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

# CCL INDUSTRIES INC.

Interim periods ended June 30, 2022 and 2021
Unaudited

# CCL Industries Inc.

**Consolidated condensed interim statements of financial position**

**Unaudited**

*In millions of Canadian dollars*

| | As at June 30 **2022** | As at December 31 **2021** |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 634.3 | $ 602.1 |
| Trade and other receivables | 1,169.5 | 1,083.8 |
| Inventories | 808.9 | 677.3 |
| Prepaid expenses | 50.9 | 46.5 |
| Income taxes recoverable | 12.9 | 37.9 |
| **Total current assets** | 2,676.5 | 2,447.6 |
| **Non-current assets** | | |
| Property, plant and equipment | 1,971.2 | 1,910.3 |
| Right-of-use assets | 163.7 | 145.5 |
| Goodwill | 2,106.9 | 1,975.1 |
| Intangible assets | 994.6 | 991.1 |
| Deferred tax assets | 52.6 | 47.7 |
| Equity-accounted investments | 78.8 | 68.4 |
| Other assets | 26.5 | 25.8 |
| Derivative instruments | 68.3 | 16.3 |
| **Total non-current assets** | 5,462.6 | 5,180.2 |
| **Total assets** | **$ 8,139.1** | **$ 7,627.8** |
| **Liabilities** | | |
| **Current liabilities** | | |
| Trade and other payables | $ 1,325.0 | $ 1,321.5 |
| Current portion of long-term debt (note 8) | 19.8 | 15.3 |
| Lease liabilities | 35.2 | 32.7 |
| Income taxes payable | 60.3 | 48.5 |
| Derivative instruments | 0.4 | - |
| **Total current liabilities** | 1,440.7 | 1,418.0 |
| **Non-current liabilities** | | |
| Long-term debt (note 8) | 2,218.7 | 1,691.4 |
| Lease liabilities | 124.9 | 111.9 |
| Deferred tax liabilities | 315.1 | 286.6 |
| Employee benefits | 202.5 | 315.5 |
| Provisions and other long-term liabilities | 14.7 | 15.2 |
| Derivative instruments | - | 42.2 |
| **Total non-current liabilities** | 2,875.9 | 2,462.8 |
| **Total liabilities** | 4,316.6 | 3,880.8 |
| **Equity** | | |
| Share capital | 461.9 | 462.1 |
| Contributed surplus | 117.2 | 103.6 |
| Retained earnings | 3,539.2 | 3,422.7 |
| Accumulated other comprehensive loss (note 5) | (295.8) | (241.4) |
| **Total equity attributable to shareholders of the Company** | 3,822.5 | 3,747.0 |
| Acquisitions (note 3) | | |
| Subsequent event (note 10) | | |
| **Total liabilities and equity** | **$ 8,139.1** | **$ 7,627.8** |

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

# CCL Industries Inc.

**Consolidated condensed interim income statements**

**Unaudited**

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

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Sales | $ 1,615.2 | $ 1,406.3 | $ 3,136.9 | $ 2,755.8 |
| Cost of sales | 1,170.4 | 996.0 | 2,279.2 | 1,958.4 |
| Gross profit | 444.8 | 410.3 | 857.7 | 797.4 |
| Selling, general and administrative expenses | 214.8 | 191.0 | 416.7 | 370.9 |
| Restructuring and other items (note 6) | 3.2 | 2.6 | 5.0 | 2.6 |
| Earnings in equity-accounted investments | (3.7) | (2.1) | (6.9) | (4.0) |
| | **230.5** | **218.8** | **442.9** | **427.9** |
| Finance cost | 15.5 | 13.5 | 29.6 | 27.5 |
| Finance income | (1.3) | (0.7) | (2.0) | (1.4) |
| Interest on lease liabilities | 1.2 | 1.3 | 2.5 | 2.7 |
| Net finance cost | 15.4 | 14.1 | 30.1 | 28.8 |
| **Earnings before income tax** | **215.1** | **204.7** | **412.8** | **399.1** |
| Income tax expense | 51.7 | 51.7 | 99.2 | 98.3 |
| **Net earnings for the period** | **$ 163.4** | **$ 153.0** | **$ 313.6** | **$ 300.8** |
| Basic earnings per Class B share | **$ 0.91** | **$ 0.86** | **$ 1.75** | **$ 1.68** |
| Diluted earnings per Class B share | **$ 0.91** | **$ 0.86** | **$ 1.74** | **$ 1.67** |



