

Nike, Inc.

## FY1Q26 Review: One Step Closer...

NKE's FY1Q26 beat across the board as sales and GM came in better, and SG&A came in materially better vs. consensus. We note a positive inventory inflection, but pressure in GC and APLA and demand uncertainty keep us sidelined. We expect FY26 consensus EPS estimates to be revised at least 10% lower.

**One Step Closer...** NKE's quarterly results were largely as we had expected, with FY1Q26 results materially beating expectations, but almost fully offset by a reduction in FY2Q26 guidance due to ongoing liquidation and corrective measures in Greater China and APLA. The NA market has made significant progress in cleaning up the marketplace, while EMEA is the furthest along in resetting the digital channel as a full-price channel. As we also expected, FY2H26 sales are expected to be tempered as NKE anniversaries reset actions, restocking in value channels, liquidation at third-party channels, and work towards a pull market in the wholesale marketplace. NKE has "moderated" its full-year outlook due to three main factors: 1) the impact of incremental tariffs, 2) traffic weakness in international markets, particularly Greater China and APLA, and 3) the uncertainty of demand elasticity in the U.S. market as we head into calendar 2026. Despite a positive inflection in the sales-to-inventory growth spread this quarter - which we deem to be a leading indicator of gross margin stabilization - the uncertainty of the macro environment keeps us temporarily sidelined. Having said that, we believe the shares are largely rangebound, rather than having material downside risk. We have a cautious view of the U.S. consumer as we enter CY2026 as we expect broadscale price increases across the consumer discretionary goods landscape. While we are encouraged by the progress in the North American region, we expect continued purging of global inventory will put downward pressure on estimate revisions post quarter. As such, we believe the shares lack a catalyst to materially propel them higher until there is greater visibility on brand recovery and an operating margin inflection. In reaction in the aftermarket, NKE shares traded +4% versus S&P 500 flat.

**Remain Equal Weight, but outlook more constructive for shares.** We remain Equal Weight rated but believe the outlook is becoming more constructive as we believe the worst is behind Nike and that each successive downward revision gets it closer to the bottom. We believe the shares have limited downside as management is clearly taking the right "textbook" recovery steps to stabilize margins and return to profitable growth. However, we look for evidence that margins and earnings have bottomed and NKE is entering a period of sustained "beat-and-raise" financial performance. We had previously stated that we would look to become more constructive on the shares if; 1) we were to see a positive sales-to-inventory growth spread and 2) consensus estimates are sufficiently low with NKE's "Win Now" strategy delivering sales and margin results to the upside. With our first criteria met as FY1Q26 was a positive sales-to-

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Please see analyst certifications and important disclosures beginning on page 17.

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NKE

EQUAL WEIGHT

Unchanged

U.S. Specialty Retail,  
Apparel & Footwear

NEUTRAL

Unchanged

Price Target

USD 70.00  
raised 8% from USD 65.00

Price (30-Sep-25)

USD 69.73

Potential Upside/Downside

+0.4%

Source: Bloomberg, Barclays Research

Market Cap (USD mn)

102984

Shares Outstanding (mn)

1476.90

Free Float (%)

98.69

52 Wk Avg Daily Volume (mn)

15.0

Dividend Yield (%)

2.29

Return on Equity TTM (%)

23.29

Current BVPS (USD)

8.95

Source: Bloomberg

Price Performance

Exchange-NYSE

52 Week range

USD 89.75-52.28



Source: IDC

[Link to Barclays Live for interactive charting](#)

U.S. Specialty Retail, Apparel &  
Footwear

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inventory inflection, we remain cautious given management's comments about GC and APLA still needing to see channel and margin reset as demand has worsened sequentially since last quarter.

**Tariff Exposure Update.** Based on the new reciprocal tariff rates, NKE raised its expected impact from tariffs on an annualized gross incremental cost basis to approx. \$1.5bn (up from \$1.0bn). The company expects the net headwind to GM to increase to 120bps (from 75bps) for FY26, with a 175bps impact to FY2Q26. The company continues to expect to mitigate these new costs over time. Please see section [Tariff Exposure](#) for more details.

**Quarter in review.** NKE reported FY1Q26 EPS of \$0.49 (vs. consensus/Barclays of \$0.28/\$0.35), as its SG&A rate materially beat at 34.3% of sales (vs. cons. 37.1%) due to lower demand creation expense and a top-line beat. GM of 42.2% came in ahead (vs. cons. 41.7%), as the company beat its prior GM expectation range of down 325bps to down 425bps, which consensus was in-line with combined with the beat on sales. Revenue of \$11.72bn beat consensus of \$11.02bn, driven by Nike brand footwear sales of \$7.41bn (vs. cons. \$7.02bn), Nike brand apparel sales of \$3.31bn (vs. cons. \$2.93bn), and Nike brand equipment sales of \$630mn (vs. cons. \$595mn). By region, revenue upside was led by North America (+4.0% y/y ex-FX vs. cons. -5.2%), EMEA (+1.0% y/y ex-FX vs. cons. -4.8%), and APLA (+1.0% y/y ex-FX vs. cons. -2.1%), partially offset by Greater China (-10.0% y/y ex-FX vs. cons. -13.5%). The company provided guidance for FY2Q26, calling for sales to be down LSD (vs. cons. -2.9%), GM to decline -300bps to -375bps, including ~175bps negative tariff impact (vs. cons. -220bps), and SG&A dollars to be up +HSD (vs. cons. +1.1%). Management continues to expect FY26 SG&A dollars to be up +LSD (vs. cons. +1.0%).

**Positive sales-to-inventory inflection.** Based on our proprietary inventory analysis, NKE has posted one quarter of positive sales-to-inventory growth. In FY1Q26 the Inventory Management Spread ("IM Spread") was 220 basis points and improved from (1055) in the prior quarter. NKE's Gross Margin Return on Inventory ("GMROI") has worsened for five consecutive quarters, and its Operating Margin Return on Inventory ("OMROI") has worsened for five consecutive quarters.

**Lowering estimates but raising multiple and PT to \$70 (was \$65).** Our FY26, FY27, and FY28 adj. EPS estimates are \$1.35, \$2.19, and \$2.65, respectively, down from \$1.59, \$2.27, and \$2.72, driven by lower GM. Our PT of \$70 (from \$65) is based on 29x (was 26x) applied to our CY27 EPS estimate of \$2.43 (from \$2.50). We raise our multiple 3 turns due to a positive sales to inventory inflection supporting GM improvement.

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**NKE: Quarterly and Annual EPS (USD)**

|        | 2025   | 2026  |       |       | 2027  |       |       | Change y/y |      |
|--------|--------|-------|-------|-------|-------|-------|-------|------------|------|
| FY May | Actual | Old   | New   | Cons  | Old   | New   | Cons  | 2026       | 2027 |
| Q1     | 0.70A  | 0.35E | 0.49A | 0.28E | 0.50E | 0.71E | 0.49E | -30%       | 45%  |
| Q2     | 0.78A  | 0.46E | 0.30E | 0.50E | 0.65E | 0.52E | 0.72E | -62%       | 73%  |
| Q3     | 0.54A  | 0.45E | 0.33E | 0.50E | 0.61E | 0.53E | 0.69E | -39%       | 61%  |
| Q4     | 0.14A  | 0.34E | 0.23E | 0.37E | 0.51E | 0.43E | 0.54E | 64%        | 87%  |
| Year   | 2.16A  | 1.59E | 1.35E | 1.67E | 2.27E | 2.19E | 2.47E | -38%       | 62%  |
| P/E    | 32.2   |       | 51.5  |       |       | 31.8  |       |            |      |

Consensus numbers are from Bloomberg received on 30-Sep-2025; 12:50 GMT

Source: Barclays Research

## U.S. Specialty Retail, Apparel &amp; Footwear

NEUTRAL

## Nike, Inc. (NKE)

EQUAL WEIGHT

| Income statement (\$mn)            | 2025A  | 2026E  | 2027E  | 2028E  | CAGR    |
|------------------------------------|--------|--------|--------|--------|---------|
| Revenue                            | 46,309 | 46,450 | 47,918 | 50,475 | 2.9%    |
| EBITDA (adj)                       | 4,477  | 3,337  | 4,650  | 5,528  | 7.3%    |
| EBIT (adj)                         | 3,702  | 2,559  | 3,847  | 4,683  | 8.2%    |
| Pre-tax income (adj)               | 3,885  | 2,543  | 3,970  | 4,805  | 7.3%    |
| Net income (adj)                   | 3,219  | 2,008  | 3,255  | 3,940  | 7.0%    |
| EPS (adj) (\$)                     | 2.16   | 1.35   | 2.19   | 2.65   | 6.9%    |
| Diluted shares (mn)                | 1,488  | 1,483  | 1,486  | 1,489  | 0.0%    |
| DPS (\$)                           | 1.57   | 1.72   | 1.88   | 2.04   | 9.1%    |
| Margin and return data             | 2025A  | 2026E  | 2027E  | 2028E  | Average |
| EBITDA (adj) margin (%)            | 9.7    | 7.2    | 9.7    | 11.0   | 9.4     |
| EBIT (adj) margin (%)              | 8.0    | 5.5    | 8.0    | 9.3    | 7.7     |
| Pre-tax (adj) margin (%)           | 8.4    | 5.5    | 8.3    | 9.5    | 7.9     |
| Net (adj) margin (%)               | 7.0    | 4.3    | 6.8    | 7.8    | 6.5     |
| ROIC (%)                           | 14.9   | 12.0   | 15.4   | 17.1   | 14.9    |
| ROA (%)                            | 8.6    | 5.5    | 8.7    | 10.2   | 8.3     |
| ROE (%)                            | 23.3   | 15.1   | 23.5   | 26.0   | 22.0    |
| Balance sheet and cash flow (\$mn) | 2025A  | 2026E  | 2027E  | 2028E  | CAGR    |
| Tangible fixed assets              | 7,540  | 7,301  | 7,218  | 7,129  | -1.8%   |
| Cash and equivalents               | 9,151  | 8,936  | 9,962  | 11,194 | 6.9%    |
| Total assets                       | 36,579 | 36,688 | 37,749 | 39,416 | 2.5%    |
| Short and long-term debt           | 11,018 | 11,061 | 11,061 | 11,061 | 0.1%    |
| Other long-term liabilities        | 2,289  | 2,404  | 2,404  | 2,404  | 1.6%    |
| Total liabilities                  | 23,366 | 23,371 | 23,360 | 23,474 | 0.2%    |
| Net debt/(funds)                   | 502    | 615    | -411   | -1,643 | N/A     |
| Shareholders' equity               | 13,213 | 13,317 | 14,389 | 15,941 | 6.5%    |
| Change in working capital          | -1,993 | 330    | 1,156  | 1,641  | N/A     |
| Cash flow from operations          | 3,698  | 2,984  | 4,661  | 5,150  | 11.7%   |
| Capital expenditure                | -422   | -423   | -719   | -757   | N/A     |
| Free cash flow                     | 2,273  | 1,864  | 2,993  | 3,379  | 14.1%   |
| Valuation and leverage metrics     | 2025A  | 2026E  | 2027E  | 2028E  | Average |
| P/E (adj) (x)                      | 32.2   | 51.5   | 31.8   | 26.4   | 35.5    |
| EV/sales (x)                       | 2.2    | 2.2    | 2.1    | 2.0    | 2.2     |
| EV/EBITDA (adj) (x)                | 23.1   | 31.1   | 22.1   | 18.4   | 23.7    |
| FCF yield (%)                      | 2.2    | 1.8    | 2.9    | 3.3    | 2.6     |
| P/BV (x)                           | 7.9    | 7.8    | 7.2    | 6.5    | 7.3     |
| Dividend yield (%)                 | 2.3    | 2.5    | 2.7    | 2.9    | 2.6     |
| Total debt/capital (%)             | 37.6   | 37.5   | 35.7   | 33.4   | 36.1    |
| Selected operating metrics         | 2025A  | 2026E  | 2027E  | 2028E  | Average |
| Sales growth (%)                   | -9.8   | 0.3    | 3.2    | 5.3    | -0.3    |
| Inventory growth (%)               | -0.4   | 3.7    | -0.3   | 3.5    | 1.6     |
| Organic const ccy rev growth (%)   | -9.1   | -1.3   | 3.1    | 5.3    | -0.5    |

