

MANAGEMENT'S DISCUSSION AND ANALYSIS

First Quarters Ended March 31, 2025 and 2024

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 first quarters ended March 31, 2025, and 2024. The information in this interim MD&A is current to May 7, 2025, and should be read in conjunction with the Company's May 7, 2025, unaudited first quarter consolidated condensed interim financial statements ("interim financial statements") released on May 7, 2025, and the 2024 Annual MD&A and annual consolidated financial statements ("annual financial statements"), which form part of CCL Industries Inc.'s 2024 Annual Report, dated February 20, 2025.

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedarplus.ca 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") as issued by the International Accounting Standards Board, 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, Egyptian pound, Hong Kong dollar, Hungarian forint, Indian rupee, Israeli shekel, Japanese yen, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Omani rial, Philippine peso, Polish zloty, Russian ruble, Saudi riyal, Singaporean dollar, South African rand, South Korean won, Swiss franc, Thai baht, Turkish lira, United Arab Emirates dirham, 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 2025; 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; the impact of trade tariffs; the conflicts in the Ukraine and the Middle East on the Company's overall operations, customers, strategy and financial results and on the respective Segments of the Company, including in respect of the second quarter of 2025 and beyond.

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 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, including stable aluminum and resin costs; the expectations that demand is softening in parts of the consumer staples business and could have a negative impact on results for the CCL Segment; the expectation that CCL Secure's new business wins will drive improved sales volume in 2025; the expectation that the CCL Segment will post improved results for 2025 compared to prior years; the outlook that results in the Middle East will be strong and continue to meet management expectations; the expectation that new plant start-up costs will negatively impact the CCL Segment results; the expectation that the Avery Segment will be negatively impacted by trade tariffs; the expectation that growth in Avery's direct-to-consumer businesses will outpace legacy operations; the expectation that RFID-related products will continue to have strong demand for Checkpoint; the expectation that Checkpoint's MAS product line could be impacted by trade tariffs and that mitigating actions will be beneficial; the expectation that Checkpoint's ALS retail and apparel product categories will grow and improve profitability in 2025; the expectation that Checkpoint will complete the construction of its new facility in Vietnam on time; the expectation that Innovia will add incremental sales volume throughout 2025 at its proprietary EcoFloat line in Poland and that Innovia will complete construction of its new German thin-gauge film facility by the end of the 2025 second quarter with reasonable startup costs. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2024 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 depend 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 Company posted a record quarter for the period ended March 31, 2025, with adjusted earnings per class B share of \$1.18 compared to \$1.08 per class B share in the prior year comparative period. On a consolidated basis, organic sales growth was 3.8%, driven by a strong 7.2% improvement at Innovia and solid 4.5% and 3.9% growth for the CCL and Checkpoint Segments, respectively, offsetting a modest decline of 1.7% at Avery. On a comparative basis, the Easter holiday falling partly into the first quarter of the 2024 year impacted March sales for many operations whereas the entire holiday was in the second quarter of 2025. Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) increased 12.4% with the majority of the improvements at the CCL and Innovia Segments. All-in, the Company posted a 9.3% improvement in first quarter 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 \$1.18, a record, compared to basic and adjusted basic earnings per Class B share of \$1.08, for the 2024 first quarter.

2. Review of Consolidated Financial Results

The following acquisition affected the financial comparisons to 2024:

- In June 2024, the Company acquired the remaining 50% interest in its Middle East label joint venture, Pacman-CCL (“Pacman”), for approximately \$142.9 million, net of cash acquired. The business commenced trading as CCL Label, with its results fully consolidated subsequent to the acquisition.

Sales for the first quarter of 2025 were \$1,887.1 million, an increase of 8.6% compared to \$1,737.2 million recorded in the first quarter of 2024. Sales increased due to organic growth of 3.8%, acquisition-related growth of 1.4% and a 3.4% positive impact from foreign currency translation.

Selling, general and administrative expenses (“SG&A”) were \$277.9 million for the first quarter of 2025 compared to \$253.0 million for first quarter of 2024. The increase in SG&A for the comparative quarters is due to the year-over-year impact of foreign currency translation, a slight increase in corporate costs and the acquisition of Pacman.

