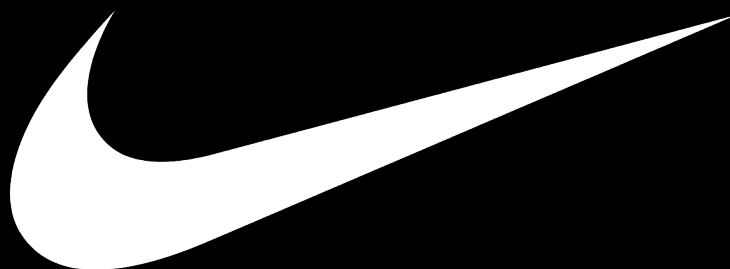


VGR

// Q1 FY2027



VGR MARKET INTELLIGENCE

VERYGOODRETAIL.AI

CONTENTS

Contents

01	Executive Summary.....	3
02	The period in figures.....	5
03	The restatement bridge.....	6
04	Growth composition.....	7
05	The estate.....	9
06	Margin architecture.....	9
07	Inventory.....	10
08	Working capital, cash and capital structure.....	11
09	Capital allocation and returns.....	11
10	Earnings quality.....	12
11	Guidance and the implied requirement.....	13
12	Disclosure delta and metrics not reported.....	13
13	The company's account, tested.....	14
14	Method, sources and precision.....	15

Executive Summary

Revenue fell 4.3% to \$11,213m; Greater China and Converse supplied \$435m of the \$507m decline, while North America grew \$107m

NIKE, Inc. reported first-quarter revenues of \$11,213m against \$11,720m, gross profit of \$4,798m against \$4,943m, EBIT of \$907m against \$904m and net income of \$712m against \$727m. Gross margin was 42.8% against 42.2% and diluted earnings per share \$0.48 against \$0.49. The company reports revenues down 4% on a reported basis and down 5% currency-neutral, so currency added about 1 point.

Greater China fell \$332m, 22.0% in dollars and 26% currency-neutral, which is 65.5% of the group decline; with Converse, down \$103m or 28%, the two account for 85.8%. EMEA fell \$155m, and its footwear fell \$223m while its apparel rose 5%. North America grew \$107m, 2.1%, because wholesale rose \$245m (+9%) while NIKE Direct fell \$138m (−6%). Across NIKE Brand, Direct fell 8% (−9% currency-neutral), with Digital down 13% and NIKE-owned stores down 5%, and whole-sale rose to 62.1% of brand revenue from 60.2%.

EBIT held at \$907m: gross margin rose 61bp and overhead fell \$170m, but demand creation rose \$64m and a \$42m swing in other income made the difference

Gross profit less selling and administrative expense fell 4.2% to \$888m. Other (income) expense moved from \$23m of expense to \$19m of income, a \$42m swing, and that lifted EBIT 0.3%. The company attributes the gross margin gain mainly to lower warehousing and logistics costs and gives no basis-point bridge. Demand creation rose 5.4% to 11.2% of revenue; operating overhead fell 6.0% on lower wage-related and administrative costs.

By segment, EBIT of the four geographies fell \$126m. Greater China lost \$129m of EBIT (−34%) on \$332m less revenue, a decremental margin of 38.9%, and its EBIT margin fell to 21.0% from 24.9%. Smaller losses in Global Brand Divisions (+\$82m) and Corporate (+\$61m) covered the gap. The effective tax rate rose to 22.7% from 21.1%, which the company attributes to foreign tax audit settlements, so net income fell 2.1%.

Nike launched Pace, about \$1.0bn of charges for about \$2.5bn of savings, and guided fiscal 2027 revenue down high-single digits

For fiscal 2027 the company expects revenues to decline high-single digits, without saying whether reported or currency-neutral, an effective tax rate in the mid-20s, and adjusted diluted EPS of \$1.15 to \$1.35, which excludes about \$0.15 of Pace restructuring. A first quarter down 4% means the remaining three quarters must fall faster than the full-year rate. Pace savings are 2.5 times the new charges, or 1.9 times including the \$0.3bn of severance booked in fiscal 2026, and about \$0.3bn of the charges falls in fiscal 2027.

Inventories fell 3.3% against revenue down 4.3%, and days of inventory rose to 112.5 from 110.2. Receivables rose 5.6%. Cash and short-term investments less debt fell to \$475m from \$579m, and \$2.0bn of debt is now due within a year.

