Q3 2022 RESULTS

NOVEMBER 09, 2022
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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 third quarter 2022 results release and earnings call on November 9, 2022. 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

1 BUSINESS UPDATE
2 FINANCIAL UPDATE
3 OPERATIONAL UPDATE
4 OUTLOOK
STRATEGIC FOCUS AREAS

CREDIBILITY

EXPERIENCE

SUSTAINABILITY
<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
</table>
| **CONTINUED DOUBLE-DIGIT TOP-LINE GROWTH EXCL. GREATER CHINA**  
Revenues up 12% excluding Greater China | **WAR IN UKRAINE AND INFLATION WEIGH ON GROWTH IN EMEA**  
Strong performance in Europe and Emerging Markets |
| **GROWTH ACCELERATING IN LATIN AMERICA AND ASIA-PACIFIC**  
Strong double-digit increase in both regions | **INVENTORY MANAGEMENT MASKS UNDERLYING IMPROVEMENT IN CHINA**  
Own-retail revenues up 7% reflecting robust sell-out |
| **STRONG DOUBLE-DIGIT GROWTH IN PERFORMANCE**  
Driven by Football (+36%) and Running (+24%) | **ONE-OFFS IMPACTING PROFITABILITY DEVELOPMENT**  
Net income down due to Russia/CIS exit, customs risks, legal dispute, cash pooling |
| **DOUBLE-DIGIT E-COM GROWTH IN NAM, EMEA AND LAM**  
Reflecting strong sell-through of product | **ELEVATED INVENTORY LEVELS IN THE MARKETPLACE**  
Promotional activity to intensify |
REVENUES INCREASE 4% CURRENCY-NEUTRAL
Up 11% in Euro terms to € 6,408 million

GROSS MARGIN DOWN 1.0PP TO 49.1%
Price increases overcompensated by increased supply chain costs,
higher discounting and unfavorable market mix

OPERATING PROFIT OF € 564 MILLION
Reflecting operating margin of 8.8%

NET INCOME FROM CONTINUING OPERATIONS OF € 66 MILLION
Reflecting significant adverse impact from several one-offs
**OUR STRATEGIC GROWTH MARKETS**

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREATER CHINA</td>
<td>-27%</td>
</tr>
<tr>
<td>Own-retail revenues up 7%</td>
<td></td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>+8%</td>
</tr>
<tr>
<td>Reflecting 10% growth in DTC</td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>+7%</td>
</tr>
<tr>
<td>Driven by strong double-digit DTC growth in both Europe and Emerging Markets</td>
<td></td>
</tr>
</tbody>
</table>
OUR STRATEGIC GROWTH CHANNELS

DOUBLE-DIGIT GROWTH IN DTC EXCLUDING RUSSIA/CIS
Supported by improving consumer experience across all touchpoints

E-COM UP STRONG DOUBLE-DIGITS IN ALL WESTERN MARKETS
Reflecting successful sell-through of product

ADICLUB EXPANDS GLOBALLY WITH NEW VALUE PROPOSITIONS
Additional go-lives excite our most valuable consumers

DTC GROWTH
+6%

E-COM GROWTH
+8%
OUR STRATEGIC GROWTH CATEGORIES

EXCEPTIONAL GROWTH IN FOOTBALL
Jersey launches fueling consumer excitement ahead of FIFA World Cup

EXCELLENT INCREASE IN RUNNING
Latest iterations of successful franchises resonating extremely well

DOUBLE-DIGIT GROWTH IN BASKETBALL
Reflecting strong momentum of Forum franchise
STRONG GROWTH IN MARKETS EXCL. GREATER CHINA IN Q3

NORTH AMERICA
+8% (+1.5pp vs. 2021)
OPERATING MARGIN: 18.8%

EMEA
+7% (+6.0pp vs. 2021)
OPERATING MARGIN: 19.7% (-3.9pp vs. 2021)

