NIKE Denmark ApS

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 1 June 2017 - 31 May 2018

CVR No 12 53 06 33

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/8 2018

Henrik Møgelmose
Chairman of the General Meeting

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 2017 - 31 May 2018.

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 2018 of the Company and of the results of the Company operations for 2017/18.

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

Kokkedal, 15 August 2018

Executive Board

Sarah Agermark

Board of Directors

William E. Berner Chairman	Hilary Karen Krane	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 2018 and of the results of the Company's operations for the financial year 1 June 2017 - 31 May 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NIKE Denmark ApS for the financial year 1 June 2017 - 31 May 2018, 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 August 2018
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 Hilary Karen Krane Sarah Agermark
Executive Board	Sarah Agermark
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 June - 31 May

	Note	2017/18	2016/17
		TDKK	TDKK
Gross profit/loss		**29.234**	**29.685**
Staff costs	2	-19.989	-19.909
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.137	-1.160
Profit/loss before financial income and expenses		**8.108**	**8.616**
Financial income		1	1
Financial expenses		-11	-17
Profit/loss before tax		**8.098**	**8.600**
Tax on profit/loss for the year	3	-1.813	-1.965
Net profit/loss for the year		**6.285**	**6.635**

Distribution of profit

Proposed distribution of profit

	2017/18	2016/17
Proposed dividend for the year	60.000	0
Retained earnings	-53.715	6.635
	6.285	**6.635**

Balance Sheet 31 May

Assets

	Note	2018	2017
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		1.177	1.669
Leasehold improvements		636	1.195
Tangible assets		**1.813**	**2.864**
Fixed assets		**1.813**	**2.864**
Receivables from group enterprises		62.203	56.248
Other receivables		254	466
Deferred tax asset		347	368
Prepayments		301	821
Receivables		**63.105**	**57.903**
Cash at bank and in hand		**3.996**	**2.586**
Currents assets		**67.101**	**60.489**
Assets		**68.914**	**63.353**

Balance Sheet 31 May

Liabilities and equity

	Note	2018	2017
		TDKK	TDKK
Share capital		125	125
Retained earnings		3.593	57.308
Proposed dividend for the year		60.000	0
Equity	4	**63.718**	**57.433**
Trade payables		578	255
Company tax payable		1.291	1.337
Other payables		3.327	4.328
		5.196	**5.920**
Debt		**5.196**	**5.920**
Liabilities and equity		**68.914**	**63.353**
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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

	2017/18	2016/17
	TDKK	TDKK
Wages and salaries	18.496	17.594
Pensions	1.150	1.426
Other social security expenses	186	244
Other staff expenses	157	645
	19.989	**19.909**
Average number of employees	**28**	**31**

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

3 Tax on profit/loss for the year

	2017/18	2016/17
	TDKK	TDKK
Current tax for the year	1.792	1.828
Deferred tax for the year	21	137
	1.813	**1.965**

4 Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 June	125	57.308	0	57.433
Net profit/loss for the year	0	-53.715	60.000	6.285
Equity at 31 May	**125**	**3.593**	**60.000**	**63.718**

Notes to the Financial Statements

		2018	2017
		TDKK	TDKK
5	**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.	1.178	989
	Rental and lease obligations		
	Lease obligations under operating leases. Total future lease payments:		
	Within 1 year	467	793
	Between 1 and 5 years	326	508
		793	**1.301**
	Other contingent liabilities		
	The Company has entered into rental contracts, the remaining minimum rental period is 12 months TDKK.	1.913	3.771
	The Company has entered into Fee contract work, the remaining minimumrental period is 72 months TDKK.	534	623

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

6 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

7 Accounting Policies

The Annual Report of NIKE Denmark ApS for 2017/18 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 2017/18 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

7 **Accounting Policies** (continued)

Income Statement

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 the Company's administration, etc.

Gross profit

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

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/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 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

7 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:

Plant and machinery		years
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

7 **Accounting Policies** (continued)

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.