The Company recorded an expense of \$0.8 million (\$0.6 million after tax) for restructuring and other items in the first quarter of 2025, with no corresponding expense recorded in the first quarter of 2024. Restructuring and other items for the 2025 first quarter mainly comprised of severance costs associated with the Checkpoint Segment.

Operating income for the first quarter of 2025 improved 12.4% to \$316.9 million, compared to \$282.0 million for the first quarter of 2024. All Segments posted improved results, albeit CCL and Innovia represented almost the entire uplift. Operating income improved 9.4%, excluding the positive impact of foreign currency translation.

Earnings before net finance cost, taxes, earnings in equity accounted investments, depreciation and amortization, restructuring and other items (“Adjusted EBITDA”, a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) improved 10.8% to \$408.0 million for the first quarter of 2025, compared to \$368.1 million for the first quarter of 2024. Excluding the positive impact of foreign currency translation, Adjusted EBITDA increased 7.9%.

Net finance cost was \$18.5 million for the first quarter of 2025, compared to \$18.0 million for the 2024 first quarter. For the first quarter of 2025, net finance costs increased primarily due to a reduction in finance income earned on the Company’s cash-on-hand.

The overall effective income tax rate was 24.7% for the three-month period ended March 31, 2025, and March 31, 2024. 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 first quarter of 2025 increased 8.0% to \$207.4 million compared to \$192.1 million for the first quarter of 2024. This resulted in basic and diluted earnings of \$1.18 and \$1.17 per Class B share, respectively, for the 2025 first quarter compared to basic and diluted earnings of \$1.08 and \$1.07 per Class B share, respectively, for the prior year first quarter. The weighted average number of shares (comprised of Class A

voting shares and Class B non-voting shares) for the 2025 first quarter were 176.5 million basic and 177.3 million diluted shares compared to 178.1 million basic and 180.2 million diluted shares for the comparable period of 2024. Diluted shares include weighted average in-the-money equity compensation arrangements totaling 0.8 million shares (2024 – 2.1 million shares).

Adjusted basic earnings per Class B share were a record \$1.18 for the first quarter of 2025, compared to \$1.08 for the first quarter of 2024. Changes in foreign exchange rates had a positive impact on earnings of \$0.02 per Class B share compared to the first quarter of 2024.

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

(In Canadian dollars)	First Quarter	
Adjusted Basic Earnings per Class B Share	<u>2025</u>	<u>2024</u>
Basic earnings per Class B share	\$ 1.18	\$ 1.08
Restructuring and other items	-	-
Adjusted basic earnings ⁽¹⁾ per Class B share	\$ 1.18	\$ 1.08

⁽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 nine 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					
2025	\$ 1,887.1	\$ -	\$ -	\$ -	\$ 1,887.1
2024	1,737.2	1,845.6	1,849.7	1,812.5	7,245.0
2023	1,652.1	1,644.5	1,690.5	1,662.5	6,649.6
Net earnings					
2025	207.4	-	-	-	207.4
2024	192.1	279.5	191.7	179.8	843.1
2023	166.4	155.9	169.1	38.8	530.2
Net earnings per Class B share					
Basic					
2025	1.18	-	-	-	1.18
2024	1.08	1.56	1.08	1.01	4.73
2023	0.94	0.88	0.95	0.22	2.99
Net earnings per Class B share					
Adjusted basic					
2025	1.18	-	-	-	1.18
2024	1.08	1.13	1.09	1.02	4.32
2023	0.94	0.90	0.95	0.97	3.76
Net earnings per Class B share					
Diluted					
2025	1.17	-	-	-	1.17
2024	1.07	1.55	1.07	1.01	4.70
2023	0.93	0.88	0.94	0.20	2.95

