

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarters Ended September 30, 2023 and 2022

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("the Company") relates to the third quarters ended September 30, 2023 and 2022. The information in this interim MD&A is current to November 8, 2023, and should be read in conjunction with the Company's September 30, 2023, unaudited third quarter consolidated condensed interim financial statements ("interim financial statements") released on November 8, 2023, and the 2022 Annual MD&A and consolidated financial statements ("annual financial statements"), which form part of CCL Industries Inc.'s 2022 Annual Report, dated February 22, 2023.

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com or on the Company's website www.cclind.com.

Basis of Presentation

The interim and annual financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and International Financial Reporting Standards ("IFRS"), respectively, and unless otherwise noted, both the interim and annual financial statements and this interim MD&A are expressed in Canadian dollars as the presentation currency. The primary measurement currencies of the Company's operations are the Canadian dollar, U.S. dollar, euro, Argentine peso, Australian dollar, Bangladeshi taka, Brazilian real, Chilean peso, Chinese renminbi, Danish krone, Hong Kong dollar, Hungarian forint, Indian rupee, Israeli shekel, Japanese yen, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Philippine peso, Polish zloty, Russian ruble, Singaporean dollar, South African rand, South Korean won, Swiss franc, Thai baht, Turkish lira, U.K. pound sterling and Vietnamese dong. All per Class B non-voting share ("Class B share") amounts in this document are expressed on an undiluted basis, unless otherwise indicated. The Company's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy and the financial results of the Company.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this MD&A contains forward-looking statements regarding the anticipated sales, income and profitability of the Company's segments; the Company's capital spending levels and planned capital expenditures in 2023; the adequacy of the Company's financial liquidity including the availability of sufficient cash from operations and available credit capacity to fund the Company's future financial obligations for the next few years; the Company's effective tax rate; the Company's ongoing business strategy; the Company's planned restructuring expenditures; the Company's expectations regarding general business and economic conditions; and the ability of management to align cost structures with changing demand levels and improve profitability.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the continuing adverse impact of the CV19 pandemic on the Company, its employees, customers, suppliers, the global economy and financial markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological changes; changes in government regulations; risks associated with operating and product hazards; and the Company's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: consumer spending; customer demand for the Company's products; market growth in

specific sectors and entering into new markets; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs; the Company's expectation that Innovia will continue to benefit from lower energy and freight costs; for the CCL Segment the Company's expectation that fourth quarter 2023 demand for the packaging related businesses will be consistent with the third quarter of 2023; for the CCL Segment the expectation that fourth quarter 2023 results will remain solid as destocking wanes and productivity initiatives and cost cutting will support profitability; the expectation that results for CCL Design and CCL Secure will improve comparatively for the fourth quarter of 2023; the expectation that demand for RFID-related tags and labels will be strong for the fourth quarter of 2023; for Avery the expectation that growth in the direct-to-consumer businesses will outpace legacy product categories in the fourth quarter of 2023 and beyond; the expectation that Innovia's pace of improvement will accelerate in the fourth quarter of 2023; and the expectation that Innovia will profitably fill the new Ecofloat line and complete construction of the new environmentally friendly label film line in Germany. Should one or more risks come to fruition or should any assumption prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2022 Annual MD&A.

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on the Company's business. Such statements do not, unless otherwise specified by the Company, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and, therefore, cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this MD&A and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

1. Overview

The third quarter of 2023 was another solid period for the Company despite reduced demand from customers destocking, the impact of inflation, higher interest rates on consumers and global geopolitical uncertainties. On a consolidated basis, the Company posted an organic sales decline of 6.0%, substantially driven by the 34.4% organic decline at Innovia. However, the combination of productivity and cost reduction measures, acquisition contributions and foreign currency translation tailwinds resulted in all of the Company's Segments posting improved operating income, excluding the \$11.9 million gain from a real estate disposition in the Checkpoint Segment in the 2022 third quarter. All-in, the Company recorded basic and adjusted basic earnings (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) per class B share of \$0.95 compared to basic and adjusted basic earnings per Class B share of \$0.93 and \$0.95, respectively, for the 2022 third quarter.

2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2022, including those announced through to the end of the third quarter of 2023:

- In August 2023, the Company acquired all the intellectual property of Imprint Energy Inc. ("IEI"), based in Alameda, California for \$26.6 million. IEI is a

start-up proprietary technology company with the knowhow for ultrathin, non-hazardous and non-toxic printed batteries for devices, sensors and wearables. This product line has become part of CCL Design.

- In July 2023, the Company acquired privately owned Faubel & Co. Nachfolger GmbH (“Faubel”), headquartered in Melsungen, Germany for approximately \$169.7 million, net of cash acquired. Faubel is a specialist in labels for pharmaceutical clinical trials globally and is reported within CCL Label’s Healthcare and Specialty business.
- In July 2023, the Company acquired privately owned Creaprint S.L. (“Creaprint”) based in Alicante, Spain, for approximately \$37.7 million, net of cash and debt acquired. Creaprint is a specialized producer of in mould labels and has been added to CCL Label’s Food & Beverage business.
- In July 2023, the Company acquired Pouch Partners s.r.l., (“Pouch”), a subsidiary of Swiss headquartered Capri-Sun Group, based in Milan, Italy, for approximately \$39.2 million, net of cash acquired. This business trades as CCL Specialty Pouches and has become an integral new product offering within CCL Label’s Food & Beverage.
- In July 2023, the Company acquired privately owned Oomph Made Limited (“Oomph”), based in Liphook, United Kingdom, for approximately \$6.5 million net of cash acquired. Oomph is a designer and supplier of Radio Frequency Identification (“RFID”) and Near-Field Communication (“NFC”) access cards and wristbands and has been added to the Company’s Avery Segment.
- In April 2023, the Company acquired privately owned eAgile Inc. (“eAgile”), based in Grand Rapids, Michigan, for approximately \$52.2 million, including estimated net cash assumed. eAgile is a start-up technology company with proprietary, patented hardware and software solutions for the healthcare industry alongside RFID inlays embedded into labels. This business is being integrated into CCL Label’s Healthcare & Specialty business.
- In April 2023, the Company acquired the intellectual property of Alert Systems ApS (“Alert”), based in Hoersholm, Denmark, for \$3.2 million. Alert’s patent protected anti-theft solutions are sold alongside Checkpoint’s Merchandise Availability Solutions (“MAS”) product lines.
- In April 2023, the Company acquired privately owned Data Management, Inc. (“DMI”), based in Farmington, Connecticut, for approximately \$10.2 million net of cash acquired. DMI’s tracking and identification badges business has been added to the Avery Segment.
- In May 2022, the Company acquired privately owned Floramedia Group B.V. (“Floramedia”), based in Westzaan, in the Netherlands, for approximately \$53.1 million, net of cash acquired. Floramedia is a European leader in horticulture media with in-house tag and label production complemented with sales offices in six countries. It is reported as part of Avery.

