

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2020</div> This Form is Open to Public Inspection
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Part I Annual Report Identification Information	
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II Basic Plan Information —enter all requested information					
1a Name of plan <u>KDC USA 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 2px;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; padding: 2px; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2" style="padding: 2px;">1c Effective date of plan <u>04/01/1988</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>04/01/1988</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>04/01/1988</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>KDC US HOLDINGS, INC.</u> <u>20 WEST KING STREET</u> <u>PORT JERVIS, NY 12771</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 2px;">2b Employer Identification Number (EIN) <u>20-8080530</u></td> </tr> <tr> <td style="padding: 2px;">2c Plan Sponsor's telephone number <u>845-856-5311</u></td> </tr> <tr> <td style="padding: 2px;">2d Business code (see instructions) <u>325900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>20-8080530</u>	2c Plan Sponsor's telephone number <u>845-856-5311</u>	2d Business code (see instructions) <u>325900</u>	
2b Employer Identification Number (EIN) <u>20-8080530</u>					
2c Plan Sponsor's telephone number <u>845-856-5311</u>					
2d Business code (see instructions) <u>325900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2021	GREGG KAM
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2020)
v. 200204

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 3178
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 2646 6a(2) 3065 6b 7 6c 527 6d 3599 6e 9 6f 3608 6g 3120 6h 326
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3H 3D b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2020 Form M-1 annual report. If the plan was not required to file the 2020 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2020
		This Form is Open to Public Inspection.

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020		
A Name of plan KDC USA 401(K) PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 KDC US HOLDINGS, INC.	D Employer Identification Number (EIN) 20-8080530	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 64 65	RECORDKEEPER	227368	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

LOCKTON INVESTMENT ADVISORS

20-8874282

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	75000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2020 This Form is Open to Public Inspection
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>		
A Name of plan <u>KDC USA 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KDC US HOLDINGS, INC.</u>	D Employer Identification Number (EIN) <u>20-8080530</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a 0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions		1b(1) 0	0
(2) Participant contributions.....		1b(2) 0	0
(3) Other		1b(3) 0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1) 358	667
(2) U.S. Government securities		1c(2) 0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A) 0	0
(B) All other.....		1c(3)(B) 0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A) 0	0
(B) Common		1c(4)(B) 0	0
(5) Partnership/joint venture interests		1c(5) 0	0
(6) Real estate (other than employer real property)		1c(6) 0	0
(7) Loans (other than to participants).....		1c(7) 0	0
(8) Participant loans		1c(8) 1847596	2236123
(9) Value of interest in common/collective trusts		1c(9) 4508294	6053503
(10) Value of interest in pooled separate accounts		1c(10) 0	0
(11) Value of interest in master trust investment accounts		1c(11) 0	0
(12) Value of interest in 103-12 investment entities		1c(12) 0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13) 60277863	82344744
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14) 0	0
(15) Other.....		1c(15) 0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	0	0
(2) Employer real property.....	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	66634111	90635037

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness.....	1i	0	0
j Other liabilities.....	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f).....	1l	66634111	90635037
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1819633	
(B) Participants	2a(1)(B)	6731026	
(C) Others (including rollovers).....	2a(1)(C)	10189107	
(2) Noncash contributions.....	2a(2)	0	18739766
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	1	
(B) U.S. Government securities.....	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans.....	2b(1)(E)	124514	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		124515
(2) Dividends: (A) Preferred stock.....	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	3672112	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		3672112
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		235506
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		8174564
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		30946463

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	7770542	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other.....	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		7770542
f Corrective distributions (see instructions)	2f		112967
g Certain deemed distributions of participant loans (see instructions).....	2g		3143
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other.....	2i(4)	302368	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		302368
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		8189020

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		22757443
l Transfers of assets:			
(1) To this plan.....	2l(1)		1243483
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time

period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a	X		142012

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020		
A Name of plan KDC USA 401(K) PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 KDC US HOLDINGS, INC.		D Employer Identification Number (EIN) 20-8080530
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 04-6568107		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2020 v. 200204		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

KDC USA 401(K) PLAN
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**KDC USA 401(K) PLAN
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

KDC USA Retirement Plan Committee
KDC USA 401(k) Plan
Port Jervis, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KDC USA 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee, as of December 31, 2020 and 2019 and for the year ended December 31, 2020, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

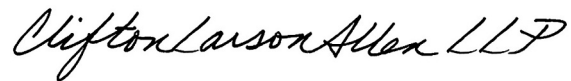
Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental schedule of assets (held at end of year) as of December 31, 2020, and schedule of delinquent participant contributions for the year ended December 31, 2020, are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 7, 2021

KDC USA 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	\$ 82,345,411	\$ 60,278,221
Common Collective Fund	<u>6,053,503</u>	<u>4,508,294</u>
Total Investments at Fair Value	88,398,914	64,786,515
RECEIVABLES		
Note Receivable from Participants	2,236,123	1,847,596
Employee Contribution Receivable	37,816	-
Employer Contribution Receivable	<u>18,259</u>	<u>-</u>
Total Receivables	<u>2,292,198</u>	<u>1,847,596</u>
 Total Assets	 90,691,112	 66,634,111
LIABILITY		
EXCESS CONTRIBUTION PAYABLE	<u>53,638</u>	<u>87,749</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 90,637,474</u></u>	<u><u>\$ 66,546,362</u></u>

See accompanying Notes to Financial Statements.

