

Consolidated Condensed Interim Financial Statements  
(In millions of Canadian dollars)

# **CCL INDUSTRIES INC.**

Interim periods ended March 31, 2022 and 2021  
Unaudited

# CCL Industries Inc.

## Consolidated condensed interim statements of financial position

### Unaudited

In millions of Canadian dollars

	As at March 31	As at December 31
	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 616.9	\$ 602.1
Trade and other receivables	1,131.2	1,083.8
Inventories	734.5	677.3
Prepaid expenses	42.4	46.5
Income taxes recoverable	18.8	37.9
Derivative instruments	0.2	-
<b>Total current assets</b>	<b>2,544.0</b>	<b>2,447.6</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,941.1	1,910.3
Right-of-use assets	152.8	145.5
Goodwill	2,014.0	1,975.1
Intangible assets	971.6	991.1
Deferred tax assets	49.7	47.7
Equity-accounted investments	65.7	68.4
Other assets	25.0	25.8
Derivative instruments	16.5	16.3
<b>Total non-current assets</b>	<b>5,236.4</b>	<b>5,180.2</b>
<b>Total assets</b>	<b>\$ 7,780.4</b>	<b>\$ 7,627.8</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 1,290.4	\$ 1,321.5
Current portion of long-term debt (note 8)	15.7	15.3
Lease liabilities	33.2	32.7
Income taxes payable	53.2	48.5
<b>Total current liabilities</b>	<b>1,392.5</b>	<b>1,418.0</b>
<b>Non-current liabilities</b>		
Long-term debt (note 8)	1,914.4	1,691.4
Lease liabilities	116.6	111.9
Deferred tax liabilities	295.1	286.6
Employee benefits	271.5	315.5
Provisions and other long-term liabilities	14.1	15.2
Derivative instruments	22.8	42.2
<b>Total non-current liabilities</b>	<b>2,634.5</b>	<b>2,462.8</b>
<b>Total liabilities</b>	<b>4,027.0</b>	<b>3,880.8</b>
<b>Equity</b>		
Share capital	466.2	462.1
Contributed surplus	107.3	103.6
Retained earnings	3,463.0	3,422.7
Accumulated other comprehensive loss (note 5)	(283.1)	(241.4)
<b>Total equity attributable to shareholders of the Company</b>	<b>3,753.4</b>	<b>3,747.0</b>
Acquisitions (note 3)		
Subsequent events (note 10)		
<b>Total liabilities and equity</b>	<b>\$ 7,780.4</b>	<b>\$ 7,627.8</b>

# CCL Industries Inc.

## Consolidated condensed interim income statements

### Unaudited

*In millions of Canadian dollars, except per share information*

	<b><u>Three Months Ended March 31</u></b>			
		<b><u>2022</u></b>		<b><u>2021</u></b>
Sales	\$	1,521.7	\$	1,349.5
Cost of sales		1,108.8		962.4
Gross profit		412.9		387.1
Selling, general and administrative expenses		201.9		179.9
Restructuring and other items (note 6)		1.8		-
Earnings in equity-accounted investments		(3.2)		(1.9)
		<b>212.4</b>		<b>209.1</b>
Finance cost		14.1		14.0
Finance income		(0.7)		(0.7)
Interest on lease liabilities		1.3		1.4
Net finance cost		14.7		14.7
<b>Earnings before income tax</b>		<b>197.7</b>		<b>194.4</b>
Income tax expense		47.5		46.6
<b>Net earnings for the period</b>	<b>\$</b>	<b>150.2</b>	<b>\$</b>	<b>147.8</b>
Basic earnings per Class B share	<b>\$</b>	<b>0.84</b>	<b>\$</b>	<b>0.82</b>
Diluted earnings per Class B share	<b>\$</b>	<b>0.83</b>	<b>\$</b>	<b>0.81</b>

