in many cases the actual issues are resolved, our approach is to only close them in our systems when we have verified evidence of completion and established that corrective actions taken are sustainable, to avoid reoccurrence.

In 2024, we handled a total of 17 cases through our third-part complaint mechanism, of which nine were new cases received in 2024 and eight were cases that had remained open from the previous year. A total of eleven cases were successfully closed in 2024, and six cases remain ongoing pending further action or resolution, or a response from the complainant regarding their satisfaction on the case resolution. Most of the cases received through this process relate to freedom of association and collective bargaining, employment practices, and compensation and benefits.

Workers are aware of and trust the grievance mechanisms made available to them, particularly the WOVO app. This is evident by the consistent, widespread usage of the app within our supply chain. We have progressively improved and expanded the use of this grievance mechanism, and in 2024, more than 400,000 workers employed in 105 manufacturing facilities across 16 countries had access, reflecting 100% coverage of our strategic manufacturing partners. adidas tracks the input received through the WOVO platform using KPIs and dashboard reviews, case satisfaction ratings, and on-site worker interviews. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility's management and their Human Resources teams resolve cases and communicate their findings. Our evaluation contributes to the facility's overall S-KPI (adidas' internal social compliance performance rating). adidas provides ongoing capacity building to enhance the facility teams' capability to improve the grievance mechanism's effectiveness.

We recognize the value of information received through all these channels in informing our due diligence processes and the development of effective remedies. We utilize feedback from workers and the experience gained from managing complaints processes to support the implementation of improvements in our own practices, processes, or remedial efforts.

Workers making complaints about their employment conditions or individuals raising issues related to human rights violations or environmental damage may face the risk of retaliation. adidas recognizes this and protects complainants from retaliation through our Non-Retaliation Policy, which states:

We prohibit any form of retaliation against persons who have filed a complaint with adidas. It is irrelevant whether the grievance or complaint proves to be justified or unfounded. If a person, group, or organization believes that they have been subject to retaliation due to their registering a complaint with adidas, they should contact us immediately and provide the specific details of what has occurred. We will investigate, and if there is evidence of retaliation, we will take action to remedy the situation. This could entail, for example, the issuing of a warning letter to a business partner, if they have retaliated against a worker or a worker representative for disclosing workplace issues. It may also demand government intervention if legal or administrative remedy is required. As retaliation can take many forms (loss of job, demotion, involuntary transfer, harassment, intimidation, etc.), we deal with each incidence on a case-by-case basis to find the appropriate solution.

adidas has further measures in place to remediate negative impacts that may be identified during an audit, including corrective action plans (CAPs) and further remediation measures. We further elaborate on these topics in the following paragraphs.

S2-4 – Taking action on material impacts, risks and opportunities related to workers

Human rights due diligence

One of the main ways we prevent and mitigate actual and potential negative impacts on our value chain workers is by performing robust human rights due diligence, which is part of our Human Rights and Environmental Due Diligence (HREDD) system. For an overview of our due diligence processes see ► **SEE ESRS G1 BUSINESS CONDUCT**

Risk mapping and mitigation

We have developed a risk-based due diligence approach that prioritizes high-risk locations, processes, or activities that require attention and where we are able to apply influence to mitigate or remediate issues where they occur. The risk assessments cover the specific risks and impacts identified as being material and include the full range of pertinent human rights issues and labor rights issues as identified in our Human Rights Policy and Workplace Standards.

To identify material risks, we create country risk profiles as well as combine processes to systematically monitor and support improvements, with tools that enable us to react quickly to critical situations with actions appropriate to the impacts and specific to the workers. Critical sources of information for risk-mapping exercises include the review of publicly available databases such as those provided by governments, as well as regular engagement with civil society organizations, unions, employer federations, and with workers directly.

We apply tailored risk-mapping approaches and tools as follows:

- **Country-level risk assessment**: Country profiles are developed based on in-depth due diligence processes. Countries are categorized as high or low risk. All suppliers located in high-risk countries are audited on a regular basis, at minimum on an annual basis, while low-risk countries with strong government enforcement and inspectorate systems are considered out of scope of our audit coverage.

- **Factory-level risk assessments**: Regular audits, S-KPI assessments, factory risk-rating analysis. This information determines the frequency of re-audits and engagement with the factory.

In addition to the risk assessment approaches described above, the following are the identified internal processes for managing and reporting risks:

- **Crisis protocol**: Used by business entities and factories to report the details of high-risk issues or incidents. Based on the information we receive, we may decide to conduct site visits, audits or other engagement with a business entity or factory on a case-by-case basis.

- **Monthly reporting to executive management**: Depending on the issue, this may also lead to additional action on a case-by-case basis.

Based on the risk-mapping processes described above, as well as the risk identification through the materiality assessment and grievance channels, priority areas for action to address identified risks during the reporting period included:

Occupational health and safety

- Building on the electrical safety refresher training for internal adidas Sourcing personnel in 2023 through further health and safety initiatives. In 2024, we launched a targeted occupational health and safety program to improve machine and electrical safety for factories' compliance and safety teams for Tier 1 factories in Indonesia and Vietnam, including written guidelines and supplier training. In India, we conducted a pilot third-party assessment for machine and electrical safety for selected local sourcing factories.

- In Jordan, together with the ILO's Better Work Jordan (BWJ) program and the Fair Labor Association (FLA), we hosted a ▶ SEE SERIES OF TECHNICAL SEMINARS on the importance of occupational health and safety compliance for Jordan's Ministry of Labor (MoL) labor inspectors and for garment factory compliance officers.

Child labor and forced labor

- Mitigating forced and child labor risks in the upstream raw material supply chain through a multi-year effort to increase supply chain transparency and joint industry action (i.e., utilizing multi-stakeholder initiatives to extend our leverage.) All actions are ongoing.

Human Rights and Environmental Due Diligence (HREDD)

- Building accountability and capacity in operational areas, such as adidas' Global Non-Trade Procurement (GNTP) function, through the effective deployment of EcoVadis' sustainability assessments for the purpose of screening prioritized business partners – both upstream and downstream – for ESG risks. All actions are ongoing.

- Continuing to conduct enhanced human rights due diligence in conflict-affected sourcing locations, including Myanmar and Ukraine to uphold our business responsibility in preventing and addressing human rights impacts in contexts affected by conflict.

Gender equality

- Continuing the gender equality program for suppliers, which includes an annual self-assessment to help suppliers identify gender gaps in their operating practices and procedures and provide the building blocks they need to develop their own gender strategy, and an annual gender equality worker survey.

- Providing suppliers with the awareness and capacity to prevent violence in the workplace through a targeted training on gender-based violence and harassment (GBVH), covering topics such as GBVH policies and procedures, handling of cases of violence and harassment, and other related issues. All actions are ongoing.

Fair compensation

- As part of our efforts to provide fair compensation to workers in the supply chain, in 2024, we collected factory wage data for the prior year (2023) from in-scope suppliers[38] to measure wage progress against 2020 wage data (benchmark year). We also jointly commissioned, together with another brand, a gender pay parity training to be developed in consultation with ► SEE THE ANKER RESEARCH INSTITUTE and ► SEE IMPROVING WORKLIFE, a capacity building service provider. This training will be rolled out to all strategic Tier 1 suppliers in 2025.

- In Vietnam, we also continued our participation in a pilot led by the Fair Labor Association (FLA) to assess and improve adidas' responsible purchasing practices and fair compensation interventions in a multi-buyer scenario.

- We continued to our efforts around transparency by expanding our data collection public reporting through our Annual Report, corporate website, and by engaging with benchmarking organizations such as the ► SEE PLATFORM LIVING WAGE FINANCIALS (PLWF). The PLWF is a collaborative initiative between 24 financial institutions that assesses and benchmarks investee companies' efforts on living wages. In 2024, we were rated within PLWF's second highest rating level, the 'Advanced' level.

Freedom of association

- We also took several measures to address risks related to freedom of association during the reporting period. In Cambodia, we continued to engage key suppliers in a program that aims to reduce labor disputes and improve social dialogue between suppliers and their trade unions. In El Salvador, we provided training to all Tier 1 suppliers on Ensuring Respect for Freedom of Association in El Salvador, a guidance developed by The Americas Group (AG). And in Indonesia, we completed supplier training on the Freedom of Association (FOA) Protocol/implementation of circular letters for all suppliers in the country.

38 Strategic suppliers as of January 2020.

Training and skills development

- Providing regular training and capacity building to suppliers and workers employed at our suppliers' facilities, including through digital learning tools and targeted in-person and online training on topics ranging from our Workplace Standards, guidelines, and supporting policies, through to specific training on specific labor, health and safety, and environmental topics.

Our strategies applied to preventing and mitigating human rights issues will be dependent on the relationship between adidas and the source of the risk, the severity of the issue, and our ability to influence the party responsible. We recognize the need to address all salient human rights issues we have identified, as our influence and ability to prevent and mitigate adverse impacts is greatest with our business partners. We have focused our efforts on the issues of fair labor practices, fair compensation, and safe working conditions in factories manufacturing on behalf of adidas.

Monitoring suppliers' social compliance

We monitor social compliance of suppliers with a multi-level monitoring and enforcement process set out in our guidelines and policies. Opportunities to drive improvements and strengthen safeguards against harmful working conditions or human rights violations in our upstream value chain support, inform, and shape our business activities as a company. Components of our social compliance monitoring system include:

- Screening and prequalification of new suppliers, which disqualifies any supplier where zero-tolerance issues are found and only qualifies suppliers who have addressed, as a minimum, any identified threshold issues prior to onboarding and order placement.

- Annual assessments of our manufacturing partners on their ability to provide fair, healthy, and environmentally sound workplace conditions by conducting announced and unannounced audits by our own team and by accredited external auditors. Any cases of non-compliance identified during audits are given a clear timeframe for remediation.

- Continued engagement with our manufacturing partners' and their factory-level trade unions on freedom of association and the promotion of workplace dialogue: This has reduced the risks of industrial relations issues in the supply chain, which can be sources of stoppages or strikes or other forms of disruption to business operations.

- adidas specifically tracks and seeks improvements in the management of our suppliers' operational grievance systems. Early identification and resolution of issues in the workplace improves worker satisfaction levels, supports industrial relations, and increases worker retention and reduces fluctuation rates.

On-site factory audits are conducted by both internal monitors as well as by external third-party auditors to assess risks and identify the root causes of non-compliance. Audit results and other key performance indicators are incorporated into an overall social key performance indicator (S-KPI) rating tool, which measures several indicators including: accident rates, retention levels, or worker satisfaction and empowerment.

The rating results are shared with our Sourcing teams and are incorporated into the overall supplier rating that influences adidas' decision whether and to which extent we continue the business relationship with a specific supplier. This transparency and integration with sourcing decisions is fundamental to successfully improving workplace conditions. Based on the audit results, the SEA team decides on the course of action, ranging from training to enforcement actions, such as sending warning letters or hiring external consultants to improve workplace systems or practices with the support from the Sourcing team.

adidas works to provide for and enable remedy for any negative impacts on workers through our remediation processes. For more information, please see the section above on ► PROCESSES TO REMEDIATE NEGATIVE IMPACTS. Through our social compliance monitoring program, and the grievance channels made available to workers in our supply chain, we are able to identify negative impacts on workers. We evaluate the effectiveness of the remediation of negative impacts on workers through the timely completion of corrective action plans and follow-up in the cases of non-compliances, and through securing complainant satisfaction in the cases of grievances received through the WOVO app or our third-party complaints mechanism.

We also oblige our licensees – intermediaries that independently manage production for adidas – to adopt our in-house monitoring approach to ensure compliance in the indirect supply chains. We commission audits by adidas approved external monitors that verify the outcomes of compliance plans and activities. We measure a licensee's annual compliance performance using a comprehensive report card. In 2024, the EcoVadis rating of a licensee's sustainability management systems as well as an evaluation of a partner's supply chain management and purchasing practices have been integrated into this report card.

As a member of the Fair Labor Association (FLA), adidas is subject to external assessment by independent monitors, participation in the FLA third-party complaint system, and public reporting. In 2024, adidas received 3 FLA-led assessments which typically are conducted using a variety of monitoring models (e.g., in-person, virtual, or a hybrid approach of both in-person/virtual) that result in tailored 'Sustainable Compliance Initiative' (SCI) assessments. Our program has been accredited three times by the FLA and, in 2024, remains accredited based on the FLA's annual evaluations, in which adidas was rated as a top performer.

In addition to regular compliance monitoring, in 2024 we continued to focus on our own purchasing practices, in accordance with our Responsible Sourcing & Purchasing Policy, to ensure that our sourcing activities do not negatively impact our manufacturing partners' ability to comply with our social and environmental standards. To best understand potential impacts, we have sought feedback from our manufacturing partners, both anonymously and openly, through our subscription to Better Buying Institute, an independent organization that assesses and reports on the sourcing practices of participating brands (see below for more information), and through our own engagement with our suppliers. Leveraging this feedback, we have continued to improve our purchasing practices.

Results

In 2024, we worked with 388 (2023: 357) independent supplier facilities – Tier 1 facilities of manufacturing partners and their Tier 1 subcontractor facilities – located across 39 countries (2023: 40). The majority (67%) of these facilities were located in the Asia-Pacific region (2023: 63%). In 2024, we also worked with 34 licensees (2023: 37), manufacturing products in 223 facilities (2023: 251), some of which may produce both for adidas directly and for licensees, across 32 countries (2023: 33). A total of 85% (2023: 72%) of all direct and licensee facilities were audited in 2024. 'High-risk' locations in Asia, which is the most significant sourcing region for adidas, were the subject of extensive monitoring in 2024, with an audit coverage of 94% (2023: 89%).

When auditing our manufacturing partners against the adidas Workplace Standards, we utilize a range of audit tools. This includes adidas' own initial assessments and performance audits, plus assessments conducted by the ILO's Better Work program (2024: 11) and Social and Labor Convergence Program

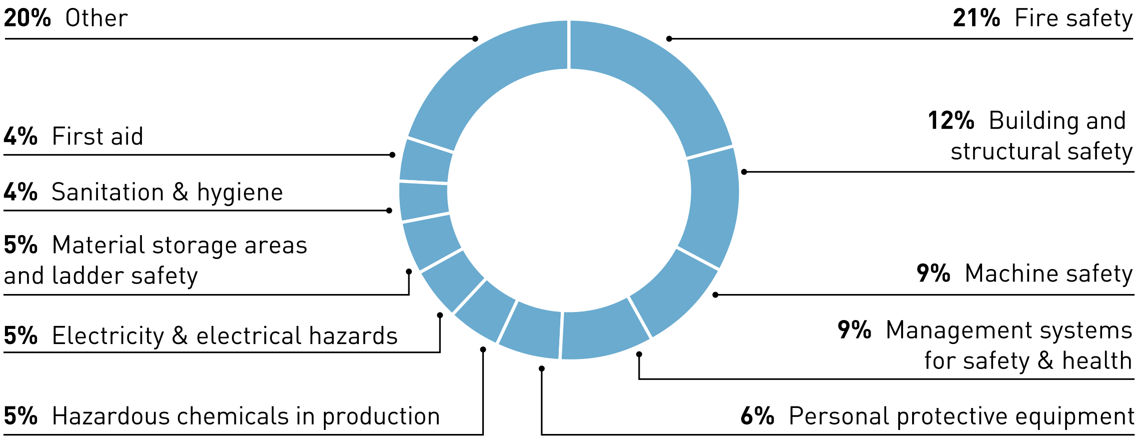
(SLCP) assessments (2024: 73, 2023: 79), which are initiatives designed to avoid repetitive social audits in shared facilities. A total of 592 social compliance audits were conducted in 2024 (2023: 499).

Of the 304 adidas performance audits (2023: 318) conducted, 95% were unannounced (2023: 82%), meaning the manufacturing facility is not informed in advance of the exact date of assessment. The number of audits in factories manufacturing goods for licensees in 2024 was 200 (2023: 223).

We increased the number of initial assessments – the first approval stage for new entry into our supply chain – to 160 prospective supplier factories (2023: 66), the majority of which were in Asia (2024: 77%, 2023: 64%) and China accounting for 31% of these (2023: 20%). Of the initial assessments, 41 factories (2023: 19) were either rejected immediately due to identified zero-tolerance issues, or were 'rejected with a second visit' due to identification of one or more threshold issues. Overall, at the end of 2024, the first-time rejection rate of new factories visited was 26% (2023: 29%). Manufacturing partners with threshold issues are typically given three months to remediate them before being re-audited for final acceptance. Through active support and capacity building, only two factories were subject to 'final rejection' (2023: 0), with the remainder having successfully closed their non-compliance issues and were onboarded.

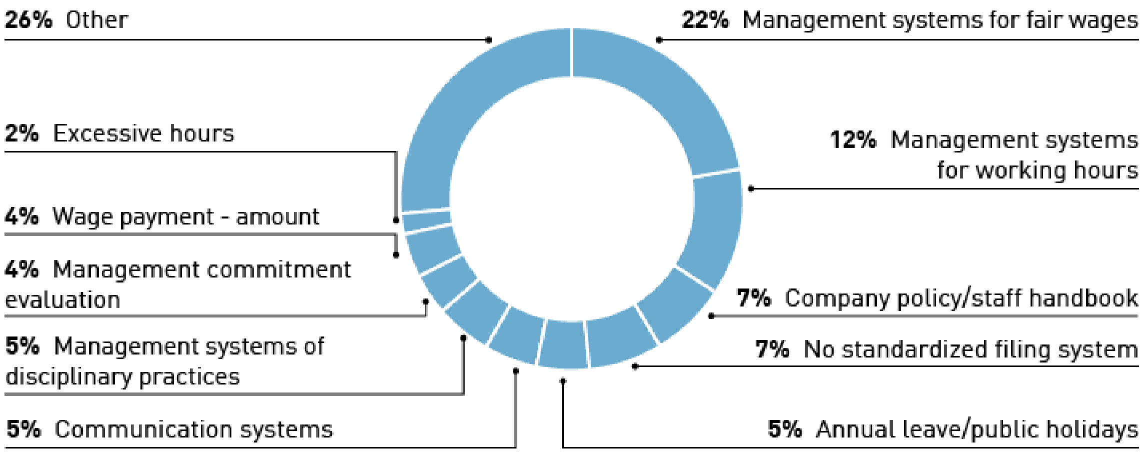
Fire, electrical, as well as machine safety are critical areas for existing manufacturing facilities, and together they accounted for almost 35% of the health and safety related non-compliances identified in 2024 regular social compliance assessments. Building and structural safety, as well as the storage and use of chemicals, including the handling of hazardous chemicals, accounted for 17% of non-compliance findings reported. A further 9% of the findings related to management systems, policies, and procedures.

Shortcomings in health and safety identified during audits in 2024



Our social compliance monitoring also reviews the use and effectiveness of the facilities' Human Resources management systems, including any gaps in policies and procedures related to specific risk areas, such as forced labor, child labor, freedom of association, or discrimination. Shortcomings in management systems for fair wages and working hours accounted for 34% of the labor non-compliances identified, and will require management systems improvements to reduce potential risks from materializing.

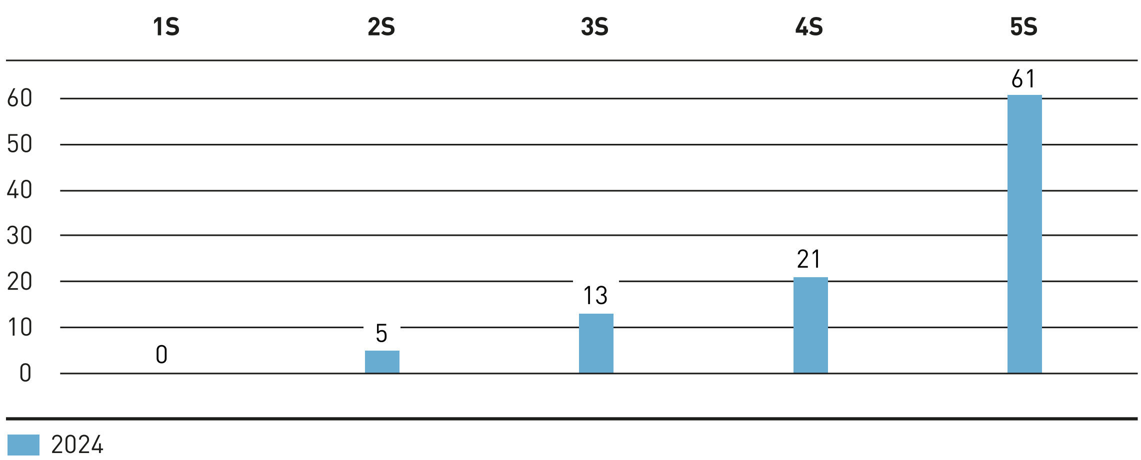
Shortcomings in labor identified during audits in 2024



We assess performance in providing a safe and fair workplace by measuring effective due diligence processes, as well as the ability to deliver positive social impact, through our S-KPI. In total, the S-KPI has 15 units of measures (UOM). These include compliance with threshold and zero-tolerance issues, completion of remediation plans, accident and absenteeism rates, as well as a range of worker empowerment measures such as resolution and satisfaction rate of workers' grievances, participation rate in worker satisfaction surveys, and the ratio of females in mid-managerial positions.

The S-KPI assesses a factory's performance in each of the UOMs based on the supplier data provided and, where applicable, validated during social compliance audits (conducted by internal monitors and in some cases by third-party verifiers), which are uploaded to a dashboard for each supplier. The result is a final score (in %) which is converted to S-rating levels from 1-5, with 5S being the best. For suppliers that have achieved a S-KPI of 5S, we reserve the possibility to exclude them from selected S-KPI compliance measurements for one year due to their low risk profile. In 2024, 82% of our 99 key manufacturing facilities achieved a rating of 4S or better, which is a slight decline in performance compared to 2023 (84%). Data considers a twelve-month period (November to October).

Social impact performance of strategic supplier factories by S-KPI rating (in %)



We also evaluate licensees' social compliance performance through a Licensee Compliance Rating (LCR). All of our long-term licensee partners and/or those with the largest business volumes achieved at least 3S in 2024. Of these, 50% received a rating of 4S (2023: 100%). The reduction in 4S achievement is explained by a revised assessment methodology that has been applied in 2024. This now incorporates available third-party ratings, such as EcoVadis and the Better Buying Partnership Index (BBPI), to measure the maturity of our licensee partner's governance and supply chain management systems, purchasing practices, and overall integration of our compliance requirements into their business practices.

Further actions

TRACKING EFFECTIVENESS OF ACTIONS

Our actions to mitigate negative impacts and risks on supply chain workers and tracking and assessing positive impacts contribute to achieving our set targets (for more information on our targets, please see section ▶ SEE TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES). Tracking progress against our targets is how we measure the effectiveness of our actions. adidas provides regular updates via its corporate website and its annual reports about its progress in achieving the targets it has set and the measures in place to track those targets as well as accompanying activities that support the fulfillment of those targets.

TRAINING AND SKILLS DEVELOPMENT

Part of our continuous efforts to achieve awareness and understanding of key material issues by workers within the upstream supply chain (e.g., issues including health and safety, forced labor, other topics), includes a system of multi-level and cross-functional training sessions with our global supplier network. These training sessions are conducted for workers employed by strategic Tier 1 suppliers in our key sourcing geographies. The training supports our objectives of implementing an HREDD system across 100% of our value chain, as training and awareness are key components of any human rights due diligence management system. We will continue to conduct training on material topics and other human rights and labor rights issues for workers in our value chain on an ongoing, annual basis for an indefinite period.

We have three types of training content:

- **Fundamental training**: introductory training on the adidas Workplace Standards, Fair Factories Clearinghouse (FFC) data entries, new factory approval process, and the SEA operating guidelines.

- **Performance training**: detailed training on specific issues related to labor, health, safety, and environmental practices, as well as initial assessment monitoring methods.

- **Advanced training**: training on KPI and rating tools, sustainable compliance planning, and supplier self-assessment methods.

In 2024 we conducted 104 training sessions for 2,860 individuals across these 3 categories for manufacturing partners, licensees, workers and adidas employees (2023: 179). We have also continued to enable our licensees to have access to FLA's e-learning materials, which include training courses covering topics such as human rights, forced labor, responsible manufacturing, and worker engagement, and provide access to the Better Buying Institute's e-learning course on responsible purchasing practices.

We also continued our mobile-phone-based 'Digital Training' project for workers in the supply chain, which has been successfully rolled out at 104 manufacturing facilities in 15 countries. The digital tool assesses workers' awareness of their labor rights and remedies, e.g., fire safety, harassment and abuse, and use of grievance channels. More than 68,800 workers took part in 2024 (2023: 50,000) and averaged a score higher than 92 out of 100 in the post-test questions, thereby demonstrating remarkably high levels of awareness of their core rights and available remedies.

GENDER EQUALITY AND EQUAL PAY FOR EQUAL VALUE, MEASURES AGAINST VIOLENCE IN THE WORKPLACE

We continue to implement measures that advance gender equality in our supply chain and meet our objectives to bring a gender lens to our strategic suppliers' operations to ensure that all workers will have equal opportunities and rights, including the provision of equal pay for equal value.

Our projects to deliver positive impacts for supply chain workers include our Gender Equality strategy and programs including our Women Leadership Program and Fair Compensation. In the past year, we carried out the following measures:

- **Gender Equality Worker Survey and Self-Assessments:** The survey evaluates worker experience and perception on gender equality in the workplace, obtains worker feedback on gender equality practices in factories, and provides strategic suppliers with a reference point for continuous improvement. In 2024, more than 46,000 workers participated in the worker survey across 105 factories. Additionally, all strategic suppliers have submitted initial improvement plans to address gaps identified in their gender equality self-assessment tool and will continue to update their roadmaps for improvement.

- **Women Leadership Program:** Alongside facility-led training, we also offered tailored training under our Women Leadership Program. In 2024, more than 1,600 female supervisors from 76 factories in Cambodia, China, India, Indonesia, Myanmar, and Vietnam participated in the training. We closely track the progress of workers graduating from this training initiative and since 2016, approximately 350 female supervisors have been promoted to higher positions because of their participation in the program.

- **Equal Pay for Equal Work:** We are committed to upholding responsible sourcing practices, increasing gender equality, and creating pay equity, with the goal of providing fair compensation to workers in our supply chain, regardless of their gender. In 2025, we aim to see a progressive improvement in compensation and achieve gender wage parity for workers and their supervisors at our strategic Tier 1 suppliers. To support this goal, we will deploy a gender pay parity capacity building program across our supply chain, designed by ImprovingWorklife and the Anker Research Institute, in collaboration with another FLA member company. This program will focus on raising our suppliers' awareness and understanding of the gender pay gap, in particular equal pay for equal work.

- **Preventing Gender-Based Violence and Harassment at Work:** In 2024, as part of our Gender Equality strategy, we implemented training for all strategic Tier 1 suppliers on preventing gender-based violence and harassment (GBVH) in the workplace. The training modules covered topics including introduction to GBVH, GBVH policies and procedures, training/communication to workers, effective grievance channels, conducting investigations, victim support, sex-disaggregated data collection, monitoring systems, and management review.

FAIR COMPENSATION

As a responsible business, our aim is for workers in our supply chain to earn enough for themselves and their families' basic needs and have income remaining to cover discretionary spending as well as savings. Our approach to payment of fair compensation in our manufacturing supply chain is built around five levers that influence wage development: legal obligations, responsible purchasing practices (RPP), productivity, government engagement, and industrial relations. For each lever we have a work program, which supports fair compensation and wage progression. To achieve our fair compensation ambitions, we deployed the FLA fair compensation assessment tools and guidance to our suppliers.

In 2024 we continued our multi-year wage data collection[39] across our strategic suppliers[40]. Wage data is being collected from suppliers from three different time periods: our 2020 benchmark year, our 2023 mid-term year, and our 2025 final year. The data reported for the 2020 benchmark year data was collected from 2021-2023, the 2023 mid-term year data was collected in 2024, and the 2025 data will be collected in 2026.

Our wage assessments conducted via the FLA fair compensation tools and dashboard are used to benchmark, track, and measure wage progress. The results of these assessments will also help to evaluate the links between pay and skills, pay and company performance, and the need for effective social dialogue in the workplace. We will also continue to build on our existing efforts with a focus on gender equality, pay equity, and responsible sourcing practices.

COOPERATION WITH STAKEHOLDER GROUPS

adidas works with industry-leading organizations to further improve its capacity-building efforts around supply chain-relevant topics:

- Anker Research Institute (non-profit organization): To leverage living wage and income benchmarks in our Fair Compensation program and collaborate in the development of capacity building training on gender pay parity. Corporate sponsor since 2022.
- Better Buying Institute (non-profit organization): To strengthen supplier-buyer relationships and improve purchasing practices in alignment with our Responsible Sourcing & Purchasing Policy. Member since 2019, member and participating company.
- Better Cotton (multi-stakeholder organization): To promote measurable improvements in the key environmental and social impacts of cotton cultivation worldwide. Member since 2004, founding member and participating company.
- Better Work (BW, multi-stakeholder organization): To improve working conditions and respect of labor rights for workers in the supply chain and build on the expertise provided by the BW collaboration between the International Labour Organization (ILO) and the International Finance Corporation (IFC). Member since 2023, member and participating company.
- Fair Labor Association (FLA, non-profit organization): Provides independent accreditation and oversight of our internal programs. Member since 1999, founding member and participating company; Board seat.
- German Partnership for Sustainable Textiles (government-led multi-stakeholder initiative): To promote measurable social, ecological, and economic improvements along the textile and apparel supply chain. Member since 2015, participating company.
- Open Supply Hub (industry association): To improve human rights and environmental conditions in and around factories and facilities by opening up supply chain data as a free, public good. Member since 2019, participating company.
- Responsible Sourcing Network (RSN, non-profit organization): To identify and eliminate cotton produced by forced labor from apparel supply chains. Member since 2024 of RSN's YESS (Yarn Ethically & Sustainably Sourced) initiative.

39 Wage data for 2023 was collected in 2024 and is self-reported by suppliers. For data collection, we took a representative sample of strategic factories within our Fair Compensation strategy scope. For 2023, the representative sample included approximately 73% of strategic supplier factories.

40 Strategic suppliers as of January 2020.

As part of our approach to effective stakeholder engagement, in November 2024 we hosted an in-person stakeholder dialogue in Zurich, Switzerland. Chaired by adidas' General Counsel and Human Rights Officer, and facilitated by adidas' human rights and sustainability expert teams, the one-day event included representatives from intergovernmental agencies, global trade unions, non-governmental organizations, independent experts, key external partners (e.g., Fair Labor Association, ILO Better Work, FIFA), customers and suppliers.

The dialogue was framed around adidas' approach to three focus areas: (1) mandatory human rights and environmental due diligence (HREDD), (2) biodiversity and deforestation, and (3) human rights and sports sponsorships. Stakeholders were also invited to raise any of their own additional topics of concern and questions for adidas. Through a series of interactive workshop discussions, stakeholders were invited to share their perspectives on adidas' policies and systems in each of these areas to validate the effectiveness of current approaches, as well as to gain insights that will help to inform the evolution of adidas' social and environmental programs over the coming years.

In early 2025 we will share a summary of key takeaways from the dialogue with participating stakeholders, with an invitation to validate that their feedback has been effectively captured, alongside an opportunity to provide additional input. Once finalized, the summary will be published on our corporate website. The feedback and insights gained through this engagement, will be shared with relevant internal stakeholders, and we will use the results to inform future strategy, policy, and systems development.

MATERIAL IMPACTS IDENTIFIED DURING THE REPORTING PERIOD

The primary focus of our efforts is to mitigate negative impacts and, through initiatives such as the Women Leadership Program described above, to influence the realization of positive impacts for workers in the supply chain, where we can do so.

However, despite our risk mitigation efforts, there are incidents of forced labor, child labor and severe health and safety incidents (i.e., fatalities) which occur in our supply chain. While rare, such instances typically occur beyond our strategic Tier 1 supply chain, where we have less visibility, leverage, and monitoring capacity.

HEALTH AND SAFETY

In 2024, there were no reported fatalities in our Tier 1 supplier base, however one fatality was reported to us in a Tier 2 facility, resulting from a machinery fire. The process involved was not being used in the manufacture of materials for adidas. Nevertheless, in any serious safety event, including those resulting in fatalities, we conduct in-depth investigations into the causes of the incident and take action accordingly.

In response to occupational health and safety risks, we invested considerable time and resources to upskill and build awareness of the importance of electrical and machine safety in the workplace, continuing programs we launched in 2023. This includes safety capacity building programs for factories in Indonesia and Vietnam in 2024 with the objective to enhance machine and electrical safety. Moreover, we continued to support the Pakistan Accord on Fire and Building Safety which we joined in 2023. In 2025, we will shift our focus to fire and electrical safety risks in our Tier 2 materials suppliers, with the goal of driving improvements in safety systems and safeguards for workers employed in fabric mills, dyehouses, leather tanneries and component manufacturers. Selected high-risk Tier 1 suppliers will also be included.

CHILD LABOR AND FORCED LABOR

To assess the risk of forced and child labor in our upstream cotton supply chain, adidas collaborated with the FLA in 2024 to evaluate, through a scoping study, the presence and incidence of these issues in cotton cultivation in India. This scoping study, supported by other international brands and labor rights advocates, responded to a third-party investigation that found evidence of child labor and forced labor, including debt bondage and abusive conditions, on farms linked to our supply chain in Madhya Pradesh.

To tackle these issues, adidas is supporting the FLA's three-year project aimed at improving conditions for cotton harvesters in Madhya Pradesh. The project's key objectives are to strengthen human rights due diligence, improve working and living conditions for farmers, and connect with local stakeholders to leverage ongoing advocacy efforts. These goals are supported by various activities, including supply chain mapping and monitoring, knowledge building, child protection initiatives, responsible recruitment practices, enhanced earnings strategies, and occupational health and safety measures. The project aims to create sustainable improvements and foster collaboration among all involved parties.

In 2024, adidas also received information related to incidents of forced labor occurring at several Tier 2 textile supplier facilities in Taiwan, which provide yarn and fiber inputs into materials used by adidas in its finished product. These allegations were raised by a third-party investigation, which found evidence of forced labor, including high recruitment fees, debt bondage, retention of identity documents, excessive overtime, and abusive working conditions. The investigation was shared with over 40 apparel and footwear companies, who have collaborated on implementing a remediation approach and corrective action for the findings identified.

We have allocated adequate human resources to the management of material impacts. The SEA team, which is a specialist group function within Global Legal, oversees human rights and environmental due diligence for adidas, and manages supply chain compliance with the Workplace Standards. The 37-person team is global in nature, with staff based in a dozen countries, mainly our major sourcing countries, as well as Germany and the United States. Each SEA team member is dedicated to due diligence and to maintaining social and environmental compliance at a full-time (100%) capacity.

Metrics and targets

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets

adidas has set specific targets to be achieved in 2025, which aim to reduce negative material impacts and risks as well as advance positive impacts and opportunities for workers in our value chain.

Social impact (S-KPI)

The social impact (S-KPI) rating helps us track material impacts on workers in the supply chain including health and safety, wages, gender equality, and working hours. Thus, we have set a S-KPI target for our strategic suppliers to foster the continuous improvement of their working conditions and to both reduce material negative impacts such as non-compliances related to health and safety and working hours, while also advancing positive impacts including achieving gender equality and fair compensation.

Our target for 2025 is to have 90% of our strategic Tier 1 suppliers reach a minimum rating of 4S and 100% of these suppliers reach a minimum rating of 3S (on a scale of 1S to 5S, with 5S being the highest rating). The thresholds are set as follows: 1S: 0-29%, 2S: 30-59%, 3S: 60-79%, 4S: 80-89%, 5S: 90-100%. The baseline year for comparison is 2022, when the S-KPI tool was launched. The social key performance indicator (S-KPI) rating tool measures the accident rates, retention levels, or worker satisfaction and empowerment. It is described in detail in S2-4.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:
In 2024, almost 82% of our 99 key manufacturing facilities achieved a rating of 4S or better, which is a slight reduction compared to 2023 (84%).

Fair compensation

We are committed to progressive improvement in compensation across our strategic Tier 1 suppliers in 2025. This ambition is intended to advance positive impacts and opportunities for workers in our supply chain by providing a decent standard of living that is considered acceptable by society at its current level of economic development.

We are actively monitoring fair wage benchmarks and our suppliers' performance against these. To do this, we are using 2020 as a baseline, which is the initial benchmark year based on factory self-reported wage data in Cambodia, China, Indonesia, Thailand, Pakistan, and Vietnam. This benchmark also allows us to track if workers are unionized and/or have collective bargaining agreements (CBA) in place.

In 2024, we continued our multi-year wage data collection across our strategic suppliers. Data is being collected from suppliers from three different time periods: our 2020 benchmark year, our 2023 mid-term year, and our 2025 final year. In line with the benchmarking completed for 2020, we compared factory wage data to:

- External benchmarks, such as the applicable legal minimum wage, the FLA Country Average, which is an industry average based on suppliers working with FLA member companies. In countries with multiple minimum wage groups, we did not use the FLA Country Average as it is only available at the country level, and not by minimum wage region/requirement group.
- The Global Living Wage Coalition/Anker Research Institute Living Wage Estimate or Reference Value[41] (GLWC-ARI Estimate), where available, as our living wage benchmark.

Overall, we verified that in all countries, the surveyed factories meet their required minimum wage, and in most instances, surpass their GLWC-ARI Living Wage Estimate or Reference Value, with the exception of Thailand and Region 3 in Vietnam.[42] All amounts below, except for the minimum wage benchmarks, are in their net format (excluding legal deductions).

Results of our 2023 wage data collection[43] are as follows:

41 For more on the ARI Living Wage estimates and reference values please see: ▶ **OUR WORK — ANKER RESEARCH INSTITUTE**
42 For our wage assessments exercise we use the FLA Fair Compensation formula: (basic contracted wage + incentives + cash benefits + benefits in kind) – (taxes and legal deductions), it excludes overtime pay.
43 Wage data for 2023 was collected in 2024 and is self-reported by suppliers. For data collection, we took a representative sample of strategic factories within our Fair Compensation strategy scope. For 2023, the representative sample included approximately 73% of strategic supplier factories.

Cambodia (eight factories; 39,152 workers):

— In our major sourcing country for apparel, wages paid by adidas suppliers surpassed the legal minimum wage by 51% (2020: 56%).

— Factory net wages surpassed the FLA Country Average by 32% (2020: 33%).

— Factory net wages surpassed the GLWC-Anker Living Wage Reference Value by 34%. We did not have a GLWC-Anker Living Wage Reference Value in 2020.

— Other factory characteristics:

- 88% of the factories in the measured data set are unionized, and 13% have a collective bargaining agreement (CBA) in place.
- 100% of eligible workers in the factories within our sample set are covered by social insurance.
- 100% of workers are paid digitally.

China (13 factories; 31,755 workers):

— Factories within our data collection scope sit within nine different minimum wage groups. Due to one factory deactivation, this is one minimum wage group less than in 2020.

— 2023 minimum wage requirements in China ranged widely, between 1.550 CNY and 2.280 CNY.

— Across all minimum wage groups, our 2023 data collection shows that net wages surpassed their applicable minimum wage requirement by 16% to 178% (2020:13% and 159% respectively); which helped support higher basic wages.

— There was one applicable region with an available GLWC-Anker Living Wage Estimate (in 2020, there were two regions). In this region, factory net wages surpassed the GLWC-Anker benchmark by 57%.

— Other factory characteristics:

- All factories are unionized with State-backed unions and have a CBA in place.
- 100% of eligible workers in the factories within our sample are covered by social insurance.
- 100% of workers are paid digitally.

Indonesia (nine factories; 96,698 workers):

— Factories within our data collection scope are located within nine different minimum wage groups in Indonesia, with vast differences in their requirements.

— For 2023, our factories' minimum wage requirements ranged from 2,018,836.92 IDR to 4,584,519.08 IDR based on their location.

— Due to changes in our supply chain, we had two fewer minimum wage groups in 2023 than 2020. These two minimum wage groups represented high wage locations, which reduced our country average results.

— Across all minimum wage groups, our 2023 data collection shows that factory net wages surpassed their applicable minimum wage requirement by between 8% and 40% (2020: 9% and 66%, respectively).

Other factory characteristics:

- 89% of factories are unionized and have a CBA in place.
- 100% of eligible workers in the factories within our sample are covered by social insurance.
- 100% of workers within our sample are paid digitally.

Pakistan (two factories; 7,590 workers):

— The 2023 data collection shows that wages paid by adidas suppliers surpassed the legal minimum wage by 33%[44] (2020: 42%).

— Pakistan experienced double digit inflation that outpaced the government mandated minimum wage adjustments. We will prioritize our Fair Compensation work in Pakistan over the coming years to better understand the economic factors influencing wage outcomes, as part of our ongoing wage assessments.

— Other factory characteristics:

- None of the factories within our sample are unionized.
- 100% of eligible workers are covered by social insurance.
- 100% of workers are paid digitally.

Thailand (four factories; 5,740 workers):

— Factories within our data collection scope sit within three different minimum wage requirement groups in Thailand.

— Minimum wage requirements ranged from 332 THB/day – 353 THB/day.

— Across all minimum wage groups, our 2023 data collection shows that factory net wages surpassed their applicable minimum wage requirement by 37% to 56% (2020: 36% to 44%).

— Factory net wages fell short of the GLWC-Anker Reference Value by 4%. We did not have this reference value in 2020. Due to the current GLWC-Anker Reference Value gap, we will also prioritize our data collection and analysis in Thailand, as part of our ongoing wage assessments.

— Other factory characteristics:

- None of the factories within our sample are unionized.
- 100% of eligible workers are covered by social insurance.
- 100% of workers are paid digitally.

Vietnam (15 factories; 104,466 workers):

— Factories within our data collection scope sit within three different minimum wage regions with significant differences; minimum wage requirements varied between 3,640,000 VND and 4,680,000 VND.

— Across all minimum wage groups, our 2023 data collection shows that factories’ net wages surpassed their applicable minimum wage requirement by between 73% and 84% (2020: 72% and 78%).

44 Pakistan had two applicable minimum wages in 2023 – for our comparison, we compared factory wages against an average of the two minimum wage requirements.

- For 2023, two of three regions surpassed their individual GLWC-ARI Living Wage estimates:
  - Region 1 surpassed its GLWC-ARI estimate by 13% (2020:18%).
  - Region 2 surpassed its GLWC-ARI estimate by 8%. There was no GLWC-ARI estimate for this region in 2020.
  - Region 3 factory net wages fell below their Anker living wage estimate by 7%. There was no GLWC-ARI for this region in 2020.
- Other factory characteristics:
  - All factories within the sample have State-backed unions and have a CBA in place.
  - 100% of eligible workers are covered by social insurance.
  - 100% of workers are paid digitally.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:
Based on data collected in 2024, at a country level, wages paid by all of the suppliers in scope for this exercise (representing around 73% of all strategic Tier 1 suppliers) continue to meet and exceed minimum wage requirements. Apart from Thailand and Region 3 in Vietnam, wages paid by suppliers meet and exceed the Anker Research Institute living wage benchmarks, in the 4 countries where these are available. However, factory wages did not grow at the same rate as some of the benchmarks, due to a range of external economic factors including the rate of inflation. In Pakistan, inflation outpaced the rate of wage growth, increasing the cost-of-living pressures on workers.

Gender equality and equal pay for equal work

Aligned with core labor standards, which call for equal pay for equal work, we adopted the target that every strategic supplier will have secured gender wage parity for workers in 2025 and advance positive impacts and opportunities for workers in our supply chain.

Since the setting of the target, due to technical challenges and data privacy restrictions in obtaining comprehensive sex-disaggregated wage data from our supplier factories, we have focused our actions in support of this target on capacity building and supporting suppliers' understanding and ability to improve wage management systems that ensure equal pay for equal work.

This target will be achieved by implementing capacity building initiatives to build suppliers' understanding of gender pay parity.

We based this target on the fundamental assumption that complete and comprehensive sex-disaggregated wage data would be available for data collection. However, as described above, due to the complexities of this data collection exercise and concerns over data privacy, this assumption was incorrect, and the target outcomes were adjusted to focus on capacity building rather than data collection.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:
In 2024, we began a joint, collaborative initiative to develop a gender pay parity e-learning program to enhance sensitivity and knowledge on gender pay parity. The e-learning program is intended to be launched in Q2 2025. Our goal is to have 100% of our key suppliers complete this e-learning program by Q4 2025. This program is focused on raising our suppliers' awareness and understanding of the gender pay gap, in particular equal pay for equal work.

Human Rights and Environmental Due Diligence (HREDD)

To ensure that human rights risks can be reduced and mitigated throughout our value chain and therefore reduce negative material impacts, we have set the following target regarding human rights due diligence, as part of our broader risk management processes:

By end of 2025, 100% of the upstream value chain and our operations have a system in place to identify and manage high-risk human rights issues.

In setting our HREDD target, which was developed prior to the introduction of the German Supply Chain Due Diligence Act, we have conducted a gap analysis and adopted a risk-based approach which targets high-risk locations, processes and activities requiring the closest attention and where we are able to apply influence and leverage to mitigate or remediate issues. This risk-based approach follows the principles outlined in the UNGPs (United Nations Guiding Principles) and OECD MNE (Multinational Enterprises) Guidelines and as an assessment process includes sources of information, such as the review of publicly available databases provided by governments, as well as regular engagement with civil society organizations, unions, employer federations, and with workers directly.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:

In 2024 we continued to embed our HREDD system across the business to identify and manage high-risk human rights issues. This included the further maturing of internal risk management procedures in the procurement area as it relates to suppliers of non-trade goods and services to adidas. This has included expanding the use of the EcoVadis sustainability assessments tool to evaluate the sustainability management systems of non-trade suppliers – both upstream and downstream – and, where required, engage prioritized partners on performance improvement plans.

Engagement of value chain workers in setting targets

We aim to address the topics that are most salient to our business and our stakeholders. To identify these topics, set targets accordingly, and increase transparency and disclosure, we openly engage with our stakeholders and consider their views and opinions when making decisions that shape our day-to-day operations.

While we have not directly engaged with workers in our supply chain in setting the current 2025 publicly stated targets, we incorporate worker feedback in tracking our performance against our targets and in reviewing the effectiveness of our program and our efforts to reduce negative impacts on workers.

