



FOR IMMEDIATE RELEASE

Herzogenaurach, March 9, 2022

adidas delivers strong results in 2021 and expects double-digit sales growth in 2022

Major developments FY 2021

- **Currency-neutral revenues up 16% driven by growth in all markets**
- **Excellent top-line momentum in EMEA, North America and Latin America with strong double-digit increases in each region**
- **Double-digit growth in DTC reflecting improvements in both online and offline**
- **Gross margin increases to 50.7% driven by higher full-price sales and better inventory management**
- **Operating margin increases 5.3 percentage points to 9.4%**
- **Net income from continuing operations grows more than € 1 billion to € 1.492 billion**
- **Executive and Supervisory Boards propose dividend increase of 10% to € 3.30 per share**

Outlook for FY 2022

- **Currency-neutral sales to increase at a rate between 11% and 13%, already reflecting up to € 250 million of risk in Russia/CIS business related to the war in Ukraine**
- **Gross margin to increase to a level of between 51.5% and 52.0%**
- **Operating margin to increase to a level of between 10.5% and 11.0%**
- **Net income from continuing operations to grow to between € 1.8 billion and € 1.9 billion**

Kasper Rorsted, CEO of adidas: “Unfortunately, we release our 2021 results in unsettling times. Our thoughts and prayers are with the Ukrainian people, our teams on the ground and everyone affected by the war. We strongly condemn any form of violence and stand in solidarity with all those calling for peace. We also provide immediate humanitarian aid to those in need of support. We will continue to follow the situation closely and take future business decisions and actions as needed, always prioritizing our employee’s safety and support.”

“In 2021, we delivered a strong set of results despite several external factors weighing on both demand and supply throughout the year”, Kasper Rorsted continued. “Wherever markets operated without major disruptions we have been experiencing strong top-line momentum. This is reflected in double-digit revenue growth in EMEA, North America and Latin America. While we continued to invest heavily into our brand, our direct-to-consumer business, and our digital transformation, we improved our bottom-line by more than € 1 billion. Taking it all together, 2021 was a successful first year within our new strategic cycle. In 2022, we will build



on this momentum and continue to grow both our top- and bottom-line at double-digit rates amid heightened uncertainty.”

Financial Performance in 2021

Currency-neutral sales grow 16% despite challenging market environment

In 2021, adidas was able to increase its currency-neutral revenues by 16% despite several external factors weighing on both demand and supply throughout the year. In total, the challenging market environment in Greater China, extensive covid-19-related lockdowns in Asia-Pacific as well as industry-wide supply chain disruptions reduced revenue growth by more than € 1.5 billion during the year. From a channel perspective, the company's top-line increase was characterized by a strong recovery from the material revenue decline in its physical distribution channels during 2020, when the global coronavirus pandemic had caused a large number of temporary store closures. As a result, wholesale revenues as well as sales in adidas' own-retail stores grew at strong double-digit rates in 2021. E-commerce revenues increased 4% during the year, on top of the exceptionally high growth in 2020 when e-commerce revenues had grown by more than 50%. In euro terms, the company's revenues increased 15% in 2021 to € 21.234 billion (2020: € 18.435 billion).

Revenue improves in all market segments

While sales increased in all market segments in 2021, the top-line development in the regions differed significantly depending on the impact the various demand and supply challenges had on the specific region. While all markets were negatively impacted by industry-wide supply chain challenges, the company recorded particularly strong developments in markets that operated without major covid-19-related disruptions. Accordingly, currency-neutral sales in EMEA, North America, and Latin America increased by 24%, 17%, and 47%, respectively. At the same time, the challenging market environment in Greater China (+3%) and the extensive covid-19-related restrictions in Asia-Pacific (+8%) weighed on adidas' results in these markets.

Gross margin at 50.7% driven by higher full-prices sales and better inventory management

The company's gross margin increased 0.7 percentage points to 50.7% in 2021 (2020: 50.0%). While negative currency developments, higher supply chain costs and a less favorable channel and market mix weighed on the development in 2021, higher full-price sales and lower inventory allowances as well as the non-recurrence of last year's purchase order cancellation costs were able to overcompensate the negative effects.