KDC USA 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2020

ADDITIONS:

INVESTMENT INCOME

Net Appreciation in Fair Value of Investments	\$ 8,320,247
Interest and Dividends	<u>3,761,935</u>
Total Investment Income	12,082,182

**INTEREST INCOME ON NOTES RECEIVABLE
FROM PARTICIPANTS**

124,513

CONTRIBUTIONS

Employer	1,837,892
Employee 401(k) Deferrals	6,768,842
Employee Rollovers	<u>10,189,107</u>
Total Contributions	<u>18,795,841</u>

Total Additions	31,002,536
-----------------	------------

DEDUCTIONS:

BENEFITS PAID TO PARTICIPANTS	(7,853,406)
--------------------------------------	-------------

ADMINISTRATIVE EXPENSES	<u>(301,501)</u>
--------------------------------	------------------

Total Deductions	<u>(8,154,907)</u>
------------------	--------------------

NET INCREASE BEFORE PLAN MERGER	22,847,629
--	------------

PLAN MERGER	<u>1,243,483</u>
--------------------	------------------

NET INCREASE AFTER PLAN MERGER	24,091,112
---------------------------------------	------------

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of Year	<u>66,546,362</u>
-------------------	-------------------

End of Year	<u><u>\$ 90,637,474</u></u>
-------------	-----------------------------

See accompanying Notes to Financial Statements.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN

The following brief description of KDC USA 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective April 1, 1988. The Plan has been amended throughout the years to comply with tax legislation and was most recently amended effective September 1, 2021. The Plan covers substantially all eligible employees of Acupac Packaging, Inc., Cosmetics Technologies LLC, ChemAid Laboratories, Inc., Thibiant International, Inc., Northern Labs, Inc, Aromair Fine Fragrance Company, Kolmar Laboratories, Inc., and Tri-Tech Laboratories, LLC (the Company or Plan Sponsor). Effective February 2, 2020, the Plan also covers all eligible employees of KDC/One Cosmetic Laboratories of America Inc. Effective October 1, 2020, the Plan also covers all eligible employees of Benchmark Cosmetic Laboratories, Inc. Effective June 30, 2021, the Plan also covers all eligible employees of HCT Packaging Inc. and effective September 1, 2021, the Plan also covers all eligible employees of Zobe USA, Inc. The Plan excludes leased employees and nonresident aliens.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. KDC USA Retirement Plan Committee is responsible for the oversight of the Plan and determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's board of directors.

Effective October 1, 2020, Benchmark Cosmetic Laboratories, Inc. 401(k) P/S Plan was merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on October 28, 2020.

Effective September 1, 2021, HCT Packaging Inc 401(k) Profit Sharing Plan and Trust and Zobe USA, Inc. 401(k) Plan were merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on September 16, 2021.

Eligibility

Employees who are over the age of 21 and have completed two months of service are eligible to participate in the salary reduction arrangement and the Company discretionary match contribution. Eligible employees enter the Plan on the first day of every month following the completion of the eligibility requirement. Eligible employees who earn at least 1,000 hours of service during the Plan year are also eligible to participate in the Company nonelective contribution.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Company may, at its discretion, elect to make a qualified matching contribution or nonelective contribution to the Plan. For the year ended December 31, 2020, the Company matching contribution was \$1,837,892.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions, (b) Plan earnings or losses, and (c) forfeitures of terminated participants' nonvested accounts, if applicable. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of the accounts is based on years of credited service. A participant is 100% vested after three years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 and up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Principal and interest is paid ratably through payroll deductions. The notes are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Payment of Benefits

Upon termination of service, death, disability, or retirement, the participant will receive the value of the vested interest in his or her account in the form of a lump sum distribution. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed \$1,000, the Plan administrator will authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between \$1,000 and \$5,000, the Plan Sponsor may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the nonvested portion of participant's accounts represent forfeitures. Forfeitures may be used to reduce Plan expenses and Company contributions subject to the Plan's provisions. Forfeitures of \$94,945 were used to reduce Company contributions during 2020. There were \$78,690 and \$30,638 of unallocated forfeited nonvested accounts at December 31, 2020 and 2019, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The KDC USA Retirement Plan Committee determines the Plan's valuation policies utilizing information provided by investment advisors and management trust company. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding deduction to contributions. The Plan distributed the 2020 excess contributions to the applicable participants prior to February 19, 2021.

