

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In millions, except per share data)	THREE MONTHS ENDED			% Change	NINE MONTHS ENDED			% Change
	2/29/2020	2/28/2019			2/29/2020	2/28/2019		
Revenues	\$ 10,104	\$ 9,611		5%	\$ 31,090	\$ 28,933		7%
Cost of sales	5,631	5,272		7%	17,202	16,092		7%
Gross profit	4,473	4,339		3%	13,888	12,841		8%
Gross margin	44.3%	45.1%			44.7%	44.4%		
Demand creation expense	870	865		1%	2,769	2,739		1%
Operating overhead expense	2,413	2,226		8%	7,166	6,557		9%
Total selling and administrative expense	3,283	3,091		6%	9,935	9,296		7%
% of revenues	32.5%	32.2 %			32.0%	32.1 %		
Interest expense (income), net	12	12		—	39	37		—
Other (income) expense, net	297	(55)		—	223	(50)		—
Income before income taxes	881	1,291		-32%	3,691	3,558		4%
Income tax expense	34	190		-82%	362	518		-30%
Effective tax rate	3.9%	14.7 %			9.8%	14.6 %		
NET INCOME	\$ 847	\$ 1,101		-23%	\$ 3,329	\$ 3,040		10%
Earnings per common share:								
Basic	\$ 0.54	\$ 0.70		-23%	\$ 2.13	\$ 1.92		11%
Diluted	\$ 0.53	\$ 0.68		-22%	\$ 2.09	\$ 1.87		12%
Weighted average common shares outstanding:								
Basic	1,556.3	1,572.8			1,559.8	1,582.8		
Diluted	1,591.6	1,609.6			1,594.6	1,621.5		
Dividends declared per common share	\$ 0.245	\$ 0.22			\$ 0.71	\$ 0.64		

NIKE, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Dollars in millions)</i>	February 29, 2020	February 28, 2019	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 2,863	\$ 3,695	-23%
Short-term investments	319	351	-9%
Accounts receivable, net	4,473	4,549	-2%
Inventories	5,807	5,415	7%
Prepaid expenses and other current assets	2,282	1,786	28%
Total current assets	15,744	15,796	0%
Property, plant and equipment, net	4,783	4,688	2%
Operating lease right-of-use assets, net	2,907	—	—
Identifiable intangible assets, net	275	283	-3%
Goodwill	223	154	45%
Deferred income taxes and other assets	2,288	2,000	14%
TOTAL ASSETS	\$ 26,220	\$ 22,921	14%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 4	\$ 6	-33%
Notes payable	9	16	-44%
Accounts payable	2,221	2,307	-4%
Current portion of operating lease liabilities	422	—	—
Accrued liabilities	5,356	4,738	13%
Income taxes payable	268	214	25%
Total current liabilities	8,280	7,281	14%
Long-term debt	3,463	3,465	0%
Operating lease liabilities	2,758	—	—
Deferred income taxes and other liabilities	2,674	3,214	-17%
Redeemable preferred stock	—	—	—
Shareholders' equity	9,045	8,961	1%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 26,220	\$ 22,921	14%

NIKE, Inc.
DIVISIONAL REVENUES
(Unaudited)