We track our performance against each of our publicly stated targets and transparently report on our progress annually. In evaluating the social impact performance (S-KPI) of our suppliers and progress toward this target, we engage supply chain workers by incorporating worker empowerment measures such as resolution and satisfaction rate of workers' grievances, participation rate in worker satisfaction surveys, and the ratio of females in mid-managerial positions into the S-KPI rating.

Upstream value chain workers are engaged in identifying lessons and improvements by evaluating their direct input received through the WOVO platform. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions, where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility's management and their Human Resources teams resolve cases and communicate their findings. By reviewing this data, we can identify areas of improvement in our social compliance program, gaps in supplier programs or processes, and other parts of our human rights due diligence system.

ESRS S3

Affected communities

We have limited direct impacts on affected communities due to our business operations. However, we recognize that the most adverse human rights impacts on affected communities – including impacts on human rights defenders and community access to adequate water and sanitation – are most likely to occur through our upstream supplier relationships.

Impacts, risks and opportunities

Impacts

Water and sanitation

— Depletion of groundwater levels, limiting community access to sanitation and clean water

— Pollution of surrounding water bodies and soil due to the discharge of large volumes of wastewater

— Generation of hazardous waste, e.g., chemical waste and sludge from treated wastewater

Human Rights Defenders (HRDs)

— Adverse impacts on HRDs include cases in which threats, intimidation, violence, retaliation or reprisals against human rights defenders are committed by actors with whom we are involved, either through our own operations or as a result of our business relationships

Key metrics & actions

We take necessary action to address any negative human rights impacts on affected communities‘ access to adequate water and sanitation, and to protect the rights of human rights defenders.

Community access to water and sanitation

We established a community complaints reporting mechanism, a channel through which suppliers should report any complaints received from local communities related to access to clean water and sanitation. The mechanism also tracks how suppliers address, follow up on, and close the issue if verified.

Supporting the freedoms of human rights defenders

We take direct action when there is clear evidence that one of our business partners has violated the rights of HRDs. We seek constructive engagement – both independently and with others – with governments where we believe that the rights and freedoms of HRDs have been restricted and take action to support HRDs to operate freely in such contexts.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to affected communities in the management of our business. An overview of these policies can be found in the topical standard of S3.

ESRS 2 General disclosures

SBM-2 - Interests and views of stakeholders

Is reported under ESRS 2 SBM-2

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 - Affected communities and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time Horizon	Value Chain	Description
Water and sanitation	Negative Impact	Potential	Short-term	Up-stream	There are potential adverse environmental impacts linked to our supply chain that may prevent community access to clean water and sanitation. Upstream (impacts): Potential lack of (clean) water for the communities where our suppliers operate (mainly focusing on Tier 2 suppliers, which utilize water-intensive processes as part of their production).
Impacts on human rights defenders	Negative Impact	Potential	Medium-term	Up-stream	We have a long-standing policy of non-interference with the activities of human rights defenders, including those who actively campaign on issues that may be linked to our business operations. We expect our business partners to follow the same policy; they should not inhibit the lawful actions of a human rights defender or restrict their freedom of expression, freedom of association, or right to peaceful assembly. We have developed an approach to manage any potential instances in which workers may have engaged in human rights defender activities which have been repressed by suppliers or other external parties.

The adidas business model is based on an outsourced global supply chain that extends upstream from strategic manufacturing partners to component and materials suppliers to raw material sources, such as cotton, leather, and natural rubber. Due to the nature of our business operations, we do not have direct dependencies on affected communities and therefore do not have any material risks or opportunities related to affected communities in our supply chain.

We are linked to the employment of hundreds of thousands of workers through our third-party partners, contract manufacturers, and licensees. We know that potential impacts could occur in communities living or working around our own operations. However, we recognize that the most adverse human rights impacts on affected communities are most likely to occur through our upstream supplier relationships. adidas has identified two topics where material potential impacts on affected communities can occur; these relate to access to clean water and sanitation and impacts on human rights defenders.

Potential impacts on access to clean water and sanitation

Although occurring very rarely, there are potential impacts on access to water and sanitation that can occur in the Tier 1 upstream supply chain, where facilities with large workforces consume water for non-production purposes including cooking, cleaning and sanitation, which may be supplied from groundwater. Tier 2 suppliers that carry out leather tanning and fabric washing and dyeing also use water-intensive wet processes that consume large amounts of water and chemicals and generate large volumes of wastewater effluent. As a result, there may be potential environmental impacts that could affect surrounding communities, including but not limited to:

- Depletion of groundwater levels, limiting community access to sanitation and clean water.
- Pollution of surrounding water bodies and soil due to the discharge of large volumes of wastewater.
- Generation of hazardous waste, e.g., chemical waste and sludge from treated wastewater.

We have adopted a strategy to promote water efficiencies and deploy mechanisms to prevent water pollution from chemicals, effluents, and hazardous waste, so as to minimize possible impacts on affected communities. These measures include ensuring that our policies set out clear requirements for legal compliance with environmental permits and for regular monitoring of water extraction, wastewater treatment and disposal, hazardous chemical management, and waste handling. We also implement monitoring, remediation, and enforcement actions at our suppliers.

For more information on pollution and chemical management see E2 – Pollution. ► SEE E2 POLLUTION.

Potential impacts on human rights defenders

In the context of adidas' own operations and the business activities that occur in our supply chain, we recognize trade union organizers, environmental interest groups, human rights campaigners, and labor rights advocates as human rights defenders (HRDs). They can be of any gender, any age, from any part of the world and with different backgrounds and different interests. In our supply chain, the greatest potential for adverse impacts on HRDs occurs in our direct upstream supply chain, where HRDs, such as trade unionists and labor rights advocates, may have been unfairly dismissed or otherwise discriminated against by their employer (Tier 1 supplier). Adverse impacts on HRDs include cases in which threats, intimidation, violence, retaliation or reprisals against human rights defenders are committed by actors with whom we are involved, either through our own operations or as a result of our business relationships.

Over the past five years, we have intervened and sought the reinstatement and/or financial compensation for over a dozen trade union leaders and organizers whom we consider to be HRDs, where we found that they had been unfairly dismissed, discriminated against, or intimidated in breach of our Workplace Standards. These cases were identified through our own monitoring activities, investigations triggered by worker complaints, or grievances received from external advocacy groups or trade unions. Worker reinstatements have taken place in sourcing locations including Cambodia, El Salvador, Indonesia, and Turkey. We have also actively supported advocacy groups to operate freely in contexts where they have been targeted by government restrictions.

We have applied a consistent approach to addressing potential or actual adverse impacts on HRDs, which has not necessitated adapting our business strategy as a result. For more details on this approach, see our Human Rights Defenders Policy.

Affected communities in our value chain

We included and considered all affected communities that could be impacted through our business operations or the business activities occurring in our supply chain. However, due to the nature and location of our own operations (e.g., corporate offices, retail locations, distribution centers, etc.), there is limited potential impact on communities living or working around such sites. The types of communities who are most likely to be impacted by our own operations or as a result of our business relationships in our upstream supply chain are:

— **Human rights defenders:** HRDs may be considered an affected community in and of themselves (see above for the groups that we consider to be HRDs). Additionally, we acknowledge that athletes and players can sometimes assume the mantle of HRDs.

— **Communities potentially affected by water/sanitation impacts:**

- Local communities living or working around our own retail operations and distribution centers.
- Local communities living or working around the factories, facilities, or other physical operations of our business partners in our upstream supply chain (e.g., Tier 1 suppliers, Tier 2 suppliers, etc.).
- Local communities affected by the operations of suppliers' facilities as a primary area of potential impact; these would be the most affected by negative impacts, and to a lesser extent, those affected by the activities of logistics or distribution providers who are responsible for transporting adidas products to market.

We have limited visibility and leverage over the endpoints of our value chain (e.g., harvesting of raw materials, waste/recycling sites) and only a limited direct impact on affected communities, including Indigenous Peoples. However, we recognize that there is potential impact on communities related to water/sanitation at both of these endpoints that may reduce community access to both the quality and availability of water, including: water usage for raw material commodities, including cotton and cattle (leather); the usage of water in processes related to recycling materials, including recycled polyester; and other related impacts not yet identified in our upstream due diligence system. We also recognize that there may be potential adverse impacts on HRDs at the far upstream endpoint of the value chain (e.g., raw material harvesting) as it relates to HRDs advocating for local livelihoods or land rights and their ability to do so without interference from producers or other actors, this includes vulnerable groups such as Indigenous Peoples.

Any material negative impacts that occur are typically individual incidents. This may include, for example, isolated incidents in our supply chain where we have found HRDs to have been unfairly dismissed, discriminated against, or intimidated in breach of our Workplace Standards. Negative actual impacts related to water and sanitation have also been individual incidents, such as local community reports of improper waste disposal in communities near supplier facilities. Such reports are investigated, and facilities must take immediate remediation actions.

Our stakeholder engagement allows us to develop a better understanding of how affected communities may be at greater risk of harm. To facilitate engagement with affected communities, we maintain an active, open, and ongoing dialogue with local and international non-governmental organizations (NGOs), labor rights advocacy groups, human rights advocacy groups, trade unions, investors, analysts, national and international government agencies and academics. This helps us gain local insights to identify and address the most important impacts that our upstream business activities can have. adidas' stakeholders are a diverse group, which translates into a diverse range of engagements, some of which are continuous and span many years, and some of which are targeted, based on current issues or trends requiring critical feedback.

Impact, risk and opportunity management

S3-1 – Policies related to affected communities

S3-1 – Policies related to affected communities

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	All own operations, Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with all applicable parties; available for all employees
Human Rights Defenders Policy	Committed to respecting HRDs' rights, adidas has a long-standing non-interference policy for HRD activities, including campaigns linked to our operations. We expect business partners to follow this policy, ensuring HRDs' lawful actions and freedoms are not restricted. This policy addresses instances where workers' HRD activities are repressed by suppliers or others.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environ-mental Affairs	UN Special Rapporteur on HRDs	Broad consultation with advocacy groups on the development of the guidelines	Accessible on corporate website
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environ-mental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFSGI)	Revisions have taken place in direct consultation with labor rights groups	Accessible on corporate website and directly shared with suppliers
Environmental Guidelines: Wastewater Discharge	Describes water management expectations as well as practices to maintain high water discharge quality.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Consideration of ZDHC wastewater guideline and ZDHC MRSL	ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and industry best practices, i.e. for water management.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing reference on water efficiency	Third-party environmental consultancy	Accessible on corporate website
Guidelines on Employment Standards	Describes suppliers' human rights due diligence obligations and protections against discrimination.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environ-mental Affairs	Reference various international conventions and standards on international labor rights and human rights	Broad consultation on the development of the guidelines	Accessible on corporate website and directly shared with suppliers

While adidas does not have a specific policy regarding community economic, social, and cultural rights, such as access to clean water and sanitation, we are aware of today's global environmental challenges and their impact on people and communities. This is reflected in our Human Rights Policy and Human Rights Defenders Policy as well as in our Environmental Guidelines. These inform the implementation of measures in our own operations and those of our business partners to minimize impacts on affected communities, including those arising from climate change, biodiversity, water, use of hazardous chemicals and waste.

Similarly, our policies related to affected communities are not stand-alone policies but are rather incorporated into a broader set of documents, including our Human Rights Policy, Workplace Standards, and Environmental Guidelines. Our Human Rights Policy and Workplace Standards are fully aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises with regard to inclusion of internationally recognized human rights and labor rights as outlined in these international instruments. Further, our approach is aligned with UN and ILO guidance on vulnerable groups, including Indigenous Peoples.

Our stance on HRDs is included in our Human Rights Policy: We acknowledge human rights advocates and are committed to offering remedy for any adverse impacts caused by our business activities. Moreover, adidas commits to not interfere with the work of human rights defenders and to take protective action when freedoms are threatened in connection with adidas business activities, using our leverage with relevant authorities when appropriate.

The processes for monitoring compliance with the UNGPs, OECD Multinational Enterprises (MNE) Guidelines, and ILO Declaration on Fundamental Principles and Rights at Work are outlined in detail in ► S2 WORKERS IN THE VALUE CHAIN. For affected communities, our main monitoring mechanism is the third-party complaints procedure (see below for a detailed description).

adidas' Human Rights Policy commitments embrace all internationally recognized human rights from the standards included in the policy table above. Where there is potential for adverse impacts on vulnerable individuals or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including Indigenous Peoples, women, national, ethnic, religious, and linguistic minorities, children, disabled people, migrant workers and their families, and HRDs. These include, for example, the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child.

Respecting the rights of Indigenous Peoples

Although no official policy exists, adidas has published a clear position on addressing and preventing impacts on Indigenous Peoples – generally identified as tribal or first nations peoples whose social, cultural, and economic conditions distinguish them from other sections of their national community. Their relationship with the land and natural resources on which they depend is inextricably linked to their identity, culture, livelihoods, and physical and spiritual well-being. As a result, Indigenous Peoples are often disproportionately affected by climate change, environmental degradation, loss of resources and displacement, and face high levels of poverty and poor access to education, and health.

adidas is committed to respecting the rights of Indigenous Peoples in line with the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169 (Indigenous and Tribal Peoples Convention). In the upstream value chain, while we have no direct interaction with Indigenous Peoples or affected communities' lands and territories, we require suppliers of raw materials – such as cotton and natural rubber – to conduct human rights and environmental due diligence, to follow standards, and where appropriate to secure certifications that take into account the rights of Indigenous Peoples. We furthermore require our manufacturing partners to obtain free, prior and informed consent (FPIC) for any greenfield developments that may require land acquisition in proximity to tribal areas, or in locations where land rights have been disputed. We have based our approach and expectations on the International

Finance Corporation's (IFC) Performance Standard No. 7: Indigenous Peoples and related IFC guidance on land acquisition.

Indigenous Peoples may also face exploitation or misappropriation of their cultural and economic rights. When marketing and designing products, adidas strives hard to respect the cultural property of Indigenous Peoples, including: Indigenous artwork, designs, symbols and other forms of their cultural, religious or spiritual expression. We have conducted internal training to raise awareness of the importance of protecting such rights.

Our stakeholder engagement/How we engage with stakeholders

We seek dialogue and exchange with stakeholders who act as the legitimate representatives and/or credible proxies of the affected communities we may have an impact on through our supply chain activities, recognizing their role in informing our due diligence processes and developing effective remedies. We communicate regularly and transparently about our efforts to ensure respect for human rights, including reporting on our human rights efforts in line with applicable non-financial reporting standards, and participate in specialist forums to share lessons learned and develop best practices for our industry.

In the first instance, the key party managing relationships with their local community and handling any complaints is the respective supplier. We engage with affected communities and their legitimate representatives and/or credible proxies upon receiving information, including third-party complaints, about the actual and potential material impacts stemming from our business activities that may affect them. To understand their needs, we have a diverse range of engagements through forums, discussions and other forms of direct communication, some continuous engagements that build upon organizational relationships established over decades, and some others that are targeted based on current issues or trends requiring critical feedback. We maintain an open dialogue with local and international NGOs, labor rights advocacy groups, human rights advocacy groups, trade unions, investors, analysts, and national and international government agencies. We communicate with communities on an ad hoc, as-needed basis, which includes both direct engagement as well as participation in specialist forums to share lessons learned and develop best practices for our industry.

The function primarily responsible for ensuring that engagement with affected communities takes place and for incorporating affected community needs into our overall approach is the Social & Environmental Affairs (SEA) department, which reports to the CEO through the General Counsel.

adidas implements robust due diligence measures to avoid causing or contributing to adverse human rights impacts through our own activities, and to address and remediate such impacts when they occur. We also seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products, or services through our business relationships, even if adidas has not directly contributed to those impacts. We exercise our leverage and, where necessary, increase it to address negative human rights impacts arising from our business relationships.

Measures to provide and/or enable remedy for human rights impacts

Our Human Rights Policy emphasizes the importance of due diligence processes to enhance our influence to address adverse human rights impacts. We are committed to providing for, or cooperating in, the remediation of adverse human rights impacts which we have caused or contributed to, and we will seek to cooperate in the mitigation and remediation of adverse impacts where we are linked to these through our business relationships.

To complement our due diligence processes, our third-party complaints mechanism provides adequate access to remedy for affected parties. Our third-party complaints procedure for Human Rights & Environmental Impacts, established in 2014, is a channel for reporting any potential or actual human rights or environmental harm linked to adidas' operations, products or services, and is open to any individual or organization directly affected by an issue, or any organization representing directly affected individuals or communities. As part of the mechanism, at the end of each year we communicate how many third-party complaints we have received related to labor or human rights violations and the status of those complaints (i.e., under investigation, successfully resolved, etc.) by publishing them on our corporate website. During the reporting period, we did not register any cases that involve affected communities in our own operations or in our upstream supply chain. The majority of the complaints were received from trade unions and labor and human rights advocacy groups, related to workers in our supply chain.

Separately, through a supplier self-reporting mechanism (community complaints reporting mechanism), we also track incidents that may potentially affect community water and sanitation. This is described further in S3-3.

S3-2 – Processes for engaging with affected communities about impacts

Our approach to engagement with stakeholders – including with affected communities and their legitimate representatives and/or credible proxies, is described above (S3-1).

adidas uses its stakeholder engagement, as stated above, to gain insights into the perspectives of affected communities. This especially includes vulnerable groups, minorities, or those whose circumstances open them up to exploitation or the abuse of their rights and who may be particularly affected by adverse impacts. It is for this reason that we have developed specific programs and initiatives to address topics such as child labor, migrant labor, forced labor, trafficking and women's rights. We take a holistic approach to upholding women's rights, ensuring gender equality and protecting against all forms of gender-based discrimination, both internally and through our business relationships. We aim to bring a gender lens to our strategic suppliers' operations to ensure that all workers enjoy the same opportunities, rights, and obligations.

Our approach to minimizing impacts on Indigenous Peoples, including our requirements for raw materials suppliers and manufacturing partners, is described in the section above (S3-1). adidas is also a founding member of Better Cotton. The Better Cotton Standard System outlines a High Conservation Value (HCV) approach to cotton farming. This means that before Better Cotton farmers can convert any land to cotton production, they must complete an HCV assessment. The assessment guides them to collect field data, consult with local stakeholders such as community leaders and Indigenous Peoples, and analyze any existing information to identify HCVs in their landscape. Once farmers have identified HCVs, Better Cotton helps them manage and protect them.

Evaluating our stakeholder engagement

Given the scale of the global supply chain, adidas only has targeted engagement with local communities where incidents trigger the need for investigation, direct engagement and dialogue with local stakeholders. As such, there is currently no specific process to formally evaluate the effectiveness of adidas' engagement with affected communities. Our primary focus is on addressing any identified adverse impacts on affected communities that may be raised through our third-party complaints mechanism and/or stakeholder engagement with credible proxies and/or legitimate representatives of affected communities. For the former, processes are in place to validate the resolution of the case with the affected party, which is a means to evaluate the effectiveness of the corrective/remedial action. Our incident handling procedure lays out guidance to factories on how to manage issues related to adverse impacts on affected communities regarding water/sanitation, and to track the management of such cases as they arise.

S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

adidas’ range of grievance channels includes the third-party complaints mechanism described above, which is the main channel for affected communities to raise concerns. We have also implemented a community complaints reporting mechanism, which is a component of our Major Incident Report Protocol. This allows suppliers to report to the SEA team if they receive local community complaints linked to their manufacturing operations, as described further below.

We are committed to providing for or cooperating in the remediation of adverse human rights impacts on affected communities that can be potentially caused in the areas of water and sanitation and human rights defenders:

- **Water and sanitation:** Any complaint received either directly from local communities or through other sources (local government, media reports, NGOs, etc.) regarding impacts on communities allegedly caused by or related to factory operations should be reported by the supplier to the SEA team through the community complaints reporting mechanism. The process requires a supplier factory to briefly explain any complaints, including, but not limited to, the following information:
  - Who the complainant is,
  - When and how the factory received the complaint,
  - Details of the complaint,
  - Follow-up action e.g., the factory’s investigation plan.
- The factory should provide updates during the process and again once the follow-up action is complete:
  - Update on the outcome of the investigation, action(s) taken and any supporting documents.
  - Any communication to the local community and the complainant about the actions taken to settle the complaints as well as any measures established to prevent reoccurring incidents.
- **Human rights defenders (HRDs):** We will provide for or cooperate in the remediation of adverse impacts related to HRDs by taking one or more of the following actions, where relevant:
  - We take direct action where there is clear evidence that one of our business partners has violated the rights of HRDs. In each case, our efforts and choice of action will be informed by the situation as it presents itself and the extent of leverage we can bring to change the identified behavior.
  - We seek constructive engagement – whether alone or in cooperation with other actors – with governments where we believe that the rights and freedoms of human rights defenders with whom we engage have been impinged by the activities of the state or its agents.
- In cases where negative impacts on HRDs are identified through our third-party complaints mechanism, we will follow the steps outlined in the mechanism to follow up and take remedial action.

These grievance channels and the complaints procedure are an integral part of adidas’ Human Rights and Environmental Due Diligence (HREDD) system. As such, adidas evaluates the effectiveness of the processes annually and/or as needed. We use the feedback from complainants and other affected stakeholders to drive continuous improvement. The number of complaints received and their status (e.g., ongoing, closed) are published on our website, as is a summary and analysis of the cases handled each year.

The extent to which affected communities are aware of and trust these structures or processes is dependent in large part upon our engagement with stakeholders, such as the credible proxies or legitimate representatives of such affected communities. adidas does not currently have a structured approach to assessing this. We do have a non-retaliation policy to protect complainants, which is included in the third-party complaints procedure described above.

S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Water and sanitation-related actions

Our actions to respond to a particular actual or potential negative impact on affected communities with regard to water and sanitation are informed by the outcomes of investigations into cases reported by our suppliers through the community complaints reporting mechanism outlined below. The guiding principle in taking any action to respond to negative impacts on affected communities is to secure complainant satisfaction with the outcomes of actions taken and to achieve sustainable remediation through preventive actions to avoid reoccurring incidents.

- In 2023, we revised the supplier Major Incident Report Protocol by adding a new community complaints reporting mechanism, a channel through which suppliers should report any complaints received from local communities. This applies to all Tier 1 suppliers, Tier 1 subcontractors and strategic Tier 2 suppliers under adidas' environmental and social compliance program coverage. The mechanism is intended to provide visibility if any concerns related to negative impacts on community access to clean water and sanitation are raised with suppliers, as well as how the supplier handles, follows up and closes the issue if verified. Case handling is managed by the supplier who has the relationship with the respective local community.

- We also track compliance with basic environmental requirements for supplier facilities with legal standards for air emissions, wastewater effluent discharges, waste disposal and water extraction to prevent negative impacts on local communities and the environment. All actions are ongoing.

Resources used for these actions: The SEA team is responsible for the monitoring and managing the community complaints mechanism and works closely with suppliers on the handling and remediation of individual cases. SEA also engages with the Sourcing Sustainability function to manage the coordination of environmental compliance program implementation and delivery of annual environmental assessments at the supplier level. In certain cases where additional expertise is required, SEA will commission independent third-party investigations to evaluate environmental impacts and propose mitigation measures or other remedial actions.

HRD-related actions

Our actions and efforts to respond to adverse impacts related to HRDs are informed by the specific case or situation as it presents itself and the extent of leverage we can bring to change the identified behavior. To identify what actions are needed and appropriate, we directly communicate and engage with affected parties, such as local labor organizations, local NGOs, governments and authorities as necessary to resolve the issue, always aligning with international human rights standards and local labor regulations. We do so with the goal to find effective and lasting remedies tailored to the case-specific situation.

We regularly track and monitor potential impacts on HRDs to ensure they do not occur in our operations or supply chain. One way to track whether such impacts materialize is through our third-party complaints mechanism.

Resources used for these actions: The SEA team is responsible for the overall management of all complaints received through our third-party complaints mechanism – including any material impact on human rights defenders.

How we address potential negative impacts

adidas believes in transparently reporting any severe human rights issues and incidents connected to affected communities.

Our approach to addressing negative impacts related to water and sanitation in communities is linked closely to our supply chain compliance program. As we identify such negative impacts through the new community complaints reporting mechanism, we rely on suppliers to support in taking action to resolve such impacts.

With regard to negative impacts related to water and sanitation, we ensure that remedial action will take place by working in close collaboration with our suppliers, who are the primary recipients of community complaints through the mechanism described above.

During the reporting period, there was one relevant case within the scope of the material topics of water and sanitation, and we have taken action to address the negative impacts identified to support in the remedy of these impacts.

In 2024, we received a community complaint through the supplier Major Incident Report Protocol in Indonesia, related to a Tier 2 supplier facility's impacts on the local community. The complaint alleged that the facility's operations caused local flooding, which adversely impacted the community. The facility has been required by adidas to take measures to update its rainwater run-off systems to prevent future flooding. Furthermore, in December 2024, adidas required the facility to commission an independent third-party investigation to validate that measures to enhance the rainwater run-off systems are effective and to review the facility's compliance with all relevant local environmental regulations and permits.

Our approach to addressing negative impacts related to HRDs is outlined in our Human Rights Defenders Policy statement. Wider industry and collaborative action with relevant parties – including international trade unions, advocacy groups and NGOs and other external stakeholders – is often required to address material negative impacts on HRDs. We also commit to constructive engagement with governments where we believe the rights and freedoms of human rights defenders have been impinged by the activities of the state or its agents. This may apply, for example, in cases where there are credible reports of an HRD being threatened, intimidated, or detained by the police or government officials.

We have taken action to support advocacy groups which we consider to be HRDs to operate freely in contexts where governments have targeted such groups. In response to actions taken by the government in Cambodia to restrict local labor and human rights organization CENTRAL, adidas joined 18 other apparel and footwear companies sourcing from Cambodia in issuing ▶ **A JOINT STATEMENT** in September 2024, calling for the immediate cancellation of its investigation into CENTRAL and ensuring respect for civil society and freedom of speech.

To remediate negative impacts related to HRDs, we adhere to the process outlined in our third-party complaints mechanism – where cases of negative impacts on HRDs are received through this channel. In other cases, where negative impacts on HRDs may be identified through social compliance audits, we adhere to the processes related to social audit non-compliance corrective action, described in ▶ **S2 WORKERS IN THE VALUE CHAIN.**

Our approach to water/sanitation is closely linked to supplier conformance with our Environmental Standards, which is monitored by SEA's Environmental Assurance program. With regard to HRDs, we seek to avoid causing or contributing to material negative impacts by monitoring supplier compliance with our Human Rights Policy and our Workplace Standards, which outline expectations for the fair and equal treatment of all employees, including those who may be considered HRDs.

We have allocated adequate human resources to the management of material impacts. The SEA team, a specialist group function within Global Legal, oversees human rights and environmental due diligence for adidas and manages supply chain compliance with the Workplace Standards. The 37-person team is global in nature, with staff based in a dozen countries, mainly our major sourcing countries, as well as Germany and the United States. Each SEA team member is dedicated to due diligence and to maintaining social and environmental compliance at a full-time (100%) capacity.

The SEA team works collaboratively with colleagues in the Sourcing Sustainability function, who have a mandate to remediate environmental impacts and measure the delivery of our key suppliers' overall environmental performance, against published targets. See ▶ SEE ESRS E2 POLLUTION.

How adidas manages the identified potential material impacts on water and sanitation accessibility (related to communities' economic, social and cultural rights) and impacts on human rights defenders (related to communities' social and political rights) is detailed in the sections above.

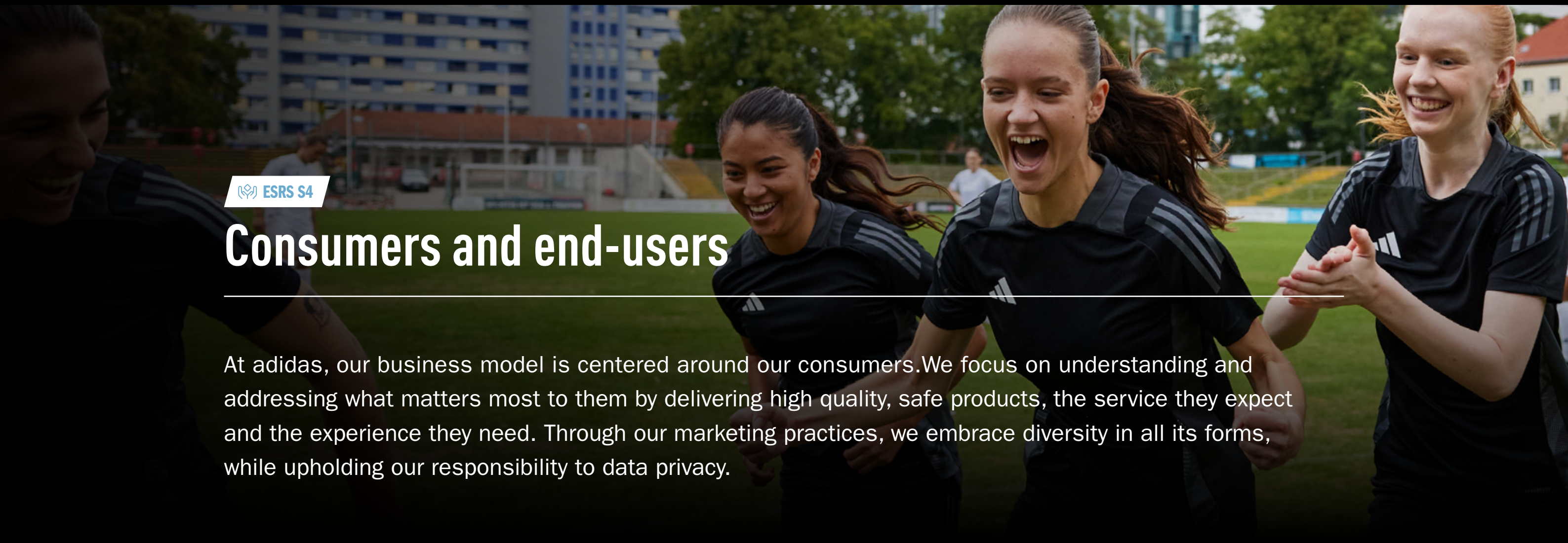
Metrics and targets

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Given the very low frequency of cases that are being managed, we currently do not have time-bound, outcome-oriented targets with regard to reducing negative impacts on affected communities or advancing positive impacts on affected communities.

Because we take any potential or actual negative impact on communities as a material concern, including any negative impacts stemming from large-scale pollution or other events that impact access to clean water and sanitation, we encourage our suppliers to provide us with early notification of any major incidences or issues and have developed a more formal tracking mechanism since 2023.

We track the effectiveness of our policies and actions related to our potential impacts on affected communities with regard to water and sanitation and HRDs through the volume of complaints received on these topics through the established processes and grievance mechanisms described in previous sections.



ESRS S4

Consumers and end-users

At adidas, our business model is centered around our consumers.We focus on understanding and addressing what matters most to them by delivering high quality, safe products, the service they expect and the experience they need. Through our marketing practices, we embrace diversity in all its forms, while upholding our responsibility to data privacy.

Impacts, risks and opportunities

Impacts

- **Responsible marketing practices**
  As part of our dedication to responsible marketing practices, we recognize the profound impact that marketing strategies can have on the mental and psychological well-being of our consumers
- **Environmental claims**
  Environmental claims in advertising should be accurate and not misleading. Consumers should have all relevant information about the product before making a purchasing decision

Risks

- **Privacy**
  Risk of administrative fines, individual legal claims, or other administrative action through missing implementation or maintenance of a privacy management
- **Health and safety**
  Risk of non-compliance with regulatory requirements which could lead to voluntary or mandatory product recalls, returned stock and herewith lead to penalties, fines or reputational damage

Key metrics & actions

At adidas, we are dedicated to maintaining the highest standards of data protection, safeguarding the well-being of our consumers, and promoting ethical marketing practices that resonate with our values of diversity, equity and inclusion. As a result, these actions and commitments are reflected in our daily operations.

Privacy

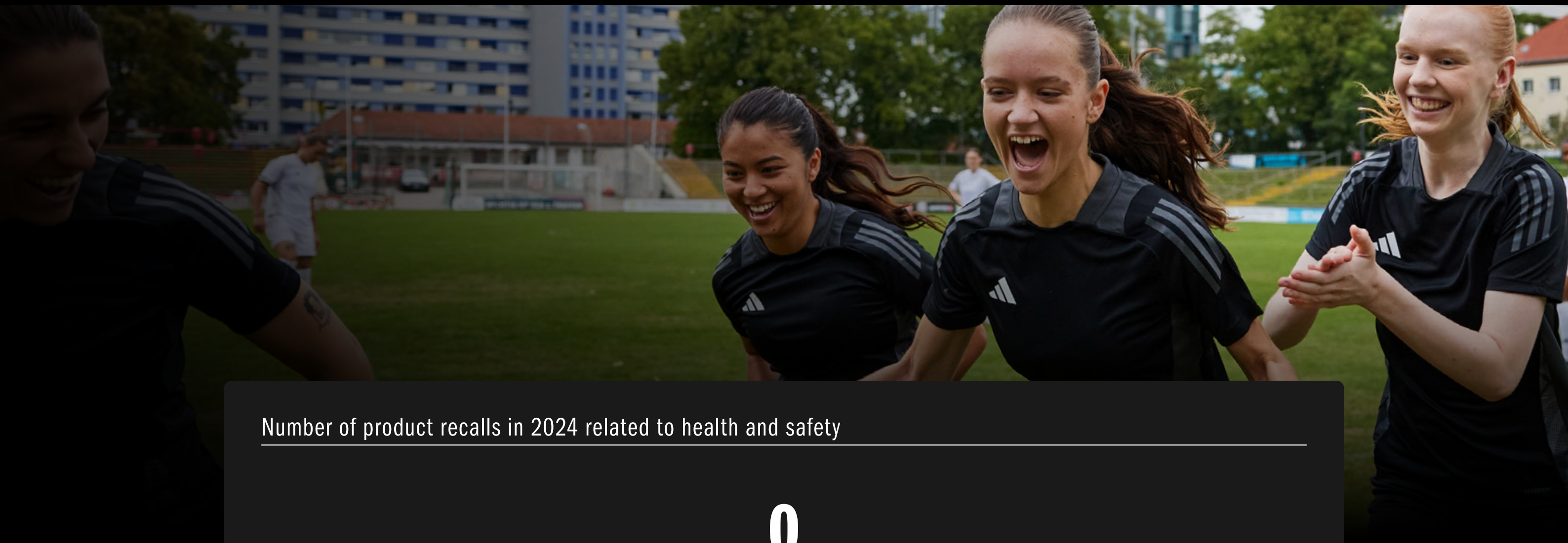
Integration of robust privacy management systems into our business practices, including regular audits, employee training, and the adoption of security technologies.

Health and safety

Implementation of company-wide product safety policies and standards that covers all aspects of a specific product.

Responsible marketing practices

Appropriate and proactive measures, such as sentiment analysis or a partner escalation process, are in place to safeguard our brand and ensure that our brand values are reflected.



Number of product recalls in 2024 related to health and safety

0

due to the quality of our products and thorough processes, policies and standards in place, there were no recorded product recalls in 2024.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to consumers and end-users in the management of our business. An overview of these policies can be found in the topical standard of S4.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results concerning material impacts, risks and opportunities for matters related to consumers and end-users from our double materiality analysis are as follows:

SBM-3 – Consumers and end-users and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time Horizon	Value Chain	Description
Privacy	Risk	n.a.	Short-term	Down-stream	Failure to implement and maintain effective privacy management, especially in times of strong digital growth, could result in the inability to effectively convert privacy principles into operational business processes and thereby the non-compliance with or violation of legal requirements (such as the EU's General Data Protection Regulation – GDPR). This could result in administrative fines, individual legal claims, or other administrative action, such as business operations restrictions upon complaints, audits, or lawsuits.
Health and safety	Risk	n.a.	Short-term	Down-stream	We expect an increase in regulatory requirements, e.g., in the EU regarding usage of chemicals. These (regional) requirements can lead to an increasing risk of non-compliance. Claims of non-compliance with legal requirements, applicable voluntary or mandatory standards for product quality or product safety could lead to voluntary or mandatory product recalls, returned stock and lead to penalties, fines, personal injury claims or reputational damage.
Responsible marketing practices	Negative Impact	Actual	n.a.	Down-stream	At adidas, we are committed to fostering an inclusive and positive environment for all our consumers. As part of our dedication to responsible marketing practices, we recognize the profound impact that these practices can have on the mental and psychological well-being of our consumers – either through us or our marketing partners. This includes, e.g., any form of communication that unfairly targets or excludes certain groups based on race, gender, age, or other characteristics and that can have detrimental effects on the mental health and overall well-being of consumers.
Responsible marketing practices	Negative Impact	Potential	Short-term	Down-stream	Environmental claims in advertising should be accurate and not misleading. Consumers should have all relevant information about the product before making a purchase decision. If not, consumers could purchase a product that does not meet their expectations, which could negatively impact their trust in our brand and leave them financially dissatisfied.

We do not expect any presented risks related to consumers and end-users to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Connection between the negative impacts and adidas' strategy and business model

RESPONSIBLE MARKETING PRACTICES: DISCRIMINATIVE MARKETING

At adidas, our business model is centered around our consumers. We focus on understanding and addressing what matters most to them by creating the products they desire, offering the service they expect, and providing the experience they need. Our goal is to reach sports and fashion enthusiasts worldwide, ensuring inclusivity regardless of race, gender, age, or other characteristics. Our values, standards and business model inherently oppose discrimination, as we aim to deliver our products and services to all potential consumers, embracing diversity in all its forms. We are committed to spreading this message through our marketing practices, which are essential for building brand desirability and attracting consumers. Our marketing practices focus on inspirational and innovative concepts that drive consumer advocacy, build brand equity, and increase demand. By aligning our marketing efforts with our business model, we prioritize consumer engagement and loyalty while actively working to prevent any form of discriminative marketing.

RESPONSIBLE MARKETING PRACTICES: ENVIRONMENTAL CLAIMS

Regarding environmental claims, we prioritize accuracy and transparency in our marketing messages to maintain consumer trust and align our business practices with our long-standing commitment to sustainability – which spans over two decades. Our commitment is rooted in our purpose, 'Through sport, we have the power to change lives.' In 2021, we further sharpened our focus on sustainability and defined a decarbonization roadmap for 2030 and beyond, aimed at creating and driving positive impact. We will continue to empower our employees to become sustainability ambassadors and invite our global consumers to engage and connect with us on sustainability initiatives.

Relationship between material risks and adidas' strategy and business model

PRIVACY

The effective implementation and maintenance of privacy management are paramount. Failure to convert privacy principles into operational business processes can lead to data breaches and violations of legal requirements. Such incidents could result in administrative fines, individual legal claims, or other administrative actions, such as business operation restrictions following complaints, audits, or lawsuits.

Scope of consumers and/or end-users

Given the nature of our products and services, all of our consumers and end-users can be subject to the material impacts or risks outlined in this chapter. Consequently, we do not generally categorize or specify consumer types.

Regarding privacy, we require users to be of the age of consent (16 and older in the European Union (EU)/the European Economic Area (EEA)) to use our platforms and provide information. This approach is designed to minimize privacy risks for children. Generally, we address the following consumers regarding privacy issues:

- consumers aged 16 and older who use any of the adidas platforms (website, apps),
- consumers aged 16 and older who create a membership account/profile via any of the adidas platforms (website, apps),
- consumers who interact with our customer service agents via adidas platforms (website, apps), and

- consumers who provide information to our employees at retail stores.

At adidas, we recognize the importance of providing accurate and accessible product-related information to our consumers and end-users. Through labels, manuals, digital platforms, and customer support, we aim to ensure that our products can be used safely, preventing any potential damage or misuse.

Our product range, including apparel, footwear, and accessories and gear, is designed to be safe, not inherently harmful, and does not increase the risk of chronic disease. We conduct rigorous product testing to comply with safety standards, provide clear usage instructions, as well as maintain full transparency on the material mix of our products. This commitment is designed to ensure the safety and well-being of our consumers and end-users.

Additionally, we require all our business relationships and supply chain partners to adhere to high health and safety standards. As a result, no specific consumers or end-users with particular characteristics, or those using particular products or services, are at greater risk of harm.

As described above, there are no specific consumer or end-user groups that are more or less vulnerable in terms of health and safety or privacy concerns. For example, a potential data breach can affect any consumer. However, regarding brand partnership marketing, we recognize the importance of understanding how our brand partnership marketing activities may impact our diverse consumers and end-users, particularly those with specific characteristics or those using particular products or services. While it is challenging to foresee and manage every potential occurrence, we have implemented several measures to develop a comprehensive understanding. Our consumers and end-users include a diverse group of individuals. We acknowledge that brand partnership marketing can influence all these groups in various ways. Particularly vulnerable consumers and end-users are those who may be discriminated against for one or more of the following actual or perceived characteristics:

- race, color, ethnic or national origin,
- age,
- religion or belief,
- disability,
- sex, sexual orientation, pregnancy, or related medical conditions,
- gender identity, status, or expression,
- nationality, immigration status, citizenship, or ancestry,
- physical or mental ability, condition or characteristics, or
- any other basis prohibited under local law.

The list is not exhaustive and may be supplemented by local law.

The identified material negative impacts related to responsible marketing practices are isolated incidents rather than widespread or systemic issues. By ensuring that our marketing efforts are tailored and specific, we minimize the risk of broad negative impacts on our consumers.

SBM-3 – Material negative impacts – systemic or widespread

Material topics	Material negative impacts – systemic or widespread
Responsible Marketing Practices: Discriminative marketing	Individual – When it comes to our marketing through partnerships, e.g. with other brands, sports teams, athletes, creative partners, innovation partners, or events, any occurrence of our negative impact on consumers is neither systemic nor widespread due to the unique and specific nature of our partnerships.
Responsible Marketing Practices: Environmental claims	Individual – Similarly to the above, any negative impact on consumers resulting from misinformation on environmental claims is also individual, and neither systemic nor widespread due to the unique and specific advertisement of individual products.

The material risks we identified and assessed are related to the topics of privacy as well as health and safety.

Impact, risk, and opportunity management

S4-1 – Policies related to consumers and end-users

To prevent or mitigate any form of risks or negative impacts on consumers and end-users concerning privacy, health and safety, and responsible marketing practices, we have several policies in place. We have established mechanisms to ensure all our policies are regularly revisited and updated as necessary.

Policies related to privacy risk

S4-1 Policies related to privacy

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Global Privacy Management Policy	Outlines adidas' privacy ambition, principles, and framework. It also sets expectations for third-party suppliers on managing personal information for adidas.	Downstream (all consumers globally)	Global Privacy Officer	n.a.	Internal content experts	Available for all employees
Global Deletion Policy	Presents adidas' approach to deleting personal information as part of the Global Privacy Management Policy and sets expectations for third-party suppliers on managing personal information for adidas.	Downstream (all consumers globally)	Global Privacy Officer	DIN 66398 Guideline for developing a data deletion concept with derivation of deletion periods for personal identifiable information European retention periods	Internal content experts	Available for all employees
Information Security Policy	Defines adidas' strategy to maintain moderate security risk and regulatory compliance, ensuring the confidentiality, integrity, and availability of assets, including information, data and services, through established standards and practices.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees
Acceptable Use Policy	Documents the expected use of adidas assets, permitted personally owned devices, adidas data and security responsibilities of adidas users and third parties in the course of their job.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees

S4-1 Policies related to privacy

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Information Classification Policy	Outlines the protection of adidas' information assets by employees or contractors through classifying information based on sensitivity and value, applying suitable security controls for each level.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees
Access Control Standard	Defines the requirements of access related controls (as specified in NIST SP 800-53 Rev. 5) for employees, contractors or consultants in the context of adidas.	Downstream (all consumers globally)	Chief Information Officer (CIO)	National Institute of Standards and Technology (NIST SP 800-53 Rev. 5)	Internal content experts	Available for all employees

adidas has policies, standards and blueprints (like processes, procedures, guidelines, and manuals) in place which apply to all adidas entities around the globe. In these documents, adidas has defined an information security management system (ISMS) for the development, introduction, operation, and further enhancements of adidas information security capabilities. This risk-based approach ensures that relevant security objectives are met. The ISMS is built on the principles of Govern, Identify, Protect, Detect, Respond and Recover (in accordance with the NIST SP 800-53 Rev. 5 framework) to ensure performance measurement and continual improvement.

Policies related to our health and safety risk

S4-1 Policies related to health and safety

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
adidas Policy for the control and monitoring of hazardous substances	Defines clear requirements, handling and process flow for informing, testing and certifying compliance regarding possibly existing critical hazardous substances in adidas products and materials.	Downstream (all materials and products; amendments or exclusions for e.g., special licensee non-sporting goods products are highlighted in the respective manuals)	SVP Sourcing and Product Operations, General Counsel	'Restricted Substances List' of Apparel and Footwear International RSL Management, global regulations and scientific best practice	Material teams and Sourcing experts	Accessible on corporate website; available for employees on the Sourcing & Product Operations SharePoint

Policies to tackle our responsible marketing practices impacts

S4-1 Policies related to responsible marketing practices

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Sustainable Ingredient and Concept Standard Definition Standard Operating Procedure (SOP)	Sets the framework for sustainable ingredients and concepts for adidas products, detailing the lifecycle and roles and responsibilities. It includes templates, change management and exceptional handling. Product sustainability claims must meet this standard and be validated according to the Sustainable Product Validation SOP.	Downstream (all adidas brand products with sustainability claims globally)	SVP Sourcing and Product Operations	n.a.	Internal content experts	Available for all employees

S4-1 Policies related to responsible marketing practices

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Sustainable Product Policy	Defines sustainability terms and the governance framework, outlining cross-functional and inter-departmental roles, responsibilities and key milestones. It sets the framework to substantiate adidas' sustainability claims for all consumer groups.	Downstream (all adidas brand products with sustainability claims globally)	SVP Sustainability and ESG	n.a.	Internal content experts	Accessible via the Sustainability SharePoint
Brand Partnerships Policy	Provides information about important processes and guidelines within sports marketing, culture marketing and product collaborations.	Downstream (all brand partnerships globally)	SVP Brand Partnerships	n.a.	Internal content experts	Available for all employees
Brand Partnership Escalation Process	A brand partner's actions and image can enhance or also damage the brand. To avoid subjective judgments, this document outlines the process for addressing critical partner behavior.	Downstream (all brand partnerships globally)	SVP Brand Partnerships	n.a.	Internal content experts	Available for all brand partnerships
Sports Marketing Contracts Policy	Establishes best practice in respect of the drafting, negotiation, approval and management of sports marketing contracts involving any of the adidas brands and sports marketing assets.	Downstream (all sports marketing contracts above defined threshold globally)	General Counsel	n.a.	Internal content experts	Available for all employees
Human Rights Policy	Defines our commitment to respect human rights and safeguard the environment, alongside the measures implemented to fulfil our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own operations (all entities globally), upstream (suppliers), downstream (business partners, consumers and end-users)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees
Fair Play Code of Conduct	Stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems, where they conduct company business, and provides guidance on issues including anti-corruption, anti-bribery, and whistleblowing.	Downstream (all consumers globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees

adidas is committed to respecting and promoting the fulfillment of human rights throughout the entire value chain and for its consumers. Human rights are fundamental rights and freedoms for everyone based on dignity, fairness, equality, and respect. Our policy addresses our commitment to due diligence in our own operations, products and services, business relationships and toward our consumers globally.