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events through October 7, 2021, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Fidelity Management Trust Company, the trustee of the Plan, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2020 and 2019, and the statement of changes in net assets available for benefits for the year ended December 31, 2020.

NOTE 4 FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies used at December 31, 2020 and 2019:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds and money market accounts held by the Plan are deemed to be actively traded.

Collective Trust Fund: Valued at the NAV of units of the bank collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2020				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 82,345,411	\$ -	\$ -	\$ 82,345,411
Common Collective Fund	-	6,053,503	-	6,053,503
Total Investments at Fair Value	<u>\$ 82,345,411</u>	<u>\$ 6,053,503</u>	<u>\$ -</u>	<u>\$ 88,398,914</u>

2019				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 60,278,221	\$ -	\$ -	\$ 60,278,221
Collective Fund	-	4,508,294	-	4,508,294
Total Investments at Fair Value	<u>\$ 60,278,221</u>	<u>\$ 4,508,294</u>	<u>\$ -</u>	<u>\$ 64,786,515</u>

NOTE 5 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their Company contributions.

NOTE 7 PLAN TAX STATUS

The Plan is placing reliance on an opinion letter dated March 31, 2014, received from the IRS on the prototype plan indicating that the Plan is qualified under Section 401 of the IRC and is, therefore, not subject to tax under current income tax law. The prototype plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 PLAN TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net depreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment.

NOTE 9 NONEXEMPT TRANSACTION

In 2020 and 2019, the Company failed to remit employee 401(k) deferral contributions and loan payments for certain payroll periods within the timeframe prescribed by the Department of Labor. These are deemed prohibited transactions in accordance with ERISA and the IRC. The Company has corrected the 2019 prohibited transaction of \$56,150 by depositing the lost earnings into the Plan during 2019, and has corrected the 2020 prohibited transaction of \$85,862 during 2020 and depositing the lost earnings into the Plan during 2021. The Company is submitting an application under the Voluntary Fiduciary Correction Program (VFCP) prescribed by the Department of Labor for these transactions totaling \$142,012 in October 2021.

KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 10 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31:

	<u>2020</u>	<u>2019</u>
Net Assets Available for Benefits per		
Financial Statements	\$ 90,637,474	\$ 66,546,362
Contribution Receivable	(56,075)	-
Excess Contribution Payable	<u>53,638</u>	<u>87,749</u>
Net Assets Available for Benefits per Form 5500	<u><u>\$ 90,635,037</u></u>	<u><u>\$ 66,634,111</u></u>

The following is a reconciliation of changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2020:

Net Increase per Financial Statements	\$ 22,847,629
Less: Contribution Receivable	(56,075)
Less: Excess Contribution Payable	<u>(34,111)</u>
Net Increase per Form 5500	<u><u>\$ 22,757,443</u></u>

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2020

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included X	\$ -	\$ 142,012	\$ -	\$0

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2020

(a)	(b)	(c)	(d)	(e)
	Identity of Issue/Borrower, Lessor, or Similar Party	Description of Investment	Cost **	Current Value
		<u>Mutual Funds:</u>		
*	Fidelity	Fidelity 500 Index	\$	4,258,810
*	Fidelity	Fidelity Advisor Diversified International Z		1,130,155
*	Fidelity	Fidelity Advisor New Insights Fund Class Z		6,164,272
*	Fidelity	Fidelity Advisor Small Cap Value		255,074
*	Fidelity	Fidelity Government Money Market Fund		667
*	Fidelity	Fidelity International Index		585,095
*	Fidelity	Fidelity Mid Cap Index		2,089,863
*	Fidelity	Fidelity Small Cap Index		1,987,276
	Hartford	Hartford Mid Cap R6		1,668,365
	John Hancock	John Hancock Disciplined Value Mid Cap Fund		121,962
	JP Morgan	JPM Equity Income R6		2,455,905
	JP Morgan	JPM Smart Retirement 2020 R6		9,841,126
	JP Morgan	JPM Smart Retirement 2025 R6		12,693,900
	JP Morgan	JPM Smart Retirement 2030 R6		7,479,160
	JP Morgan	JPM Smart Retirement 2035 R6		6,601,371
	JP Morgan	JPM Smart Retirement 2040 R6		6,607,596
	JP Morgan	JPM Smart Retirement 2045 R6		4,965,234
	JP Morgan	JPM Smart Retirement 2050 R6		2,842,076
	JP Morgan	JPM Smart Retirement 2055 R6		2,039,068
	JP Morgan	JPM Smart Retirement 2060 R6		807,900
	JP Morgan	JPM Smart Retirement R6		2,087,024
	Oppenheimer	Invesco Oppenheimer Developing Market Fund		561,760
	Oppenheimer	Invesco Oppenheimer Discovery Fund		3,232,314
	PGIM	PGIM Total Return Bond R6		635,335
	Pimco	PIMCO Income Instl		1,234,103
		Total Mutual Funds		<u>82,345,411</u>
		<u>Common Collective Fund</u>		
*	Fidelity Advisor	Fidelity Advisor Stable Value		6,053,503
*	Participant Loans	Loans with Interest Rates 4.50% - 7.50%	-	<u>2,236,123</u>
		Total		<u><u>\$ 90,635,037</u></u>

