



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 911 568 632
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: NIKE RETAIL B.V. NORWAY BRANCH
Forretningsadresse: c/o TMF Norway AS
Hagaløkkveien 26
1383 ASKER

Regnskapsår

Årsregnskapets periode: 01.06.2021 - 31.05.2022

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Adnan Karaca
Dato for fastsettelse av årsregnskapet: 29.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 29.02.2024



Resultatregnskap

Beløp i: EUR	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		10 710 506 000	2 628 562 000
Sum inntekter		10 710 506 000	2 628 562 000
Kostnader			
Varekostnad		7 902 786 000	1 792 985 000
Annen driftskostnad		2 489 550 000	783 092 000
Sum kostnader		10 392 336 000	2 576 077 000
Driftsresultat		318 170 000	52 485 000
Finansinntekter og finanskostnader			
Annen finansinntekt		718 019 000	
Sum finansinntekter		718 019 000	
Annen finanskostnad			1 937 000
Sum finanskostnader			1 937 000
Netto finans		718 019 000	-1 937 000
Ordinært resultat før skattekostnad		1 036 189 000	50 548 000
Skattekostnad		133 508 000	19 422 000
Ordinært resultat etter skattekostnad		902 681 000	31 126 000
Årsresultat		902 681 000	31 126 000



Balanse

Beløp i: EUR	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		200 852 000	118 753 000
Sum varige driftsmidler		200 852 000	118 753 000
Finansielle anleggsmidler			
Andre fordringer		971 553 000	16 457 000
Sum finansielle anleggsmidler		971 553 000	16 457 000
Sum anleggsmidler		1 172 405 000	135 210 000
Omløpsmidler			
Varer			
Varer		1 174 055 000	241 652 000
Sum varer		1 174 055 000	241 652 000
Fordringer			
Kundefordringer		1 640 168 000	317 883 000
Sum fordringer		1 640 168 000	317 883 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		566 763 000	35 176 000
Sum bankinnskudd, kontanter og lignende		566 763 000	35 176 000
Sum omløpsmidler		3 380 986 000	594 711 000
SUM EIENDELER		4 553 391 000	729 921 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: EUR	Note	2022	2021
Innskutt egenkapital			
Aksjekapital		18 000	18 000
Overkurs		769 837 000	454 000
Sum innskutt egenkapital		769 855 000	472 000
Opptjent egenkapital			
Annen egenkapital		1 850 861 000	308 414 000
Sum opptjent egenkapital		1 850 861 000	308 414 000
Sum egenkapital		2 620 716 000	308 886 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		7 412 000	2 815 000
Sum annen langsiktig gjeld		7 412 000	2 815 000
Sum langsiktig gjeld		7 412 000	2 815 000
Kortsiktig gjeld			
Annen kortsiktig gjeld		1 925 263 000	418 220 000
Sum kortsiktig gjeld		1 925 263 000	418 220 000
Sum gjeld		1 932 675 000	421 035 000
SUM EGENKAPITAL OG GJELD		4 553 391 000	729 921 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 679965

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Brønnøysundregistrene, 14.08.2023



Organisasjonsnr: 911 568 632
NIKE RETAIL B.V. NORWAY BRANCH

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Organisasjonsnr: 911 568 632
NIKE RETAIL B.V. NORWAY BRANCH

BALANSE

Beløp i: EUR Note 2022 2021

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

Sum immaterielle eiendeler 0

Varige driftsmidler

Tomter, bygninger og

annen fast eiendom

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118 753 000

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Fordringer

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Organisasjonsnr: 911 568 632
NIKE RETAIL B.V. NORWAY BRANCH

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
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Regnskapsprinsipper
Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt.

Note

Antall aksjer og aksjeeiere

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
31.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Omløpsmidler Startdato Sluttdato Endring

Skattemessig fremf.undersk. Startdato Sluttdato Endring

Kortsiktig gjeld Startdato Sluttdato Endring



NIKE Retail B.V.
Hilversum

Financial report for the year ended
May 31, 2022



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Management report of the directors for the year ended May 31, 2022

General

NIKE Retail B.V. (hereafter “NRBV” or “the Company”) was incorporated in the Netherlands in 1995.

On May 1, 2022 NIKE European Operations Netherlands B.V. (hereinafter “NEON”) merged with NRBV. The accounting method for mergers and acquisitions executed throughout the fiscal year ended May 31, 2022 is the carryover accounting method with effective date the start of the fiscal year without restating comparative figures.

NRBV is a member of the NIKE Group and is responsible for the regional execution of NIKE’s global sales and marketing strategy in its capacity as the distributor of NIKE products throughout Europe, Middle East & Africa (EMEA). The principal activity of the Company is the marketing and selling of athletic footwear, apparel, equipment, accessories and services. NIKE is the largest seller of athletic footwear and apparel in the world. We sell our products through NIKE-owned retail stores and digitally (which we refer to collectively as our “NIKE Direct” operations), to retail accounts and due to the NEON merger to a mix of independent distributors, licensees and sales representatives.

Products

Our NIKE Brand product offerings are aligned around our consumer construct focused on Men’s, Women’s and Kid’s. We also market products specifically for the Jordan Brand. We believe this approach allows us to create products that better meet individual consumer needs while accelerating our largest growth opportunities.

NIKE’s athletic footwear products are designed primarily for specific athletic use, although a large percentage of the products are worn for casual leisure purposes. Our Men’s, Women’s and Jordan Brand footwear products currently lead in footwear sales and we expect them to continue to do so.

We also sell sports apparel, which features the same trademarks and are sold predominantly through the same marketing and distribution channels as athletic footwear. Our sports apparel, similar to our athletic footwear products, is designed primarily for athletic use, although many of the products are worn for casual or leisure purposes and demonstrates our commitment to innovation and high-quality construction. Our Men’s and Women’s apparel products currently lead in apparel sales and we expect them to continue to do so. We often market footwear, apparel and accessories in “collections” of similar use or by category. We also market apparel with licensed professional team and league logos.


We sell a line of performance equipment and accessories under the NIKE Brand name, including bags, socks, sport balls, eyewear, timepieces, digital devices, bats, gloves, protective equipment and other equipment designed for sports activities.

Our Jordan Brand designs, distributes and licenses athletic and casual footwear, apparel and accessories predominantly focused on basketball performance and culture using the Jumpman trademark. Sales and operating results for Jordan Brand products are reported within the respective NIKE Brand geographic operating segments.

In addition to the products we sell to our wholesale customers and directly to consumers through our NIKE Direct operations, we have also entered into license agreements that permit unaffiliated parties to manufacture and sell, using NIKE-owned trademarks, certain apparel, digital devices and applications and other equipment designed for sports activities.

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We also offer interactive consumer services and experiences as well as digital products through our digital platforms, including fitness and activity apps; sports, fitness and wellness content; and digital services and features in retail stores that enhance the consumer experience.

Sales and Marketing

We experience moderate fluctuations in aggregate sales volume during the year. Historically, revenues in the first and fourth fiscal quarters have slightly exceeded those in the second and third quarters. However, the mix of product sales may vary considerably as a result of changes in seasonal and geographic demand for particular types of footwear, apparel and equipment, as well as other macroeconomic, strategic, operating and logistics-related factors, as evidenced by the impact of the COVID-19 pandemic.

Because the Company is a consumer products company, the relative popularity and availability of various sports and fitness activities, as well as changing design trends, affect the demand for our products. We must, therefore, respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings and influencing sports and fitness preferences through extensive marketing. Failure to respond in a timely and adequate manner could have a material adverse effect on our sales and profitability. This is a continuing risk.

Through the Consumer Direct Acceleration, we are focusing on creating the marketplace of the future through more premium, consistent and seamless consumer experiences, leading with digital and our owned stores, as well as select wholesale partners that share our marketplace vision. We have aligned our category organizations around a new consumer construct focus focused on Men's, Women's and Kids' and continue to invest in data and analytics, demand sensing, insight gathering, inventory management and other areas to create an end-to-end technology foundation, which we expect will further accelerate our digital transformation. We believe this unified approach will accelerate growth and unlock more efficiency for our business, while driving speed and responsiveness as we serve consumers.. NRBV's relevant reportable operating segment is: Europe, Middle East & Africa (more than 95% of the NRBV's revenues).

Financial results

Our revenues for fiscal year ended May 31, 2022 grew 307.5% to EUR 10.7 billion, driven mainly due to the NEON merger.

The Company has demonstrated a healthy financial situation. As of May 31, 2022, the current ratio (current assets to current liabilities) was 1.76 (1.42 as of May 31, 2021). As of May 31, 2022, the solvency ratio (shareholders' equity to total assets) was 0.58 (0.42 as of May 31, 2021).