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

# CCL Industries Inc.

## Consolidated condensed interim statements of comprehensive income

Unaudited

*In millions of Canadian dollars*

	Three Months Ended March 31	
	<u>2022</u>	<u>2021</u>
<b>Net earnings</b>	<b>\$ 150.2</b>	<b>\$ 147.8</b>
<b>Other comprehensive income (loss), net of tax:</b>		
Items that may subsequently be reclassified to income:		
Foreign currency translation adjustment for foreign operations, net of tax recovery of \$4.5 for the three-month period ended March 31, 2022 (2021 – tax recovery of \$3.5)	(72.9)	(134.0)
Net gains on hedges of net investment in foreign operations, net of tax expense of \$4.7 for the three-month period ended March 31, 2022 (2021 – tax expense of \$5.3)	31.0	35.7
Effective portion of changes in fair value of cash flow hedges, net of tax expense of \$0.2 for the three-month period ended March 31, 2022 (2021 – tax expense of \$0.2)	0.5	0.4
Net change in fair value of cash flow hedges transferred to the income statement, net of tax expense of \$0.1 for the three-month period ended March 31, 2022 (2021 – tax expense of \$0.1)	(0.3)	(0.3)
Actuarial gains on defined benefit post-employment plans, net of tax expense of \$10.0 for the three-month period ended March 31, 2022 (2021 – tax expense of \$10.9)	28.3	40.5
<b>Other comprehensive losses, net of tax</b>	<b>\$ (13.4)</b>	<b>\$ (57.7)</b>
<b>Total comprehensive income</b>	<b>\$ 136.8</b>	<b>\$ 90.1</b>

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

# CCL Industries Inc.

## Consolidated condensed interim statements of changes in equity

### Unaudited

In millions of Canadian dollars

	Class A shares	Class B shares	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total equity
Balances, January 1, 2021	\$ 4.5	\$ 392.3	\$ 396.8	\$ 90.1	\$ 2,937.5	\$ (142.2)	\$ 3,282.2
Net earnings	-	-	-	-	147.8	-	147.8
Dividends declared							
Class A	-	-	-	-	(2.5)	-	(2.5)
Class B	-	-	-	-	(35.2)	-	(35.2)
Defined benefit plan actuarial gain net of tax	-	-	-	-	40.5	-	40.5
Stock-based compensation plan	-	3.0	3.0	3.1	-	-	6.1
Stock options expense	-	-	-	0.7	-	-	0.7
Stock options exercised	-	15.7	15.7	(2.9)	-	-	12.8
Income tax effect related to stock options	-	-	-	0.1	-	-	0.1
Other comprehensive loss	-	-	-	-	-	(98.2)	(98.2)
<b>Balances, March 31, 2021</b>	<b>\$ 4.5</b>	<b>\$ 411.0</b>	<b>\$ 415.5</b>	<b>\$ 91.1</b>	<b>\$ 3,088.1</b>	<b>\$ (240.4)</b>	<b>\$ 3,354.3</b>

	Class A shares	Class B shares	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total equity
Balances, January 1, 2022	\$ 4.5	\$ 457.6	\$ 462.1	\$ 103.6	\$ 3,422.7	\$ (241.4)	\$ 3,747.0
Net earnings	-	-	-	-	150.2	-	150.2
Dividends declared							
Class A	-	-	-	-	(2.8)	-	(2.8)
Class B	-	-	-	-	(40.1)	-	(40.1)
Defined benefit plan actuarial gain, net of tax	-	-	-	-	28.3	-	28.3
Stock-based compensation plan	-	5.2	5.2	4.0	-	-	9.2
Stock options expense	-	-	-	0.2	-	-	0.2
Stock options exercised	-	3.6	3.6	(0.7)	-	-	2.9
Income tax effect related to stock options	-	-	-	0.2	-	-	0.2
Repurchase of shares (note 9)	-	(4.7)	(4.7)	-	(95.3)	-	(100.0)
Other comprehensive loss	-	-	-	-	-	(41.7)	(41.7)
<b>Balances, March 31, 2022</b>	<b>\$ 4.5</b>	<b>\$ 461.7</b>	<b>\$ 466.2</b>	<b>\$ 107.3</b>	<b>\$ 3,463.0</b>	<b>\$ (283.1)</b>	<b>\$ 3,753.4</b>

