

The background of the entire page is an abstract, blurred image. It features horizontal streaks of color, primarily in shades of red, orange, and green, set against a dark, almost black background. The blurring effect gives a sense of motion and energy.

adidas

H A L F Y E A R R E P O R T

JANUARY - JUNE 2024

# HALF YEAR REPORT

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# Financial Highlights (IFRS)

## Financial Highlights 2024 (IFRS)

	First half year 2024	First half year 2023	Change
<b>Operating Highlights (€ in millions)</b>			
Net sales	11,280	10,617	6%
Gross profit	5,755	5,082	13%
Other operating expenses	5,115	4,949	3%
EBITDA	1,186	800	48%
Operating profit	682	236	189%
Net income from continuing operations	382	73	426%
Net income attributable to shareholders	360	45	701%
<b>Key Ratios</b>			
Gross margin	51.0%	47.9%	3.2pp
Other operating expenses in % of net sales	45.4%	46.6%	[1.3pp]
Operating margin	6.0%	2.2%	3.8pp
Effective tax rate	30.3%	53.1%	[22.8pp]
Net income attributable to shareholders in % of net sales	3.2%	0.4%	2.8pp
Average operating working capital in % of net sales <sup>1</sup>	21.7%	27.1%	[5.3pp]
Equity ratio <sup>2</sup>	25.4%	24.8%	0.7pp
Adjusted net borrowings <sup>3</sup> /EBITDA <sup>4</sup>	2.7	4.8	[2.1]
Financial leverage	95.2%	126.1%	[30.9pp]
Return on equity <sup>2</sup>	7.2%	0.9%	6.3pp
<b>Balance Sheet and Cash Flow Data (€ in millions)</b>			
Total assets	19,620	19,338	1%
Inventories	4,544	5,540	[18%]
Receivables and other current assets	4,898	4,618	6%
Operating working capital	4,756	5,896	[19%]
Shareholders' equity	4,989	4,790	4%
Capital expenditure	177	175	1%
Net cash generated from operating activities <sup>5</sup>	768	465	65%
<b>Per Share of Common Stock (€)</b>			
Basic earnings	2.05	0.29	600%
Diluted earnings	2.05	0.29	600%
Net cash generated from operating activities <sup>5</sup>	4.30	2.60	65%
Dividend	0.70	0.70	0%
Share price at end of period	223.00	177.78	25%
<b>Other (at end of period)</b>			
Number of employees	58,564	57,334	2%
Number of shares outstanding	178,549,084	178,549,084	0%
Average number of shares	178,549,084	178,537,986	0%

1 Twelve-month trailing average.

2 Based on shareholders' equity.

3 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.

4 EBITDA of last twelve months.

5 Prior year adjusted due to hyperinflation accounting.

# Business Performance

## Economic and sector development

### Global economy stable in first half of 2024<sup>1</sup>

Despite geopolitical conflicts and several macroeconomic headwinds, the global economy was stable in the first half of 2024. While inflation has somewhat moderated, interest rates remained elevated. Elections in major economies added uncertainty in terms of policy changes or trade tariffs. However, fears of a deep global recession have not materialized in the first half of the year. In advanced economies, economic growth diverged with resilient development in the US but softer activity in Europe. The Chinese economy benefited from positive net exports, while consumer confidence and domestic consumption remained muted. In developing economies, financial conditions have deteriorated slightly due to a strong US dollar. Globally, the risks of further escalation of geopolitical tensions, supply chain disruptions, climate-related disasters, and financial stress amid elevated borrowing costs remain.

### Sporting goods industry resilient in first six months of 2024

In the first half of 2024, the global sporting goods industry has proven to be resilient despite several challenges. Moderated yet persistent inflation, high interest rates, and the corresponding pressure on discretionary spending continued to be a theme. However, consumer demand was resilient. In addition, excess inventory and heightened promotional activity have normalized in most markets globally. Moreover, major sports events such as the UEFA EURO 2024 and the CONMEBOL Copa América supported sporting goods industry growth. The industry also continues to benefit from lasting trends such as increasing sports participation rates and rising health and fitness awareness. Overall, the sporting goods industry is expected to remain fundamentally attractive in the long term. At the same time, it is subject to risks of lower consumer demand due to pressure on discretionary spending power amid economic downturns, as well as further geopolitical tensions and supply chain disruptions.

## Income Statement

### adidas records double-digit top-line growth in the first half of 2024

In the first half of 2024, currency-neutral revenues increased 10% versus the prior-year period. In euro terms, revenues were up 6% to € 11,280 million (2023: € 10,617 million) as currency developments led to an unfavorable translation impact. The better-than-expected growth was mainly driven by the strong momentum of the underlying adidas business. In addition, the sale of parts of the remaining Yeezy inventory generated revenues of more than € 350 million during the first half of the year. This compares to a total of around € 400 million in the prior-year period. Excluding Yeezy in both years, currency-neutral revenues were up 10% during the first half of 2024.

The company's growth was broad-based, with currency-neutral revenues increasing in all channels and most markets. Europe, Emerging Markets, and Latin America all posted double-digit increases, while Greater China and Japan/South Korea both grew in the high single digits. In North America, the company continued its conservative sell-in approach in response to still-elevated inventory levels during the first half of 2024. From a category perspective, Lifestyle was up double digits, led by Originals. The company experienced strong demand for its iconic Samba, Gazelle, Spezial, and Campus products and also successfully introduced additional franchises in Originals as well as in Sportswear. In Basketball, the

<sup>1</sup> Source: World Bank, Global Economic Prospects.

company's signature shoes with Anthony Edwards, James Harden, and Donovan Mitchell continued to excite consumers on and off the court. Revenues in Performance were up high single digits, driven by strong double-digit growth in Football. This development reflects successful product launches such as the latest iterations of the iconic Predator football boots, the newly introduced F50 footwear franchise, and jerseys for the Euro 2024 and the Copa América. In Running, adidas released the next generation of its Supernova and Adistar franchises, while the Adizero Adios Pro Evo 1 enabled further record-breaking performances at marathon races across the globe. In addition, the company benefited from the launch of the Agravic Speed Ultra in Outdoor and its latest high-performance footwear iteration Dropset 3 in Training.

The company's gross margin increased 3.2 percentage points to 51.0% (2023: 47.9%) during the first half of the year. This increase was driven by lower sourcing costs, adidas' much healthier inventory levels, a more favorable business mix, and reduced discounting. At the same time, negative currency developments weighed strongly on the gross margin development, as did the reduction of the Yeezy business. Excluding Yeezy, the company's gross margin was at a level of around 50.5% during the first half of 2024.

Royalty and commission income decreased 24% to € 35 million (2023: € 46 million) while other operating income declined 86% to € 8 million (2023: € 57 million), mainly due to post-closing agreements related to the Reebok divestiture ending.

### Key financial highlights

	First half year 2024	First half year 2023	Change
<b>Operating highlights (€ in millions)</b>			
Net sales	11,280	10,617	6%
Operating profit	682	236	189%
Net income from continuing operations	382	73	426%
Net income attributable to shareholders <sup>1</sup>	360	45	701%
<b>Key ratios</b>			
Gross margin	51.0%	47.9%	3.2pp
Other operating expenses in % of net sales	45.4%	46.6%	(1.3pp)
Operating margin	6.0%	2.2%	3.8pp
<b>Per share of common stock (€)</b>			
Diluted earnings <sup>1</sup>	2.05	0.29	600%

<sup>1</sup> Includes continuing operations.

