



FINANCIAL SUPPLEMENT

JANUARY – SEPTEMBER

FINANCIAL SUPPLEMENT FOR THE FIRST NINE MONTHS 2020

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	September 30, 2020	September 30, 2019	Change in %	December 31, 2019
Assets				
Cash and cash equivalents	3,224	2,349	37.3	2,220
Short-term financial assets	0	6	(97.2)	292
Accounts receivable	2,607	3,247	(19.7)	2,625
Other current financial assets	772	699	10.4	544
Inventories	4,676	3,677	27.2	4,085
Income tax receivables	128	78	65.2	94
Other current assets	955	892	7.1	1,076
Assets classified as held for sale	0	–	n.a.	–
Total current assets	12,363	10,946	12.9	10,934
Property, plant and equipment	2,180	2,213	(1.5)	2,380
Right-of-use assets	2,648	2,919	(9.3)	2,931
Goodwill	1,233	1,276	(3.4)	1,257
Trademarks	785	886	(11.4)	859
Other intangible assets	244	216	13.2	305
Long-term financial assets	351	361	(2.8)	367
Other non-current financial assets	375	418	(10.4)	450
Deferred tax assets	1,170	723	61.9	1,093
Other non-current assets	113	150	(24.2)	103
Total non-current assets	9,100	9,162	(0.7)	9,746
Total assets	21,463	20,109	6.7	20,680

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

	September 30, 2020	September 30, 2019	Change in %	December 31, 2019
Liabilities and equity				
Short-term borrowings	1,726	414	316.7	43
Accounts payable	1,710	2,354	(27.4)	2,703
Current lease liabilities	598	559	6.9	733
Other current financial liabilities	289	227	27.5	235
Income taxes	630	379	66.4	618
Other current provisions	1,371	1,304	5.1	1,446
Current accrued liabilities	2,204	2,266	(2.7)	2,437
Other current liabilities	394	483	(18.4)	538
Total current liabilities	8,923	7,986	11.7	8,754
Long-term borrowings	2,590	1,599	62.0	1,595
Non-current lease liabilities	2,309	2,547	(9.3)	2,399
Other non-current financial liabilities	94	92	2.1	92
Pensions and similar obligations	267	260	2.5	229
Deferred tax liabilities	247	297	(16.7)	280
Other non-current provisions	215	205	4.8	257
Non-current accrued liabilities	8	12	(38.6)	9
Other non-current liabilities	19	7	178.3	7
Total non-current liabilities	5,750	5,020	14.5	4,868
Share capital	195	197	(0.8)	196
Reserves	(247)	347	n.a.	45
Retained earnings	6,584	6,572	0.2	6,555
Shareholders' equity	6,532	7,115	(8.2)	6,796
Non-controlling interests	259	(12)	n.a.	261
Total equity	6,791	7,103	(4.4)	7,058
Total liabilities and equity	21,463	20,109	6.7	20,680

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CONDENSED CONSOLIDATED INCOME STATEMENT

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

	Nine months 2020	Nine months 2019	Change	Third quarter 2020	Third quarter 2019	Change
Net sales	14,297	17,802	(19.7%)	5,964	6,410	(7.0%)
Cost of sales	7,141	8,367	(14.6%)	2,981	3,071	(2.9%)
Gross profit	7,155	9,435	(24.2%)	2,984	3,339	(10.6%)
[% of net sales]	50.0%	53.0%	(3.0pp)	50.0%	52.1%	(2.1pp)
Royalty and commission income	58	111	(48.1%)	24	37	(36.9%)
Other operating income	30	18	61.0%	10	7	34.0%
Other operating expenses	6,717	7,149	(6.0%)	2,223	2,486	(10.6%)
[% of net sales]	47.0%	40.2%	6.8pp	37.3%	38.8%	(1.5pp)
Marketing and point-of-sale expenses	1,843	2,200	(16.2%)	579	753	(23.0%)
[% of net sales]	12.9%	12.4%	0.5pp	9.7%	11.7%	(2.0pp)
Operating overhead expenses ¹	4,874	4,949	(1.5%)	1,644	1,733	(5.1%)
[% of net sales]	34.1%	27.8%	6.3pp	27.6%	27.0%	0.5pp
Operating profit	526	2,416	(78.2%)	794	897	(11.6%)
[% of net sales]	3.7%	13.6%	(9.9pp)	13.3%	14.0%	(0.7pp)
Financial income	19	28	(31.1%)	6	12	(53.2%)
Financial expenses	128	112	13.8%	44	44	0.1%
Income before taxes	417	2,331	(82.1%)	755	865	(12.7%)
[% of net sales]	2.9%	13.1%	(10.2pp)	12.7%	13.5%	(0.8pp)
Income taxes	126	594	(78.8%)	177	220	(19.7%)
[% of income before taxes]	30.2%	25.5%	4.7pp	23.5%	25.5%	(2.0pp)
Net income from continuing operations	291	1,737	(83.2%)	578	644	(10.4%)
[% of net sales]	2.0%	9.8%	(7.7pp)	9.7%	10.1%	(0.4pp)
(Loss)/gain from discontinued operations, net of tax	(5)	74	n.a.	(1)	2	n.a.
Net income	286	1,811	(84.2%)	577	646	(10.8%)
[% of net sales]	2.0%	10.2%	(8.2pp)	9.7%	10.1%	(0.4pp)
Net income attributable to shareholders	281	1,809	(84.4%)	546	646	(15.5%)
[% of net sales]	2.0%	10.2%	(8.2pp)	9.1%	10.1%	(0.9pp)
Net income attributable to non-controlling interests	4	2	117.2%	31	1	4281.3%
Basic earnings per share from continuing operations (in €)	1.47	8.76	(83.2%)	2.80	3.26	(14.2%)
Diluted earnings per share from continuing operations (in €)	1.47	8.76	(83.2%)	2.80	3.26	(14.2%)
Basic earnings per share from continuing and discontinued operations (in €)	1.44	9.13	(84.2%)	2.80	3.27	(14.6%)
Diluted earnings per share from continuing and discontinued operations (in €)	1.44	9.13	(84.2%)	2.80	3.27	(14.6%)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CONDENSED CONSOLIDATED INCOME STATEMENT	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Nine months 2020	Nine months 2019	Third quarter 2020	Third quarter 2019
Net income after taxes	286	1,811	577	646
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	(9)	(0)	(9)	(1)
Net (loss)/gain on other equity investments (IFRS 9), net of tax	(2)	11	0	(1)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	(10)	10	(9)	(1)
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	78	20	(64)	74
Net gain/(loss) on cost of hedging reserve – options, net of tax	8	(13)	(1)	(11)
Net (loss)/gain on cost of hedging reserve – forward contracts, net of tax	(21)	16	(3)	(0)
Currency translation differences	(357)	190	(179)	111
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	(292)	213	(248)	174
Other comprehensive income	(302)	224	(257)	173
Total comprehensive income	(17)	2,035	319	819
Attributable to shareholders of adidas AG	(11)	2,033	301	818
Attributable to non-controlling interests	(6)	2	19	1

