

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(In millions, except per share data)</i>	THREE MONTHS ENDED			TWELVE MONTHS ENDED		
	5/31/2020	5/31/2019	%	5/31/2020	5/31/2019	%
Revenues	\$ 6,313	\$ 10,184	-38%	\$ 37,403	\$ 39,117	-4%
Cost of sales	3,960	5,551	-29%	21,162	21,643	-2%
Gross profit	2,353	4,633	-49%	16,241	17,474	-7%
<i>Gross margin</i>	37.3%	45.5%		43.4%	44.7%	
Demand creation expense	823	1,014	-19%	3,592	3,753	-4%
Operating overhead expense	2,368	2,392	-1%	9,534	8,949	7%
Total selling and administrative expense	3,191	3,406	-6%	13,126	12,702	3%
<i>% of revenues</i>	50.5%	33.4%		35.1%	32.5%	
Interest expense (income), net	50	12	—	89	49	—
Other (income) expense, net	(84)	(28)	—	139	(78)	—
(Loss) income before income taxes	(804)	1,243	-165%	2,887	4,801	-40%
Income tax (benefit) expense	(14)	254	-106%	348	772	-55%
<i>Effective tax rate</i>	1.7%	20.4%		12.1%	16.1%	
NET (LOSS) INCOME	\$ (790)	\$ 989	-180%	\$ 2,539	\$ 4,029	-37%
<i>(Loss) earnings per common share:</i>						
Basic	\$ (0.51)	\$ 0.63	-181%	\$ 1.63	\$ 2.55	-36%
Diluted	\$ (0.51)	\$ 0.62	-182%	\$ 1.60	\$ 2.49	-36%
<i>Weighted average common shares outstanding:</i>						
Basic	1,555.7	1,570.2		1,558.8	1,579.7	
Diluted	1,555.7	1,607.5		1,591.6	1,618.4	
Dividends declared per common share	\$ 0.245	\$ 0.22		\$ 0.955	\$ 0.86	

NIKE, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Dollars in millions)</i>	May 31, 2020	May 31, 2019	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 8,348	\$ 4,466	87%
Short-term investments	439	197	123%
Accounts receivable, net	2,749	4,272	-36%
Inventories	7,367	5,622	31%
Prepaid expenses and other current assets	1,653	1,968	-16%
Total current assets	20,556	16,525	24%
Property, plant and equipment, net	4,866	4,744	3%
Operating lease right-of-use assets, net	3,097	—	—
Identifiable intangible assets, net	274	283	-3%
Goodwill	223	154	45%
Deferred income taxes and other assets	2,326	2,011	16%
TOTAL ASSETS	\$ 31,342	\$ 23,717	32%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 3	\$ 6	-50%
Notes payable	248	9	2,656%
Accounts payable	2,248	2,612	-14%
Current portion of operating lease liabilities	445	—	—
Accrued liabilities	5,184	5,010	3%
Income taxes payable	156	229	-32%
Total current liabilities	8,284	7,866	5%
Long-term debt	9,406	3,464	172%
Operating lease liabilities	2,913	—	—
Deferred income taxes and other liabilities	2,684	3,347	-20%
Redeemable preferred stock	—	—	—
Shareholders' equity	8,055	9,040	-11%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 31,342	\$ 23,717	32%

NIKE, Inc.
DIVISIONAL REVENUES
(Unaudited)

