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TO OUR SHAREHOLDERS

LETTER FROM THE CEO

KASPER RORSTED

> 2020 was a year like no other. Despite all the challenges, we used this year to make adidas a better company.

DEAR SHAREHOLDERS,

2020 was a year like no other. When we started out, we were looking forward to a great year of sport, with the UEFA EURO 2020 and the Olympic Games in Tokyo at its core. And with the strong development adidas has seen over the last four years, we were well on track to achieving all the long-term targets we had set out in our strategy 'Creating the New'.

Then covid-19 struck the world with full force. The global pandemic presents a crisis on a scale many of us have never experienced before. The toll it has taken on human life is heartbreaking, while it has also caused the largest economic downturn for decades.

Covid-19 first hit adidas in late January in China. By mid-March, Europe, North America and Latin America had also gone into lockdown. Within the space of just three days, 70% of our stores – and those of our partners – had closed. We were suddenly put in a position where we were losing revenue, while our costs continued to roll in. We reacted quickly. There is no blueprint to deal with a crisis like this, but within just a few days we had adjusted our operations to address the situation at hand.

The health and safety of our employees is our top priority

From the very beginning of the pandemic, our focus was squarely upon two things:

- Securing the well-being, health and safety of our own employees, and of our suppliers.
- Steering the company successfully through this unprecedented crisis.

I am proud to report that we achieved both.

We implemented comprehensive hygiene standards across all our locations and provided our employees with clear guidance – including the preventive measures they should take. We also closed stores and offices when required, in line with local regulations. Even today, the vast majority of our employees are working from home, but we reacted quickly to provide them with the tools that would enable them to do so. We also successfully safeguarded jobs throughout the entire year and rewarded our employees with an appreciation payout of € 1,000 each for their extraordinary commitment.

2020 financial results

Despite all the challenges, we used 2020 to make adidas a better company. Our business recovered quickly after having hit the lowest point in the second quarter and returned to growth in the fourth quarter. We connected with more consumers than ever before and expanded our digital capabilities and reach. We continued to invest in sustainability and our people. Last but not least, we increased our operational and financial flexibility. As a result, we are now well positioned to tackle both short-term uncertainty and long-term growth.

Not surprisingly, our financial results were significantly impacted by the negative effects of the coronavirus pandemic. Revenues decreased 14% on a currency-neutral basis due to the widespread store closures and lower traffic once stores reopened. Revenues in Russia/CIS remained flat, while currency-neutral sales were down in all other major market segments. We were able to achieve a gross margin level of 49.7%, limiting the decline to 2.3 percentage points through a disciplined sell-in in a very promotional industry environment. As a result of the revenue shortfall, the company's operating margin decreased 7.5 percentage points to 3.8% and net income from continuing operations decreased 78% to € 429 million.

Exceptional growth in e-commerce

Overall, the global pandemic accelerated our focus on digital. We took decisive actions to focus on digital acceleration by moving available inventory to e-commerce, invested in an agile digital content studio, shifted marketing, resources and tech budget toward digital and made sure our day-to-day decisions are data-driven with a clear focus on consumer insights and trends. As a result, our e-commerce business was up 53% on a currency-neutral basis for the full year, exceeding € 4 billion for the first time in the history of our company.

Consumer at the center of everything we do

Our digital capabilities helped us to put our consumers at the center of everything we do. The lockdown saw the launch of our most successful digital campaign ever: #hometeam. This campaign was seen by more than 400 million people worldwide, with over 3,000 of our athletes and partners getting involved. With sporting events resuming in many regions in the second half of the year, we launched our next successful digital campaign: 'Ready for Sport'. It was great to see our athletes and teams back in action, winning titles and setting records in our innovative products. Kenyan runner Peres Jepchirchir broke the half-marathon world record in our Adizero Adios Pro shoes twice, FC Bayern Munich won the UEFA Champions League, and Dominic Thiem claimed his first Grand Slam title at the US Open, just to mention a few.

Continued investment in sustainability

Sustainability is an integral part of the adidas business philosophy. We continue to invest in sustainability initiatives and, in 2020, we significantly broadened our range of sustainable products and are ahead of our plan to have virgin polyester removed from our products by 2024. As part of our partnership with the environmental organization Parley for the Oceans, we produced 15 million pairs of shoes using recycled plastic waste collected from beaches and coastal regions. We expanded our vegan product offering and completely banned the use of fur.

At our corporate sites, we operate modern facilities to generate environmentally friendly energy. We are also working closely with our suppliers to implement climate and environmental protection measures at their sites. Our objective: to reach climate neutrality by 2050, globally.

Commitment to accelerating diversity and inclusion

In many respects, we are already a company that leads on diversity issues. adidas is international to its very core. People from over 100 nations work at our corporate headquarters in Herzogenaurach alone and the Executive and Supervisory Boards both have strong international representation. We have also made progress in increasing the number of women in leadership positions. Our target for the end of 2020 was to have women make up 32% of our leadership positions. We exceeded this target with 35%.

However, it came to our attention as a result of many individual conversations with our employees – in particular with our Black employees – that diversity and inclusion was not being lived consistently across our company. Many employees told us – and told me personally – that they believe there are not enough equal opportunities for all. This is not acceptable. It is a top priority for us to make adidas an even more diverse and inclusive company. In order to do so, we acted upon the following commitments:

- Establishing a global Committee to Accelerate Inclusion & Equality.
- Signing the Juneteenth Pledge and organizing our first Global Day of Inclusion for all of our employees, which will now become an annual company event.
- Launching a mandatory Diversity and Inclusion training for all employees.
- Setting new targets in the US for increased representation of Black and LatinX people within our US workforce. Our aim is to fill at least 30% of all new positions with Black and LatinX people.
- Funding 50 university scholarships in the US each year for Black and LatinX students.
- Investing $120 million in the US toward ending racism and supporting Black communities through to 2025.

We will continue this important journey – together with our employees and partners – to create an adidas we can all be proud of.

Increased financial flexibility

To successfully navigate the company through 2020, we switched our financial focus entirely onto managing our cash in- and outflows when the covid-19 crisis hit us in March. Our measures included the establishment of strict cost and working capital controls, the reduction of management compensation, the stop of the share buyback program as well as the suspension of dividend payments. In addition, we took further steps to guarantee the company's financial flexibility with approval from the German government for a syndicated credit facility amounting to € 3 billion from a consortium of banks including KfW, Germany's state-owned development bank. This facility helped us to bridge the exceptional circumstances that arose from the coronavirus pandemic.

In August, we received strong first-time investment-grade ratings from the two leading rating agencies – Standard & Poor's ('A+' with a stable outlook) and Moody's ('A2' with a stable outlook). adidas is now one of the highest-ranked companies in the sporting goods industry and in Germany. As a result of these ratings, adidas is well positioned to gain access to the international capital market at any time. In September, we successfully placed two bonds with a total value of € 1 billion as well as our first ever € 500 million sustainability bond. In October, we were able to repay the drawn portion of the KfW loan amounting to € 500 million and, in November, we terminated the KfW loan and replaced it completely.

2021 outlook

We all hope that 2021 will be the year in which the world can leave the coronavirus pandemic behind. For us as a company, it will be a milestone year. adidas will play an integral role in important moments in sport and culture. We firmly believe, that through sport, we have the power to change lives. As you read this, we will have launched our new strategy 'Own the Game'. It clearly articulates the business drivers, categories and markets we will focus on to deliver above industry-average growth and create significant value through to 2025. As part of the development of our new five-year strategy, we have assessed strategic alternatives for Reebok and decided to begin a formal process aimed at divesting the brand. In 2021, we will be fast out of the gate in the first year of our strategic cycle and – in combination with our strong product pipeline – expect to drive strong sales growth across all market segments. Specifically, we expect currency-neutral net sales to increase at a mid- to high-teens rate. Profitability will also see a notable recovery. Our operating margin is projected to increase to a level of between 9% and 10%, driven by the strong sales growth, gross margin improvement and continued strict cost control. As a result, net income from continuing operations is anticipated to increase to a level of between € 1.25 billion and € 1.45 billion.

Thank you

2020 was anything but easy. The only way to get through such a year is by working together as a team. Therefore, I would like to extend my heartfelt thanks to our 62,000 adidas employees. They have demonstrated resilience and shown great commitment in these unprecedented times. And I would also like to say thank you to you, our shareholders, for the trust you have placed in us. We will continue to do everything we can to remain worthy of this trust. I am confident of the attractive prospects the sporting goods industry will continue to present for adidas, especially given that many people have developed an increased appreciation of well-being. They want to stay fit and healthy through sports. At the same time, wearing sportswear is becoming more and more popular, in particular for people working from home. adidas will continue to benefit from these trends. As a global leader in our industry with a strong strategy in place, we are very well positioned for the years ahead.

Please take care and stay healthy.

Sincerely yours,

Kasper Rorsted

CEO

EXECUTIVE BOARD

OUR EXECUTIVE BOARD IS COMPRISED OF SIX MEMBERS. EACH BOARD MEMBER IS RESPONSIBLE FOR AT LEAST ONE MAJOR FUNCTION WITHIN THE COMPANY.

Kasper Rorsted
Chief Executive Officer

Kasper Rorsted was born in Aarhus, Denmark, in 1962 and is a Danish national. He holds a degree in International Business Studies from the Copenhagen Business College, Denmark, from where he graduated in 1985, and completed a series of Executive Programs at Harvard Business School, USA. During his career Kasper Rorsted gained valuable experience in the IT industry through various management positions at Oracle, Compaq and Hewlett Packard. These included Head of Compaq Enterprise Business Group EMEA (1995-2001) and Vice President and General Manager EMEA (2001-2002) based in Germany and Switzerland at Compaq and Senior Vice President and General Manager EMEA (2002-2004) based in Switzerland at Hewlett-Packard, Digital Equipment Corporation. In 2005, Kasper Rorsted joined consumer goods manufacturer Henkel based in Germany as the Executive Vice President of Human Resources Management, Procurement, IT and Infrastructure Services. In 2007, he became the Vice Chairman of the Management Board before he was appointed Chief Executive Officer (CEO) of Henkel in 2008. Since 2016, Kasper Rorsted has been the CEO of adidas AG, Herzogenaurach, Germany.

Mandates:

- Member of the Board of Directors, Nestlé S.A., Vevey, Switzerland
- Member of the Supervisory Board, Siemens AG, Berlin and Munich, Germany[1]

1 Since February 3, 2021.

Roland Auschel
Global Sales

Roland Auschel was born in Bad Waldsee, Germany, in 1963 and is a German citizen. After obtaining a bachelor's degree in European Business Studies from the Münster University of Applied Sciences, Germany, and the University of Hull, UK, as well as an MBA from the University of Miami, USA, he joined the adidas team as a Strategic Planner in 1989. During his career with the company, he has held many senior management positions, including Business Unit Manager, Key Account Manager Europe and Head of Region Europe, Middle East and Africa. In 2009, he became Chief Sales Officer Multichannel Markets. In 2013, Roland Auschel was appointed to the Executive Board and is responsible for Global Sales.

Brian Grevy
Global Brands

Brian Grevy was born in Kolding, Denmark, in 1971 and is a Danish citizen. After his studies at the Business School in Vejle, Denmark, he held various leadership positions at adidas and Reebok Nordics between 1998 and 2006. In 2006, he transferred to the adidas headquarters in Herzogenaurach, Germany, to become Director Men's Training and, as of 2010, Senior Vice President Training & Regional Sports. From 2012 to 2014, Brian Grevy acted as General Manager adidas Nordics in Stockholm, Sweden. During the years 2014 to 2016, he led the adidas Business Unit Training as General Manager in Herzogenaurach, Germany. He then joined Gant in Stockholm, Sweden, as Chief Marketing Officer, where he became Chief Executive Officer in 2018. In 2020, Brian Grevy was appointed to the adidas Executive Board and is responsible for Global Brands.

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

Harm Ohlmeyer

Chief Financial Officer

Harm Ohlmeyer 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 Ohlmeyer started his career with adidas in 1998 and gained extensive experience in the areas of Finance and Sales, including responsibility as Senior Vice President Finance TaylorMade-adidas Golf in Carlsbad, USA, Senior Vice President Finance adidas Brand and Senior Vice President Finance for Global Sales (adidas and Reebok). From 2011, he led the company's e-commerce business as Senior Vice President Digital Brand Commerce. From 2014 to 2016, he held additional responsibility as Senior Vice President Sales Strategy and Excellence. In 2017, Harm Ohlmeyer was appointed to the Executive Board and subsequently became Chief Financial Officer and Labor Director.

AMANDA RAJKUMAR[2]

Global Human Resources

Amanda Rajkumar was born in Northampton, UK, in 1972 and is a British national. She holds a Bachelor of Science degree from Goldsmiths College, London University, UK, and began her professional career as a research psychologist before joining the London-based recruitment consultancy JM Management. From 1998 onward, she held various senior HR leadership and managerial positions at JPMorgan Chase. She joined BNP Paribas in 2009, where over eleven years, she was responsible for Global Human Resources for different business divisions based out of Europe and the US. Most recently, she was Chief Human Resources Officer for the Americas region, with responsibility for the Intermediary Holding Company of BNP Paribas in the Americas overseeing the retail and wholesale divisions. At the beginning of 2021, Amanda Rajkumar has been appointed to the adidas Executive Board and is responsible for Global Human Resources.

2 Since January 1, 2021.

Martin Shankland
Global Operations

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

Member of the Executive Board until June 30, 2020:

Karen Parkin
Global Human Resources

More information on the adidas Executive Board

► ADIDAS-GROUP.COM/EXECUTIVE-BOARD

SUPERVISORY BOARD

THOMAS RABE

CHAIRMAN[3]
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
Membership in comparable domestic and foreign controlling bodies of commercial enterprises

Mandates held in foreign subsidiaries of Bertelsmann SE & Co. KGaA:

- Chairman of the Board of Directors, Penguin Random House LLC, New York, USA[4]
- Member of the Supervisory Board, Majorel Group Luxembourg S.A., Luxembourg, Luxembourg

UDO MÜLLER*

DEPUTY CHAIRMAN
residing in Herzogenaurach, Germany
born on April 14, 1960
Member of the Supervisory Board since October 6, 2016
Manager History Management[5], adidas AG, Herzogenaurach, Germany

IAN GALLIENNE

DEPUTY CHAIRMAN[6]
residing in Gerpinnes, Belgium
born on January 23, 1971
Member of the Supervisory Board since June 15, 2016
Chief Executive Officer, Groupe Bruxelles Lambert, Brussels, Belgium
Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- Member of the Board of Directors, Pernod Ricard SA, Paris, France
- Member of the Board of Directors, SGS SA, Geneva, Switzerland

Mandates within the Groupe Bruxelles Lambert or in entities under common control with the Groupe Bruxelles Lambert:

- Member of the Board of Directors, Imerys SA, Paris, France
- Member of the Board of Directors, Sienna Capital S.à r.l., Strassen, Luxembourg
- Member of the Board of Directors, Compagnie Nationale à Portefeuille SA, Loverval, Belgium
- Member of the Board of Directors, Frère-Bourgeois SA, Loverval, Belgium
- Member of the Board of Directors, Château Cheval Blanc, Société Civile, Saint-Émilion, France
- Member of the Board of Directors, GBL Advisors Ltd., London, United Kingdom[7]
- Member of the Board of Directors, GBL Development Ltd., London, United Kingdom
- Member of the Supervisory Board, Marnix French ParentCo SAS (Webhelp Group), Paris, France

3 Since August 11, 2020; formerly Deputy Chairman of the Supervisory Board, adidas AG, Herzogenaurach, Germany.
4 Until April 1, 2020.
5 Since September 1, 2020; formerly Director Communication, adidas AG, Herzogenaurach, Germany.
6 Since August 11, 2020.
7 Until January 4, 2020.
* Employee representative.

PETRA AUERBACHER*
residing in Emskirchen, Germany
born on December 27, 1969
Member of the Supervisory Board since May 9, 2019
Project Manager Creative Direction, adidas AG, Herzogenaurach, Germany

ROSWITHA HERMANN*
residing in Erlangen, Germany
born on December 27, 1962
Member of the Supervisory Board since May 9, 2019
Director Projects[8], adidas AG, Herzogenaurach, Germany

HERBERT KAUFFMANN
residing in Stuttgart, Germany
born on April 20, 1951
Member of the Supervisory Board since May 7, 2009
Independent Management Consultant, Stuttgart, Germany

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

KATHRIN MENGES
residing in Großenbrode, Germany
born on October 16, 1964
Member of the Supervisory Board since May 8, 2014
Self-employed entrepreneur

ROLAND NOSKO*
residing in Wolnzach, Germany
born on August 19, 1958
Member of the Supervisory Board since May 13, 2004
District Manager of the Industrial Union IG Bergbau, Chemie, Energie (IG BCE), District of Nuremberg, Nuremberg, Germany
Membership in other statutory supervisory boards in Germany:
- Deputy Chairman of the Supervisory Board, CeramTec GmbH, Plochingen, Germany
- Member of the Supervisory Board, Plastic Omnium Automotive Exteriors GmbH, Munich, Germany

BEATE ROHRIG*
residing in Glashütten, Germany
born on March 24, 1965
Member of the Supervisory Board since May 9, 2019
State District Manager of the Industrial Union IG BCE, State District Bavaria, Munich, Germany
Membership in other statutory supervisory boards in Germany:
- Member of the Supervisory Board, Evonik Nutrition & Care GmbH, Essen, Germany[9]
- Member of the Supervisory Board, Wacker Chemie AG, Munich, Germany

8 Since July 1, 2020; formerly full-time member of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany.
9 Until June 30, 2020.
* Employee representative.