GREATER CHINA
-27% (-3.8pp vs. 2021)
OPERATING MARGIN: 22.7%

LATIN AMERICA
+51% (+6.0pp vs. 2021)
OPERATING MARGIN: 26.2%

ASIA-PACIFIC
+15% (+5.7pp vs. 2021)
OPERATING MARGIN: 23.2%
MONTHLY TOP-LINE GROWTH DEVELOPMENT IN Q3

NET SALES DEVELOPMENT VS. PRIOR YEAR

+13% sales growth in markets excl. Greater China

7%

CONTINUED MOMENTUM IN ALL MARKETS EXCEPT GREATER CHINA UNTIL SEPTEMBER

SLOWDOWN IN KEY MARKETS UK, GERMANY AND US IN SEPTEMBER

QTD August

September

0%
## Q3 2022 P&L Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>Q3 2022</th>
<th>Q3 2021</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>€6,408</td>
<td>€5,752</td>
<td>+11%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>49.1%</td>
<td>50.1%</td>
<td>-1.0pp</td>
</tr>
<tr>
<td><strong>Other Operating Expenses</strong> (in % of sales)</td>
<td>€2,676</td>
<td>€2,237</td>
<td>+20%</td>
</tr>
<tr>
<td></td>
<td>41.8%</td>
<td>38.9%</td>
<td>+2.9pp</td>
</tr>
<tr>
<td><strong>Marketing and Point-of-Sale Expenses</strong> (in % of sales)</td>
<td>€691</td>
<td>€674</td>
<td>+2%</td>
</tr>
<tr>
<td></td>
<td>10.8%</td>
<td>11.7%</td>
<td>-0.9pp</td>
</tr>
<tr>
<td><strong>Operating Overhead Expenses</strong> (in % of sales)</td>
<td>€1,985</td>
<td>€1,562</td>
<td>+27%</td>
</tr>
<tr>
<td></td>
<td>31.0%</td>
<td>27.2%</td>
<td>+3.8pp</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>€564</td>
<td>€672</td>
<td>-16%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>8.8%</td>
<td>11.7%</td>
<td>-2.9pp</td>
</tr>
<tr>
<td><strong>Financial Expenses</strong></td>
<td>€162</td>
<td>€49</td>
<td>+229%</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td>€345</td>
<td>€150</td>
<td>+130%</td>
</tr>
<tr>
<td><strong>Income Tax Rate</strong> (in % of sales)</td>
<td>84.1%</td>
<td>23.8%</td>
<td>+60.2pp</td>
</tr>
<tr>
<td><strong>Net Income from continuing operations</strong></td>
<td>€66</td>
<td>€479</td>
<td>-86%</td>
</tr>
</tbody>
</table>

### Q3 2022 Excl. One-Offs

- **Operating Profit:** Around 50%
- **Net Income from continuing operations:** Around €800m
- **Income Tax Rate:** Around 12%
- **Includes both Russia one-offs as well as tax implications from Yeezy termination:**

Around €350m
# GROSS MARGIN DRIVERS H1 2022 AND Q3 2022

## H1 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROSS MARGIN</td>
<td>50.1% (-1.7pp)</td>
</tr>
<tr>
<td>SOURCING</td>
<td>Strong increase in supply chain costs</td>
</tr>
<tr>
<td>MIX</td>
<td>Significant sales decline in China and tough prior year e-com comps</td>
</tr>
<tr>
<td>FX</td>
<td>Slightly positive FX</td>
</tr>
<tr>
<td>PRICING</td>
<td>Only selective price increases on DTC exclusives</td>
</tr>
<tr>
<td>DISCOUNTING</td>
<td>Lower promotional activity</td>
</tr>
</tbody>
</table>

## Q3 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROSS MARGIN</td>
<td>49.1% (-1.0pp)</td>
</tr>
<tr>
<td>SOURCING</td>
<td>Strong increase in supply chain costs</td>
</tr>
<tr>
<td>MIX</td>
<td>Significant sales decline in China amid continued focus on DTC</td>
</tr>
<tr>
<td>FX</td>
<td>Favorable FX</td>
</tr>
<tr>
<td>PRICING</td>
<td>Broad-based price increases (mid-to high-single-digit rate)</td>
</tr>
<tr>
<td>DISCOUNTING</td>
<td>Increased promotional activity</td>
</tr>
</tbody>
</table>
**GROSS MARGIN DRIVERS YTD SEPTEMBER AND Q4 2022**

