
NIKE Denmark ApS

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 1 June 2015 - 31 May 2016

CVR No 12 53 06 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2016

Henrik Møgelmoose
Chairman



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
Company Information	
Company Information	3
Financial Statements	
Income Statement 1 June - 31 May	4
Balance Sheet 31 May	5
Notes to the Financial Statements	7
Accounting Policies	10

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 2015 - 31 May 2016.

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 2016 of the Company and of the results of the Company operations for 2015/16.

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

Kokkedal, 7 July 2016

Direktion

Jan Clausen

Bestyrelse

Fabrizio Mecozzi
Chairman

Hilary Karen Krane

Jan Clausen

Independent Auditor's Report on the Financial Statements

To the Shareholder of NIKE Denmark ApS

We have audited the Financial Statements of NIKE Denmark ApS for the financial year 1 June 2015 - 31 May 2016, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 May 2016 and of the results of the Company operations for the financial year 1 June 2015 - 31 May 2016 in accordance with the Danish Financial Statements Act.

Copenhagen, 7 July 2016

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

Main activity

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

Board of Directors

Fabrizio Mecozzi, Chairman
Hilary Karen Krane
Jan Clausen

Executive Board

Jan Clausen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Consolidated Financial Statements

The Company is included in the Group Annual Report of NIKE Inc..

The Group Annual Report of NIKE Inc., can be obtained by written application to NIKE Inc., One Bowerman Drive, Beaverton, Oregon 97005, USA or on www.nike.com.

Income Statement 1 June - 31 May

	Note	2015/16 TDKK	2014/15 TDKK
Gross profit/loss		28.921	29.637
Staff costs	1	-18.695	-19.911
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1.560	-2.166
Profit/loss before financial income and expenses		8.666	7.560
Financial income	2	8	19
Financial expenses		-3	-11
Profit/loss before tax		8.671	7.568
Tax on profit/loss for the year	3	-1.871	-1.911
Net profit/loss for the year		6.800	5.657

Distribution of profit

Proposed distribution of profit

Retained earnings	6.800	5.657
	6.800	5.657

Balance Sheet 31 May

Assets

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Other fixtures and fittings, tools and equipment		2.053	2.359
Leasehold improvements		1.763	2.296
Tangible assets	4	<u>3.816</u>	<u>4.655</u>
Fixed assets		<u>3.816</u>	<u>4.655</u>
Receivables from group enterprises		52.436	44.615
Other receivables		260	319
Deferred tax asset		505	524
Prepayments		1.016	1.119
Receivables		<u>54.217</u>	<u>46.577</u>
Currents assets		<u>54.217</u>	<u>46.577</u>
Assets		<u>58.033</u>	<u>51.232</u>

Balance Sheet 31 May

Liabilities and equity

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Share capital		125	125
Retained earnings		50.673	43.873
Equity	5	<u>50.798</u>	<u>43.998</u>
Trade payables		1.105	407
Company tax payable		1.471	1.409
Other payables		4.659	5.418
Short-term liabilities		<u>7.235</u>	<u>7.234</u>
Debt		<u>7.235</u>	<u>7.234</u>
Liabilities and equity		<u>58.033</u>	<u>51.232</u>
Contingent assets, liabilities and other financial obligations	6		

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	TDKK	TDKK
1 Staff costs		
Wages and salaries	16.496	17.560
Pensions	1.390	1.401
Other social security expenses	265	209
Other staff expenses	544	741
	<u>18.695</u>	<u>19.911</u>
Average number of employees	<u>29</u>	<u>31</u>
2 Financial income		
Interest received from group enterprises	3	14
Other financial income	5	5
	<u>8</u>	<u>19</u>
3 Tax on profit/loss for the year		
Current tax for the year	1.850	1.809
Deferred tax for the year	19	56
Adjustment of tax concerning previous years	2	6
Adjustment of deferred tax percent	0	40
	<u>1.871</u>	<u>1.911</u>

Notes to the Financial Statements

4 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 June 2015	11.347	3.695
Additions for the year	667	2.463
Disposals for the year	-1.339	-2.454
Cost at 31 May 2016	<u>10.675</u>	<u>3.704</u>
Impairment losses and depreciation at 1 June 2015	8.988	1.399
Depreciation for the year	973	587
Reversal of impairment and depreciation of sold assets	-1.339	-45
Impairment losses and depreciation at 31 May 2016	<u>8.622</u>	<u>1.941</u>
Carrying amount at 31 May 2016	<u>2.053</u>	<u>1.763</u>

5 Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 June 2015	125	43.873	43.998
Net profit/loss for the year	0	6.800	6.800
Equity at 31 May 2016	<u>125</u>	<u>50.673</u>	<u>50.798</u>

Notes to the Financial Statements

	2016 TDKK	2015 TDKK
6 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	777	879
Between 1 and 5 years	424	898
	1.201	1.777
Security		
The following assets have been placed as security with the lessor:		
The company has placed a bank guarantee towards the lessor.	989	989
Contractual obligations		
The Company has entered into rental contracts, the remaining minimum rental period is 13 months TDKK.	1.951	3.698
The Company has entered into Fee contract work, the remaining minimum rental period is 96 months TDKK.	713	186
Other		
The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income.		

Accounting Policies

Basis of Preparation

The Annual Report of NIKE Denmark ApS for 2015/16 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.

Financial Statements for 2015/16 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. Gains and losses 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 transaction date rates are recognised in financial income and expenses in the income statement.

Accounting Policies

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.

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.

Accounting Policies

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.

Assets costing less than DKK 12,900 are expensed in the year of acquisition, except for laptops, which are capitalised and depreciated over two years.

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, and 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.

Prepayments

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

Accounting Policies

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.