



**JULY 24, 2020**

**TO OUR SHAREHOLDERS,**

What a six months this has been.

I began as the CEO of Nike in January. This is my first letter to Nike's shareholders, and it is a strange one to write given the unique and unprecedented year. It is difficult to easily summarize the past twelve months but there are some important themes as we emerge from FY20 – and even more importantly as we look to the future.

Nike has remarkable underlying strengths: our deep connection with consumers; a world-class inspired, talented and increasingly diverse team; a commitment to innovation that is second to none; a brand that connects with and inspires people all over the world; and a true digital advantage.

For the first nine months of FY20, these strengths translated into very strong financial performance. Momentum was strong, resulting in healthy topline growth, gross margin expansion and operating income growth.

Then the COVID-19 pandemic came. Retail stores closed, first in China and then all over the world. Organized sport stopped, and people were confined to their homes. The pandemic impacted our financial results during Q4. But I will tell you that I am proud of how Nike has responded – and Nike's underlying strengths and resilience have become even more evident in this crisis.

I'm proud of how we responded because we led with our values. We focused first on the health and safety of our teammates, our consumers and the communities in which we operate. We provided pay continuity for all employees while facilities remained closed. We connected with consumers in their homes to offer inspiration and encouragement to stay active. And we delivered personal protective equipment to health systems across the U.S.

**"FY20 was a defining year for Nike. It proved our offense works. And it proved the time is right to accelerate it."**

This is also an important moment as our society reckons with racial injustice. The past couple of months have not only broadened my awareness – they have deepened my commitment to take meaningful action. The Nike Brand has been a leader in embracing Black athletes and Black culture, but that is not enough. Through our mission and our deep belief in the power of sport, we must renew our commitment to fight for equality for all. We also aspire to be a leader as a diverse and inclusive company, and we are committed to improving the experience of our Black teammates and everyone on our global team. We are responding to this call to action. There is much work ahead, but our resolve is strong.

Our underlying strengths with consumers keep us in the lead. Nike continues to be the #1 favorite brand in all 12 of our key cities. Our purpose to make sport a daily habit motivates and inspires all athletes everywhere. And our FY20 performance demonstrates Nike's momentum in three key areas:

1. Our digital advantage, as we scale our app ecosystem and membership offerings, rewarding more and more consumers.
2. Our compelling product innovation, as we launch breakthrough technologies and industry-defining products like Space Hippiie and the Air Zoom Alphafly NEXT%.
3. Our speed initiatives, as we leverage capabilities such as our Express Lane initiative, digital demand sensing capabilities and a more dynamic supply chain network that positions product closer to the consumer.

Looking forward, we see even greater opportunity. COVID-19 offered a stress-test of our Consumer Direct Offense strategy. We know the CDO is working. We're delivering on our "Triple Double" – our high-impact differentiators of speed, innovation and direct connections with consumers. And we remain focused on our biggest growth opportunities, including Women's, Apparel, International and Digital.

We recently unveiled the next phase of our strategy: Consumer Direct Acceleration. Starting in FY21, we will transform Nike faster to define the marketplace of the future. We expect our business to reach 50% digital penetration between our owned and partner digital experiences – and we will create a truly consistent, connected and seamless digital marketplace to match.

Through CDA, we are also simplifying our consumer construct and investing in an end-to-end technology foundation to fuel our transformation. We will unlock more growth and efficiency for the business, while driving speed and responsiveness globally.

Today, people around the world are focused on their health and wellness. No one is better equipped to connect them to the power of sport like Nike. And bringing sport to our world has never been more important. Our societies are increasingly polarized and many of our historical institutions are broken. I believe the world needs sport right now more than ever. Sport brings people together. Sport creates a level playing field with a fair set of rules. Sport showcases human potential and humanity. I'm humbled by the opportunity to help bring sport to life.

As I write this, the world is cautiously optimistic about a return to organized sports amid the pandemic. Some leagues have already started up, particularly in European football, and you can already feel the energy as communities connect again with their teams and heroes. Like sports fans everywhere, I can't wait to see LeBron James, or Serena Williams, or Kylian Mbappé, or Megan Rapinoe inspire us all again. And when they do, Nike will be right alongside the world cheering along.

FY20 was a defining year for Nike. It proved our offense works. And it proved the time is right to accelerate it. We are strengthening our competitive advantages and setting the foundation for long-term growth.

In sum, I feel confident that Nike will emerge from this period an even stronger Brand and even better positioned to create value for consumers and shareholders.

Be safe and be well,

A handwritten signature in black ink, appearing to read "John Donahoe". The signature is fluid and cursive, with a large initial "J" and "D".