NASSEF SAWIRIS

residing in London, United Kingdom
born on January 19, 1961
Member of the Supervisory Board since June 15, 2016
Executive Chairman and Member of the Board of Directors, OCI N.V., Amsterdam, The Netherlands
Membership in comparable domestic and foreign controlling bodies of commercial enterprises:

- CEO of Avanti Acquisition Corp., New York, USA[10]

FRANK SCHEIDERER*

residing in Wilhelmsdorf, Germany
born on April 16, 1977
Member of the Supervisory Board since May 9, 2019
Director Head Office – Finance Strategy and Programs[11], adidas AG, Herzogenaurach, Germany

MICHAEL STORL*

residing in Oberreichenbach, Germany
born on July 3, 1959
Member of the Supervisory Board since May 9, 2019
Deputy Chairman of the Works Council Herzogenaurach, adidas AG, Herzogenaurach, Germany

BODO UEBBER

residing in Stuttgart, 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, Evercore GmbH, Frankfurt/Main, Germany[12]

JING ULRICH

residing in Hong Kong, China
born on June 28, 1967
Member of the Supervisory Board since May 9, 2019
Vice Chairman of Global Banking and Asia Pacific, 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 Global Sports Marketing & Brand Relations, adidas AG, Herzogenaurach, Germany

10 Since October 1, 2020.
11 Since July 1, 2020; formerly Director Head Office – Brand & Sales Finance, adidas AG, Herzogenaurach, Germany.
12 Since April 16, 2020.
* Employee representative.

SUPERVISORY BOARD MEMBER UNTIL AUGUST 11, 2020:

IGOR LANDAU
CHAIRMAN
residing in Lugano, Switzerland
born on July 13, 1944
Member of the Supervisory Board since May 13, 2004
Pensioner

STANDING COMMITTEES AS OF AUGUST 11, 2020

Steering Committee:
Thomas Rabe (Chairman), Ian Gallienne, Udo Müller*
General Committee:
Thomas Rabe (Chairman), Ian Gallienne, Udo Müller*, Roland Nosko*
Audit Committee:
Bodo Uebber (Chairman), Herbert Kauffmann, 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, Roswitha Hermann*, Udo Müller*

STANDING COMMITTEES UNTIL AUGUST 11, 2020

Steering Committee:
Igor Landau (Chairman), Udo Müller*, Thomas Rabe
General Committee:
Igor Landau (Chairman), Udo Müller*, Roland Nosko*, Thomas Rabe
Audit Committee:
Herbert Kauffmann (Chairman), Frank Scheiderer*, Bodo Uebber, Günter Weigl*
Nomination Committee:
Igor Landau (Chairman), Kathrin Menges, Thomas Rabe
Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG):
Igor Landau (Chairman), Roswitha Hermann*, Udo Müller*, Thomas Rabe

Biographical information on our Supervisory Board members is available online

► ADIDAS-GROUP.COM/SUPERVISORY-BOARD

* Employee representative.

SUPERVISORY BOARD REPORT

DEAR SHAREHOLDERS,

2020 was a challenging year for adidas. A year impacted in particular by the unprecedented challenges of the coronavirus pandemic. Broad-based store closures as well as lower consumer traffic had a significant negative impact on the company's business activities. adidas has risen to these challenges. While the health and safety of our employees, partners, and consumers remained a top priority, the company also took advantage of emerging opportunities: The company advanced its digital activities, concluded successful refinancing agreements, and further increased diversity within the company. These achievements help to ensure that adidas goes strengthened and well equipped into the next strategic cycle. Focusing on the most attractive categories, channels, and markets in the global sporting industry, the company's 2025 strategy will allow adidas to gain above-average benefits from structural consumer trends. Against this background, the company is in an excellent position to generate profitable growth also in the new strategic cycle, and to allow shareholders to continue to participate in the company's positive development.

Monitoring 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 and diligently and continuously monitored 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 corporate strategy, business planning (including financial, investment, and personnel planning), the course of business, and the company's financial position and profitability. We were also kept up to date on matters relating to accounting processes, the risk situation and the effectiveness and development of the internal control and risk management systems and compliance as well as all major decisions and business transactions. Furthermore, the Executive Board always explained immediately and in detail any deviation in the performance of the business from the established plans. In the year under review, the principal cause of deviation was the coronavirus pandemic, which presented the company with new and unexpected challenges. In order to meet these challenges, we increased the communication between the Executive Board and Supervisory Board through additional meetings and regular written reports. In particular, the Executive Board informed us of the impact of the pandemic on our employees and locations around the world, on our operational performance, and on the liquidity of the company. We supported the Executive Board in an advisory capacity on all of the measures implemented, each of which was intended to promote the long-term prosperity of adidas as well as its employees, consumers, and business partners.

In addition, the Executive Board provided us with regular, comprehensive written reports to assist with preparation for our meetings. We thus always had the opportunity to critically analyze the Executive Board's reports and resolution proposals within the committees and within the entire Supervisory Board and to put forward suggestions before passing resolutions after in-depth examination and extensive consultation. At the Supervisory Board meetings, the Executive Board was available to discuss and answer 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 challenged the information provided to us 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 sessions. Members who were unable to participate in the meetings took part in the resolutions by submitting their vote in writing. Given the coronavirus pandemic and in order to protect the safety of all persons involved, most of our meetings were held virtually. The latest video-conferencing technology was used to ensure an open and appropriate discussion between the Executive Board and Supervisory Board within the virtual meetings. Despite the very high number of meetings, the Supervisory Board and its committees had a consistently high participation rate during the year under review, totaling approximately 97% (2019: approximately 96%), which significantly exceeds the targeted minimum participation rate of 75%.

The external auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, ('KPMG') attended all meetings of the Supervisory Board, with the exception of one extraordinary meeting, insofar as no Executive Board matters or internal matters of the Supervisory Board were dealt with. Furthermore, KPMG attended all meetings of the Audit Committee.

In the periods between meetings, the Supervisory Board Chairman and the Audit Committee Chairman maintained regular contact with the Chief Executive Officer and the Chief Financial Officer, conferring on matters such as corporate strategy, business planning and development, the risk situation, the control and risk management as well as compliance. A key issue during the year under review was the impact of the coronavirus pandemic on the company and the measures taken to mitigate it. In addition, the Supervisory Board Chairman was informed about events of fundamental importance for evaluating the situation, development and management of the company, when necessary also at short notice. The Chairman of the Supervisory Board regularly reported during meetings on discussions with the Executive Board outside the Supervisory Board meetings.

The Supervisory Board also met 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.

Individual meeting participation of the Supervisory Board members

	Number of meetings	Participation	Participation rate
Members of the Supervisory Board as at December 31, 2020			
Thomas Rabe, Chairman of the Supervisory Board[1]	21	21	100%
Ian Gallienne, Deputy Chairman of the Supervisory Board[1]	16	15	94%
Udo Müller, Deputy Chairman of the Supervisory Board	19	19	100%
Petra Auerbacher	10	10	100%
Roswitha Hermann	10	8	80%
Herbert Kauffmann	15	15	100%
Christian Klein[2]	3	2	67%
Kathrin Menges	12	12	100%
Roland Nosko	19	19	100%
Beate Rohrig	10	10	100%
Nassef Sawiris	10	10	100%
Frank Scheiderer	15	15	100%
Michael Storl	10	10	100%
Bodo Uebber	15	15	100%
Jing Ulrich	10	10	100%
Günter Weigl	15	15	100%
Members of the Supervisory Board until the end of the Annual General Meeting on August 11, 2020			
Igor Landau, Chairman of the Supervisory Board	12	12	100%

1 Chairman or Deputy Chairman of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020.
2 Member of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020. Christian Klein was unable to attend one Supervisory Board meeting in the year under review due to an excused absence. Due to his shorter term of office in the year under review and the lower number of meetings (three meetings), this resulted in a relatively low attendance rate of 67%, which is not representative.

Tasks and topics for the entire Supervisory Board

In the year under review, there were ten meetings of the entire Supervisory Board (2019: eight meetings). One resolution was passed by way of a circular resolution.

The following subject areas were presented to us in detail by the Executive Board for regular discussion at Supervisory Board meetings: the development of sales and earnings, the employment situation as well as the financial position of the company and the business development of the company's individual operations, brands, and markets. In addition, we focused on the serious impact of the ongoing coronavirus pandemic on the global economy and on the company. From the outset, our top priority was the health and safety of our employees, shareholders, consumers, and partners. In addition, we examined in detail the considerable decline in sales, profit and cash flow from operating activities as well as the associated liquidity management within the company. We also considered the rapidly accelerating top-line growth in our e-commerce channel. The Executive Board provided regular reports on the implementation of measures aimed at promoting diversity, equality, and inclusion at adidas. Finally, we discussed the annual and multi-year planning of the Executive Board. In particular, we examined the development of the new long-term strategy that will run from the 2021 to 2025 financial years. In our meetings, the Executive Board provided regular reports on the status of development and consulted extensively with the Supervisory Board.

In accordance with statutory regulations or the Rules of Procedure, certain transactions and measures by the Executive Board require the prior approval of the Supervisory Board. The Supervisory Board discussed transactions requiring approval as and when they arose and gave its approval to resolution items after detailed reviews, in some cases after preparation by the relevant committees. In addition, the Supervisory

Board regularly discussed personnel and compensation matters with respect to the Executive Board as well as questions of corporate governance. ▸ SEE COMPENSATION REPORT ▸ SEE DECLARATION ON CORPORATE GOVERNANCE

At the February meeting of the Supervisory Board, the Executive Board reported on the company's situation and preliminary financial results for the 2019 financial year as well as the development process for the new strategy. Furthermore, we deliberated on major legal disputes involving adidas as well as business development at Reebok. We also examined the upcoming election of a shareholder representative to the Supervisory Board at the 2020 Annual General Meeting. In addition, we elected Bodo Uebber to the Audit Committee with effect from January 1, 2020, following the departure of Ian Gallienne as Audit Committee member on December 31, 2019. Other topics of discussion included Executive Board compensation and corporate governance. In particular, we addressed the independence of Supervisory Board members as well as the Declaration on Corporate Governance (Corporate Governance Report). In addition, having determined the degree of target achievement and having discussed in detail the individual performance of Executive Board members, we set the short- and long-term variable compensation to be paid to the Executive Board members for the 2019 financial year. We also determined the appropriateness of Executive Board compensation following an internal appropriateness test.

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 2019 annual financial statements and consolidated financial statements. Before the Supervisory Board passed the resolution, the auditor reported on the material results of the audit, including the results of the examination 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 on the basis of the independent 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. In addition, the Executive Board explained the current business situation of the company, also in relation to the unforeseeable impact of the coronavirus pandemic. Another topic of discussion was the ongoing development of the long-term strategy. We also approved the merger of the non-operational adidas anticipation GmbH with adidas AG as a measure requiring approval. Furthermore, we approved the Supervisory Board Report to the Annual General Meeting as well as the proposed resolutions to be submitted to the 2020 Annual General Meeting, including the proposal on the appropriation of retained earnings for the 2019 financial year. The Supervisory Board later revoked the resolution on the Annual General Meeting after the Executive Board decided to postpone the 2020 Annual General Meeting from May to August in line with restrictions imposed by the competent German authorities and as a result of the ban on large in-person meetings. In addition, at the March meeting of the Supervisory Board, we determined the criteria and targets for the variable, performance-based compensation of Executive Board members for the 2020 financial year. Given the impact of the coronavirus pandemic on the company's business situation and the importance of securing the company's liquidity, we decided in March, in agreement with the Executive Board, to postpone the payment of the short- and long-term variable compensation for the 2019 financial year. In addition, the Executive Board members agreed to waive the payment of 50% of their contractually agreed fixed salary for an indefinite period.

In April, there were two meetings of the Supervisory Board. Both meetings focused on mitigation of the coronavirus pandemic as well as on liquidity management and the company's financial strategy. Within this framework, we approved a syndicated loan facility for adidas AG from a consortium of banks with participation from KfW. As a liquidity management measure, the Executive Board members waived their annually granted short- and long-term bonuses for the 2020 financial year. In addition, the Executive Board presented the Q1 2020 results and reported on the progress of the digital transformation at adidas.

A further two meetings of the Supervisory Board were held in June. The first of these, at the beginning of the month, focused on the current business situation and, in particular, the impact of the coronavirus pandemic on the operating business and the measures taken to mitigate it. In light of the ongoing coronavirus pandemic, the Supervisory Board members also agreed to donate 30% of their annual compensation in the year under review to SOS Children's Villages and other good causes. In addition, we passed a new resolution on the invitation and agenda for the virtual 2020 Annual General Meeting. The Supervisory Board approved the proposed resolutions to be submitted to the Annual General Meeting of adidas AG on August 11, 2020, including the proposal on the appropriation of retained earnings for the 2019 financial year. At the second of the June meetings, the Supervisory Board approved the termination by mutual agreement of the appointment of Karen Parkin as a member of the Executive Board of adidas AG with effect from June 30, 2020. Furthermore, the termination agreement with respect to Karen Parkin's Executive Board service contract was approved.

The August meeting focused on the Q2 and half-year results for 2020 as well as the financial strategy of adidas AG. With regard to the financial strategy, the Supervisory Board authorized the Executive Board to issue non-share-based bonds and conclude a syndicated revolving loan facility. In addition, we deliberated extensively and in detail on the issues of diversity and inclusion within adidas as well as the development of the new strategy. We also addressed key initiatives in the area of sustainability and agreed to commission KPMG to examine the content of the non-financial statement with limited assurance. In connection with the election of the new Supervisory Board member by the Annual General Meeting on August 11, 2020, we also addressed the composition of the Supervisory Board and its committees. Other topics covered at the meeting included personnel and compensation matters of the Executive Board. After extensive consultation, the Supervisory Board reappointed CEO Kasper Rorsted as a member of the Executive Board of adidas AG for a further five years. In addition, the Supervisory Board confirmed its approval of Brian Grevy's external board of directors mandate at Pitzner Gruppen Holding A/S. We also conducted a horizontal comparison of Executive Board compensation and determined that the compensation provided was appropriate. As the company's liquidity improved, we decided to pay the Executive Board members the fixed compensation that had been deferred since April 2020 and to resume payment of the monthly fixed salary at the contractually agreed amount.

At the September meeting of the Supervisory Board, we discussed succession planning for the Executive Board function Global Human Resources and, after extensive consultation, appointed Amanda Rajkumar as a member of the Executive Board of adidas AG from January 2021. We also approved the Executive Board service contract to be concluded with Amanda Rajkumar.

At the meeting in October, we discussed the preliminary Q3 2020 results and the development process for the new strategy. The Executive Board reported on the financing arrangements, in particular the bonds issued. In addition, we discussed the digital strategy as well as ongoing developments and progress made in our e-commerce channel. The Executive Board then outlined the latest developments in diversity and inclusion at adidas. Furthermore, we approved the potential assumption of Kasper Rorsted's external supervisory board mandate at Siemens AG. We also examined the competency profile for the Supervisory Board, including targets for its composition, and discussed the results of our self-assessment (efficiency examination). Based on these results, we derived selective measures to improve the organization of the Supervisory Board's work. In general, the self-assessment results confirmed the high effectiveness of the work of the Supervisory Board and its committees.

The December meeting focused on the budget and investment planning presented by the Executive Board for the 2021 financial year, which we approved after detailed consultation, as well as the marketing and sponsorship agreements concluded in the year under review. Together with the Executive Board, we discussed in depth the new strategy planned for the 2021 financial year onwards. In addition, following corresponding preparation by the General Committee, we discussed the new compensation system for members of the Executive Board and Supervisory Board, and reviewed and revised the Rules of Procedure of the Supervisory Board and Audit Committee in light of legal changes and the requirements of the Code. In this context, it was also decided to maintain the deductible of at least 10% of the claim in connection with the insurance of Supervisory Board members against risks arising from their professional activities (D&O insurance). Furthermore, we discussed the assessment of the independence of the Supervisory Board members and the Declaration of Compliance with the Code. Finally, we approved Harm Ohlmeyer's honorary executive board mandate at the WHU Foundation.

