

NIKE, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	THREE MONTHS ENDED			%	TWELVE MONTHS ENDED			%
<i>(Dollars in millions, except per share data)</i>	5/31/2019	5/31/2018	Change		5/31/2019	5/31/2018	Change	
Revenues	\$ 10,184	\$ 9,789	4%		\$ 39,117	\$ 36,397	7%	
Cost of sales	5,551	5,411	3%		21,643	20,441	6%	
Gross profit	4,633	4,378	6%		17,474	15,956	10%	
<i>Gross margin</i>	<i>45.5%</i>	<i>44.7%</i>			<i>44.7%</i>	<i>43.8%</i>		
Demand creation expense	1,014	983	3%		3,753	3,577	5%	
Operating overhead expense	2,392	2,137	12%		8,949	7,934	13%	
Total selling and administrative expense	3,406	3,120	9%		12,702	11,511	10%	
<i>% of revenues</i>	<i>33.4%</i>	<i>31.9%</i>			<i>32.5%</i>	<i>31.6%</i>		
Interest expense (income), net	12	12	—		49	54	—	
Other (income) expense, net	(28)	31	—		(78)	66	—	
Income before income taxes	1,243	1,215	2%		4,801	4,325	11%	
Income tax expense	254	78	226%		772	2,392	-68%	
<i>Effective tax rate</i>	<i>20.4%</i>	<i>6.4%</i>			<i>16.1%</i>	<i>55.3%</i>		
NET INCOME	\$ 989	\$ 1,137	-13%		\$ 4,029	\$ 1,933	108%	
Earnings per common share:								
Basic	\$ 0.63	\$ 0.71	-11%		\$ 2.55	\$ 1.19	114%	
Diluted	\$ 0.62	\$ 0.69	-10%		\$ 2.49	\$ 1.17	113%	
Weighted average common shares outstanding:								
Basic	1,570.2	1,605.7			1,579.7	1,623.8		
Diluted	1,607.5	1,641.2			1,618.4	1,659.1		
Dividends declared per common share	\$ 0.22	\$ 0.20			\$ 0.86	\$ 0.78		

NIKE, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(Dollars in millions)</i>	May 31, 2019	May 31, 2018	% Change
ASSETS			
Current assets:			
Cash and equivalents	\$ 4,466	\$ 4,249	5%
Short-term investments	197	996	-80%
Accounts receivable, net	4,272	3,498	22%
Inventories	5,622	5,261	7%
Prepaid expenses and other current assets	1,968	1,130	74%
Total current assets	16,525	15,134	9%
Property, plant and equipment, net	4,744	4,454	7%
Identifiable intangible assets, net	283	285	-1%
Goodwill	154	154	0%
Deferred income taxes and other assets	2,011	2,509	-20%
TOTAL ASSETS	\$ 23,717	\$ 22,536	5%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 6	\$ 6	0%
Notes payable	9	336	-97%
Accounts payable	2,612	2,279	15%
Accrued liabilities	5,010	3,269	53%
Income taxes payable	229	150	53%
Total current liabilities	7,866	6,040	30%
Long-term debt	3,464	3,468	0%
Deferred income taxes and other liabilities	3,347	3,216	4%
Redeemable preferred stock	—	—	—
Shareholders' equity	9,040	9,812	-8%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 23,717	\$ 22,536	5%

NIKE, Inc.
DIVISIONAL REVENUES
(Unaudited)