- In April 2022, the Company acquired Adelbras Indústria e Comércio de Adesivos Ltda. and Amazon Tape Indústria e Comércio de Fitas Adesivas Ltda. (collectively “Adelbras”), headquartered in Vinhedo near São Paulo, Brazil, for approximately \$152.3 million, net of cash and debt. Adelbras is a producer of adhesive tapes sold through retailers and distributors to consumers and small businesses under the Adelbras brand name. The new business is reported as part of Avery.
- In January 2022, the Company acquired privately owned McGavigan Holdings Ltd. (“McGavigan”), headquartered in Glasgow, Scotland, and with significant manufacturing operations in China, for \$103.6 million, net of cash acquired and debt assumed. McGavigan is a leading supplier of in-mould decorated components for automotive interiors and forms an integral part of CCL Design.

Sales for the third quarter of 2023 were \$1,690.5 million, an increase of 2.0% compared to the \$1,658.1 million recorded in the third quarter of 2022. The sales increase was attributable to acquisition-related growth of 2.6% and the positive impact of currency translation of 5.4% partially offset by an organic decline of 6.0%. For the nine-month period ended September 30, 2023, sales were \$4,987.1 million, an increase of 4.0% compared to \$4,795.0 million for the same nine-month period a year ago. This increase in sales can be attributed to 2.2% acquisition-related growth and 5.0% positive impact from foreign currency translation partially offset by a 3.2% organic decline.

Selling, general and administrative expenses (“SG&A”) were \$249.7 million and \$732.5 million for the three-month and nine-month periods ended September 30, 2023, compared to \$209.7 million and \$626.4 million for the same periods in the prior year, respectively. The increase in SG&A for the comparative three-month periods and comparative nine-month periods is principally attributable to the additional SG&A expenses associated with the eight acquisitions completed this year.

The Company recorded an expense for restructuring and other items of \$1.9 million (\$1.3 million after tax) and \$5.6 million (\$4.4 million after tax) for the three-month and nine-month periods ended September 30, 2023, compared to \$3.3 million (\$2.9 million after tax) and \$8.3 million (\$7.0 million after tax), for same periods in the prior year, respectively. For the three-month and nine-month periods of 2023, restructuring and other items largely relates to severance costs at CCL Design and Checkpoint as well as acquisition costs for the eight acquisitions closed so far this year.

Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) for the third quarter of 2023 increased 3.8% to \$256.1 million, compared to \$246.8 million for the third quarter of 2022. The CCL, Avery and Innovia Segments all posted improved results, partially offset by the expected decline at Checkpoint due to an \$11.9 million gain on disposition of excess real estate recorded in the Segment in the 2022 third quarter. Operating income improved 3.8%, excluding the aforementioned real estate gain, 9.0%, with foreign currency having a 5.5% positive impact for the third quarter of 2023 compared to the same quarter a year ago. For the nine months ended September 30, 2023, operating income improved 4.5%. The nine-month increase was

due to improved results for all of the Company's Segments, except Innovia, compared to the same nine-month period in 2022. Foreign currency translation had a positive impact of 5.6% on operating income for the comparable nine-month periods.

Earnings before net finance cost, taxes, earnings in equity accounted investments, non-cash acquisition accounting adjustments to inventory, depreciation and amortization, restructuring and other items ("Adjusted EBITDA", a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) increased 7.5% to \$341.7 million for the third quarter of 2023, compared to \$318.0 million for the third quarter of 2022. Excluding the positive impact of foreign currency translation, Adjusted EBITDA increased 2.0%. For the nine months ended September 30, 2023, Adjusted EBITDA was \$995.4 million, an increase of 5.6% compared to \$942.4 million in the comparable 2022 nine-month period. Foreign currency translation had a positive impact of 5.2% on Adjusted EBITDA for the comparable nine-month periods.

Net finance cost was \$20.3 million and \$58.9 million for the three-month and nine-month periods ended September 30, 2023, compared to \$17.1 million and \$47.2 million for the same periods in 2022. The increase in net finance cost for the three-month and nine-month periods ended September 30, 2023, was attributable an increase in variable interest rates on the Company's drawn syndicated revolving debt compared to the same periods in 2022.

The overall effective income tax rate was 24.5% for the three-month and nine-month periods ended September 30, 2023, compared to 22.9% and 23.9% for the same periods in the prior year. The increase in effective tax rate can be attributed to increased foreign dividend withholding taxes in 2023 and a higher portion of taxable income earned in higher tax rate jurisdictions compared to the same periods in 2022.

The effective tax rate may increase in future periods if a higher portion of the Company's taxable income is earned in higher tax jurisdictions.

Net earnings for the third quarters of 2023 and 2022 were \$169.1 million and \$163.9 million, respectively. This resulted in basic and diluted earnings of \$0.95 and \$0.94 per Class B share, respectively, for the 2023 third quarter compared to basic and diluted earnings of \$0.93 and \$0.92 per Class B share, respectively, for the prior year third quarter. Changes in foreign currency exchange rates increased earnings by \$0.05 per Class B share compared to the third quarter of 2022.

Net earnings for the nine-month period of 2023 were \$491.4 million, an increase of 2.9% compared to \$477.5 million for the same period a year ago. This resulted in basic and diluted earnings of \$2.77 and \$2.75 per Class B share, respectively, for the 2023 nine-month period compared to basic and diluted earnings of \$2.68 and \$2.66 per Class B share, respectively, for the prior year nine-month period. The weighted average number of shares (comprised of Class A voting shares and Class B non-voting shares) for the 2023 nine-month period were 177.5 million basic and 178.6 million diluted shares compared to 178.3 million basic and 179.5 million diluted shares for the comparable period of 2022. Diluted shares include weighted average in-the-money equity compensation arrangements totaling 1.1 million shares (2022 – 1.2 million shares).

