



FINANCIAL SUPPLEMENT

JANUARY - MARCH

FINANCIAL SUPPLEMENT FOR THE FIRST QUARTER 2020

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	March 31, 2020	March 31, 2019	Change in %	December 31, 2019
Assets				
Cash and cash equivalents	1,975	2,584	(23.5)	2,220
Short-term financial assets	10	5	76.8	292
Accounts receivable	2,794	3,044	(8.2)	2,625
Other current financial assets	698	574	21.5	544
Inventories	4,334	3,285	31.9	4,085
Income tax receivables	108	51	113.1	94
Other current assets	1,250	805	55.2	1,076
Total current assets	11,169	10,349	7.9	10,934
Property, plant and equipment	2,350	2,221	5.8	2,380
Right-of-use assets	2,759	2,926	(5.7)	2,931
Goodwill	1,271	1,258	1.1	1,257
Trademarks	880	859	2.4	859
Other intangible assets	295	205	44.3	305
Long-term financial assets	352	327	7.7	367
Other non-current financial assets	388	316	22.7	450
Deferred tax assets	1,139	718	58.7	1,093
Other non-current assets	178	90	98.0	103
Total non-current assets	9,613	8,919	7.8	9,746
Total assets	20,782	19,268	7.9	20,680

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

	March 31, 2020	March 31, 2019	Change in %	December 31, 2019
Liabilities and equity				
Short-term borrowings	964	76	1,174.9	43
Accounts payable	2,494	2,021	23.4	2,703
Current lease liabilities	550	545	0.9	733
Other current financial liabilities	176	230	[23.1]	235
Income taxes	624	414	50.8	618
Other current provisions	1,689	1,272	32.8	1,446
Current accrued liabilities	2,109	2,293	[8.0]	2,437
Other current liabilities	489	569	[14.0]	538
Total current liabilities	9,094	7,419	22.6	8,754
Long-term borrowings	1,592	1,606	[0.9]	1,595
Non-current lease liabilities	2,412	2,482	[2.8]	2,399
Other non-current financial liabilities	47	131	[63.9]	92
Pensions and similar obligations	209	253	[17.4]	229
Deferred tax liabilities	304	261	16.6	280
Other non-current provisions	178	167	6.1	257
Non-current accrued liabilities	9	20	[57.4]	9
Other non-current liabilities	7	10	[29.2]	7
Total non-current liabilities	4,758	4,930	[3.5]	4,868
Share capital	195	198	[1.7]	196
Reserves	136	206	[34.2]	45
Retained earnings	6,331	6,527	[3.0]	6,555
Shareholders' equity	6,661	6,931	[3.9]	6,796
Non-controlling interests	268	[12]	n. a.	261
Total equity	6,929	6,919	0.1	7,058
Total liabilities and equity	20,782	19,268	7.9	20,680

CONDENSED CONSOLIDATED INCOME STATEMENT

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

	First quarter 2020	First quarter 2019	Change
Net sales	4,753	5,883	(19.2%)
Cost of sales	2,408	2,732	(11.9%)
Gross profit	2,345	3,151	(25.6%)
[% of net sales]	49.3%	53.6%	[4.2pp]
Royalty and commission income	23	35	[33.9%]
Other operating income	2	6	[68.2%]
Other operating expenses	2,305	2,317	(0.5%)
[% of net sales]	48.5%	39.4%	9.1pp
Marketing and point-of-sale expenses	704	703	0.1%
[% of net sales]	14.8%	12.0%	2.9pp
Operating overhead expenses ¹	1,601	1,614	(0.8%)
[% of net sales]	33.7%	27.4%	6.3pp
Operating profit	65	875	(92.6%)
[% of net sales]	1.4%	14.9%	[13.5pp]
Financial income	7	8	[18.2%]
Financial expenses	45	35	27.5%
Income before taxes	27	848	(96.8%)
[% of net sales]	0.6%	14.4%	[13.8pp]
Income taxes	7	217	(96.6%)
[% of income before taxes]	27.3%	25.6%	1.7pp
Net income from continuing operations	20	631	(96.9%)
[% of net sales]	0.4%	10.7%	[10.3pp]
Gains from discontinued operations, net of tax	6	2	239.4%
Net income	26	633	(95.9%)
[% of net sales]	0.5%	10.8%	[10.2pp]
Net income attributable to shareholders	31	632	(95.1%)
[% of net sales]	0.6%	10.7%	[10.1pp]
Net income attributable to non-controlling interests	(5)	1	n. a.
Basic earnings per share from continuing operations (in €)	0.13	3.17	(96.0%)
Diluted earnings per share from continuing operations (in €)	0.13	3.17	(96.0%)
Basic earnings per share from continuing and discontinued operations (in €)	0.16	3.18	(95.1%)
Diluted earnings per share from continuing and discontinued operations (in €)	0.16	3.18	(95.1%)