Tasks and topics for the committees

In order to perform our tasks in an efficient manner, we have established a total of five standing Supervisory Board committees. The committees prepare resolutions and topics for the meetings of the entire Supervisory Board. Within the legally permissible framework and in appropriate cases, we have furthermore delegated the Supervisory Board's authority to pass certain resolutions to individual committees. With the exception of the Audit Committee, the Supervisory Board Chairman 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 nine meetings during the year under review (2019: six meetings). One resolution was passed by way of a circular resolution. The main task of the General Committee was to prepare resolutions for the entire Supervisory Board on personnel and compensation matters of the Executive Board. In particular, it provided comprehensive advice on the departure of Karen Parkin, the appointment of Amanda Rajkumar, and the reappointment of Kasper Rorsted. The General Committee also dealt with the assumption of company-external mandates by Executive Board members. Regarding Executive Board compensation, the General Committee drafted proposals for resolutions on short- and long-term variable performance-based compensation (targets, target achievement, and amount), and pre-examined the appropriateness of the Executive Board compensation. Furthermore, the General Committee dealt intensively with the development of the new compensation system and long-term succession planning for the Executive Board as well as with the changed requirements of the German Stock Corporation Act and the Code in regard to corporate governance.

The **Audit Committee** held five meetings in the year under review (2019: five meetings). The Chief Financial Officer and the auditor were present at all meetings and reported to the committee members in detail.

In addition to the monitoring of the accounting process, the committee's work also focused on the audit of the annual financial statements and the consolidated financial statements for 2019, including the combined Management Report and the non-financial statement of adidas AG and the Group, as well as the Executive Board's proposal regarding the appropriation of retained earnings. Following an in-depth review of the audit reports with the auditor, the Audit Committee decided to recommend that the Supervisory Board approve the 2019 annual financial statements and consolidated financial statements. In addition, the Audit Committee prepared the audit of the non-financial statement and resolved to recommend that the Supervisory Board commission KPMG with the examination of the content of the non-financial statement with limited assurance pursuant to § 111 section 2 sentence 4 AktG. Following in-depth discussions, the Audit Committee also made a recommendation to the Supervisory Board regarding the proposal to the 2020 Annual General Meeting for the appointment of the auditor. The Audit Committee declared to the Supervisory Board that the recommendation was free from undue influence by a third party and that no clause of the kind referred to in Article 16 section 6 of the EU Regulation No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding the statutory audit of public-interest entities was imposed upon it.

In the year under review, the Audit Committee dealt intensively with the continued development and monitoring of the effectiveness of the risk management system, the internal audit system, the internal control system, and the compliance management system. Other matters discussed in detail were the assignment of the audit mandate to the auditor appointed by the Annual General Meeting and the determination of the audit fees and key audit matters. The Audit Committee also monitored the independence and qualification of the auditor as well as the quality of the audit. Finally, the Audit Committee discussed the quarterly financial results and the half-year financial report. In the year under review, the Audit Committee was also heavily occupied with the impending external rotation of the auditor in 2023 and defined the key parameters regarding the tendering process. In addition, the Audit Committee dealt extensively with the audit plan and risk management report. At each committee meeting, the Audit Committee was also informed about the findings and developments of internal audit as well as in the area of compliance.

Furthermore, in the meetings of the Audit Committee topics such as data protection and information security, contract management, and the bank account management system at adidas were discussed. Finally, the Audit Committee discussed the company's internal guidelines for monitoring compliance with the regulations governing transactions with related companies and persons as well as the new EU Taxonomy Regulation.

The **Nomination Committee** held two meetings in the year under review (2019: two meetings). In particular, it prepared the proposals of the Supervisory Board to the 2020 and 2021 Annual General Meeting regarding the election of shareholder representatives. Drawing on the Supervisory Board's own competency profile for members of the Supervisory Board, the Nomination Committee created a requirements profile that it then used to assess the suitability of candidates. The Nomination Committee also advised on the suitability and independence of candidates in relation to the regulatory requirements.

The **Mediation Committee** to be 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

Igor Landau, a long-serving member and Chairman of the Supervisory Board, was elected as a shareholder representative at the Annual General Meeting on May 9, 2019 until the end of the 2020 Annual General Meeting. With Igor Landau's term of office set to expire, the Supervisory Board proposed a new candidate for election to the 2020 Annual General Meeting following detailed consultation and preparation by the Nomination Committee. The 2020 Annual General Meeting approved the Supervisory Board's proposal by a large majority and elected Christian Klein as a new member of the Supervisory Board from the end of the Annual General Meeting of adidas AG on August 11, 2020 until the end of the Annual General Meeting that ratifies the actions of the Supervisory Board for the 2023 financial year. ▸ SEE SUPERVISORY BOARD

With the expiry of Igor Landau's term of office, it was necessary to amend the composition and memberships of the committees. With effect from the end of the 2020 Annual General Meeting, the Supervisory Board elected Thomas Rabe as Chairman of the Supervisory Board and Ian Gallienne as additional Deputy Chairman. The shareholder representatives on the Supervisory Board elected Ian Gallienne as the new member of the Nomination Committee and Mediation Committee.

Herbert Kauffmann, the long-serving Chairman of the Audit Committee of adidas AG, was elected as a shareholder representative at the Annual General Meeting on May 9, 2019 until the end of the 2021 Annual General Meeting. To ensure a smooth handover of the chairmanship of the Audit Committee, Bodo Uebber, who was appointed to the Audit Committee at the beginning of the year under review, was elected Chairman of the Audit Committee with effect from the end of the 2020 Annual General Meeting.

With Herbert Kauffmann's term of office set to expire, the Supervisory Board will propose a new candidate for election as shareholder representative on the Supervisory Board to the 2021 Annual General Meeting. Prior to the Supervisory Board submitting a proposal, a diligent selection process for suitable candidates takes place. The selection criteria for candidates are determined using a pre-defined requirements profile and are based on the objectives set by the Supervisory Board for the composition of the Supervisory Board, taking into account the competency profile, legal requirements, and applicable recommendations of the Code.

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 offered Supervisory Board members who joined the Supervisory Board during the year under review or who assumed new responsibilities within the Supervisory Board an introduction to the work of the Supervisory Board and/or to new areas of responsibility within adidas AG. Furthermore, the company regularly informs the Supervisory Board about current legislative changes as well as opportunities for external training, and provides the Supervisory Board with relevant specialist literature.

Changes to the Executive Board

In September 2020, the Supervisory Board appointed Amanda Rajkumar as a new member of the Executive Board with responsibility for Global Human Resources, effective January 2021. Amanda Rajkumar succeeds Karen Parkin, who left the Executive Board on June 30, 2020. In addition, we extended the mandate of CEO Kasper Rorsted by a further five years until 2026. ▸ 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 recommendations of the Code. The General Committee and the entire Supervisory Board discussed in their meetings the changed requirements of the German Stock Corporation Act and the Code in regard to corporate governance. Further detailed information on corporate governance within the company can be found in the Declaration on Corporate Governance. ► SEE DECLARATION ON CORPORATE GOVERNANCE

Following an in-depth discussion, the current Declaration of Compliance pursuant to § 161 AktG was resolved upon by the Executive Board and Supervisory Board of adidas AG in December 2020 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.

Examination of the annual financial statements and consolidated financial statements

The 2020 Annual General Meeting elected KPMG as auditor and Group auditor for the 2020 financial year as proposed by the Supervisory Board and recommended by the Audit Committee. Prior to this, KPMG had confirmed to both the Supervisory Board and Audit Committee that there are no circumstances which could prejudice its independence as auditor or which could cast doubt on KPMG's independence. In this respect, KPMG also declared to which extent non-audit services were rendered for the company in the previous financial year or are contractually agreed upon for the following year.

KPMG audited the 2020 consolidated financial statements prepared by the Executive Board in accordance with § 315e of the German Commercial Code (Handelsgesetzbuch – HGB) in compliance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union, and issued an unqualified opinion thereon. This also applies to the 2020 annual financial statements of adidas AG, prepared in accordance with the requirements of the German Commercial Code, and the combined Management Report of adidas AG and the adidas Group. Furthermore, at the request of the Supervisory Board, KPMG audited the non-financial statement. The financial statements, the proposal on the appropriation of retained earnings and the auditor's reports 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 8, 2021 and at the balance sheet meeting of the Supervisory Board on March 9, 2021, 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 focus points agreed and the key audit matters and was available for questions and the provision of additional information. The auditor did not report any significant weaknesses with respect to the internal control and risk management system relating to the accounting process. Prior to the passing of the resolution, the auditor reported on the results of the examination of the non-financial statement as commissioned by the Supervisory Board in accordance with § 111 section 2 sentence 4 AktG. In addition, the Supervisory Board discussed in depth and approved the Executive Board's proposal concerning the appropriation of retained earnings for the 2020 financial year.

Based on our own audits of the annual and consolidated financial statements (including the non-financial statement), we came to the conclusion that there are no objections to be raised. Following the recommendation of the Audit Committee, the Supervisory Board therefore approved the audit results and the financial statements prepared by the Executive Board, including the non-financial statement for the 2020 financial year. The annual financial statements were thus adopted. The annual financial statements are signed by the auditors Haiko Schmidt as the responsible audit partner since the 2017 financial year and Prof. Dr. Kai Andrejewski since the 2019 financial year.

KPMG has been acting as auditor and Group auditor for adidas AG since the 1995 financial year. On the basis of the transitional periods of Article 41 Regulation (EU) No. 537/2014, KPMG may not be reappointed as auditor after June 17, 2023. For this reason, an external rotation shall be conducted for the audit of the adidas AG financial statements for the 2023 financial year. Drawing on recommendations from the Audit Committee, the Supervisory Board will submit to the 2023 Annual General Meeting its proposal for a new auditor to audit the annual and consolidated financial statements of adidas AG as well as a possible review of the half-year financial report following a selection process that takes into account the criteria of Article 16 section 3 of the EU Auditors' Regulation. The Audit Committee discussed in detail the key data and criteria of the selection process in accordance with the requirements of Article 16 section 3 of the EU Audit Regulation and decided to conduct the tendering and selection process for the new auditor during the 2021 financial year.

Expression of thanks

On behalf of the entire Supervisory Board, I would like to thank Igor Landau, long-serving member and Chairman of the Supervisory Board who departed during the year under review, for his enormous commitment to the company and exceptional achievements in office. Furthermore, I wish to thank the current Executive Board, the departed Executive Board member Karen Parkin as well as all employees around the world for their great personal dedication and their ongoing commitment in these challenging times. I would also like to express my thanks for the enduring trust and cooperation between the employee and shareholder representatives on the Supervisory Board.

For the Supervisory Board

THOMAS RABE
CHAIRMAN OF THE SUPERVISORY BOARD

March 2021

DECLARATION ON CORPORATE GOVERNANCE

Corporate Governance stands for responsible and transparent management and corporate control oriented toward a sustainable increase in value. We are convinced that good corporate governance is an essential foundation for sustainable corporate success and enhances the confidence placed in our company by our shareholders, business partners, and employees, as well as the financial markets.

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

The adidas AG Executive Board and Supervisory Board issued the last Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 AktG in December 2019. Insofar as it is related to the past, the following declaration refers to the recommendations of the 'Government Commission on the German Corporate Governance Code' as of February 7, 2017, published in the Federal Gazette on April 24, 2017 and May 19, 2017 (corrected version) ('Code 2017'); as far as it is related to the present and future, the following declaration refers to the recommendations in the version as of December 16, 2019, published in the Federal Gazette on May 20, 2020 ('Code 2019' or 'Code').

1. The adidas AG Executive Board and Supervisory Board declare that since the last declaration, the recommendations of the Code 2017 have been met with the following exception:

Recommendation 5.4.5 Section 1 Sentence 2 Code 2017

One member of the Supervisory Board, Ian Gallienne, holds more than three 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, the recommendation 5.4.5 section 1 sentence 2 Code 2017 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.

2. The adidas AG Executive Board and Supervisory Board also declare that the recommendations of the Code 2019 have been and are met with the following deviations:

Recommendation C.5 Alternative 1 Code 2019

With regards to the mandates held by Ian Gallienne, reference is made to the above explanations. We are of the opinion that in accordance with its rationale, the recommendation C.5 alternative 1 Code 2019 is also not applicable to Ian Gallienne. However, a deviation is declared for precautionary reasons.

Recommendation C.5 Alternative 2 Code 2019

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

Recommendations G.1 and G.10 Sentence 2 Code 2019
In comparison to the Code 2017, the Code 2019 contains modified recommendations for the Executive Board compensation. The current Executive Board compensation system, as resolved by the Supervisory Board and approved by the Annual General Meeting of adidas AG on May 9, 2018, does not fully comply with the new recommendations G.1 and G.10 sentence 2 Code 2019. The Supervisory Board will propose a modified Executive Board compensation system to the 2021 Annual General Meeting which fully complies with the recommendations of the Code 2019.

Herzogenaurach, December 2020

For the Executive Board	For the Supervisory Board
KASPER RORSTED	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 public listed company 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 monitoring 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 both in terms of 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, which consists of six members, reflects the international character of our company. The Executive Board is responsible for independently managing the company, determining the Group's strategic orientation, agreeing the strategy with the Supervisory Board, and ensuring its implementation. Further, it defines business targets, company policy, and the organization of the Group. The Executive Board is in charge of 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. Moreover, it prepares a combined non-financial statement for the company and the Group. Additionally, the Executive Board ensures appropriate risk management and risk controlling as well as compliance with statutory regulations and internal guidelines. In this regard, the Executive Board is responsible for implementing an adequate compliance management system which meets the requirements of the company's risk situation. It is bound to the company's interest and obligated to strive for a sustained increase in company value.

Notwithstanding the Executive Board's overall responsibility, its 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 is responsible for lead management and development of the company, including the coordination of the operations, brands, and markets. The members of the Executive Board keep each other informed regularly and comprehensively about all significant developments in their business areas and align 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 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 agreed with the Supervisory Board.

The Executive Board is appointed 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. In addition, the Supervisory Board has agreed upon an age limit of 65 years for Executive Board members.

The General Committee of the Supervisory Board already accounts for diversity 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 the circumstances in each individual case. In the opinion of the Supervisory Board, the current composition of the Executive Board meets the diversity requirement outlined above.

No member of the Executive Board has accepted a Supervisory Board chair or more than two Supervisory Board mandates in non-group listed companies or in supervisory bodies of non-group companies with comparable requirements. ► SEE EXECUTIVE BOARD

Composition and working methods of the Supervisory Board

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

The most recent regular elections to the Supervisory Board were held in the 2019 financial year. In the 2020 financial year, the Annual General Meeting appointed Christian Klein to the Supervisory Board as a shareholder representative. This by-election was required as the term of office of Igor Landau, the former Chairman of the Supervisory Board, ended at the conclusion of the 2020 Annual General Meeting. The departure of Igor Landau also necessitated a new Chairman of the Supervisory Board. The Supervisory Board elected Thomas Rabe to this role with effect from the end of the 2020 Annual General Meeting. The terms of office of the current members of the Supervisory Board end at the conclusion of the 2024 Annual General Meeting – with the sole exception of Herbert Kauffmann, whose term ends at the conclusion of the 2021 Annual General Meeting.

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

Committee	Members
Steering Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller
General Committee	Thomas Rabe (Chairman) Ian Gallienne Udo Müller Roland Nosko
Audit Committee	Bodo Uebber (Chairman) Herbert Kauffmann Frank Scheiderer Günter Weigl
Nomination Committee	Thomas Rabe (Chairman) Ian Gallienne Kathrin Menges
Mediation Committee (§27 paragraph 3 MitbestG)	Thomas Rabe (Chairman) Ian Gallienne Roswitha Hermann Udo Müller

The tasks, responsibilities, and work processes of the committees are in line with the requirements of the German Stock Corporation Act and the Code. The Chairmen of the committees report to the Supervisory Board on the results of the committee work on a regular basis. Further information on the committees can be found on the company's website. ► ADIDAS-GROUP.COM/S/SUPERVISORY-BOARD-COMMITTEES

Objectives for the composition of the Supervisory Board

In its meeting in October 2020, the Supervisory Board agreed upon the objectives for its composition (including the competency profile for the entire Supervisory Board), taking into account the recommendations of the Code. These objectives are published on our website. According to these objectives, the Supervisory Board should be composed in such a way that qualified monitoring 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. To this end, 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 and in the areas of digital transformation and information technology (including IT security), production, marketing, and sales, in particular in the e-commerce and retail sector. Moreover, the Supervisory Board is expected to possess knowledge and experience in the markets relevant to 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, human resources planning and management, accounting and financial reporting, controlling/risk management, governance/compliance, corporate social responsibility, and sustainability. At least one member of the Supervisory Board must have expertise in the areas of accounting or auditing of annual accounts. Additionally, the Supervisory Board members as a whole are expected to 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 independence of employee representatives 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 must be independent. From the company's view and following the regulations of the German Corporate Governance 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 must 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 board role among customers, suppliers, lenders, or other third parties. As a rule, members of the Supervisory Board should not have a board-level or advisory role 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 should be 72 years at the time of their appointment. As a rule, the length of membership in the Supervisory Board should not exceed 15 years or three terms of office.