# CCL Industries Inc.

## Consolidated condensed interim statements of cash flows

### Unaudited

*In millions of Canadian dollars*

	<b>Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Net earnings	\$ 150.2	\$ 147.8
Adjustments for:		
Property, plant and equipment depreciation	64.3	62.2
Right-of-use assets depreciation	9.9	9.9
Intangibles amortization	16.3	14.6
Earnings in equity-accounted investments, net of dividends received	(3.2)	(1.9)
Net finance costs	14.7	14.7
Current income tax expense	51.0	52.5
Deferred income tax recovery	(3.5)	(5.9)
Equity-settled share-based payment transactions	9.6	6.9
Gain on sale of property, plant and equipment	(0.5)	(1.7)
	308.8	299.1
Change in inventories	(50.2)	(17.3)
Change in trade and other receivables	(32.7)	(52.5)
Change in prepaid expenses	4.1	(2.0)
Change in trade and other payables	(58.1)	(36.2)
Change in income taxes receivable and payable	3.0	(1.7)
Change in employee benefits	(5.7)	(13.6)
Change in other assets and liabilities	(5.3)	1.5
	163.9	177.3
Net interest paid	(2.3)	(2.1)
Income taxes paid	(27.3)	(34.8)
<b>Cash provided by operating activities</b>	<b>134.3</b>	<b>140.4</b>
<b>Financing activities</b>		
Proceeds on issuance of long-term debt	234.1	1.4
Repayment of long-term debt	(4.3)	(74.1)
Repayment of lease liabilities	(9.7)	(9.0)
Proceeds from issuance of shares	2.9	12.8
Repurchase of shares (note 9)	(100.0)	-
Dividends paid	(42.9)	(37.7)
<b>Cash provided by (used for) financing activities</b>	<b>80.1</b>	<b>(106.6)</b>
<b>Investing activities</b>		
Additions to property, plant and equipment	(96.9)	(57.2)
Proceeds on disposal of property, plant and equipment	0.7	4.4
Business acquisitions (note 3)	(94.3)	-
<b>Cash used for investing activities</b>	<b>(190.5)</b>	<b>(52.8)</b>
Net increase (decrease) in cash and cash equivalents	23.9	(19.0)
Cash and cash equivalents at beginning of period	602.1	703.7
Translation adjustments on cash and cash equivalents	(9.1)	(22.0)
<b>Cash and cash equivalents at end of period</b>	<b>\$ 616.9</b>	<b>\$ 662.7</b>

See accompanying selected explanatory notes to the consolidated condensed interim financial statements.

# CCL Industries Inc.

## Notes to consolidated condensed interim financial statements

### Unaudited

In millions of Canadian dollars, unless otherwise noted

#### 1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim periods ended March 31, 2022 and 2021, comprise the results of the Company, its subsidiaries and its interests in joint ventures and associates. The Company has manufacturing facilities around the world and is primarily involved in the manufacture of labels, consumer printable media products, technology-driven label solutions, polymer banknote substrates and specialty films.

#### 2. Basis of preparation and presentation

##### (a) Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2021 annual consolidated financial statements.

The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are consistent with those used in the preparation of the most recent annual report unless otherwise noted.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors on May 11, 2022.

##### (b) Basis of measurement

These consolidated condensed interim financial statements have been prepared on the historical cost basis except for the following items in the consolidated condensed interim statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- assets related to the defined benefit plans are measured at fair value and liabilities related to the defined benefit plans are calculated by qualified actuaries using the projected unit credit method.

##### (c) Presentation currency

These consolidated condensed interim financial statements are presented in Canadian dollars, which is the Company's presentation currency. All financial information, except per share information, is presented in millions of Canadian dollars, unless otherwise noted.

#### 3. Acquisitions

##### (a) Acquisitions in 2022

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 will form an integral part of CCL Design.

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the McGavigan acquisition:

Cash consideration, net of cash acquired	\$	94.3
Assumed debt		9.3
	\$	<u>103.6</u>
Trade and other receivables	\$	14.6
Inventories		7.0
Property, plant and equipment		24.4
Right-of-use assets		9.0
Goodwill		51.4
Intangible assets		17.5
Deferred tax assets		3.7
Trade and other payables		(11.4)
Income taxes payable		(0.3)
Lease liabilities		(7.4)
Deferred tax liabilities		(4.9)
Net assets acquired	\$	<u>103.6</u>

As a result of the inherent complexity associated with the valuation of net assets acquired, the determination of the fair value of assets and liabilities acquired for McGavigan is based upon preliminary estimates and assumptions. The Company will continue to review information prior to finalizing the fair value of the assets acquired and liabilities assumed. The actual fair value of the assets acquired and liabilities assumed may differ from the amounts noted above.

Goodwill is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Factors that make up the amount of goodwill recognized include expected synergies and employee knowledge of operations. The total amount of goodwill and intangible assets for McGavigan is \$68.9 million, which is not deductible for tax purposes.

The following table summarizes the combined sales and net earnings that the newly acquired McGavigan has contributed to the Company for the current reporting period.