**GROSS MARGIN DRIVERS YTD SEPTEMBER 2022 Y-O-Y**

- **Pricing:** ~2.5pp
- **FX:** ~4pp
- **Discounts:** ~0.5pp

**Gross margin YTD Sep 2021:** 51.2%

**Gross margin YTD Sep 2022:** 49.7%

**EXPECTED GROSS MARGIN DRIVERS Q4 VS. YTD SEPTEMBER 2022**

- **FX turning significantly negative:** ~2.5pp
- **Increased promotional activity:** ~4pp
- **Significantly lower Yeezy business:** ~3pp
- **Discounts:** ~2pp
- **Other:** ~2pp
- **Mix:** ~40.0%

**Gross margin Q4 2022 - Expected:**
ONE-OFF COSTS

SEVERAL ONE-OFF COSTS IMPACTING THE COMPANY’S BOTTOM-LINE IN H2 2022

RUSSIA
WIND-DOWN OF BUSINESS OPERATIONS IN RUSSIA

CASH POOLING
ACCELERATED CASH POOLING IN HIGH INFLATIONARY COUNTRIES

CUSTOMS RISKS
HIGHER PROVISIONS FOR CUSTOMS-RELATED RISKS

LEGAL DISPUTE
RECENTLY SETTLED LEGAL DISPUTE

BIP
BUSINESS IMPROVEMENT PROGRAM TO SAFEGUARD PROFITABILITY IN 2023
Q3 2022 ONE-OFFS DECOMPOSED

**Q3 2022 (ALMOST €300M)**

- Russia: ~55%
- Customs risks: ~10%
- Cash pooling: ~20%
- Legal dispute: ~15%
- Business improvement program: ~10%

**FY 2022 (AROUND €500M)**

- Russia: ~45%
- Customs risks: ~10%
- Cash pooling: ~15%
- Legal dispute: ~20%
- Business improvement program: ~10%

**BY TYPE**

- Operating overheads
- Cost of sales
- Financial expenses
- Tax

ILLUSTRATIVE
INVENTORIES UP 63% C.N. YEAR-ON-YEAR
Due to slowing consumer demand in major Western markets in September

RECEIVABLES UP 4% C.N. YEAR-ON-YEAR
Reflecting strong net sales growth in Latin America and Emerging Markets

PAYABLES UP 67% C.N. YEAR-ON-YEAR
Driven by significantly higher sourcing volume and increased product costs
Q3 INVENTORY LEVEL IMPACTED BY FOUR SPECIAL EFFECTS

INVENTORY DEVELOPMENT Y-O-Y DECOMPOSED

- €3.7bn
  - Vietnam lockdowns
  - Lead times
  - FX
  - Cost increases

- €5.2bn
  - Inventory end of Q3 2022 - Special effects -

- €6.3bn
  - Inventory end of Q3 2022 - Reported -

Around 60% of reported inventory growth

- ~€0.4bn
- ~€0.5bn
- ~€0.3bn

~€0.4bn

- €1.1bn
- Reported

Inventory end of Q3 2021 - Reported -

- Underlying increase

+43%

+21%
INVENTORY NORMALIZATION GOING FORWARD

EXPECTED INVENTORY DEVELOPMENT AT QUARTER END

**Q3 2022**

- €6.3bn

**Q4 2022**

- Yeezy

**Q1 2023**

**Q2 2023**

FOCUSING ON NORTH AMERICA AND CORE EUROPE

- CLEARING EXCESS INVENTORY AGGRESSIVELY
- SIGNIFICANTLY DECREASING OVERALL BUYING VOLUME
- LOWERING PLANNED PURCHASES FOR FACTORY OUTLETS
- TACTICALLY RE-PURPOSING EXISTING INVENTORY
OPERATIONAL UPDATE
LEVERAGING CONTINUED MOMENTUM