Note: FY End May

Source: Company data, Bloomberg, Barclays Research

Price (30-Sep-2025) **USD 69.73**  
 Price Target **USD 70.00**

**Why EQUAL WEIGHT?**

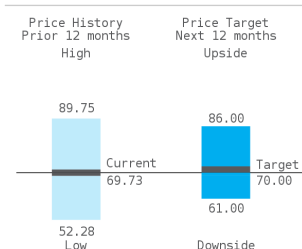
Our rating is based on 1) better wholesale performance as the company re-focuses on the channel, 2) the potential for new innovation to drive a return to growth, and 3) efficiencies from the cost savings plan, offset by 1) slower global sneaker consumption, 2) China softness, and 3) franchise management.

**Upside case USD 86.00**

Our upside case of \$86 is based on an NTM P/E multiple of 32x applied to our CY27 earnings power of \$2.67 and assumes dissipating competitive pressures, an acceleration of North America DTC sales, and upside from international recovery.

**Downside case USD 61.00**

Our downside case of \$61 is based on an NTM P/E multiple of 28x applied to our CY27 earnings power of \$2.19 and assumes heightened competition, increasing input costs, and macroeconomic pressures.

**Upside/Downside scenarios**

## Proprietary PRISM Curve: NKE Fundamentals Are Bottoming

From a fundamental perspective, we attempt to use our proprietary PRISM cycle as a leading indicator of a potential sales inflection (i.e., either from positive to negative or negative to positive). Our PRISM Curve attempts to look for fundamental changes in the business model of a company, driven by proactive management decisions to stabilize margins (e.g., purge inventory, cut costs, share best practices, invest in product and brand). [Figure 1](#) and [Figure 2](#) below depict our model graphically and identify where we would theoretically expect to see sales and margin changes along the business model curve.

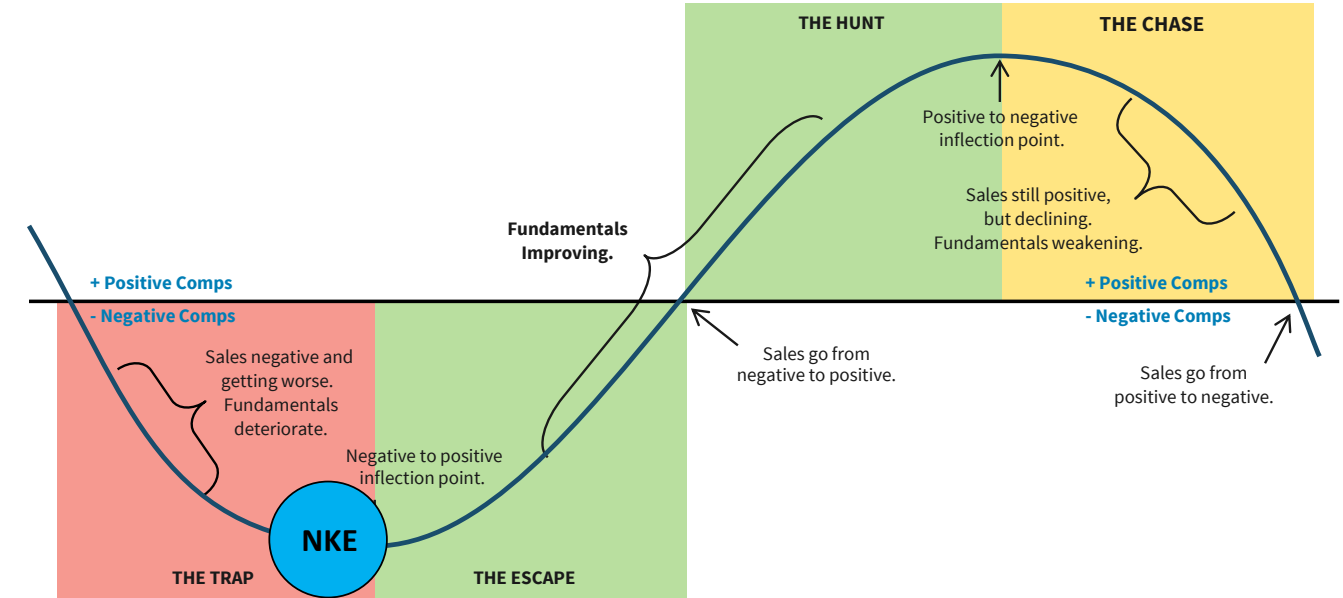
### The TRAP Phase

While there are four distinct phases of our PRISM Curve as per the graphics below, we believe NKE is in the latter stage of the “TRAP” phase, where fundamentals are deteriorating as competition in all categories remains stiff and pricing power is fleeting for its core franchises. As market share erodes, the lack of sales is causing operating deleverage. During the TRAP phase, management’s strategy is on the defensive – meaning actions are being taken to change business trends, but the issues have not yet stabilized.

### The ESCAPE Phase

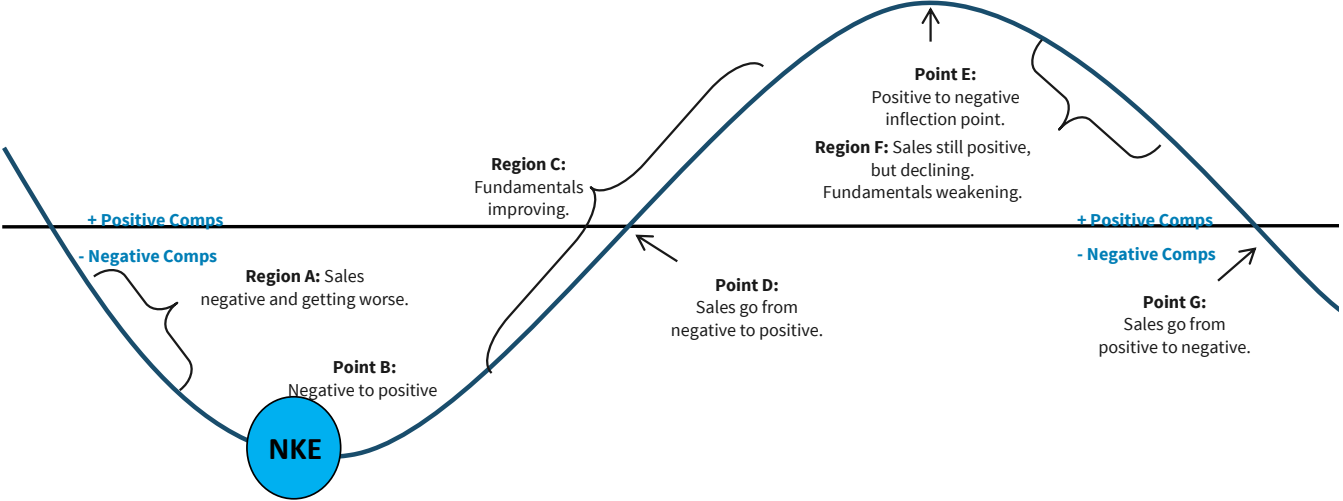
We look for evidence that NKE will transition into the ESCAPE phase in FY2H26 in which issues have been identified and are being proactively corrected. At some point, a company’s management makes the changes necessary to correct problems at the business, and the company passes the negative-to-positive inflection point. During the ESCAPE phase, management’s strategy is on the offense. They are actively taking measures to stem losses and stabilize market share. They are focused on driving full-price, healthy sales and likely will have ratcheted back inventory; they are less focused on their competitors’ actions or the environment around them. Typically, a company will move past this point by driving comps with better merchandising and improved inventory management (growing inventory below sales plan). At this point, a company is not yet showing direct signs that fundamentals are currently improving; instead, it is showing signs that fundamentals are stabilizing and are becoming “less bad.” Management is willing to make difficult strategic decisions, and fundamentals are likely to begin improving in the near future. As the company moves further to the right, it is continuing to comp negatively, but less so, and begins to show marginal signs of improvement. ***During the ESCAPE phase, we typically see a margin recovery before we see a return to sustainable positive sales growth.***

FIGURE 1. Phases of PRISM Curve Fundamental Analysis: NKE One Step Closer to Recovery



Source: Barclays Research

FIGURE 2. Phases of PRISM Curve Fundamental Analysis: NKE One Step Closer to Recovery



Source: Barclays Research

## Tariff Exposure

Reach out to request our proprietary Tariff QuikCalc model [here](#).

