

adidas

**FINANCIAL
SUPPLEMENT**

JANUARY-DECEMBER
2022

FINANCIAL SUPPLEMENT

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	December 31, 2022	December 31, 2021	Change in %
Assets			
Cash and cash equivalents	798	3,828	(79.2)
Accounts receivable	2,529	2,175	16.3
Other current financial assets	1,014	745	36.0
Inventories	5,973	4,009	49.0
Income tax receivables	102	91	12.4
Other current assets	1,316	1,062	23.9
Assets classified as held for sale	-	2,033	n.a.
Total current assets	11,732	13,944	(15.9)
Property, plant, and equipment	2,279	2,256	1.0
Right-of-use assets	2,665	2,569	3.7
Goodwill	1,260	1,228	2.6
Other intangible assets	429	352	21.8
Long-term financial assets	301	290	3.6
Other non-current financial assets	336	160	109.6
Deferred tax assets	1,216	1,263	(3.7)
Other non-current assets	76	74	3.7
Total non-current assets	8,563	8,193	4.5
Total assets	20,296	22,137	(8.3)

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

	December 31, 2022	December 31, 2021	Change in %
Liabilities and equity			
Short-term borrowings	527	29	1,722.5
Accounts payable	2,908	2,294	26.8
Current lease liabilities	643	573	12.2
Other current financial liabilities	424	363	16.6
Income taxes	302	536	(43.6)
Other current provisions	1,589	1,458	9.0
Current accrued liabilities	2,412	2,684	(10.1)
Other current liabilities	452	434	4.2
Liabilities classified as held for sale	-	594	n.a.
Total current liabilities	9,257	8,965	3.3
Long-term borrowings	2,946	2,466	19.5
Non-current lease liabilities	2,343	2,263	3.6
Other non-current financial liabilities	44	51	(14.4)
Pensions and similar obligations	118	267	(55.7)
Deferred tax liabilities	135	122	10.6
Other non-current provisions	88	149	(41.0)
Non-current accrued liabilities	7	8	(9.8)
Other non-current liabilities	6	9	(28.8)
Total non-current liabilities	5,688	5,334	6.6
Share capital	179	192	(6.8)
Reserves	466	468	(0.4)
Retained earnings	4,347	6,860	(36.6)
Shareholders' equity	4,991	7,519	(33.6)
Non-controlling interests	360	318	13.1
Total equity	5,351	7,837	(31.7)
Total liabilities and equity	20,296	22,137	(8.3)

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CONSOLIDATED INCOME STATEMENT

ADIDAS AG CONSOLIDATED INCOME STATEMENT (IFRS) € IN MILLIONS

	Year ending Dec. 31, 2022	Year ending Dec. 31, 2021	Change	Fourth quarter 2022	Fourth quarter 2021	Change
Net sales	22,511	21,234	6.0%	5,205	5,137	1.3%
Cost of sales	11,867	10,469	13.4%	3,170	2,618	21.1%
Gross profit	10,644	10,765	(1.1%)	2,035	2,519	(19.2%)
(% of net sales)	47.3%	50.7%	(3.4pp)	39.1%	49.0%	(9.9pp)
Royalty and commission income	112	86	30.6%	26	33	(22.4%)
Other operating income	173	28	529.5%	41	15	181.0%
Other operating expenses	10,260	8,892	15.4%	2,825	2,501	13.0%
(% of net sales)	45.6%	41.9%	3.7pp	54.3%	48.7%	5.6pp
Marketing and point-of-sale expenses	2,763	2,547	8.5%	767	715	7.2%
(% of net sales)	12.3%	12.0%	0.3pp	14.7%	13.9%	0.8pp
Distribution and selling expenses	5,601	4,782	17.1%	1,466	1,354	8.3%
(% of net sales)	24.9%	22.5%	2.4pp	28.2%	26.4%	1.8pp
General and administration expenses	1,651	1,481	11.4%	507	410	23.7%
(% of net sales)	7.3%	7.0%	0.4pp	9.7%	8.0%	1.8pp
Sundry expenses	182	76	139.5%	69	24	190.4%
(% of net sales)	0.8%	0.4%	0.5pp	1.3%	0.5%	0.9pp
Impairment losses (net) on accounts receivable and contract assets	63	6	1,027.4%	17	(2)	n.a.
Operating profit/(loss)	669	1,986	(66.3%)	(724)	66	n.a.
(% of net sales)	3.0%	9.4%	(6.4pp)	(13.9%)	1.3%	n.a.
Financial income	39	19	101.7%	30	17	75.1%
Financial expenses	320	153	109.7%	41	39	6.3%
Income/(loss) before taxes	388	1,852	(79.1%)	(734)	44	n.a.
(% of net sales)	1.7%	8.7%	(7.0pp)	(14.1%)	0.9%	n.a.
Income taxes	134	360	(62.8%)	(252)	(79)	219.9%
(% of income before taxes)	34.5%	19.4%	15.0pp	34.4%	(177.6%)	n.a.
Net income/(loss) from continuing operations	254	1,492	(83.0%)	(482)	123	n.a.
(% of net sales)	1.1%	7.0%	(5.9pp)	(9.3%)	2.4%	n.a.
Gain/(loss) from discontinued operations, net of tax	384	666	(42.4%)	(31)	89	n.a.
Net income/(loss)	638	2,158	(70.4 %)	(513)	213	n.a.
(% of net sales)	2.8%	10.2%	(7.3pp)	(9.9%)	4.1%	n.a.
Net income/(loss) attributable to shareholders	612	2,116	(71.1%)	(512)	202	n.a.
(% of net sales)	2.7%	10.0%	(7.2pp)	(9.8%)	3.9%	n.a.
Net income/(loss) attributable to non-controlling interests	26	42	(37.9%)	(1)	11	n.a.
Basic earnings per share from continuing operations (in €)	1.25	7.47	(83.3%)	(2.69)	0.58	n.a.
Diluted earnings per share from continuing operations (in €)	1.25	7.47	(83.3%)	(2.69)	0.58	n.a.
Basic earnings per share from continuing and discontinued operations (in €)	3.34	10.90	(69.4%)	(2.87)	1.05	n.a.
Diluted earnings per share from continuing and discontinued operations (in €)	3.34	10.90	(69.4%)	(2.87)	1.05	n.a.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Year ending Dec.31, 2022	Year ending Dec.31, 2021
Net income after taxes	638	2,158
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	131	50
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	131	52
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		
Net (loss)/gain on cash flow hedges and net foreign investment hedges, net of tax	(25)	186
Net loss on cost of hedging reserve – options, net of tax	(1)	(6)
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(36)	11
Reclassification of foreign currency translation differences due to disposal of foreign operations	(228)	-
Currency translation differences	177	330
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	(113)	521
Other comprehensive income	18	573
Total comprehensive income	656	2,731
Attributable to shareholders of adidas AG	610	2,650
Attributable to non-controlling interests	47	81