Other operating expenses, including depreciation and amortization, consist of marketing and point-of-sale as well as operating overhead expenses. In the first half of 2024, other operating expenses were up 3% to € 5,115 million (2023: € 4,949 million). As a percentage of sales, other operating expenses decreased 1.3 percentage points to 45.4% (2023: 46.6%). Marketing and point-of-sale expenses amounted to € 1,363 million (2023: € 1,218 million), an increase of 12% compared to the prior year. The company continued its marketing investments to support its global brand campaign 'You Got This' and large-scale activations around major events such as the Euro 2024 and the Copa América, as well as new product launches. As a percentage of sales, marketing and point-of-sale expenses were up 0.6 percentage points to 12.1% in the first half of 2024 (2023: 11.5%). Operating overhead expenses increased 1% to € 3,752 million (2023: € 3,731 million) and included further investments aimed at strengthening the company's sales activities. As a percentage of sales, operating overhead expenses decreased 1.9 percentage points to 33.3% (2023: 35.1%).

In the first six months of 2024, adidas recorded an operating profit of € 682 million (2023: € 236 million). This included an amount of around € 100 million from the sale of Yeezy product. The operating margin increased 3.8 percentage points to 6.0% in the first half of 2024 (2023: 2.2%).

Financial income increased in the first six months of 2024 to € 43 million (2023: € 30 million) due to higher interest income. Financial expenses increased to € 177 million (2023: € 111 million), mainly reflecting negative currency and cash repatriation effects related to hyperinflation countries in the first quarter of 2024. Consequently, net financial expenses increased to € 134 million compared to € 81 million in the first six months 2023. The company recorded income taxes of € 166 million resulting in a tax rate of 30.3% (2023: 53.1%), reflecting the sequential normalization of profitability levels. As a result, the company recorded net income from continuing operations of € 382 million (2023: € 73 million) in the first six months of 2024. Basic and diluted earnings per share (EPS) from continuing operations were € 2.05 (2023: € 0.29). ► [SEE FINANCIAL HIGHLIGHTS](#)

In the first half of 2024, adidas' loss from discontinued operations net of tax amounted to € 7 million related to the Reebok divestiture (2023: € 7 million). Net income attributable to non-controlling interests was € 16 million (2023: € 20 million). As a result, the net income attributable to shareholders, which, in addition to the net income from continuing operations, includes the loss from discontinued operations, amounted to € 360 million (2023: € 45 million). Consequently, both basic and diluted EPS from continuing and discontinued operations were € 2.02 (2023: € 0.25).

The total number of shares outstanding remained unchanged at 178,549,084 in the first half of 2024. The average number of shares used in the calculation of EPS was also 178,549,084. ► [SEE FINANCIAL HIGHLIGHTS](#)

## Statement of Financial Position and Statement of Cash Flows

Changes in the statement of financial position are discussed in relation to the respective positions at the end of June 2023.

### Assets

At the end of June 2024, total assets were up 1% to € 19,620 million compared to the prior year (2023: € 19,338 million), mainly driven by an increase in non-current assets.

Total current assets remained stable at € 11,102 million at the end of June 2024 (2023: € 11,151 million). Cash and cash equivalents increased 67% to € 1,660 million (2023: € 993 million), driven by the company's profitable growth and effective operating working capital management. Accounts receivable were up by 8% to € 2,771 million (2023: € 2,567 million), mainly reflecting top-line growth in the wholesale channel in Europe and Emerging Markets. On a currency-neutral basis, receivables were up 10%. Other current financial assets increased 16% to € 925 million (2023: € 795 million), mainly due to the reclassification of the earn-out component of the Reebok divestiture from non-current to current and due to higher other receivables. This development was partly offset by the reclassification of other financial assets related to customs from current to non-current as well as the adjustment of the fair value of financial instruments. Inventories decreased 18% to € 4,544 million versus the prior-year level of € 5,540 million. This development reflects the return to a healthy inventory position as a result of effective inventory management. On a currency-neutral basis, inventories decreased 17% compared to the prior year. Other current assets decreased by 15% to € 969 million (2023: € 1,134 million), mainly due to the reduction of tax receivables.

Total non-current assets increased 4% to € 8,519 million at the end of June 2024 (2023: € 8,186 million), mainly due to the increase in fixed assets by 5% to € 6,829 million (2023: € 6,490 million). Other non-

current financial assets were up 14% to € 393 million (2023: € 345 million) as a result of the reclassification of other financial assets related to customs from current to non-current, partially offset by the reclassification of the earn-out component of the Reebok divestiture from non-current to current. Deferred tax assets were down 5% to € 1,228 million (2023: € 1,290 million).

### Structure of statement of financial position<sup>1</sup> (in % of total assets)

	June 30, 2024	June 30, 2023
<b>Assets (€ in millions)</b>	<b>19,620</b>	<b>19,338</b>
Cash and cash equivalents	8.5	5.1
Accounts receivable	14.1	13.3
Inventories	23.2	28.6
Fixed assets	34.8	33.6
Other assets	19.5	19.4

<sup>1</sup> For absolute figures see adidas AG Consolidated Statement of Financial Position.

### Liabilities and equity

Total current liabilities remained stable at € 8,765 million at the end of June 2024 (2023: € 8,726 million). Short-term borrowings were down 33% to € 615 million at the end of June 2024 (2023: € 915 million), mainly reflecting the repayment of the equity-neutral convertible bond of € 500 million as well as the generally lower financing needs as a result of the cash generated. This development was partly offset by the reclassification of the eurobond in an amount of € 500 million due to its maturity in September 2024. Accounts payable increased 16% to € 2,560 million (2023: € 2,210 million) as a result of higher sourcing volumes compared to the prior-year period. On a currency-neutral basis, accounts payable increased 17%. Other current financial liabilities declined 52% to € 160 million (2023: € 337 million), mainly due to the adjustment of the fair value of financial instruments and reduced customs liabilities. Other current provisions were down 7% to € 1,281 million (2023: € 1,379 million), mainly as a result of the reclassification of provisions related to customs from current to non-current.

Total non-current liabilities increased 1% to € 5,501 million at the end of June 2024 (2023: € 5,450 million). Long-term borrowings decreased 18% to € 2,422 million compared to the prior year (2023: € 2,938 million), mainly reflecting the reclassification of the eurobond in an amount of € 500 million due to its maturity in September 2024. The non-current lease liability increased 17% to € 2,479 million (2023: € 2,110 million), mainly due to new lease contracts. Other non-current provisions were up 131% to € 274 million (2023: € 119 million) as a result of the reclassification of provisions related to customs from current to non-current.

Compared to the prior year, the total number of shares outstanding remained unchanged at 178,549,084 shares at the end of June 2024. ► [SEE FINANCIAL HIGHLIGHTS](#)

Shareholders' equity increased 4% to € 4,989 million at the end of June 2024 (2023: € 4,790 million), mainly reflecting the net income generated, partly offset by the dividend payment for the year 2023. Consequently, the company's equity ratio increased 0.7 percentage points from 24.8% to 25.4%.



**Structure of statement of financial position<sup>1</sup> (in % of total liabilities and equity)**

	June 30, 2024	June 30, 2023
<b>Liabilities and equity (€ in millions)</b>	<b>19,620</b>	<b>19,338</b>
Short-term borrowings	3.1	4.7
Accounts payable	13.0	11.4
Long-term borrowings	12.3	15.2
Other liabilities	44.2	41.9
Total equity	27.3	26.7

<sup>1</sup> For absolute figures see adidas AG Consolidated Statement of Financial Position.