**Tariff Exposure Update.** Based on the new reciprocal tariff rates, NKE raised its expected impact from tariffs on an annualized gross incremental cost basis to approx. \$1.5bn (up from \$1.0bn). The company expects the net headwind to GM to increase to 120bps (from 75bps) for FY26, with a 175bps impact to FY2Q26. The company continues to expect to mitigate these new costs over time.

**Prior tariff commentary.** On the FY4Q25 call, NKE stated, *"Currently, China represents roughly 16% of the footwear we import into the United States. And we expect this to reduce to the high single-digit range by the end of fiscal '26, with supply from China reallocated to other countries around the world."* Management estimates FY26 unmitigated tariff expense at the current 30% China/10% rest of world to be \$1b with a net impact of ~100 bps to FY1Q26 and ~75 bps to FY26. Additionally, over time the company expects to be able to fully mitigate the \$1b impact through several mitigation strategies, including: 1) optimizing its sourcing mix and allocating production differently across countries; 2) partnering with suppliers and retail partners to mitigate structural cost increases; 3) price increases in the U.S. (beginning fall 2025); and 4) corporate cost reductions. Recall, based on its FY24 annual filings "for fiscal 2024, factories in Vietnam, Indonesia, and China manufactured approximately 50%, 27% and 18% of total NIKE Brand footwear ([Figure 4](#)), respectively. For fiscal 2024, factories in Vietnam, China, and Cambodia manufactured approximately 28%, 16% and 15% of total NIKE Brand apparel ([Figure 5](#)), respectively."

**Barclays Tariff "QuikCalc" Model assumptions. We update our Tariff "QuikCalc" model analysis, which now assumes global tariff assumptions effective 8/7/25, resulting in an incremental ~\$500m in gross tariff impact to FY26.** Our prior tariff analysis assumed 30% China and 10% Rest of World (excluding Mexico and Canada). Note our estimate of Tariff on Goods Imported to the US is a gross unmitigated amount for a full year, and we calculate the price increase necessary to mitigate full tariff cost (absent other mitigation strategies). Our updated tariff calculator under 8/7/25 effective rates suggests that for NKE total average unit cost will increase by 8.3% with pass-through to the US market only increasing prices by 7.9% (see [Figure 3](#)).

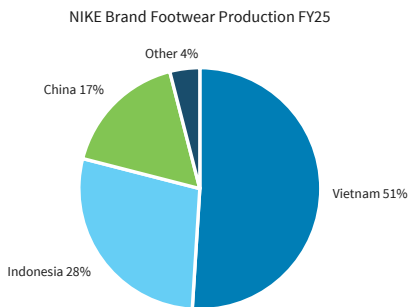


**FIGURE 3. NKE Estimated Tariff Impact on P&L - For Illustrative Purposes Only**

|  | FY 2026E (5)  |                | NO AUR INCREASE (1) |                | AUR INCREASE ANALYSIS (1) |                |              |
|--|---------------|----------------|---------------------|----------------|---------------------------|----------------|--------------|
|  | NKE ex Tariff | % of Net Sales | NKE with Tariff     | % of Net Sales | NKE with Tariff           | % of Net Sales | AUR Increase |
| <b>Net Sales (6)</b>                                 | \$45,753.2    | 100.0%         | \$45,753.2          | 100.0%         | \$47,336.7                | 100.0%         | 3.5%         |
| U.S. Revenues  | 20,039.9      | 43.8%          | 20,039.9            | 43.8%          | 21,623.4                  | 45.7%          | 7.9%         |
| Non-U.S. Revenues                                    | 25,713.3      | 56.2%          | 25,713.3            | 56.2%          | 25,713.3                  | 54.3%          | 0.0%         |
| <b>EBIT (6)</b>                                      | 3,504.0       | 7.7%           | 1,920.4             | 4.2%           | 3,504.0                   | 7.4%           |              |
| U.S. EBIT  | 1,534.7       | 7.7%           | -48.8               | -0.2%          | 1,534.7                   | 7.1%           |              |
| Non-U.S. EBIT  | 1,969.2       | 7.7%           | 1,969.2             | 7.7%           | 1,969.2                   | 7.7%           |              |
| <b>COS (2) (6)</b>                                   | 25,997.2      | 56.8%          | 27,580.7            | 60.3%          | 27,580.7                  | 58.3%          | 6.1%         |
| U.S. COS   | 11,386.8      |                | 12,970.3            |                | 12,970.3                  |                | 13.9%        |
| Non-U.S. COS   | 14,610.4      |                | 14,610.4            |                | 14,610.4                  |                | 0.0%         |
| Tariff on U.S. Goods                                 | 0.0           | 0.0%           | 1,583.5             | 3.5%           | 1,583.5                   | 3.3%           |              |
| <b>Gross Profit (6)</b>                              | 19,756.0      | 43.2%          | 18,172.5            | 39.7%          | 19,756.0                  | 41.7%          |              |
| U.S. Gross Profit                                    | 8,653.1       |                | 7,069.6             |                | 8,653.1                   |                |              |
| Non-U.S. Gross Profit                                | 11,102.9      |                | 11,102.9            |                | 11,102.9                  |                |              |
| <b>COS Breakdown</b>                                 |               |                |                     |                |                           |                |              |
| Non-Product COS, Incl ROD (3) % of Sales             | 15.0%         |                | 15.0%               |                | 15.0%                     |                |              |
| Non-Product COS, Incl ROD (3) \$                     | 6,862.98      | 15.0%          | 6,862.98            | 15.0%          | 6,862.98                  | 14.5%          |              |
| U.S. Non-Product COS (3)                             | 3,005.98      | 15.0%          | 3,005.98            | 15.0%          | 3,005.98                  | 13.9%          |              |
| Non-U.S. Non-Product COS                             | 3,856.99      | 15.0%          | 3,856.99            | 15.0%          | 3,856.99                  | 15.0%          |              |
| <b>Product COS \$</b>                                | 19,134.2      | 41.8%          |                     |                |                           |                |              |
| U.S. Product COS \$                                  | 8,380.8       | 41.8%          |                     |                |                           |                |              |
| Non-U.S. Product COS \$                              | 10,753.4      |                |                     |                |                           |                |              |
| <b>Product Gross Profit \$</b>                       | 26,619.0      | 58.2%          |                     |                |                           |                |              |
| U.S. Product GP \$                                   | 11,659.1      | 58.2%          |                     |                |                           |                |              |
| Non-U.S. Product GP \$                               | 14,959.9      | 58.2%          |                     |                |                           |                |              |
| <b>Product Gross Margin %</b>                        | 58.2%         |                |                     |                |                           |                |              |
| U.S. Product GM %                                    | 58.2%         |                |                     |                |                           |                |              |
| Non-U.S. Product GM %                                | 58.2%         |                |                     |                |                           |                |              |
| <b>Percent Sourced Outside the US (%)</b>            | 100%          |                |                     |                |                           |                |              |
| U.S. Product from Outside the US (COS \$)            | 8,380.8       |                |                     |                |                           |                |              |
| Non-U.S. Product from Outside the US (COS \$)        | 10,753.4      |                |                     |                |                           |                |              |
| <b>Incrmt'l Tariff on Goods Imported to U.S. (%)</b> | 18.9%         |                |                     |                |                           |                |              |
| <b>Tariff on Goods Imported to U.S. (\$)</b>         | 1,583.5       |                |                     |                |                           |                |              |
| <b>Percent Increase to Product AUC (4)</b>           | 8.3%          |                |                     |                |                           |                |              |
| <b>Bps impact on Margins</b>                         | 346           |                |                     |                |                           |                |              |

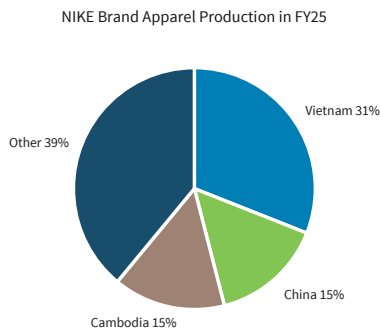
Note: (1) AUR stands for Average Unit Retail. (2) COS stands for Cost of Sales. (3) ROD stands for Rent Occupancy Depreciation. (4) AUC stands for Average Unit Cost. (5) Fiscal Year End May and using forward estimate. (6) Bloomberg consensus forward estimate as of 4/1/25.  
Source: Company filings, Company commentary, Barclays Research, Bloomberg

FIGURE 4. NIKE Brand Footwear Production in FY25



Note: FY25 is 12 months ending 5/31/25  
Source: Company Filings, Barclays Research

FIGURE 5. NIKE Brand Apparel Production in FY25



Note: FY25 is 12 months ending 5/31/25  
Source: Company Filings, Barclays Research

