

CCL Label A/S

Tjærbyvej 90
DK-8930 Randers

CVR no. 15 51 24 15

Annual report 2020

Årsrapporten er fremlagt og godkendt på
virksomhedens ordinære generalforsamling den

18. maj 2021



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of CCL Label A/S for the financial year 1 January – 31 December 2020.

The annual report has been 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our 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.

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

Randers, 18 May 2021
Executive Board:

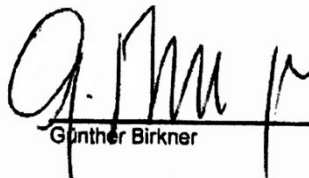


Carsten Lemtoft Olsen

Board of Directors:



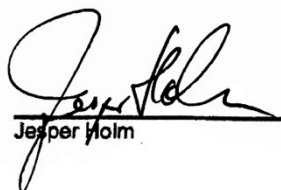
Lee Gerard Pretsell
Chairman



Günther Birkner




Carsten Lemtoft Olsen



Jesper Holm



Anker Christiansen



Martin Rasmussen



Independent auditor's report

To the shareholders of CCL Label A/S

Opinion

We have audited the financial statements of CCL Label A/S for the financial year 1 January – 31 December 2020 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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.

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

Independent auditor's report

- 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.



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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.

Aalborg, 18 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to be 'Steffen S. Hansen', written over a horizontal line.

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

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Management's review

Company details

CCL Label A/S
Tjærbyvej 90
DK-8930 Randers

CVR no.:	15 51 24 15
Established:	27 February 1960
Registered office:	Randers
Financial year:	1 January – 31 December

Board of Directors

Lee Gerard Pretsell, Chairman
Günther Birkner
Carsten Lemtoft Olsen
Jesper Holm
Anker Christiansen
Martin Rasmussen

Executive Board

Carsten Lemtoft Olsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	32,939	38,724	48,425	52,038	69,073
Operating profit	2,522	1,118	12,512	13,468	23,945
Profit/loss from financial income and expenses	-784	-1,208	-8,434	-11,234	-655
Profit/loss for the year	52,950	-71	3,168	2,041	18,252
Balance sheet					
Total assets	552,137	362,215	364,865	186,701	117,623
Equity	309,345	256,395	256,466	-81,510	76,771
Investment in property, plant and equipment	6,587	4,665	19,528	21,205	1,555
Ratios					
Return on invested capital	0.0%	0.3%	3.4%	7.2%	20.4%
Return on equity	18.7%	0.0%	3.6%	-86.1%	47.5%
Solvency ratio	56.0%	70.8%	70.3%	-43.7%	65.3%
Other					
Average number of full- time employees	145	134	145	157	175

The financial ratios have been calculated as follows:

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

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

The Company principal activities are production and sale of labels, inserts and carton.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK 52,949,715 as against a loss of DKK 70,943 in 2019, recognised income from group entities amounts to DKK 51,500,014 against DKK 0 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 309,344,568 as against DKK 256,394,853 at 31 December 2019.

The business delivered positive growth, which was up on expectations, founded in a revived strategy, and earnings are positive in line with expectations.

Equity of the German subsidiary is significantly higher than the recognised carrying amount of the investment.

Based on this, Management considers capital resources sound.

Outlook

Due to the global COVID-19 situation, the outlook is subject to a higher degree of uncertainty, but Management still expects to report positive earnings due to its strong business model, which is supported by its operations and order book at the time of finalising the annual report.

Investments

In 2020, the Company acquired the company Graphic West International ApS, now operating under the name of CCL Specialty Cartons ApS, to strengthen its market position.

Furthermore, investments in machinery and equipment amounted to DKK 6,875 thousand for the year.

Intellectual capital

The primary intellectual capital of CCL Label A/S is its employees and their knowledge.

Environmental matters

We strive to become a more sustainable business. In 2020, the Randers site was run 100% on green CO2 neutral energy and green CO2 neutral power. Several initiatives to improve our footprint were launched in 2020.