*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 June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| **Net earnings** | **$ 163.4** | **$ 153.0** | **$ 313.6** | **$ 300.8** |
| **Other comprehensive income (loss), net of tax:** | | | | |
| Items that may subsequently be reclassified to income: | | | | |
| Foreign currency translation adjustment for foreign operations, net of tax recovery of \$3.6 and \$8.1 for the three-month and six-month periods ending June 30, 2022 (2021 – tax recovery of \$0.4 and \$4.0) | (36.1) | (38.8) | (109.0) | (172.8) |
| Net gains on hedges of net investment in foreign operations, net of tax expense of \$3.6 and \$8.4 for the three-month and six-month periods ending June 30, 2022 (2021 – tax expense of \$4.4 and \$9.7) | 23.8 | 28.4 | 54.8 | 64.1 |
| Effective portion of changes in fair value of cash flow hedges, net of tax recovery of \$0.3 and \$0.1 for the three-month and six-month periods ending June 30, 2022 (2021 – tax expense of \$0.1 and \$0.3) | (0.7) | 0.4 | (0.2) | 0.8 |
| Net change in fair value of cash flow hedges transferred to the income statement, net of tax recovery of \$0.1 and nil for the three-month and six-month periods ending June 30, 2022 (2021 – tax expense of \$0.1 and \$0.2) | 0.3 | (0.4) | - | (0.7) |
| Actuarial gains (losses) on defined benefit post-employment plans, net of tax expense \$18.0 and \$28.0 for the three-month and six-month periods ending June 30, 2022 (2021 – tax expense of \$1.2 and \$12.0) | 50.7 | (5.5) | 79.0 | 35.0 |
| **Other comprehensive income (losses), net of tax** | **$ 38.0** | **$ (15.9)** | **$ 24.6** | **$ (73.6)** |
| **Total comprehensive income** | **$ 201.4** | **$ 137.1** | **$ 338.2** | **$ 227.2** |

*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 | - | - | - | - | 300.8 | - | 300.8 |
| Dividends declared | | | | | | | |
| Class A | - | - | - | - | (4.9) | - | (4.9) |
| Class B | - | - | - | - | (70.5) | - | (70.5) |
| Defined benefit plan actuarial gain net of tax | - | - | - | - | 35.0 | - | 35.0 |
| Stock-based compensation plan | - | 3.0 | 3.0 | 9.5 | - | - | 12.5 |
| Stock options expense | - | - | - | 1.3 | - | - | 1.3 |
| Stock options exercised | - | 32.9 | 32.9 | (6.1) | - | - | 26.8 |
| Income tax effect related to stock options | - | - | - | 0.4 | - | - | 0.4 |
| Other comprehensive loss | - | - | - | - | - | (108.6) | (108.6) |
| **Balances, June 30, 2021** | $ 4.5 | $ 428.2 | $ 432.7 | $ 95.2 | $ 3,197.9 | $ (250.8) | $ 3,475.0 |

| | 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 | - | - | - | - | 313.6 | - | 313.6 |
| Dividends declared | | | | | | | |
| Class A | - | - | - | - | (5.6) | - | (5.6) |
| Class B | - | - | - | - | (79.8) | - | (79.8) |
| Defined benefit plan actuarial gain, net of tax | - | - | - | - | 79.0 | - | 79.0 |
| Stock-based compensation plan | - | 5.2 | 5.2 | 13.8 | - | - | 19.0 |
| Stock options expense | - | - | - | 0.4 | - | - | 0.4 |
| Stock options exercised | - | 3.9 | 3.9 | (0.8) | - | - | 3.1 |
| Income tax effect related to stock options | - | - | - | 0.2 | - | - | 0.2 |
| Repurchase of shares (note 9) | - | (9.3) | (9.3) | - | (190.7) | - | (200.0) |
| Other comprehensive loss | - | - | - | - | - | (54.4) | (54.4) |
| **Balances, June 30, 2022** | $ 4.5 | $ 457.4 | $ 461.9 | $ 117.2 | $ 3,539.2 | $ (295.8) | $ 3,822.5 |