Adjusted basic earnings per Class B share were \$0.95 and \$2.79 for the three-month and nine-month periods of 2023, respectively, compared to \$0.95 and \$2.74 for the same periods of 2022.

The following table is presented to provide context to the comparative change in the adjusted basic earnings per share.

(in Canadian dollars)	Third Quarter		Year-To-Date	
Adjusted Basic Earnings per Class B Share	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Basic earnings per Class B share	\$ 0.95	\$ 0.93	\$ 2.77	\$ 2.68
Restructuring and other items	-	0.02	0.02	0.04
Non-cash acquisition accounting adjustment related to inventory	-	-	-	0.02
Adjusted basic earnings ⁽¹⁾ per Class B share	\$ 0.95	\$ 0.95	\$ 2.79	\$ 2.74

⁽¹⁾ Adjusted Basic Earnings per Class B Share is a non-IFRS financial measure. Refer to definition in Section 14 of this MD&A.

The following is selected financial information for the eleven most recently completed quarters:

(In millions of Canadian dollars, except per share amounts)

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Total</u>
Sales					
2023	\$ 1,652.1	\$ 1,644.5	\$ 1,690.5	\$ -	\$ 4,987.1
2022	1,521.7	1,615.2	1,658.1	1,587.2	6,382.2
2021	1,349.5	1,406.3	1,488.2	1,488.8	5,732.8
Net earnings					
2023	166.4	155.9	169.1	-	491.4
2022	150.2	163.4	163.9	145.2	622.7
2021	147.7	153.0	153.3	145.1	599.1
Net earnings per Class B share					
Basic					
2023	0.94	0.88	0.95	-	2.77
2022	0.84	0.91	0.93	0.82	3.50
2021	0.82	0.86	0.85	0.80	3.33
Net earnings per Class B share					
Adjusted basic					
2023	0.94	0.90	0.95	-	2.79
2022	0.85	0.94	0.95	0.83	3.57
2021	0.82	0.89	0.85	0.81	3.37
Net earnings per Class B share					
Diluted					
2023	0.93	0.88	0.94	-	2.75
2022	0.83	0.91	0.92	0.82	3.48
2021	0.81	0.86	0.84	0.80	3.31

The quarterly financial results above are affected by the seasonality of the business Segments. The first and second quarters of a year are traditionally higher sales periods for the CCL and Innovia Segments as a result of the greater number of workdays than the third and fourth quarters plus the seasonality of certain end markets. For Avery, the third quarter has historically been its strongest, as it benefits from the increased

demand related to back-to-school activities in North America. For the Checkpoint Segment, in its recurring revenue streams, the second half of the calendar year is healthier as the business substantially follows the retail cycle of its customers, which traditionally experiences more consumer activity from March through the end of the year and prepares for the same in its supply chain from mid-year on.

3. Business Segment Review

CCL Segment (“CCL”)

(\$ millions)	<u>Third Quarter</u>			<u>Year-To-Date</u>		
	<u>2023</u>	<u>2022</u>	<u>+/-</u>	<u>2023</u>	<u>2022</u>	<u>+/-</u>
Sales	\$ 1,064.6	\$ 1,000.8	6.4%	\$ 3,073.2	\$ 2,908.0	5.7%
Operating Income ⁽¹⁾	\$ 169.7	\$ 160.2	5.9%	\$ 479.1	\$ 467.9	2.4%
Return on Sales ⁽¹⁾	15.9%	16.0%		15.6%	16.1%	
Capital Spending	\$ 72.9	\$ 80.1	(9.0%)	\$ 261.8	\$ 214.7	21.9%
Depreciation and Amortization ⁽²⁾	\$ 60.4	\$ 51.9	16.4%	\$ 172.9	\$ 158.0	9.4%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

(2) Depreciation and Amortization expense excludes depreciation of \$6.9 million and \$19.4 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2023 (2022 - \$5.5 million and \$16.5 million, respectively).

The CCL Segment has five customer sectors. The Company trades in three of them as CCL Label (and CCL Container or CCL Tube to recognize product differentiation where relevant) and one each as CCL Design and CCL Secure. The differentiated CCL sub-branding points to the nature of the application for the final product. The sectors have many common or overlapping customers, process technologies, information technology systems, raw material suppliers and operational infrastructures. CCL Label supplies innovative labels, aluminum aerosols and tube solutions to Home & Personal Care customers; decorative and functional labels for Food & Beverage companies to premiumize brands; and regulated, complex multi-layer labels for major pharmaceutical, consumer medicine, medical instrument and industrial or consumer chemical customers referred to as the Healthcare & Specialty business. CCL Design supplies long-life, high-performance labels and other products to automotive, electronics and durable goods OEMs. CCL Secure supplies polymer banknote substrate, pressure sensitive stamps, passport components and other security products to government institutions and to corporations for brand protection.

Sales for CCL were \$1,064.6 million for the third quarter of 2023 compared to \$1,000.8 million for the same quarter last year. The components of the 6.4% increase in sales are 4.0% acquisition-related growth and 6.0% positive impact from foreign currency translation partially offset by a 3.6% organic decline.

North American sales were down less than one percent for the third quarter of 2023, excluding acquisitions and currency translation compared to the third quarter of 2022. Home & Personal Care results decreased on significantly reduced demand for tubes

and lower sales of aerosols partially offset by label profitability gains resulting from rich mix. Healthcare & Specialty results were mixed, with improved results in Healthcare offset by slower performance in Ag-Chem markets, especially in the consumer space. CCL Design North America results improved on gains in automotive and electronics markets. Food & Beverage results improved significantly with particularly strong results in Sleeves. CCL Secure sales and profitability increased dramatically on robust demand for passport components. Overall operating income and return on sales for the current quarter in North America improved compared to the third quarter of 2022.

Sales in **Europe** were down mid-single digit for the third quarter of 2023, excluding currency translation and acquisitions, compared to the third quarter of 2022. Home & Personal Care sales and profitability declined on reduced consumer demand. Healthcare & Specialty results improved on good contributions from the Faubel acquisition offsetting start-up costs for new operations for folding cartons in Switzerland and soft AgChem markets. Food & Beverage results were solid in legacy operations compared to a strong prior period and were further augmented by the results for Creaprint and Pouch. CCL Design results declined on stable results for automotive and industrial markets more than offset by reduced profitability from slow sales in electronics markets. CCL Secure sales and profitability improved. Overall European profitability increased on currency translation from the stronger euro and British pound but return on sales declined.

