



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 954 690 873
Organisasjonsform: Aksjeselskap
Foretaksnavn: ADIDAS NORGE AS
Forretningsadresse: Henrik Ibsens gate 60
0255 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Sabina Lerne
Dato for fastsettelse av årsregnskapet: 26.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	511 438 978	637 352 594
Annen driftsinntekt		19 870	22 638
Sum inntekter		511 458 848	637 375 232
Kostnader			
Varekostnad	11	370 623 107	511 041 881
Lønnskostnad	4	27 685 795	24 371 562
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	7 129 096	5 617 131
Annen driftskostnad	2	90 051 558	78 692 626
Sum kostnader		495 489 556	619 723 200
Driftsresultat		15 969 292	17 652 032
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		172 461	635 770
Annen renteinntekt		371	
Annen finansinntekt		262 468	94 821
Sum finansinntekter		435 300	730 591
Annen rentekostnad		2 188 416	1 461 202
Annen finanskostnad		367 208	80 886
Sum finanskostnader		2 555 624	1 542 088
Netto finans		-2 120 324	-811 497
Ordinært resultat før skattekostnad		13 848 968	16 840 535
Skattekostnad på ordinært resultat	5	2 688 661	4 100 966
Ordinært resultat etter skattekostnad		11 160 307	12 739 569
Årsresultat		11 160 307	12 739 569
Overføringer og disponeringer			
Ordinært utbytte		11 000 000	12 000 000
Overføringer til/fra annen egenkapital		160 308	739 568



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		11 160 308	12 739 568



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		1 383 352	3 133 410
Sum immaterielle eiendeler		1 383 352	3 133 410
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	6	12 084 950	18 888 142
Sum varige driftsmidler		12 084 950	18 888 142
Sum anleggsmidler		13 468 302	22 021 552
Omløpsmidler			
Varer			
Varer	7	8 781 721	8 462 465
Sum varer		8 781 721	8 462 465
Fordringer			
Kundefordringer		16 532 590	47 492 734
Andre fordringer		6 815 352	16 901 408
Konsernfordringer	11	125 125 615	44 854 425
Sum fordringer		148 473 557	109 248 567
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	411 616	2 502 425
Sum bankinnskudd, kontanter og lignende		411 616	2 502 425
Sum omløpsmidler		157 666 894	120 213 457
SUM EIENDELER		171 135 196	142 235 009

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Selskapskapital	9	5 000 000	5 000 000
Overkurs		6 930 000	6 930 000
Sum innskutt egenkapital		11 930 000	11 930 000
Opptjent egenkapital			
Fond		6 264 000	6 264 000
Annen egenkapital		1 478 273	1 317 966
Sum opptjent egenkapital		7 742 273	7 581 966
Sum egenkapital		19 672 273	19 511 966
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		5 774 334	8 180 683
Betalbar skatt	5	962 182	3 529 833
Skyldige offentlige avgifter		19 820 501	19 341 853
Utbytte		11 000 000	12 000 000
Kortsiktig konserngjeld	11	15 977 301	9 639 731
Annen kortsiktig gjeld		97 928 605	70 030 944
Sum kortsiktig gjeld		151 462 923	122 723 044
Sum gjeld		151 462 923	122 723 044
SUM EGENKAPITAL OG GJELD		171 135 196	142 235 010



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To the General Meeting of adidas Norge AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of adidas Norge AS showing a profit of NOK 11 160 308. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslø	Elverum	Mo i Rana	Stord
Alla	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansund	Stavanger	Alesund



adidas Norge AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Hamar, 31 August 2021

KPMG AS

Thore Kleppen

State Authorised Public Accountant



Organisation number: 954 690 873

adidas Norge AS

Financial statements
for the year ended 31 December 2020



adidas Norge AS

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for the year ended 31 December 2020

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adidas Norge AS

The Board's report for the year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activities

adidas Norge AS is a trading entity and agent of sports and leisure products in Norway. The business operates in the Norwegian market. The head office is located in Oslo. During 2020, the company's revenue decreased by 20%. adidas Norge AS leases an outlet in Lillestrøm which retails adidas products from previous seasons.

The Board of Directors opine that the Financial Statements give a true and fair view of adidas Norge AS' assets, liabilities, financial position and profit for the year.