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

# CCL Industries Inc.

**Consolidated condensed interim statements of cash flows**

**Unaudited**

*In millions of Canadian dollars*

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| **Cash provided by (used for)** | | | | |
| **Operating activities** | | | | |
| Net earnings | $ 163.4 | $ 153.0 | $ 313.6 | $ 300.8 |
| Adjustments for: | | | | |
| Property, plant and equipment depreciation | 63.6 | 59.7 | 127.9 | 121.9 |
| Right-of-use assets depreciation | 9.9 | 9.6 | 19.8 | 19.5 |
| Intangibles amortization | 15.9 | 13.9 | 32.2 | 28.5 |
| Earnings in equity-accounted investments, net of dividends received | (3.7) | 4.1 | (6.9) | 2.2 |
| Net finance costs | 15.4 | 14.1 | 30.1 | 28.8 |
| Current income tax expense | 64.2 | 54.8 | 115.2 | 107.3 |
| Deferred income tax recovery | (12.5) | (3.1) | (16.0) | (9.0) |
| Equity-settled share-based payment transactions | 10.0 | 7.3 | 19.6 | 14.2 |
| Gain on sale of property, plant and equipment | (0.4) | (0.4) | (0.9) | (2.1) |
| | 325.8 | 313.0 | 634.6 | 612.1 |
| Change in inventories | (43.3) | (54.5) | (93.5) | (71.8) |
| Change in trade and other receivables | (12.6) | (81.8) | (45.3) | (134.3) |
| Change in prepaid expenses | (5.6) | (13.9) | (1.5) | (15.9) |
| Change in trade and other payables | 28.4 | 91.4 | (29.7) | 55.2 |
| Change in income taxes receivable and payable | (3.1) | 1.0 | (0.1) | (0.7) |
| Change in employee benefits | (0.3) | (1.6) | (6.0) | (15.2) |
| Change in other assets and liabilities | (2.5) | (1.0) | (7.8) | 0.5 |
| | 286.8 | 252.6 | 450.7 | 429.9 |
| Net interest paid | (23.7) | (22.0) | (26.0) | (24.1) |
| Income taxes paid | (54.0) | (63.0) | (81.3) | (97.8) |
| **Cash provided by operating activities** | **209.1** | **167.6** | **343.4** | **308.0** |
| | | | | |
| **Financing activities** | | | | |
| Proceeds on issuance of long-term debt | 769.4 | 0.5 | 1,003.5 | 1.9 |
| Repayment of long-term debt | (514.0) | (18.1) | (518.3) | (92.2) |
| Repayment of lease liabilities | (9.9) | (8.7) | (19.6) | (17.7) |
| Proceeds from issuance of shares | 0.2 | 14.0 | 3.1 | 26.8 |
| Repurchase of shares (note 9) | (100.0) | - | (200.0) | - |
| Dividends paid | (42.5) | (37.7) | (85.4) | (75.4) |
| **Cash provided by (used for) financing activities** | **103.2** | **(50.0)** | **183.3** | **(156.6)** |
| | | | | |
| **Investing activities** | | | | |
| Additions to property, plant and equipment | (97.7) | (74.9) | (194.6) | (132.1) |
| Proceeds on disposal of property, plant and equipment | 3.7 | 2.0 | 4.4 | 6.4 |
| Business acquisitions (note 3) | (193.0) | (10.3) | (287.3) | (10.3) |
| **Cash used for investing activities** | **(287.0)** | **(83.2)** | **(477.5)** | **(136.0)** |
| Net increase in cash and cash equivalents | 25.3 | 34.4 | 49.2 | 15.4 |
| Cash and cash equivalents at beginning of period | 616.9 | 662.7 | 602.1 | 703.7 |
| Translation adjustments on cash and cash equivalents | (7.9) | (3.8) | (17.0) | (25.8) |
| **Cash and cash equivalents at end of period** | **$ 634.3** | **$ 693.3** | **$ 634.3** | **$ 693.3** |



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

## 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 June 30, 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 August 10, 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 |
| | $ | 103.6 |
| Trade and other receivables | $ | 14.7 |
| Inventories | | 6.8 |
| Property, plant and equipment | | 23.2 |
| Right-of-use assets | | 10.2 |
| Goodwill and intangible assets | | 69.2 |
| Deferred tax assets | | 3.7 |
| Trade and other payables | | (11.5) |
| Income taxes payable | | (0.9) |
| Lease liabilities | | (7.5) |
| Deferred tax liabilities | | (4.3) |
| Net assets acquired | $ | 103.6 |

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 $69.2 million, which is not deductible for tax purposes.