Since its inception in 1997, our human rights program has been built on extensive stakeholder outreach and dialogue, aiming to understand and address the most relevant issues to address. Our active engagement includes participating in specialist forums to share lessons learned and develop best practices for our industry.

Our Human Rights Policy aligns with international instruments such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the

OECD Guidelines for Multinational Enterprises. No cases of non-respect with these principles, involving consumers and/or end-users, have been reported in the adidas downstream value chain during the reporting year.

Please refer to chapters S1 Own workforce and S2 Workers in the value chain for further descriptions on adidas' Human Rights Policy. ► SEE ESRS S1 OWN WORKFORCE ► SEE ESRS S2 WORKERS IN THE VALUE CHAIN

S4-2 – Processes for engaging with consumers and end-users about impacts

The adidas Brand Insights department plays a crucial role in streamlining insights across markets, categories, consumers, and competitors by monitoring, surveying, and tracking consumer behavior. This department comprises the following teams:

– **Marketing & Consumer Insights**, which focuses on understanding broad consumer behavior, perception of our brand, and brand health,

– **Category Insights**, which formulates insights based on the specific needs of our product categories, e.g., Football, Running, etc., and

– **Brand Insights**, responsible for conducting regular market studies to gather comprehensive consumer data, such as brand funnel surveys or bespoke consumer research with leading agencies in the respective fields.

To gain consumer insights, we mostly use three types of data sources:

– Quantitative (structured) consumer survey data gathered for us from third-party providers (agencies, software-as-a-service (SaaS) providers). We work with agencies in the field who execute a brand perception and brand health survey in various countries annually – this type of data is collected continuously throughout the year (based on a rigid sampling plan).

– Behavioral data from digital data sources from social media platforms and search engines that are used by our target consumer such as Instagram, Tik Tok, Google – this data is sourced via SaaS partners who provide platform access and raw data (dashboards, files, API access). This type of data is always accessible.

– Qualitative consumer feedback on products, concepts, ideas, looks, and styles from focus groups, workshops and in-depth interviews. This data is gathered on an ad-hoc basis, pending requirements.

We gather data from consumers who buy into technical sports products, branded sportswear and streetwear, with a focus on

– The GenZ demographic
– Avid athletes and key opinion leaders in their area of expertise – e.g., outdoor athletes for discussions on trail running shoes , fitness instructors to discuss gym wear, etc.

This multifaceted approach to insights helps us gain diverse and credible perspectives that inform our decisions and activities aimed at managing the impact of our responsible marketing practices on our consumers. These activities are being managed by our Brand Insights & Planning team reporting into the SVP Brand Development.

Furthermore, our Brand Partnership Insights department leverages insights through online platforms and panel questionnaires to understand how our partners, such as clubs, athletes, and celebrities are perceived by consumers. We use digital tools and collaborate with agencies that conduct consumer surveys and collect specific data. This allows us to measure various aspects of our partners, including social media performance and brand fit. Additionally, we generate ad hoc reports for specific or special occasions. This comprehensive approach helps us understand the broader impact of our brand partnerships on consumer perception.

All insights related to our partners are being managed by the Brand Partnerships Operations, Insights and History Management team reporting into the SVP Brand Partnership.

Our organization employs a comprehensive approach to assess the effectiveness of our engagement with consumers and end-users. This process includes evaluating brand heat, consumer demand, and other relevant metrics to ensure that our strategies are aligned with consumer expectations and preferences.

In brand partnership marketing, we follow a structured yearly planning process to determine our portfolio strategies with all our partners. This process involves making informed decisions about continuing or initiating partnerships based on a potential partner's alignment with our brand values and objectives. Furthermore, we assess the brand association between athletes and consumers with our brand.

The outcomes of our assessments and engagements are documented and reviewed to guide future strategies and decisions. This iterative process helps ensure that our engagement with consumers and end-users remains effective and aligned with our organizational goals.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

In general, consumers can lodge complaints about any issues they want to address through various accessible and responsive channels. These channels include:

- Contacts provided by national adidas websites, as also detailed by the EU's General Product Safety Regulation (GPSR)
- Direct communication with our Customer Service team
- Specific adidas websites that are open for questions of any kind
- adidas complaint system (the customer complaint system adiComp tracks all consumer complaints at point of sales)
- adidas Key Account Management (potential consumer complaints on adidas products addressed to our wholesalers are channeled back via the respective account management)
- Whistleblowing system ► SEE ESRS G1 BUSINESS CONDUCT

Our customer service provider is contractually obligated to handle consumer complaints and requests, with an internal due diligence process overseen by business stakeholders to ensure compliance and effectiveness.

Our Policy and Stakeholder Engagement team is responsible for handling cases brought forward by NGOs, such as local or federal consumer organizations (German 'Verbraucherzentralen'). The team aims to ensure that we engage with stakeholders effectively and address their concerns promptly.

As for our business relationships, we support and require the availability of complaint and feedback channels by focusing on relationship management and accessibility, specifically for key accounts and online communities. This ensures that our partners are equipped to handle consumer complaints and feedback effectively.

By maintaining open channels of communication and continuously improving our processes, we strive to provide effective remedies and uphold our commitment to responsible marketing practices as well as consumer satisfaction and safety. For further details, please refer to the section on taking action on responsible marketing practices. ► SEE S4-4

We track and monitor issues raised and addressed through various systems to ensure the effectiveness of our channels. This includes our customer service and the adidas complaint system (adiComp), which tracks, captures, and handles 100% of incoming consumer complaints and resolutions. For privacy cases, we use an automated individual rights request tool with KPIs and periodic reporting to monitor and assess its effectiveness. Customer service is tracked by customer service systems and processes, while emails to Global Privacy are handled manually by the Global Privacy team. Our customer service provider is contractually obligated to handle consumer complaints and requests, with an internal due diligence process overseen by business stakeholders to ensure compliance and effectiveness.

We have established various channels to ensure that our consumers can easily reach us and are aware of our various channels. They can approach our store staff anytime, consult our online and social media channels or use the Fair Play hotline (see S1 Own workforce for further information on the Fair Play hotline) for any type of inquiries. The fact that our consumers actively use these channels and reach out to us for support directly, demonstrates their trust in our services. For information on how we protect individuals from retaliation when they use our processes, please refer to G1 Business Conduct. The information provided about employees who filed a complaint also applies to consumers and end-users.
► SEE ESRS S1 OWN WORKFORCE ► SEE ESRS G1 BUSINESS CONDUCT

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Approaches to manage the privacy risk

To mitigate the risk, we have integrated robust privacy management systems into our business practices. This includes regular audits, employee training, and the adoption of security technologies to protect consumer data. By prioritizing privacy, we not only comply with legal standards, but also build consumer trust, which is essential for our long-term success.

Furthermore, privacy-related risks are fully considered in the adidas enterprise risk and opportunity assessment, which sets a standardized approach to identify, evaluate, and handle all relevant risks. To manage such risks, we identify the needed actions by carrying out dedicated impact assessments on all projects processing consumer data – in addition to our data protection impact assessment as required by Art. 35 EU GDPR. We furthermore consult applicable local legal requirements and authority guidance in case such requirements deviate from the General Data Protection Regulation (GDPR). More details can be found in the risk and opportunity report. ► SEE RISK AND OPPORTUNITY REPORT

Based on the outcome of our assessments, we implement necessary measures to ensure risk mitigation. If we determine that the risks remain high and cannot be mitigated, we do not proceed with the processing to ensure minimal risk exposure. To mitigate our risk, we conduct the above-mentioned data protection impact assessments and aim to ensure that necessary compliance measures are implemented.

We have restrictive system and data access controls in place to ensure that our employees and suppliers access our systems and data strictly on a need-to-know basis. In addition, we have internal supplier due diligence processes in place to mitigate any negative consumer experiences that may result from our data processing supply chains. We conduct periodic spot checks to determine whether the measures in place remain sufficient, especially if there are changes in the level of risk that could increase the impact on individuals.

Our information security (InfoSec) measures include the so-called InfoSec initiative as well as further projects as described below. Some of these actions are already in place or in progress, while others are still planned.

InfoSec initiatives:

- Tighten security controls around the central secure file transfer services (File Transfer Protocol Secure – FTPS) – planned
- Security configuration management for critical technical components – planned
- Security assessment for consumer centers – in place
- Security assessment for local e-commerce providers – in place

Further projects:

- Container vulnerability scanning and level 1 compliance 2023 – in progress
- Office data retention rollout for managing data in SharePoint – in place
- Cloud security program – in progress
- Security architecture – in place
- Controls implementation for 23 blueprints – in progress

When a personal data breach is reported to the Cyber Security Incident Response team, it is categorized as either a confidentiality breach (unauthorized access, use, or disclosure of confidential information), an integrity breach (unauthorized modification – intentional or unintentional – of information), or an availability breach (accidental loss of access to, or destruction of, information). An analysis is then conducted to determine if the breach is likely to adversely affect individuals, such as consumers. If a potential adverse effect is identified, we take appropriate steps to involve relevant stakeholders and report the breach to authorities. We identify corrective actions to address significant compromises or vulnerabilities. These actions are executed by respective stakeholders, such as business or tech teams, to remediate the issues. Follow-up actions are conducted for successful closure and validation, and a lessons learned activity is organized to incorporate learnings to prevent such incidents in the future.

While human error cannot be entirely avoided, we take measures to prevent personal data breaches caused by such errors. We strictly enforce our Fair Play Code of Conduct and provide continuous training of our employees. Additionally, we conduct quality control of our suppliers to ensure that all adidas employees and representatives process consumers' personal data appropriately. Furthermore, we continuously improve our data collection and storage processes to ensure data quality and prevent the fraudulent use of personal data. To minimize technical errors, we monitor and control our systems through global and local tests of our information security controls by our Information Security team. These tests validate the effectiveness of our security controls. Moreover, vulnerability assessments, penetration testing, log monitoring, threat intelligence, and security architecture consulting are regularly performed.

Our organizational Data Protection Officer (DPO) reports findings to the Executive Board and necessary stakeholders on a periodic basis. The Privacy team also provides input to Internal Audit, which verifies and audits the privacy implementation and its corresponding effects on consumers.

In the reporting year, no severe human rights issues or incidents in relation to consumers' and/or end-users' privacy rights were reported.

Approaches to manage the health and safety risk

We have company-wide product safety policies in place to mitigate our health and safety risk. They help ensure that we consistently apply physical and chemical product safety and conformity standards. We created the respective standards and policies following a collaborative, cross-functional approach involving experts from both our Legal and Sourcing departments to ensure all aspects of a specific product are covered. This includes subsequent updates and training activities. Compliance with our policies is monitored and enforced by our Sourcing organization.

One of these policies is the adidas Policy for the control and monitoring of hazardous substances we introduced in 1998. It encompasses the strictest applicable local requirements and includes best practice standards as recommended by consumer organizations. The policy is updated and published both internally and externally at least once a year, informed by our ongoing dialogue with scientific organizations, and is mandatory for all business partners. Both our own quality laboratories and external institutes are used to constantly monitoring material samples for compliance with our requirements. Materials that fail to meet our standards and specifications are rejected. As a result of our ongoing efforts, we did not record any health and safety-related product recalls in 2024 (excluding licensed products).

Over the past few years, we have made significant contributions to the industry network AFIRM's (Apparel and Footwear International RSL Management) 'Restricted Substances List.' As the adoption of this list as an industry best practice has matured, and AFIRM membership continues to grow, various tools were developed further in 2024. These include a harmonized test request form, a third-party lab evaluation questionnaire, and the offer of additional languages for the supplier online training videos. In addition, a PFAS phase-out guidance supported by an online webinar for suppliers was published. All these tools will be issued to the public and made available to other companies from the textile and sporting goods industry and their suppliers. We have also participated in several major public stakeholder consultation processes initiated by the European Commission (e.g., European Chemicals Agency) and US state legislative initiatives. The aim is to inform governmental entities on implications and opportunities of drafted legislation. To respond to the increasing legislation from US states, such as the recently enacted Federal US Environmental Protection Agency (EPA) law for PFAS, we have strengthened our status sharing for US retailers and enhanced our outreach to strategic suppliers, also improving our tracking functionality retroactively.

Compliance with product quality and safety standards

Ensuring compliance with legal requirements and standards for product quality and safety is imperative. As a company, we must manage the risk of selling defective products that may result in injury to consumers. Non-compliance can lead to voluntary or mandatory product recalls, returned stock, penalties, fines, personal injury claims, and reputational damage. The increasing regulatory requirements, particularly in regions like the EU, pose additional challenges. These include restrictions on the use of certain chemicals, import regulations, and stringent sustainability claims.

To address these challenges, we have implemented several initiatives. These include:

- Constant monitoring and lobbying efforts by our Legal, Social and Environmental Affairs and Government Affairs teams
- Strengthening of our Product Safety (PS) network to monitor and track regulatory PS compliance activities of business units
- Safety policies and procedures with a strong focus on business entities that market product safety-sensitive products
- An internal guidance portal on the intranet which shares insights and information on product safety recalls and on processes to efficiently manage recalls
- Creation of risk profiles for defined sourcing units/entities by the Product Safety and Compliance team

Furthermore, we updated our product compliance database, which houses mandatory product documentation such as Certificates of Compliance (COC). This proactive approach ensures that we can respond promptly to regulatory requests and maintain market access for our products.

Additional information can be found in our policies and actions section. By addressing these material risks, we ensure that our business model remains resilient and responsive to the evolving landscape of consumer expectations and regulatory requirements. Our commitment to product quality and safety is designed to mitigate these risks. ► SEE S4-4

Taking action on the responsible marketing practices impacts

As outlined in this chapter, our marketing practices are a crucial component of our commitment to responsible marketing. In our brand partnership marketing efforts, we strive to ensure that our collaborations and partnerships reflect our brand values and maintain consumer trust. To achieve this, we conduct thorough screenings of potential partners. We take appropriate and proactive measures to safeguard our brand, which may ultimately result in the termination of business relationships, if necessary.

We aim to prevent any negative impact on consumers from the outset through our marketing practices. However, if a negative impact occurs despite our preventive measures, we promptly seek to identify the actions needed to address the impact of our marketing practices, particularly in the areas of discriminative marketing and environmental claims (for the identification of actions needed in brand partnership marketing, please refer to section S4-2). To both prevent and respond to these impacts, we engage openly with our stakeholders. We provide multiple channels for consumers to lodge complaints or address issues, including our Customer Service team, dedicated adidas websites, or the adidas complaint system.
► SEE S4-2

In addition, through our Government Affairs team, we maintain relationships with legislative authorities and non-governmental organizations (NGOs) to ensure compliance with all relevant regulations and standards. Our diligent monitoring procedures allow us to integrate new requirements into our operations as soon as possible, often before they become legislated.

We are committed to addressing environmental claims responsibly. If, despite our measures and due diligence, an environmental claim does not meet our stringent standards or a product is perceived as ambiguous by our consumers, adidas will take corrective action by removing or adjusting the claim, such as revising product descriptions on e-commerce platforms to ensure accuracy and transparency.

In the context of taking action on discriminative marketing, we are employing several measures to prevent and mitigate our negative impacts concerning responsible marketing practices, and in particular brand partnership marketing. These measures include:

- **Social media:** We continuously monitor social media to track consumer sentiments and identify potential issues early.
- **Sentiment analysis:** By analyzing consumer sentiments, we gain insights into how our brand and partners are perceived, allowing us to address any negative perceptions promptly.
- **Partner escalation process:** We have established a partner escalation process to manage and resolve any issues that arise with our marketing partners, ensuring that any negative impacts are swiftly addressed.

If a negative impact occurs from brand partnership marketing despite our preventive measures, we tailor our approach to providing or enabling remedies to the specific circumstances of each case. We assess each situation individually to determine the most appropriate actions and measures. Our commitment is to act promptly and effectively as soon as a case arises, ensuring that we address our material negative impacts on consumers and end-users in a manner that is responsive to the unique circumstances of each situation. For example, in cases involving high-profile partnerships, we evaluate the specific impact and take swift action to address any issues that arise. This may involve direct engagement with the partners, issuing public statements, or implementing other remedial measures to mitigate the impact and uphold our brand integrity.

A detailed description of the allocated resources and the management of material impacts has been outlined in our sustainability report for many years and is also available on our corporate website. In addition, the involved departments and teams managing the material IROs in relation to consumers and end-users are mentioned in the section S4-2. ▶ SEE S4-2

Metrics and targets

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We establish our targets related to consumers and end-users through a structured process that involves gathering insights from stakeholders to ensure that our targets are informed by consumer insights, needs and perspectives. To assess our performance against targets as well as identify lessons or improvements, we actively engage with our consumers and end-users, ensuring that their insights and perspectives directly inform our evaluation. We track the effectiveness of our commitments and goals through audits, due diligence processes, feedback, etc. For further information on the processes and approaches, please refer to the following sections. ▶ SEE S4-2 ▶ SEE S4-4

Privacy risk

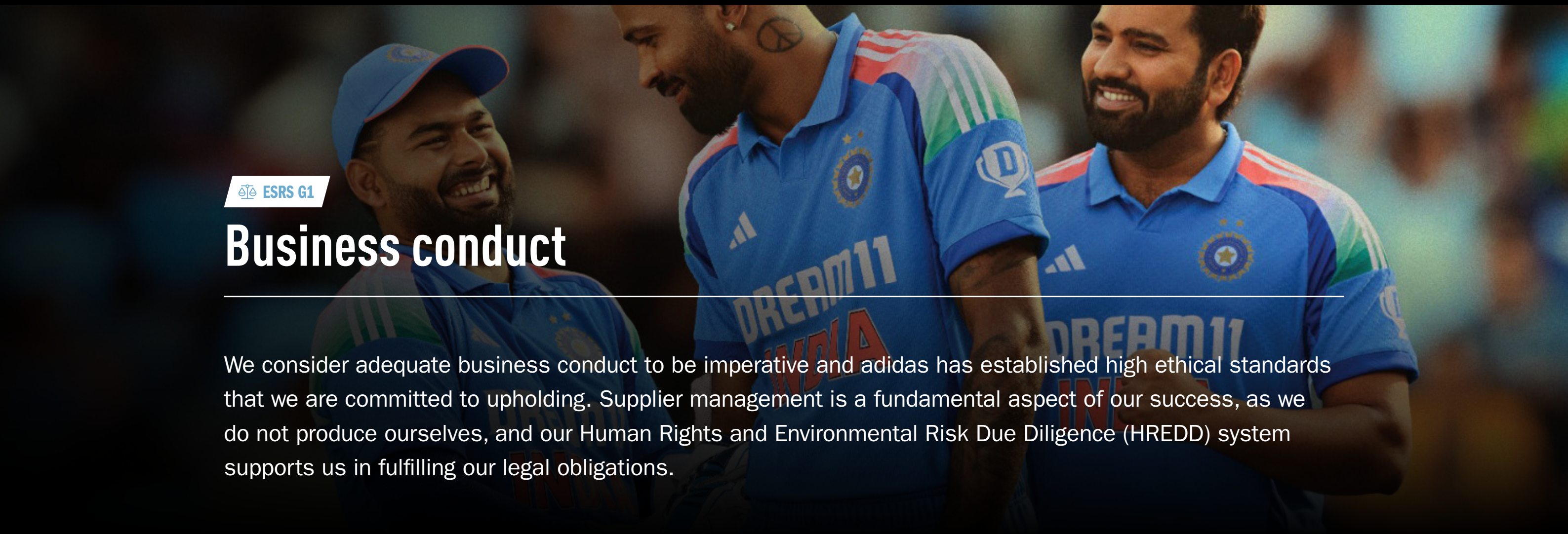
Our goal is to comply with all applicable privacy laws and regulations. Although we do not have a distinct target for this ambition, we are dedicated to ensuring that our privacy practices meet the highest standards and protect the personal information of our consumers and stakeholders. This commitment is reflected in our daily operations and the continuous improvement of our privacy policies and procedures.

Health and safety risk

Product safety is imperative. Our ambition is to ensure that 100% of our products are safe. While we do not have a separate target outlining this ambition, we are committed to managing the risk of selling defective products that could cause injury to consumers. To mitigate this risk, we have implemented company-wide product safety policies, as mentioned above. ► SEE S4-4

Responsible marketing practices impacts

Ensuring responsible marketing practices is an ongoing effort that we actively pursue, with several guidelines and future directions that are currently (re-)developed. Although we do not have a separate target for this ambition, we strive to comply with current legislative requirements and ensure that our marketing strategies align with ethical standards and consumer expectations. Additionally, adidas aims to design and improve the processes to ensure compliance at all times.



ESRS G1

Business conduct

We consider adequate business conduct to be imperative and adidas has established high ethical standards that we are committed to upholding. Supplier management is a fundamental aspect of our success, as we do not produce ourselves, and our Human Rights and Environmental Risk Due Diligence (HREDD) system supports us in fulfilling our legal obligations.

Impacts, risks and opportunities

Impacts

Corporate culture

- Unfair treatment might lead to financial loss and/or negatively impact the well-being of relevant stakeholder groups, e.g., our employees, business partners

Relationships with suppliers, including payment practices

- Clearly outlining terms and conditions in contracts helps avoid misunderstandings, and our HREDD system provides a framework for managing risks

Corruption and bribery

- Unfair market practices, such as biased partner selection and inconsistent terms and conditions might negatively impact business partners

Key metrics & actions

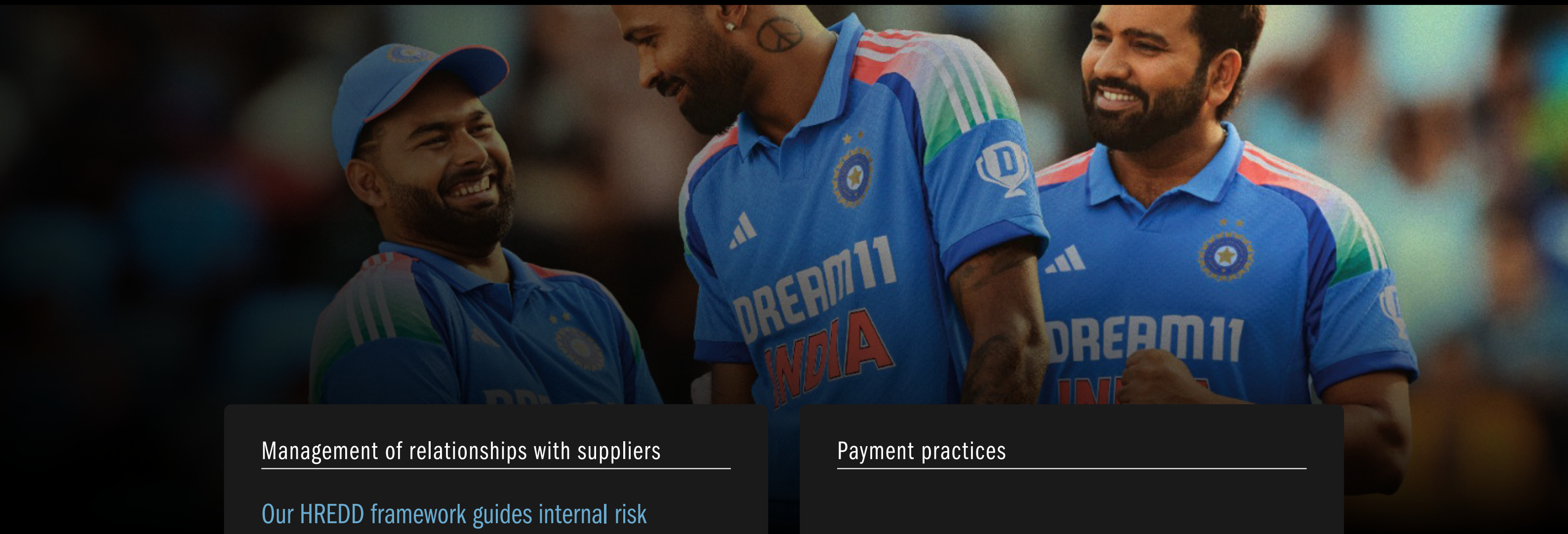
adidas maintains several standard processes, systems, and practices to ensure that we conduct our business in line with internal policies as well as external legal requirements.

Compliance management system (Fair Play)

Establishes the organizational framework for company-wide awareness of our internal rules and guidelines and for the legally compliant conduct of our business.

Prevention and detection of corruption and bribery

In line with our Code of Conduct and our Compliance Policy, adidas strictly prohibits all acts of corruption and bribery, regardless of the identity or position of the parties involved: adidas does not and will not engage in bribery or corruption or any activity that could be perceived as such.



Management of relationships with suppliers

Our HREDD framework guides internal risk assessment and risk management processes in accordance with the United Nations Guiding Principles on Business and Human Rights & OECD Guidelines for Multinational Enterprises. With various supplier assessment tools as well as our supplier selection practices, we believe we are well equipped to ensure that we select the right partner for the success of our business and to manage adverse impacts on human rights and on the environment.

Payment practices

60 days
standard payment terms

92%[1]
on-time payment

0
legal proceedings currently outstanding for late payments

1 Out of our 51% suppliers that are in line with the 60 days of standard payment terms.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to business conduct in the management of our business. An overview of these policies can be found in the topical standard of G1.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results concerning material impacts, risks and opportunities for matters related to business conduct from our double materiality analysis are as follows:

SBM-3 – Business conduct and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time Horizon	Value Chain	Description
Corporate culture	Negative Impact	Actual	n.a.	Up-stream, Own Opera-tions, Down-stream	Unfair treatment might lead to financial loss and/or negatively impact the well-being of relevant stakeholder groups, e.g. our employees, suppliers, business partners, and customers.
Corporate culture	Risk	n.a.	Short-term	Own Opera-tions	adidas relies on its people and leaders to achieve strategic goals. Failure to create an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory, could reduce creativity, innovation, employee satisfaction, and engagement. This may hinder the ability of adidas to foster a performance culture, execute its strategy, and meet its objectives, which may ultimately have negative effects on our financial performance.
Protection of whistle-blowers	Negative Impact	Actual	n.a.	Up-stream	Even with elaborate whistleblower protections in place, there can still be negative personal impacts if these measures fail in certain cases.
Management of relationships with suppliers including payment practices	Negative Impact	Actual	n.a.	Up-stream	Managing relationships with suppliers, especially SMEs, is crucial to maintaining a healthy and sustainable supply chain. Effective communication and transparency are the foundation of these relationships. It's important to maintain regular and open dialogue with suppliers, ensuring that any issues can be addressed promptly. Clearly outlining payment terms and conditions in contracts helps avoid misunderstandings and ensures that suppliers are fully aware of what to expect.
Prevention and detection including training	Negative Impact	Actual	n.a.	Own Opera-tions	Unfair market practices, such as biased partner selection and inconsistent commercial terms (payment, price, delivery, etc.), might negatively impact business partners who have not been given a chance to present their products or services. This exclusion can lead to missed opportunities, reduced market presence, reputational damage, and financial challenges.
Prevention and detection including training	Risk	n.a.	Short-term	Own Opera-tions	Allegations and cases of corruption or bribery could result in fines, criminal penalties and civil damage claims against adidas, its managers or employees, as well as reputational damage to the company. Allegations or cases of corruption or bribery might involve our business partners or suppliers and their respective employees, or agents acting on behalf of adidas.

SBM-3 – Business conduct and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi-cation	Time Horizon	Value Chain	Description
Incidents	Negative Impact	Actual	n.a.	Up-stream, Own Opera-tions, Down-stream	Confirmed incidents during the reporting period. Unfair market practices, such as biased partner selection and inconsistent commercial terms (payment, price, delivery, etc.), might negatively impact business partners who have not been given a chance to present their products or services. This exclusion can lead to missed opportunities, reduced market presence, reputational damage, and financial challenges.

We do not expect any presented business conduct related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Impact, risk and opportunity management

G1-1 – Business conduct policies and corporate culture

We consider compliance with the law as well as with external and internal regulations to be imperative. The Executive Board sets the tone from the top, and every employee is required to act ethically and in compliance with the law as well as with internal and other external regulations while executing the company's business. Our Fair Play Code of Conduct establishes high ethical standards that we are committed to upholding. adidas Fair Play aims to prevent a majority of potential compliance issues. For that reason, we have specific measures to detect and respond to any concerns. We realize, however, that no compliance system can prevent all violations.

Alongside our Code of Conduct, we implement our approach to corporate culture based, inter alia, on the policies and concepts described below:

G1-1 Policies related to business conduct

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Fair Play Code of Conduct	Stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems where they conduct company business and provides guidance on issues including anti-corruption, anti-bribery, and whistleblowing.	Own Operations (all employees globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees
Com-pliance Policy	Defines i. a. adidas' global stance on anti-bribery and anti-corruption, gifts and entertainment, fraud and theft, antitrust and competition law, conflicts of interest and non-retaliation. It provides procedures for policy violates, including the Fair Play Code of Conduct.	Own Operations (all employees globally)	CCO	OECD Principles of Corporate Governance, OECD MNE Guidelines, IDW PS 980, OECD Anti-Bribery Convention and - Anti-Bribery Management Systems; UN Convention against Corruption (UNCAC); Transparency International's Business Principles for Countering Bribery	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website

G1-1 Policies related to business conduct

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Global Training Policy	Outlines adidas' approach to training and its expectation that employees complete all mandatory trainings. Monitoring process: tracking of Learning Management System (LMS).	Own Operations (all employees with regular access to the LMS globally)	Executive Board member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees
Respon-sible Sourcing & Purcha-sing Policy	Defines adidas' approach to responsible sourcing and purchasing practices. It ensures that sourcing and purchasing decisions, and other supporting processes, do not impede or conflict with the fulfilment of the adidas Workplace Standards.	Own Operations (business units engaged in sourcing and purchasing of trade products across all brands and product categories globally)	SVP Sourcing and Product Operations, VP Social and Environmental Affairs	n.a.	Internal content experts, third-party business partners and their workers in our multi-layered supply chain	Accessible on corporate website
Global Non-Trade Procure-ment Policy	Outlines the global non-trade procurement (GNTP) processes, roles, and responsibilities when purchasing indirect / non-trade goods or services or engaging with third-party suppliers in scope of GNTP on behalf of adidas.	Own Operations (all employees globally), non-product related suppliers	SVP Global Non-Trade Procurement	n.a.	Internal content experts, non-product-related suppliers	Available for all employees
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFSGI)	Revisions have taken place in direct consultation with labor rights groups	Accessible on corporate website and directly shared with suppliers
Human Rights Policy	Defines our commitment to respect human rights and safeguard the environment, alongside the measures implemented to fulfil our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own Operations (all adidas entities globally), Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees

Compliance Management System (adidas Fair Play)

Our **Compliance Management System (CMS)** is linked to both the company's risk and opportunity management system and our set of internal controls and is overseen by the adidas CCO. As part of our global 'Fair Play' concept, the CMS establishes the organizational framework for company-wide 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.

Our central Compliance team works closely with Regional Compliance Managers and Local Compliance Officers to conduct a systematic assessment of key compliance risks on a regular basis.

The adidas CMS is based on the OECD Principles of Corporate Governance and complies with the OECD Guidelines for Multinational Enterprises. It is designed to:

- support the achievement of qualitative and sustainable growth through good corporate governance,
- reduce and mitigate the risk of financial losses or damage caused by non-compliant conduct,
- protect and further enhance the value and reputation of the company and its brand through compliant conduct, and
- support diversity, equity, and inclusion (DEI) initiatives by fighting harassment and discrimination.

The adidas Fair Play Code of Conduct is accessible on our website, includes guidelines for employee behavior in everyday work, and is applicable globally for all business areas. ► **ADIDAS-GROUP.COM/S/CORPORATE GOVERNANCE**

Our CMS is organized around three pillars: **prevent**, **detect**, and **respond**.

Prevent

The Compliance team regularly reviews and updates the CMS as necessary. The management also shares compliance-related communication, and the Compliance department provides mandatory training to all corporate employees globally during onboarding and in regular, repeated cycles. The Compliance team and partners also provide targeted in-person compliance training, also including non-corporate employees. Dedicated trainings also cover anti-corruption and anti-bribery topics, thereby ensuring training-coverage of functions-at-risk with senior management and newly promoted or hired senior executives across the globe in order to further enhance the compliance 'tone from the top,' as well as the 'tone from the middle.'

The training is available both virtually (self-led course for corporate employees) and in-person, providing a foundational understanding of employee behavior and conduct. Completion rates are tracked and reported to the Audit Committee. In addition, our Regional Compliance Managers and Local Compliance Officers offer tailored training sessions for specific functions (e.g. anti-trust training for marketing and sales organization).

At adidas, we have a zero-tolerance policy against bribery and corruption. Every reported incident is investigated, and appropriate consequences are applied. We have identified that sourcing, non-trade procurement and brand partnerships pose a particularly increased risk for corruption and bribery. To mitigate these risks, we have established additional rules for brand partnerships, non-trade (indirect) procurement of non-trade goods/services, along with a robust internal control system.

Executive Board and Supervisory Board members are upskilled on our Code of Conduct and compliance matters. This upskilling encompasses in particular:

- Their general duties as specified in the Articles of Association and Rules of Procedure of adidas AG (including those for the Supervisory Board committees and Executive Board business allocation plan),
- Regulation (EU) No 596/2014 (the "Market Abuse Regulation") and associated responsibilities, such as insider trading, closed periods, and disclosure of managers transactions, and
- the general legal framework, including German Stock Corporation Law and the German Corporate Governance Code.

The upskilling is part of their onboarding process. Additional training sessions are provided as necessary throughout their tenure.

To ensure clarity and consistency in our operations, we further rely on our comprehensive set of rules comprising mandatory standards for all employees. They are provided via the Global Policy Manual (GPM) platform, which exists to help employees to find, read, and understand:

- the framework defining Dos and Don'ts set by the company,
- the right contacts in our organization for content-related topics, and
- regular communication of new policies and policy updates.

The GPM platform contains information on policies that are categorized as must-read policies, which are applicable to all adidas employees. All employees must be familiar with these policies. Short policy-summaries are provided where no further training is available through the GPM platform.

Moreover, we communicate updates to existing policies via our intranet, and in addition, each policy owner is ultimately responsible to ensure communication and training of their policies to the relevant target audience. Such communication regularly includes emails to the respective target audience and may include dedicated Q&A sessions or other formats to familiarize them with the new rules.

Detect – The Fair Play whistleblowing procedures

To promote transparency and maintain the highest ethical standards, we encourage our employees, business partners, and customers to report any potential violations of law, ethics, or our Fair Play Code of Conduct to our Compliance department.

adidas has **whistleblowing procedures** in place, accessible to both internal and external stakeholders, to ensure timely detection of potential infringements of statutory regulations or internal guidelines. Employees can report compliance concerns internally to their supervisor, the CCO, Regional Compliance Managers or Local Compliance Officers, the relevant HR Manager, or, where applicable, the Works Council. Employees can also report externally via the independent, confidential Fair Play hotline and webform, which also allow for anonymous complaints. The Fair Play hotline and webform are available in multiple languages at all times worldwide, including the services of interpreters, if required. They are promoted digitally and with posters to reach all our locations around the world.

The adidas Fair Play Code of Conduct as well as our Compliance Policy (see above for both) and our Anti-Harassment and Anti-Discrimination Policy[45] state that any adidas employee who in good faith reports a reasonable suspicion of a (potential) compliance concern is protected against any form of retaliation, regardless of the validity of the suspicion. Conversely, any employee who retaliates or attempts to retaliate against a fellow employee who has reported or intends to report a suspected or actual compliance incident or other concern in good faith – including by pressuring or threatening the reporting employee – may be subject to disciplinary measures. Additionally, any employee found to have made a report with malicious intent may be subject to disciplinary measures. Reasonable measures to protect whistleblowers from retaliation will be decided on a case-by-case basis. This may include, among others, confidentiality assurance based on the need-to-know principle, use of external meeting facilities or secured communication media, physical relocation or protection, involvement of public authorities, collaboration with Human Resources to avoid disciplinary action or other adverse employment consequences.

Since adidas AG is headquartered in Germany, the Fairplay Whistleblower hotline and web form comply with the German Whistleblower Protection Act ('Hinweisgeberschutzgesetz') transposing Directive (EU) 2019/1937. Training regarding the whistleblowing system is part of the onboarding training and provided through various communication measures.

Respond

Appropriate and timely response to compliance violations is essential. The CCO leads all investigations in cooperation with an established team of Regional Compliance Managers and a global network of Local Compliance Officers. We track, monitor, and report potential incidents of non-compliance worldwide. Most importantly, insights gained from the investigation of past violations are used to continuously improve the CMS. Where necessary, we react promptly to confirmed compliance violations, through appropriate and effective sanctions ranging from warnings to termination of employment contracts. Together with the Employee Relations (ER) organization, a key partner in many compliance matters, especially those related to harassment and discrimination, we use a case management tool allowing both Compliance and ER to effectively document and process cases as well as report on specific developments in more detail. ▶ **SEE ESRS S1-17.103,** ▶ **S1-3 AR28FF,** ▶ **S2-3.27 AND AR27,** ▶ **S3-3.27 AND AR18,** ▶ **S4-3.25**

The CCO regularly reports to the Executive Board on the further development of the CMS and on major compliance cases. In addition, the CCO reports to the Audit Committee on a regular basis.

G1-2 – Management of relationships with suppliers

Supplier management is a fundamental aspect of adidas success as we have outsourced the vast majority of the production of our products to independent manufacturing partners (**trade-related** supplier services), located mainly in Asia. Additionally, we have **non-trade-related** supplier services that support our operations but are not directly tied to product manufacturing (such as logistics services, media and marketing services, office supplies, consumer event services or store constructions etc.). With regards to all of our suppliers, the highest scored material impacts, risks and opportunities include human rights as well as environmental impacts and mainly occur in our upstream value chain and to a lesser extent in our downstream value chain. ▶ **SEE ESRS S2 WORKERS IN THE VALUE CHAIN,** ▶ **SEE ESRS S3 AFFECTED COMMUNITIES,** ▶ **SEE ESRS E1 CLIMATE CHANGE TO ESRS E5 RESOUCRE USE AND CIRCULAR ECONOMY**

Consequently, our human rights and environmental risk due diligence (HREDD) system encompasses our sourcing activities, as well as additional functions within our own operations, including Global Brands, Global Non-Trade Procurement, and Human Resources. Our HREDD framework guides internal risk assessment and risk management processes in accordance with the United Nations Guiding Principles on Business and Human Rights & OECD Guidelines for Multinational Enterprises, operationalizes our Human

45 Publicly accessible here: ▶ **ADIDAS-GROUP.COM/S/SUSTAINABILITY**

Rights Policy commitments, and meets other regulatory obligations including the German Supply Chain Due Diligence Act. Accountability for HREDD is assigned at a functional level, along with established internal risk assessment and reporting procedures.

The assurance and risk mitigation activities associated with our HREDD systems support the company in fulfilling its legal obligations, reducing the risks of penalties for non-conformance with relevant laws. More importantly, it fulfils adidas' Human Rights Policy commitment to:

- take measures, based on due diligence processes, to avoid causing or contributing to adverse human rights impacts through our own activities, and to address and remediate such impacts when they occur.
- seek to prevent or mitigate adverse human rights impacts that are linked to our operations, products, or services by our business relationships, even if adidas has not contributed to those impacts.
- exercise our leverage, and increase such leverage where necessary, to address adverse human rights impacts arising out of our business relationships.

Trade-related supplier management

Our global supply chain extends through various tiers, with many diverse types of business partners, including directly contracted suppliers, as well as indirect relationships managed through intermediaries, licensee and agents.

While we provide our manufacturing partners with detailed specifications for production and delivery, they possess expertise in cost-efficient, high-volume production of footwear, apparel, and accessories and gear.

In 2024, we worked with 124 independent manufacturing partners (2023: 104) that were producing in 283 manufacturing facilities (2023: 237). The majority (78%) of our independent manufacturing partners is located in Asia (2023: 78%). We value long-term relationships: 68% of our independent manufacturing partners have worked with adidas for at least ten years, and 37% have a tenure of more than 20 years.

Relationships with independent manufacturing partners

	Total	Footwear	Apparel	Accessories and Gear
Number of independent manufacturing partners[1]	124	30	67	36
Relationship < 10 years	32%	40%	28%	28%
Relationship 10 – 20 years	31%	23%	34%	31%
Relationship > 20 years	37%	37%	37%	42%

1 Includes one independent manufacturing partner who produces both footwear and apparel, one independent manufacturing partner who produces both footwear and accessories and gear, five independent manufacturing partners who produce both apparel and accessories and gear and one independent manufacturing partner who produces footwear, apparel, and accessories and gear.

We have established the Responsible Sourcing & Purchasing Policy, which defines our approach to responsible sourcing and purchasing practices within ten buyer commitments we make to our suppliers. One important commitment is on fair terms of payment, including making on-time payment within agreed timeframes. Other commitments include building long-term partnerships with supply chain partners who share our values and commitment, e.g. to the adidas Workplace Standards. These ten buyer commitments are linked to the external and independent non-profit organization 'Better Buying Institute' which assesses and reports on the sourcing practices of participating brands of which we have been a member since 2019.

This subscription allows us to collect feedback from our manufacturing partners - both anonymously and openly - which in turn, helps us to improve our purchasing practices.

Non-trade-related supplier management

In 2024, we continued to embed our HREDD system across the business to identify and manage high-risk human rights issues. This included the further maturing of internal risk management procedures in the area of non-trade-related supplier services as it relates to suppliers of non-trade goods and services to adidas. This has included expanding the use of the EcoVadis sustainability assessments tool to evaluate the sustainability management systems of non-trade suppliers – both upstream and downstream – and, where required, engage prioritized partners on performance improvement plans.

adidas has a Global Non-Trade Procurement Policy that outlines and standardizes the Global Non-Trade Procurement (GNTP) processes and roles and responsibilities when purchasing indirect/non-trade goods or services or when engaging with third-party suppliers in the scope of GNTP on behalf of adidas. Its objective is to optimize budget usage, ensure efficient purchasing processes, enhance transparency, minimize legal risks and improve supplier performance. To provide services to adidas, suppliers must have their data registered in our main Enterprise Resource Planning (ERP) system before any purchases or invoice payments can be processed. adidas' standardized GNTP processes and policy thus create fair and equal opportunities as well as a stable business environment for all GNTP-related third-party suppliers, in particular for small and medium-sized enterprises that rely on contractual payments due to limited financial flexibility.

Social and ecological criteria in supplier selection

With our HREDD system, various supplier assessment tools such as the EcoVadis sustainability assessment tool, the Exiger legal compliance tool as well as our trade-related supplier selection practices, we believe we are well equipped to ensure that we select the right partner for the success of our business and to manage adverse impacts on human rights and on the environment. At the same time, these tools are also used to ensure that existing suppliers comply with human rights standards and environmental protection. In the case of suppliers not meeting the standards and/or not responding on critical assessment results within an appropriate timeframe – typically three months, depending on the case – adidas reserves the right to terminate the collaboration with the supplier.

Our Code of Conduct for suppliers, the Workplace Standards, are contractually binding requirements applicable to our suppliers' factories, covering health and safety, labor rights and environmental protection. They are also applicable to our non-trade-related suppliers where relevant. The Workplace Standards draw from international law and the International Labour Organization (ILO) conventions and follow the World Federation of Sporting Goods Industry (WFSGI)'s Code of Conduct.

Supporting guidelines make the Workplace Standards understandable and provide additional guidance for our suppliers, to find effective solutions to workplace problems, including material risks and impacts such as occupational health and safety. These Guidelines provide practical guidance on how to implement the Workplace Standards e.g. in a factory. The Guidelines on Employment Standards, together with the Guidelines on Health & Safety and Environment, remain our essential guidance for business partners on managing issues regarding labor conditions and workplace practices.

G1-3 – Prevention and detection of corruption and bribery

In line with our Code of Conduct and our Compliance Policy, adidas strictly prohibits all acts of corruption and bribery, regardless of the identity or position of the parties involved: adidas does not and will not engage in bribery or corruption or any activities that could be perceived as such. This means that all employees must abstain from any acts of corruption or bribery, whether directly or indirectly via the means of any intermediaries.

This commitment is further reinforced by our Fair Play Code of Conduct and the related onboarding training, that all employees are required to complete. Therefore, 100% of the corporate employees, which include the material functions at risk, are covered by Fair Play Code of Conduct onboarding training (completion rate for new joiners in 2024: 97%). In addition, we offer comprehensive global training modules as well as specialized training on anti-bribery and anti-corruption topics by Regional Compliance Managers and Local Compliance Officers. Please refer to G1-1 for more information on the training. ▶ G1-1

As anti-corruption and anti-bribery are integral components of our CMS for detecting and addressing such cases, the established procedures (based on the three pillars prevent, detect, respond) also apply to incidents of corruption and bribery. Detailed information on our CMS can also be found under G1-1. ▶ G1-1

We conduct trend analyses to ensure that we learn from cases, provide necessary interventions, and strengthen our internal processes to prevent any reoccurrences. Additionally, we continuously update our training programs to reflect lessons learned.

We empower our Compliance teams to manage all cases, including allegations against senior leaders. Investigations are conducted with the highest level of professional skill, ensuring independence, including leveraging external resources where required.

