AGENDA

01 INTRODUCTION
02 BUSINESS UPDATE
03 FINANCIAL UPDATE
04 OPERATIONAL UPDATE
05 OUTLOOK
EXECUTE THROUGH COVID-19

STORE FLEET LARGELY OPERATIONAL AT THE END OF Q2

January: First stores in China closed

March: As stores in China re-opened, Rest of World closed down

April: >70% of global store fleet closed

May: Business in Greater China returned to growth

June: Store fleet largely operational

Illustrative.
EXECUTE THROUGH COVID-19
PROTECTING OUR PEOPLE, COMMUNITIES AND PARTNERS REMAINS TOP PRIORITY

HEALTH AND SAFETY IN OUR STORES
Executing store re-opening in accordance with social distancing measures and local regulations

HEALTH AND SAFETY IN OUR OFFICES
Providing workplace flexibility and safe in-office environment

SUPPLY CHAIN RESPONSIBILITY
Supporting our supply chain partners and their workers through best-practice sharing
HEALTH AND SPORTS EVEN MORE IMPORTANT TO CONSUMERS
Around 50% of age group 18-34 plan to exercise more as a result of the coronavirus pandemic

FASHION SHIFT TOWARD ATHLEISURE SET TO ACCELERATE
Around 75% of surveyed companies plan to shift employees to permanently remote positions post-coronavirus

FAST-FORWARD OF DIGITAL TRANSFORMATION
adidas digital sales penetration more than 1/3 in H1 when combining own e-com and partners’ online revenues
CREATE LASTING CHANGE NOW
WE ARE A DIVERSE COMPANY WITH ZERO TOLERANCE FOR DISCRIMINATION AND RACISM

Around 90% of our employees hold international passports

Employees from more than 100 nations work at the company’s global HQ

Women represent 34% of management positions globally
COMMITMENTS GLOBALLY

WE ESTABLISH A COMMITTEE TO ACCELERATE INCLUSION & EQUALITY
Committee to focus on advancement of underrepresented groups; sponsored by the CEO and consisting of diverse representatives

WE STRENGTHEN OUR GLOBAL ANTI-DISCRIMINATION POLICY
Independent third-party firm to govern the investigation of cases; strict non-retaliation policy to protect employees that report violations

WE REFORM OUR HIRING AND CAREER DEVELOPMENT PROCESSES
Removing hiring bias, increasing representation and oversight; new mentoring and talent programs for Black and Latinx employees

WE CELEBRATE DIVERSITY
Celebrating Black History Month, Lunar New Year, International Women’s Day, Pride, Hispanic Heritage Month and Diwali, among others

COMMITMENTS IN THE UNITED STATES

WE INVEST $120 MILLION IN OUR BLACK COMMUNITIES OVER 5 YEARS
We increase funding for our programs that support, empower and elevate the Black community

WE INVEST IN UNIVERSITY SCHOLARSHIPS
We finance 50 scholarships each year for Black students at partner schools

WE INCREASE THE DIVERSITY OF OUR EMPLOYEES
We fill a minimum of 30% of all new positions in the US with Black and Latinx people and target 12% leadership representation by 2025

WE MAKE JUNETEENTH A PAID HOLIDAY
Our offices, distribution centers and retail stores will be closed on June 19 to commemorate the end of slavery in the United States
CONSUMER HIGHLIGHTS
Q2 2020

READY FOR SPORT
THE SERIES

LEO MESSI
PATRICK MAHOMES
ALL BLACKS
GARBIÑE MUÑOZ
CANDACE PARKER
MO SALAH
ADIDAS RUNNERS
DONOVAN MITCHELL

adidas

Image of Adidas shoes and athletes.

Image of Adidas shoes and athletes.

Image of Adidas shoes and athletes.

Image of Adidas shoes and athletes.