(Dollars in millions)	THREE MONTHS ENDED		%	% Change Excluding Currency Changes ¹	NINE MONTHS ENDED		%	% Change Excluding Currency Changes ¹
	2/29/2020	2/28/2019	Change		2/29/2020	2/28/2019	Change	
North America								
Footwear	\$ 2,628	\$ 2,509	5%	5%	\$ 7,723	\$ 7,309	6%	6%
Apparel	1,228	1,173	5%	5%	4,076	3,985	2%	2%
Equipment	123	128	-4%	-4%	455	443	3%	3%
Total	3,979	3,810	4%	4%	12,254	11,737	4%	4%
Europe, Middle East & Africa								
Footwear	1,711	1,589	8%	9%	5,005	4,650	8%	11%
Apparel	889	750	19%	20%	2,655	2,374	12%	15%
Equipment	109	96	14%	14%	359	331	8%	12%
Total	2,709	2,435	11%	13%	8,019	7,355	9%	13%
Greater China								
Footwear	1,075	1,115	-4%	-3%	3,486	3,095	13%	16%
Apparel	400	444	-10%	-9%	1,428	1,314	9%	12%
Equipment	31	29	7%	3%	118	102	16%	18%
Total	1,506	1,588	-5%	-4%	5,032	4,511	12%	15%
Asia Pacific & Latin America								
Footwear	963	909	6%	11%	2,890	2,669	8%	14%
Apparel	388	340	14%	20%	1,154	1,032	12%	18%
Equipment	63	58	9%	15%	183	174	5%	11%
Total	1,414	1,307	8%	13%	4,227	3,875	9%	15%
Global Brand Divisions²	8	8	0%	2%	24	33	-27%	-26%
TOTAL NIKE BRAND	9,616	9,148	5%	6%	29,556	27,511	7%	10%
Converse	506	463	9%	11%	1,541	1,415	9%	11%
Corporate ³	(18)	—	—	—	(7)	7	—	—
TOTAL NIKE, INC. REVENUES	\$ 10,104	\$ 9,611	5%	7%	\$ 31,090	\$ 28,933	7%	10%
TOTAL NIKE BRAND								
Footwear	\$ 6,377	\$ 6,122	4%	5%	\$ 19,104	\$ 17,723	8%	10%
Apparel	2,905	2,707	7%	9%	9,313	8,705	7%	9%
Equipment	326	311	5%	6%	1,115	1,050	6%	9%
Global Brand Divisions ²	8	8	0%	2%	24	33	-27%	-26%
TOTAL NIKE BRAND REVENUES	\$ 9,616	\$ 9,148	5%	6%	\$ 29,556	\$ 27,511	7%	10%

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			NINE MONTHS ENDED		
	2/29/2020	2/28/2019	% Change	2/29/2020	2/28/2019	% Change
<i>(Dollars in millions)</i>						
North America	\$ 937	\$ 916	2%	\$ 2,912	\$ 2,877	1%
Europe, Middle East & Africa	575	538	7%	1,694	1,489	14%
Greater China	556	639	-13%	1,919	1,702	13%
Asia Pacific & Latin America	387	339	14%	1,105	983	12%
Global Brand Divisions ²	(895)	(788)	-14%	(2,624)	(2,432)	-8%
TOTAL NIKE BRAND¹	1,560	1,644	-5%	5,006	4,619	8%
Converse	96	79	22%	324	221	47%
Corporate ³	(763)	(420)	-82%	(1,600)	(1,245)	-29%
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES¹	893	1,303	-31%	3,730	3,595	4%
Interest expense (income), net	12	12	—	39	37	—
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 881	\$ 1,291	-32%	\$ 3,691	\$ 3,558	4%

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. For the three and nine months ended February 29, 2020, Corporate includes the non-recurring charge, recognized 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	
	2/29/2020	5/31/2019
Numerator		
Net income	\$ 4,318	\$ 4,029
Add: Interest expense (income), net	51	49
Add: Income tax expense	616	772
Earnings before interest and taxes	4,985	4,850
Income tax adjustment ³	(621)	(779)
Earnings before interest and after taxes	\$ 4,364	\$ 4,071
AVERAGE FOR THE TRAILING FIVE QUARTERS ENDED		
	2/29/2020	5/31/2019
Denominator		
Total debt ^{4,5}	\$ 6,760	\$ 6,766
Add: Shareholders' equity	9,119	9,107
Less: Cash and equivalents and Short-term investments	3,807	4,453
Total invested capital	\$ 12,072	\$ 11,420
RETURN ON INVESTED CAPITAL	36.1%	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 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.