1. PERFORMANCE CATEGORIES
2. MARKET MOMENTUM
3. PHYSICAL EXPERIENCE
4. DIGITAL EXPERIENCE

DOUBLING DOWN ON CONTINUED MOMENTUM IN MAJORITY OF STRATEGIC FOCUS AREAS
PERFORMANCE CATEGORIES

YTD SEPTEMBER NET SALES GROWTH

+30% Fутбол

+16% Running

+28% US Sports

NEW PRODUCT INTRODUCTIONS AHEAD OF MAJOR SPORTS EVENTS AND SCALING OF SUCCESSFUL FRANCHISES DRIVE STRONG GROWTH IN MAJOR PERFORMANCE CATEGORIES
MARKET MOMENTUM

YTD SEPTEMBER NET SALES GROWTH

+14% NORTH AMERICA
+9% EUROPE
+31% EMERGING MARKETS
+42% LATIN AMERICA

GREATER CHINA

>85% YTD

MARKETS REPRESENTING MORE THAN 85% OF OUR BUSINESS GROWING 12% C.N.
4 DIGITAL EXPERIENCE
ADDRESSING CHALLENGES DECISIVELY

1. GREATER CHINA
2. YEEZY
3. COST HEADWINDS

EXECUTING FOCUSED ACTION PLANS TO OVERCOME MARKET- AND COMPANY-SPECIFIC CHALLENGES

EXCESS INVENTORY
1 GREATER CHINA

MARKET-SPECIFIC CHALLENGES

- **Strict zero covid-19 policy remains in place** with comprehensive preventive measures across the marketplace
- **Daily new covid-19 cases surpassed 2,000 again in November** and resurgence appears to be broad-based
- **Restrictive measures have just ramped up in major cities** with several areas deemed high-risk
- **Offline traffic continues to be subdued** reflecting volatile situation and imminent risk of new lockdowns
- **Local lifestyle influencers are still hesitant to collaborate** with Western brands

COMPANY-SPECIFIC CHALLENGES

- **Elevated inventory levels** given slower-than-expected recovery from market-specific challenges
- **High dependence on lifestyle influencers historically** and sudden loss of major combined followership last year
- **Limited portfolio of sports partners** given lack of focus historically
- **Investments in digital and membership** still need time to fully pay off
- **Ineffectiveness of marketing initiatives** with too many small campaigns
- **Inefficiencies in PoS landscape** with an undifferentiated retail footprint
1 GREATER CHINA

MARKET-SPECIFIC CHALLENGES

COMPANY-SPECIFIC CHALLENGES

TURNAROUND PLAN

- Reducing orders for upcoming seasons and executing inventory takebacks to return to healthy inventory level
- Leveraging factory outlets and upcoming online mega moments to accelerate speed of inventory clearance
- Connecting with the Chinese consumer differently by increasing the leverage of our local creation center and marketing agency
- Focusing marketing efforts toward social, communities, membership and closer to the point of sale
- Right-sizing China organization to reflect current size of business and growth profile
- Increasing focus on building our sports partners portfolio while increasing grassroots marketing spend
- Accelerating the scale-up of our own digital ecosystem and rebranding our adiclub membership program
- Re-assessing the quality of our retail fleet, closing unprofitable stores and significantly reducing our footprint while continuing to invest into key cities and locations

2023
PARTNERSHIP WITH YE TERMINATED

PARTNERSHIP WITH YE TERMINATED AS OF OCTOBER 25
Immediately stopped production of Yeezy branded products and all payments to Ye and his companies

SHORT-TERM NEGATIVE IMPACT EXPECTED FOR FY 2022
Up to €250 million net income impact in 2022 given high seasonality of Yeezy business

ADIDAS IS THE SOLE OWNER OF ALL DESIGN RIGHTS
Related to existing product as well as both previous and new colorways
## 2 Incremental Yeezy Business

