

adidas

**FINANCIAL  
SUPPLEMENT**

JANUARY - JUNE 2022

# FINANCIAL SUPPLEMENT

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	June 30, 2022	June 30, 2021	Change in %	Dec. 31, 2021
<b>Assets</b>				
Cash and cash equivalents	1,578	4,151	(62.0)	3,828
Accounts receivable	3,022	2,324	30.0	2,175
Other current financial assets	1,311	810	61.9	745
Inventories	5,483	4,054	35.3	4,009
Income tax receivables	100	66	51.2	91
Other current assets	1,334	1,057	26.2	1,062
Assets classified as held for sale	-	1,674	n.a.	2,033
<b>Total current assets</b>	<b>12,828</b>	<b>14,136</b>	<b>(9.3)</b>	<b>13,944</b>
Property, plant and equipment	2,346	2,065	13.6	2,256
Right-of-use assets	2,732	2,430	12.4	2,569
Goodwill	1,278	1,199	6.6	1,228
Trademarks	16	16	-	16
Other intangible assets	401	261	53.5	336
Long-term financial assets	298	276	7.9	290
Other non-current financial assets	366	243	50.9	160
Deferred tax assets	974	1,154	(15.6)	1,263
Other non-current assets	84	96	(13.0)	74
<b>Total non-current assets</b>	<b>8,496</b>	<b>7,741</b>	<b>9.8</b>	<b>8,193</b>
<b>Total assets</b>	<b>21,324</b>	<b>21,877</b>	<b>(2.5)</b>	<b>22,137</b>

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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

	June 30, 2022	June 30, 2021	Change in %	Dec. 31, 2021
<b>Liabilities and equity</b>				
Short-term borrowings	313	682	(54.1)	29
Accounts payable	3,314	2,165	53.1	2,294
Current lease liabilities	608	480	26.7	573
Other current financial liabilities	496	340	45.9	363
Income taxes	448	686	(34.7)	536
Other current provisions	1,338	1,433	(6.6)	1,458
Current accrued liabilities	2,579	2,260	14.1	2,684
Other current liabilities	506	450	12.3	434
Liabilities classified as held for sale	-	667	n.a.	594
<b>Total current liabilities</b>	<b>9,602</b>	<b>9,161</b>	<b>4.8</b>	<b>8,965</b>
Long-term borrowings	2,459	2,473	(0.6)	2,466
Non-current lease liabilities	2,401	2,206	8.9	2,263
Other non-current financial liabilities	53	98	(46.1)	51
Pensions and similar obligations	108	234	(53.9)	267
Deferred tax liabilities	155	189	(17.9)	122
Other non-current provisions	108	134	(19.1)	149
Non-current accrued liabilities	8	6	48.2	8
Other non-current liabilities	9	18	(51.3)	9
<b>Total non-current liabilities</b>	<b>5,301</b>	<b>5,357</b>	<b>(1.0)</b>	<b>5,334</b>
Share capital	183	195	(6.4)	192
Reserves	359	(190)	n.a.	69
Retained earnings	5,491	7,101	(22.7)	7,259
<b>Shareholders' equity</b>	<b>6,032</b>	<b>7,106</b>	<b>(15.1)</b>	<b>7,519</b>
Non-controlling interests	388	253	53.5	318
<b>Total equity</b>	<b>6,420</b>	<b>7,358</b>	<b>(12.7)</b>	<b>7,837</b>
<b>Total liabilities and equity</b>	<b>21,324</b>	<b>21,877</b>	<b>(2.5)</b>	<b>22,137</b>