In the Supervisory Board's assessment, the Supervisory Board as a whole in its current composition fulfills the objectives stated and the competency profile. With Bodo Uebber, Chairman of the Audit Committee, at least one member of the Supervisory Board has proven expertise in the areas of accounting or auditing of annual accounts. The names of the independent shareholder representatives are set out in the overview of all Supervisory Board members in this Annual Report. In the opinion of the Supervisory Board, all shareholder representatives qualified as 'independent' in the year under review. ► SEE SUPERVISORY BOARD

The Supervisory Board's election proposals to the Annual General Meeting are always prepared by the Nomination Committee. They take into account the objectives regarding the Supervisory Board's composition resolved upon by the Supervisory Board and are aimed 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 of a scale as possible. Moreover, the Supervisory Board ascertains that each proposed candidate has sufficient time to perform their mandates. ► SEE SUPERVISORY BOARD

Tasks of the Supervisory Board

The Supervisory Board monitors and advises the Executive Board on questions relating to the management of the company. The Executive Board regularly, expeditiously, and comprehensively reports on business development and planning as well as on the company's risk situation including compliance and coordinates the strategy of the company 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 upon the Supervisory Board's resolution proposals to be presented to the Annual General Meeting. Moreover, the Supervisory Board examines the combined non-financial statement for the company and the Group. Certain business transactions and measures of the Executive Board with fundamental significance are subject to prior 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 aims to select candidates with a wide range of complementary skills to ensure the best possible Executive Board composition for the company, keeping long-term succession planning in mind. The Supervisory Board takes a structural approach in its succession planning for the Executive Board. This is based on multiple planning horizons. Accordingly, the company has established a number of management groups (Core Leadership Group [CLG], Extended Leadership Group [ELG], and High Potentials). This ensures a sustainable approach to identifying and evaluating successor candidates for Executive Board positions, while also accommodating the company's diversity concept. The Supervisory Board discusses succession planning on a regular basis.

Furthermore, the Supervisory Board determines the Executive Board compensation system, examines it regularly and decides on the individual overall compensation of each Executive Board member. Further information on Executive Board compensation is compiled in the Compensation Report. ► SEE COMPENSATION REPORT

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 individual skills expected of the members, 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

The members of the Supervisory Board are individually responsible for undertaking any necessary training and professional development measures required for their tasks and are supported by adidas AG in this regard. The company informs the Supervisory Board regularly about current legislative changes as well as opportunities for external training, and provides the Supervisory Board with relevant specialist literature. In this regard, the Supervisory Board was also informed about the latest corporate governance developments and dealt extensively with the new version of the German Corporate Governance Code, which came into force during the year under review.

In addition, the Supervisory Board as well as the Audit Committee, General Committee, and Nomination Committee regularly review the efficiency of their work. After an external review was last conducted in 2018 the Supervisory Board and the aforementioned committees again conducted an internal self-assessment review in the year under review as well as in the previous year. The members of the Supervisory Board found the work of the Supervisory Board as a whole and of the individual committees to be efficient and agreed specific measures aimed at improving the organization of the Supervisory Board's work.

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

► SEE COMPENSATION REPORT

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 consideration 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 are available for Executive Board positions. The Executive Board and Supervisory Board therefore recognize the enormous importance of the company's initiatives to foster diversity and inclusion and to promote women to leadership positions.

► SEE OUR PEOPLE

In August 2017, the Supervisory Board set a target for female representation on the Executive Board of 1/7 (14.29%), with a deadline of June 30, 2022. That target is met as a result of Amanda Rajkumar joining the Executive Board.

In addition, the Executive Board has set targets and deadlines for female representation in the first two management levels of adidas AG. The targets are 24.2% for the first management level below the Executive Board and 30% for the second management level. The deadline for both targets is December 31, 2021.

On the first management level below the Executive Board, the percentage share of women amounted to 18% at the balance sheet date. The target figure was thus not achieved. In this respect, it must be noted that adidas AG has only a small number of leadership positions on this management level; therefore, minor changes already result in considerable changes in percentage numbers. The missing of the defined target figure is particularly attributable to unplanned departures from the company in the year under review and partly also to replacements that only take effect in the following year. Due to the coronavirus pandemic, fewer replacements or personnel measures than originally planned were realized. On the second management level below the Executive Board, the percentage share of women amounted to 27% at the balance sheet date. The target figure was thus not achieved. This slight shortfall is also particularly attributable to unplanned departures from the company in the year under review and to the exceptional circumstances caused by the coronavirus pandemic. As at balance sheet date, female representation in leadership positions on a global level however amounted to 35.2%. The target figure of 32% for the year 2020 was thus clearly exceeded. The company will continue to intensify its efforts to remain an attractive employer in the future, with a particular focus on a long-term approach for equal participation in leadership positions – both through recruitment and through appropriate talent and succession planning management.

In accordance with § 96 section 2 sentence 1 AktG, at least 30% of the members of the Supervisory Board have to be female and at least 30% have to be male. In the year under review, the shareholder representatives and the employee representatives each resolved in accordance with § 96 section 2 sentence 3 AktG that this minimum quota shall be fulfilled separately for the shareholder representatives and the employee representatives. As at December 31, 2020, altogether five of the 16 Supervisory Board mandates of the company were held by women, two on the shareholder representative side and three on the employee representative side. The minimum quota required is thus fulfilled on both sides.

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. ► SEE SUPERVISORY BOARD REPORT

Share transactions conducted by the Executive Board and Supervisory Board

An overview of the transactions of the Executive Board and the Supervisory Board pursuant to Article 19 of the Regulation (EU) No 596/2014 (Market Abuse Regulation) notified to adidas AG in 2020 is published on our website. ► ADIDAS-GROUP.COM/S/MANAGERS-TRANSACTIONS

Relevant management practices

Our business activities are oriented toward the legal systems in the various countries and markets in which we operate. This implies a high level of social and environmental responsibility. Further information on company-specific practices which are applied in addition to statutory requirements, such as our Code of Conduct ('Fair Play'), on compliance with working and social standards within our supply chain, environmentally friendly resource management in our manufacturing processes and our social commitment, is available in this Annual Report and on our website. ► SEE OUR PEOPLE ► SEE SUSTAINABILITY ► ADIDAS-GROUP.COM/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 risk and opportunity 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. We publish all essential information, such as ad hoc announcements, press releases, and voting rights notifications as well as all presentations from roadshows and conferences, all financial reports, and the financial calendar on our website. With our Investor Relations activities, we maintain close and continuous contact with our current and potential shareholders. ► ADIDAS-GROUP.COM/S/INVESTORS ► SEE OUR SHARE

In addition, we provide all documents and information on our Annual General Meeting on our website. The shareholders of adidas AG exercise their shareholders' rights at the Annual General Meeting. Each share grants one vote. Our shareholders are involved in all fundamental decisions at the Annual General Meeting through their participation rights. The company is committed to supporting our shareholders in exercising their rights at the Annual General Meeting.

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
- Accounting and annual audit

► ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE

Share-based programs

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 30 ► SEE OUR PEOPLE ► SEE COMPENSATION REPORT

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 28

Accounting and annual audit

adidas AG prepares the annual financial statements in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and German Stock Corporation Act (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).

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor for the 2020 annual financial statements and consolidated financial statements by the Annual General Meeting. The Supervisory Board had previously assured itself of the auditor's independence. ► SEE REPRODUCTION OF THE INDEPENDENT AUDITOR'S REPORT

COMPENSATION REPORT

For adidas, transparent and comprehensible reporting on the compensation of the Executive Board and Supervisory Board is an essential element of good corporate governance. The Compensation Report is a component of the combined Management Report and outlines the principles of the compensation system for the members of the Executive Board and Supervisory Board as well as the level and structure of the compensation system in accordance with the legal requirements and the recommendations of the German Corporate Governance Code ('Code').

COMPENSATION OF THE EXECUTIVE BOARD MEMBERS

The compensation system which has been applicable for the members of the Executive Board since the 2018 financial year was adopted by the shareholders at the Annual General Meeting on May 9, 2018.

In view of the Act on the Implementation of the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – 'ARUG II') and the new version of the German Corporate Governance Code, structural changes to the compensation system for the Executive Board members will become necessary. The new compensation system, revised in accordance with these requirements, will be presented for approval at the 2021 Annual General Meeting. The new compensation system will take also into account the new long-term strategy applicable from the 2021 financial year, and the short-term and long-term performance-related compensation components for Executive Board members will reflect the operational and strategic goals of the company outlined in the new strategy. Finally, our shareholders' expectations regarding the further development of the compensation system will also be taken into account.

The details on the revised compensation system are provided in the invitation to the 2021 Annual General Meeting, which is expected to be published in March 2021.

COMPENSATION SYSTEM

Principles of the compensation system

The compensation system for Executive Board members, which is applicable until the end of the 2020 financial year, is geared toward creating an incentive for successful, sustainable, and long-term corporate management and development. The compensation is therefore structured with an appropriate balance of fixed non-performance-related components and variable performance-related components. The variable performance-related components are based mainly on forward-looking, multi-year performance criteria. They are designed in such a way that both positive and negative developments are considered. Moreover, the incentive to achieve the long-term targets that determine the multi-year variable performance-related compensation component is higher than the incentive to achieve the targets that determine the one-year variable performance-related compensation component. To promote the execution of the corporate strategy, the performance targets selected for the variable performance-related compensation are derived from the operational and strategic goals. Therefore, at least 80% of the variable performance-related compensation is directly linked to the short- and long-term sales and profitability targets externally communicated, thus bringing the compensation of the Executive Board members directly in line with the interests of the shareholders. ► SEE SECTION 'VARIABLE PERFORMANCE-RELATED COMPONENTS'

When designing the compensation system and determining the Executive Board compensation, the Supervisory Board takes into account the size and global orientation, the economic situation, the success, and the outlook of the company. Compared with competitors, the compensation should be attractive, offering incentives to attract qualified members to the Executive Board and retain them on a long-term basis within the company. In addition, when determining the compensation, the complexity and importance of the tasks as well as the experience of the respective Executive Board member (especially with new appointments) and their contribution to the company's success are taken into consideration. The variable performance-related compensation is measured based on the achievement of ambitious, pre-agreed targets; subsequent changes to performance targets or comparison parameters are not permitted. The compensation system aims to appropriately remunerate exceptional performance, while diminishing performance-related compensation when targets are not met.

Procedure for establishing, implementing, and reviewing the compensation system

Following preparation by the General Committee, the compensation system for the Executive Board and the total compensation of each member of the Executive Board is determined and regularly reviewed by the entire Supervisory Board. The topics dealt with by the Supervisory Board and General Committee in the year under review are described in detail in the Supervisory Board Report. ► SEE SUPERVISORY BOARD REPORT

Horizontal (external) comparison

When determining the compensation of the Executive Board, the Supervisory Board takes into account current market compensation levels, especially among companies listed in the German share index (DAX) as well as other selected national and international companies in the sporting goods and textile industries. The Supervisory Board conducts regular horizontal comparisons to ascertain the appropriateness and competitiveness of the Executive Board compensation in relation to the economic situation of the company. In the appropriateness test carried out in the year under review, in addition to the companies listed in the German share index (DAX), the following national and international companies in particular were used for comparison purposes: Nike, Under Armour, VF, Puma, Lululemon, Skechers, Anta, H&M and Inditex.

Vertical (internal) comparison

The Supervisory Board also takes into account the company's internal compensation structure and levels when determining the Executive Board compensation. In this context, the Executive Board compensation is compared to that of senior management and employees overall in Germany, also with regard to development over time.

Pay ratios

In the 2020 financial year, the ratio of the target direct compensation (sum of the annual fixed compensation and the annual bonus target amounts for the short- and long-term variable compensation) of the Chief Executive Officer to the target direct compensation of the senior management was 11.8 (2019: 11.6) and of the employees overall in Germany was 81.9 (2019: 81.8). The ratio of the average target direct compensation of the ordinary Executive Board members to the target direct compensation of the senior management was 4.8 (2019: 4.6) and of the employees overall in Germany was 33.3 (2019: 32.6).

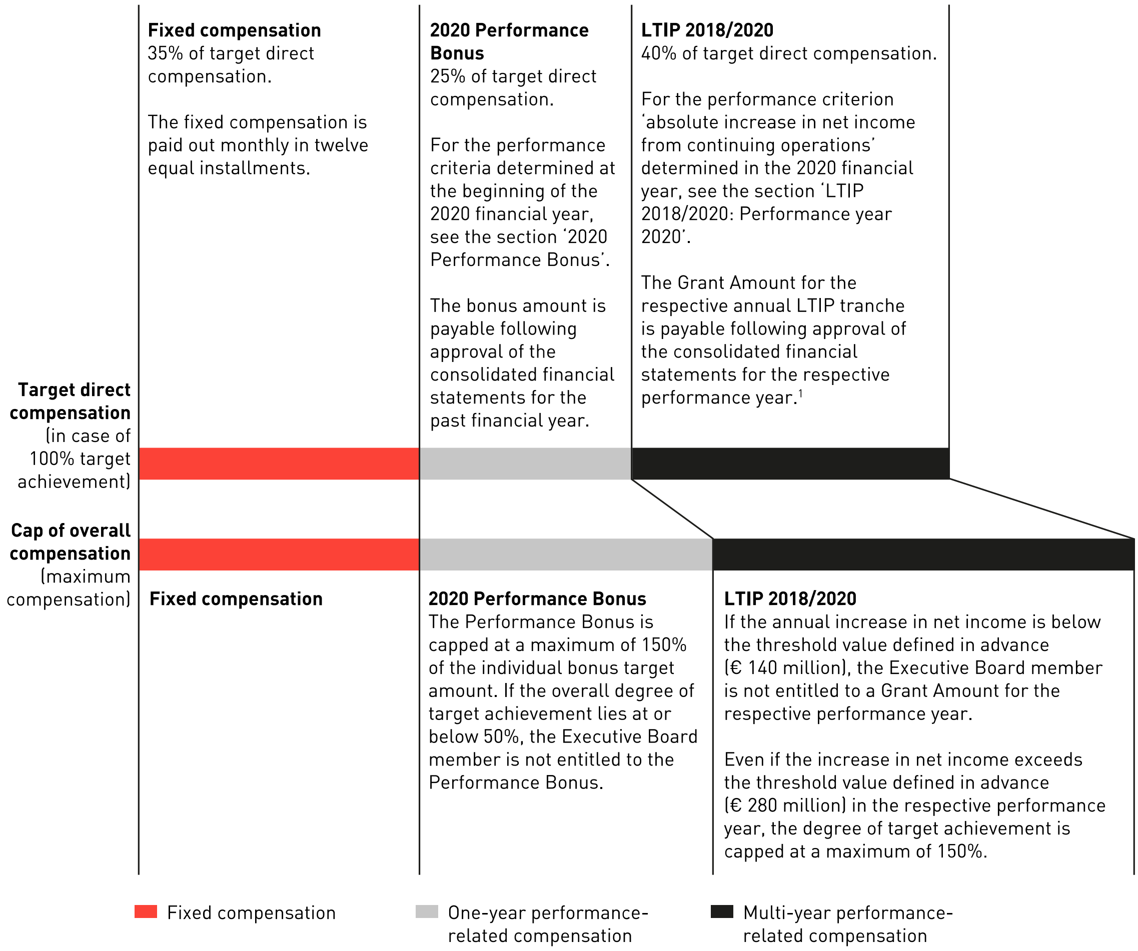
Overall, the Supervisory Board believes that the compensation system is clear and easy to understand and makes use of transparent performance criteria. Due to the fact that the target direct compensation consists predominantly of variable components which are directly linked to the short- and long-term objectives of the company and due to the share-based long-term compensation of the Executive Board members, the interests of the Executive Board are aligned with the interests of the shareholders. The Supervisory Board is also of the opinion that the compensation of Executive Board members is appropriate.

COMPENSATION STRUCTURE

The total annual compensation of the Executive Board members is composed 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 pension benefits (service costs) and other benefits. In case of 100% target achievement, the target direct compensation (total annual compensation without pension benefits and other benefits) is composed of

- 35% fixed compensation,
- 25% Performance Bonus, and
- 40% LTIP Bonus.

