Q1 2020 RESULTS

Herzogenaurach,
April 27, 2020
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In light of the current very dynamic developments, adidas points out that the factual basis for any conversation is limited to the information publicly disclosed at the occasion of its first quarter 2020 results release and earnings call on April 27, 2020. The company will not provide any information with regard to decisions of adidas or its current trading that has not been published through an official release or made otherwise publicly available by adidas.
AGENDA

01 INTRODUCTION
02 BUSINESS UPDATE
03 FINANCIAL UPDATE
04 OPERATIONAL UPDATE
05 OUTLOOK
INTRODUCTION
Almost all countries around the world impacted by the coronavirus outbreak

Global and local sports events of all kinds canceled or postponed

Standstill for 60% of our business as only e-com and stores in a few countries open
PROTECTING OUR PEOPLE AND PARTNERS REMAINS OUR TOP PRIORITY

HEALTH AND SAFETY
Providing workplace flexibility, protective gear and health support to enable all employees to work in a safe environment and to stay healthy – responsible ‘return to work’ plans being developed

FINANCIAL VIABILITY
Ensuring business continuity and financial security for our employees (e.g. short-time working) – supporting our retail staff during store closures and our DC staff during e-com peak periods

SUPPLY CHAIN RESPONSIBILITY
Supporting our supply chain partners and their workers through best-practice sharing – additional engagement with the UN and local governments
Together with Carbon we are producing 18,000 face shields per week for healthcare professionals.

We are donating financial resources, protective gear and product to WHO, China Youth Foundation and other organizations.

Hundreds of thousands of athletes are using 250+ free videos, workouts and training plans in our adidas by Runtastic apps.
## Short-Term Priorities for Our Company

### Focus on Cash

<table>
<thead>
<tr>
<th>Increase inflows</th>
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<tr>
<td>- Push e-com</td>
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<tr>
<td>- Prioritize China and other open markets</td>
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<td>- Intensify credit collection efforts</td>
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<tr>
<th>Reduce outflows</th>
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<tbody>
<tr>
<td>- Trade payables: proactive adjustment of order book</td>
</tr>
<tr>
<td>- OPEX: cut discretionary spend, reduce management compensation, make use of short-time working, cancel marketing activities</td>
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<tr>
<td>- CAPEX: stop retail expansion/remodeling, IT projects</td>
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<table>
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<tr>
<th>Additional financing</th>
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<tr>
<td>- Draw committed and uncommitted credit lines</td>
</tr>
<tr>
<td>- Repatriate cash from foreign entities</td>
</tr>
<tr>
<td>- Bridge financing through KfW syndicated loan</td>
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</table>
HEALTH AND SPORTS EVEN MORE IMPORTANT TO CONSUMERS
Consumers developing an increased appreciation of well-being and physical exercising

BRAND STRENGTH MATTERS MORE THAN EVER
Strong, global brands best-placed to benefit from a scenario of potential market consolidation

FAST-FORWARD OF DIGITAL TRANSFORMATION
Social distancing is driving faster change in behavior toward digital tools and channels
CONSUMER HIGHLIGHTS
LEVERAGING MULTIPLE DIMENSIONS OF INNOVATION
OFF TO A GOOD START BEFORE CORONAVIRUS STRUCK
Currency-neutral sales up 8% during first two months excl. APAC

EFFECTIVE SET OF ACTIONS TO KEEP OUR PEOPLE SAFE
>40,000 employees in scope of closures and flexible ways of working

FAST SHIFT OF RESOURCES TOWARD DIGITAL
Doubling down on e-commerce and social media channels

SUFFICIENT FINANCIAL FLEXIBILITY
Decisive measures and access to additional liquidity

RAPID GLOBAL OUTBREAK OF CORONAVIRUS
Temporary standstill for 60% of our business as most stores are closed

HEADWIND FROM EXPOSURE TO GREATER CHINA
As the region had been most severely impacted in the first quarter

ELEVATED INVENTORY LEVELS
Due to store closures around the globe and inventory takebacks in China