	THREE MONTHS ENDED		%	% Change Excluding Currency Changes ¹	TWELVE MONTHS ENDED		%	% Change Excluding Currency Changes ¹
(Dollars in millions)	5/31/2019	5/31/2018	Change		5/31/2019	5/31/2018	Change	
North America								
Footwear	\$ 2,736	\$ 2,525	8%	9%	\$ 10,045	\$ 9,322	8%	8%
Apparel	1,275	1,207	6%	6%	5,260	4,938	7%	7%
Equipment	154	143	8%	7%	597	595	0%	0%
Total	4,165	3,875	7%	8%	15,902	14,855	7%	7%
Europe, Middle East & Africa								
Footwear	1,643	1,625	1%	11%	6,293	5,875	7%	12%
Apparel	713	741	-4%	5%	3,087	2,940	5%	9%
Equipment	101	100	1%	10%	432	427	1%	5%
Total	2,457	2,466	0%	9%	9,812	9,242	6%	11%
Greater China								
Footwear	1,167	1,003	16%	23%	4,262	3,496	22%	25%
Apparel	494	434	14%	21%	1,808	1,508	20%	23%
Equipment	36	31	16%	20%	138	130	6%	8%
Total	1,697	1,468	16%	22%	6,208	5,134	21%	24%
Asia Pacific & Latin America								
Footwear	953	991	-4%	9%	3,622	3,575	1%	12%
Apparel	363	383	-5%	8%	1,395	1,347	4%	15%
Equipment	63	62	2%	15%	237	244	-3%	8%
Total	1,379	1,436	-4%	9%	5,254	5,166	2%	13%
Global Brand Divisions ²	9	24	-63%	-64%	42	88	-52%	-53%
TOTAL NIKE BRAND	9,707	9,269	5%	10%	37,218	34,485	8%	11%
Converse	491	512	-4%	0%	1,906	1,886	1%	3%
Corporate ³	(14)	8	—	—	(7)	26	—	—
TOTAL NIKE, INC. REVENUES	\$ 10,184	\$ 9,789	4%	10%	\$ 39,117	\$ 36,397	7%	11%
TOTAL NIKE BRAND								
Footwear	\$ 6,499	\$ 6,144	6%	12%	\$ 24,222	\$ 22,268	9%	12%
Apparel	2,845	2,765	3%	8%	11,550	10,733	8%	11%
Equipment	354	336	5%	11%	1,404	1,396	1%	4%
Global Brand Divisions ²	9	24	-63%	-64%	42	88	-52%	-53%
TOTAL NIKE BRAND REVENUES	\$ 9,707	\$ 9,269	5%	10%	\$ 37,218	\$ 34,485	8%	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.
SUPPLEMENTAL NIKE BRAND REVENUE DETAILS
(Unaudited)

<i>(Dollars in millions)</i>	TWELVE MONTHS ENDED		%	% Change
	5/31/2019	5/31/2018 ¹	Change	Excluding Currency Changes ²
NIKE Brand Revenues by:				
Sales to Wholesale Customers	\$ 25,423	\$ 23,969	6%	10%
Sales through NIKE Direct	11,753	10,428	13%	16%
Global Brand Divisions ³	42	88	-52%	-53%
TOTAL NIKE BRAND REVENUES	\$ 37,218	\$ 34,485	8%	11%
NIKE Brand Revenues on a Wholesale Equivalent Basis:⁴				
Sales to Wholesale Customers	\$ 25,423	\$ 23,969	6%	10%
Sales from our Wholesale Operations to NIKE Direct Operations	7,127	6,332	13%	16%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 32,550	\$ 30,301	7%	11%
NIKE Brand Wholesale Equivalent Revenues by:⁴				
Men's	\$ 17,737	\$ 16,698	6%	10%
Women's	7,380	6,913	7%	11%
NIKE Kids'	5,283	4,906	8%	11%
Others ⁵	2,150	1,784	21%	25%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 32,550	\$ 30,301	7%	11%
NIKE Brand Wholesale Equivalent Revenues by:⁴				
Running	\$ 4,488	\$ 4,496	0%	4%
NIKE Basketball	1,597	1,494	7%	9%
Jordan Brand	3,138	2,856	10%	12%
Football (Soccer)	1,894	2,146	-12%	-6%
Training	3,137	3,126	0%	3%
Sportswear	12,442	10,720	16%	21%
Others ⁶	5,854	5,463	7%	9%
TOTAL NIKE BRAND WHOLESALE EQUIVALENT REVENUES	\$ 32,550	\$ 30,301	7%	11%

¹ Certain prior year amounts have been reclassified to conform to fiscal 2019 presentation. These changes had no impact on previously reported consolidated results of operations or shareholders' equity.

² 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.

³ Global Brand Divisions revenues are primarily attributable to NIKE Brand licensing businesses that are not part of a geographic operating segment.