The Compliance team is committed to conducting fair investigations with impartial investigators, ensuring that all parties involved are treated with respect. Any potential conflicts are managed promptly, and our CMS also includes built-in controls to restrict access of anyone who may be involved, including members of the Compliance team.

The Compliance team reports all cases of corruption and bribery to the CCO, the Executive Board, or the Supervisory Board/Audit Committee as appropriate.

Metrics and targets

G1-4 – Incidents of corruption or bribery

There were no convictions and no fines for violation of anti-corruption and anti-bribery laws in the reporting period.

We are constantly reviewing our procedures to prevent, detect, and combat allegations or incidents of corruption and bribery, including our procurement process.

Data on fines, penalties or convictions related to violations of anti-bribery and anti-corruption laws as well as any legal proceedings for late payments has been collected and confirmed by the Local Compliance Officers of each legal entity.

The entity-specific information on the potential compliance incidents is listed in the Risk and Opportunity Report and included here by reference. ▶ SEE RISK AND OPPORTUNITY REPORT

G1-6 – Payment practices

adidas values the relationship with all of its suppliers and we aim for a balanced approach to meet market conditions with regards to payment terms for all our suppliers. Consequently, we do not have the capability to identify small- and medium-sized suppliers in our systems at this point in time. We are working on a solution but considering the size and scope of our business, as well as the number of suppliers, this might take some time. Until then and to still comply with ESRS requirements, we are working with the assumption to report the payment terms that more than half of our suppliers have, which should cover a significant portion of small- and medium-sized suppliers as well:

adidas standard payment term is 60 days from the invoice receipt date and 51% of our suppliers are aligned with these terms. These 51% are paid in average within 68 days and 92% of the payments to these suppliers are processed on time.

For all of our suppliers, there were zero cases of legal proceedings for late payments registered in 2024.

5

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

adidas AG Consolidated Statement of Financial Position (IFRS) € in millions[1]

	Note	Dec. 31, 2024	Dec. 31, 2023	Change in %
Assets				
Cash and cash equivalents	04	2,455	1,431	72
Short-term financial assets		–	34	n.a.
Accounts receivable	05	2,413	1,906	27
Other current financial assets	06	950	614	55
Inventories	07	4,989	4,525	10
Income tax receivables	34	101	156	(36)
Other current assets	08	997	1,143	(13)
Total current assets		**11,904**	**9,809**	**21**
Property, plant, and equipment	09	2,133	2,157	(1)
Right-of-use assets	10	2,779	2,247	24
Goodwill	11	1,275	1,238	3
Other intangible assets	12	426	442	(4)
Long-term financial assets	13	340	301	13
Other non-current financial assets	14	234	418	(44)
Deferred tax assets	34	1,272	1,358	(6)
Other non-current assets	15	291	49	491
Total non-current assets		**8,751**	**8,211**	**7**
Total assets		**20,655**	**18,020**	**15**

1 Prior year adjusted due to a reclassification between other current financial assets and other current assets.

adidas AG Consolidated Statement of Financial Position (IFRS) € in millions

	Note	Dec. 31, 2024	Dec. 31, 2023	Change in %
Liabilities and equity				
Short-term borrowings	16	570	549	4
Accounts payable		3,096	2,276	36
Current lease liabilities	19	607	545	11
Other current financial liabilities	17	191	266	(28)
Income taxes	34	334	323	3
Other current provisions	18	1,538	1,323	16
Current accrued liabilities	20	2,659	2,273	17
Other current liabilities	21	598	488	23
Total current liabilities		**9,593**	**8,043**	**19**
Long-term borrowings	16	1,915	2,430	(21)
Non-current lease liabilities	19	2,495	2,039	22
Other non-current financial liabilities	22	1	6	(80)
Pensions and similar obligations	23	144	139	3
Deferred tax liabilities	34	133	147	(9)
Other non-current provisions	18	353	188	88
Other non-current liabilities	24	154	103	49
Total non-current liabilities		**5,194**	**5,052**	**3**
Share capital		179	179	0
Reserves		522	257	103
Retained earnings		4,775	4,145	15
Shareholders' equity	**25**	**5,476**	**4,580**	**20**
Non-controlling interests	27	392	345	13
Total equity		**5,867**	**4,925**	**19**
Total liabilities and equity		**20,655**	**18,020**	**15**

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Income Statement

adidas AG Consolidated Income Statement (IFRS) € in millions

	Note	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023	Change
Net sales	36	23,683	21,427	10.5%
Cost of sales		11,658	11,244	3.7%
Gross profit		**12,026**	**10,184**	**18.1%**
(% of net sales)		50.8%	47.5%	3.3pp
Royalty and commission income		81	83	(1.8%)
Other operating income	29	174	71	143.8%
Other operating expenses	09, 12, 30, 31	10,945	10,070	8.7%
(% of net sales)		46.2%	47.0%	(0.8pp)
Marketing and point-of-sale expenses		2,841	2,528	12.4%
(% of net sales)		12.0%	11.8%	0.2pp
Distribution and selling expenses		5,936	5,547	7.0%
(% of net sales)		25.1%	25.9%	(0.8pp)
General and administration expenses		2,138	1,839	16.3%
(% of net sales)		9.0%	8.6%	0.4pp
Sundry expenses		44	137	(67.8%)
(% of net sales)		0.2%	0.6%	(0.5pp)
Impairment (gain)/losses (net) on accounts receivable and contract assets		(15)	19	n.a.
Operating profit		**1,337**	**268**	**398.3%**
(% of net sales)		5.6%	1.3%	4.4pp
Financial income	32	101	79	27.8%
Financial expenses	32	317	282	12.3%
Income before taxes		**1,121**	**65**	**1,612.5%**
(% of net sales)		4.7%	0.3%	4.4pp
Income taxes	34	297	124	139.9%
(% of income before taxes)		26.5%	189.2%	(162.7pp)
Net income/(loss) from continuing operations		**824**	**(58)**	**n.a.**
(% of net sales)		3.5%	(0.3%)	n.a.
Gain from discontinued operations, net of tax	03	8	44	(82.6%)
Net income/(loss)		**832**	**(14)**	**n.a.**
(% of net sales)		3.5%	(0.1%)	n.a.
Net income/(loss) attributable to shareholders		**764**	**(75)**	**n.a.**
(% of net sales)		3.2%	(0.4%)	n.a.
Net income attributable to non-controlling interests		**68**	**61**	**10.3%**
Basic earnings per share from continuing operations (in €)	**35**	**4.24**	**(0.67)**	**n.a.**
Diluted earnings per share from continuing operations (in €)	**35**	**4.24**	**(0.67)**	**n.a.**
Basic earnings per share from continuing and discontinued operations (in €)	**35**	**4.28**	**(0.42)**	**n.a.**
Diluted earnings per share from continuing and discontinued operations (in €)	**35**	**4.28**	**(0.42)**	**n.a.**

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

adidas AG Consolidated Statement of Comprehensive Income (IFRS) € in millions

	Note	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Net income/(loss)		**832**	**(14)**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans (IAS 19), net of tax[1]	23	(2)	(5)
Net gain/(loss) on other equity investments (IFRS 9), net of tax	28	1	(5)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss		**(2)**	**(10)**
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met			
Net gain/(loss) on cash flow hedges and net foreign investment hedges, net of tax	28	156	(126)
Net gain on cost of hedging reserve – options, net of tax	28	1	7
Net gain on cost of hedging reserve – forward contracts, net of tax	28	11	46
Currency translation differences		117	(155)
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		**285**	**(228)**
Other comprehensive income		**283**	**(238)**
Total comprehensive income		**1,115**	**(252)**
Attributable to shareholders of adidas AG		1,023	(300)
Attributable to non-controlling interests		92	48

1 Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income), and the asset ceiling effect.
The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

adidas AG Consolidated Statement of Changes in Equity (IFRS) € in millions

	Note	Share capital	Capital reserve	Cumulative currency translation differences	Hedging reserve	Cost of hedging reserve– options	Cost of hedging reserve– forward contracts	Other reserves	Retained earnings	Share-holders' equity	Non-con-trolling interests	Total equity
Balance at December 31, 2022		**179**	**1,338**	**(608)**	**(90)**	**(9)**	**(48)**	**(116)**	**4,347**	**4,991**	**360**	**5,351**
Other comprehensive income		–	–	(142)	(126)	7	46	(10)	–	(225)	(14)	(238)
Net income		–	–	–	–	–	–	–	(75)	(75)	61	(14)
Total comprehensive income		**–**	**–**	**(142)**	**(126)**	**7**	**46**	**(10)**	**(75)**	**(300)**	**48**	**(252)**
Repurchase of adidas AG shares due to equity-settled share-based payment	25	(0)	–	–	–	–	–	–	(29)	(29)	–	(29)
Reissuance of treasury shares due to equity-settled share-based payment	25	0	–	–	–	–	–	–	29	29	–	29
Dividend payment		–	–	–	–	–	–	–	(125)	(125)	(33)	(158)
Equity-settled share-based payment	26	0	17	–	–	–	–	–	(2)	15	–	15
Other		–	–	–	–	–	–	–	–	–	(29)	(29)
Balance at December 31, 2023/ January 1, 2024		**179**	**1,355**	**(750)**	**(217)**	**(2)**	**(2)**	**(126)**	**4,145**	**4,580**	**345**	**4,925**
Other comprehensive income		–	–	93	156	1	11	(2)	–	258	24	283
Net income		–	–	–	–	–	–	–	764	764	68	832
Total comprehensive income		**–**	**–**	**93**	**156**	**1**	**11**	**(2)**	**764**	**1,023**	**92**	**1,115**
Repurchase of adidas AG shares due to equity-settled share-based payment	25	(0)	–	–	–	–	–	–	(28)	(28)	–	(28)
Reissuance of treasury shares due to equity-settled share-based payment	25	0	–	–	–	–	–	–	28	28	–	28
Dividend payment		–	–	–	–	–	–	–	(125)	(125)	(40)	(165)
Equity-settled share-based payment	26	–	12	–	–	–	–	–	(8)	5	–	5
Acquisition of shares from non-controlling interests shareholders in accordance with IAS 32		–	–	(0)	–	–	–	(6)	–	(6)	(6)	(12)
Balance at December 31, 2024		**179**	**1,367**	**(657)**	**(61)**	**(1)**	**8**	**(134)**	**4,775**	**5,476**	**392**	**5,867**

The accompanying Notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions[1]

	Note	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Operating activities:			
Income before taxes		1,121	65
Adjustments for:			
Depreciation, amortization, and impairment losses	09, 10, 11, 12, 30	1,208	1,212
Reversals of impairment losses	09, 10, 30	(28)	(42)
Interest income	32	(57)	(39)
Interest expense	32	221	162
Unrealized foreign exchange (gains)/losses, net		(19)	88
Losses on sale of property, plant, and equipment and intangible assets, net		17	20
Other non-cash effects from operating activities	29, 30	(10)	(8)
Operating profit before working capital changes		**2,453**	**1,458**
(Increase)/Decrease in receivables and other assets		(839)	996
(Increase)/Decrease in inventories		(500)	1,280
Increase/(Decrease) in accounts payable and other liabilities		2,024	(857)
Net cash generated from operations before taxes		**3,138**	**2,876**
Income taxes paid		(236)	(307)
IAS 29 Hyperinflation effects in operating cash flow		9	(19)
Net cash generated from operating activities		**2,910**	**2,550**
Investing activities:			
Purchase of other intangible assets	12	(121)	(141)
Proceeds from sale of other intangible assets		–	1
Purchase of property, plant, and equipment	9	(419)	(363)
Proceeds from sale of property, plant, and equipment		49	9
Proceeds from sale of a disposal group from prior years	03	100	–
Reimbursement from disposal of discontinued operations		–	(19)
Proceeds from sale/(Purchase of) short-term financial assets		28	(34)
(Purchase of)/Proceeds from investments and other long-term assets		(50)	57
Interest received		57	39
Net cash used in investing activities		**(356)**	**(451)**
Financing activities:			
Repayment of eurobonds	16	(500)	(500)
Interest paid		(217)	(163)
Repayments of lease liabilities	19	(656)	(603)
Dividend paid to shareholders of adidas AG	25	(125)	(125)
Dividend paid to non-controlling interest shareholders	27	(40)	(33)
Repurchase of treasury shares due to share-based payments	26	(35)	(29)
Proceeds from reissuance of treasury shares due to share-based payments	26	24	25
Proceeds from short-term borrowings	16	3	3
Acquisition of non-controlling interests	27	(12)	–
Net cash used in financing activities		**(1,559)**	**(1,425)**

adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions[1]

	Note	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Sum of cash flows		**995**	**674**
Effect of exchange rates on cash		29	(40)
Increase in cash and cash equivalents		**1,024**	**633**
Cash and cash equivalents at beginning of year	04	1,431	798
Cash and cash equivalents at end of period	**04**	**2,455**	**1,431**

[1] Prior year adjusted due to Hyperinflation accounting.
The accompanying Notes are an integral part of these consolidated financial statements.

Notes

adidas AG is a listed German stock corporation and parent of the adidas Group located at Adi-Dassler-Str. 1, 91074 Herzogenaurach, Germany, and is entered into the commercial register at the Local Court of Fürth (HRB 3868). adidas AG and its subsidiaries (collectively 'adidas,' 'the Group,' or 'the company') design, develop, produce, and market a broad range of athletic and sports lifestyle products.

01 General

The consolidated financial statements of adidas AG as at December 31, 2024, comprise adidas AG and its subsidiaries and are prepared in compliance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) as at December 31, 2024, and the additional requirements pursuant to § 315e section 1 German Commercial Code (Handelsgesetzbuch – HGB).

The following amendments to existing standards and interpretations are effective for financial years beginning on January 1, 2024, and have been applied for the first time to these consolidated financial statements:

- **Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'**: In September 2022, the IASB issued amendments to IFRS 16 to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments to IFRS 16 are applicable for annual periods beginning on or after January 1, 2024, and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. The amendments had no impact on the consolidated financial statements.

- **Amendments to IAS 1 'Classification of Liabilities as Current or Non-current':** In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that such a right to defer must exist at the end of the reporting period, and that the classification is unaffected by the likelihood that an entity will exercise its deferral right. In October 2022, the IASB issued further amendments to IAS 1, in which it clarifies that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The amendments had no impact on the consolidated financial statements.

- **Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' – 'Supplier Finance Arrangements':** In May 2023, the IASB issued the clarification 'Supplier Finance Arrangements,' which amended IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures.' The amendments clarify the characteristics of supplier finance arrangements and introduce additional disclosure requirements for such arrangements. The objective of the amendments is to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments had no material impact on the consolidated financial statements.

New standards and interpretations as well as amendments to existing standards and interpretations are usually not applied by adidas before the EU effective date.

The following new standards and interpretations and amendments to existing standards and interpretations issued by the IASB, endorsed by the EU, and which are effective for financial years beginning after January 1, 2024, have not been applied in preparing these consolidated financial statements:

— **Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' – 'Lack of Exchangeability' (effective date: January 1, 2025):** In August 2023, the IASB issued 'Lack of Exchangeability' that amended IAS 21. IAS 21 sets out the requirements for determining the exchange rate to be used for recording a foreign currency transaction into the functional currency and translating a foreign operation into a different currency. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The effects of the amendments need to be further analyzed and evaluated but are currently not expected to have a material impact on the consolidated financial statements of adidas.

The following new standards and interpretations as well as amendments to existing standards and interpretations were issued by the IASB. These are not yet endorsed by the EU and hence have not been applied in preparing these consolidated financial statements:

— **Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' (effective date: January 1, 2026):** On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities to:

  - clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance [ESG] targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

  The amendments are effective for the annual reporting periods beginning on or after January 1, 2026. The effects of the amendments need to be further analyzed and evaluated but are currently not expected to have a material impact on the consolidated financial statements of adidas.

— **IFRS 18 'Presentation and Disclosure in Financial Statements' (effective date: January 1, 2027):** IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

  Further, operating expenses are presented directly on the face of the income statement – classified by nature, by function, or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

  IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs) and eliminates classification options for interest and dividends in the statement of cash flows. The group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026, will be restated in accordance with IFRS 18. The effects of the amendments on the consolidated financial statements need to be further analyzed and evaluated.

- **IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective date: January 1, 2027):** Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. IFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The amendments will have no impact on the consolidated financial statements of adidas.

The consolidated financial statements have in principle been prepared on the historical cost basis except for certain items in the statement of financial position, such as certain originated financial instruments, derivative financial instruments, and plan assets, which are measured at fair value.

In October 2022, adidas terminated the Yeezy partnership with immediate effect, discontinued the distribution of Yeezy products, and stopped all payments to Kanye West and his companies. Being the sole owner of all design rights to existing products as well as previous and new colorways under the partnership, adidas announced in May 2023 that it would begin to sell the remaining inventory of Yeezy products. In total, selling of the remaining Yeezy products generated revenues of around € 650 million in 2024 (2023: around € 750 million). As of December 31, 2024, adidas no longer holds any Yeezy products.

In connection with the sale of these remaining inventories, adidas has committed to donating a significant amount to selected organizations working to combat discrimination and hate, including racism and antisemitism. ► SEE NOTE 39

At the beginning of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes. Further information on the segmental reporting is provided in this Note.
► SEE NOTE 36

The consolidated financial statements are presented in euros (€), and unless otherwise stated, all values are presented in millions of euros (€ in millions). Due to rounding principles, numbers presented may not exactly sum up to totals provided. This can also lead to individual amounts rounded to zero.

02 Summary of material accounting policies

The consolidated financial statements are prepared in accordance with the consolidation, accounting, and valuation principles described below.

Principles of consolidation

The consolidated financial statements include the financial statements of adidas AG and all its direct and indirect subsidiaries, which are prepared in accordance with uniform accounting principles. An entity is considered a subsidiary if it is controlled by adidas AG. Control exists when adidas is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

adidas has the power to approve key financial and operational targets as well as the organizational structure of Agron, Inc., Los Angeles, California (USA). adidas has the right to, and is exposed to, the returns from its contractual business relations with Agron, Inc., which are dependent on the level of its net sales and overall profitability. adidas has the ability to directly influence the amount of these variable returns and consequently has control over Agron, Inc. As adidas holds no equity interests of Agron, Inc., both net assets as well as income and expenses are attributable entirely to the non-controlling interest.

The number of consolidated subsidiaries developed as follows in 2024 and 2023, respectively:

Number of consolidated subsidiaries

	2024	2023
January 1	**109**	**111**
First-time consolidated subsidiaries	1	1
Thereof: newly founded	1	1
Deconsolidated/divested subsidiaries	(1)	(3)
Intercompany mergers	(1)	–
December 31	**108**	**109**

The subsidiaries are held either directly by adidas AG or indirectly via the two holding companies adidas Beteiligungsgesellschaft mbH in Germany or adidas International B.V. in the Netherlands.

A schedule of the shareholdings of adidas AG is shown in Attachment I to the consolidated financial statements. This schedule comprises information about the company name and domicile of all consolidated subsidiaries, as well as the respective share held in the capital of these subsidiaries. Furthermore, a schedule of the shareholdings of adidas AG is published on the German Company Register.
► SEE SHAREHOLDINGS

The financial effects of intercompany transactions as well as any unrealized gains and losses arising from intercompany business relations are eliminated in preparing the consolidated financial statements.

Principles of measurement

The following table includes an overview of selected subsequent measurement principles used in the preparation of the consolidated financial statements.

Overview of selected subsequent measurement principles

	Subsequent measurement principle
Assets	
Cash and cash equivalents	Amortized cost
Cash and cash equivalents (investments in certain money market funds)	Fair value through profit or loss
Accounts receivable	Amortized cost
Inventories	Lower of cost and net realizable value
Property, plant, and equipment	Amortized cost
Right-of-use assets	Amortized cost
Goodwill	Impairment-only approach
Intangible assets (except goodwill):	
With definite useful life	Amortized cost
With indefinite useful life	Impairment-only approach
Financial assets	See separate table
Liabilities	
Borrowings	Amortized cost
Accounts payable	Amortized cost
Liabilities/provisions for cash-settled share-based payment arrangements	Fair value through profit or loss
Derivatives not used in hedge accounting	Fair value through profit or loss
Derivatives used in hedge accounting	Fair value through other comprehensive income
Other financial liabilities	Amortized cost
Provisions:	
Pensions	Projected unit credit method
Other provisions	Expected settlement amount
Accrued liabilities	Amortized cost
Lease liabilities	Amortized cost

Financial assets are classified and measured according to IFRS 9. All purchases and sales of financial assets, with the exception of trade receivables, are recognized on the trade date and initially measured at fair value. At initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. Subsequently, a financial asset is measured at amortized cost, fair value through other comprehensive income (debt instrument), fair value through other comprehensive income (equity instrument), or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at fair value through profit or loss: the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows (business model 'Hold to collect'); and the financial asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (business model 'Hold to collect and sell'); and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In principle, all investments in equity instruments are measured at fair value through profit or loss. At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor a contingent consideration acquired by a purchaser in a business combination. This election is made on an investment-by-investment basis.

All financial assets, which are not classified as measured at amortized cost or at fair value through other comprehensive income as described above, are measured at fair value through profit or loss.

Financial assets are only reclassified when the business model for managing financial assets is changed, in which case all affected financial assets are reclassified.

The subsequent measurement of financial assets is as follows:

Overview of financial asset subsequent measurement principles according to IFRS 9

IFRS 9 category	Subsequent measurement principle	Subsequent measurement
Fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.	Fair value through profit or loss
Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.	Amortized cost
Fair value through other comprehensive income (debt instrument)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, accumulated gains and losses are reclassified to profit or loss.	Fair value through other comprehensive income
Fair value through other comprehensive income (equity instrument)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.	Fair value through other comprehensive income

Financial liabilities are recognized when adidas becomes a party to the contractual provisions that gives rise to the financial liability. All financial liabilities are initially recognized at fair value.

For subsequent measurement, financial liabilities are classified either as financial liabilities measured at fair value through profit or loss, or as financial liabilities measured at amortized cost. Financial liabilities at fair value through profit or loss include, in particular, derivative financial instruments not designated as hedging instruments in hedging relationships in accordance with IFRS 9.

Transaction costs that are directly attributable to the issue of financial liabilities that are not measured at fair value through profit or loss reduce the fair value of the financial liability on initial recognition.

Currency translation

The consolidated financial statements are presented in euros (€), which is also the parent company's functional currency. For each entity, the Group determines the functional currency.

Transactions in foreign currencies are initially recorded in the respective functional currency by applying the spot exchange rate valid at the transaction date to the foreign currency amount.

In the individual financial statements of subsidiaries, monetary items denominated in non-functional currencies of the subsidiaries are generally translated into the functional currency at closing exchange rates at the balance sheet date. The resulting currency gains and losses are recognized directly in profit or loss.

This excludes monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in other comprehensive income (OCI) until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Taxes resulting from these exchange differences are also recognized directly in other comprehensive income in accordance with IAS 12.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Assets and liabilities of the company's non-euro functional currency subsidiaries that are included in the consolidated financial statements are translated using closing exchange rates at the balance sheet date into the presentation currency, the euro. For practical reasons, revenues and expenses are translated at average rates for the period, which approximate the exchange rates on the transaction dates. The resulting exchange differences arising on consolidation are recognized in OCI.

A summary of exchange rates to the euro for major currencies in which the Group operates is as follows:

Exchange rates

€ 1 equals	Average rates for the year ending Dec. 31,		Spot rates at Dec. 31,	
	2024	2023	2024	2023
USD	1.0819	1.0817	1.0389	1.1050
GBP	0.8477	0.8698	0.8292	0.8691
JPY	163.8378	151.9970	163.0600	156.3300
CNY	7.7983	7.6680	7.5966	7.8725
MXN	19.8283	19.1847	21.5948	18.6955

Hyperinflation

To reflect changes in purchasing power at the balance sheet date, the carrying amounts of non-monetary assets and liabilities, shareholders' equity, and comprehensive income of subsidiaries in hyperinflationary economies are restated in terms of a measuring unit current at the balance sheet date. These are indexed using a general price index in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies.' In contrast, no restatement is required for monetary assets and liabilities carried at amounts current at the end of the balance sheet date because they represent money held, to be received, or to be paid. ► SEE NOTE 33

Gains and losses on the net monetary position are included in the financial result.

Non-monetary assets that have been restated following the guidance in IAS 29 are still subject to impairment assessment in accordance with the guidance in the relevant IFRS.

Derivative financial instruments

adidas uses derivative financial instruments, such as currency options or option combinations, forward exchange contracts, and currency swaps, to hedge its exposure to foreign-exchange risks. In accordance with its Treasury Policy, the company does not enter into transactions with derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognized in the statement of financial position at fair value and are subsequently also measured at their fair value. The method of recognizing the resulting gains or losses is dependent on the nature of the hedge. On the date a derivative contract is entered into, adidas designates derivatives as either a hedge of a forecast transaction (cash flow hedge) or a hedge of a net investment in a foreign operation. In applying cash flow hedge accounting, adidas designates the spot element of forward exchange contracts and the intrinsic value of currency options or of option combinations to hedge its currency risk and applies a hedge ratio of 1:1 (spot-to-spot designation). The forward element of forward exchange contracts and the time value component of currency options or of option combinations are excluded from the designation of the hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges or net investments that are effective as defined in IFRS 9 are recognized in equity.

adidas applies the 'cost of hedging' approach for dedicated cash flow hedges. Changes in the fair value of the time value component of currency options or of option combinations, as well as the forward element in forward exchange contracts, are separately accounted for as a cost of hedging and are recognized separately in equity as a cost of hedging reserve. When the effectiveness is not 100%, the ineffective portion of the change in the fair value is recognized in the consolidated income statement. Accumulated gains and losses in equity are transferred to the consolidated income statement in the same periods, during which the hedged forecast transaction affects the consolidated income statement.

Hedges of net investments in foreign entities are accounted for in a similar way to cash flow hedges. The effective currency gains and losses in the derivative and all gains and losses arising on the translation of the borrowing are recognized in equity with the exception of the cross-currency basis spread.

Certain derivative transactions, while providing effective economic hedges under the company's risk-management policies, do not qualify for hedge accounting under the specific rules of IFRS 9.

adidas documents the relationship between hedging instruments and hedge objects as well as the risk-management objectives and strategies for undertaking various hedge transactions at transaction inception. This process includes linking all derivatives designated as hedge to specific firm commitments and forecast transactions. The economic relationship between the hedging instrument and hedged item is qualitatively and quantitatively ascertainable, and adidas judges the effectiveness of the hedging relationship by using generally accepted methods such as the hypothetical derivative method or the 'Dollar Offset Method.' The main sources of expected ineffectiveness are due to changes in the credit risk and in the timing of the hedged transactions.

The fair values of currency options or of option combinations and forward exchange contracts are determined on the basis of market conditions on the reporting date. The fair value of a currency option or of option combinations is determined using generally accepted models. The fair value of an option is influenced not only by the remaining term of the option but also by additional factors, such as the actual foreign exchange rate and the volatility of the underlying foreign currency base. The company determines fair values taking the counterparty risk into consideration.

Cash and cash equivalents

Cash and cash equivalents represent cash at banks, cash on hand, and short-term deposits with maturities of three months or less from the date of acquisition, such as commercial papers and investments in money market funds.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents can partly include investments in money market funds. Classification and measurement under IFRS 9 are performed based on the company's business model for managing these financial assets and the contractual cash flow characteristics. Investments in money market funds contain cash flows other than those of principal and interest on principal. As a result, those investments are measured at fair value through profit or loss.

Accounts receivable

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., if only the passage of time is required before payment of that consideration is due). Accounts receivable that do not contain a significant financing component are recognized at the transaction price, which represents the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer. Subsequently, these are measured at amortized cost.

Other financial assets

Other financial assets are classified and measured under IFRS 9, based on the company's business model for managing these assets and the contractual cash flow characteristics. Those other financial assets that give rise to cash flows consisting only of payments of principal and interest and that are assigned to the business model 'Hold to collect' are measured at amortized cost. adidas mainly has security deposits and receivables from credit card companies and electronic marketplaces that fall under this category.

Other financial assets that do not give rise to cash flows consisting solely of payments of principal and interest and that are assigned to the business model 'Hold' are measured at fair value through profit or loss. This category includes only securities to hedge long-term variable compensation components and is also applied to the same extent to securities to hedge long-term variable compensation components included in long-term financial assets.

Securities to hedge long-term variable compensation components are so-called 'total return swaps.' These are recognized in the balance sheet upon initial recognition and subsequently at fair value. At the time a derivative transaction is entered into, adidas classifies total return swaps as a hedging instrument of the underlying long-term variable compensation components. In this case, adidas designates the entire fair value as a hedge. Changes in the fair value that are designated and qualify as hedges and are determined to be effective in accordance with IFRS 9 are recognized in equity (hedging reserve).

At the end of the period, a reclassification is made from equity to the income statement in proportion to the increase in the provision for the long-term variable compensation components.

Upon conclusion of the transaction, adidas documents the relationship between the hedging instruments and the hedge objects as well as the risk management objectives and strategies of the hedging transactions. In this process, the total return swaps used as hedging instruments are linked to the respective long-term variable compensation components. The economic relationship between the hedging instrument and the hedged item can be determined qualitatively and quantitatively, and adidas assesses the effectiveness of the hedging relationships using recognized methods such as the hypothetical derivative method or the 'Dollar Offset Method.' Ineffectiveness is mainly expected to arise from changes in credit risk or from shifts in the timing of the hedged item.

The fair values are determined on the basis of market conditions at the balance sheet date. When determining the fair values, the company takes the counterparty risk into account.

The elimination of part of the originally planned long-term variable compensation components could lead to certain overhedge transactions. In this case, hedge accounting would be discontinued immediately in accordance with IFRS 9, and the fair value through profit or loss would be transferred from the hedging reserve to the income statement at the time the over-hedged status is identified. There was no overhedging in 2024.

Other financial assets, which are neither within the business model 'Hold to collect' nor within 'Hold to collect and sell,' are measured at fair value through profit or loss. This category mainly includes secured promissory notes and earn-out components.

Long-term financial assets

Long-term financial assets are distinguished between debt and equity instruments and classified according to IFRS 9 as follows:

Debt instruments are measured depending on the company's business model for managing financial assets and the contractual cash flows. Only financial assets that are held within the business model 'Hold to collect' with the objective to collect the contractual cash flows, which represent solely payments of principal and interest on the principal amount outstanding on a specific date, are measured at amortized cost. adidas classifies certain loans within this category. All other financial assets which do not fulfill one of these criteria are measured at fair value through profit or loss. adidas has no long-term financial assets in the category fair value through comprehensive income (debt instrument) and shows loans which do not fulfill the contractual cash flow characteristics in the category fair value through profit or loss. ▸ SEE NOTE 13

Generally, all investments in equity instruments are measured at fair value through profit or loss, unless these investments represent investments that the company intends to hold for long-term strategic purposes, which are then designated as equity securities at fair value through other comprehensive income (equity).

The designation of certain equity instruments at fair value through other comprehensive income (equity) is based on a strategic management decision.

Inventories

Finished goods and merchandise are valued at the lower of cost or net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are determined using a standard valuation method, the 'average cost method.' Costs of finished goods include the cost of direct materials and labor and the components of the manufacturing overheads that can be reasonably attributed to finished goods. The allocation of overheads is based on the planned average utilization. The net realizable value allowances are computed consistently throughout the company based on the age and expected future sales of the items on hand. ► SEE NOTE 07

Discontinued operations

A part of the adidas Group, whose operations and cash flows can be clearly distinguished operationally and for financial reporting purposes from the other operating businesses, is classified as a discontinued operation if the component has either been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the net income/loss from continuing operations and are presented as a single amount as gain/loss from discontinued operations, net of tax in the consolidated income statement. When an operation is classified as a discontinued operation, the comparative consolidated income statement and consolidated statement of cash flows are restated and presented as if the operation had been classified as such from the start of the comparative year. ► SEE NOTE 03

Property, plant, and equipment

Property, plant, and equipment are measured at amortized cost. This comprises all costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized for those assets, with the exception of land and construction in progress, over the estimated useful life utilizing the 'straight-line method' and taking into account any potential residual value. Parts of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately. ► SEE NOTE 09

Estimated useful lives are as follows:

Estimated useful lives of property, plant, and equipment

	Years
Land	indefinite
Buildings and leasehold improvements	20 – 50
Furniture and fixtures	3 – 5
Technical equipment and machinery as well as other equipment	2 – 20

Expenditure for repairs and maintenance is expensed as incurred. Renewals and improvements are capitalized and depreciated separately, if the recognition criteria are met.

Impairment losses on non-financial assets

If facts and circumstances indicate that non-current assets (e.g., property, plant, and equipment as well as intangible assets including goodwill and contract assets) might be impaired, the recoverable amount is determined. This is measured at the higher of fair value less costs of disposal (net disposal price) and value in use. Recoverable amount is determined on an individual asset level, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. The fair value is measured at Level 3 according to IFRS 13 'Fair Value Measurement.'

An impairment loss is recognized in other operating expenses or reported in goodwill impairment losses if the carrying amount exceeds the recoverable amount.

The impairment test for goodwill is performed based on groups of cash-generating units, which represent the lowest level within the company at which goodwill is monitored for internal management purposes. If there is an impairment loss for a group of cash-generating units, then, first, the carrying amount of any goodwill allocated to the group of cash-generating units is reduced. Subsequently, provided that the recoverable amount is lower than the carrying amount, the other non-current assets of the group of cash-generating units are reduced pro rata on the basis of the carrying amount of each asset in the group of cash-generating units. In allocating an impairment loss, the carrying amount of an individual asset is not reduced below its fair value. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the cash-generating unit and groups of cash-generating units.

Irrespective of whether there is an impairment indication, intangible assets with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in business combinations are tested annually on December 31 for impairment. In the case that indicators for impairment are present at any point in time other than on December 31, these assets are also tested for impairment at this point in time.

An impairment loss recognized in goodwill is not reversible. With respect to all other impaired assets, an impairment loss recognized in prior periods is only reversed such as it affects the consolidated income statement if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) if no impairment loss had been recognized.

Impairment losses on financial assets

Impairment losses for financial assets measured at amortized cost or at fair value through other comprehensive income (debt instrument) are recognized in accordance with IFRS 9 'Financial Instruments.' The standard requires that not only historical data, but also future expectations and projections are taken into consideration when accounting for impairment losses ('expected credit loss' model).

adidas consistently applies the simplified approach and recognizes lifetime expected credit losses for all accounts receivable. In order to calculate a collective loss allowance, all accounts receivable sharing similar credit risk characteristics are allocated into several portfolios based on geographical regions and macroeconomic indicators. Historical payment and aging patterns for accounts receivable are analyzed individually for each of the portfolios to determine the probability of default, which is further adjusted by forward-looking factors derived primarily from the Credit Default Swap (CDS) spreads of the countries where adidas runs its operations. The adjusted probability of default is then applied in combination with a loss given default and exposure at default as a percentage rate to calculate the expected credit loss for each portfolio and aging bucket. The percentage rates are reviewed on a regular basis to ensure that they reflect the latest data on credit risk. In case objective evidence of credit impairment is observed for accounts receivable from a specific customer, a detailed analysis of the credit risk is performed, and an appropriate individual loss allowance is recognized for this customer. Accounts receivables are considered to be in default when it is expected that the debtor will not fulfill its credit obligations toward adidas. When there is no reasonable expectation of recovering an account receivable, such as in cases of insolvency, the receivable is written off entirely.

Cash and cash equivalents measured at amortized cost are subject to a general impairment approach under IFRS 9. adidas applies the low credit risk exemption for the majority of such instruments due to the low credit risk for these investments, which is based on the investment grade of their counterparties (defined by the company as equivalent of BBB+ or higher). A significant increase of credit risk is assumed for cash and cash equivalents when the instruments are more than 30 days past due. adidas monitors the credit risk associated with cash and cash equivalents taking into consideration the economic environment, external credit ratings, and/or CDS spreads of counterparty financial institutions, and using established exposure limits. Expected credit loss of cash and cash equivalents is calculated based on the probability of default and recovery rates derived from CDS spreads or external credit ratings of the counterparties. Cash and cash equivalents are considered to be in default when they are more than 90 days past due.

Other financial assets within the scope of IFRS 9 impairment analysis include mainly security deposits as well as accounts receivable from credit card companies and electronic marketplaces. The credit risk associated with such financial assets is determined based on the economic environment, external credit ratings, and/or CDS spreads of counterparty financial institutions. Other financial assets are considered to be in default when they are more than 90 days past due.

Objective evidence that credit impairment of financial assets has occurred includes, for instance, significant financial difficulty of the debtor/issuer, indications of their potential bankruptcy, the deterioration of the market for their products, and general macroeconomic problems. The gross carrying amount of financial assets is written off when adidas, based on a case-by-case assessment, assumes that their recovery is no longer possible.

Impairment losses on accounts receivable are presented in the line item 'Impairment losses (net) on accounts receivable and contract assets.'

Leases

adidas assesses whether a contract is or contains a lease according to IFRS 16 'Leases' at the inception of the contract. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if the lessee has the right to obtain substantially all the economic benefits from the use of the identified asset (e.g., by having the exclusive right to use the asset throughout that period) and the right to direct the use of the identified asset throughout the period of use.

In its role as a lessee, adidas leases various types of assets, particularly buildings (retail stores, offices, warehouses, etc.), land, technical equipment and machinery (warehouse equipment, production machines, etc.), motor vehicles, and computer hardware, as well as furniture and fixtures. Lease contracts are typically negotiated for fixed periods of up to 99 years but may include extension or termination options. Lease terms are negotiated individually and may contain a wide range of different terms and conditions.

adidas makes use of the recognition exemption in IFRS 16 to not recognize right-of-use assets and lease liabilities for leases of low-value assets (i.e., value of the underlying asset, when new, is € 5,000 or less) and short-term leases (shorter than twelve months and the agreement does not include a purchase option). Lease payments for low-value leases are recognized as expenses as they are incurred over the lease term.

Furthermore, adidas exercises the option for lessees to combine lease payments with payments for non-lease components in the calculation of the lease liability and right-of-use asset for all lease asset classes except for corporate real estate.

adidas recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date. At the commencement date, adidas initially measures the lease liability at the present value of the lease payments that are not paid at that date. This includes fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments based on an index or a rate, amounts expected to be payable by adidas under residual value guarantees, the exercise price of a purchase option if adidas is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. Other variable lease payments are excluded from the measurement of the lease liability. The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, adidas uses its incremental borrowing rate. Generally, adidas uses the incremental borrowing rate as the discount rate. It is adjusted to reflect the country-specific risk, the credit risk of adidas, collateral from the change in value of the leased asset, the contract currency-specific risk, and the lease term. ▶ SEE NOTE 10 ▶ SEE NOTE 19

After the commencement date, lease payments are split into redemption payments and interest payments. The lease liability is subsequently measured by increasing the carrying amount to reflect interest cost on the lease liability using the effective interest rate and reducing the carrying amount to reflect the lease payments made. The carrying amount of the lease liability is remeasured provided any reassessments/lease modifications occur (including changes in the assessment of whether an extension or termination option is reasonably certain to be exercised).

At the commencement date, the right-of-use asset is initially measured at cost, which is comprised of the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by adidas in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. In principle, the right-of-use asset is depreciated on a straight-line basis over the lease term or the useful life of the leased asset, whichever is shorter.

adidas applies judgment in determining the lease term for lease contracts including extension or termination options. The assessment of whether the options are reasonably certain to be exercised has an impact on the lease term and therefore may significantly affect the measurement of lease liabilities and right-of-use assets, respectively.

Lease contract renegotiations that result in changes to the original contractual conditions, e.g., changes in scope, consideration (including discounts and concessions), or lease term are treated as lease modifications. Depending on the circumstances of the renegotiation, either lease modifications are accounted for as a new separate contract, or they trigger a remeasurement of the lease liability using the discounted future lease payments. In the latter case, a corresponding adjustment is made to the right-of-use asset with, in some instances, a difference recognized in profit or loss.

Lease reassessments are the result of changes in assumptions or judgments, such as changes in lease term due to amended estimates surrounding existing extension and termination options. It is necessary to remeasure the lease liability using the discounted or existing future lease payments and make a corresponding adjustment to the right-of-use asset.

Goodwill

Goodwill is an asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized. This results when the purchase cost exceeds the fair value of acquired identifiable assets, liabilities, and contingent liabilities. Goodwill arising from the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets received, liabilities, and contingent liabilities are treated as assets, liabilities, and contingent liabilities of the respective reporting entity, and are translated at exchange rates prevailing at the date of the initial consolidation.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses (impairment-only approach). ► SEE NOTE 11

Goodwill is carried in the functional currency of the acquired foreign entity.

Intangible assets (except goodwill)

Intangible assets with definite useful lives are valued at amortized cost. Amortization is calculated on a straight-line basis over the estimated useful life, taking into account any potential residual value.
► SEE NOTE 12

Expenditure during the development phase of internally generated intangible assets is capitalized as incurred if it fulfills the recognition criteria under IAS 38 'Intangible Assets.' Development costs for internally generated intangible assets are capitalized from the date on which the recognition criteria set out in IAS 38 'Intangible Assets' are first met. The capitalized development costs are amortized on a systematic basis from the day the intangible assets are available for use.

Estimated useful lives are as follows:

Estimated useful lives of intangible assets

	Years
Software	3 – 10
Patents and licenses	5 – 15

In 2024, due to the implementation of a new ERP system, the estimated useful life of the respective software was reassessed and adjusted from seven to ten years. This change has been applied prospectively.

Research and development

Research costs are expensed in full as incurred. Development costs for internally generated intangible assets are also expensed as incurred if they do not meet the recognition criteria of IAS 38 'Intangible Assets.'

Borrowings and other liabilities

Borrowings (e.g., Eurobonds) and other liabilities are recognized at fair value net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the 'effective interest method.' Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the term of the borrowing.

Provisions and accrued liabilities

Provisions are recognized when there is a present obligation (legal or constructive) to third parties that has been incurred as a result of a past event, when the amount of the obligation can be estimated reliably and when it is probable that there will be an outflow of resources. In general, all provisions are uncertain as to their maturity or amount. The expense relating to a provision is presented in the consolidated income statement. Non-current provisions are discounted if the effect of the time value of money is material, with the interest expense being reported as financial expenses. ► SEE NOTE 18

Accrued liabilities are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced, or formally agreed with the supplier, including amounts due to employees. The uncertainty regarding amount or timing of accrued liabilities is generally much less than for provisions. ► SEE NOTE 20

Pensions and similar obligations

Provisions and expenses for pensions and similar obligations relate to the company's obligations for defined benefit and defined contribution plans. The obligations under defined benefit plans are determined separately for each plan by valuing the employee benefits accrued in return for their service during the current and prior periods. These benefit accruals are discounted to calculate their present value, and the fair value of any plan assets is deducted in order to determine the net liability. The discount rate is set on the basis of yields of high-quality fixed-rate corporate bonds at the balance sheet date provided there is a deep market for such corporate bonds in a given currency. Otherwise, government bond yields are used as a reference. Calculations are performed by qualified actuaries using the 'projected unit credit method' in accordance with IAS 19 Employee Benefits. Obligations for contributions to defined contribution plans are recognized as an expense in the consolidated income statement as incurred. ► SEE NOTE 23

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of adidas. Additionally, contingent liabilities may be present obligations that arise from past events but that are not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed and explained in the Notes. ► SEE NOTE 38

Treasury shares

When adidas AG shares are repurchased and recognized as treasury shares, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. The nominal value of € 1 per treasury share is debited to share capital. Any premium or discount to the nominal value is shown as an adjustment to the retained earnings. If treasury shares are sold or reissued, the nominal value of the shares will be credited to share capital and the amount exceeding the nominal value will be added to the retained earnings.

Revenue

Revenue derived from the sale of goods is recognized when adidas has satisfied the respective performance obligation by transferring the promised goods to the customer. The goods are transferred at the point in time when the customer obtains control of the respective goods. The timing of the transfer of control depends on the individual terms of the sales agreement (terms of delivery).

The amount of revenue to be recognized is determined based on the consideration adidas expects to be entitled to in exchange for transferring the promised goods or services to the customer, taking into account returns, discounts, and rebates.

Under certain conditions and in accordance with contractual agreements, the company's customers have the right to return products and to either exchange them for similar or other products or to return the products against the issuance of a credit note. Amounts for estimated returns related to revenues are accrued based on past experience of average return rates and average actual return periods by means of a refund liability. The return assets are measured at the carrying amount of the inventories/products, less any handling costs and any potential impairment.

Provided that the customers meet certain predefined conditions, adidas grants its customers different types of globally aligned performance-based rebates. Examples include rebates for customers' increasing adidas product sales, for customer loyalty, and for sell-out support, e.g., through retail space/franchise store management. As soon as it is assumed that the customer fulfills the requirements for being granted the rebate, this amount is recognized as a sales deduction via an accrued liability for marketing and sales.

In addition, adidas generates revenue from the licensing-out of the right to use the brands to third parties. The resulting sales-based royalty and commission income is recognized based on the contract terms on an accrual basis, i.e., revenue is already realized even though the payment takes place at a later point in time. Contracts with guaranteed minimum income result in contract assets and contract liabilities depending on the timing of yearly payments received from customers. The performance obligation related to these contract assets and liabilities is satisfied over the life of the contract, i.e., the guaranteed minimum income per year is evenly distributed over twelve months, whereby payments are recorded as arranged in the contract with the customer.

Advertising and promotional expenditure

Advance payments for media campaigns are included in prepaid expenses within other current and non-current assets until the services are received, and upon receipt are expensed in full. Significant costs for media campaigns are expensed on a straight-line basis over the intended duration of the media campaign.

Promotional expenses including one-time, upfront payments for promotion contracts are principally expensed on a straight-line basis over the term of the agreement.

Interest

Interest is recognized as income or expense as incurred using the 'effective interest method' with the exception of interest that is directly attributable to the acquisition, construction, or production of a qualifying asset. This interest is capitalized as part of the cost of the qualifying asset.

Interest paid is presented within the net cash used in financing activities.

Government grants

adidas receives government grants in the form of subsidies, subventions, or premiums from local, national, or international government authorities such as those of the Free State of Bavaria, the Federal Republic of Germany, and the European Union.

Government grants are recognized if there is adequate certainty that the grants will be received and that the company satisfies the conditions attached.