## Summary Results

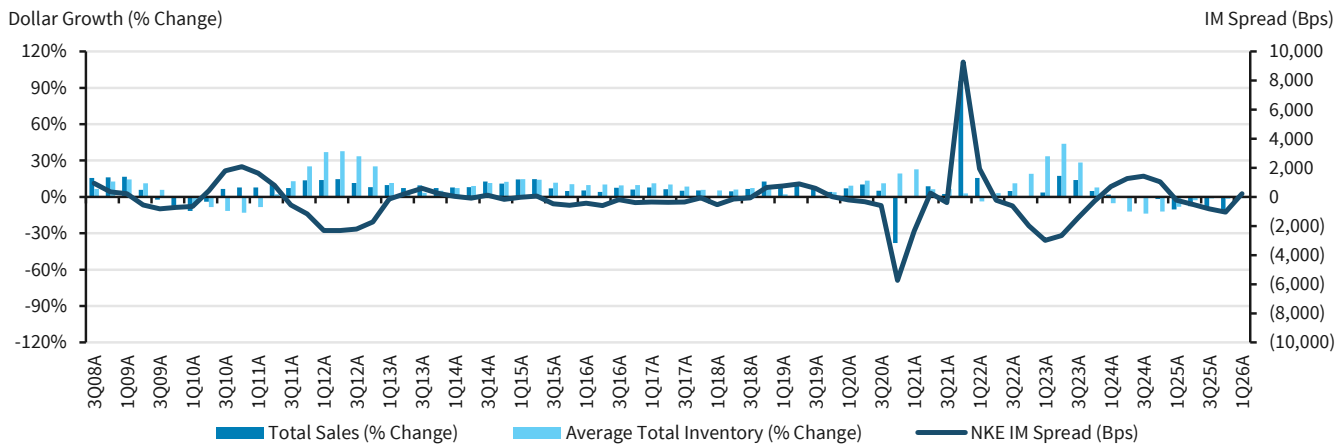
FIGURE 6. Retail Earnings Quality Score (in \$ millions, except per share data)

| 1Q26                                 | Barclays   | Consensus  | LY         | Actual     | Act vs<br>Barclays | Act vs Cons | Act vs LY | REQ Score | REQ Score<br>Max Points |
|--------------------------------------|------------|------------|------------|------------|--------------------|-------------|-----------|-----------|-------------------------|
| Sales (\$)                           | \$11,193.8 | \$11,020.0 | \$11,589.0 | \$11,720.0 | \$526.2            | \$700.0     | \$131.0   | 1         | 1                       |
| Sales Growth (%)                     | -3.4%      | -4.9%      | -10.4%     | 1.1%       | 4.5%               | 6.0%        | 11.6%     | 2         | 2                       |
| Gross Margin (%)                     | 41.6%      | 41.7%      | 45.4%      | 42.2%      | 0.6%               | 0.5%        | -3.2%     | 2         | 2                       |
| Operating Expense (%)                | 36.4%      | 37.1%      | 34.9%      | 34.3%      | -2.2%              | -2.9%       | -0.7%     | 1         | 1                       |
| Operating Income (\$)                | \$580.1    | \$500.0    | \$1,209.0  | \$927.0    | \$346.9            | \$427.0     | (\$282.0) | NA        | NA                      |
| Operating Margin (%)                 | 5.2%       | 4.5%       | 10.4%      | 7.9%       | 2.7%               | 3.4%        | -2.5%     | NA        | NA                      |
| Tax Rate (%)                         | 19.0%      | NA         | 19.6%      | 21.1%      | 2.1%               | NA          | 1.6%      | NA        | NA                      |
| FD Shares (M)                        | 1485.1     | NA         | 1502.0     | 1479.0     | -6.0               | NA          | -23.0     | 1         | 1                       |
| EPS (\$)                             | \$0.35     | \$0.28     | \$0.70     | \$0.49     | \$0.15             | \$0.21      | -\$0.21   | 1         | 1                       |
| Positive IM Spread                   | NA         | NA         | NA         | 220.2      | NA                 | NA          | NA        | 1         | 1                       |
| Increasing OMROI                     | NA         | NA         | NA         | -7.2%      | NA                 | NA          | NA        | 0         | 1                       |
| <b>RETAIL EARNINGS QUALITY SCORE</b> |            |            |            |            |                    |             |           | <b>9</b>  | <b>10</b>               |

Source: Company Filings, Barclays Research

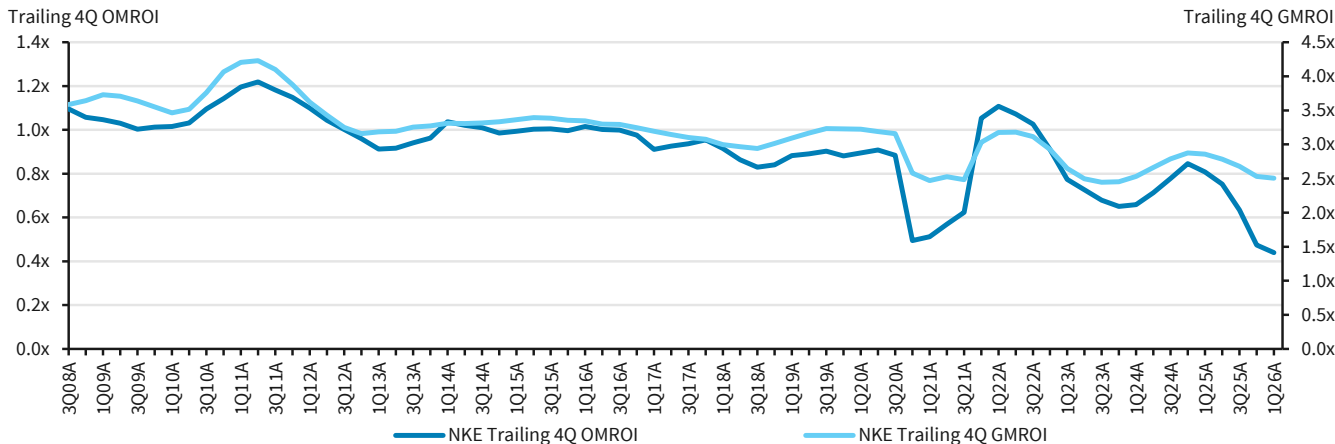
# Inventory Management Spread, GMROI, and OMROI

FIGURE 7. Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY3Q08A - Present



Source: Company data, Barclays Research

FIGURE 8. Historical GMROI/OMROI Analysis, FY3Q08A - Present



Source: Company data, Barclays Research

## Variance Table

**FIGURE 9. Variance (in \$ millions, except per share data)**

|                                     | Last Year  | Actual     | Estimates  | Δ             |
|-------------------------------------|------------|------------|------------|---------------|
|                                     | 1Q25A      | 1Q26A      | 1Q26E      | Actual - Est. |
| <b>Adjusted P&amp;L</b>             |            |            |            |               |
| Total Revenue                       | \$11,589.0 | \$11,720.0 | \$11,193.8 | 4.7%          |
| Adj. COGS                           | 6,332.0    | 6,777.0    | 6,535.8    | 3.7%          |
| Gross Profit                        | 5,257.0    | 4,943.0    | 4,658.0    | 6.1%          |
| Demand Creation Expense             | 1,226.0    | 1,188.0    | 1,296.1    | -8.3%         |
| Operating Overhead Expense          | 2,822.0    | 2,828.0    | 2,781.7    | 1.7%          |
| Operating income                    | 1,209.0    | 927.0      | 580.1      | 59.8%         |
| Other Expense                       | -55.0      | 23.0       | -10.0      | -330.0%       |
| EBIT                                | 1,264.0    | 904.0      | 590.1      | 53.2%         |
| Net Interest Expense (Income)       | -43.0      | -18.0      | -42.8      | -58.0%        |
| EBT                                 | 1,307.0    | 922.0      | 632.9      | 45.7%         |
| Income taxes (adjusted)             | 256.0      | 195.0      | 120.3      | 62.2%         |
| Adj Net Income                      | \$1,051.0  | \$727.0    | \$512.7    | 41.8%         |
| EPS (Adj., diluted)                 | \$0.70     | \$0.49     | \$0.35     | 42.4%         |
| EPS (GAAP, diluted)                 | \$0.70     | \$0.49     | \$0.35     | 42.4%         |
| Average Diluted Shares Out          | 1,502.0    | 1,479.0    | 1,485.1    | -0.4%         |
| <b>Y/Y Growth</b>                   |            |            |            |               |
| Sales Growth (%)                    | -10.4%     | 1.1%       | -3.4%      |               |
| Sales Growth (%) (CC)               | -9.1%      | -0.7%      | -4.0%      |               |
| Gross Profit (%)                    | -8.1%      | -6.0%      | -11.4%     |               |
| Demand Creation Expense (%)         | 14.7%      | -3.1%      | 5.7%       |               |
| Operating Overhead Expense (%)      | -7.4%      | 0.2%       | -1.4%      |               |
| Op. Expenses (%)                    | -1.7%      | -0.8%      | 0.7%       |               |
| Operating Income (%)                | -24.6%     | -23.3%     | -52.0%     |               |
| EBIT Income (%)                     | -21.7%     | -28.5%     | -53.3%     |               |
| Net Income (%)                      | -27.5%     | -30.8%     | -51.2%     |               |
| EPS (%)                             | -25.5%     | -29.8%     | -50.7%     |               |
| <b>% of Sales</b>                   |            |            |            |               |
| Gross Margin (%)                    | 45.4%      | 42.2%      | 41.6%      | 0.56%         |
| Demand Creation Expense (%)         | 10.6%      | 10.1%      | 11.6%      | (1.44)%       |
| Operating Overhead Expense (%)      | 24.4%      | 24.1%      | 24.9%      | (0.72)%       |
| Op. Expense Rate (%)                | 34.9%      | 34.3%      | 36.4%      | (2.16)%       |
| Operating Margin (%)                | 10.4%      | 7.9%       | 5.2%       | 2.73%         |
| Other Expense (%)                   | -0.5%      | 0.2%       | -0.1%      | 0.29%         |
| EBIT Margin (%)                     | 10.9%      | 7.7%       | 5.3%       | 2.44%         |
| Tax Rate (%)                        | 19.6%      | 21.1%      | 19.0%      | 2.15%         |
| <b>Y/Y Change in Margin</b>         |            |            |            |               |
| Gross Margin (bps)                  | 1.15%      | -3.19%     | -3.75%     |               |
| Demand Creation Expense (bps)       | 2.32%      | -0.44%     | 1.00%      |               |
| Operating Overhead Expense (bps)    | 0.80%      | -0.22%     | 0.50%      |               |
| Op. Expense Rate (bps)              | 3.12%      | -0.66%     | 1.50%      |               |
| Operating Income (bps)              | -1.96%     | -2.52%     | -5.25%     |               |
| Other Expense (bps)                 | -0.40%     | 0.67%      | 0.39%      |               |
| EBIT Margin (bps)                   | -1.57%     | -3.19%     | -5.64%     |               |
| <b>Geography Organic Growth Y/Y</b> |            |            |            |               |
| North America                       | -11%       | 4%         | -4%        |               |
| EMEA                                | -11%       | 0%         | -3%        |               |
| Greater China                       | -3%        | -10%       | -9%        |               |
| APAC & Latam                        | -2%        | 1%         | 0%         |               |
| Total Nike Inc. Revenue             | -14%       | -1%        | -4%        |               |

