

## **REMARKS AS PREPARED FOR DELIVERY**

### **Q4FY26 NIKE Inc. Conference Call**

*June 30, 2026*

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#### **[OPERATOR]**

Good afternoon, everyone. Welcome to NIKE, Inc.'s Fourth 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 Fourth 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.

I'm proud of the progress our team made in Fiscal Year '26. When I look back at where we started the year and where we are today it's clear that we're building a much stronger foundation for our company.

Through our Win Now priorities we're elevating the fundamentals of our business across our team culture, innovative product, brand strength, and how we serve consumers in our countries and cities. We're making meaningful structural improvements in each of them.

Win Now is making the comeback possible.

And importantly, it's what's enabled us to move about 8,000 teammates into vertical sport teams under our new operating model, the Sport Offense while also taking meaningful steps to simplify and accelerate our supply chain and technology.

As our foundation improves, the Sport Offense is starting to create impact. Our renewed obsession with sport and the success of our athletes is fueling energy for our brands and building momentum in our performance business, which grew mid-single digits this fiscal year.

Overall, the results aren't there yet. We know we're not living up to our full potential particularly in Nike Sportswear and Jordan Streetwear, where sell-through remains challenged, impacting both current discounting and the future order books.

We're operating in a more complex macro environment, where we're seeing added pressure on traffic and discretionary spending across our geographies.

But we're focused on what we control bringing each sport together across product, brand, marketplace and operations and deepening our connections with athletes, consumers and partners.

When those dimensions connect, they create the Nike multiplier. It's repeatable and sustainable.

That's why I'm confident we're building Nike the right way, not for the next quarter, but for the next decade.

Now the opportunity is consistency. Execution across every part of the portfolio. From here, we have to prove it every season.

Now let me walk you through the details of the clearest signals of our progress in FY26.

This year, we directed our marketing, social and communications outreach to build influence across a wide network of sport-specific communities.

We did that through our deep portfolio of athletes, creators and sport partners. And through those networks, we brought energy and a uniquely Nike point of view to sport moments, both big and small.

When we lead with sport authentically, consumers respond. And we see that in both internal and external brand tracking. Our focus now is translating that brand strength into healthier demand, cleaner marketplaces and sustainable growth.

You can see the same energy in our broader product pipeline too.

We've now delivered five consecutive quarters of double-digit growth in Nike Running and over that period, we've added roughly a Billion dollars to our Running business.

In FY26, across Western Europe and North America, we gained five points of Running marketshare in statement footwear, more than any other Top 5 brand.

The integrated marketplace is one of our most important areas of transformation.

We've been rebuilding our wholesale relationships expanding our reach and improving how we show up across channels. For the Fiscal Year, wholesale revenue grew 4%, led by double digit growth in North America.

We've also made significant investments in the physical marketplace refreshing more than 15,000 spaces in wholesale doors around the world.

In Nike Direct, we've taken equally important steps. We're elevating the user experience by leading with performance, celebrating sport moments, and we're discounting less on Nike Digital.

In FY 26, we elevated more than 150 stores with sport-led experiences. Over time, we will continue to rezone and elevate our fleet and close doors that are no longer aligned to our strategy.

At our scale, this takes time. We're not finished yet. I'm confident our investments in the integrated marketplace will pay dividends for years to come.

We're also investing in experiences in our key countries and cities to accelerate demand.

In global football, our grassroots tournament TOMA has reached more than 10,000 kids across 25 cities to date.

In basketball, we continue to invest globally from our partnership with the Chinese High School Basketball League and its 600 teams to Jordan's "The One" tournament in 20 cities around the world.

In running, we launched the After Dark Tour in Shanghai. It will reach seven cities this fall. Last year, 50,000 runners joined and a third were first-time runners. And with our more expanded reach, we expect even more impact.

Being more local matters. It deepens connection. It builds loyalty. And it creates a pull market for our brands and products.

As we strengthen Nike Inc's foundation, we're taking decisive action across our supply chain to lower costs, streamline operations, and right-size our distribution network to match the demand ahead.