Operating margin improves by 5.3 percentage points

Other operating expenses increased 4% to € 8.892 billion in 2021 (2020: € 8.580 billion). As a percentage of sales, other operating expenses were down 4.7 percentage points to 41.9% (2020: 46.5%). Marketing and point-of-sale expenses increased 7% to € 2.547 billion (2020: € 2.373 billion) due to increased investments into the brand supporting the introduction of new products and to drive consumer experience across both digital and physical platforms. As a percentage of sales, marketing and point-of-sale expenses decreased 0.9 percentage points to 12.0% (2020: 12.9%). Operating overhead expenses increased 2% to € 6.345 billion (2020: € 6.207 billion) including more than € 220 million stranded costs related to the divestiture of the Reebok business. As a percentage of sales, operating overhead expenses decreased 3.8 percentage points to 29.9% (2020: 33.7%). As a result of the strong top-line increase in combination with the improved gross margin and lower operating expenses as a percentage of sales, the company's operating profit increased 166% to € 1.986 billion in 2021 (2020: € 746 million). Consequently, the operating margin increased 5.3 percentage points to 9.4% compared to the prior year level of 4.0%.

Net financial result decreases

Financial income decreased 32% to € 19 million in 2021 (2020: € 29 million), while financial expenses were down 22% to € 153 million (2020: € 196 million). As a result, the company recorded a negative net financial result of € 133 million (2020: negative € 167 million). The company's tax rate decreased 0.8 percentage points to 19.4% in 2021 (2020: 20.2%).

Net income from continuing operations increases by more than € 1 billion

Net income from continuing operations increased 223% to € 1.492 billion in 2021 (2020: € 461 million). Both basic and diluted EPS from continuing operations also increased 223% to € 7.47 (2020: € 2.31).

Average operating working capital as percentage of sales decreases 5.3 percentage points

At the end of December 2021, inventories were down 9% to € 4.009 billion (2020: € 4.397 billion), or 12% lower on a currency-neutral basis. This development mainly reflects the divestiture of the Reebok business. The strong sell-through of the company's products, successful inventory management as well as the impact from industry-wide supply chain challenges also contributed to the decline. Accounts receivable increased 11% to € 2.175 billion at the end of December 2021 (2020: € 1.952 billion) reflecting the company's strong top-line growth. On a currency-neutral basis, accounts receivables were up 6%. Accounts payable were down 4% to € 2.294 billion at the end of December 2021 versus € 2.390 billion in 2020. This development reflects the normalization of payment terms as well as the divestiture of the Reebok business. On a currency-neutral basis, accounts payable decreased



6%. Average operating working capital as a percentage of sales decreased 5.3 percentage points to 20.0% for the full year (2020: 25.3%).

Accelerated investments into DTC and digital

The company's capital expenditure increased 51% in 2021 to € 667 million (2020: € 442 million). Investments in new or remodeled own-retail stores, the company's e-commerce business as well as the broader IT infrastructure represented once again the majority of the expenditure.

Executive and Supervisory Boards propose dividend payment of € 3.30 per share

As a result of the strong operational and financial performance in 2021, the company's financial position as well as Management's confidence in its long-term growth aspirations, the adidas Executive and Supervisory Boards will recommend paying a dividend of € 3.30 per dividend-entitled share to shareholders at the Annual General Meeting on May 12, 2022. This represents an increase of 10% compared to the prior year dividend (2021: € 3.00).

Financial Performance in Q4 2021

Sales in the fourth quarter impacted by supply and demand challenges

Currency-neutral revenues in the fourth quarter declined 3%. Significant supply shortages as a result of the lockdowns in Vietnam last year, the challenging market environment in Greater China as well as covid-19-related lockdowns in Asia-Pacific reduced revenue growth by more than € 400 million in Q4. In light of the supply shortages the company continued to prioritize its own DTC channel. As a result, DTC revenues were stable versus the prior year, reflecting a 14% increase compared to the 2019 level. While adidas e-commerce revenues experienced a strong increase in full-price sales, revenues in the company's own digital channel declined by 2% during the quarter reflecting the exceptionally high growth in the prior year period. Compared to the 2019 level, e-commerce revenues grew 39% in the fourth quarter. In euro terms, adidas revenues were flat versus the prior year at € 5.137 billion (2020: € 5.142 billion).