Compensation system for the Executive Board members



1 The LTIP Payout Amount must be invested by the Executive Board members in the acquisition of adidas AG shares, which are subject to a lock-up period.

FIXED NON-PERFORMANCE-RELATED COMPONENTS

Fixed compensation

The fixed compensation consists of an annual fixed salary. In principle, it is paid in twelve equal monthly installments and generally remains unchanged during the term of the service contract. The fixed compensation corresponds to 35% of the target direct compensation of the respective Executive Board member.

Other benefits

Other regular benefits for Executive Board members include payment for, or providing the monetary value of, non-cash benefits such as premiums or contributions to insurance schemes in line with market practice, the provision of a company car or the payment of a car allowance, reimbursement of costs for a regular health check, reimbursement of work-related moving costs, and, if Executive Board members are also subject to taxation abroad, the costs for the tax consultant selected by adidas. The total amount of other benefits is capped at 5% of the total amount of the fixed compensation and Performance Bonus granted in the respective financial year ('Benefit Cap').

Defined contribution pension plans

The current members of the Executive Board have defined contribution pension plans. Each year, as part of the pension commitments, the virtual pension account of each Executive Board member is credited with an amount which equals a percentage determined by the Supervisory Board and which is related to the Executive Board member's individual annual fixed compensation. The appropriateness of the percentage is regularly assessed by the Supervisory Board. When making its decision, the Supervisory Board takes into account the targeted individual pension level – also based on the length of service on the Executive Board – and the resulting annual and long-term expenses for the company. The percentage most recently determined by the Supervisory Board amounts to 50%. The pension assets on the virtual pension account at the beginning of the respective calendar year yield a fixed interest rate of 3% p.a., however for no longer than until the pension benefits first become due. Entitlement to the pension benefits becomes vested immediately.

Entitlements to pension benefits comprise pensions to be received upon reaching the age of 65, or, on application, early retirement pensions to be received upon reaching the age of 62 or disability and survivors' benefits.

On occurrence of the pension-triggering event, the pension benefits generally correspond to the balance of the pension account including accumulated interest on that date. In case of invalidity or death prior to reaching the age of 62, for the minimum coverage, the Executive Board member's virtual pension account will be credited with the outstanding pension contributions for the time until the Executive Board member would have reached the age of 62, but for no longer than 120 months (without interest accrual).

At the option of the Executive Board member or the surviving dependents, the payout of all pension benefits is made either as a one-time payment or in up to ten equal annual installments. As a rule, in case of a payout in annual installments, the installments are due in January of the respective year.

VARIABLE PERFORMANCE-RELATED COMPONENTS

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. At the beginning of the financial year, the Supervisory Board establishes the respective weighted performance criteria. In case of 100% target achievement, the target amount of the Performance Bonus corresponds to 25% of the target direct compensation of the respective Executive Board member.

The amount of the Performance Bonus is determined based on the achievement of, generally, four weighted criteria. Two of these criteria are the same for all Executive Board members and are overall weighted at 60%. These criteria are directly linked to the annual guidance externally communicated and, at the same time, follow directly from the – also externally communicated – long-term growth targets of adidas. The other two criteria, which are also in line with the company's short- and long-term targets and reflect priorities of the respective Executive Board function also taking into account non-financial aspects, are determined on an individual basis for the respective Executive Board member and are overall weighted at 40%.

All criteria are designed in such a way that target achievement may also be zero. If the overall degree of target achievement (sum of all degrees of target achievement) is greater than 150%, the Performance Bonus Amount is limited to 150% of the individual Performance Bonus target amount. If the overall degree of target achievement lies at or below 50%, the Executive Board member is not entitled to the Performance Bonus. Therefore, the Performance Bonus may be omitted entirely if targets are clearly not met.

At the end of the financial year, the precise target achievement of each Executive Board member, which is, in principle, based on a comparison of the predefined target values with the values achieved in the year under review, is assessed by the Supervisory Board ('target/actual comparison'). The Supervisory Board determines the factor by which the Performance Bonus target amount is multiplied by adding up these degrees of target achievement ('overall degree of target achievement'). The result is the individual amount of the Performance Bonus to be paid ('Performance Bonus Amount'). When determining the degrees of target achievement and thus when determining the Performance Bonus Amount, the Supervisory Board may, at its equitable discretion in justified special cases, take into account extraordinary positive and negative developments which are not related to the performance of the Executive Board. If there are extraordinary developments that at Supervisory Board´s equitable discretion necessitate an adjustment, these developments will be explained in detail and with transparency in the annual Compensation Report.

The Performance Bonus Amount is payable following approval of the consolidated financial statements of the past financial year.

Performance Bonus

Performance criteria	consideration of both financial and non-financial targets
	two shared criteria (overall weighting 60%): directly linked to the annual guidance externally communicated and, at the same time, following directly from the – also externally communicated – long-term growth targets of adidas
	two individual criteria: related to the respective Executive Board function (overall weighting 40%)
Transparency of the performance criteria	two shared criteria are transparent and, in case of 100% target achievement, are in line with the guidance externally communicated at the beginning of the financial year
	two individual criteria will be explained ex post in the Compensation Report in order not to disclose strategic projects that may be relevant to competitors ex ante
Determining overall target achievement	target/actual comparison; comparison of target value with value achieved in performance period
	total target achievement for all individual criteria taking into account predefined weightings
Cap	overall target achievement is limited to a maximum of 150%
	if the overall target achievement is 50% or less, no payout is made

Long-Term Incentive Plan 2018/2020 ('LTIP 2018/2020')

The LTIP 2018/2020 aims to link the long-term performance-related compensation of the Executive Board to the company's performance and thus to the interests of the shareholders. Therefore, the LTIP 2018/2020 is share-based. It consists of three annual tranches (2018, 2019, and 2020), and each tranche is assessed based on a period of approximately four and a half years. Each of the three annual LTIP tranches consists of a performance year and a subsequent lock-up period of slightly more than three years. In case of 100% target achievement, the LTIP target amount for each of the LTIP tranches corresponds to 40% of the target direct compensation of the respective Executive Board member.

At the beginning of 2018, the Supervisory Board determined for each of the three performance years (2018, 2019, and 2020) the absolute increase in net income from continuing operations compared to the respective previous year as a performance criterion. The target values for the annual LTIP tranches followed directly from the externally published long-term net income growth targets of the company. For instance, if net income from continuing operations had been increased by a total of € 630 million (100% target achievement) in the three-year period from 2018 to 2020, net income from continuing operations would have amounted to € 2,060 million in 2020. Compared to 2015 (basis of adidas' corporate strategy 'Creating the New', which ended in 2020), this would have corresponded to an average increase in net income of 23% per year, which would have been within the target corridor of 22% to 24%, as defined by adidas for the corporate strategy 'Creating the New'.

LTIP 2018/2020: Growth targets

Performance year	Growth target for net income from continuing operations
2018 (compared to 2017[1])	+ € 210 million
2019 (compared to 2018)	+ € 210 million
2020 (compared to 2019)	+ € 210 million

1 The basis for 2017 is net income from continuing operations in the amount of € 1,430 million (without the negative tax-related one-time effect in the 2017 financial year).

The LTIP 2018/2020 stipulated that if the increase in net income from continuing operations is below € 210 million in the respective performance year, the target value for 100% target achievement must be increased accordingly for the following performance year, unless the Supervisory Board decides otherwise at its equitable discretion. However, if the increase in net income was higher than € 210 million in a performance year, the target for the following performance year remained unaffected.

At the end of the performance year, the Supervisory Board assesses the precise target achievement of the Executive Board members, which is, in principle, based on a comparison of the predefined target value with the value achieved in the performance year ('target/actual comparison'). The degree of target achievement by which the annual LTIP target amount determined for the respective Executive Board member is multiplied is derived from the amount of the actual increase in net income from continuing operations for the respective performance year. In this respect, the Supervisory Board may, at its equitable discretion in justified special cases, take into account extraordinary positive and negative developments which are not related to the performance of the Executive Board. If there are extraordinary developments that at the Supervisory Board´s equitable discretion necessitate an adjustment, these developments will be explained in detail and with transparency in the annual Compensation Report.

If the actual increase in net income from continuing operations compared to the previous year is between the predefined threshold values, the degree of target achievement is determined based on a sliding scale. If the annual increase in net income is below € 140 million, the degree of target achievement is zero. Consequently, the LTIP Bonus for the respective LTIP tranche is omitted completely. Furthermore, the degree of target achievement is capped at 150%, even if the increase in net income exceeds € 280 million.

LTIP 2018/2020: Calculation of target achievement

Increase in net income from continuing operations compared to the previous year	Degree of target achievement
≥ + € 280 million	150%
+ € 210 million	100%
+ € 140 million	50%
< + € 140 million	0%

By multiplying the degree of target achievement thus calculated with the annual LTIP target amount determined for the respective Executive Board member based on 100% target achievement, the Grant Amount is determined, which is paid out to the Executive Board member for the respective annual LTIP tranche following the approval of the consolidated financial statements for the performance year. The Executive Board members have to invest the full Grant Amount which remains after deducting applicable taxes and social security contributions ('LTIP Payout Amount') into the acquisition of adidas AG shares. The shares purchased are subject to a lock-up period. The lock-up period ends in the third financial year after the acquisition of the shares upon expiry of the month in which the Annual General Meeting of adidas AG takes place. The Executive Board members may only dispose of the shares after expiry of the lock-up period.

LTIP 2018/2020: Annual LTIP tranches

LTIP tranche	2018	2019	2020	2021	2022	2023	2024
2018	1	2	3	4	5		
2019		1	2	3	4	5	
2020			1	2	3	4	5

Performance year Lock-up period

1 Performance year: Determination of LTIP target amount in case of 100% target achievement.
2 Determination of the degree of target achievement, LTIP Payout Amount payable following approval of the consolidated financial statements for the past performance year and investment in adidas AG shares. Start of lock-up period.
3 Lock-up period.
4 Lock-up period.
5 End of lock-up period upon expiry of the month in which the Annual General Meeting of adidas AG takes place.

Due to this mechanism, the compensation which the Executive Board members eventually receive from each of the LTIP tranches is also directly dependent on the share price performance during the respective lock-up period of slightly more than three years and is thus dependent on the long-term performance of the company. The Executive Board members are entitled to any dividends distributed in connection with these shares during the lock-up period.

Furthermore, to ensure sustainable management and development of the company, the terms and conditions of the LTIP 2018/2020 contain malus and clawback provisions; until expiry of the lock-up period (malus) and beyond (clawback), these provisions allow the Supervisory Board at its equitable discretion, under certain circumstances, to partially or completely reduce the compensation from the LTIP 2018/2020 or to reclaim part or all of the variable compensation already paid. Such circumstances are, for instance, material misstatements in the financial reports, serious compliance violations and violations of duty as well as breaches of the company-internal rules of conduct by the Executive Board member which, in any such case, would lead to an unjustified bonus payment in the context of the LTIP 2018/2020. Moreover, in the event of violations of duty by Executive Board members, the respective claims for damages under stock corporation law are applicable.

LTIP 2018/2020

Performance criterion	one shared criterion: absolute increase in net income from continuing operations
Transparency of the performance criterion	criterion for the respective performance year is transparent and, in case of 100% target achievement, is in line with the long-term growth targets externally communicated
	externally communicated threshold values which are defined in advance
Determining target achievement	target/actual comparison; comparison of target value with value achieved in performance year
Cap	target achievement is limited to a maximum of 150%
	no payout in case of result below the threshold value defined in advance
Clawback/malus	yes
Share-based	yes
Time period	approx. 4.5 years
Compensation of Executive Board and senior management aligned	yes

The compensation system for the Executive Board allows the Supervisory Board, at its equitable discretion and in rare, justified special cases, to grant a special bonus in case of extraordinary performance by an Executive Board member. If such special bonus is granted, it is capped at a maximum of 100% of the annual fixed compensation of the financial year for which the special bonus is granted. If a special bonus is granted, it is reported in detail and with transparency in the annual Compensation Report.

Share ownership

40% of the target direct compensation of the Executive Board members is granted based on the long-term performance-related compensation component LTIP 2018/2020. To promote sustainable development of the company, the Executive Board members are obligated in the context of the LTIP 2018/2020 to invest the full Payout Amount into the acquisition of adidas AG shares. The shares purchased are subject to a lock-up period of slightly more than three years. If an LTIP Bonus is granted annually, the number of adidas AG shares directly held by the Executive Board members increases on an annual basis to a multiple of their fixed compensation.

Commitments to Executive Board members upon termination of tenure

Unless otherwise agreed upon in the individual case, if the service contract ends upon the Executive Board member reaching the age of 65 or upon non-renewal of the service contract, the Executive Board member is entitled to receive annual fixed compensation on a pro rata basis up to the date on which they leave office as well as a potential prorated Performance Bonus and a potential prorated LTIP Bonus.[13] In principle, Executive Board members are furthermore subject to a post-contractual competition prohibition of two years. As consideration, for the duration of the competition prohibition, the Executive Board members generally receive a monthly compensation amount totaling 50% of the monthly fixed compensation last received, subject to offsetting (e.g. of income from other use of their work capacity). If the departed Executive Board member receives pension payments from the company, this compensation is offset against any pension benefits owed by the company during the period of the competition prohibition.

In case of premature termination of tenure in the absence of good cause, the Executive Board service contracts cap potential severance payments at a maximum of twice the total annual compensation, not exceeding payment claims for the remaining period of the service contract ('Severance Payment Cap'). If the service contract is terminated due to a change of control, a possible severance payment is limited to 150% of the Severance Payment Cap. The Executive Board member does not receive a severance payment if they terminate tenure prematurely at their own request or if there is good cause for the company to terminate the employment relationship. The service contracts concluded with Executive Board members newly appointed with effect from January 1, 2020, generally stipulate that compensation for periods of competition prohibition possibly paid on a monthly basis to departing Executive Board members is offset against any severance payments potentially paid by adidas.

Sideline activities of Executive Board members

Executive Board members may only take on sideline activities with or without remuneration, in particular supervisory board mandates in group-external companies, with the prior approval of the Supervisory Board. Group-internal mandates are deemed covered by the contractually agreed Executive Board compensation. The Supervisory Board decides whether or not compensation for group-external mandates is credited to the Executive Board compensation. ► SEE EXECUTIVE BOARD

13 In the case of Executive Board member Roland Auschel, the company has agreed upon a follow-up bonus of 75% of the Performance Bonus granted to him for the last full financial year. This follow-up bonus is payable in two tranches, twelve and 24 months following the end of the contract.

EXECUTIVE BOARD COMPENSATION 2020

2020 Performance Bonus

As in previous years, for the 2020 financial year, the Supervisory Board has in general determined the following performance criteria:

- currency-neutral sales growth,
- an increase in the operating margin and
- two criteria relating to the individual performance of the Executive Board members.

The Performance Bonus targets determined were based on the company forecast communicated at the beginning of the 2020 financial year before the global outbreak of the coronavirus pandemic. When setting the targets for the 2020 financial year, the initial impact of the coronavirus pandemic was becoming apparent and mainly affecting the operating business in Asia, especially in Greater China. Under these circumstances, the Supervisory Board decided that the operating business in Greater China should not be taken into account when determining the criteria and targets for the 2020 Performance Bonus. At the same time, to strengthen the market position in the important chinese market, the Supervisory Board set an additional performance criterion for the Executive Board – aimed at increasing market shares in Greater China compared to the previous year – and adjusted the weighting of each performance criterion accordingly.

2020 Performance Bonus: Shared criteria – target achievement

Performance criterion	Weighting		0% target value	100% target value	150% target value	Actual value 2020	Degree of target achievement
Currency-neutral sales growth[1]	15%	Increase by	≤ 2.8%	7.0%	9.1%	(13.1%)	0%
Operating margin increase[1]	15%	Increase to	≤ 4.2%	5.0%	5.4%	(2.8%)	0%
Increase in market shares in Greater China	30%	Increase by	≤ -2.0pp	0.0pp – 0.5pp	+ 1.5pp	+ 0.4pp	100%

1 Without Greater China.

In the 2020 financial year, the individual criteria relating to the respective Executive Board function focused on, in particular, development of the new strategy valid from 2021, succession planning, commercial success of key sales channels, marketing, and operating efficiency.