*In millions of Canadian dollars, unless otherwise noted*

**3. Acquisitions (continued)**

**(b)** 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 $149.9 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 will largely be reported as part of Avery, with the smaller industrial portion added to CCL Design.

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

| | | |
|---|---|---|
| Cash consideration, net of cash acquired | $ | 139.9 |
| Assumed debt | | 10.0 |
| | $ | 149.9 |
| Trade and other receivables | $ | 16.2 |
| Inventories | | 24.5 |
| Prepaid expenses | | 2.5 |
| Property, plant and equipment | | 9.6 |
| Goodwill and intangible assets | | 115.2 |
| Trade and other payables | | (8.3) |
| Income taxes payable | | (1.8) |
| Deferred tax liabilities | | (8.0) |
| Net assets acquired | $ | 149.9 |

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 Adelbras 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 Adelbras is $115.2 million, of which approximately $88.4 million is deductible for tax purposes.

**(c)** 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 seven countries. Floramedia will be reported as part of Avery.

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

| | | |
|---|---|---|
| Cash consideration, net of cash acquired | $ | 53.1 |
| Trade and other receivables | $ | 9.5 |
| Inventories | | 6.9 |
| Prepaid expenses | | 0.3 |
| Property, plant and equipment | | 3.5 |
| Right-of-use assets | | 6.4 |
| Goodwill and intangible assets | | 49.2 |
| Deferred tax assets | | 1.1 |
| Trade and other payables | | (9.0) |
| Income taxes payable | | (0.7) |
| Provision and other long term liabilities | | (0.9) |
| Lease liabilities | | (6.7) |
| Deferred tax liabilities | | (6.5) |
| Net assets acquired | $ | 53.1 |

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 Floramedia 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 Floramedia is $49.2 million, which is not deductible for tax purposes.

The following table summarizes the combined sales and net earnings (losses) that the newly acquired McGavigan, Adelbras and Floramedia have contributed to the Company for the current reporting period.

| | | Six Months Ended June 30 |
|---|---|---|
| Sales | $ | 40.6 |
| Net losses | $ | (1.5) |

*In millions of Canadian dollars, unless otherwise noted*

**3. Acquisitions (continued)**

**(d)** 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, Adelbras and Floramedia as though the acquisitions took place on January 1, 2022:

| | | Six Months Ended June 30 |
|---|---|---|
| Sales | $ | 3,200.7 |
| Net earnings | $ | 321.0 |

**(e)** 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 |
| | $ | 254.0 |
| 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 | $ | 254.0 |

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.

*In millions of Canadian dollars, unless otherwise noted*

## 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 June 30 | | | | Six Months Ended June 30 | | | |
|---|---|---|---|---|---|---|---|---|
| | Sales | | Operating income | | Sales | | Operating income | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| CCL | $ 965.2 | $ 856.3 | $ 154.9 | $ 139.5 | $ 1,907.2 | $ 1,733.0 | $ 307.7 | $ 296.7 |
| Avery | 236.5 | 178.9 | 46.9 | 38.2 | 416.8 | 319.3 | 80.8 | 59.2 |
| Checkpoint | 197.1 | 187.7 | 22.6 | 29.1 | 400.1 | 356.4 | 49.2 | 54.5 |
| Innovia | 216.4 | 183.4 | 23.4 | 28.7 | 412.8 | 347.1 | 38.7 | 48.2 |
| Total operations | $ 1,615.2 | $ 1,406.3 | $ 247.8 | $ 235.5 | $ 3,136.9 | $ 2,755.8 | $ 476.4 | $ 458.6 |
| | | | | | | | | |
| Corporate expense | | | (17.8) | (16.2) | | | (35.4) | (32.1) |
| Restructuring and other items | | | (3.2) | (2.6) | | | (5.0) | (2.6) |
| Earnings in equity-accounted investments | | | 3.7 | 2.1 | | | 6.9 | 4.0 |
| Finance cost | | | (15.5) | (13.5) | | | (29.6) | (27.5) |
| Finance income | | | 1.3 | 0.7 | | | 2.0 | 1.4 |
| Interest on lease liabilities | | | (1.2) | (1.3) | | | (2.5) | (2.7) |
| Income tax expense | | | (51.7) | (51.7) | | | (99.2) | (98.3) |
| Net earnings | | | $ 163.4 | $ 153.0 | | | $ 313.6 | $ 300.8 |