Revenues in EMEA up strong double-digits in Q4

From a regional perspective, revenues in North America were most impacted by the supply shortages in the fourth quarter with almost half of the total negative impact recorded in this particular market. As a result, currency-neutral revenues in North America declined 4% during the quarter. Nevertheless, revenues in the company's direct-to-consumer business continued to increase in the market, reflecting the company's DTC-led strategy. While EMEA was also significantly impacted by the supply shortages, revenues still grew 15%, driven by double-digit growth in both DTC and wholesale. Fourth quarter revenues in Latin America improved 9%, reflecting strong double-digit growth versus the 2019 level. Revenues in Greater



China (-24%) and APAC (-6%) declined due to the supply shortages, covid-19-related restrictions and – in the case of China – the challenging market environment.

Gross margin slightly down 0.1 percentage points

In the fourth quarter of 2021, the gross margin declined slightly by 0.1 percentage points to 49.0% (2020: 49.1%). Significantly higher supply chain costs – the company recorded additional freight costs of more than € 100 million this quarter alone – as well as continued headwinds from unfavorable currency developments represented a material drag on gross margin in Q4. This impact was almost completely offset by significantly higher full price sales.

Operating margin below prior year level

Other operating expenses were up 7% to € 2.501 billion during the fourth quarter (2020: € 2.331 billion). As a percentage of sales, other operating expenses increased 3.3 percentage points to 48.7% (2020: 45.3%). Marketing and point-of-sale expenses increased 8% to € 715 million (2020: € 662 million) and as a percentage of sales were up to 13.9% (2020: 12.9%), reflecting higher investments to support the introduction of new products such as the UltraBoost22, NMD S1 and the latest IVY PARK x adidas collection, as well as to elevate the consumer experience across all touchpoints. Operating overhead expenses increased 7% to € 1.786 billion (2020: € 1.670 billion) and included stranded costs related to the divestiture of the Reebok business in an amount of around € 60 million. As a percentage of sales, operating overhead expenses increased to 34.8% (2020: 32.5%). Operating profit amounted to € 66 million (2020: € 225 million), resulting in an operating margin of 1.3% (2020: 4.4%). Net income from continuing operations reached € 123 million in the quarter (2020: € 143 million), supported by a positive tax benefit related to the divestiture of the Reebok business. Both basic and diluted EPS from continuing operations were € 0.58 in Q4 (2020: € 0.70).

Outlook for 2022

Currency-neutral sales to increase between 11% and 13%

After the recovery from the coronavirus pandemic in 2021, adidas expects double-digit top-line growth to continue in 2022 amid heightened uncertainty. Driven by the execution of the company's strategy 'Own the Game' as well as its strong product pipeline currency-neutral revenues are projected to increase at a rate between 11% and 13%. This growth assumption already includes a risk of up to € 250 million in the company's Russia/CIS business – about 50% of adidas' total revenues in the region – due to the war in Ukraine and reflects the suspension of adidas' retail and e-commerce operations in Russia. This amount represents around 1 percentage point of growth for the total company and explains the difference to the initial outlook as provided in the Management Report at the time of the preparation of the company's annual report.



Currency-neutral revenues to increase in all markets

From a regional perspective, currency-neutral revenues are expected to increase in all markets. While currency-neutral sales in North America and Latin America are projected to grow at a mid- to high-teens rate, currency-neutral revenues are expected to grow at a rate in the mid-teens in EMEA and Asia-Pacific. Greater China is expected to record a sales increase in the mid-single digits as the company continues to make progress with its action plan aimed at stabilizing the business and re-igniting growth.

Gross margin expected to expand to a level of between 51.5% and 52.0%

adidas' gross margin is expected to continue to increase and reach a level of between 51.5% and 52.0%. A positive channel mix effect, significant price increases as well as the positive impact from favorable currency developments will drive the gross margin improvement and are expected to outweigh significantly higher supply chain costs.

Operating margin to increase to a level of between 10.5% and 11.0%

The company's operating margin is expected to increase significantly to a level of between 10.5% and 11.0%. In addition to the higher gross margin, lower operating expenses in percentage of sales will benefit the company's operating margin in 2022. This development will be supported by the non-recurrence of around 70% of the Reebok-related stranded costs, which accounted to more than € 220 million in 2021. Driven by the strong top-line growth in combination with the margin improvements net income from continuing operations is projected to increase to a level of between € 1.8 billion and € 1.9 billion in 2022.

