

adidas

**FINANCIAL
SUPPLEMENT**

JANUARY-SEPTEMBER
2023

FINANCIAL SUPPLEMENT

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	3
CONDENSED CONSOLIDATED INCOME STATEMENT.....	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	7
CONSOLIDATED STATEMENT OF CASH FLOWS.....	8

1
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION2
CONDENSED CONSOLIDATED
INCOME STATEMENT3
CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME4
CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY5
CONSOLIDATED STATEMENT
OF CASH FLOWS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Sept. 30, 2023	Sept. 30, 2022	Change in %
Assets			
Cash and cash equivalents	954	806	18.3
Short-term financial assets	32	-	n.a.
Accounts receivable	2,721	3,240	(16.0)
Other current financial assets	809	1,454	(44.4)
Inventories	4,849	6,315	(23.2)
Income tax receivables	117	112	4.7
Other current assets	1,039	1,289	(19.4)
Total current assets	10,520	13,217	(20.4)
Property, plant, and equipment	2,139	2,347	(8.9)
Right-of-use assets	2,354	2,575	(8.6)
Goodwill	1,263	1,318	(4.2)
Other intangible assets	435	450	(3.3)
Long-term financial assets	311	302	3.0
Other non-current financial assets	361	369	(2.1)
Deferred tax assets	1,272	1,055	20.6
Other non-current assets	65	117	(44.6)
Total non-current assets	8,200	8,533	(3.9)
Total assets	18,720	21,750	(13.9)

1
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

2
CONDENSED CONSOLIDATED
INCOME STATEMENT

3
CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

4
CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

5
CONSOLIDATED STATEMENT
OF CASH FLOWS

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

	Sept. 30, 2023	Sept. 30, 2022	Change in %
Liabilities and equity			
Short-term borrowings	612	1,036	(40.9)
Accounts payable	2,013	3,354	(40.0)
Current lease liabilities	559	605	(7.6)
Other current financial liabilities	217	552	(60.8)
Income taxes	315	622	(49.3)
Other current provisions	1,308	1,377	(5.1)
Current accrued liabilities	2,518	2,487	1.2
Other current liabilities	637	571	11.6
Total current liabilities	8,178	10,605	(22.9)
Long-term borrowings	2,434	1,958	24.3
Non-current lease liabilities	2,141	2,341	(8.5)
Other non-current financial liabilities	23	44	(48.0)
Pensions and similar obligations	90	81	11.0
Deferred tax liabilities	132	84	57.5
Other non-current provisions	103	100	3.0
Non-current accrued liabilities	4	7	(48.4)
Other non-current liabilities	8	9	(13.9)
Total non-current liabilities	4,936	4,625	6.7
Share capital	179	179	(0.4)
Reserves	501	936	(46.5)
Retained earnings	4,524	4,988	(9.3)
Shareholders' equity	5,204	6,103	(14.7)
Non-controlling interests	403	418	(3.6)
Total equity	5,606	6,520	(14.0)
Total liabilities and equity	18,720	21,750	(13.9)

1
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

2
CONDENSED CONSOLIDATED
INCOME STATEMENT

3
CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

4
CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

5
CONSOLIDATED STATEMENT
OF CASH FLOWS

CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Nine months 2023	Nine months 2022	Change	Third quarter 2023	Third quarter 2022	Change
Net sales	16,616	17,306	(4.0%)	5,999	6,408	(6.4%)
Cost of sales	8,579	8,697	(1.4%)	3,044	3,262	(6.7%)
Gross profit	8,036	8,609	(6.6%)	2,955	3,146	(6.1%)
(% of net sales)	48.4%	49.7%	(1.4pp)	49.3%	49.1%	0.2pp
Royalty and commission income	66	86	(23.2%)	20	36	(44.6%)
Other operating income	62	133	(53.5%)	5	58	(92.1%)
Other operating expenses	7,519	7,435	1.1%	2,570	2,676	(4.0%)
(% of net sales)	45.3%	43.0%	2.3pp	42.8%	41.8%	1.1pp
Marketing and point-of-sale expenses	1,862	1,995	(6.7%)	644	691	(6.8%)
(% of net sales)	11.2%	11.5%	(0.3pp)	10.7%	10.8%	(0.0pp)
Operating overhead expenses ¹	5,657	5,440	4.0%	1,926	1,985	(3.0%)
(% of net sales)	34.0%	31.4%	2.6pp	32.1%	31.0%	1.1pp
Operating profit	646	1,393	(53.6%)	409	564	(27.5%)
(% of net sales)	3.9%	8.0%	(4.2pp)	6.8%	8.8%	(2.0pp)
Financial income	61	32	90.3%	31	8	279.1%
Financial expenses	226	302	(25.3%)	115	162	(28.9%)
Income before taxes	480	1,122	(57.2%)	326	411	(20.8%)
(% of net sales)	2.9%	6.5%	(3.6pp)	5.4%	6.4%	(1.0pp)
Income taxes	138	386	(64.4%)	55	345	(84.0%)
(% of income before taxes)	28.6%	34.4%	(5.8pp)	17.0%	84.1%	(67.1pp)
Net income from continuing operations	343	736	(53.4%)	270	66	312.4%
(% of net sales)	2.1%	4.3%	(2.2pp)	4.5%	1.0%	3.5pp
(Loss)/gain from discontinued operations, net of tax	2	415	(99.4%)	10	286	(96.6%)
Net income	345	1,151	(70.0%)	280	352	(20.4%)
(% of net sales)	2.1%	6.7%	(4.6pp)	4.7%	5.5%	(0.8pp)
Net income attributable to shareholders	304	1,124	(72.9%)	259	347	(25.4%)
(% of net sales)	1.8%	6.5%	(4.7pp)	4.3%	5.4%	(1.1pp)
Net income attributable to non-controlling interests	41	27	50.8%	21	5	363.2%
Basic earnings per share from continuing operations (in €)	1.69	3.83	(55.9%)	1.40	0.34	315.6%
Diluted earnings per share from continuing operations (in €)	1.69	3.83	(55.9%)	1.40	0.34	315.6%
Basic earnings per share from continuing and discontinued operations (in €)	1.70	6.08	(72.0%)	1.45	1.91	(24.1%)
Diluted earnings per share from continuing and discontinued operations (in €)	1.70	6.08	(72.0%)	1.45	1.91	(24.1%)

