

## **REMARKS AS PREPARED FOR DELIVERY**

### **Q3FY26 NIKE Inc. Conference Call**

***March 31, 2026***

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**[OPERATOR]**

Good afternoon, everyone. Welcome to NIKE, Inc.'s Third Quarter Fiscal 2026 conference call. For those who want to reference today's press release you'll find it at [investors.nike.com](https://investors.nike.com). Leading today's call is Paul Trussell, VP of Corporate Finance and Treasurer.

Now I would like to turn the call over to Paul Trussell.

**[PAUL TRUSSELL]**

Thank you, operator.

Hello everyone and thank you for joining us today to discuss NIKE, Inc.'s Third Quarter Fiscal 2026 results.

Joining us on today's call will be NIKE, Inc. President and CEO Elliott Hill, and EVP and CFO, Matt Friend.

Before we begin, let me remind you that participants on this call will make forward-looking statements based on current expectations and those statements are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed in NIKE's reports filed with the SEC. In addition, participants may discuss non-GAAP financial measures and non-public financial and statistical information. Please refer to NIKE's earnings press release or NIKE's website, [investors.nike.com](https://investors.nike.com), for comparable GAAP measures and quantitative reconciliations. All growth comparisons on the call today are presented on a year-over-over basis and are currency-neutral, unless otherwise noted.

We will start with prepared remarks and then open the call for questions. We would like to allow as

many of you to ask questions as possible in our allotted time, so we would appreciate you limiting your initial question to one. Thank you for your cooperation on this.

I'll now turn the call over to NIKE, Inc. President and CEO Elliott Hill.

**[ELLIOTT HILL]**

Thank you, Paul.

Last quarter, we said we were in the middle innings of our comeback. Since then, we have continued to take meaningful actions to improve the health, quality and foundation of our business.

While we are not satisfied, I am confident that our progress in the areas we prioritized first through our Win Now actions point to where we are ultimately heading across our portfolio.

Because of the scale and breadth of the Nike portfolio that progress will not happen all at once. We have approached this comeback deliberately across brands, sports, geographies and channels, with some parts of the portfolio moving faster than others.

One of the most important actions we took this quarter was further removing unhealthy inventory of our classic footwear franchises from the marketplace. That created roughly a five-point headwind to our reported results. It was intentional. It was necessary. And while it weighed on the quarter, it is improving the health of the marketplace, the quality of our revenue and the foundation for more sustainable growth ahead.

As we were removing unhealthy inventory, we focused first on the areas that create the greatest impact.

We focused on our sport offense in Running our largest performance sport and in Football the beautiful, global game.

We focused on athlete-centered innovation, building platforms that can scale across multiple sports and price points over time.

We focused on our wholesale business the environment where the majority of our consumers shop and where we needed to prove we could compete and win back marketshare.

And we focused on paying it all off in North America our largest geography that drives nearly half our business.

These are the dimensions that are furthest along. And each is absolutely essential to turning around this company.

At the same time, other parts of the portfolio including Greater China, Converse, and Sportswear are still earlier in their comebacks. We have new leadership in place, clearer strategies taking shape, and structural changes underway designed to strengthen these businesses over the long term.

We are moving with urgency. We're not simply fixing what needs to be fixed. We're building. Brand by brand. Sport by sport. Country by country. Partner by partner.

We're reshaping our marketplace rewiring how we operate and investing in the technology platforms that we expect will help us serve consumers better and run our business more effectively.

These actions will continue to create near-term pressure, but we believe they are the right actions to strengthen Nike for the long term and create more durable value for shareholders.

This is complex work, and parts of it are taking longer than I'd like. But the direction is clear, the urgency is real and the foundation is getting stronger.

By the end of the calendar year, we expect to have finished our Win Now actions. Aged inventory across the marketplace will be healthy.

Allowing our sport teams to consistently flow athlete-led innovative & coveted products in all sports across our 3 brands including Nike Sportswear and Jordan Streetwear.

Our marketing teams will be creating even more locally relevant, inspiring stories in key countries and cities around the world.

Our account teams will be elevating those stories and our brands at point of sale with consumer right assortments & presentations.

Which will all result in more balanced, profitable and sustainable growth across the integrated marketplace owned and partnered digital or physical.

And because we are now far enough into the work, and clear enough on the path ahead this Fall we will share a more detailed, long-term view of the business at an Investor Day at the Philip H Knight Campus in Beaverton. We look forward to sharing much more about the future of Nike later in the calendar year.