|                                   | Last Year  | Actual     | Estimates  | Δ             |
|-----------------------------------|------------|------------|------------|---------------|
|                                   | 1Q25A      | 1Q26A      | 1Q26E      | Actual - Est. |
| <b>Segment Revenue (Adjusted)</b> |            |            |            |               |
| Footwear                          | \$7,462.0  | \$7,410.0  | \$7,128.8  | 3.9%          |
| Apparel                           | 3,032.0    | 3,313.0    | 2,961.4    | 11.9%         |
| Total Footwear and Apparel        | 10,494.0   | 10,723.0   | 10,090.2   | 6.3%          |
| Equipment                         | 603.0      | 630.0      | 617.1      | 2.1%          |
| Global Brand Division             | 14.0       | 9.0        | 14.8       | -39.4%        |
| Total Nike Brand Revenue          | 11,111.0   | 11,362.0   | 10,722.1   | 6.0%          |
| Converse                          | 501.0      | 366.0      | 470.7      | -22.2%        |
| Corporate                         | -23.0      | -8.0       | 1.0        | -900.0%       |
| Total Nike Inc. Revenue           | \$11,589.0 | \$11,720.0 | \$11,193.8 | 4.7%          |
| <b>North America</b>              |            |            |            |               |
| Footwear                          | \$3,212.0  | \$3,219.0  | \$3,051.4  | 5.5%          |
| Apparel                           | 1,331.0    | 1,474.0    | 1,277.8    | 15.4%         |
| Total Footwear and Apparel        | 4,543.0    | 4,693.0    | 4,329.2    | 8.4%          |
| Equipment                         | 283.0      | 327.0      | 285.8      | 14.4%         |
| Total                             | \$4,826.0  | \$5,020.0  | \$4,615.0  | 8.8%          |
| <b>EMEA</b>                       |            |            |            |               |
| Footwear                          | \$1,952.0  | \$2,021.0  | \$1,893.4  | 6.7%          |
| Apparel                           | 993.0      | 1,106.0    | 983.1      | 12.5%         |
| Total Footwear and Apparel        | 2,945.0    | 3,127.0    | 2,876.5    | 8.7%          |
| Equipment                         | 198.0      | 204.0      | 202.0      | 1.0%          |
| Total                             | \$3,143.0  | \$3,331.0  | \$3,078.5  | 8.2%          |
| <b>Greater China</b>              |            |            |            |               |
| Footwear                          | \$1,246.0  | \$1,109.0  | \$1,121.4  | -1.1%         |
| Apparel                           | 360.0      | 362.0      | 345.6      | 4.7%          |
| Total Footwear and Apparel        | 1,606.0    | 1,471.0    | 1,467.0    | 0.3%          |
| Equipment                         | 60.0       | 41.0       | 64.8       | -36.7%        |
| Total                             | \$1,666.0  | \$1,512.0  | \$1,531.8  | -1.3%         |
| <b>APAC &amp; Latam</b>           |            |            |            |               |
| Footwear                          | \$1,052.0  | \$1,061.0  | \$1,062.5  | -0.1%         |
| Apparel                           | 348.0      | 371.0      | 355.0      | 4.5%          |
| Total Footwear and Apparel        | 1,400.0    | 1,432.0    | 1,417.5    | 1.0%          |
| Equipment                         | 62.0       | 58.0       | 64.5       | -10.0%        |
| Total                             | \$1,462.0  | \$1,490.0  | \$1,482.0  | 0.5%          |
| <b>Converse</b>                   |            |            |            |               |
| Footwear                          | \$436.0    | \$318.5    | \$405.5    |               |
| Apparel                           | 17.0       | 12.4       | 15.8       |               |
| Total Footwear and Apparel        | 453.0      | 330.9      | 421.3      |               |
| Equipment                         | 12.0       | 8.8        | 12.4       |               |
| Other                             | 36.0       | 26.3       | 37.1       |               |
| Total                             | \$501.0    | \$366.0    | \$470.7    | -22.2%        |
| <b>Segment Organic Growth Y/Y</b> |            |            |            |               |
| Footwear                          | -10%       | -3%        | -5%        |               |
| Apparel                           | -9%        | 7%         | -3%        |               |
| Total Footwear and Apparel        | -10%       | 0%         | -4%        |               |
| Equipment                         | 15%        | 3%         | 2%         |               |
| Global Brand Division             | 20%        | -39%       | 5%         |               |
| Total Nike Brand Revenue          | -9%        | 0%         | -4%        |               |
| Converse                          | -14%       | -28%       | -7%        |               |
| Total Nike Inc. Revenue           | -9%        | -1%        | -4%        |               |