For the third quarter of 2023, sales in **Latin America** were down less than one percent compared to the third quarter of 2022 excluding currency translation. Sales and profitability improvements in Mexico outpaced a decline in Brazil driven by slower Food & Beverage markets compared to a very strong prior year period. Results for the region were enhanced by the positive impact of currency translation for the Mexican peso and Brazilian real. Overall operating income increased on currency translation, however, return on sales declined compared to the prior year third quarter.

Asia Pacific sales for the 2023 third quarter, excluding currency translation, decreased double digit compared to the corresponding quarter in 2022. Sales in China declined with most end markets flat or down, significantly so in electronics; however, productivity initiatives and significant cost cutting at CCL Design resulted in improved profitability. Results in ASEAN countries were mixed, with sales and profitability improvements in Thailand, Vietnam and the Philippines offset by electronics-driven market declines in Singapore, Malaysia and India. In Australia, lower CCL Secure profitability more than offset gains in label operations. South Africa posted solid results, albeit below a strong prior year period. For the Asia Pacific region, operating income declined modestly but return on sales improved compared to the third quarter of 2022.

Operating income for the third quarter of 2023 was \$169.7 million, an improvement of 5.9%, compared to \$160.2 million for the third quarter of 2022. Return on sales was 15.9% compared to 16.0% for the 2022 third quarter.

Sales backlog for the label business rarely exceeds one month of sales, making forecasts one quarter ahead difficult. Management continues to watch the global economic situation closely along with associated volatility in foreign exchange rates.

CCL invested \$261.8 million in capital spending for the first nine months of 2023, compared to \$214.7 million in the same period in 2022. Major expenditures for the nine-month period related to capacity additions to support the Home & Personal Care, Healthcare & Specialty and Food & Beverage businesses globally as well as CCL Design electronics in Asia. Investments will continue in order to add capacity, broaden capabilities, expand geographically, and replace or upgrade existing plants and equipment. Depreciation and amortization was \$172.9 million for the nine months ended September 30, 2023, compared to \$158.0 million for the same period of 2022.

Avery Segment (“Avery”)

(\$ millions)	<u>Third Quarter</u>			<u>Year-To-Date</u>		
	<u>2023</u>	<u>2022</u>	<u>+/-</u>	<u>2023</u>	<u>2022</u>	<u>+/-</u>
Sales	\$ 269.5	\$ 257.0	4.9%	\$ 797.8	\$ 673.8	18.4%
Operating Income ⁽¹⁾	\$ 50.7	\$ 44.7	13.4%	\$ 151.6	\$ 125.5	20.8%
Return on Sales ⁽¹⁾	18.8%	17.4%		19.0%	18.6%	
Capital Spending	\$ 3.1	\$ 9.7	(68.0%)	\$ 10.0	\$ 27.1	(63.1%)
Depreciation and Amortization ⁽²⁾	\$ 8.1	\$ 7.0	15.7%	\$ 24.4	\$ 20.0	22.0%

⁽¹⁾ Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

⁽²⁾ Depreciation and Amortization expense excludes depreciation of \$2.5 million and \$7.5 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2023 (2022 - \$2.2 million and \$5.9 million, respectively).

Avery is one of the world’s largest suppliers of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors and mass-market retailers and pressure sensitive tapes in Brazil. The products are split into five primary lines: (1) Printable Media (“PMG”): including address labels, product identification labels and name badges/cards supported by customized software solutions where applicable; (2) Organization Products (“OPG”): including binders, indexes, sheet protectors and writing instruments; (3) Direct-to-Consumer: digitally imaged labels, name, event and security badges, RFID enabled key cards and wristbands, planners and kids-oriented identification labels supported by unique web-enabled e-commerce URLs; (4) Pressure Sensitive Tapes; and (5) Horticultural labels & tags.

Avery sales were \$269.5 million for the third quarter of 2023, an improvement of 4.9% compared to \$257.0 million for the same quarter last year. This increase in sales is attributed to 1.2% acquisition-related sales growth and 4.4% positive impact from foreign currency translation partially offset by 0.7% organic decline.

Sales in **North America** for the third quarter of 2023 were up single digit excluding acquisitions and currency translation compared to the third quarter of 2022. Results for PMG and OPG product lines improved significantly on solid demand in the traditional label and binder categories and a solid back-to-school season. Sales and profitability for Direct-to-Consumer name badge, event badge and wristband categories improved compared to the third quarter of 2022, with the newly acquired DMI posting excellent

results for the quarter. The Horticultural business entered its seasonally slow period, posting a result flat to the 2022 third quarter.

International represented approximately 36% of Avery sales for the third quarter of 2023. Excluding currency translation and acquisitions, sales declined modestly compared to the third quarter of 2022. Profitability growth in Direct-to-consumer and legacy product categories in Europe and Australia coupled with improvements in the Horticultural operations offset a decline in Latin America. All-in operating income improved internationally.

Operating income for the third quarter of 2023 was \$50.7 million compared to \$44.7 million for the third quarter of 2022. Return on sales was 18.8% for the 2023 third quarter compared to 17.4% recorded for the same quarter in 2022.

Avery invested \$10.0 million in capital spending in the first nine months of 2023 compared to \$27.1 million in the same period a year ago. The majority of the expenditures were to enhance the Direct-to-Consumer business in North America. Depreciation and amortization was \$24.4 million for the 2023 nine-month period compared to \$20.0 million for the 2022 nine-month period.