PROFITABILITY MATERIALLY BELOW PRIOR YEAR
Operating profit declined over 90% in the first quarter
P&L AT A GLANCE
Q1 2020

REVENUES DECREASE 19% CURRENCY-NEUTRAL
Also 19% in euro terms to € 4.753 billion

GROSS MARGIN DOWN 4.2PP TO 49.3%
Due to declines in most markets

OPERATING MARGIN DOWN 13.5PP TO 1.4%
Reflecting operating deleverage due to revenue shortfall

NET INCOME FROM CONTINUING OPERATIONS DECREASES 97%
To € 20 million

BASIC EPS FROM CONTINUING OPERATIONS DOWN 96%
To € 0.13
ADIDAS NORTH AMERICA
Double-digit growth until end of February

GREATER CHINA
Recovery only starting to materialize in March

E-COMMERCE
55% increase in March
ADIDAS AND REEBOK BRAND PERFORMANCE
MORE PRONOUNCED NET SALES DECLINE FOR BRAND ADIDAS REFLECTING HIGHER CHINA EXPOSURE

ADIDAS REVENUES DOWN 20%
Sport Performance decreases 20%
Sport Inspired declines 16%

REEBOK REVENUES DOWN 12%
Sport decreases 13%
Classics declines 10%

Currency-neutral.
REVENUE GROWTH BY MARKET SEGMENT
CORONAVIRUS SPREADING GLOBALLY IN THE COURSE OF Q1

NORTH AMERICA +1%
Operating margin: 7.1% (-3.7pp)

EUROPE -8%
Operating margin: 21.5% (-4.7pp)

LATIN AMERICA 0%
Operating margin: 11.6% (-4.9pp)

EMERGING MARKETS -11%
Operating margin: 25.1% (-5.6pp)

RUSSIA/ CIS +9%
Operating margin: 22.1% (+3.1pp)

ASIA-PACIFIC -45%
Operating margin: 22.3% (-16.0pp)

Jan-Feb excl. Asia-Pacific +8%

Currency-neutral.
**P&L OVERVIEW**

Q1 RESULTS REFLECTING MATERIAL NEGATIVE CORONAVIRUS IMPACT

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q1 2019</th>
<th>Y-O-Y</th>
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<tbody>
<tr>
<td><strong>NET SALES</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>5,883</td>
<td>4,753</td>
<td>-19%</td>
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<tr>
<td><strong>GROSS MARGIN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>53.6%</td>
<td>49.3%</td>
<td>-4.2pp</td>
</tr>
<tr>
<td><strong>OTHER OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in % of sales)</td>
<td>2,317</td>
<td>2,305</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>MARKETING AND POINT-OF-SALE EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in % of sales)</td>
<td>39.4%</td>
<td>48.5%</td>
<td>+9.1pp</td>
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<tr>
<td><strong>OPERATING OVERHEAD EXPENSES</strong></td>
<td></td>
<td></td>
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<tr>
<td>(in % of sales)</td>
<td>703</td>
<td>704</td>
<td>+0%</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1,614</td>
<td>1,601</td>
<td>-1%</td>
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<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14.9%</td>
<td>14.8%</td>
<td>+2.9pp</td>
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<tr>
<td><strong>NET INCOME from continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>631</td>
<td>65</td>
<td>-93%</td>
</tr>
<tr>
<td><strong>BASIC EPS from continuing operations (€)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.17</td>
<td>0.13</td>
<td>-96%</td>
</tr>
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</table>

Including negative impact of ~€ 250 million from product takebacks in Greater China, purchase order cancellations and higher bad debt allowances.
NET DEBT AND EQUITY POSITION
EQUITY RATIO AT 32.1%

**Net debt**
At € 570 million

**Equity position**
Decrease of € 270 million year-on-year

**Equity ratio**
Down 3.9pp year-on-year

(Net debt)/net cash at quarter-end, € in millions.
**Average Operating Working Capital**