<i>(Dollars in millions)</i>	THREE MONTHS ENDED		%	% Change Excluding Currency Changes ¹	TWELVE MONTHS ENDED		%	% Change Excluding Currency Changes ¹	
	5/31/2020	5/31/2019			Change	5/31/2020			5/31/2019
North America									
Footwear	\$ 1,606	\$ 2,736	-41%	-41%	\$ 9,329	\$ 10,045	-7%	-7%	
Apparel	563	1,275	-56%	-56%	4,639	5,260	-12%	-12%	
Equipment	61	154	-60%	-60%	516	597	-14%	-14%	
Total	2,230	4,165	-46%	-46%	14,484	15,902	-9%	-9%	
Europe, Middle East & Africa									
Footwear	887	1,643	-46%	-44%	5,892	6,293	-6%	-3%	
Apparel	398	713	-44%	-42%	3,053	3,087	-1%	2%	
Equipment	43	101	-57%	-55%	402	432	-7%	-3%	
Total	1,328	2,457	-46%	-44%	9,347	9,812	-5%	-1%	
Greater China									
Footwear	1,149	1,167	-2%	3%	4,635	4,262	9%	12%	
Apparel	468	494	-5%	-1%	1,896	1,808	5%	8%	
Equipment	30	36	-17%	-9%	148	138	7%	11%	
Total	1,647	1,697	-3%	1%	6,679	6,208	8%	11%	
Asia Pacific & Latin America									
Footwear	559	953	-41%	-38%	3,449	3,622	-5%	0%	
Apparel	211	363	-42%	-38%	1,365	1,395	-2%	3%	
Equipment	31	63	-51%	-47%	214	237	-10%	-4%	
Total	801	1,379	-42%	-39%	5,028	5,254	-4%	1%	
Global Brand Divisions²	6	9	-33%	-27%	30	42	-29%	-26%	
TOTAL NIKE BRAND	6,012	9,707	-38%	-36%	35,568	37,218	-4%	-2%	
Converse	305	491	-38%	-36%	1,846	1,906	-3%	-1%	
Corporate ³	(4)	(14)	—	—	(11)	(7)	—	—	
TOTAL NIKE, INC. REVENUES	\$ 6,313	\$ 10,184	-38%	-36%	\$ 37,403	\$ 39,117	-4%	-2%	
TOTAL NIKE BRAND									
Footwear	\$ 4,201	\$ 6,499	-35%	-34%	\$ 23,305	\$ 24,222	-4%	-2%	
Apparel	1,640	2,845	-42%	-41%	10,953	11,550	-5%	-3%	
Equipment	165	354	-53%	-51%	1,280	1,404	-9%	-6%	
Global Brand Divisions ²	6	9	-33%	-27%	30	42	-29%	-26%	
TOTAL NIKE BRAND REVENUES	\$ 6,012	\$ 9,707	-38%	-36%	\$ 35,568	\$ 37,218	-4%	-2%	

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.

SUPPLEMENTAL NIKE BRAND REVENUE DETAILS

(Unaudited)

<i>(Dollars in millions)</i>	TWELVE MONTHS ENDED		%	% Change Excluding Currency Changes ¹
	5/31/2020	5/31/2019	Change	
NIKE Brand Revenues by:				
Sales to Wholesale Customers	\$ 23,156	\$ 25,423	-9%	-7%
Sales through NIKE Direct	12,382	11,753	5%	8%
Global Brand Divisions ²	30	42	-29%	-26%
TOTAL NIKE BRAND REVENUES	\$ 35,568	\$ 37,218	-4%	-2%
NIKE Brand Revenues on a Wholesale Equivalent Basis:³				
Sales to Wholesale Customers	\$ 23,156	\$ 25,423	-9%	-7%
Sales from our Wholesale Operations to NIKE Direct Operations	7,452	7,127	5%	7%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 30,608	\$ 32,550	-6%	-4%
NIKE Brand Wholesale Equivalent Revenues by:³				
Men's	\$ 16,694	\$ 17,737	-6%	-4%
Women's	6,999	7,380	-5%	-3%
NIKE Kids'	5,033	5,283	-5%	-3%
Others ⁴	1,882	2,150	-12%	-10%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 30,608	\$ 32,550	-6%	-4%
NIKE Brand Wholesale Equivalent Revenues by:³				
Running	\$ 3,830	\$ 4,488	-15%	-12%
NIKE Basketball	1,508	1,597	-6%	-4%
Jordan Brand	3,609	3,138	15%	16%
Football (Soccer)	1,575	1,894	-17%	-14%
Training	2,688	3,137	-14%	-13%
Sportswear	12,285	12,442	-1%	1%
Others ⁵	5,113	5,854	-13%	-10%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 30,608	\$ 32,550	-6%	-4%

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 References to NIKE Brand wholesale equivalent revenues, which are considered non-GAAP financial measures, are intended to provide context as to the total size of the Company's NIKE Brand market footprint if it had no NIKE Direct operations. NIKE Brand wholesale equivalent revenues consist of 1) sales to external wholesale customers and 2) internal sales from the Company's wholesale operations to its NIKE Direct operations which are charged at prices that are comparable to prices charged to external wholesale customers.

⁴ Others include all unisex products, equipment and other products not allocated to Men's, Women's and NIKE Kids', as well as certain adjustments that are not allocated to products designated by gender or age.

⁵ Others include all other categories and certain adjustments that are not allocated at the category level.

NIKE, Inc.

