

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In millions, except per share data)	THREE MONTHS ENDED		%	SIX MONTHS ENDED		%
	11/30/2019	11/30/2018	Change	11/30/2019	11/30/2018	Change
Revenues	\$ 10,326	\$ 9,374	10%	\$ 20,986	\$ 19,322	9%
Cost of sales	5,782	5,269	10%	11,571	10,820	7%
Gross profit	4,544	4,105	11%	9,415	8,502	11%
<i>Gross margin</i>	<i>44.0%</i>	<i>43.8%</i>		<i>44.9%</i>	<i>44.0%</i>	
Demand creation expense	881	910	-3%	1,899	1,874	1%
Operating overhead expense	2,443	2,232	9%	4,753	4,331	10%
Total selling and administrative expense	3,324	3,142	6%	6,652	6,205	7%
<i>% of revenues</i>	<i>32.2%</i>	<i>33.5%</i>		<i>31.7%</i>	<i>32.1%</i>	
Interest expense (income), net	12	14	—	27	25	—
Other (income) expense, net	(41)	(48)	—	(74)	5	—
Income before income taxes	1,249	997	25%	2,810	2,267	24%
Income tax expense	134	150	-11%	328	328	0%
<i>Effective tax rate</i>	<i>10.7%</i>	<i>15.0%</i>		<i>11.7%</i>	<i>14.5%</i>	
NET INCOME	\$ 1,115	\$ 847	32%	\$ 2,482	\$ 1,939	28%
Earnings per common share:						
Basic	\$ 0.71	\$ 0.54	31%	\$ 1.59	\$ 1.22	30%
Diluted	\$ 0.70	\$ 0.52	35%	\$ 1.56	\$ 1.19	31%
Weighted average common shares outstanding:						
Basic	1,560.6	1,581.4		1,561.5	1,587.7	
Diluted	1,594.4	1,620.7		1,596.0	1,627.2	
Dividends declared per common share	\$ 0.245	\$ 0.22		\$ 0.465	\$ 0.42	

NIKE, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Dollars in millions)</i>	November 30, 2019	November 30, 2018	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 3,070	\$ 3,423	-10%
Short-term investments	432	618	-30%
Accounts receivable, net	4,792	4,346	10%
Inventories	6,199	5,388	15%
Prepaid expenses and other current assets	1,876	1,791	5%
Total current assets	16,369	15,566	5%
Property, plant and equipment, net	4,668	4,588	2%
Operating lease right-of-use assets, net	2,882	—	—
Identifiable intangible assets, net	277	284	-2%
Goodwill	224	154	45%
Deferred income taxes and other assets	2,182	2,085	5%
TOTAL ASSETS	\$ 26,602	\$ 22,677	17%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 6	\$ 6	0%
Notes payable	300	9	—
Accounts payable	2,627	2,574	2%
Current portion of operating lease liabilities	431	—	—
Accrued liabilities	4,672	4,478	4%
Income taxes payable	228	211	8%
Total current liabilities	8,264	7,278	14%
Long-term debt	3,462	3,466	0%
Operating lease liabilities	2,723	—	—
Deferred income taxes and other liabilities	2,802	3,204	-13%
Redeemable preferred stock	—	—	—
Shareholders' equity	9,351	8,729	7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 26,602	\$ 22,677	17%

NIKE, Inc.
DIVISIONAL REVENUES
(Unaudited)

