



Company Description

General Overview

NIKE, Inc. (NKE) and Adidas Inc. (ADDYY) are two of the largest sportswear brands in the world. NKE is headquartered in Beaverton, Oregon, USA, while ADDYY is based in Herzogenaurach, Germany. NKE trades on the New York Stock Exchange (NYSE), whereas ADDYY trades on the OTCQX. Both companies are audited by PwC. NKE's fiscal year ends on May 31st, while ADDYY follows a calendar year-end on December 31st.

Product Offerings

NKE and ADDYY both focus primarily on sportswear, including footwear, apparel, and accessories. NKE's product portfolio is heavily driven by innovation, featuring technologies such as Air Zoom, Flyknit, and React cushioning. The company also owns key subsidiaries, including Converse and Jordan Brand, expanding its reach beyond core athletic markets. ADDYY, on the other hand, integrates performance and lifestyle offerings, with a strong presence in soccer, running, and training categories. Its BOOST technology and collaborations with designers and celebrities differentiate its brand in the market, alongside ADDYY's unique sustainability programs.

Figure 1

NIKE Revenue Breakdown

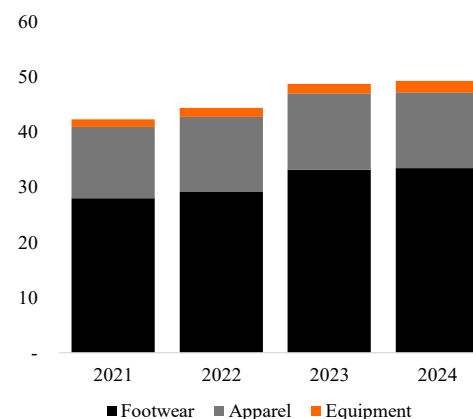
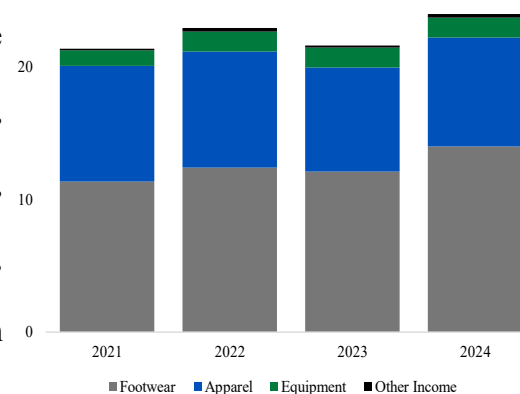


Figure 2

ADDYY Revenue Breakdown



Company	Headquarted/Incorporated	Website	Ticker	Exchange	Fiscal year-end	10-K Date	Auditor	Primary Products
NIKE	Beaverton, Oregon, USA	nike.com	NKE	NYSE	May 31st	July 25th	PwC	Sportswear
adidas	Herzogenaurach, Germany	adidas.com/US	ADDYY	OTCQX	December 31st	March 5th	PwC	Sportswear

Geographics

NKE and ADDYY have a strong global presence but dominate in different key regions. NKE leads in North America, holding the largest market share in the U.S., while ADDYY has a stronger foothold in Europe. Both brands are highly competitive in emerging markets, including China and Latin America, where they continue to expand their distribution networks. Digital and direct-to-consumer (DTC) sales have become increasingly important for both companies, with investments in e-commerce and retail experiences enhancing customer engagement worldwide.

Figure 3

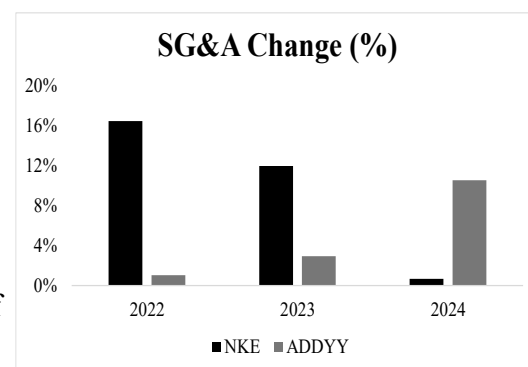


Horizontal Analysis

Overview

As mature a company as NKE is, horizontal analysis revealed steady metrics across the last three years. Growth trends such as profit, revenue, and assets have slowed, but remain consistent. The manufacturer has grown at a pace which is steady with its size, and respective market share. An aggregate revenue growth of 4.9%, coupled with an operating cash flow average of 5.8% signal not only a higher sales output, but a more efficient sales system. Other metrics like net income and continuing operations have seen high variability, but are steady, nonetheless.

