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Herzogenaurach, April 29, 2025

## **adidas delivers better-than-expected first quarter results**

### **Major developments:**

- Revenues increasing nearly € 700 million to € 6,153 million in Q1
- Currency-neutral sales up 13%, driven by adidas brand growing 17%
- adidas brand with double-digit growth across all markets and channels
- Gross margin up 0.9pp to 52.1%; underlying increase even stronger at 1.6pp
- Operating profit improves significantly to € 610 million
- Operating margin up 3.8pp to 9.9%, reflecting gross margin increase and strong overhead leverage
- Net income from continuing operations more than doubles to € 436 million
- Full-year guidance confirmed with increased uncertainty due to US tariffs and higher macroeconomic risks

### **adidas CEO Bjørn Gulden:**

"I am very proud of what our team achieved in Q1. Double-digit growth across all markets and channels in today's volatile environment shows the strength of our brand and underlines the great job our people are doing. The operating profit of € 610 million and the 9.9% operating margin prove the great potential of our company. A great quarter!"

In a 'normal world' with this strong quarter, the strong order book and in general a very positive attitude towards adidas, we would have increased our outlook for the full year both for revenues and operating profit. The uncertainty regarding the US tariffs has currently put a stop to this.

Although we had already reduced the China exports to the US to a minimum, we are somewhat exposed to those currently very high tariffs. What is even worse for us is the general increase in US tariffs from all other countries of origin. Since we currently cannot produce almost any of our products in the US, these higher tariffs will eventually cause higher costs for all our products for the US market. Given the uncertainty around the negotiations between the US and the different exporting countries, we do not know what the final tariffs will be.

Therefore, we cannot make any 'final' decisions on what to do. Cost increases due to higher tariffs will eventually cause price increases, not only in our sector, but it is currently



impossible to quantify these or to conclude what impact this could have on the consumer demand for our products.

As always, we will try to maneuver through this uncertainty in the most pragmatic, agile and flexible way. We have all parts of the organization involved and will do everything we can to assure that our US retail partners, and our US consumers will get the adidas product they want and to the best possible price.

We currently see a positive development in all other markets and will of course try to compensate for the uncertainty in the US by delivering even better results in the rest of the world. We therefore stick to our original outlook but admit that there are uncertainties that could put negative pressure on this later in the year.

The adidas brand is strong, we have great people and enough resources to get even stronger through this uncertain and difficult period.”

### **First-quarter results**

#### **Double-digit revenue growth driven by strong brand momentum**

In the first quarter of 2025, **currency-neutral revenues** increased 13% versus the prior year. The double-digit growth reflects the strong momentum of the adidas brand, which increased 17%. **In euro terms**, revenues grew 13%, or nearly € 700 million, to € 6,153 million (2024: € 5,458 million). Having completed the sale of the remaining Yeezy inventory at the end of last year, the company’s results for the first quarter of 2025 do not include any Yeezy revenues (2024: around € 150 million).

#### **Footwear-led growth across product categories**

**Footwear** continued to lead the company’s growth with a currency-neutral increase of 17% during the quarter, driven by double-digit growth in Originals, Sportswear, Running, Training, Specialist Sports, and Performance Basketball. **Apparel** revenues were up 8%, mainly driven by double-digit growth in Originals, Sportswear, and Outdoor. **Accessories** continued to grow and increased 10%.

#### **Double-digit increases across major categories in both Lifestyle and Performance**

**Lifestyle** revenues increased double digits during the quarter, driven by both Originals and Sportswear. New iterations around colorways and materials continued to drive healthy demand for the company’s popular Terrace, Skate, and Retro Running franchises. These included, for example, sought-after animal and floral print versions of the Samba, Campus,