Source: Company Filings, Barclays Research

# Model Changes

**FIGURE 10. Model Changes (in \$ millions, except per share data)**

|                               | New      |          |          |          |          |          |          | Old      |          |          |          |          |          |          | Consensus |          |          |          |          |          |          |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|
| (\$mm, except per share)      | 1Q26A    | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    | 1Q26E    | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    | 1Q26E     | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    |
| North America Revenue         | \$5,020  | \$4,910  | \$4,809  | \$4,707  | \$19,445 | \$19,953 | \$20,951 | \$4,615  | \$4,887  | \$4,819  | \$4,607  | \$18,929 | \$19,079 | \$20,033 | \$4,587   | \$4,982  | \$4,867  | \$4,858  | \$19,284 | \$20,248 | \$21,360 |
| EMEA Revenue                  | 3,331    | 3,359    | 2,970    | 3,170    | 12,830   | 13,218   | 13,746   | 3,078    | 3,278    | 2,911    | 3,107    | 12,375   | 12,692   | 13,199   | 3,097     | 3,311    | 2,992    | 3,183    | 12,590   | 13,346   | 14,180   |
| Greater China Revenue         | 1,512    | 1,552    | 1,653    | 1,405    | 6,123    | 6,350    | 6,907    | 1,532    | 1,608    | 1,664    | 1,430    | 6,234    | 6,449    | 6,980    | 1,438     | 1,532    | 1,650    | 1,461    | 6,089    | 6,335    | 6,659    |
| APAC/Latam Revenue            | 1,490    | 1,784    | 1,552    | 1,659    | 6,484    | 6,812    | 7,221    | 1,482    | 1,772    | 1,508    | 1,632    | 6,395    | 6,709    | 7,111    | 1,421     | 1,728    | 1,523    | 1,648    | 6,350    | 6,763    | 7,133    |
| Converse                      | 366      | 401      | 404      | 356      | 1,527    | 1,534    | 1,595    | 471      | 403      | 391      | 361      | 1,626    | 1,631    | 1,663    | 456       | 398      | 403      | 367      | 1,623    | 1,678    | 1,761    |
| Other Revenue                 | 1        | 15       | 14       | 11       | 41       | 52       | 55       | 16       | 15       | 14       | 11       | 55       | 57       | 60       | na        | na       | na       | na       | na       | na       | na       |
| Total Revenue                 | \$11,720 | \$12,021 | \$11,402 | \$11,308 | \$46,450 | \$47,918 | \$50,475 | \$11,194 | \$11,964 | \$11,307 | \$11,149 | \$45,613 | \$46,617 | \$49,048 | \$11,020  | \$12,009 | \$11,494 | \$11,578 | \$45,955 | \$48,501 | \$51,111 |
| Adj Gross Profit              | 4,943    | 4,883    | 4,616    | 4,554    | 18,996   | 20,553   | 22,154   | 4,658    | 4,860    | 4,747    | 4,657    | 18,922   | 20,242   | 21,788   | 4,592     | 4,968    | 4,862    | 4,903    | 19,255   | 21,116   | 22,631   |
| Operating Expenses            | 4,016    | 4,318    | 3,990    | 4,114    | 16,437   | 16,706   | 17,471   | 4,078    | 4,058    | 3,957    | 4,056    | 16,148   | 16,258   | 16,983   | 4,092     | 4,050    | 3,947    | 4,218    | 16,267   | 16,784   | 17,679   |
| Adj. Operating income         | 927      | 565      | 626      | 440      | 2,559    | 3,847    | 4,683    | 580      | 802      | 791      | 601      | 2,774    | 3,984    | 4,805    | 500       | 918      | 915      | 684      | 2,988    | 4,331    | 4,952    |
| Adj Net Income                | \$727    | \$438    | \$495    | \$348    | \$2,008  | \$3,255  | \$3,940  | \$513    | \$677    | \$663    | \$513    | \$2,366  | \$3,387  | \$4,060  | \$419     | \$745    | \$745    | \$551    | \$2,444  | \$3,589  | \$4,375  |
| EPS (adjusted, diluted)       | \$0.49   | \$0.30   | \$0.33   | \$0.23   | \$1.35   | \$2.19   | \$2.65   | \$0.35   | \$0.46   | \$0.45   | \$0.34   | \$1.59   | \$2.27   | \$2.72   | \$0.28    | \$0.50   | \$0.50   | \$0.37   | \$1.67   | \$2.48   | \$3.03   |
| Gross Margin                  | 42.2%    | 40.6%    | 40.5%    | 40.3%    | 40.9%    | 42.9%    | 43.9%    | 41.6%    | 40.6%    | 42.0%    | 41.8%    | 41.5%    | 43.4%    | 44.4%    | 41.7%     | 41.4%    | 42.3%    | 42.3%    | 41.9%    | 43.5%    | 44.3%    |
| Operating Expenses % of Sales | 34.3%    | 35.9%    | 35.0%    | 36.4%    | 35.4%    | 34.9%    | 34.6%    | 36.4%    | 33.9%    | 35.0%    | 36.4%    | 35.4%    | 34.9%    | 34.6%    | 37.1%     | 33.7%    | 34.3%    | 36.4%    | 35.4%    | 34.6%    | 34.6%    |
| Operating Margin              | 7.9%     | 4.7%     | 5.5%     | 3.9%     | 5.5%     | 8.0%     | 9.3%     | 5.2%     | 6.7%     | 7.0%     | 5.4%     | 6.1%     | 8.5%     | 9.8%     | 4.5%      | 7.6%     | 8.0%     | 5.9%     | 6.5%     | 8.9%     | 9.7%     |
| New vs. Old                   |          |          |          |          |          |          |          |          |          |          |          |          |          |          |           |          |          |          |          |          |          |
| New vs. Consensus             |          |          |          |          |          |          |          |          |          |          |          |          |          |          |           |          |          |          |          |          |          |
| (% Change)                    | 1Q26E    | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    | 1Q26E    | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    | 1Q26E     | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | FY27E    | FY28E    |
| North America Revenue         | 9%       | 0%       | 0%       | 2%       | 3%       | 5%       | 5%       | 9%       | -1%      | -1%      | -3%      | 1%       | -1%      | -2%      | 6%        | 0%       | -1%      | -2%      | 1%       | -1%      | -2%      |
| EMEA Revenue                  | 8%       | 2%       | 2%       | 2%       | 2%       | 4%       | 4%       | 8%       | 1%       | -1%      | 0%       | 2%       | -1%      | -3%      | 8%        | -2%      | -5%      | -7%      | -1%      | -3%      | -2%      |
| Greater China Revenue         | -1%      | -3%      | -1%      | -2%      | -2%      | -2%      | -1%      | 5%       | 1%       | 0%       | -4%      | 1%       | 0%       | 4%       | 5%        | 1%       | 0%       | -4%      | 1%       | 0%       | 4%       |
| APAC/Latam Revenue            | 1%       | 1%       | 3%       | 2%       | 1%       | 2%       | 2%       | 5%       | 3%       | 2%       | 1%       | 2%       | 2%       | 1%       | 5%        | 3%       | 2%       | 1%       | 2%       | 1%       | 1%       |
| Converse                      | -22%     | 0%       | 3%       | -1%      | -6%      | -6%      | -4%      | -20%     | 1%       | 0%       | -3%      | -6%      | -9%      | -9%      | -22%      | 0%       | 3%       | -1%      | -6%      | -6%      | -4%      |
| Other Revenue                 | -94%     | 1%       | 3%       | 1%       | -26%     | -9%      | -9%      | na       | na       | na       | na       | na       | na       | na       | na        | na       | na       | na       | na       | na       | na       |
| Total Revenue                 | 5%       | 0%       | 1%       | 1%       | 2%       | 3%       | 3%       | 6%       | 0%       | -1%      | -2%      | 1%       | -1%      | -1%      | 5%        | 0%       | -1%      | -2%      | 1%       | -1%      | -1%      |
| Adj Gross Profit              | 6%       | 0%       | -3%      | -2%      | 0%       | 2%       | 2%       | 8%       | -2%      | -5%      | -7%      | -1%      | -3%      | -2%      | 8%        | -2%      | -5%      | -7%      | -1%      | -3%      | -2%      |
| Operating Expenses            | -2%      | 6%       | 1%       | 1%       | 2%       | 3%       | 3%       | -2%      | 7%       | 1%       | -2%      | 1%       | 0%       | -1%      | -2%       | 6%       | 1%       | 1%       | 2%       | 3%       | 3%       |
| Adj. Operating income         | 60%      | -30%     | -21%     | -27%     | -8%      | -3%      | -3%      | 85%      | -38%     | -32%     | -36%     | -14%     | -11%     | -5%      | 60%       | -30%     | -21%     | -27%     | -8%      | -3%      | -3%      |
| Adj Net Income                | 42%      | -35%     | -25%     | -32%     | -15%     | -4%      | -3%      | 73%      | -41%     | -34%     | -37%     | -18%     | -9%      | -10%     | 42%       | -35%     | -25%     | -32%     | -15%     | -4%      | -3%      |
| EPS (adjusted, diluted)       | 42%      | -35%     | -25%     | -32%     | -15%     | -4%      | -3%      | 76%      | -41%     | -33%     | -37%     | -19%     | -12%     | -13%     | 42%       | -35%     | -25%     | -32%     | -15%     | -4%      | -3%      |
| Gross Margin                  | 0.56%    | 0.00%    | -1.50%   | -1.50%   | -0.59%   | -0.53%   | -0.53%   | 0.50%    | -0.74%   | -1.82%   | -2.07%   | -1.00%   | -0.64%   | -0.39%   | 0.50%     | -0.74%   | -1.82%   | -2.07%   | -1.00%   | -0.64%   | -0.39%   |
| Operating Expenses % of Sales | -2.16%   | 2.00%    | 0.00%    | 0.00%    | -0.02%   | -0.01%   | -0.01%   | -2.87%   | 2.19%    | 0.65%    | -0.05%   | -0.01%   | 0.26%    | 0.02%    | -2.87%    | 2.19%    | 0.65%    | -0.05%   | -0.01%   | 0.26%    | 0.02%    |
| Operating Margin              | 2.73%    | -2.00%   | -1.50%   | -1.50%   | -0.57%   | -0.52%   | -0.52%   | 3.37%    | -2.94%   | -2.47%   | -2.02%   | -0.99%   | -0.90%   | -0.41%   | 2.73%     | -2.00%   | -1.50%   | -1.50%   | -0.57%   | -0.52%   | -0.52%   |

Source: Company Filings, Bloomberg, Barclays Research

# Income Statement

FIGURE 11. Income Statement (in \$ millions, except per share data)

