

NIKE, INC.

CONSOLIDATED STATEMENTS OF INCOME

<i>(In millions, except per share data)</i>	YEAR ENDED MAY 31,		
	2020	2019	2018
Revenues	\$ 37,403	\$ 39,117	\$ 36,397
Cost of sales	21,162	21,643	20,441
Gross profit	16,241	17,474	15,956
Demand creation expense	3,592	3,753	3,577
Operating overhead expense	9,534	8,949	7,934
Total selling and administrative expense	13,126	12,702	11,511
Interest expense (income), net	89	49	54
Other (income) expense, net	139	(78)	66
Income before income taxes	2,887	4,801	4,325
Income tax expense	348	772	2,392
NET INCOME	\$ 2,539	\$ 4,029	\$ 1,933
Earnings per common share:			
Basic	\$ 1.63	\$ 2.55	\$ 1.19
Diluted	\$ 1.60	\$ 2.49	\$ 1.17
Weighted average common shares outstanding:			
Basic	1,558.8	1,579.7	1,623.8
Diluted	1,591.6	1,618.4	1,659.1

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

NIKE, INC.

CONSOLIDATED BALANCE SHEETS

(In millions)	MAY 31,	
	2020	2019
ASSETS		
Current assets:		
Cash and equivalents	\$ 8,348	\$ 4,466
Short-term investments	439	197
Accounts receivable, net	2,749	4,272
Inventories	7,367	5,622
Prepaid expenses and other current assets	1,653	1,968
Total current assets	20,556	16,525
Property, plant and equipment, net	4,866	4,744
Operating lease right-of-use assets, net	3,097	—
Identifiable intangible assets, net	274	283
Goodwill	223	154
Deferred income taxes and other assets	2,326	2,011
TOTAL ASSETS	\$ 31,342	\$ 23,717
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 3	\$ 6
Notes payable	248	9
Accounts payable	2,248	2,612
Current portion of operating lease liabilities	445	—
Accrued liabilities	5,184	5,010
Income taxes payable	156	229
Total current liabilities	8,284	7,866
Long-term debt	9,406	3,464
Operating lease liabilities	2,913	—
Deferred income taxes and other liabilities	2,684	3,347
Commitments and contingencies (Note 18)	—	—
Redeemable preferred stock	—	—
Shareholders' equity:		
Common stock at stated value:		
Class A convertible — 315 and 315 shares outstanding	—	—
Class B — 1,243 and 1,253 shares outstanding	3	3
Capital in excess of stated value	8,299	7,163
Accumulated other comprehensive income (loss)	(56)	231
Retained earnings (deficit)	(191)	1,643
Total shareholders' equity	8,055	9,040
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 31,342	\$ 23,717

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NIKE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)	YEAR ENDED MAY 31,		
	2020	2019	2018
Cash provided (used) by operations:			
Net income	\$ 2,539	\$ 4,029	\$ 1,933
Adjustments to reconcile net income to net cash provided (used) by operations:			
Depreciation	721	705	747
Deferred income taxes	(380)	34	647
Stock-based compensation	429	325	218
Amortization, impairment and other	398	15	27
Net foreign currency adjustments	23	233	(99)
Changes in certain working capital components and other assets and liabilities:			
(Increase) decrease in accounts receivable	1,239	(270)	187
(Increase) decrease in inventories	(1,854)	(490)	(255)
(Increase) decrease in prepaid expenses, operating lease right-of-use assets and other current and non-current assets	(654)	(203)	35
Increase (decrease) in accounts payable, accrued liabilities, operating lease liabilities and other current and non-current liabilities	24	1,525	1,515
Cash provided (used) by operations	2,485	5,903	4,955
Cash provided (used) by investing activities:			
Purchases of short-term investments	(2,426)	(2,937)	(4,783)
Maturities of short-term investments	74	1,715	3,613
Sales of short-term investments	2,379	2,072	2,496
Additions to property, plant and equipment	(1,086)	(1,119)	(1,028)
Other investing activities	31	5	(22)
Cash provided (used) by investing activities	(1,028)	(264)	276
Cash provided (used) by financing activities:			
Proceeds from borrowings, net of debt issuance costs	6,134	—	—
Increase (decrease) in notes payable, net	49	(325)	13
Proceeds from exercise of stock options and other stock issuances	885	700	733
Repurchase of common stock	(3,067)	(4,286)	(4,254)
Dividends — common and preferred	(1,452)	(1,332)	(1,243)
Other financing activities	(58)	(50)	(84)
Cash provided (used) by financing activities	2,491	(5,293)	(4,835)
Effect of exchange rate changes on cash and equivalents	(66)	(129)	45
Net increase (decrease) in cash and equivalents	3,882	217	441
Cash and equivalents, beginning of year	4,466	4,249	3,808
CASH AND EQUIVALENTS, END OF YEAR	\$ 8,348	\$ 4,466	\$ 4,249
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 140	\$ 153	\$ 125
Income taxes	1,028	757	529
Non-cash additions to property, plant and equipment	121	160	294
Dividends declared and not paid	385	347	320

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