

adidas

# FINANCIAL SUPPLEMENT

JANUARY – SEPTEMBER



# FINANCIAL SUPPLEMENT

## TABLE OF CONTENT

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED INCOME STATEMENT.....</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>6</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS.....</b>	<b>7</b>

To enhance readability, registered trademarks as well as references to rounding differences are omitted in this publication.

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 MILLIONS

	Sept 30, 2021	Sept 30, 2020	Change in %	Dec 31, 2020
<b>Assets</b>				
Cash and cash equivalents	3,603	3,224	11.7	3,994
Short-term financial assets	–	0	n.a.	0
Accounts receivable	2,909	2,607	11.6	1,952
Other current financial assets	832	772	7.7	702
Inventories	3,664	4,676	(21.6)	4,397
Income tax receivables	75	128	(41.1)	109
Other current assets	1,092	955	14.3	999
Assets classified as held for sale	1,965	0	402,786.6	0
<b>Total current assets</b>	<b>14,142</b>	<b>12,363</b>	<b>14.4</b>	<b>12,154</b>
Property, plant and equipment	2,102	2,180	(3.6)	2,157
Right-of-use assets	2,454	2,648	(7.3)	2,430
Goodwill	1,214	1,233	(1.6)	1,208
Trademarks	16	785	(97.9)	750
Other intangible assets	295	244	21.0	252
Long-term financial assets	287	351	(18.2)	353
Other non-current financial assets	181	375	(51.8)	414
Deferred tax assets	1,173	1,170	0.2	1,233
Other non-current assets	82	113	(27.8)	103
<b>Total non-current assets</b>	<b>7,804</b>	<b>9,100</b>	<b>(14.2)</b>	<b>8,899</b>
<b>Total assets</b>	<b>21,946</b>	<b>21,463</b>	<b>2.2</b>	<b>21,053</b>

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 MILLIONS

	Sept 30, 2021	Sept 30, 2020	Change in %	Dec 31, 2020
<b>Liabilities and equity</b>				
Short-term borrowings	84	1,726	(95.1)	686
Accounts payable	1,958	1,710	14.5	2,390
Current lease liabilities	584	598	(2.3)	563
Other current financial liabilities	365	289	26.3	446
Income taxes	727	630	15.4	562
Other current provisions	1,443	1,371	5.2	1,609
Current accrued liabilities	2,484	2,204	12.7	2,172
Other current liabilities	503	394	27.6	398
Liabilities classified as held for sale	370	-	n.a.	-
<b>Total current liabilities</b>	<b>8,517</b>	<b>8,923</b>	<b>(4.5)</b>	<b>8,827</b>
Long-term borrowings	2,469	2,590	(4.7)	2,482
Non-current lease liabilities	2,138	2,309	(7.4)	2,159
Other non-current financial liabilities	67	94	(28.8)	115
Pensions and similar obligations	256	267	(3.9)	284
Deferred tax liabilities	345	247	39.4	241
Other non-current provisions	139	215	(35.6)	229
Non-current accrued liabilities	6	8	(19.0)	8
Other non-current liabilities	18	19	(5.8)	17
<b>Total non-current liabilities</b>	<b>5,438</b>	<b>5,750</b>	<b>(5.4)</b>	<b>5,535</b>
Share capital	193	195	(0.9)	195
Reserves	0	(247)	n.a.	(474)
Retained earnings	7,513	6,584	14.1	6,733
<b>Shareholders' equity</b>	<b>7,707</b>	<b>6,532</b>	<b>18.0</b>	<b>6,454</b>
Non-controlling interests	284	259	9.7	237
<b>Total equity</b>	<b>7,991</b>	<b>6,791</b>	<b>17.7</b>	<b>6,691</b>
<b>Total liabilities and equity</b>	<b>21,946</b>	<b>21,463</b>	<b>2.2</b>	<b>21,053</b>

