

Schades Nordic ApS

Øster Fælled Vej 5
7800 Skive

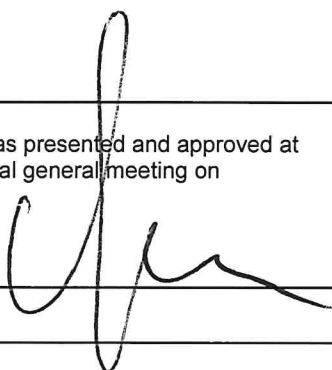
CVR no. 30 52 89 56

Annual report 2019

The annual report was presented and approved at
the Company's annual general meeting on

18 June 2020

Marcel Bergmann
chairman

A handwritten signature in black ink, appearing to be 'M. Bergmann', is written over a horizontal line. The signature is stylized and extends above and below the line.

Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements 1 January – 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes	14

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Schades Nordic ApS for the financial year 1 January – 31 December 2019.

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

In my 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.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

I recommend that the annual report be approved at the annual general meeting.

Skive, 18 June 2020
Executive Board:



Marcel Bergmann

Independent auditor's report

To the shareholders of Schades Nordic ApS

Opinion

We have audited the financial statements of Schades Nordic ApS 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.

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 users made on the basis of these financial statements.

Independent auditor's report

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.

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.



Schades Nordic ApS
Annual report 2019
CVR no. 30 52 89 56

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 18 June 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trøjberg Knudsen
State Authorised
Public Accountant
mne34459

Katrine Gybel
State Authorised
Public Accountant
mne45848

Schades Nordic ApS
Annual report 2019
CVR no. 30 52 89 56

Management's review

Company details

Schades Nordic ApS
Øster Fælled Vej 5
7800 Skive

Telephone: +45 96 15 16 00
Fax: +45 96 15 16 05
Website: www.schades.com

CVR no.: 30 52 89 56
Established: 29 June 2007
Registered office: Øster Fælled Vej 5, 7800 Skive
Financial year: 1 January – 31 December

Executive Board

Marcel Bergmann

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	229,023	230,778	192,261	196,717	222,409
Gross profit	23,260	25,070	21,011	17,080	20,642
Operating profit	12,133	15,381	11,358	6,940	10,969
Profit/loss from financial income and expenses	-2,074	-5,111	-97	-856	-441
Profit for the year	12,774	8,930	7,071	5,560	8,795
Assets and liabilities					
Fixed assets	13,708	8,082	7,558	8,085	13,020
Current assets	73,819	75,862	76,967	70,663	73,807
Total assets	87,527	83,944	84,525	78,748	86,827
Equity	57,194	45,547	36,801	39,730	44,170
Current liabilities other than provisions	29,885	38,307	47,657	39,014	40,892
Investment in property, plant and equipment	991	172	0	4,333	957
Ratios					
Gross margin	10.2%	10.9%	10.9%	8.7%	9.3%
Operating margin	5.3%	6.7%	5.9%	3.5%	4.9%
Return on invested capital	23.6%	44.2%	27.1%	8.8%	12.6%
Current ratio	244.4%	198.0%	161.5%	1,811.0%	176.5%
Return on equity	24.9%	21.7%	18.5%	14.0%	19.6%
Solvency ratio	65.3%	54.3%	43.0%	49.6%	50.9%
Average number of full-time employees					
	25	25	26	28	29

Financial ratios are calculated in accordance with the guidelines "Recommendations and Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on invested capital
$$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$$

Current ratio
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

Schades Nordic ApS's principal activities are production and sale of documentation rolls used in electronic documentation, information and payment systems, such as cash registers, bank terminals, credit card machines, and self-adhesive labels used as documentation labels in the food industry, grocery trade and for logistics purposes.

Development in activities and financial position

The Company generated revenue of DKK 229.0 million in 2019 and gross profit of DKK 23.3 million compared to DKK 25.1 million last year. The decrease in gross profit was primarily due to worsened market conditions.

Operating profit was DKK 12.1 million.