Checkpoint Segment (“Checkpoint”)

(\$ millions)	<u>Third Quarter</u>			<u>Year-To-Date</u>		
	<u>2023</u>	<u>2022</u>	<u>+/-</u>	<u>2023</u>	<u>2022</u>	<u>+/-</u>
Sales	\$ 210.1	\$ 196.0	7.2%	\$ 631.0	\$ 596.1	5.9%
Operating Income ⁽¹⁾	\$ 28.8	\$ 35.1	(17.9%)	\$ 87.7	\$ 84.3	4.0%
Return on Sales ⁽¹⁾	13.7%	17.9%		13.9%	14.1%	
Capital Spending	\$ 6.3	\$ 18.2	(65.4%)	\$ 34.8	\$ 40.1	(13.2%)
Depreciation and Amortization ⁽²⁾	\$ 8.9	\$ 8.5	4.7%	\$ 27.2	\$ 25.7	5.8%

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

(2) Depreciation and Amortization expense excludes depreciation of \$3.1 million and \$8.3 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2023 (2022 - \$2.3 million and \$6.4 million, respectively).

Checkpoint is a leading manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including RFID solutions, to the retail and apparel industry. The Segment has three primary product lines: Merchandise Availability Solutions (“MAS”), Apparel Labeling Solutions (“ALS”) and “Meto.” The MAS line focuses on electronic-article-surveillance (“EAS”) systems; hardware, software, labels and tags for loss prevention and inventory control systems, including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. Meto supplies hand-held pricing tools and labels and promotional in-store displays.

Checkpoint sales were \$210.1 million for the third quarter of 2023, an increase of 7.2% compared to \$196.0 million for the third quarter of 2022 driven by 4.1% organic sales growth rate and 3.1% positive impact from foreign currency translation.

MAS sales improved in the Americas, Europe and Asia Pacific compared to the 2022 third quarter with strong profitability gains overall. The current quarter benefited from price increases introduced in the second half of 2022 to offset inflation. Currency translation and lower freight costs also contributed to profitability. ALS sales improved on gains in Europe and Asia Pacific but profitability decreased slightly on a change in sales mix, compared to the 2022 third quarter. Demand for RFID-related products remains strong. Meto operations posted a significant decline in sales and profitability compared to a strong prior year period.

Overall operating income was \$28.8 million for the third quarter of 2023, compared to \$35.1 million for the third quarter of 2022, which included an \$11.9 million gain on the disposition of excess real estate in Asia. Return on sales was 13.7% compared to 17.9%, or 11.8% excluding the real estate gain, for the comparable quarter in 2022.

Checkpoint invested \$34.8 million in capital spending for the first nine months of 2023 compared to \$40.1 million for the same period of 2022. The majority of the expenditures were in the ALS manufacturing facilities, much of it RFID-related and included land for a major expansion in Turkey. Depreciation and amortization was \$27.2 million for the nine-month period of 2023, compared to \$25.7 million for the nine-month period of 2022.

Innovia Segment (“Innovia”)

(\$ millions)	<u>Third Quarter</u>			<u>Year-To-Date</u>		
	<u>2023</u>	<u>2022</u>	<u>+/-</u>	<u>2023</u>	<u>2022</u>	<u>+/-</u>
Sales	\$ 146.3	\$ 204.3	(28.4%)	\$ 485.1	\$ 617.1	(21.4%)
Operating Income ⁽¹⁾	\$ 6.9	\$ 6.8	1.5%	\$ 37.4	\$ 45.5	(17.8%)
Return on Sales ⁽¹⁾	4.7%	3.3%		7.7%	7.4%	
Capital Spending	\$ 29.7	\$ 11.5	158.3%	\$ 67.0	\$ 32.2	108.1%
Depreciation and Amortization ⁽²⁾	\$ 11.6	\$ 11.7	(0.9%)	\$ 34.8	\$ 35.0	(0.6%)

(1) Operating Income and Return on Sales are non-IFRS financial measures. Refer to definitions in Section 14.

(2) Depreciation and Amortization expense excludes depreciation of \$0.6 million and \$1.9 million, respectively, for right-of-use assets in the three-month and nine-month periods ended September 30, 2023 (2022 - \$0.6 million and \$1.3 million, respectively).

Innovia supplies specialty, high-performance, multi-layer, surface engineered Biaxially Oriented Polypropylene (“BOPP”) films from facilities in Australia, Belgium, Mexico, Poland and the U.K to customers in the pressure sensitive label materials, flexible packaging and consumer packaged goods industries worldwide. Additionally, a small percentage of the total volume is sold internally to the CCL Segment and more so to CCL Secure. Two smaller non-BOPP facilities, in Germany and the U.S., produce almost their entire output for CCL Label.

Sales for Innovia were \$146.3 million for the third quarter of 2023 compared to \$204.3 million for the third quarter of 2022. Sales decreased 34.4% organically, partially offset

by a 6.0% positive impact from foreign currency translation. The sales decline was driven by a volume reduction sold to external customers globally, especially in the label materials industry, plus the impact of reduced sales prices from lower resin indices worldwide compared to the prior year period. Profitability improvements in Europe, due to productivity initiatives and significantly lower energy and freight costs, and Australia offset volume-related declines in the Americas resulting in a slight improvement in Segment profitability and return on sales for the third quarter of 2023 compared to the same period a year ago. Operating income was \$6.9 million for the 2023 third quarter compared to operating income of \$6.8 million in the 2022 third quarter.

Innovia invested \$67.0 million in capital spending for the first nine months of 2023, compared to \$32.2 million for the 2022 nine-month period. The majority of the spending was for the new lower gauge, environmentally friendly label films facility in Germany. Depreciation and amortization was \$34.8 million for the nine-month period of 2023 compared to \$35.0 million for the same period of 2022.

Joint Ventures

(in millions of Canadian dollars)	Third Quarter			Year-To-Date		
	<u>2023</u>	<u>2022</u>	<u>+/-</u>	<u>2023</u>	<u>2022</u>	<u>+/-</u>
Sales (at 100%)						
CCL joint ventures	\$ 49.7	\$ 49.5	0.4%	\$ 142.7	\$ 131.3	8.7%
Earnings in equity accounted investments						
CCL joint ventures	\$ 5.2	\$ 4.0	30.0%	\$ 13.3	\$ 10.9	22.0%

Results from the joint ventures in CCL-Kontur, Russia, and Pacman-CCL, Middle East, are not proportionately consolidated into a Segment but instead are accounted for as equity investments. The Company's share of the joint ventures' net earnings is disclosed in "Earnings in Equity-Accounted Investments" in the consolidated condensed interim income statements. Excluding currency translation, sales and earnings increased. Earnings in equity accounted investments amounted to \$5.2 million for the third quarter of 2023 compared to \$4.0 million for the third quarter of 2022.

