

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Dollars in millions, except per share data)	THREE MONTHS ENDED			NINE MONTHS ENDED		
	2/28/2019	2/28/2018	% Change	2/28/2019	2/28/2018	% Change
Revenues	\$ 9,611	\$ 8,984	7%	\$ 28,933	\$ 26,608	9%
Cost of sales	5,272	5,046	4%	16,092	15,030	7%
Gross profit	4,339	3,938	10%	12,841	11,578	11%
Gross margin	45.1%	43.8%		44.4%	43.5%	
Demand creation expense	865	862	0%	2,739	2,594	6%
Operating overhead expense	2,226	1,905	17%	6,557	5,797	13%
Total selling and administrative expense	3,091	2,767	12%	9,296	8,391	11%
% of revenues	32.2%	30.8%		32.1%	31.5%	
Interest expense (income), net	12	13	—	37	42	—
Other (income) expense, net	(55)	(1)	—	(50)	35	—
Income before income taxes	1,291	1,159	11%	3,558	3,110	14%
Income tax expense	190	2,080	-91%	518	2,314	-78%
Effective tax rate	14.7%	179.5%		14.6%	74.4%	
NET INCOME (LOSS)	\$ 1,101	\$ (921)	n/m	\$ 3,040	\$ 796	282%
Earnings (loss) per common share:						
Basic	\$ 0.70	\$ (0.57)	n/m	\$ 1.92	\$ 0.49	292%
Diluted	\$ 0.68	\$ (0.57)	n/m	\$ 1.87	\$ 0.48	290%
Weighted average common shares outstanding:						
Basic	1,572.8	1,623.5		1,582.8	1,629.9	
Diluted	1,609.6	1,623.5		1,621.5	1,665.7	
Dividends declared per common share	\$ 0.22	\$ 0.20		\$ 0.64	\$ 0.58	

n/m - Not meaningful as a result of the net loss incurred for the three months ended February 28, 2018, due to the enactment of the U.S. Tax Cuts and Jobs Act.

NIKE, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Dollars in millions)</i>	February 28, 2019	February 28, 2018	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 3,695	\$ 3,662	1%
Short-term investments	351	1,089	-68%
Accounts receivable, net	4,549	3,792	20%
Inventories	5,415	5,366	1%
Prepaid expenses and other current assets	1,786	1,446	24%
Total current assets	15,796	15,355	3%
Property, plant and equipment, net	4,688	4,298	9%
Identifiable intangible assets, net	283	282	0%
Goodwill	154	139	11%
Deferred income taxes and other assets	2,000	2,478	-19%
TOTAL ASSETS	\$ 22,921	\$ 22,552	2%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 6	\$ 6	0%
Notes payable	16	11	45%
Accounts payable	2,307	1,961	18%
Accrued liabilities	4,738	3,727	27%
Income taxes payable	214	78	174%
Total current liabilities	7,281	5,783	26%
Long-term debt	3,465	3,469	0%
Deferred income taxes and other liabilities	3,214	3,518	-9%
Redeemable preferred stock	—	—	—
Shareholders' equity	8,961	9,782	-8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,921	\$ 22,552	2%

NIKE, Inc.
DIVISIONAL REVENUES
(Unaudited)

<i>(Dollars in millions)</i>	THREE MONTHS ENDED		%	% Change	NINE MONTHS ENDED		%	% Change
	2/28/2019	2/28/2018	Change	Excluding Currency Changes¹	2/28/2019	2/28/2018	Change	Excluding Currency Changes¹
North America								
Footwear	\$ 2,509	\$ 2,293	9%	10%	\$ 7,309	\$ 6,797	8%	8%
Apparel	1,173	1,153	2%	2%	3,985	3,731	7%	7%
Equipment	128	125	2%	2%	443	452	-2%	-2%
Total	3,810	3,571	7%	7%	11,737	10,980	7%	7%
Europe, Middle East & Africa								
Footwear	1,589	1,489	7%	13%	4,650	4,250	9%	13%
Apparel	750	713	5%	11%	2,374	2,199	8%	11%
Equipment	96	97	-1%	5%	331	327	1%	4%
Total	2,435	2,299	6%	12%	7,355	6,776	9%	12%
Greater China								
Footwear	1,115	939	19%	23%	3,095	2,493	24%	26%
Apparel	444	368	21%	26%	1,314	1,074	22%	24%
Equipment	29	29	0%	8%	102	99	3%	5%
Total	1,588	1,336	19%	24%	4,511	3,666	23%	25%
Asia Pacific & Latin America								
Footwear	909	884	3%	13%	2,669	2,584	3%	14%
Apparel	340	321	6%	17%	1,032	964	7%	17%
Equipment	58	63	-8%	3%	174	182	-4%	6%
Total	1,307	1,268	3%	14%	3,875	3,730	4%	14%
Global Brand Divisions²	8	21	-62%	-57%	33	64	-48%	-49%
TOTAL NIKE BRAND	9,148	8,495	8%	12%	27,511	25,216	9%	12%
Converse	463	483	-4%	-2%	1,415	1,374	3%	4%
Corporate ³	—	6	—	—	7	18	—	—
TOTAL NIKE, INC. REVENUES	\$ 9,611	\$ 8,984	7%	11%	\$ 28,933	\$ 26,608	9%	11%
TOTAL NIKE BRAND								
Footwear	\$ 6,122	\$ 5,605	9%	13%	\$ 17,723	\$ 16,124	10%	13%
Apparel	2,707	2,555	6%	10%	8,705	7,968	9%	12%
Equipment	311	314	-1%	4%	1,050	1,060	-1%	2%
Global Brand Divisions ²	8	21	-62%	-57%	33	64	-48%	-49%
TOTAL NIKE BRAND REVENUES	\$ 9,148	\$ 8,495	8%	12%	\$ 27,511	\$ 25,216	9%	12%