During fiscal year ended May 31, 2022, NRBV, including its branches, employed an average of 7,239 employees (fiscal year ended May 31, 2021: 5,270). The increase in the Company's workforce is mainly due to the NEON merger. Our success depends in part on the continued service of high-quality employees, including key executive officers and personnel. The loss of the services of key individuals, or any negative perception with respect to these individuals, or our workplace culture or values, could harm our business. Our success also depends on our ability to recruit, retain and engage our personnel sufficiently, both to maintain our current business and to execute our strategic initiatives. Competition for employees in our industry is intense and we may not be successful in attracting and retaining such personnel. Changes to our current and future office environments or adoption of a new work model that expects certain employees to work on-site for a specified number of days with some flexibility to work remotely on other days, may not meet the needs or expectations of our employees or may not be perceived as favorable compared to other companies' policies, which could negatively impact our ability to attract, hire and retain our employees. 100% of facilities in NIKE, Inc.'s extended supply chain meet NIKE's foundational labor, health, safety and



environmental standards, demonstrating respect for the rights of their workers and communities where they operate.

Climate change and other sustainability-related matters, or legal, regulatory or market responses thereto, may have an adverse impact on our business and results of operations.

There are concerns that increased levels of carbon dioxide and other greenhouse gases in the atmosphere have caused, and may continue to cause, potentially at a growing rate, increases in global temperatures, changes in weather patterns and increasingly frequent and/or prolonged extreme weather and climate events. Climate change may also exacerbate challenges relating to the availability and quality of water and raw materials, including those used in the production of NIKE, Inc.'s products, and may result in changes in regulations or consumer preferences, which could in turn affect our business, operating results and financial condition. For example, there has been increased focus by governmental and non-governmental organizations, consumers, customers, employees and other stakeholders on products that are sustainably made and other sustainability matters, including responsible sourcing and deforestation, the use of plastic, energy and water, the recyclability or recoverability of packaging and materials transparency, any of which may require us to incur increased costs for additional transparency, due diligence and reporting. In addition, federal, state or local governmental authorities in various countries have proposed, and are likely to continue to propose, legislative and regulatory initiatives to reduce or mitigate the impacts of climate change on the environment. Various countries and regions are following different approaches to the regulation of climate change, which could increase the complexity of, and potential cost related to complying with, such regulations. Any of the foregoing may require us to make additional investments in facilities and equipment, may impact the availability and cost of key raw materials used in the production of NIKE, Inc.'s products or the demand for NIKE, Inc.'s products, and, in turn, may adversely impact our business, operating results and financial condition. Although NIKE, Inc. announced sustainability-related goals and targets, there can be no assurance that our stakeholders will agree with our strategies, and any perception, whether or not valid, that we have failed to achieve, or to act responsibly with respect to, such matters or to effectively respond to new or additional legal or regulatory requirements regarding climate change, could result in adverse publicity and adversely affect our business and reputation. Execution of these strategies and achievement of NIKE, Inc. goals is subject to risks and uncertainties, many of which are outside of our control. These risks and uncertainties include, but are not limited to, our ability to execute our strategies and achieve our goals within the currently projected costs and the expected timeframes; the availability and cost of raw materials and renewable energy; unforeseen production, design, operational and technological difficulties; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis such as carbon sequestration and/or other related processes; compliance with, and changes or additions to, global and regional regulations, taxes, charges, mandates or requirements relating to greenhouse gas emissions, carbon costs or climate-related goals; adapting products to customer preferences and customer acceptance of sustainable supply chain solutions; and the actions of competitors and competitive pressures. As a result, there is no assurance that we will be able to successfully execute our strategies and achieve our sustainability-related goals, which could damage our reputation and customer and other stakeholder relationships and have an adverse effect on our business, results of operations and financial condition.

For more details on unleashing human potential and minimizing environmental footprint, we refer to NIKE, Inc.'s Impact report (<https://purpose.nike.com/fy21-nike-impact-report>).

Financing and investment strategy is developed at the level of the ultimate parent company and implemented by the Company. Those investments are geared at creating consumer engagements that



drive economic returns in the form of incremental revenue and gross profit as well as infrastructure investments that improve the efficiency and effectiveness of our operations. All research and development ("R&D") activities are centralised in the United States. Therefore, the Company does not develop its own R&D initiatives.

COVID-19

A novel strain of coronavirus (COVID-19) was first identified in Wuhan, China in December 2019, and subsequently declared a pandemic by the World Health Organization. To date, this pandemic and preventative measures taken to contain or mitigate the pandemic have caused, and may in the future cause, business slowdown in affected areas and significant disruption in the financial markets, both in the EMEA-region and globally. These events have led to and could again lead to a decline in discretionary spending by consumers, and in turn materially impact our business, sales, financial condition and results of operations. We cannot predict whether, and to what degree, our sales, operations and financial results could in the future be affected by the pandemic and preventative measures.

Risks presented by the COVID-19 pandemic include, but are not limited to:

- Deterioration in economic conditions, both in the EMEA-region and globally;
- Reduced consumer demand for our products as consumers seek to reduce or delay discretionary spending in response to the impacts of COVID-19, including as a result of a rise in unemployment rates and diminished consumer confidence;
- Cancellation or postponement of sports seasons and sporting events in multiple countries, including in the EMEA-region, and bans on large public gatherings, which might lead to reduced consumer spending on our products and could impact the effectiveness of our arrangements with key endorsers;
- Decreased retail traffic as a result of store closures, reduced operating hours, social distancing restrictions and/or changes in consumer behavior;
- The risk that any safety protocols in NIKE-owned or affiliated facilities will not be effective or not be perceived as effective, or that any virus-related illnesses will be linked or alleged to be linked to our stores, whether accurate or not;
- Incremental costs resulting from the adoption of preventive measures, including providing facial coverings and hand sanitizer, rearranging operations to follow social distancing protocols, conducting temperature checks and undertaking regular and thorough disinfection procedures;
- Disruption to NIKE, Inc.'s distribution centers, NIKE, Inc.'s third party manufacturing partners and other vendors, including through the effects of facility closures, reductions in operating hours, labor shortages, and real time changes in operating procedures, including for additional cleaning and disinfection procedures;
- Bankruptcies or other financial difficulties facing our wholesale customers, which could cause them to be unable to make or delay making payments to us, or result in cancellation or reduction of their orders;
- Operational risk, including but not limited to cybersecurity risks, as a result of extended workforce remote work arrangements, and restrictions on employee travel;
- Impacts to our distribution and logistics providers' ability to operate or increases in their operating costs. These supply chain effects may have an adverse effect on or ability to meet consumer demand, including digital demand, and could result in an increase in our costs of production and distribution, including increased freight and logistics costs and other expenses;

We continue to monitor the latest developments regarding the pandemic and have made certain assumptions regarding the pandemic for purposes of our operating and financial projections, including assumptions regarding the duration and severity of the pandemic and the global macroeconomic impacts



of the pandemic. However, we are unable to accurately predict the extent of the impact of the pandemic on our business, operations and financial condition due to the uncertainty of future developments. In particular, we believe the ultimate impacts on our business, results of operations, cash flows and financial condition will depend on, among other things, the further spread and duration of COVID-19, the requirements to take action to help limit the spread of the illness, the availability, widespread distribution and acceptance, as well as the safety and efficacy of vaccines for COVID-19 and the economic impacts of the pandemic. Even in those regions where we have experienced business recovery, should those regions fail to fully contain COVID-19 or suffer a COVID-19 relapse, those markets may not recover as quickly or at all, which could have a material adverse effect on our business and results of operations. The pandemic may also affect our business, operations or financial condition in a manner that is not presently known to us or that we currently do not consider to present significant risks.

In addition, the impact of COVID-19 may also exacerbate other risks discussed in the paragraph 'Risk Factors', any of which could have a material effect on us.

Throughout fiscal 2022, the COVID-19 pandemic did not impact our business results and operations significantly.