⁴ References to NIKE Brand wholesale equivalent revenues, which are considered non-GAAP financial measures, are intended to provide context as to the total size of the Company's NIKE Brand market footprint if it had no NIKE Direct operations. NIKE Brand wholesale equivalent revenues consist of 1) sales to external wholesale customers and 2) internal sales from the Company's wholesale operations to its NIKE Direct operations which are charged at prices that are comparable to prices charged to external wholesale customers.

⁵ Others include all unisex products, equipment and other products not allocated to Men's, Women's and NIKE Kids', as well as certain adjustments that are not allocated to products designated by gender or age.

⁶ Others include all other categories and certain adjustments that are not allocated at the category level.

NIKE, Inc.
EARNINGS BEFORE INTEREST AND TAXES¹
(Unaudited)

	THREE MONTHS ENDED			%	TWELVE MONTHS ENDED			%
(Dollars in millions)	5/31/2019	5/31/2018	Change		5/31/2019	5/31/2018	Change	
North America	\$ 1,048	\$ 975	7%		\$ 3,925	\$ 3,600	9%	
Europe, Middle East & Africa	506	382	32%		1,995	1,587	26%	
Greater China	674	539	25%		2,376	1,807	31%	
Asia Pacific & Latin America	340	340	0%		1,323	1,189	11%	
Global Brand Divisions ²	(830)	(732)	-13%		(3,262)	(2,658)	-23%	
TOTAL NIKE BRAND	1,738	1,504	16%		6,357	5,525	15%	
Converse	82	104	-21%		303	310	-2%	
Corporate ³	(565)	(381)	-48%		(1,810)	(1,456)	-24%	
TOTAL NIKE, INC. EARNINGS BEFORE INTEREST AND TAXES	1,255	1,227	2%		4,850	4,379	11%	
Interest expense (income), net	12	12	—		49	54	—	
TOTAL NIKE, INC. INCOME BEFORE INCOME TAXES	\$ 1,243	\$ 1,215	2%		\$ 4,801	\$ 4,325	11%	

¹ The Company evaluates 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.