¹ The percent change has been calculated using actual exchange rates in use during the comparative prior year period to enhance the visibility of the underlying business trends by excluding the impact of translation arising from foreign currency exchange rate fluctuations, which is considered a non-GAAP financial measure.

² Global Brand Divisions revenues are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

³ Corporate revenues consist primarily of foreign currency hedge gains and losses related to revenues generated by entities within the NIKE Brand geographic operating segments and Converse but managed through the Company's central foreign exchange risk management program.

NIKE, Inc.
EARNINGS BEFORE INTEREST AND TAXES¹
(Unaudited)

<i>(Dollars in millions)</i>	THREE MONTHS ENDED			%	NINE MONTHS ENDED			%
	2/28/2019	2/28/2018	Change		2/28/2019	2/28/2018	Change	
North America	\$ 916	\$ 840	9%		\$ 2,877	\$ 2,625	10%	
Europe, Middle East & Africa	538	417	29%		1,489	1,205	24%	
Greater China	639	496	29%		1,702	1,268	34%	
Asia Pacific & Latin America	339	298	14%		983	849	16%	
Global Brand Divisions ²	(788)	(649)	-21%		(2,432)	(1,926)	-26%	
TOTAL NIKE BRAND	1,644	1,402	17%		4,619	4,021	15%	
Converse	79	69	14%		221	206	7%	
Corporate ³	(420)	(299)	-40%		(1,245)	(1,075)	-16%	
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES	1,303	1,172	11%		3,595	3,152	14%	
Interest expense (income), net	12	13	—		37	42	—	
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 1,291	\$ 1,159	11%		\$ 3,558	\$ 3,110	14%	

¹ The Company evaluates performance of individual operating segments based on earnings before interest and taxes (commonly referred to as “EBIT”), which represents net income before interest expense (income), net and income tax expense.

² Global Brand Divisions primarily represent demand creation, operating overhead and product creation and design expenses that are centrally managed for the NIKE Brand. Revenues for Global Brand Divisions are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

³ Corporate consists primarily of unallocated general and administrative expenses, including expenses associated with centrally managed departments; depreciation and amortization related to the Company’s corporate headquarters; unallocated insurance, benefit and compensation programs, including stock-based compensation; and certain foreign currency gains and losses, including certain hedge gains and losses.

