

# NIKE, INC.

## CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)	YEAR ENDED MAY 31,		
	2019	2018	2017
Revenues	\$ 39,117	\$ 36,397	\$ 34,350
Cost of sales	21,643	20,441	19,038
Gross profit	17,474	15,956	15,312
Demand creation expense	3,753	3,577	3,341
Operating overhead expense	8,949	7,934	7,222
Total selling and administrative expense	12,702	11,511	10,563
Interest expense (income), net	49	54	59
Other (income) expense, net	(78)	66	(196)
Income before income taxes	4,801	4,325	4,886
Income tax expense	772	2,392	646
<b>NET INCOME</b>	<b>\$ 4,029</b>	<b>\$ 1,933</b>	<b>\$ 4,240</b>
Earnings per common share:			
Basic	\$ 2.55	\$ 1.19	\$ 2.56
Diluted	\$ 2.49	\$ 1.17	\$ 2.51
Weighted average common shares outstanding:			
Basic	1,579.7	1,623.8	1,657.8
Diluted	1,618.4	1,659.1	1,692.0

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

# NIKE, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in millions)	YEAR ENDED MAY 31,		
	2019	2018	2017
Net income	\$ 4,029	\$ 1,933	\$ 4,240
Other comprehensive income (loss), net of tax:			
Change in net foreign currency translation adjustment	(173)	(6)	16
Change in net gains (losses) on cash flow hedges	503	76	(515)
Change in net gains (losses) on other	(7)	34	(32)
Total other comprehensive income (loss), net of tax	323	104	(531)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 4,352</b>	<b>\$ 2,037</b>	<b>\$ 3,709</b>

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# NIKE, INC.

## CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	MAY 31,	
	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 4,466	\$ 4,249
Short-term investments	197	996
Accounts receivable, net	4,272	3,498
Inventories	5,622	5,261
Prepaid expenses and other current assets	1,968	1,130
Total current assets	16,525	15,134
Property, plant and equipment, net	4,744	4,454
Identifiable intangible assets, net	283	285
Goodwill	154	154
Deferred income taxes and other assets	2,011	2,509
<b>TOTAL ASSETS</b>	<b>\$ 23,717</b>	<b>\$ 22,536</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 6	\$ 6
Notes payable	9	336
Accounts payable	2,612	2,279
Accrued liabilities	5,010	3,269
Income taxes payable	229	150
Total current liabilities	7,866	6,040
Long-term debt	3,464	3,468
Deferred income taxes and other liabilities	3,347	3,216
Commitments and contingencies (Note 18)		
Redeemable preferred stock	—	—
Shareholders' equity:		
Common stock at stated value:		
Class A convertible — 315 and 329 shares outstanding	—	—
Class B — 1,253 and 1,272 shares outstanding	3	3
Capital in excess of stated value	7,163	6,384
Accumulated other comprehensive income (loss)	231	(92)
Retained earnings	1,643	3,517
Total shareholders' equity	9,040	9,812
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 23,717</b>	<b>\$ 22,536</b>