# CONDENSED CONSOLIDATED INCOME STATEMENT

## ADIDAS AG CONDENSED CONSOLIDATED INCOME STATEMENT (IFRS) € IN MILLIONS<sup>1</sup>

	Nine months 2021	Nine months 2020	Change	Third quarter 2021	Third quarter 2020	Change
Net sales	16,096	13,294	21.1%	5,752	5,561	3.4%
Cost of sales	7,851	6,598	19.0%	2,868	2,763	3.8%
<b>Gross profit</b>	<b>8,245</b>	<b>6,696</b>	<b>23.1%</b>	<b>2,884</b>	<b>2,798</b>	<b>3.1%</b>
(% of net sales)	51.2%	50.4%	0.9pp	50.1%	50.3%	(0.2pp)
Royalty and commission income	53	43	22.2%	22	19	13.2%
Other operating income	13	30	(56.3%)	3	10	(68.7%)
Other operating expenses	6,391	6,249	2.3%	2,237	2,092	6.9%
(% of net sales)	39.7%	47.0%	(7.3pp)	38.9%	37.6%	126.6%
Marketing and point-of-sale expenses	1,831	1,712	7.0%	674	538	25.4%
(% of net sales)	11.4%	12.9%	(1.5pp)	11.7%	9.7%	2.1pp
Operating overhead expenses <sup>2</sup>	4,560	4,537	0.5%	1,562	1,554	0.5%
(% of net sales)	28.3%	34.1%	(5.8pp)	27.2%	27.9%	(0.8pp)
<b>Operating profit</b>	<b>1,920</b>	<b>520</b>	<b>269.1%</b>	<b>672</b>	<b>735</b>	<b>(8.5%)</b>
(% of net sales)	11.9%	3.9%	8.0pp	11.7%	13.2%	(1.5pp)
Financial income	11	19	(42.5%)	6	5	22.8%
Financial expenses	123	121	1.8%	49	42	16.8%
Income before taxes	1,808	418	332.0%	629	698	(9.8%)
(% of net sales)	11.2%	3.1%	8.1pp	10.9%	12.6%	(1.6pp)
Income taxes	439	100	338.6%	150	163	(7.9%)
(% of income before taxes)	24.3%	23.9%	0.4pp	23.8%	23.3%	0.5pp
Net income from continuing operations	1,369	318	330.0%	479	535	(10.4%)
(% of net sales)	8.5%	2.4%	6.1pp	8.3%	9.6%	(1.3pp)
Gain/(loss) from discontinued operations, net of tax	576	(33)	n.a.	504	41	1,120.7%
<b>Net income</b>	<b>1,945</b>	<b>286</b>	<b>581.2%</b>	<b>984</b>	<b>577</b>	<b>70.6%</b>
(% of net sales)	12.1%	2.1%	9.9pp	17.1%	10.4%	6.7pp
<b>Net income attributable to shareholders</b>	<b>1,915</b>	<b>281</b>	<b>580.3%</b>	<b>960</b>	<b>545</b>	<b>76.0%</b>
(% of net sales)	11.9%	2.1%	9.8pp	16.7%	9.8%	6.9pp
<b>Net income attributable to non-controlling interests</b>	<b>31</b>	<b>4</b>	<b>639.7%</b>	<b>24</b>	<b>31</b>	<b>(23.7%)</b>
Basic earnings per share from continuing operations (in €)	6.87	1.61	326.7%	2.34	2.58	(9.3%)
Diluted earnings per share from continuing operations (in €)	6.87	1.61	326.7%	2.34	2.58	(9.3%)
Basic earnings per share from continuing and discontinued operations (in €)	9.83	1.44	581.6%	4.94	2.80	76.6%
Diluted earnings per share from continuing and discontinued operations (in €)	9.83	1.44	581.6%	4.94	2.80	76.6%

<sup>1</sup> Comparative information for 2020 has been adjusted due to the classification of the Reebok business as discontinued operations.

<sup>2</sup> 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

	Nine months 2021	Nine months 2020	Third quarter 2021	Third quarter 2020
<b>Net income after taxes</b>	<b>1,945</b>	<b>286</b>	<b>984</b>	<b>577</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>	41	(9)	(1)	(9)
Net gain / (loss) on other equity investments (IFRS 9), net of tax	1	(2)	2	-
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>42</b>	<b>(10)</b>	<b>0</b>	<b>(9)</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	195	78	95	(64)
Net (loss) / gain on cost of hedging reserve – options, net of tax	(4)	8	0	(1)
Net gain / (loss) on cost of hedging reserve – forward contracts, net of tax	13	(21)	4	(3)
Currency translation differences	245	(357)	99	(179)
<b>Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>	<b>448</b>	<b>(292)</b>	<b>197</b>	<b>(248)</b>
<b>Other comprehensive income</b>	<b>490</b>	<b>(302)</b>	<b>198</b>	<b>(257)</b>
<b>Total comprehensive income</b>	<b>2,436</b>	<b>(17)</b>	<b>1,182</b>	<b>319</b>
Attributable to shareholders of adidas AG	2,389	(11)	1,150	301
Attributable to non-controlling interests	47	(6)	31	19

