
NIKE Denmark ApS

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 1 June 2018 - 31 May 2019

CVR No 12 53 06 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/10 2019

Henrik Møgelmoose
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Financial Statements	
Income Statement 1 June - 31 May	6
Balance Sheet 31 May	7
Notes to the Financial Statements	9

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NIKE Denmark ApS for the financial year 1 June 2018 - 31 May 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 May 2019 of the Company and of the results of the Company operations for 2018/19.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kokkedal, 15 October 2019

Executive Board

Sarah Agermark

Board of Directors

William E. Berner
Chairman

Ann Marie Miller

Sarah Agermark

Independent Auditor's Report

To the Shareholder of NIKE Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 May 2019 and of the results of the Company's operations for the financial year 1 June 2018 - 31 May 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NIKE Denmark ApS for the financial year 1 June 2018 - 31 May 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 15 October 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

statsautoriseret revisor

mne33262

Company Information

The Company

NIKE Denmark ApS
Kokkedal Industripark 101
DK-2980 Kokkedal

CVR No: 12 53 06 33
Financial period: 1 June - 31 May
Municipality of reg. office: Fredensborg

Board of Directors

William E. Berner, Chairman
Ann Marie Miller
Sarah Agermark

Executive Board

Sarah Agermark

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 June - 31 May

	Note	2018/19 TDKK	2017/18 TDKK
Gross profit		24,646	29,234
Staff costs	2	-15,125	-19,989
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-677	-1,137
Other operating expenses		-509	0
Profit before financial income and expenses		8,335	8,108
Financial income	3	36	1
Financial expenses		-26	-11
Profit before tax		8,345	8,098
Tax on profit for the year	4	-1,766	-1,813
Net profit for the year		6,579	6,285

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	60,000
Retained earnings	6,579	-53,715
	6,579	6,285

Balance Sheet 31 May

Assets

Note	2019 TDKK	2018 TDKK
Other fixtures and fittings, tools and equipment	807	1,177
Leasehold improvements	225	636
Property, plant and equipment in progress	33	0
Tangible assets	1,065	1,813
Fixed assets	1,065	1,813
Receivables from group enterprises	13,116	62,203
Other receivables	171	254
Deferred tax asset	309	347
Prepayments	204	301
Receivables	13,800	63,105
Cash at bank and in hand	3,819	3,996
Currents assets	17,619	67,101
Assets	18,684	68,914

Balance Sheet 31 May

Liabilities and equity

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Share capital		125	125
Retained earnings		10,172	3,593
Proposed dividend for the year		0	60,000
Equity	5	<u>10,297</u>	<u>63,718</u>
Trade payables		3,182	578
Company tax payable		1,224	1,291
Other payables		3,981	3,327
		<u>8,387</u>	<u>5,196</u>
Debt		<u>8,387</u>	<u>5,196</u>
Liabilities and equity		<u>18,684</u>	<u>68,914</u>
Key activities	1		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Notes to the Financial Statements

1 Key activities

The company is a commissionaire engaged in selling athletic footwear and apparel.

	2018/19 TDKK	2017/18 TDKK
2 Staff costs		
Wages and salaries	12,557	18,496
Pensions	972	1,150
Other social security expenses	916	186
Other staff expenses	680	157
	<u>15,125</u>	<u>19,989</u>
Average number of employees	<u>20</u>	<u>28</u>

Wages and salaries includes costs related to termination of employees due to restructuring in FY 18.

3 Financial income

Interest received from group enterprises	29	0
Other financial income	7	1
	<u>36</u>	<u>1</u>

4 Tax on profit for the year

Current tax for the year	1,728	1,792
Deferred tax for the year	38	21
	<u>1,766</u>	<u>1,813</u>

5 Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
Equity at 1 June	125	3,593	60,000	63,718
Ordinary dividend paid	0	0	-60,000	-60,000
Net profit/loss for the year	0	6,579	0	6,579
Equity at 31 May	<u>125</u>	<u>10,172</u>	<u>0</u>	<u>10,297</u>

Notes to the Financial Statements

	2019 TDKK	2018 TDKK
6 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with the lessor:		
The company has placed a bank guarantee towards the lessor.	638	1,178
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	491	467
Between 1 and 5 years	572	326
	1,063	793
Other contingent liabilities		
The Company has entered into rental contracts, the remaining minimum rental period is 12 months TDKK.	538	1,913
The Company has entered into Fee contract work, the remaining minimum rental period is 72 months TDKK.	142	534

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.

7 Related parties

The Company is included in the Group Annual Report of

Name	Place of registered office
NIKE, INC.	Beaverton, Oregon, United States

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of NIKE Denmark ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018/19 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Commission fee

Revenue represents agent fee commission received and receivable stated net of value added tax, recognized when services are supplied within Denmark and payments for the reimbursement of local associated operating costs.

Other external costs

Other external costs comprise expenses for premises and sales as well as the company's administration, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of commission fee and other external costs.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes to the Financial Statements

8 Accounting Policies (continued)

The Company is jointly taxed with certain Danish branches. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-8 years
Leasehold improvements	2-8 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

Notes to the Financial Statements

8 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.