### At a Glance

#### DIRECT IMPLICATIONS

- **Revenue shortfall of around € 500 million**
  vs. latest full year 2022 plan

- **Net income shortfall of up to € 250 million**
  vs. latest full year 2022 plan

#### TO BE CONSIDERED

- **Full year business overstated**
  due to high seasonality of Yeezy business geared toward Q4

- **Overall profitability overstated**
  as Yeezy P&L only includes directly related costs

#### 2023 PLAN

- **LEVERAGE EXISTING INVENTORY**

- **AND**

- **NO PAYMENT OF ROYALTIES AND MARKETING FEES (~€ 300 MILLION)**

- **COMPENSATE VAST MAJORİTY OF TOP- AND BOTTOM-LINE SHORTFALL**
3 COST HEADWINDS

COST STRUCTURE EXPECTED TO BE IMPACTED BY SEVERAL HEADWINDS IN 2023

FX
ADVERSE EFFECT FROM STRENGTHENING OF USD

FOB
HIGHER RAW MATERIAL AND PRODUCT COSTS

FREIGHT RATES
FREIGHT RATES STILL AT ELEVATED LEVELS

SALARIES
SALARY ADJUSTMENTS TO COMPENSATE INFLATION
BIP CONSISTS OF EIGHT STRUCTURAL INITIATIVES

HEADQUARTER
HQ OOH OPTIMIZATION

BRANDS
MWB OPTIMIZATION

MARKETS
RETAIL
PRICING
MARKETS OOH OPTIMIZATION

GLOBAL OPERATIONS
FOB MITIGATION
IT
SUPPLY CHAIN MANAGEMENT

BUSINESS IMPROVEMENT PROGRAM SAFEGUARDS PROFITABILITY IN 2023
TOTAL POSITIVE IMPACT OF ~€700M ON NET INCOME LEVEL
TOP-LINE GROWTH PROFILE TOTAL COMPANY Q4 AND FY 2022

AS OF OCTOBER 20, 2022

<table>
<thead>
<tr>
<th></th>
<th>YTD September</th>
<th>Q4 2022 - Expected</th>
<th>FY 2022 - Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>MID-TO-HIGH-TEENS</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MID-SINGLE-Digit</td>
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</table>

OUTLOOK

<table>
<thead>
<tr>
<th></th>
<th>YTD September</th>
<th>Q4 2022 - Expected</th>
<th>FY 2022 - Expected</th>
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<tbody>
<tr>
<td>YEEZY - €500M</td>
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<tr>
<td>YEEZY - €500M</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOW-SINGLE-Digit</td>
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</tbody>
</table>

TOP-LINE GROWTH EXPECTATION REDUCED TO INCORPORATE THE SHORTFALL OF YEEZY REVENUES IN Q4

CURRENCY NEUTRAL NET SALES GROWTH

37
MONTHLY TOP-LINE GROWTH PROFILE INTO Q4

MONTHLY NET SALES DEVELOPMENT VS. PRIOR YEAR

QTD August: 7%
September: 0%
October: 21%

MID-SINGLE-DIGIT GROWTH

Q4 2022 - Expected -
TOP-LINE GROWTH DRIVERS Q4

As of October 20, 2022

YEEZY -€500M

MID-TO-HIGH-TEENS

Outlook

MID-SINGLE-DIGIT GROWTH

FIFA WORLD CUP, KEY PRODUCT LAUNCHES AND EASIER COMPS EXPECTED TO DRIVE MID-SINGLE-DIGIT NET SALES GROWTH IN Q4

<table>
<thead>
<tr>
<th>YTD September</th>
<th>FIFA World Cup</th>
<th>Product Launches</th>
<th>Easier Comps</th>
<th>Q4 2022 - Expected-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Q4 2022 - Expected-</td>
</tr>
</tbody>
</table>