Contacts:

Media Relations

corporate.press@adidas.com
Tel.: +49 (0) 9132 84-2352

Investor Relations

investor.relations@adidas.com
Tel.: +49 (0) 9132 84-2920

For more information, please visit adidas-group.com or report.adidas-group.com.


adidas AG Condensed Consolidated Income Statement (IFRS)¹

€ in millions	Quarter ending December 31, 2021	Quarter ending December 31, 2020	Change
Net sales	5,137	5,142	(0.1%)
Cost of sales	2,618	2,615	0.1%
Gross profit	2,519	2,526	(0.3%)
(% of net sales)	49.0%	49.1%	(0.1pp)
Royalty and commission income	33	18	86.4%
Other operating income	15	13	16.3%
Other operating expenses	2,501	2,331	7.3%
(% of net sales)	48.7%	45.3%	3.3pp
Marketing and point-of-sale expenses	715	662	8.2%
(% of net sales)	13.9%	12.9%	1.1pp
Operating overhead expenses ²	1,786	1,670	6.9%
(% of net sales)	34.8%	32.5%	2.3pp
Operating profit	66	225	(70.9%)
(% of net sales)	1.3%	4.4%	(3.1pp)
Financial income	17	11	59.1%
Financial expenses	39	76	(49.4%)
Income before taxes	44	160	(72.2%)
(% of net sales)	0.9%	3.1%	(2.2pp)
Income taxes	(79)	17	n.a.
(% of income before taxes)	(177.6%)	10.5%	n.a.
Net income from continuing operations	123	143	(13.8%)
(% of net sales)	2.4%	2.8%	(0.4pp)
Gain from discontinued operations, net of tax	89	14	534.2%
Net income	213	157	35.3%
(% of net sales)	4.1%	3.1%	1.1pp
Net income attributable to shareholders	202	151	33.6%
(% of net sales)	3.9%	2.9%	1.0pp
Net income attributable to non-controlling interests	11	6	74.9%
Basic earnings per share from continuing operations (in €)	0.58	0.70	(16.8%)
Diluted earnings per share from continuing operations (in €)	0.58	0.70	(16.8%)
Basic earnings per share from continuing and discontinued operations (in €)	1.05	0.77	35.6%
Diluted earnings per share from continuing and discontinued operations (in €)	1.05	0.77	35.6%

¹ 2021 and 2020 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. Rounding differences may arise.



Net Sales¹

€ in millions	Quarter ending December 31, 2021	Quarter ending December 31, 2020	Change	Change (currency-neutral)
EMEA	1,832	1,559	17.5%	15.2%
North America	1,303	1,317	(1.1%)	(3.7%)
Greater China	1,037	1,287	(19.4%)	(24.3%)
Asia-Pacific	541	587	(7.8%)	(6.0%)
Latin America	397	365	8.8%	8.7%
Other Businesses	28	27	3.6%	4.1%

¹ 2021 and 2020 figures reflect continuing operations as a result of the reclassification of the Reebok business to discontinued operations. Rounding differences may arise.



adidas AG Condensed Consolidated Income Statement (IFRS)¹

€ in millions	Year ending December 31, 2021	Year ending December 31, 2020	Change
Net sales	21,234	18,435	15.2%
Cost of sales	10,469	9,213	13.6%
Gross profit	10,765	9,222	16.7%
(% of net sales)	50.7%	50.0%	0.7pp
Royalty and commission income	86	61	40.9%
Other operating income	28	42	(34.8%)
Other operating expenses	8,892	8,580	3.6%
(% of net sales)	41.9%	46.5%	(4.7pp)
Marketing and point-of-sale expenses	2,547	2,373	7.3%
(% of net sales)	12.0%	12.9%	(0.9pp)
Operating overhead expenses ²	6,345	6,207	2.2%
(% of net sales)	29.9%	33.7%	(3.8pp)
Operating profit	1,986	746	166.3%
(% of net sales)	9.4%	4.0%	5.3pp
Financial income	19	29	(32.1%)
Financial expenses	153	196	(22.0%)
Income before taxes	1,852	578	220.2%
(% of net sales)	8.7%	3.1%	5.6pp
Income taxes	360	117	207.9%
(% of income before taxes)	19.4%	20.2%	(0.8pp)
Net income from continuing operations	1,492	461	223.4%
(% of net sales)	7.0%	2.5%	4.5pp
Gain/(loss) from discontinued operations, net of tax	666	-19	n.a
Net income	2,158	443	387.4%
(% of net sales)	10.2%	2.4%	7.8pp
Net income attributable to shareholders	2,116	432	389.6%
(% of net sales)	10.0%	2.3%	7.6pp
Net income attributable to non-controlling interests	42	11	296.5%
Basic earnings per share from continuing operations (in €)	7.47	2.31	223.3%
Diluted earnings per share from continuing operations (in €)	7.47	2.31	223.3%
Basic earnings per share from continuing and discontinued operations (in €)	10.90	2.21	392.1%
Diluted earnings per share from continuing and discontinued operations (in €)	10.90	2.21	392.1%