Risk Factors


The uncertain state of the global economy continues to impact businesses around the world. If global economic and financial market conditions further deteriorate or do not improve, the following factors could have a material adverse effect on our business, operating results and financial condition:

- Our sales are impacted by discretionary spending by consumers. Declines in consumer spending may result in reduced demand for our products, increased inventories, reduced orders from retailers for our products, order cancellations, lower revenues, higher discounts and lower gross margins.
- In the future, we may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so.
- We conduct transactions in various currencies, which creates exposure to fluctuations in foreign currency exchange rates related to the Euro. Continued volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies could have a significant impact on our reported operating results and financial condition.
- If retailers of our products experience declining revenues or experience difficulty obtaining financing in the capital and credit markets to purchase our products, this could result in reduced orders for our products, order cancellations, late retailer payments, extended payment terms, higher accounts receivable, reduced cash flows, greater expense associated with collection efforts and increased bad debt expense.
- If retailers of our products experience severe financial difficulty, some may become insolvent and cease business operations, which could negatively impact the sale of our products to consumers.
- If contract manufacturers of our products or other participants in our supply chain experience difficulty obtaining financing in the capital and credit markets to purchase raw materials or to finance capital equipment and other general working capital needs, it may result in delays or non-delivery of shipments of our products.

Our iconic brands have worldwide recognition, and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brands will depend on our design and marketing efforts, including advertising and consumer campaigns, product innovation and product quality. NIKE, Inc.'s commitment to product innovation and quality and continuing investment in design (including materials) and marketing may not have the desired impact on our brand image and reputation. In addition, our success in maintaining, extending and expanding our brand image depends on

NIKE Retail B.V., Hilversum

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our ability to adapt to a rapidly changing media and digital environment, including our increasing reliance on social media and digital dissemination of advertising campaigns on our digital platforms and through our digital experiences and products. We could be adversely impacted if we fail to achieve any of these objectives.

Our brand value also depends on our ability to maintain a positive consumer perception of our corporate integrity, purpose and brand culture. Negative claims or publicity involving us, our culture and values, our products, services and experiences, consumer data, or any of our key employees, endorsers, sponsors or suppliers could seriously damage our reputation and brand image, regardless of whether such claims are accurate. For example, while we require our suppliers of our products to operate their business in compliance with applicable laws and regulations, we do not control their practices. Negative publicity relating to a violation or an alleged violation of policies or laws by such suppliers could damage our brand image and diminish consumer trust in our brand. Further, our reputation and brand image could be damaged as a result of our support of, association with or lack of support or disapproval of certain social causes, as well as any decisions we make to continue to conduct, or change, certain of our activities in response to such considerations. Social media, which accelerates and potentially amplifies the scope of negative publicity, can increase the challenges of responding to negative claims. Adverse publicity about regulatory or legal action against us, or by us, could also damage our reputation and brand image, undermine consumer confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations. If the reputation, culture or image of any of our brands is tarnished or if we receive negative publicity, then our sales, financial condition and results of operations could be materially and adversely affected.

Our international operations and sources of supply are subject to the usual risks of doing business abroad, such as the implementation of, or potential changes in, foreign and domestic trade policies, increases in import duties, anti-dumping measures, quotas, safeguard measures, trade restrictions, restrictions on the transfer of funds and, in certain parts of the world, political instability and terrorism. Economic sanctions imposed on Russia during the fourth quarter of fiscal 2022, impacted our local business related to the owned Russian subsidiaries. This financial report is prepared on stand-alone basis (only consolidating direct branches) and the impact as a result on the economic sanctions are not material. Subsequent to the end of fiscal 2022, we made the decision to leave the Russian marketplace.

The Company is exposed to market risks, including the effect of changes in foreign currency exchange rates and interest rates. We conduct sale transactions in various currencies, which increases our exposure to the volatility of local economic conditions, including the fluctuations in inflation and foreign currency exchange rates. In order to manage financial exposures that occur in the normal course of business, the Company uses derivatives.

NRBV may elect to designate certain derivatives as hedging instruments under the accounting standards for derivatives and hedging. The Company formally documents all relationships between designated hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivatives designated as hedges to either recognised assets or liabilities or forecasted transactions.

The Company also utilizes forward exchange contracts and options to manage exchange exposure of certain non-functional currency denominated monetary assets and liabilities. The purpose of the contracts and options is to lessen both the positive and negative effects of currency fluctuations on the Company's consolidated results of operations, financial position and cash flows. The Company does not hold or issue derivatives for trading or speculative purposes.



The Company has significant amounts of trade accounts receivables, accounts receivables from affiliated entities, as well as cash and cash equivalents and other investment funds in accounts with banks or other financial institutions in the Netherlands and abroad. As a result, we are exposed to the risk of default by or failure of counterparties, counterparty affiliated entities and financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and events, such as COVID-19, and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings.

The Company makes ongoing estimates related to the collectability of its trade accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In addition to judgments about the creditworthiness of significant customers based on ongoing credit evaluations, the Company considers historical levels of credit losses, as well as macroeconomic and industry trends, such as the impacts of COVID-19, to determine the amount of the allowance. The Company has limited its credit exposure by placing cash and cash equivalents with major financial institutions with investment grade credit ratings. Company's management has assessed that the likelihood of non-recoverability of accounts receivables from affiliated entities is low as at the financial reporting date.

Our NIKE Direct operations, including our retail stores and digital platforms, have required and will continue to require significant investment. Our NIKE Direct stores have required and will continue to require substantial fixed investment in equipment and leasehold improvements and personnel. We have entered into substantial operating lease commitments for retail space. Certain stores have been designed and built to serve as high-profile venues to promote brand awareness and marketing activities and to integrate with our digital platforms. Because of their unique design and technological elements, locations and size, these stores require substantially more investment than other stores. Due to the high fixed-cost structure associated with our NIKE Direct retail stores, a decline in sales, a shift in consumer behavior away from brick-and-mortar retail, or the closure, temporary or otherwise, or poor performance of individual or multiple stores could result in significant lease termination costs, write-offs of equipment and leasehold improvements and employee-related costs.

Many factors unique to retail operations, some of which are beyond the Company's control, pose risks and uncertainties. Risks include but are not limited to: credit card fraud; mismanagement of existing retail channel partners; and inability to manage costs associated with store construction and operation.

In addition, we have made significant investments in digital technologies and information systems for the digital aspect of our NIKE Direct operations, and our digital offerings will require continued investment in the development and upgrading of our technology platform. In order to deliver high-quality digital experiences, our digital platforms must be designed effectively and work well with a range of other technologies, systems, networks, and standards that we do not control. We may not be successful in developing platforms that operate effectively with these technologies, systems, networks and standards. A growing portion of consumers access our NIKE Direct digital platforms, but in the event that it is more difficult for consumers to access and use our digital platforms, consumers find that our digital platforms do not effectively meet their needs or expectations or consumers choose not to access or use our digital platforms or use devices that do not offer access to our platforms, the success of our NIKE Direct operations could be adversely impacted. Our competitors may develop, or have already developed, digital experiences, features, content, services or technologies that are similar to ours or that achieve great acceptance.



We may not realize a satisfactory return on our investment in our NIKE Direct operations and management's attention from our other business opportunities could be diverted, which could have an adverse effect on our business, financial condition or results of operations

Extreme weather conditions in the areas in which our retail stores, suppliers, manufacturers, customers, distribution centers, headquarter and vendors are located could adversely affect our business. In addition, if the technology-based systems that give our customers the ability to shop with us online do not function effectively, our operating results, as well as our ability to grow our digital commerce business or to retain our customer base, could be materially adversely affected. Other risks are explained in the notes to the financial statements.

In January 2019, the European Commission opened a formal investigation to examine whether the Netherlands has breached State Aid rules when granting certain tax rulings to NEON. Due to the NEON merger the Company is now subject to the investigation. The Company believes the investigation is without merit. If this matter is adversely resolved, the Netherlands may be required to assess additional amounts with respect to current and prior periods, and the Company's Netherlands income taxes in the future could increase.

The risks included here are not exhaustive. The Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for management to predict all such risks, nor can it assess the impact of all such risks on the Company's business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements. While foreign currency markets remain volatile, we continue to see opportunities to drive future growth and profitability. We remain committed to effectively managing our business to achieve our financial goals over the long-term by executing against the operational strategies outlined above.

Subsequent events

During the fourth quarter of fiscal 2022, NIKE, Inc. entered into separate definitive agreements to sell the legal entities in Argentina and Uruguay (branch) as well as the legal entity in Chile to third-party distributors. The business transfers occurred during the first half of fiscal 2023.

During the first half of fiscal 2023 the assets and liabilities of the following fully owned subsidiaries - NIKE UK Ltd. (including NIKE UK Ireland branch), NIKE France S.A.S., American NIKE S.L.U., NIKE Deutschland GmbH, NIKE Italy S.R.L., NIKE Retail Hellas Ltd., NIKE Hellas Single Member Ltd., NIKE Retail Poland sp. z o. o. were allocated to the respective NRBV branch in these countries mainly through a cross border merger.