The quarterly financial results above are affected by the seasonality of the business Segments and the timing of acquisitions. For the CCL Segment and Innovia, the first and second quarters are generally the strongest due to the number of workdays and various customer-related activities. Also, there are many products that have a spring-summer bias in North America and Europe such as horticultural labels, agricultural chemicals and certain beverage products, which generate additional sales volumes for the Company in the first half of the year. The polymer banknote business within the CCL Segment experiences intra-quarter variations in sales influenced by Central Banks' reorder volatility. For Avery, the third quarter has historically been its strongest as it benefits from increased demand related to back-to-school activities in North America, although the impact is expected to diminish in future periods on secular declines in low-margin ring binder sales and the expansion of Avery's direct-to-consumer businesses that do not have this seasonal bias. For Checkpoint, 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 September through to the end of the year and prepares for the same in its supply chain from mid-year on. Checkpoint's year-over-year comparative quarterly results often include one-time large chain-wide customer-driven hardware installations that strengthen future reoccurring label revenues. Sales in the final quarter of the year are negatively affected in North America by Thanksgiving and globally by the Christmas and New Year holiday season shutdowns.

3. Business Segment Review

CCL Segment (“CCL”)

(\$ millions)	First Quarter		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 1,200.3	\$ 1,094.1	9.7%
Operating Income ⁽¹⁾	\$ 200.3	\$ 177.6	12.8%
Return on Sales ⁽¹⁾	16.7%	16.2%	
Capital Spending	\$ 71.6	\$ 131.5	(45.6%)
Depreciation and Amortization ⁽²⁾	\$ 70.4	\$ 64.1	9.8%

(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 \$7.3 million for right-of-use assets in the three-month period ended March 31, 2025 (2024 - \$6.8 million).

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, short-run folding boxes, 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 \$1,200.3 million for the first quarter of 2025 compared to \$1,094.1 million for the same quarter last year. The components of the 9.7% increase in sales are a 4.5% organic growth rate, 2.2% acquisition contribution and 3.0% positive impact from foreign currency translation.

North American sales for the first quarter of 2025 were up low-single digit, excluding currency translation compared to the first quarter of 2024. Home & Personal Care sales increased, driven by improved demand for tubes and continuing strength in aluminum aerosols and bottles; profitability improved in all categories including labels. Healthcare & Specialty sales were solid with strong gains in AgChem, particularly in the lawn & garden space, while Healthcare modestly increased with profitability gains held by new plant start-up costs. Food & Beverage results improved on sales growth in pressure sensitive markets, reduced losses for in-mould labels and strong operational execution in the sleeve plants. CCL Design North America sales and profitability improved. CCL Secure posted strong sales and profitability, although down compared to a strong prior

year period. Overall, 2025 first quarter North American operating income improved and return on sales decreased modestly, compared to the first quarter of 2024.

Sales in **Europe** were up low-single digit for the first quarter of 2025, excluding currency translation, compared to the first quarter of 2024. Home & Personal Care sales improved, but profitability increased significantly on better mix and solid operational execution. Healthcare & Specialty results were mixed with strong results improvement in Healthcare offsetting lower profitability for AgChem operations despite sales growth. Food & Beverage also recorded mixed results with sales growth driven by strong demand for pressure sensitive applications, but profitability declined on pricing pressures in soft end markets and new plant startup costs. CCL Design results improved despite slowing automotive markets. CCL Secure posted reduced results on sales mix. Overall profitability improved, however return on sales in Europe declined compared to the 2024 first quarter.

Sales in **Latin America**, excluding currency translation, improved double digit compared to a strong first quarter of 2024. Sales and profitability improvement were primarily attributable to robust demand for most products in Mexico, more than offsetting reduced results in Brazil and Argentina with currency volatility a factor. Overall operating income and return on sales increased in the region compared to the first quarter of 2024.

Asia Pacific sales for the 2025 first quarter, excluding currency translation, improved low single digit compared to the first quarter in 2024. China sales increased modestly but with outsized profitability gains due to better mix, cost savings and productivity initiatives especially at CCL Design. Sales and profitability improved in ASEAN countries on new business gains in Singapore and Malaysia offsetting lower profits in Thailand compared to a bumper prior year period. The new CCL Design plant in India had a strong quarter. In Australia profitability declined, largely driven by weak results at CCL Secure, while South Africa posted strong sales growth but lower profitability on new capacity start up costs. For the Asia Pacific region, operating income increased but return on sales declined compared to the first quarter of 2024.

Sales and profitability exceeded management's expectations for the **Middle East**, following the acquisition and consolidation of Pacman in early June 2024.