EARNINGS BEFORE INTEREST AND TAXES¹

(Unaudited)

<i>(Dollars in millions)</i>	THREE MONTHS ENDED			TWELVE MONTHS ENDED		
	5/31/2020	5/31/2019	%	5/31/2020	5/31/2019	%
North America	\$ (13)	\$ 1,048	-101%	\$ 2,899	\$ 3,925	-26%
Europe, Middle East & Africa	(153)	506	-130%	1,541	1,995	-23%
Greater China	571	674	-15%	2,490	2,376	5%
Asia Pacific & Latin America	79	340	-77%	1,184	1,323	-11%
Global Brand Divisions ²	(844)	(830)	-2%	(3,468)	(3,262)	-6%
TOTAL NIKE BRAND¹	(360)	1,738	-121%	4,646	6,357	-27%
Converse	(27)	82	-133%	297	303	-2%
Corporate ³	(367)	(565)	35%	(1,967)	(1,810)	-9%
TOTAL NIKE, INC. (LOSS) EARNINGS BEFORE INTEREST AND TAXES¹	(754)	1,255	-160%	2,976	4,850	-39%
Interest expense (income), net	50	12	—	89	49	—
TOTAL NIKE, INC. (LOSS) INCOME BEFORE INCOME TAXES	\$ (804)	\$ 1,243	-165%	\$ 2,887	\$ 4,801	-40%

¹ The Company evaluates the 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. Total NIKE Brand EBIT and Total NIKE, Inc. EBIT are considered non-GAAP financial measures and are being provided as management believes this additional information should be considered when assessing the Company's underlying business performance and trends. References to EBIT should not be considered in isolation or as a substitute for other financial measures calculated and presented in accordance with U.S. GAAP and may not be comparable to similarly titled non-GAAP measures used by other companies.

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. Corporate includes the non-recurring charge, recognized in fiscal 2020, as a result of the Company's decision to transition its operations in Brazil, Argentina, Chile and Uruguay to third-party distributors. This charge primarily reflects the anticipated release of associated non-cash cumulative foreign currency translation losses.

NIKE, Inc.
RETURN ON INVESTED CAPITAL^{1,2}
(Unaudited)

<i>(Dollars in millions)</i>	FOR THE TRAILING FOUR QUARTERS ENDED	
	5/31/2020	5/31/2019
Numerator		
Net income	\$ 2,539	\$ 4,029
Add: Interest expense (income), net	89	49
Add: Income tax expense	348	772
Earnings before interest and taxes	2,976	4,850
Income tax adjustment ³	(352)	(779)
Earnings before interest and after taxes	\$ 2,624	\$ 4,071
	AVERAGE FOR THE TRAILING FIVE QUARTERS ENDED	
	5/31/2020	5/31/2019
Denominator		
Total debt ^{4,5}	\$ 8,022	\$ 6,766
Add: Shareholders' equity	8,938	9,107
Less: Cash and equivalents and Short-term investments	4,756	4,453
Total invested capital	\$ 12,204	\$ 11,420
RETURN ON INVESTED CAPITAL	21.5%	35.6%

¹ ROIC represents a performance measure that management believes is useful information in understanding the Company's ability to effectively manage invested capital. ROIC is considered a non-GAAP financial measure and should not be considered in isolation or as a substitute for other financial measures calculated and presented in accordance with U.S. GAAP and may not be comparable to similarly titled non-GAAP measures used by other companies.

² On June 1, 2019, the Company adopted Accounting Standards Codification (ASC) No. 842, Leases, which among other things, requires operating leases to be recorded as liabilities on the Consolidated Balance Sheets. Accordingly, the Company has updated the way in which it calculates ROIC to reflect the adoption of the new standard. For additional information on the impact of the adoption of ASC 842, see the Company's quarterly report on Form 10-Q, for the first quarter of fiscal 2020, filed with the U.S. Securities and Exchange Commission on October 4, 2019. For the Company's historical ROIC calculation see <http://investors.nike.com>.

³ Equals Earnings before interest and taxes multiplied by the effective tax rate as of the respective quarter end.

⁴ Total debt includes the following: 1) Current portion of long-term debt, 2) Notes Payable, 3) Current portion of operating lease liabilities, 4) Long-term debt and 5) Operating lease liabilities.

⁵ Due to the adoption of ASC 842, for comparability, total debt for each quarter prior to June 1, 2019 includes approximately \$3.2 billion, which represents the current and long-term portion of the Company's operating lease liabilities as of June 1, 2019.