WHAT TO WATCH

Second-quarter release, date not given on 1 October. NIKE, Inc. currency-neutral revenue growth against the first quarter's -5%. The guidance needs the remaining quarters to fall faster than the full year; a continuation is a decline wider than 5%, a break is a decline of 5% or less.

Same release. Greater China currency-neutral revenue growth and EBIT margin, after -26% and 21.0%. A continuation is a decline of 20% or more; a break is a decline under 10%.

Same release. The Pace charge recognised to date against the about \$0.3bn expected for fiscal 2027; the first-quarter charge is not given in the release.

Same release. Inventories against revenue: in the first quarter inventory growth ran 1.0 point ahead of revenue growth. A continuation is inventory falling more slowly than revenue; a break is the reverse.

VGR will publish the Q2 FY2027 analysis when the figures are released.

The period in figures

DISCLAIMER

This document is produced by VGR | Very Good Retail for information and discussion purposes only. It is not investment advice, nor an offer or solicitation to buy or sell any security. All figures are taken from the company's own published materials, cited throughout. VGR is not a licensed investment adviser. Readers should form their own view and take professional advice before acting. VGR accepts no liability for decisions taken on the basis of this document.

NIKE, INC. · NYSE: NKE · FIRST QUARTER FISCAL 2027 · USD AS PUBLISHED

FINANCIAL YEAR ENDS 31 MAY 2027 · PERIOD ENDED 31 AUGUST 2026 · REPORTED 1 OCTOBER 2026 · ANALYSIS 2 OCTOBER 2026

NET REVENUES

-4.3%

11,213 vs 11,720

GROSS PROFIT

-2.9%

4,798 vs 4,943

OPERATING PROFIT

+0.3%

907 vs 904

NET PROFIT

-2.1%

712 vs 727

GROSS MARGIN

42.8%

from 42.2%

OPERATING MARGIN

8.1%

from 7.7%

RoS

6.3%

from 6.2%

CURRENCY-NEUTRAL REVENUE

-5%

reported -4%, as disclosed

DAYS OF INVENTORY

112.5

from 110.2

NET CASH

\$475m

from \$579m

DILUTED EPS

\$0.48

from \$0.49

\$m, quarter against the same quarter a year earlier; operating profit is the company's EBIT, net income before net interest and income tax, a non-GAAP measure; changes, margins and RoS are VGR arithmetic on the disclosed figures

Nike reports under US GAAP. The results release was issued on 1 October 2026 and furnished the same day as Exhibit 99.1 to a Form 8-K, which also carries the Item 2.05 notice of the Pace programme. The quarterly report on Form 10-Q had not been read for this analysis; every figure here is from the release and the 8-K.

\$M	Q1 FY27	Q1 FY26	CHANGE
Revenues	11,213	11,720	-4.3%
currency-neutral, as disclosed			-5%
Cost of sales	6,415	6,777	-5.3%
Gross profit	4,798	4,943	-2.9%

\$M	Q1 FY27	Q1 FY26	CHANGE
Demand creation expense	1,252	1,188	+5.4%
Operating overhead expense	2,658	2,828	-6.0%
Other (income) expense, net	(19)	23	42 swing to income
EBIT	907	904	+0.3%
Interest (income) expense, net	(14)	(18)	
Income before income taxes	921	922	-0.1%
Income tax expense	209	195	+7.2%
Net income	712	727	-2.1%
Diluted EPS, \$	0.48	0.49	-2.0%

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), consolidated statements of income and EBIT reconciliation. Changes are VGR arithmetic on the disclosed \$m; the currency-neutral rate is disclosed in whole points.

03

The restatement bridge

Calendar: both first quarters run 1 June to 31 August, 92 days; the release names the quarter as the first of fiscal 2027 and dates both balance sheets 31 August, from which a year ending 31 May 2027 is derived. Perimeter: no acquisition or disposal is disclosed. One-offs: the release does not state any Pace or severance charge recognised in the quarter; the tax charge includes foreign tax audit settlements, not sized. Leases: under US GAAP operating lease cost sits in operating expense, so EBIT is not comparable with IFRS 16 peers without adjustment. Currency: only whole-point currency-neutral rates are given.