2020 Performance Bonus: Individual criteria – target achievement

	Weighting	Performance criterion	Degree of target achievement
Kasper Rorsted	20%	Development of strategy	100%
	20%	Management of impact of the coronavirus pandemic	100%
Roland Auschel	20%	Success of the direct-to-consumer business	0%
	20%	Success of the wholesale business	50%
Brian Grevy[1]	20%	Marketing campaigns	83%
	20%	Marketing effectiveness	50%
Harm Ohlmeyer	20%	Financial planning	90%
	20%	Cost management	0%
Martin Shankland	20%	Supply chain efficiency	87%
	20%	Manufacturing efficiency	109%
Karen Parkin[2]	20%	Performance management within the company	100%
	20%	Succession planning	123%

1 Executive Board member with effect from February 1, 2020.
2 Executive Board member until June 30, 2020.

The shared and individual criteria established at the beginning of the financial year were not adjusted during the financial year in light of further developments of the coronavirus pandemic. Due to the unforeseeable, serious impact of the ongoing coronavirus pandemic on the company, the targets and the target values for the 2020 Performance Bonus set by the Supervisory Board at the beginning of the financial year did not adequately reflect the actual course of business. The achievement of the shared financial targets (currency-neutral sales growth and increase in operating margin) was 0% in each case, while the target achievement for the increase in market shares in Greater China was 100%. The achievement of the individual targets varied considerably from 0% to 123%, which is attributable in particular to the different degrees of impact of the coronavirus pandemic on the respective individual criteria, which could not be considered adequately at the time of target setting. For example, the target achievement for Roland Auschel's individual criterion 'success of the direct-to-consumer business' was 0% despite a very successful increase in e-commerce sales (currency-neutral net sales growth of 53% compared to the previous year), as the material revenue decline in the physical sales channels could only partially be offset. The same applies to the target achievement of Harm Ohlmeyer's individual criterion 'cost management', as operating overhead expenses increased as a percentage of sales, although the company's liquidity situation was stabilized in the course of the coronavirus pandemic also due to a very successful cost discipline.

Due to the inadequately set performance criteria in view of the unforeseeable impact of the coronavirus pandemic, the minimum overall degree of target achievement of over 50% required for a payout was only achieved by some of the Executive Board members.

2020 Performance Bonus: Individual overall degrees of target achievement

Kasper Rorsted	70%
Roland Auschel	40%
Brian Grevy[1]	57%
Harm Ohlmeyer	48%
Martin Shankland	69%
Karen Parkin[2]	75%

1 Executive Board member with effect from February 1, 2020.
2 Executive Board member until June 30, 2020.

As a liquidity management measure, the Executive Board had already decided in April 2020 to waive the Performance Bonus for the 2020 financial year. As a result, a Performance Bonus will also not be paid to those Executive Board members who have achieved an overall target achievement of over 50%.

LTIP 2018/2020: Performance year 2020

In the 2018 financial year, the Supervisory Board determined as a performance criterion for each of the three performance years (2018, 2019, and 2020) the absolute increase in net income from continuing operations compared to the respective previous year.

At the time the targets were set for the 2020 financial year, the initial impact of the coronavirus pandemic was becoming apparent and mainly affecting the operating business in Asia, especially in Greater China. Under these circumstances, the Supervisory Board decided that the operating business in Greater China should not be taken into account when determining the target value for the 2020 LTIP tranche. The annual performance criterion 'absolute increase in net income from continuing operations' was therefore set at a target value of € 170 million (instead of € 210 million).

LTIP 2018/2020: Target achievement in the performance year 2020

Performance criterion	0% target value	100% target value	150% target value	Actual value 2020	Degree of target achievement
Increase in net income from continuing operations compared to the previous year[1]	< + € 100 million	+ € 170 million	≥ + € 240 million	(€ 928 million)	0%

1 Without Greater China.

The target value established at the beginning of the financial year was not adjusted during the financial year despite of further developments of the coronavirus pandemic. Due to the unforeseeable, serious impact of the ongoing coronavirus pandemic on the company, the target value established for the 2020 LTIP tranche by the Supervisory Board at the beginning of the financial year therefore did not reflect the actual course of business adequately. Against this background, the target value set for the 2020 LTIP tranche could not be met by the Executive Board members. The degree of target achievement for all Executive Board members during the year under review was 0%.

Furthermore, as a liquidity management measure, the Executive Board had already decided in April 2020 to waive the LTIP Bonus for the 2020 financial year. This means that Executive Board members will not acquire any adidas AG shares in the context of the 2020 LTIP tranche.

As at December 31, 2020, the total number of adidas AG shares acquired in the context of the LTIP 2018/2020 and which are subject to a lock-up period, amounts to 40,371 shares (2019: 21,451 shares). The lock-up period for the adidas AG shares purchased in the 2018 LTIP tranche expires on May 31, 2022 and for the adidas AG shares purchased in the 2019 LTIP tranche on May 31, 2023. The number of the adidas AG shares purchased by the Executive Board members in the context of the LTIP 2018/2020 are set out individually in the following.

LTIP 2018/2020: Acquisition of shares in the context of the LTIP 2018/2020 in €

	Kasper Rorsted		Roland Auschel		Brian Grevy[2]	
LTIP tranche	2019	2018	2019	2018	2019	2018
Grant amount	3,154,285	3,405,714	1,450,972	1,566,629	–	–
Payout amount	1,656,788	1,788,851	762,125	822,873	–	–
Purchase price[1]	255.00	219.20	255.00	219.20	–	–
Number of purchased shares	**6,497**	**8,160**	**2,988**	**3,753**	**–**	**–**

LTIP 2018/2020: Acquisition of shares in the context of the LTIP 2018/2020 in €

	Harm Ohlmeyer		Martin Shankland[3]	
LTIP tranche	2019	2018	2019	2018
Grant amount	1,083,852	1,170,246	894,469	–
Payout amount	569,295	614,670	469,821	–
Purchase price[1]	255.00	219.20	255.00	–
Number of purchased shares	**2,232**	**2,804**	**1,842**	**–**

LTIP 2018/2020: Acquisition of shares in the context of the LTIP 2018/2020 in €

	Karen Parkin[4]		Eric Liedtke[5]	
LTIP tranche	2019	2018	2019	2018
Grant amount	1,083,852	1,170,246	1,577,143	1,702,857
Payout amount	538,849	581,974	828,394	894,425
Purchase price[1]	255.00	219.20	255.00	219.20
Number of purchased shares	**2,113**	**2,654**	**3,248**	**4,080**

1 Purchase price as at April 1, 2019 (2018 LTIP tranche) and September 1, 2020 (2019 LTIP tranche) respectively. As a liquidity management measure in light of the coronavirus pandemic, the LTIP Payout Amount for the 2019 LTIP tranche was paid in August 2020.
2 Executive Board member with effect from February 1, 2020. First-time participation in the LTIP 2018/2020 in the 2020 financial year (2020 LTIP tranche).
3 Executive Board member with effect from March 4, 2019. Prorated participation in the LTIP 2018/2020 in the 2019 financial year (2019 LTIP tranche).
4 Executive Board member until June 30, 2020.
5 Executive Board member until December 31, 2019.

Share ownership 2020

The share ownership of the Executive Board members incumbent as at December 31, 2020 in relation to their individual annual fixed compensation is disclosed individually in the following.

Share ownership in the 2020 financial year in €

Executive Board members incumbent as at December 31, 2020	2020 fixed compensation	Total number of shares as at December 31, 2020	Share price as at December 31, 2020	Total value of adidas AG shares	% of fixed compensation
Kasper Rorsted	2,000,000	14,657	297.90	4,366,320	218%
Roland Auschel	920,000	6,741	297.90	2,008,144	218%
Brian Grevy[1]	733,333	–	–	–	-
Harm Ohlmeyer	846,806	5,036	297.90	1,500,224	177%
Martin Shankland[2]	687,225	1,842	297.90	548,732	80%
Total	**5,187,365**	**28,276**		**8,423,420**	

1 Executive Board member with effect from February 1, 2020. First-time participation in the LTIP 2018/2020 in the 2020 financial year (2020 LTIP tranche).
2 Executive Board member with effect from March 4, 2019. Prorated participation in the LTIP 2018/2020 in the 2019 financial year (2019 LTIP tranche).

Special bonus

The compensation system for the Executive Board allows the Supervisory Board, at its equitable discretion and in rare, justified special cases, to grant a special bonus in case of extraordinary performance by an Executive Board member. If such special bonus is granted, it is capped at a maximum of 100% of the annual fixed compensation of the financial year for which the special bonus is granted.

Due to the unforeseeable, serious impact of the ongoing coronavirus pandemic on the company, the target values for the 2020 Performance Bonus and 2020 LTIP tranche set by the Supervisory Board at the beginning of the financial year did not adequately reflect the actual course of business. The target values were not adjusted during the financial year despite further developments of the coronavirus pandemic. As a result, the target values set by the Supervisory Board at the beginning of the financial year could predominantly not be met by the Executive Board members. Furthermore, as a liquidity management measure, the Executive Board had already decided in April 2020 to waive the 2020 Performance Bonus and the 2020 LTIP Bonus. Against this background, the 2020 Performance Bonus will also not be paid to those Executive Board members who have achieved an overall target achievement of over 50%.

In the Supervisory Board's opinion, all members of the Executive Board have demonstrated outstanding performance in leading the company in times of the coronavirus pandemic with a sole focus on the long-term prosperity of adidas and the health of its global employees, consumers and partners. Not only were coronavirus pandemic-related employee layoffs avoided entirely, the company's liquidity position was also stabilized due to strict cost discipline and a strong increase in the share of e-commerce sales through consistent investment in digital capabilities and marketing. Furthermore, following a series of successful financing activities, the syndicated revolving loan facility with the participation of the state-owned development bank KfW was redeemed ahead of schedule in November 2020. The € 500 million share of the loan utilized in July 2020 was repaid in October 2020 including agreed-upon market interest and fees. At the same time, the share price of adidas AG has stabilized again and at € 297.90 at the end of the year under review (Xetra closing price as at December 30, 2020) was back at the level before the start of the coronavirus pandemic. In addition, in view of the stabilization of the liquidity situation and management's confidence in the company's long-term growth potential, the Executive Board and the Supervisory Board of adidas AG intend to propose to the Annual General Meeting on May 12, 2021 a dividend of € 3.00 per dividend-entitled share for the 2020 financial year. Against this background, the Supervisory Board considers it appropriate to grant a special bonus for the first time to the Executive Board members incumbent as at December 31, 2020.

The special bonus is payable following approval of the 2020 consolidated financial statements and amounts to 25% of the LTIP target amount determined for the 2020 financial year for each Executive Board member. This establishes consistency with the granting of an LTIP Bonus to senior management in the corresponding amount of 25%. The special bonus is granted share-based and shall therefore be invested by the Executive Board members into the acquisition of adidas AG shares after deduction of applicable taxes and social security contributions in full. The shares purchased are subject to a lock-up period of slightly more than three years which ends upon expiry of the month in which the Annual General Meeting of adidas AG for the 2024 financial year takes place. As a result, the special bonus granted to the members of the Executive Board is also aligned with the performance of the company and thus with the interests of the shareholders.

The granting of the special bonus represents an absolutely exceptional case in light of the unprecedented and serious impact of the coronavirus pandemic, in order to ensure fair and equal treatment of the members of the Executive Board. This approach follows the overall concept of the company to grant its employees worldwide a bonus payment that is appropriate in view of all circumstances for their outstanding performance in the 2020 financial year.

Pension commitments

The service costs for the pension commitments granted to the Executive Board members and the cash values of the vested rights in the 2020 financial year are set out individually in the following.

Pension commitments in the 2020 financial year in €

	Service costs		Defined benefit obligation for pension commitments	
Executive Board members incumbent as at December 31, 2020	**2020**	**2019**	**2020**	**2019**
Kasper Rorsted	1,111,383	856,807	4,950,191	3,872,421
Roland Auschel	472,699	321,247	3,399,789	2,874,476
Brian Grevy (since February 1, 2020)	386,686	-	468,855	-
Harm Ohlmeyer	500,435	395,186	2,109,847	1,444,973
Martin Shankland (since March 4, 2019)	405,281	355,518	769,776	355,518
Total	**2,876,484**	**1,928,758**	**11,698,458**	**8,547,388**
Former members of the Executive Board				
Karen Parkin (until June 30, 2020)	229,080	374,370	-	1,247,607
Eric Liedtke (until December 31, 2019)	-	345,945	-	2,836,852
Gil Steyaert (until February 26, 2019)[1]	-	672,276	-	1,498,021
Total	**229,080**	**1,392,591**	**-**	**5,582,480**

1 The service costs 2019 for Gil Steyaert comprise the gross contribution contractually agreed upon due to his departure which was granted to Gil Steyaert as pension benefits payable until May 31, 2020 for early termination of the Executive Board mandate. The accumulated pension obligation for Gil Steyaert's pension commitment corresponds to the gross contribution credited by adidas AG during the time of his Executive Board mandate to the special account opened for him.

Overall compensation 2020

Based on the Supervisory Board's aforementioned determination, the overall compensation of the Executive Board for the 2020 financial year amounts to € 11.376 million. This represents a decrease of approximately 49% compared to previous year (2019: € 22.361 million). Of this overall compensation, € 1.482 million was attributable to the special bonus granted for the first time for the 2020 financial year. The Executive Board members did not receive any further one-year or multi-year performance-related compensation.

Benefits granted

In the following table, the individual compensation components for Executive Board members in case of 100% target achievement of the performance-related compensation are disclosed for each Executive Board member individually, including other benefits and service costs, and also including the maximum and minimum achievable compensation.

Benefits granted in €

	Kasper Rorsted Chief Executive Officer				Roland Auschel Global Sales			
	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)
Fixed compensation	2,000,000	2,000,000	2,000,000	2,000,000	920,000	920,000	920,000	920,000
Other benefits	26,417	31,417	31,417	31,417	19,165	24,572	24,572	24,572
Total	**2,026,417**	**2,031,417**	**2,031,417**	**2,031,417**	**939,165**	**944,572**	**944,572**	**944,572**
One-year variable compensation	1,428,571	1,428,571	0	2,142,857	657,143	657,143	0	985,715
Multi-year variable compensation	2,285,714	2,285,714	0	3,428,571	1,051,429	1,051,429	0	1,577,144
LTIP 2018/2020 (2020 tranche)	-	2,285,714	0	3,428,571	-	1,051,429	0	1,577,144
LTIP 2018/2020 (2019 tranche)	2,285,714	-	-	-	1,051,429	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**5,740,702**	**5,745,702**	**2,031,417**	**7,602,844**	**2,647,737**	**2,653,144**	**944,572**	**3,507,430**
Service costs	856,807	1,111,383	1,111,383	1,111,383	321,247	472,699	472,699	472,699
Overall compensation	**6,597,509**	**6,857,085**	**3,142,800**	**8,714,227**	**2,968,984**	**3,125,843**	**1,417,271**	**3,980,129**

Benefits granted in €

	Brian Grevy[1] Global Brands since February 1, 2020				Harm Ohlmeyer Chief Financial Officer			
	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)
Fixed compensation	-	733,333	733,333	733,333	687,225	846,806	846,806	846,806
Other benefits	-	106,499	106,499	106,499	19,684	27,687	27,687	27,687
Total	**-**	**839,833**	**839,833**	**839,833**	**706,909**	**874,493**	**874,493**	**874,493**
One-year variable compensation	-	523,810	0	785,715	490,875	604,862	0	907,293
Multi-year variable compensation	-	838,096	0	1,257,144	785,400	967,778	0	1,451,667
LTIP 2018/2020 (2020 tranche)	-	838,096	0	1,257,144	-	967,778	0	1,451,667
LTIP 2018/2020 (2019 tranche)	-	-	-	-	785,400	-	-	-
Other	-	1,000,000	0	1,000,000	-	-	-	-
Total	**-**	**3,201,739**	**839,833**	**3,882,692**	**1,983,184**	**2,447,133**	**874,493**	**3,233,453**
Service costs	-	386,686	386,686	386,686	395,186	500,435	500,435	500,435
Overall compensation	**-**	**3,588,425**	**1,226,519**	**4,269,378**	**2,378,370**	**2,947,568**	**1,374,928**	**3,733,888**

Benefits granted in €

	Martin Shankland[2] Global Operations since March 4, 2019				Karen Parkin[3] Global Human Resources until June 30, 2020			
	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)
Fixed compensation	567,145	687,225	687,225	687,225	687,225	361,344	361,344	361,344
Other benefits	118,164	33,334	33,334	33,334	18,692	15,642	15,642	15,642
Total	**685,309**	**720,559**	**720,559**	**720,559**	**705,917**	**376,986**	**376,986**	**376,986**
One-year variable compensation	405,104	490,875	0	736,313	490,875	258,102	0	387,154
Multi-year variable compensation	648,166	785,400	0	1,178,100	785,400	412,964	0	619,446
LTIP 2018/2020 (2020 tranche)	-	785,400	0	1,178,100	-	412,964	0	619,446
LTIP 2018/2020 (2019 tranche)	648,166	-	-	-	785,400	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**1,738,579**	**1,996,834**	**720,559**	**2,634,972**	**1,982,192**	**1,048,053**	**376,986**	**1,383,586**
Service costs	355,518	405,281	405,281	405,281	374,370	229,080	229,080	229,080
Overall compensation	**2,094,097**	**2,402,115**	**1,125,840**	**3,040,253**	**2,356,562**	**1,277,133**	**606,066**	**1,612,666**