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# NIKE, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	YEAR ENDED MAY 31,		
	2019	2018	2017
<b>Cash provided by operations:</b>			
Net income	\$ 4,029	\$ 1,933	\$ 4,240
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	705	747	706
Deferred income taxes	34	647	(273)
Stock-based compensation	325	218	215
Amortization and other	15	27	10
Net foreign currency adjustments	233	(99)	(117)
Changes in certain working capital components and other assets and liabilities:			
(Increase) decrease in accounts receivable	(270)	187	(426)
(Increase) decrease in inventories	(490)	(255)	(231)
(Increase) decrease in prepaid expenses and other current and non-current assets	(203)	35	(120)
Increase (decrease) in accounts payable, accrued liabilities and other current and non-current liabilities	1,525	1,515	(158)
Cash provided by operations	5,903	4,955	3,846
<b>Cash provided (used) by investing activities:</b>			
Purchases of short-term investments	(2,937)	(4,783)	(5,928)
Maturities of short-term investments	1,715	3,613	3,623
Sales of short-term investments	2,072	2,496	2,423
Additions to property, plant and equipment	(1,119)	(1,028)	(1,105)
Disposals of property, plant and equipment	5	3	13
Other investing activities	—	(25)	(34)
Cash provided (used) by investing activities	(264)	276	(1,008)
<b>Cash used by financing activities:</b>			
Net proceeds from long-term debt issuance	—	—	1,482
Long-term debt payments, including current portion	(6)	(6)	(44)
Increase (decrease) in notes payable	(325)	13	327
Payments on capital lease and other financing obligations	(27)	(23)	(17)
Proceeds from exercise of stock options and other stock issuances	700	733	489
Repurchase of common stock	(4,286)	(4,254)	(3,223)
Dividends — common and preferred	(1,332)	(1,243)	(1,133)
Tax payments for net share settlement of equity awards	(17)	(55)	(29)
Cash used by financing activities	(5,293)	(4,835)	(2,148)
Effect of exchange rate changes on cash and equivalents	(129)	45	(20)
Net increase (decrease) in cash and equivalents	217	441	670
Cash and equivalents, beginning of year	4,249	3,808	3,138
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,466</b>	<b>\$ 4,249</b>	<b>\$ 3,808</b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 153	\$ 125	\$ 98
Income taxes	757	529	703
Non-cash additions to property, plant and equipment	160	294	266
Dividends declared and not paid	347	320	300

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## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK				CAPITAL IN EXCESS OF STATED VALUE	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL
	CLASS A		CLASS B					
(In millions, except per share data)	SHARES	AMOUNT	SHARES	AMOUNT				
Balance at May 31, 2016	353	\$ —	1,329	\$ 3	\$ 5,038	\$ 318	\$ 6,899	\$ 12,258
Stock options exercised			17		525			525
Conversion to Class B Common Stock	(24)		24					—
Repurchase of Class B Common Stock			(60)		(189)		(3,060)	(3,249)
Dividends on common stock (\$0.70 per share) and preferred stock (\$0.10 per share)							(1,159)	(1,159)
Issuance of shares to employees, net of shares withheld for employee taxes			4		121		(13)	108
Stock-based compensation					215			215
Net income							4,240	4,240
Other comprehensive income (loss)						(531)		(531)
Balance at May 31, 2017	329	\$ —	1,314	\$ 3	\$ 5,710	\$ (213)	\$ 6,907	\$ 12,407
Stock options exercised			24		600			600
Repurchase of Class B Common Stock			(70)		(254)		(4,013)	(4,267)
Dividends on common stock (\$0.78 per share) and preferred stock (\$0.10 per share)							(1,265)	(1,265)
Issuance of shares to employees, net of shares withheld for employee taxes			4		110		(28)	82
Stock-based compensation					218			218
Net income							1,933	1,933
Other comprehensive income (loss)						104		104
Reclassifications to retained earnings in accordance with ASU 2018-02 (Note 1)						17	(17)	—
Balance at May 31, 2018	329	\$ —	1,272	\$ 3	\$ 6,384	\$ (92)	\$ 3,517	\$ 9,812
Stock options exercised			18		539			539
Conversion to Class B Common Stock	(14)		14					—
Repurchase of Class B Common Stock			(54)		(227)		(4,056)	(4,283)
Dividends on common stock (\$0.86 per share) and preferred stock (\$0.10 per share)							(1,360)	(1,360)
Issuance of shares to employees, net of shares withheld for employee taxes			3		142		(3)	139
Stock-based compensation					325			325
Net income							4,029	4,029
Other comprehensive income (loss)						323		323
Adoption of ASU 2016-16 (Note 1)							(507)	(507)
Adoption of ASC Topic 606 (Note 1)							23	23
Balance at May 31, 2019	315	\$ —	1,253	\$ 3	\$ 7,163	\$ 231	\$ 1,643	\$ 9,040

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