Operating income for the first quarter of 2025 was \$200.3 million, compared to \$177.6 million for the first quarter of 2024. Return on sales improved to 16.7%, driven by Latin American and Middle East operations, compared to the 16.2% recorded for the same period in 2024.

Sales backlogs for the label business rarely exceed 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 \$71.6 million in capital spending for the first quarter of 2025, compared to \$131.5 million in the same period in 2024. The investments for the first quarter of 2025 were primarily related to capacity additions to support the Home & Personal Care (most notably at CCL Container), Healthcare & Specialty and Food & Beverage businesses

globally. Depreciation and amortization was \$70.4 million for the first quarter of 2025 compared to \$64.1 million for the same quarter of 2024.

Avery Segment (“Avery”)

(\$ millions)	First Quarter		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 258.8	\$ 252.8	2.4%
Operating Income ⁽¹⁾	\$ 52.2	\$ 51.0	2.4%
Return on Sales ⁽¹⁾	20.2%	20.2%	
Capital Spending	\$ 5.7	\$ 4.6	23.9%
Depreciation and Amortization ⁽²⁾	\$ 7.4	\$ 7.7	(3.9%)

(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 \$2.7 million for right-of-use assets in the three-month period ended March 31, 2025 (2024 - \$2.5 million).

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 and event 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 \$258.8 million for the first quarter of 2025, compared to \$252.8 million for the same quarter last year. The 2.4% increase in sales is attributed to 1.7% organic decline offset by 4.1% positive impact from foreign currency translation.

Sales in **North America** for the first quarter of 2025 declined slightly, excluding currency translation, compared to the first quarter of 2024. Sales and profitability for Direct-to-Consumer channels improved on solid demand for badge, wristband and label categories. Results declined for horticultural labels and tags due to seasonal ordering patterns. Sales and profitability for PMG and OPG combined improved for the 2025 first quarter compared to a solid prior year first quarter.

International sales represented approximately 35% of Avery sales for the first quarter of 2025. Excluding currency translation, organic sales declined, principally driven by the legacy product categories in Europe and Australia. European Direct-to-Consumer businesses posted modest organic sales gains, but with mix driven reduced profitability compared to the first quarter of 2024. Profitability for the horticultural business in Europe improved modestly offset by a reduction at the tapes operation in Brazil compared to the first quarter of 2024.

Operating income increased 2.4% for the first quarter of 2025 to \$52.2 million compared to \$51.0 million for the first quarter of 2024. Return on sales was 20.2% for the 2025 and 2024 first quarters.

Avery invested \$5.7 million in capital spending in the first quarter of 2025 compared to \$4.6 million in the same period a year ago. Depreciation and amortization was \$7.4 million for the 2025 first quarter compared to \$7.7 million for the 2024 first quarter.

Checkpoint Segment (“Checkpoint”)

(\$ millions)	First Quarter		
	2025	2024	+/-
Sales	\$ 241.1	\$ 224.7	7.3%
Operating Income ⁽¹⁾	\$ 37.3	\$ 37.0	0.8%
Return on Sales ⁽¹⁾	15.5%	16.5%	
Capital Spending	\$ 17.8	\$ 16.5	7.9%
Depreciation and Amortization ⁽²⁾	\$ 10.4	\$ 9.2	13.0%

(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 \$3.5 million for right-of-use assets in the three-month period ended March 31, 2025 (2024 - \$3.1 million).

Checkpoint is a leading manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and radio frequency identification (“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 \$241.1 million for the first quarter of 2025, an increase of 7.3% compared to \$224.7 million for the first quarter of 2024 driven by 3.9% organic sales growth and 3.4% positive impact from foreign currency translation. MAS sales and profitability improved on strength in Europe offset by lower performance in other regions. ALS sales and profitability increased on market share gains in traditional product categories along with continued high demand for RFID-related products, compared to a solid comparative quarter in 2024. Meto posted improved sales and profitability compared to a soft prior year first quarter.

Overall, operating income increased 0.8% to \$37.3 million for the first quarter of 2025 compared to \$37.0 million for the first quarter of 2024. Return on sales was 15.5% compared to 16.5% for the 2024 first quarter.