**Operating working capital**

Operating working capital decreased 19% to € 4,756 million at the end of June 2024 (2023: € 5,896 million). On a currency-neutral basis, operating working capital was down 18%. The average operating working capital as a percentage of sales decreased 5.3 percentage points to 21.7% (2023: 27.1%). This development mainly reflects the significant decrease of inventories, as an increase in payables was mostly offset by higher receivables. ► [SEE FINANCIAL HIGHLIGHTS](#)

**Liquidity analysis**

In the first half of 2024, net cash generated from operating activities was € 768 million (2023: € 465 million), mainly reflecting a higher level of operating profit compared to the prior year. Net cash used in investing activities amounted to € 74 million (2023: € 88 million). The majority of investing activities in the first half of 2024 related to spending for property, plant, and equipment, such as investments into controlled space, as well as for other intangible assets, such as the development of software. Investing activities also included proceeds from a disposal group from prior years and the purchase of investments and other long-term assets. Net cash used in financing activities amounted to € 489 million (2023: € 137 million), mainly reflecting the repayment of lease liabilities and the dividend paid to shareholders for the year 2023.

As a result of these developments, cash and cash equivalents increased € 666 million from € 993 million at the end of June 2023 to € 1,660 million at the end of June 2024.

Adjusted net borrowings at June 30, 2024, amounted to € 4,751 million, representing a decrease of € 1,289 million compared to adjusted net borrowings of € 6,039 million at the end of June 2023. This was mainly due to the decrease in short- and long-term borrowings and the increase in cash and cash equivalents and was only partly offset by the increase in lease liabilities. The company's ratio of adjusted net borrowings over EBITDA was significantly reduced to 2.7 (2023: 4.8). ► [SEE FINANCIAL HIGHLIGHTS](#)

## Business Performance by Segment

Since the start of the fiscal year 2024, adidas has been externally reporting its operating activities via the following breakdown: Europe, North America, Greater China, Emerging Markets, Latin America, and Japan/South Korea.

### Europe

Sales in Europe increased 17% on a currency-neutral basis. In euro terms, sales increased 18% to € 3,645 million. The currency-neutral increase was driven by strong double-digit growth in Lifestyle, featuring double-digit growth in Originals and low-single-digit growth in Sportswear. Performance revenues also increased at a double-digit rate, including strong double-digit growth in Football and high-single-digit growth in Training.

Gross margin in Europe was up 3.6 percentage points to 49.2%, reflecting lower sourcing costs, reduced discounting, a more favorable business mix, and healthier inventory levels. At the same time, negative currency developments weighed strongly on the gross margin development. Operating expenses increased 18% to € 1,146 million, reflecting increases in marketing spend and operating overhead costs. As a percentage of sales, operating expenses were up 0.2 percentage points to 31.4%. Operating profit in Europe increased 42% to € 648 million. The operating margin increased 3.1 percentage points to 17.8%.

#### Europe at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	3,645	3,101	18%	17%
Gross profit	1,793	1,413	27%	26%
Gross margin	49.2%	45.6%	3.6pp	3.6pp
Segmental operating profit	648	456	42%	40%
Segmental operating margin	17.8%	14.7%	3.1pp	2.9pp

### North America

Sales in North America decreased 6% on a currency-neutral basis. In euro terms, sales were also down 6% to € 2,424 million as the company continued its conservative sell-in approach to the wholesale channel in response to still elevated inventory levels in this market. Currency-neutral sales across the company's full-price concept store fleet have already increased at a double-digit rate, reflecting strong sell-out trends for the current product range. From a category perspective, currency-neutral revenues increased at a double-digit rate in Originals while Football posted high-single-digit growth.

Gross margin in North America increased 4.9 percentage points to 44.1%. This development mainly reflected lower sourcing costs, an improved business mix, healthier inventory levels, and lower discounting. Operating expenses decreased 6% to € 843 million, driven by slightly higher marketing expenditure and a decrease in operating overhead costs. Operating expenses as a percentage of sales

were down 0.2 percentage points to 34.8%. Operating profit in North America increased 65% to € 239 million. As a result, operating margin in the market increased 4.2 percentage points to 9.9%.

### North America at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	2,424	2,575	(6%)	(6%)
Gross profit	1,069	1,009	6%	6%
Gross margin	44.1%	39.2%	4.9pp	4.9pp
Segmental operating profit	239	145	65%	65%
Segmental operating margin	9.9%	5.6%	4.2pp	4.2pp

## Greater China

Sales in Greater China increased 8% on a currency-neutral basis. In euro terms, sales were up 4% to € 1,719 million. The currency-neutral increase was driven by double-digit growth in several Performance categories including Football, Outdoor, and Golf. Lifestyle revenues also increased, driven by double-digit growth in Originals.

Gross margin in Greater China was up 2.5 percentage points to 52.8% as healthier inventory levels, an improved business mix, and positive currency developments more than offset higher sourcing costs. Operating expenses were down 6% to € 460 million, reflecting decreases in marketing expenditure and operating overhead costs. Operating expenses as a percentage of sales declined 2.8 percentage points to 26.8%. Operating profit in Greater China increased 32% to € 455 million. Consequently, the operating margin was up 5.6 percentage points to 26.4%.

### Greater China at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	1,719	1,650	4%	8%
Gross profit	908	831	9%	14%
Gross margin	52.8%	50.3%	2.5pp	2.5pp
Segmental operating profit	455	344	32%	38%
Segmental operating margin	26.4%	20.8%	5.6pp	5.6pp

## Emerging Markets

Sales in Emerging Markets increased 21% on a currency-neutral basis. In euro terms, sales were up 15% to € 1,461 million. On a currency-neutral basis, this development is driven by double-digit growth in almost all Lifestyle categories. In addition, Performance revenues also grew at a double-digit rate, with double-digit increases in Football, Outdoor, Golf, and Specialist Sports.

Gross margin in Emerging Markets increased 0.5 percentage points to 50.6%. Benefits from price increases, lower sourcing costs, and a better business mix more than offset significant negative currency

developments. Operating expenses were up 17% to € 431 million, driven by increases in marketing expenditure and operating overhead costs. As a percentage of sales, operating expenses increased 0.4 percentage points to 29.5%. Operating profit in Emerging Markets increased 15% to € 309 million. The operating margin in the market increased 0.1 percentage points to 21.2%.

### Emerging Markets at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	1,461	1,272	15%	21%
Gross profit	740	637	16%	21%
Gross margin	50.6%	50.1%	0.5pp	0.2pp
Segmental operating profit	309	268	15%	22%
Segmental operating margin	21.2%	21.1%	0.1pp	0.1pp

## Latin America

Sales in Latin America increased 25% on a currency-neutral basis. In euro terms, sales rose 8% to € 1,287 million. The currency-neutral increase was driven by double-digit growth in all Performance categories except Golf. Additionally, Lifestyle revenues also grew at a double-digit rate, including double-digit increases in Originals and Sportswear.

Gross margin in Latin America decreased 0.9 percentage points to 46.5%. Benefits from price increases, improved sourcing costs, and a better business mix were more than offset by significant negative currency developments. Operating expenses were up 15% to € 327 million, reflecting increases in both marketing expenditure and operating overhead costs. Operating expenses as a percentage of sales increased 1.6 percentage points to 25.4%. Operating profit in Latin America declined 3% to € 273 million. The operating margin in the market declined 2.5 percentage points to 21.2%.

### Latin America at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	1,287	1,191	8%	25%
Gross profit	599	566	6%	28%
Gross margin	46.5%	47.5%	(0.9pp)	1.0pp
Segmental operating profit	273	283	(3%)	30%
Segmental operating margin	21.2%	23.7%	(2.5pp)	0.7pp

## Japan/South Korea

Sales in Japan/South Korea increased 7% on a currency-neutral basis. In euro terms, sales declined 2% to € 660 million. The currency-neutral increase was driven by a double-digit growth in Lifestyle, including double-digit growth in Originals. In Performance, Football grew double digits.