Going concern

In accordance with the accounting law in Norway (regnskapsloven § 3-3a) it is confirmed that the going concern assumption is in place. This conclusion is based on the forecast profit for 2020 and the company's future longterm strategic plans. The company is in a good economic shape and financial position.

Workplace environment

The company registered number of sick days was 4.58% of total working hours in 2020. The company will continue to reduce the number of sick days by offering gym membership, employees health insurance and physiotherapy. In 2020 the company did not have any staff injuries.

The working environment is regarded as positive.

Cooperation with the employees' organisations has been constructive and has had a positive effect on the business.

Research and development

The company does not have any research and development activities.

Environment

Being a sustainable business is about striking a balance between shareholder expectations and the needs and concerns of our employees, consumers, and communities, as well as the workers in our supply chain and the environment. We believe that acting as a responsible company will contribute to lasting economic success.

Our holistic approach to sustainability responds to the challenges that endanger our planet and people. Consequently, sustainability is an integral component of our strategy 'Own the Game' and we have a clear roadmap for 2025 and beyond. It tackles the topics that are most material to our business and our stakeholders, and translates our overall sustainability efforts into tangible goals.

adidas Norge does not pollute the environment in a significant way from its operations. However, we acknowledge the fact that the most significant source of emissions comes from outsourced production and transportation of goods. Therefore, the board is continually engaged in improvements within our supply chain and working towards minimizing our carbon footprint. Please refer to our publicly available Group Sustainability report on the Adidas AG website for further detailed information on Environmental factors considered.



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The Board's report
for the year ended 31 December 2020

Future development

The corporate group has a clear vision of growth in the future, both in terms of profit and particularly in terms of revenue. Focus will be placed on winning the end consumer by means of placing more weight on the strong brand name through increased marketing and increased focus on product development.

Profit, cash flow, investments, financing and liquidity

Revenue decreased from kr. 637.4 mill in 2019 to kr. 511.5 mill in 2020. The profit for the year decreased from a profit of kr. 12.7 mill in 2019 to a profit of kr. 11.2 mill in 2020.

Cash flows from operating activities were kr. +10.5 mill in 2020 versus kr. +28.8 mill in 2019. The operating profit for the company was kr. 16.0 mill in 2020 versus kr. 17.7 mill in 2019.

The company has kr. 0.4 mill in cash as at 31.12.2020. The company's ability to self-finance investments is good. The company's short-term liabilities amounted to 100.0% of total liabilities at 31.12.2020, compared with 100.0% at 31.12.2019.

Total capital was kr. 171.1 mill at the year end, compared with kr. 142.2 mill in the prior year. The equity-to assets ratio as at 31.12.2020 was 11.3%, compared with 13.7% as at 31.12.2019.

Financial risk

Market risk

The company has an indirect risk linked to foreign exchange (EUR/USD). The company has not entered into any forward contracts or agreements to reduce the company's foreign exchange risk and consequently the operational market risk.

Credit risk

The risk that the customer does not have the economic means to meet obligations is assessed as low as historically there has been a low level of bad debt. Gross credit risk at 31.12.2020 amounts to kr 16.5 mill for the company. This is a decrease compared to 31.12.2019 when credit risk was kr 47.5 mill. These numbers are exclusive of receivables from group companies. There are no debt-factoring agreements in place or other financial instruments to reduce credit risk in adidas Norge AS.

Liquidity risk

The company assesses the liquidity as good and no measures are planned to reduce liquidity risk. The payment terms to customers will be maintained.

Due to the coronavirus pandemic, there is significant uncertainty with regards to the estimated financial impact on the business.

Profit for the year and distribution

The Board proposes the following distribution of profits for the year for adidas Norge AS:

	NOK
Proposed dividend	11,000,000
Other equity	160,308
	<u>11,160,308</u>



adidas Norge AS

**The Board's report
for the year ended 31 December 2020**

Equal Opportunities

The company's Board of Directors is 50% female. Of 41 full time equivalent employees in 2020, 18 were female and 23 were male. Both the Board of Directors and the management team are aware of the external expectations related to measures to obtain equality within the business, within management and the Board of Directors. Arrangements related to working hours in the company are directly linked to the job description and are not dependant on gender.

We strongly believe that diversity, inclusion, and equality are key to the success of our company. To be the best sports brand in the world, we need the best diverse talent that reflects the diversity of our customers and consumers. We celebrate this diversity as it helps us better serve the communities we work in, while also providing a competitive business advantage.