4. Currency Transaction Hedging and Currency Translation

Approximately 97% of sales made in the third quarter of 2023 to end-use customers were denominated in foreign currencies leaving the Company exposed to potentially significant translation variances when reporting results publicly in Canadian dollars. The Company does not hedge or manage such translation movements but does actively manage transaction exposures. Where possible, the Company contracts its business in local currencies with both customers and suppliers of raw materials.

The results of the third quarter of 2023 were positively impacted by the depreciation of the Canadian dollar against the, U.S. dollar, euro, U.K. pound, Brazilian real, Mexican peso and Thai baht by 2.7%, 11.0%, 10.5%, 10.2%, 21.7% and 6.3%, respectively, compared to the rates in the same period in 2022. This positive impact was partially offset by the appreciation of the Canadian dollar relative to the Australian dollar and

Chinese renminbi of 1.6% and 2.9%, when comparing the rates in the third quarters of 2023 and 2022. For the three-month and nine-month periods of 2023, foreign currency translation had a \$0.05 and \$0.15 positive impact, respectively on earnings per Class B share compared to the 2022 three-month and nine-month periods.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

(in millions of Canadian dollars)

	September 30, 2023	December 31, 2022
Current portion of long-term debt	\$ 6.7	\$ 6.6
Current lease liabilities	45.7	40.0
Long-term debt	2,316.1	2,175.6
Long-term lease liabilities	164.6	139.6
Total debt	2,533.1	2,361.8
Cash and cash equivalents	(773.1)	(839.5)
Net debt ⁽¹⁾	\$ 1,760.0	\$ 1,522.3
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 1,284.4	\$ 1,231.4
Net debt to Adjusted EBITDA ⁽¹⁾	1.37	1.24

⁽¹⁾ Net debt, Adjusted EBITDA and net debt to Adjusted EBITDA are non-IFRS financial measures. Refer to definitions in Section 14 of this MD&A.

⁽²⁾ Adjusted EBITDA is calculated on a trailing twelve-month basis. Refer to definitions in Section 14 of this MD&A.

During the 2022 second quarter, the Company amended its syndicated revolving credit facility extending the maturity an additional two years to February 2027.

During the first nine months of 2023, net drawdowns on the Company's credit facilities totaling \$133.9 million were primarily used to fund business acquisitions.

The Company's debt structure at September 30, 2023, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$808.5 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$676.0 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$516.0 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.2 million; accordingly, there was approximately US\$817.7 million of unused availability on the revolving credit facility at September 30, 2023.

The Company's debt structure at December 31, 2022, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$806.4 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$674.2 million), \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$394.1 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.8 million; accordingly, there was approximately US\$910.0 million of unused availability on the revolving credit facility at December 31, 2022.

Net debt was \$1,760.0 million at September 30, 2023, \$237.7 million more than the net debt of \$1,522.3 million at December 31, 2022. The increase in net debt is principally a result of drawdowns on the Company's syndicated revolving credit and a reduction of cash-on-hand at September 30, 2023, compared to December 31, 2022.

Net debt to Adjusted EBITDA at September 30, 2023, increased to 1.37 times, compared to 1.24 times at December 31, 2022, reflecting the aforementioned increase in net debt partly mitigated by an increase in Adjusted EBITDA.

The Company's overall average finance rate, excluding lease liabilities, increased to 3.04% as at September 30, 2023, compared to 2.88% as at December 31, 2022, due to an increase in borrowing on the Company's syndicated revolving credit facility at higher short-term variable interest rates.

The Company's leverage remains low and its liquidity very strong. The Company is in compliance with all its debt covenants and believes that it has sufficient cash on hand, unused credit lines and the ability to generate cash flow from operations to fund its expected financial obligations for the foreseeable future.

6. Cash Flow

(in millions of Canadian dollars)	Third Quarter		Year-To-Date	
Summary of Cash Flows	2023	2022	2023	2022
Cash provided by operating activities	\$ 292.4	\$ 246.2	\$ 647.5	\$ 589.6
Cash provided by (used for) financing activities	110.6	(104.4)	(22.2)	78.9
Cash used for investing activities	(368.3)	(97.8)	(685.4)	(575.3)
Translation adjustments on cash and cash equivalents	0.6	22.5	(6.3)	5.5
Increase (decrease) in cash and cash equivalents	\$ 35.3	\$ 66.5	\$ (66.4)	\$ 98.7
Cash and cash equivalents – end of period	\$ 773.1	\$ 700.8	\$ 773.1	\$ 700.8
Free cash flow from operations ⁽¹⁾	\$ 182.2	\$ 148.7	\$ 285.8	\$ 301.9

⁽¹⁾ Free cash flow from operations is non-IFRS financial measure. Refer to definition in Section 14.

During the third quarters of 2023 and 2022, the Company generated cash from operating activities of \$292.4 million and \$246.2 million, respectively. Free cash flow from operations was an inflow of \$285.8 million for the 2023 nine-month period compared to an inflow of \$301.9 million for the nine-month period in 2022. An improvement in net change in working capital was more than offset by an increase in net capital expenditures, which reduced free cash flow from operations for the nine-month period of 2023 compared to the same nine-month period in 2022.

Capital spending in the third quarter of 2023 amounted to \$112.0 million compared to \$119.5 million in the 2022 third quarter. Total depreciation and amortization for the third quarter of 2023 was \$102.3 million, compared to \$90.1 million for the third quarter of 2022. Expected net capital spending for 2023 is estimated to be approximately \$440.0 million. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the third quarters of 2023 and 2022 were \$47.1 million and \$42.5 million, respectively. The total number of shares issued and outstanding as at September 30, 2023 and 2022, were 177.7 million and 177.0 million, respectively. The Board of Directors has approved a dividend of \$0.2625 per Class A voting share and \$0.2650 per Class B non-voting share to shareholders of record as of December 15, 2023, and payable December 29, 2023. The annualized dividend rate is \$1.05 per Class A share and \$1.06 per Class B share.

In May of 2023, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.5 million Class B non-voting shares, approximately 9.9% of the public float of the Class B non-voting shares of the Company. For the nine-month period ended September 30, 2023 the Company did not purchase any shares for cancellation under its issuer bid programs.