and SL72 featuring premium textures. In the Low Profile domain, adidas launched additional styles in response to strong sell-out trends for its Taekwondo, Japan, and Tokyo models upon arrival of the spring season, including Adiracer, Rasant, and the Bad Bunny Ballerina. In addition, adidas began to re-introduce the Superstar – one of its most iconic sneakers – with a hyper-local and community-focused approach. To round off its offering with modern footwear silhouettes, the brand also continued to incubate Megaride and Aruku and further broadened its franchise portfolio with the introduction of the Goukana. The popularity of the Three Stripes in combination with fresh product such as Adicolor and Firebird drove strong double-digit growth also in Originals apparel. In Sportswear, growth accelerated as adidas introduced compelling new franchises tailored to commercial price points. Relevant collaborations with partners such as Tate McRae, Edison Chen, Pharrell Williams, Bad Bunny, Bape, and Sporty & Rich, and a strong presence at events such as Paris Fashion Week, continued to provide for organic visibility of the brand's overall lifestyle offering.

On the **Performance** side, several categories contributed to high-single-digit growth in the first quarter, led by Running, where growth accelerated to strong double digits. With continued strong visibility for its record-breaking Adizero footwear family as well as matching performance apparel, adidas further scaled its presence in the running market. The commercial launch of the Adios Pro 4, the shoe for ambitious marathoners, and the Evo SL, which offers a unique combination of performance and style at a compelling price point, meaningfully expanded the brand's offering at the core of performance running. In addition, everyday running propositions such as Supernova continued to grow strongly. Training also saw an acceleration of growth, driven by strong double-digit increases in footwear, led by the Dropset franchise. In Football, new color packs and performance upgrades for the brand's iconic footwear franchises Predator and F50 drove strong increases in footwear, while growth in the company's jersey business was impacted by the very successful kit sales ahead of major tournaments in the prior-year period. At the same time, adidas continued to benefit from the popularity of its retro-inspired Football apparel range. The newly launched Motorsport collection and technical product innovation in Outdoor and Specialist Sports also drove strong growth across these categories, adding to the brand's broad-based improvement.

#### **adidas brand with double-digit increases in all channels and markets**

Continued double-digit growth for the adidas brand in both wholesale and across direct-to-consumer (DTC) channels underlined the strong demand for its products during the quarter. Strong sell-through rates and increased shelf space allocations led to **wholesale** revenues increasing 18% on a currency-neutral basis. **Own retail** recorded growth of 13%, driven by double-digit comp growth across the company's fleet of own stores. E-commerce revenues declining 3% was solely related to the phase-out of the Yeezy business. Excluding Yeezy in the



prior-year quarter, revenues in **e-commerce** were up 18% and contributed strongly to 15% growth in **DTC**.

From a regional perspective, currency-neutral net sales continued to grow at strong double-digit rates in **Latin America** (+26%) and **Emerging Markets** (+23%) during the first quarter. In addition, **Europe** (+14%), **Greater China** (+13%) and **Japan/South Korea** (+13%) sustained double-digit increases. In all these markets, growth was broad-based, including strong improvements in both the wholesale and direct-to-consumer (DTC) business. Revenues in North America increased 3%, impacted by the phase-out of the Yeezy business. Excluding Yeezy sales in the prior-year quarter, revenues in **North America** also increased at a double-digit rate (+13%), driven by growth in both wholesale and DTC.

#### **Gross margin improves 0.9 percentage points to 52.1%**

The company's **gross margin** increased 0.9 percentage points to 52.1% during Q1 (2024: 51.2%). The year-over-year increase of the adidas brand gross margin was even stronger at 1.6 percentage points. The positive development was mainly driven by lower product and freight costs as well as reduced discounting.

