
NIKE Denmark ApS

Kokkedal Industripark 101, DK-2980 Kokkedal

Annual Report for 1 June 2019 - 31 May 2020

CVR No 12 53 06 33

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/9 2020

Søren Theilgaard
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
Management's Review	6
Financial Statements	
Income Statement 1 June - 31 May	7
Balance Sheet 31 May	8
Notes to the Financial Statements	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 2019 - 31 May 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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

Kokkedal, 9 September 2020

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 2020 and of the results of the Company's operations for the financial year 1 June 2019 - 31 May 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NIKE Denmark ApS for the financial year 1 June 2019 - 31 May 2020, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's Report

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 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, 9 September 2020

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

Management's Review

Key activities

The principal activity of the company during the year has been to act as an agent for the sale of footwear, apparel and accessories on behalf of Nike group companies. The company operates in the Danish marketplace.

Development in the year

The income statement of the Company for 2019/20 shows a profit of TDKK 5,404, and at 31 May 2020 the balance sheet of the Company shows equity of TDKK 15,701.

As known, a novel strain of coronavirus (COVID-19) was first identified in Wuhan, China in December 2019. In 2020 the virus had spread globally and its negative impact has gained momentum, afterwards the World Health Organization declared a pandemic.

In the Danish situation COVID-19 also was very unstable and evolved rapidly as well as measures taken by the Government to address the situation. The gross profit decreased compared to prior year mainly due to the decline in the agency commission on revenue generated by Nike group companies in the Danish marketplace due to COVID-19. The Directors have an expectation that the Company has adequate resources to continue in operational existence for the foreseeable future to meet ongoing obligations. Given the uncertainty that still remains, the Company cannot reasonably estimate the impacts of COVID-19 on our financial condition, results of operations or cash flows in the future.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 June - 31 May

	Note	2019/20 TDKK	2018/19 TDKK
Gross profit		23,479	24,646
Staff costs	1	-16,169	-15,125
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-284	-677
Other operating expenses		0	-509
Profit before financial income and expenses		7,026	8,335
Financial income	2	5	36
Financial expenses		-37	-26
Profit before tax		6,994	8,345
Tax on profit for the year	3	-1,590	-1,766
Net profit for the year		5,404	6,579

Distribution of profit

Proposed distribution of profit

Retained earnings	5,404	6,579
	5,404	6,579

Balance Sheet 31 May

Assets

Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment	620	807
Leasehold improvements	171	225
Property, plant and equipment in progress	0	33
Tangible assets	791	1,065
Fixed assets	791	1,065
Receivables from group enterprises	16,578	13,116
Other receivables	118	171
Deferred tax asset	285	309
Prepayments	150	204
Receivables	17,131	13,800
Cash at bank and in hand	3,993	3,819
Currents assets	21,124	17,619
Assets	21,915	18,684

Balance Sheet 31 May

Liabilities and equity

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Share capital		125	125
Retained earnings		15,576	10,172
Equity	4	<u>15,701</u>	<u>10,297</u>
Trade payables		769	3,182
Company tax payable		982	1,224
Other payables		4,463	3,981
		<u>6,214</u>	<u>8,387</u>
Debt		<u>6,214</u>	<u>8,387</u>
Liabilities and equity		<u>21,915</u>	<u>18,684</u>
Key activities			
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Notes to the Financial Statements

	2019/20	2018/19	
	<u>TDKK</u>	<u>TDKK</u>	
1 Staff costs			
Wages and salaries	13,458	12,557	
Pensions	997	972	
Other social security expenses	1,349	916	
Other staff expenses	365	680	
	<u>16,169</u>	<u>15,125</u>	
Average number of employees	<u>20</u>	<u>20</u>	
2 Financial income			
Interest received from group enterprises	0	29	
Other financial income	5	7	
	<u>5</u>	<u>36</u>	
3 Tax on profit for the year			
Current tax for the year	1,566	1,728	
Deferred tax for the year	24	38	
	<u>1,590</u>	<u>1,766</u>	
4 Equity			
	Share capital	Retained earnings	Total
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Equity at 1 June	125	10,172	10,297
Net profit/loss for the year	0	5,404	5,404
Equity at 31 May	<u>125</u>	<u>15,576</u>	<u>15,701</u>

Notes to the Financial Statements

	2020 TDKK	2019 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.	638	638
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	471	491
Between 1 and 5 years	591	572
	1,062	1,063
Other contingent liabilities		
The Company has entered into rental contracts, the remaining minimum rental period is 12 months TDKK.	564	538
The Company has entered into Fee contract work, the remaining minimumrental period is 41 months TDKK.	86	142

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, INC.	Beaverton, Oregon, United States

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of NIKE Denmark ApS for 2019/20 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 2019/20 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 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 support services 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 the 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:

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)

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.