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FOR IMMEDIATE RELEASE **Herzogenaurach, April 27, 2020**

Coronavirus pandemic weighs on adidas' first quarter results

Major developments in Q1 2020:

- **Coronavirus causes standstill of majority of adidas' business after good start to 2020**
- **Currency-neutral sales outside of Asia-Pacific up 8% in first two months of the year**
- **More than 70% of the company's global store base still closed**
- **First quarter revenues down 19% currency-neutral and in euro terms**
- **E-com up 35% currency-neutral with acceleration to 55% growth in March**
- **Operating margin down to 1.4% due to revenue shortfall**
- **Net income from continuing operations declines 97% to € 20 million**

"Our results for the first quarter speak to the serious challenges that the global outbreak of the coronavirus poses even for healthy companies," said adidas CEO Kasper Rorsted. "I am proud of how our adidas family has been working together to support both our company and our communities. At the moment, we are focused on managing the current challenges and doubling down on the recovery in China and the opportunities we see in e-com. While we prepare for the return to a more normalized state of the business, we also remain realistic: Over 70% of our stores worldwide are currently closed."

Currency-neutral revenues decrease 19% in Q1 2020 due to global coronavirus outbreak

The global spread of the coronavirus during the first quarter of 2020 led to a significant number of store closures – both own- and partner-operated – and a pronounced traffic reduction within the remaining store fleet, with a corresponding negative impact on adidas' top-line development. Continued strong currency-neutral growth of 35% in e-commerce – the only channel that has remained fully operational in most parts of the world – could only partially offset the material revenue decline in the physical channels. As a result, the company's currency-neutral revenues decreased 19% in the first quarter, reflecting a 20% sales decline at brand adidas, while Reebok sales were down 12%. In euro terms, revenues also decreased 19% to € 4.753 billion (2019: € 5.883 billion).

Revenue development by region reflects phasing of global coronavirus outbreak

The significant revenue declines the company has been experiencing in Greater China since the end of January as well as in Japan and South Korea in March drove the combined currency-neutral sales of the adidas and Reebok brands in Asia-Pacific down by 45%. This development was mainly driven by a sales decline of € 800 million (-58%) in Greater China, which also reflects product takebacks in a triple-digit-million euro amount to manage inventory levels in the market. While stores in Greater China and South Korea reopened during

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March, closures came into effect in most other parts of the world following the rapid global spread of the coronavirus. Up until this point, the company had recorded currency-neutral revenue growth of 8% outside of Asia-Pacific for the first two months of the year. The negative impacts from the subsequent closures offset these sales increases, thereby significantly weighing on the first quarter sales developments in Emerging Markets (-11%), Europe (-8%), Latin America (flat), North America (+1%) and – to a lesser extent – in Russia/CIS (+9%).

Operating margin down to 1.4% due to revenue shortfall

The company's gross margin decreased 4.2 percentage points to 49.3% (2019: 53.6%). This development was mainly driven by a less favorable regional mix due to the overproportionate sales decline in Greater China, negative currency developments as well as costs related to the cancellation of purchase orders in order to adjust the inbound flow of inventories to the current circumstances. Other operating expenses decreased 1% to € 2.305 billion (2019: € 2.317 billion) and, as a percentage of sales, increased 9.1 percentage points to 48.5% (2019: 39.4%). Marketing and point-of-sale expenses remained stable at € 704 million (2019: € 703 million), as adidas executed the majority of its consumer marketing and product activation efforts in full during the first two months of the year and accelerated investments to support its e-commerce business. As a percentage of sales, marketing and point-of-sale expenses were up 2.9 percentage points to 14.8% (2019: 12.0%). Operating overhead expenses decreased 1% to € 1.601 billion (2019: € 1.614 billion), including the impact of higher bad debt allowances in the quarter. As a percentage of sales, operating overhead expenses increased 6.3 percentage points to 33.7% (2019: 27.4%). The company's operating profit decreased 93% to € 65 million (2019: € 875 million), representing an operating margin decline of 13.5 percentage points to 1.4% (2019: 14.9%). The combined impact from the product takebacks in Greater China, the cancellation of purchase orders and the increase in bad debt allowances had a negative effect on the first quarter operating profit development in an amount of around € 250 million.

Net income from continuing operations declines 97% to € 20 million

The company's net income from continuing operations decreased 97% to € 20 million (2019: € 631 million). As a result, basic EPS from continuing operations fell to € 0.13, a decline of 96% year-over-year (2019: € 3.17).