NIKE Retail B.V., Hilversum

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Hilversum, February 21, 2023

Board of Directors,

D.W. Mc Kenzie

M. Meijer

C.A. Sparks

C.D. Grebert

NIKE Retail B.V., Hilversum

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Company financial statements for the year ended May 31, 2022

NIKE Retail B.V., Hilversum

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Company balance sheet as of May 31, 2022

(Before proposed appropriation of result)

	Note	May 31, 2022		May 31, 2021	
		EUR'000	EUR'000	EUR'000	EUR'000
Assets					
Non-current assets					
Property, plant and equipment	4	200,852		118,753	
Financial fixed assets	5	971,553		16,457	
			1,172,405		135,210
Current assets					
Inventories	6	1,174,055		241,652	
Accounts receivable	7	1,640,168		317,883	
Cash and cash equivalents	8	566,763		35,176	
			3,380,986		594,711
			4,553,391		729,921
Shareholders' equity and liabilities					
Shareholders' equity					
Issued share capital	9	18		18	
Share premium		769,837		454	
Revaluation reserve		271,222		-	
Translation differences reserve		154,959		3,738	
Other reserves		521,999		273,550	
Net result of the year		902,681		31,126	
			2,620,716		308,886
Non-current liabilities					
			7,412		2,815
Current liabilities					
	10		1,925,263		418,220
			4,553,391		729,921

The accompanying notes to the financial statements are an integral part of this statement.

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Company income statement for the year ended May 31, 2022

	Note	June 1, 2021 - May 31, 2022		June 1, 2020 - May 31, 2021	
		EUR'000	EUR'000	EUR'000	EUR'000
Revenues	13	10,710,506		2,628,562	
Cost of sales		<u>(7,902,786)</u>		<u>(1,792,985)</u>	
Gross profit			2,807,720		835,577
Selling, general and administrative expenses			<u>(2,489,550)</u>		<u>(783,092)</u>
Operating profit			318,170		52,485
Financial income and expenses	15		<u>718,019</u>		<u>(1,937)</u>
Result before income tax			1,036,189		50,548
Income tax	16		<u>(133,508)</u>		<u>(19,422)</u>
Net result of the year			<u>902,681</u>		<u>31,126</u>

The accompanying notes to the financial statements are an integral part of this statement.

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Notes to the company financial statements for the year ended May 31, 2022

1. General information

1.1. Operations

NIKE Retail B.V. (hereafter "NRBV" or "the Company") was incorporated in the Netherlands in 1995.

On May 1, 2022 NIKE European Operations Netherlands B.V. (hereinafter "NEON") merged with NRBV. The accounting method for mergers and acquisitions executed throughout the fiscal year ended May 31, 2022 is the carryover accounting method with effective date the start of the fiscal year without restating comparative figures.

NRBV is a member of the NIKE Group and is responsible for the regional execution of NIKE's global sales and marketing strategy in its capacity as the distributor of NIKE products throughout Europe, Middle East & Africa (EMEA). The principal activity of the Company is the marketing and selling of athletic footwear, apparel, equipment, accessories and services. NIKE is the largest seller of athletic footwear and apparel in the world. We sell our products through NIKE-owned retail stores and digitally (which we refer to collectively as our "NIKE Direct" operations), to retail accounts and due to the NEON merger to a mix of independent distributors, licensees and sales representatives.

The Company has its registered office in Colosseum 1, 1213NL Hilversum, the Netherlands (Commercial register number: 32060874).

1.2. Group structure

NIKE, Inc. (hereinafter "NIKE, Inc."), Oregon, USA, is the ultimate parent of the Company. The Company is a wholly owned subsidiary of NIKE Europe Holding B.V. (hereinafter "NIKE Europe Holding"). The financial statements of the Company are included in the consolidated financial statements of NIKE, Inc. The consolidated financial statements of NIKE, Inc. are also available on written request in the Company's office in Hilversum.

1.3. Comparative figures

Due to the NIKE European Operations Netherlands B.V. (hereafter "NEON") merger the comparative figures are not comparable.

1.4. Consolidation


In accordance with Art. 2:408 Dutch Civil Code, consolidated financial statements of the Company are not disclosed because its financial figures are included in the consolidated financial statements of NIKE, Inc., which are reported to the Securities and Exchange Commission in the United States of America and are publicly available.

1.5. Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Under this definition the following parties are considered to be related parties: entities which

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control the Company, close personal relationships, statutory directors, other key management of the Company or the ultimate parent company, close relatives of these and pension funds.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide the true and fair view.

1.6. Cash flow statement

The Company has filed with the Chamber of Commerce the consolidated financial statements of its ultimate parent, NIKE, Inc., for the year ended May 31, 2022. The NIKE, Inc. consolidated financial statements include a consolidated cash flow statement. Accordingly, no separate cash flow statement has been included in these financial statements.

1.7. Foreign currencies

The functional and presentation currency of the Company is the Euro as it reflects the economic substance of the underlying events and circumstances relevant to the Company; insofar as its main operations and/or transactions in different countries in which the Company operates are established and settled in Euros.

(i) Foreign currency remeasurement

The Company's financial statements are measured using the currency of the country in which each entity operates. These entities have various assets and liabilities, primarily receivables and payables, which are denominated in currencies other than their functional currency. These balance sheet items are subject to remeasurement, the impact of which is recorded as an exchange difference in the "Financial income and expenses" caption within the income statement.

Income and expenses are translated at average exchange rates during the financial year. The balance sheet is translated with the relevant year end rate. The resulting differences from translating the foreign functional currency financial statements into Euros are included in the caption "Translation differences reserve" in shareholders' equity.

(ii) Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities of NRBV, and the branches with a functional currency different from the presentation currency of the Company, are translated at the exchange rate prevailing at the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.



1.8. Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary, for the purposes of providing the view required under Book 2, article 362, paragraph 1 Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2. Accounting policies for the balance sheet

2.1. General information

These financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred or at fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

2.2. Prior year comparison

The accounting policies have been consistently applied for all the years presented.

2.3. Property, plant and equipment

Property, plant and equipment are stated at historical cost, plus expenditures that are directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives. Land is not depreciated.

	<u>Depreciation period</u>
Leasehold improvements	10 - 15 years
Machinery and equipment	3 - 8 years

Assets classified as construction in progress are not subject to depreciation. Depreciation will commence once the asset is in use, at which time it will be reclassified to the appropriate category.

A provision for impairment loss is recognised when there is a permanent diminution in the value of an asset. The accounting method to determine an impairment loss is described in Note 2.5.

Maintenance and repair costs are charged to the income statement, and significant renewals and improvements are capitalised when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow from the use of the acquired property, plant or equipment.

Each asset's residual value, useful life and selected depreciated method are periodically reviewed to ensure that they are consistent with the actual economic benefits and life expectations.

The Company does not have a material restoration obligation after the use of the assets.



2.4. Financial fixed assets

(i) Investments in subsidiaries

Investments in subsidiaries comprise of the investments in subsidiary companies. In conjunction with exemption Art. 2:408 Dutch Civil Code, the investments are carried at cost. The accounting method for mergers and acquisitions executed throughout the fiscal year ended May 31, 2022 is the carryover accounting method and the total value EUR 819.1 million (Note 5) of the investments in subsidiaries contributed from the parent company NIKE Europe Holding B.V. are carried over.

In the event of an impairment loss, valuation takes place at the realisable value (Note 2.5); impairment is recognised and charged to the income statement.

(ii) Prepaid endorsements

Prepaid endorsements mainly include prepayments made to athletes and sport organisations in connection with endorsement agreements. In general, endorsement payments are expensed on a straight-line basis over the term of the contract. However, certain contract elements may be accounted for differently based upon the facts and circumstances of each individual contract. Prepayments made under contracts to be expensed later than one year, are included in Prepaid endorsements in Financial fixed assets. Prepayments made under contracts to be expensed within the year, are included in Prepaid expenses and other current assets in Accounts receivable.

(iii) Other long-term assets

Other long-term assets mainly include other long-term contracts are recognised at nominal value and deferred tax assets.

2.5. Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

Fair value less costs to sell is determined based on the active market. A provision for impairment is directly recognised as an expense in the income statement, unless the asset is carried at fair value, in which case the impairment loss qualifies as a revaluation decrease. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the non-current asset that exceeds what the cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.



2.6. Inventories

Inventories are stated at lower of cost and net realisable value and are valued on either an average or a specific identification cost basis. Inventory costs primarily consist of product cost from our suppliers, as well as inbound freight, import duties, taxes, insurance and logistics and other handling fees.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realisable value is determined making allowance for obsolescence of inventories.