Government grants are reported in the consolidated income statement as a deduction from the related expenses.

Income taxes

Current income taxes are computed in accordance with the applicable taxation rules established in the countries in which adidas operates.

adidas computes deferred taxes for all temporary differences between the carrying amount and the tax base of its assets and liabilities as well as for tax loss carry-forwards. As it is not permitted to recognize a deferred tax liability for the initial recognition of goodwill, adidas does not compute any deferred taxes thereon.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets arising from deductible temporary differences and tax loss carry-forwards that exceed taxable temporary differences are only recognized to the extent that it is probable that the entity concerned will generate sufficient taxable income to realize the associated benefit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Income tax is recognized in the consolidated income statement unless it relates to items recognized directly in equity, in which case it is recognized in equity. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

When there is uncertainty over income tax treatments, adidas recognizes and measures current or deferred tax assets or liabilities applying the requirements of IAS 12 and IFRIC 23. On a case-by-case basis, adidas determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, depending on which approach better predicts the resolution of the uncertainty.

Where it is not considered probable that the tax authority will accept an uncertain tax treatment, adidas reflects the effects of the uncertainty by using one of the following methods, depending on which method better predicts the resolution of the uncertainty:

- the single most likely amount or
- the expected value based on the sum of the probability-weighted amounts.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profits (tax losses), tax bases, unused tax losses, unused tax credits, and tax rates, adidas assumes that a taxation authority will examine amounts it has a right to examine and will have full knowledge of all relevant information when making those examinations. ▶ SEE NOTE 34

Share-based payment

The cost of equity-settled share-based payment transactions with employees is determined by the fair value at the grant date using an appropriate valuation model. That cost is recognized in personnel expenses, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. ▶ SEE NOTE 26

Service-independent and non-market performance conditions are not taken into account when determining the fair value of awards at the grant date, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. If the estimate is changed, even a credit in the consolidated income statement for the period can be possible as it reflects the movement in cumulative expenses from the beginning to the end of that period.

No expense is recognized for awards that do not ultimately vest if non-market performance and/or service conditions have not been met.

Equity-settled share-based payment transactions with parties other than employees are generally measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payment transactions, the goods or services acquired, and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at the end of each reporting period and at the date of settlement, with all changes in fair value recognized in profit or loss for the period.

Estimation uncertainties and judgments

The preparation of financial statements in conformity with IFRS requires the use of assumptions and estimates that affect reported amounts and related disclosures. Although such estimates are based on the best of our knowledge of current events and actions, actual results may ultimately differ from these estimates. In 2024, assumptions and estimates continued to be significantly impacted especially by the increased macroeconomic and geopolitical challenges.

As a result of the termination of the Yeezy partnership, judgments were made in the preparation of the consolidated financial statements at year-end 2023, in particular with regard to the valuation of existing inventories, as well as in the assessment of the litigation risks in the context of the ongoing arbitration proceedings, including the counterclaim filed by the defendants. During 2024, the ongoing arbitration proceedings, including the counterclaim were settled and adidas no longer holds any Yeezy products. As a result, no significant assumptions and estimates were applied with regards to the Yeezy partnership as at December 31, 2024. ▶ SEE NOTE 38

The key assumptions concerning further future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are outlined in the respective Notes, which include in particular accounts receivable, inventories, right-of-use-assets, goodwill, other provisions, pensions, derivatives, and income taxes, as well as other financial commitments and contingencies. ▶ SEE NOTE 05 ▶ SEE NOTE 07 ▶ SEE NOTE 10 ▶ SEE NOTE 11 ▶ SEE NOTE 18 ▶ SEE NOTE 23 ▶ SEE NOTE 28 ▶ SEE NOTE 34 ▶ SEE NOTE 38

Judgments have also been used in determining the lease term for lease contracts. ▶ SEE NOTE 10 ▶ SEE NOTE 19

03 Discontinued operations

The position of discontinued operations includes the Reebok business, which was sold on February 28, 2022 with effect from March 1, 2022. The majority of the purchase price was paid at closing, with the remainder comprising deferred and contingent consideration. The fair value of earn-out components was determined using the discounted cash flow method, considering Monte Carlo Simulations.

The profit from discontinued operations for 2024 in the amount of € 8 million (2023: € 44 million) is fully attributable to the shareholders of adidas AG.

In the event the operations of the Reebok business achieve certain performance criteria during the period from March 1, 2022, to December 31, 2031, which are defined as earn-out components in the sale agreement, additional cash consideration of up to € 500 million will be due. At the time of the sale, the fair value of the consideration was determined to be € 247 million. It has been recognized as a financial asset at fair value through profit and loss.

In 2024, adidas received a payment of € 100 million, and an additional payment of € 100 million is due in the first quarter of 2025, which was reported under other current financial assets as of December 31, 2024. At year-end 2024, the fair value of the additional up to € 300 million earn-out component was measured at € 155 million.

Notes to the Consolidated Statement of Financial Position

04 Cash and cash equivalents

Cash and cash equivalents consist of cash held by banks, cash on hand, and short-term deposits.

Short-term deposits are only shown as cash and cash equivalents if they are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Based on the impairment tests, no impairment need was identified for cash and cash equivalents measured at amortized cost.

As of December 31, 2024, cash and cash equivalents includes cash in banks and cash on hand amounting to € 959 million (2023: € 596 million) and short-term deposits in the form of money market funds amounting to € 1,496 million (2023: € 835 million). The total of cash and cash equivalents includes € 325 million and € 211 million as of December 31, 2024 and 2023, respectively, held by subsidiaries that were subject to foreign exchange control (e.g. Russia, Argentina) or other legal restriction and hence were not at any time available for general use by adidas AG or other subsidiaries.

Further information about cash and cash equivalents is presented in these Notes. ▸ SEE NOTE 28

05 Accounts receivable

Accounts receivable consist mainly of the currencies US dollar, euro, and Chinese renminbi and are as follows:

Accounts receivable € in millions

	Collective loss allowance				Individual loss allowance	Total
	Not yet due	Past due 31 – 90 days	Past due > 90 days			
	Not credit-impaired	Not credit-impaired	Not credit-impaired	Credit-impaired	Credit-impaired	
Dec. 31, 2024						
Accounts receivable, gross	2,139	235	50	44	125	2,593
Weighted average loss rate	1.2%	5.6%	21.9%	23.0%	95.6%	6.9%
Loss allowance	(26)	(13)	(11)	(10)	(120)	(180)
Accounts receivable, net	**2,113**	**222**	**39**	**34**	**6**	**2,413**
Dec. 31, 2023						
Accounts receivable, gross	1,678	239	49	43	127	2,135
Weighted average loss rate	1.6%	8.6%	29.3%	97.0%	99.1%	10.7%
Loss allowance	(28)	(21)	(14)	(41)	(126)	(229)
Accounts receivable, net	**1,650**	**219**	**34**	**1**	**1**	**1,906**

Movement in loss allowances for accounts receivable € in millions

	2024	2023
Loss allowances at January 1	**229**	**230**
Net remeasurement of loss allowances	(30)	6
Write-offs charged against the loss allowance accounts	(22)	(8)
Currency translation differences	0	(2)
Other changes	2	3
Loss allowances at December 31	**180**	**229**

As at December 31, 2024, the loss allowance for not-credit-impaired accounts receivable in the amount of € 375 million and credit-impaired accounts receivable in the amount of € 4 million was not recognized as adidas holds credit enhancement instruments, mainly in the form of credit insurance and bank guarantees, which mitigate the credit risk of those financial assets.

There are no material balances of accounts receivable written off but subject to enforcement activity.

Accounts receivable are derecognized when substantially all the risks and rewards incidental to the financial asset are transferred to a third party under factoring arrangements. As of December 31, 2024, accounts receivable amounting to € 21 million (2023: € 70 million) were derecognized in connection with factoring agreements in Japan. The purchase price corresponds to the nominal amount of the respective receivable, less any deductions relating to the receivable (e.g. discounts) granted by adidas to the debtor and less the factoring fee and interest. The factoring fee amounts to 0.08% of the nominal amount of the purchased receivables. Interest on the disbursed purchase price is based on an interest rate composed of the 'Tokyo Interbank Offered Rate' (reference interest rate) plus a margin of 0.19% to 1.33% p.a. and is paid for the period from the disbursement of the purchase price portion to the settlement of the receivable by the debtor.

Further information about credit risks is contained in these Notes. ► SEE NOTE 28

06 Other current financial assets

Other current financial assets consist of the following:

Other current financial assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Currency options	22	8
Forward exchange contracts	217	80
Suppliers with debit balances	38	37
Security deposits	66	50
Receivables from credit cards and similar receivables	219	269
Receivables from retail business	81	71
Other investments	75	14
Earn-out components	157	–
Sundry	80	104
Other current financial assets, gross	**955**	**633**
Less: accumulated allowances	(6)	(18)
Other current financial assets, net	**950**	**614**

Prior year figures were adjusted due to a reclassification of customs refund claims between other current financial assets and other current assets.

The increase in 'Other investments' results from the investment in securities for variable compensation components from long-term financial assets due to its maturity, as well as an increase of the fair value by € 17 million, which results from the stock price development.

The increase in earn-out components reflects the reclassification to current financial assets due to expected payments within the next 12 months. These Notes contain further information about earn-out components. ► SEE NOTE 03 ► SEE NOTE 28

Further information about currency options and forward exchange contracts is contained in these Notes. ► SEE NOTE 28

07 Inventories

Inventories by major classification are as follows:

Inventories € in millions

	Dec. 31, 2024			Dec. 31, 2023		
	Gross value	Allowance for obsolescence	Net value	Gross value	Allowance for obsolescence	Net value
Merchandise and finished goods on hand	3,454	(173)	3,281	3,611	(317)	3,294
Goods in transit	1,698	–	1,698	1,222	–	1,222
Raw materials	10	–	10	8	–	8
Work in progress	0	–	0	0	–	0
Inventories	**5,162**	**(173)**	**4,989**	**4,841**	**(317)**	**4,525**

Goods in transit mainly relate to shipments of finished goods and merchandise from suppliers in Asia to subsidiaries in Europe, North America, Asia, and Latin America.

The reduced write-down on inventories amounted to an income of € 98 million in 2024 (2023: Expenses of € 145 million).

08 Other current assets

Other current assets consist of the following:

Other current assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Prepaid expenses	290	295
Return assets	303	275
Tax receivables other than income taxes	329	373
Customs refund claims	–	140
Contract assets	12	10
Sundry	68	54
Other current assets, gross	**1,001**	**1,147**
Less: accumulated allowances	(4)	(4)
Other current assets, net	**997**	**1,143**

Due to a change in the assumption of the duration of the proceedings, the customs refund claims will be shown under other non-current assets in 2024. Prior year figures were adjusted due to a reclassification of customs refund claims between other current financial assets and other current assets.

Prepaid expenses mainly relate to promotion and service contracts. The decrease in the line item 'Tax receivables other than income taxes' relates mainly to value-added tax.

09 Property, plant, and equipment

The following table presents a reconciliation of the carrying amount of property, plant, and equipment:

Property, plant, and equipment € in millions

	Land and buildings	Technical equipment and machinery	Other equipment, furniture, and fixtures	Construction in progress	Property, plant, and equipment
Acquisition cost					
January 1, 2023	**2,290**	**480**	**1,906**	**230**	**4,907**
Additions	86	18	166	93	363
Disposals	(35)	(18)	(150)	(5)	(207)
Transfers	25	65	20	(155)	(46)
Decrease in companies consolidated	–	–	(0)	–	(0)
Currency translation differences	(66)	(15)	(63)	(7)	(152)
December 31, 2023/ January 1, 2024	**2,300**	**530**	**1,878**	**156**	**4,864**
Additions	121	14	212	71	419
Disposals	(55)	(12)	(111)	(8)	(186)
Transfers	63	34	31	(128)	0
Currency translation differences	53	13	12	3	82
December 31, 2024	**2,482**	**579**	**2,023**	**95**	**5,180**
Accumulated depreciation and impairment					
January 1, 2023	**849**	**324**	**1,455**	**0**	**2,628**
Depreciation	144	49	201	–	394
Impairment losses	16	0	4	0	21
Reversals of impairment losses	(2)	(2)	(8)	–	(12)
Disposals	(26)	(15)	(140)	–	(182)
Transfers	(21)	(4)	(15)	(0)	(40)
Decrease in companies consolidated	–	–	(0)	–	(0)
Currency translation differences	(37)	(12)	(52)	(0)	(101)
December 31, 2023/ January 1, 2024	**922**	**340**	**1,445**	**0**	**2,707**
Depreciation	150	53	219	–	422
Impairment losses	11	4	4	0	19
Reversals of impairment losses	(4)	(0)	(3)	–	(7)
Disposals	(25)	(11)	(102)	–	(138)
Transfers	8	(0)	(8)	(0)	(0)
Currency translation differences	23	9	11	(0)	44
December 31, 2024	**1,086**	**394**	**1,566**	**0**	**3,047**

Property, plant, and equipment € in millions

	Land and buildings	Technical equipment and machinery	Other equipment, furniture, and fixtures	Construction in progress	Property, plant, and equipment
Net carrying amount					
January 1, 2023	1,442	156	450	230	2,279
December 31, 2023/ January 1, 2024	1,378	190	434	156	2,157
December 31, 2024	**1,396**	**185**	**457**	**95**	**2,133**

As a general principle, it is regularly assessed whether there are any indications that property, plant, and equipment might be impaired.

Irrespective of the existence of such indications, furniture and fixtures in adidas' own retail stores as part of the cash-generating unit are tested annually for impairment, whereby the recoverable amount (value in use) of the cash-generating unit, as part of determining the profitability of adidas' own retail stores, is calculated using the 'discounted cash flow method.'

Impairment losses recognized in 2024 mainly relate to the company's own retail activities, for which, contrary to initial expectations, no sufficient future economic benefit is expected.

In 2024, impairment losses of € 19 million were recognized for property, plant and equipment. They are mainly attributable to North America with € 9 million, Japan/South Korea with € 4 million, and Greater China with € 2 million. The reversals of impairment losses of € 7 million are mainly attributable to North America with € 3 million, Europe with € 2 million, and Greater China with € 1 million. Both were recognized in the other operating expenses. These Notes provide further information on the methodology on impairment losses for adidas' own retail stores. ▶ SEE NOTE 10

Further information on total depreciation and amortization expenses, impairment losses, and reversals of impairment losses is provided in these Notes. ▶ SEE NOTE 31

10 Right-of-use assets

The following table presents a reconciliation of the carrying amount of right-of-use assets:

Right-of-use assets € in millions

	Land and buildings	Technical equipment and machinery	Other equipment, furniture, and fixtures	Right-of-use assets
January 1, 2024	**2,195**	**17**	**36**	**2,247**
Additions	1,192	9	26	1,227
Disposals	(84)	–	–	(84)
Depreciation	(605)	(14)	(21)	(640)
Impairment losses	(19)	–	–	(19)
Reversal of impairment losses	21	–	–	21
Currency translation differences	25	–	–	25
December 31, 2024	**2,727**	**11**	**41**	**2,779**

Right-of-use assets € in millions

	Land and buildings	Technical equipment and machinery	Other equipment, furniture, and fixtures	Right-of-use assets
January 1, 2023	**2,600**	**31**	**34**	**2,665**
Additions	307	7	21	335
Disposals	(79)	(7)	(0)	(87)
Depreciation	(556)	(14)	(19)	(590)
Impairment losses	(86)	–	–	(86)
Reversal of impairment losses	29	–	–	29
Currency translation differences	(71)	(0)	(1)	(72)
Net change due to remeasurements	51	–	1	52
December 31, 2023	**2,195**	**17**	**36**	**2,247**

As a general principle, it is regularly assessed whether there are any indications that right-of-use assets might be impaired. Irrespective of the existence of such indications, right-of-use assets in adidas' own retail stores are tested annually for impairment, whereby the recoverable amount (value in use) of the cash-generating unit, as part of determining the profitability of adidas' own retail stores, is calculated using the 'discounted cash flow method.'

In 2024, impairment losses of € 19 million were recognized. Of those, € 14 million are related to the company's own retail activities, for which, in contrast to expectations in the previous year, lower future economic benefits are expected.

Impairment losses relating to retail stores, which are shown under property, plant and equipment and right-of-use assets, are mainly attributable to North America with € 14 million, Europe with € 4 million, Greater China with € 4 million, and Emerging Markets with € 3 million. Discount rates between 1.1% and 34% were used to calculate the impairment for the value in use. The recoverable amounts of adidas' own retail stores break down into North America at € 114 million, Greater China at € 68 million, Europe at

€ 30 million, Emerging Markets at € 23 million, Latin America at € 5 million, and Japan/South Korea at € 2 million.

In 2024, reversals of impairment losses of € 21 million were incurred. They mainly result from Europe. The impairment losses and reversals of impairment losses were recognized in the other operating expenses.

Further information on total depreciation and amortization expenses, impairment losses and reversals of impairment losses is provided in these Notes. ▶ SEE NOTE 31

11 Goodwill

The following table presents a reconciliation of the carrying amount of goodwill:

Goodwill € in millions

	Dec. 31, 2024	Dec. 31, 2023
Goodwill, gross	1,701	1,647
Less: accumulated impairment losses	(426)	(409)
Goodwill, net	**1,275**	**1,238**

adidas determines whether goodwill impairment is necessary at least on an annual basis. The impairment test for goodwill is performed based on groups of cash-generating units that represent the lowest level within the company at which goodwill is monitored for internal management purposes. This requires an estimation of the recoverable amount of the groups of cash-generating units to which the goodwill is allocated. The recoverable amount of a group of cash-generating units is determined based on its value in use. Estimating the value in use requires adidas to make an estimate of the expected future cash flows from the groups of cash-generating units and to choose a suitable discount rate to calculate the present value of those cash flows.

This calculation uses cash flow projections based on the financial planning covering a four-year period in total. The planning is based on long-term expectations of the company and reflects an average annual upper-single digit sales increase with varying forecast growth prospects for the different groups of cash-generating units. Furthermore, adidas expects the operating margin to improve to a level of low double-digit profitability for the company by 2028, primarily driven by an improvement in gross margin, as well as lower operating expenses as a percentage of sales. The planning for capital expenditure and working capital is primarily based on past experience. The planning for future tax payments is based on current statutory corporate tax rates of the individual groups of cash-generating units. Cash flows beyond this four-year period are extrapolated using steady growth rates between 1.4% and 3.0% (2023: 1.1%-4.1%). According to the company's expectations, these growth rates do not exceed the long-term average growth rate of the business sector in which the respective group of cash-generating units operates.

Discount rates are based on a weighted average cost of capital calculation considering a five-year average market-weighted debt/equity structure and financing costs referencing major competitors for the respective group of cash-generating units. The discount rates used reflect the specific equity and country risk of the respective group of cash-generating units.

The groups of cash-generating units are defined as the regional markets that are responsible for the distribution. The regional markets are Europe, North America, Greater China, Emerging Markets, Latin America, Japan, and South Korea. The number of cash-generating units amount to a total of seven at the end of 2024 (2023: five).

At the start of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes. Since January 1, 2024, the EMEA market has been divided into two separate markets, Europe and Emerging Markets. In addition, the Asia-Pacific market has been split into two separate markets, Japan and South Korea, while Southeast Asia and Pacific have been merged with the new Emerging Markets market. The North America, Latin America, and Greater China markets remain unchanged. Following the company's internal management reporting by markets, the number of cash-generating units increased to a total of seven, effective January 1, 2024.

Due to the change in the operating segments and the associated groups of cash-generating units, both a reallocation of goodwill and an impairment test of goodwill were carried out as at January 1, 2024. There was no need for impairment in this context. The carrying amounts of acquired goodwill have been reallocated to the new groups of cash-generating units as follows:

Reallocation of goodwill as of January 1, 2024

	Goodwill (€ in millions)			
	Dec. 31, 2023	(Re-) allocation EMEA	(Re-) allocation Asia-Pacific	Jan. 1, 2024
EMEA	706	(706)	–	n.a.
Asia-Pacific	162	–	(162)	n.a.
Europe	n.a.	498	–	498
North America	77	–	–	77
Greater China	293	–	–	293
Emerging Markets	n.a.	208	71	279
Japan	n.a.	–	34	34
South Korea	n.a.	–	56	56
Total	**1,238**	**–**	**–**	**1,238**

The annual goodwill impairment tests revealed no need for goodwill impairment for the years ending December 31, 2024 and 2023.

The carrying amounts of acquired goodwill allocated to the respective groups of cash-generating units and the respective discount rates applied to the cash flow projections are as follows:

Allocation of goodwill

	Goodwill (€ in millions)		Discount rate (pre-tax)	
	Dec. 31, 2024	Jan. 1, 2024	Dec. 31, 2024	Jan. 1, 2024
Europe	513	498	13.6%	13.8%
North America	79	77	12.8%	12.9%
Greater China	303	293	13.4%	14.2%
Emerging Markets	287	279	17.3%	22.2%
Japan	35	34	13.6%	13.5%
South Korea	58	56	13.2%	13.9%
Total	**1,275**	**1,238**		

A change in the discount rate by up to 1.6 percentage points or a reduction of planned free cash inflows by up to 17.9% would not result in any impairment requirement of the cash generating unit North America.

Among the remaining cash generating units, neither a change in the discount rate by up to 5.3 percentage points, nor a reduction of planned free cash inflows by up to approximately 40% would result in any impairment requirement.

Future changes in expected cash flows and discount rates may lead to impairments of the reported goodwill in the future.

The majority of goodwill is denominated in US dollars. The effect of currency translation is as follows:

Reconciliation of goodwill, net € in millions

	Europe	North America	Greater China	Emerging Markets	Japan	South Korea	Total
January 1, 2024	**498**	**77**	**293**	**279**	**34**	**56**	**1,238**
Currency translation differences	15	2	10	8	1	1	37
December 31, 2024	**513**	**79**	**303**	**287**	**35**	**58**	**1,275**

12 Other intangible assets

Other intangible assets consist of the following:

Other intangible assets € in millions

	Internally developed intangible assets	Miscellaneous intangible assets	Other intangible assets
Acquisition cost			
January 1, 2023	**46**	**1,379**	**1,425**
Additions	32	109	141
Disposals	(1)	(20)	(20)
Transfers	–	(105)	(105)
Decrease in companies consolidated	–	(0)	(0)
Currency translation differences	–	(12)	(12)
December 31, 2023/January 1, 2024	**78**	**1,351**	**1,429**
Additions	37	83	121
Disposals	(5)	(60)	(66)
Transfers	–	(0)	(0)
Decrease in companies consolidated	–	–	–
Currency translation differences	–	11	11
December 31, 2024	**109**	**1,386**	**1,495**
Accumulated amortization and impairment			
January 1, 2023	**22**	**974**	**996**
Amortization	6	106	112
Impairment losses	–	10	10
Reversals of impairment losses	–	(0)	(0)
Disposals	(0)	(12)	(13)
Transfers	–	(110)	(110)
Decrease in companies consolidated	–	(0)	(0)
Currency translation differences	–	(8)	(8)
December 31, 2023/January 1, 2024	**27**	**959**	**987**
Amortization	11	98	109
Impairment losses	–	0	0
Reversals of impairment losses	–	(0)	(0)
Disposals	(2)	(32)	(34)
Transfers	–	(0)	(0)
Decrease in companies consolidated	–	(0)	(0)
Currency translation differences	–	7	7
December 31, 2024	**36**	**1,033**	**1,069**
Net carrying amount			
January 1, 2023	25	405	429
December 31, 2023/January 1, 2024	50	392	442
December 31, 2024	**74**	**353**	**426**

Internally developed intangible assets mainly relate to internally generated software.

Further information on total depreciation and amortization expenses, impairment losses, and reversals of impairment losses is provided in these Notes. ▶ SEE NOTE 31

13 Long-term financial assets

Long-term financial assets primarily include an 8.33% investment in FC Bayern München AG (2023: 8.33%) of € 91 million (2023: € 89 million). This investment is classified as fair value through profit or loss and is recorded at fair value. This equity security does not have a quoted market price in an active market. Therefore, existing contractual arrangements are used in order to calculate the fair value as at December 31, 2024 and 2023.

Other equity investments include minority shareholdings. There is currently no intention to sell these shares. Other minority shareholdings include an increase of the fair value in an amount of € 1 million in 2024 (2023: € 5 million decrease).

The line item 'Other investments' comprises investments that are mainly invested in insurance products, which are measured at fair value, and securities for long-term variable compensation components. The increase in 'Other investments' results from the investment in securities for variable compensation components as well as an increase of the fair value in an amount of € 29 million in 2024 (2023: € 6 million decrease), which results from the stock price development.

Long-term financial assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Investment in FC Bayern München AG	91	89
Other equity investments	86	85
Other investments	163	127
Long-term financial assets	**340**	**301**

14 Other non-current financial assets

Other non-current financial assets consist of the following:

Other non-current financial assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Forward exchange contracts	12	2
Currency options	2	–
Security deposits	74	78
Earn-out components	97	301
Sundry	50	37
Other non-current financial assets	**234**	**418**

The decrease in earn-out components reflects the reclassification to current financial assets due to expected payments within the next 12 months, which are partially offset by an increase in fair value. These Notes contain further information about earn-out components. ▶ SEE NOTE 03 ▶ SEE NOTE 28

Further information about forward exchange contracts is contained in these Notes. ▶ SEE NOTE 28

15 Other non-current assets

Other non-current assets consist of the following:

Other non-current assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Prepaid expenses	112	47
Customs refund claims	176	–
Sundry	3	2
Other non-current assets	**291**	**49**

Due to a change in the assumption of the duration of the proceedings, the customs refund claims are reported under other non-current assets in 2024.

Prepaid expenses mainly relate to long-term promotion contracts. ► SEE NOTE 38

16 Borrowings and credit lines

Borrowings are denominated in a variety of currencies in which adidas conducts its business. The largest portion of effective gross borrowings (before liquidity swaps for cash management purposes) as at December 31, 2024, is denominated in euros (2024: 98%; 2023: 99%).

The weighted average interest rate on the Group’s gross borrowings increased to 2.5% in 2024 (2023: 1.6%).

As at December 31, 2024, adidas had cash credit lines and other long-term financing arrangements totaling € 6.0 billion (2023: € 6.5 billion); thereof unused credit lines accounted for € 3.6 billion (2023: € 3.6 billion). In addition, as at December 31, 2024, adidas had separate lines for the issuance of letters of credit and guarantees in an amount of approximately € 0.4 billion (2023: € 0.4 billion).

In November 2020, adidas entered into a new syndicated credit facility agreement with twelve banks totaling € 1.5 billion. The credit facility agreement was subsequently amended and restated in October 2021 and in November 2022 increasing the size to € 2.0 billion, covered by eleven partner banks, and extending the maturity until November 2027. In December 2023, adidas reduced the syndicated credit facility size to € 1.864 billion and the number of lending banks to ten partner banks. The syndicated credit facility can be drawn in euros and US dollars. The interest is based on a defined margin on a reference rate (‘€STR’ or ‘EURIBOR’ for euros).

The amounts reported as gross borrowings represent outstanding borrowings under the following arrangements with aggregated expiration dates as follows:

Book value of gross borrowings as at December 31, 2024 € in millions

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Bank borrowings incl. commercial paper	70	26	–	–	96
Eurobond	500	399	994	496	2,389
Total	**570**	**425**	**994**	**496**	**2,485**

Book value of gross borrowings as at December 31, 2023 € in millions

	Up to 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Bank borrowings incl. commercial paper	49	37	7	–	93
Eurobond	500	898	497	991	2,886
Total	**549**	**935**	**504**	**991**	**2,979**

The eurobond issued in October 2014 with a term of twelve years and a volume of € 400 million has a coupon of 2.25% and matures in October 2026. The eurobond was issued with a denomination of € 1,000. The bond was issued with a spread of 100 basis points over the corresponding average euro swap rate, with the issue price being 99.357%.

In 2020, adidas issued three additional eurobonds with a size of € 500 million and denominations of € 100,000 each. The four-year eurobond, which was redeemed on September 9, 2024, with a coupon of 0.00% and the 15-year eurobond maturing in September 2035, with a coupon of 0.625% were issued in September 2020. These bonds were priced with a spread of 33 basis points and 63 basis points, respectively, above the corresponding euro mid-swap rate. The issue price was fixed at 100.321% and 99.360%, respectively. In adidas' inaugural sustainability bond placement in September 2020, an eight-year eurobond was issued with a coupon of 0.00% maturing in October 2028. The sustainability bond was priced with a spread of 40 basis points above the corresponding euro mid-swap rate. The issue price was fixed at 99.410%. Proceeds from the issuance were used in accordance with adidas' sustainability bond framework. Eligible sustainable projects include investments into sustainable materials and processes, as well as projects with a positive impact on the community. More specifically, this includes the sourcing of recycled materials for sustainably manufactured products, investments into renewable energy production and energy-efficient buildings, and various initiatives aimed at creating lasting change in underrepresented communities.

In November 2022 adidas AG issued two eurobonds with a size of € 500 million each. The three-year eurobond maturing in November 2025 bears a coupon of 3.00% and was issued at 99.901% issue price. The seven-year eurobond maturing in November 2029 bears a coupon of 3.125% and was issued at 99.272% issue price. These bonds were priced with a spread of 20 and 45 basis points, respectively, above the corresponding euro mid-swap rate.

Further details on future cash outflows are provided in these Notes. ▶ SEE NOTE 28

17 Other current financial liabilities

Other current financial liabilities consist of the following:

Other current financial liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Forward exchange contracts	76	103
Customer with credit balances	79	94
Embedded derivatives	1	1
Sundry	34	67
Other current financial liabilities	**191**	**266**

Further information about forward exchange contracts is contained in these Notes. ▶ SEE NOTE 28

18 Other provisions

Other provisions consist of the following:

Other provisions € in millions

	Jan. 1, 2024	Additions	Change in discounted amount	Usage	Reversals	Currency translation differences	Dec. 31, 2024	Thereof non-current
Marketing	29	10	–	(21)	(2)	1	17	–
Personnel	214	316	3	(65)	(11)	6	462	91
Returns and warranty	646	622	0	(546)	(58)	27	691	–
Taxes, other than income taxes	53	66	(0)	(9)	(20)	3	93	–
Customs	253	22	0	–	(5)	(2)	268	168
Sundry	317	148	0	(85)	(17)	(4)	359	94
Other provisions	**1,511**	**1,184**	**3**	**(726)**	**(112)**	**30**	**1,890**	**353**

Marketing provisions mainly consist of provisions for promotion contracts, which are comprised of obligations to clubs and athletes.

Provisions for personnel mainly consist of provisions for short- and long-term variable compensation components as well as of provisions for social plans and for a voluntary leave program.

Provisions for returns and warranty primarily arise due to the obligation of fulfilling customer claims with regard to the return of products sold by adidas. The amount of the provision follows the historical development of returns and warranty as well as current agreements.

Provisions for taxes other than income taxes mainly relate to tax risks.

Sundry provisions mainly include provisions for onerous contracts as well as for dismantling and restoration costs.

Non-current provisions mainly consist of provisions for long-term variable compensation components with a time frame of three to four years, discounted with country-specific interest rates.

Management follows past experience from similar transactions when assessing the recognition and the measurement of provisions; in particular, external legal opinions are considered for provisions for customs risks and for litigation and other legal risks. All evidence from events until the preparation of the consolidated financial statements is taken into account.

19 Lease liabilities

Lease liabilities consist of the following:

Lease liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Land and buildings	3,047	2,528
Technical equipment and machinery	12	17
Other equipment, furniture, and fixtures	44	38
Lease liabilities	**3,102**	**2,584**

The contractual payments for lease liabilities held by adidas as at December 31, 2024, in an amount of € 3.6 billion (2023: € 3.0 billion), mature as follows:

Contractual payments for lease liabilities

	Dec. 31, 2024	Dec. 31, 2023
Within 1 year	751	652
Between 1 and 5 years	1,807	1,571
After 5 years	1,004	765
Total	**3,562**	**2,988**

Interest recognized on lease liabilities in 2024 amounted to € 99 million (2023: € 86 million).

Expenses from leases classified as short-term, low-value, or variable are excluded from the measurement of the lease liability. Further information on total expenses relating to short-term, low-value, and variable leases is provided in these Notes. ▶ SEE NOTE 31

In 2024, the total cash outflows for leases, including the above-mentioned leases not included in the calculation of the lease liability, amounted to € 895 million (2023: € 831 million).

20 Accrued liabilities

Accrued liabilities consist of the following:

Accrued liabilities € in millions

	Dec. 31, 2024	Thereof: non-current	Dec. 31, 2023	Thereof: non-current
Goods and services received but not yet invoiced	1,010	–	835	–
Marketing and sales	1,030	–	969	–
Personnel	584	–	439	–
Sundry	34	–	30	–
Accrued liabilities	**2,659**	**–**	**2,273**	**–**

Accrued liabilities for marketing and sales mainly consist of accruals for distribution, such as discounts, rebates, and sales commissions.

Accrued liabilities for personnel mainly consist of accruals for outstanding salary payments, such as bonuses and overtime, as well as outstanding vacation.

Sundry accrued liabilities include accruals for interest.

21 Other current liabilities

Other current liabilities consist of the following:

Other current liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Tax liabilities other than income taxes	316	247
Liabilities due to personnel	35	37
Liabilities due to social security	29	28
Deferred income	107	108
Contract liabilities	1	1
Donation commitments	31	20
Sundry	80	47
Other current liabilities	**598**	**488**

22 Other non-current financial liabilities

Other non-current financial liabilities consist of the following:

Other non-current financial liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Forward exchange contracts	1	6
Other non-current financial liabilities	**1**	**6**

Further information about forward exchange contracts is provided in these Notes. ▶ SEE NOTE 28

23 Pensions and similar obligations

adidas has recognized post-employment benefit obligations arising from defined benefit plans. The benefits are provided pursuant to the legal, fiscal, and economic conditions in each respective country and mainly depend on the employees' years of service and remuneration.

Pensions and similar obligations € in millions

	Dec. 31, 2024	Dec. 31, 2023
Liability arising from defined benefit pension plans	141	136
Similar obligations	0	0
Pensions and similar obligations	**141**	**136**

The liability arising from defined benefit pension plans consists on the one hand of assets from defined benefit pension plans in an amount of € 3 million (2023: € 3 million), and on the other hand of provisions for pensions and similar obligations in an amount of € 144 million (2023: € 139 million).

Defined contribution pension plans

The total expense for defined contribution pension plans amounted to € 84 million in 2024 (2023: € 82 million).

Defined benefit pension plans

Given the company's diverse subsidiary structure, different defined benefit pension plans exist, comprising a variety of post-employment benefit arrangements. The company's major defined benefit pension plans relate to adidas AG and its subsidiary in the UK. The defined benefit pension plans generally provide payments in case of death, disability, or retirement to former employees and their survivors. The obligations arising from defined benefit pension plans are partly covered by plan assets. In addition, there are significant obligations from a plan to cover the medical costs of pensioners in the US.

In Germany, adidas AG grants its employees contribution-based and final-salary-defined benefit pension schemes, which provide employees with entitlements in the event of retirement, disability, and death. German pension plans operate under the legal framework of the German Company Pensions Act ('Betriebsrentengesetz') and under general German labor legislation. Active existing employees and new entrants are entitled to benefits in accordance with the general company agreement 'Core Benefits: adidas company pension plan.' This is a pension plan with a basic employer contribution, possible salary sacrifices, and additional matching contribution. Thus, the contributions to this pension plan are partly paid by the employee and partly paid by the employer. The contributions are transferred into benefit components. The benefits are paid out in the form of a pension, a lump sum, or installments. The pension plans in Germany are financed using book reserves, a 'Contractual Trust Arrangement' ('CTA') and, for certain former members of the Executive Board of adidas AG, a pension fund ('Pensionsfonds') in combination with a reinsured provident fund ('Unterstützungskasse').

The final salary defined benefit pension scheme in the UK is closed to new entrants and to future accrual. The benefits are mainly paid out in the form of pensions. The scheme operates under UK trust law as well as under the jurisdiction of the UK Pensions Regulator and therefore is subject to a minimum funding requirement. The Trustee Board is responsible for setting the scheme's funding objective, agreeing the contributions with the company, and determining the investment strategy of the scheme.

The legal framework for employer-provided benefits to cover healthcare costs for retirees in the United States is primarily governed by the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code (IRC). These laws establish the rules and regulations that employers must follow when providing these benefits to their employees. The fully unfunded medical plan is open to new participants who have, at the end of their employment, completed at least ten years of service, are at least 55 years of age, and are entitled to subsidized medical care. The plan provides medical, pharmaceutical, dental, and ophthalmologic services from retirement until maximum the age of 65 (or without age limit until death for a closed group of retirees). At age 65 they are expected to receive state medical benefits from US Medicare.

Breakdown of the present value of the significant obligations arising from defined benefit pension € in millions

	Dec. 31, 2024			Dec. 31, 2023		
	Germany	UK	USA	Germany	UK	USA
Active members	231	–	16	217	–	21
Former employees with vested rights	177	30	–	163	32	–
Pensioners	104	6	9	99	5	10
Total	**512**	**36**	**25**	**478**	**37**	**31**

The Group's pension plans are subject to risks from changes in actuarial assumptions, such as the discount rate, salary, and pension increase rates, and risks from changes in mortality. A lower discount rate results in a higher defined benefit obligation and/or in higher contributions to the pension funds. Lower-than-expected performance of the plan assets could lead to an increase in required contributions or to a decline of the funded status.

The following tables analyze the defined benefit plans, plan assets, present values of the defined benefit pension plans, expenses recognized in the consolidated income statement, actuarial assumptions, and further information.

Amounts for defined benefit pension plans recognized in the consolidated statement of financial position € in millions

	Dec. 31, 2024	Dec. 31, 2023
Present value of funded obligation from defined benefit pension plans	609	568
Fair value of plan assets	(525)	(492)
Funded status	**84**	**76**
Present value of unfunded obligation from defined benefit pension plans	54	57
Effect of asset ceiling in accordance with IAS 19.64	3	3
Net defined benefit liability	**141**	**136**
Thereof: liability	144	139
Thereof: adidas AG	80	72
Thereof: asset	(3)	(3)
Thereof: adidas AG	–	–

The determination of assets and liabilities for defined benefit plans is based on actuarial valuations. In particular, the present value of the defined benefit obligation is driven by financial variables (such as the discount rates or future increases in salaries) and demographic variables (such as mortality and employee turnover). The actuarial assumptions may differ significantly from the actual circumstances and could lead to different cash flows.

Weighted average actuarial assumptions in %

	Dec. 31, 2024	Dec. 31, 2023
Discount rate	3.8	3.9
Expected rate of salary increases	4.2	4.2
Expected pension increases	2.1	2.1

Breakdown of the acturial assumptions in %

	Dec. 31, 2024			Dec. 31, 2023		
	Germany	UK	USA	Germany	UK	USA
Discount rate	3.5	5.6	5.1	3.6	4.8	4.9
Expected rate of salary increases	–	–	–	–	–	–
Expected pension increases	2.2	2.2	–	2.2	2.2	–

The weighted average actuarial assumptions as at the balance sheet date are used to determine the defined benefit liability at that date and the pension expense for the upcoming financial year.

The actuarial assumptions for withdrawal and mortality rates are based on statistical information available in the various countries. In Germany, the Heubeck 2018 G mortality tables are used. In the UK, assumptions are based on the S3 base table, and in the US they are based on the Pri-2012 base table. The mortality tables in the UK and in the US were modified to account for future changes in life expectancy.

As in the previous year, the calculation of the pension liabilities in Germany, the UK, and the US is based on discount rates determined using the 'Mercer Yield Curve (MYC)' approach.

Remeasurements, such as gains or losses arising from changes in the actuarial assumptions for defined benefit pension plans or a return on the plan assets exceeding the interest income, are immediately recognized outside the income statement as a change in other reserves in the consolidated statement of comprehensive income.

Pension expenses for defined benefit pension plans € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Current service cost	30	34
Net interest expense	5	5
Thereof: interest cost	23	24
Thereof: interest income	(18)	(19)
Past service (credit)	(11)	(2)
Expenses for defined benefit pension plans (recognized in the consolidated income statement)	**24**	**37**
Actuarial losses/(gains) on liability	16	29
Thereof: due to changes in financial assumptions	5	37
Thereof: due to changes in demographic assumptions	(0)	(1)
Thereof: due to experience adjustments	11	(7)
Return on plan assets (not included in net interest income)	(11)	(20)
Change in asset ceiling (excluding interest cost)	0	(2)
Remeasurements for defined benefit pension plans (recognized as decrease in other reserves in the consolidated statement of comprehensive income)	**5**	**7**
Total	**29**	**45**

Of the total pension expenses recorded in the consolidated income statement, an amount of € 18 million (2023: € 21 million) relates to employees of adidas AG and an income of € 5 million (2023: expense of € 4 million) relates to employees in the US. The pension expense is mainly recorded within other operating expenses. The production-related part of the pension expenses is recognized within cost of sales.

Present value of the defined benefit obligation € in millions

	2024	2023
Present value of the obligation from defined benefit pension plans as at January 1	**625**	**562**
Currency translation differences	2	(0)
Current service cost	30	34
Interest cost	23	24
Contribution by plan participants	2	2
Pensions paid	(22)	(23)
Actuarial losses	16	29
Thereof: due to changes in financial assumptions	5	37
Thereof: due to changes in demographic assumptions	(0)	(1)
Thereof: due to experience adjustments	11	(7)
Past service (credit)	(11)	(2)
Business combinations/transfers/divestitures	(0)	–
Present value of the obligation from defined benefit pension plans as at December 31	**663**	**625**

Of the total actuarial losses recognized in equity, an amount of less than € 1 million (2023: € 6 million) relates to pension schemes at adidas AG, € 1 million as a gain (2023: less than € 1 million) to the UK and a gain of less than € 1 million (2023: € 1 million) to the US.

In the following table, the effects of reasonably conceivable changes in the actuarial assumptions on the present value of the obligation from defined benefit pension plans are analyzed for Germany, the UK, and the US. In addition, the average duration of the obligation is shown.

Sensitivity analysis of the obligation from defined benefit pension plans € in millions

	Dec. 31, 2024			Dec. 31, 2023		
	Germany	UK	USA	Germany	UK	USA
Present value of the obligation from defined benefit pension plans	512	36	25	478	37	31
Increase in the discount rate by 0.5%	480	33	24	448	34	30
Reduction in the discount rate by 0.5%	546	38	26	512	41	32
Average duration of the obligations (in years)	13	16	7	14	18	8

Since many pension plans are closed to future accrual, the salary trend plays a minor role in determining pension obligations. With the introduction of the Core Benefits arrangement, German pension plans are mainly paid as lump sums, so the pension increase rate and the mortality assumption have significantly less impact than the discount rate when calculating the pension obligations.

Fair value of plan assets € in millions

	2024	2023
Fair value of plan assets as at January 1	**492**	**453**
Currency translation differences	0	1
Pensions paid	(10)	(9)
Contributions by the employer	12	8
Contributions paid by plan participants	2	2
Interest income from plan assets	18	19
Return on plan assets (not included in net interest income)	11	20
Business combinations / transfers / divestitures	(0)	–
Fair value of plan assets as at December 31	**525**	**492**

The majority of plan assets are attributable to Germany (2024: 83%, 2023: 83%) and the UK (2024: 6%, 2023: 7%).

Part of the plan assets in Germany is held by a trustee under a contractual trust arrangement (CTA) for the purpose of funding the pension obligations of adidas AG and insolvency insurance with regard to part of the pension obligations of adidas AG. The trustee is the registered association adidas Pension Trust e.V. The investment committee of the adidas Pension Trust determines the investment strategy with the goal to match the pension liabilities as far as possible and to generate a sustainable return. In 2024, no additional employer funding contribution was transferred to the trustee. The plan assets in the registered association are mainly invested in fixed income funds, equity funds and real estate. Another substantial part of the plan assets in Germany is invested in insurance contracts via a pension fund and a provident fund. For this portion, an insurance entity is responsible for the determination and the implementation of the investment strategy.

In the UK, the plan assets are held in an external trust. In principle the investment strategy is aligned with the structure of the pension obligations in these countries. In the rest of the world, the plan assets consist predominantly of insurance contracts.

The expected total employer contributions for the 2025 financial year amount to € 35 million. Thereof, € 28 million relates to benefits directly paid to pensioners by the subsidiaries and € 7 million to employer contributions paid into the plan assets. In 2024, the actual return on plan assets (including interest income) was € 29 million (2023: € 39 million).

Composition of plan assets € in millions

	Dec. 31, 2024	Dec. 31, 2023
Cash and cash equivalents	32	31
Equity instruments	129	128
Bonds	169	136
Real estate	94	99
Pension plan reinsurance	48	46
Investment funds	34	35
Other assets	20	18
Fair value of plan assets	**525**	**492**

All equities and bonds are traded freely and have a quoted market price in an active market.

At each balance sheet date, the company analyzes the over- or underfunding and, where appropriate, adjusts the composition of plan assets.

As of December 31, 2024, the plan assets eligible for offsetting are required to be reduced by € 3 million (2023: € 3 million) due to the application of IAS 19.64. The difference (before rounding) of less than € 1 million will be recognized mainly as decrease in other reserves in the consolidated statement of comprehensive income.

24 Other non-current liabilities

Other non-current liabilities consist of the following:

Other non-current liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Deferred income	1	4
Liabilities due to personnel	0	0
Donation commitment	153	95
Sundry	–	4
Other non-current liabilities	**154**	**103**

25 Shareholders' equity

As at December 31, 2024, the nominal capital of adidas AG amounted to € 180,000,000 divided into 180,000,000 registered no-par-value shares and was fully paid in.

Each share grants one vote and is entitled to dividends starting from the commencement of the year in which it was issued. Treasury shares held directly or indirectly are not entitled to dividend payment in accordance with § 71b German Stock Corporation Act (Aktiengesetz – AktG). As at the balance sheet date, adidas AG held 1,450,916 treasury shares, corresponding to a notional amount of € 1,450,916 in the nominal capital and consequently to 0.81% of the nominal capital.

Authorized capital 2021/I and 2021/II

The Executive Board of adidas AG did not utilize the existing amount of authorized capital of up to € 70 million in the reporting period.

