

adidas

FINANCIAL SUPPLEMENT

JANUARY - DECEMBER 2021

FINANCIAL SUPPLEMENT

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONDENSED CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ADIDAS AG CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) € IN MILLIONS¹

	Dec. 31, 2021	Dec. 31, 2020	Change in %
Assets			
Cash and cash equivalents	3,828	3,994	(4)
Accounts receivable	2,175	1,952	11
Other current financial assets	745	702	6
Inventories	4,009	4,397	(9)
Income tax receivables	91	109	(17)
Other current assets	1,062	999	6
Assets classified as held for sale	2,033	0	802,611
Total current assets	13,944	12,154	15
Property, plant and equipment	2,256	2,157	5
Right-of-use assets	2,569	2,430	6
Goodwill	1,228	1,208	2
Trademarks	16	750	(98)
Other intangible assets	336	252	34
Long-term financial assets	290	353	(18)
Other non-current financial assets	160	414	(61)
Deferred tax assets	1,263	1,233	2
Other non-current assets	74	103	(28)
Total non-current assets	8,193	8,899	(8)
Total assets	22,137	21,053	5

¹ 2021 figures reflect the reclassification of the Reebok business to assets or liabilities held for sale.

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

ADIDAS AG CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) € IN MILLIONS¹

	Dec. 31, 2021	Dec. 31, 2020	Change in %
Liabilities and equity			
Short-term borrowings	29	686	(96)
Accounts payable	2,294	2,390	(4)
Current lease liabilities	573	563	2
Other current financial liabilities	363	446	(19)
Income taxes	536	562	(5)
Other current provisions	1,458	1,609	(9)
Current accrued liabilities	2,684	2,172	24
Other current liabilities	434	398	9
Liabilities classified as held for sale	594	-	n.a.
Total current liabilities	8,965	8,827	2
Long-term borrowings	2,466	2,482	(1)
Non-current lease liabilities	2,263	2,159	5
Other non-current financial liabilities	51	115	(55)
Pensions and similar obligations	267	284	(6)
Deferred tax liabilities	122	241	(49)
Other non-current provisions	149	229	(35)
Non-current accrued liabilities	8	8	(3)
Other non-current liabilities	9	17	(46)
Total non-current liabilities	5,334	5,535	(4)
Share capital	192	195	(2)
Reserves (thereof at Dec. 31, 2021 € 128 million relating to the Reebok disposal group)	69	(474)	n.a.
Retained earnings	7,259	6,733	8
Shareholders' equity	7,519	6,454	17
Non-controlling interests	318	237	34
Total equity	7,837	6,691	17
Total liabilities and equity	22,137	21,053	5

¹ 2021 figures reflect the reclassification of the Reebok business to assets or liabilities held for sale.