Turning to the quarter, I'll start with the dimensions that I consider to be progressing fastest in the comeback.

Nike Running was the first team to move into the Sport Offense. They created a clear product construct based on athlete insights segmented & differentiated assortments across an integrated marketplace and elevated our presence and storytelling at retail. The consumer is feeling the impact of the full offense, with Nike Running up over 20% for the quarter. Nike Running has created the roadmap for other sports to follow.

Global Football is the next sport to fully transform into the sport offense. For World Cup 26, it starts with our footwear construct that successfully launched the Tiempo in Q3 and we will unveil the new Mercurial in June. In apparel, we'll deliver AeroFit kits for our competing Nike Federations, including a Jordan Away Kit for Brazil.

We're also utilizing the World Cup as an opportunity to catalyze the football marketplace for quarters to come. By the end of the tournament, we will have elevated our presentation in more than 5000 football doors around the world with wholesale partners and Nike Direct.

Because winning in football goes beyond winning the World Cup. We win through the Classicos, the Derbies, in COPA with colleges and youth clubs in every neighborhood season-after-season.

In innovative product, we're back to leading big ideas for our industry. In just one quarter, we

delivered both footwear and apparel platforms with deep insights that leveraged years of scientific research from our labs, owned IP and advanced manufacturing.

Our new Nike Mind platform, with over 150 patents filed globally, was the highlight of the quarter. Designed to help athletes clear-away distractions pre-and-post competition, the Mind 1 sold out in all geographies.

We've responded by doubling production of Nike Mind over the next two seasons, to meet demand from more than 2 million consumers who've signed up for 'Notify Me' on Nike.com.

Following Nike Mind, we introduced several early-stage innovation platforms this quarter.

We used Nike AIR for the first time ever as a self-inflated thermal layer in apparel unveiled a new Liquid AIR Max platform that is low-to-the-ground and moves naturally

with the foot and we delivered AeroFit for Nike Football, our new elite apparel, cooling platform that increases airflow by 200% over regular DRI-FIT. It will expand into multiple sports including Nike Running in the Fall.

These platforms are scalable, foundations for growth that we can extend into multiple sports and price points over time.

Recently our leadership team reviewed our full innovation agenda for 2027 and 2028, by brand and by sport. That focus is showing up in sharper athlete insights and more complete, head-to-toe solutions and we're excited to share our vision for the future of sport with you this fall.

And yes, innovation sparks demand but products alone don't deliver long-term growth.

For years, we were running a Nike direct-first offense. Now, we are rebalancing our offense through an integrated, elevated marketplace and running a key-city offense.

These moves require us to rewire our supply chain and upgrade our technology platforms. You saw the early signs of those actions this quarter and it's a critical step in our return to double-digit, EBIT-margins.

Many of our Win Now actions are being paid off first in North America.

One of our strongest executions this quarter was NBA All-Star Weekend which connected us to consumers and drove full-price sell throughs while deepening our wholesale partnerships in Los Angeles with Shoe Palace, Dick's, and Foot Locker. The experience set the tone for how we'll show up in LA for the World Cup, Super Bowl and the '28 Olympics.

Across all dimensions in North America, our wholesale momentum is accelerating. In Sporting Goods, Dick's and Academy are leaning in with us to tell more sport performance stories. We're building long term plans with Footlocker and JD in Athletic Specialty. And we're fully committed to our partners in Running Specialty, Football Specialty, and City Specialty through our investments in product innovation and presentation. Ultimately, this is about creating a more profitable business model for both sides of the partnerships.

In Nike Direct, we've elevated our own experiences setting the standard for how our brands show up in the marketplace.

We've intentionally cleaned the market in all channels.

The teams are hyper-focused on consumer-right assortments and presenting them in environments that tell our best innovation stories all with the goal of accelerating sell-through.

If running shows what our sport offense can do, North America shows the power of our complete portfolio in an elevated, integrated marketplace. From here, we expect that to translate into consistent growth in North America.

I'll finish with the areas of our business that are earlier in their journey, starting with our growing portfolio of emerging brands.

This quarter, we tapped into the energy of the Winter Olympics in Milan-Cortina to build excitement around ACG. It was a world-class execution that showcased the ACG logo on all Team USA Olympic athletes we executed creative brand marketing including an experiential train from Milan to the Alps called the "All Conditions Express."

and we elevated our presentation in more than 600 retail doors around the world including a standalone ACG door in Beijing.

