

adidas

**FINANCIAL
SUPPLEMENT**

JANUARY - SEPTEMBER 2022

FINANCIAL SUPPLEMENT

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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 MILLIONS

	Sept. 30, 2022	Sept. 30, 2021	Change in %	Dec. 31, 2021
Assets				
Cash and cash equivalents	806	3,603	(77.6)	3,828
Accounts receivable	3,240	2,909	11.4	2,175
Other current financial assets	1,454	832	74.8	745
Inventories	6,315	3,664	72.4	4,009
Income tax receivables	112	75	48.6	91
Other current assets	1,289	1,092	18.0	1,062
Assets classified as held for sale	-	1,965	n.a.	2,033
Total current assets	13,217	14,142	(6.5)	13,944
Property, plant and equipment	2,347	2,102	11.6	2,256
Right-of-use assets	2,575	2,454	4.9	2,569
Goodwill	1,318	1,214	8.6	1,228
Trademarks	16	16	-	16
Other intangible assets	434	295	46.8	336
Long-term financial assets	302	287	5.2	290
Other non-current financial assets	369	181	104.2	160
Deferred tax assets	1,055	1,173	(10.1)	1,263
Other non-current assets	117	82	42.5	74
Total non-current assets	8,533	7,804	9.3	8,193
Total assets	21,750	21,946	(0.9)	22,137

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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 MILLIONS

	Sept. 30, 2022	Sept. 30, 2021	Change in %	Dec. 31, 2021
Liabilities and equity				
Short-term borrowings	1,036	84	1,136.8	29
Accounts payable	3,354	1,958	71.3	2,294
Current lease liabilities	605	584	3.6	573
Other current financial liabilities	552	365	51.1	363
Income taxes	622	727	(14.5)	536
Other current provisions	1,377	1,443	(4.5)	1,458
Current accrued liabilities	2,487	2,484	0.1	2,684
Other current liabilities	571	503	13.6	434
Liabilities classified as held for sale	-	370	n.a.	594
Total current liabilities	10,605	8,517	24.5	8,965
Long-term borrowings	1,958	2,469	(20.7)	2,466
Non-current lease liabilities	2,341	2,138	9.5	2,263
Other non-current financial liabilities	44	67	(34.4)	51
Pensions and similar obligations	81	256	(68.3)	267
Deferred tax liabilities	84	345	(75.6)	122
Other non-current provisions	100	139	(27.6)	149
Non-current accrued liabilities	7	6	13.0	8
Other non-current liabilities	9	18	(48.4)	9
Total non-current liabilities	4,625	5,438	(15.0)	5,334
Share capital	179	193	(7.2)	192
Reserves	537	0	122,887.6	69
Retained earnings	5,387	7,513	(28.3)	7,259
Shareholders' equity	6,103	7,707	(20.8)	7,519
Non-controlling interests	418	284	47.1	318
Total equity	6,520	7,991	(18.4)	7,837
Total liabilities and equity	21,750	21,946	(0.9)	22,137

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CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Nine months 2022	Nine months 2021	Change	Third quarter 2022	Third quarter 2021	Change
Net sales	17,306	16,096	7.5%	6,408	5,752	11.4%
Cost of sales	8,697	7,851	10.8%	3,262	2,868	13.8%
Gross profit	8,609	8,245	4.4%	3,146	2,884	9.1%
(% of net sales)	49.7%	51.2%	(1.5pp)	49.1%	50.1%	(1.0pp)
Royalty and commission income	86	53	63.8%	36	22	64.2%
Other operating income	133	13	919.5%	58	3	1,814.7%
Other operating expenses	7,435	6,391	16.3%	2,676	2,237	19.6%
(% of net sales)	43.0%	39.7%	3.3pp	41.8%	38.9%	2.9pp
Marketing and point-of-sale expenses	1,995	1,831	8.9%	691	674	2.5%
(% of net sales)	11.5%	11.4%	0.2pp	10.8%	11.7%	(0.9pp)
Operating overhead expenses ¹	5,440	4,560	19.3%	1,985	1,562	27.0%
(% of net sales)	31.4%	28.3%	3.1pp	31.0%	27.2%	3.8pp
Operating profit	1,393	1,920	(27.5%)	564	672	(16.0%)
(% of net sales)	8.0%	11.9%	(3.9pp)	8.8%	11.7%	(2.9pp)
Financial income	32	11	189.3%	8	6	29.5%
Financial expenses	302	123	145.6%	162	49	228.5%
Income before taxes	1,122	1,808	(37.9%)	411	629	(34.7%)
(% of net sales)	6.5%	11.2%	(4.7pp)	6.4%	10.9%	(4.5pp)
Income taxes	386	439	(12.0%)	345	150	130.4%
(% of income before taxes)	34.4%	24.3%	10.1pp	84.1%	23.8%	60.2pp
Net income from continuing operations	736	1,369	(46.2%)	66	479	(86.3%)
(% of net sales)	4.3%	8.5%	(4.3pp)	1.0%	8.3%	(7.3pp)
Gain from discontinued operations, net of tax	415	576	(28.0%)	286	504	(43.2%)
Net income	1,151	1,945	(40.8%)	352	984	(64.2%)
(% of net sales)	6.7%	12.1%	(5.4pp)	5.5%	17.1%	(11.6pp)
Net income attributable to shareholders	1,124	1,915	(41.3%)	347	960	(63.8%)
(% of net sales)	6.5%	11.9%	(5.4pp)	5.4%	16.7%	(11.3pp)
Net income attributable to non-controlling interests	27	31	(10.9%)	5	24	(81.0%)
Basic earnings per share from continuing operations (in €)	3.83	6.87	(44.2%)	0.34	2.34	(85.7%)
Diluted earnings per share from continuing operations (in €)	3.83	6.87	(44.2%)	0.34	2.34	(85.7%)
Basic earnings per share from continuing and discontinued operations (in €)	6.08	9.83	(38.1%)	1.91	4.94	(61.3%)
Diluted earnings per share from continuing and discontinued operations (in €)	6.08	9.83	(38.1%)	1.91	4.94	(61.3%)