CONDENSED CONSOLIDATED INCOME STATEMENT

ADIDAS AG CONDENSED CONSOLIDATED INCOME STATEMENT (IFRS) € IN MILLIONS¹

	Year ending Dec. 31, 2021	Year ending Dec. 31, 2020	Change	Fourth quarter 2021	Fourth quarter 2020	Change
Net sales	21,234	18,435	15.2%	5,137	5,142	(0.1%)
Cost of sales	10,469	9,213	13.6%	2,618	2,615	0.1%
Gross profit	10,765	9,222	16.7%	2,519	2,526	(0.3%)
(% of net sales)	50.7%	50.0%	0.7pp	49.0%	49.1%	(0.1pp)
Royalty and commission income	86	61	40.9%	33	18	86.4%
Other operating income	28	42	(34.8%)	15	13	16.3%
Other operating expenses	8,892	8,580	3.6%	2,501	2,331	7.3%
(% of net sales)	41.9%	46.5%	(4.7pp)	48.7%	45.3%	3.3pp
Marketing and point-of-sale expenses	2,547	2,373	7.3%	715	662	8.2%
(% of net sales)	12.0%	12.9%	(0.9pp)	13.9%	12.9%	1.1pp
Distribution and selling expenses	4,782	4,601	3.9%	1,354	1,320	2.6%
(% of net sales)	22.5%	25.0%	(2.4pp)	26.4%	25.7%	0.7pp
General and administration expenses	1,481	1,379	7.4%	410	324	26.5%
(% of net sales)	7.0%	7.5%	(0.5pp)	8.0%	6.3%	1.7pp
Sundry expenses	76	116	(34.5%)	24	63	(62.3%)
(% of net sales)	0.4%	0.6%	(0.3pp)	0.5%	1.2%	(0.8pp)
Impairment losses (net) on accounts receivable and contract assets	6	111	(94.9%)	(2)	(37)	(94.9%)
Operating profit	1,986	746	166.3%	66	225	(70.9%)
(% of net sales)	9.4%	4.0%	5.3pp	1.3%	4.4%	(3.1pp)
Financial income	19	29	(32.1%)	17	11	59.1%
Financial expenses	153	196	(22.0%)	39	76	(49.4%)
Income before taxes	1,852	578	220.2%	44	160	(72.2%)
(% of net sales)	8.7%	3.1%	5.6pp	0.9%	3.1%	(2.2pp)
Income taxes	360	117	207.9%	(79)	17	n.a.
(% of income before taxes)	19.4%	20.2%	(0.8pp)	(177.6%)	10.5%	n.a.
Net income from continuing operations	1,492	461	223.4%	123	143	(13.8%)
(% of net sales)	7.0%	2.5%	4.5pp	2.4%	2.8%	(0.4pp)
Gain/(loss) from discontinued operations, net of tax	666	(19)	n.a.	89	14	534.2%
Net income	2,158	443	387.4%	213	157	35.3%
(% of net sales)	10.2%	2.4%	7.8pp	4.1%	3.1%	1.1pp
Net income attributable to shareholders	2,116	432	389.6%	202	151	33.6%
(% of net sales)	10.0%	2.3%	7.6pp	3.9%	2.9%	1.0pp
Net income attributable to non-controlling interests	42	11	296.5%	11	6	74.9%
Basic earnings per share from continuing operations (in €)	7.47	2.31	223.3%	0.58	0.70	(16.8%)
Diluted earnings per share from continuing operations (in €)	7.47	2.31	223.3%	0.58	0.70	(16.8%)
Basic earnings per share from continuing and discontinued operations (in €)	10.90	2.21	392.1%	1.05	0.77	35.6%
Diluted earnings per share from continuing and discontinued operations (in €)	10.90	2.21	392.1%	1.05	0.77	35.6%

¹ Figures reflect continuing operations as a result of the reclassification of the Reebok business to discontinued operations.

² Aggregated distribution and selling expenses, general and administration expenses, sundry expenses and impairment losses (net) on accounts receivable and contract assets.

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ADIDAS AG CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) € IN MILLIONS

	Year ending Dec. 31, 2021	Year ending Dec. 31, 2020
Net income after taxes	2,158	443
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans (IAS 19), net of tax ¹	50	(15)
Net gain/(loss) on other equity investments (IFRS 9), net of tax	1	(2)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	52	(17)
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		
Net gain/(loss) on cash flow hedges and net foreign investment hedges, net of tax	186	(100)
Net (loss)/gain on cost of hedging reserve – options, net of tax	(6)	7
Net gain/(loss) on cost of hedging reserve – forward contracts, net of tax	11	(30)
Currency translation differences	330	(401)
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	521	(524)
Other comprehensive income	573	(540)
Total comprehensive income	2,731	(97)
Attributable to shareholders of adidas AG	2,650	(87)
Attributable to non-controlling interests	81	(10)

¹ Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income) and the asset ceiling effect. The accompanying Notes are an integral part of these consolidated financial statements.

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ADIDAS AG CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) € IN MILLIONS