**Significant Increase in Inventories**

- **Inventories up 36% c.n.**
  - Due to broad-based store closures

- **Receivables down 5% c.n.**
  - Partly driven by lower shipments toward quarter-end

- **Payables up 25% c.n.**
  - Reflecting measures to manage cash outflows

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Average operating working capital = sum of operating working capital at quarter-end / 4.
OPERATIONAL UPDATE
MANAGEMENT PRIORITIES IN UNPRECEDENTED TIMES
STRIKING THE BALANCE BETWEEN SHORT- AND LONG-TERM

Protecting people and community
Health and safety remains top priority

Making use of operational flexibility
‘CTN’ a strong foundation to build upon

Sufficient financial flexibility
Decisive measures and access to additional liquidity

Going after digital opportunities
E-com more important than ever before

Learnings from China
China first major market on road to recovery
ADJUSTING COST BASE TO PROTECT CASH AND PROFITS
MAKING USE OF OPERATIONAL FLEXIBILITY

Scope to partially adjust cost base in response to lower top line
Thanks to foundation built through ONE adidas initiatives within ‘CTN’

Case-by-case decisions in order to not jeopardize future prospects
Focus so far on tactical measures in terms of both OOH and MWB

Making use of flexibility in OPEX based on current visibility
Semi-flexible expenses could be tackled in addition if circumstances require
FOCUS ON TACTICAL OPEX MEASURES TO NOT JEOPARDIZE FUTURE PROSPECTS
MAKING USE OF OPERATIONAL FLEXIBILITY

FY 2019

<table>
<thead>
<tr>
<th>OOH</th>
<th>€ 6.8bn</th>
</tr>
</thead>
</table>

2020 Flexibility

- **fixed**: Personnel, depreciation, rent and IT
- **semi-flexible**: E-com and warehouse infrastructure
- **flexible**: Logistics, travel & expenses and IT projects

- **fixed**: Sports marketing contracts and Jan-Feb spending
- **semi-flexible**: E-com and digital brand campaigns
- **flexible**: Variable contract components and physical events

Illustrative.

OOH – Operating overhead expenses.
MWB (Marketing Working Budget) – Marketing and point-of-sale expenses.
**PLAN IN PLACE TO ARRIVE AT HEALTHY INVENTORY LEVEL**
**MAKING USE OF OPERATIONAL FLEXIBILITY**

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<tr>
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<tbody>
<tr>
<td><strong>1</strong></td>
<td><strong>Proactive order management to align deliveries with lower demand</strong></td>
</tr>
<tr>
<td><strong>2</strong></td>
<td><strong>Repurpose and liquidate existing inventories</strong></td>
</tr>
</tbody>
</table>
PROACTIVE ORDER MANAGEMENT TO ALIGN DELIVERIES WITH LOWER DEMAND
MAKING USE OF OPERATIONAL FLEXIBILITY IN CLOSE PARTNERSHIP WITH OUR SUPPLIERS

Illustrative.
REPURPOSE AND LIQUIDATE EXISTING INVENTORIES
MAKING USE OF OPERATIONAL FLEXIBILITY

- Elevated inventory level
- Repurposing
  - Repurposing into 2021 product
  - ‘Evergreen’ products
  - Own factory outlets
  - Own e-com
  - Partners
- Liquidating
- Reduced inventory level

Illustrative.
DECISIVE MEASURES AND ACCESS TO ADDITIONAL LIQUIDITY
SUFFICIENT FINANCIAL FLEXIBILITY

Decisive action taken to manage liquidity position
Suspension of dividend/buyback and reduction of management compensation

Using existing cash buffer and tapping unused credit facilities
As situation poses a liquidity challenge even for healthy companies

Additional € 3.0 billion revolving loan to bridge unprecedented situation
Syndicate of KfW and partner banks with interest/fees at market conditions
CASH OUTFLOW IN Q1 LARGELY OFFSET BY CASH MEASURES AND USE OF CREDIT FACILITIES
SUFFICIENT FINANCIAL FLEXIBILITY