The ACG team is committed to serving the outdoor athlete by creating the world's most innovative footwear, apparel, and accessories. Building our presence authentically over time by supporting world class racers and events. And building long-term partnerships with the retailers who authentically serve outdoor athletes

The outdoors is a tremendous opportunity for Nike as we bring excitement and a fresh perspective to the consumers and the industry.

In Nike Sportswear and Jordan Streetwear, our teams are moving from playing defense to playing offense. Matt shared last quarter that by the end of this fiscal year, we will have intentionally reduced over 4 billion dollars of revenue from the peak levels of classics footwear franchises. A clean up of that scale is significant and has taken several quarters to execute.

From here, we're investing in a more sophisticated city offense one that incubates new styles through different consumers and channels, account by account. And as you know there is both an art and a science to seeding igniting and scaling new sportswear styles.

A great example this quarter is the strong sell-through we drove around the globe... with a more thoughtful approach to the reintroduction of the Air Max 95.

That city-led approach is especially important in EMEA, where the lack of a fully integrated marketplace has been one of our biggest hurdles. The team is responding with a more complete, streets-up model working more closely with wholesale

Partners to improve point-of-sale storytelling and seeding in the community. In EMEA, you'll see us show up as a more local Nike.

Greater China, too, will benefit from a more local approach and closer connection with the consumer on the ground. We have become clearer on the structural challenges in China and the channel dynamics in the market. We are taking action to clean the marketplace, tighten execution across digital and physical retail, and rebuild the brand locally through sport!

It will take time, but we remain confident that serving 1.4 billion potential athletes in China is one of the most powerful opportunities in sport.

In Converse, the team took some decisive steps this quarter to bring the brand back to a healthy business. Converse is a beloved brand that serves a distinct consumer through their connection to creative culture, music and youth.

Converse will remain an important part of the NIKE, Inc. family and we are excited about its long-term prospects.

Overall, the work is not finished but the direction is clear our teams are moving with focus and urgency and our foundation is getting even stronger.

I am going to pass it over to Matt and I'll come back on to close out the call.

**[MATT FRIEND]**

Thanks, Elliott, and hello to everyone on the call.

As Elliott outlined, we are seeing real progress across the business. Our initial focus on Sport was important, because it set the strategic repositioning of our brands. Momentum in Running continues to be strong, and we expect Football, Training, and Basketball to return to growth over the next few quarters. Yet Sport dimensions currently represent less than half of our total portfolio, and Sportswear continues to be a headwind to revenue growth as it declined low double digits in the quarter.

In the marketplace, relationships with our wholesale partners are strong and our ways of working look very different than they did twelve months ago. Order books are growing and we are taking back shelf space, however sell-thru trends are not yet where we want them to be. Despite making progress versus a year ago, digital is still too promotional. Markdowns across the marketplace remain elevated. Our teams are pulling levers to manage inventory and protect brand health, but this continues to be a headwind to gross margin profitability.

While our comeback is taking longer than we would like, we are confident we are on the right path, and we have a clear set of plans in place to complete our Win Now actions by the end of the calendar year.

Now let me turn to our third quarter results.

For this quarter, Revenues were flat on a reported basis, and down 3% on a currency-neutral basis. Nike Direct was down 7%, with Nike Digital declining 9% and Nike Stores down 5%. Wholesale grew 1%.

Gross margins declined 130 basis points to 40.2% on a reported basis, primarily due to 300 basis points associated with higher tariffs in North America.

SG&A was up 2% on a reported basis versus the prior year, due to employee severance charges we incurred in the quarter.

We also had other income from legal settlements. Our effective tax rate was 20%.

Earnings per share was \$0.35. Inventory decreased 1% versus the prior year, with units down mid-single digits.

Let me provide some additional context on the \$230 million charge we incurred this quarter due to employee related severance costs, primarily in supply chain and technology.

During the pandemic, we accelerated investments across supply chain and technology to support a larger digital and direct business. Those investments also resulted in a higher fixed cost base that weighed significantly on our EBIT margins as revenue came down. Given the strategic shifts we have made to serve a more balanced integrated marketplace, we have begun to take meaningful steps to reset our cost base to improve Nike's long-term profitability.

Our specific actions in supply chain will lower costs, streamline operations and reduce capacity in our distribution network. Over time, we will shift our supply chain network to become more of a variable cost, versus the higher fixed cost structure we have today.