Product development

CCL Label A/S has continuously given product development high priority and developed several new products during the year. Product development partly takes place in cooperation with customers and partly at the Company's own account in order to secure a successful outcome for the products developed.

Management's review

Operating review

Financial instruments

The Company's goals and policies for management of financial risks

As a Canadian owned company, we are in full compliance with Bill 198.

The Company's risk exposure

Activities are primarily settled in DKK, EUR and SEK. Foreign exchange translations are deemed not to have any significant impact on results.

Events after the balance sheet date

After the end of the financial year, no events of significance to the annual report have occurred.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit		32,939,110	38,723,843
Distribution costs	2	-7,047,817	-11,136,318
Administrative expenses	2	-23,369,292	-26,469,865
Operating profit		2,522,001	1,117,660
Other operating income		193,731	0
Profit before financial income and expenses		2,715,732	1,117,660
Income from equity investments in group entities		51,500,014	0
Other financial income	3	627,756	101,849
Other financial expenses	4	-1,411,505	-1,309,389
Profit/loss before tax		53,431,997	-89,880
Tax on profit/loss for the year	5	-482,282	18,937
Profit/loss for the year	6	52,949,715	-70,943

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	7		
Goodwill		583,060	777,414
Software		<u>2,903,658</u>	<u>0</u>
		<u>3,486,718</u>	<u>777,414</u>
Property, plant and equipment	8		
Land and buildings		11,890,450	12,027,922
Plant and machinery		30,692,564	30,925,911
Fixtures and fittings, tools and equipment		2,769,550	2,683,203
Leasehold improvements		<u>3,107</u>	<u>12,430</u>
		<u>45,355,671</u>	<u>45,649,466</u>
Investments	9		
Equity investments in group entities		448,944,594	270,050,761
Other securities and equity investments		610,306	610,306
Deposits		<u>837,662</u>	<u>832,012</u>
		<u>450,392,562</u>	<u>271,493,079</u>
Total fixed assets		<u>499,234,951</u>	<u>317,919,959</u>
Current assets			
Inventories			
Raw materials and consumables		8,062,904	4,783,566
Work in progress		1,369,655	1,231,276
Finished goods and goods for resale		<u>1,257,341</u>	<u>984,506</u>
		<u>10,689,900</u>	<u>6,999,348</u>
Receivables			
Trade receivables		23,319,863	25,383,995
Receivables from group entities		2,620,766	301,926
Other receivables		854,730	730,926
Corporation tax		0	947,766
Prepayments		<u>1,080,526</u>	<u>1,241,929</u>
		<u>27,875,885</u>	<u>28,606,542</u>
Cash at bank and in hand		<u>14,336,264</u>	<u>8,688,957</u>
Total current assets		<u>52,902,049</u>	<u>44,294,847</u>
TOTAL ASSETS		<u><u>552,137,000</u></u>	<u><u>362,214,806</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	10	13,000,000	13,000,000
Retained earnings		178,144,568	243,394,853
Proposed dividends for the financial year		<u>118,200,000</u>	<u>0</u>
Total equity		<u>309,344,568</u>	<u>256,394,853</u>
Provisions			
Provisions for deferred tax	11	<u>4,094,292</u>	<u>3,295,350</u>
Total provisions		<u>4,094,292</u>	<u>3,295,350</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities	12	<u>166,804,678</u>	<u>67,539,665</u>
Current liabilities other than provisions			
Banks, current liabilities		1,536,736	0
Trade payables		15,600,804	15,954,557
Payables to group entities		26,875,291	0
Corporation tax		196,114	166,898
Other payables		<u>27,684,517</u>	<u>18,863,483</u>
		<u>71,893,462</u>	<u>34,984,938</u>
Total liabilities other than provisions		<u>238,698,140</u>	<u>102,524,603</u>
TOTAL EQUITY AND LIABILITIES		<u><u>552,137,000</u></u>	<u><u>362,214,806</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2020	13,000,000	243,394,853	0	256,394,853
Transferred over the profit appropriation	<u>0</u>	<u>-65,250,285</u>	<u>118,200,000</u>	<u>52,949,715</u>
Equity at 31 December 2020	<u>13,000,000</u>	<u>178,144,568</u>	<u>118,200,000</u>	<u>309,344,568</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of CCL Label A/S for 2020 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 CCL Label A/S and group entities are included in the consolidated financial statements of CCL Industries Inc., Willowdale, Ontario, Canada.