		Three Months Ended March 31
Sales	\$	12.1
Net earnings	\$	0.1

# CCL Industries Inc.

## Notes to consolidated condensed interim financial statements (continued)

### Unaudited

In millions of Canadian dollars, unless otherwise noted

### 3. Acquisitions (continued)

#### (b) Pro Forma Information

The pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisitions took place January 1, 2022.

The pro forma consolidated financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or the future consolidated results of operations or financial position of the consolidated company. Future results may vary significantly from the pro forma results presented.

The historical consolidated financial information has been adjusted in preparing the pro forma consolidated financial information to give effect to events that are: (i) directly attributable to the acquisitions; (ii) factually supportable; and (iii) with respect to sales and net earnings, expected to have a continuing impact on the results of CCL Industries Inc. As such, the impact from acquisition-related expenses is not included in the accompanying pro forma consolidated financial information. The pro forma consolidated financial information does not reflect any cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the acquisitions.

The following table summarizes the sales and net earnings of the Company combined with McGavigan as though the acquisition took place on January 1, 2022:

	Three Months Ended	
	March 31	
Sales	\$	1,522.5
Net earnings	\$	150.3

#### (c) Acquisitions in 2021

In April 2021, the Company acquired the assets of Europack Packaging and Fluid Management GmbH ("Europack") for approximately \$0.9 million. Europack was added to the CCL Segment.

In May 2021, the Company acquired privately held Lux Global Label Asia Pte. Ltd. ("LUX"), based in Singapore for approximately \$9.4 million, net of cash. LUX produces decorative labels for global consumer product customers in the ASEAN region. LUX now trades as "CCL Label Singapore."

In July 2021, the Company acquired privately owned Plum Paper LLC ("Plum"), based in California, U.S. for approximately \$26.3 million, net of cash acquired. Plum is a leading supplier of personalized planners and is part of Avery's growing direct-to-consumer business.

In July 2021, the Company acquired the Uniter Group of companies ("Uniter"), based in A Coruña, Spain, with operations in Europe, Asia and North Africa for approximately \$50.4 million, including debt assumed and net of cash acquired. Uniter's five factories are part of the Checkpoint Apparel Labeling Solutions business.

In December 2021, the Company acquired Desarrollo e Investigación S.A. de C.V. and Fuzetouch PTE LTD (Singapore) (collectively "D&F") headquartered in San Luis Potosi, Mexico, for approximately \$51.3 million net of cash acquired. D&F is a leading supplier of graphic interface control panels and assemblies and now trades as "CCL Design".

In December 2021, the Company acquired Forever Blue Investimentos e Participacoes S. A. (d.b.a. "Tecnoblu"), headquartered in Blumenau, Brazil for \$17.7 million net of cash and debt. Tecnoblu is now a part of the Checkpoint Apparel Labeling Solutions business.

In December 2021, the Company acquired the pharmaceutical leaflet printing operations from the Laramara Foundation ("Laramara") in São Paulo, Brazil for \$0.8 million. These assets were added to the CCL Segment.

In December 2021, the Company acquired Lodging Access Systems, LLC, ("LAS"), based in Florida, U.S. for \$26.4 million, net of cash acquired. LAS is a leading supplier of digitally printed and encoded RFID key cards, wrist bands and key fobs for access controls. LAS further expands Avery's direct-to-consumer business.

In December 2021, the Company acquired International Master Products Corporation ("IMP"), based in Michigan, U.S., for \$70.8 million net of cash acquired. IMP is a leading provider of labels and tags for the U.S. horticulture industry through digitally enabled design software, expanding Avery's direct-to-consumer business.

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the Europack, LUX, Plum, Uniter, D&F, Tecnoblu, Laramara, LAS and IMP acquisitions:

Cash consideration, net of cash acquired	\$	243.8
Assumed debt		10.2
	\$	<u>254.0</u>
Trade and other receivables	\$	31.5
Inventories		17.9
Prepaid expenses		2.2
Property, plant and equipment		32.4
Right-of-use assets		4.6
Goodwill		128.8
Intangible assets		67.0
Deferred tax assets		0.5
Trade and other payables		(16.0)
Income taxes payable		(4.3)
Lease liabilities		(4.5)
Deferred tax liabilities		(5.1)
Provisions and other long-term liabilities		(1.0)
Net assets acquired	\$	<u>254.0</u>

# CCL Industries Inc.

## Notes to consolidated condensed interim financial statements (continued)

### Unaudited

In millions of Canadian dollars, unless otherwise noted

#### 3. Acquisitions (continued)

##### (c) Acquisitions in 2021 (continued)

Goodwill is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Factors that make up the amount of goodwill recognized include expected synergies and employee knowledge of operations. The total amount of goodwill and intangible assets for Europack, LUX, Plum, Uniter, D&F, Tecnoblu, Laramara, LAS and IMP is \$195.8 million, \$148.1 million of which is deductible for tax purposes.

