

adidas



ANNUAL REPORT

2022

FINANCIAL HIGHLIGHTS 2022 (IFRS)

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	2022	2021	Change
Operating Highlights (€ in millions)			
Net sales ¹	22,511	21,234	6%
Gross profit ¹	10,644	10,765	(1%)
Other operating expenses ¹	10,260	8,892	15%
EBITDA ¹	1,874	3,066	(39%)
Operating profit ¹	669	1,986	(66%)
Net income from continuing operations ²	254	1,492	(83%)
Net income attributable to shareholders	612	2,116	(71%)
Key Ratios			
Gross margin ¹	47.3%	50.7%	(3.4pp)
Other operating expenses in % of net sales ¹	45.6%	41.9%	3.7pp
Operating margin ¹	3.0%	9.4%	(6.4pp)
Effective tax rate ¹	34.5%	19.4%	15.0pp
Net income attributable to shareholders in % of net sales ¹	2.7%	10.0%	(7.2pp)
Average operating working capital in % of net sales ¹	24.0%	20.0%	4.0pp
Equity ratio ²	24.6%	34.0%	(9.4pp)
Adjusted net borrowings/EBITDA ¹	3.2	0.7	n.a.
Financial leverage ²	121.2%	27.7%	93.5pp
Return on equity ²	12.3%	28.1%	(15.9pp)
Balance Sheet and Cash Flow Data (€ in millions)			
Total assets	20,296	22,137	(8%)
Inventories	5,973	4,009	49%
Receivables and other current assets	4,961	4,072	22%
Operating working capital	5,594	3,890	44%
Shareholders' equity	4,991	7,519	(34%)
Capital expenditure	695	667	4%
Net cash (used in)/generated from operating activities ³	(458)	2,873	n.a.
Per Share of Common Stock (€)			
Basic earnings ¹	1.25	7.47	(83%)
Diluted earnings ¹	1.25	7.47	(83%)
Net cash (used in)/generated from operating activities ²	(2.50)	14.79	n.a.
Dividend ³	0.70	3.30	(79%)
Share price at year-end	127.66	253.20	(50%)
Other (at year-end)			
Number of employees	59,258	61,401	(3%)
Number of shares outstanding	178,537,198	191,594,855	(7%)
Average number of shares	183,263,629	194,172,984	(6%)

¹ 2022 and 2021 figures reflect continuing operations as a result of the reclassification of the Reebok business to discontinued operations.

² Based on shareholders' equity.

³ Subject to Annual General Meeting approval.

INDIVIDUAL MEETING PARTICIPATION OF THE SUPERVISORY BOARD MEMBERS

	Number of meetings	Participation	Participation rate
Members of the Supervisory Board as at December 31, 2022			
Thomas Rabe, Chairman	15	15	100%
Ian Gallienne, Deputy Chairman	15	15	100%
Udo Müller, Deputy Chairman	15	15	100%
Petra Auerbacher	9	9	100%
Birgit Biermann ¹	4	4	100%
Jackie Joyner-Kersey	9	9	100%
Christian Klein	9	6	67%
Bastian Knobloch	9	8	89%
Kathrin Menges	13	13	100%
Beate Rohrig	9	9	100%
Nassef Sawiris	9	9	100%
Frank Scheiderer	13	13	100%
Michael Storl ²	11	11	100%
Bodo Uebber	13	13	100%
Jing Ulrich	9	6	67%
Günter Weigl	13	13	100%
Member of the Supervisory Board until August 31, 2022			
Roland Nosko	7	7	100%

¹ Member of the Supervisory Board since September 1, 2022.

² Member of the General Committee since October 12, 2022.

TASKS AND TOPICS FOR THE ENTIRE SUPERVISORY BOARD

In the year under review, there were nine meetings of the entire Supervisory Board (2021: seven meetings).

The following subject areas were presented to us in detail by the Executive Board for regular discussion at meetings of the entire Supervisory Board: the development of sales, earnings, and the employment situation, the financial position of the company, and the development of the company's individual operations, brands, and markets. Furthermore, we focused on the impact of the geopolitical situation in Ukraine and the associated wind-down of business operations in Russia, the ongoing pandemic-related restrictions and the related slower recovery of the business in China, the elevated inventory levels due to declining consumer demand and the termination of the Yeezy partnership. Moreover, we thoroughly addressed supply chain challenges, the development of the market shares in the major markets and adidas' brand heat, also compared with our competitors. Additionally, we examined the development of e-commerce sales, the continued expansion of adidas' direct-to-consumer business, and the progress of the company's digital transformation. The status of the Reebok divestiture process was also regularly addressed and conferred on. We also discussed the annual and multi-year planning of the Executive Board. One of the focus topics in this respect was the implementation status of the long-term strategy 'Own the Game' that will run until the 2025 financial year. The growing importance of ESG-related topics and their regulation was also discussed regularly by the Supervisory Board. Finally, the Executive Board informed us about the implementation of the people strategy and the measures taken to foster and accelerate Diversity, Equity, and Inclusion at adidas. As regards personnel matters, the extension of the appointments of Roland Auschel and Brian Grevy and the change in the Chief Executive Officer position from Kasper Rorsted to Bjørn Gulden were some of the main topics of consultation.