* Indicates party-in-interest

**Cost omitted for participant-directed accounts

KDC USA 401(K) PLAN
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**KDC USA 401(K) PLAN
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

KDC USA Retirement Plan Committee
KDC USA 401(k) Plan
Port Jervis, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KDC USA 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee, as of December 31, 2020 and 2019 and for the year ended December 31, 2020, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

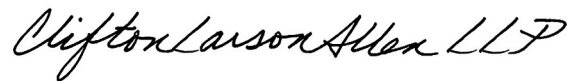
Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental schedule of assets (held at end of year) as of December 31, 2020, and schedule of delinquent participant contributions for the year ended December 31, 2020, are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 7, 2021

KDC USA 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	\$ 82,345,411	\$ 60,278,221
Common Collective Fund	<u>6,053,503</u>	<u>4,508,294</u>
Total Investments at Fair Value	88,398,914	64,786,515
RECEIVABLES		
Note Receivable from Participants	2,236,123	1,847,596
Employee Contribution Receivable	37,816	-
Employer Contribution Receivable	<u>18,259</u>	<u>-</u>
Total Receivables	<u>2,292,198</u>	<u>1,847,596</u>
 Total Assets	 90,691,112	 66,634,111
LIABILITY		
EXCESS CONTRIBUTION PAYABLE	<u>53,638</u>	<u>87,749</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 90,637,474</u></u>	<u><u>\$ 66,546,362</u></u>

See accompanying Notes to Financial Statements.

KDC USA 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2020

ADDITIONS:

INVESTMENT INCOME

Net Appreciation in Fair Value of Investments	\$ 8,320,247
Interest and Dividends	<u>3,761,935</u>
Total Investment Income	12,082,182

**INTEREST INCOME ON NOTES RECEIVABLE
FROM PARTICIPANTS**

124,513

CONTRIBUTIONS

Employer	1,837,892
Employee 401(k) Deferrals	6,768,842
Employee Rollovers	<u>10,189,107</u>
Total Contributions	<u>18,795,841</u>

Total Additions	31,002,536
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DEDUCTIONS:

BENEFITS PAID TO PARTICIPANTS	(7,853,406)
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ADMINISTRATIVE EXPENSES	<u>(301,501)</u>
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Total Deductions	<u>(8,154,907)</u>
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NET INCREASE BEFORE PLAN MERGER	22,847,629
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PLAN MERGER	<u>1,243,483</u>
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NET INCREASE AFTER PLAN MERGER	24,091,112
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NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of Year	<u>66,546,362</u>
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End of Year	<u><u>\$ 90,637,474</u></u>
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See accompanying Notes to Financial Statements.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN

The following brief description of KDC USA 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective April 1, 1988. The Plan has been amended throughout the years to comply with tax legislation and was most recently amended effective September 1, 2021. The Plan covers substantially all eligible employees of Acupac Packaging, Inc., Cosmetics Technologies LLC, ChemAid Laboratories, Inc., Thibiant International, Inc., Northern Labs, Inc, Aromair Fine Fragrance Company, Kolmar Laboratories, Inc., and Tri-Tech Laboratories, LLC (the Company or Plan Sponsor). Effective February 2, 2020, the Plan also covers all eligible employees of KDC/One Cosmetic Laboratories of America Inc. Effective October 1, 2020, the Plan also covers all eligible employees of Benchmark Cosmetic Laboratories, Inc. Effective June 30, 2021, the Plan also covers all eligible employees of HCT Packaging Inc. and effective September 1, 2021, the Plan also covers all eligible employees of Zobe USA, Inc. The Plan excludes leased employees and nonresident aliens.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. KDC USA Retirement Plan Committee is responsible for the oversight of the Plan and determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's board of directors.

Effective October 1, 2020, Benchmark Cosmetic Laboratories, Inc. 401(k) P/S Plan was merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on October 28, 2020.

Effective September 1, 2021, HCT Packaging Inc 401(k) Profit Sharing Plan and Trust and Zobe USA, Inc. 401(k) Plan were merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on September 16, 2021.