Figure 4



	NKE					ADDYY			
	2022	2023	2024	3-yr Trend		2022	2023	2024	3-yr Trend
Revenue	4.88%	9.65%	0.28%			-4.86%	-2.78%	10.98%	
Gross Profit	7.60%	3.79%	2.67%			-10.70%	-3.18%	18.75%	
Net Income	5.57%	-16.16%	12.43%			-74.24%	-112.58%	-1118.92%	
Continuing Operations	-6.04%	-12.53%	13.90%			-62.20%	-41.96%	202.61%	
Operating Cash Flow	-22.07%	12.59%	27.19%			-117.15%	-517.79%	13.43%	
Assets	6.84%	-6.92%	1.54%			-13.75%	-8.29%	7.22%	
Growth Comparison	2.60%	-5.30%	2.40%			-6.10%	-0.40%	7.00%	

ADDYY's horizontal analysis from 2022 to 2024 highlights a significant recovery in 2024 after two years of decline. Revenue and gross profit have rebounded strongly, posting a three-year trend of 10.98% and 18.75%, respectively, indicating a revitalized sales performance and improved cost management. However, net income has shown extreme volatility, with a staggering -1118.92% in 2024, signaling potential one-time expenses or restructuring efforts. Continuing operations have surged by 202.61%, suggesting renewed efficiency in core business segments. Operating cash flow, after a steep decline in 2023, has improved to 13.43%, reflecting better cash management. While assets have followed a similar rebound at 7.22%, ADDYY's overall growth comparison of 7.0% signals a return to expansion after prior contractions.

Which company is experiencing the most growth?

NKE's financial growth has surpassed ADDYY, driven by a 13% increase in internal equity over four years, largely from aggressive share repurchases and appreciation of shares held internally. Cash from operations has grown at a steadier rate, reflecting NKE's ability to consistently generate revenue and manage costs more effectively than ADDYY. Additionally, NKE has maintained stronger short-term financial flexibility, with a higher proportion of current liabilities versus long-term debt. Footwear sales have been a key driver, with NKE continuing to dominate global market share, leveraging high-demand product lines like Air Jordan, Dunk, and Air Max, alongside strategic athlete endorsements. This disciplined financial strategy has enhanced earnings per share and strengthened NKE's long-term competitive edge over ADDYY.

Figure 5
NKE Asset Composure

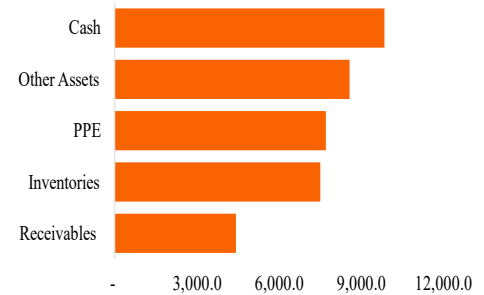


Figure 6

ADDYY Asset Composure

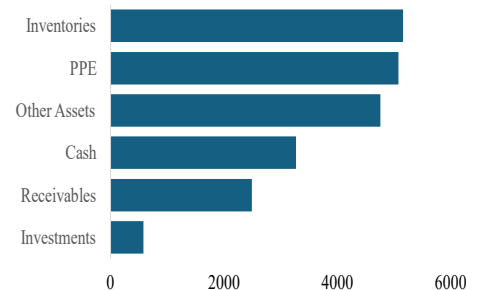
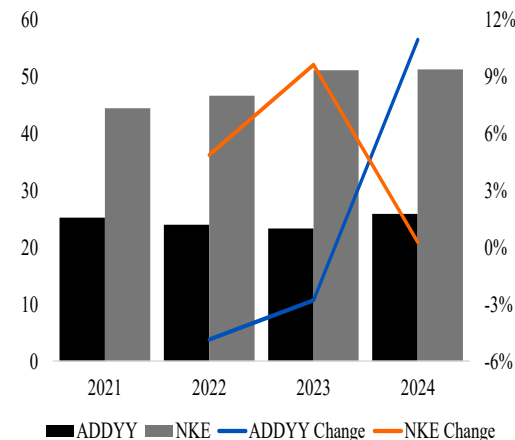


Figure 7

Revenue Breakdown by Company



Where is the growth coming from?

Growth for NKE is led primarily by an expansion in shoe sales. The company's primary source of revenue, shoe sales has grown not only in volume, but in proportion to the company's income streams. Up 19% in the trailing 4 years, the product line has amassed a 65% share of all company revenues, up from 63% in 2021.

Growth in ADDYY is also driven by an expansion in its shoe department. While all other revenue streams stagnate, shoe sales are up 23% in the trailing 4 years. While this may fall in line with NKE, it has taken an internal revenue share of 54%, up from 45% 4 years ago.

Vertical Analysis

Operations

Recently, NKE and ADDYY have maintained steady operating leverage with cost of sales margins and SG&A expenses showing little fluctuation on a percent basis. NKE spent an average of \$0.55 on cost of sales and \$0.30 on SG&A per \$1.00 earned over the last 4 years compared to ADDYY's \$0.50 and \$0.39 respectively (Appendix G & H). Additionally, ADDYY proportionally spends significantly more than NKE on other income reducing factors such as depreciation and amortization; ADDYY averaged \$0.05 per \$1.00 of sales in relation to NKE's \$0.02. These cost factors result in a substantial net profit margin advantage for NKE (11.7%), nearly three times ADDYY (3.9%). Compared to industry averages, NKE surpasses the 10% benchmark average while ADDYY lacks significantly.

