

NIKE Slovakia s. r. o.
Notes to the Separate Financial Statements
Prepared as at 31 December 2019
(Value data in tables are disclosed in whole euros unless stipulated otherwise)

Note:

The notes include information stipulated by the regulations relating to the content of the notes to separate financial statements, for which the reporting entity has the content. All data and information disclosed in these notes arise from bookkeeping and are linked to financial statements. Value figures are in euros unless stipulated otherwise.

I. GENERAL INFORMATION

1. Company Details

Business name and seat	NIKE Slovakia s. r. o. Štefánikova 15 811 05 Bratislava
Business activities	<ul style="list-style-type: none"> – Activities in the field of trade – Purchase and sales of goods to other customers (wholesale) – Storage – Advertising and promotional activities – Market research and public opinion polling – Administrative services – Organization cultural and other social activities

2. Employees

<i>Item</i>	31.12.2019	31.5.2019
Number of employees as at the reporting date	-	-

3. Basis of Preparation for the Financial Statements

These financial statements represent the extraordinary financial statements of NIKE Slovakia s. r. o. (next "the company"). The financial statements were prepared for the reporting period from 1 June 2019 to 31 December 2019 in compliance with Slovak legislation, i.e. the Act on Accounting and Accounting Procedures for Businesses.

The financial statements are intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

4. Approval of the Financial Statements for the previous reporting period

On 26 November 2019, the Annual General Meeting approved the financial statements for the reporting period from 1 June 2018 to 31 May 2019 of NIKE Slovakia s. r. o.

5. Consolidated Financial Statements

Company NIKE Slovakia s. r. o. is subsidiary and included into consolidated financial statements of Nike European Operations Netherlands B. V., at its registered seat Colosseum 1, 1213 NL Hilversum, The Netherlands, with 85 % of its share capital.

Nike European Operations Netherlands B.V., Colosseum 1, 1213 NL Hilversum, The Netherlands, prepares consolidated financial statements for all groups of enterprises in the consolidated group. The company is an immediate consolidating company. The consolidated financial statements are available at its registered office.

The NIKE Slovakia s. r. o. is not a parent company in any other domestic or foreign company.

NIKE Slovakia s. r. o.

Notes to the Separate Financial Statements

Prepared as at 31 December 2019

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

II. INFORMATION ABOUT AUTHORITY OF COMPANY

The executive manager acts on its own behalf.

1. Members of Company's Bodies

Partners: Nike European Operations Netherlands B.V., Colosseum 1, 1213 NL Hilversum, The Netherlands
NIKE Group Holding B.V., Colosseum 1, 1213 NL Hilversum, The Netherlands

Executives: Frederik Marcel Versteeg, Willem Pijperstraat 15, Amsterdam 1077 XK, The Netherlands
Adnan Karaca, Cronstettenstrasse 67, Frankfurt am Main 603 22, Germany
Johanna Cornelia Maria van der Vorst, Pronkmos 52, Houten 3994LR, The Netherlands

III. ACCOUNTING PRINCIPLES AND METHODS APPLIED

1. The Company applied accounting principles and procedures pursuant to the Act on Accounting and Accounting Procedures for Businesses effective in the Slovak Republic. The accounting books were kept in the monetary units of the Slovak currency, i.e. euros.
2. Extraordinary financial statements as of 31 December 2019 were prepared due to entering of the company into liquidation process.
3. Revenues and costs were recognised as they were earned or incurred under the accrual basis of accounting. All revenues and costs related to the reporting period were used as a basis regardless of their settlement date.
4. When measuring assets and liabilities, the prudence principle was followed, i.e. all risks, losses, and impairment related to assets and liabilities and known as at the reporting date were used as a basis.
5. Revenue recognition – revenues were recognised when delivery terms were fulfilled, since at that moment significant risks and ownership rights were transferred to the customer.
6. Non-current and current receivables, payables, loans – receivables and payables were disclosed on the balance sheet as either non-current or current following their residual maturities as at the reporting date. Portions of non-current receivables and portions of non-current payables due within one year from the reporting date were disclosed on the balance sheet as current receivables and current payables as appropriate.
7. Estimates made – when compiling financial statements, the Company's management was required to prepare estimates and assumptions that influence the recognized amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the reporting date, as well as the disclosed amounts of revenues and expenses during the year. The actual results may differ from these estimates.
8. Reported tax – Slovak tax legislation is relatively new, lacks precedents, and is subject to continuous amendments. Since various interpretations of tax laws and regulations in the application thereof to various transaction types exist, the amounts disclosed in the financial statements may later change, based on the ultimate opinion of the tax authorities.