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
Reclassification ¹	-	399	-	-	-	-	-	(399)	-	-	-
Balance at January 1, 2021	195	1,286	(850)	(250)	(3)	(23)	(235)	6,334	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	(0)	-	-	-	-	-	-	(32)	(32)	-	(32)
Reissuance of treasury shares due to equity-settled share-based payment	0	-	-	-	-	-	-	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/ January 1, 2022	192	1,294	(542)	(64)	(8)	(12)	(200)	6,860	7,519	318	7,837
Other comprehensive income	-	-	(70)	(26)	(1)	(36)	131	-	(2)	21	18
Net income	-	-	-	-	-	-	-	612	612	26	638
Total comprehensive income	-	-	(70)	(26)	(1)	(36)	131	612	610	47	656
Repurchase of adidas AG shares	(13)	-	-	-	-	-	-	(2,487)	(2,500)	-	(2,500)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)	-	-	-	-	-	-	(22)	(22)	-	(22)
Reissuance of treasury shares due to equity-settled share-based payment	0	-	-	-	-	-	-	41	41	-	41
Dividend payment	-	-	-	-	-	-	-	(610)	(610)	(22)	(632)
Equity-settled share-based payment	-	32	-	-	-	-	-	(35)	(4)	-	(4)
Acquisition of shares from non-controlling interests shareholders in accordance with IAS 32	-	-	4	-	-	-	(48)	-	(44)	17	(27)
Cancellation of treasury shares	-	12	-	-	-	-	-	(12)	-	-	-
Balance at December 31, 2022	179	1,338	(608)	(90)	(9)	(48)	(116)	4,347	4,991	360	5,351

¹ Disclosure adjustment from previous years.

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CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ending Dec. 31, 2022	Year ending Dec. 31, 2021
Operating activities:		
Income before taxes from continuing operations	388	1,852
Adjustments for:		
Depreciation, amortization, and impairment losses	1,375	1,149
Reversals of impairment losses	(4)	(34)
Interest income	(23)	(13)
Interest expense	138	111
Unrealized foreign exchange losses, net	85	51
Losses on sale of property, plant, and equipment and intangible assets, net	16	13
Other non-cash effects from operating activities	(8)	6
Operating profit before working capital changes	1,966	3,135
Increase in receivables and other assets	(820)	(170)
(Increase)/decrease in inventories	(1,901)	125
Increase in accounts payable and other liabilities	721	226
Net cash (used in)/generated from operations before taxes	(34)	3,316
Income taxes paid	(424)	(444)
Net cash (used in)/generated from operating activities – continuing operations	(458)	2,873
Net cash (used in)/generated from operating activities – discontinued operations	(85)	320
Net cash (used in)/generated from operating activities	(543)	3,192
Investing activities:		
Purchase of trademarks and other intangible assets	(191)	(173)
Proceeds from sale of trademarks and other intangible assets	1	1
Purchase of property, plant, and equipment	(504)	(494)
Proceeds from sale of property, plant, and equipment	1	1
Proceeds from sale of a disposal group	12	12
Proceeds from disposal of discontinued operations	1,165	177
(Purchase of)/proceeds from investments and other long-term assets	(13)	49
Interest received	23	13
Net cash generated from/(used in) investing activities – continuing operations	495	(415)
Net cash used in investing activities – discontinued operations	–	(9)
Net cash generated from/(used in) investing activities	495	(424)
Financing activities:		
Repayment of eurobond	–	(600)
Proceeds from issuance of bonds	994	–
Interest paid	(140)	(111)
Repayments of lease liabilities	(631)	(572)
Dividend paid to shareholders of adidas AG	(610)	(585)
Dividend paid to non-controlling interest shareholders	(22)	–
Acquisition of non-controlling interests	(27)	–
Repurchase of treasury shares	(2,500)	(1,000)

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

	Year ending Dec. 31, 2022	Year ending Dec. 31, 2021
Repurchase of treasury shares due to share-based payments	(30)	(32)
Proceeds from reissuance of treasury shares due to share-based payments	25	27
Repayments of short-term borrowings	(18)	(79)
Net cash used in financing activities – continuing operations	(2,957)	(2,952)
Net cash used in financing activities – discontinued operations	(6)	(39)
Net cash used in financing activities	(2,963)	(2,991)
Effect of exchange rates on cash	(19)	57
Decrease in cash and cash equivalents	(3,031)	(165)
Cash and cash equivalents at beginning of year	3,828	3,994
Cash and cash equivalents at end of period	798	3,828