We've redeployed resources from our Nike Direct technology teams to better support the company end-to-end, across the entire value chain.

And we're investing in advanced tools and capabilities to improve speed, precision, and reliability in everything we create from Air Manufacturing and Materials innovation to how we plan, make, and move product to the marketplace.

At its core, this work is about serving athletes better and creating a more profitable business.

That's especially important in Greater China a critical long-term growth market for NIKE where we are fully committed to winning.

Our teams in China are executing a comprehensive reset returning to sport and innovation, taking a more local approach to product creation, and building a territory-level offense.

At the same time, we're reimagining how we operate in the marketplace. We are working with partners and evaluating new ways to accelerate our return to growth so we can be more premium, more culturally connected, and move at the speed of the Chinese consumer, with seamless journeys across digital and physical retail.

In the near term, we're executing. Cleaning up inventory investing in must-win doors and when we invest, we're seeing sales increase high single digits.

I'm confident in our leaders and our plans to restore long-term marketplace health in Greater China.

Converse sharpened its strategy this quarter. It's getting clearer on the role it plays within NIKE, Inc and where it will grow, especially with the Chuck Taylor and Jack Purcell franchises.

As part of that focus, we announced that Shai Gilgeous Alexander has joined the Nike Basketball family. Shai and Nike Basketball are a perfect match. This move allows Converse to fully focus on serving creators through its lifestyle business.

That clarity matters. When we're focused, we win. And right now, Global Football is the best example of that playing out through the Sport Offense.

It's been an incredible few weeks of the World Cup. What feels different this time around is we're not treating the tournament as a single moment. We're using it to reshape our business, telling a connected story over time, engaging different communities in relevant ways, and building momentum that carries well beyond the tournament.

We built a full Nike Football universe.

It started with a simple image of 31 Polaroids a map of what was to come. An epic film called “Rip the Script” followed, branching off into individual athlete stories, collaborator collections, innovation unveils, retail experiences and local tournaments.

We built it this way because the next generation wants to engage with sport on their terms. Discovering, sharing, and participating in the story as it unfolds. Every beat, every story, is a doorway. Giving different micro-communities their own way in.

This is the way to reach scale in today’s culture. By the first week of World Cup, we had 1.5 Billion views of our various stories.

This is about deeply understanding today’s consumers, and building modern, meaningful and innovative connections with them. This is nothing new for Nike. Once again, we’re out front rewriting our marketing playbook.

At the center of the Nike Football Universe, is amazing product.

We launched Aero-FIT in our national team kits to help athletes compete in extreme conditions. By the start of the tournament, we had already sold 2.5 times the number of kits compared to the same period in World Cup 22.

Earlier in the year, we redesigned our Tiempo and Phantom franchises and before the tournament we launched our new Mercurial in two expressions of speed. At launch, the Mercurial became the fastest-selling 24-hour launch for cleated footwear in the history of Nike Direct.

We also connected Nike Mind to the tournament in team colors to fuel our new innovation.

With our X2 collections, we created amazing energy with leading creatives and we reached scale through Nike Sportswear, Skate, Cactus Jack and N7 to connect deeper with broader football culture.

And as we talked about last quarter, we’re activating the marketplace, elevating over 5000 football doors around the world.

The World Cup is always a moment to prove ourselves. It's one of the toughest battlegrounds in sport.

And we're coming with our best. We're leading the conversation and shaping football culture, a strong early proof point for the Sport Offense.

As we move into Fiscal '27 we're focused on building on that momentum. Here's what you can expect from our teams.

As we scale the Sport Offense across more sports, we expect growth to expand beyond Running into Training, Basketball, and ACG.

But that progress will continue to be uneven. We expect Nike Sportswear and Jordan Streetwear to continue to be negative this Fiscal Year, with improvement expected in the second half.

We know changing their trajectory is critical to restoring sustainable top-line growth because, together, they represent approximately half of our revenue.