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 CCL Industries Inc., Willowdale, Ontario, Canada.

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.

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction dates.

Gross profit

In accordance with section 32 of the Danish Financial Statements Act revenue and production costs are aggregated in the financial statement caption "Gross profit".

Revenue

Income from the sale of goods 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. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010. Revenue is measured ex VAT, taxes 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. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibition and depreciation are recognised as distribution costs.

Administrative expenses

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

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

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.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted.

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, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Intangible assets

Software

Software is measured at cost less accumulated amortisation and is amortised on a straight-line basis over the lower of the useful life. Expected useful life of for software is up to 10 years.

Goodwill

On initial recognition, intangible assets are measured at cost. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. Amortisation is provided on a straight-line basis over 10 years. Goodwill has arisen in connection with strategix acquisition, and therefore goodwill is amortised over 10 years on the basis of Management's experience in the relevant area of business.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Production buildings	25-40 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	2-5 years

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

Land is not depreciated.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

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

Investments

Equity investments in group entities and participating interests (including associates) are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Deposits are recognised at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is 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.

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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the 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.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

2 Staff costs

	<u>2020</u>	<u>2019</u>
Staff costs		
Wages and salaries	73,694,317	66,052,923
Pensions	5,243,402	5,492,348
Other social security costs	2,023,767	2,074,543
Other staff costs	<u>1,207,509</u>	<u>0</u>
	<u>82,168,995</u>	<u>73,619,814</u>
Average number of full-time employees	<u>145</u>	<u>134</u>
Staff costs are recognised in the financial statements as:		
Production	64,842,974	54,415,063
Distribution	4,463,643	6,296,462
Administration	<u>12,862,378</u>	<u>12,908,289</u>
	<u>82,168,995</u>	<u>73,619,814</u>

Staff costs of and the Company includes remuneration of the Company's Executive Board and Board of Directors of DKK 1,526 thousand.

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented as an aggregate single amount.

3 Other financial income

Other financial income	40,008	29,857
Exchange adjustments	<u>587,748</u>	<u>71,992</u>
	<u>627,756</u>	<u>101,849</u>

4 Other financial expenses

Interest expense to group entities	1,000,285	600,399
Other financial expenses	411,220	379,321
Exchange losses	<u>0</u>	<u>329,669</u>
	<u>1,411,505</u>	<u>1,309,389</u>

5 Tax on profit/loss for the year

Current tax for the year	-316,660	0
Deferred tax for the year	<u>798,942</u>	<u>-18,937</u>
	<u>482,282</u>	<u>-18,937</u>

Financial statements 1 January – 31 December

Notes

6 Proposed profit appropriation/distribution of loss

DKK	2020	2019
Proposed dividends for the year	118,200,000	0
Retained earnings	<u>-65,250,285</u>	<u>-70,943</u>
	<u>52,949,715</u>	<u>-70,943</u>

7 Intangible assets

DKK	Goodwill	Software	Total
Cost at 1 January 2020	1,943,534	1,415,538	3,359,072
Additions for the year	<u>0</u>	<u>2,903,658</u>	<u>2,903,658</u>
Cost at 31 December 2020	<u>1,943,534</u>	<u>4,319,196</u>	<u>6,262,730</u>
Amortisation and impairment losses at 1 January 2020	-1,166,120	-1,415,538	-2,581,658
Amortisation for the year	<u>-194,354</u>	<u>0</u>	<u>-194,354</u>
Amortisation and impairment losses at 31 December 2020	<u>-1,360,474</u>	<u>-1,415,538</u>	<u>-2,776,012</u>
Carrying amount at 31 December 2020	<u>583,060</u>	<u>2,903,658</u>	<u>3,486,718</u>

