CCL Label A/S

Tjærbyvej 90
DK-8930 Randers NØ

CVR no. 15 51 24 15

Annual report 2019

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

on 25/5 20 20

chairman of the annual general meeting

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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 2019.

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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities 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, 26 May 2020
Executive Board:

Carsten Lemtoft Olsen
CEO

Board of Directors:

Svend Lynge Jørgensen Chairman	Wilfried Mathias Männel	Carsten Lemtoft Olsen
Claus Christensen	Anker Christiansen	Martin Rasmussen

Independent auditor's report

To the shareholders of CCL Label A/S

Conclusion

We have audited the financial statements of CCL Label 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 and cash flows 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 Standard 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 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 taken on the basis of these financial statements.

KPMG

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.

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

Aalborg, 26 May 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Gross profit	38,724	48,425	52,038	69,073	71,593
Operating profit	1,118	12,512	13,468	23,945	27,662
Profit/loss before tax	-90	4,078	2,234	23,290	27,457
Profit/loss for the year	**-71**	**3,168**	**2,041**	**18,252**	**21,062**
Total assets	362,215	364,865	186,701	117,623	114,340
Investments in property, plant and equipment	4,665	19,528	21,205	1,555	9,403
Equity	**256,395**	**256,466**	**-81,510**	**76,771**	**70,820**
Return on invested capital	0.3%	3.4%	7.2%	20.4%	24.2%
Return on equity	-0.0%	1.8%	-86.1%	24.7%	28.9%
Solvency ratio	73.0%	70.3%	-43.7%	65.3%	61.9%
Average number of full-time employees	134	145	157	175	176

No restatement of comparative figures, and therefore the financial highlights from 2013-2016 only cover CCL Label A/S.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". The financial ratios have been calculated as follows:

Return on invested capital $$\frac{\text{Operating profit/loss x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities of the Company

The Company principal activity is production and sale of labels.

Development in activities and financial position

Results for 2019 were not in line with expectations.

Equity stood at DKK 256.4 million at 31 December 2019.

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.

Currency risks

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

Intellectual capital

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

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.

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

	Note	2019	2018
Gross profit		38,723,843	48,425,348
Distribution costs	2	-11,136,318	-9,941,878
Administrative expenses	2	-26,469,865	-25,971,269
Operating profit		1,117,660	12,512,201
Financial income	3	101,849	554,826
Financial expenses	4	-1,309,389	-8,989,242
Profit/loss before tax		-89,880	4,077,785
Tax on profit/loss for the year	5	18,937	-910,122
Profit/loss for the year	6	-70,943	3,167,663

Financial statements 1 January – 31 December

Balance sheet

	Note	2019	2018
ASSETS			
Fixed assets			
Intangible assets	7		
Goodwill		777,414	971,767
		777,414	971,767
Property, plant and equipment	8		
Land and buildings		12,027,922	12,721,584
Plant and machinery		30,925,911	32,042,861
Fixtures and fittings, tools and equipment		2,683,203	2,877,479
Leasehold improvements		12,430	21,749
		45,649,466	47,663,673
Investments			
Equity investments in group entities	9	270,050,761	270,050,761
Other securities and equity investments		610,306	610,306
Deposit		832,012	825,556
		271,493,079	271,486,623
Total fixed assets		317,919,959	320,122,064
Current assets			
Inventories			
Raw materials and consumables		4,783,566	4,690,492
Work in progress		1,231,276	1,309,151
Finished goods and goods for resale		984,506	665,668
		6,999,348	6,665,311
Receivables			
Trade receivables		25,383,995	27,327,140
Receivables from group entities		301,926	821,018
Other receivables		730,926	1,176,018
Corporation tax		947,766	250,369
Prepayments		1,241,929	1,300,371
		28,606,542	30,874,916
Cash at bank and in hand		8,688,957	7,202,496
Total current assets		44,294,847	44,742,723
TOTAL ASSETS		362,214,806	364,864,787

Financial statements 1 January – 31 December

Balance sheet

	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	10	13,000,000	13,000,000
Retained earnings		243,394,853	243,465,796
Proposed dividends for the financial year		0	0
Total equity		256,394,853	256,465,796
Provisions			
Provisions for deferred tax	11	3,295,350	3,314,287
Total provisions		3,295,350	3,314,287
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities	12	67,539,665	70,799,568
		67,539,665	70,799,568
Current liabilities other than provisions			
Trade payables		15,954,557	15,694,758
Corporation tax		166,898	0
Other payables, including tax payables		18,863,483	18,590,378
		34,984,938	34,285,136
Total liabilities other than provisions		34,984,938	34,285,136
TOTAL EQUITY AND LIABILITIES		362,214,806	364,864,787

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2019	13,000,000	243,465,796	0	256,465,796
Distributed dividends	0	0	0	0
Transferred over the distribution of loss	0	-70,943	0	-70,943
Equity at 31 December 2019	13,000,000	243,394,853	0	256,394,853

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of CCL Label A/S for 2019 has been presented 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 its subsidiaries are included in the consolidated financial statements of CCL Industries Inc., 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 date.