Gross margin in Japan/South Korea increased 1.8 percentage points to 56.2%, as a better business mix and reduced discounting more than offset negative currency developments. Operating expenses were down 10% to € 203 million, driven by an increase in marketing expenditure and a decrease in operating overhead costs. Operating expenses as a percentage of sales declined 2.7 percentage points to 30.8%. Operating profit in Japan/South Korea rose 17% to € 174 million. The operating margin in the market increased 4.2 percentage points to 26.3%.

### Japan/South Korea at a glance € in millions

	First half year 2024	First half year 2023	Change	Change (currency- neutral)
Net sales	660	673	[2%]	7%
Gross profit	371	367	1%	10%
Gross margin	56.2%	54.5%	1.8pp	1.8pp
Segmental operating profit	174	149	17%	25%
Segmental operating margin	26.3%	22.2%	4.2pp	3.9pp

# Outlook<sup>2</sup>

## Global economic growth to stabilize in 2024<sup>3</sup>

In 2024, global GDP growth is now forecast to stabilize at 2.6%, with inflation expected to moderate, albeit at a slower rate than previously predicted. Due to lasting inflationary pressures, central banks are assumed to remain cautious toward easing monetary policy. With interest rates potentially remaining higher for longer, global growth could be negatively impacted. In addition, the geopolitical environment is expected to stay uncertain. Against that background, weak global trade remains a significant contingency. Overall, downside risks persist in the form of weaker-than-expected momentum in major economies. At the same time, the risks of supply chain disruptions, climate-related disasters and financial stress amid elevated borrowing costs remain.

## Sporting goods industry to benefit from major events in 2024

The global sporting goods industry is set to navigate through a challenging macroeconomic environment in the second half of 2024 as well. While inventory levels and promotional activity have normalized in most markets globally, elevated interest rates and the corresponding pressure on discretionary spending is expected to remain a theme. In addition, escalating geopolitical conflicts may lead to global trade disruptions, despite more resilient supply chains. However, structural trends such as increasing sports participation rates and rising health and fitness awareness are expected to keep the industry fundamentally attractive. In addition, major sports events such as the Olympic Games 2024 in Paris provide attractive platforms for the sporting goods industry.

## Risks and opportunities

Risks related to negative macroeconomic developments as well as uncertainties regarding the geopolitical situation could negatively impact the company's financial results.

adidas continues to see major opportunities in the medium- to long-term related to consumer demand, brand heat, product offering, product lifecycle management, and margin improvements. In the short term, upside potential is mainly related to successful product sell-through.

Given the company's strong risk-bearing capacity due to its current liquidity position and financial health, adidas does not foresee any material jeopardy to the viability of the company as a going concern. Management remains confident that the earnings strength forms a solid foundation for business development and provides the necessary resources to pursue future opportunities.

<sup>2</sup> This Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of adidas. The outlook is based on estimates that we have made on the basis of all the information available to us at the time of completion of this First Half Year Report. In addition, such forward-looking statements are subject to uncertainties as described in the Risk and Opportunity Report of the adidas 2023 Annual Report which are beyond the control of the company. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialize, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. adidas does not assume any obligation to update any forward-looking statements made in this Management Report beyond statutory disclosure obligations.

<sup>3</sup> Source: World Bank, Global Economic Prospects.

## Upgraded outlook for full year 2024

On July 16, adidas raised its full-year 2024 financial guidance following the better-than-expected performance during the second quarter and considering the current brand momentum.

adidas now expects currency-neutral revenues to increase at a high-single-digit rate in 2024. The company's operating profit is now expected to reach a level of around € 1.0 billion. Within this guidance, adidas assumes the sale of the remaining Yeezy inventory during the remainder of the year to occur on average at cost. This would result in additional sales of around € 150 million and no further profit contribution during the second half of the year.

On January 31, adidas had initially released its full-year financial guidance (currency-neutral revenues to increase at a mid-single-digit rate; operating profit to reach a level of around € 500 million). On April 16, the company updated this guidance (currency-neutral revenues to increase at a mid- to high-single-digit rate; operating profit to reach a level of around € 700 million) after a better-than-expected performance in the first quarter of 2024.

The company continues to expect unfavorable currency effects to weigh significantly on its profitability this year. These effects are negatively impacting both reported revenues and the gross margin development in 2024. This was particularly the case during the first half of the year.

adidas also raised its target for average operating working capital as a percentage of sales. Following the company's successful activities to reduce elevated inventory levels, average operating working capital as a percentage of sales is now forecast to decrease to a level of between 21% and 22% (previously: to decrease to a level of between 23% and 24%) in 2024. adidas' focus continues to be on effective operating working capital management while driving top-line growth off of a healthy inventory position.

The company's target for capital expenditure remains unchanged. adidas will continue to invest into its business. Consequently, capital expenditure is expected to reach a level of around € 600 million in 2024.

### Company targets versus actual key metrics

	2023 Results	2024 Initial targets <sup>1</sup>	2024 Updated targets <sup>2</sup>	2024 Latest targets <sup>3</sup>
Net sales (€ in millions)	21,427	to increase at a mid-single-digit rate <sup>4</sup>	to increase at a mid- to high-single-digit rate <sup>4</sup>	to increase at a high-single-digit rate <sup>4</sup>
Operating profit (€ in millions)	268	around € 500 million	around € 700 million	around € 1.0 billion
Average operating working capital (in % of net sales)	25.7%	to reach a level of between 23% and 24%	to reach a level of between 23% and 24%	to reach a level of between 21% and 22%
Capital expenditure (€ in millions) <sup>5</sup>	504	to reach a level of around € 600 million	to reach a level of around € 600 million	to reach a level of around € 600 million

<sup>1</sup> As published on January 31, 2024.

<sup>2</sup> As published on April 16, 2024.

<sup>3</sup> As published on July 16, 2024.

<sup>4</sup> Currency-neutral.

<sup>5</sup> Excluding acquisitions and leases.

# Consolidated Statement of Financial Position

## adidas AG Consolidated Statement of Financial Position (IFRS) € in millions

	June 30, 2024	June 30, 2023	Change in %	December 31, 2023
<b>Assets</b>				
Cash and cash equivalents	1,660	993	67.1	1,431
Short-term financial assets	-	-	-	34
Accounts receivable	2,771	2,567	7.9	1,906
Other current financial assets	925	795	16.3	755
Inventories	4,544	5,540	(18.0)	4,525
Income tax receivables	232	122	90.8	156
Other current assets	969	1,134	(14.5)	1,003
<b>Total current assets</b>	<b>11,102</b>	<b>11,151</b>	<b>(0.4)</b>	<b>9,809</b>
Property, plant, and equipment	2,095	2,148	(2.5)	2,157
Right-of-use assets	2,702	2,350	15.0	2,247
Goodwill	1,256	1,247	0.7	1,238
Other intangible assets	446	436	2.3	442
Long-term financial assets	329	309	6.5	301
Other non-current financial assets	393	345	13.8	418
Deferred tax assets	1,228	1,290	(4.8)	1,358
Other non-current assets	69	62	11.9	49
<b>Total non-current assets</b>	<b>8,519</b>	<b>8,186</b>	<b>4.1</b>	<b>8,211</b>
<b>Total assets</b>	<b>19,620</b>	<b>19,338</b>	<b>1.5</b>	<b>18,020</b>