As of October 20, 2022 Outlook

Outlook

MID-SINGLE-DIGIT GROWTH
FIFA WORLD CUP 2022 LAUNCHES IN FULL SWING

<table>
<thead>
<tr>
<th>MARCH</th>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
<th>OCTOBER</th>
<th>DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFFICIAL MATCH BALL - AL RIIHLA</td>
<td>FEDERATION HOME AND AWAY KITS</td>
<td>FOOTWEAR PACK - AL RIIHLA</td>
<td>TO BE RELEASED</td>
<td>OFFICIAL SEMI AND FINAL MATCH BALL</td>
<td></td>
</tr>
</tbody>
</table>

CAPITALIZE ON CONSUMER EXCITEMENT TO MAXIMIZE GROWTH IN FOOTBALL
FIFA WORLD CUP 2022 CAMPAIGN
LEVERAGE EVENT ACROSS KEY CATEGORIES

FOOTBALL ON PITCH

FOOTBALL PRE-GAME

TRAINING

LIFESTYLE

APPAREL

FOOTWEAR

TO BE RELEASED

USE UNIQUE EVENT BACKDROP TO SHOWCASE THE BEST OF ADIDAS ACROSS SEVERAL KEY CATEGORIES
KEY EVENT-RELATED PRODUCT
INTEGRATED OMNICHANNEL APPROACH

POINT OF SALE

WINDOW

IN-STORE

FOOTWEAR WALL

DIGITAL

TRADING EXCELLENCE

FIFA WORLD CUP 2022™ KITS

OPTIMIZED SHOPPING JOURNEY

PLANNING ALIGNED TO HOLIDAY

MEMBERSHIP

LEVERAGE PARTNER RIGHTS

CAMPAIGN EXTENSION

HYPERLOCAL & ON-THE-GROUND INITIATIVES
EXEMPLARY EMERGING MARKETS ACTIVATION PLAN

CONNECTING STORIES
DRIVING CREDIBILITY IN SPORT AND LIFESTYLE

HYPER LOCAL PRODUCT
COMPLEMENTING THE GLOBAL RANGE ACCORDING TO MARKET-SPECIFICS

MARKETPLACE EVOLUTION
INCREASING AVAILABILITY VIA POP-UP STORES AND MALL TAKEOVERS

EVENT HIGHLIGHTS
CELEBRATING KEY MOMENTS DURING THE EVENT WITH OUR CONSUMERS

UNIQUE OPPORTUNITY TO ACCELERATE UNDERLYING MOMENTUM IN EMERGING MARKETS AND BEYOND
Authenticating adidas Basketball from the street to the court

Partnership bringing a new creative and strategic viewpoint to the category

Focusing on Next Gen athletes, partners that are part of the culture that surrounds the game and global activations

**AMBITION**

Re-imagining and disrupting the category with a lifestyle-led strategy and holistic end-to-end product offer

**LIFESTYLE-LED**

Authenticating adidas Basketball from the street to the court

**JERRY LORENZO**

Partnership bringing a new creative and strategic viewpoint to the category

**MARKETING STRATEGY**

Focusing on Next Gen athletes, partners that are part of the culture that surrounds the game and global activations
ADIDAS BASKETBALL INITIAL ACTIVATION PLAN

1. DON, TRAE & FORUM
   - Launching three key franchises with a direct link to the new adidas Basketball Creative Direction

2. ANTHEM FILM
   - Introducing our new vision for adidas Basketball through an iconic anthem film

3. ADIDAS BBALL COLLECTION 1
   - Launching the first collection of our elevated product offering across our brand architecture

4. FOG ATHLETICS PRESENTATION
   - Unveiling FOG Athletics product to tease a subsequent launch in 2023

5. FOG ATHLETICS LAUNCH
   - Launching FOG Athletics product with store takeovers and an elevated online experience
RUNNING