STEP	Q1, \$M OR POINTS	BASIS
Revenue change, reported	-507, -4.3%	Disclosed \$m
Currency-neutral change	-5%	Disclosed, whole points: -5.5% to -4.5%
Currency effect, points of prior-year revenue	+0.2 to +1.2	Bounded, VGR arithmetic
Currency effect, \$m	+20 to +138	Bounded, VGR arithmetic

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K). No translation amount is disclosed, so the currency effect is a range.

\$M	Q1 FY27	Q1 FY26	CHANGE
Gross profit less selling and administrative	888	927	-4.2%
Less other (income) expense, net	(19)	23	+42
EBIT, reported	907	904	+0.3%

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K). VGR arithmetic. Other (income) expense is not itemised in the release.

04

Growth composition

Growth composition index, first quarter: currency between +0.2 and +1.2 points of the prior-year base, perimeter nil, space and like-for-like not disclosed. The currency-neutral -5% cannot be split between estate, like-for-like and sell-in.

Greater China and Converse account for \$435m of a \$507m fall

Change in revenue, Q1 FY2027 against Q1 FY2026, US\$ m; currency-neutral (c.n.) growth as disclosed



Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), divisional and EBIT tables.

SEGMENT, \$M	Q1 FY27	Q1 FY26	CHANGE	CURRENCY-NEUTRAL
North America	5,127	5,020	+2.1%	+2%
EMEA	3,176	3,331	-4.7%	-5%
Greater China	1,180	1,512	-22.0%	-26%
Asia Pacific & Latin America	1,463	1,490	-1.8%	0%
Global Brand Divisions	6	9	-33.3%	
NIKE Brand	10,952	11,362	-3.6%	-4%

SEGMENT, \$M	Q1 FY27	Q1 FY26	CHANGE	CURRENCY-NEU-TRAL
Converse	263	366	-28.1%	-28%
Corporate	(2)	(8)	+6	
NIKE, Inc.	11,213	11,720	-4.3%	-5%

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), divisional revenues. Reported changes VGR arithmetic; currency-neutral rates as disclosed.

NIKE BRAND, \$M	Q1 FY27	Q1 FY26	CHANGE	CURRENCY-NEU-TRAL
Sales to wholesale customers	6,804	6,839	-0.5%	-1%
of which North America	2,981	2,736	+9.0%	+9%
of which Greater China	644	893	-27.9%	-31%
Sales through NIKE Direct	4,142	4,514	-8.2%	-9%
NIKE Brand Digital				-13%*
NIKE-owned stores				-5%*
Footwear	6,951	7,410	-6.2%	-6%
Apparel	3,384	3,313	+2.1%	+2%
Equipment	611	630	-3.0%	-3%

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), channel and product tables and text. *Digital and NIKE-owned store rates are given in the text without dollars or a stated basis.

Footwear carried the decline: NIKE Brand footwear fell \$459m while apparel rose \$71m. EMEA footwear fell \$223m (-11%) and Greater China footwear \$243m (-22% reported, -26% currency-neutral); North America apparel rose \$92m (+6%). North America's wholesale gain of \$245m almost matched Greater China's wholesale fall of \$249m, and wholesale rose to 62.1% of NIKE Brand revenue from 60.2%. North America is now 46.8% of NIKE Brand revenue against 44.2%; Greater China 10.8% against 13.3%.

05

The estate

METRIC	Q1 FY27	Q1 FY26	NOTE
NIKE Direct revenue, \$m	4,142	4,514	–8% reported, –9% currency-neutral
NIKE Brand Digital	–13%		Rate only, basis not stated
NIKE-owned stores	–5%		Rate only, basis not stated
Direct by geography, \$m			North America –138, EMEA –127, Greater China –83, APLA –24
Comparable store sales, store count, selling area	Not disclosed		Not in the release

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), channel table and text. Geography changes VGR arithmetic on disclosed \$m.

