

adidas

**FINANCIAL  
SUPPLEMENT**

January – December



# FINANCIAL SUPPLEMENT

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Dec. 31, 2020	Dec. 31, 2019	Change in %
<b>Assets</b>			
Cash and cash equivalents	3,994	2,220	80
Short-term financial assets	0	292	(100)
Accounts receivable	1,952	2,625	(26)
Other current financial assets	702	544	29
Inventories	4,397	4,085	8
Income tax receivables	109	94	17
Other current assets	999	1,076	(7)
Assets classified as held for sale	0	-	n.a.
<b>Total current assets</b>	<b>12,154</b>	<b>10,934</b>	<b>11</b>
Property, plant and equipment	2,157	2,380	(9)
Right-of-use assets	2,430	2,931	(17)
Goodwill	1,208	1,257	(4)
Trademarks	750	859	(13)
Other intangible assets	252	305	(18)
Long-term financial assets	353	367	(4)
Other non-current financial assets	414	450	(8)
Deferred tax assets	1,233	1,093	13
Other non-current assets	103	103	(1)
<b>Total non-current assets</b>	<b>8,899</b>	<b>9,746</b>	<b>(9)</b>
<b>Total assets</b>	<b>21,053</b>	<b>20,680</b>	<b>2</b>

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

	Dec. 31, 2020	Dec. 31, 2019	Change in %
<b>Liabilities and equity</b>			
Short-term borrowings	686	43	1,483
Accounts payable	2,390	2,703	(12)
Current lease liabilities	563	733	(23)
Other current financial liabilities	446	235	90
Income taxes	562	618	(9)
Other current provisions	1,609	1,446	11
Current accrued liabilities	2,172	2,437	(11)
Other current liabilities	398	538	(26)
<b>Total current liabilities</b>	<b>8,827</b>	<b>8,754</b>	<b>1</b>
Long-term borrowings	2,482	1,595	56
Non-current lease liabilities	2,159	2,399	(10)
Other non-current financial liabilities	115	92	24
Pensions and similar obligations	284	229	24
Deferred tax liabilities	241	280	(14)
Other non-current provisions	229	257	(11)
Non-current accrued liabilities	8	9	(9)
Other non-current liabilities	17	7	156
<b>Total non-current liabilities</b>	<b>5,535</b>	<b>4,868</b>	<b>14</b>
Share capital	195	196	(0)
Reserves	(474)	45	n.a.
Retained earnings	6,733	6,555	3
<b>Shareholders' equity</b>	<b>6,454</b>	<b>6,796</b>	<b>(5)</b>
Non-controlling interests	237	261	(9)
<b>Total equity</b>	<b>6,691</b>	<b>7,058</b>	<b>(5)</b>
<b>Total liabilities and equity</b>	<b>21,053</b>	<b>20,680</b>	<b>2</b>

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# CONSOLIDATED INCOME STATEMENT