Going Concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent company and fellow subsidiaries. The Company is dependent for its working capital on funds provided to it by adidas AG, its ultimate parent company, through the centralised treasury arrangement. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from adidas AG to meet its liabilities as they fall due for that period.

Adidas AG have indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.



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The Board's report
for the year ended 31 December 2020

Oslo, 26th August 2021

Sabina Lerne
Chairman of the Board

Krystof Mejstrik
Board Member



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Income statement for the year ended 31 December 2020

	Note	2020 NOK	2019 NOK
Revenue	3	511,438,978	637,352,594
Other operating income		19,870	22,638
Gross profit		511,458,848	637,375,231
Cost of sales	11	(370,623,107)	(511,041,881)
Wages, salaries and social security contributions	4	(27,685,795)	(24,371,562)
Depreciation	6	(7,129,096)	(5,617,131)
Other operating expenses	2	(90,051,558)	(78,692,626)
Operating loss		(495,489,555)	(619,723,199)
Operating profit		15,969,293	17,652,032
Interest income from group companies		172,461	635,770
Other interest income		371	-
Financial income		262,468	94,821
Other interest expenses		(2,188,416)	(1,461,202)
Financial expenses		(367,208)	(80,886)
Net financial income/expense		(2,120,324)	(811,497)
Ordinary profit before tax		13,848,968	16,840,535
Tax on ordinary profit	5	(2,688,661)	(4,100,966)
Profit for the financial year		11,160,308	12,739,568
		2020 NOK	2019 NOK
Total distributed			
Dividends paid/proposed		11,000,000	12,000,000
Allocated to other equity		160,308	739,568
Total dispositions		11,160,308	12,739,568



adidas Norge AS

Balance sheet for the year ended 31 December 2020

	Note	2020 NOK	2019 NOK
Non-current assets			
Intangible assets - Deferred tax asset		1,383,352	3,133,410
Fixed assets - Machinery and equipment	6	<u>12,084,950</u>	<u>18,888,142</u>
Total non-current assets		13,468,302	22,021,552
Current assets			
Inventories	7	8,781,721	8,462,465
Receivables from customers (non-group)		16,532,590	47,492,734
Receivables from group companies	11	125,125,615	44,854,425
Other short term receivables		6,815,352	16,901,408
Bank and cash balances	8	<u>411,616</u>	<u>2,502,426</u>
Total current assets		157,666,894	120,213,458
Total assets		<u><u>171,135,196</u></u>	<u><u>142,235,010</u></u>



adidas Norge AS			
Balance sheet (continued)			
for the year ended 31 December 2020			
	Note	2020 NOK	2019 NOK
Equity			
Share capital (5.000 shares at NOK 1.000)	9	5,000,000	5,000,000
Share premium reserve	9	6,930,000	6,930,000
Other reserves	9	6,264,000	6,264,000
Profit and loss account	9	<u>1,478,273</u>	<u>1,317,966</u>
Total equity		19,672,273	19,511,966
Liabilities			
Liabilities to banks and financial institutions			
Trade liabilities (non-group)		5,774,334	8,180,683
Liabilities to group companies	1	15,977,301	9,639,731
Company tax liabilities		962,182	3,529,833
Other tax liabilities		19,820,501	19,341,853
Dividend payable		11,000,000	12,000,000
Other short term liabilities		<u>97,928,605</u>	<u>70,030,944</u>
Total liabilities		151,462,923	122,723,044
Total equity and liabilities		<u><u>171,135,196</u></u>	<u><u>142,235,010</u></u>



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Income statement and balance sheet
for the year ended 31 December 2020

Oslo, 26th August 2021

Sabina Lerne
Chairman of the Board

Krystof Mejstrik
Board Member



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Cash flow statement for the year ended 31 December 2020