Benefits granted in €

	Eric Liedtke[4] Global Brands until December 31, 2019				Gil Steyaert[5] Global Operations until February 26, 2019			
	2019	2020	2020 (min.)	2020 (max.)	2019	2020	2020 (min.)	2020 (max.)
Fixed compensation	1,000,000	-	-	-	114,538	-	-	-
Other benefits	26,935	-	-	-	15,146	-	-	-
Total	**1,026,935**	**-**	**-**	**-**	**129,683**	**-**	**-**	**-**
One-year variable compensation	714,286	-	-	-	-	-	-	-
Multi-year variable compensation	1,142,857	-	-	-	-	-	-	-
LTIP 2018/2020 (2020 tranche)	-	-	-	-	-	-	-	-
LTIP 2018/2020 (2019 tranche)	1,142,857	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	**2,884,078**	**-**	**-**	**-**	**129,683**	**-**	**-**	**-**
Service costs	345,945	-	-	-	672,276	-	-	-
Overall compensation	**3,230,023**	**-**	**-**	**-**	**801,959**	**-**	**-**	**-**

1 Contractually agreed upon Performance Bonus target amount 2020 and LTIP bonus target amount 2018/2020 (2020 tranche) due to intra-year appointment of Brian Grevy (with effect from February 1, 2020) to the Executive Board. Service costs 2020 stated pro rata temporis. Brian Grevy additionally received a compensation for a bonus forfeited at his former employer in the amount of € 1,000,000.
2 Contractually agreed upon Performance Bonus target amount 2019 and LTIP bonus target amount 2018/2020 (2019 tranche) due to the intra-year appointment of Martin Shankland (with effect from March 4, 2019) to the Executive Board. Service costs 2019 stated pro rata temporis.
3 Executive Board compensation stated pro rata temporis due to intra-year termination of Karen Parkin's Executive Board mandate. Due to her departure, Karen Parkin additionally received a contractually agreed upon severance payment in the amount of € 5,341,367. This compensation is set out in the Compensation Report in the overall payments to former Executive Board members.
4 Due to his departure, Eric Liedtke additionally received a contractually agreed upon severance payment in the amount of € 5,428,572. This compensation is set out in the Compensation Report in the overall payments to former Executive Board members for the 2019 financial year.
5 Executive Board compensation stated pro rata temporis due to intra-year termination of Gil Steyaert's Executive Board mandate. Gil Steyaert's service contract terminated with effect from February 28, 2019. Until that date, Gil Steyaert was paid his full monthly fixed salary. Due to his departure, Gil Steyaert additionally received a contractually agreed upon severance payment in the amount of € 3,422,316. This compensation also comprises the services costs stated herein and is set out in the Compensation Report in the overall payments to former Executive Board members for the 2019 financial year. For Gil Steyaert, the service costs 2019 comprise the gross contribution contractually agreed upon due to his departure which was granted to Gil Steyaert as pension benefits payable until May 31, 2020 for an early termination of the Executive Board mandate. Due to the adjustment of Gil Steyaert's pension commitment in the 2018 financial year, the service costs correspond to the gross contribution credited by adidas AG for the respective financial year to the special account opened for him.

Allocation

In the following table, the individual compensation components of the Executive Board members are disclosed as an allocation for the financial year in which the compensation was granted, with the service costs not constituting an actual allocation to the Executive Board members.

Allocation in €

	Kasper Rorsted Chief Executive Officer		Roland Auschel Global Sales		Brian Grevy[5] Global Brands since February 1, 2020	
	2020	2019	2020	2019	2020	2019
Fixed compensation	2,000,000	2,000,000	920,000	920,000	733,333	-
Other benefits	31,417	26,417	24,572	19,165	106,499	-
Total	**2,031,417**	**2,026,417**	**944,572**	**939,165**	**839,833**	**-**
One-year variable compensation[1]	0	1,200,000	0	492,857	0	-
Multi-year variable compensation[1, 2]	0	3,154,285	0	1,450,972	0	-
LTIP 2018/2020 (2020 tranche)	0	-	0	-	0	-
LTIP 2018/2020 (2019 tranche)	-	3,154,285	-	1,450,972	-	-
Other[3]	571,429	-	262,857	-	1,209,524	-
Total[4]	**2,602,845**	**6,380,702**	**1,207,430**	**2,882,994**	**2,049,357**	**-**
Service costs	1,111,383	856,807	472,699	321,247	386,686	-
Overall compensation	**3,714,228**	**7,237,509**	**1,680,129**	**3,204,241**	**2,436,043**	**-**

Allocation in €

	Harm Ohlmeyer Chief Financial Officer		Martin Shankland[6] Global Operations since March 4, 2019		Karen Parkin[7] Global Human Resources until June 30, 2020	
	2020	2019	2020	2019	2020	2019
Fixed compensation	846,806	687,225	687,225	567,145	361,344	687,225
Other benefits	27,687	19,684	33,334	118,164	15,642	18,692
Total	**874,493**	**706,909**	**720,559**	**685,309**	**376,986**	**705,917**
One-year variable compensation[1]	0	373,065	0	340,287	0	525,236
Multi-year variable compensation[1, 2]	0	1,083,852	0	894,469	0	1,083,852
LTIP 2018/2020 (2020 tranche)	0	-	0	-	0	-
LTIP 2018/2020 (2019 tranche)	-	1,083,852	-	894,469	-	1,083,852
Other[3]	241,945	-	196,350	-	-	-
Total[4]	**1,116,437**	**2,163,826**	**916,909**	**1,920,065**	**376,986**	**2,315,005**
Service costs	500,435	395,186	405,281	355,518	229,080	374,370
Overall compensation	**1,616,872**	**2,559,012**	**1,322,190**	**2,275,583**	**606,066**	**2,689,375**

Allocation in €

	Eric Liedtke[8] Global Brands until December 31, 2019		Gil Steyaert[9] Global Operations until February 26, 2019	
	2020	2019	2020	2019
Fixed compensation	-	1,000,000	-	114,538
Other benefits	-	26,935	-	15,146
Total	**-**	**1,026,935**	**-**	**129,683**
One-year variable compensation[1]	-	642,857	-	-
Multi-year variable compensation[1, 2]	-	1,577,143	-	-
LTIP 2018/2020 (2020 tranche)	-	-	-	-
LTIP 2018/2020 (2019 tranche)	-	1,577,143	-	-
Other[3]	-	-	-	-
Total[4]	**-**	**3,246,935**	**-**	**129,683**
Service costs	-	345,945	-	672,276
Overall compensation	**-**	**3,592,880**	**-**	**801,959**

1 As a liquidity management measure, the Executive Board had already decided in April 2020 to waive the Performance Bonus and LTIP Bonus for the 2020 financial year.
2 The Grant Amount which remains for the respective annual LTIP tranche after deduction of applicable taxes and social security contributions ('LTIP Payout Amount') must be invested in the acquisition of adidas AG shares. These shares are subject to a lock-up period which ends in the third financial year after the acquisition of the shares upon expiry of the month in which the Annual General Meeting of adidas AG takes place. 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 at their own discretion. By contrast, the amount deducted for income tax and social security contributions is already fully earned at the time of payout following the adoption of the consolidated financial statements by the Supervisory Board. As a liquidity management measure, the Executive Board had already decided in April 2020 to waive the LTIP Bonus for the 2020 financial year. This means that Executive Board members will not acquire any adidas AG shares in the context of the 2020 LTIP tranche.
3 First-time granting of a special bonus to members of the Executive Board incumbent as at December 31, 2020 for their outstanding performance in leading the company in times of the coronavirus pandemic. The special bonus amounts to 25% of the LTIP target amount determined for the 2020 financial year for each Executive Board member. The special bonus is granted share-based and shall therefore be invested into the acquisition of adidas AG shares after deducting applicable taxes and social security contributions. The shares purchased are subject to a lock-up period which ends upon expiry of the month in which the Annual General Meeting of adidas AG for the 2024 financial year takes place. The Payout Amount of the special bonus is considered earned only after expiry of the lock-up period and only then can the Executive Board members dispose of the shares at their own discretion. By contrast, the amount deducted for income tax and social security contributions is already fully earned at the time of payout following the adoption of the consolidated financial statements by the Supervisory Board.
4 The compensation components outlined above constitute the overall payments to be set out individually in accordance with commercial law both in the 2020 financial year and in the previous year.
5 Contractually agreed upon Performance Bonus target amount 2020 and LTIP bonus target amount 2018/2020 (2020 tranche) due to intra-year appointment of Brian Grevy (with effect from February 1, 2020) to the Executive Board. Service costs 2020 stated pro rata temporis. Brian Grevy additionally received a compensation for a bonus forfeited at his former employer in the amount of € 1,000,000.
6 Contractually agreed upon Performance Bonus target amount 2019 and LTIP bonus target amount 2018/2020 (2019 tranche) due to the intra-year appointment of Martin Shankland (with effect from March 4, 2019) to the Executive Board. Service costs 2019 stated pro rata temporis.
7 Executive Board compensation stated pro rata temporis due to intra-year termination of Karen Parkin's Executive Board mandate. Due to her departure, Karen Parkin additionally received a contractually agreed upon severance payment in the amount of € 5,341,367. This compensation is set out in the Compensation Report in the overall payments to former Executive Board members.
8 Due to his departure, Eric Liedtke additionally received a contractually agreed upon severance payment in the amount of € 5,428,572. This compensation is set out in the Compensation Report in the overall payments to former Executive Board members for the 2019 financial year.
9 Executive Board compensation stated pro rata temporis due to the intra-year termination of Gil Steyaert's Executive Board mandate. Gil Steyaert's service contract terminated with effect from February 28, 2019. Until that date, Gil Steyaert was paid his full monthly fixed salary. Due to his departure, Gil Steyaert additionally received a contractually agreed upon severance payment in the amount of € 3,422,316. This compensation also comprises the services costs stated herein and is set out in the Compensation Report in the overall payments to former Executive Board members for the 2019 financial year. For Gil Steyaert, the service costs 2019 comprised the gross contribution contractually agreed upon due to his departure which was granted to Gil Steyaert as pension benefits payable until May 31, 2020 for an early termination of the Executive Board mandate. Due to the adjustment of Gil Steyaert's pension commitment in the 2018 financial year, the service costs corresponded to the gross contribution credited by adidas AG for the respective financial year to the special account opened for him.

Commitments to Executive Board members upon termination of tenure

Termination of Karen Parkin's tenure effective June 30, 2020:

In connection with the termination of her Executive Board mandate, Karen Parkin received a severance payment of € 5,341,367.

As regards the post-contractual competition prohibition, Karen Parkin has received monthly compensation to the amount of € 37,500 since July 1, 2020, payable for a total period of 24 months. This corresponds to 50% of the last fixed monthly salary. If the compensation paid for the post-contractual competition prohibition and any potential income from other employment in total exceed the monthly fixed salary last received by Karen Parkin before her departure, any income from other employment will be offset against the compensation paid for the post-contractual competition prohibition. The overall maximum compensation for the post-contractual competition prohibition payable to Karen Parkin therefore amounts to € 900,000.

Overall payments to former members of the Executive Board and their surviving dependents

In the 2020 financial year, overall payments to former members of the Executive Board and their surviving dependents amounted to € 10.641 million (2019: € 14.567 million).

Provisions were created for pension entitlements for former members of the Executive Board who resigned on or before December 31, 2005 and their surviving dependents, amounting to € 45.799 million in total as at December 31, 2020 (2019: € 46.326 million). There are pension commitments toward six 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 € 48.549 million (2019: € 46.216 million) arise for adidas AG, for which no provisions were created due to financing through the pension fund and pension trust fund. For two former members of the Executive Board who resigned on or before December 31, 2019, there are pension commitments amounting to € 3.971 million.

Miscellaneous

The Executive Board members do not receive any additional compensation for mandates within adidas. The Executive Board members have not received any loans or advance payments from adidas AG. Furthermore, no Executive Board member received any payments or promises of payments from third parties with regard to their work at adidas.

COMPENSATION OF THE SUPERVISORY BOARD MEMBERS

The compensation system that has been applicable for the members of the Supervisory Board since July 1, 2017 was adopted by the shareholders at the Annual General Meeting on May 11, 2017. The compensation system is set out in § 18 of the Articles of Association of adidas AG.

COMPENSATION SYSTEM

With respect to the monitoring and advising of the Executive Board, the compensation received by Supervisory Board members reflects the responsibility involved as well as their individual workload and time required. When determining the compensation, particular consideration is given to ensure that it is appropriate and in line with current market levels in order to attract suitable candidates, also in an international context. This contributes to the execution of the corporate strategy and promotes the long-term development of the company.

The compensation for Supervisory Board members consists of a fixed compensation for their work on the Supervisory Board ('base amount') and an additional compensation for committee work. The Supervisory Board members are not granted performance-related compensation. In addition, the Supervisory Board members receive attendance fees and are reimbursed for expenses they incur in their role.

Compensation for Supervisory Board function

Each Supervisory Board member receives fixed compensation for their work on the Supervisory Board, which is paid following the end of the respective financial year. The Chairman of the Supervisory Board and his two deputies receive higher fixed compensation in light of their additional responsibilities.

Compensation for Supervisory Board function

Membership	Deputy Chairman	Chairman
€ 80,000	€ 160,000	€ 240,000
Base amount	200% of the base amount	300% of the base amount

Additional compensation for membership in a committee

Furthermore, the Supervisory Board members receive additional compensation for membership in certain committees; in this regard, too, compensation is increased if the chairmanship of a committee is assumed. The amount of the respective additional compensation is based on the base amount determined for the Supervisory Board members and depends on the tasks and responsibilities connected with the respective committee membership.

Compensation for membership in a committee

General Committee		Audit Committee	
Membership	Chairman	Membership	Chairman
€ 40,000	€ 80,000	€ 80,000	€ 160,000
50% of the base amount	100% of the base amount	100% of the base amount	200% of the base amount

The compensation paid for a committee chairmanship also covers the membership in such a committee. The members of the Steering Committee, the Mediation Committee, the Nomination Committee, and committees which are established ad hoc do not receive additional compensation. If a Supervisory Board member is a member of more than one committee, the member only receives compensation for their function in the committee with the highest compensation.

Reduced compensation in case of membership for part of financial year

If a member belongs to the Supervisory Board or a committee for only part of a financial year, the fixed compensation for Supervisory Board membership and additional compensation for membership in a committee are reduced accordingly on a pro rata temporis basis.

Attendance fee

For each personal attendance of meetings of the Supervisory Board and/or its committees requiring such personal attendance, Supervisory Board members receive an additional attendance fee of € 1,000. Members of committees that are formed on an ad hoc basis do not receive an attendance fee. If several meetings take place on one day, the attendance fee is only paid once.

Expenses

The Supervisory Board members are reimbursed for necessary expenses and travel expenses incurred in connection with their mandates as well as for the VAT potentially payable on their compensation or reimbursement of expenses.

SUPERVISORY BOARD COMPENSATION 2020

Fixed compensation and attendance fee

The total compensation paid to the Supervisory Board in the 2020 financial year amounted to € 2.20 million (2019: € 2.20 million). In light of the ongoing coronavirus pandemic, the Supervisory Board members decided to donate 30% of this compensation to SOS Children's Villages and other good causes. In addition, attendance fees totaling € 28,000 (2019: € 167,000) were paid. The considerable reduction in attendance fees is due to the fact that the meetings of the Supervisory Board and its committees were mostly held virtually in order to protect the persons involved during the coronavirus pandemic.

Miscellaneous

The Supervisory Board members have not received any loans or advance payments from adidas AG.