Eligibility

Employees who are over the age of 21 and have completed two months of service are eligible to participate in the salary reduction arrangement and the Company discretionary match contribution. Eligible employees enter the Plan on the first day of every month following the completion of the eligibility requirement. Eligible employees who earn at least 1,000 hours of service during the Plan year are also eligible to participate in the Company nonelective contribution.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Company may, at its discretion, elect to make a qualified matching contribution or nonelective contribution to the Plan. For the year ended December 31, 2020, the Company matching contribution was \$1,837,892.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions, (b) Plan earnings or losses, and (c) forfeitures of terminated participants' nonvested accounts, if applicable. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of the accounts is based on years of credited service. A participant is 100% vested after three years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 and up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Principal and interest is paid ratably through payroll deductions. The notes are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Payment of Benefits

Upon termination of service, death, disability, or retirement, the participant will receive the value of the vested interest in his or her account in the form of a lump sum distribution. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed \$1,000, the Plan administrator will authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between \$1,000 and \$5,000, the Plan Sponsor may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the nonvested portion of participant's accounts represent forfeitures. Forfeitures may be used to reduce Plan expenses and Company contributions subject to the Plan's provisions. Forfeitures of \$94,945 were used to reduce Company contributions during 2020. There were \$78,690 and \$30,638 of unallocated forfeited nonvested accounts at December 31, 2020 and 2019, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The KDC USA Retirement Plan Committee determines the Plan's valuation policies utilizing information provided by investment advisors and management trust company. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding deduction to contributions. The Plan distributed the 2020 excess contributions to the applicable participants prior to February 19, 2021.

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events through October 7, 2021, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Fidelity Management Trust Company, the trustee of the Plan, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2020 and 2019, and the statement of changes in net assets available for benefits for the year ended December 31, 2020.

NOTE 4 FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies used at December 31, 2020 and 2019:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds and money market accounts held by the Plan are deemed to be actively traded.

Collective Trust Fund: Valued at the NAV of units of the bank collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2020				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 82,345,411	\$ -	\$ -	\$ 82,345,411
Common Collective Fund	-	6,053,503	-	6,053,503
Total Investments at Fair Value	<u>\$ 82,345,411</u>	<u>\$ 6,053,503</u>	<u>\$ -</u>	<u>\$ 88,398,914</u>

2019				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 60,278,221	\$ -	\$ -	\$ 60,278,221
Collective Fund	-	4,508,294	-	4,508,294
Total Investments at Fair Value	<u>\$ 60,278,221</u>	<u>\$ 4,508,294</u>	<u>\$ -</u>	<u>\$ 64,786,515</u>

NOTE 5 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their Company contributions.

NOTE 7 PLAN TAX STATUS

The Plan is placing reliance on an opinion letter dated March 31, 2014, received from the IRS on the prototype plan indicating that the Plan is qualified under Section 401 of the IRC and is, therefore, not subject to tax under current income tax law. The prototype plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 PLAN TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net depreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment.

NOTE 9 NONEXEMPT TRANSACTION

In 2020 and 2019, the Company failed to remit employee 401(k) deferral contributions and loan payments for certain payroll periods within the timeframe prescribed by the Department of Labor. These are deemed prohibited transactions in accordance with ERISA and the IRC. The Company has corrected the 2019 prohibited transaction of \$56,150 by depositing the lost earnings into the Plan during 2019, and has corrected the 2020 prohibited transaction of \$85,862 during 2020 and depositing the lost earnings into the Plan during 2021. The Company is submitting an application under the Voluntary Fiduciary Correction Program (VFCP) prescribed by the Department of Labor for these transactions totaling \$142,012 in October 2021.

KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 10 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31:

	<u>2020</u>	<u>2019</u>
Net Assets Available for Benefits per		
Financial Statements	\$ 90,637,474	\$ 66,546,362
Contribution Receivable	(56,075)	-
Excess Contribution Payable	<u>53,638</u>	<u>87,749</u>
Net Assets Available for Benefits per Form 5500	<u><u>\$ 90,635,037</u></u>	<u><u>\$ 66,634,111</u></u>

The following is a reconciliation of changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2020:

Net Increase per Financial Statements	\$ 22,847,629
Less: Contribution Receivable	(56,075)
Less: Excess Contribution Payable	<u>(34,111)</u>
Net Increase per Form 5500	<u><u>\$ 22,757,443</u></u>

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2020

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included X	\$ -	\$ 142,012	\$ -	\$0