|                                      | FY24A    | 1Q25A    | 2Q25A    | 3Q25A    | 4Q25A    | FY25A    | 1Q26A    | 2Q26E    | 3Q26E    | 4Q26E    | FY26E    | 1Q27E    | 2Q27E    | 3Q27E    | 4Q27E    | FY27E    | FY28E    |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| (\$ mm, except per share)            | May-24   | Aug-24   | Nov-24   | Feb-25   | May-25   | May-25   | Aug-25   | Nov-25   | Feb-26   | May-26   | May-26   | Aug-26   | Nov-26   | Feb-27   | May-27   | May-27   | May-28   |
| <b>Income Statement</b>              |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Revenue                              | 51,362.0 | 11,589.0 | 12,354.0 | 11,269.0 | 11,097.0 | 46,309.0 | 11,720.0 | 12,020.8 | 11,401.9 | 11,307.7 | 46,450.5 | 11,996.3 | 12,426.6 | 11,798.0 | 11,697.5 | 47,918.4 | 50,474.8 |
| COGS                                 | 28,412.0 | 6,332.0  | 6,965.0  | 6,594.0  | 6,628.0  | 26,519.0 | 6,777.0  | 7,137.8  | 6,785.8  | 6,753.9  | 27,454.4 | 6,696.8  | 7,130.2  | 6,785.6  | 6,752.7  | 27,365.3 | 28,320.7 |
| Adj. Gross Profit                    | 22,950.0 | 5,257.0  | 5,389.0  | 4,675.0  | 4,469.0  | 19,790.0 | 4,943.0  | 4,883.0  | 4,616.1  | 4,553.9  | 18,996.0 | 5,299.4  | 5,296.4  | 5,012.4  | 4,944.8  | 20,553.1 | 22,154.1 |
| Adj. Demand Creation Expense         | 4,285.0  | 1,226.0  | 1,122.0  | 1,088.0  | 1,253.0  | 4,689.0  | 1,188.0  | 1,362.2  | 1,157.8  | 1,163.7  | 4,871.8  | 1,216.0  | 1,408.2  | 1,198.1  | 1,203.8  | 5,026.1  | 5,294.3  |
| Adj. Operating Overhead Expense      | 11,912.0 | 2,822.0  | 2,883.0  | 2,799.0  | 2,895.0  | 11,399.0 | 2,828.0  | 2,955.5  | 2,832.0  | 2,950.0  | 11,565.5 | 2,822.7  | 2,980.7  | 2,883.2  | 2,993.2  | 11,679.8 | 12,176.8 |
| Adj. Operating Expenses              | 16,197.0 | 4,048.0  | 4,005.0  | 3,887.0  | 4,148.0  | 16,088.0 | 4,016.0  | 4,317.7  | 3,989.9  | 4,113.7  | 16,437.3 | 4,038.7  | 4,388.9  | 4,081.3  | 4,197.0  | 16,705.9 | 17,471.1 |
| Adj. Operating Income                | 6,753.0  | 1,209.0  | 1,384.0  | 788.0    | 321.0    | 3,702.0  | 927.0    | 565.3    | 626.3    | 440.2    | 2,558.8  | 1,260.8  | 907.5    | 931.2    | 747.8    | 3,847.2  | 4,683.0  |
| Other Expense (Income)               | (228.0)  | (55.0)   | (8.0)    | (38.0)   | 25.0     | (76.0)   | 23.0     | 35.0     | 18.0     | 22.0     | 98.0     | (10.0)   | (10.0)   | (10.0)   | (10.0)   | (40.0)   | (40.0)   |
| Adj. EBIT                            | 6,981.0  | 1,264.0  | 1,392.0  | 826.0    | 296.0    | 3,778.0  | 904.0    | 530.3    | 608.3    | 418.2    | 2,460.8  | 1,270.8  | 917.5    | 941.2    | 757.8    | 3,887.2  | 4,723.0  |
| Net Interest Expense (Income)        | (161.0)  | (43.0)   | (24.0)   | (18.0)   | (22.0)   | (107.0)  | (18.0)   | (24.1)   | (18.1)   | (22.1)   | (82.3)   | (18.0)   | (24.1)   | (18.1)   | (22.1)   | (82.3)   | (82.3)   |
| Adj. EBT                             | 7,142.0  | 1,307.0  | 1,416.0  | 844.0    | 318.0    | 3,885.0  | 922.0    | 554.4    | 626.4    | 440.3    | 2,543.0  | 1,288.8  | 941.6    | 959.3    | 779.9    | 3,969.5  | 4,805.3  |
| Adj. Income Taxes                    | 1,097.6  | 256.0    | 253.0    | 50.0     | 107.0    | 666.0    | 195.0    | 116.4    | 131.5    | 92.5     | 535.4    | 232.0    | 169.5    | 172.7    | 140.4    | 714.5    | 865.0    |
| Adj. Net Income                      | 6,044.4  | 1,051.0  | 1,163.0  | 794.0    | 211.0    | 3,219.0  | 727.0    | 438.0    | 494.8    | 347.8    | 2,007.6  | 1,056.8  | 772.1    | 786.6    | 639.5    | 3,255.0  | 3,940.3  |
| Adj. EPS                             | \$3.95   | \$0.70   | \$0.78   | \$0.54   | \$0.14   | \$2.16   | \$0.49   | \$0.30   | \$0.33   | \$0.23   | \$1.35   | \$0.71   | \$0.52   | \$0.53   | \$0.43   | \$2.19   | \$2.65   |
| GAAP EPS                             | \$3.73   | \$0.70   | \$0.78   | \$0.54   | \$0.14   | \$2.16   | \$0.49   | \$0.30   | \$0.33   | \$0.23   | \$1.35   | \$0.71   | \$0.52   | \$0.53   | \$0.43   | \$2.19   | \$2.65   |
| Avg. Diluted Shares                  | 1,529.7  | 1,502.0  | 1,490.0  | 1,478.1  | 1,477.7  | 1,487.6  | 1,479.0  | 1,481.8  | 1,481.8  | 1,485.7  | 1,483.3  | 1,486.9  | 1,484.1  | 1,484.1  | 1,488.0  | 1,485.8  | 1,489.0  |
| Dividends declared                   | \$1.45   | \$0.37   | \$0.40   | \$0.40   | \$0.40   | \$1.57   | \$0.40   | \$0.44   | \$0.44   | \$0.44   | \$1.72   | \$0.44   | \$0.48   | \$0.48   | \$0.48   | \$1.88   | \$2.04   |
| <b>YOY % Change in Dollars</b>       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Sales Growth (%)                     | 0.3%     | -10.4%   | -7.7%    | -9.3%    | -12.0%   | -9.8%    | 1.1%     | -2.7%    | 1.2%     | 1.9%     | 0.3%     | 2.4%     | 3.4%     | 3.5%     | 3.4%     | 3.2%     | 5.3%     |
| Sales Growth (%) (Constant Currency) | 0.3%     | -9.1%    | -8.8%    | -6.9%    | -11.5%   | -9.1%    | -0.7%    | -3.9%    | -0.6%    | 0.3%     | -1.3%    | 2.0%     | 3.4%     | 3.5%     | 3.4%     | 3.1%     | 5.3%     |
| Gross Profit (%)                     | 3.0%     | -8.1%    | -9.7%    | -16.9%   | -20.7%   | -13.8%   | -6.0%    | -9.4%    | -1.3%    | 1.9%     | -4.0%    | 7.2%     | 8.5%     | 8.6%     | 8.6%     | 8.2%     | 7.8%     |
| Demand Creation Expense (%)          | 5.5%     | 14.7%    | 0.7%     | 7.6%     | 14.8%    | 9.4%     | -3.1%    | 21.4%    | 6.4%     | -7.1%    | 3.9%     | 2.4%     | 3.4%     | 3.5%     | 3.4%     | 3.2%     | 5.3%     |
| Operating Overhead Expense (%)       | -3.3%    | -7.4%    | -4.9%    | -2.6%    | -2.1%    | -4.3%    | 0.2%     | 2.5%     | 1.2%     | 1.9%     | 1.5%     | -0.2%    | 0.9%     | 1.8%     | 1.5%     | 1.0%     | 4.3%     |
| Op. Expenses (%)                     | -1.1%    | -1.7%    | -3.4%    | 0.0%     | 2.4%     | -0.7%    | -0.8%    | 7.8%     | 2.6%     | -0.8%    | 2.2%     | 0.6%     | 1.6%     | 2.3%     | 2.0%     | 1.6%     | 4.6%     |
| Operating Income (%)                 | 14.2%    | -24.6%   | -24.2%   | -54.7%   | -79.7%   | -45.2%   | -23.3%   | -59.2%   | -20.5%   | 37.1%    | -30.9%   | 36.0%    | 60.5%    | 48.7%    | 69.9%    | 50.4%    | 21.7%    |
| EBIT Income (%)                      | 12.7%    | -21.7%   | -26.7%   | -52.9%   | -82.7%   | -45.9%   | -28.5%   | -61.9%   | -26.4%   | 41.3%    | -34.9%   | 40.6%    | 73.0%    | 54.7%    | 81.2%    | 58.0%    | 21.5%    |
| EBT Income (%)                       | 15.2%    | -20.7%   | -26.3%   | -53.3%   | -82.0%   | -45.6%   | -29.5%   | -60.8%   | -25.8%   | 38.5%    | -34.5%   | 39.8%    | 69.8%    | 53.1%    | 77.1%    | 56.1%    | 21.1%    |
| Adj. Net Income (%)                  | 19.2%    | -27.5%   | -26.3%   | -47.0%   | -86.1%   | -46.7%   | -30.8%   | -62.3%   | -37.7%   | 64.8%    | -37.6%   | 45.4%    | 76.3%    | 59.0%    | 83.9%    | 62.1%    | 21.1%    |
| Adj. EPS (%)                         | 24.3%    | -25.5%   | -24.2%   | -45.3%   | -85.9%   | -45.2%   | -29.8%   | -62.1%   | -37.8%   | 64.0%    | -37.5%   | 44.6%    | 76.0%    | 58.7%    | 83.6%    | 61.9%    | 20.8%    |
| <b>% of Sales Ratios</b>             |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Gross Margin (%)                     | 44.7%    | 45.4%    | 43.6%    | 41.5%    | 40.3%    | 42.7%    | 42.2%    | 40.6%    | 40.5%    | 40.3%    | 40.9%    | 44.2%    | 42.6%    | 42.5%    | 42.3%    | 42.9%    | 43.9%    |
| Demand Creation Expense (%)          | 8.3%     | 10.6%    | 9.1%     | 9.7%     | 11.3%    | 10.1%    | 10.1%    | 11.3%    | 10.2%    | 10.3%    | 10.5%    | 10.1%    | 11.3%    | 10.2%    | 10.3%    | 10.5%    | 10.5%    |
| Operating Overhead Expense (%)       | 23.2%    | 24.4%    | 23.3%    | 24.8%    | 26.1%    | 24.6%    | 24.1%    | 24.6%    | 24.8%    | 26.1%    | 24.9%    | 23.5%    | 24.0%    | 24.4%    | 25.6%    | 24.4%    | 24.1%    |
| Op. Expense Rate (%)                 | 31.5%    | 34.9%    | 32.4%    | 34.5%    | 37.4%    | 34.7%    | 34.3%    | 35.9%    | 35.0%    | 36.4%    | 35.4%    | 33.7%    | 35.3%    | 34.6%    | 35.9%    | 34.9%    | 34.6%    |
| Operating Margin (%)                 | 13.1%    | 10.4%    | 11.2%    | 7.0%     | 2.9%     | 8.0%     | 7.9%     | 4.7%     | 5.5%     | 3.9%     | 5.5%     | 10.5%    | 7.3%     | 7.9%     | 6.4%     | 8.0%     | 9.3%     |
| Other Expense (%)                    | -0.4%    | -0.5%    | -0.1%    | -0.3%    | 0.2%     | -0.2%    | 0.2%     | 0.3%     | 0.2%     | 0.2%     | 0.2%     | -0.1%    | -0.1%    | -0.1%    | -0.1%    | -0.1%    | -0.1%    |
| EBIT Margin (%)                      | 13.6%    | 10.9%    | 11.3%    | 7.3%     | 2.7%     | 8.2%     | 7.7%     | 4.4%     | 5.3%     | 3.7%     | 5.3%     | 10.6%    | 7.4%     | 8.0%     | 6.5%     | 8.1%     | 9.4%     |
| EBT Margin (%)                       | 13.9%    | 11.3%    | 11.5%    | 7.5%     | 2.9%     | 8.4%     | 7.9%     | 4.6%     | 5.5%     | 3.9%     | 5.5%     | 10.7%    | 7.6%     | 8.1%     | 6.7%     | 8.3%     | 9.5%     |
| Net Margin (%)                       | 11.8%    | 9.1%     | 9.4%     | 7.0%     | 1.9%     | 7.0%     | 6.2%     | 3.6%     | 4.3%     | 3.1%     | 4.3%     | 8.8%     | 6.2%     | 6.7%     | 5.5%     | 6.8%     | 7.8%     |
| Tax Rate (%)                         | 15.4%    | 19.6%    | 17.9%    | 5.9%     | 33.6%    | 17.1%    | 21.1%    | 21.0%    | 21.0%    | 21.0%    | 21.1%    | 18.0%    | 18.0%    | 18.0%    | 18.0%    | 18.0%    | 18.0%    |
| <b>YOY Bps Change in Margin</b>      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Gross Margin (bps)                   | 1.16%    | 1.15%    | -0.98%   | -3.77%   | -4.42%   | -1.95%   | -3.19%   | -3.00%   | -1.00%   | 0.00%    | -1.84%   | 2.00%    | 2.00%    | 2.00%    | 2.00%    | 2.00%    | 1.00%    |
| Demand Creation Expense (bps)        | 0.42%    | 2.32%    | 0.76%    | 1.52%    | 2.64%    | 1.78%    | -0.44%   | 2.25%    | 0.50%    | -1.00%   | 0.36%    | 0.00%    | 0.00%    | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Operating Overhead Expense (bps)     | -0.86%   | 0.80%    | 0.69%    | 1.71%    | 2.62%    | 1.42%    | -0.22%   | 1.25%    | 0.00%    | 0.00%    | 0.28%    | -0.60%   | -0.60%   | -0.40%   | -0.50%   | -0.52%   | -0.25%   |
| Op. Expense Rate (bps)               | -0.44%   | 3.12%    | 1.45%    | 3.23%    | 5.26%    | 3.21%    | -0.66%   | 3.50%    | 0.50%    | -1.00%   | 0.65%    | -0.60%   | -0.60%   | -0.40%   | -0.50%   | -0.52%   | -0.25%   |
| Operating Income (bps)               | 1.60%    | -1.96%   | -2.43%   | -7.00%   | -9.68%   | -5.15%   | -2.52%   | -6.50%   | -1.50%   | 1.00%    | -2.49%   | 2.60%    | 2.60%    | 2.40%    | 2.50%    | 2.52%    | 1.25%    |
| Other Expense (bps)                  | 0.10%    | -0.40%   | 0.50%    | -0.21%   | 1.23%    | 0.28%    | 0.67%    | 0.36%    | 0.50%    | -0.03%   | 0.38%    | -0.28%   | -0.37%   | -0.24%   | -0.28%   | -0.29%   | 0.00%    |
| EBIT Margin (bps)                    | 1.50%    | -1.57%   | -2.92%   | -6.79%   | -10.91%  | -5.43%   | -3.19%   | -6.86%   | -2.00%   | 1.03%    | -2.86%   | 2.88%    | 2.97%    | 2.64%    | 2.78%    | 2.81%    | 1.24%    |
| EBT Margin (bps)                     | 1.80%    | -1.46%   | -2.89%   | -7.05%   | -11.14%  | -5.52%   | -3.41%   | -6.85%   | -2.00%   | 1.03%    | -2.91%   | 2.88%    | 2.97%    | 2.64%    | 2.77%    | 2.81%    | 1.24%    |
| Net Margin (bps)                     | 1.87%    | -2.14%   | -2.37%   | -5.01%   | -10.14%  | -4.82%   | -2.87%   | -5.77%   | -2.71%   | 1.17%    | -2.63%   | 2.61%    | 2.57%    | 2.33%    | 2.39%    | 2.47%    | 1.01%    |
| Tax Rate (bps)                       | -2.87%   | 7.57%    | -0.03%   | -11.14%  | 19.64%   | 1.78%    | 1.56%    | 3.13%    | 15.08%   | -12.65%  | 3.91%    | -3.15%   | -3.00%   | -3.00%   | -3.00%   | -3.05%   | 0.00%    |