The authorized capital of adidas AG, which is set out in § 4 sections 2 and 3 of the Articles of Association as at the balance sheet date, entitles the Executive Board, subject to Supervisory Board approval, to increase the nominal capital based on the following authorizations:

Based on the authorization granted by resolution of the Annual General Meeting of May 12, 2021, until August 6, 2026,

- by issuing new shares against contributions in cash once or several times by no more than € 50 million altogether and, subject to Supervisory Board approval, to exclude residual amounts from shareholders' subscription rights (Authorized Capital 2021/I);

Based on the authorization granted by resolution of the Annual General Meeting of May 12, 2021, until August 6, 2026,

- by issuing new shares against contributions in kind and/or cash once or several times by no more than € 20 million altogether (Authorized Capital 2021/II), and, subject to Supervisory Board approval, to exclude residual amounts from shareholders' subscription rights, to wholly or partly exclude shareholders' subscription rights when issuing shares against contributions in kind and to exclude shareholders' subscription rights when issuing shares against contributions in cash if the new shares against contributions in cash are issued at a price not significantly below the stock market price of the company's shares already quoted on the stock exchange at the point in time when the issue price is ultimately determined, which should be as close as possible to the placement of the shares; this exclusion of subscription rights can also be associated with the listing of the company's shares on a foreign stock exchange.

  The authorization to exclude subscription rights under this authorization, however, may only be used to the extent that the pro-rata amount of the new shares in the nominal capital together with the pro-rata amount in the nominal capital of other shares that have been issued by the company since May 12, 2021, subject to the exclusion of subscription rights, on the basis of an authorized capital or following a repurchase or for which subscription or conversion rights or subscription or conversion obligations have been granted through the issuance of convertible bonds and/or bonds with warrants while excluding subscription rights, does not exceed 10% of the nominal capital existing on the date of the entry of this authorization with the commercial register or – if this amount is lower – on the respective date on which the resolution on the utilization of the authorization is adopted. The previous sentence does not apply to the exclusion of subscription rights for residual amounts. The Authorized Capital 2021/II must not be used to issue shares within the scope of compensation or participation programs for Executive Board members or employees or for members of the management bodies or employees of affiliated companies.

Contingent capital 2022

The following overview of the contingent capital is based on § 4 section 4 of the Articles of Association of adidas AG as well as on the underlying resolution of the Annual General Meeting held on May 12, 2022.

The nominal capital is conditionally increased by up to € 12.5 million divided into not more than 12,500,000 no-par-value shares (Contingent Capital 2022). The contingent capital increase serves the issuance of no-par-value shares when exercising option or conversion rights or fulfilling the respective option and/or conversion obligations or when exercising the company's right to choose to partially or in total deliver registered no-par-value shares of the company instead of paying the due amount to the holders or creditors of bonds issued by the company or a subordinated group company up to May 11, 2027, on the basis of the authorization resolution adopted by the Annual General Meeting on May 12, 2022. The new shares will be issued at the respective option or conversion price to be established in accordance with the aforementioned authorization resolution. The contingent capital increase will be implemented only if bonds are issued in accordance with the authorization resolution adopted by the Annual General Meeting on May 12, 2022, (Agenda Item 7) and only to the extent that option or conversion rights are exercised or the holders or creditors of bonds obligated to exercise the option or conversion obligation fulfill their obligations to exercise the warrant or convert the bond, or to the extent that the company exercises its rights to choose to deliver no-par-value shares in the company for the total amount or a partial amount instead of payment of the amount due and insofar as no cash settlement, treasury shares or shares of another public-listed company are used to service these rights. The new shares carry dividend rights from the commencement of the financial year in which the shares are issued. In the event that, at the time of issuance of the new shares, no resolution on the appropriation of retained earnings for the financial year directly preceding the year in which the shares are issued has been passed, the Executive Board is authorized, to the extent legally permissible, to determine that the new shares will carry dividend rights from the commencement of the financial year directly preceding the year in which the shares are issued. Furthermore, the Executive Board is authorized to stipulate additional details concerning the implementation of the contingent capital increase.

The Executive Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights to the bonds insofar as this is necessary for residual amounts and also insofar as and to the extent that this is necessary for granting subscription rights to holders or creditors of bonds already issued before, which they would be entitled to as shareholders upon exercising their option or conversion rights or upon fulfilling their option and/or conversion obligations or upon exercising a right to delivery of shares referring to shares of the company. Finally, the Executive Board is authorized, subject to Supervisory Board approval, to also exclude shareholders' subscription rights insofar as the bonds are issued against contributions in cash and after the Executive Board has concluded, following an examination in accordance with its legal duties, that the issue price of the bonds is not significantly below the hypothetical market value computed using recognized, in particular, financial calculation methods and the number of shares issued does not exceed 10% of the nominal capital, neither at the point of becoming effective nor – in case this amount is lower – at the point of exercising the aforementioned authorization. Shares which are issued or sold in accordance with § 186 section 3 sentence 4 AktG during the term of this authorization until its utilization shall be attributed to the aforementioned limit of 10%. Furthermore, shares that are to be issued or granted during the term of this authorization on the basis of a bond issued with the exclusion of subscription rights in accordance with this provision utilizing another authorization shall be attributed to the aforementioned limit of 10%. The total number of shares that are issued under bonds based on this authorization with the exclusion of subscription rights and shares that are issued from an authorized capital with the exclusion of subscription rights during the term of the authorization may not exceed 10% of the nominal capital on the date of the entry of this authorization with the Commercial Register.

In the period up until the balance sheet date, the Executive Board of adidas AG did not issue any bonds based on the authorization granted on May 12, 2022, and consequently did not issue any shares from the Contingent Capital 2022.

Repurchase and use of treasury shares

The Annual General Meeting on May 11, 2023, granted the Executive Board an authorization to repurchase adidas AG shares up to an amount totaling 10% of the nominal capital until May 10, 2028. The authorization may be used by adidas AG but also by its subordinated Group companies or by third parties on account of adidas AG or its subordinated Group companies or third parties assigned by adidas AG or one of its subordinated Group companies. The Executive Board of adidas AG did not make use of this authorization in the reporting period. ► SEE DISCLOSURES PURSUANT TO § 315A AND § 289A OF THE GERMAN COMMERCIAL CODE AND EXPLANATORY REPORT

Changes in the percentage of voting rights

Pursuant to § 160 section 1 no. 8 AktG, information must be provided on the existence of shareholdings that have been notified to adidas AG in accordance with § 33 section 1 or section 2 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The table 'Notified reportable shareholdings' reflects reportable shareholdings in adidas AG as at the balance sheet date that have each been notified to adidas AG. In each case, the details relate to the most recent voting rights notification received by adidas AG from the parties obligated to notify. All voting rights notifications disclosed by adidas AG in the year under review are available on the corporate website.
► ADIDAS-GROUP.COM/VOTING_RIGHTS_NOTIFICATIONS

Notified reportable shareholdings

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Notification obligations and attributions in accordance with WpHG	Voting rights attached to shares (in %)	Instruments (in %)	Total of voting rights attached to shares and instruments (in %)
The Desmarais Family Residuary Trust (Montreal, Canada), Gérald Frère and Ségolène Gallienne-Frère	October 24, 2024	5%	§ 34	3.51	–	3.51
BlackRock, Inc., Wilmington, Delaware, USA[1]	October 1, 2024	5%	§§ 34, 38 par. 1 no. 1, 2	6.83	0.10	6.93
Amundi S.A., Paris, France	May 29, 2024	3%	§ 34	3.0025	–	3.0025
Flossbach von Storch AG, Cologne, Germany	April 17, 2024	3%	§ 34	2.83	–	2.83
The Capital Group Companies, Inc., Los Angeles, USA	February 12, 2024	5%	§ 34	5.05	–	5.05
The Goldman Sachs Group, Inc., Wilmington, DE, USA	December 12, 2023	5%	§§ 34, 38 par. 1 no. 1, 2	0.18	4.77	4.95
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	October 10, 2023	3%	§§ 34, 38 par. 1 no. 1, 2	3.02	0.21	3.23
Elian Corporate Trustee (Cayman) Limited, Camana Bay, Grand Cayman, Cayman Islands[2]	September 16, 2022	5%	§§ 34, 38 par. 1 no. 2	3.12	3.33	6.46

1 Group restructure following the acquisition of Global Infrastructure Management LLC ("GIP").
2 Voluntary group notification due to threshold crossing on the subsidiary level.

The details on the percentage of shareholdings and voting rights may no longer be up to date.

Capital management

The company's policy is to maintain a strong capital base so as to uphold investor, creditor, and market confidence and to sustain future development of the business.

adidas seeks to maintain a balance between a higher return on equity that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The company further aims to maintain adjusted net borrowings below two times EBITDA (Earnings before interests, taxes, depreciation and amortization, and impairment losses and reversals) over the long term. adidas received strong first-time investment-grade ratings by both Standard & Poor's and Moody's in August 2020. Standard & Poor's gave adidas an 'A+' rating, and Moody's granted the company an 'A2' rating. The initial outlook for both ratings was 'stable' as both rating agencies recognized the company's strong credit metrics, robust liquidity profile, and conservative financial policies. In November 2022, both Standard & Poor's and Moody's revised their outlook for adidas to 'negative' due to a deterioration in credit metrics amid pressure on the company's operating performance from economic as well as company specific challenges. In February 2023, Standard & Poor's lowered its rating on adidas to 'A-,' while Moody's downgraded the company to 'A3,' both with a 'negative' outlook. Due to adidas showing strong improvements in revenue growth and financial performance, Standard & Poor's revised adidas' outlook to 'stable' in October 2024, acknowledging stronger-than-expected operating performance and credit metrics. In December 2024 Moody's as well changed the outlook to 'stable' from 'negative' reflecting the ongoing improvements in the company financial performance. Overall, adidas' investment-grade credit ratings continue to ensure an efficient access to capital markets.

Financial leverage amounts to 66.1% (2023: 98.6%) and is defined as the ratio between adjusted net borrowings in an amount of € 3.622 billion (2023: € 4.518 billion) and shareholders' equity in an amount of € 5.476 billion (2023: € 4.580 billion). EBITDA amounted to € 2.465 billion for the financial year ending December 31, 2024 (2023: € 1.358 billion). The ratio between adjusted net borrowings and EBITDA amounted to 1.5 for the 2024 financial year (2023: 3.3).

Composition of EBITDA € in millions

	2024	2023
Income before taxes	**1,121**	**65**
Adjustments for:		
Depreciation, amortization, and impairment losses	1,208	1,212
Reversals of impairment losses	(28)	(42)
Interest income	(57)	(39)
Interest expense	221	162
EBITDA	**2,465**	**1,358**

The composition of the adjusted net borrowings is presented below:

Composition of adjusted net borrowings € in millions

	Dec. 31, 2024	Dec. 31, 2023
Short-term borrowings	570	549
Long-term borrowings	1,915	2,430
Current lease liability	607	545
Non-current lease liability	2,495	2,039
Pensions and similar obligations	144	139
Factoring	21	70
Subtotal	**5,752**	**5,772**
Cash and cash equivalents	2,455	1,431
Short-term financial assets	–	34
Less trapped cash	325	211
Less accessible cash and cash equivalents	**2,130**	**1,254**
Adjusted net borrowings	**3,622**	**4,518**

Reserves

Reserves within shareholders' equity are as follows:

- **Capital reserve:** primarily comprises the paid premium for the issuance of share capital as well as expenses recognized for share-based payment for Executive Board members and third parties.
- **Cumulative currency translation differences:** comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.
- **Hedging reserve:** comprises the effective portion of the cumulative net change in the fair value of cash flow hedges (intrinsic value for options and spot component for forward contracts) related to hedged transactions that have not yet occurred, hedges of net investments in foreign subsidiaries, and the effective portion of the cumulative net change in the fair value of the total return swap.
- **Cost of hedging reserve – options:** comprises the effective portion of the cumulative net change in the fair value of cash flow hedges reflecting cost of hedging of options (time value and premium).
- **Cost of hedging reserve – forward contracts:** comprises the effective portion of the cumulative net change in the fair value of cash flow hedges reflecting cost of hedging of forward contracts (forward component).
- **Other reserves:** comprises the remeasurements of defined benefit plans consisting of the cumulative net change of actuarial gains or losses relating to the defined benefit obligations, the return on plan assets (excluding interest income) and the asset ceiling effect, the remeasurement of the fair value of the equity investments measured at fair value through other comprehensive income, expenses recognized for share option plans, and effects from the acquisition of non-controlling interests, as well as reserves required by law.

- **Retained earnings:** comprises both amounts that are required by the Articles of Association and voluntary amounts that have been set aside by adidas. The reserve includes the unappropriated accumulated profits less dividends paid, and consideration paid for the repurchase of adidas AG shares exceeding the nominal value. In addition, the item includes the effects of the employee stock purchase plan and the transition effects of the implementation of new IFRSs.

The capital reserve includes restricted capital in an amount of € 4 million (2023: € 4 million). Furthermore, other reserves include additional restricted capital in an amount of € 176 million (2023: € 136 million).

Distributable profits and dividends

Profits distributable to shareholders are determined by reference to the retained earnings of adidas AG and calculated under German commercial law.

Based on the resolution of the 2024 Annual General Meeting, the dividend for 2023 was € 0.70 per share (total amount: approx. € 125 million).

The Executive Board of adidas AG will propose to use retained earnings of adidas AG in an amount of € 435 million as reported in the 2024 financial statements of adidas AG for a dividend payment of € 2.00 per share and to carry forward the subsequent remaining amount.

As at February 20, 2025, 178,549,084 dividend-entitled shares exist. This would result in a dividend payment of € 357 million.

26 Share-based payment

Equity-settled share-based payment transactions with employees

In 2016, adidas announced the introduction of an open-ended employee stock purchase plan (the 'plan'). The plan is operated on a quarterly basis, with each calendar quarter referred to as an 'investment quarter.'

The plan enables employees to purchase adidas AG shares with a 15% discount ('investment shares') and to benefit from free matching shares. Currently, eligible employees of adidas AG and 17 other subsidiaries can participate in the plan. Up to two weeks before the start of an investment quarter, each eligible employee can enroll for the plan. The company accepts enrollment requests on the first day of the relevant investment quarter. This is the grant date for the investment and matching shares. The fair value at the vesting date is equivalent to the fair value of the granted equity instruments at this date. The employees invest an amount up to 10% of their gross base salary per quarter in the plan. A few days after the end of the investment quarter, the shares are purchased on the market at fair market value and transferred to the employees. Thereby the amount invested during the quarter plus the top-up from adidas is used. These shares can be sold at any time by the employee. If the shares are held for a period of one year after the last day of an investment quarter, employees will receive, as a one-off, free matching shares (one matching share for every six adidas AG shares acquired). This plan currently constitutes an equity-settled share-based payment for both elements. For the component of the matching shares relating to the specific period of service an appropriate discount is taken into account. The effects are presented in the following table:

Equity-settled share-based payment transactions with employees

	As at Dec. 31, 2023	As at December 31, 2024				
	25th investment quarter	25th investment quarter	26th investment quarter	27th investment quarter	28th investment quarter	29th investment quarter
Grant date	Oct. 2, 2023	Oct. 2, 2023	Jan. 2, 2024	Apr. 2, 2024	Jul. 1, 2024	Oct. 1, 2024
Share price at grant date (in €)	164.60	164.60	182.22	202.40	219.50	232.80
Share price at December 31 (in €)	184.16					236.80
Number of granted investment shares based on the share price as at December 31	33,696					25,507
Number of actually purchased investment shares	–	35,776	29,071	27,680	27,352	–
Outstanding granted matching shares based on the share price as at December 31 or actually purchased investment shares	5,616	–	4,845	4,613	4,559	4,251
Average remaining vesting period in months as at December 31 (in months)	12	–	3	6	9	12

The number of forfeited matching shares during the period amounted to 1,375 (2023: 4,646).

As at December 31, 2024, the total expenses recognized relating to investment shares amounted to € 3.5 million (2023: € 3.4 million).

Expenses recognized relating to vesting of matching shares amounted to € 3.1 million in 2024 (2023: € 3.3 million).

As at December 31, 2024, a total amount of € 6 million (2023: € 5 million) was invested by the participants in the stock purchase plan and was not yet transferred into shares by the end of December. Therefore, this amount has been included in 'Other current financial liabilities.' ▶ SEE NOTE 17

Further information about the purchase of shares for the employee stock purchase plan is provided in these Notes. ▶ SEE NOTE 25

Equity-settled share-based payment transactions with third parties

In 2023, adidas entered into a promotion and advertising contract that includes a share-based payment transaction with third parties. The contract has a term of up to five years. The agreement grants a transfer of shares, which correspond up to a value of US $ 26 million. In 2023 and 2024, no transfer of shares took place.

The expenses for shares are recognized over the vesting period of five years. The expense amounts to € 7 million in 2024 (2023: € 7 million). In 2024, this amounts to a provision of € 14 million (2023: € 7 million).

Equity-settled share-based payment for Executive Board members

The 'Long-Term Incentive Plan' ('LTIP') pursues the goal of aligning the long-term performance-based variable remuneration of the Executive Board with the performance of the company and thus with the interests of the shareholders.

Until 2023 it consists of annual tranches, each with a term of five years. Each of the annual tranches consists of a performance year and a subsequent four-year holding period. For this LTIP, the Supervisory Board has set financial and ESG-related performance criteria for each of the performance years.

As part of the compensation system applicable from 2024, the Supervisory Board has introduced a revised Long Term Incentive Plan (LTIP) for the long-term performance-related variable compensation. This LTIP consists of annual tranches with a term of four years each. The performance period is three years. The LTIP Bonus granted has to be fully invested into the acquisition of adidas AG shares after deducting applicable taxes and social security contributions. The shares acquired are subject to a one-year lock-up period. The LTIP payout amount is considered earned only after expiry of the lock-up period and only then can the Executive Board members dispose of the shares. The performance criteria determined in the LTIP 2024 comprise operating profit, relative shareholder return compared to the DAX, and two ESG targets.

Share-based payment arrangements, particularly those linked to the Total Shareholder Return (TSR) metric, are recognized with a fair value. This model ensures that awards under the LTIP made to employees are valued accurately at the grant date and expensed over the period they vest.

To assess the fair value of share plans tied to the TSR, the company used a Monte Carlo Simulation model. The TSR metric considers both share price appreciation and dividends paid, providing a detailed measure of the returns delivered to adidas shareholders relative to the DAX.

Key parameters in the Monte Carlo Simulation are:

- The expected volatility of the adidas AG share. Historical share price data is analyzed to estimate the fluctuation of the share price over the vesting period.
- The correlation between the adidas AG share price movements and that of the DAX to estimate how adidas' TSR will rank against the DAX.
- The risk-free interest rate, which is usually determined by yields on government bonds with a term that aligns with the vesting period of the LTIP.
- The anticipated dividends that shareholders may receive during the vesting period are factored into the simulation, which influences the total returns calculated in the TSR metric.
- The duration over which the TSR is measured.

A substantial number of simulation scenarios for TSR are generated to capture a wider range of potential outcomes for future share price movements. The expected value derived from the Monte Carlo model is a combination of TSR simulations and expectations on the other non-market KPIs which are regularly updated in their entirety.

Assumptions for valuation at grant

	adidas	DAX
Expected term	3 years	3 years
Share price / DAX price index	179.72	15,778.70
Expected volatility	36.6%	17.5%
Risk free rate	2.4%	2.4%

Expected value of adidas LTIP as at December 31, 2024 amounts to 116.7%.

The annual LTIP tranche ('Grant Amount') is paid to the Executive Board members after the end of the performance period and after approval of the consolidated financial statements and is to be fully invested by the Executive Board members in the acquisition of adidas AG shares. Only after the end of each holding period can the Executive Board members dispose of the shares.

As of December 31, 2024, the total number of adidas AG shares acquired since 2021 as part of the variable performance-based compensation and subject to a holding period amounts to 55,208 no-par-value shares (2023: 38,327 no-par-value shares acquired since 2020). The number of adidas AG shares acquired by the members of the Executive Board is shown below:

LTIP Bonus: Acquisition of shares in the context of the long-term variable compensation in €

LTIP tranche	2023	2022	2021
Grant amount	7,599,000	–	14,182,500
Payout amount	3,961,806	–	7,449,357
Purchase price	202.40	–	210.10
Number of purchased shares	**19,573**	**–**	**35,455**
End of lock-up period	Dec. 31, 2027	–	Dec. 31, 2025

Cash-settled share-based payment transactions with employees

In 2017, adidas implemented a Long-Term Incentive Plan (LTIP), which is a share-based remuneration scheme with cash settlement. 'RSUs' ('Restricted Stock Units') are granted on the condition that the beneficiary is employed for three or four years by adidas AG or one of its subsidiaries in a position where they are not under notice during that period. This minimum period of employment pertains to the calendar year in which the RSUs are granted and the three subsequent calendar years. As an exception in 2023, RSUs were granted with a minimum term of employment of one and two years, and in 2024 RSUs were granted with a minimum term of employment of two years.

The total value of the cash remuneration payable to senior management is recalculated on each reporting date and on the settlement date, based on the fair value of the RSUs, and recognized through an appropriate increase in the provision as personnel expenses that are spread over the period of service of the beneficiary. Furthermore, social security contributions are considered in the calculation of the fair value, if appropriate for the respective country regulations and the seniority of the participants. All changes to the subsequent measurement of this provision are reported under personnel expenses.

Once a year, one tranche with a three-year term and another with a four-year term are issued. The number of RSUs granted depends on the seniority of the beneficiaries. In addition, for the four-year plan, the number of RSUs also depends on the achievement of a financial and ESG-related target. In addition, in 2023, the option to issue two additional tranches with a two-year and a one-year maturity was exercised, and in 2024, the option to issue additional tranche with a two-year maturity was exercised.

The value of one RSU is the average price of the adidas AG share as quoted for the first 20 stock exchange trading days in January of the respective financial year. The effects are presented in the following table:

Cash-settled share-based payment transactions with employees

	As at December 31, 2024			
Plan year	**2021**		**2022**	
Tranche	4-year tranche	3-year tranche	4-year tranche	3-year tranche
Share price as at December 31 (in €)	236.80	–	235.51	236.80
Number of granted RSUs based on the share price as at December 31 (in €)	147,298	–	63,456	182,481
Average risk-free interest rate based on the share price as at December 31	2.75%	–	2.62%	2.75%
Average remaining vesting period as at December 31 (in months)	–	–	12	–

Cash-settled share-based payment transactions with employees

	As at December 31, 2024					
Plan year	**2023**			**2024**		
Tranche	4-year tranche	3-year tranche	2-year tranche	4-year tranche	3-year tranche	2-year tranche
Share price as at December 31 (in €)	233.86	235.51	236.80	231.95	233.86	235.51
Number of granted RSUs based on the share price as at December 31 (in €)	238,711	100,857	10,992	290,382	293,906	1,398
Average risk-free interest rate based on the share price as at December 31	2.50%	2.62%	2.75%	2.37%	2.50%	2.62%
Average remaining vesting period as at December 31 (in months)	24	12	–	36	24	12

Cash-settled share-based payment transactions with employees

	As at December 31, 2023			
Plan year	**2020**		**2021**	
Tranche	4-year tranche	3-year tranche	4-year tranche	3-year tranche
Share price as at December 31 (in €)	184.16	–	183.47	184.16
Number of granted RSUs based on the share price as at December 31 (in €)	20,405	–	182,438	26,257
Average risk-free interest rate based on the share price as at December 31	3.61%	–	3.60%	3.61%
Average remaining vesting period as at December 31 (in months)	–	–	12	–

Cash-settled share-based payment transactions with employees

	As at December 31, 2023						
Plan year	**2022**			**2023**			
Tranche	4-year tranche	3-year tranche	2-year tranche	4-year tranche	3-year tranche	2-year tranche	1-year tranche
Share price as at December 31 (in €)	182.22	183.47	184.16	180.61	182.22	183.47	184.16
Number of granted RSUs based on the share price as at December 31 (in €)	77,407	206,748	2,130	304,563	111,577	11,972	9,010
Average risk-free interest rate based on the share price as at December 31	3.47%	3.60%	3.61%	3.24%	3.47%	3.60%	3.61%
Average remaining vesting period as at December 31 (in months)	24	12	–	36	24	12	–

The fair value is based on the closing price of the adidas AG share on December 31, 2024, adjusted for future dividend payments.

In 2024, this resulted in an expense of € 80 million (2023: € 59 million). The corresponding provision amounted to € 163 million (2023: € 80 million).

27 Non-controlling interests

This line item within equity comprises the non-controlling interests in subsidiaries that are not directly or indirectly attributable to adidas AG.

Non-controlling interests are assigned to one subsidiary as at December 31, 2024, and to two subsidiaries as at December 31, 2023.

The remaining non-controlling interest of 15% of adidas Israel Ltd., were acquired on January 31, 2024.

For the following subsidiaries with non-controlling interests, the main financial information is presented combined.

Subsidiaries with non-controlling interests

Legal entity name	Principal place of business	Ownership interests held by non-controlling interests	
		Dec. 31, 2024	Dec. 31, 2023
Agron, Inc.	USA	100%	100%
adidas Israel Ltd.	Israel	–	15%

The following table presents the main financial information on subsidiaries with significant non-controlling interests before elimination.

Financial information on subsidiaries with non-controlling interests € in millions

	Non-controlling interests		
	Dec. 31, 2024	Dec. 31, 2023	
	Total	Total	Thereof: Agron, Inc.
Net sales	504	669	520
Net income	**68**	**61**	**62**
Net income attributable to non-controlling interests	**68**	**61**	**62**
Other comprehensive income	24	(14)	(14)
Total comprehensive income	**92**	**47**	**48**
Total comprehensive income attributable to non-controlling interests	**92**	**48**	**48**
Current assets	377	384	288
Non-current assets	109	140	116
Current liabilities	(90)	(139)	(65)
Non-current liabilities	(4)	(11)	–
Net assets	**392**	**373**	**340**
Net assets attributable to non-controlling interests according to the consolidated statement of financial position	**392**	**345**	**340**
Net cash generated from operating activities	129	64	77
Net cash used in investing activities	(34)	(0)	(10)
Net cash used in financing activities	(40)	(27)	(33)
Net increase of cash and cash equivalents	**55**	**37**	**34**
Dividends paid to non-controlling interests during the year[1]	**40**	**33**	**33**

1 Included in net cash used in financing activities.

28 Financial instruments

Carrying amounts of financial instruments and their fair values including hierarchy according to IFRS 13 € in millions

	Category	December 31, 2024					December 31, 2023				
		Carry-ing amount	Fair value	Level 1	Level 2	Level 3	Carry-ing amount	Fair value	Level 1	Level 2	Level 3
Financial assets											
Cash and cash equivalents											
Cash and cash equivalents	Amortized cost	959		–	–	–	596		–	–	–
Cash equivalents	Fair value through profit or loss	1,496	1,496	–	1,496	–	835	835	–	835	–
Short-term financial assets	Fair value through profit or loss	–	–	–	–	–	34	34	–	34	–
Accounts receivable	Amortized cost	2,413		–	–	–	1,906		–	–	–
Other current financial assets											
Derivatives used in hedge accounting	n.a.	213	213	–	213	–	67	67	–	67	–
Derivatives not used in hedge accounting	Fair value through profit or loss	26	26	–	26	–	21	21	–	21	–
Earn-out components	Fair value through profit or loss	58	58	–	–	58	–	–	–	–	–
Earn-out components	Amortized cost	99	–	–	–	–	–	–	–	–	–
Other investments	n.a.	75	75	–	75	–	8	8	–	8	–
Other financial assets	Amortized cost	479		–	–	–	518		–	–	–
Long-term financial assets											
Other equity investments	Fair value through profit or loss	94	94	–	–	94	91	91	–	–	91
Other equity investments	Fair value through other comprehensive income	83	83	0	–	83	83	83	1	–	82
Other investments	Fair value through profit or loss	50	50	–	50	–	44	44	–	44	–
Other investments	n.a.	113	113	–	113	–	83	83	–	83	–
Other non-current financial assets											
Derivatives used in hedge accounting	n.a.	13	13	–	13	–	2	2	–	2	–
Earn-out components	Fair value through profit or loss	97	97	–	–	97	301	301	–	–	301
Other financial assets	Amortized cost	123		–	–	–	115		–	–	–
Financial assets per level				**0**	**1,986**	**331**			**1**	**1,095**	**474**
Financial liabilities											
Short-term borrowings											
Bank borrowings	Amortized cost	70		–	–	–	49		–	–	–
Eurobond	Amortized cost	499	502	502	–	–	500	488	488	–	–
Accounts payable	Amortized cost	3,096		–	–	–	2,276		–	–	–
Current accrued liabilities	Amortized cost	1,019		–	–	–	842		–	–	–
Current accrued liabilities for customer discounts	Amortized cost	667		–	–	–	565		–	–	–
Other current financial liabilities											
Derivatives used in hedge accounting	n.a.	62	62	–	62	–	88	88	–	88	–
Derivatives not used in hedge accounting	Fair value through profit or loss	15	15	–	15	–	15	15	–	15	–
Other financial liabilities	Amortized cost	114		–	–	–	163		–	–	–
Current lease liabilities	n.a.	607		–	–	–	545		–	–	–
Long-term borrowings											
Bank borrowings	Amortized cost	26	26	–	26	–	44	44	–	44	–

Carrying amounts of financial instruments and their fair values including hierarchy according to IFRS 13 € in millions

	Category	December 31, 2024					December 31, 2023				
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Eurobond	Amortized cost	1,889	1,742	1,742	–	–	2,386	2,234	2,234	–	–
Other non-current financial liabilities											
Derivatives used in hedge accounting	n.a.	1	1	–	1	–	6	6	–	6	–
Non-current lease liabilities	n.a.	2,495		–	–	–	2,039		–	–	–
Financial liabilities per level				**2,243**	**104**	**–**			**2,721**	**154**	**–**
Thereof: aggregated by category according to IFRS 9											
Financial assets at fair value through profit or loss (FVTPL)		1,820					1,326				
Financial assets at fair value through other comprehensive income (FVOCI)		83					83				
Thereof: equity investments (without recycling to profit and loss)		83					83				
Financial assets at amortized cost (AC)		4,073					3,135				
Financial liabilities at fair value through profit or loss (FVTPL)		15					15				
Financial liabilities at amortized cost (AC)		7,381					6,825				

Level 1 is based on quoted prices in active markets for identical assets or liabilities.
Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 is based on inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation of fair value hierarchy Level 3 in 2024 € in millions

				Realized		Unrealized				
	Fair value Jan. 1, 2024	Additions	Disposals	Gains	Losses	Gains	Losses	Transfers	Currency translation	Fair value Dec. 31, 2024
Investments in other equity instruments held for trading (FAHfT)	89	–	–	–	–	3	–	–	–	91
Investments in other equity instruments (FVTPL)	2	–	–	–	–	–	–	–	–	2
Investments in other equity instruments (FVOCI)	82	–	(0)	–	–	1	–	–	–	83
Earn-out components (assets)	301	–	(100)	–	–	53	–	(99)	–	155

Reconciliation of fair value hierarchy Level 3 in 2023 € in millions

	Fair value Jan. 1, 2023	Additions	Dis-posals	Realized		Unrealized		Transfers	Currency translation	Fair value Dec. 31, 2023
				Gains	Losses	Gains	Losses			
Investments in other equity instruments held for trading (FAHfT)	87	–	–	–	–	2	–	–	–	89
Investments in other equity instruments (FVTPL)	2	–	–	–	–	–	–	–	–	2
Investments in other equity instruments (FVOCI)	84	3	(0)	–	–	–	(4)	–	–	82
Earn-out components (assets)	227	–	–	–	–	74	–	–	–	301

Due to the short-term maturities of cash and cash equivalents, short-term financial assets, and accounts receivable and payable, as well as other current financial receivables and payables, their respective fair values equal their carrying amount.

The fair values of non-current financial assets and liabilities are estimated by discounting expected future cash flows using current interest rates for debt of similar terms and remaining maturities and adjusted by a company-specific credit risk premium or measured at market prices.

Fair values of long-term financial assets are based on quoted market prices in an active market or are calculated as present values of expected future cash flows.

adidas designated certain investments as equity securities at fair value through other comprehensive income (equity), because the company intends to hold those investments for the long term in order to gain insights into innovative production technologies and trends. The designation of certain equity instruments at fair value through other comprehensive income (equity) is based on a strategic Management decision.

In accordance with IFRS 13, the following tables show the valuation methods used in measuring Level 1, Level 2, and Level 3 fair values, as well as the significant unobservable inputs used. No reclassifications between hierarchy levels were made in 2024. A review of the hierarchy levels is carried out regularly by adidas.

Financial instruments Level 1 measured at fair value

Type	Valuation method	Significant unobservable inputs	Category
Eurobond	The fair value is based on the market price of the eurobond on the balance sheet date.	Not applicable	Amortized cost
Other equity investments	The fair value is based on the market price of the investment on the balance sheet date.	Not applicable	Fair value through other comprehensive income

Financial instruments Level 2 measured at fair value

Type	Valuation method	Significant unobservable inputs	Category
Cash equivalents and short-term financial assets (money market funds)	The discounted cash flow method is applied, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. Due to their short-term maturities, it is assumed that their respective fair value is equal to the notional amount.	Not applicable	Fair value through profit or loss
Long-term financial assets (investment securities)	The fair value is based on the market price of the assets on the balance sheet date.	Not applicable	Fair value through profit or loss
Forward exchange contracts	adidas applies the par method (forward NPV) for all currency pairs to calculate the fair value, implying actively traded forward curves.	Not applicable	n.a./fair value through profit or loss
Currency options	adidas applies among others the Garman-Kohlhagen model, which is an extended version of the Black-Scholes model.	Not applicable	n.a./fair value through profit or loss
Total return swap (for own shares)	The fair value is based on the market price of the adidas AG share on the balance sheet date, minus accrued interest.	Not applicable	n.a./fair value through profit or loss

Financial instruments Level 3 measured at fair value

Type	Valuation method	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement	Category
Investment in FC Bayern München AG	This equity security does not have a quoted market price in an active market. Existing contractual arrangements (based on the externally observable dividend policy of FC Bayern München AG) are used in order to calculate the fair value on the balance sheet date. These dividends are recognized in other financial income.	See column 'Valuation method'		Fair value through profit or loss
Earn-out components (assets)	The valuation is based on the DCF Method, considering Monte Carlo Simulations to simulate future gross royalty income. The derived earn-out payments are discounted using a risk-adjusted discount rate. The fair value adjustment is recognized in discontinued operations.	Risk-adjusted maturity-specific discount rate (10.6% – 10.9%), gross royalty income	The estimated fair value would increase by 11% (decrease by 10%) if gross royalty income were 10% higher (10% lower). The estimated fair value would increase by 1% (decrease by 2%) if the risk-adjusted discount rate was 1pp lower (1pp higher).	Fair value through profit or loss
Investments in other equity instruments (fair value through profit or loss)	The significant inputs (financing rounds) used to measure fair value include one or more events where objective evidence of any changes was identified, considering expectations regarding future business development. The fair value adjustment is recognized in other financial result.	See column 'Valuation method'		Fair value through profit or loss
Investments in other equity instruments (fair value through other comprehensive income)	The option to measure equity instruments at fair value through other comprehensive income upon implementation of IFRS 9 has been exercised. The significant inputs (financing rounds) used to measure fair value include one or more events where objective evidence of any changes was identified, considering expectations regarding future business development. The fair value adjustment is recognized in other reserves.	See column 'Valuation method'		Fair value through other comprehensive income

Net gains/(losses) on financial instruments recognized in the consolidated income statement € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Financial assets classified at amortized cost (AC)	13	(9)
Financial assets at fair value through profit or loss (FVTPL)	101	69
Thereof: designated as such upon initial recognition	5	–
Thereof: classified as held for trading	–	–
Equity instruments at fair value through profit or loss (FVTPL)	3	2
Thereof: classified as held for trading	3	2
Equity instruments at fair value through other comprehensive income (FVOCI)	–	–
Financial liabilities at amortized cost (AC)	6	3
Financial liabilities at fair value through profit or loss (FVTPL)	0	–
Thereof: designated as such upon initial recognition	0	–
Thereof: classified as held for trading	–	–

Net gains or losses on financial assets measured at amortized cost comprise mainly impairment losses and reversals.

Net gains or losses on financial assets or financial liabilities classified as fair value through profit or loss include the effects from fair value measurements of the derivatives that are not part of a hedging relationship, and changes in the fair value of other financial instruments as well as interest expenses.

Net gains or losses on equity instruments at fair value through profit or loss mainly include fair value adjustments based on the respective valuation method. ▶ SEE TABLE 'FINANCIAL INSTRUMENTS LEVEL 3 MEASURED AT FAIR VALUE'

During 2024, no dividends regarding equity instruments at fair value through other comprehensive income were recognized.

Net gains or losses on financial liabilities measured at amortized cost include effects from early settlement and reversals of accrued liabilities and refund liabilities.

Notional amounts of all outstanding currency hedging instruments € in millions

	Dec. 31, 2024	Dec. 31, 2023
Forward exchange contracts	9,734	7,893
Currency options	853	407
Total	**10,587**	**8,300**

Fair values € in millions

	Dec. 31, 2024		Dec. 31, 2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Forward exchange contracts	229	(78)	81	(109)
Currency options	23	(1)	9	(1)
Total	**252**	**(79)**	**90**	**(110)**

Notional amounts of outstanding US dollar hedging instruments € in millions

	Dec. 31, 2024	Dec. 31, 2023
Forward exchange contracts	4,761	3,449
Currency options	690	353
Total	**5,451**	**3,802**

Financial risks

Currency risks

Currency risks, to which adidas is particularly exposed, are a direct result of multi-currency cash flows within the company. The vast majority of the transactional risk arises from product sourcing in US dollars, while sales are typically denominated in the functional currency of the respective companies. The currencies in which these transactions are mainly denominated are the US dollar, British pound, Japanese yen, and Korean won.

As governed by the company's Treasury Policy, adidas has established a hedging system on a rolling basis up to 24 months in advance, under which the vast majority of the anticipated seasonal hedging volume is secured approximately six months prior to the start of a season. In rare instances, hedges are contracted beyond the 24-month horizon.

adidas uses a combination of different hedging instruments, such as forward exchange contracts, currency options, and currency swaps or combinations of different instruments, to protect itself against unfavorable currency movements. These contracts are generally designated as cash flow hedges.

Furthermore, translation impacts from the conversion of non-euro-denominated results into the company's functional currency, the euro, might lead to a material negative impact on the company's financial performance.

Further information about the accounting and hedge accounting treatment is included in these Notes.

▶ SEE NOTE 02

Exposures are presented in the following table:

Exposure to foreign exchange risk based on notional amounts € in millions

	USD	GBP	JPY	KRW
As at December 31, 2024				
Exposure from firm commitments and forecast transactions	(6,676)	1,095	507	450
Balance sheet exposure including intercompany exposure	(83)	(7)	7	59
Total gross exposure	**(6,759)**	**1,088**	**514**	**509**
Hedged with currency options	690	–	(163)	–
Hedged with forward contracts	3,259	(853)	(204)	(304)
Net exposure	**(2,810)**	**235**	**147**	**205**
As at December 31, 2023				
Exposure from firm commitments and forecast transactions	(4,684)	869	474	338
Balance sheet exposure including intercompany exposure	(369)	(18)	(22)	6
Total gross exposure	**(5,053)**	**851**	**452**	**344**
Hedged with currency options	353	–	54	–
Hedged with forward contracts	2,761	(765)	(257)	(243)
Net exposure	**(1,939)**	**86**	**249**	**101**

The exposure from firm commitments and forecast transactions was calculated on a one-year basis.

In line with IFRS 7 requirements, the company has calculated the impact on net income and shareholders' equity based on changes in the most important currency exchange rates. The calculated impacts mainly result from changes in the fair value of the hedging instruments. The analysis does not include effects that arise from the translation of the company's foreign entities' financial statements into the company's reporting currency, the euro. The sensitivity analysis is based on the net balance sheet exposure, including intercompany balances from monetary assets and liabilities denominated in foreign currencies. Moreover, all outstanding currency derivatives were re-evaluated using hypothetical foreign exchange rates to determine the effects on net income and equity.

Sensitivity analysis of foreign exchange rate changes € in millions

	USD	GBP	JPY	KRW
As at December 31, 2024				
	EUR +10%	**EUR +10%**	**EUR +10%**	**EUR +10%**
Equity	(280)	74	29	23
Net income	(8)	–	–	(4)
	EUR -10%	**EUR -10%**	**EUR -10%**	**EUR -10%**
Equity	355	(91)	(34)	(29)
Net income	10	(1)	1	6
As at December 31, 2023				
	EUR +10%	**EUR +10%**	**EUR +10%**	**EUR +10%**
Equity	(198)	66	27	21
Net income	17	2	2	–
	EUR -10%	**EUR -10%**	**EUR -10%**	**EUR -10%**
Equity	263	(81)	(33)	(25)
Net income	(20)	(2)	(3)	1

Based on this analysis, a 10% increase in the euro versus the US dollar at December 31, 2024, would have led to a € 8 million decrease in net income.

The more negative market values of the US dollar hedges would have decreased shareholders' equity by € 280 million. A 10% weaker euro at December 31, 2024, would have led to a € 10 million increase in net income. Shareholders' equity would have increased by € 355 million. The impacts of fluctuations of the euro against the British pound, the Japanese yen, and the Korean won on net income and shareholders' equity are also included in accordance with IFRS requirements.

However, many other financial and operational variables that could potentially reduce the effect of currency fluctuations are excluded from the analysis. For instance:

- Interest rates, commodity prices, and all other exchange rates are assumed constant.
- Exchange rates are assumed at a year-end value instead of the more relevant sales-weighted average figure, which the company utilizes internally to better reflect both the seasonality of its business and intra-year currency fluctuations.
- The underlying forecast cash flow exposure (which the hedge instrument mainly relates to) is not required to be revalued in this analysis.
- Operational aspects, such as potential discounts for key accounts, which have high transparency regarding the impacts of currency on our sourcing activities (due to their own private label sourcing efforts), are also excluded from this analysis.
- The credit risk is not considered as part of this analysis.

The company also largely hedges balance sheet risks. Due to its strong global position, adidas is able to partly minimize the currency risk by utilizing natural hedges. The company's gross US dollar cash flow exposure calculated for 2024 was around € 5.0 billion at year-end 2024, which was hedged using forward exchange contracts, currency options, currency swaps, or combinations of different instruments.

Credit risks

A credit risk arises if a customer or other counterparty to a financial instrument fails to meet its contractual obligations. adidas is exposed to credit risks from its operating activities and from certain financing activities. Credit risks arise principally from accounts receivable and, to a lesser extent, from other third-party contractual financial obligations such as other financial assets, short-term bank deposits, and derivative financial instruments. Without taking into account any collateral or other credit enhancements, the carrying amount of financial assets and accounts receivable represents the maximum exposure to credit risk.

At the end of 2024, there was no relevant concentration of credit risk by type of customer or geography. The company's credit risk exposure is mainly influenced by individual customer characteristics. Under the company's credit policy, new customers are analyzed for creditworthiness before standard payment and delivery terms and conditions are offered. Tolerance limits for accounts receivable are also established for each customer. Both creditworthiness and accounts receivable limits are monitored on an ongoing basis. Customers that fail to meet the company's minimum creditworthiness are, in general, allowed to purchase products only on a prepayment basis.

Other activities to mitigate credit risks include retention of title clauses as well as, on a selective basis, credit insurance, the sale of accounts receivable without recourse, and bank guarantees. Further quantitative information on the extent to which credit enhancements mitigate the credit risk of accounts receivable is included in these Notes. ▸ SEE NOTE 05

At the end of 2024, no customer accounted for more than 10% of accounts receivable.

The Treasury department arranges currency, commodity, interest rate, and equity hedges, and invests cash with major banks of a high credit standing throughout the world. adidas subsidiaries are authorized to work with banks rated BBB+ or higher. Only in exceptional cases are subsidiaries authorized to work with banks rated lower than BBB+. To limit risk in these cases, restrictions are clearly stipulated, such as maximum cash deposit levels. In addition, the credit default swap premiums of the company's partner banks are monitored on a monthly basis. In the event that the defined threshold is exceeded, credit balances are shifted to banks compliant with the limit.

adidas furthermore believes that the risk concentration is limited due to the broad distribution of the investment business of the company with a high number of globally operating banks. At December 31, 2024, no bank accounted for more than 10% of the investments of adidas. Including subsidiaries' short-term deposits in local banks, the average concentration was 1%. This leads to a maximum exposure of € 120 million in the event of default of any single bank. The investment exposure was further diversified by investing into AAA-rated money market funds.

In addition, in 2024, adidas held derivatives of foreign exchange with a positive fair market value in the amount of € 252 million. The maximum exposure to any single bank resulting from these assets amounted to € 57 million and the average concentration was 9%.

In accordance with IFRS 7, the following table includes further information about set-off possibilities of financial assets and liabilities. The majority of agreements between financial institutions and adidas include a mutual right to set off. However, these agreements do not meet the criteria for offsetting in the statement of financial position, because the right to set off is enforceable only in the event of counterparty defaults. Below table shows the financial instruments which qualify for set-off in the statement of financial position as well as the gross amounts of recognized financial assets and liabilities as they do not meet the criteria for offsetting in the financial statement even there is a mutual right to set off between the counterparties in place.

The carrying amounts of recognized financial instruments, which are subject to the agreements mentioned here, are also presented in the following table:

Set-off possibilities of financial assets and liabilities € in millions

	2024		2023
Assets	**Derivatives**	**Other investments**	
Gross amounts of recognized financial assets	258	188	96
Financial instruments which qualify for set-off in the statement of financial position	(5)	–	–
Net amounts of financial assets presented in the statement of financial position	**252**	**188**	**96**
Set-off possible due to master agreements	(75)	–	(83)
Total net amount of financial assets	**178**	**188**	**13**
Liabilities			
Gross amounts of recognized financial liabilities	(79)	–	(126)
Financial instruments which qualify for set-off in the statement of financial position	1	–	–
Net amounts of financial liabilities presented in the statement of financial position	**(78)**	**–**	**(126)**
Set-off possible due to master agreements	75	–	83
Total net amount of financial liabilities	**(4)**	**–**	**(43)**

Interest rate risks

Changes in global market interest rates affect future interest payments for variable-interest liabilities. As adidas does not have material variable-interest liabilities, even a significant increase in interest rates should have only slight adverse effects on the company's profitability, liquidity, and financial position.