adidas

ADIZERO

26th BOSTON MARATHON

KIPRUTO

tcs tcs tcs tcs tcs tcs

CHERIT

TCS TCS TCS TCS TCS TCS

48
## ADJUSTED OUTLOOK BY MARKET FY 2022

<table>
<thead>
<tr>
<th>Market</th>
<th>NET SALES&lt;sup&gt;1&lt;/sup&gt;</th>
<th>AS OF JULY 26, 2022</th>
<th>AS OF OCTOBER 20, 2022</th>
<th>OUTLOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China</td>
<td></td>
<td>Mid- to high-single-digit growth</td>
<td>Mid-single-digit growth</td>
<td>Low-single-digit growth</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td>Double-digit decline</td>
<td>Strong double-digit decline</td>
<td>Strong double-digit decline</td>
</tr>
<tr>
<td>EMEA</td>
<td></td>
<td>High-teens growth</td>
<td>High-teens growth</td>
<td>Mid-teens growth</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td>Low-teens growth</td>
<td>Low-teens growth</td>
<td>High-single-digit growth</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td></td>
<td>Growth between 30% and 40%</td>
<td>Growth between 30% and 40%</td>
<td>Growth between 30% and 40%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High-single-digit growth</td>
<td>High-single-digit growth</td>
<td>Mid-single-digit growth</td>
</tr>
</tbody>
</table>

### DRIVERS
- Headwinds related to a slower recovery in China
- Potential slowdown in other markets
- Further deteriorating traffic trend in Greater China
- Termination of Yeezy partnership

<sup>1</sup> Currency neutral
## Adjusted Outlook FY 2022

<table>
<thead>
<tr>
<th>NET SALES&lt;sup&gt;1&lt;/sup&gt;</th>
<th>AS OF JULY 26, 2022</th>
<th>AS OF OCTOBER 20, 2022</th>
<th>OUTLOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mid- to high-single-digit growth</td>
<td>Mid-single-digit growth</td>
<td>Low-single-digit growth</td>
</tr>
</tbody>
</table>

| GROSS MARGIN | Around 49.0% | Around 47.5% | Around 47.0% |

| OPERATING MARGIN | Around 7.0% | Around 4.0% | Around 2.5% |

| NET INCOME<sup>2</sup> | Around €1.3bn | Around €500m | Around €250m |

### Drivers
- Headwinds related to a slower recovery in China
- Potential slowdown in other markets
- Further deteriorating traffic trend in Greater China
- Higher clearance activity to reduce inventory levels
- One-off costs of around €500m on net income
- Termination of Yeezy partnership

<sup>1</sup> Currency neutral. 2 From continuing operations.
NET INCOME DEVELOPMENT 2022/2023

EXPECTED NET INCOME FY 2022

- Net Income incl. One-Offs: ~€500m
- Yeezy Impact: ~€250m
- Net Income incl. One-Offs and Yeezy: ~€500m
- Non-recurring One-Offs: ~€750m

UNDERLYING

- Net Income excl. One-Offs: ~€500m
- ~€750m

NET INCOME DRIVERS FY 2023

- Cost Headwinds
- BIP Benefits
- Additional Headwinds and Benefits

FURTHER DEVELOPMENT DEPENDING ON

- Consumer sentiment
- Inventory clearance
- Brand heat
- Recovery in Greater China
- Yeezy impact and mitigation plan
- Development of freight rates and input costs
- FX development
CEO TRANSITION

BJØRN GULDEN APPOINTED AS MEMBER OF THE EXECUTIVE BOARD AND CEO
Effective January 1, 2023

KASPER RORSTED TO STEP DOWN AS CEO
Upon expiry of November 11, 2022

HARM OHLMEYER TO LEAD THE COMPANY IN THE INTERIM
Until December 31, 2022
SUMMARY

1. LEVERAGING CONTINUED MOMENTUM TO DRIVE STRONG UNDERLYING GROWTH IN Q4
2. MAKING USE OF UPCOMING FIFA WORLD CUP TO CREATE EXCITEMENT AROUND PRODUCT AND BRAND
3. EXECUTING FOCUSED ACTION PLANS TO OVERCOME MARKET- AND COMPANY-SPECIFIC CHALLENGES
4. APPOINTMENT OF BJØRN GULDEN ENSURES SMOOTH AND TIMELY CEO TRANSITION