Fiscal Year End May

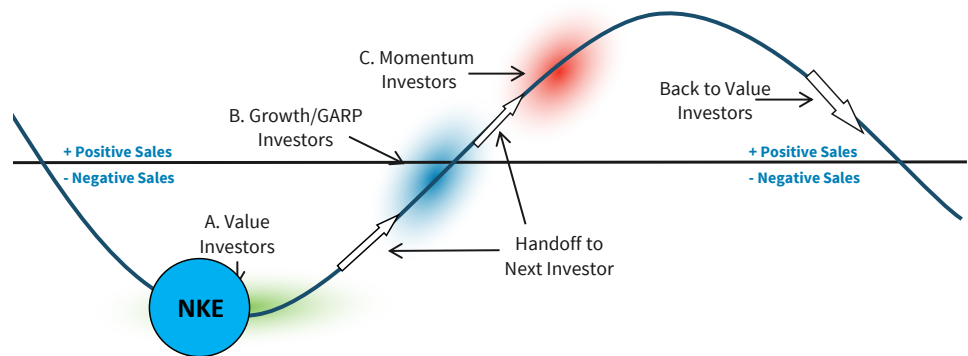
Source: Company Filings, Barclays Research

## Three Scenarios for Different Investing Styles

For long-horizon investors it may be tempting to “buy on each dip of the stock,” but for those who have a shorter horizon and are more nimble, we choose to look for signs of successful outcomes before getting more positive. We remain Equal Weight rated, as we believe the worst is behind Nike and that each successive downward revision gets it closer to the bottom.

1. **Value Investors:** Based on our PRISM cycle, value investors tend to be more tolerant of ongoing downward estimate revisions so long as each successive revision is "less bad" than the prior and the company is making progress on sales and margin initiatives. In this part of the cycle, there is little visibility on margin expansion, but the valuation multiple is expanding as investors expect the worst to be behind.
2. **GARP/Growth Investors:** Investors in this camp are seeking top-line growth or a visible path to a return to positive sales growth. This often occurs at the end of the Rebase year where there is tangible evidence of product recovery in the marketplace.
3. **Momentum Investors:** Investors here look for sales to have factually returned to positive sales growth in combination with margin expansion and the likelihood of "beat and raise" quarters is fairly well established. A stock will have reached its full valuation multiple, so investors are largely playing for earnings beats.

**FIGURE 12. PRISM Curve Implications for Investing Styles**



Source: Barclays Research



### **Analyst(s) Certification(s):**

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### **Primary Stocks (Ticker, Date, Price)**

**Nike, Inc.** (NKE, 30-Sep-2025, USD 69.73), Equal Weight/Neutral, CD/CE/D/E/J/K/L/M/N

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available closing price at the time of publication.

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Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

### Stock Rating

**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Underweight** - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Rating Suspended** - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

### Industry View

**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

### U.S. Specialty Retail, Apparel & Footwear

|                                   |                                   |                                       |
|-----------------------------------|-----------------------------------|---------------------------------------|
| Abercrombie & Fitch Co. (ANF)     | Academy Sports and Outdoors (ASO) | American Eagle Outfitters, Inc. (AEO) |
| Bath & Body Works Inc. (BBWI)     | Burlington Stores, Inc. (BURL)    | Canada Goose Holdings, Inc. (GOOS)    |
| Capri Holdings Limited (CPRI)     | Carter's Inc. (CRI)               | Columbia Sportswear (COLM)            |
| Cricut, Inc. (CRCT)               | Crocs, Inc. (CROX)                | Deckers Outdoor Corp (DECK)           |
| DICK'S Sporting Goods, Inc. (DKS) | FIGS, Inc. (FIGS)                 | G-III Apparel Group, LTD. (GIII)      |

|                                 |                                |                                      |
|---------------------------------|--------------------------------|--------------------------------------|
| Gildan Activewear Inc. (GIL)    | Groupe Dynamite Inc. (GRGD.TO) | Hanesbrands Inc. (HBI)               |
| Kohl's Corp. (KSS)              | Kontoor Brands, Inc. (KTB)     | Levi Strauss & Co. (LEVI)            |
| lululemon athletica inc. (LULU) | Macy's Inc. (M)                | National Vision Holdings, Inc. (EYE) |
| Nike, Inc. (NKE)                | On Holding AG (ONON)           | Pet Valu Holdings Ltd. (PET.TO)      |
| PVH Corp. (PVH)                 | Ralph Lauren Corporation (RL)  | Ross Stores, Inc. (ROST)             |
| Tapestry, Inc. (TPR)            | The Gap, Inc. (GAP)            | The TJX Companies, Inc. (TJX)        |
| Ulta Beauty, Inc. (ULTA)        | Under Armour, Inc. (UAA)       | Urban Outfitters, Inc. (URBN)        |
| V.F. Corporation (VFC)          | Victoria's Secret & Co. (VSCO) |                                      |

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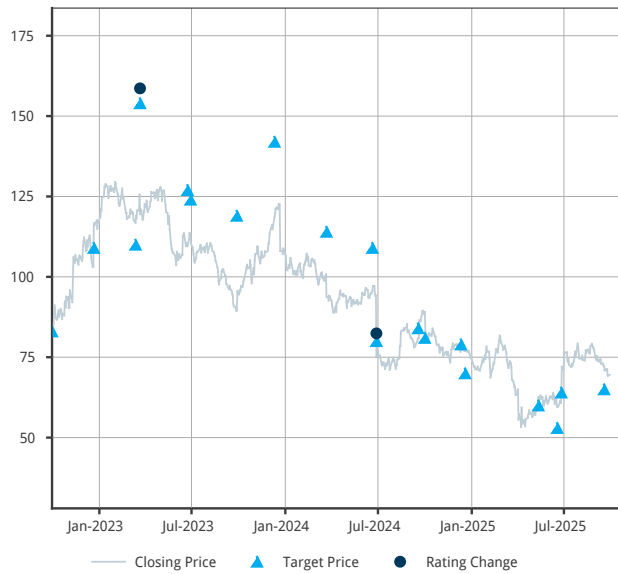
Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 69.73** (30-Sep-2025)

Rating and Price Target Chart - USD (as of 30-Sep-2025)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

| Publication Date | Closing Price* | Rating       | Adjusted Price Target |
|------------------|----------------|--------------|-----------------------|
| 18-Sep-2025      | 72.75          |              | 65.00                 |
| 26-Jun-2025      | 62.54          |              | 64.00                 |
| 18-Jun-2025      | 61.90          |              | 53.00                 |
| 12-May-2025      | 58.91          |              | 60.00                 |
| 19-Dec-2024      | 77.10          |              | 70.00                 |
| 11-Dec-2024      | 76.74          |              | 79.00                 |
| 01-Oct-2024      | 89.13          |              | 81.00                 |
| 18-Sep-2024      | 80.64          |              | 84.00                 |
| 28-Jun-2024      | 94.19          | Equal Weight | 80.00                 |
| 20-Jun-2024      | 95.00          |              | 109.00                |
| 22-Mar-2024      | 100.82         |              | 114.00                |
| 11-Dec-2023      | 115.91         |              | 142.00                |
| 28-Sep-2023      | 89.63          |              | 119.00                |
| 29-Jun-2023      | 113.37         |              | 124.00                |
| 23-Jun-2023      | 109.98         |              | 127.00                |
| 22-Mar-2023      | 125.61         | Overweight   | 154.00                |
| 13-Mar-2023      | 117.49         |              | 110.00                |
| 21-Dec-2022      | 103.21         |              | 109.00                |

On 30-Sep-2022, prior to any intra-day change that may have been published, the rating for this security was Equal Weight, and the adjusted price target was 83.00.

Source: Bloomberg, Barclays Research

\*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

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**Valuation Methodology:** Our price target of \$70 is based on an NTM P/E multiple of 29x applied to our CY27 EPS estimate of \$2.43.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Risks to the upside on our rating include 1) reacceleration of consumer spending, 2) normalization of China market to DD growth, 3) shift to NA DTC offsets margin pressure from wholesale channel. Risks to the downside include 1) further global slowdown, 2) global sourcing and supply chain disruption, 3) ability to maintain product innovation to drive growth.

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**U.S. Specialty Retail, Apparel & Footwear**

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