Q3 2021 RESULTS

NOVEMBER 10, 2021
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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 2021 results release and earnings call on November 10, 2021. 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 INTRODUCTION
2 BUSINESS UPDATE
3 FINANCIAL UPDATE
4 OPERATIONAL UPDATE
5 OUTLOOK
INTRODUCTION
OUR PEOPLE OWN THE GAME

Forbes 2021
WORLD’S BEST EMPLOYERS

>40%
WOMEN SHARE IN LEADERSHIP POSITIONS BY 2025
OUTSTANDING ESG RATING AWARDED

S&P Global Ratings 85/100

- Cross-sector analysis of global companies
- Evaluation after extensive due diligence and dialogue

Strong focus on sustainability reflected in outstanding ESG rating result
One of the highest ever awarded ESG profile scores
Overall preparedness considered strong
Ranked in global top ten
CONSUMER HIGHLIGHTS

CREDIBILITY

IMPOSSIBLE IS NOTHING

EXPERIENCE

SUSTAINABILITY
CREDIBILITY

More world records, more wins, more podiums in top 50 road races than all others combined.
EXPERIENCE

FIND YOUR FOOTWEAR

Let us help you find the right shoe for your next outdoor adventure!

GET STARTED

ADDITION 3 MILLION NEW MEMBERS TO OUR DIGITAL ECOSYSTEM DURING MEMBERS WEEK ALONE

MEMBERS WEEK

MEMBERS WEEK

MEMBERS WEEK
SUSTAINABILITY

INNOVATING WITH NEW MATERIALS AND BUSINESS MODELS
**STRENGTHS**

<table>
<thead>
<tr>
<th>Strength</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>TOP-LINE MOMENTUM IN EMEA, NORTH AMERICA AND LATIN AMERICA</td>
<td>Double-digit increase across these regions</td>
</tr>
<tr>
<td>DTC FOCUS PAYING OFF</td>
<td>Double-digit growth in EMEA, North America and Latin America</td>
</tr>
<tr>
<td>DOUBLE-DIGIT GROWTH IN FOOTBALL AND OUTDOOR</td>
<td>New products resonating well with consumers</td>
</tr>
<tr>
<td>STRONG DOUBLE-DIGIT OPERATING MARGIN</td>
<td>Despite significantly higher marketing spend and supply chain costs</td>
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**WEAKNESSES**

<table>
<thead>
<tr>
<th>Weakness</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES DECREASE IN GREATER CHINA</td>
<td>Challenging market environment delaying recovery</td>
</tr>
<tr>
<td>LOWER DEMAND IN ASIA-PACIFIC</td>
<td>Covid-related lockdowns weighing on sales in the region</td>
</tr>
<tr>
<td>SUPPLY CHAIN CONSTRAINTS</td>
<td>Shipping &amp; handling delays impacting sales in EMEA and North America</td>
</tr>
<tr>
<td>GROSS MARGIN RECOVERY MASKED</td>
<td>Unfavorable FX development and higher supply chain costs</td>
</tr>
</tbody>
</table>
Challenging market environment in China, Covid-related lockdowns and supply-chain constraints reducing top-line by around € 600 million

Due to unfavorable FX development and higher supply chain costs

Reflecting operating margin of 11.7%

Of € 479 million

Of € 2.34
## OUR STRATEGIC GROWTH MARKETS

### GREATER CHINA
Challenging market environment delaying recovery

-15%

### NORTH AMERICA
+7% increase vs. 2019 level

+9%

### EMEA
+11% increase vs. 2019 level

+9%
OUR GROWTH CHANNELS

SUCCESSFUL PRODUCT SELL-THROUGH DRIVES OWN RETAIL GROWTH
Double-digit increases in EMEA, North America and Latin America

DOUBLE-DIGIT E-COM GROWTH IN EMEA AND NORTH AMERICA
Global full price share up by 15pp

E-COM GROWTH (C.N.)
+8% vs. 2020
+64% vs. 2019

DTC SHARE
35%
+0pp vs. 2020
+5pp vs. 2019

MEMBERSHIP AND MOBILE FIRST ELEVATE CONSUMER EXPERIENCE
More than 220 million members globally
OUR STRATEGIC GROWTH CATEGORIES