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

1
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION2
CONDENSED CONSOLIDATED
INCOME STATEMENT3
CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME4
CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY5
CONSOLIDATED STATEMENT
OF CASH FLOWS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Nine months 2023	Nine months 2022
Net income	345	1,151
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	31	175
Net (loss)/gain on other equity investments (IFRS 9), net of tax	(1)	0
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	30	175
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	(14)	210
Net gain on cost of hedging reserve – options, net of tax	5	7
Net gain/(loss) on cost of hedging reserve – forward contracts, net of tax	40	(36)
Reclassification of foreign currency translation differences due to disposal of foreign operations	–	(228)
Currency translation differences	(31)	440
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	(1)	394
Other comprehensive income	29	569
Total comprehensive income	375	1,720
Attributable to shareholders of adidas AG	331	1,636
Attributable to non-controlling interests	44	84

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

1
CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

2
CONDENSED CONSOLIDATED
INCOME STATEMENT

3
CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

4
CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

5
CONSOLIDATED STATEMENT
OF CASH FLOWS

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, 2021	192	1,294¹	(542)	(64)	(8)	(12)	(200)	6,860¹	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	1,294	(381)	144	(1)	(48)	(72)	4,988	6,103	418	6,520
Balance at December 31, 2022	179	1,338	(608)	(90)	(9)	(48)	(116)	4,347	4,991	360	5,351
Other comprehensive income	–	–	(34)	(14)	5	40	30	–	27	3	29
Net income	–	–	–	–	–	–	–	304	304	41	345
Total comprehensive income	–	–	(34)	(14)	5	40	30	304	331	44	375
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	–	–	–	–	–	–	21	21	–	21
Dividend payment	–	–	–	–	–	–	–	(125)	(125)	(1)	(126)
Equity-settled share-based payment	0	9	–	–	–	–	–	(2)	7	–	7
Balance at September 30, 2023	179	1,347	(642)	(105)	(5)	(9)	(86)	4,524	5,204	403	5,606

¹ Disclosure adjustment from previous years.

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 CASH FLOWS

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

	Nine months 2023	Nine months 2022
Operating activities:		
Income before taxes	480	1,122
Adjustments for:		
Depreciation, amortization, and impairment losses	902	1,030
Reversals of impairment losses	(22)	(2)
Interest income	(27)	(14)
Interest expense	128	99
Unrealized foreign exchange losses, net	102	84
Losses on sale of property, plant, and equipment and intangible assets, net	14	9
Other non-cash effects from operating activities	(4)	(8)
Operating profit before working capital changes	1,572	2,320
Decrease/(Increase) in receivables and other assets	91	(1,563)
Decrease/(Increase) in inventories	1,050	(2,036)
(Decrease)/Increase in accounts payable and other liabilities	(918)	901
Net cash generated from/(used in) operations before taxes	1,796	(379)
Income taxes paid	(226)	(330)
Net cash generated from/(used in) operating activities – continuing operations	1,571	(709)
Net cash used in operating activities – discontinued operations	–	(58)
Net cash generated from/(used in) operating activities	1,571	(767)
Investing activities:		
Purchase of trademarks and other intangible assets	(100)	(165)
Proceeds from sale of trademarks and other intangible assets	–	1
Purchase of property, plant, and equipment	(193)	(333)
Proceeds from sale of property, plant, and equipment	2	7
Proceeds from sale of a disposal group from prior years	–	12
(Purchase of)/Proceeds from disposal of discontinued operations	(19)	1,165
Purchase of short-term financial assets	(32)	–
Proceeds from/(Purchase of) investments and other long-term assets	57	(4)
Interest received	27	14
Net cash (used in)/generated from investing activities – continuing operations	(257)	697
Net cash used in investing activities – discontinued operations	–	(0)
Net cash (used in)/generated from investing activities	(257)	697
Financing activities:		
Repayment of eurobond	(500)	–
Interest paid	(103)	(89)
Repayments of lease liabilities	(467)	(507)
Dividend paid to shareholders of adidas AG	(125)	(610)
Dividend paid to non-controlling interest shareholders	(1)	(1)
Acquisition of non-controlling interests	–	(27)
Repurchase of treasury shares	–	(2,269)

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 CASH FLOWS (IFRS) € IN MILLIONS

	Nine months 2023	Nine months 2022
Repurchase of treasury shares due to share-based payments	(21)	(22)
Proceeds from reissuance of treasury shares due to share-based payments	18	19
Proceeds of short-term borrowings	69	496
Net cash used in financing activities – continuing operations	(1,131)	(3,010)
Net cash used in financing activities – discontinued operations	–	(7)
Net cash used in financing activities	(1,131)	(3,016)
Effect of exchange rates on cash	(27)	65
Increase/(Decrease) in cash and cash equivalents	156	(3,022)
Cash and cash equivalents at beginning of year	798	3,828
Cash and cash equivalents at end of period	954	806