

Registered number: 20 75 47 88

adidas Danmark A/S

Øster Allé 56, 2 sal
2100 Copenhagen Ø

Annual report and financial statements

for the year ended 31 December 2019

The annual report was presented and adopted at the annual general meeting of the company

Chairman of meeting Krystof Mejstrik

Date 07.07.2020

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for the year ended 31 December 2019

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**Statement by Board of Directors and the Executive Board
for the year ended 31 December 2019**

The Board of Directors and the Executive Board have today discussed and approved the annual report of adidas Danmark A/S for the financial year 1 January - 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the company's assets, liabilities and financial position as 31 December 2019 and of the results of the company's operations for the year 1 January - 31 December 2019.

In our opinion, the Management's review includes a fair view of the development in the company's operations and financial matters, of the results for the year and of the company's financial position, and of the matters discussed in the Management's review.

We recommend that the annual report be adopted at the annual general meeting on 7th July 2020.

Copenhagen, 7th July 2020

Executive Board

Andrew R. Hackett

Board of Directors

Krystof Mejstrik
Chairman

Andrew Richard Hackett
Deputy Chairman

Brad Casselman
Director



Independent auditor's report

To the shareholder of adidas Danmark A/S

Opinion

We have audited the financial statements of adidas Danmark A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 7th July 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael E. K. Rasmussen
State Authorised
Public Accountant
mne41364

**Management Review
for the year ended 31 December 2019**

Business activities

The company's activity is to sell sports merchandise of the brands adidas and Reebok in Denmark.

Development in activities and financial position

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 11,323 thousand, and the balance sheet at 31 December 2019 shows equity of DKK 20,802 thousand.

The company's profit is negatively impacted DKK 180 thousand due to early adoption of IFRS 15 and 16.

Risks

Operating risks

In Management's assessment, the company is not exposed to any special risks apart from those generally occurring in this line of business.

Currency risks

As the company primarily sell in Danish Krone and buy in Danish Krone, foreign exchange risk is considered low.

Environment

In Management's assessment, the company's activities do not impact on the external environment.

Research and development activities

The company does not undertake any research, but the product range is undergoing constant development.

Post balance sheet events

Due to the deterioration in the economic outlook as a consequence of the COVID-19 situation, it is expected that the Company's financial result for 2020 will be negatively affected. In view of the significantly increased market uncertainty and the risk of revenue and credit losses due to an extended COVID-19 process of up to five months affecting the retail market for the Company's consumer products, the Company is changing its expectations of the profit for the year before tax from the interval of DKK 12-12.5 million to the interval of DKK 7.5-8 million.

Outlook

Due to the coronavirus pandemic, there is significant uncertainty with regards to the estimated financial impact on the business.

Income Statement
for the year ended 31 December 2019

	Note	2019 DKK '000	2018 DKK '000
Gross profit		53,659,918	36,508,885
Gross profit		<u>53,659,918</u>	<u>36,508,885</u>
Staff Costs	2	(28,508,962)	(26,437,996)
Earnings before interest, taxes, depreciation and amortisation		<u>25,150,956</u>	<u>10,070,889</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(10,785,396)	(2,368,184)
Profit before financial income and expenses		<u>14,365,560</u>	<u>7,702,705</u>
Financial income	3	135,362	195,146
Financial expenses	4	(1,085,978)	(306,524)
Profit/loss before tax		<u>13,414,945</u>	<u>7,591,327</u>
Tax on profit for the year	5	(3,592,351)	(1,688,689)
Net profit for the year	6	<u><u>9,822,594</u></u>	<u><u>5,902,637</u></u>

Balance Sheet
for the year ended 31 December 2019

	Note		2019 DKK	2018 DKK
Non-current assets				
Intangible assets				
Goodwill	7	-	606,000	
Property, plant and equipment				
Operating equipment	8	356,975	286,916	
Leasehold upgrades	8	3,445,035	5,293,329	
Land & buildings	8	51,073,920	-	
Vehicles	8	3,806,755	-	
Total non-current assets		58,682,686	6,186,245	
Current assets				
Inventories				
Finished goods and goods for resale		8,291,725	6,727,200	
Receivables				
Trade Receivables		40,779,355	40,191,863	
Amounts owed by group companies		26,494,153	6,463,744	
Other receivables		14,262,295	12,436,554	
Deferred tax asset	9	5,841,924	4,680,679	
Corporation tax		648,964	-	
Prepayments	10	1,558,902	1,265,585	
Cash at bank and hand				
Cash at bank and hand		231,580	3,116,985	
Total current assets		98,108,898	74,882,609	
Total assets		156,791,583	81,068,854	