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2020

(a)	(b)	(c)	(d)	(e)
	Identity of Issue/Borrower, Lessor, or Similar Party	Description of Investment	Cost **	Current Value
		<u>Mutual Funds:</u>		
*	Fidelity	Fidelity 500 Index	\$	4,258,810
*	Fidelity	Fidelity Advisor Diversified International Z		1,130,155
*	Fidelity	Fidelity Advisor New Insights Fund Class Z		6,164,272
*	Fidelity	Fidelity Advisor Small Cap Value		255,074
*	Fidelity	Fidelity Government Money Market Fund		667
*	Fidelity	Fidelity International Index		585,095
*	Fidelity	Fidelity Mid Cap Index		2,089,863
*	Fidelity	Fidelity Small Cap Index		1,987,276
	Hartford	Hartford Mid Cap R6		1,668,365
	John Hancock	John Hancock Disciplined Value Mid Cap Fund		121,962
	JP Morgan	JPM Equity Income R6		2,455,905
	JP Morgan	JPM Smart Retirement 2020 R6		9,841,126
	JP Morgan	JPM Smart Retirement 2025 R6		12,693,900
	JP Morgan	JPM Smart Retirement 2030 R6		7,479,160
	JP Morgan	JPM Smart Retirement 2035 R6		6,601,371
	JP Morgan	JPM Smart Retirement 2040 R6		6,607,596
	JP Morgan	JPM Smart Retirement 2045 R6		4,965,234
	JP Morgan	JPM Smart Retirement 2050 R6		2,842,076
	JP Morgan	JPM Smart Retirement 2055 R6		2,039,068
	JP Morgan	JPM Smart Retirement 2060 R6		807,900
	JP Morgan	JPM Smart Retirement R6		2,087,024
	Oppenheimer	Invesco Oppenheimer Developing Market Fund		561,760
	Oppenheimer	Invesco Oppenheimer Discovery Fund		3,232,314
	PGIM	PGIM Total Return Bond R6		635,335
	Pimco	PIMCO Income Instl		1,234,103
		Total Mutual Funds		<u>82,345,411</u>
		<u>Common Collective Fund</u>		
*	Fidelity Advisor	Fidelity Advisor Stable Value		6,053,503
*	Participant Loans	Loans with Interest Rates 4.50% - 7.50%	-	<u>2,236,123</u>
		Total		<u><u>\$ 90,635,037</u></u>

* Indicates party-in-interest

**Cost omitted for participant-directed accounts

KDC USA 401(K) PLAN
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**KDC USA 401(K) PLAN
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INDEPENDENT AUDITORS' REPORT

KDC USA Retirement Plan Committee
KDC USA 401(k) Plan
Port Jervis, New York

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of KDC USA 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee, as of December 31, 2020 and 2019 and for the year ended December 31, 2020, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

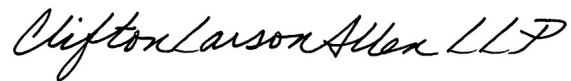
Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – Supplemental Schedules

The supplemental schedule of assets (held at end of year) as of December 31, 2020, and schedule of delinquent participant contributions for the year ended December 31, 2020, are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 7, 2021

KDC USA 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Mutual Funds	\$ 82,345,411	\$ 60,278,221
Common Collective Fund	<u>6,053,503</u>	<u>4,508,294</u>
Total Investments at Fair Value	88,398,914	64,786,515
RECEIVABLES		
Note Receivable from Participants	2,236,123	1,847,596
Employee Contribution Receivable	37,816	-
Employer Contribution Receivable	<u>18,259</u>	<u>-</u>
Total Receivables	<u>2,292,198</u>	<u>1,847,596</u>
 Total Assets	 90,691,112	 66,634,111
LIABILITY		
EXCESS CONTRIBUTION PAYABLE	<u>53,638</u>	<u>87,749</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 90,637,474</u></u>	<u><u>\$ 66,546,362</u></u>

See accompanying Notes to Financial Statements.

KDC USA 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2020

ADDITIONS:

INVESTMENT INCOME

Net Appreciation in Fair Value of Investments	\$ 8,320,247
Interest and Dividends	<u>3,761,935</u>
Total Investment Income	12,082,182

**INTEREST INCOME ON NOTES RECEIVABLE
FROM PARTICIPANTS**

124,513

CONTRIBUTIONS

Employer	1,837,892
Employee 401(k) Deferrals	6,768,842
Employee Rollovers	<u>10,189,107</u>
Total Contributions	<u>18,795,841</u>

Total Additions	31,002,536
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DEDUCTIONS:

BENEFITS PAID TO PARTICIPANTS	(7,853,406)
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ADMINISTRATIVE EXPENSES	<u>(301,501)</u>
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Total Deductions	<u>(8,154,907)</u>
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NET INCREASE BEFORE PLAN MERGER	22,847,629
--	------------

PLAN MERGER	<u>1,243,483</u>
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NET INCREASE AFTER PLAN MERGER	24,091,112
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NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of Year	<u>66,546,362</u>
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End of Year	<u><u>\$ 90,637,474</u></u>
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See accompanying Notes to Financial Statements.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN

The following brief description of KDC USA 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan originally effective April 1, 1988. The Plan has been amended throughout the years to comply with tax legislation and was most recently amended effective September 1, 2021. The Plan covers substantially all eligible employees of Acupac Packaging, Inc., Cosmetics Technologies LLC, ChemAid Laboratories, Inc., Thibiant International, Inc., Northern Labs, Inc, Aromair Fine Fragrance Company, Kolmar Laboratories, Inc., and Tri-Tech Laboratories, LLC (the Company or Plan Sponsor). Effective February 2, 2020, the Plan also covers all eligible employees of KDC/One Cosmetic Laboratories of America Inc. Effective October 1, 2020, the Plan also covers all eligible employees of Benchmark Cosmetic Laboratories, Inc. Effective June 30, 2021, the Plan also covers all eligible employees of HCT Packaging Inc. and effective September 1, 2021, the Plan also covers all eligible employees of Zobebe USA, Inc. The Plan excludes leased employees and nonresident aliens.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. KDC USA Retirement Plan Committee is responsible for the oversight of the Plan and determines the appropriateness of the Plan's investment offerings, monitors investment performance and reports to the Plan's board of directors.

Effective October 1, 2020, Benchmark Cosmetic Laboratories, Inc. 401(k) P/S Plan was merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on October 28, 2020.

Effective September 1, 2021, HCT Packaging Inc 401(k) Profit Sharing Plan and Trust and Zobebe USA, Inc. 401(k) Plan were merged into the Plan. These plan assets were transferred into KDC USA 401(k) Plan on September 16, 2021.

Eligibility

Employees who are over the age of 21 and have completed two months of service are eligible to participate in the salary reduction arrangement and the Company discretionary match contribution. Eligible employees enter the Plan on the first day of every month following the completion of the eligibility requirement. Eligible employees who earn at least 1,000 hours of service during the Plan year are also eligible to participate in the Company nonelective contribution.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code (IRC). Eligible participants are permitted to elect to have a percentage, limited by Plan provisions, of their compensation contributed as pre-tax 401(k) or Roth contributions to the Plan. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions invested in the designated default fund until changed by the participant. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

The Company may, at its discretion, elect to make a qualified matching contribution or nonelective contribution to the Plan. For the year ended December 31, 2020, the Company matching contribution was \$1,837,892.

Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). Participants direct the investment of contributions into various investment options offered by the Plan. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions, (b) Plan earnings or losses, and (c) forfeitures of terminated participants' nonvested accounts, if applicable. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of the accounts is based on years of credited service. A participant is 100% vested after three years of credited service. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 and up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Principal and interest is paid ratably through payroll deductions. The notes are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Payment of Benefits

Upon termination of service, death, disability, or retirement, the participant will receive the value of the vested interest in his or her account in the form of a lump sum distribution. The Plan allows for in-service distributions if a participant reaches age 59½ and hardship distributions subject to Plan provisions. If a participant terminates employment and the participant's account balance does not exceed \$1,000, the Plan administrator will authorize the benefit payment without the participant's consent. If the balance of the terminated participant's account is between \$1,000 and \$5,000, the Plan Sponsor may authorize that the benefit payment be rolled into an individual retirement account in the participant's name.

Forfeited Accounts

When certain terminations of participation in the Plan occur, the nonvested portion of participant's accounts represent forfeitures. Forfeitures may be used to reduce Plan expenses and Company contributions subject to the Plan's provisions. Forfeitures of \$94,945 were used to reduce Company contributions during 2020. There were \$78,690 and \$30,638 of unallocated forfeited nonvested accounts at December 31, 2020 and 2019, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The KDC USA Retirement Plan Committee determines the Plan's valuation policies utilizing information provided by investment advisors and management trust company. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess Contributions Payable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding deduction to contributions. The Plan distributed the 2020 excess contributions to the applicable participants prior to February 19, 2021.

Administrative Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants and benefit payments are charged directly to the participant's account and are included in administrative expense. Investment related expenses are included in net appreciation of fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events through October 7, 2021, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

Fidelity Management Trust Company, the trustee of the Plan, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2020 and 2019, and the statement of changes in net assets available for benefits for the year ended December 31, 2020.

NOTE 4 FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation methodologies used at December 31, 2020 and 2019:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds and money market accounts held by the Plan are deemed to be actively traded.

Collective Trust Fund: Valued at the NAV of units of the bank collective trust. NAV is a readily determinable fair value and is the basis for current transactions. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2020				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 82,345,411	\$ -	\$ -	\$ 82,345,411
Common Collective Fund	-	6,053,503	-	6,053,503
Total Investments at Fair Value	<u>\$ 82,345,411</u>	<u>\$ 6,053,503</u>	<u>\$ -</u>	<u>\$ 88,398,914</u>

2019				
Investments:	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 60,278,221	\$ -	\$ -	\$ 60,278,221
Collective Fund	-	4,508,294	-	4,508,294
Total Investments at Fair Value	<u>\$ 60,278,221</u>	<u>\$ 4,508,294</u>	<u>\$ -</u>	<u>\$ 64,786,515</u>

NOTE 5 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 6 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contribution at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their Company contributions.