	Note	2020 NOK	2019 NOK
Cash flows from operating activities			
Profit before tax		13,848,968	16,840,535
Adjustments for:			
Corporation tax (paid)		(4,629,290)	(6,443,959)
Loss on disposal of tangible assets		278,803	-
Depreciation of tangible assets	6	7,129,096	5,617,131
(Increase) in stocks	7	(319,257)	(2,043,277)
Decrease in debtors		(49,311,046)	14,230,247
(Decrease) in creditors		3,931,221	(14,413,511)
Increase/(decrease) in net pension assets/liabs			
Changes in other balance sheet items		39,585,402	15,003,804
Net cash generated from operating activities		10,513,896	28,790,968
Cash flows from investing activities			
Purchase of tangible fixed assets	6	(604,706)	(14,365,740)
Net cash from investing activities		(604,706)	(14,365,740)
Cash flows from financing activities			
Net change in bank overdraft			
Dividends paid		(12,000,000)	(12,000,000)
Net cash used in financing activities		(12,000,000)	(12,000,000)
Cash and cash equivalents at beginning of year		2,502,426	77,198
Cash and cash equivalents at the end of year		411,616	2,502,426
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	8	411,616	2,502,426
		411,616	2,502,426



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**Notes to the financial statements
for the year ended 31 December 2020**

1. Accounting policies

The financial statements consist of P&L statement, balance sheet, cash flow statement and notes and are in accordance with legal requirements and generally accepted accounting principles in Norway as per December 31, 2020.

The financial statements are based on basic principles regarding historical cost, comparability, contribution of operations, congruity and prudence. Transactions are accounted for according to fair value at the time of the transaction. Revenues are accounted for when they occurred, and expenses are matched with revenues. Accounting for revenues is thus normally done at the time of the delivery of goods and services. Discounts and bonuses are deducted from the operating revenues. Expenses, which do not refer directly to income, are expensed when they occur. The accounting principles are explained below.

When actual figures are not available at the time for presenting the financial statements, the generally accepted accounting principles require that the management make the best possible estimate for use in P&L and balance sheet. Differences between estimated and actual figures may arise. In use of accounting principles, and in presentation of transactions and other information, the financial realities, and not only the legal requirements shall be emphasized. Conditional losses, which are probable and possible to quantify, shall be expensed.

Assets/liabilities, which are related to the circulation of goods, and items falling due within one year after the date of balance sheet, are classified as current assets/short term liabilities. The valuation of current assets/short term liabilities is based on the lowest/highest value of acquisition cost and real value. Market value is defined as estimated future sales price with reduction of expected cost related to the sale. Other assets are classified as non-current assets.

1.1 Fixed assets

Fixed assets are booked in the balance sheet on acquisition cost, reduced with accumulated depreciations and write-downs. If the fair value of the asset is lower than book value, and this is related to reasons, which are considered to be permanent, the asset shall be written down to the fair value. Expenses related to periodical maintenance and repairs of production equipment shall be accrued. Expenses related to normal maintenance and repairs shall be expensed when they occur. Expenses related to significant replacements and renewals, which considerably increase the useful life of the assets, are activated. Fixed assets, which are replaced, shall be expensed. An asset is considered as a fixed asset if it has a useful life for more than 3 years, and an acquisition cost of more than NOK 15,000. Operational leasing shall be expensed as normal rental cost, and shall be classified as ordinary operating expense.

1.2 Depreciations

Ordinary depreciations are calculated according to the straight-line method, based on the useful life and historical cost price of the fixed assets. The depreciations are classified as ordinary depreciations.



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Notes to the financial statements
for the year ended 31 December 2020

1. Accounting policies (continued)

1.3 Inventories and cost of sales

Stocks of merchandise shall be valued at the lower of cost price based on "first in - first out" principle and fair value. Cost price of purchased merchandise is acquisition cost. Cost of sales for the year consists of cost price for the goods sold, in addition to write downs according to the generally accepted accounting principles as per end of the year.

1.4 Receivables

Receivables are based on original amount with reduction of estimated losses.

1.5 Currencies

Amounts in foreign currencies are calculated according to the exchange rates of the balance sheet date.

1.6 Pension obligations and pension cost

The employees have a retirement-pension plan based on the deposits into individual pension accounts. This year's payment has been expensed. Net pension cost is classified as ordinary operating expense, and is disclosed under wages, salaries and social security contributions.

1.7 Deferred tax and tax expense

Deferred tax is calculated on the basis of temporary differences between book values and tax values at the end of the accounting year. The calculation is based on the nominal tax rate. Positive and negative differences are netted within the same period. Deferred tax assets occur if temporary differences will bring future tax deductibles. Deferred tax expense, consists of changes in deferred tax and deferred tax assets, together with payable tax for the accounting year adjusted with differences in prior year's calculations.