Balance Sheet
for the year ended 31 December 2019

	Note	2019 DKK	2018 DKK
Equity			
Share capital		8,000,000	8,000,000
Retained Earnings		1,302,230	1,479,636
Proposed dividend for the year		10,000,000	14,000,000
Total equity	11	<u>19,302,230</u>	<u>23,479,636</u>
Provisions			
Other provisions	12	16,141,400	18,952,834
Total provisions		<u>16,141,400</u>	<u>18,952,834</u>
Non-current liabilities other than provisions			
Lease liabilities	13	47,315,228	-
Total non-current liabilities other than provisions		<u>47,315,228</u>	<u>-</u>
Current liabilities other than provisions			
Trade payables		22,484,976	8,267,245
Payables to group companies		20,149,232	2,084,014
Corporation tax		-	242,036
Other payables		23,652,878	28,043,089
Lease liabilities	13	7,745,639	-
Total current liabilities other than provisions		<u>74,032,725</u>	<u>38,636,384</u>
Total equity and liabilities		<u><u>156,791,583</u></u>	<u><u>81,068,854</u></u>

**Statement of changes in equity
for the year ended 31 December 2019**

	Share capital	Proposed dividend for the year	Retained earnings	Total Equity
Equity at 1 January 2019	8,000,000	14,000,000	1,479,636	23,479,636
Profit for the year	-	-	9,822,594	9,822,594
Ordinary dividend paid	-	(14,000,000)		(14,000,000)
Proposed profit appropriation - dividend	-	10,000,000	(10,000,000)	-
Equity at 31 December 2019	<u>8,000,000</u>	<u>10,000,000</u>	<u>1,302,230</u>	<u>19,302,230</u>

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies

The annual report of Adidas Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act. The accounting policies used in the preparation of the financial statements are consistent with those of last year except for the early adoption of IFRS 15 Revenue from Contracts with customers and IFRS 16 Leased assets from 1. January 2019.

The implementation of IFRS 15 has no impact on the financial figures for 2019 or the retained earnings 1. January 2019.

As a lessee adidas Danmark A/S has applied IFRS 16 on 1. January 2019, using the cumulative catch up approach and measuring the amount equal to liability at adoption, with no restatement of comparative information.

As of 1. January 2019 the additional assets and liabilities on the balance sheet amounted to DKK 62.8 million. In addition, the nature of expenses related to those leases will now change, as the straight line operation lease expense is replaced with depreciation charge for the right-of-use asset and interest expense on lease liabilities. The company's profit is negatively impacted DKK 180 thousand due to early adoption of IFRS 16.

Applied exemption in the Danish Financial Statements Act

In accordance with section 86 (4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement, as such a statement is included in the consolidated cash flow statement of adidas Group.

1.1 Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risks, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

1.2 Cost of sales

Cost of goods sold comprise direct and indirect costs incurred to generate revenue, including costs for sale and distribution of goods sold.

1.3 Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases etc.

1.4 Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue. The gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

1.5 Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc, to the company's employees.

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies (continued)**1.6 Financial income and expenses**

Financial income and expenses include interest, financial expenses, realised and unrealised exchange adjustments, amortisation of mortgage.

1.7 Tax on profit for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including charges arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

1.8 Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years, as the business is linked to an asset with a long lifespan. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

1.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less any projected residual value after the end of the useful life. The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and labour.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Vehicles	3-4 years
Land & buildings	7-11 years
Operating Equipment	2-8 years
Leasehold Improvements	3-5 years

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount.

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies (continued)

Leased assets

Leased assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property, plant and equipment.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

1.10 Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation and amortisation.

Impairment tests are conducted on individual assets or groups of assets when there is an indication that they may be impaired. Write downs are made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

1.11 Inventories

Inventories are measured using FIFO method. Where the net realisable value is lower than the cost, inventories are carried at this lower value. The cost of goods for resale and consumables comprises the purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

1.12 Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies (continued)

1.13 Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

1.14 Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

The expected dividend payment for the year is disclosed as a separate item under equity.

1.15 Provisions

Provisions comprise expected expenses relating to guarantee commitments, reconstructions, etc. Provisions are recognised, when as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at value in use.

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies (continued)

1.16 Corporation tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income of the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

1.17 Liabilities other than provisions

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Notes to the financial statements
for the year ended 31 December 2019**

1. Accounting policies (continued)

1.18 Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

**Notes to the financial statements
for the year ended 31 December 2019**

2. Employees

Staff costs were as follows

	2019 DKK	2018 DKK
Wages and salaries	25,165,807	23,690,061
Social security costs	472,290	419,826
Pensions	2,534,168	2,060,563
Other staff costs	336,697	267,547
	<u>28,508,962</u>	<u>26,437,996</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
	<u>75</u>	<u>65</u>

The Company has not paid any remuneration to the Managing Director or the Board of Directors during the financial year.