NOTE 7 PLAN TAX STATUS

The Plan is placing reliance on an opinion letter dated March 31, 2014, received from the IRS on the prototype plan indicating that the Plan is qualified under Section 401 of the IRC and is, therefore, not subject to tax under current income tax law. The prototype plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 PLAN TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8 PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee as defined by the Plan and, therefore, the investment transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net depreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment.

NOTE 9 NONEXEMPT TRANSACTION

In 2020 and 2019, the Company failed to remit employee 401(k) deferral contributions and loan payments for certain payroll periods within the timeframe prescribed by the Department of Labor. These are deemed prohibited transactions in accordance with ERISA and the IRC. The Company has corrected the 2019 prohibited transaction of \$56,150 by depositing the lost earnings into the Plan during 2019, and has corrected the 2020 prohibited transaction of \$85,862 during 2020 and depositing the lost earnings into the Plan during 2021. The Company is submitting an application under the Voluntary Fiduciary Correction Program (VFCP) prescribed by the Department of Labor for these transactions totaling \$142,012 in October 2021.

**KDC USA 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 10 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 at December 31:

	<u>2020</u>	<u>2019</u>
Net Assets Available for Benefits per		
Financial Statements	\$ 90,637,474	\$ 66,546,362
Contribution Receivable	(56,075)	-
Excess Contribution Payable	<u>53,638</u>	<u>87,749</u>
Net Assets Available for Benefits per Form 5500	<u><u>\$ 90,635,037</u></u>	<u><u>\$ 66,634,111</u></u>

The following is a reconciliation of changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2020:

Net Increase per Financial Statements	\$ 22,847,629
Less: Contribution Receivable	(56,075)
Less: Excess Contribution Payable	<u>(34,111)</u>
Net Increase per Form 5500	<u><u>\$ 22,757,443</u></u>

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4a—SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2020

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Check here if Late Participant Loan Repayments are Included X	\$ -	\$ 142,012	\$ -	\$0

KDC USA 401(K) PLAN
E.I.N. 20-8080530 PLAN NO. 002
SCHEDULE H, LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2020

(a)	(b)	(c)	(d)	(e)
	Identity of Issue/Borrower, Lessor, or Similar Party	Description of Investment	Cost **	Current Value
		<u>Mutual Funds:</u>		
*	Fidelity	Fidelity 500 Index	\$	4,258,810
*	Fidelity	Fidelity Advisor Diversified International Z		1,130,155
*	Fidelity	Fidelity Advisor New Insights Fund Class Z		6,164,272
*	Fidelity	Fidelity Advisor Small Cap Value		255,074
*	Fidelity	Fidelity Government Money Market Fund		667
*	Fidelity	Fidelity International Index		585,095
*	Fidelity	Fidelity Mid Cap Index		2,089,863
*	Fidelity	Fidelity Small Cap Index		1,987,276
	Hartford	Hartford Mid Cap R6		1,668,365
	John Hancock	John Hancock Disciplined Value Mid Cap Fund		121,962
	JP Morgan	JPM Equity Income R6		2,455,905
	JP Morgan	JPM Smart Retirement 2020 R6		9,841,126
	JP Morgan	JPM Smart Retirement 2025 R6		12,693,900
	JP Morgan	JPM Smart Retirement 2030 R6		7,479,160
	JP Morgan	JPM Smart Retirement 2035 R6		6,601,371
	JP Morgan	JPM Smart Retirement 2040 R6		6,607,596
	JP Morgan	JPM Smart Retirement 2045 R6		4,965,234
	JP Morgan	JPM Smart Retirement 2050 R6		2,842,076
	JP Morgan	JPM Smart Retirement 2055 R6		2,039,068
	JP Morgan	JPM Smart Retirement 2060 R6		807,900
	JP Morgan	JPM Smart Retirement R6		2,087,024
	Oppenheimer	Invesco Oppenheimer Developing Market Fund		561,760
	Oppenheimer	Invesco Oppenheimer Discovery Fund		3,232,314
	PGIM	PGIM Total Return Bond R6		635,335
	Pimco	PIMCO Income Instl		1,234,103
		Total Mutual Funds		<u>82,345,411</u>
		<u>Common Collective Fund</u>		
*	Fidelity Advisor	Fidelity Advisor Stable Value		6,053,503
*	Participant Loans	Loans with Interest Rates 4.50% - 7.50%	-	<u>2,236,123</u>
		Total		<u><u>\$ 90,635,037</u></u>

* Indicates party-in-interest

**Cost omitted for participant-directed accounts