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 Calculation (<i>Unaudited</i>) (Dollars in millions)																				
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Continuing operations:																				
Revenues	7,982	7,380	7,460	7,779	8,414	7,686	8,032	8,244	9,061	8,180	8,432	8,677	9,070	8,554	8,984	9,789	9,948	9,374	9,611	10,184
Operating expenses:																				
Cost of sales	4,261	4,053	4,034	4,186	4,419	4,185	4,343	4,458	4,938	4,564	4,682	4,854	5,108	4,876	5,046	5,411	5,551	5,269	5,272	5,551
Selling and administrative expense	2,480	2,438	2,379	2,595	2,577	2,560	2,566	2,766	2,897	2,505	2,496	2,665	2,856	2,768	2,767	3,120	3,063	3,142	3,091	3,406
Net operating profit	1,241	889	1,047	998	1,418	941	1,123	1,020	1,226	1,111	1,254	1,158	1,106	910	1,171	1,258	1,334	963	1,248	1,227
Other (income) expense, net	3	2	(5)	(58)	(31)	(34)	(17)	(58)	(62)	(18)	(88)	(28)	18	18	(1)	31	53	(48)	(55)	(28)
Earnings before interest and taxes	1,238	887	1,052	1,056	1,449	975	1,140	1,078	1,288	1,129	1,342	1,186	1,088	892	1,172	1,227	1,281	1,011	1,303	1,255
Tax rate	21.7%	25.4%	24.4%	17.8%	18.4%	19.1%	16.3%	21.2%	2.5%	24.4%	13.8%	13.7%	11.4%	12.7%	179.5%	6.4%	14.0%	15.0%	14.7%	20.4%
Taxes calculated	269	225	256	188	267	186	186	228	32	276	185	162	124	113	2,104	79	179	152	192	256
Trailing 4 quarters taxes ¹	867	910	966	938	936	897	827	867	632	722	721	655	747	584	2,503	2,420	2,475	2,514	602	779
Earnings (loss) before interest and after taxes	969	662	796	868	1,182	789	954	850	1,256	853	1,157	1,024	964	779	(932)	1,148	1,102	859	1,111	999
Trailing 4 quarters earnings before interest and after taxes ¹	2,902	3,024	3,131	3,295	3,508	3,635	3,793	3,775	3,849	3,913	4,116	4,290	3,998	3,924	1,835	1,959	2,097	2,177	4,220	4,071
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Total assets	18,521	19,167	20,541	21,600	20,766	22,583	20,987	21,396	21,156	22,652	23,152	23,259	23,647	24,055	22,552	22,536	22,483	22,677	22,921	23,717
Less:																				
Cash and equivalents and short-term investments	4,579	4,713	5,361	5,924	5,408	6,116	5,106	5,457	4,787	5,943	6,160	6,179	5,519	6,389	4,751	5,245	4,269	4,041	4,046	4,663
Accounts payable	1,970	2,074	1,821	2,131	1,933	1,915	1,714	2,191	2,088	2,033	1,938	2,048	2,116	2,141	1,961	2,279	2,333	2,574	2,307	2,612
Accrued liabilities	2,441	2,622	3,563	3,951	3,139	3,451	3,224	3,037	3,147	3,076	3,228	3,011	3,501	3,278	3,727	3,269	4,174	4,478	4,738	5,010
Income taxes payable	250	38	33	71	75	41	35	85	62	52	76	84	97	92	78	150	182	211	214	229
Deferred income taxes and other liabilities	1,408	1,446	1,505	1,480	1,517	1,600	1,659	1,770	1,635	1,631	1,687	1,907	2,126	2,075	3,518	3,216	3,316	3,204	3,214	3,347
Plus:																				
Net debt adjustment ²	3,232	3,426	4,110	4,664	4,200	3,945	3,051	3,402	2,728	2,406	2,659	2,377	1,705	1,678	1,265	1,435	783	560	559	1,184
Invested capital	11,105	11,700	12,368	12,707	12,894	13,405	12,300	12,258	12,165	12,323	12,722	12,407	11,993	11,758	9,782	9,812	8,992	8,729	8,961	9,040
Trailing 5 quarters average invested capital ³	11,090	11,189	11,410	11,741	12,155	12,615	12,735	12,713	12,604	12,490	12,354	12,375	12,322	12,241	11,732	11,150	10,467	9,815	9,255	9,107
Return on invested capital ^{4,5}	26.2%	27.0%	27.4%	28.1%	28.9%	28.8%	29.8%	29.7%	30.5%	31.3%	33.3%	34.7%	32.4%	32.1%	15.6%	17.6%	20.0%	22.2%	45.6%	44.7%

¹ Equals the sum of the current quarter and previous 3 quarters

² See calculation of Net debt adjustment below

³ Equals the simple average of the current and previous 4 quarters

⁴ Equals the trailing 4 quarters earnings before interest and after taxes divided by trailing 5 quarters average invested capital

⁵ Includes the impact of the U.S. Tax Cuts and Jobs Act beginning in Q3 FY18. Excluding the impact of the U.S. Tax Cuts and Jobs Act, our adjusted return on invested capital would have been approximately 37% for the trailing twelve months as of Q4 FY19, which is a non-GAAP financial measure. This non-GAAP financial measure represents our estimate of the return on invested capital excluding the impact of the Tax Cuts and Jobs Act, primarily the transition tax and remeasurement of deferred income tax assets and liabilities. We believe this metric provides useful information to investors and reflects how management evaluates our business performance.

Cash and equivalents and short-term investments	4,579	4,713	5,361	5,924	5,408	6,116	5,106	5,457	4,787	5,943	6,160	6,179	5,519	6,389	4,751	5,245	4,269	4,041	4,046	4,663
Less:																				
Long-term debt	1,195	1,084	1,082	1,079	1,079	2,067	2,048	2,010	1,993	3,473	3,472	3,471	3,472	3,472	3,469	3,468	3,467	3,466	3,465	3,464
Notes payable	146	93	61	74	23	99	-	1	22	20	23	325	335	1,229	11	336	13	9	16	9
Current portion of long-term debt	6	110	108	107	106	5	7	44	44	44	6	6	7	10	6	6	6	6	6	6
Net debt adjustment	3,232	3,426	4,110	4,664	4,200	3,945	3,051	3,402	2,728	2,406	2,659	2,377	1,705	1,678	1,265	1,435	783	560	559	1,184