| | Total Assets | | Total Liabilities | | Depreciation and Amortization | | Capital Expenditures | |
|---|---|---|---|---|---|---|---|---|
| | June 30 | December 31 | June 30 | December 31 | Six Months Ended June 30 | | Six Months Ended June 30 | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| CCL | $ 4,046.2 | $ 3,919.6 | $ 1,084.9 | $ 1,088.9 | $ 117.1 | $ 113.5 | $ 134.6 | $ 101.1 |
| Avery | 1,120.5 | 827.1 | 326.9 | 266.7 | 16.7 | 12.7 | 17.4 | 3.9 |
| Checkpoint | 1,077.0 | 1,101.8 | 481.6 | 538.4 | 21.3 | 18.6 | 21.9 | 9.6 |
| Innovia | 1,166.6 | 1,167.0 | 324.6 | 300.7 | 24.0 | 24.3 | 20.7 | 17.5 |
| Equity-accounted investments | 78.8 | 68.4 | - | - | - | - | - | - |
| Corporate | 650.0 | 543.9 | 2,098.6 | 1,686.1 | 0.8 | 0.8 | - | - |
| Total | $ 8,139.1 | $ 7,627.8 | $ 4,316.6 | $ 3,880.8 | $ 179.9 | $ 169.9 | $ 194.6 | $ 132.1 |

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 $18.1 million and $35.5 million for the three-month and six-month periods ending June 30, 2022, respectively (June 30, 2021 - $18.9 million and $37.4 million), which are for installation and maintenance service arrangements within the Checkpoint Segment.

## 5. Accumulated other comprehensive loss

| | June 30 2022 | December 31 2021 |
|---|---|---|
| Unrealized foreign currency translation losses, net of tax expense of $2.1 (2021 – tax expense of $1.8) | $ (295.7) | $ (241.5) |
| Gains (losses) on derivatives designated as cash flow hedges, net of tax recovery of $0.1 (2021 – tax expense of nil) | (0.1) | 0.1 |
| | $ (295.8) | $ (241.4) |

*In millions of Canadian dollars, unless otherwise noted*

**6. Restructuring and other items**

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Restructuring costs | $ 2.5 | $ 2.4 | $ 3.7 | $ 2.4 |
| Acquisition costs | 0.7 | 0.2 | 1.3 | 0.2 |
| Total restructuring and other items | $ 3.2 | $ 2.6 | $ 5.0 | $ 2.6 |

For the six months ended June 30, 2022, the Company recorded $5.0 million ($4.1 million after tax) for restructuring and other items largely related to severance costs at CCL Design and other acquisition costs.

For the six months ended June 30, 2021, the Company recorded $2.6 million ($2.1 million after tax) for restructuring and other items principally related to severance at the Checkpoint Segment, and other acquisition costs.

**7. Financial instruments**

**(a) Fair value hierarchy**

The table below summarizes the 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).

| **June 30, 2022** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Other assets | $ 17.9 | $ - | $ - | $ 17.9 |
| Derivative financial assets | - | 68.3 | - | 68.3 |
| Long-term debt | - | (2,082.8) | - | (2,082.8) |
| Derivative financial liabilities | - | (0.4) | - | (0.4) |
| | $ 17.9 | $ (2,014.9) | $ - | $ (1,997.0) |
| **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) |
| | $ 19.7 | $ (1,821.3) | $ - | $ (1,801.6) |

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:

| | June 30, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-term debt | $ 2,238.5 | $ 2,082.8 | $ 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.

**8. Long-term debt**

During the first six months of 2022, net drawdowns on the Company credit facilities and loans totaling $485.2 million were primarily used to fund business acquisitions and the Company's normal course issuer bid.