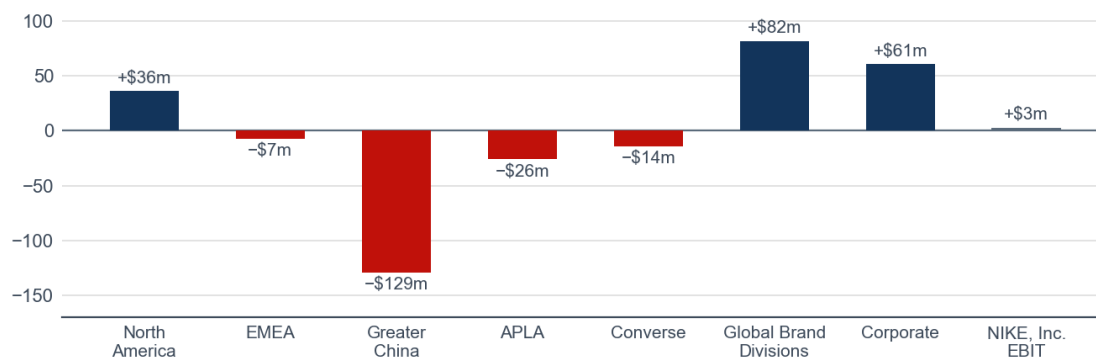
Estate productivity is not calculable: no door count, area or comparable store rate is published. NIKE Direct fell in all four geographies, by 11.9% in EMEA and 13.4% in Greater China (18% currency-neutral), and fell to 37.8% of NIKE Brand revenue from 39.7%.

06

Margin architecture

Smaller central losses offset a \$129m fall in Greater China

Change in EBIT, Q1 FY2027 against Q1 FY2026, US\$ m; EBIT is the company's non-GAAP measure



Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), divisional and EBIT tables.

SEGMENT	EBIT Q1 FY27, \$M	Q1 FY26	CHANGE	EBIT MARGIN (PRIOR)
North America	1,170	1,134	+3.2%	22.8% (22.6%)
EMEA	728	735	–1.0%	22.9% (22.1%)

SEGMENT	EBIT Q1 FY27, \$M	Q1 FY26	CHANGE	EBIT MARGIN (PRIOR)
Greater China	248	377	-34.2%	21.0% (24.9%)
Asia Pacific & Latin America	324	350	-7.4%	22.1% (23.5%)
Global Brand Divi- sions	(1,110)	(1,192)	+82	
NIKE Brand	1,360	1,404	-3.1%	12.4% (12.4%)
Converse	25	39	-35.9%	9.5% (10.7%)
Corporate	(478)	(539)	+61	
NIKE, Inc.	907	904	+0.3%	8.1% (7.7%)

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), EBIT table. Changes and margins VGR arithmetic on segment revenue and EBIT; segment gross margins are not in the release.

Selling and administrative expense fell 2.6% but rose to 34.9% of revenue from 34.3%, as disclosed. Demand creation rose to 11.2% of revenue from 10.1%, and operating overhead fell to 23.7% from 24.1%. Gross margin rose 61bp on the disclosed dollars; the company's only explanation is lower warehousing and logistics costs, with no bridge in basis points, so the contribution of price, mix, product cost or currency is not calculable from the release.

North America and EMEA lifted EBIT margins on a combined revenue change of -\$48m. Greater China and APLA lost \$155m of EBIT on \$359m less revenue. EBIT margin for NIKE, Inc. rose 38bp to 8.1%; without the \$42m swing in other (income) expense, gross profit less selling and administrative was 7.9% of revenue in both quarters.

07

Inventory

METRIC	31 AUG 2026	31 AUG 2025	CHANGE
Inventories, \$m	7,846	8,114	-3.3%
Scissors: inventory less revenue growth			+1.0 points
Days of inventory, quar- ter cost of sales	112.5	110.2	+2.4 days

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), balance sheets. Days are VGR arithmetic: inventory ÷ quarter cost of sales × 92.

The company attributes the 3% fall to shifts in product mix. Inventory fell less than revenue and much less than cost of sales (-5.3%), so days of inventory lengthened. No unit count, ageing, segment split or reserve balance is in the release, so the mix explanation cannot be tested.

08

Working capital, cash and capital structure

METRIC	31 AUG 2026	31 AUG 2025	CHANGE
Accounts receivable, \$m	5,242	4,962	+5.6%
Days of receivables	43.0	39.0	+4.1 days
Accounts payable, \$m	3,420	3,772	-9.3%
Days of payables	49.0	51.2	-2.2 days
Cash conversion cycle, days	106.5	97.9	+8.6 days
Trade working capital, \$m	9,668	9,304	+3.9%
Cash and short-term investments, \$m	8,368	8,575	-2.4%
Debt, current and long-term, \$m	7,893	7,996	-1.3%
of which current	2,000	—	
Net cash, \$m	475	579	-104
Operating lease liabilities, \$m	3,179	3,061	+3.9%
Income taxes payable, \$m	178	706	-74.8%
Shareholders' equity, \$m	15,220	13,468	+13.0%

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K), balance sheets. Days are VGR arithmetic on quarter revenue and cost of sales, 92 days; trade working capital is receivables plus inventories less payables.