Checkpoint invested \$17.8 million in capital spending for the first quarter of 2025 compared to \$16.5 million for the same period of 2024. Most of the expenditures were for RFID operations in Mexico and for the new ALS manufacturing facility in Vietnam.

Depreciation and amortization was \$10.4 million for the first quarter of 2025, compared to \$9.2 million for the first quarter of 2024.

Innovia Segment (“Innovia”)

(\$ millions)	First Quarter		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 186.9	\$ 165.6	12.9%
Operating Income ⁽¹⁾	\$ 27.1	\$ 16.4	65.2%
Return on Sales ⁽¹⁾	14.5%	9.9%	
Capital Spending	\$ 19.2	\$ 26.4	(27.3%)
Depreciation and Amortization ⁽²⁾	\$ 11.3	\$ 11.4	(0.9%)

(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 \$0.4 million for right-of-use assets in the three-month period ended March 31, 2025 (2024 - \$0.7 million).

Innovia supplies specialty, high-performance, multi-layer, surface engineered Biaxially Oriented Polypropylene (“BOPP”) films from facilities in Australia, Germany, 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. In 2022, Innovia announced a significant investment in new films manufacturing capacity in Germany. This new multi-layer co-extrusion film line will produce highly engineered thin gauge pressure sensitive label film to support growing sustainability-driven lower resin content materials. Construction of this new facility started in 2023, with the commencement of commercial operations slated for the end of the 2025 second quarter.

Sales for Innovia were \$186.9 million for the first quarter of 2025 an increase of 12.9% compared to the \$165.6 million for the first quarter of 2024. Sales improved due to organic growth of 7.2% and 5.7% positive impact from foreign currency translation. Sales gains were driven by strong volumes in the U.K. operations associated with products previously fulfilled by the former Belgium location and solid demand gains in the pressure sensitive materials industry in Europe and the U.S., plus continued volume growth for “EcoFloat” shrink film in Poland. Consequently, operating income improved significantly to \$27.1 million, up 65.2%, for the first quarter of 2025 compared to \$16.4 million in the 2024 first quarter. Return on sales improved to 14.5% compared to 9.9% for the first quarter of 2024.

Innovia invested \$19.2 million in capital spending for the first quarter of 2025 to complete the new thin gauge label films facility in Germany as well as new top coating capability in the Mexican operation compared to \$26.4 million for the 2024 first quarter. Depreciation and amortization was \$11.3 million for the first quarter of 2025 compared to \$11.4 million for the same period of 2024.

Joint Ventures

	First Quarter		
(\$ millions)	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales (at 100%)			
CCL joint ventures	\$ 19.7	\$ 51.3	(61.6%)
Earnings in equity accounted investments			
CCL joint ventures	\$ 0.5	\$ 8.3	(94.0%)

Results from the joint ventures, including CCL-Kontur, Russia, and, up until the date of its acquisition of the remaining 50% interest by the Company in June 2024, 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. Earnings from the label joint ventures declined significantly, due to the acquisition of Pacman-CCL and recent volatility in the Russian currency at CCL Kontur and its subsequent impact on volume and input costs. Earnings in equity accounted investments amounted to \$0.5 million for the first quarter of 2025 compared to \$8.3 million for the first quarter of 2024.

4. Currency Transaction Hedging and Currency Translation

Approximately 98% of sales made in the first quarter of 2025 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 first quarter of 2025 were negatively impacted by the appreciation of the Canadian dollar against the Mexican peso and Brazilian real by 11.5% and 10.0%, respectively, compared to the rates in the same period in 2024. This negative impact was more than offset by the depreciation of the Canadian dollar relative to the U.S. dollar, euro, U.K. pound, Chinese renminbi and Thai baht of 6.4%, 3.2%, 5.7%, 5.2% and 11.8%, respectively, when comparing the rates in the first quarters of 2025 and 2024. For the first quarter of 2025 foreign currency translation had a positive impact on earnings of \$0.02 per Class B share compared to last year's first quarter.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

(in millions of Canadian dollars)

	March 31, 2025	December 31, 2024
Current portion of long-term debt	\$ 3.5	\$ 4.2
Current lease liabilities	50.4	47.2
Long-term debt	2,357.0	2,232.5
Long-term lease liabilities	162.7	163.7
Total debt	2,573.6	2,447.6
Cash and cash equivalents	(821.0)	(828.7)
Net debt ⁽¹⁾	\$ 1,752.6	\$ 1,618.9
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 1,537.0	\$ 1,497.1
Net debt to Adjusted EBITDA ⁽¹⁾	1.14	1.08

(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.