# CONDENSED CONSOLIDATED INCOME STATEMENT

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

	First half year 2022	First half year 2021	Change	Second quarter 2022	Second quarter 2021	Change
Net sales	10,897	10,345	5.3%	5,596	5,077	10.2%
Cost of sales	5,435	4,983	9.1%	2,781	2,446	13.7%
<b>Gross profit</b>	<b>5,463</b>	<b>5,362</b>	<b>1.9%</b>	<b>2,815</b>	<b>2,632</b>	<b>7.0%</b>
[% of net sales]	50.1%	51.8%	(1.7pp)	50.3%	51.8%	(1.5pp)
Royalty and commission income	50	31	63.6%	27	17	60.0%
Other operating income	74	10	645.1%	51	2	1,931.1%
Other operating expenses	4,759	4,154	14.6%	2,501	2,107	18.7%
[% of net sales]	43.7%	40.2%	3.5pp	44.7%	41.5%	3.2pp
Marketing and point-of-sale expenses	1,304	1,157	12.7%	663	616	7.6%
[% of net sales]	12.0%	11.2%	0.8pp	11.8%	12.1%	(0.3pp)
Operating overhead expenses <sup>1</sup>	3,455	2,997	15.3%	1,838	1,492	23.2%
[% of net sales]	31.7%	29.0%	2.7pp	32.8%	29.4%	3.5pp
<b>Operating profit</b>	<b>828</b>	<b>1,248</b>	<b>(33.6%)</b>	<b>392</b>	<b>543</b>	<b>(27.9%)</b>
[% of net sales]	7.6%	12.1%	(4.5pp)	7.0%	10.7%	(3.7pp)
Financial income	24	6	323.6%	16	4	313.6%
Financial expenses	140	75	88.0%	107	37	186.6%
<b>Income before taxes</b>	<b>711</b>	<b>1,179</b>	<b>(39.6%)</b>	<b>300</b>	<b>510</b>	<b>(41.1%)</b>
[% of net sales]	6.5%	11.4%	(4.9pp)	5.4%	10.0%	(4.7pp)
Income taxes	41	289	(85.9%)	(60)	123	n.a.
[% of income before taxes]	5.7%	24.5%	(18.8pp)	(20.0%)	24.0%	n.a.
<b>Net income from continuing operations</b>	<b>671</b>	<b>890</b>	<b>(24.6%)</b>	<b>360</b>	<b>387</b>	<b>(7.0%)</b>
[% of net sales]	6.2%	8.6%	(2.4pp)	6.4%	7.6%	(1.2pp)
Gain / (loss) from discontinued operations, net of tax	128	72	78.0%	(52)	20	n.a.
<b>Net income</b>	<b>799</b>	<b>962</b>	<b>(16.9%)</b>	<b>309</b>	<b>407</b>	<b>(24.2%)</b>
[% of net sales]	7.3%	9.3%	(2.0pp)	5.5%	8.0%	(2.5pp)
<b>Net income attributable to shareholders</b>	<b>776</b>	<b>955</b>	<b>(18.7%)</b>	<b>294</b>	<b>397</b>	<b>(25.8%)</b>
[% of net sales]	7.1%	9.2%	(2.1pp)	5.3%	7.8%	(2.6pp)
<b>Net income attributable to non-controlling interests</b>	<b>23</b>	<b>7</b>	<b>231.0%</b>	<b>15</b>	<b>11</b>	<b>35.1%</b>
Basic earnings per share from continuing operations (in €)	3.47	4.52	(23.2%)	1.88	1.93	(2.8%)
Diluted earnings per share from continuing operations (in €)	3.47	4.52	(23.2%)	1.88	1.93	(2.8%)
Basic earnings per share from continuing and discontinued operations (in €)	4.16	4.89	(15.0%)	1.60	2.03	(21.5%)
Diluted earnings per share from continuing and discontinued operations (in €)	4.16	4.89	(15.0%)	1.60	2.03	(21.5%)

<sup>1</sup> 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

	First half year 2022	First half year 2021
<b>Net income after taxes</b>	<b>799</b>	<b>962</b>
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>		
Remeasurements of defined benefit plans (IAS 19), net of tax <sup>1</sup>	136	43
Net loss on other equity investments (IFRS 9), net of tax	(1)	(1)
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>135</b>	<b>41</b>
<b>Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>		
Net gain on cash flow hedges and net foreign investment hedges, net of tax	78	100
Net gain/(loss) on cost of hedging reserve – options, net of tax	5	(5)
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(11)	10
Reclassification of foreign currency translation differences due to disposal of foreign operations	(228)	-
Currency translation differences	386	145
<b>Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>	<b>230</b>	<b>251</b>
<b>Other comprehensive income</b>	<b>366</b>	<b>292</b>
<b>Total comprehensive income</b>	<b>1,165</b>	<b>1,254</b>
Attributable to shareholders of adidas AG	1,110	1,239
Attributable to non-controlling interests	54	15