#### **Continued brand investments coupled with strong leverage on overheads**

**Other operating expenses** increased by 6% to € 2,615 million in the first quarter (2024: € 2,478 million). As a percentage of sales, other operating expenses decreased 2.9 percentage points to 42.5% (2024: 45.4%). **Marketing and point-of-sale expenses** were up 14% to € 746 million (2024: € 657 million). The increase reflects investments into 'You Got This,' adidas' multi-year brand campaign that features a series of global and local chapters, and 'The Original,' a campaign that connects young generations with Originals' iconic silhouettes. In addition, marketing investments comprised the launch of the partnership with the Mercedes-AMG PETRONAS Formula 1 team, activations around major events including Super Bowl and NBA All-Star Weekend, as well as support for new product launches such as Adios Pro 4 in Running, the Predator 'Teamgeist' pack in Football, and Lightblaze in Sportswear. As a percentage of sales, marketing and point-of-sale expenses were up 0.1 percentage points to 12.1% (2024: 12.0%). **Operating overhead expenses** grew 3% to € 1,870 million (2024: € 1,822 million), as the company continued to invest in strengthening its sales activities while managing its overall cost base. As a percentage of sales, operating overhead expenses decreased 3.0 percentage points to 30.4% (2024: 33.4%), reflecting strong leverage as overheads grew significantly slower than revenues.



### **Operating profit increases significantly to € 610 million**

The company's **operating profit** increased by 82% to € 610 million in the first quarter (2024: € 336 million), reflecting an operating margin increase of 3.8 percentage points to a level of 9.9% (2024: 6.2%). Having completed the sale of the remaining Yeezy inventory at the end of last year, there was no Yeezy contribution to the company's operating profit in the quarter (2024: around € 50 million). **Net financial expenses** decreased to € 25 million (2024: € 91 million), reflecting a normalization as negative effects related to hyperinflation and cash repatriation lessened compared to the prior-year quarter. Against an **income before taxes** of € 585 million (2024: € 245 million), the company recorded **income taxes** of € 149 million (2024: € 74 million), reflecting a tax rate of 25.4% (2024: 30.1%). As a result, **net income from continuing operations** more than doubled to € 436 million (2024: € 171 million) and led to **basic and diluted EPS from continuing operations** of € 2.44 (2024: € 0.96).

### **Healthy inventories to support continued double-digit growth for the adidas brand**

**Inventories** increased 15% to € 5,072 million (2024: € 4,427 million), reflecting a healthy position to support continued double-digit top-line growth for the adidas brand. On a currency-neutral basis, inventories also increased 15% compared to the prior year. Operating working capital was up 15% to € 5,461 million (2024: € 4,745 million). On a currency-neutral basis, operating working capital increased 16%. **Average operating working capital as a percentage of sales** decreased 3.6 percentage points to 19.9% (2024: 23.5%). This development reflects both efficient operating working capital management and strong top-line growth over the past year.

### **Net leverage ratio improving to 1.6x despite operating working capital investments**

**Cash and cash equivalents** increased 32%, or nearly € 350 million, to € 1,432 million at March 31, 2025 (March 31, 2024: € 1,086 million), mainly driven by net cash generated from operating activities. The decrease in cash and cash equivalents compared to December 31, 2024, mainly reflects seasonality and operating working capital investments to support continued double-digit top-line growth for the adidas brand. **Adjusted net borrowings** at March 31, 2025 amounted to € 4,586 million (March 31, 2024: € 4,958 million), representing a year-over-year decrease of almost € 400 million. This development was mainly driven by a decline in long-term borrowings as well as lease liabilities and an increase in cash and cash equivalents. The company's ratio of **adjusted net borrowings over EBITDA** improved strongly to 1.6x (March 31, 2024: 3.2x).



## **Full-year outlook**

### **Outlook confirmed with increased uncertainty due to US tariffs and higher macroeconomic risks**

External volatility and macroeconomic risks have increased significantly since adidas first issued its full-year outlook at the beginning of March. While the company confirms its outlook, the range of possible outcomes has increased. It now includes both upside potential reflecting the stronger-than-expected first quarter results on the one hand and downside risk due to the increased uncertainty around the possible direct and indirect impacts from higher US tariffs on the other hand.