Average operating working capital as a percentage of sales increases only moderately

Inventories increased 32% to € 4.334 billion (March 31, 2019: € 3.285 billion) due to inevitably lower-than-expected product sell-through caused by the broad-based store closures. On a currency-neutral basis, inventories were up 36%. The increase in inventories was partly offset by an 8% decline in accounts receivable (-5% currency-neutral) and a 23% increase in accounts payable (+25% currency-neutral). As a result, operating working capital increased

8% to € 4.635 billion (March 31, 2019: € 4.309 billion) and was up 12% on a currency-neutral basis. Average operating working capital as a percentage of sales increased 0.8 percentage points to 19.4% (March 31, 2019: 18.6%).

Cash position of € 1.975 billion at quarter-end

The company's operating cash consumption during the quarter, which was mainly driven by the increase in operating working capital and limited by effective measures to maximize cash inflows while minimizing outflows, was offset by the utilization of existing credit lines, both committed and uncommitted. As a result, the company had a cash position of € 1.975 billion at March 31, 2020, around two-thirds of which is held at adidas AG and hence is directly accessible. Net debt amounted to € 570 million at March 31, 2020 (March 31, 2019: net cash of € 908 million). This represents a deterioration of more than € 1.4 billion compared to the net cash position of € 873 million at year-end 2019.

adidas not able to provide outlook for full year 2020 including coronavirus impact

The company's top line continued to sequentially recover in Greater China in the first three weeks of April, and global e-commerce revenues showed another significant acceleration from 55% currency-neutral growth recorded in March. However, adidas' overall revenue development remains severely impacted by a significant number of store closures across Europe, North America, Latin America, Emerging Markets, Russia/CIS and large parts of Asia-Pacific. At this point in time, more than 70% of the company's store fleet is still closed. The company is making use of the flexibility in its operating cost base but largely refraining from measures that would jeopardize future prospects. Consequently, both top- and bottom-line declines in the second quarter of 2020 are currently expected to be more pronounced than those recorded in the first quarter, with currency-neutral sales projected to come in more than 40% below the prior year level and the operating result to be negative. Given prevailing uncertainties, primarily around the duration of store closures and the pace of normalization subsequent to stores reopening, the further development of the coronavirus outbreak and its impact on the company's business cannot be predicted at this point in time. As a result, adidas is still not able to provide an outlook for the full year 2020 that includes this impact.

Kasper Rorsted: "Despite the current situation, I am confident about the attractive long-term prospects this industry provides for adidas. Consumers are developing an increased appreciation of well-being. They want to stay fit and healthy through sports. Our focus on accelerating our own-retail and digital business will serve us even better in the future. We are well positioned as a global company with strong brands."

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adidas AG Condensed Consolidated Income Statement (IFRS)

€ in millions	Quarter ending March 31, 2020	Quarter ending March 31, 2019	Change
Net sales	4,753	5,883	*(19.2%)*
Cost of sales	2,408	2,732	*(11.9%)*
Gross profit	**2,345**	**3,151**	***(25.6%)***
(% of net sales)	49.3%	53.6%	*(4.2pp)*
Royalty and commission income	23	35	*(33.9%)*
Other operating income	2	6	*(68.2%)*
Other operating expenses	2,305	2,317	*(0.5%)*
(% of net sales)	48.5%	39.4%	*9.1pp*
Marketing and point-of-sale expenses	704	703	*0.1%*
(% of net sales)	14.8%	12.0%	*2.9pp*
Operating overhead expenses[1]	1,601	1,614	*(0.8%)*
(% of net sales)	33.7%	27.4%	*6.3pp*
Operating profit	**65**	**875**	***(92.6%)***
(% of net sales)	1.4%	14.9%	*(13.5pp)*
Financial income	7	8	*(18.2%)*
Financial expenses	45	35	*27.5%*
Income before taxes	**27**	**848**	***(96.8%)***
(% of net sales)	0.6%	14.4%	*(13.8pp)*
Income taxes	7	217	*(96.6%)*
(% of income before taxes)	27.3%	25.6%	*1.7pp*
Net income from continuing operations	**20**	**631**	***(96.9%)***
(% of net sales)	0.4%	10.7%	*(10.3pp)*
Gains from discontinued operations, net of tax	6	2	*239.4%*
Net income	**26**	**633**	***(95.9%)***
(% of net sales)	0.5%	10.8%	*(10.2pp)*
Net income attributable to shareholders	**31**	**632**	***(95.1%)***
(% of net sales)	0.6%	10.7%	*(10.1pp)*
Net income attributable to non-controlling interests	**(5)**	**1**	***n.a.***
Basic earnings per share from continuing operations (in €)	**0.13**	**3.17**	***(96.0%)***
Diluted earnings per share from continuing operations (in €)	**0.13**	**3.17**	***(96.0%)***
Basic earnings per share from continuing and discontinued operations (in €)	**0.16**	**3.18**	***(95.1%)***
Diluted earnings per share from continuing and discontinued operations (in €)	**0.16**	**3.18**	***(95.1%)***