## adidas AG Consolidated Statement of Financial Position (IFRS) € in millions

	June 30, 2024	June 30, 2023	Change in %	December 31, 2023
<b>Liabilities and equity</b>				
Short-term borrowings	615	915	(32.8)	549
Accounts payable	2,560	2,210	15.8	2,276
Current lease liabilities	582	572	1.7	545
Other current financial liabilities	160	337	(52.5)	266
Income taxes	394	343	15.0	323
Other current provisions	1,281	1,379	(7.1)	1,323
Current accrued liabilities	2,541	2,445	3.9	2,273
Other current liabilities	633	525	20.4	488
<b>Total current liabilities</b>	<b>8,765</b>	<b>8,726</b>	<b>0.4</b>	<b>8,043</b>
Long-term borrowings	2,422	2,938	(17.6)	2,430
Non-current lease liabilities	2,479	2,110	17.5	2,039
Other non-current financial liabilities	2	13	(88.1)	6
Pensions and similar obligations	110	121	(9.0)	139
Deferred tax liabilities	134	138	(3.1)	147
Other non-current provisions	274	119	130.7	188
Non-current accrued liabilities	-	4	n.a.	-
Other non-current liabilities	79	7	1,085.3	103
<b>Total non-current liabilities</b>	<b>5,501</b>	<b>5,450</b>	<b>0.9</b>	<b>5,052</b>
Share capital	179	179	-	179
Reserves	438	350	25.4	257
Retained earnings	4,372	4,262	2.6	4,145
<b>Shareholders' equity</b>	<b>4,989</b>	<b>4,790</b>	<b>4.1</b>	<b>4,580</b>
Non-controlling interests	366	372	(1.6)	345
<b>Total equity</b>	<b>5,355</b>	<b>5,162</b>	<b>3.7</b>	<b>4,925</b>
<b>Total liabilities and equity</b>	<b>19,620</b>	<b>19,338</b>	<b>1.5</b>	<b>18,020</b>

# Condensed Consolidated Income Statement

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

	First half year 2024	First half year 2023	Change	Second quarter 2024	Second quarter 2023	Change
Net sales	11,280	10,617	6.2%	5,822	5,343	8.9%
Cost of sales	5,525	5,535	(0.2%)	2,863	2,625	9.1%
<b>Gross profit</b>	<b>5,755</b>	<b>5,082</b>	<b>13.2%</b>	<b>2,959</b>	<b>2,719</b>	<b>8.8%</b>
(% of net sales)	51.0%	47.9%	3.2pp	50.8%	50.9%	(0.1pp)
Royalty and commission income	35	46	(23.9%)	19	21	(12.3%)
Other operating income	8	57	(86.2%)	6	18	(66.6%)
Other operating expenses	5,115	4,949	3.4%	2,637	2,582	2.1%
(% of net sales)	45.4%	46.6%	(1.3pp)	45.3%	48.3%	(3.0pp)
Marketing and point-of-sale expenses	1,363	1,218	11.9%	707	617	14.6%
(% of net sales)	12.1%	11.5%	0.6pp	12.1%	11.5%	0.6pp
Operating overhead expenses <sup>1</sup>	3,752	3,731	0.6%	1,930	1,965	(1.8%)
(% of net sales)	33.3%	35.1%	(1.9pp)	33.2%	36.8%	(3.6pp)
<b>Operating profit</b>	<b>682</b>	<b>236</b>	<b>188.8%</b>	<b>346</b>	<b>176</b>	<b>96.7%</b>
(% of net sales)	6.0%	2.2%	3.8pp	5.9%	3.3%	2.7pp
Financial income	43	30	43.6%	20	19	5.3%
Financial expenses	177	111	58.7%	62	71	(13.1%)
<b>Income before taxes</b>	<b>549</b>	<b>155</b>	<b>254.2%</b>	<b>304</b>	<b>123</b>	<b>146.5%</b>
(% of net sales)	4.9%	1.5%	3.4pp	5.2%	2.3%	2.9pp
Income taxes	166	82	102.2%	93	27	242.9%
(% of income before taxes)	30.3%	53.1%	(22.8pp)	30.5%	21.9%	8.6 pp
<b>Net income from continuing operations</b>	<b>382</b>	<b>73</b>	<b>426.2%</b>	<b>211</b>	<b>96</b>	<b>119.5%</b>
(% of net sales)	3.4%	0.7%	2.7pp	3.6%	1.8%	1.8pp
Loss from discontinued operations, net of tax	(7)	(7)	11.6%	(6)	(1)	(319.9%)
<b>Net income</b>	<b>376</b>	<b>65</b>	<b>476.1%</b>	<b>206</b>	<b>95</b>	<b>116.7%</b>
(% of net sales)	3.3%	0.6%	2.7pp	3.5%	1.8%	1.8pp
<b>Net income attributable to shareholders</b>	<b>360</b>	<b>45</b>	<b>701.3%</b>	<b>190</b>	<b>84</b>	<b>125.8%</b>
(% of net sales)	3.2%	0.4%	2.8pp	3.3%	1.6%	1.7pp
<b>Net income attributable to non-controlling interests</b>	<b>16</b>	<b>20</b>	<b>(23.4%)</b>	<b>16</b>	<b>11</b>	<b>46.3%</b>
Basic earnings per share from continuing operations (in €)	2.05	0.29	600.0%	1.09	0.48	128.8%
Diluted earnings per share from continuing operations (in €)	2.05	0.29	600.0%	1.09	0.48	128.8%
Basic earnings per share from continuing and discontinued operations (in €)	2.02	0.25	701.2%	1.06	0.47	125.8%
Diluted earnings per share from continuing and discontinued operations (in €)	2.02	0.25	701.2%	1.06	0.47	125.8%

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

# Consolidated Statement of Comprehensive Income

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

	First half year 2024	First half year 2023	Second quarter 2024	Second quarter 2023
<b>Net income</b>	<b>376</b>	<b>65</b>	<b>206</b>	<b>95</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>	21	2	17	(1)
Net loss on other equity investments (IFRS 9), net of tax	(1)	(0)	(1)	(0)
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>20</b>	<b>2</b>	<b>16</b>	<b>(1)</b>
<b>Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>				
Net gain/(loss) on cash flow hedges and net foreign investment hedges, net of tax	93	(53)	23	0
Net gain on cost of hedging reserve – options, net of tax	1	5	2	2
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(3)	29	2	15
Currency translation differences	81	(113)	11	(33)
<b>Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>	<b>172</b>	<b>(132)</b>	<b>38</b>	<b>(16)</b>
<b>Other comprehensive income</b>	<b>193</b>	<b>(131)</b>	<b>54</b>	<b>(17)</b>
<b>Total comprehensive income</b>	<b>568</b>	<b>(65)</b>	<b>260</b>	<b>78</b>
Attributable to shareholders of adidas AG	541	(78)	240	67
Attributable to non-controlling interests	27	13	20	11

<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, 2022</b>	<b>179</b>	<b>1,338</b>	<b>(608)</b>	<b>(90)</b>	<b>(9)</b>	<b>(48)</b>	<b>(116)</b>	<b>4,347</b>	<b>4,991</b>	<b>360</b>	<b>5,351</b>
Other comprehensive income	-	-	(106)	(53)	5	29	2	-	(123)	(7)	(131)
Net income	-	-	-	-	-	-	-	45	45	20	65
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(106)</b>	<b>(53)</b>	<b>5</b>	<b>29</b>	<b>2</b>	<b>45</b>	<b>(78)</b>	<b>13</b>	<b>(65)</b>
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)	-	-	-	-	-	-	(14)	(14)	-	(14)
Reissuance of treasury shares due to equity-settled share-based payment	0	-	-	-	-	-	-	14	14	-	14
Dividend payment	-	-	-	-	-	-	-	(125)	(125)	(1)	(126)
Equity-settled share-based payment	0	7	-	-	-	-	-	(5)	2	-	2
<b>Balance at June 30, 2023</b>	<b>179</b>	<b>1,345</b>	<b>(714)</b>	<b>(143)</b>	<b>(4)</b>	<b>(19)</b>	<b>(115)</b>	<b>4,262</b>	<b>4,790</b>	<b>372</b>	<b>5,162</b>
<b>Balance at December 31, 2023</b>	<b>179</b>	<b>1,355</b>	<b>(750)</b>	<b>(217)</b>	<b>(2)</b>	<b>(2)</b>	<b>(126)</b>	<b>4,145</b>	<b>4,580</b>	<b>345</b>	<b>4,925</b>
Other comprehensive income	-	-	69	93	1	(3)	20	-	181	11	193
Net income	-	-	-	-	-	-	-	360	360	16	376
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>93</b>	<b>1</b>	<b>(3)</b>	<b>20</b>	<b>360</b>	<b>541</b>	<b>27</b>	<b>568</b>
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)	-	-	-	-	-	-	(13)	(14)	-	(14)
Reissuance of treasury shares due to equity-settled share-based payment	0	-	-	-	-	-	-	13	14	-	14
Dividend payment	-	-	-	-	-	-	-	(125)	(125)	-	(125)
Equity-settled share-based payment	-	6	-	-	-	-	-	(7)	(1)	-	(1)
Acquisition of shares from non-controlling interests shareholders in accordance with IAS 32	-	-	(0)	-	-	-	(6)	-	(6)	(6)	(12)
<b>Balance at June 30, 2024</b>	<b>179</b>	<b>1,360</b>	<b>(680)</b>	<b>(123)</b>	<b>(1)</b>	<b>(5)</b>	<b>(113)</b>	<b>4,372</b>	<b>4,989</b>	<b>366</b>	<b>5,355</b>