2.7. Accounts receivable

Accounts receivable consist primarily of amounts receivable from customers and related entities. Accounts receivable from customers are recorded as trade accounts receivable within the "Accounts receivable" caption in the balance sheet. Accounts receivable balances are initially recognised at fair value and subsequently measured at amortised cost.

The Company makes ongoing estimates related to the collectability of its trade accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In addition to judgments about the creditworthiness of significant customers based on ongoing credit evaluations, the Company considers historical levels of credit losses, as well as macroeconomic and industry trends, such as the impacts of COVID-19, to determine the amount of the allowance. Trade accounts receivable determined as uncollectible are written off.

2.8. Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and short-term deposits held at call and short-term investments with a maturity of less than twelve months. Cash and cash equivalents are stated at nominal value.

2.9. Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by a third party, the reimbursement shall be recognised when it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.



2.10. Deferred tax assets and liabilities

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax basis of assets and liabilities, and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability (recorded within the "Provisions" caption) is settled.

Deferred income tax assets, which include deductible temporary differences and available fiscal losses, are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilised. Deferred income tax assets maturing in less than 12 months from the balance sheet date are recorded as deferred tax assets within the "Accounts receivable" caption in the balance sheet while those with longer maturity periods are recorded as other long-term assets within the "Financial fixed assets" caption.

Deferred income tax is provided on temporary differences arising on investments in group companies, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by NRBV and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxes are recognised at nominal value.

2.11. Non-current and current liabilities

Financial liabilities are initially measured at fair value less attributable transaction costs. After initial recognition, non-current and current liabilities are carried at amortised cost with any differences between cost and redemption value recorded in the combined statement of income over the period of the borrowings using the effective interest rate method.

Liabilities maturing in less than 12 months from the balance sheet date are classified as current, while those with longer maturity periods are classified as non-current.

2.12. Operating leases

Leases, in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received by the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.13. Financial instruments

The Company uses derivative financial instruments to manage financial exposures that occur in the normal course of business. The Company does not hold or issue derivatives for trading or speculative purposes.

The majority of derivatives that the Company uses have been designated and qualify as cash flow hedges. All derivatives are recorded at fair value on the balance sheet and changes in the fair value of derivative financial instruments are either recognised in the "Revaluation reserve" caption within shareholders' equity, if the derivative is formally designated as a hedge and effective, or the financial income and expenses line of the income statement if the derivative is not formally designated as a hedge or is designated ineffective. Any hedge gains or losses deferred in the "Revaluation reserve" component of shareholders' equity as a



result of matured derivatives are reclassified to the income statement at the time that the hedged transaction is also recognised in the income statement.

The Company shall discontinue hedge accounting on a prospective basis if the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting.

The fair value of derivative contracts is determined using observable market inputs such as the daily market foreign currency rates, forward pricing curves, currency volatilities, currency correlations and interest rates and considers nonperformance risk of the Company and its counterparties. The Company's fair value measurement process includes comparing fair values to another independent pricing vendor to ensure appropriate fair values are recorded.



3. Accounting policies for the income statement

3.1. General

Profit or loss is determined as the difference between the realisable value of the goods delivered and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

3.2. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Company.

(i) Sales of goods

Revenue from sales of goods is recognised when all significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer. We record estimated sales returns, discounts and miscellaneous claims from customers as reductions to revenues at the time revenues are recorded.

(ii) Other revenues

Other revenues are recognised on an accrual basis in accordance with the substance of the relevant agreements.

3.3. Cost of sales

Costs of sales represent the direct and indirect expenses attributable to revenue and includes royalty expenses. Costs of sales are allocated to the reporting year to which they relate. Shipping and handling costs associated with outbound freight are expensed as incurred and included in cost of sales.

3.4. Selling expenses

Selling expenses consists of advertising and promotion costs, including costs of endorsement contracts, complimentary product, television, digital and print advertising and media costs, brand events and retail brand presentation. Advertising production costs are expensed the first time an advertisement is run. Advertising media costs are expensed when the advertisement appears. Costs related to brand events are expensed when the event occurs. Costs related to retail brand presentation are expensed when the presentation is completed and delivered.

A significant amount of the Company's promotional expenses results from payments under endorsement contracts. Accounting for endorsement payments is based upon specific contract provisions. In general, endorsement payments are expensed on a straight-line basis over the term of the contract. Prepayments made under contracts are included in the "Prepaid expenses and other current assets" line item of Accounts receivable or the "Prepaid endorsements" line item of Financial fixed assets of the balance sheet depending whether the expense will be recognised in less than or greater than 12 months.



3.5. General and administrative expenses

General and administrative expenses consist primarily of wage and benefit related costs, rent, depreciation and amortization, professional services, and meetings and travel. General and administrative expenses are recognised at the historical cost convention and are allocated to the reporting year to which they relate.

3.5.1. Depreciation

Property, plant and equipment are depreciated over their expected useful life beginning upon the inception of their use. Land is not depreciated. Future depreciation is adjusted if there is a change in estimated useful life.

3.5.2. Employee benefits

(i) Short-term employee benefits

Salaries, wages and social security costs are charged to the income statement based on the terms of employment, when due to employees.

(ii) Pensions

The Company has pension plans in various countries. The pension plans are only available to local employees and are generally government mandated. For its defined contribution schemes, the Company pays contributions to pension funds and insurance companies on a compulsory, contractual or voluntary basis. Except for the payment of contributions, the Company has no other obligation in connection with these pension schemes. Contributions are recognised as expenses when incurred. Prepaid contributions are recognised as prepayments and accrued income to the extent that this will lead to a reduction in future payments or a cash refund. Contributions that are due but have not yet been paid are presented as liabilities.

For foreign pension plans, similar to the way in which the Dutch pension system is designed and operates, recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the valuation of the Dutch pension schemes.

(iii) Share option plan

The Company operates a share option plan for directors and personnel. All costs related to the share option plan are assumed and recorded by the ultimate parent company.

3.6. Financial income and expense

Dividends received from investments in subsidiaries are recognised as soon as the Company acquires the right to them.

Interest expense and income is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, an allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Exchange differences arising upon the settlement or conversion of monetary items are recognised, net of any associated hedge results, in the income statement in the period that they arise.



3.7. Income tax

Income tax is calculated based on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) tax exempt items, and plus non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

3.8. Financial instruments

(i) *Market risk - Currency risk*

The Company is active in Europe, the Middle East and Africa. The Company's currency risk relates to positions and future transactions in foreign currencies, especially U.S. Dollars and Pounds Sterling. Based on a risk analysis, the Company's Management determined that part of the currency risks be hedged. To this end, use is made of forward exchange contracts. Forecasted future cash flows as well as certain non-functional currency denominated monetary assets and liabilities are hedged.

(ii) *Market risk - Credit risk*

The Company has significant amounts of trade accounts receivables, accounts receivables from affiliated entities, as well as cash and cash equivalents and other investment funds in accounts with banks or other financial institutions in the Netherlands and abroad. As a result, we are exposed to the risk of default by or failure of counterparties, counterparty affiliated entities and financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and events, such as COVID-19, and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses incurred as a result of default or our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings.

The Company makes ongoing estimates related to the collectability of its trade accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In addition to judgments about the creditworthiness of significant customers based on ongoing credit evaluations, the Company considers historical levels of credit losses, as well as macroeconomic and industry trends, such as the impacts of COVID-19, to determine the amount of the allowance. The Company has limited its credit exposure by placing cash & cash equivalents with major financial institutions with investment grade credit ratings. Company's management has assessed that the likelihood of non-recoverability of accounts receivables from affiliated entities is low as at the financial reporting date.

(iii) *Interest rate and cash flow risk*

The Company incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets and cash and cash equivalents) and on interest-bearing non-current and current liabilities (including borrowings). Where floating-interest loans and receivables are concerned, the Company incurs risk regarding future cash flows. The Company uses cash flow hedges to decrease the cash flow risk.