3. Financial Income

	2019 DKK	2018 DKK
Financial income from group companies	1,185	22
Other financial income	134,177	195,124
	<u>135,362</u>	<u>195,146</u>

4. Financial Expenses

	2019 DKK	2018 DKK
Financial expenses from group companies	95,333	53,064
Other financial expenses	990,644	253,461
	<u>1,085,978</u>	<u>306,524</u>

Notes to the financial statements
for the year ended 31 December 2019

5. Tax on profit for the year

	2019	2018
	DKK	DKK
Current tax for the year	4,391,036	4,238,036
Deferred tax for the year	(1,161,245)	(2,609,236)
Adjustment of current tax concerning previous years	362,560	59,889
	<u>3,592,351</u>	<u>1,688,689</u>

6. Proposed profit appropriation

	2019	2018
	DKK	DKK
Proposed dividend for the year	10,000,000	14,000,000
Retained earnings	(177,406)	(8,097,363)
	<u>9,822,594</u>	<u>5,902,637</u>

7. Intangible assets

	Goodwill
	DKK
Cost	
At 1 January 2019	7,270,000
At 31 December 2019	<u>7,270,000</u>
Amortisation	
At 1 January 2019	6,664,000
Charge for the year	606,000
At 31 December 2019	<u>7,270,000</u>
Carrying Amount	
At 31 December 2019	<u><u>-</u></u>

**Notes to the financial statements
for the year ended 31 December 2019**

8. Tangible fixed assets

	Land & buildings DKK	Vehicles DKK	Leasehold upgrade DKK	Operating equipment DKK	Total DKK
Cost or valuation					
At 1 January 2019	-	-	10,353,246	477,173	10,830,420
Additions	57,402,320	5,349,095	357,294	173,127	63,281,836
Disposals	-	-	-	-	-
At 31 December 2019	<u>57,402,320</u>	<u>5,349,095</u>	<u>10,710,540</u>	<u>650,301</u>	<u>74,112,256</u>
Depreciation					
At 1 January 2019	-	-	5,059,917	190,258	5,250,174
Charge for the period on owned assets	6,328,400	1,542,340	2,205,588	103,067	10,179,396
Disposals	-	-	-	-	-
At 31 December 2019	<u>6,328,400</u>	<u>1,542,340</u>	<u>7,265,505</u>	<u>293,325</u>	<u>15,429,570</u>
Carrying Amount					
At 31 December 2019	<u><u>51,073,920</u></u>	<u><u>3,806,755</u></u>	<u><u>3,445,035</u></u>	<u><u>356,975</u></u>	<u><u>58,682,686</u></u>
Assets held under finance lease	<u><u>51,073,920</u></u>	<u><u>3,806,755</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>54,880,675</u></u>

Notes to the financial statements
for the year ended 31 December 2019

9. Deferred Tax Asset

	2019	2018
	DKK	DKK
Deferred tax as at 1 January	4,680,679	2,071,443
Deferred tax adjustment for the year income statement	<u>1,161,245</u>	<u>2,609,236</u>
	<u><u>5,841,924</u></u>	<u><u>4,680,679</u></u>

10. Prepayments

Prepayments comprise prepaid expenses regarding rent, service charge, insurance premiums and subscriptions.

11. Equity

The share capital consists of 4 shares of a nominal value of DKK 2,000 thousand. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

12. Other Provisions

	2019	2018
	DKK	DKK
Warranty provision	13,711,634	14,432,957
Other	<u>2,429,766</u>	<u>4,519,877</u>
	<u><u>16,141,400</u></u>	<u><u>18,952,834</u></u>

13. Lease Liabilities

Non-current liabilities other the provisions can be specified as follows:

Lease liabilities	2019	2018
	DKK	DKK
0 - 1 years	7,745,639	-
1 - 5 years	27,667,830	-
> 5 years	<u>19,647,398</u>	-
	<u><u>55,060,867</u></u>	<u><u>-</u></u>

**Notes to the financial statements
for the year ended 31 December 2019**

14. Contingent assets, liabilities and other financial obligations**Contingent Liabilities**

The company has entered into multi-years sponsor agreements with several sporting associations and athletes. The total liability at 31 December 2019 totalled DKK 1.5 million, of which DKK 1.5 million falls due for payment in 2020.

The company has issued bank guarantees of DKK 0.4 million.

adidas Danmark A/S is party to a minor pending lawsuit. In Management's opinion, the outcome of the lawsuit will not affect the Company's financial position.

15. Related parties and ownership**Controlling interest**

adidas International B.V., Hoogoorddreef 9A, Amsterdam, Holland.
adidas International B.V. holds the majority of contributed capital in the Company

Ownership

adidas Danmark A/S is part of the consolidated financial statements of the adidas Group. The consolidated financial statements can be requisitioned at <http://www.adidas-group.com/>

adidas Danmark A/S is part of the consolidated financial statements of the adidas Group, adidas AG, which is the largest and smallest group in which the Company is consolidated.

Related party transactions

	2019	2018
	DKK '000	DKK '000
Transactions with related parties		
Sale of goods and services to subsidiaries	11,090	11,297
Purchase of goods and services from subsidiaries	499,167	439,404

Receivables and payables from/to subsidiaries are disclosed in the balance sheet, and interest income and expense are disclosed in note 3 and 4 respectively.

**Notes to the financial statements
for the year ended 31 December 2019**

16. Post year-end events

Due to the deterioration in the economic outlook as a consequence of the COVID-19 situation, it is expected that the Company's financial result for 2020 will be negatively affected. In view of the significantly increased market uncertainty and the risk of revenue and credit losses due to an extended COVID-19 process of up to five months affecting the retail market for the Company's consumer products, the Company is changing its expectations of the profit for the year before tax from the interval of DKK 12-12.5 million to the interval of DKK 7.5-8 million.