The Company's debt structure as at March 31, 2025 was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$858.5 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$718.0 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$471.6 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.1 million; accordingly, there was approximately US\$870.8 million of unused availability on the revolving credit facility at March 31, 2025.

The Company's debt structure at December 31, 2024, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$858.1 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$717.6 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$347.8 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.1 million; accordingly, there was approximately US\$956.7 million of unused availability on the revolving credit facility at December 31, 2024.

Net debt was \$1,752.6 million at March 31, 2025, \$133.7 million higher than the net debt of \$1,618.9 million at December 31, 2024. The increase in net debt is principally attributable to drawdowns on the Company's syndicated revolving credit facility and the decrease in cash and cash equivalents at March 31, 2025, compared to December 31, 2024.

Net debt to Adjusted EBITDA at March 31, 2025, increased to 1.14 times, compared to 1.08 times at December 31, 2024, reflecting the aforementioned increase in net debt.

The Company's overall average finance rate, excluding lease liabilities, was 2.5% as at March 31, 2025, and 2.6% at December 31, 2024.

The Company's leverage remains low and its liquidity very strong. The Company is in compliance with all its debt covenants at March 31, 2025, 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)	First Quarter	
Summary of Cash Flows	2025	2024
Cash provided by operating activities	\$ 152.7	\$ 171.2
Cash used for financing activities	(61.1)	(22.2)
Cash used for investing activities	(113.6)	(178.2)
Translation adjustments on cash and cash equivalents	14.3	2.7
Decrease in cash and cash equivalents	\$ (7.7)	\$ (26.5)
Cash and cash equivalents – end of period	\$ 821.0	\$ 747.7
Free cash flow from operations ⁽¹⁾	\$ 39.1	\$ (7.0)

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

During the first quarters of 2025 and 2024, the Company generated cash from operating activities of \$152.7 million and \$171.2 million, respectively. Free cash flow from operations ⁽¹⁾ was an inflow of \$39.1 million in the 2025 first quarter compared to an outflow of \$7.0 million in the prior year first quarter. An increase in working capital offset by a decrease in net capital expenditures improved free cash flow from operations for the first quarter of 2025 compared to the first quarter of 2024.

Capital spending in the first quarter of 2025 amounted to \$114.3 million compared to \$179.0 million in the 2024 first quarter. Total depreciation and amortization for the first quarter of 2025 was \$113.8 million compared to \$105.9 million for the first quarter of 2024. Expected net capital spending for 2025 is estimated to be approximately \$485.0 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 first quarters of 2025 and 2024 were \$56.3 million and \$51.6 million, respectively. During the first quarter of 2025, the Company spent \$100.0 million for the purchase of 1,377,173 Class B shares for cancellation. The excess of the purchase price over the paid-up capital was charged to retained earnings. The total number of shares issued and outstanding as at March 31, 2025, and 2024, were 175.6 million and 179.3 million, respectively. The Board of Directors has approved a dividend of \$0.3175 per Class A voting share and \$0.32 per Class B non-voting share to shareholders of record as of June 13, 2025, and payable June 27, 2025. The annualized dividend rate is \$1.27 per Class A share and \$1.28 per Class B share.

In May 2024, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.75 million Class B non-voting shares, approximately 9.93% of the public float of Class B non-voting shares of the Company.

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 March 31, 2025, the Company had approximately US\$1.1 billion and €207.3 million drawn under the 144A private bonds and syndicated revolving credit facility, which are hedging a portion of its U.S. dollar-based and euro-based investments and cash flows, inclusive of U.S. dollar debt swapped to euros.

As at March 31, 2025, 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 2.00% fixed rate euro debt. The effect of the CCIRSAS has been to reduce finance cost by \$4.5 million for the three months ended March 31, 2025.