4. Property, plant and equipment

The movement of property, plant and equipment is as follows:

	Land and buildings		Machinery and equipment	Construction in progress	Total
	Land and improvements	Leasehold improvements			
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost -					
Balance as of May 31, 2021	-	184,851	143,173	203	328,227
Mergers	14,598	68,435	72,481	12,309	167,823
Investments	3,669	20,907	22,535	36,231	83,342
Disposals	-	(16,183)	(28,119)	-	(44,302)
Reclassifications	-	-	253	(27,768)	(27,515)
Balance as of May 31, 2022	18,267	258,010	210,323	20,975	507,575
Accumulated depreciation -					
Balance as of May 31, 2021	-	(93,557)	(115,917)	-	(209,474)
Mergers	-	(30,320)	(58,390)	-	(88,710)
Depreciation of the year	(182)	(23,434)	(23,850)	-	(47,466)
Disposals	(664)	13,510	26,334	-	39,180
Reclassifications	-	-	(253)	-	(253)
Balance as of May 31, 2022	(846)	(133,801)	(172,076)	-	(306,723)
Net book value as of May 31, 2022	17,421	124,209	38,247	20,975	200,852
Net book value as of May 31, 2021	-	91,294	27,256	203	118,753

The completed construction in progress is reclassified to the "investments" of leasehold improvements and machinery and equipment.

In fiscal years ended May 31, 2022 and 2021, the depreciation of the year is included in the caption "General and administrative expenses" of the income statement.



5. Financial fixed assets

The movement of financial fixed assets is as follows:

	Investments in subsidiaries	Prepaid endorsements	Fair value of derivatives	Other long-term assets	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as of June 1, 2020	4,349	1,751	-	8,634	14,734
Additions	-	-	-	1,795	1,795
Releases	-	(72)	-	-	(72)
Balance as of May 31, 2021	4,349	1,679	-	10,429	16,457
Mergers	819,139	108,337	3,359	36,271	967,106
Additions	108,349	13,190	74,246	-	195,785
Impairments (Note 5.1 and Note 15)	(174,087)	-	-	-	(174,087)
Releases	-	(28,247)	(3,359)	(2,102)	(33,708)
Balance as of May 31, 2022	757,750	94,959	74,246	44,598	971,553

5.1 Investments in subsidiaries

As of May 31, 2022, the Company's interests in the directly held participations are as follows:

Entity name	Share capital	Jurisdiction of formation
NIKE Retail B.V.		Hilversum, The Netherlands
NIKE Australia Pty. Ltd.	100%	Abbotsford, Australia
American NIKE S.L.U.	100%	Barcelona, Spain
NIKE CR d.o.o	100%	Zagreb, Croatia
NIKE Magyarorszag KFT	100%	Budapest, Hungary
NIKE Norway AS	100%	Lysaker, Norway
NIKE trgovina Debelo d.o.o.	100%	Ljubljana, Slovenia
NIKE Czech s.r.o	100%	Prague, Czech Republic
NIKE Chelsea Merchandising Ltd.	100%	London, United Kingdom
BRS NIKE Taiwan	100%	Taipei, Taiwan
NIKE Japan Corp.	100%	Tokyo, Japan
NIKE Philippines, Inc.	99.99%	Bonifacio Global City, Philippines
NIKE Retail Hellas Ltd.	100%	Athens, Greece
NIKE Retail Poland sp. z o. o.	100%	Warsaw, Poland
NIKE Retail LLC	99%	Moskow, Russia
NIKE Retail Turkey	100%	Istanbul, Turkey
NIKE China Holding HK Limited	100%	Kowloon, Hong Kong
NIKE South Africa Proprietary Limited	100%	Johannesburg, South Africa
NIKE New Zealand Company	100%	Melbourne, Australia
NIKE Mexico Holding, LLC	100%	Beaverton, United States
NIKE UK Limited	100%	London, United Kingdom

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NIKE Canada Corp.	100%	Toronto, Canada
NIKE Argentina Srl	95%	Buenos Aires, Argentina
NIKE Switzerland GmbH	100%	Zurich, Switzerland
NIKE Deutschland GmbH	100%	Berlin, Germany
NIKE India Private Limited	99.99%	Bangalore, India
NIKE de Chile LTDA	99%	Las Condes, Chile
NIKE Poland Sp. Zoo	100%	Warsaw, Poland
NIKE Brasil Marketing e Licenciamento Esportivo Ltda.	100%	São Paulo, Brazil
NIKE Hong Kong Limited	100%	Kowloon, Hong Kong
NIKE Singapore Pte. Limited	100%	Singapore
NIKE Israel Limited	100%	Tel Aviv – Jaffa, Israel
NIKE Italy SRL	100%	Rome, Italy
NIKE France SAS	100%	Paris, France
NIKE Hellas Single Member Limited	100%	Athens, Greece
NIKE Barcelona Merchandising S.L.U.	100%	Barcelona, Spain
LLC "NIKE" Russia	99%	Moscow, Russia
NIKE Taiwan Limited	100%	Taipei, Taiwan
NIKE Japan Group LLC	100%	Tokyo, Japan
NIKE GmbH (Austria)	100%	Vienna, Austria
Converse Canada Corp.	100%	Montreal, Canada
Converse Hong Kong Holding Company Limited	100%	Kowloon, Hong Kong
Converse Hong Kong Limited	100%	Kowloon, Hong Kong
Converse Europe Limited	100%	London, United Kingdom
Converse (Asia Pacific) Limited	100%	Kowloon, Hong Kong


On August 1, 2021 a NIKE affiliated Company sold (including the subsidiary of) NIKE Canada Holding B.V. to NIKE Retail B.V. (a direct subsidiary of NIKE European Operations Netherlands B.V., hereafter "NEON") for EUR 133 million. On August 1, 2021 the parent company NIKE Europe Holding B.V. contributed (including the subsidiaries of) NIKE Offshore Holding B.V., NIKE Galaxy Holding B.V., NIKE International Holding B.V., NIKE Chile B.V., NIKE Global Holding B.V., NIKE Group Holding B.V., Twin Dragons Holding B.V., NIKE India Holding B.V. and NIKE NZ Holding B.V. to NEON against the issuance of in total 3 shares, with the nominal value of EUR 1 each. These transactions are carried at historical cost, for total impact see last paragraph.

Subsequently in September 2021, NIKE Offshore Holding B.V., NIKE International Holding B.V., NIKE Chile B.V., NIKE Global Holding B.V., NIKE Group Holding B.V., Twin Dragons Holding B.V., NIKE India Holding B.V., NIKE NZ Holding B.V., NIKE Canada Holding B.V., Converse Canada Holding B.V. (subsidiary of Twin Dragons Holding B.V.) and subsidiaries NIKE Laser Holding B.V. and NIKE Air Ace B.V. merged into NIKE Retail B.V. against the issuance of in total 2 shares, with the nominal value of EUR 1 each. These transactions are carried at historical cost, for total impact see last paragraph.

In August and September 2021, NIKE Retail B.V. bought (including the subsidiaries of) NIKE Austria GmbH, NIKE Deutschland GmbH, Limited Liability Company "NIKE" Russia and NIKE Taiwan Limited from NIKE Europe Holding B.V. and NIKE Europe Holding B.V. contributed NIKE Mexico Holding LLC and NIKE Japan Group LLC to NEON. On September 1, 2021 NIKE Retail B.V. bought NIKE South Africa Proprietary Limited from the shareholders NIKE South Africa Holdings LLC and NIKE International LLC. These transactions are carried at historical cost, for total impact see last paragraph.

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On January 1, 2022 NIKE Galaxy Holding B.V. merged into NRBV against the issuance of in total 1 share, with the nominal value of EUR 1. On May 1, 2022 NEON merged with NRBV. The accounting method for mergers and acquisitions executed throughout the fiscal year ended May 31, 2022 is the carryover accounting method with effective date the start of the fiscal year without restating comparative figures.

The above mergers and acquisitions positively impacted the investment in subsidiaries with EUR 819.1 million.

The Company assessed at the balance sheet date whether there is objective evidence that the investment in subsidiaries is impaired. Based on our analysis we have concluded that related to the mergers and acquisitions EUR 174.1 million investments in subsidiaries are impaired. This impairment charge is included in the "Financial income and expenses" caption of the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after this impairment charge, the recognised impairment loss shall be reversed.

6. Inventories

As of May 31, 2022, inventories amounted to EUR 1,174.1 million (May 31, 2021: EUR 241.7 million). The merge with NEON resulted in a substantial higher inventory levels on May 31, 2022.

7. Accounts receivable

This item is made up as follows:

	May 31, 2022	May 31, 2021
	EUR'000	EUR'000
Trade accounts receivable	917,940	45,680
Accounts receivable from affiliated entities (Note 11)	212,707	245,052
Corporate income tax receivable (Note 16)	3,873	2,973
Prepaid expenses and other current assets	108,202	16,830
Other accounts receivable	195,595	7,348
Fair value of derivatives (Note 12)	201,851	-
	1,640,168	317,883

Accounts receivable include balances that fall due in less than one year. The fair value of the accounts receivable approximates the book value. The increase in accounts receivable is mainly due to the NEON merger.