Q1 CASH OUTFLOW DECOMPOSED

<table>
<thead>
<tr>
<th>Amount (€ bn)</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>-1.1</td>
<td>EBITDA1</td>
</tr>
<tr>
<td>-0.3</td>
<td>OWC2</td>
</tr>
<tr>
<td>-0.2</td>
<td>SBB</td>
</tr>
<tr>
<td>-0.1</td>
<td>Capex</td>
</tr>
<tr>
<td>0.2</td>
<td>Other</td>
</tr>
<tr>
<td>2.2</td>
<td>Cash outflow</td>
</tr>
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</table>

Q1 CASH DEVELOPMENT

<table>
<thead>
<tr>
<th>Amount (€ bn)</th>
<th>Description</th>
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<tbody>
<tr>
<td>-1.4</td>
<td>Total cash Dec 31, 2019</td>
</tr>
<tr>
<td>+0.3</td>
<td>Cash outflow</td>
</tr>
<tr>
<td>+1.2</td>
<td>Tapping existing sources of funding</td>
</tr>
<tr>
<td>2.0</td>
<td>Total cash Mar 31, 2020</td>
</tr>
</tbody>
</table>

Of which € 1.3 billion directly accessible in adidas AG

¹Excluding lease payments.
²Including other assets and other liabilities.
### TOTAL ACCESSIBLE LIQUIDITY DECOMPOSED

#### SUFFICIENT FINANCIAL FLEXIBILITY

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (bn)</th>
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<tbody>
<tr>
<td>Total cash, Mar 31, 2020</td>
<td>2.0</td>
</tr>
<tr>
<td>Cash in foreign subsidiaries</td>
<td>-0.7</td>
</tr>
<tr>
<td>KfW syndicated loan</td>
<td>+2.4</td>
</tr>
<tr>
<td>Total accessible liquidity</td>
<td>3.0</td>
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### KfW syndicated loan

- Flexible access to liquidity up to € 3.0 billion
- € 2.4 billion from KfW
- € 600 million from consortium of partner banks (UniCredit, Bank of America, Citibank, Deutsche Bank, HSBC, Mizuho Bank and Standard Chartered Bank)
- Used portion of the facility fully repayable
- Interest and fees at market conditions
- 15 months duration with early termination option
- Neither equity nor subsidies involved

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1 As of March 31, 2020.
Raising 2020 e-com target to more than €4 billion
Reallocation of resources into digital to support new ambition

Driving brand awareness and digital sales
Through consumer-facing campaigns and well-received product launches

E-com always open for business
Risk mitigation in place to minimize impact of potential disruptions
RAISING 2020 E-COMMERCE TARGET
GOING AFTER DIGITAL OPPORTUNITIES

DRIVING NET SALES TO MORE THAN € 4 BILLION

<table>
<thead>
<tr>
<th>Product</th>
<th>Storytelling</th>
<th>Capabilities</th>
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</thead>
<tbody>
<tr>
<td>▪ Reallocate existing inventory</td>
<td></td>
<td></td>
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<tr>
<td>▪ Prioritize e-com within supply chain</td>
<td></td>
<td></td>
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<tr>
<td>▪ Launch plan for product pull-forwards and rapid creation</td>
<td>▪ Make big commercial moments even bigger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Shift marketing investments to digital channels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Establish task force to hunt and identify traffic and sales opportunities</td>
<td>▪ Reprioritize focus areas within wider digital priorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Shift resources to drive online conversion</td>
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<tr>
<td></td>
<td></td>
<td>▪ Accelerate app and hype drop initiatives</td>
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</tbody>
</table>
DRIVING BRAND AWARENESS AND DIGITAL SALES
GOING AFTER DIGITAL OPPORTUNITIES

Yeezy releases with 100% sell-through

Fully digital execution of high-profile launches

Keeping our communities active, engaged and connected

Leveraging our asset base with global #hometeam activation
Retail business recovering since stores reopened at beginning of March
Traffic and conversion trends normalizing over time rather than instantly

E-com business also impacted during February but recovered much quicker
Driven by aggressive doubling-down on digital channels