# Consolidated Statement of Cash Flows

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

	First half year 2024	First half year 2023
<b>Operating activities:</b>		
Income before taxes	549	155
<b>Adjustments for:</b>		
Depreciation, amortization, and impairment losses	560	579
Reversals of impairment losses	(5)	(7)
Interest income	(23)	(9)
Interest expense	105	82
Unrealized foreign exchange (gains)/losses, net	(14)	32
Losses on sale of property, plant, and equipment and intangible assets, net	4	5
Other non-cash effects from operating activities	(12)	(3)
<b>Operating profit before working capital changes</b>	<b>1,164</b>	<b>834</b>
(Increase)/Decrease in receivables and other assets	(1,055)	178
(Increase)/Decrease in inventories	(51)	332
Increase/(Decrease) in accounts payable and other liabilities	821	(733)
<b>Net cash generated from operations before taxes</b>	<b>879</b>	<b>610</b>
Income taxes paid	(129)	(152)
IAS 29 - Hyperinflation effects in operating cashflow	18	7
<b>Net cash generated from operating activities</b>	<b>768</b>	<b>465</b>
<b>Investing activities:</b>		
Purchase of other intangible assets	(56)	(64)
Proceeds from sale of other intangible assets	-	0
Purchase of property, plant, and equipment	(121)	(111)
Proceeds from sale of property, plant, and equipment	0	5
Proceeds from sale of a disposal group from prior years	100	-
Proceeds from sale of short-term financial assets	31	-
(Purchase of)/Proceeds from investments and other long-term assets	(52)	73
Interest received	23	9
<b>Net cash used in investing activities</b>	<b>(74)</b>	<b>(88)</b>
<b>Financing activities:</b>		
Interest paid	(79)	(64)
Repayments of lease liabilities	(321)	(321)
Dividend paid to shareholders of adidas AG	(125)	(125)
Dividend paid to non-controlling interest shareholders	-	(1)
Acquisition of non-controlling interests	(12)	-
Repurchase of treasury shares due to share-based payments	(21)	(14)
Proceeds from reissuance of treasury shares due to share-based payments	12	12
Proceeds from short-term borrowings	59	377
<b>Net cash used in financing activities</b>	<b>(489)</b>	<b>(137)</b>

adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions<sup>1</sup>

	First half year 2024	First half year 2023
<b>Sum of cashflows</b>	<b>205</b>	<b>240</b>
Effect of exchange rates on cash	0	(40)
<b>Increase in cash and cash equivalents</b>	<b>205</b>	<b>200</b>
Cash and cash equivalents at beginning of year	1,455	793
Effect indexing cash and cash equivalents	24	(5)
Cash and cash equivalents at the beginning of year acc. Balance Sheet	1,431	798
<b>Cash and cash equivalents at end of period</b>	<b>1,660</b>	<b>993</b>

<sup>1</sup> Prior year adjusted due to hyperinflation accounting.

# Explanatory Notes to the Condensed Interim Consolidated Financial Statements (IFRS) as at June 30, 2024

## 01 General

The interim consolidated financial statements of adidas AG and its subsidiaries (collectively 'adidas,' the 'Group,' or 'the company') for the first half year ending June 30, 2024, are prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The company applied all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations of the IFRS Interpretations Committee effective as at June 30, 2024, insofar as they have already been adopted into European law.

These interim consolidated financial statements were prepared in compliance with International Accounting Standard IAS 34 'Interim Financial Reporting.' Accordingly, these interim consolidated financial statements do not include all of the information and notes required for annual consolidated financial statements at financial year-end. Therefore, these interim consolidated financial statements should be read in conjunction with the 2023 annual consolidated financial statements. The accounting policies, as well as the recognition, measurement, and disclosure principles applied in the consolidated financial statements for the year ending December 31, 2023, also apply to the interim consolidated financial statements for the first half year ending June 30, 2024.

The following new standards and interpretations, as well as amendments to existing standards, which were issued by the IASB, endorsed by the EU, and are effective for financial years beginning on January 1, 2024, have been applied for the first time:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

These do not have any material impact on the interim consolidated financial statements of adidas AG. Further information can be found in the consolidated financial statements 2023.

New accounting standards and interpretations, as well as amendments to existing standards that are not yet effective in the EU or effective for financial years beginning after January 1, 2024, are not expected to have any material impact on the consolidated financial statements. The company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

At the beginning of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes. Further information on the segmental reporting is provided in this Note.

There were no significant changes in the scope of consolidation in the first half of 2024.

The interim consolidated financial statements and the interim Group management report were not audited in accordance with § 317 German Commercial Code (Handelsgesetzbuch – HGB) nor reviewed in accordance with § 115 section 5 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) by an auditor.

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Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim consolidated financial statements only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

The results of operations for the first half year ending June 30, 2024, are not necessarily indicative of results to be expected for the entire year.

The interim consolidated financial statements are presented in euros (€) and, unless otherwise stated, all values are presented in millions of euros (€ in millions). Due to rounding principles, numbers presented may not sum up exactly to totals provided.

## 02 Revenue

The sales of the company in certain product categories are seasonal, and therefore, revenues and attributable earnings may vary within the financial year. Sales tend to be strongest in the first and third quarters of the financial year because these coincide with the launch of the spring/summer and fall/winter collections, respectively, but shifts in the share of sales and attributable earnings of particular product categories or in the regional composition may occur throughout the year.

A disaggregation of revenue into product categories is contained in these Notes. ► [SEE NOTE 07](#)



## 03 Shareholders' equity

During the period from January 1, 2024, to June 30, 2024, the nominal capital of adidas AG remained unchanged. Consequently, on June 30, 2024, the nominal capital of adidas AG amounted to € 180,000,000 divided into 180,000,000 registered no-par-value shares.

On May 16, 2024, the Annual General Meeting of adidas AG approved the proposal of the Executive Board and Supervisory Board on the appropriation of retained earnings for the 2023 financial year. The dividend in the amount of € 0.70 per share was paid on May 22, 2024. Based on the number of dividend-entitled shares at the time of the Annual General Meeting, this resulted in a dividend distribution of € 124,984,358.80.

On June 30, 2024, adidas AG held a total of 1,450,916 treasury shares, corresponding to a notional amount of € 1,450,916 in the nominal capital and consequently 0.81% of the nominal capital. In accordance with § 71b German Stock Corporation Act (Aktiengesetz – AktG), the treasury shares held directly or indirectly do not confer any rights to the company.