7.1. Trade accounts receivable, net

Trade accounts receivable have current maturities and do not earn interest.

As of May 31, 2022, and 2021, this item includes the bad debt reserve for uncollectible accounts receivable amounted to EUR 917.9 million and EUR 45.7 million, respectively. The higher net accounts receivable amount resulted due to the NEON merge since the customer accounts were transferred to NRBV.



8. Cash and cash equivalents

This item is made up as follows:

	May 31, 2022	May 31, 2021
	EUR'000	EUR'000
Current accounts	340,184	35,176
Investment funds	226,579	-
	566,763	35,176

Balances held at banks related to current accounts are fully available, denominated in multiple currencies and bear interest at market rates. The increase in cash and cash equivalents is mainly due to the NEON merger. Cash at bank related to the Investment funds are freely disposable.



9. Shareholders' equity

9.1 Movement of shareholders' equity

The movement of shareholders' equity is as follows:

	Issued share capital	Share premium	Revaluation reserve	Translation differences reserve	Other reserves	Net result of the year	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as of June 1, 2020	18	454	-	2,426	233,543	40,007	276,448
Appropriation of prior year's result	-	-	-	-	40,007	(40,007)	-
Translation adjustment of the year	-	-	-	1,312	-	-	1,312
Net result of the year	-	-	-	-	-	31,126	31,126
Balance as of May 31, 2021	18	454	-	3,738	273,550	31,126	308,886
Appropriation of prior year's result	-	-	-	-	31,126	(31,126)	-
Mergers	-	778,895	(104,322)	44,653	1,775,718	-	2,494,944
Cash flow hedge reserve	-	-	375,544	-	-	-	375,544
Translation adjustment of the year	-	-	-	106,568	-	-	106,568
Capital contribution	-	(9,512)	-	-	-	-	(9,512)
Dividend distribution	-	-	-	-	(1,558,395)	-	(1,558,395)
Net result of the year	-	-	-	-	-	902,681	902,681
Balance as of May 31, 2022	18	769,837	271,222	154,959	521,999	902,681	2,620,716

9.2 Issued share capital

The authorised share capital is comprised of 90,000 ordinary shares (May 31, 2021: 90,000), each having a nominal value of EUR 1.00 (May 31, 2021: EUR 1.00), of which 18,003 shares were issued and fully paid up as of May 31, 2022 (and 18,000 as of May 31, 2021). Refer to note 5 for the explanation of the increase of shares.



9.3 Share premium

The Company made EUR 9.5 million distributions from its share premium to the parent company NIKE Europe Holding (fiscal year ended May 31, 2021: EUR none).

9.4 Revaluation reserve

The caption "Revaluation reserve" includes the unrealised gain (loss) before tax from derivatives instruments used as cash flows hedges.

9.5 Dividend distribution

The Company has distributed 1,558.4 million dividends in fiscal year ended May 31, 2022 (fiscal year ended May 31, 2021: none).

9.6 Other reserves

In accordance with the Articles of Association of the Company, the net result of the year is added annually to the "Other reserves".

10. Current liabilities

This item is made up as follows:

	May 31, 2022	May 31, 2021
	EUR'000	EUR'000
Salaries and Wages	56,475	27,161
Short-term loans	-	138
Accruals and deferred income	264,690	98,241
Trade creditors	226,484	15,727
Accounts payable to affiliated entities (Note 11)	1,162,143	184,707
Corporate income tax payable (Note 16)	68,163	6,581
Other taxes payable	127,159	85,665
Fair value of derivatives (Note 12)	20,149	-
	1,925,263	418,220

The fair value of the current liabilities approximates the book value.

Short-term loans obtained from banks and credit institutions accrue interest at market rates. The increase in current liabilities is mainly due to the NEON merger.



11. Transactions with affiliated entities

This item is made up as follows:

	May 31, 2022	May 31, 2021
	EUR'000	EUR'000
Accounts receivable from affiliated entities -		
Trade	125,843	163,508
Loans	80,852	78,663
Other	6,012	2,881
	<u>212,707</u>	<u>245,052</u>
Accounts payable to affiliated entities -		
Trade	366,993	56,848
Loans	740,558	120,860
Other	54,592	6,999
	<u>1,162,143</u>	<u>184,707</u>

11.1. Trade accounts receivable and payable from/to affiliated entities

Intercompany trade accounts receivable and payable fall due in less than one year and do not accrue any interest.

11.2. Loans receivable and payable from/to affiliated entities

Loans receivables from affiliated entities mainly relate to loans granted by NRBV to NIKE, Inc. affiliates. Loans payables to affiliated entities relate to surplus funds placed as deposits at NRBV by NIKE, Inc. affiliates.

Intercompany loans bear interest which are mainly referenced to a predefined benchmark rate plus a spread, such as: EURIBOR and LIBOR. They can be demanded at any time by NRBV and are therefore considered to be short-term in nature.

12. Financial instruments - Forward exchange contracts

In the normal course of business, the Company is exposed to risk arising from changes in currency exchange rates. Foreign currency fluctuations affect the recording of transactions, such as sales, purchases and intercompany transactions denominated in non-functional currencies. In order to manage these risks, the Company uses forward exchange contracts and options to hedge certain probable forecasted future cash flows. The Company also utilizes forward exchange contracts and options to manage the foreign exchange exposure of certain non-functional currency denominated monetary assets and liabilities. The Company does not hold or issue derivatives for trading or speculative purposes. The forward exchange contracts are entered into based on the anticipated cash flow needs of such currencies.

Gains and losses on hedges which receive deferral hedge accounting, to the extent they are effective, are deferred in the "Revaluation reserve" caption within shareholders' equity and are recognised in the income statement at the time the underlying hedged item is also recognised in the income statement. Gains and



losses on contracts for which deferral hedge accounting treatment is not sought are recognised in the income statement in the current year.

Notional value and gain (loss) in relation to outstanding forward exchange contracts, disclosed by currency and related type of assets and liabilities, are as follows:

Amounts in millions Type of asset and liability	May 31, 2022			May 31, 2021		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	EUR	EUR	EUR	EUR	EUR	EUR
Cash flow hedges -						
Currency forward (Third-party)	6,928.8	275.4	23.8	-	-	-
Non-hedging instruments -						
Currency forward (Third party)	377.4	0.7	1.1	-	-	-
	USD	EUR	EUR	USD	EUR	EUR
TOTAL		276.1	24.9		-	-
Current portion		201.9	20.1		-	-
Non-current portion		74.2	4.8		-	-

The cumulative change in the fair value of the non-matured non-hedging contracts as per May 31, 2022 is EUR 0.4 million negative (May 31, 2021: nil). The Company recorded no ineffectiveness from its hedges for the years ended May 31, 2022 and 2021.



13. Revenues

During the years ended May 31, 2022 and 2021, revenues by geographical area of the Company are as follows:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
The Netherlands	834,649	153,982
Rest of Europe, the Middle East and Africa	9,521,644	2,474,580
Other	354,213	-
	10,710,506	2,628,562

During the years ended May 31, 2022 and 2021, revenues by category are as follows:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
Trade activities	10,439,524	2,628,562
Other revenues	270,982	-
	10,710,506	2,628,562

The increase in revenues is mainly due to the NEON merger.

14. Wages and salaries

This item is made up as follows:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
By nature -		
Salaries and wages	400,985	181,112
Social charges	64,486	38,944
Pension charges	13,859	4,018
	479,330	224,074

Personnel expenses are distributed among the "Selling expenses" and "General and administrative expenses" captions of the income statement, depending on the activities undertaken by the employees concerned. The increase in wages and salaries is mainly due to the NEON merger.



	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
By geographical area -		
In the Netherlands	298,852	70,135
Outside the Netherlands	180,478	153,939
	<u>479,330</u>	<u>224,074</u>

15. Financial income and expenses

This item is made up as follows:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
Interest income	14,083	136
Interest expense	(5,568)	(669)
Exchange differences	132,731	(1,749)
Other income	52,917	345
Dividends from Subsidiaries	697,943	-
Impairment loss on financial assets (Note 5.1)	(174,087)	-
	<u>718,019</u>	<u>(1,937)</u>

In the fiscal year ended May 31, 2022, interest income and interest expense included intercompany transactions of EUR 9.0 million and EUR 4.5 million, respectively (EUR 0.1 million and EUR 0.6 million, respectively, in the year ended May 31, 2021).