	THREE MONTHS ENDED		%	% Change Excluding Currency Changes ¹	SIX MONTHS ENDED		%	% Change Excluding Currency Changes ¹
(Dollars in millions)	11/30/2019	11/30/2018	Change		11/30/2019	11/30/2018	Change	
North America								
Footwear	\$ 2,426	\$ 2,245	8%	8%	\$ 5,095	\$ 4,800	6%	6%
Apparel	1,417	1,405	1%	1%	2,848	2,812	1%	1%
Equipment	139	132	5%	6%	332	315	5%	5%
Total	3,982	3,782	5%	5%	8,275	7,927	4%	4%
Europe, Middle East & Africa								
Footwear	1,536	1,419	8%	12%	3,294	3,061	8%	12%
Apparel	897	794	13%	17%	1,766	1,624	9%	13%
Equipment	104	100	4%	8%	250	235	6%	11%
Total	2,537	2,313	10%	14%	5,310	4,920	8%	13%
Greater China								
Footwear	1,247	1,022	22%	26%	2,411	1,980	22%	26%
Apparel	563	490	15%	18%	1,028	870	18%	23%
Equipment	37	32	16%	20%	87	73	19%	25%
Total	1,847	1,544	20%	23%	3,526	2,923	21%	25%
Asia Pacific & Latin America								
Footwear	997	879	13%	19%	1,927	1,760	9%	15%
Apparel	410	360	14%	18%	766	692	11%	17%
Equipment	61	59	3%	9%	120	116	3%	10%
Total	1,468	1,298	13%	18%	2,813	2,568	10%	15%
Global Brand Divisions ²	10	9	11%	6%	16	25	-36%	-36%
TOTAL NIKE BRAND	9,844	8,946	10%	12%	19,940	18,363	9%	11%
Converse	480	425	13%	15%	1,035	952	9%	11%
Corporate ³	2	3	—	—	11	7	—	—
TOTAL NIKE, INC. REVENUES	\$ 10,326	\$ 9,374	10%	13%	\$ 20,986	\$ 19,322	9%	11%
TOTAL NIKE BRAND								
Footwear	\$ 6,206	\$ 5,565	12%	14%	\$ 12,727	\$ 11,601	10%	13%
Apparel	3,287	3,049	8%	10%	6,408	5,998	7%	9%
Equipment	341	323	6%	8%	789	739	7%	10%
Global Brand Divisions ²	10	9	11%	6%	16	25	-36%	-36%
TOTAL NIKE BRAND REVENUES	\$ 9,844	\$ 8,946	10%	12%	\$ 19,940	\$ 18,363	9%	11%

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)

	THREE MONTHS ENDED			%	SIX MONTHS ENDED			%
<i>(Dollars in millions)</i>	11/30/2019	11/30/2018	Change		11/30/2019	11/30/2018	Change	
North America	\$ 875	\$ 884	-1%		\$ 1,975	\$ 1,961	1%	
Europe, Middle East & Africa	510	450	13%		1,119	951	18%	
Greater China	694	561	24%		1,363	1,063	28%	
Asia Pacific & Latin America	377	321	17%		718	644	11%	
Global Brand Divisions ²	(872)	(826)	-6%		(1,729)	(1,644)	-5%	
TOTAL NIKE BRAND¹	1,584	1,390	14%		3,446	2,975	16%	
Converse	90	44	105%		228	142	61%	
Corporate ³	(413)	(423)	2%		(837)	(825)	-1%	
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES¹	1,261	1,011	25%		2,837	2,292	24%	
Interest expense (income), net	12	14	—		27	25	—	
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 1,249	\$ 997	25%		\$ 2,810	\$ 2,267	24%	

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.

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

**FOR THE TRAILING FOUR
QUARTERS ENDED**

(Dollars in millions)

11/30/2019 5/31/2019

Numerator			
Net income	\$	4,572	\$ 4,029
Add: Interest expense (income), net		51	49
Add: Income tax expense		772	772
Earnings before interest and taxes		5,395	4,850
Income tax adjustment ³		(778)	(779)
Earnings before interest and after taxes	\$	4,617	\$ 4,071

**AVERAGE FOR THE TRAILING
FIVE QUARTERS ENDED**

11/30/2019 5/31/2019

Denominator			
Total debt ^{4,5}	\$	6,768	\$ 6,766
Add: Shareholders' equity		9,056	9,107
Less: Cash and equivalents and Short-term investments		3,979	4,453
Total invested capital	\$	11,845	\$ 11,420

RETURN ON INVESTED CAPITAL	39.0%	35.6%
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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 6/1/2019 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.