Figure 8
NKE Cost Percent of Revenue

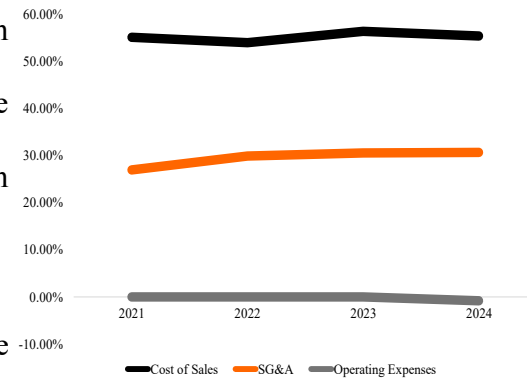


Figure 9
ADDYY Cost Percent of Revenue

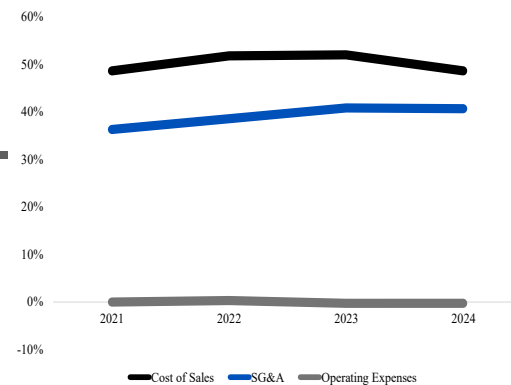
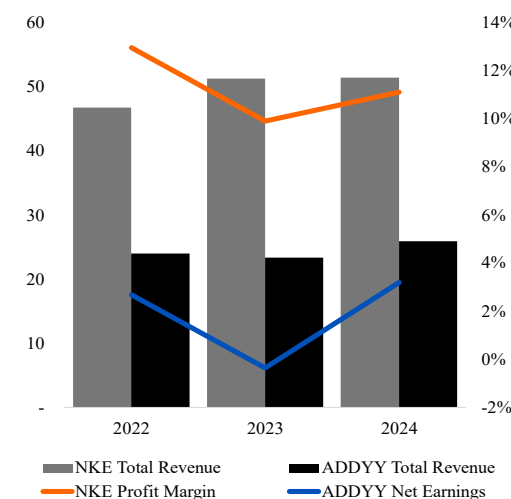


Figure 10
Revenue and Profit



Credit Obligations

NKE has managed to sustain low interest rates on their debt in recent years. The average rate of 0.2% is so low, that other interest income of 0.3% has been able to offset the interest expense to nearly 0, even making profit in 2023 and 2024. ADDYY, while not performing as well as NKE, has also kept a relatively low interest expense rate of 0.6% and other interest expense at 0.4%, costing them just under \$0.01 per \$1.00 earned. Both corporations have maintained low effective tax rates well below the apparel, footwear, and accessories industry average of 11.7%. ADDYY holds a slight edge at 1.0% compared to NKE's 2.8%.

Asset Management

Both corporations, being retail chains, have significant portions of their capital tied up in inventories. For NKE, 20.3% of total assets is represented by inventory while ADDYY holds slightly more at 24.2%. NKE also holds a significant portion of cash and equivalents, making up 23.3% of assets. Cash and equivalents more than doubled from Q1 to Q2 of 2020 to adjust for pandemic fluctuations, giving NKE a safer stance within recent markets and prepares them to handle uncertainty with tariffs. NKE has also leveraged itself to make a significant cash move such as repurchasing shares or expand their international endeavors. ADDYY holds less cash than NKE, marking an average 14.2% portion of total assets.

ADDYY holds a greater portion in non-current assets than their US centric counterpart, putting value into long term investments of which NKE does not report. This marks 3.0% of ADDYY's assets but indicates higher diversification

Figure 11

NKE Non-Operating Cashflows

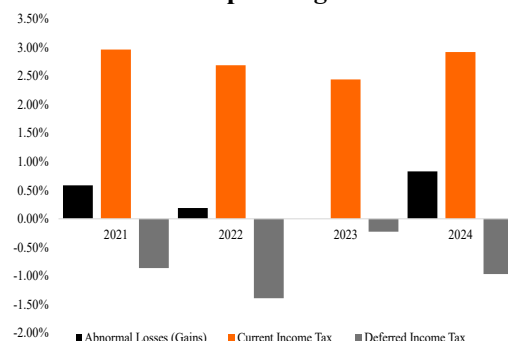


Figure 12

ADDYY Non-Operating Cashflows

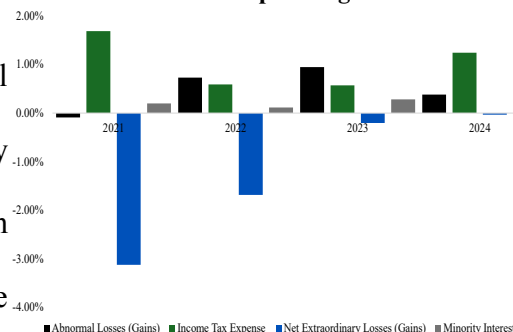


Figure 13

Current Asset Comparison Percentage