¹ 2021 and 2020 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. Rounding differences may arise.



Net Sales¹

€ in millions	Year ending December 31, 2021	Year ending December 31, 2020	Change	Change (currency-neutral)
EMEA	7,760	6,308	23.0%	24.0 %
North America	5,105	4,519	13.0%	16.6 %
Greater China	4,597	4,342	5.9%	3.0 %
Asia-Pacific	2,180	2,083	4.7%	7.7 %
Latin America	1,446	1,035	39.8%	47.2 %
Other Businesses	145	149	[2.6%]	[2.0%]

¹ 2021 and 2020 figures reflect continuing operations as a result of the reclassification of the Reebok business to discontinued operations. Rounding differences may arise.


adidas AG Consolidated Statement of Financial Position (IFRS)¹

€ in millions	December 31, 2021	December 31, 2020	Change in %
Cash and cash equivalents	3,828	3,994	(4.1)
Accounts receivable	2,175	1,952	11.4
Other current financial assets	745	702	6.1
Inventories	4,009	4,397	(8.8)
Income tax receivables	91	109	(16.9)
Other current assets	1,062	999	6.3
Assets classified as held for sale	2,033	0	802,610.8
Total current assets	13,944	12,154	14.7
Property, plant and equipment	2,256	2,157	4.6
Right-of-use assets	2,569	2,430	5.7
Goodwill	1,228	1,208	1.7
Trademarks	16	750	(97.8)
Other intangible assets	336	252	33.6
Long-term financial assets	290	353	(17.8)
Other non-current financial assets	160	414	(61.2)
Deferred tax assets	1,263	1,233	2.5
Other non-current assets	74	103	(28.4)
Total non-current assets	8,193	8,899	(7.9)
Total assets	22,137	21,053	5.1
Short-term borrowings	29	686	(95.8)
Accounts payable	2,294	2,390	(4.0)
Current lease liabilities	573	563	1.8
Other current financial liabilities	363	446	(18.6)
Income taxes	536	562	(4.7)
Other current provisions	1,458	1,609	(9.4)
Current accrued liabilities	2,684	2,172	23.6
Other current liabilities	434	398	9.0
Liabilities classified as held for sale	594	-	n.a.
Total current liabilities	8,965	8,827	1.6
Long-term borrowings	2,466	2,482	(0.7)
Non-current lease liabilities	2,263	2,159	4.8
Other non-current financial liabilities	51	115	(55.4)
Pensions and similar obligations	267	284	(6.1)
Deferred tax liabilities	122	241	(49.5)
Other non-current provisions	149	229	(34.8)
Non-current accrued liabilities	8	8	(3.2)
Other non-current liabilities	9	17	(45.8)
Total non-current liabilities	5,334	5,535	(3.6)
Share capital	192	195	(1.8)
Reserves (thereof at Dec. 31st, 2021 € 128 million relating to the Reebok disposal group)	69	(474)	n.a.
Retained earnings	7,259	6,733	7.8
Shareholders' equity	7,519	6,454	16.5
Non-controlling interests	318	237	34.0
Total equity	7,837	6,691	17.1
Total liabilities and equity	22,137	21,053	5.1



Additional balance sheet information			
Operating working capital	3,890	3,960	(1.8)
Working capital	4,978	3,328	49.6
Adjusted net borrowings ²	2,963	3,148	(5.9)
Financial leverage ³	39.4%	48.8%	(9.4 pp)

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

2 Adjusted net borrowings = short-term borrowings + long-term borrowings and future cash used in lease and pension liabilities – cash and cash equivalents and short-term financial assets.

3 Based on shareholders' equity.

Rounding differences may arise.