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

	Year ending Dec. 31, 2020	Year ending Dec. 31, 2019	Change
Net sales	19,844	23,640	(16.1%)
Cost of sales	9,990	11,347	(12.0%)
<b>Gross profit</b>	<b>9,855</b>	<b>12,293</b>	<b>(19.8%)</b>
(% of net sales)	49.7%	52.0%	(2.3pp)
Royalty and commission income	83	154	(46.2%)
Other operating income	42	56	(24.5%)
Other operating expenses	9,229	9,843	(6.2%)
(% of net sales)	46.5%	41.6%	4.9pp
Marketing and point-of-sale expenses	2,573	3,042	(15.4%)
(% of net sales)	13.0%	12.9%	0.1pp
Distribution and selling expenses	4,962	4,997	(0.7%)
(% of net sales)	25.0%	21.1%	3.9pp
General and administration expenses	1,461	1,652	(11.6%)
(% of net sales)	7.4%	7.0%	0.4pp
Sundry expenses	119	134	(11.6%)
(% of net sales)	0.6%	0.6%	0.0pp
Impairment losses (net) on accounts receivable and contract assets	114	18	541.8%
<b>Operating profit</b>	<b>751</b>	<b>2,660</b>	<b>(71.8%)</b>
(% of net sales)	3.8%	11.3%	(7.5pp)
Financial income	29	64	(55.2%)
Financial expenses	204	166	23.2%
<b>Income before taxes</b>	<b>575</b>	<b>2,558</b>	<b>(77.5%)</b>
(% of net sales)	2.9%	10.8%	(7.9pp)
Income taxes	146	640	(77.2%)
(% of income before taxes)	25.4%	25.0%	0.3pp
<b>Net income from continuing operations</b>	<b>429</b>	<b>1,918</b>	<b>(77.6%)</b>
(% of net sales)	2.2%	8.1%	(6.0pp)
Gain from discontinued operations, net of tax	13	59	(77.5%)
<b>Net income</b>	<b>443</b>	<b>1,977</b>	<b>(77.6%)</b>
(% of net sales)	2.2%	8.4%	(6.1pp)
<b>Net income attributable to shareholders</b>	<b>432</b>	<b>1,976</b>	<b>(78.1%)</b>
(% of net sales)	2.2%	8.4%	(6.2pp)
<b>Net income attributable to non-controlling interests</b>	<b>11</b>	<b>2</b>	<b>540.9%</b>
Basic earnings per share from continuing operations (in €)	2.15	9.70	(77.9%)
Diluted earnings per share from continuing operations (in €)	2.15	9.70	(77.9%)
Basic earnings per share from continuing and discontinued operations (in €)	2.21	10.00	(77.8%)
Diluted earnings per share from continuing and discontinued operations (in €)	2.21	10.00	(77.8%)

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Year ending Dec. 31, 2020	Year ending Dec. 31, 2019
<b>Net income after taxes</b>	<b>443</b>	<b>1,977</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>	(15)	(50)
Net (loss) / gain on other equity investments (IFRS 9), net of tax	(2)	12
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>(17)</b>	<b>(38)</b>
<b>Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>		
Net loss on cash flow hedges and net foreign investment hedges, net of tax	(100)	(148)
Net gain / (loss) on cost of hedging reserve – options, net of tax	7	(7)
Net (loss) / gain on cost of hedging reserve – forward contracts, net of tax	(30)	11
Reclassification of foreign currency differences due to dissolution of subsidiaries	–	0
Currency translation differences	(401)	98
<b>Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met</b>	<b>(524)</b>	<b>(46)</b>
<b>Other comprehensive income</b>	<b>(540)</b>	<b>(84)</b>
<b>Total comprehensive income</b>	<b>(97)</b>	<b>1,894</b>
Attributable to shareholders of adidas AG	(87)	1,898
Attributable to non-controlling interests	(10)	(4)

<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.

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# 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 January 1, 2019</b>	199	887	(574)	(3)	(3)	(5)	(180)	6,054	6,377	(13)	6,364
Other comprehensive income			104	(147)	(7)	11	(38)		(78)	(6)	(84)
Net income								1,976	1,976	2	1,977
<b>Total comprehensive income</b>			104	(147)	(7)	11	(38)	1,976	1,898	(4)	1,894
Repurchase of adidas AG shares	(3)							(806)	(809)		(809)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(28)	(28)		(28)
Reissuance of treasury shares due to equity-settled share-based payment	0							32	32		32
Dividend payment								(664)	(664)	(2)	(666)
Equity-settled share-based payment								(10)	(10)		(10)
First-time consolidation due to obtaining control in accordance with IFRS 10										280	280
<b>Balance at December 31, 2019 / January 1, 2020</b>	196	887	(470)	(150)	(10)	6	(218)	6,555	6,796	261	7,058
Other comprehensive income			(380)	(100)	7	(30)	(17)		(519)	(21)	(540)
Net income								432	432	11	443
<b>Total comprehensive income</b>			(380)	(100)	7	(30)	(17)	432	(87)	(10)	(97)
Repurchase of adidas AG shares	(1)							(263)	(264)		(264)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(29)	(29)		(29)
Reissuance of treasury shares due to equity-settled share-based payment	0							36	36		36
Dividend payment										(17)	(17)
Equity-settled share-based payment								2	2		2
First-time consolidation due to obtaining control in accordance with IFRS 10										3	3
<b>Balance at December 31, 2020</b>	195	887	(850)	(250)	(3)	(23)	(235)	6,733	6,454	237	6,691