Profit for the year after tax represented DKK 12.8 million, which exceeds our our expectations.

Equity at 31 December 2019 stood at DKK 57.2 million. The solvency ratio at the end of 2019 was 65.3%.

Environmental matters

There is no particular environmental impact.

Financial risks

The Company's activities pose financial risks in connection with trade receivables and trade payables, deposits and credit with credit institutions, etc. in Danish kroner as well as in foreign currencies.

The Company is, to a certain extent, affected by fluctuations in interest rates. Exchange rate fluctuations have had a minor negative impact on the Company's cash flows. The Company's receivables are distributed in such a way that the Company's credit risks are not considered unusual.

Outlook

Due to the deterioration in the economic outlook as a consequence of the COVID-19 situation, the Company's financial results for 2020 are expected to be adversely affected. In the light 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.

Events after the balance sheet date

After the balance sheet date, the Company decided not to extend its facility with Danske Bank, which expired in March 2020. Also, the Company is negotiating the renewal of its credit facility maturing in June 2020 and expects to enter into agreements during June 2020. The bank has confirmed their intention to renew the financing.

Management's review

Operating review

In early 2020, the outbreak of the coronavirus has affected large parts of the world. As a result of the outbreak of COVID-19 and the global/Danish measures taken to limit the spread of the virus, the demand for the Company's products/services began to significantly decrease from April. The Company is actively applying for the governments' aid packages which can help the Company cope with the economic crisis. Management expects that the demand for the Company's products/services will recover gradually from June as the government will be easing lockdown measures. Also, Management estimates that there is no uncertainty about the Company's ability to continue as a going concern. The outbreak of the coronavirus occurred during 2020 and did not exist at the balance sheet date of 31 December, 2019. The effect of the virus outbreak is considered a non-adjusting subsequent event and thus does not affect the financial reporting for the financial year ended 31 December 2019.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Revenue		229,023	230,778
Production costs	2	<u>-205,763</u>	<u>-205,708</u>
Gross profit		23,260	25,070
Distribution costs	2	-6,900	-6,968
Administrative expenses	2	<u>-4,227</u>	<u>-2,721</u>
Operating profit		12,133	15,381
Income from equity investments in group entities	3	5,017	854
Financial income	4	132	202
Financial expenses	5	<u>-2,206</u>	<u>-5,313</u>
Profit before tax		15,076	11,124
Tax on profit for the year	6	<u>-2,302</u>	<u>-2,194</u>
Profit for the year	7	<u><u>12,774</u></u>	<u><u>8,930</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Plant and machinery		<u>1,905</u>	<u>1,314</u>
Investments	3		
Equity investments in group entities		10,455	5,447
Deposits		<u>1,348</u>	<u>1,321</u>
		<u>11,803</u>	<u>6,768</u>
Total fixed assets		<u>13,708</u>	<u>8,082</u>
Current assets			
Inventories			
Raw materials and consumables		2,718	8,248
Finished goods and goods for resale		<u>10,335</u>	<u>15,025</u>
		<u>13,053</u>	<u>23,273</u>
Receivables			
Trade receivables		9,339	12,404
Receivables from group entities		49,404	40,100
Other receivables		<u>1,222</u>	<u>2</u>
		<u>59,965</u>	<u>52,506</u>
Cash at bank and in hand		<u>801</u>	<u>83</u>
Total current assets		<u>73,819</u>	<u>75,862</u>
TOTAL ASSETS		<u><u>87,527</u></u>	<u><u>83,944</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	13,636	13,636
Reserve for net revaluation under equity method		7,280	2,272
Retained earnings		<u>36,278</u>	<u>29,639</u>
Total equity		<u>57,194</u>	<u>45,547</u>
Provisions			
Provisions for deferred tax	10	<u>134</u>	<u>90</u>
Total provisions		<u>134</u>	<u>90</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other payables		<u>314</u>	<u>0</u>
Current liabilities other than provisions			
Banks, current liabilities		3,539	18,810
Trade payables		12,286	10,908
Payables to group entities		12,158	6,672
Other payables		<u>1,902</u>	<u>1,917</u>
		<u>29,885</u>	<u>38,307</u>
Total liabilities other than provisions		<u>30,199</u>	<u>38,307</u>
TOTAL EQUITY AND LIABILITIES		<u><u>87,527</u></u>	<u><u>83,944</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 January 2019	13,636	2,272	29,639	45,547
Exchange adjustment	0	-9	0	-9
Transferred over the profit appropriation	0	5,017	7,757	12,774
Extraordinary dividends paid	0	0	-1,118	-1,118
Equity at 31 December 2019	13,636	7,280	36,278	57,194