Compensation of Supervisory Board members in €

	2020				2019			
Supervisory Board members incumbent as at December 31, 2020	Supervisory Board function	Committee function	Attendance fee	Total	Supervisory Board function	Committee function	Attendance fee	Total
Thomas Rabe, Chairman of the Supervisory Board[1]	191,038	55,519	2,000	**248,557**	103,452	25,863	8,000	**137,315**
Ian Gallienne, Deputy Chairman of the Supervisory Board[2]	111,038	15,519	1,000	**127,557**	80,000	80,000	11,000	**171,000**
Udo Müller, Deputy Chairman of the Supervisory Board[3]	160,000	40,000	2,000	**202,000**	131,726	25,863	11,000	**168,589**
Petra Auerbacher[4]	80,000	-	1,000	**81,000**	51,726	-	6,000	**57,726**
Roswitha Hermann[4]	80,000	-	1,000	**81,000**	51,726	-	3,000	**54,726**
Herbert Kauffmann[5]	80,000	128,962	3,000	**211,962**	80,000	160,000	14,000	**254,000**
Christian Klein[6]	31,038	-	-	**31,038**	-	-	-	**-**
Kathrin Menges	80,000	-	1,000	**81,000**	80,000	-	8,000	**88,000**
Roland Nosko	80,000	40,000	2,000	**122,000**	80,000	40,000	14,000	**134,000**
Beate Rohrig[4]	80,000	-	1,000	**81,000**	51,726	-	5,000	**56,726**
Nassef Sawiris	80,000	-	1,000	**81,000**	80,000	-	9,000	**89,000**
Frank Scheiderer[4]	80,000	80,000	4,000	**164,000**	51,726	51,726	9,000	**112,452**
Michael Storl[4]	80,000	-	1,000	**81,000**	51,726	-	6,000	**57,726**
Bodo Uebber[7]	80,000	111,038	2,000	**193,038**	51,726	-	3,000	**54,726**
Jing Ulrich[4]	80,000	-	-	**80,000**	51,726	-	5,000	**56,726**
Günter Weigl[4]	80,000	80,000	4,000	**164,000**	51,726	51,726	9,000	**112,452**
Supervisory Board members until the end of the Annual General Meeting on August 11, 2020								
Igor Landau, Chairman of the Supervisory Board	146,885	48,962	2,000	**197,847**	240,000	80,000	14,000	**334,000**
Supervisory Board members until the end of the Annual General Meeting on May 9, 2019								
Sabine Bauer, Deputy Chairwoman of the Supervisory Board	-	-	-	-	56,548	14,137	5,000	**75,685**
Willi Schwerdtle, Deputy Chairman of the Supervisory Board	-	-	-	-	56,548	14,137	5,000	**75,685**
Dr. Frank Appel	-	-	-	-	28,274	-	1,000	**29,274**
Dieter Hauenstein	-	-	-	-	28,274	-	3,000	**31,274**
Dr. Wolfgang Jäger	-	-	-	-	28,274	28,274	5,000	**61,548**
Katja Kraus	-	-	-	-	28,274	-	2,000	**30,274**
Hans Ruprecht	-	-	-	-	28,274	28,274	5,000	**61,548**
Heidi Thaler-Veh	-	-	-	-	28,274	-	3,000	**31,274**
Kurt Wittmann	-	-	-	-	28,274	-	3,000	**31,274**
Total	**1,600,000**	**600,000**	**28,000**	**2,228,000**	**1,600,000**	**600,000**	**167,000**	**2,367,000**

1 Chairman of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020. Member of the Supervisory Board and Deputy Chairman from the end of the Annual General Meeting on May 9, 2019.
2 Deputy Chairman from the end of the Annual General Meeting on August 11, 2020.
3 Deputy Chairman from the end of the Annual General Meeting on May 9, 2019.
4 Member of the Supervisory Board from the end of the Annual General Meeting on May 9, 2019.
5 Chairman of the Audit Committee until the end of the Annual General Meeting on August 11, 2020.
6 Member of the Supervisory Board from the end of the Annual General Meeting on August 11, 2020.
7 Chairman of the Audit Committee from the end of the Annual General Meeting on August 11, 2020. Member of the Supervisory Board from the end of the Annual General Meeting on May 9, 2019.

OUR SHARE

Global stock markets were very volatile throughout the year and ended 2020 with mixed results. While the DAX 30 was up 4%, the EURO STOXX 50 decreased by 5%. The MSCI World Textiles, Apparel & Luxury Goods Index was up 21%. The adidas AG share performed in line with the DAX 30 and ended 2020 with an increase of 3% compared to the prior year.

adidas share in line with DAX 30

In 2020, global stock markets ended a very volatile year with mixed results. Fears around the impact of the coronavirus pandemic, especially during the first half of the year, were addressed by governments through various monetary measures. As a result, the DAX 30 was up 4%, while the EURO STOXX 50 decreased by 5%. The MSCI World Textiles, Apparel & Luxury Goods Index closed the year with a 21% increase. The adidas AG share closed the year at € 297.90 and thus 3% above the prior year-end level.

Level 1 ADR outperforms common stock

Our Level 1 ADR closed 2020 at US $ 182.99, representing an increase of 12% versus the prior year level (2019: US $ 162.80). The more pronounced increase of the Level 1 ADR price compared to the ordinary share price was due to the depreciation of the US dollar versus the euro in 2020. The number of Level 1 ADRs outstanding decreased to 8.9 million at year-end 2020 compared to 10.4 million at the end of 2019. The average daily trading volume increased to around 55,500 ADRs in 2020 (2019: around 43,000). Further information on our ADR program can be found on our website. ► ADIDAS-GROUP.COM/ADR

adidas AG share included in STOXX Europe 50 Index

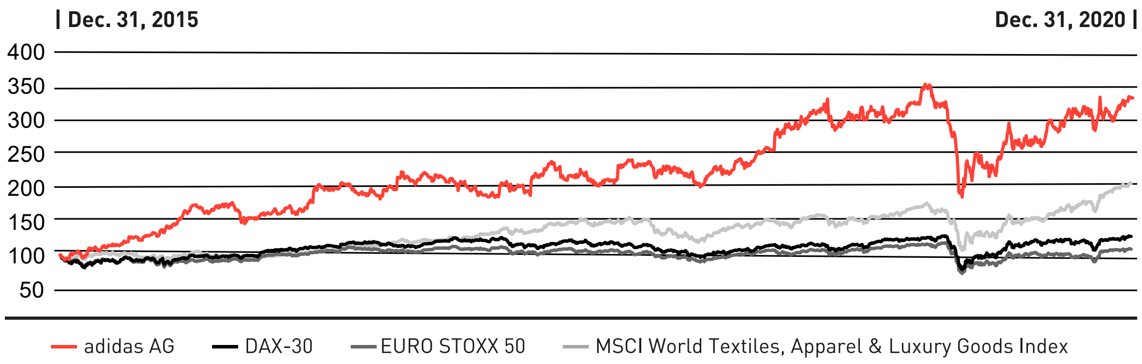
The adidas AG share is part of a variety of high-quality indices around the world. In addition to being part of the DAX 30, the EURO STOXX 50 Index as well as the MSCI World Textiles, Apparel & Luxury Goods Index, since September 2020, the adidas AG share is part of the STOXX Europe 50 Index, one of Europe's leading blue chip indices. At December 31, 2020, our weighting in the DAX 30, which is calculated on the basis of free float market capitalization and twelve-month share turnover, increased slightly to 5.04% (2019: 4.99%). Our higher weighting compared to the prior year was due to the increase in market capitalization of adidas AG. Within the DAX 30, we ranked 6 on market capitalization (2019: 7) and 9 on turnover (2019: 9) at year-end 2020.

Performance of the adidas AG share and important indices at year-end 2020 in %

	1 year	3 years	5 years	10 years
adidas AG	3	78	231	509
DAX 30	4	6	28	98
EURO STOXX 50	(5)	1	9	27
MSCI World Textiles, Apparel & Luxury Goods Index	21	57	106	187

Source: Bloomberg.

Five-year share price development [1]



1 Index: December 31, 2015 = 100. Source: Bloomberg.

The adidas AG share

		2020	2019
Number of shares outstanding at year-end[1]	shares	195,066,060	195,969,387
Basic earnings per share[2]	€	2.15	9.70
Diluted earnings per share[2]	€	2.15	9.70
Year-end price	€	297.90	289.80
Year high	€	316.05	296.35
Year low	€	166.92	183.95
Market capitalization[3]	€ in millions	58,110	56,792
Dividend per share	€	3.00[4]	–
Dividend payout	€ in millions	585[5]	–
Shareholders' equity per share[3]	€	33.09	34.68
Price-earnings ratio at year-end[6]	x	138.8	29.9
Average trading volume per trading day[7]	shares	808,394	638,854

Important indices

- DAX 30
- STOXX Europe 50
- EURO STOXX 50
- MSCI World Textiles, Apparel & Luxury Goods
- MSCI World ESG Leaders Index
- Deutsche Börse Prime Consumer
- FTSE4Good Index Series

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 the number of shares outstanding at the date of preparation of the Consolidated Financial Statements.
6 Based on basic EPS from continuing operations.
7 Based on number of shares traded on all German stock exchanges.

adidas intends to resume dividend payments

At the beginning of 2020, the adidas AG Executive and Supervisory Boards intended to recommend paying a dividend of € 3.85 per dividend-entitled share to shareholders at the 2020 Annual General Meeting, as a result of the strong operational and financial performance in 2019, the company's robust financial position, and Management's confidence in our long-term growth aspirations. In April 2020, adidas then took decisive steps to safeguard the company's financial flexibility to bridge the unprecedented situation caused by the global coronavirus pandemic. The decision to take on a syndicated revolving loan facility under the participation of KfW, Germany's state-owned development bank, resulted in a de facto suspension of dividend payments for the duration of the facility. The syndicated loan was fully replaced in November 2020.

The adidas AG Executive Board decided in February 2021 to resume the company's dividend payments. Subject to the approval by the Supervisory Board, the company will propose paying a dividend of € 3.00 per dividend-entitled share for the financial year 2020 to adidas shareholders at the Annual General Meeting on May 12, 2021. The dividend proposal, which reflects the company's strengthened financial profile as well as Management's positive outlook for the current year, would result in a total dividend payout of € 585 million.

The decision follows a series of financing measures, including obtaining strong investment-grade ratings, issuing bonds worth € 1.5 billion and securing a new syndicated loan of € 1.5 billion with partner banks, that adidas had successfully completed throughout the past year.

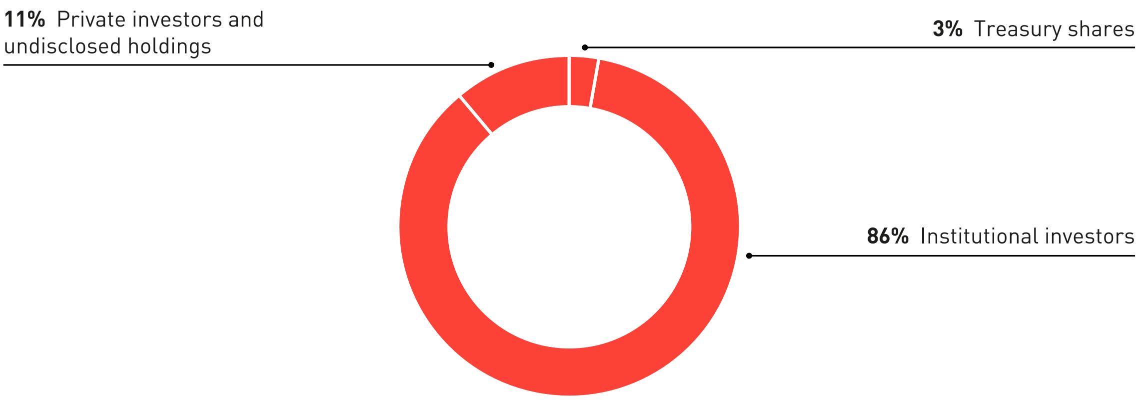
adidas stops share buyback program in March 2020

As a result of the high level of economic uncertainty caused by the dynamic developments related to the coronavirus outbreak especially during the first half of the year, the adidas Executive Board decided to proactively adopt a conservative approach to liquidity management. In order to preserve the company's financial flexibility in this environment, the company halted the share buyback program. After already temporarily suspending the 2020 tranche of its current multi-year share buyback program on March 17, 2020, immediately after retail closures across Europe and North America started to come into effect, the Executive Board decided on March 31, 2020, to formally stop the repurchasing of adidas shares for the remainder of the year. Consequently, the company did not deploy the amount of up to € 1.0 billion that was initially planned for the repurchase of own shares in 2020. Between January 7, 2020, and March 16, 2020, the company bought back 1.0 million shares, corresponding to 0.48% of the company's stock capital, for a consideration of € 257 million. The average purchase price per share was € 269.19. A total of 8.8 million treasury shares have been canceled since the start of the current program, reducing the company's share count and stock capital correspondingly.

Strong international investor base

Based on our share register, we estimate that adidas AG currently has more than 115,000 shareholders (2019: more than 90,000). In our latest ownership analysis conducted in January 2021, we identified almost 100% of our shares outstanding. Institutional investors represent the largest investor group, holding 86% of shares outstanding (2019: 89%). Private investors and undisclosed holdings account for 11% (2019: 9%). Lastly, adidas AG currently holds 3% of the company's shares as treasury shares (2019: 2%).

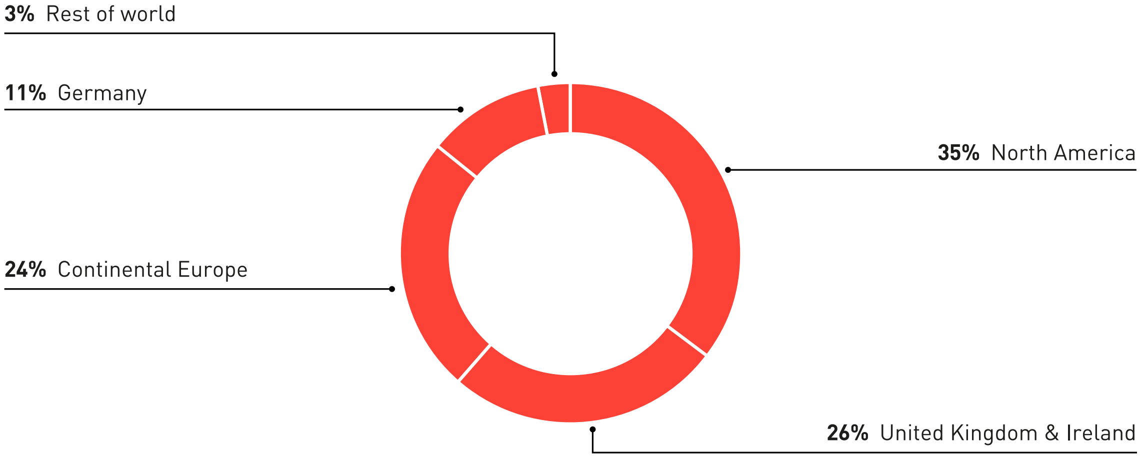
Shareholder structure by investor group[1]



1 As of January 2021.

In terms of geographical distribution, the North American market currently accounts for 35% of institutional shareholdings (2019: 43%), followed by the UK and Ireland with 26% (2019: 21%). Identified German investors hold 11% of institutional shareholdings (2019: 10%). Institutional investors from other continental European countries account for 24% (2019: 22%) and 3% of institutional shareholders were identified in other regions of the world (2019: 4%).

Shareholder structure by region[1, 2]

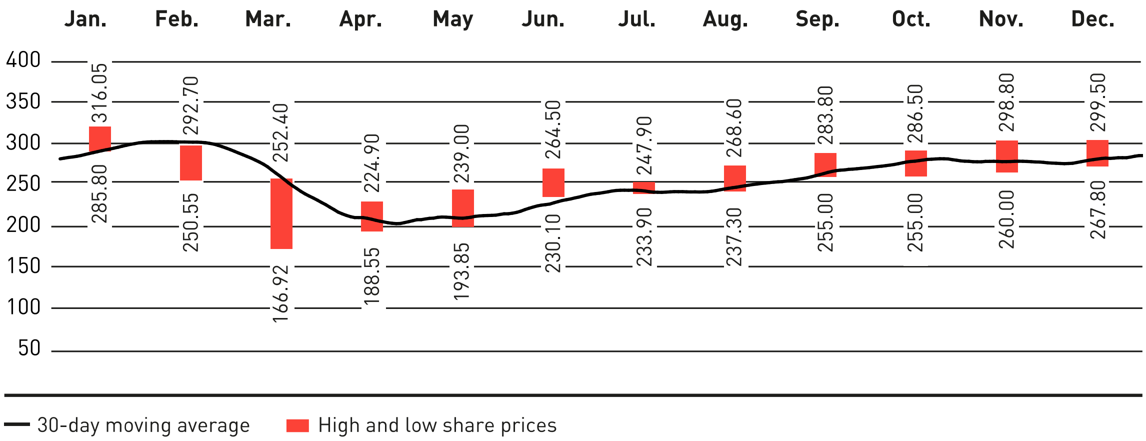


1 As of January 2021.
2 Reflects institutional investors only.

Majority of analysts with a neutral rating of adidas AG share

Around 40 analysts from investment banks and brokerage firms regularly publish research reports on adidas. Given the strong recovery of the adidas AG share following the drop during the early stages of the coronavirus pandemic in spring 2020, the majority of analysts now have a neutral view on our share. This is reflected in the recommendation split for our share as at December 31, 2020. 37% of analysts recommended that investors buy our share (2019: 33%), 46% advised investors to hold our share (2019: 57%), and 17% recommended selling our share (2019: 10%).

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



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

Voting rights notifications published

All voting rights notifications received in 2020 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/S/VOTING_RIGHTS_NOTIFICATIONS

Managers' transactions reported on corporate website

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