Successful strategy to revitalize retail after end of confinement period
Brand moments and campaigns to drive traffic and conversion
REBOUND OF GROWTH AFTER SHARP DECLINE IN FEBRUARY
LEARNINGS FROM CHINA

- Less declines and faster recovery in e-com
- Slower recovery in overall sales due to gradual normalization in stores

Illustrative.
Currency-neutral.
PROVEN RECIPE TO STAY ENGAGED WITH CONSUMERS AND RESTART BUSINESS
LEARNINGS FROM CHINA

Doubling down on digital channels  Staying engaged with consumers  Revitalizing retail as stores reopen

First brand to serve consumers via livestream at Tmall Super Brand Day for enhanced digital shopping experience

Created brand moment to celebrate the end of the confinement period and gradual return to normal life

Executed ‘Share your Stripes’ campaign to drive consumers back to our stores
PRODUCT ENGINE CONTINUES TO RUN
LEVERAGING MULTIPLE DIMENSIONS OF INNOVATION

FIT FROM HOME

YEEZY

ZIG KINETICA

4D

ADILETTES

SUPERSTAR

UB
CONTINUED EXECUTION
NAVIGATING TOWARD LONG-TERM SUCCESS

Managing the storm

- Ensuring health & safety of our people
- Making use of operational flexibility
- Sufficient financial flexibility
- Going after digital opportunities

Managing ‘the new normal’

- Global recession and economic uncertainty
- Health and sports even more important
- Brand strength matters more than ever
- Fast-forward of digital transformation

Coming out of the storm

- Understanding changing preferences and shopping behaviors
- Ramp-up of locations (stores, offices, warehouses)
- Resource and inventory (re)allocation
- Refocus on long-term strategy execution
MORE THAN 70% OF OWN RETAIL STORES CURRENTLY CLOSED
STORES OPEN IN ONLY A FEW COUNTRIES

Illustrative.
**ASSESSMENT OF CORONAVIRUS IMPACT IN THE SECOND QUARTER**

**ONGOING STORE CLOSURES EXPECTED TO LEAD TO NEGATIVE OPERATING RESULT IN Q2**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020 Trend (vs. Q1)</th>
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<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>-19%</td>
<td></td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>+1%</td>
<td></td>
</tr>
<tr>
<td><strong>Asia-Pacific</strong></td>
<td>-45%</td>
<td></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>-8%</td>
<td></td>
</tr>
<tr>
<td><strong>E-commerce</strong></td>
<td>+35%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>-93%</td>
<td></td>
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</table>

**Q2 2020 Outlook:**

- Net sales: down more than 40%
- Operating result: negative

*Currency-neutral.*
MANAGING THROUGH 2020
UNCERTAINTIES ON FULL-YEAR IMPACT REMAIN

WHAT WE KNOW

Q1 2020
- Coronavirus impacting mainly Greater China, Japan, South Korea
- Rest of the world hit in March
- Net sales -19%, operating profit -93%

Q2 2020
- Sequential recovery in Greater China, South Korea
- Store closures in almost all other countries
- Net sales expected to be down more than 40% and operating result to be negative

Remainder of 2020
- Speed of recovery in Greater China with the risk of setbacks
- Duration of closures in North America, Europe and other parts of the world
- State of the global economy and consumer sentiment through the year
- Risk of industry-wide clearance and discounting activities

FY 2020 Outlook:
Not quantifiable
NEW DATE FOR INVESTOR AND MEDIA DAY SET FOR MARCH 2021

Building the fact base
- Review ‘Creating the New’
- Derive key insights and long-list of strategic priorities

Formulating the strategy
- Select and quantify proposed strategic priorities
- Set financial ambition and targets
- Incorporate learnings from current crisis situation

Execute

Completed ▪ In progress
SUMMARY

1. Navigating the company through unprecedented times

2. Using operational flexibility, sufficient financial flexibility

3. Doubling down on digital channels and tools

4. Structural industry trends being amplified and accelerated

5. Enabling long-term success by preparing for ‘the new normal’