In technology, we continue to optimize our workforce, rationalize programs and leverage new advanced capabilities.

We also right-sized operating costs at Converse this quarter, which was included in this charge.

We continue to evaluate opportunities related to supply chain which could result in additional financial impacts in future quarters, though we believe the actions taken this quarter will represent the largest financial impact. We expect benefits from these actions will begin in Fiscal 27 and continue to build through fiscal 28.

Now, I will turn to performance in the geographies, including key highlights and actions we are taking to drive progress against our Win Now actions.

In North America, Q3 revenue grew 3%. Nike Direct declined 5%, while Nike Digital was down 7%. Nike Stores were down 1%. Wholesale grew 11%. EBIT declined 11% on a reported basis.

North America is leading the comeback, and is well-positioned to sustain the momentum as we move forward.

Running and Global Football grew double digits, with Basketball up high-single digits, while Sportswear declined double digits.

Our Digital business improved sequentially throughout the quarter, driven by strong launch and growth in key sports, as well as continued improvement in average retail discounts

Wholesale revenue growth was driven by new distribution and lapping marketplace management actions with existing partners in the prior year

While sell-thru has been below plan, sell-thru improved in February, and we drove positive growth in all channels in the Geography for the first time in two years

Inventory dollars grew low-single digits, while units were down high-single digits, with the spread primarily due to tariffs. Closeout units remain low, and mix is healthy.

From a margin recovery perspective, North America gross margins declined 360 basis points versus the prior year, despite nearly 650 basis points of gross impact from new US tariffs. Underlying profitability has now improved over three consecutive quarters, giving us confidence that we can recover the transitory headwinds to margin associated with our Win Now actions.

Last, we are increasingly confident we are on track to return to balanced growth in North America across both Nike Direct and wholesale channels in the near-term.

In EMEA, Q3 revenue was down 7%. Nike Direct declined 13%, with Nike Digital down 6%, and Nike Stores down 20%. Wholesale was down 4%. EBIT increased 7% on a reported basis.

EMEA presented both progress and challenges in the quarter, and the team continued to take action in a highly promotional marketplace.

Our performance business continued to build momentum, led by double-digit growth in Running;

Sportswear was down double-digits, and sell-thru has not tracked with sell-in expectations

Promotions across the marketplace were up versus the prior year as partners manage inventory

We were also more aggressive with promotions on Nike Digital at end of season, which resulted in higher markdowns and a higher off price mix

Inventory grew double digits versus the prior year, with units up mid-single digits.

Given the softness in Sportswear, traffic patterns and promotions across Europe, as well as recent disruption in the Middle East, we anticipate ending the fourth quarter with elevated inventory.

In Greater China, Q3 revenue declined 10%. Nike Direct declined 5%, with Nike Digital down 21%, and Nike Stores up 1%. Wholesale declined 13%. EBIT increased 11% on a reported basis.

This quarter we made forward progress in Greater China. Running grew double digits in the quarter, and we also saw growth in Tennis, Golf and ACG, and Kids was flat; Sportswear declined double-digits as expected. Wholesale sell-in was managed down, while seasonal sell through rates sequentially improved.

We expanded our Nike store pilot to 100 doors, including our House of Innovation door in Shanghai, obsessing store assortments, storytelling and replenishment, resulting in traffic and comp sales improving versus the prior year

We implemented shifts to manage our brand presence differently across all digital platforms, pulling key styles off discount, resulting in higher full price realization for these styles

Inventory was down mid-teens versus the prior year, with units down more than 20%, and partner inventory also declined double-digits

With new leadership now in place, we expect to take additional actions to improve our position in the coming quarters. We will continue to reduce near-term sell-in to align with full price demand, clean up the digital channel, and reduce the amount of aged inventory in the marketplace. We expect these actions will continue throughout Fiscal 27 and remain a headwind to revenue growth, while profitability should bottom sooner as marketplace management makes progress.

In APLA, Q3 revenue was down 2%. Nike Direct declined 8%, with Nike Digital down 12%, and Nike Stores down 3%. Wholesale was up 3%. EBIT declined 4% on a reported basis.

In the quarter we saw bright spots with Running up double digits, and growth in Training and Football, while Sportswear declined double digits.