The Company's debt structure at June 30, 2022, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US$600.0 million ($765.1 million), 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million ($639.6 million), the $300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of $505.4 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled $3.4 million; accordingly, there was approximately US$0.8 billion of unused availability on the syndicated revolving credit facility at June 30, 2022.

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

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 syndicated revolving credit facility at December 31, 2021.

**9. Repurchase of shares**

In May 2022, 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. During the first six months of 2022, the Company spent $200.0 million for the purchase of 3,392,680 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 September 15, 2022, to be paid on September 29, 2022.

# MANAGEMENT'S DISCUSSION AND ANALYSIS
# Second Quarters Ended June 30, 2022 and 2021

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 second quarters ended June 30, 2022 and 2021. The information in this interim MD&A is current to August 10, 2022, and should be read in conjunction with the Company's August 10, 2022, unaudited second quarter consolidated condensed interim financial statements ("interim financial statements") released on August 10, 2022, and the 2021 Annual MD&A and consolidated financial statements ("annual financial statements"), which form part of CCL Industries Inc.'s 2021 Annual Report, dated February 24, 2022.

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 2022; 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 the COVID-19 ("CV19") global pandemic on the Company's overall operations, customers, strategy and financial results and on the respective Segments of the Company, including in respect of the third quarter of 2022 and beyond; 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 and the conflict between Russia and Ukraine 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, including stable aluminum and resin costs; the Company's expectation that relaxation of government CV19-related restrictions will continue to relax and modest impact from CV19 variants will lead to improved economic activity and improved results for the Company; the Company's expectation that demand will remain solid for the CCL and Checkpoint Segments and will persist through the second half of 2022; the Company's expectation that the Avery Segment's direct-to-consumer event and name badging operations will continue to improve; the Company's expectation that the strength of the North American back-to-school season will be contingent on strong attendance for in-class learning in the back half of the year and overcoming supply chain obstacles; the Company's expectation that Avery's results will improve over 2021 results; and the Company's expectation that the Innovia Segment will effectively manage input cost volatility, energy and freight inflation and will efficiently fill capacity of its new "Ecofloat" shrink film line. 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 2021 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 second quarter of 2022 was a strong period for the Company even with Coronavirus lockdowns in China, geopolitical instability, continued inflationary input cost pressures, especially European energy costs, and global supply chain challenges. The Company's business model, and most of all its people, once again proved resilient, raising prices to tackle inflation and implementing efficiency initiatives where possible resulting in 10.9% consolidated organic sales growth rate and 5.6% increase in operating income (non-IFRS financial measures; refer to definition in Section 14 of this MD&A), excluding the impact of currency translation. The CCL Segment and Avery posted strong second quarters compared to the 2021 second quarter, despite a slower comparative quarter at CCL Secure, chip shortages and the impact of China's CV19 lockdowns at key customers of CCL Design and end market demand not yet entirely back to pre-pandemic levels in all of Avery's business lines. Innovia results were affected by surging energy costs in Europe despite a pricing surcharge program, slightly offset by moderate gains in the Americas. Checkpoint performance was mixed with strong gains in ALS more than offset by inflation and supply chain issues in MAS, in part due to the CV19 lockdowns in China. All-in, the Company recorded a 5.8% and 5.6% increase in quarterly basic and adjusted basic earnings (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) per class B share to $0.91 and $0.94, respectively, compared to basic and adjusted basic earnings per Class B share of $0.86 and $0.89, respectively, for the 2021 second quarter.

## 2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2021 including those announced through to the end of the second quarter of 2022:

- 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 seven countries. It will be 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 $149.9 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 will largely be reported as part of Avery, with the smaller industrial portion added to CCL Design.

- 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.

- 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.

- 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, wristbands and key fobs for access controls. LAS further expands Avery’s direct-to-consumer business.

- In December 2021, the Company acquired the pharmaceutical leaflet printing press and customer list from the Laramara Foundation in Sao Paulo, Brazil, for $0.8 million. These assets were added to the CCL Segment.

- 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 ("ALS").

- 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 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 ALS business.

- 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 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 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.