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or winding-up.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Business combinations (continued)

The book value method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and associates are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Income statement

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

Revenue is recognised in the income statement provided that invoicing, delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. 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 plant.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised 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 and associates measured at costs are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit for the year

Tax for the year comprises current 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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

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 strategic acquisition, and therefore goodwill is amortised over 10 years on the basis of Management's experience in the relevant area of business.

Gains and losses on the disposal of goodwill are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Investments

Equity investments in group entities and 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.

Deposits are recognised at amortised cost.

Leases

All leases are operating 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.

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 as well as indirect production costs.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Inventories (continued)

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 and deferred income

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

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 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.

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, corresponding to the capitalised value using the effective interest rate. 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 amortised cost, which usually corresponds to nominal value.

Financial statements 1 January – 31 December

Notes

		2019	2018
2	**Staff costs**		
	Wages and salaries	66,052,923	69,068,919
	Pensions	5,492,348	5,964,389
	Other social security costs	2,074,543	1,938,110
		73,619,814	76,971,418
	Average number of full-time employees	134	145
	Staff costs are recognised in the financial statements as follows:		
	Production costs	54,415,063	59,504,823
	Distribution costs	6,296,462	6,105,075
	Administrative expenses	12,908,289	11,361,520
		73,619,814	76,971,418
3	**Financial income**		
	Interest income, banks	0	17,308
	Foreign exchange gains	71,992	228,298
	Other interest income	29,857	309,220
		101,849	554,826
4	**Financial expenses**		
	Interest expense, banks	62,720	20,218
	Interest expense, associated companies	600,399	8,498,710
	Foreign exchange losses	329,669	360,061
	Other financial expenses	316,601	110,253
		1,309,389	8,989,242

Financial statements 1 January – 31 December

Notes

		2019	2018
5	**Tax on profit/loss for the year**		
	Current tax for the year	0	249,618
	Deferred tax adjustment for the year	-18,937	660,504
		-18,937	910,122
6	**Profit appropriation/distribution of loss**		
	Proposed dividends for the financial year	0	0
	Retained earnings	-70,943	3,167,663
		-70,943	3,167,663

7 Intangible assets

	Goodwill
Cost at 1 January 2019	1,943,534
Cost at 31 December 2019	1,943,534
Amortisation and impairment losses at 1 January 2019	-971,767
Amortisation	-194,353
Amortisation and impairment losses at 31 December 2019	-1,166,120
Carrying amount at 31 December 2019	777,414

Financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2019	40,812,411	129,641,462	15,442,141	1,098,611	186,994,625
Transferred	0	0	0	0	0
Additions	0	4,088,909	575,886	0	4,664,795
Disposals	0	0	0	0	0
Cost at 31 December 2019	40,812,411	133,730,371	16,018,027	1,098,611	191,659,420
Depreciation at 1 January 2019	-28,090,827	-97,598,601	-12,564,662	-1,076,862	-139,330,952
Disposals	0	0	0	0	0
Depreciation	-693,662	-5,205,859	-770,162	-9,319	-6,679,002
Depreciation at 31 December 2019	-28,784,489	-102,804,460	-13,334,824	-1,086,181	-146,009,954
Carrying amount at 31 December 2019	12,027,922	30,925,911	2,683,203	12,430	45,649,466

Financial statements 1 January – 31 December

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9 Investments

	Equity investments in group entities
Cost at 1 January 2019	270,050,761
Acquisition	0
Cost at 31 December 2019	270,050,761
Carrying amount at 31 December 2019	270,050,761

Name/legal form	Voting rights and ownership interest	Equity	Profit for the year
Syrinx Holding Germany GmbH, Holzkirchen, Germany (Consolidated)	100%	1,378,637,000	266,001,000

10 Contributed capital

	2019	2018
One share of a nominal amount of DKK 3,000,000	3,000,000	3,000,000
One share of a nominal amount of DKK 2,700,000	2,700,000	2,700,000
One share of a nominal amount of DKK 300,000	300,000	300,000
One share of a nominal amount of DKK 6,000,000	6,000,000	6,000,000
One share of a nominal amount of DKK 500,000	500,000	500,000
One share of a nominal amount of DKK 500,000	500,000	500,000
	13,000,000	13,000,000

11 Deferred tax

	2019	2018
Deferred tax at 1 January	3,314,287	2,653,783
Deferred tax for the year	-18,937	660,504
	3,295,350	3,314,287

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

Financial statements 1 January – 31 December

Notes

12 Payables to group entities

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

13 Contingent liabilities

At the balance sheet date, operating lease liabilities amounted to DKK 1,536 thousand, of which DKK 552 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 3,909 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:

Controlling interest

CCL International Inc, 105 Gordon Baker Road, Suite 800, Willowdale Ontario 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

	2019	2018
Management fee	985,919	881,902

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

16 Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment of this annual report in any substantial way.