NIKE, Inc. Return on Invested Capital Calculation <i>(Unaudited)</i>																							
(Dollars in millions)	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Continuing operations:																							
Revenues	6,971	6,431	6,972	7,425	7,982	7,380	7,460	7,779	8,414	7,686	8,032	8,244	9,061	8,180	8,432	8,677	9,070	8,554	8,984	9,789	9,948	9,374	9,611
Operating expenses:																							
Cost of sales	3,839	3,605	3,869	4,040	4,261	4,053	4,034	4,186	4,419	4,185	4,343	4,458	4,938	4,564	4,682	4,854	5,108	4,876	5,046	5,411	5,551	5,269	5,272
Selling and administrative expense	2,058	2,091	2,169	2,448	2,480	2,438	2,379	2,595	2,577	2,560	2,566	2,766	2,897	2,505	2,496	2,665	2,856	2,768	2,767	3,120	3,063	3,142	3,091
Net operating profit	1,074	735	934	937	1,241	889	1,047	998	1,418	941	1,123	1,020	1,226	1,111	1,254	1,158	1,106	910	1,171	1,258	1,334	963	1,248
Other (income) expense, net	28	13	45	17	3	2	(5)	(58)	(31)	(34)	(17)	(58)	(62)	(18)	(88)	(28)	18	18	(1)	31	53	(48)	(55)
Earnings before interest and taxes	1,046	722	889	920	1,238	887	1,052	1,056	1,449	975	1,140	1,078	1,288	1,129	1,342	1,186	1,088	892	1,172	1,227	1,281	1,011	1,303
Tax rate	25.0%	25.2%	22.5%	23.5%	21.7%	25.4%	24.4%	17.8%	18.4%	19.1%	16.3%	21.2%	2.5%	24.4%	13.8%	13.7%	11.4%	12.7%	179.5%	6.4%	14.0%	15.0%	14.7%
Taxes calculated	262	182	200	216	269	225	256	188	267	186	186	228	32	276	185	162	124	113	2,104	79	179	152	192
Trailing 4 quarters taxes ¹	853	845	850	860	867	910	966	938	936	897	827	867	632	722	721	655	747	584	2,503	2,420	2,475	2,514	602
Earnings (loss) before interest and after taxes from continuing operations	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853	1,157	1,024	964	779	(932)	1,148	1,102	859	1,111
Earnings (loss) before interest and after taxes from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings (loss) before interest and after taxes	784	540	689	704	969	662	796	868	1,182	789	954	850	1,256	853	1,157	1,024	964	779	(932)	1,148	1,102	859	1,111
Trailing 4 quarters earnings before interest and after taxes ¹	2,691	2,850	2,677	2,717	2,902	3,024	3,131	3,295	3,508	3,635	3,793	3,775	3,849	3,913	4,116	4,290	3,998	3,924	1,835	1,959	2,097	2,177	4,220
	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Total assets	17,582	17,724	17,703	18,594	18,521	19,167	20,541	21,600	20,766	22,583	20,987	21,396	21,156	22,652	23,152	23,259	23,647	24,055	22,552	22,536	22,483	22,677	22,921
Less:																							
Cash and equivalents and short-term investments	5,578	5,187	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116	5,106	5,457	4,787	5,943	6,160	6,179	5,519	6,389	4,751	5,245	4,269	4,041	4,046
Accounts payable	1,559	1,612	1,480	1,930	1,970	2,074	1,821	2,131	1,933	1,915	1,714	2,191	2,088	2,033	1,938	2,048	2,116	2,141	1,961	2,279	2,333	2,574	2,307
Accrued liabilities	1,913	2,005	2,303	2,491	2,441	2,622	3,563	3,951	3,139	3,451	3,224	3,037	3,147	3,076	3,228	3,011	3,501	3,278	3,727	3,269	4,174	4,478	4,738
Income taxes payable	195	30	27	432	250	38	33	71	75	41	35	85	62	52	76	84	97	92	78	150	182	211	214
Deferred income taxes and other liabilities	1,322	1,424	1,515	1,544	1,408	1,446	1,505	1,480	1,517	1,600	1,659	1,770	1,635	1,631	1,687	1,907	2,126	2,075	3,518	3,216	3,316	3,204	3,214
Liabilities of discontinued operations	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus:																							
Net debt adjustment ²	4,203	3,799	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945	3,051	3,402	2,728	2,406	2,659	2,377	1,705	1,678	1,265	1,435	783	560	559
Invested capital	11,206	11,265	11,051	10,824	11,105	11,700	12,368	12,707	12,894	13,405	12,300	12,258	12,165	12,323	12,722	12,407	11,993	11,758	9,782	9,812	8,992	8,729	8,961
Trailing 5 quarters average invested capital ³	10,563	10,819	11,040	11,085	11,090	11,189	11,410	11,741	12,155	12,615	12,735	12,713	12,604	12,490	12,354	12,375	12,322	12,241	11,732	11,150	10,467	9,815	9,255
Return on invested capital ^{4,5}	25.5%	26.3%	24.2%	24.5%	26.2%	27.0%	27.4%	28.1%	28.9%	28.8%	29.8%	29.7%	30.5%	31.3%	33.3%	34.7%	32.4%	32.1%	15.6%	17.6%	20.0%	22.2%	45.6%

¹ Equals the sum of the current quarter and previous 3 quarters

² See calculation of Net debt adjustment below

³ Equals the simple average of the current and previous 4 quarters

⁴ Equals the trailing 4 quarters earnings before interest and after taxes divided by trailing 5 quarters average invested capital

⁵ Includes the impact of the U.S. Tax Cuts and Jobs Act beginning in Q3 FY18. Excluding the impact of the U.S. Tax Cuts and Jobs Act, our adjusted return on invested capital would have been approximately 37% for the trailing twelve months as of Q3 FY19, which is a non-GAAP financial measure. This non-GAAP financial measure represents our estimate of the return on invested capital excluding the impact of the Tax Cuts and Jobs Act, primarily the transition tax and remeasurement of deferred income tax assets and liabilities. We believe this metric provides useful information to investors and reflects how management evaluates our business performance.

Cash and equivalents and short-term investments	5,578	5,187	5,029	5,142	4,579	4,713	5,361	5,924	5,408	6,116	5,106	5,457	4,787	5,943	6,160	6,179	5,519	6,389	4,751	5,245	4,269	4,041	4,046
Less:																							
Long-term debt	1,207	1,201	1,201	1,199	1,195	1,084	1,082	1,079	1,079	2,067	2,048	2,010	1,993	3,473	3,472	3,471	3,472	3,472	3,469	3,468	3,467	3,466	3,465
Notes payable	111	180	119	167	146	93	61	74	23	99	-	1	22	20	23	325	335	1,229	11	336	13	9	16
Current portion of long-term debt	57	7	7	7	6	110	108	107	106	5	7	44	44	44	6	6	7	10	6	6	6	6	6
Net debt adjustment	4,203	3,799	3,702	3,769	3,232	3,426	4,110	4,664	4,200	3,945	3,051	3,402	2,728	2,406	2,659	2,377	1,705	1,678	1,265	1,435	783	560	559