#### 4. Segment reporting and disaggregation of revenue

The Company has four reportable segments, as described below, which are the Company's main business units. The business units offer different products and services, and are managed separately as they require different technology and marketing strategies. For each of the business units, the Company's CEO, the chief operating decision maker, reviews internal management reports regularly.

The Company's reportable segments:

- CCL is a converter of pressure sensitive and specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets.
- Avery is a supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary office products sold through distributors and mass market retailers. The products are split into three primary lines: (1) Printable Media, including address labels, shipping labels, marketing and product identification labels, business cards, and name badges supported by customized software solutions; (2) Organizational Products Group, including binders, sheet protectors, indexes & dividers and writing instruments; (3) Direct-to-Consumer digitally imaged media including labels, business cards, name badges, event badges, wristbands and family-oriented identification labels supported by unique web-enabled e-commerce URLs.
- Checkpoint is a 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.
- Innovia supplies specialty, high-performance, multi-layer, surface engineered BOPP films from facilities in Australia, Belgium, Mexico, Poland and the United Kingdom 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 CCL Secure while two smaller non-BOPP facilities, in Germany and U.S., produce almost their entire output for CCL Label.

	Three Months Ended March 31			
	Sales		Operating income	
	2022	2021	2022	2021
CCL	\$ 942.0	\$ 876.7	\$ 152.8	\$ 157.2
Avery	180.3	140.4	33.9	21.0
Checkpoint	203.0	168.7	26.6	25.4
Innovia	196.4	163.7	15.3	19.5
Total operations	\$ 1,521.7	\$ 1,349.5	\$ 228.6	\$ 223.1
Corporate expense			(17.6)	(15.9)
Restructuring and other items			(1.8)	-
Earnings in equity-accounted investments			3.2	1.9
Finance cost			(14.1)	(14.0)
Finance income			0.7	0.7
Interest on lease liabilities			(1.3)	(1.4)
Income tax expense			(47.5)	(46.6)
Net earnings			\$ 150.2	\$ 147.8

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	March 31	December 31	March 31	December 31	Three Months Ended March 31		Three Months Ended March 31	
	2022	2021	2022	2021	2022	2021	2022	2021
CCL	\$ 4,070.4	\$ 3,919.6	\$ 1,069.2	\$ 1,088.9	\$ 59.4	\$ 58.1	\$ 69.6	\$ 43.5
Avery	834.8	827.1	270.7	266.7	8.2	6.6	3.7	1.6
Checkpoint	1,085.4	1,101.8	498.7	538.4	10.4	9.4	8.0	5.1
Innovia	1,156.5	1,167.0	312.6	300.7	12.1	12.2	15.6	7.0
Equity-accounted investments	65.7	68.4	-	-	-	-	-	-
Corporate	567.6	543.9	1,875.8	1,686.1	0.4	0.4	-	-
Total	\$ 7,780.4	\$ 7,627.8	\$ 4,027.0	\$ 3,880.8	\$ 90.5	\$ 86.7	\$ 96.9	\$ 57.2

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 work days 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 September through the end of the year and prepares for the same in its supply chain from mid-year on. As a result of the impact of COVID-19 on the economy and the Company's businesses, historical seasonality trends could be adversely affected or temporarily improved.

All revenues are from products and services transferred at a point in time, except \$17.4 million (March 31, 2021 - \$18.5 million), which are for installation and maintenance service arrangements within the Checkpoint Segment.

# CCL Industries Inc.

## Notes to consolidated condensed interim financial statements (continued)

### Unaudited

In millions of Canadian dollars, unless otherwise noted

#### 5. Accumulated other comprehensive loss

	March 31 2022	December 31 2021
Unrealized foreign currency translation losses, net of tax expense of \$2.0 (2021 – tax expense of \$1.8)	\$ (283.4)	\$ (241.5)
Gains on derivatives designated as cash flow hedges, net of tax expense of \$0.1 (2021 – tax expense of nil)	0.3	0.1
	<u>\$ (283.1)</u>	<u>\$ (241.4)</u>

#### 6. Restructuring and other items

	Three Months Ended March 31	
	2022	2021
Restructuring costs	\$ 1.2	\$ -
Acquisition costs	0.6	-
Total restructuring and other items	<u>\$ 1.8</u>	<u>\$ -</u>

For the three months ended March 31, 2022, the Company recorded \$1.8 million (\$1.5 million, net of tax) for restructuring and other items principally related to severance costs associated with the CCL Segment and other acquisition transaction costs.