We are moving quickly to reposition both businesses. In the second half, Nike Sportswear will introduce more than a dozen new footwear styles, each with distinct consumer journeys. But this work will take time to scale and translate into consistent results.

Our teams are also focused on inspiring the consumer in modern ways while driving commercial impact at local sport moments.

And we will continue to invest in how we show up as a premium brand in both digital and physical retail, including a plan to elevate 50% of our Nike Direct owned fleet by the end of the fiscal year.

Across the enterprise, we'll operate with even greater discipline to improve planning accuracy, strengthen inventory management, and expand margins over time

Most importantly, we look forward to sharing the next phase of our growth strategy at our Investor Day on November 16<sup>th</sup> and 17<sup>th</sup>.

Before I pass it to Matt, I want to take a moment and recognize him for his many contributions to

Nike over his nearly 18 years at this company.

Matt helped guide the company through a demanding stretch, and he has been a trusted partner to me and to this team. I appreciate his continued support and his commitment to ensuring a seamless transition in the coming weeks and months.

I'd like to thank him for all he has done for Nike and wish him the very best in his next chapter.

**[MATT FRIEND]**

Thanks, Elliott. I have truly valued the partnership with you and this team, and I am proud of the progress we have made together.

As we close Fiscal 26, we made meaningful progress across the business through Rebalancing the product portfolio, driving momentum and growth in Performance while reducing Classic footwear franchises by more than \$2 billion, keeping revenue flat on a reported basis versus prior year. Stabilizing Gross margins excluding the impact of incremental tariffs. Taking initial steps to reset our cost base and improve operating efficiency and effectiveness. And our balance sheet is strong with substantial liquidity and flexibility to operate as we go forward.

Our fourth quarter financial performance was in line with our expectations, however the operating environment became more challenging as we progressed through the quarter.

After a stronger start in March, especially in North America, by mid-April we began to see a deceleration in retail sales trends. Our consumer is under pressure around the world, and we can particularly see it having a larger impact on Sportswear, which declined double-digits in the quarter, with a similar decline in retail sales. At the same time, momentum in performance sports continued to build, growing mid-single digits and delivering positive year over year retail sales comps across Running, Training, and Global Football, as well as other sports. We are monitoring marketplace inventory and promotions closely and adjusting buy plans to manage future supply and sell-in with demand and improvement in full price sales.

Before I turn to our results, I want to address an unplanned benefit related to tariffs which was recognized in the quarter, and was not included in our previous financial guidance. In the fourth quarter, we determined that the financial recovery of claims related to incremental tariffs paid under IEEPA had become probable. This resulted in the recognition of a one-time benefit of \$986 million,

offsetting the IEEPA tariffs embedded within cost of sales that had been expensed through the income statement throughout Fiscal 26. As of quarter end on May 31, we collected over \$300 million of cash related to these claims. The remainder of the benefit was recorded to Accounts Receivable as we await recovery.

Tariffs remain a dynamic cost headwind that we expect to continue looking forward, and so I will share more on our rate assumptions later in my remarks.

Now, I will turn to our fourth quarter results.

For the quarter, revenues were down 1% on a reported basis, and down 4% on a currency neutral basis, reflecting modest growth in North America, more than offset by expected declines in Greater China, EMEA and Converse. Nike Direct was down 9%, with Nike Digital declining 12% and Nike Stores down 7%. Wholesale grew 1%.

Gross margin was 49.2%, up 890 basis points versus prior year, driven by a 900 basis point benefit related to recovery of IEEPA tariffs. Excluding this benefit, gross margin would have been 40.2%, down 10 basis points versus prior year, which included additional severance costs related to supply chain actions in North America and EMEA we highlighted last quarter. We expect these actions will deliver positive operating leverage in gross margin in Fiscal 27.

SG&A was down 2% on a reported basis versus the prior year, reflecting continued discipline managing expenses, while accelerating investment for the World Cup.

Our effective tax rate was 19.6%.

Earnings per share for the quarter was \$0.72, and excluding the benefit on tariff recovery, was \$0.20.