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Schades Nordic ApS for 2019 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.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Schades Nordic ApS are included in the consolidated financial statements of Schades ApS, Skive, CVR no. 38 97 82 17.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Schades ApS.

Foreign currency translation

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

Receivables, 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.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Income from the sale of finished goods and goods for resale is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. Revenue is measured ex. VAT, duties and discounts in relation to the sale.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to generate revenue for the year. Production costs include direct and indirect production overheads.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Income from equity investments in group entities

The proportionate share of the individual group entities' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and expenses are recognised at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Schades Nordic ApS is jointly taxed with Schades ApS and Hansol Denmark ApS. Full allocation of computed taxes is made on these companies.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses or their value in use if this is considered lower for reasons not of temporary nature..

The depreciable amount is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery

5-8 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Equity investments in group entities

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at nil, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. Finished goods are measured at cost in accordance with the FIFO method comprising the cost of raw materials and consumables with the addition of processing costs and other costs directly or indirectly attributable to the individual goods.

Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Write-down to net realisable value is made for inventories where the projected sales amount less costs of completion and costs necessary to make the sale is lower than cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Dividends that are expected to be received before the balance sheet date are not tied to the reserve.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured on all temporary differences between the carrying amount and the tax value of assets and liabilities and is recognised as a provision. In the cases where deferred tax crystallises a tax asset, the item is recognised as current assets at the value at which the tax asset is expected to be realised.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the relevant countries 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.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

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

Financial statements 1 January – 31 December

Notes

2 Staff costs and incentive schemes

	2019	2018
Staff costs		
Wages and salaries	11,029	10,757
Pensions	497	468
Other social security costs	792	820
Other staff costs	78	107
	<u>12,396</u>	<u>12,152</u>
Average number of full-time employees	<u>25</u>	<u>25</u>
Staff costs are recognised in the financial statements as:		
Production	9,070	8,973
Distribution	1,591	1,498
Administration	1,735	1,681
	<u>12,396</u>	<u>12,152</u>

Pursuant to section 98b(3) of the Danish Financial Statements Act, no remuneration of Management has been disclosed.

3 Investments

	Equity investments in group entities
DKK'000	
Cost at 1 January 2019	3,175
Cost at 31 December 2019	3,175
Revaluations at 1 January 2019	2,272
Exchange adjustment	-9
Net profit/loss for the year	5,017
Revaluations 31 December 2019	7,280
Carrying amount at 31 December 2019	<u>10,455</u>

Name	Registered office	Voting rights and ownership interest
Schades Sweden AB	Sweden	100%

Financial statements 1 January – 31 December

Notes

	DKK'000	2019	2018
4 Financial income			
Interest income from group entities		<u>132</u>	<u>202</u>
5 Financial expenses			
Interest expense to group entities		0	179
Other financial costs		276	553
Exchange losses		<u>1,930</u>	<u>4,581</u>
		<u>2,206</u>	<u>5,313</u>
6 Tax on profit for the year			
Current tax for the year		2,110	2,194
Deferred tax for the year		44	23
Adjustment of tax concerning previous years		<u>148</u>	<u>-23</u>
		<u>2,302</u>	<u>2,194</u>
7 Proposed profit appropriation			
Extraordinary dividends distributed in the financial year		1,118	0
Reserve for net revaluation under equity method		5,017	854
Retained earnings		<u>6,639</u>	<u>8,076</u>
		<u>12,774</u>	<u>8,930</u>
8 Property, plant and equipment			
DKK'000			Plant and machinery
Cost at 1 January 2019			<u>25,211</u>
Additions for the year			<u>991</u>
Cost at 31 December 2019			<u>26,202</u>
Depreciation and impairment losses at 1 January 2019			-23,897
Depreciation for the year			<u>-400</u>
Depreciation and impairment losses at 31 December 2019			<u>-24,297</u>
Carrying amount at 31 December 2019			<u>1,905</u>