To reduce interest rate risks and maintain financial flexibility, a core tenet of the company's financial strategy is to continue to use surplus cash flow from operations to reduce short-term gross borrowings. Beyond that, adidas may consider adequate hedging strategies through interest rate derivatives in order to mitigate interest rate risks.

Share price risks

Share price risks arise due to the Long-Term Incentive Plan (LTIP), which is a share-based remuneration scheme with cash settlement. In order to mitigate share price risks, it is company strategy to hedge against share price fluctuations. Swaps are used to hedge the Long-Term Incentive Plan and are classified as cash flow hedges.

In line with IFRS 7 requirements, adidas has calculated the impact on net income based on changes in the company's share price. A 10% increase in the adidas AG share price versus the closing share price at December 31, 2024, would have led to a € 12 million increase in net income and a € 6 million increase in shareholders' equity, whereas a 10% decrease in the adidas AG share price versus closing share price at December 31, 2024, would have led to a € 12 million decrease in net income and would have decreased shareholders' equity by € 6 million.

Financing and liquidity risks

Liquidity risks arise from not having the necessary resources available to meet maturing liabilities with regard to timing, volume, and currency structure. In addition, the company faces the risk of having to accept unfavorable financing terms due to liquidity restraints. The Treasury department uses an efficient cash management system in order to make best use of the operating cash flow. A twelve-month rolling cash flow forecast on a monthly basis is established to manage liquidity risk. In line with the Financial Policy, adidas aims to maintain a target leverage ratio and a target twelve months liquidity coverage. Committed and uncommitted credit lines ensure further financial flexibility. Overall, adidas' investment grade credit ratings ensure an efficient access to capital markets.

At December 31, 2024, cash and cash equivalents together with marketable securities amounted to € 2.455 billion (2023: € 1.465 billion). Moreover, the company maintains € 3.656 billion (2023:€ 3.648 billion) in bilateral credit lines, which are designed to ensure sufficient liquidity at all times. Thereof, € 1.864 billion has been firmly committed since December 2023 as part of a syndicated credit facility with our core banks.

Future cash outflows arising from financial liabilities that are recognized in the consolidated statement of financial position are presented in the table.

This includes payments to settle obligations from borrowings as well as cash outflows from cash-settled derivatives with negative market values. Financial liabilities that may be settled in advance without penalty are included on the basis of the earliest date of potential repayment. Cash flows for variable-interest liabilities are determined with reference to the conditions at the balance sheet date.

Future cash outflows € in millions

	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	More than 5 years	Total
As at December 31, 2024							
Bank borrowings	70	19	7	–	–	–	96
Eurobond[1]	543	428	19	519	519	518	2,546
Accounts payable	3,096	–	–	–	–	–	3,096
Other financial liabilities	114	–	–	–	–	–	114
Accrued liabilities[2]	1,019	–	–	–	–	–	1,019
Derivative financial liabilities	2,711	163	–	–	–	–	2,874
Total	**7,553**	**610**	**26**	**519**	**519**	**518**	**9,745**
As at December 31, 2023							
Bank borrowings	48	19	19	7	–	–	93
Eurobond[1]	543	543	428	19	519	1,037	3,089
Accounts payable	2,276	–	–	–	–	–	2,276
Other financial liabilities	163	–	–	–	–	–	163
Accrued liabilities[2]	842	–	–	–	–	–	842
Derivative financial liabilities	3,915	321	–	–	–	–	4,236
Total	**7,787**	**883**	**447**	**26**	**519**	**1,037**	**10,699**

1 Including interest payments.
2 Accrued interest excluded.

adidas ended the year 2024 with an adjusted net borrowings of € 3.622 billion (2023: € 4.518 billion). Further information in the methodology for calculating adjusted net borrowings is provided in these Notes.
▶ SEE NOTE 25

Financial instruments for the hedging of foreign exchange and share price risk

As at December 31, 2024, adidas held the following instruments to hedge exposure to changes in foreign currency and share price:

Average hedge rates

	Maturity	
As at December 31, 2024	**short-term**	**long-term**
Foreign currency risk		
Net exposure (€ in millions)	**1,547**	**321**
Forward exchange contracts		
Average EUR/USD forward rate	1.104	1.113
Average EUR/GBP forward rate	0.863	0.850
Average EUR/JPY forward rate	156.492	154.522
Average EUR/KRW forward rate	1,459.582	–
Option exchange contracts		
Average EUR/USD forward rate	1.081	1.050
Average EUR/GBP forward rate	–	–
Average EUR/JPY forward rate	165.994	–
Average EUR/KRW forward rate	–	–
Equity risk		
Net exposure (€ in millions)	**70**	**79**
Total return swap		
Average hedge rate	222.475	165.225

Average hedge rates

	Maturity	
As at December 31, 2023	**short-term**	**long-term**
Foreign currency risk		
Net exposure (€ in millions)	**948**	**266**
Forward exchange contracts		
Average EUR/USD forward rate	1.096	1.100
Average EUR/GBP forward rate	0.881	0.876
Average EUR/JPY forward rate	141.099	149.574
Average EUR/KRW forward rate	1,381.800	1,412.180
Option exchange contracts		
Average EUR/USD forward rate	1.103	1.100
Average EUR/GBP forward rate	–	–
Average EUR/JPY forward rate	146.908	–
Average EUR/KRW forward rate	–	–
Equity risk		
Net exposure (€ in millions)	**12**	**90**
Total return swap		
Average hedge rate	277.298	199.049

The amounts at the reporting date relating to items designated as hedged items were as follows:

Designated hedged items as at December 31, 2024 € in millions

	Change in value used for calculating hedge ineffectiveness	Hedging reserve	Cost of hedging reserve	Balances remaining in the cash flow hedging reserve from hedge relationships for which hedge accounting is no longer applied
Foreign currency risk				
Sales	(31)	(31)	(3)	–
Inventory purchases	(152)	180	9	–
Net foreign investment risk	–	(265)	–	–
Equity risk				
Long-Term Incentive Plans	(24)	19	–	–

Designated hedged items as at December 31, 2023 € in millions

	Change in value used for calculating hedge ineffectiveness	Hedging reserve	Cost of hedging reserve	Balances remaining in the cash flow hedging reserve from hedge relationships for which hedge accounting is no longer applied
Foreign currency risk				
Sales	(145)	40	(19)	–
Inventory purchases	(34)	(66)	19	–
Net foreign investment risk	–	(265)	–	–
Equity risk				
Long-Term Incentive Plans	(46)	(0)	–	–

The majority of the hedging reserves of € 265 million for net foreign investment risk contains hedges of € 181 million related to the Chinese renminbi and € 76 million to the Russian ruble for which by the end of 2024 no outstanding hedging instruments were in place anymore.

The amounts relating to items designated as hedging instruments and hedged ineffectiveness were as follows:

Designated hedge instruments € in millions

	2024							During the period 2024				
	Nominal amount	Carrying amount of hedging reserve	Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in hedging reserve	Changes in the value of the hedging instrument recognized in cost of hedging reserve	Hedge ineffectiveness recognized in profit or loss	Line item in income statement which includes hedge ineffectiveness	Amount from hedging reserve transferred to inventory	Amount from cost of hedging reserve transferred to inventory	Amount reclassified from hedging reserve to profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in income statement affected by the reclassification
Foreign ex change contracts – sales	3,211	(31)	Other financial assets/ liabilities	31	(49)	–	Cost of sales	–	–	(4)	23	Cost of sales
Foreign exchange contracts – inventory purchases	3,883	180	Other financial assets/ liabilities	152	(21)	–	Cost of sales	(36)	65	1	(1)	Cost of sales
Foreign exchange contracts – net foreign investments	–	–	Other financial assets/ liabilities	–	–	–	Financial result	–	–	–	–	Financial result
Total return swap – Long-Term Incentive Plans	149	19	Other financial assets/ long-term financial assets	24	–	–	Financial result	–	–	(5)	–	Other operating expenses

Designated hedge instruments € in millions

	2023								During the period 2023				
		Carrying amount											
	Nominal amount	Assets	Liabilities	Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in hedging reserve	Changes in the value of the hedging instrument recognized in cost of hedging reserve	Hedge ineffectiveness recognized in profit or loss	Line item in income statement which includes hedge ineffectiveness	Amount from hedging reserve transferred to inventory	Amount from cost of hedging reserve transferred to inventory	Amount reclassified from hedging reserve to profit or loss	Amount reclassified from cost of hedging reserve to profit or loss	Line item in income statement affected by the reclassification
Foreign exchange contracts – sales	2,798	60	(19)	Other financial assets/ liabilities	145	(140)	–	Net Sales	–	–	20	63	Net Sales
Foreign exchange contracts – inventory purchases	3,040	2	(69)	Other financial assets/ liabilities	34	(49)	–	Cost of sales	(76)	75	–	–	Cost of sales
Foreign exchange contracts – net foreign investments	–	–	–	Other financial assets/ liabilities	–	–	–	Financial result	–	–	–	–	Financial result
Total return swap – Long-Term Incentive Plans	102	(11)	–	Other financial assets/ liabilities	46	–	–	Financial result	–	–	(23)	–	Other operating expenses

Some of the initial planned exposure for purchases and sales in foreign currencies ceased to exist, which led to certain overhedge positions. In accordance with IFRS 9, hedge accounting was immediately discontinued for hedging instruments that were no longer covered by a purchase or sales transaction, and, at the time the over-hedged status was determined, the fair value was transferred from the hedging reserve to the income statement. In 2024, a loss of € 1 million was reclassified into the cost of sales.

In addition, hedging instruments not designated as hedge accounting in accordance with IFRS 9 were canceled to minimize the economic risk.

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

Changes of reserves by risk category € in millions

	Hedging reserve	Cost of hedging reserve
Balance at January 1, 2024	**(287)**	**(7)**
Cash flow hedges		
Changes in fair value:		
Foreign currency risk – sales	(94)	41
Foreign currency risk – inventory purchases	220	38
Foreign currency risk – net foreign investment	–	–
Amount no longer recognized in OCI:		
Foreign currency risk	48	(79)
Contracts during the year	–	13
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	–	–
Tax on movements of reserves during the year	33	1
Equity hedges		
Changes in fair value:	24	–
Amount reclassified to profit or loss	(5)	–
Balance at December 31, 2024	**(61)**	**7**

Changes of reserves by risk category € in millions

	Hedging reserve	Cost of hedging reserve
Balance at January 1, 2023	**(150)**	**(64)**
Cash flow hedges		
Changes in fair value:		
Foreign currency risk – sales	(54)	103
Foreign currency risk – inventory purchases	(165)	78
Foreign currency risk – net foreign investment	–	–
Amount no longer recognized in OCI:		
Foreign currency risk	56	(138)
Contracts during the year	1	14
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	–	–
Tax on movements on reserves during the year	70	3
Equity hedges		
Changes in fair value:	46	–
Amount reclassified to profit or loss	(23)	–
Balance at December 31, 2023	**(217)**	**(4)**

In order to determine the fair values of derivatives that are not publicly traded, adidas uses generally accepted quantitative financial models based on market conditions prevailing at the balance sheet date.

Notes to the Consolidated Income Statement

29 Other operating income

Other operating income consists of the following:

Other operating income € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Income from transitional service agreements	–	50
Income from release of accrued liabilities and other provisions	124	7
Gains from disposal of fixed assets	30	7
Sundry income	20	7
Other operating income	**174**	**71**

The decrease in income from transition services agreements relates to contracts with the buyer of the Reebok business from 2022. adidas discontinued these services during the year 2023.

The increase in income from release of accrued liabilities and other provisions reflects the release of prior years' accruals in an amount of around € 100 million following the Yeezy settlement.

30 Other operating expenses

Expenses are presented by function according to the 'cost of sales method' in the income statement with the exception of impairment losses (net) on accounts receivable and contract assets, which are disclosed in a separate line item as required by IFRS 9 'Financial Instruments.'

Other operating expenses presented by functions include marketing and point-of-sale expenses, distribution and selling expenses, and general and administration expenses, as well as sundry expenses less any income from government grants, if applicable.

Marketing and point-of-sale expenses consist of promotion and communication spending such as promotion contracts, advertising, events, and other communication activities. However, they do not include marketing overhead expenses, which are presented in distribution and selling expenses.

The distribution and selling expenses consist of sales force and sales administration costs, direct and indirect supply chain costs, and marketing overhead expenses, as well as expenses for research and development, which amounted to € 170 million in 2024 (2023: € 151 million).

General and administration expenses include the functions IT, Finance, Legal, Human Resources, and Facilities & Services, as well as General Management.

Sundry expenses consist mainly of costs for one-time effects as well as losses from disposal of fixed assets.

Income from government grants is reported as a deduction from the related expenses and amounted to € 4 million in 2024 (2023: € 27 million).

31 Cost by nature

Supplementary information on the expenses by nature is detailed below.

Cost of materials represents the amount of inventories recognized as an expense during the period.

Depreciation of tangible and right-of-use assets, amortization of intangible assets, and impairment losses and reversals of impairment losses on those assets are primarily included within other operating expenses unless they are directly attributable to the production costs, in which case the expenses are included within the cost of sales.

Personnel expenses are primarily included within other operating expenses unless they are directly attributable to the production costs, in which case the expenses are included within the cost of sales.

Expenses relating to leases of low-value assets exclude short-term leases of low-value assets.

Expenses by nature € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Cost of materials	**11,610**	**11,189**
Depreciation and amortization	**1,170**	**1,095**
Thereof: included within the cost of sales	11	13
Thereof: included within personnel expenses	15	11
Impairment losses	**38**	**108**
Reversals of impairment losses	**(28)**	**(34)**
Wages and salaries	2,769	2,580
Social security contributions	307	266
Pension expenses	107	119
Personnel expenses	**3,184**	**2,964**
Expense relating to short-term leases	**5**	**19**
Expense relating to leases of low-value assets	**1**	**1**
Expense relating to variable lease payments	**134**	**122**

Further information on expenses by function is provided in these Notes. ▶ SEE NOTE 30

32 Financial income/Financial expenses

Financial result consists of the following:

Financial income € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Interest income from financial instruments measured at amortized cost	57	39
Interest income from non-financial assets	0	0
Other	44	40
Financial income	**101**	**79**

Financial expenses € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Interest expense on financial instruments measured at amortized cost	196	157
Thereof: interest expense on lease liabilities	99	86
Interest expense on other provisions and non-financial liabilities	25	3
Net foreign exchange losses	93	121
Other	2	2
Financial expenses	**317**	**282**

Interest income from financial instruments, measured at amortized cost, mainly consists of interest income from bank deposits and loans calculated using the 'effective interest method.'

Interest income/expense from financial instruments at fair value through profit or loss mainly includes interest payments from investment funds as well as net interest payments from interest derivatives not being part of a hedging relationship. In 2024, as well as in the previous year, there were no interest income/expenses from financial instruments at fair value through profit or loss. Unrealized gains/losses from fair value measurement of such financial assets are shown in other financial income or expenses.

Interest expense on financial instruments measured at amortized cost mainly includes interest on lease liabilities as well as interest on borrowings calculated using the 'effective interest method.'

Interest expense on other provisions, and non-financial liabilities in particular, include effects from the measurement of other provisions at present value and interest on non-financial liabilities such as tax payables.

Information regarding investments, borrowings, and financial instruments is also included in these Notes.
▶ SEE NOTE 13 ▶ SEE NOTE 16 ▶ SEE NOTE 28

33 Hyperinflation

Due to the rapid devaluation of the Argentinian peso and the Turkish lira, Argentina and Turkey are considered to be hyperinflationary and as a result, the application of IAS 29 was adopted for the first time in the third quarter of 2018 (Argentina) and the second quarter of 2022 (Turkey). The financial statements of those subsidiaries that have the Argentinian peso or Turkish lira as a functional currency had been restated for the change in the general purchasing power retrospectively since January 1, 2018 (Argentina), and January 1, 2022 (Turkey). The financial statements are based on a historical cost approach. The prior-year figures of both, the Argentinian peso and the Turkish lira are stated in terms of the measuring unit current at December 31, 2023.

The Argentinian price index (FACPCE) at December 31, 2024, was 102,555.86 (2023: 44,914.03), increasing by 128% (2023: 198%). The price index in Turkey (Turkish Statistical Institute) increased by 44% (2023: 65%) and at December 31, 2024, was 2,684.55 (2023: 1,859.38).

Both for Argentina and for Turkey, for the translation into the presentation currency (euro), all amounts were translated at the closing rate at December 31, 2024. The net assets in the subsidiary's local financial statements were adjusted for changes in the price level.

In 2024, the respective loss on the net monetary position has amounted to € 48 million (2023: € 103 million) and is recognized in the financial expenses.

34 Income taxes

adidas AG and its German subsidiaries are subject to German corporate and trade taxes. For the years ending December 31, 2024 and 2023, the statutory corporate income tax rate of 15% plus a surcharge of 5.5% thereon is applied to earnings. The municipal trade tax is approximately 11.4% of taxable income.

For non-German subsidiaries, deferred taxes are calculated based on tax rates that have been enacted or substantively enacted by the closing date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

As a result they are presented in the consolidated statement of financial position as follows:

Deferred tax assets/liabilities € in millions

	Dec. 31, 2024	Dec. 31, 2023
Deferred tax assets	1,272	1,358
Deferred tax liabilities	(133)	(147)
Deferred tax assets, net	**1,139**	**1,211**

The movement of deferred taxes net is as follows:

Movement of deferred taxes € in millions

	2024	2023
Deferred tax assets, net as at January 1	**1,211**	**1,082**
Deferred tax (expense)/income	(39)	149
Change in deferred taxes attributable to remeasurements of defined benefit plans recorded in other comprehensive income[1]	3	3
Change in deferred taxes attributable to the change in the effective portion of the fair value of qualifying hedging instruments recorded in other comprehensive income[2]	(39)	1
Currency translation differences	3	(23)
Deferred tax assets, net as at December 31	**1,139**	**1,211**

1 See Note 23.
2 See Note 28.

Gross company deferred tax assets and liabilities after valuation allowances, but before appropriate offsetting, are attributable to the items detailed in the table below:

Deferred taxes € in millions

	Dec. 31, 2024	Dec. 31, 2023
Non-current assets	441	480
Current assets	334	334
Liabilities and provisions	957	622
Accumulated tax loss carry-forwards	195	260
Deferred tax assets	**1,927**	**1,696**
Non-current assets	392	356
Current assets	126	17
Liabilities and provisions	270	113
Deferred tax liabilities	**788**	**485**
Deferred tax assets, net	**1,139**	**1,211**

Deferred tax assets are recognized only to the extent that the realization of the related benefit is probable. For the assessment of probability, in addition to past performance and the respective prospects for the foreseeable future, appropriate tax structuring measures are also taken into consideration.

Deferred tax assets for which the realization of the related tax benefits is not probable decreased from € 308 million to € 293 million for the year ending December 31, 2024. The majority of this amount relates to capital tax losses in the US, which expire in 2027 and can only be offset against capital income. The remaining unrecognized deferred tax assets relate to subsidiaries operating in markets where the realization of the related tax benefit is not considered probable.

Tax expenses

Tax expenses are split as follows:

Income tax expenses € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Current tax expenses	278	271
Deferred tax expense/(income)	19	(147)
Income tax expenses	**297**	**124**

The deferred tax expense includes tax income of € 104 million in total (2023: tax expense of € 7 million) related to the origination and reversal of temporary differences.

The company's applicable tax rate is 27.4% (2023: 27.4%), being the applicable income tax rate of adidas AG.

The company's effective tax rate differs from the applicable tax rate of 27.4% as follows:

Tax rate reconciliation

	Year ending Dec. 31, 2024		Year ending Dec. 31, 2023	
	€ in millions	in %	€ in millions	in %
Expected income tax expenses	307	27.4	18	27.4
Tax rate differentials	(114)	(10.2)	(5)	(8.4)
Non-deductible expenses and tax-free income	23	2.0	61	92.4
Losses for which benefits were not recognizable and changes in valuation allowances	(5)	(0.4)	(1)	(2.1)
Changes in tax rates	10	0.8	0	0.3
Other, net	(2)	(0.2)	2	3.8
Withholding tax expenses	78	7.0	50	76.0
Income tax expenses	**297**	**26.5**	**124**	**189.2**

In 2024, the effective tax rate was 26.5%. The effective tax rate in 2023 was 189.2%.

The line item 'Non-deductible expenses and tax-free income' includes tax expense/benefits relating to tax-free income, movements in provisions for uncertain tax positions and tax expense/benefits relating to prior periods. In 2024, the tax expense relating to prior periods is € 35 million (2023: tax income of € 9 million).

For 2024, the line item 'Losses for which benefits were not recognizable and changes in valuation allowances' mainly relates to valuation allowances in respect of Argentina (€ 8 million) and a release of the valuation allowances for Hong Kong (€ 8 million) and Russia (€ 6 million). For 2023, this line item mainly related to changes in valuation allowances for Russia, the US and Argentina.

For 2024, the total tax benefit arising from previously unrecognized tax losses, credits, or temporary differences in prior years that lead to a reduction of current tax expense is below € 1 million (2023: € 6 million).

For 2024 the line item 'Changes in tax rates' mainly reflects a tax rate decrease in Switzerland. For 2023, there were no effects that exceed € 1 million.

The group is within the scope of the OECD Pillar Two model rules (Global Minimum Tax) and it applies the IAS 12 exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes. The group will incur top-up taxes due to the Pillar Two legislation that became effective January 1, 2024.

Under the legislation, the group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. The vast majority of entities within the group have an effective tax rate that exceeds 15%, with material exceptions for subsidiaries in the United Arab Emirates and Hong Kong.

Considering the impact of specific adjustments in the Pillar Two legislation, the group recognized a current income tax expense of € 4 million for the year 2024. This is included in income tax in the statement of profit or loss.

35 Earnings per share

Basic earnings per share are calculated by dividing the net income from continuing operations attributable to shareholders by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by adidas and held as treasury shares. If negative earnings per share are reported, according to IAS 33.41, no anti-dilutive effect may be taken into account.

Earnings per share

	Continuing operations		Discontinued operations		Total	
	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Net income/(loss) from continuing operations (€ in millions)	824	(58)	–	–	–	–
Net income attributable to non-controlling interests (€ in millions)	68	61	–	–	–	–
Net income/(loss) attributable to shareholders (€ in millions)	**756**	**(120)**	**8**	**44**	**764**	**(75)**
Weighted average number of shares	178,549,084	178,543,596	178,549,084	178,543,596	178,549,084	178,543,596
Basic earnings per share (€)	**4.24**	**(0.67)**	**0.04**	**0.25**	**4.28**	**(0.42)**
Net income/(loss) attributable to shareholders (€ in millions)	756	(120)	8	44	764	(75)
Net income/(loss) used to determine diluted earnings per share (€ in millions)	**756**	**(120)**	**8**	**44**	**764**	**(75)**
Weighted average number of shares	178,549,084	178,543,596	178,549,084	178,543,596	178,549,084	178,543,596
Dilutive effect of share-based payments	14,301	14,019	14,301	14,019	14,301	14,019
Weighted average number of shares for diluted earnings per share	**178,563,385**	**178,557,615**	**178,563,385**	**178,557,615**	**178,563,385**	**178,557,615**
Diluted earnings per share (€)	**4.24**	**(0.67)**	**0.04**	**0.25**	**4.28**	**(0.42)**

Additional information

36 Segmental information

adidas operates predominantly in one industry segment – the design, distribution, and marketing of athletic and sports lifestyle products.

At the start of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes.

Since January 1, 2024, the EMEA market has been divided into two separate markets, Europe and Emerging Markets. Russia is allocated to the 'other businesses' as it is no longer monitored separately by the chief operating decision-maker due to the discontinuation of business activities. In addition, the Asia-Pacific market has been split into two separate markets, Japan and South Korea, while Southeast Asia and Pacific have been merged with the new Emerging Markets market. The North America, Latin America, and Greater China markets remain unchanged.

In line with this reporting structure of the company for management purposes by market and in accordance with the definition of IFRS 8 'Operating Segments,' seven operating segments have thus been identified as of January 1, 2024: Europe, Emerging Markets, North America, Greater China, Latin America, Japan, and South Korea. Due to the small size of the two operating segments Japan and South Korea, they are not reportable segments and are therefore reported as 'all other segments' under the designation Japan/South Korea for external segment reporting.

Each market comprises all wholesale, retail, and e-commerce business activities relating to the distribution and sale of products of the adidas brand to retail customers and end consumers.

Other Businesses includes the business activities of the Y-3 label and other subordinated businesses which are not monitored separately by the chief operating decision-maker. Also, certain centralized corporate functions do not meet the definition of IFRS 8 for an operating segment. This includes, in particular, functions such as Global Brands and Global Sales (central brand and distribution management), central treasury, and global sourcing as well as other headquarter functions. Assets, liabilities, income, and expenses relating to these corporate functions are presented in the reconciliations.

The chief operating decision-maker for adidas has been defined as the entire Executive Board of adidas AG.

Net sales represent revenue from contracts with customers. There are no intersegment sales between the reportable segments. Accounting and valuation policies applied for reporting segmental information are the same as those used for adidas. ▶ SEE NOTE 02

The results of the operating segments are defined as gross profit minus other operating expenses plus royalty and commission income and other operating income attributable to the segment or group of segments, however, without considering headquarter costs and central expenses for marketing.

Segmental assets include accounts receivable as well as inventories. Only these items are reported to the chief operating decision-maker on a regular basis. Depreciation, amortization, impairment losses (except for goodwill), and reversals of impairment losses as well as capital expenditure for tangible and intangible assets are part of the segmental reporting, even though segmental assets do not contain tangible and intangible assets. Depreciation and amortization as well as impairment losses and reversals of impairment losses not directly attributable to a segment are presented under line items ‘HQ’ and ‘Consolidation’ in the reconciliations.

Segmental liabilities only contain accounts payable from operating activities as there are no other liability items reported regularly to the chief operating decision-maker.

Interest income and interest expenses as well as income taxes are not allocated to the reportable segments and are not reported separately to the chief operating decision-maker.

Segmental information[1] I € in millions

	Net sales (third parties)[2]		Segmental gross profit[2]		Segmental operating profit[2]		Segmental assets[3]	
	2024	2023	2024	2023	2024	2023	2024	2023
Europe	7,551	6,302	3,795	2,896	1,485	852	2,149	1,882
North America	5,128	5,219	2,210	2,094	480	261	1,646	1,737
Greater China	3,459	3,190	1,717	1,554	714	553	899	735
Emerging Markets	3,310	2,850	1,698	1,425	738	626	1,272	1,048
Latin America	2,772	2,291	1,329	1,046	614	482	1,029	865
Reportable segments	**22,219**	**19,853**	**10,749**	**9,015**	**4,031**	**2,774**	**6,994**	**6,266**
Japan/South Korea	1,339	1,293	711	679	295	268	414	326
Other Businesses	104	199	61	93	30	54	39	50
Total	**23,662**	**21,344**	**11,521**	**9,787**	**4,355**	**3,096**	**7,447**	**6,642**

1 Prior year adjusted in context of introduction of new segment structure.
2 Year ending December 31.
3 At December 31.

Segmental information[1] II € in millions

	Segmental liabilities[2]		Capital expenditure[3]		Depreciation and amortization[3]		Impairment losses and reversals of impairment losses[3]	
	2024	2023	2024	2023	2024	2023	2024	2023
Europe	187	181	84	62	256	210	(11)	41
North America	74	123	87	73	172	159	13	18
Greater China	338	184	69	50	201	205	3	10
Emerging Markets	151	101	72	76	160	129	(0)	5
Latin America	112	111	26	31	59	57	(0)	–
Reportable segments	**862**	**700**	**339**	**292**	**849**	**760**	**5**	**75**
Japan/South Korea	38	30	29	17	77	77	4	15
Other Businesses	3	6	2	2	5	4	(4)	(13)
Total	**903**	**736**	**370**	**311**	**931**	**840**	**5**	**77**

1 Prior year adjusted in context of introduction of new segment structure.
2 At December 31.
3 Year ending December 31.

The following table shows the net sales (with third parties) broken down by segment and product group.

Net sales (with third parties)[1,2,3] € in millions

	Europe		North America		Greater China		Emerging Markets	
	2024	2023	2024	2023	2024	2023	2024	2023
Footwear	4,405	3,438	2,938	2,826	1,933	1,819	2,104	1,696
Apparel	2,618	2,432	1,776	1,920	1,421	1,293	1,005	943
Accessories and Gear	526	432	414	474	104	78	210	210
Total	**7,551**	**6,302**	**5,128**	**5,219**	**3,459**	**3,190**	**3,310**	**2,850**

	Latin America		Reportable segments		Japan/South Korea		Other Businesses	
	2024	2023	2024	2023	2024	2023	2024	2023
Footwear	1,792	1,494	13,172	11,273	754	675	28	53
Apparel	829	650	7,648	7,238	514	540	53	78
Accessories and Gear	151	148	1,406	1,342	71	78	22	68
Total	**2,772**	**2,291**	**22,226**	**19,853**	**1,339**	**1,293**	**104**	**199**

	Total	
	2024	2023
Footwear	13,975	12,083
Apparel	8,216	7,856
Accessories and Gear	1,499	1,488
Total	**23,683**	**21,427**

1 Prior year adjusted in context of introduction of new segment structure.
2 Prior year adjusted due to category reclassification of hyperinflation-related effects.
3 Differences to aggregated net sales may arise due to items which are not directly attributable.

Reconciliations

The following tables include reconciliations of segmental information to the aggregate numbers of the consolidated financial statements, taking into account items which are not directly attributable to a segment.

Net sales (third parties)[1] € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Reportable segments	22,219	19,853
Japan/South Korea	1,339	1,293
Other Businesses	104	199
HQ / Consolidation	21	83
Total net sales	**23,683**	**21,427**

1 Prior year adjusted in context of introduction of new segment structure.

Gross profit € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Reportable segments	10,749	9,015
Japan/South Korea	711	679
Other Businesses	61	93
HQ / Consolidation	506	398
Gross profit	**12,026**	**10,184**

Operating profit[1] € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Operating profit for reportable segments	4,031	2,774
Operating profit for Japan/South Korea	295	268
Operating profit for Other Businesses	30	54
HQ	(2,196)	(2,015)
Central expenditure for marketing	(906)	(823)
Consolidation	83	9
Operating profit	**1,337**	**268**
Financial income	101	79
Financial expenses	(317)	(282)
Income before taxes	**1,121**	**65**

1 Prior year adjusted in context of introduction of new segment structure.

Capital expenditure[1] € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Reportable segments	339	292
Japan/South Korea	29	17
Other Businesses	2	2
HQ	170	193
Total	**540**	**504**

1 Prior year adjusted in context of introduction of new segment structure.

Depreciation and amortization[1] € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Reportable segments	849	760
Japan/South Korea	77	77
Other Businesses	5	4
HQ	240	255
Total	**1,170**	**1,095**

1 Prior year adjusted in context of introduction of new segment structure.

Impairment losses and reversals of impairment losses[1] € in millions

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Reportable segments	5	75
Japan/South Korea	4	15
Other Businesses	(4)	(13)
HQ	4	(2)
Total	**9**	**75**

1 Prior year adjusted in context of introduction of new segment structure.

Assets[1] € in millions

	Dec. 31, 2024	Dec. 31, 2023
Accounts receivable and inventories of reportable segments	6,994	6,266
Accounts receivable and inventories of Japan/South Korea	414	326
Accounts receivable and inventories of Other Businesses	39	50
Accounts receivable and inventories of HQ	(45)	(211)
Current financial assets	3,405	2,220
Other current assets	1,098	1,159
Non-current assets	8,751	8,211
Total	**20,655**	**18,020**

1 Prior year adjusted in context of introduction of new segment structure.

Liabilities[1] € in millions

	Dec. 31, 2024	Dec. 31, 2023
Accounts payable of reportable segments	862	700
Accounts payable of Japan/South Korea	38	30
Accounts payable of Other Businesses	3	6
Accounts payable of HQ	2,194	1,540
Current financial liabilities	1,368	1,359
Other current liabilities	5,129	4,408
Non-current liabilities	5,194	5,052
Total	**14,788**	**13,095**

1 Prior year adjusted in context of introduction of new segment structure.

Geographical information

Net sales (third parties) are shown in the geographic market in which the net sales are realized. Non-current assets are allocated to the geographic market based on the domicile of the respective subsidiary independent of the segmental structure and consist of tangible assets, goodwill, trademarks, other intangible assets, right-of-use assets, and other non-current assets.

Geographical information[1] by market € in millions

	Net sales (third parties)		Non-current assets	
	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Europe	7,589	6,429	3,181	2,670
North America	5,134	5,225	1,262	1,216
Greater China	3,476	3,232	929	936
Emerging Markets	3,311	2,907	762	737
Latin America	2,765	2,270	194	165
Japan/South Korea	1,408	1,365	401	409
Total	**23,683**	**21,427**	**6,728**	**6,134**

1 Prior year adjusted in context of introduction of new segment structure.

Geographical information by country € in millions

	Net sales (third parties)		Non-current assets	
	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Germany[1]	1,461	1,180	1,471	1,353
USA	4,730	4,819	1,179	1,120
China	3,097	2,823	898	767

1 Prior year adjusted due to reallocation of items which are not directly attributable.

37 Additional cash flow information

In 2024, the increase in net cash generated from operating activities compared to the prior year results was primarily due to an increase in income before taxes which was partly offset by a less favorable operating working capital development versus the prior year.

The net cash used in investing activities in 2024 is mainly related to spending on intangible assets and property, plant, and equipment which was partly offset by proceeds from sale of a disposal group from prior years.

Net cash used in financing activities mainly related to the repayment of the bond, repayments of lease liabilities, interests paid, and dividend paid to shareholders of adidas AG.

The effects resulting from the application of IAS 29 'Accounting in hyperinflationary countries' are recorded in the cash flow from operating activities in the line 'IAS 29 hyperinflation effects in operating cashflow'.

In 2024, the following changes in financial liabilities impacted the net cash used in financing activities:

Impact of change in financial liabilities on net cash used in financing activities € in millions

			Non-cash effects					
	Jan. 1, 2024	Net (payments) / proceeds in the period[1]	IFRS 16 lease obligations	Fair value adjustments	Transfer within financial liabilities	Effect of exchange rates	Other[1]	Dec. 31, 2024
Short-term borrowings	549	(561)	–	–	518	–	64	570
Long-term borrowings	2,430	(47)	–	–	(518)	–	50	1,915
Lease liabilities	2,584	(755)	1,143	–	–	29	102	3,102
Total	**5,564**	**(1,364)**	**1,143**	**–**	**–**	**29**	**216**	**5,587**

1 Interest payments and interest expenses are reported separately in the reconciliation of financial liabilities in 'Net payments/receipts in the period' and 'Other'.

Impact of change in financial liabilities on net cash used in financing activities € in millions

			Non-cash effects					
	Jan. 1, 2023	Net (payments) / proceeds in the period[1]	IFRS 16 lease obligations	Fair value adjustments	Transfer within financial liabilities	Effect of exchange rates	Other[1]	Dec. 31, 2023
Short-term borrowings	527	(522)	–	–	519	–	25	549
Long-term borrowings	2,946	(50)	–	–	(519)	–	52	2,430
Lease liabilities	2,986	(689)	292	–	–	(91)	86	2,584
Total	**6,459**	**(1,260)**	**292**	**–**	**–**	**(91)**	**163**	**5,564**

1 Interest payments and interest expenses are reported separately in the reconciliation of financial liabilities in 'Net payments/receipts in the period' and 'Other'.

38 Other financial commitments and contingencies

adidas has other financial commitments for promotion and advertising contracts, which mature as follows:

Financial commitments for promotion and advertising € in millions

	Dec. 31, 2024	Dec. 31, 2023
Within 1 year	1,491	1,291
Between 1 and 5 years	4,485	3,620
After 5 years	2,146	1,507
Total	**8,122**	**6,418**

Commitments with respect to promotion and advertising contracts maturing after five years have remaining terms of up to 14 years from December 31, 2024. The increase compared to the prior year mainly relates to the prolongation and renewal of major sports marketing contracts.

Service arrangements

adidas has outsourced certain logistics, maintenance and information technology functions, for which it has entered into long-term contracts. Financial commitments under these contracts mature as follows:

Financial commitments for service arrangements € in millions

	Dec. 31, 2024	Dec. 31, 2023
Within 1 year	291	409
Between 1 and 5 years	342	790
After 5 years	36	468
Total	**669**	**1,667**

The reduction compared to the prior year mainly relates to an obligation for a distribution center, which was recognized as a lease liability in 2024 after the distribution center went into operation.

Contingent liabilities

As of December 31, 2024, contingent liabilities exist in connection with guarantees from leases in the amount of € 58 million. These mainly relate to the Reebok business and could not be terminated upon its sale.

Litigation and other legal risks

The company is currently engaged in various lawsuits resulting from the ordinary course of business, mainly in connection with commercial and partnership agreements as well as intellectual property rights. The risks triggered by these lawsuits are covered by provisions if and to the extent a reliable estimate of the company’s potential liability can be made. In the opinion of Management, the ultimate liabilities resulting from such claims will not materially affect the assets, liabilities, financial position and profit or loss of the company. ▶ SEE NOTE 18

The company is in dispute with the local revenue authorities in South Africa (SARS) with regard to the customs value of imported products. In June 2018, SARS issued a ruling claiming a customs payment including interest and penalties for the years 2007 to 2013 totaling ZAR 1,871 million (€ 95 million). adidas has applied for a suspension of the payment demand and in 2019 instituted legal action against the decision before the High Court in South Africa. In case the court rules in favor of SARS, adidas intends to appeal the decision at the Supreme Court of South Africa. Based on external legal opinions, Management currently believes that it is more likely than not that the claim made by SARS will eventually not result in an outflow of resources. Therefore, a provision was not recognized in the consolidated statement of financial position.

In connection with the financial irregularities of Reebok India Company in 2012, various legal uncertainties were identified. At this stage, the respective ultimate risk cannot be determined conclusively. However, based on opinions obtained from external counsel and internal assessments, Management assumes that the possibility of any cash outflow in settlement is remote. Therefore, no material negative influence on the assets, liabilities, financial position, and profit of the company is expected.

In connection with the termination of the Yeezy partnership, adidas had initiated in 2022 arbitration proceedings against Kanye West and entities controlled by him (Defendants) claiming, among others, damages. In this context, Defendants filed certain counterclaims against adidas. The dispute was settled by the parties in July 2024; as a result thereof, the parties withdrew their respective claims.

In 2023, plaintiff Hampton Roads Shipping Association – International Longshoremen's Association Funds, an entity which had purchased adidas American Depository Receipts (ADRs) representing adidas AG shares, initiated a securities class action at the US District Court in Portland (Oregon). The plaintiff alleges that the company "recklessly or intentionally made false or misleading statements" regarding risks arising from the business partnership with its former partner Kanye West and/or the company's public commitments to diversity and inclusion by allegedly failing to disclose certain statements and other misconduct of Kanye West. With respect to loss causation and damages, plaintiff points to specific share price drops for adidas ADRs that it connects to adidas's alleged misstatements or omissions. Also, on behalf of other adidas ADR holders, plaintiff seeks monetary compensation for damages suffered from price drops of adidas ADRs. The company rejects these allegations in full and filed a motion to dismiss in February 2024. In August 2024, the US District Court in Portland (Oregon) granted the motion to dismiss as requested by the company. In October 2024, the plaintiff appealed the judgment of the court of first instance. The matter is currently pending at the US Court of Appeals for the Ninth Circuit. Management believes that the complaint will not have any material influence on the assets, liabilities, financial position and profit or loss of the company.

The Company is currently involved in a dispute with the German customs authorities. The central question is around the correct calculation of customs duties and import VAT for products imported into Germany from outside the European Union. In December 2021, the main customs office in Nuremberg began customs audits for the period starting October 2019; these audits have been suspended since March 2023. The customs authorities have issued tax amendment notices for the period from October 2019 to the end of 2021. The company has met the payment obligation for the resulting additional customs duties in full, but has lodged an appeal against the respective notices. In December 2024, the European Public Prosecutor's Office supported by the customs investigation carried out a search at selected adidas sites in Germany and Austria in connection with these customs and tax law issues. The European Public Prosecutor's Office is investigating suspected import duty evasion (customs duties and import VAT). The company is cooperating fully with the customs and law enforcement authorities. Management currently, among other things, believes based on external expert opinions that the effects of this dispute will not have any material influence on the assets, liabilities, financial position, and profit or loss of the company.

39 Related party disclosures

According to the definitions of IAS 24 'Related Party Disclosures,' the Supervisory Board and the Executive Board of adidas AG have been identified as related parties who receive compensation essentially in connection with their function as key management personnel. These consolidated financial statements contain detailed information about the compensation of the Supervisory Board and the Executive Board of adidas AG. ► SEE NOTE 40

In addition, a brand ambassador agreement was in place between adidas and the Supervisory Board member Jackie Joyner-Kersee. For her services under this agreement, Jackie Joyner-Kersee in 2024 received a fixed compensation of € 0.2 million (2023: € 0.2 million). As of the reporting date, there were no outstanding balances in this context.

Members of the Executive Board and Supervisory Board and their close family members are free to buy or sell shares of the Company on the market. The shares held by this group of persons are regularly entitled to dividends, so that the dividend, as resolved by the 2024 Annual General Meeting, was paid out per share held to these persons in 2024. The employee representatives on the Supervisory Board are also entitled to participate in the adidas AG employee stock purchase program. Shares are purchased at a discount of 15% on the same terms as for other employees. Participants who hold their self-acquired shares for at least one year will subsequently receive one share for every six shares held without additional payment, provided they are still adidas employees at that time. ► SEE NOTE 26

In addition to their compensation for their Supervisory Board activities, the employee representatives on the Supervisory Board continued to receive salaries under their normal employment contracts. These were not influenced by their Supervisory Board activities.

A schedule of the adidas AG subsidiaries included in the consolidated financial statements is shown in Attachment I to the Notes to the consolidated financial statements. Balances and transactions between the Company and its subsidiaries that are related parties have been eliminated in consolidation and are not presented in these Notes. ► SEE SHAREHOLDINGS

In addition, adidas Pension Trust e.V., a registered association, is regarded as a related party. Based on a Contractual Trust Arrangement, adidas Pension Trust e.V. manages the plan assets in the form of an administrative trust to fund and protect part of the pension obligations of adidas AG. Employees, senior executives, and members of the Executive Board of adidas AG can be members of the registered association. adidas AG has the right to claim a refund of pension payments from adidas Pension Trust e.V. under specific contractually agreed conditions. As of December 31, 2024, adidas Pension Trust e. V. held plan assets of € 392.5 million (2023: € 368.2 million) in trust for adidas AG. In 2024, adidas AG made lease payments of € 7.0 million (2023: € 7.0 million) to adidas Pension Trust e.V. As of December 31, 2024, there were outstanding liabilities to adidas Pension Trust e.V. in the amount of € 0.6 million (2023: € 0.7 million). There were no material outstanding receivables from adidas Pension Trust e.V. as of December 31, 2024 (2023: € 0 million). ► SEE NOTE 23

The non-profit foundation adidas Stiftung, Herzogenaurach, established in 2023, together with its subsidiary (collectively 'the foundation'), is also considered a related party of adidas AG.

In 2023, adidas AG entered into a donation agreement with the foundation, adidas AG has committed to make a donation in a total amount of € 115.3 million over several years to the foundation. This amount was outstanding in full as of December 31, 2023, and recognized as an other liability. In March 2024, this agreement was revised based on mutual agreement with the foundation, the total committed amount was reduced by € 9.2 million as this amount was donated to another foundation to combat antisemitism.

Furthermore, there is a service agreement for the temporary provision of certain services by adidas AG in 2024, for which remuneration of around € 0.3 million was agreed and adidas AG has waived the receivables from the foundation.

In 2024, adidas AG transferred € 16.9 million to the foundation based on the foundation's drawdown in accordance with the donation agreement (2023: adidas AG contributed a total amount of € 1.3 million to the foundation's endowment capital and its other assets for the permanent and sustainable fulfillment of the foundation's purpose).

adidas AG has entered into another donation agreement with the foundation in October 2024. adidas AG has committed to make another donation in a total amount of € 106.0 million over 10 years to the foundation. This amount was outstanding in full as of December 31, 2024 and recognized as other liability. As of December 31, 2024, the total discounted amount outstanding to the foundation was € 183.2 million (Nominal value: € 195.2 million).

40 Other information

Employees

The average numbers of employees are as follows:

Employees

	Year ending Dec. 31, 2024	Year ending Dec. 31, 2023
Own retail	32,676	30,839
Sales	2,928	2,874
Logistics	7,075	7,647
Marketing	4,810	4,553
Central administration	5,279	5,093
Production	399	479
Research and development	1,047	993
Information technology	4,924	5,009
Total	**59,137**	**57,485**

Accountant service fees for the auditor of the financial statements

The expenses for the audit fees comprise the expenses of adidas AG, Herzogenaurach. In 2024, the expenses for fees for the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft amounted to € 5 million (2023: € 3.0 million) of which € 0 million pertain to the previous year.

Fees € in millions

	2024	2023
Audit services	4	2
Other confirmation services	1	1
Tax consultancy services	–	–
Other services	–	–
Sum	**5**	**3**

Expenses for the audit fees of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft were mainly related to the audits of both the consolidated financial statements and the financial statements of adidas AG, the review of essential components of the consolidated interim financial statements as of June 30, 2024, as well as the audit of the financial statements of its subsidiary, adidas CDC Immobilieninvest GmbH.

Other confirmation services relate to confirmation services provided for by law or contract, such as the audit of the non-financial statement and other contractually agreed confirmation services.

Compensation of the Supervisory Board and the Executive Board of adidas AG

Supervisory Board

The total annual compensation to be paid to the Supervisory Board members in accordance with the Articles of Association of adidas AG, including attendance fees, amounted to € 2.9 million in total (2023: € 2.8 million).

The Supervisory Board members did not receive any loans or advance payments in the 2024 financial year.

