NIKE Denmark ApS

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 1 June 2016 - 31 May 2017

CVR No 12 53 06 33

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 7 /8 2017

Henrik Møgelmose
Chairman

Contents

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 2016 - 31 May 2017.

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 2017 of the Company and of the results of the Company operations for 2016/17.

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

Kokkedal, 7 August 2017

Executive Board

Jan Clausen

Board of Directors

William E. Berner Chairman	Hilary Karen Krane	Jan Clausen

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 2017 and of the results of the Company's operations for the financial year 1 June 2016 - 31 May 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NIKE Denmark ApS for the financial year 1 June 2016 - 31 May 2017, 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.

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

Independent Auditor's Report

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.

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.

Copenhagen, 7 August 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
statsautoriseret revisor

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 Hilary Karen Krane Jan Clausen
Executive Board	Jan Clausen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 June - 31 May

	Note	2016/17	2015/16
		TDKK	TDKK
Gross profit/loss		**29.685**	**28.921**
Staff costs	2	-19.909	-18.695
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.160	-1.560
Profit/loss before financial income and expenses		**8.616**	**8.666**
Financial income	3	1	8
Financial expenses		-17	-3
Profit/loss before tax		**8.600**	**8.671**
Tax on profit/loss for the year	4	-1.965	-1.871
Net profit/loss for the year		**6.635**	**6.800**

Distribution of profit

Proposed distribution of profit

Retained earnings	6.635	6.800
	6.635	**6.800**

Balance Sheet 31 May

	Note	2017	2016
		TDKK	TDKK

Assets

	Note	2017	2016
Other fixtures and fittings, tools and equipment		1.669	2.053
Leasehold improvements		1.195	1.763
Tangible assets		**2.864**	**3.816**
Fixed assets		**2.864**	**3.816**
Receivables from group enterprises		56.248	52.436
Other receivables		466	260
Deferred tax asset		368	505
Prepayments		821	1.016
Receivables		**57.903**	**54.217**
Cash at bank and in hand		**2.586**	**0**
Currents assets		**60.489**	**54.217**
Assets		**63.353**	**58.033**

Liabilities and equity

	Note	2017	2016
Share capital		125	125
Retained earnings		57.308	50.673
Equity	5	**57.433**	**50.798**
Trade payables		255	1.105
Company tax payable		1.337	1.471
Other payables		4.328	4.659
		5.920	**7.235**
Debt		**5.920**	**7.235**
Liabilities and equity		**63.353**	**58.033**

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Notes to the Financial Statements

1 Key activities

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

2 Staff costs

	2016/17	2015/16
	TDKK	TDKK
Wages and salaries	17.594	16.496
Pensions	1.426	1.390
Other social security expenses	244	265
Other staff expenses	645	544
	19.909	**18.695**
Average number of employees	**31**	**29**

3 Financial income

	2016/17	2015/16
Interest received from group enterprises	0	3
Other financial income	1	5
	1	**8**

4 Tax on profit/loss for the year

	2016/17	2015/16
Current tax for the year	1.828	1.850
Deferred tax for the year	137	19
Adjustment of tax concerning previous years	0	2
	1.965	**1.871**

5 Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 June 2016	125	50.673	50.798
Net profit/loss for the year	0	6.635	6.635
Equity at 31 May 2017	**125**	**57.308**	**57.433**

Notes to the Financial Statements

		2017	2016
		TDKK	TDKK

6 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with the lessor:

	2017	2016
The company has placed a bank guarantee towards the lessor.	989	989

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	2017	2016
Within 1 year	793	777
Between 1 and 5 years	508	424
	1.301	**1.201**

Other contingent liabilities

	2017	2016
The Company has entered into rental contracts, the remaining minimum rental period is 24 months TDKK.	3.771	1.951
The Company has entered into Fee contract work, the remaining minimumrental period is 84 months TDKK.	623	713

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 Gesellschaft m.b.H.	Vienna, Austria

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of NIKE Denmark ApS for 2016/17 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 2016/17 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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Commission fee

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external costs

Other external costs comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

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.

Financial income and expenses

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

Tax on profit/loss 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 the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

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 branches is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Notes to the Financial Statements

8 Accounting Policies (continued)

Prepayments

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

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, including the tax base of tax loss carry-forwards, 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.

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

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