8. Subsequent Event

The Board of Directors approved a dividend of \$0.32 per Class B non-voting share and \$0.3175 per Class A voting share, which will be payable to shareholders of record at the close of business on June 13, 2025, and payable June 27, 2025.

9. Accounting Policies

A) Critical Accounting Estimates

The preparation of the Company's consolidated condensed 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 consolidated condensed 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 consolidated condensed 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 consolidated condensed interim financial statements.

The 2024 annual audited consolidated financial statements and notes thereto, as well as the 2024 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 three months ended March 31, 2025, there are no changes to the critical accounting policies and estimates from those described in the 2024 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, 2024. There have been no changes to the nature of, or parties to, the transactions for the three months ended March 31, 2025.

C) Recently Issued New Accounting Standards, Not Yet Effective

In April 2024, IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), was issued by the IASB introducing new requirements to help achieve comparability of the financial performance of similar entities. IFRS 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. IFRS 18 will replace IAS 1, *Presentation of Financial Statements* ("IAS 1"), retaining many of the general requirements of IAS 1. The new standard is effective for reporting periods beginning on January 1, 2027, applied retrospectively. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

10. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, surety bonds and loan guarantees. The nature of these commitments is described in note 26 of the annual financial statements for the year ended December 31, 2024. There are no defined benefit plans funded with CCL Industries Inc. stock.

11. Controls and Procedures

There have been no changes in the Company's internal controls during the quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. There were no material changes in disclosure controls and procedures in the three-month period ended March 31, 2025.

12. Risks and Strategies

The 2024 Annual MD&A detailed risks to the Company's business and the strategies planned for 2025 and beyond. There have been no material changes to those risks and strategies during the first three months of 2025.

13. Outlook

The 2025 first quarter marked a strong start to the year, with record adjusted basic earnings of \$1.18 per Class B share, despite the tumultuous global trade environment. Nevertheless, results were fueled by robust demand in Mexico and solid economic activity in North America and Asia. Despite a solid start to the second quarter, an uncertain resolution in the Middle East, potential escalation of the conflict in Europe and the chaotic tariff proclamations from the U.S. administration remain concerns for their subsequent economic impact until firmly resolved.

For the 2025 first quarter the CCL Segment delivered strong 4.5% organic sales growth, improved profitability and continued to invest for growth. The core CCL units had a solid start, although demand is softer than we would like in some parts of the consumer staples business while all this tariff uncertainty prevails. For CCL Secure, new business wins for polymer banknote substrate should drive improved sales volume in the quarters to come. Although CCL Design now faces tougher 2024 comparative results, the CCL Segment is still expected to post improved results for 2025.

For 2025, Avery faces challenges with its back-to-school categories that could be impacted by tariff legislation as U.S. retailers ponder their strategy for the season given much of their entire merchandise is imported for this short selling period. Much of the raw material for the OPG ring binder product line is China sourced and therefore exposed to potential tariffs that could only be addressed short term by increased pricing. Continued growth in direct-to-consumer businesses is expected to outpace legacy operations along with progress in horticultural markets.

Checkpoint expects continued strong demand for RFID-related products for the balance of 2025. Construction of Checkpoint's new ALS facility in Vietnam is largely complete with start up expected over the coming two quarters. The core MAS product line has a significant portion of its U.S. product line produced in China and could face tariff exposure in the coming quarter. Mitigating actions are underway to address the current supply chain model. ALS retail and apparel product categories are expected to grow and improve profitability in 2025 as the business has limited U.S. customer exposure.

Innovia posted a significantly improved 2025 first quarter reinforced by higher sales volume to markets previously supplied by its former Belgium operation. The new proprietary EcoFloat shrink film line in Poland is expected to continue to add volume for the remainder of this year. Currently Innovia films produced in Mexico and sold in the U.S. are tariff free as they are USMCA compliant. Finally, full commercial startup of the new thin-gauge film line in Germany remains on track for the end of the second quarter but will incur start up costs for the balance of 2025.