Receivables rose 5.6% while revenue fell 4.3%, and payables fell 9.3%, so the cash conversion cycle lengthened 8.6 days. The release states cash and short-term investments of \$8.4bn, about \$0.2bn lower, and says cash from operations was more than offset by dividends and capital expenditure; it contains no cash flow statement, so operating cash flow, capital expenditure and free cash flow are not calculable here. Income taxes payable fell \$528m. Including lease liabilities, the balance sheet shows net debt of \$2,704m against \$2,482m.

09

Capital allocation and returns

ITEM	FIGURE	NOTE
Dividends returned, Q1	About \$610m	+3%, as disclosed

ITEM	FIGURE	NOTE
Dividend declared per share	\$0.410	\$0.400 a year earlier, +2.5%
Dividends to net income, Q1	85.7%	VGR arithmetic on about \$610m
Share repurchases, Q1	Not mentioned	The release names dividends only
Pace charges, FY2027 to FY2031	About \$1.0bn pre-tax	Majority to be paid in cash (8-K)
Pace savings through FY2031	About \$2.5bn	Before charges and reinvestment

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K); Form 8-K of 1 October 2026, Item 2.05.

Weighted diluted shares rose 0.4% to 1,484.2m. Returns on invested capital are not calculable from the release: it gives no invested-capital measure and no cash flow statement.

10

Earnings quality

SCREEN	Q1 FY27	Q1 FY26	NOTE
Other (income) expense, net, \$m	(19)	23	Not itemised; 2.1% of EBIT
Effective tax rate	22.7%	21.1%	Foreign tax audit settlements, not sized
Receivables growth less revenue growth	+10.0 points		+5.6% against -4.3%
Restructuring charge in the quarter	Not disclosed		Pace about \$0.3bn expected in FY2027
Operating cash flow to net income	Not calculable		No cash flow statement

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K). Ratios are VGR arithmetic.

Diluted shares rose 0.4%, so the 2.0% fall in diluted EPS is the fall in net income. At last year's 21.1% tax rate, net income would have been about \$726m, an illustration of scale rather than a measure of the audit settlements. The earnings quality score is published as components only: the release gives no cash flow or accrual data for the quarter.

11

Guidance and the implied requirement

FISCAL 2027 STATEMENT	SOURCE	STANDING
Revenues to decline high-single digits	Release, outlook	Basis, reported or currency-neutral, not stated
Effective tax rate in the mid-20 percent range	Release, outlook	Range
Adjusted diluted EPS \$1.15 to \$1.35	Release, outlook	Excludes about \$0.15 of Pace restructuring
About \$0.3bn of Pace charges in fiscal 2027	8-K Item 2.05	Pre-tax, primarily employee-related

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K); Form 8-K of 1 October 2026, Item 2.05.

IMPLIED REQUIREMENT	FIGURE	PRECISION
Diluted EPS including the Pace charge	About \$1.00 to \$1.20	Bounded: \$0.15 is approximate
Adjusted EPS needed in Q2 to Q4	\$0.67 to \$0.87	Bounded: assumes Q1's \$0.48 has no excluded charge
Q1 diluted EPS as share of the adjusted range	35.6% to 41.7%	Exact on the stated range
\$0.15 × 1,484.2m diluted shares	About \$223m after tax	Against about \$0.3bn pre-tax, roughly 26% tax
Revenue decline needed in Q2 to Q4	Steeper than the full year	Not calculable in \$: no FY2026 base

VGR arithmetic, NIKE_Q1_FY2027_Source_Figures.md, PART 3.

The first quarter fell 4% reported and 5% currency-neutral. If the full year falls by a high-single-digit rate, the remaining nine months must fall by more than that rate. The release does not give the fiscal 2026 base, so the dollar requirement is not calculable from it. No VGR prior is on record for this period.