<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, 2019</b>	<b>196</b>	<b>887</b>	<b>(470)</b>	<b>(150)</b>	<b>(10)</b>	<b>6</b>	<b>(218)</b>	<b>6,555</b>	<b>6,796</b>	<b>261</b>	<b>7,058</b>
Other comprehensive income			(347)	78	8	(21)	(10)		(292)	(10)	(302)
Net income								281	281	4	286
<b>Total comprehensive income</b>			<b>(347)</b>	<b>78</b>	<b>8</b>	<b>(21)</b>	<b>(10)</b>	<b>281</b>	<b>(11)</b>	<b>(6)</b>	<b>(17)</b>
Repurchase of adidas AG shares	(1)							(256)	(257)		(257)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(21)	(21)		(21)
Reissuance of treasury shares due to equity-settled share-based payment	0							25	25		25
Equity-settled share-based payment								(0)	(0)		(0)
First-time consolidation due to obtaining control in accordance with IFRS 10										3	3
<b>Balance at September 30, 2020</b>	<b>195</b>	<b>887</b>	<b>(816)</b>	<b>(73)</b>	<b>(2)</b>	<b>(14)</b>	<b>(229)</b>	<b>6,584</b>	<b>6,532</b>	<b>259</b>	<b>6,791</b>
<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			229	195	(4)	13	42		474	16	490
Net income								1,915	1,915	31	1,945
<b>Total comprehensive income</b>			<b>229</b>	<b>195</b>	<b>(4)</b>	<b>13</b>	<b>42</b>	<b>1,915</b>	<b>2,389</b>	<b>47</b>	<b>2,436</b>
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)
<b>Balance at September 30, 2021</b>	<b>193</b>	<b>887</b>	<b>(621)</b>	<b>(55)</b>	<b>(7)</b>	<b>(10)</b>	<b>(193)</b>	<b>7,513</b>	<b>7,707</b>	<b>284</b>	<b>7,991</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

# CONSOLIDATED STATEMENT OF CASH FLOWS

ADIDAS AG CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) € IN MILLIONS<sup>1</sup>

	Nine months 2021	Nine months 2020
<b>Operating activities:</b>		
Income before taxes	1,808	418
<b>Adjustments for:</b>		
Depreciation, amortization and impairment losses	826	984
Reversals of impairment losses	(10)	(2)
Interest income	(9)	(19)
Interest expense	105	118
Unrealised foreign exchange losses/(gains), net	24	(18)
Losses on sale of property, plant and equipment and intangible assets, net	6	5
Other non-cash (income) /expense	(1)	3
<b>Operating profit before working capital changes</b>	<b>2,750</b>	<b>1,489</b>
Increase in receivables and other assets	(938)	(191)
Decrease / (Increase) in inventories	434	(710)
Decrease in accounts payable and other liabilities	(228)	(1,140)
<b>Cash generated from / (used in) operations before taxes</b>	<b>2,018</b>	<b>(551)</b>
Income taxes paid	(242)	(289)
<b>Net cash generated from / (used in) operating activities – continuing operations</b>	<b>1,776</b>	<b>(840)</b>
Net cash generated from / (used in) operating activities – discontinued operations	234	(34)
<b>Net cash generated from / (used in) operating activities</b>	<b>2,010</b>	<b>(874)</b>
<b>Investing activities:</b>		
Purchase of trademarks and other intangible assets	(108)	(46)
Proceeds from sale of trademarks and other intangible assets	0	3
Purchase of property, plant and equipment	(251)	(255)
Proceeds from sale of property, plant and equipment	1	2
Proceeds from sale of a disposal group	12	1
Proceeds from disposal of discontinued operations	145	21
Proceeds from sale of short-term financial assets	0	289
Proceeds from/(Purchase of) investments and other long-term assets	43	(42)
Interest received	9	19
<b>Net cash used in investing activities – continuing operations</b>	<b>(150)</b>	<b>(6)</b>
Net cash used in investing activities – discontinued operations	(6)	(11)
<b>Net cash used in investing activities</b>	<b>(156)</b>	<b>(17)</b>

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<b>Financing activities:</b>				
Repayments of long-term borrowings				(600)      (1)
Proceeds from issuance of bonds				–            995
Reverse transaction of buyback of Eurobonds				–            11
Interest paid				(96)        (96)
Repayments of lease liabilities				(459)      (371)
Dividend paid to shareholders of adidas AG				(585)      –
Repurchase of adidas AG shares				(491)      (257)
Repurchase of adidas AG shares due to share-based payments				(24)        (21)
Proceeds from reissuance of treasury shares due to share-based payments				21           18
(Repayments of) / Proceeds from short-term borrowings				(19)        1,669
<b>Net cash (used in) / generated from financing activities – continuing operations</b>				<b>(2,253)      1,947</b>
Net cash used in financing activities – discontinued operations				(29)        (35)
<b>Net cash (used in) / generated from financing activities</b>				<b>(2,282)      1,912</b>
<hr/>				
<b>Effect of exchange rates on cash</b>				
(Decrease)/ Increase of cash and cash equivalents				(391)      1,005
Cash and cash equivalents at beginning of year				3,994      2,220
<b>Cash and cash equivalents at end of period</b>				<b>3,603      3,224</b>

1 Figures reflect continuing operations as a result of the planned divestiture of the Reebok business.