16. Income tax

The reconciliation between the statutory income tax rate and the effective tax rate is as follows:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
Result before income tax	1,036,189	50,548
Dutch statutory income tax rate	25.8%	25.0%
Theoretical income tax	267,337	12,637
Taxation on result	133,508	19,422
Effective tax rate	12.9%	38.4%

The applicable tax rate is based on the relative proportion of the group companies' contribution to the result and the tax rates applicable in the countries concerned. In fiscal year ended May 31, 2022, the effective tax rate is different from the applicable tax rate and from prior fiscal year mainly due permanent differences relating to withholding tax (participation exemption). In fiscal year ended May 31, 2021, the effective tax rate is different from the applicable tax rate mainly due to the income tax of the foreign branches.

As of May 31, 2022, the corporate income tax position in the balance sheet resulted in a receivable amount of EUR 3.9 million and a payable amount of EUR 68.2 million, relating mainly to the Dutch fiscal unity tax.

As of May 31, 2021, the corporate income tax position in the balance sheet resulted in a receivable amount of EUR 3.0 million and a payable amount of EUR 6.6 million.

In January 2019, the European Commission opened a formal investigation to examine whether the Netherlands has breached State Aid rules when granting certain tax rulings to NEON. Due to the NEON merger the Company is now subject to the investigation. The Company believes the investigation is without merit. If this matter is adversely resolved, the Netherlands may be required to assess additional amounts with respect to prior periods, and the Company's Netherlands income taxes in the future could increase.

Fiscal unity

NIKE Retail B.V. is part of a Dutch fiscal income tax unity. The parent company of this fiscal unity is NIKE Europe Holding B.V., sole shareholder of the Company. NIKE Europe Holding B.V. settles the taxes with its subsidiary as if the subsidiary is a stand-alone tax payer.

In accordance with the standard conditions of the fiscal unity, all members of the fiscal unity are severally liable for the taxation of these entities.

NIKE Retail B.V. is also part of a Dutch fiscal VAT unity.



17. Employees

During fiscal year ended May 31, 2022, the Company employed an average of 7,239 of which 4,456 work outside of the Netherlands (fiscal year ended May 31, 2021: 5,270 of which 4,523 work outside of the Netherlands). On 1st of June 2021 NRBV merged with NEON leading to having more employees on payroll

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
Sales & Marketing	6,114	5,224
Support	1,125	46
	7,239	5,270

18. Remuneration of directors

The emoluments of directors refer to the directors during the fiscal year and consist of periodically paid remunerations like salaries, bonuses, pensions and social security contributions. During fiscal years ended May 31, 2022 and 2021, these remunerations amounted to EUR 1,084.1 thousand and EUR 635.4 thousand, respectively.

19. Commitments and contingencies

As of May 31, 2022, the Company held contracts related to operating lease agreements and endorsement agreements, whose minimum undiscounted future payments were as follows:

	Operating lease agreements	Endorsement agreements
	EUR'000	EUR'000
Within one year	85,536	304,525
Between one and five years	290,676	1,053,508
After five years	255,754	9,214
	631,966	1,367,247

As of May 31, 2021, commitments related to operating lease and endorsement agreements amounted to EUR 589.1 million and EUR nil, respectively. The significant increase of the commitments related to endorsement agreements is due to the NEON merger.

Expenses incurred in connection with the operating lease agreements in fiscal years ended May 31, 2022, and 2021, amounted to EUR 132.6 million and EUR 147.2 million, respectively.

In addition, as of May 31, 2022, and 2021, the Company has extended guarantees to banks amounting to EUR 137.5 million and EUR 11.9 million, respectively.



In the ordinary course of its business, the Company is involved in various legal proceedings involving contractual and employment relationships, product liability claims, trademark rights, and a variety of other matters. The Company has received claims for certain years from the Belgian Customs Authorities for alleged underpaid duties related to products imported beginning in fiscal 2018. The Company disputes these claims and has engaged in the appellate process. At this time, the Company is unable to estimate the range of loss and cannot predict the final outcome as it could take several years to reach a resolution on this matter. If this matter is ultimately resolved against the Company, the amounts owed, including fines, penalties and other consequences relating to the matter, could have a material adverse effect on the Company's results of operations, financial position and cash flows.

20. Share option plans

As indicated in Note 3.5.2, NIKE, Inc. has granted share options to certain employees of the Company. In fiscal year ended May 31, 2022, the expense in relation to these obligations related to employees of the Company amounted to approximately USD 36.6 million, equivalent to approximately EUR 32.1 million (USD 4.1 million, equivalent to approximately EUR 3.5 million, during the year ended May 31, 2021). Expenses associated with this stock-based compensation plan are fully assumed and recorded by NIKE, Inc.

For more details regarding stock-based compensation plans refer to the consolidated financial statements of NIKE, Inc.

21. Audit fees and services

The total audit fees and services are:

	June 1, 2021 - May 31, 2022	June 1, 2020 - May 31, 2021
	EUR'000	EUR'000
Audit of the financial statements*	1,013	-
Other audit procedures	-	-
Tax services	-	-
Other non-audit services	-	-
	1,013	-

* PricewaterhouseCoopers Accountants N.V.

These fees relate to the audit of the 2022 financial statements, regardless of whether the work was performed during the financial year. The Company had a filing and audit exemption for fiscal year 2021 in accordance with Section 403, Book 2, of the Dutch Civil Code.



22. Subsequent events

During the fourth quarter of fiscal 2022, NIKE, Inc. entered into separate definitive agreements to sell the legal entities in Argentina and Uruguay (branch) as well as the legal entity in Chile to third-party distributors. The business transfers occurred during the first half of fiscal 2023.

During the first half of fiscal 2023 the assets and liabilities of the following fully owned subsidiaries - NIKE UK Ltd. (including NIKE UK Ireland branch), NIKE France S.A.S., American NIKE S.L.U., NIKE Deutschland GmbH, NIKE Italy S.R.L., NIKE Retail Hellas Ltd., NIKE Hellas Single Member Ltd., NIKE Retail Poland sp. z o. o. were allocated to the respective NRBV branch in these countries mainly through a cross border merger.

23. Proposed distribution of the net result of the year

The Directors propose to add the profit of the fiscal year ended May 31, 2022 amounting to EUR 902.7 million (fiscal year ended May 31, 2021: EUR 31.1 million) to the other reserves.



Hilversum, February 21, 2023

Board of Directors,

D.W. Mc Kenzie

M. Meijer

C.A. Sparks

C.D. Grebert

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Other information

a. Office

NIKE Retail B.V. has its registered office at Colosseum 1, 1213NL Hilversum, the Netherlands.

b. Profit appropriation according to the Articles of Association

In accordance with the Articles of Association the company may only make distributions to shareholders and other persons entitled distributable profits to the extent its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law. Distributions shall take place pursuant to a resolution of the general meeting, adopted upon the proposal of the meeting of the relevant classes of shareholders.

c. Branches

The Company owns the following direct branches as at May 31, 2022:

Branch name	Jurisdiction of formation
Dubai Media City Freezone	the United Arab Emirates
Nike Turkey	Turkey
Nike Retail Croatia	Croatia
Nike Retail Denmark	Denmark
Nike Retail Ireland	Ireland
Nike Retail Czech	the Czech Republic
Nike Retail Italy	Italy
Nike Retail Portugal	Portugal
Nike Retail Germany	Germany
Nike Retail Austria	Austria
Nike Retail Sweden	Sweden
Nike Retail France	France
Nike Retail Switzerland	Switzerland
Nike Retail Spain	Spain
Nike Retail UK	United Kingdom
Nike Retail Hungary	Hungary
NIKE Retail Belgium	Belgium
Nike Retail Norway	Norway
Nike Retail Finland	Finland

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d. Independent auditor's report



Independent auditor's report

To: the general meeting of NIKE Retail B.V.

Report on the financial statements for the year ended May 31, 2022

Our opinion

In our opinion, the financial statements of NIKE Retail B.V. ('the Company') give a true and fair view of the financial position of the Company as at May 31, 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the year ended May 31, 2022 of NIKE Retail B.V., Hilversum.

The financial statements comprise:

- the company balance sheet as at May 31, 2022;
- the company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of NIKE Retail B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).
6UCVX2HXVK2D-953449999-14

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Unaudited corresponding figures

We have not audited the financial statements for the year ended May 31, 2021. Consequently, we have not audited the corresponding figures included in the income statement and the related notes.

Report on the other information included in the financial report

The financial report contains other information. This includes all information in the financial report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report of the directors and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report of the directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of management

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, February 21, 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Voorthuijsen RA



Appendix to our auditor's report on the financial statements for the year ended May 31, 2022 of NIKE Retail B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the financial statements, we are responsible for the direction, supervision and performance of the audit of the financial statements. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with management 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.

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