FOOTBALL REVENUES GROW DOUBLE DIGITS
Key footwear franchises and major club jerseys spark excitement

EXCEPTIONAL GROWTH IN OUTDOOR CONTINUING
Sustainable and technical product launches drive credibility

LIFESTYLE OFFERING RESONATING WELL
Successful DTC-exclusive launches
REVENUE GROWTH BY MARKET SEGMENT

NORTH AMERICA

- Operating margin: 20.3% (+0.5pp vs. 2020)

EMEA

- Operating margin: 23.7% (+2.0pp vs. 2020)

GREATER CHINA

- Operating margin: 26.6% (-4.9pp vs. 2020)

LATIN AMERICA

- Operating margin: 20.2% (+13.6pp vs. 2020)

ASIA-PACIFIC

- Operating margin: 17.5% (-5.5pp vs. 2020)
<table>
<thead>
<tr>
<th></th>
<th>Q3 2021</th>
<th>Q3 2020</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>5,752</td>
<td>5,561</td>
<td>+3%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>50.1%</td>
<td>50.3%</td>
<td>-0.2pp</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>2,237</td>
<td>2,092</td>
<td>+7%</td>
</tr>
<tr>
<td>(in % of sales)</td>
<td>38.9%</td>
<td>37.6%</td>
<td>+1.3pp</td>
</tr>
<tr>
<td>Marketing and Point-of-Sale Expenses</td>
<td>674</td>
<td>538</td>
<td>+25%</td>
</tr>
<tr>
<td>(in % of sales)</td>
<td>11.7%</td>
<td>9.7%</td>
<td>+2.1pp</td>
</tr>
<tr>
<td>Operating Overhead Expenses</td>
<td>1,562</td>
<td>1,554</td>
<td>1%</td>
</tr>
<tr>
<td>(in % of sales)</td>
<td>27.2%</td>
<td>27.9%</td>
<td>-0.8pp</td>
</tr>
<tr>
<td>Operating Profit/Loss</td>
<td>672</td>
<td>735</td>
<td>-9%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>11.7%</td>
<td>13.2%</td>
<td>-1.5pp</td>
</tr>
<tr>
<td>Net Income/Loss from continuing operations</td>
<td>479</td>
<td>535</td>
<td>-10%</td>
</tr>
<tr>
<td>Basic EPS from continuing operations</td>
<td>2.34</td>
<td>2.58</td>
<td>-9%</td>
</tr>
</tbody>
</table>

+3% currency-neutral

Challenging market environment in China, Covid-related lockdowns and supply chain constraints reducing top-line by around € 600 million

Including around € 60 million of stranded costs related to the Reebok divestiture
Channel mix: Higher DTC sales within the channel mix

Pricing impact: Drag from higher discounting in 2020 almost fully recovered in 2021

Market mix: Lower contribution from China

Sourcing: Significant increase in supply chain costs in 2021

FX impact: Headwind of more than 2.5pp over two-year period

Gross margin slightly above 2019 level excluding unfavorable FX
INVENTORIES DOWN 23% C.N. YEAR-ON-YEAR
Due to supply chain constraints

RECEIVABLES UP 9% C.N. YEAR-ON-YEAR
Mainly driven by higher net sales in EMEA and Latin America

PAYABLES UP 13% C.N. YEAR-ON-YEAR
Reflecting normalization of payment terms in prior year period
UPDATE ON REEBOK

ENTERED INTO A DEFINITIVE AGREEMENT TO SELL REEBOK
To Authentic Brands Group for a total consideration of up to € 2.1 billion

CLOSING OF THE TRANSACTION EXPECTED IN Q1 2022
While subject to customary closing conditions

MAJORITY OF CASH PROCEEDS TO BE RETURNED TO SHAREHOLDERS
Upon closing of the transaction

RECORDED WRITE-UP OF PREVIOUSLY IMPAIRED REEBOK TRADEMARK
In an amount of € 402 million net of tax within discontinued operations in Q3
OPERATIONAL UPDATE
Q3 TOP-LINE HEADWIND DECOMPOSED