8 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	40,812,411	133,730,371	16,018,027	1,098,611	191,659,420
Additions for the year	588,909	5,408,394	590,636	0	6,587,939
Disposals for the year	<u>0</u>	<u>-6,413,754</u>	<u>0</u>	<u>0</u>	<u>-6,413,754</u>
Cost at 31 December 2020	<u>41,401,320</u>	<u>132,725,011</u>	<u>16,608,663</u>	<u>1,098,611</u>	<u>191,833,605</u>
Depreciation and impairment losses at 1 January 2020	-28,784,489	-102,804,460	-13,334,824	-1,086,181	-146,009,954
Depreciation for the year	-726,381	-5,567,928	-504,289	-9,323	-6,807,921
Reversed depreciation and impairment losses on assets sold	<u>0</u>	<u>6,339,941</u>	<u>0</u>	<u>0</u>	<u>6,339,941</u>
Depreciation and impairment losses at 31 December 2020	<u>-29,510,870</u>	<u>-102,032,447</u>	<u>-13,839,113</u>	<u>-1,095,504</u>	<u>-146,477,934</u>
Carrying amount at 31 December 2020	<u>11,890,450</u>	<u>30,692,564</u>	<u>2,769,550</u>	<u>3,107</u>	<u>45,355,671</u>

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9 Investments

DKK	Equity investments in group entities
Cost at 1 January 2020	270,050,761
Additions for the year	178,893,833
Cost at 31 December 2020	448,944,594
Carrying amount at 31 December 2020	448,944,594

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Group entities:			DKK	DKK
Syrinx Holding Germany GmbH (consolidated)	Holzkirchen, Germany	100%	1,584,875,800	310,679,900
CCL Specialty Cartons ApS	Hørsholm, Denmark	100%	54,316,534	20,219,461
CCL Label Völkermarkt GmbH	Völkermarkt, Austria	1%	250,247,943	16,648,917
			<u>1,889,440,277</u>	<u>347,548,278</u>

10 Equity

Contributed capital consists of:

One share of nom. DKK 3,000,000

One share of nom. DKK 2,700,000

One share of nom. DKK 300,000

One share of nom. DKK 6,000,000

One share of nom. DKK 500,000

One share of nom. DKK 500,000

11 Deferred tax

DKK	31/12 2020	31/12 2019
Deferred tax at 1 January	3,295,350	3,314,287
Deferred tax for the year	798,942	-18,937
	<u>4,094,292</u>	<u>3,295,350</u>

The provision for deferred tax relates to deferred tax on goodwill, property, plant and equipment and inventories.

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12 Non-current liabilities other than provisions

Intercompany loan is due in 2023 and is therefore presented as non-current liabilities.

13 Contractual obligations, contingencies, etc.

Contingent liabilities

At the balance sheet date, operating lease liabilities amounted to DKK 891 thousand, of which DKK 590 thousand falls due within the initial year. The leases come with periods of interminability of up to 36 months.

At the balance sheet date, rental obligations amounted to DKK 3,717 thousand for the period of interminability. The tenancy agreement comes with a period of interminability of up to 12 months.

14 Mortgages and collateral

No assets have been provided as collateral to the Company's bankers.

15 Related party disclosures

CCL Label A/S' related parties comprise the following:

Control

CCL International Inc. 105 Gordon Baker Road, Suite 800, Onratio Canada.

CCL International Inc. holds the majority of the contributed capital in the Company.

CCL Label A/S is part of the consolidated financial statements of CCL Industries Inc., which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of CCL Industries Inc. can be obtained by contacting the Company or at the following website: www.cclind.com/investors/investor-home.

Related party transactions

DKK	2020	2019
Management fee	710,460	985,919
	710,460	985,919

Receivables from and payables to group entities are disclosed in the balance sheet and interest income and expense in notes 3 and 4.