7. Interest rate and Foreign Exchange Management

The Company is a global business with a significant asset base in the U.S. and Europe; consequently, a majority of the Company's debt is drawn in U.S. dollars. The Company continues to evaluate the appropriate levels of fixed versus floating interest rate debt and underlying currency of its drawn debt.

As at September 30, 2023, the Company had EUR 222.0 million drawn on its syndicated bank revolving credit facility hedging a portion of its euro-based investments and cash flows.

As at September 30, 2023, the Company utilized cross-currency interest rate swap agreements ("CCIRSAs") to hedge its euro-based assets and cash flows, effectively converting notional US\$264.7 million 3.25% fixed rate debt into 1.23% fixed rate euro debt, US\$111.5 million 3.25% fixed rate debt into 1.16% fixed rate euro debt, US\$204.6 million 3.05% fixed rate debt into 2.06% fixed rate euro debt and US\$203.9 million 3.05% fixed rate debt into 2.0% fixed rate euro debt. The effect of the CCIRSAs has been to reduce finance cost by \$12.4 million for the nine months ended September 30, 2023.

8. Subsequent Events

The Board of Directors has declared a dividend of \$0.265 per Class B non-voting share and \$0.2625 per Class A voting share, which will be payable to shareholders of record at the close of business on December 15, 2023, to be paid on December 29, 2023.

9. Accounting Policies

A) Critical Accounting Estimates

The preparation of the Company's interim financial statements in accordance with IFRS requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the interim financial statements, and the

reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis, based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the interim financial statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this MD&A and in the notes to the interim financial statements.

The 2022 annual audited financial statements and notes thereto, as well as the 2022 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations. For the nine months ended September 30, 2023, there are no changes to the critical accounting policies and estimates from those described in the 2022 annual MD&A.

B) Inter-Company and Related Party Transactions

A summary of the Company's related party transactions is set out in note 27 of the annual financial statements for the year ended December 31, 2022. There have been no changes to the nature of, or parties to, the transactions for the nine months ended September 30, 2023.

10. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, surety bonds and loan guarantees. The nature of its commitments is described in note 26 and note 27 of the annual financial statements for the year ended December 31, 2022. There are no defined benefit plans funded with CCL Industries Inc. stock.

11. Controls and Procedures

In accordance with the provisions of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, management, including the CEO and CFO, have limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of IEI, Faubel, Creaprint, Pouch, Oomph, eAgile, and DMI. These companies were acquired between December 31, 2022 and September 30, 2023, for approximately \$342.0 million.

The scope of the limitation is primarily based on the time required to assess the acquired businesses disclosure controls and procedures and internal control over financial reporting in a manner consistent with the Company's other operations. Further details related to the summary financial information of these acquisitions is disclosed in note 3 of the Company's consolidated condensed interim financial statements for the periods ended September 30, 2023 and 2022.

Except for the preceding changes, there were no other material changes in internal control over financial reporting in the nine-month period ended September 30, 2023.

12. Risks and Strategies

The 2022 Annual MD&A detailed risks to the Company's business and the strategies planned for 2023 and beyond. There have been no material changes to those risks and strategies during the first nine months of 2023.

13. Outlook

The third quarter of 2023, was a solid quarter for the Company despite continuing destocking at customers and the impact of inflation and higher interest rates on the consumer. The Company implemented productivity initiatives and cost cutting measures where appropriate and continues to pursue its global expansion, closing on five acquisitions, which helped drive profitability improvement compared to the 2022 third quarter. For the start of the fourth quarter, geo-political uncertainty continues to mount following the events in Israel.

For the CCL Segment, demand for the fourth quarter in the packaging-related businesses appears to be consistent with 2023 third quarter trends; however, results should remain solid as destocking wanes and productivity initiatives and cost cutting programs support profitability. For CCL Design, electronics demand is expected to improve in the 2023 fourth quarter of this year and 2022 comparative results are expected to ease; CCL Secure also has easier 2022 comparative results. Carefully observing economic activity or the re-emergence of inflationary cost pressures and rebalancing operating costs remains vital going forward.

For Checkpoint, MAS product lines face challenging fourth quarter comparatives to a very strong finish to 2022 but strength remains for RFID-related tags and labels within ALS as retailers pivot to this fast-growing technology.

Avery benefited from profitability improvements in legacy product lines for the third quarter of 2023 albeit the Direct-to-Consumer businesses are still expected to outpace growth in these categories in the 2023 fourth quarter and beyond.

Innovia for the first time this year slightly improved results compared to the prior year quarter, with this comparative progress expected to accelerate for the final quarter of this year. Management will also remain diligently focused on cost reduction opportunities while profitably filling the new EcoFloat line in Poland and constructing the new environmentally friendly label film line in Germany.

The Company finished the third quarter with \$773.1 million cash-on-hand and additional unused capacity of US\$0.8 billion within its syndicated revolving credit facility. Net debt to Adjusted EBITDA is at 1.37 turns. The Company's liquidity position is robust and positioned for incremental acquisition growth. The Company expects net capital expenditures for 2023 to be approximately \$440-\$450 million, supporting organic growth and new greenfield opportunities globally. Fourth quarter orders so far remain stable, in line with the current demand environment experienced year-to-date, but the macroeconomic and geopolitical tensions could result in downward pressures.

Foreign currency translation would be a tailwind at current exchange rates for the fourth quarter of 2023 compared to the same quarter in 2022.

14. Key Performance Indicators and Non-IFRS Financial Measures

The Company measures the success of the business using a number of key performance indicators, many of which are in accordance with IFRS as described throughout this report. The following performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to or replacement of net earnings or any other measure of performance under IFRS. These non-IFRS measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. These additional measures are used to provide added insight into the Company's results and are concepts often seen in external analysts' research reports, financial covenants in banking agreements and note agreements, purchase and sales contracts on acquisitions and divestitures of the business, and in discussions and reports to and from the Company's shareholders and the investment community. These non-IFRS measures will be found throughout this report and are referenced alphabetically in the definition section below.

Adjusted Basic Earnings per Class B Share – An important non-IFRS measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share, but it does provide additional insight into the ongoing financial results of the Company. This non-IFRS measure is defined as basic net earnings per Class B share excluding gains on business dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments to inventory, restructuring and other items and tax adjustments.