Image of Adidas shoes and athletes.
GREATER CHINA RECOVERY AHEAD OF INITIAL PLAN
Return to growth in May paving the way for flat quarter

DTC BUSINESS UP SLIGHTLY DUE TO DIGITAL ACCELERATION
Exceptional growth in e-com compensates for store closures

IMPACTFUL CONSUMER MARKETING AND PRODUCT LAUNCHES
Despite lockdowns and store closures in most parts of the world

FINANCIAL FLEXIBILITY SAFEGUARDED
Through disciplined cash and cost management

NORTH AMERICA LAGGING BEHIND OTHER MAJOR MARKETS
Store fleet not yet fully operational due to external developments

INVENTORIES REACHING EXPECTED PEAK LEVEL DURING Q2
Plans to manage down inventories toward year-end in place

GROSS MARGIN FACING HEADWINDS
From promotional activity, adverse FX and inventory allowances

PROFITABILITY IN NEGATIVE TERRITORY
Due to revenue shortfall and coronavirus-related charges
P&L AT A GLANCE
Q2 2020

REVENUES DECREASE 34% CURRENCY-NEUTRAL
And 35% in euro terms to € 3.579 billion

GROSS MARGIN DOWN 2.4PP TO 51.0%
Headwinds from promotional activity, adverse FX and inventory allowances

OPERATING LOSS OF € 333 MILLION
Due to revenue shortfall and coronavirus-related charges

NET LOSS FROM CONTINUING OPERATIONS
Of € 306 million

BASIC EPS FROM CONTINUING OPERATIONS
Of negative € 1.45
STRATEGIC GROWTH AREAS
Q2 2020

ADIDAS NORTH AMERICA
Despite triple-digit e-com growth

GREATER CHINA
Double-digit growth in May and June

E-COMMERCE
Triple-digit growth in April and May

Currency-neutral.
ADIDAS AND REEBOK BRAND PERFORMANCE
MORE PRONOUNCED DECLINE FOR REEBOK DUE TO HIGHER NORTH AMERICA EXPOSURE

ADIDAS REVENUES

-33%

REEBOK REVENUES

-42%

Currency-neutral.
FINANCIAL UPDATE
REVENUE GROWTH BY MARKET SEGMENT
CORONAVIRUS HAD A GLOBAL IMPACT IN Q2

NORTH AMERICA -38%
Operating margin: -1.8% (-13.2pp)

EUROPE -40%
Operating margin: 2.7% (-22.5pp)

LATIN AMERICA -64%
Operating margin: -10.5% (-25.1pp)

EMERGING MARKETS -60%
Operating margin: -21.2% (-49.7pp)

RUSSIA/CIS -34%
Operating margin: 24.0% (-2.3pp)

ASIA-PACIFIC -16%
Operating margin: 31.0% (-3.9pp)

Net sales development currency-neutral.
## P&L Overview

**Q2 Results Reflect Material Negative Coronavirus Impact**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Y-O-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>€3,579</td>
<td>€5,509</td>
<td>-35%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>51.0%</td>
<td>53.5%</td>
<td>-2.4pp</td>
</tr>
<tr>
<td><strong>Other Operating Expenses</strong></td>
<td>2,189</td>
<td>2,346</td>
<td>-7%</td>
</tr>
<tr>
<td>(as % of sales)</td>
<td>61.1%</td>
<td>42.6%</td>
<td>+18.6pp</td>
</tr>
<tr>
<td><strong>Marketing and Point-of-Sale Expenses</strong></td>
<td>560</td>
<td>744</td>
<td>-25%</td>
</tr>
<tr>
<td>(as % of sales)</td>
<td>15.6%</td>
<td>13.5%</td>
<td>+2.1pp</td>
</tr>
<tr>
<td><strong>Operating Overhead Expenses</strong></td>
<td>1,628</td>
<td>1,602</td>
<td>+2%</td>
</tr>
<tr>
<td>(as % of sales)</td>
<td>45.5%</td>
<td>29.1%</td>
<td>+16.4pp</td>
</tr>
<tr>
<td><strong>Operating Loss/Profit</strong></td>
<td>-333</td>
<td>643</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>-9.3%</td>
<td>11.7%</td>
<td>-21.0pp</td>
</tr>
<tr>
<td><strong>Net Loss/Income</strong></td>
<td>-306</td>
<td>462</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Basic EPS</strong> from continuing operations (€)</td>
<td>-1.45</td>
<td>2.33</td>
<td>n.a.</td>
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</tbody>
</table>

*Reflecting the combined impact from the increase in inventory and bad debt allowances as well as the impairment of retail stores and the Reebok trademark."
GROSS MARGIN DEVELOPMENT DECOMPOSED
SLIGHT INCREASE WHEN EXCLUDING INVENTORY ALLOWANCES