#### 7. Financial instruments

##### (a) Fair value hierarchy

The table below summarizes level of hierarchy for financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

##### March 31, 2022

	Level 1	Level 2	Level 3	Total
Other assets	\$ 21.0	\$ -	\$ -	\$ 21.0
Derivative financial assets	-	16.7	-	16.7
Long-term debt	-	(1,874.0)	-	(1,874.0)
Derivative financial liabilities	-	(22.8)	-	(22.8)
	<u>\$ 21.0</u>	<u>\$ (1,880.1)</u>	<u>\$ -</u>	<u>\$ (1,859.1)</u>

##### December 31, 2021

Other assets	\$ 19.7	\$ -	\$ -	\$ 19.7
Derivative financial assets	-	16.3	-	16.3
Long-term debt	-	(1,795.4)	-	(1,795.4)
Derivative financial liabilities	-	(42.2)	-	(42.2)
	<u>\$ 19.7</u>	<u>\$ (1,821.3)</u>	<u>\$ -</u>	<u>\$ (1,801.6)</u>

The methods and assumptions used to measure the fair value are as follows:

The fair value of derivative financial instruments generally reflects the estimated amounts that the Company would receive to sell favourable contracts, or pay to transfer unfavourable contracts, at the reporting date. The Company uses discounted cash flow analysis and market data such as interest rates, credit spreads and foreign exchange spot rates to estimate the fair value of forward agreements and interest-rate derivatives.

The fair value of long-term debt is estimated using public quotations, when available, or discounted cash flow analysis based on the current corresponding borrowing rate for similar types of borrowing arrangements.

##### (b) Fair values versus carrying amounts

The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair values due to the short-term maturities of these financial instruments.

The fair value of financial liabilities together with carrying amounts shown in the consolidated condensed interim statement of financial position, are as follows:

	March 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 1,930.1	\$ 1,874.0	\$ 1,706.7	\$ 1,795.4

The interest rates used to discount estimated cash flows for the long-term debt are based on the government yield curve at the reporting date plus an adequate credit spread.

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. The estimates are subjective in nature and involve uncertainties and matters of judgement.

# CCL Industries Inc.

## Notes to consolidated condensed interim financial statements (continued)

### Unaudited

*In millions of Canadian dollars, unless otherwise noted*

#### 8. Long-term debt

During the first quarter of 2022, drawdowns on company credit facilities totaling \$234.1 million were primarily used to fund business acquisitions and the Company's normal course issuer bid.

The Company's debt structure at March 31, 2022, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$742.8 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$621.0 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$242.3 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$3.4 million; accordingly, there was approximately US\$1.0 billion of unused availability on the revolving credit facility at March 31, 2022.

The Company's debt structure at December 31, 2021, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$750.5 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$627.4 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$9.5 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$3.5 million; accordingly, there was approximately US\$1.19 billion of unused availability on the revolving credit facility at December 31, 2021.

#### 9. Repurchase of shares

In May 2021, the Company announced a share repurchase program under a normal course issuer bid to purchase up to 8.0 million Class B non-voting shares, approximately 4.8% of the of the outstanding Class B non-voting shares of the Company. During the first quarter of 2022, the Company spent \$100.0 million for the purchase of 1,733,419 Class B shares for cancellation. The excess of the purchase price over the paid-up capital was charged to retained earnings.

#### 10. Subsequent event

The Board of Directors has declared a dividend of \$0.24 per Class B non-voting share and \$0.2375 per Class A voting share, which will be payable to shareholders of record at the close of business on June 16, 2022, to be paid on June 30, 2022.

In April 2022, the Company acquired privately owned Adelbras Indústria e Comércio de Adesivos Ltda. and Amazon Tape Indústria e Comércio de Fitas Adesivas Ltda. (collectively "Adelbras"), headquartered in Vinhedo, Brazil, for \$155.4 million, net of cash and debt. Adelbras is a leading producer of adhesive tapes sold through retailers and distributors to consumers and small businesses with a smaller portion sold directly for industrial applications in the durable sector.