1.8 Cash flow analysis

The cash flow analysis is presented according to the indirect method. Cash consists of cash, bank deposits and other short-term liquid deposits, which immediately, and with non-material risk can be converted into know cash amounts, and with due, date less than three months from the acquisition date.



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Notes to the financial statements for the year ended 31 December 2020

2. Auditors Fees

	2020	2019
	NOK	NOK
Specification of auditor's fee:		
Statutory auditor fee	243,400	234,000
Other services	3,540	116,000
	<u>246,940</u>	<u>350,000</u>

The balances above do not include VAT

3. Revenue

	2020	2019
	NOK	NOK
By geographical location		
Domestic	510,418,337	635,708,797
Rest of the world	1,040,511	1,666,434
	<u>511,458,848</u>	<u>637,375,231</u>

	2020	2019
	NOK	NOK
By business area		
Wholesale	300,797,603	494,322,707
Retail and e-com	210,661,245	143,052,524
	<u>511,458,848</u>	<u>637,375,231</u>

4. Salaries, number of employees, benefits, loan to employees, pension etc.

Staff costs were as follows:

	2020	2019
	NOK	NOK
Wages and salaries	22,535,433	19,529,442
Payroll tax	3,635,352	3,094,344
Pension cost	761,954	961,069
Other benefits	753,055	786,707
	<u>27,685,795</u>	<u>24,371,562</u>

The average monthly number of employees during the year was as follows:

	2020	2019
	No.	No.
Employees	<u>41</u>	<u>32</u>

Managing director receives remuneration from adidas Sverige AB.



adidas Norge AS

Notes to the financial statements
for the year ended 31 December 2020

5. Taxes

	2020	2019
	NOK	NOK
Tax payable		
Ordinary profit before tax expenses	13,848,968	16,840,535
Permanent differences		
Change in temporary differences	<u>(9,475,414)</u>	<u>(795,838)</u>
	4,373,555	16,044,696
Taxes payable at 22%	<u>962,182</u>	<u>3,529,833</u>
Total tax payable	<u>962,182</u>	<u>3,529,833</u>
	2020	2019
	NOK	NOK
Tax expenses for the year in P&L		
Tax payable	962,182	3,529,833
Deferred tax - gross changes	1,750,058	367,361
Correction to previous years	<u>(23,579)</u>	<u>203,772</u>
Total tax expenses for the year in P&L	<u>2,688,661</u>	<u>4,100,966</u>
	2020	2019
	NOK	NOK
Specification of basis for the deferred taxes		
Fixed assets	-	-
Current assets	44,330,436	60,033,865
Liabilities	<u>(50,618,399)</u>	<u>(74,276,637)</u>
	(6,287,963)	(14,242,772)
Deferred tax asset at 22%	<u>(1,383,352)</u>	<u>(3,133,410)</u>
Total deferred tax payable	<u>(1,383,352)</u>	<u>(3,133,410)</u>



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Notes to the financial statements
for the year ended 31 December 2020

6. Tangible fixed assets

	Improvements to leased offices NOK	Machinery & equipment NOK	Intangible fixed assets NOK	2020 Total NOK	2019 Total NOK
Acquisition cost					
At 1 January	-	30,036,865	-	30,036,865	15,671,125
Additions	-	604,706	-	604,706	14,365,740
Disposals	-	(917,886)	-	(917,886)	-
At 31 December	-	29,723,685	-	29,723,685	30,036,865
Accumulated depreciation					
At 1 January	-	(11,148,723)	-	(11,148,723)	(5,531,592)
Depreciation for the year	-	(7,129,096)	-	(7,129,096)	(5,617,131)
Depreciation on disposal	-	639,083	-	639,083	-
At 31 December	-	(17,638,735)	-	(17,638,735)	(11,148,723)
Book Value	-	12,084,950	-	12,084,950	18,888,142

	Expected useful economic life	Depreciation plan
Improvements leased offices	10 years	Lineal
Fixtures, fittings and equipment	10 years	Lineal
Intangible fixed assets	10 years	Lineal



adidas Norge AS

Notes to the financial statements
for the year ended 31 December 2020

7. Inventory

	2020	2019
	NOK	NOK
Finished goods and goods for resale	8,781,721	8,462,465
	<u>8,781,721</u>	<u>8,462,465</u>

All goods are valued at acquisition cost.