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

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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

	Nine months 2022	Nine months 2021
Net income after taxes	1,151	1,945
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	175	41
Net gain on other equity investments (IFRS 9), net of tax	0	1
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	175	42
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		
Net gain on cash flow hedges and net foreign investment hedges, net of tax	210	195
Net gain/(loss) on cost of hedging reserve – options, net of tax	7	(4)
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(36)	13
Reclassification of foreign currency translation differences due to disposal of foreign operations	(228)	-
Currency translation differences	440	245
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	394	448
Other comprehensive income	569	490
Total comprehensive income	1,720	2,436
Attributable to shareholders of adidas AG	1,636	2,389
Attributable to non-controlling interests	84	47

¹ Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income) and the asset ceiling effect.

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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 December 31, 2020	195	887	(850)	(250)	(3)	(23)	(235)	6,733	6,454	237	6,691
Other comprehensive income			229	195	(4)	13	42		474	16	490
Net income								1,915	1,915	31	1,945
Total comprehensive income			229	195	(4)	13	42	1,915	2,389	47	2,436
Repurchase of adidas AG shares	(2)							(552)	(554)		(554)
Repurchase of adidas AG shares due to equity-settled share-based payment	(1)							(24)	(25)		(25)
Reissuance of treasury shares due to equity-settled share-based payment	1							27	28		28
Dividend payment								(585)	(585)		(585)
Equity-settled share-based payment								(1)	(1)		(1)
Balance at September 30, 2021	193	887	(621)	(55)	(7)	(10)	(193)	7,513	7,707	284	7,991
Balance at December 31, 2021	192	895	(542)	(64)	(8)	(12)	(200)	7,259	7,519	318	7,837
Other comprehensive income			157	208	7	(36)	175		512	57	569
Net income								1,124	1,124	27	1,151
Total comprehensive income			157	208	7	(36)	175	1,124	1,636	84	1,720
Repurchase of adidas AG shares	(12)							(2,398)	(2,411)		(2,411)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(15)	(15)		(15)
Reissuance of treasury shares due to equity-settled share-based payment	0							27	27		27
Dividend payment								(610)	(610)	(1)	(611)
Equity-settled share-based payment								0	0		0
Acquisition of shares from non-controlling interests shareholders in accordance with IAS 32			4				(48)		(44)	17	(27)
Balance at September 30, 2022	179	895	(381)	144	(1)	(48)	(72)	5,387	6,103	418	6,520

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CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Nine months 2022	Nine months 2021
Operating activities:		
Income before taxes	1,122	1,808
Adjustments for:		
Depreciation, amortization and impairment losses	1,030	826
Reversals of impairment losses	(2)	(10)
Interest income	(14)	(9)
Interest expense	99	105
Unrealized foreign exchange losses, net	84	24
Losses on sale of property, plant and equipment and intangible assets, net	9	6
Other non-cash expense	(8)	(1)
Operating profit before working capital changes	2,320	2,750
Increase in receivables and other assets	(1,563)	(938)
(Increase)/Decrease in inventories	(2,036)	434
Increase/(Decrease) in accounts payable and other liabilities	901	(228)
Net cash (used in)/generated from operations before taxes	(379)	2,018
Income taxes paid	(330)	(242)
Net cash (used in)/generated from operating activities – continuing operations	(709)	1,776
Net cash (used in)/generated from operating activities – discontinued operations	(58)	234
Net cash (used in)/generated from operating activities	(767)	2,010
Investing activities:		
Purchase of trademarks and other intangible assets	(165)	(108)
Proceeds from sale of trademarks and other intangible assets	1	-
Purchase of property, plant and equipment	(333)	(251)
Proceeds from sale of property, plant and equipment	7	1
Proceeds from sale of a disposal group from prior years	12	12
Proceeds from disposal of discontinued operations net of cash disposed	1,165	145
(Purchase of)/Proceeds from investments and other long-term assets	(4)	43
Interest received	14	9
Net cash generated from/(used in) investing activities – continuing operations	697	(150)
Net cash used in investing activities – discontinued operations	(0)	(6)
Net cash generated from/(used in) investing activities	697	(156)
Financing activities:		
Repayment of eurobond	-	(600)
Interest paid	(89)	(96)
Repayments of lease liabilities	(507)	(459)
Dividend paid to shareholders of adidas AG	(610)	(585)
Dividend paid to non-controlling interest shareholders	(1)	-
Acquisition of non-controlling interests	(27)	-
Repurchase of treasury shares	(2,269)	(491)

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	Nine months 2022	Nine months 2021
Repurchase of treasury shares due to share-based payments	(22)	(24)
Proceeds from reissuance of treasury shares due to share-based payments	19	21
Proceeds/(repayments) from short-term borrowings	496	(19)
Net cash used in financing activities – continuing operations	(3,010)	(2,253)
Net cash used in financing activities – discontinued operations	(7)	(29)
Net cash used in financing activities	(3,016)	(2,282)
Effect of exchange rates on cash	65	38
Decrease in cash and cash equivalents	(3,022)	(391)
Cash and cash equivalents at beginning of year	3,828	3,994
Cash and cash equivalents at end of period	806	3,603