Inventory was flat versus the prior year, with continued progress made to address aged inventory in Greater China.

For the full year, revenue was flat on a reported basis and down 2% on a currency-neutral basis.

Gross margin was 42.9%, up 20 basis points versus the prior year, including a 210 basis point benefit related to recovery of IEEPA tariffs. Excluding the benefit, gross margin would have been

40.8%.

Diluted earnings per share was \$2.10, down 3% versus the prior year. Excluding the benefit on tariff recovery, earnings per share would have been \$1.58.

Looking at our reported full year results for Fiscal 26, you can clearly see that our gross margins slightly expanded while earnings per share modestly declined, despite significant investment and nearly \$400 million of severance charges made to reposition and create a healthier foundation for our business.

Now, I will turn to performance in the geographies.

In North America, Q4 revenue grew 3%. Nike Direct was down 6%, while Nike Digital was down 5%. Nike Stores were down 7%. Wholesale grew 10%. EBIT increased 91% on a reported basis. Excluding the tariff refund benefit, EBIT would have declined 1%.

North America continues to drive momentum in performance, including strong double-digit growth in Global Football and Running, as well as growth in Kids and Golf; Sportswear was down high-single digits. Retail sales grew over the first six weeks of the quarter, however we did see a deceleration in late April which we continue to monitor closely, particularly in Sportswear and Jordan Streetwear. Wholesale revenue growth was driven by new and existing distribution; one highlight I'd like to note is that our revenue growth and retail sales comp with Foot Locker was positive for the first time in four years, and we continue to be encouraged about the path ahead. Inventory grew mid-single digits, in line with our plans, with a healthy closeout mix. Importantly, excluding the tariff refund benefit, underlying gross margin profitability continued to improve year-over-year

In EMEA, Q4 revenue was down 6%. Nike Direct declined 16%, with Nike Digital down 24%, and Nike Stores down 9%. Wholesale was down 1%. EBIT was down 8% on a reported basis.

EMEA continues to work through heightened inventory and promotional levels, disruption in the Middle East, and a higher portfolio mix of Sportswear than the other geographies.

We had continued momentum in Performance through Running, Global Football and Golf, all of which grew double digits. Although Digital revenue declined, off price was down over 50% following aggressive actions to reduce promotions; this resulted in a 15 point improvement in full price realization

Sportswear declined double-digits and sell-thru continues to be challenging, and so we have tightened buys and moderated sell-in plans for the near-term. Total inventory dollars were up low double digits, with actions in place to reduce supply and accelerate liquidation to improve marketplace health

In Greater China, Q4 revenue declined 17%. Nike Direct declined 14%, with Nike Digital down 25%, and Nike Stores down 9%. Wholesale declined 19%. EBIT was down 20% on a reported basis.

As you heard Elliott say, there are several changes underway in Greater China, and the team continues to execute on their plan:

In-season sell-thru has improved sequentially, and average retail discounts are down. We are seeing recovery in full price realization on Digital, after more aggressive actions to reduce promotions over the last two quarters. Running grew mid-single digits, and Global Football and Tennis were up double digits. Our pinnacle retail expression, the House of Innovation in Shanghai, posted double-digit growth for the quarter. We also saw sales growth in the doors that we have reset, and encouraging initial results at our newest ACG door in Nanjing. Inventory was down double digits, with units also down double digits.

We continue to take actions with partners to clean-up the marketplace, and expect revenue trends in Greater China over the near-term to be in line with recent performance

In APLA, Q4 revenue was down 1%. Nike Direct declined 3%, with Nike Digital down 8%, and Nike Stores up 2%. Wholesale was up 1%. EBIT declined 1% on a reported basis.

The business across the geography continues to be mixed, with strength in select territories and Performance sports offset by ongoing pressure in Sportswear. Running and Global Football grew double digits, with high single digit growth in Tennis and ACG

Across the marketplace, the team is focused on elevation and expansion. Where we have invested in elevated retail, we are seeing a strong increase in comp sales growth. We also added new digital partners across five Southeast Asian countries.