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# CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ending Dec. 31, 2020	Year ending Dec. 31, 2019
<b>Operating activities:</b>		
Income before taxes	575	2,558
<b>Adjustments for:</b>		
Depreciation, amortization and impairment losses	1,370	1,214
Reversals of impairment losses	(6)	(8)
Interest income	(25)	(50)
Interest expense	164	160
Unrealised foreign exchange losses/(gains), net	35	(1)
Losses on sale of property, plant and equipment and intangible assets, net	28	11
Other non-cash effects from operating activities	2	(12)
Payment for external funding of pension obligations (CTA)	–	(105)
<b>Operating profit before working capital changes</b>	<b>2,144</b>	<b>3,767</b>
Decrease/(Increase) in receivables and other assets	394	(694)
Increase in inventories	(503)	(505)
(Decrease)/Increase in accounts payable and other liabilities	(141)	95
<b>Cash generated from operations before taxes</b>	<b>1,893</b>	<b>3,519</b>
Income taxes paid	(404)	(692)
<b>Net cash generated from operating activities – continuing operations</b>	<b>1,489</b>	<b>2,828</b>
Net cash used in operating activities – discontinued operations	(3)	(9)
<b>Net cash generated from operating activities</b>	<b>1,486</b>	<b>2,819</b>
<b>Investing activities:</b>		
Purchase of trademarks and other intangible assets	(64)	(110)
Proceeds from sale of trademarks and other intangible assets	4	0
Purchase of property, plant and equipment	(379)	(598)
Proceeds from sale of property, plant and equipment	17	13
Proceeds from sale of a disposal group	1	8
Proceeds due to business combinations	–	54
Proceeds from disposal of discontinued operations	41	20
Proceeds from/ (Purchase of) sale of short-term financial assets	289	(284)
Purchase of investments and other long-term assets	(49)	(80)
Interest received	25	50
<b>Net cash used in investing activities – continuing operations</b>	<b>(115)</b>	<b>(925)</b>
Net cash generated from investing activities – discontinued operations	–	–
<b>Net cash used in investing activities</b>	<b>(115)</b>	<b>(925)</b>
<b>Financing activities:</b>		
Proceeds from issuance of bonds	1,490	–
Reverse transaction of buyback of Eurobonds	11	–
Interest paid	(157)	(156)



<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
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**adidas AG Consolidated Statement of Cash Flows (IFRS) € in millions**


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	Year ending Dec. 31, 2020	Year ending Dec. 31, 2019
Repayments of lease liabilities	(611)	(597)
Dividend paid to shareholders of adidas AG	–	(664)
Dividend paid to non-controlling interest shareholders	(17)	(2)
Repurchase of adidas AG shares	(257)	(809)
Repurchase of adidas AG shares due to share-based payments	(29)	(28)
Proceeds from reissuance of treasury shares due to share-based payments	25	24
Proceeds from short-term borrowings	543	–
Repayments of short-term borrowings	(519)	(42)
<b>Net cash generated from/(used in) financing activities – continuing operations</b>	<b>479</b>	<b>(2,273)</b>
Net cash generated from financing activities – discontinued operations	–	–
<b>Net cash generated from/(used in) financing activities</b>	<b>479</b>	<b>(2,273)</b>
<b>Effect of exchange rates on cash</b>	<b>(75)</b>	<b>(30)</b>
Increase /(Decrease) in cash and cash equivalents	1,774	(410)
Cash and cash equivalents at beginning of year	2,220	2,629
<b>Cash and cash equivalents at end of period</b>	<b>3,994</b>	<b>2,220</b>