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

# 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
<b>Balance at December 31, 2020</b>	<b>195</b>	<b>887</b>	<b>(850)</b>	<b>(250)</b>	<b>(3)</b>	<b>(23)</b>	<b>(235)</b>	<b>6,733</b>	<b>6,454</b>	<b>237</b>	<b>6,691</b>
Other comprehensive income			137	100	(5)	10	41		284	9	292
Net income								955	955	7	962
<b>Total comprehensive income</b>			<b>137</b>	<b>100</b>	<b>(5)</b>	<b>10</b>	<b>41</b>	<b>955</b>	<b>1,239</b>	<b>15</b>	<b>1,254</b>
Repurchase of adidas AG shares due to equity-settled share-based payment	(1)							(15)	(15)		(15)
Reissuance of treasury shares due to equity-settled share-based payment	1							14	15		15
Dividend payment								(585)	(585)		(585)
Equity-settled share-based payment								(1)	(1)		(1)
<b>Balance at June 30, 2021</b>	<b>195</b>	<b>887</b>	<b>(712)</b>	<b>(150)</b>	<b>(7)</b>	<b>(14)</b>	<b>(194)</b>	<b>7,101</b>	<b>7,106</b>	<b>253</b>	<b>7,358</b>
<b>Balance at December 31, 2021</b>	<b>192</b>	<b>895</b>	<b>(542)</b>	<b>(64)</b>	<b>(8)</b>	<b>(12)</b>	<b>(200)</b>	<b>7,259</b>	<b>7,519</b>	<b>318</b>	<b>7,837</b>
Other comprehensive income			127	78	5	(12)	135		334	32	366
Net income								776	776	23	799
<b>Total comprehensive income</b>			<b>127</b>	<b>78</b>	<b>5</b>	<b>(12)</b>	<b>135</b>	<b>776</b>	<b>1,110</b>	<b>54</b>	<b>1,165</b>
Repurchase of adidas AG shares	(9)							(1,945)	(1,954)		(1,954)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(7)	(7)		(7)
Reissuance of treasury shares due to equity-settled share-based payment	0							19	20		20
Dividend payment								(610)	(610)	(1)	(611)
Equity-settled share-based payment								(2)	(2)		(2)
Acquisition of shares from non-controlling interests shareholders in accordance with IAS 32			4				(48)		(44)	17	(27)
<b>Balance at June 30, 2022</b>	<b>183</b>	<b>895</b>	<b>(410)</b>	<b>14</b>	<b>(3)</b>	<b>(24)</b>	<b>(112)</b>	<b>5,491</b>	<b>6,032</b>	<b>388</b>	<b>6,420</b>

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# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	First half year 2022	First half year 2021
<b>Operating activities:</b>		
Income before taxes	711	1,179
<b>Adjustments for:</b>		
Depreciation, amortization and impairment losses	652	568
Reversals of impairment losses	(2)	(7)
Interest income	(13)	(5)
Interest expense	65	69
Unrealized foreign exchange losses, net	41	9
Losses on sale of property, plant and equipment and intangible assets, net	4	4
Other non-cash expense	(36)	(6)
<b>Operating profit before working capital changes</b>	<b>1,422</b>	<b>1,810</b>
Increase in receivables and other assets	(1,277)	(553)
(Increase)/Decrease in inventories	(1,318)	13
Increase/(Decrease) in accounts payable and other liabilities	961	(82)
<b>Net cash (used in)/generated from operations before taxes</b>	<b>(212)</b>	<b>1,189</b>
Income taxes paid	(212)	(112)
<b>Net cash (used in)/generated from operating activities – continuing operations</b>	<b>(424)</b>	<b>1,077</b>
Net cash (used in)/generated from operating activities – discontinued operations	(40)	95
<b>Net cash (used in)/generated from operating activities</b>	<b>(464)</b>	<b>1,172</b>
<b>Investing activities:</b>		
Purchase of trademarks and other intangible assets	(111)	(53)
Proceeds from sale of trademarks and other intangible assets	1	-
Purchase of property, plant and equipment	(204)	(130)
Proceeds from sale of property, plant and equipment	2	-
Proceeds from sale of a disposal group from prior years	12	12
Proceeds from disposal of discontinued operations net of cash disposed	1,165	29
Proceeds from investments and other long-term assets	3	55
Interest received	13	5
<b>Net cash generated from/(used in) investing activities – continuing operations</b>	<b>881</b>	<b>(81)</b>
Net cash used in investing activities – discontinued operations	(1)	(5)
<b>Net cash generated from/(used in) investing activities</b>	<b>880</b>	<b>(86)</b>
<b>Financing activities:</b>		
Interest paid	(56)	(54)
Repayments of lease liabilities	(376)	(267)
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	(1,953)	-
Repurchase of treasury shares due to share-based payments	(15)	(15)



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

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	First half year 2022	First half year 2021
Proceeds from reissuance of treasury shares due to share-based payments	13	12
Proceeds/(repayments) from short-term borrowings	274	(17)
<b>Net cash used in financing activities – continuing operations</b>	<b>(2,751)</b>	<b>(926)</b>
Net cash used in financing activities – discontinued operations	(7)	(19)
<b>Net cash used in financing activities</b>	<b>(2,757)</b>	<b>(945)</b>
<b>Effect of exchange rates on cash</b>	<b>90</b>	<b>15</b>
(Decrease)/Increase in cash and cash equivalents	(2,251)	157
Cash and cash equivalents at beginning of year	3,828	3,994
<b>Cash and cash equivalents at end of period</b>	<b>1,578</b>	<b>4,151</b>