## 04 Financial Instruments

### Carrying amounts of financial instruments and their fair values including hierarchy according to IFRS 13 € in millions

	Category	June 30, 2024					December 31, 2023				
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>											
Cash and cash equivalents											
Cash and cash equivalents	Amortized cost	980	-	-	-	-	596	-	-	-	-
Cash equivalents	Fair value through profit or loss	680	680	-	680	-	835	835	-	835	-
Short-term financial assets	Fair value through profit or loss	-	-	-	-	-	34	34	-	34	-
Accounts receivable	Amortized cost	2,771	-	-	-	-	1,906	-	-	-	-
Other current financial assets											
Derivatives used in hedge accounting	n.a.	101	101	-	101	-	67	67	-	67	-
Derivatives not used in hedge accounting	Fair value through profit or loss	26	26	-	26	-	21	21	-	21	-
Earn-out components	Fair value through profit or loss	149	149	-	-	149	-	-	-	-	-
Other investments	n.a.	71	71	-	71	-	8	8	-	8	-
Other financial assets	Amortized cost	579	-	-	-	-	658	-	-	-	-
Long-term financial assets											
Other equity investments	Fair value through profit or loss	91	91	-	-	91	91	91	-	-	91
Other equity investments	Fair value through other comprehensive income	84	84	1	-	83	83	83	1	-	82
Other investments	Fair value through profit or loss	47	47	-	47	-	44	44	-	44	-
Other investments	n.a.	107	107	-	107	-	83	83	-	83	-
Other non-current financial assets											
Derivatives used in hedge accounting	n.a.	5	5	-	5	-	2	2	-	2	-
Earn-out components	Fair value through profit or loss	91	91	-	-	91	301	301	-	-	301
Other financial assets	Amortized cost	296	-	-	-	-	115	-	-	-	-
<b>Financial assets per level</b>		-	-	<b>1</b>	<b>1,035</b>	<b>414</b>	-	-	<b>1</b>	<b>1,095</b>	<b>474</b>
<b>Financial liabilities</b>											
Short-term borrowings											
Bank borrowings	Amortized cost	115	-	-	-	-	49	-	-	-	-

## Carrying amounts of financial instruments and their fair values including hierarchy according to IFRS 13 € in millions

	Category	June 30, 2024					December 31, 2023				
		Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Eurobond	Amortized cost	500	496	496	-	-	500	488	488	-	-
Accounts payable	Amortized cost	2,560	-	-	-	-	2,276	-	-	-	-
Current accrued liabilities	Amortized cost	908	-	-	-	-	842	-	-	-	-
Current accrued liabilities for customer discounts	Amortized cost	733	-	-	-	-	565	-	-	-	-
Other current financial liabilities											
Derivatives used in hedge accounting	n.a.	36	36	-	36	-	88	88	-	88	-
Derivatives not used in hedge accounting	Fair value through profit or loss	11	11	-	11	-	15	15	-	15	-
Other financial liabilities	Amortized cost	113	-	-	-	-	163	-	-	-	-
Current lease liabilities	n.a.	582	-	-	-	-	545	-	-	-	-
Long-term borrowings											
Bank borrowings	Amortized cost	35	35	-	35	-	44	44	-	44	-
Eurobond	Amortized cost	2,387	2,192	2,192	-	-	2,386	2,234	2,234	-	-
Other non-current financial liabilities											
Derivatives used in hedge accounting	n.a.	1	1	-	1	-	6	6	-	6	-
Other financial liabilities	Amortized cost	1	-	-	-	-	-	-	-	-	-
Non-current lease liabilities	n.a.	2,479	-	-	-	-	2,039	-	-	-	-
<b>Financial liabilities per level</b>		<b>-</b>	<b>-</b>	<b>2,688</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,721</b>	<b>154</b>	<b>-</b>
<b>Thereof: aggregated by category according to IFRS 9</b>											
Financial assets at fair value through profit or loss (FVTPL)		1,083					1,326				
Financial assets at fair value through other comprehensive income (FVOCI)		84					83				
Thereof: equity investments (without recycling to profit and loss)		84					83				
Financial assets at amortized cost (AC)		4,627					3,275				
Financial liabilities at fair value through profit or loss (FVTPL)		11					15				
Financial liabilities at amortized cost (AC)		7,352					6,825				

Level 1 is based on quoted prices in active markets for identical assets or liabilities.

Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 is based on inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**Reconciliation of fair value hierarchy Level 3 in 2024 € in millions**

	Fair value Jan. 1, 2024	Additions	Disposals	Realized		Unrealized		Trans- fers	Currency translation	Fair value June 30, 2024
				Gains	Losses	Gains	Losses			
Investments in other equity instruments held for trading (FAHfT)	89	-	-	-	-	-	-	-	-	89
Investments in other equity instruments (FVTPL)	2	-	-	-	-	-	-	-	-	2
Investments in other equity instruments (FVOCI)	82	-	(0)	-	-	1	-	-	-	83
Earn-out components – assets (FVTPL)	301	-	(100)	-	-	39	-	-	-	240

**Reconciliation of fair value hierarchy Level 3 in 2023 € in millions**

	Fair value Jan. 1, 2023	Additions	Disposals	Realized		Unrealized		Trans- fers	Currency translation	Fair value Dec. 31, 2023
				Gains	Losses	Gains	Losses			
Investments in other equity instruments held for trading (FAHfT)	87	-	-	-	-	2	-	-	-	89
Investments in other equity instruments (FVTPL)	2	-	-	-	-	-	-	-	-	2
Investments in other equity instruments (FVOCI)	84	3	(0)	-	-	-	(4)	-	-	82
Earn-out components – assets (FVTPL)	227	-	-	-	-	74	-	-	-	301

The valuation methods used in measuring Level 1, Level 2, and Level 3 fair values remain unchanged and can be found in the Notes to the 2023 consolidated financial statements.

**Net gains/(losses) on financial instruments recognized in the consolidated income statement € in millions**

	Period ending June 30, 2024	Year ending Dec. 31, 2023
Financial assets classified at amortized cost (AC)	5	(9)
Financial assets at fair value through profit or loss (FVTPL)	53	69
Thereof: designated as such upon initial recognition	-	-
Thereof: classified as held for trading	-	2
Equity instruments at fair value through profit or loss (FVTPL)	-	-
Equity instruments at fair value through other comprehensive income (FVOCI)	-	-
Financial liabilities at amortized cost (AC)	2	3
Financial liabilities at fair value through profit or loss (FVTPL)	-	-
Thereof: designated as such upon initial recognition	-	-
Thereof: classified as held for trading	-	-

## 05 Earnings per share

Basic earnings per share are calculated by dividing the net income from continuing operations attributable to shareholders by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by adidas and held as treasury shares. If negative earnings per share are reported, according to IAS 33.41, no anti-dilutive effect may be taken into account.