	Share capital	Capital reserve	Cumulative currency translation differences	Hedging reserve	Cost of hedging reserve – options	Cost of hedging reserve – forward contracts	Other reserves	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2020	196	887	(470)	(150)	(10)	6	(218)	6,555	6,796	261	7,058
Other comprehensive income			(380)	(100)	7	(30)	(17)	–	(519)	(21)	(540)
Net income			–	–	–	–	–	432	432	11	443
Total comprehensive income			(380)	(100)	7	(30)	(17)	432	(87)	(10)	(97)
Repurchase of adidas AG shares	(1)							(263)	(264)	–	(264)
Repurchase of adidas AG shares due to equity-settled share-based payment	–							(29)	(29)	–	(29)
Reissuance of treasury shares due to equity-settled share-based payment	–							36	36	–	36
Dividend payment								–	–	(17)	(17)
Equity-settled share-based payment								2	2	–	2
First-time consolidation due to obtaining control in accordance with IFRS 10								–	–	3	3
Balance at December 31, 2020 / January 1, 2021	195	887	(850)	(250)	(3)	(23)	(235)	6,733	6,454	237	6,691
Other comprehensive income			308	186	(6)	11	35	–	534	39	573
Net income					–	–	–	2,116	2,116	42	2,158
Total comprehensive income			308	186	(6)	11	35	2,116	2,650	81	2,731
Repurchase of adidas AG shares	(3)			–	–	–	–	(1,001)	(1,004)	–	(1,004)
Repurchase of adidas AG shares due to equity-settled share-based payment				–	–	–	–	(32)	(32)	–	(32)
Reissuance of treasury shares due to equity-settled share-based payment				–	–	–	–	35	35	–	35
Dividend payment								(585)	(585)		(585)
Equity-settled share-based payment				–	–	–	–	1	1	–	1
Cancellation of treasury shares		8		–	–	–	–	(8)	–	–	–
Balance at December 31, 2021	192	895	(542)	(64)	(8)	(12)	(200)	7,259	7,519	318	7,837

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

ADIDAS AG CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) € IN MILLIONS¹

	Year ending Dec. 31, 2021	Year ending Dec. 31, 2020
Operating activities:		
Income before taxes from continuing operations	1,852	578
Adjustments for:		
Depreciation, amortization and impairment losses	1,149	1,261
Reversals of impairment losses	(34)	(5)
Interest income	(13)	(25)
Interest expense	111	156
Unrealized foreign exchange losses, net	51	35
Losses on sale of property, plant and equipment and intangible assets, net	13	28
Other non-cash effects from operating activities	6	2
Operating profit before working capital changes	3,135	2,031
(Increase)/Decrease in receivables and other assets	(170)	337
Decrease/(Increase) in inventories	125	(481)
Increase/(Decrease) in accounts payable and other liabilities	226	(117)
Cash generated from operations before taxes	3,316	1,770
Income taxes paid	(444)	(403)
Net cash generated from operating activities – continuing operations	2,873	1,366
Net cash generated from operating activities – discontinued operations	320	120
Net cash generated from operating activities	3,192	1,486
Investing activities:		
Purchase of trademarks and other intangible assets	(173)	(64)
Proceeds from sale of trademarks and other intangible assets	1	4
Purchase of property, plant and equipment	(494)	(368)
Proceeds from sale of property, plant and equipment	1	16
Proceeds from sale of a disposal group	12	1
Proceeds from disposal of discontinued operations	177	41
Proceeds from sale of short-term financial assets	0	289
Proceeds from/(Purchase of) investments and other long-term assets	49	(49)
Interest received	13	25
Net cash used in investing activities – continuing operations	(415)	(105)
Net cash used in investing activities – discontinued operations	(9)	(11)
Net cash used in investing activities	(424)	(115)
Financing activities:		
Repayment of eurobond	(600)	–
Proceeds from issuance of bonds	–	1,490
Reverse transaction of buyback of Eurobonds	–	11
Interest paid	(111)	(151)
Repayments of lease liabilities	(572)	(582)
Dividend paid to shareholders of adidas AG	(585)	–

1	2	3	4	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

ADIDAS AG CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) € IN MILLIONS¹

	Year ending Dec. 31, 2021	Year ending Dec. 31, 2020
Dividend paid to non-controlling interest shareholders	–	(17)
Repurchase of adidas AG shares	(1,000)	(257)
Repurchase of adidas AG shares due to share-based payments	(32)	(29)
Proceeds from reissuance of treasury shares due to share-based payments	27	25
(Repayments of)/Proceeds from short-term borrowings	(79)	24
Net cash (used in)/generated from financing activities – continuing operations	(2,952)	514
Net cash used in financing activities – discontinued operations	(39)	(35)
Net cash (used in)/generated from financing activities	(2,991)	479
Effect of exchange rates on cash	57	(75)
(Decrease)/Increase in cash and cash equivalents	(165)	1,774
Cash and cash equivalents at beginning of year	3,994	2,220
Cash and cash equivalents at end of period	3,828	3,994

¹ Figures reflect continuing operations as a result of the reclassification of the Reebok business to discontinued operations.