Financial statements 1 January – 31 December

Notes

9 Equity

There have been no changes in contributed capital during the last five years.

10 Provisions

DKK'000	31/12 2019	31/12 2018
Deferred tax at 1 January	90	67
Deferred tax adjustment for the year in the income statement	44	23
Deferred tax at 31 December	134	90

11 Contractual obligations, contingencies, etc.

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. The jointly taxed entities' total net liability to SKAT amounted to DKK 344 thousand at 31 December 2019. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability.

Operating lease obligations

Remaining leasehold obligations at the balance sheet date amount to DKK 1.4 million.

Remaining lease obligations on IT equipment at the balance sheet date represent DKK 18 thousand.

Remaining lease obligations on cars at the balance sheet date total DKK 48 thousand.

12 Mortgages and collateral

For bank credit facilities, the Company has provided the following floating charges:

- DKK 20 million for first priority credit with a liability of DKK 3.5 million as at 31 December 2019
- DKK 10 million for second priority credit with a liability of DKK 0 million as at 31 December 2019.

The floating charge is secured upon production equipment and machinery (carrying amount of DKK 1.9 million), intellectual property rights and inventories (carrying amount of DKK 13.1 million) and trade receivables (carrying amount of DKK 36.7 million).

For bank debt in the Group, the Company have provided a guarantee with joint and several liability for the total bank balance of DKK 13.0 million.

Financial statements 1 January – 31 December

Notes

13 Related party disclosures

Schades Nordic ApS' related parties comprise the following:

Control

Schades ApS, Øster Fælled Vej 5, 7800 Skive.

Schades ApS holds the majority of the contributed capital in the Company.

Schades Nordic ApS is part of the consolidated financial statements of Schades ApS, Øster Fælled Vej 5, 7800 Skive and the consolidated financial statements of Hansol Paper Co. Ltd., 23RD FL, B-Pine Avenue BLD, Eluji Street, 100 Jung Gu, Seoul, Korea, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary as of 31 December 2019.

The consolidated financial statements of Schades ApS and the consolidated financial statements of Hansol Paper Ltd. can be obtained by contacting the companies at the above addresses.

Other related parties

The Group's and the Company's related parties are the parent company, subsidiaries and other companies of the same group as well as members of the Executive Board and the Board of Directors.

Related party transactions

The Company recognised the following transactions with related parties in 2019:

Sale of goods and services to related parties amounts to DKK 143,5 million.
Costs of goods and services from related parties amount to DKK 38.9 million.

Receivables and payables to group entities are disclosed in the balance sheet, and interest income and interest expense are disclosed in note 4 and 5, respectively.

14 Disclosure of events after the balance sheet date

In early 2020, the outbreak of the coronavirus has affected large parts of the world. As a result of the outbreak of COVID-19 and the global/Danish measures taken to limit the spread of the virus, the demand for the Company's products/services began to significantly decrease from April. The Company is actively applying for the governments' aid packages which can help the Company cope with the economic crisis. Management expects that the demand for the Company's products/services will recover gradually from June as the government will be easing lockdown measures. Also, Management estimates that there is no uncertainty about the Company's ability to continue as a going concern. The outbreak of the coronavirus occurred during 2020 and did not exist at the balance sheet date of 31 December, 2019. The effect of the virus outbreak is considered a non-adjusting subsequent event and thus does not affect the financial reporting for the financial year ended 31 December 2019.