Illustrative.
OVERHEAD COST DEVELOPMENT DECOMPOSED
DOUBLE-DIGIT UNDERLYING DECLINE MASKED BY E-COM GROWTH AND CORONAVIRUS-RELATED COSTS

Q2 OOH DEVELOPMENT

€ in billions

OOH Q2 2019  Underlying decline  Business-driven  Coronavirus-related  OOH Q2 2020

1.6 1.6

DECOMPOSITION

1 Underlying decline resulting from tactical measures
- T&E as well as other discretionary spend reduced materially
- Personnel expenses down despite largely stable headcount
- Reduction and delay of retail expansion as well as IT projects

2 Business-driven increase
- Support of exceptional e-com growth
- Volume-driven increase of logistics and freight costs

3 Coronavirus-related increase
- Impairment of retail stores and Reebok trademark
- Higher bad debt allowances

Illustrative.
NET DEBT AND EQUITY POSITION
NET DEBT INCREASES BY € 1,154 MILLION YEAR-ON-YEAR

Net debt
At € 792 million

Equity position
At € 6,230 million

Equity ratio
At 30.7%

Q2/16  Q2/17  Q2/18  Q2/19  Q2/20
-1,028  -735  89    362    -1,154

(Net debt)/net cash at quarter-end, € in millions.
Average operating working capital = sum of operating working capital at quarter-end / 4.

**AVERAGE OPERATING WORKING CAPITAL**
**EFFECTIVE CASH MEASURES PARTLY OFFSET INVENTORY INCREASE**

**Inventories up 49% c.n. year-on-year**
Plans to manage down toward year-end in place

**Receivables down 31% c.n. year-on-year**
Execution of cash measures and fewer shipments

**Payables up 23% c.n. year-on-year**
Reflecting measures to manage cash outflows

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Average Operating Working Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/16</td>
<td>21.4%</td>
</tr>
<tr>
<td>Q2/17</td>
<td>20.4%</td>
</tr>
<tr>
<td>Q2/18</td>
<td>20.1%</td>
</tr>
<tr>
<td>Q2/19</td>
<td>18.3%</td>
</tr>
<tr>
<td>Q2/20</td>
<td>21.5%</td>
</tr>
</tbody>
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**+3.3PP**
04
OPERATIONAL UPDATE
EXECUTE THROUGH COVID-19
STRIKING THE BALANCE BETWEEN SHORT AND LONG TERM

1. OPERATIONAL FLEXIBILITY
2. FINANCIAL FLEXIBILITY
3. DIGITAL OPPORTUNITIES
4. RETAIL RECOVERY
Plan for effective inventory normalization:

- Event-related and ‘evergreen’ product stored and repurposed into 2021 product
- > 1,000 own factory outlets being used as store fleet now largely operational
- Commercial moments and online sales events leveraged in e-com throughout the year
- Smaller portion of inventory also moved through select retail partners as partner stores reopen
1 FLEXIBLY DRIVING OUR PRODUCT PIPELINE

OPERATIONAL FLEXIBILITY

SHIFTING PRODUCT INTO 2021

EXECUTING FULLY DIGITAL

ADJUSTING LAUNCH CALENDAR

REPURPOSING PRODUCT STORIES
2 SHORT-TERM CASH MEASURES
FINANCIAL FLEXIBILITY

Increase inflows

- Push e-com
- Prioritize China and other open markets
- Intensify credit collection efforts

Reduce outflows

- Trade payables: proactive adjustment of order book
- OPEX: cut discretionary spend, reduce management compensation, make use of short-time working, cancel marketing activities
- CAPEX: stop retail expansion/remodeling, IT projects

Additional financing

- Draw committed and uncommitted credit lines
- Repatriate cash from foreign entities
- Bridge financing through KfW syndicated loan

- ✔
- ✔
- ✔
No operating cash outflow in Q2 thanks to execution of cost and cash measures.