### Earnings per share

	Continuing operations		Discontinued operations		Total	
	First half year 2024	First half year 2023	First half year 2024	First half year 2023	First half year 2024	First half year 2023
Net income from continuing operations (€ in millions)	382	73	–	–	–	–
Net income attributable to non-controlling interests (€ in millions)	16	20	–	–	–	–
<b>Net income attributable to shareholders (€ in millions)</b>	<b>367</b>	<b>53</b>	<b>(7)</b>	<b>(7)</b>	<b>360</b>	<b>45</b>
Weighted average number of shares	178,549,084	178,537,986	178,549,084	178,537,986	178,549,084	178,537,986
<b>Basic earnings per share (€)</b>	<b>2.05</b>	<b>0.29</b>	<b>(0.03)</b>	<b>(0.04)</b>	<b>2.02</b>	<b>0.25</b>
Net income attributable to shareholders (€ in millions)	367	53	(7)	(7)	360	45
<b>Net income used to determine diluted earnings per share (€ in millions)</b>	<b>367</b>	<b>53</b>	<b>(7)</b>	<b>(7)</b>	<b>360</b>	<b>45</b>
Weighted average number of shares	178,549,084	178,537,986	178,549,084	178,537,986	178,549,084	178,537,986
Dilutive effect of share-based payments	11,263	12,120	–	–	11,263	12,120
<b>Weighted average number of shares for diluted earnings per share</b>	<b>178,560,347</b>	<b>178,550,106</b>	<b>178,560,347</b>	<b>178,550,106</b>	<b>178,560,347</b>	<b>178,550,106</b>
<b>Diluted earnings per share (€)</b>	<b>2.05</b>	<b>0.29</b>	<b>(0.03)</b>	<b>(0.04)</b>	<b>2.02</b>	<b>0.25</b>

## 06 Goodwill

At the start of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes. Since January 1, 2024, the EMEA market has been divided into two separate markets, Europe and Emerging Markets. In addition, the Asia-Pacific market has been split into two separate markets, Japan and South Korea, while Southeast Asia and Pacific have been merged with the new Emerging Markets market. The North America, Latin America, and Greater China markets remain unchanged.

Following the company's internal management reporting by markets, the number of cash-generating units increased from five to a total of seven, effective January 1, 2024.

Due to the change in the operating segments and the associated groups of cash-generating units, both a reallocation of goodwill and an impairment test of goodwill were carried out as at January 1, 2024.

There was no need for impairment in this context. The carrying amounts of acquired goodwill have been reallocated to the new groups of cash-generating units in the first quarter 2024 as follows:

## Allocation of goodwill

	Goodwill (€ in millions)			
	Dec. 31, 2023	(Re-) allocation EMEA	(Re-) allocation Asia-Pacific	Jan. 1, 2024
EMEA	706	(706)		n.a.
Asia-Pacific	162		(162)	n.a.
Europe	n.a.	498		498
North America	77			77
Greater China	293			293
Emerging Markets	n.a.	208	71	279
Japan	n.a.		34	34
South Korea	n.a.		56	56
<b>Total</b>	<b>1,238</b>	<b>-</b>	<b>-</b>	<b>1,238</b>

The majority of goodwill is denominated in US dollars. The effect of currency translation is as follows:

## Reconciliation of goodwill, net € in millions

	Europe	North America	Greater China	Emerging Markets	Japan	South Korea	Total
January 1, 2024	498	77	293	279	34	56	1,238
Currency translation differences	9	0	5	4	1	1	20
June 30, 2024	507	77	298	283	35	57	1,258

## 07 Segmental information

adidas operates predominantly in one industry segment – the design, distribution, and marketing of athletic and sports lifestyle products.

At the start of the 2024 financial year, the Group's internal reporting structure was adjusted for management purposes.

Since January 1, 2024, the EMEA market has been divided into two separate markets, Europe and Emerging Markets. Russia is allocated to the 'other businesses' as it is no longer monitored separately by the chief operating decision-maker due to the discontinuation of business activities. In addition, the Asia-Pacific market has been split into two separate markets, Japan and South Korea, while Southeast Asia and Pacific have been merged with the new Emerging Markets market. The North America, Latin America, and Greater China markets remain unchanged.

In line with this reporting structure of the company for management purposes by market and in accordance with the definition of IFRS 8 'Operating Segments,' seven operating segments have thus been identified as of January 1, 2024: Europe, Emerging Markets, North America, Greater China, Latin America, Japan, and South Korea. Due to the small size of the two operating segments Japan and South Korea, they are not reportable segments and are therefore reported as 'all other segments' under the designation Japan/South Korea for external segment reporting.

Each market comprises all wholesale, retail, and e-commerce business activities relating to the distribution and sale of products of the adidas brand to retail customers and end consumers.

Other Businesses includes the business activities of the Y-3 label and other subordinated businesses that are not monitored separately by the chief operating decision-maker. Also, certain centralized corporate functions do not meet the definition of IFRS 8 for an operating segment. This includes, in particular, functions such as Global Brands and Global Sales (central brand and distribution management), central treasury, global sourcing, and other headquarter functions. Assets, liabilities, income, and expenses relating to these corporate functions are presented in the reconciliations.

The chief operating decision-maker for adidas has been defined as the entire Executive Board of adidas AG.

Net sales represent revenue from contracts with customers. There are no intersegment sales between the segments. Accounting and valuation policies applied for reporting segmental information are the same as those used for adidas.

The results of the segments are defined as gross profit minus other operating expenses plus royalty and commission income and other operating income attributable to the segment or group of segments, however, without considering headquarter costs and central expenses for marketing.

Segmental assets include accounts receivable as well as inventories. Only these items are reported to the chief operating decision-maker on a regular basis.

Segmental liabilities only contain accounts payable from operating activities, as there are no other liability items reported regularly to the chief operating decision-maker.

## Segmental information<sup>1</sup> € in millions

	Net sales (third parties) <sup>2</sup>		Segmental operating profit <sup>2</sup>		Segmental assets <sup>3</sup>		Segmental liabilities <sup>3</sup>	
	2024	2023	2024	2023	2024	2023	2024	2023
Europe	3,645	3,101	648	456	2,446	2,418	160	119
North America	2,424	2,575	239	145	1,716	2,475	82	83
Greater China	1,719	1,650	455	344	642	880	231	128
Emerging Markets	1,461	1,272	309	268	1,236	1,085	82	76
Latin America	1,287	1,191	273	283	974	964	94	121
<b>Reportable segments</b>	<b>10,537</b>	<b>9,789</b>	<b>1,923</b>	<b>1,495</b>	<b>7,013</b>	<b>7,820</b>	<b>648</b>	<b>527</b>
Japan/South Korea	660	673	174	149	385	367	20	23
Other Businesses	55	128	10	35	33	52	4	3
<b>Total</b>	<b>11,252</b>	<b>10,590</b>	<b>2,107</b>	<b>1,679</b>	<b>7,431</b>	<b>8,239</b>	<b>672</b>	<b>553</b>

1 2023 figures adjusted according to the new internal reporting structure introduced at January 1, 2024.

2 First half year.

3 At June 30.

Taking into account net sales of € 28 million (2023: € 27 million), which are not directly attributable to a segment, total net sales amount to € 11,280 million (2023: € 10,617 million).

## Operating profit<sup>1</sup> € in millions

	First half year 2024	First half year 2023
Operating profit for reportable segments	1,923	1,495
Operating profit for Japan/South Korea	174	149
Operating profit for Other Businesses	10	35
HQ	(961)	(872)
Central expenditure for marketing	(443)	(409)
Consolidation	(22)	(162)
<b>Operating profit</b>	<b>682</b>	<b>236</b>
Financial income	43	30
Financial expenses	(177)	(111)
<b>Income before taxes</b>	<b>549</b>	<b>155</b>

1 2023 figures adjusted according to the new internal reporting structure introduced at January 1, 2024.

## Net sales<sup>1,2</sup> (third parties) € in millions

	First half year 2024	First half year 2023
Footwear	6,812	6,125
Apparel	3,776	3,746
Accessories and gear	698	746
<b>Total</b>	<b>11,280</b>	<b>10,617</b>

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

2 Prior year adjusted due to category reclassification of hyperinflation-related effects.



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## 08 Events after the balance sheet date

Between the end of the first half year 2024 and the finalization of these interim consolidated financial statements on July 26, 2024, there were no major events that might have a material influence on the assets, liabilities, financial position, and profit or loss of the company.

Herzogenaurach, July 26, 2024

**The Executive Board of adidas AG**

## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Herzogenaurach, July 26, 2024



**BJØRN GULDEN**  
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