Net Sales

€ in millions	Quarter ending March 31, 2020	Quarter ending March 31, 2019	Change	Change (currency-neutral)
Europe	1,426	1,551	*(8.0%)*	*(8.1%)*
North America	1,201	1,157	*3.8%*	*0.8%*
Asia-Pacific	1,184	2,139	*(44.7%)*	*(44.9%)*
Russia/CIS	154	136	*12.8%*	*9.0%*
Latin America	339	376	*(9.7%)*	*(0.4%)*
Emerging Markets	293	330	*(11.1%)*	*(11.0%)*
Other Businesses	156	195	*(20.3%)*	*(21.2%)*
adidas	4,269	5,343	*(20.1%)*	*(20.3%)*
Reebok	372	420	*(11.4%)*	*(11.9%)*

[1] Aggregated distribution and selling expenses, general and administration expenses, sundry expenses and impairment losses (net) on accounts receivable and contract assets.

Rounding differences may arise.

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adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	March 31, 2020	March 31, 2019	Change in %	December 31, 2019
Cash and cash equivalents	1,975	2,584	(23.5)	2,220
Short-term financial assets	10	5	76.8	292
Accounts receivable	2,794	3,044	(8.2)	2,625
Other current financial assets	698	574	21.5	544
Inventories	4,334	3,285	31.9	4,085
Income tax receivables	108	51	113.1	94
Other current assets	1,250	805	55.2	1,076
Total current assets	**11,169**	**10,349**	**7.9**	**10,934**
Property, plant and equipment	2,350	2,221	5.8	2,380
Right-of-use assets	2,759	2,926	(5.7)	2,931
Goodwill	1,271	1,258	1.1	1,257
Trademarks	880	859	2.4	859
Other intangible assets	295	205	44.3	305
Long-term financial assets	352	327	7.7	367
Other non-current financial assets	388	316	22.7	450
Deferred tax assets	1,139	718	58.7	1,093
Other non-current assets	178	90	98.0	103
Total non-current assets	**9,613**	**8,919**	**7.8**	**9,746**
Total assets	**20,782**	**19,268**	**7.9**	**20,680**
Short-term borrowings	964	76	1,174.9	43
Accounts payable	2,494	2,021	23.4	2,703
Current lease liabilities	550	545	0.9	733
Other current financial liabilities	176	230	(23.1)	235
Income taxes	624	414	50.8	618
Other current provisions	1,689	1,272	32.8	1,446
Current accrued liabilities	2,109	2,293	(8.0)	2,437
Other current liabilities	489	569	(14.0)	538
Total current liabilities	**9,094**	**7,419**	**22.6**	**8,754**
Long-term borrowings	1,592	1,606	(0.9)	1,595
Non-current lease liabilities	2,412	2,482	(2.8)	2,399
Other non-current financial liabilities	47	131	(63.9)	92
Pensions and similar obligations	209	253	(17.4)	229
Deferred tax liabilities	304	261	16.6	280
Other non-current provisions	178	167	6.1	257
Non-current accrued liabilities	9	20	(57.4)	9
Other non-current liabilities	7	10	(29.2)	7
Total non-current liabilities	**4,758**	**4,930**	**(3.5)**	**4,868**
Share capital	195	198	(1.7)	196
Reserves	136	206	(34.2)	45
Retained earnings	6,331	6,527	(3.0)	6,555
Shareholders' equity	**6,661**	**6,931**	**(3.9)**	**6,796**
Non-controlling interests	268	(12)	n.a.	261
Total equity	**6,929**	**6,919**	**0.1**	**7,058**
Total liabilities and equity	**20,782**	**19,268**	**7.9**	**20,680**
Additional balance sheet information				
Operating working capital	4,635	4,309	7.6	4,007
Working capital	2,074	2,930	(29.2)	2,179
(Net borrowings)/Net cash	(570)	908	n.a.	873
Financial leverage	8.6%	(13.1%)	21.7pp	(12.8%)

Rounding differences may arise.