The Company finished the first quarter with \$821.0 million cash and cash equivalents and unused capacity of US\$0.9 billion within its syndicated revolving credit facility. Net debt to Adjusted EBITDA was 1.14 turns after investing \$114.3 million in capital expenditures and returning \$56.3 million and \$100.0 million to shareholders, in dividends and buyback of Class B shares, respectively. The Company's liquidity position remains robust and positioned for incremental acquisition growth or repurchase of Class B non-voting shares. The Company expects net capital expenditures for 2025 to be approximately \$485.0

million, supporting organic growth and new greenfield opportunities globally. Second quarter orders appear solid compared to a strong second quarter in the prior year.

Foreign currency translation would be a tailwind at current exchange rates for the second quarter of 2025 compared to the same quarter in 2024.

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)	First Quarter	
Adjusted EBITDA	2025	2024
Net earnings	\$ 207.4	\$ 192.1
Corporate expense	22.7	19.8
Earnings in equity accounted investments	(0.5)	(8.3)
Net finance cost	18.5	18.0
Restructuring and other items	0.8	-
Income taxes	68.0	60.4
Operating income (a non-IFRS measure)	\$ 316.9	\$ 282.0
Less: Corporate expense	(22.7)	(19.8)
Add: Depreciation and amortization	113.8	105.9
Adjusted EBITDA (a non-IFRS measure)	\$ 408.0	\$ 368.1
Adjusted EBITDA for 12 months ended December 31, 2024 and 2023, respectively	\$ 1,497.1	\$ 1,332.1
less: Adjusted EBITDA for three months ended March 31, 2024 and 2023, respectively	(368.1)	(334.4)
add: Adjusted EBITDA for three months ended March 31, 2025 and 2024, respectively	408.0	368.1
Adjusted EBITDA for 12 months ended March 31	\$ 1,537.0	\$ 1,365.8

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, repurchase of shares 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)	First Quarter	
Free Cash Flow from Operations	2025	2024
Cash provided by operating activities	\$ 152.7	\$ 171.2
Less: Additions to property, plant and equipment	(114.3)	(179.0)
Add: Proceeds on disposal of property, plant and equipment	0.7	0.8
Free Cash Flow from Operations	\$ 39.1	\$ (7.0)

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)

Return on Sales

	Sales First Quarter		Operating Income First Quarter		Return on Sales First Quarter	
	2025	2024	2025	2024	2025	2024
CCL	\$ 1,200.3	\$ 1,094.1	\$ 200.3	\$ 177.6	16.7%	16.2%
Avery	258.8	252.8	52.2	51.0	20.2%	20.2%
Checkpoint	241.1	224.7	37.3	37.0	15.5%	16.5%
Innovia	186.9	165.6	27.1	16.4	14.5%	9.9%
Total Operations	\$ 1,887.1	\$ 1,737.2	\$ 316.9	\$ 282.0	16.8%	16.2%

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

Three Months Ended March 31, 2025

	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	4.5%	2.2%	3.0%	9.7%
Avery	(1.7%)	-	4.1%	2.4%
Checkpoint	3.9%	-	3.4%	7.3%
Innovia	7.2%	-	5.7%	12.9%
Total	3.8%	1.4%	3.4%	8.6%

15. Outstanding Share Data

As of May 7 2025, the Company had 11,746,323 Class A voting shares and 163,881,567 Class B non-voting shares (“Class B Shares”) outstanding. In addition, there were 509,673 restricted stock units to issue 509,673 Class B Shares under the Restricted Stock Unit Plan; 64,928 restricted stock units to issue 64,928 Class B Shares under the 2017-2025 Long Term Retention Plan; 97,005 restricted stock units to issue 97,005 Class B Shares under the 2019-2027 Long Term Retention Plan (collectively the “RSUs”) and 286,264 deferred share units (“DSU”) to issue 286,264 Class B Shares under the Deferred Share Unit Plan. Lastly, the Company has a Performance Stock Unit (“PSU”) plan to issue up to 1.6 million Class B Shares to participants, provided the financial performance criteria have been achieved and the participants are still employed by the Company at the end of the three-year cycle. Of the 1.6 million Class B Shares, the issuance of 1.4 million Class B Shares under the PSU plan is subject to and conditional upon TSX approval and shareholder approval at the upcoming Annual and Special Meeting of Shareholders.