¹ 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	Share- holders' 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			190	20	(13)	16	10		224	0	224
Net income								1,809	1,809	2	1,811
Total comprehensive income			190	20	(13)	16	10	1,809	2,033	2	2,035
Repurchase of adidas AG shares	(3)							(621)	(624)		(624)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(21)	(21)		(21)
Reissuance of treasury shares due to equity-settled share-based payment	0							25	25		25
Dividend payment								(664)	(664)	(2)	(666)
Equity-settled share-based payment								(10)	(10)		(10)
Balance at September 30, 2019	197	887	(384)	17	(16)	12	(170)	6,572	7,115	(12)	7,103
Balance at December 31, 2019	196	887	(470)	(150)	(10)	6	(218)	6,555	6,796	261	7,058
Other comprehensive income			(347)	78	8	(21)	(10)	-	(292)	(10)	(302)
Net income								281	281	4	286
Total comprehensive income			(347)	78	8	(21)	(10)	281	(11)	(6)	(17)
Repurchase of adidas AG shares	(1)							(256)	(257)		(257)
Repurchase of adidas AG shares due to equity-settled share-based payment	(0)							(21)	(21)		(21)
Reissuance of treasury shares due to equity-settled share-based payment	0							25	25		25
Equity-settled share-based payment								(0)	(0)		(0)
First-time consolidation due to obtaining control in accordance with IFRS 10										3	3
Balance at September 30, 2020	195	887	(816)	(73)	(2)	(14)	(229)	6,584	6,532	259	6,791

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CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Nine months 2020	Nine months 2019
Operating activities:		
Income before taxes	417	2,331
Adjustments for:		
Depreciation, amortization and impairment losses	1,074	884
Reversals of impairment losses	(2)	(2)
Interest income	(19)	(24)
Interest expense	124	107
Unrealized foreign exchange (gains)/losses, net	(18)	13
Losses on sale of property, plant and equipment and intangible assets, net	5	7
Other non-cash expense	3	6
Payment for external funding of pension obligations (CTA)	–	(4)
Operating profit before working capital changes	1,584	3,319
Increase in receivables and other assets	(174)	(1,061)
Increase in inventories	(778)	(177)
(Decrease)/increase in accounts payable and other liabilities	(1,217)	69
Cash (used in)/generated from operations before taxes	(585)	2,149
Income taxes paid	(289)	(519)
Net cash (used in)/generated from operating activities – continuing operations	(874)	1,630
Net cash used in operating activities – discontinued operations	–	(7)
Net cash (used in)/generated from operating activities	(874)	1,623

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

	Nine months 2020	Nine months 2019
Investing activities:		
Purchase of trademarks and other intangible assets	(46)	(65)
Proceeds from sale of trademarks and other intangible assets	3	0
Purchase of property, plant and equipment	(265)	(347)
Proceeds from sale of property, plant and equipment	3	10
Proceeds from sale of a disposal group	1	3
Proceeds from sale of/(Purchase of) short-term financial assets	289	(0)
Proceeds from disposal of discontinued operations net of cash disposed	21	21
Purchase of investments and other long-term assets	(42)	(72)
Interest received	19	22
Net cash used in investing activities – continuing operations	(17)	(428)
Net cash generated from investing activities – discontinued operations	–	–
Net cash used in investing activities	(17)	(428)
Financing activities:		
Repayments of long-term borrowings	(1)	–
Proceeds from issuance of a bond	995	–
Reverse transaction of buyback of Eurobonds	11	–
Interest paid	(102)	(89)
Repayments of lease liabilities	(399)	(447)
Dividend paid to shareholders of adidas AG	–	(664)
Dividend paid to non-controlling interest shareholders	–	(2)
Repurchase of treasury shares	(257)	(604)
Repurchase of treasury shares due to share-based payments	(21)	(21)
Proceeds from reissuance of treasury shares due to share-based payments	18	18
Proceeds from short-term borrowings	1,683	334
Repayments of short-term borrowings	(14)	–
Net cash generated from/(used in) financing activities – continuing operations	1,912	(1,474)
Net cash generated from financing activities – discontinued operations	–	–
Net cash generated from/(used in) financing activities	1,912	(1,474)
Effect of exchange rates on cash	(16)	(1)
Increase/(decrease) of cash and cash equivalents	1,005	(280)
Cash and cash equivalents at beginning of year	2,220	2,629
Cash and cash equivalents at end of period	3,224	2,349