8. Cash and cash equivalents

	2020	2019
	NOK	NOK
Amount related to the tax deduction account	334,290	312,642
	<u>334,290</u>	<u>312,642</u>

The company has a bank guarantee of NOK 2,875,375 in Danske Bank which applies to rent of premises.
Maturity: 30.04.2024

The company has submitted a surety for any outstanding with adidas AG.

9. Equity

	Share capital NOK	Capital reserves NOK	Transferred other equity NOK	Other equity NOK	Total NOK
At 1 January	5,000,000	6,930,000	6,264,000	1,317,966	19,511,966
Changes in equity:					
Proposed dividends	-	-	-	(11,000,000)	(11,000,000)
Profit for the year	-	-	-	11,160,308	11,160,308
At 31 December	<u>5,000,000</u>	<u>6,930,000</u>	<u>6,264,000</u>	<u>1,478,273</u>	<u>19,672,273</u>

Share capital and information about share holders:

The share capital in adidas Norge as per 31.12.2020, consists of one share class with equal right to vote.
adidas AG is the sole owner of the shares.



adidas Norge AS

Notes to the financial statements
for the year ended 31 December 2020

10. Financial Risk

As of 31 December 2020, the company does not use any financial instruments for managing the financial risk.

The majority of sales are in NOK. Purchases are mainly in EUR, SEK and NOK. The company does not have any foreign exchange forward contracts per 31.12.2020.

The company has thorough follow-up procedures of outstanding accounts. Credit assessment is undertaken for new customers.

11. Related parties

Group companies are considered to be related parties. All goods for sale are purchased from group companies.

Sales and purchase transactions with group companies are conducted in compliance with normal commercial terms and the arm's length principle. Significant agreements with related parties are concluded in writing.

At 31.12.2020 receivables due from group companies was NOK 125.1 mill compared to NOK 44.9 mill at 31.12.2019. Liabilities to group companies was NOK 16.0 mill at 31.12.2020 versus NOK 9.6 mill at 31.12.2019.

Purchases from related parties during 2020 amounted to NOK 395.3 mill compared to NOK 513.9 mill in 2019.

Sales to related parties during 2020 were NOK 0.2m versus NOK 0 mill in 2019.

This looks low in comparison to the receivables due from group companies as this isnt actual sales but legal costs incurred on behalf of group companies and then recharged.

12. COVID-19 Financial impact

Due to the coronavirus pandemic, there is significant uncertainty with regards to the estimated financial impact on the business. adidas Norway closely monitors the development and continuously tries to evaluate the extent to which this may affect the short-and long-term operations.



Our date 24.04.2019	Din/Your date 14.03.2019	Inquiries to Henning Stokke
800 80 000 Tax Administration Norway.no	Din/Your reference Lauren Beswick	Telephone 800 80 000
Org.nr 974761076	Our reference 2019/5541232	Postal address P.O. Box 9200 Grønland 0134 OSLO

ADIDAS NORGE AS
P.O. Box 2929 Solli
0230 OSLO

Permission to prepare the annual accounts and directors' report in English language

With reference to your letter of 14 March 2019 with respect to the matter above, regarding Adidas Norge AS, org.no. 954 690 873.

Based on a total evaluation, the view of The Directorate of Taxes is that the above mentioned company may state the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

From the application:

- *Adidas Norge AS is a 100 % owned subsidiary of a foreign company*
- *It has a solely professional owner (no personal owners)*
- *The members of the Board of Directors are foreign citizens without sufficient knowledge of the Norwegian language*
- *Goods for sale are solely bought from group companies, and those group companies are of foreign origin*
- *The company is operating in an international business sector*
- *There are very few users of the financial statements except for the owners (there is no external financing)*
- *A significant share of transactions are in foreign currency*

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall "*the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language*".



Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “*informative accounts for different users of accounts*”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company is wholly owned by an international Parent Company. Further, the company is part of a global Group, where the Group working language is English. All parties in this trade of business uses and masters the English language.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Inger Helene Iversen
Senior Adviser
Legal Departement
Norwegian Directorate of Taxes

Henning Stokke

This document has been electronically approved and contains therefore no handwritten signatures.