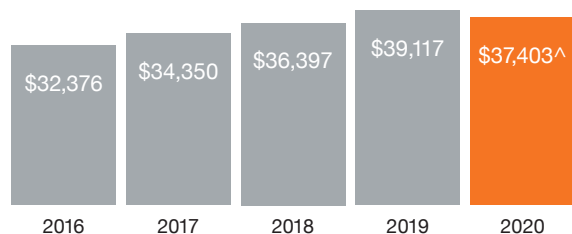
**JOHN DONAHOE**

President and Chief Executive Officer  
NIKE, Inc.

## NIKE, Inc. Revenue Performance

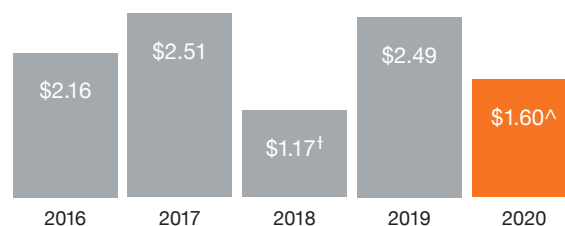
Fiscal Years 2016-2020

Revenue in millions



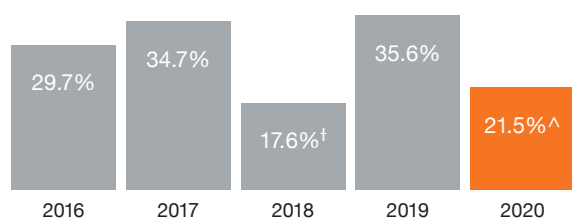
## NIKE, Inc. Earnings Per Share Performance

Fiscal Years 2016-2020



## NIKE, Inc. Return on Invested Capital\*

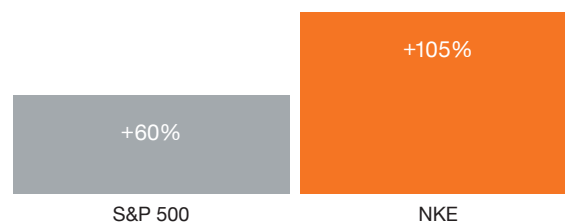
Fiscal Years 2016-2020



\* 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. In Fiscal 2020, the Company updated the way in which it calculates ROIC; fiscal years prior to 2019 are calculated and presented under the historical method. ROIC is included in the quarterly earnings section of our investor relations website, <http://investors.nike.com>. Please refer to this site for more detail on this calculation.

## NIKE, Inc. Stock Performance vs. S&P 500\*

Fiscal Years 2016-2020



\* Performance of the S&P 500 and NIKE stock is calculated by comparing the total returns of each assuming the reinvestment of dividends over the time period of 5/31/2015 to 5/31/2020.

<sup>^</sup> Fiscal 2020 reflects the material adverse impacts to NIKE, Inc.'s business from COVID-19. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's FY20 Annual Report on Form 10-K for additional information on the impacts of COVID-19 to the Company's results.

<sup>†</sup> Fiscal 2018 reflects the impact of the enactment of the U.S. Tax Cuts and Jobs Act. Refer to Note 9 — Income Taxes in the Company's FY20 Annual Report on Form 10-K for additional information on the impact of the U.S. Tax Cuts and Jobs Act.

## **SHAREHOLDER INFORMATION**

NIKE, Inc. common stock is listed on the New York Stock Exchange under the trading symbol 'NKE.' Copies of the Company's Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission are available from the Company without charge. Copies are available on the investor relations website, <http://investors.nike.com>. To request a hard copy, please call 800-640-8007 or write to NIKE's Investor Relations Department at:

NIKE World Headquarters  
One Bowerman Drive  
Beaverton, Oregon 97005-6453

Quarterly dividends on NIKE common stock, when declared by the Board of Directors, are paid on or about July 5, October 5, January 5, and April 5. Additional financial information is available at <http://investors.nike.com>.

## **INDEPENDENT ACCOUNTANTS**

PricewaterhouseCoopers LLP  
805 SW Broadway, Suite 800  
Portland, Oregon 97205

## **REGISTRAR AND STOCK TRANSFER AGENT**

Communications concerning shareholder address changes, stock transfers, changes of ownership, lost stock certificates, payment of dividends, dividend check replacements, duplicate mailings, or other account services should be directed to the Company's Registrar and Stock Transfer Agent at the following address:

Computershare Trust Company N.A.  
P.O. Box 505000  
Louisville, KY 40233  
800-756-8200  
800-952-9245 (Hearing Impaired)  
[www.computershare.com](http://www.computershare.com)