1. Challenging market environment
2. Covid-related lockdowns
3. Supply chain constraints

+3%  +14%

Q3 Net Sales Growth c.n.  Greater China  Asia-Pacific  EMEA/North America  Q3 Net Sales Growth c.n. - implied -
EXTERNAL CHALLENGES WEIGHING ON TOP-LINE IN GREATER CHINA

MONTHLY OWN RETAIL SALES GROWTH IN GREATER CHINA Y-O-Y

- Own retail sales up y-o-y in June and into July
- Recovery from geo-political situation
- Negative impact from Covid-related lockdowns and natural disasters
# Action Plan Developed and in Execution

<table>
<thead>
<tr>
<th>Key Mitigation Levers</th>
<th>Making Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen <strong>brand heat</strong></td>
<td><strong>1,000+</strong> <strong>Dedicated studio</strong> enabling fast content creation and local storytelling with more than 1,000 short stories created so far</td>
</tr>
<tr>
<td>Create <strong>more commercial impact</strong></td>
<td><strong>~1/3</strong> <strong>Significant ramp-up of China-for-China product creation</strong> with about 1/3 of new products coming from local creation center</td>
</tr>
<tr>
<td>Improve <strong>range and activation plan</strong></td>
<td><strong>&gt;300</strong> <strong>Scaling up digital capabilities</strong> by accelerating investments into infrastructure and hiring more than 300 digital &amp; tech talents</td>
</tr>
<tr>
<td>Optimize <strong>store network</strong></td>
<td><strong>&gt;100</strong> <strong>Marketplace expansion</strong> with more than 100 new Terrex, Y-3 and Stella points of sale in key cities such as Shanghai</td>
</tr>
<tr>
<td>Take <strong>excess product out of the market</strong></td>
<td><strong>&gt;10M</strong> <strong>Re-purposing China inventory</strong> with more than 10 million units already re-allocated to other markets</td>
</tr>
</tbody>
</table>

Executed by global and local task force
SHOWING COMMITMENT AND CREATING EXCITEMENT

SHOWCASING THE BEST OF ADIDAS AT THE CHINA INTERNATIONAL IMPORT EXPO IN SHANGHAI WITH A FOCUS ON SUSTAINABILITY AND INNOVATION
DEVELOPMENT OF COVID CHALLENGES IN APAC

Q1: “RECOVERY”

January 2021

Progressive introduction of government restrictions throughout 2021

September 2021

Q2: “DETERIORATION”

Q3: “WORSE THAN 2020”

Government restrictions
APAC RETAIL ENVIRONMENT IMPACTED BY LOCKDOWNS

APAC OWN RETAIL TRAFFIC TREND Q2 AND Q3 2021

Challenges:

- Unique consumer behavior in APAC reflecting disciplines to comply with government regulations
- Continued lockdowns and other covid-related restrictions impacting traffic in wholesale and retail
- Limited travel and tourism impacting business in key cities across the entire region
GLOBAL SUPPLY-CHAIN CONSTRAINTS WEIGHING ON TOP- AND BOTTOM-LINE
**SIGNIFICANT DELAY IN PRODUCTION CAPACITY RAMP-UP IN VIETNAM**

**AUGUST 5 | RECAP OF PREVIOUS Q3 AND Q4 ASSUMPTION**

- Production capacity at month-end
- Average monthly production capacity

**KEY ASSUMPTIONS**

- Temporary disruptions in Vietnam throughout Q3 only
- Fast ramp-up to regular capacity toward the end of Q3
- Largely operational sourcing network expected by end of Q3

**TODAY | ACTUAL DEVELOPMENT Q3 AND Q4 ASSUMPTION**

- Production capacity at month-end
- Average monthly production capacity

**KEY ASSUMPTIONS**

- Ongoing disruptions in Vietnam throughout Q4
- Steady ramp-up to regular capacity throughout Q4
- Largely operational sourcing network expected by end of Q4
**ESTIMATED NET SALES IMPACT FROM CAPACITY LOSS AFTER MITIGATION ACTIONS**

### KEY MITIGATION LEVERS AND ACTION ITEMS

- **CAPACITY CHASE**
- **SUPPLY MANAGEMENT**
- **COMMERCIAL LEVERS**

- **SECURE CAPACITY**
  Optimize existing capacity and secure additional capacity