We had a strong launch of NikeSKIMS in Australia and Korea, and launched new Cricket footwear

innovation at the T20 Cricket World Cup

Nike Flagship Stores in Tokyo and Seoul drove positive growth for the quarter

While inventory grew high single digits versus the prior year, units declined low-single digits as the team made progress in certain countries. Closeout mix remains elevated, and the team is focused on actions to address excess inventory over the coming quarter.

We expect performance across territories in APLA to remain mixed in the near-term.

Now I will turn to our outlook.

You heard Elliott say that while our comeback is taking longer than we would like, we have a clear set of plans in place, and we expect to complete our Win Now actions by the end of the calendar year.

Over these next nine months, there will continue to be puts and takes across the revenue and gross margin lines of our business. At the same time, we are even more confident in where we are headed. Therefore, we want to provide greater visibility to how we see the business trend from here through the end of the calendar year.

We expect revenues to be down low single digits versus the prior year with gains in North America offset by declines in Greater China driven by intentional reduced sell-in and marketplace management actions over that period.

While the tariff environment has been uncertain, assuming no significant changes, we expect the first quarter of Fiscal 27 to be the final quarter where higher tariffs continue to be a material year-over-year headwind to gross margin. We expect gross margin expansion to begin in the second quarter, due to actions to mitigate tariffs and recovery of transitory impacts from Win Now.

We expect earnings to be flattish, with gross margins beginning to inflect and disciplined SG&A management, setting the foundation for earnings recovery from there.

We also recognize that the environment around us has become increasingly dynamic, and we could experience unplanned volatility due to the disruption in the Middle East, rising oil prices, and other factors that could impact input costs or consumer behavior. These assumptions reflect the macro environment as it stands today.

Now, I'll share our specific outlook for the fourth quarter of Fiscal 26. We expect Q4 revenues to be down 2-4%, with modest growth in North America despite lapping of value liquidation in the prior year, largely offset by declines in Greater China and Converse. We expect Greater China to be down approximately 20% in the fourth quarter, reflecting reduced sell-in that we highlighted last quarter, as well as accelerated actions to clean up the marketplace. We anticipate a two-point benefit from foreign exchange.

We expect sequential improvement in gross margin, with Q4 down approximately 25 to 75 basis points, including 250 basis points due to higher tariffs in North America.

We expect Q4 SG&A dollars to be flat to down slightly.

We expect other expense, net of interest income, to be an expense of \$15 to \$25 million in the fourth quarter. We expect our full year tax rate to be in the low 20% range. We will return to providing full-year and long-term guidance at our Investor Day in the Fall.

With that I'll pass it back to Elliott.

**[ELLIOTT HILL]**

Thanks Matt. Before we move to your questions, I want to leave you with an image that stayed with me from this quarter.

I was in Barcelona meeting with athletes and leaders from FC Barcelona a partner of ours since 1998 and I stood on the pitch at Camp Nou.

If you have ever been there, you know it is more than a stadium. It is one of the most imposing stages in sport. A place built for pressure, belief and unforgettable moments.

And right now, Camp Nou tells another story, too.

Above the pitch, there is scaffolding. In the corners, there are cranes. Entire sections are unfinished.

The stadium is being rebuilt, tier by tier, piece by piece to accommodate over 100,000 supporters.

The work is still underway. Capacity right now is limited. And it requires patience and perseverance.

And still, the supporters are in full voice. The players are still stepping onto the pitch focused on competing and winning.

And all around them the work is transforming what their home their club will become.

What stayed with me was the reality of both things being true at once. Competing today while building for tomorrow.

FC Barcelona did not choose between performing in the present and preparing for the future. They are doing both at the same time.

Standing there, looking up at the half-built stadium, it occurred to me *this is Nike right now*.

We are taking deliberate actions that we believe will restore the health and quality of our business, even when those actions create pressure in the near term.

We are removing what is not working. We are rebuilding parts of the foundation that needed to be rebuilt. And at the same time, we are continuing to innovate, to compete, and to create for the future.

That takes conviction. It takes patience. It takes belief. And it takes focus.

Camp Nou is not being rebuilt for the next match. It is being rebuilt for the next era.

That is exactly how I think about the work we are doing at Nike.

I came back to help return this company to greatness and to build it the right way for the long term. To protect what has always made Nike special and to modernize it for a new generation of athletes and consumers.

So while the work is not finished, the direction is clear. Our focus is clear. And our comeback is within reach.

And this Fall, we look forward to sharing a fuller view of that path ahead at our Investor Day.

With that, let's open it up for your questions.

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