### **Currency-neutral sales to increase at a high-single-digit rate in 2025**

adidas expects to gain further market share and grow the company's currency-neutral sales at a high-single-digit rate in 2025. This reflects **continued double-digit growth for the adidas brand**. A significantly better, broader, and deeper product range combined with an increased focus on local consumer preferences as well as much improved retailer relationships will be the main drivers of the projected top-line increase. In addition, impactful marketing initiatives will further add to the company's brand momentum and fuel the expected top-line growth.

### **Operating profit to increase further to between € 1.7 billion and € 1.8 billion**

While adidas will continue to increase marketing and sales investments, operating overhead efficiencies will allow the company to leverage its strong top-line growth. In combination with continued gross margin expansion, this is expected to lead to further significant bottom-line improvements in 2025. As a result, the company projects **operating profit to increase to a level of between € 1.7 billion and € 1.8 billion** in 2025.

Having completed the sale of the remaining Yeezy inventory in 2024, the company's outlook does not include any Yeezy revenues (2024: around € 650 million) or profits (2024: around € 200 million) in 2025.

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**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](https://www.adidas-group.com).

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## adidas AG Condensed Consolidated Income Statement (IFRS) € in millions

	Quarter ending March 31, 2025	Quarter ending March 31, 2024	Change
Net sales	6,153	5,458	12.7%
Cost of sales	2,948	2,662	10.7%
<b>Gross profit</b>	<b>3,205</b>	<b>2,796</b>	<b>14.6%</b>
(% of net sales)	52.1%	51.2%	0.9pp
Royalty and commission income	19	17	13.9%
Other operating income	1	2	(36.7%)
Other operating expenses	2,615	2,478	5.5%
(% of net sales)	42.5%	45.4%	(2.9pp)
Marketing and point-of-sale expenses	746	657	13.6%
(% of net sales)	12.1%	12.0%	0.1pp
Operating overhead expenses <sup>1</sup>	1,870	1,822	2.6%
(% of net sales)	30.4%	33.4%	(3.0pp)
<b>Operating profit</b>	<b>610</b>	<b>336</b>	<b>81.7%</b>
(% of net sales)	9.9%	6.2%	3.8pp
Financial income	34	24	40.8%
Financial expenses	59	115	(48.8%)
<b>Income before taxes</b>	<b>585</b>	<b>245</b>	<b>139.2%</b>
(% of net sales)	9.5%	4.5%	5.0pp
Income taxes	149	74	102.0%
(% of income before taxes)	25.4%	30.1%	(4.7pp)
<b>Net income from continuing operations</b>	<b>436</b>	<b>171</b>	<b>155.3%</b>
(% of net sales)	7.1%	3.1%	4.0pp
Loss from discontinued operations, net of tax	(7)	(1)	(640.8%)
<b>Net income</b>	<b>429</b>	<b>170</b>	<b>152.4%</b>
(% of net sales)	7.0%	3.1%	3.9pp
<b>Net income attributable to shareholders</b>	<b>428</b>	<b>170</b>	<b>151.3%</b>
(% of net sales)	7.0%	3.1%	3.8pp
<b>Net income/(loss) attributable to non-controlling interests</b>	<b>1</b>	<b>(0)</b>	<b>n.a.</b>
<b>Basic earnings per share from continuing operations (in €)</b>	<b>2.44</b>	<b>0.96</b>	<b>154.1%</b>
<b>Diluted earnings per share from continuing operations (in €)</b>	<b>2.44</b>	<b>0.96</b>	<b>154.1%</b>
<b>Basic earnings per share from continuing and discontinued operations (in €)</b>	<b>2.40</b>	<b>0.95</b>	<b>151.3%</b>
<b>Diluted earnings per share from continuing and discontinued operations (in €)</b>	<b>2.40</b>	<b>0.95</b>	<b>151.3%</b>

<sup>1</sup> 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 Sales<sup>1,2</sup> € in millions

	Quarter ending March 31, 2025	Quarter ending March 31, 2024	Change	Change (currency-neutral)
Europe	1,986	1,733	14.6%	14.0%
North America	1,184	1,122	5.5%	2.8%
Greater China	1,029	897	14.7%	12.7%
Emerging Markets	870	712	22.3%	23.4%
Latin America	698	615	13.5%	26.2%
Japan/South Korea	374	339	10.2%	12.8%
Other Businesses	21	29	(28.0%)	(28.2%)

1 Prior year adjusted due to a reclassification related to Other Businesses.

2 Differences to aggregated net sales may arise due to items which are not directly attributable.

Rounding differences may arise.