Adjusted EBITDA - A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. It is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS measure is defined as earnings before net finance cost, taxes, depreciation and amortization, goodwill impairment loss, non-cash acquisition accounting adjustments to inventory, earnings in equity-accounted investments, and restructuring and other items. The Company believes that Adjusted EBITDA is an important measure as it allows the assessment of the ongoing business without the impact of net finance cost, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate the Company's ability to incur or service debt and to invest in property, plant and equipment, and it allows comparison of the business to that of its peers and competitors who may have different capital or organizational structures. Adjusted EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. Adjusted EBITDA is considered an important measure by lenders to the Company and is included in the financial covenants for the Company's bank lines of credit.

The following table reconciles Adjusted EBITDA measures to IFRS financial measures reported in the consolidated condensed interim income statements for the periods ended as indicated.

(in millions of Canadian dollars)	Third Quarter		Year-To-Date	
	2023	2022	2023	2022
Adjusted EBITDA				
Net earnings	\$ 169.1	\$ 163.9	\$ 491.4	\$ 477.5
Corporate expense	16.7	18.9	57.9	54.3
Earnings in equity accounted investments	(5.2)	(4.0)	(13.3)	(10.9)
Net finance cost	20.3	17.1	58.9	47.2
Restructuring and other items	1.9	3.3	5.6	8.3
Income taxes	53.3	47.6	155.3	146.8
Operating income (a non-IFRS measure)	\$ 256.1	\$ 246.8	\$ 755.8	\$ 723.2
Less: Corporate expense	(16.7)	(18.9)	(57.9)	(54.3)
Add: Depreciation and amortization	102.3	90.1	297.5	270.0
Add: Non-cash acquisition accounting adjustment related to inventory	-	-	-	3.5
Adjusted EBITDA (a non-IFRS measure)	\$ 341.7	\$ 318.0	\$ 995.4	\$ 942.4
Adjusted EBITDA for 12 months ended December 31, 2022 and 2021, respectively			\$ 1,231.4	1,173.1
less: Adjusted EBITDA for nine months ended September 30, 2022 and 2021, respectively			(942.4)	(895.9)
add: Adjusted EBITDA for nine months ended September 30, 2023 and 2022 respectively			995.4	942.4
Adjusted EBITDA for 12 months ended September 30			\$ 1,284.4	\$ 1,219.6

Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the period and available to fund dividends, debt repayments and acquisitions. It is calculated as cash flow from operations less capital expenditures, net of proceeds from the sale of property, plant and equipment.

The following table reconciles the free cash flow from operations measure to IFRS measures reported in the consolidated condensed interim statements of cash flows for the periods ended as indicated.

(in millions of Canadian dollars)	Third Quarter		Year-To-Date	
	2023	2022	2023	2022
Free Cash Flow from Operations				
Cash provided by operating activities	\$ 292.4	\$ 246.2	\$ 647.5	\$ 589.6
Less: Additions to property, plant and equipment	(112.0)	(119.5)	(373.6)	(314.1)
Add: Proceeds on disposal of property, plant and equipment	1.8	22.0	11.9	26.4
Free Cash Flow from Operations	\$ 182.2	\$ 148.7	\$ 285.8	\$ 301.9

Net Debt – A measure indicating the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. It is defined as current debt, which includes bank advances, plus long-term debt and lease liabilities, less cash and cash equivalents.

Net Debt to Adjusted EBITDA (or leverage ratio) – A measure that indicates the Company's ability to service its existing debt. Net Debt to Adjusted EBITDA is calculated as net debt divided by Adjusted EBITDA.

Operating Income – A measure indicating the profitability of the Company's business units defined as income before corporate expenses, net finance cost, goodwill impairment loss, earnings in equity-accounted investments, restructuring and other items and tax.

See Adjusted EBITDA definition above for a reconciliation of Operating Income measures to IFRS financial measures reported in the consolidated condensed interim income statements for the periods ended as indicated.

Restructuring and Other Items per share – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items on a per share basis is measured by dividing the after-tax effect of the restructuring and other items by the weighted average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's results because the timing and extent of such items do not reflect or relate to the Company's ongoing operating performance. Management evaluates the operating income of its segments before the effect of these items.

Return on Sales – A measure indicating relative profitability of sales to customers. It is defined as Operating Income (see definition above) divided by sales, expressed as a percentage.

The following table reconciles the Return on Sales measure to IFRS financial measures reported in the consolidated condensed interim income statements in the industry segment information as per note 4 of the Company's consolidated condensed interim financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

	Sales		Operating Income		Return on Sales	
	Third Quarter		Third Quarter		Third Quarter	
	2023	2022	2023	2022	2023	2022
CCL	\$ 1,064.6	\$ 1,000.8	\$ 169.7	\$ 160.2	15.9%	16.0%
Avery	269.5	257.0	50.7	44.7	18.8%	17.4%
Checkpoint	210.1	196.0	28.8	35.1	13.7%	17.9%
Innovia	146.3	204.3	6.9	6.8	4.7%	3.3%
Total Operations	\$ 1,690.5	\$ 1,658.1	\$ 256.1	\$ 246.8	15.1%	14.9%

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended September 30, 2023				Nine Months Ended September 30, 2023			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	(3.6%)	4.0%	6.0%	6.4%	(1.3%)	1.5%	5.5%	5.7%
Avery	(0.7%)	1.2%	4.4%	4.9%	4.5%	9.1%	4.8%	18.4%
Checkpoint	4.1%	-	3.1%	7.2%	3.0%	-	2.9%	5.9%
Innovia	(34.4%)	-	6.0%	(28.4%)	(26.3%)	-	4.9%	(21.4%)
Total	(6.0%)	2.6%	5.4%	2.0%	(3.2%)	2.2%	5.0%	4.0%

15. Outstanding Share Data

As at November 8, 2023, there were, 11,748,723 Class A voting shares and 165,980,847 Class B non-voting shares (“Class B Shares”) outstanding. In addition, there were stock options outstanding to purchase 277,000 Class B shares, 264,646 deferred share units, 129,844 restricted stock units under the 2017-2025 Long Term Retention Plan, 129,338 restricted stock units under the 2019-2027 Long Term Retention Plan and 495,862 restricted stock units under the Restricted Stock Unit Plan. Lastly, there are 1,429,319 Class B shares reserved for issuance under the Performance Stock Unit Plan.