Inventory grew high-single digits versus the prior year, with a sequential improvement in closeout mix as inventory actions continue across the geography.

Now I will turn to our outlook.

The environment around us continues to be volatile, including evolving tariff policies, ongoing disruption in the Middle East, oil prices, and other factors that could impact operating costs, consumer behavior, and weakness in store traffic and retail sales. These assumptions reflect the macro environment as it stands today, and we are not expecting the environment to improve meaningfully over the next six months.

Last quarter, we provided guidance, which cumulatively included the fourth quarter of fiscal 26 through the first two quarters of fiscal 27, with revenues to be down low single digits, gross margins to inflect positive in Q2, and earnings to be flattish over this period.

We reiterate our expectation for earnings to be flattish over that time period excluding the benefit from tariff recovery; however, the composition has shifted. Considering the current macro environment as well as recent sell-thru trends, we are taking actions to tighten buys, reduce future sell-in, and manage inventory. This will result in revenue moderating, but also higher gross margins.

We now expect revenue to be down low- to mid-single digits, with Q2 having a sequential deceleration from Q1 due to some unique factors equating to a multi-point headwind, including higher digital promotions in the prior year in EMEA and timing of North America Wholesale shipments.

We now expect gross margin expansion earlier, beginning in Q1.

We will continue to be disciplined with SG&A management, driving productivity benefits in operating overhead beginning in Q1.

Specifically for Q1 we expect reported revenues to be down low- to mid-single-digits with no expected benefit from foreign exchange, with currency neutral revenue growth consistent with recent performance.

We expect gross margin in Q1 to be slightly positive. The tariff environment continues to be uncertain. Our forecast is based on incremental tariff rates of 10% continuing through the end of July, and then increasing to 15% thereafter, as we communicated last quarter

We expect Q1 SG&A dollars to be flat with operating overhead declining while demand creation grows high single digits as we invest into the World Cup .

We expect our full year tax rate to be in the low 20% range

While the environment remains volatile and it is taking more time for the top line to inflect positively, we remain confident in the actions we control to improve EBIT margins and increase cash flow from operations. We are tightly managing expenses, re-allocating resources to elevate retail and drive deeper consumer connections, and taking actions to structurally improve the efficiency and profitability of our supply chain as well as Nike's overall business.

With that, I will pass it back to Elliott.

**[ELLIOTT HILL]**

Before we go to questions I want to leave you with one thought.

We've spent a lot of time this quarter talking about sport the highs, the setbacks, the pressures that define teams.

Yet there's one I keep coming back to.

Earlier this month, we watched something special happen in New York. The Knicks became NBA Champions.

A team that had carried the weight of expectation for more than 50 years finally broke through.

And when you look at what happened after the final buzzer the trophy, the celebration, the joy across the city it's easy to think that's where it was won.

But it wasn't. Their championship wasn't built in a single series. Or even in one season. It was built over time. Through setbacks. And steps forward. Through relationships. And buying into a system where everyone knows their role.

You saw it when it mattered most. Because every one of those wins in the Finals was a fight. Double-digit deficits. They didn't flinch. They didn't panic. They went to work. Chipping away. One stop. One

bucket. Another stop. Again and again.

That's not luck. That's a team that's ready. Most importantly, that's belief. Belief in their system. Belief in each other.

Brunson kept coming. Towns was disruptive at both ends. Hart made the hustle plays. Different players. One goal. All focused on closing the gap. Possession by possession.

And that's what I see in our team. We believe. In our system. In each other. In the way we're building this.

Not because the work is finished and not because every result is where we want it to be today. But because we know what it's built on.

I see the progress. I see the structural change. I see the foundation getting stronger. I see the Sport Offense taking hold. I see a team that's been tested and is ready for what's in front of us.

The Knicks reminded all of us of something important. The real story is never just the celebration. The real story is everything it took to get there.

And that's exactly how we're building Nike. The right way.

Because the goal isn't one championship. It's building a team that can do it again and again.

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