## adidas AG Consolidated Statement of Financial Position (IFRS)<sup>1</sup> € in millions

	March 31, 2025	March 31, 2024	Change
Cash and cash equivalents	1,432	1,086	31.9%
Short-term financial assets	–	3	n.a.
Accounts receivable	3,137	2,606	20.4%
Other current financial assets	678	848	(20.0%)
Inventories	5,072	4,427	14.6%
Income tax receivables	103	152	(31.7%)
Other current assets	1,099	1,049	4.7%
<b>Total current assets</b>	<b>11,521</b>	<b>10,170</b>	<b>13.3%</b>
Property, plant, and equipment	2,035	2,111	(3.6%)
Right-of-use assets	2,674	2,195	21.8%
Goodwill	1,250	1,250	(0.0%)
Other intangible assets	422	448	(5.8%)
Long-term financial assets	393	319	23.2%
Other non-current financial assets	269	354	(24.0%)
Deferred tax assets	1,193	1,319	(9.5%)
Other non-current assets	333	225	48.3%
<b>Total non-current assets</b>	<b>8,570</b>	<b>8,221</b>	<b>4.2%</b>
<b>Total assets</b>	<b>20,091</b>	<b>18,392</b>	<b>9.2%</b>
Short-term borrowings	678	669	1.4%
Accounts payable	2,748	2,289	20.1%
Current lease liabilities	589	553	6.6%
Other current financial liabilities	146	193	(24.0%)
Income taxes	345	290	19.1%
Other current provisions	1,397	1,308	6.8%
Current accrued liabilities	2,269	2,097	8.2%
Other current liabilities	770	669	15.1%
<b>Total current liabilities</b>	<b>8,942</b>	<b>8,066</b>	<b>10.9%</b>
Long-term borrowings	1,911	2,426	(21.2%)
Non-current lease liabilities	2,391	2,004	19.3%
Other non-current financial liabilities	17	8	122.7%
Pensions and similar obligations	123	128	(3.5%)
Deferred tax liabilities	130	149	(12.9%)
Other non-current provisions	344	308	11.7%
Other non-current liabilities	147	86	71.3%
<b>Total non-current liabilities</b>	<b>5,062</b>	<b>5,108</b>	<b>(0.9%)</b>
Share capital	179	179	–
Reserves	328	386	(14.8%)
Retained earnings	5,203	4,307	20.8%
<b>Shareholders' equity</b>	<b>5,710</b>	<b>4,871</b>	<b>17.2%</b>
Non-controlling interests	377	346	8.8%
<b>Total equity</b>	<b>6,087</b>	<b>5,218</b>	<b>16.7%</b>
<b>Total liabilities and equity</b>	<b>20,091</b>	<b>18,392</b>	<b>9.2%</b>

<sup>1</sup> Prior year adjusted due to a reclassification between other non-current financial assets and other non-current assets.  
Rounding differences may arise.



## Additional Balance Sheet Information € in millions

	March 31, 2025	March 31, 2024	Change
Operating working capital	5,461	4,745	15.1%
Working capital	2,579	2,104	22.6%
Adjusted net borrowings <sup>1</sup>	4,586	4,958	(7.5%)
Financial leverage <sup>2</sup>	80.3%	101.8%	(21.5pp)

<sup>1</sup> Adjusted net borrowings = short-term borrowings + long-term borrowings + current and non-current lease liabilities + pensions and similar obligations + factoring – accessible cash and cash equivalents.

<sup>2</sup> Based on shareholders' equity.

Rounding differences may arise.