- **SUPPLY REDUCTION**
  Phase and cut supply for reduced rolling impact

- **AIR FREIGHT**
  Ensure on-time delivery of high-margin product

- **INVENTORY RE-DEPLOYMENT**
  Manage customer relations and re-deployment of existing inventory

- **PRICING REVIEW**
  Review discount strategy for commercial moments and consider price increases

### ESTIMATED NET SALES IMPACT AFTER MITIGATION

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Impact (m€)</th>
</tr>
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<tbody>
<tr>
<td>Q4 2021</td>
<td>~€250</td>
</tr>
<tr>
<td>Q1 2022</td>
<td>~€100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>~€350</td>
</tr>
<tr>
<td>Q1 2023</td>
<td>~€600</td>
</tr>
</tbody>
</table>

**No significant impact beyond Q1 2022 expected**
2022 **TOP-LINE GROWTH LEVERS**

- **Net Sales FY 2021**
  - Greater China
  - Supply-chain challenges
  - Covid-related lockdowns
  - Underlying Growth

- **Net Sales FY 2022**

  - Growth at least in line with long-term ambition of 8-10%

- **Successful execution of action plan and more favorable market environment**
- **Larger impact from factory lockdowns**
- **Fewer Covid-related lockdowns globally**
- **Global market share gains**

**Notes:**

- Greater China
- Covid-related lockdowns
- Supply-chain challenges
OUTLOOK
INNOVATION DAY DECEMBER 13/14

- **Two-day event** at our headquarters in Herzogenaurach, physical participation only
- Focus on **2022 PRODUCT HIGHLIGHTS** across strategic growth categories Running, Football, Outdoor, Training, Originals and Sportswear
- **Presenters** include:
  - Executive Board members
  - General Managers of strategic growth categories
  - Designers
  - SVP Marketing
  - SVP Merchandising
  - Special guests
- **No trading or financial update**
- **Official invite** which has been shared earlier this week
## 2021 Top- and Bottom-Line Outlook Specified

### FY 2021 Outlook

<table>
<thead>
<tr>
<th><strong>August 5</strong></th>
<th><strong>November 10</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>Increase of up to 20%</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>Increase to around 52%</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>Increase to 9.5% - 10%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>Increase to €1.4 - €1.5 bn</td>
</tr>
</tbody>
</table>

### Key Assumptions
- Global store opening rate of at least 95% ✓
- Largely operational sourcing network at the end of Q3 ✗
- Continued steady recovery in China ✗

Lower end due to longer-than-expected sourcing disruptions and challenging market environment in China.
STRONG RESULTS IN FIRST NINE MONTHS OF 2021

9M 2021

- **NET SALES**
  - +24% C.N.
  - Added more than € 3 billion

- **OPERATING MARGIN**
  - 11.9%
  - Returned to strong double-digit operating margin

- **NET INCOME**
  - €1.37BN
  - Added more than € 1 billion
ATTRACTION CASH RETURNS TO SHAREHOLDERS

PRIORITIZATION OF USE OF CASH

FINANCIAL STABILITY
Maintain current rating levels

CAPEX
3-4% of net sales

DIVIDENDS
30-50% of net income¹

SHARE BUYBACK
Use of surplus cash flow

Reebok proceeds

Total Cash Return 2021-25
Cash Return 2021

SHARE BUYBACK
- 1st Tranche completed: €550m (Jul-Sep)
- 2nd Tranche launched: €450m (Oct-Dec)

DIVIDEND

1. From continuing operations.
SUMMARY

1. NEW PRODUCT LAUNCHES DRIVING STRONG DEMAND IN EMEA, NORTH AMERICA AND LATIN AMERICA

2. THOROUGHLY MANAGING SUPPLY CHAIN CONSTRAINTS

3. OPERATING MARGIN RECOVERY CONTINUING AS OWN THE GAME IN FULL EXECUTION ACROSS THE ENTIRE COMPANY

4. 2021 TO BE SUCCESSFUL FIRST YEAR OF THE NEW STRATEGIC CYCLE DESPITE NEGATIVE IMPACT OF MORE THAN €1.5BN ON TOP-LINE