9. Recognition of Individual Items of Assets and Liabilities – Initial Measurement

Upon acquisition, the cost principle was applied (i.e. the historical cost convention) and individual items of assets and liabilities were measured as follows:

- a) Receivables:
- When originated – at face value,
 - Where acquired (assigned) for consideration or through a contribution to the registered capital – at cost.

For non-interest-bearing non-current receivables and non-current borrowings, the provision was included in the *Correction* column where the values of the receivable and loan/borrowing were adjusted to their present value, for example by using the effective interest rate method.

NIKE Slovakia s. r. o.

Notes to the Separate Financial Statements

Prepared as at 31 December 2019

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

- b) Payables:
- When incurred – at face value,
 - Where assumed – at cost.
- c) Provisions for liabilities – at the anticipated amount payable or applying actuarial methods.
- d) Current income taxes – pursuant to the Slovak Income Tax Act, current income taxes were determined based on the pre-tax accounting profits at the rate of 21% after adjustments for certain items for tax purposes.
- e) Deferred income tax – was recognized when temporary differences arise between the carrying amount of assets and liabilities as disclosed on the balance sheet and their tax base, with the possibility of carrying forward tax losses and of transferring the unclaimed tax loss deductions into future periods. To determine the amount of deferred income taxes, the tax rate applicable in the subsequent reporting period was applied, i.e. 21%.

10. Recognition of Individual Items of Assets and Liabilities – Subsequent Measurement

Estimated risks, losses, and impairments related to assets and liabilities were reflected in provisions for liabilities, provisions for assets, and depreciation charges.

- Provisions - were recognized at the anticipated amount payable. The amount of provisions and the grounds for their recognition were assessed as at the reporting date.

11. Translation of Amounts Denominated in Foreign Currency to Slovak Currency

Assets and liabilities denominated in a foreign currency were translated to euro using the reference exchange rate determined and announced by the European Central Bank (ECB) or the National Bank of Slovakia (NBS) on the date preceding the transaction date, on the reporting date and on the date of the decisive date on which the assets and liabilities were assumed from a foreign legal entity being wound-up. Advances received and made in a foreign currency were not translated as at the reporting date. For foreign currency purchases and sales in euro, and upon the transfer of funds from an account established in a foreign currency to an account established in euro and from an account established in euro to an account established in a foreign currency, the exchange rates at which these amounts were purchased or sold were applied. If the sale or purchase of a foreign currency were performed at an exchange rate other than the one offered by a commercial bank in its foreign exchange list, the exchange rate offered by such commercial bank in its foreign exchange list on the transaction settlement date was used. If the sale or purchase were not performed with a commercial bank, the reference exchange rate determined and announced by the ECB or the NBS on the date preceding the transaction settlement date was used.

12. Changes in Accounting Principles and Accounting Methods

The reporting entity has not changed the accounting principles or accounting methods in reporting period from 1 June to 31 December 2019.

13. Correction of Material Errors of Previous Periods

The company did not book any important corrections of the past reporting periods during the current reporting period, which could to have an impact for results from previous years.

IV. INFORMATION EXPLAINING AND SUPPLEMENTING THE BALANCE SHEET AND INCOME STATEMENT

1. Liabilities

The company did not recognize non-current liabilities.

2. Information on costs and revenues of exceptional magnitude or incidence

The company did not recognize expenses and revenues that are of an exceptional nature.

NIKE Slovakia s. r. o.

Notes to the Separate Financial Statements

Prepared as at 31 December 2019

(Value data in tables are disclosed in whole euros unless stipulated otherwise)

V. OTHER ASSETS AND OTHER LIABILITIES

1. Contingent Liabilities

Tax returns remain open and may be subject to review over a period of five years. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to a potential further review over the five-year period. Accordingly, as at 31 December 2019, the Company's tax returns for the reported period 31 May 2015 to 31 December 2019 remain open and may be subject to review.

The Company did not keep any off-balance sub-ledgers for assets or liabilities.

VI. EVENTS THAT OCCUR BETWEEN THE REPORTING DATE AND THE DATE WHEN THE FINANCIAL STATEMENTS ARE AUTHORISED FOR ISSUE

Based on the decision of the founder from 30 December 2019, NIKE Slovakia s. r. o. entered into liquidation as of 31 December 2019.