12

Disclosure delta and metrics not reported

ITEM	STATUS IN THE RELEASE
Gross margin bridge in basis points	Not given; one cause named
Tariff cost	Not mentioned
Units and average selling price	Not disclosed

ITEM	STATUS IN THE RELEASE
Comparable store sales, store count, selling area	Not disclosed
Digital and NIKE-owned store revenue	Rates only, no dollars, basis not stated
Restructuring charge recognised in the quarter	Not disclosed
Cash flow statement, capital expenditure, depreciation	Not included
Share repurchases	Not mentioned
Currency-neutral rates	Whole points
Revenue guidance basis	Not stated

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K). Searched for tariff, units, comparable store and repurchase; none found outside boilerplate.

The release is a summary document. The quarterly report on Form 10-Q, which normally carries the notes, the cash flow statement and the segment detail, was not available to this analysis, and none of its content is assumed here.

13

The company's account, tested

CLAIM	DISPOSITION
NIKE Brand decline 'primarily due to declines in Greater China and EMEA', offset in part by North America	Supported by the disclosed figures: Greater China -\$332m, EMEA -\$155m, North America +\$107m
Wholesale decline primarily Greater China, offset in part by North America	Supported by the disclosed figures: -\$249m against +\$245m
Direct decline from Digital -13% and NIKE-owned stores -5%	Not verifiable from the disclosure: no dollar split
Converse down 28% with declines across all territories	Not verifiable from the disclosure: no territory split
Gross margin +60bp 'primarily due to lower warehousing and logistics costs'	+61bp confirmed on the disclosed dollars; the cause is not verifiable without a bridge
Overhead -6% on lower wage-related and administrative costs	Partially supported: overhead fell \$170m; no split by cause
Inventories -3% on shifts in product mix	Not verifiable from the disclosure: no units or mix data
Operating cash more than offset by dividends and capital expenditure	Direction consistent with cash and investments down \$207m; no cash flow statement

CLAIM	DISPOSITION
Results 'consistent with our expectations' (CFO)	Not verifiable from the disclosure: no prior written expectation in the release

Source: NIKE, Inc. results release, 1 October 2026 (Exhibit 99.1 to Form 8-K). Dispositions are VGR's; arithmetic in NIKE_Q1_FY2027_Source_Figures.md, PART 3.

14

Method, sources and precision

Primary source: the results release of 1 October 2026, Exhibit 99.1 to the Form 8-K filed the same day, with Item 2.05 of that 8-K for the Pace programme. 135 script-computed cross-foot checks tie with no mismatch: products and channels to segment revenue; segments and Global Brand Divisions to NIKE Brand (\$10,952m); NIKE Brand, Converse and Corporate to group revenue (\$11,213m); the income statement from revenue to net income; segment EBIT to group EBIT (\$907m) and EBIT to net income; both balance sheets; every disclosed margin and rounded rate.

FIGURE	PRECISION
Growth rates, margins and bp changes on disclosed \$m	Exact
Currency effect on revenue, +0.2 to +1.2 points	Bounded by whole-point rates
Days of inventory, receivables and payables	Exact on period-end balances, 92-day quarter
Guidance arithmetic	Bounded by the company's approximations
Free cash flow, estate productivity, tariff cost, quarter restructuring	Not calculable: not disclosed

VGR arithmetic, NIKE_Q1_FY2027_Source_Figures.md, PARTS 2 and 3.

Every VGR-derived percentage carries one decimal place and basis points are printed whole. Rates the company discloses in whole points are printed as disclosed. Arithmetic was carried out at full precision and rounded only for printing. No peer comparison is printed: this analysis uses no document other than Nike's own filing of 1 October 2026.

VGR | VERY GOOD RETAIL

Made with the supervision of Pau Almar.

METHODOLOGY

VGR Standardised Financial Analysis Methodology v5.

First published 2 October 2026.

PRIMARY SOURCE

NIKE, Inc., results release, Beaverton, 1 October 2026, Exhibit 99.1 to Form 8-K:

<https://www.sec.gov/Archives/edgar/data/320187/000032018726000184/q1fy27exhibit991er.htm>. Form 8-K of 1 October 2026, Items 2.02, 2.05 and 9.01.

WORKING RECORD

NIKE_Q1_FY2027_Source_Figures.md. Figures in US dollars as published; nothing converted.

DISCLAIMER

This document is produced by VGR | Very Good Retail for information and discussion purposes only. It is not investment advice, nor an offer or solicitation to buy or sell any security. All figures are taken from the company's own published materials, cited throughout. VGR is not a licensed investment adviser. Readers should form their own view and take professional advice before acting. VGR accepts no liability for decisions taken on the basis of this document.