- Net sales change year-on-year
- Net cash (used in) / generated from operating activities
CASH POSITION STABLE AT € 2.0 BILLION
FINANCIAL FLEXIBILITY

€ in billions

- Total cash March 31, 2020
  - Operating cashflow: 0
  - Financing cashflow: 0.1
  - Investing cashflow: -0.1
- Total cash June 30, 2020: 2.0
CREDIT RATING
ADIDAS AWARDED INVESTMENT-GRADE RATINGS

S&P Global
A+ Outlook stable

Moody’s
A2 Outlook stable

- Global **scale and reach** within an **attractive industry**
- High **brand awareness** and **sports credibility**
- Strong **focus on innovation**
- Track record of **sales growth** and **margin improvement**
- Strong **credit metrics**, robust **liquidity profile** and conservative **financial policies**
DIGITAL BRAND BUILDING DRIVES COMMERCIAL SUCCESS

DIGITAL OPPORTUNITIES

BRAND-BUILDING PLATFORMS

- SOCIAL MEDIA
  - ~400m video views for the #hometeam campaign

- RUNNING & TRAINING APP
  - >3x Training app usage more than tripled in March-May with >90% organic traffic

COMMERCIAL PLATFORMS

- ADIDAS APP
  - >4x sales growth in the adidas app in 2020 so far

- CREATORS CLUB
  - >60% of online sales through Creators Club members
INTEGRATED ECOSYSTEM ESTABLISHED AND FURTHER BUILDING BLOCKS DEFINED

DIGITAL OPPORTUNITIES

Building blocks and investments for future growth

- **Members first**: Creators Club as anchor of the digital adidas experience
- **Targeted marketing**: Consistent storytelling across all channels
- **Data-driven creation**: Leverage consumer insights along the value chain
- **Operational backbone**: More logistics capacity needed to fulfill rising demand

Strong foundation as part of 'Creating The New'...

...but further investments defined

E-commerce sales.
COMMERCIALIZING DIGITAL CAPABILITIES THROUGH RAPID CREATION
DIGITAL OPPORTUNITIES
WINNING WITH THE WINNERS THROUGH DIGITAL SELL-IN PROCESS

DIGITAL OPPORTUNITIES
STORE OPENING TREND POSITIVE THROUGHOUT JULY
RETAIL RECOVERY

June: Store fleet largely operational

May: Business in Greater China returned to growth

April: >70% of global store fleet closed

March: As stores in China re-opened, Rest of World closed down

January: First stores in China closed

Illustrative.
OWN RETAIL TRAFFIC AND CONVERSION TREND
RETAIL RECOVERY

ASIA-PACIFIC

EUROPE

NORTH AMERICA

Illustrative.
CLUBS

- Bayern Munich
- Arsenal
- Juventus
- Real Madrid
- Manchester United
**OUTLOOK FOR Q3 2020**  
**SIGNIFICANT SEQUENTIAL IMPROVEMENT EXPECTED**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020 Trend (vs. Q2)</th>
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</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>-19%</td>
<td>-34%</td>
<td></td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>+1%</td>
<td>-38%</td>
<td></td>
</tr>
<tr>
<td><strong>Asia-Pacific</strong></td>
<td>-45%</td>
<td>-16%</td>
<td></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>-8%</td>
<td>-40%</td>
<td></td>
</tr>
<tr>
<td><strong>E-commerce</strong></td>
<td>+35%</td>
<td>+93%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>€ 65m</td>
<td>-€ 333m</td>
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**Q3 2020 outlook:**

- **Net sales:** mid- to high-single-digit decline
- **Operating profit:** of € 600-700 million

**Key assumptions:**

- No major lockdowns
- >90% of store fleet remaining operational
- Own-retail traffic gradually improving

*Net sales development currency-neutral.*
OUTLOOK FOR Q3 2020
RETURN TO DOUBLE-DIGIT OPERATING MARGIN IN Q3 IMPLIED

€ in billions

Q1 | Q2 | Q3
---|---|---
0.1 | -0.3 | € 600-700 million

-19% | -34% | Improvement of around € 1.0 billion

€ 600-700 million

Mid- to high-single-digit decline

Net sales change year-on-year currency-neutral
Operating profit
SUMMARY

1. Creating lasting change for diversity and inclusion now

2. Sufficient short-term flexibility to keep navigating to long-term success

3. Exceptional growth in e-com enabled by integrated digital ecosystem

4. Business normalization on track with store fleet now largely operational

5. Shaping structural sport and lifestyle trends amplified by the pandemic