¹ 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 quarter 2020	First quarter 2019
Net income after taxes	26	633
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	19	(0)
Net (loss) on other equity investments (IFRS 9), net of tax	-	(3)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	19	(4)
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		
Net gain/(loss) on cash flow hedges and net foreign investment hedges, net of tax	262	(70)
Net (loss) on cost of hedging reserve – options, net of tax	(0)	(4)
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(40)	21
Currency translation differences	(143)	140
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	79	87
Other comprehensive income	98	83
Total comprehensive income	124	716
Attributable to shareholders of adidas AG	121	715
Attributable to non-controlling interests	3	1

¹ 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
Balance at December 31, 2018	199	887	(574)	(3)	(3)	(5)	(180)	6,054	6,377	(13)	6,364
Other comprehensive income			140	(70)	(4)	21	(4)		83	(0)	83
Net income								632	632	1	633
Total comprehensive income			140	(70)	(4)	21	(4)	632	715	1	716
Repurchase of adidas AG shares	(1)							(152)	(152)		(152)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(6)	(6)		(6)
Reissuance of treasury shares due to equity-settled share-based payment	0							11	11		11
Equity-settled share-based payment								(12)	(12)		(12)
Balance at March 31, 2019	198	887	(434)	(73)	(6)	16	(184)	6,527	6,931	(12)	6,919
Balance at December 31, 2019	196	887	(470)	(150)	(10)	6	(218)	6,555	6,796	261	7,058
Other comprehensive income			(151)	262	(0)	(40)	19		90	8	98
Net income								31	31	(5)	26
Total comprehensive income			(151)	262	(0)	(40)	19	31	121	3	124
Repurchase of adidas AG shares	(1)							(256)	(257)		(257)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(7)	(7)		(7)
Reissuance of treasury shares due to equity-settled share-based payment	0							11	11		11
Equity-settled share-based payment								(3)	(3)		(3)
First-time consolidation due to obtaining control in accordance with IFRS 10									-	3	3
Balance at March 31, 2020	195	887	(620)	111	(10)	(33)	(199)	6,331	6,661	268	6,929

CONSOLIDATED STATEMENT OF CASH FLOWS

adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions

	First quarter 2020	First quarter 2019
Operating activities:		
Income before taxes	27	848
Adjustments for:		
Depreciation, amortization and impairment losses	334	286
Reversals of impairment losses	(1)	(1)
Unrealized foreign exchange losses, net	5	27
Interest income	(6)	(6)
Interest expense	39	35
Losses on sale of property, plant and equipment and intangible assets, net	1	1
Other non-cash effects from operating activities	3	2
Operating profit before working capital changes	402	1,193
Increase in receivables and other assets	(413)	(680)
(Increase)/decrease in inventories	(365)	201
Decrease in accounts payable and other liabilities	(357)	(195)
Cash (used in)/generated from operations before interest and taxes	(733)	519
Income taxes paid	(92)	(102)
Net cash (used in)/generated from operating activities – continuing operations	(825)	418
Net cash generated from/(used in) operating activities – discontinued operations	0	(4)
Net cash (used in)/generated from operating activities	(825)	414

adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions

	First quarter 2020	First quarter 2019
Investing activities:		
Purchase of trademarks and other intangible assets	(19)	(17)
Purchase of property, plant and equipment	(114)	(73)
Proceeds from sale of property, plant and equipment	2	5
Proceeds from sale of short-term financial assets	287	0
Purchase of investments and other long-term assets	(37)	(86)
Interest received	6	6
Net cash generated from/(used in) investing activities – continuing operations	124	(164)
Net cash generated from investing activities – discontinued operations	-	-
Net cash generated from/(used in) investing activities	124	(164)
Financing activities:		
Interest paid	(34)	(33)
Repayments of lease liabilities	(158)	(134)
Repurchase of adidas AG shares	(257)	(152)
Repurchase of adidas AG shares due to share-based payments	(7)	(6)
Proceeds from reissuance of treasury shares due to share-based payments	6	5
Proceeds from short-term borrowings	920	14
Repayments of short-term borrowings	(5)	(9)
Net cash generated from/(used in) financing activities – continuing operations	466	(315)
Net cash generated from financing activities – discontinued operations	-	-
Net cash generated from/(used in) financing activities	466	(315)
Effect of exchange rates on cash	(10)	19
Decrease in cash and cash equivalents	(245)	(46)
Cash and cash equivalents at beginning of year	2,220	2,629
Cash and cash equivalents at end of period	1,975	2,584