The consolidated financial statements contain further information on an existing brand ambassador agreement between adidas and the Supervisory Board member Jackie Joyner-Kersee. ► SEE NOTE 39

Executive Board

The total compensation (expense-based) of the Executive Board members amounted to € 34.5 million (2023: € 40.3 million) in the 2024 financial year. Short-term benefits amounted to € 16.9 million (2023: € 12.3 million).

The short-term benefits comprise the one-year Performance Bonus with the performance criteria currency-neutral net sales growth, operating profit, and individual performance criteria.

As part of the compensation system applicable from 2024, the Supervisory Board has introduced a revised Long Term Incentive Plan (LTIP) for the long-term performance-related variable compensation. This LTIP consists of annual tranches with a term of four years each. The performance period is three years. The LTIP Bonus granted has to be fully invested into the acquisition of adidas AG shares after deducting applicable taxes and social security contributions. The shares acquired are subject to a one-year lock-up period. The LTIP payout amount is considered earned only after expiry of the lock-up period and only then can the Executive Board members dispose of the shares. The performance criteria determined in the LTIP 2024 comprise operating profit, relative shareholder return compared to the DAX, and two ESG targets. Costs for the LTIP amounted to € 5.4 million (2023: € 11.3 million).

In the 2024 financial year, a total of € 12.7 million were attributable to severance payments, settlement payments, and payments in connection with non-competition prohibitions (2023: € 15.5 million). Costs for payments after the termination of the service contract (past service costs of the pension commitment for Executive Board members) amounted to € 0.7 million in the 2024 financial year (2023: € 1.2 million). As at December 31, 2024, the defined benefit obligations for pension commitments for the Executive Board members in office in the year under review amounted to € 5.9 million (2023: € 11.2 million).

As of December 31, 2024, there are provisions for short-term variable compensation components for members of the Executive Board amounting to € 8.9 million (2023: € 4.5 million).

The current members of the Executive Board were not granted any loans or advance payments in the 2024 financial year.

Total compensation of the members of the Supervisory Board and the Executive Board pursuant to § 314 (1) in conjunction with § 315e German Commercial Code (Handelsgesetzbuch – HGB)

Total compensation of the Executive Board members amounted to € 24.3 million in the 2024 financial year (2023: € 23.8 million). The fair value at the time of granting the LTIP 2024 amounts to € 7.2 million, comprising 40,239 shares promised.

Executive Board members who were first appointed after January 1, 2021, are not granted any benefits under the company pension scheme. Instead, they receive a so-called pension allowance in the form of an adequate flat, earmarked amount, which is directly paid out to the Executive Board members annually. In this regard, Bjørn Gulden received € 1.1 million, Arthur Hoeld € 0.3 million, Michelle Robertson € 0.4 million, and Mathieu Sidokpohou € 0.04 million in the 2024 financial year.

The total annual compensation to be paid to the members of the Supervisory Board in accordance with the Articles of Association of adidas AG, including attendance fees, totaled € 2.9 million (2023: € 2.8 million).

In the 2024 financial year, payments to former members of the Executive Board and their surviving dependents totaled € 17.3 million (2023: € 21.9 million).

Provisions for pension entitlements were created for the former members of the Executive Board who resigned on or before December 31, 2005, and their surviving dependents, totaling € 46.1 million (2023: € 43.6 million) as at December 31, 2024, before offsetting with the assets of the 'adidas Pension Trust e.V.' There are pension commitments toward former Executive Board members who resigned after December 31, 2005, which are covered by a pension fund or a pension fund in combination with a reinsured pension trust fund. From this, indirect obligations amounting to € 39.1 million (2023: € 38.1 million) arise for which no provisions were created due to financing through the pension fund and pension trust fund. There are pension commitments amounting to € 3.6 million (2023: € 3.4 million) for two former Executive Board members who resigned on or after December 31, 2019.

Companies opting for exemption under § 264 (3) HGB

The subsidiary adidas CDC Immobilieninvest GmbH, Herzogenaurach, is opting for exemption under § 264 (3) HGB.

41 Information relating to the German corporate governance code

Information pursuant to § 161 German Stock Corporation Act (Aktiengesetz – AktG)

In December 2024, the Executive Board and Supervisory Board of adidas AG issued an updated Declaration of Compliance in accordance with § 161 AktG and made it permanently available to the shareholders. The full text of the Declaration of Compliance is available on the company's corporate website.

42 Events after the balance sheet date

No company-specific subsequent events are known that might have a material influence on the assets, liabilities, financial position, and profit or loss of the company.

Date of preparation

The Executive Board of adidas AG prepared and approved the consolidated financial statements for submission to the Supervisory Board on February 20, 2025. It is the Supervisory Board's task to examine the consolidated financial statements and give their approval.

Herzogenaurach, February 20, 2025

The Executive Board of adidas AG

BJØRN GULDEN
CHIEF EXECUTIVE OFFICER,
GLOBAL BRANDS

HARM OHLMEYER
CHIEF FINANCIAL OFFICER

MICHELLE ROBERTSON
GLOBAL HUMAN RESOURCES,
PEOPLE AND CULTURE

MATHIEU SIDOKPOHOU
GLOBAL SALES

Shareholdings

Shareholdings of adidas AG, Herzogenaurach, as at December 31, 2024

	Company and domicile		Share in capital held by[1]	in %
	Germany			
1	adidas Beteiligungsgesellschaft mbH[2]	Herzogenaurach (Germany)	directly	100
2	adidas CDC Immobilieninvest GmbH	Herzogenaurach (Germany)	11	100
3	adidas Insurance & Risk Consultants GmbH[2]	Herzogenaurach (Germany)	directly	100
	Europe (incl. Middle East and Africa)			
4	adidas International Trading AG	Lucerne (Switzerland)	9	100
5	adidas sport gmbh	Lucerne (Switzerland)	directly	100
6	adidas Austria GmbH	Klagenfurt (Austria)	directly	100
7	runtastic GmbH	Pasching (Austria)	9	100
8	adidas France S.a.r.l.	Strasbourg (France)	directly	100
9	adidas International B.V.	Amsterdam (Netherlands)	directly	93.97
			8	6.03
10	adidas International Marketing B.V.	Amsterdam (Netherlands)	9	100
11	adidas International Property Holding B.V.	Amsterdam (Netherlands)	67	100
12	adidas Infrastructure Holding B.V.	Amsterdam (Netherlands)	9	100
13	adidas Benelux B.V.	Amsterdam (Netherlands)	directly	100
14	adidas Ventures B.V.	Amsterdam (Netherlands)	9	100
15	adidas (UK) Limited	Stockport (Great Britain)	9	100
16	Trafford Park DC Limited	Stockport (Great Britain)	12	100
17	adidas (Ireland) Limited	Kildare (Ireland)	9	100
18	adidas International Re DAC	Dublin (Ireland)	9	100
19	adidas España S.A.U.	Zaragoza (Spain)	1	100
20	adidas Italy S.p.A.	Monza (Italy)	9	100
21	adidas Portugal - Artigos de Desporto, S.A.	Lisbon (Portugal)	9	100
22	adidas Business Services, Lda.	Moreira da Maia (Portugal)	9	98
			directly	2
23	adidas Norge AS	Oslo (Norway)	directly	100
24	adidas Sverige Aktiebolag	Solna (Sweden)	directly	100
25	adidas Suomi Oy	Vantaa (Finland)	9	100
26	adidas Danmark A/S	Them (Denmark)	9	100
27	adidas CR s.r.o.	Prague (Czech Republic)	directly	100
28	adidas Budapest Kft.	Budapest (Hungary)	directly	100
29	adidas Bulgaria EAD	Sofia (Bulgaria)	directly	100
30	LLC "adidas, Ltd."	Moscow (Russia)	directly	100
31	adidas Poland Sp. z o.o.	Warsaw (Poland)	directly	100
32	adidas Romania S.R.L.	Bucharest (Romania)	9	100
33	adidas Baltics SIA	Riga (Latvia)	9	100
34	adidas Slovakia s.r.o.	Bratislava (Slovak Republic)	directly	100
35	adidas Trgovina d.o.o.	Ljubljana (Slovenia)	directly	100
36	SC 'adidas-Ukraine'	Kiev (Ukraine)	directly	100
37	adidas LLP	Almaty (Republic of Kazakhstan)	directly	100
38	adidas Serbia DOO Beograd	Belgrade (Serbia)	9	100
39	adidas Croatia d.o.o.	Zagreb (Croatia)	9	100
40	adidas Hellas Single Member S.A.	Athens (Greece)	directly	100
41	adidas (Cyprus) Limited	Limassol (Cyprus)	directly	100
42	adidas Spor Malzemeleri Satis ve Pazarlama A.S.	Istanbul (Turkey)	9	100
43	adidas Emerging Markets L.L.C	Dubai (United Arab Emirates)	indirectly	51
			8	49
44	adidas Emerging Markets FZE	Dubai (United Arab Emirates)	9	100

Shareholdings of adidas AG, Herzogenaurach, as at December 31, 2024

	Company and domicile		Share in capital held by[1]	in %
45	adidas Levant Limited	Dubai (United Arab Emirates)	44	100
46	adidas Levant Limited - Jordan	Amman (Jordan)	45	100
47	adidas Imports & Exports Ltd.	Cairo (Egypt)	48	99.98
			9	0.02
48	adidas Sporting Goods Ltd.	Cairo (Egypt)	9	99.81
			directly	0.19
49	adidas Israel Ltd.	Holon (Israel)	9	100
50	adidas Morocco LLC	Casablanca (Morocco)	directly	100
51	adidas (South Africa) (Pty) Ltd.	Cape Town (South Africa)	directly	100
52	adidas Arabia Trading	Riyadh (Saudi Arabia)	directly	100
	North America			
53	adidas North America, Inc.	Wilmington, Delaware (USA)	9	100
54	adidas America, Inc.	Portland, Oregon (USA)	53	100
55	adidas International, Inc.	Portland, Oregon (USA)	53	100
56	adidas Team, Inc.	Des Moines, Iowa (USA)	53	100
57	adidas Holdings LLC	Wilmington, Delaware (USA)	53	69
			61	31
58	adidas Indy, LLC	Wilmington, Delaware (USA)	53	100
59	Stone Age Equipment, Inc.	Marina Del Rey, California (USA)	54	100
60	Spartanburg DC, Inc.	North Charleston, South Carolina (USA)	54	100
61	adidas Pluto Corporation	Wilmington, Delaware (USA)	9	100
62	adidas Canada Limited	Woodbridge, Ontario (Canada)	9	100
	Asia-Pacific			
63	adidas Sourcing Limited	Hong Kong (China)	4	100
64	adidas Hong Kong Limited	Hong Kong (China)	1	100
65	adidas Trading (Far East) Limited (formerly: Reebok Trading (Far East) Limited)	Hong Kong (China)	53	100
66	adidas (Suzhou) Co., Ltd.	Suzhou (China)	1	100
67	adidas Sports (China) Co., Ltd.	Shanghai (China)	1	100
68	adidas (China) Ltd.	Shanghai (China)	9	100
69	adidas Sports Goods (Shanghai) Co., Ltd	Shanghai (China)	68	100
70	adidas Trading (Shanghai) Co., Ltd.	Shanghai (China)	9	100
71	adidas Logistics (Tianjin) Co., Ltd.	Tianjin (China)	12	100
72	adidas Business Services (Dalian) Limited	Dalian (China)	9	100
73	adidas Japan K.K.	Tokyo (Japan)	9	100
74	adidas Korea LLC.	Seoul (Korea)	directly	100
75	adidas Korea Technical Services Limited	Busan (Korea)	63	100
76	adidas India Private Limited	Gurugram (India)	directly	10.67
			9	89.33
77	adidas India Marketing Private Limited	Gurugram (India)	76	98.62
			9	1
			directly	0.37
78	adidas Technical Services Private Limited	Gurugram (India)	64	100
79	Refop India Company (formerly: Reebok India Company)	New Delhi (India)	57	99.03
			89	0.91
			54	0.07
80	PT adidas Indonesia	Jakarta (Indonesia)	9	99.67
			directly	0.33
81	adidas (Malaysia) Sdn. Bhd.	Petaling Jaya (Malaysia)	directly	60
			9	40
82	ADIDAS PHILIPPINES, INC.	Taguig City (Philippines)	directly	100
83	adidas Singapore Pte Ltd	Singapore (Singapore)	directly	100
84	adidas Taiwan Limited	Taipei	9	100

Shareholdings of adidas AG, Herzogenaurach, as at December 31, 2024

	Company and domicile		Share in capital held by[1]	in %
85	adidas (Thailand) Co., Ltd.	Bangkok (Thailand)	directly	100
86	adidas Australia Pty Limited	Cremorne (Australia)	9	100
87	adidas New Zealand Limited	Auckland (New Zealand)	directly	100
88	adidas Vietnam Company Limited	Ho Chi Minh City (Vietnam)	9	100
89	adidas (Mauritius) Limited (formerly: Reebok (Mauritius) Company Limited)	Port Louis (Mauritius)	57	100
	Latin America			
90	adidas Argentina S.A.	Buenos Aires (Argentina)	9	76.96
			1	23.04
91	Refop de Argentina S.A. (formerly: Reebok Argentina S.A.)	Buenos Aires (Argentina)	directly	96.25
			9	3.75
92	adidas do Brasil Ltda.	São Paulo (Brazil)	1	100
93	adidas Franchise Brasil Servicos Ltda.	São Paulo (Brazil)	92	99.99
			directly	0.01
94	REFOP Produtos Esportivos Brasil Ltda. (formerly: Reebok Produtos Esportivos Brasil Ltda.)	São Paulo (Brazil)	9	100
95	adidas Chile Limitada	Santiago de Chile (Chile)	directly	99
			3	1
96	adidas Colombia Ltda.	Bogotá (Colombia)	directly	100
97	adidas Perú S.A.C.	Lima (Peru)	directly	99
			95	1
98	adidas de Mexico, S.A. de C.V.	Mexico City (Mexico)	directly	100
99	adidas Industrial, S.A. de C.V.	Mexico City (Mexico)	directly	100
100	Refop de Mexico, S.A. de C.V. (formerly: Reebok de Mexico, S.A. de C.V.)	Mexico City (Mexico)	directly	100
101	adidas Latin America, S.A.	Panama City (Panama)	directly	100
102	Concept Sport, S.A.	Panama City (Panama)	9	100
103	3 Stripes S.A.	Montevideo (Uruguay)	directly	100
104	Tafibal S.A.	Montevideo (Uruguay)	directly	100
105	Raelit S.A.	Montevideo (Uruguay)	directly	100
106	adidas Sourcing Honduras, S.A.	San Pedro Sula (Honduras)	53	100
107	adidas Sourcing El Salvador, S.A. de C.V.	Antiguo Cuscatlán (El Salvador)	9	100.00
			directly	0.05

1 The number refers to the number of the company.
2 Profit and loss transfer agreement.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report, which has been combined with the Management Report of adidas AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Herzogenaurach, February 20, 2025

BJØRN GULDEN
CHIEF EXECUTIVE OFFICER,
GLOBAL BRANDS

HARM OHLMEYER
CHIEF FINANCIAL OFFICER

MICHELLE ROBERTSON
GLOBAL HUMAN RESOURCES,
PEOPLE AND CULTURE

MATHIEU SIDOKPOHOU
GLOBAL SALES

Copy of the Auditor’s Report

Based on the final results of our audit we issued the following unqualified auditor's report dated February 27, 2025:

"Independent Auditor's report

To adidas AG, Herzogenaurach

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of adidas AG, Herzogenaurach, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of adidas AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the components of the group management report listed in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other information" section.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of inventories
2. Recognition of revenue, taking into account expected returns
3. Accounting assessment and treatment of the risk provision in connection with customs audits by the German customs authorities

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of inventories

1. Inventories amounting to EUR 4,989 million (24% of total assets) are reported in the Company's consolidated statement of financial position.

   Inventories are initially recognized at cost, taking into account directly attributable incidental acquisition costs and cost reductions. The carrying amount of recognized inventories must be reduced if the inventories are damaged or (partially) obsolete and the expected net realizable values are less than the costs.

   At the reporting date, the costs are compared against the net realizable values, which are determined by deducting the directly attributable selling costs to be incurred prior to sale of the inventories from the sales proceeds expected to be generated.

Net realizable values are calculated based on discretionary planning assumptions as to the sales proceeds realizable in the ordinary course of business less necessary selling costs, which are derived on the basis of historical observable data. Among other things, the age (seasonality) of the inventories and the selected sales channel to be used in future sales are significant. The impairment test resulted in a write-down on inventories as of the reporting date amounting to EUR 173 million in total.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the inputs for the future net realizable values and other factors having an influence on value, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we analyzed among other things the impairment testing process and assessed identified controls with respect to implementation, appropriateness and effectiveness. Furthermore, we evaluated the key inputs used to calculate net realizable values based on historical data and our understanding of the business. We verified the accuracy of the calculation logic used in the impairment test.

   We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the proper measurement of inventories were sufficiently substantiated and documented.

3. The Company's disclosures relating to the accounting policies applied with respect to the "inventories" line item are contained in section 2 of the notes to the consolidated financial statements "Summary of significant accounting policies". In addition, the disclosures on "inventories" are contained in section 7, "Inventories".

2. Recognition of revenue, taking into account expected returns

1. Revenue amounting to EUR 23,683 million was recognized in the Company's consolidated financial statements.

   Revenue is recognized from the sale of goods in the "Wholesale", "E-commerce" and "Own retail" sales channels if the Company satisfies a performance obligation by transferring a specified asset to a customer. An asset is deemed to have been transferred if the customer obtains control of that asset. Revenue is recognized in the amount to which the Company has a claim when the power to control an asset is transferred.

   Customers of the Company have the option, subject to certain conditions, of exchanging or returning goods in exchange for a credit. In light of expected returns, revenue recognition factors in the returns rate because a sufficiently large number of similar transactions take place, the historical returns rate can be reliably determined and this is transferable to the transactions currently being assessed.

   The asset embodying the right to receive goods returned by the customer is measured at the carrying amount of the respective inventories less settlement costs.

   The revenues have a significant influence on the Group's net profit or loss for the year and represent one of the most significant performance indicators for adidas. Due to the large transaction volume with respect to the sale of merchandise in three different sales channels and the potential risk in general of notional revenues and the uncertainty with regard to estimates of expected returns, in our view the existence and accrual of revenues from the sale of merchandise were of particular importance during our audit.

2. With respect to the audit of the existence and accrual of revenue, we first assessed the structure, establishment and effectiveness of internal controls, including the functioning of IT-based controls with respect to outgoing goods and the acceptance of goods, invoices and the payment settlement. In addition, we reviewed the presentation of revenue recognition in the Group-wide accounting policy to assess whether it complied with IFRS 15.

   Furthermore, in the context of substantive audit procedures, we obtained evidence (in particular delivery certificates, invoices and receipts of payments) of the existence and accrual of revenue in order to assess whether the recognized and accrues revenues were based on a corresponding shipment or transfer of goods. In addition, we evaluated the mathematical correctness of the executive directors' calculation of expected returns. We compared the expected returns against historical, sales channel-specific return rates and the returned merchandise recorded in the financial accounting records.

   We were able to satisfy ourselves that the estimates and assumptions made by the executive directors in connection with the proper accounting treatment of the revenue were sufficiently substantiated and documented.

3. The Company's disclosures relating to the accounting policies applied with respect to the recognition of revenue from merchandise are contained in section 2 of the notes to the consolidated financial statements "Summary of significant accounting policies".

3. Accounting assessment and treatment of the risk provision in connection with customs audits by the German customs authorities

1. The adidas Group companies adidas International Trading AG, Zug, Switzerland, and adidas AG, Herzogenaurach, are involved in customs audits by the Main Customs Office (Hauptzollamt) in Nuremberg for the period from October 2019 to the end of 2021. Due to different views as to the correct calculation of customs duties and import turnover tax for products imported to Germany from outside the EU, the German customs authorities issued notices for subsequent recovery (Nacherhebungsbescheid) in relation to the audit period, which adidas has paid but at the same appealed in each case. In this connection, the European Public Prosecutor's Office and customs investigation authorities in Germany carried out searches of adidas' premises in December 2024 regarding the suspected evasion of customs duties and import turnover tax. As for other international customs cases, the company has recognised a risk provision for this matter under other provisions and, in connection with the appeal against subsequent recovery notices, has capitalised an asset for the expected reimbursement of payments already made.

   There is a high degree of uncertainty surrounding the estimate of whether payments made under the notices for subsequent recovery will be refunded and whether and in what amount a provision has to be recognized to cover the risk of additional subsequent recoveries of customs duties, import turnover tax, interest and procedural costs.

   Against this background, we consider the customs audits – including the ongoing investigation by the German authorities – to be of particular significance in the context of our audit given the significance in terms of amount and the considerable uncertainties as to their outcome and their impact on the net assets, financial position and results of operations.

2. To review the recognition and measurement of an asset in connection with amounts paid under notices for subsequent recovery and the recognition and measurement of provisions, we assessed the search warrant as well as official documents and opinions of the customs authorities, contractual bases and internal documents from adidas, and opinions of external experts engaged by the adidas Group. We discussed the estimates made by the executive directors in talks with those executive directors and with experts from the companies concerned, and involved our own legal specialists. We assessed the presentation in the Company's consolidated financial statements of the customs audits, including the disagreements with the German customs authorities and the investigation that has been launched, as well as the associated estimates of the risk provision in the consolidated financial statements and the probability of being refunded the amounts paid under notices for subsequent recovery, and consider them to be appropriate.

3. The Company's disclosures relating to the customs audits and disagreements with the German customs authorities are contained in the sub-section "Litigation and other risks" under note "25 – Other financial commitments and contingent liabilities" in the notes the consolidated financial statements. Disclosures are also made in the section entitled "Risk and opportunity report" in the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited components of the Group management report:

- the non-financial statement in compliance with sections 289b to 289e HGB and sections 315b to 315c HGB contained in section "4" of the Group management report

- the disclosures marked as unaudited in section "Description of the main features of the internal control and risk management system with respect to the group accounting process pursuant to § 315 Abs. 4 HGB" of the group management report.

- the section "Compliance Management System (adidas Fair Play)" of the Group management report

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

— Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

— Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

— Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

— Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

— Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats to independence or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file adidasag-2024-12-31-de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 16, 2024. We were engaged by the supervisory board on December 12, 2024. We have been the group auditor of adidas AG, Herzogenaurach, without interruption since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Landau."

Nuremberg, 27 February 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Rainer Kroker
Wirtschaftsprüfer
[German public auditor]

sgd. Christian Landau
Wirtschaftsprüfer
[German public auditor]

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Group Sustainability Statement

To adidas AG, Herzogenaurach

Assurance Conclusion

We have conducted a limited assurance engagement on the group sustainability statement of adidas AG, Herzogenaurach, (hereinafter the "Company") included in section "Sustainability Statement" of the group management report, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024 (hereinafter the "Group Sustainability State-ment"). The Group Sustainability Statement has been prepared to fulfil the requirements of Di-rective (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Cor-porate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB to prepare a combined non-financial statement.

The reports of other assurance practitioners in relation to the assurance of information, from sources within the value chain, contained in the Group Sustainability Statement and as referred to in the Group Sustainability Statement are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, § 315c in conjunction with §§ 289c to 289e HGB to prepare a combined non-financial statement as well as with the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that no matters have come to our attention that cause us to believe:

- that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information to be included in the Group Sustainability Statement (hereinafter the "materiality assessment") is not, in all material respects, in accordance with the description set out in section "Impact, risk and opportunity management" of the Group Sustainability Statement, or

- that the disclosures set out in section "EU Taxonomy" of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on references in the Group Sustainability Statement to assurance reports or reports of other assurance practitioners.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Re-views of

Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement" section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such inter-nal controls that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in the Preparation of the Group Sustainability Statement

The CSRD and the relevant German statutory and other European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD and the relevant German legal and other European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assur-ance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the Company to identify the information to be included in the Group Sustainability Statement.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited as-surance to support the assurance conclusion. The risk of not detecting a material mis-statement resulting from fraud is higher than the risk of not detecting a material mis-statement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on di-rect access to the sources of value chain information.

- consider the forward-looking information, including the appropriateness of the under-lying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.

- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Group Sustainability Statement, and about the internal controls relating to this process.

- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.

- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.

- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.

- considered the presentation of the information in the Group Sustainability Statement.

- considered the process for identifying taxonomy-eligible and taxonomy-aligned eco-nomic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Nuremberg, 27 February 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Rainer Kroker
Wirtschaftsprüfer
[German public auditor]

sgd. Christian Landau
Wirtschaftsprüfer
[German public auditor]

6

ADDITIONAL INFORMATION

Ten-year overview

Ten-year overview

	2024	2023	2022	2021	2020	2019	2018[1]	2017[2]	2016	2015
Income Statement Data (€ in millions)										
Net sales[3,4]	23,683	21,427	22,511	21,234	18,435	23,640	21,915	21,218	18,483	16,915
Gross profit[3,4]	12,026	10,184	10,644	10,765	9,222	12,293	11,363	10,703	9,100	8,168
Royalty and commission income[3,4]	81	83	112	86	61	154	129	115	105	119
Other operating income[3,4,5]	174	71	173	28	42	56	48	17	119	8
Other operating expenses[3,4,5]	10,945	10,070	10,260	8,892	8,580	9,843	9,172	8,766	7,741	7,201
EBITDA[3,4]	2,465	1,358	1,874	3,066	1,967	3,845	2,882	2,511	1,953	1,475
Operating profit[3,4,6]	1,337	268	669	1,986	746	2,660	2,368	2,070	1,582	1,094
Net financial result[3,4]	(215)	(203)	(281)	(133)	(167)	(102)	10	(47)	(46)	(21)
Income before taxes[3,4,6]	1,121	65	388	1,852	578	2,558	2,378	2,023	1,536	1,073
Income taxes[3,4,7]	297	124	134	360	117	640	669	668	454	353
Net income/(loss) attributable to shareholders[6,7,8]	764	(75)	612	2,116	432	1,976	1,702	1,173	1,017	668
Income Statement Ratios										
Gross margin[3,4]	50.8%	47.5%	47.3%	50.7%	50.0%	52.0%	51.8%	50.4%	49.2%	48.3%
Operating margin[3,4,6]	5.6%	1.3%	3.0%	9.4%	4.0%	11.3%	10.8%	9.8%	8.6%	6.5%
Effective tax rate[3,4,6,7]	26.5%	189.4%	34.5%	19.4%	20.2%	25.0%	28.1%	29.3%	29.6%	32.9%
Net income/(loss) attributable to shareholders in % of net sales[3,4,6,7,8]	3.2%	(0.4%)	2.7%	10.0%	2.3%	8.4%	7.8%	5.5%	5.5%	4.0%
Net Sales by Product Category (€ in millions)										
Footwear[3,4]	13,975	12,139	12,287	11,336	10,129	13,521	12,783	12,427	10,132	8,360
Apparel[3,4]	8,216	7,806	8,731	8,710	7,315	8,963	8,223	7,747	7,352	6,970
Accessories and gear[3,4]	1,499	1,483	1,493	1,187	991	1,156	910	1,044	999	1,585
Balance Sheet Data (€ in millions)										
Total assets	20,655	18,020	20,296	22,137	21,053	20,680	15,612	14,019	15,176	13,343
Inventories	4,989	4,525	5,973	4,009	4,397	4,085	3,445	3,692	3,763	3,113
Receivables and other current assets	4,460	3,819	4,961	4,072	3,763	4,338	3,734	3,277	3,607	3,003
Working capital	2,311	1,766	2,475	4,978	3,328	2,179	2,979	2,354	2,121	2,133
Adjusted (net borrowings)/ net cash[9,10]	(3,622)	(4,518)	(6,047)	(2,082)	(2,424)	(2,676)	959	484	(103)	(460)
Shareholders' equity	5,476	4,580	4,991	7,519	6,454	6,796	6,377	6,032	6,472	5,666
Balance Sheet Ratios										
Adjusted net borrowings/ EBITDA[3,4,9,10]	1.5	3.3	3.2	0.7	1.2	0.7	(0.3)	(0.2)	0.1	0.3
Average operating working capital in % of net sales[3,4,10]	19.7%	25.7%	24.0%	20.0%	25.3%	18.1%	19.0%	20.4%	21.1%	20.5%
Financial leverage[9,10,11]	66.1%	98.6%	121.2%	27.7%	37.6%	39.4%	(15.0%)	(8.0%)	1.6%	8.1%
Equity ratio[11]	26.5%	25.4%	24.6%	34.0%	30.7%	32.9%	40.8%	43.0%	42.6%	42.5%
Return on equity[8,11]	14.0%	(1.6%)	12.3%	28.1%	6.7%	29.1%	26.7%	18.2%	15.7%	11.2%
Return on capital employed[3,4,8]	14.8%	2.8%	5.3%	21.2%	8.0%	27.9%	45.1%	41.2%	24.2%	16.5%
Data per Share										
Share price at year-end (in €)	236.80	184.16	127.46	253.20	297.90	289.80	182.40	167.15	150.15	89.91
Basic earnings (in €)[3,4,6,7]	4.24	(0.67)	1.25	7.47	2.31	9.70	8.46	7.05	5.39	3.54

Ten-year overview

	2024	2023	2022	2021	2020	2019	2018[1]	2017[2]	2016	2015
Diluted earnings (in €)[3,4,6,7]	4.24	(0.67)	1.25	7.47	2.31	9.70	8.45	7.00	5.29	3.54
Price/earnings ratio at year-end[3,4,6,7]	55.9	n.a.	102.4	33.9	128.9	29.9	21.6	23.7	27.8	25.4
Market capitalization at year-end (€ in millions)	42,280	32,882	22,756	48,512	58,110	56,792	36,329	34,075	30,254	18,000
Net cash generated from/(used in) operating activities[3,4,12,13]	16.30	14.28	(2.15)	14.79	7.00	14.26	13.31	8.14	6.73	5.41
Dividend (in €)	2.00[14]	0.70	0.70	3.30	3.00	0.00	3.35	2.60	2.00	1.60
Number of shares outstanding at year-end (in thousands)	178,549	178,549	178,537	191,595	195,066	195,969	199,171	203,861	201,489	200,197
Employees										
Number of employees at year-end[3,4,15]	62,035	59,030	59,258	61,401	62,285	65,194	57,016	56,888	58,902	55,555
Personnel expenses (€ in millions)[3,4]	3,184	2,964	2,856	2,659	2,325	2,720	2,481	2,549	2,373	2,184

1 Application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.
2 2017 restated according to IAS 8 in the 2018 consolidated financial statements.
3 2019, 2018, 2017 and 2016 figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.
4 2022, 2021 and 2020 figures reflect continuing operations as a result of the divestiture of the Reebok business.
5 Figures reflect the adjusted consolidated income statement structure introduced in 2018.
6 2015 excluding goodwill impairment of € 34 million.
7 2017 excluding negative one-time tax impact of € 76 million.
8 Includes continuing and discontinued operations.
9 First-time application of adjusted net borrowings as of 2020. Figures since 2019 were restated to reflect methodology revision in 2022.
10 2021 figures reflect the reclassification of the Reebok business to assets or liabilities held for sale.
11 Based on shareholders' equity.
12 Since 2018 figures reflect presentation of interest paid within cash flows from financing activities. Prior year figures are not restated.
13 2023 adjusted due to hyperinflation accounting in 2024
14 Subject to Annual General Meeting approval.
15 2019 figure restated due to inclusion of temporary contracts of up to six months (2019 headcounts excluding temporary contracts of up to six months: 59,333). Prior year figures are not restated.

EU Taxonomy Tables

Proportion of turnover from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Business year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does not significantly harm')[1]									
Economic activities (1)	**Code[2] (2)**	**Turnover[3] (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) turnover 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€ in millions	**in %**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**in %**	**E**	**T**
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1.)		0	0%																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]	el; n-el[4]										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0	0%														0%		
Total (A.1. + A.2)		**0**	**0%**														**0%**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities (B)		23.683	100%																
Total (A + B)		**23.683**	**100%**																

1 'y' = 'yes', taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; 'n' = 'no', taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; 'n-el' = 'not eligible', taxonomy-non-eligible activity for the relevant environmental objective.
2 CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; PPC: Pollution Prevention and Control; CE: Circular Economy; BIO: Biodiversity and Ecosystems.
3 Net sales as reported in the Consolidated Income Statement.
4 'el' = 'eligible', taxonomy-eligible activity for the relevant objective; 'n-el' = not eligible, taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of turnover/total turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Business year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does not significantly harm')[1]									
Economic activities (1)	Code[2] (2)	CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) CapEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		€ in millions	in %	y/n; n-el[1]	y/n; n-el[1]	y/n; n-el[1]	y/n; n-el[1]	y/n; n-el[1]	y/n; n-el[1]	y/n	y/n	y/n	y/n	y/n	y/n	y/n	in %	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	3	0%	y	n-el	n-el	n-el	n-el	n-el	y	y	y	y	y	y	y	0%	E	
7.3. Installation, maintenance, and repair of energy efficiency equipment	CCM 7.3.	0	0%	n	n-el	n-el	n-el	n-el	n-el	n	n	n	n	n	n	y	0%	E	
7.7. Acquisition and ownership of buildings (building leases)	CCM 7.7.	576	33%	y	n-el	n-el	n-el	n-el	n-el	y	y	y	y	y	y	y	1%	E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		579	33%	33%	0%	0%	0%	0%	0%	y	y	y	y	y	y	y	1%		
of which enabling		579	33%	33%	0%	0%	0%	0%	0%	y	y	y	y	y	y	y	1%	E	
of which transitional		0	0%	0%						n	n	n	n	n	n	n	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	22	1%	el	n-el	n-el	n-el	n-el	n-el								2%		
7.3. Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	26	1%	el	n-el	n-el	n-el	n-el	n-el								3%		
7.7. Acquisition and ownership of buildings (building leases)	CCM 7.7.	616	35%	el	n-el	n-el	n-el	n-el	n-el								36%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		664	38%		0%	0%	0%	0%	0%								40%		
Total (A.1. + A.2.)		**1,243**	**70%**		**0%**	**0%**	**0%**	**0%**	**0%**								**41%**		
B. Taxonomy non-eligible activities																			
CapEx of taxonomy non-eligible activities (B)		523	30%																
Total[4] (A + B)		**1,767**	**100%**																

1 'y' = 'yes', taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; 'n' = 'no', taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; 'n-el' = 'not eligible', taxonomy-non-eligible activity for the relevant environmental objective.
2 CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; PPC: Pollution Prevention and Control; CE: Circular Economy; BIO: Biodiversity and Ecosystems.
3 'el' = 'eligible', taxonomy-eligible activity for the relevant objective; 'n-el' = 'not eligible', taxonomy-non-eligible activity for the relevant environmental objective.
4 The denominator of the CapEx KPI contains, in accordance with the definition of the Taxonomy and as disclosed in this Annual Report, additions to buildings, technical equipment and machinery, other equipment, furniture and fixtures, right-of-use assets, and other intangible assets - before depreciation, amortization, and remeasurements.

Proportion of CapEx/total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	33%	70%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering year 2024

Business year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does not significantly harm')[1]									
Economic activities (1)	**Code[2] (2)**	**OpEx € (3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€ in millions	**in %**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n; n-el[1]**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**y/n**	**in %**	**E**	**T**
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1.)		0	0%																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]	el; n-el[3]										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2.)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of taxonomy-eligible activities (A.1. + A.2.)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. Taxonomy non-eligible activities																			
OpEx of taxonomy non-eligible activities		954	100%																
Total		**954**	**100%**																

1 'y' = 'yes', taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; 'n' = 'no', taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective; 'n-el' = not eligible, taxonomy-non-eligible activity for the relevant environmental objective.
2 CCM: Climate Change Mitigation; CCA: Climate Change Adaptation; WTR: Water and Marine Resources; PPC: Pollution Prevention and Control; CE: Circular Economy; BIO: Biodiversity and Ecosystems.
3 'el' = 'eligible', taxonomy-eligible activity for the relevant objective; 'n-el' = 'not eligible', taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of OpEx/total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Nuclear and fossil gas-related activities

Nuclear energy-related activities	
The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no
The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no
Fossil gas-related activities	
The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

Glossary

/ A

Accessories and gear
A product category that comprises equipment that is used rather than worn by the consumer, such as bags, balls, sunglasses, or fitness equipment.

adiClub
'adiClub' is a membership program that helps us deepen the relationship with our consumers. Linking all adidas apps, events, communities, and channels into one single profile, the program rewards members with points for interacting with the brand, e.g., when making a purchase or using the 'adidas Running' or 'adidas Training' apps. Depending on the number of points, exclusive benefits are unlocked, including access to hype sneaker and apparel drops or invitations to special events.

Athleisure
The term is composed of the words athletic and leisure. It describes a fashion trend of sportswear no longer being just meant for training but increasingly shaping everyday clothing.

/ C

Cash pools/Cash pooling
A cash management technique for physical concentration of cash. Cash pooling allows adidas to combine credit and debit positions from various accounts and several subsidiaries into one central account. This technique supports our in-house bank concept where advantage is taken of any surplus funds of subsidiaries to cover cash requirements of other subsidiaries, thus reducing external financing needs and optimizing our net interest expenses.

Concession corners
Concession corners are dedicated adidas brand spaces within our customers' stores. They are managed by adidas' own retail team.

Controlled space
Includes own retail business, mono-branded franchise stores, shop-in-shops, joint ventures with retail partners, and co-branded stores. Controlled space offers a high level of brand control and ensures optimal product offering and presentation according to brand requirements.

/ I

Independent manufacturing partners
We outsource almost 100% of production to independent manufacturing partners. They are defined on a supplier group level, which means one independent manufacturing partner might produce in several manufacturing facilities. The majority of our independent manufacturing partners are located in Asia.

/ L

Lifestyle category

Under the 'Lifestyle' category, we subsume all footwear, apparel, and 'accessories and gear' products that are born from sport and worn for style. 'adidas Originals,' which is inspired by sport and worn on the street, is at the heart of the 'Lifestyle' category.

/ M

Marketing expenditure

Expenditure that relates to point-of-sale and marketing investments. While point-of-sale investments include expenses for advertising and promotion initiatives at the point of sale as well as store fittings and furniture, marketing investments relate to sponsorship contracts with teams and individual athletes as well as to advertising, events, and other communication activities. Marketing overhead expenses are not included in marketing expenditure.

More sustainable cotton

For adidas, 'more sustainable cotton' means certified organic cotton or any other form of sustainably produced cotton that is currently available or may be available in the future, as well as 'Better Cotton.'

/ N

Net-zero

As per SBTi, net-zero GHG emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period ("net-zero" future). This is necessary at the global level to stabilize temperature increase at 1.5°C. In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

/ O

Operating overhead expenses

Expenses that are not directly attributable to the products or services sold, such as distribution and selling as well as general and administration costs, but not including marketing and point-of-sale expenses.

/ P

Performance category

Under the 'Performance' category, we subsume all footwear, apparel, and 'accessories and gear' products that are of a more technical nature, built for sport and worn for sport. These are, among others, products from our most important sport categories: Football, Training, Running, and Outdoor.

Per- and polyfluoroalkyl substances (PFAS)

Meanwhile commonly understood as an established term, aligned with the OECD definition, for the multi-thousand substance group formerly communicated as 'PFCs.'

Polybags (LDPE)
A type of product transport packaging made of recycled low-density polyethylene ('LDPE') that offers a more sustainable option to virgin plastic polybags, as they have a lower environmental footprint than conventional bags and most alternatives. Recycled LDPE polybags meet our quality and performance standards to effectively protect our products during shipping and handling, are available globally, and can be recycled via existing waste streams.

Promotion partnerships
Partnerships with events, associations, leagues, clubs, and individual athletes. In exchange for the services of promoting the company's brands, the party is provided with products and/or cash and/or promotional materials.

/ S

Single-sourcing model
Supply chain activities limited to one specific supplier. Due to the dependency on only one supplier, a company can face disadvantages during the sourcing process.

/ T

Terrace range
Collection of shoes that were initially designed for indoor sports. With their rubber sole, the player had a better grip on smooth surfaces. Since many years, they have been classics of the ‚adidas Originals' shoe line, and include the Gazelle, Samba, and Spezial.

/ W

Wet processes
Wet processes are defined as water-intense processes, such as dyeing and finishing of materials.

Declaration of Support

adidas AG declares support, except in the case of political risk, that the companies listed below are able to meet their contractual liabilities. This declaration replaces the declaration dated February 20, 2024, which is no longer valid. The declaration of support automatically ceases from the time that a company is no longer a subsidiary of adidas AG.

adidas (China) Ltd., Shanghai, China

adidas (Cyprus) Limited, Limassol, Cyprus

adidas (Ireland) Limited, Kildare, Ireland

adidas (Malaysia) Sdn. Bhd., Petaling Jaya, Malaysia

adidas (Mauritius) Limited (formerly: Reebok (Mauritius) Company Limited), Port Louis, Mauritius

adidas (South Africa) (Pty) Ltd., Cape Town, South Africa

adidas (Suzhou) Co., Ltd., Suzhou, China

adidas (Thailand) Co., Ltd., Bangkok, Thailand

adidas (UK) Limited, Stockport, Great Britain

adidas America, Inc., Portland, Oregon, USA

adidas Arabia Trading, Riyadh, Saudi Arabia

adidas Argentina S.A., Buenos Aires, Argentina

adidas Australia Pty Limited, Mulgrave, Australia

adidas Austria GmbH, Klagenfurt, Austria

adidas Baltics SIA, Riga, Latvia

adidas Benelux B.V., Amsterdam, Netherlands

adidas Budapest Kft., Budapest, Hungary

adidas Bulgaria EAD, Sofia, Bulgaria

adidas Business Services (Dalian) Limited, Dalian, China

adidas Business Services, Lda., Moreira da Maia, Portugal

adidas Canada Limited, Woodbridge, Ontario, Canada

adidas CDC Immobilieninvest GmbH, Herzogenaurach, Germany adidas Chile Limitada, Santiago de Chile, Chile

adidas Colombia Ltda., Bogotá, Colombia

adidas CR s.r.o., Prague, Czech Republic

adidas Croatia d.o.o., Zagreb, Croatia

adidas Danmark A/S, Them, Denmark

adidas de Mexico, S.A. de C.V., Mexico City, Mexico

adidas do Brasil Ltda., São Paulo, Brazil

adidas Emerging Markets FZE, Dubai, United Arab Emirates

adidas Emerging Markets L.L.C, Dubai, United Arab Emirates

adidas España S.A.U., Zaragoza, Spain

adidas France S.a.r.l., Strasbourg, France

adidas Hellas Single Member S.A., Athens, Greece

adidas Holdings LLC, Wilmington, Delaware, USA

adidas Hong Kong Limited, Hong Kong, China

adidas Imports & Exports Ltd., Cairo, Egypt

adidas India Marketing Private Limited, New Delhi, India

adidas Industrial, S.A. de C.V., Mexico City, Mexico

adidas Indy, LLC, Wilmington, Delaware, USA

adidas Insurance & Risk Consultants GmbH 2), Herzogenaurach, Germany

adidas International B.V., Amsterdam, Netherlands

adidas International Marketing B.V., Amsterdam, Netherlands

adidas International Property Holding B.V., Amsterdam, Netherlands

adidas International Re DAC, Dublin, Ireland

adidas International Trading AG, Lucerne, Switzerland

adidas International, Inc., Portland, Oregon, USA

adidas Israel Ltd., Holon, Israel

adidas Italy S.p.A., Monza, Italy

adidas Japan K.K., Tokyo, Japan

adidas Korea LLC., Seoul, Korea

adidas Latin America, S.A., Panama City, Panama

adidas LLP, Almaty, Republic of Kazakhstan

adidas Logistics (Tianjin) Co., Ltd., Tianjin, China

adidas Morocco LLC, Casablanca, Morocco

adidas New Zealand Limited, Auckland, New Zealand

adidas Norge AS, Oslo, Norway

adidas North America, Inc., Wilmington, Delaware, USA

adidas Poland Sp. z o.o., Warsaw, Poland

adidas Portugal - Artigos de Desporto, S.A., Lisbon, Portugal

adidas Romania S.R.L., Bucharest, Romania

adidas Serbia DOO Beograd, Belgrade, Serbia

adidas Singapore Pte Ltd, Singapore, Singapore

adidas Slovakia s.r.o., Bratislava, Slovak Republic

adidas Sourcing El Salvador, S.A. de C.V., Antiguo Cuscatlán, El Salvador

adidas Sourcing Limited, Hong Kong, China

adidas Spor Malzemeleri Satis ve Pazarlama A.S., Istanbul, Turkey

adidas sport gmbh, Lucerne, Switzerland

adidas Sporting Goods Ltd., Cairo, Egypt

adidas Sports (China) Co., Ltd., Shanghai, China

adidas Sports Goods (Shanghai) Co., Ltd., Shanghai, China

adidas Suomi Oy, Vantaa, Finland

adidas Sverige Aktiebolag, Solna, Sweden

adidas Taiwan Limited, Taipei

adidas Trading (Far East) Limited (formerly: Reebok Trading (Far East) Limited), Hong Kong, China

adidas Trading (Shanghai) Co., Ltd.

adidas Trgovina d.o.o., Ljubljana, Slovenia

adidas Ventures B.V., Amsterdam, Netherlands

adidas Vietnam Company Limited, Ho Chi Minh City, Vietnam

Concept Sport, S.A., Panama City, Panama

PT adidas Indonesia, Jakarta, Indonesia

Runtastic GmbH, Pasching, Austria

SC 'adidas-Ukraine', Kiev, Ukraine

Spartanburg DC, Inc., North Charleston, South Carolina, USA

Tafibal S.A., Montevideo, Uruguay

Trafford Park DC Limited, Stockport, Great Britain

Financial Calendar 2025

April 29, 2025

First quarter results

May 15, 2025

Annual General Meeting

July 30, 2025

First half results

October 29, 2025

Nine months results

Contact

Adi-Dassler-Str. 1
91074 Herzogenaurach
Germany
Tel + 49 (0) 91 32 84 – 0
► ADIDAS-GROUP.COM

adidas is a member of DIRK
(German Investor Relations Association)

Investor Relations

investor.relations@adidas.com
► ADIDAS-GROUP.COM/S/INVESTORS

Concept
nexxar, Vienna

Design and Realization
nexxar, Vienna