Sales for the second quarter of 2022 were $1,615.2 million, a 14.9% increase compared to $1,406.3 million recorded in the second quarter of 2021. Sales increased on organic growth of 10.9% and acquisition related growth of 4.8% partially offset by 0.8% negative impact from foreign currency translation. For the six-month period ended June 30, 2022, sales were $3,136.9 million, a 13.8% increase compared to $2,755.8 million for the same six-month period a year ago. This increase in sales can be attributed to 10.8% organic growth and 4.7% acquisition-related growth partially offset by a 1.7% negative impact from foreign currency translation.

Selling, general and administrative expenses ("SG&A") were $214.8 million and $416.7 million for the three-month and six-month periods ended June 30, 2022, compared to $191.0 million and $370.9 million for same periods in the prior year, respectively. The increase in SG&A for the comparative three-month and six-month periods is due to an increase in long-term variable compensation expense within corporate costs, an increase in discretionary expenses in 2022 compared to 2021, as well as, the additional SG&A expenses associated with recent acquisitions.

The Company recorded an expense of $3.2 million ($2.6 million after tax) and $5.0 million ($4.1 million after tax) for restructuring and other items for the three-month and six-month periods of 2022 compared to $2.6 million ($2.1 million after tax) for the three-month and six-month periods of 2021. For the three-month and six-month periods of 2022, restructuring and other items largely relates to severance costs at CCL Design and acquisition costs for the three transactions completed so far this year.

Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) for the second quarter of 2022 was $247.8 million, compared to $235.5 million for the second quarter of 2021. Excluding the $3.5 million non-cash acquisition accounting adjustment expensed to cost of sales to fair value the inventory for the acquisition of Adelbras, operating income improved by 6.7%. Foreign currency translation had a 0.4% negative impact on operating income for the comparable three-month periods. The CCL and Avery Segments posted improved results partly offset by reduced results for the Innovia and Checkpoint Segments. For the six months ended June 30, 2022, operating income increased 4.6%, excluding the aforementioned non-cash acquisition accounting adjustment related to the inventory for the Adelbras acquisition. The six-month increase in operating income was due to the improvement in results at the CCL and Avery Segments compared to the same six-month period in 2021. Foreign currency translation had a negative impact of 1.5%, on operating income for the comparable six-month periods.

Earnings before net finance cost, taxes, earnings in equity accounted investments, depreciation and amortization, non-cash acquisition accounting adjustments, restructuring and other items ("Adjusted EBITDA", a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) increased 6.7% to $322.9 million for the second quarter of 2022, compared to $302.5 million for the second quarter of 2021. Excluding the impact of foreign currency translation, Adjusted EBITDA increased 7.3%. For the six months ended June 30, 2022, adjusted EBITDA was $624.4 million, an increase of 4.7% compared to $596.4 million in the comparable 2021 six-month period. Foreign currency translation had a negative impact of 1.5% on EBITDA for the comparable six-month periods.

Net finance cost was $15.4 million and $30.1 million for the three-month and six-month periods ended June 30, 2022, compared to $14.1 million and $28.8 million for the same periods in 2021. The increase in net finance cost for the three-month and six-month periods ended June 30, 2022, was attributable to an increase in total debt drawn compared to the same periods in 2021.

The overall effective income tax rate was 24.4% for the three-month and six-month periods ended June 30, 2022, compared to 25.5% and 24.9% for the same periods in the prior year. The decline in the effective tax rates was attributable to a higher portion of taxable income in lower taxed jurisdictions as well as new UK tax legislation that was enacted in the second quarter of 2021 that raised income tax rates in future periods, therefore, the Company was required to increase its deferred income liability by $8.0 million resulting in a corresponding increase in tax expense. This increase in tax expense in 2021 was partially offset by a $7.3 million reduction in valuation allowances due to improved profitability at certain subsidiaries of the Company.

Of this $8.0 million increase in 2021, $4.7 million primarily related to book and tax timing differences and other discrete items. However, $3.3 million related to indefinite life intangibles from recent acquisitions that were recognized for accounting purposes but had no corresponding tax basis and were therefore excluded from adjusted basic earnings per share in the 2021 second quarter.

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 second quarter of 2022 increased 6.8% to $163.4 million compared to $153.0 million for the second quarter of 2021. This resulted in basic and diluted earnings of $0.91 per Class B share for the 2022 second quarter compared to basic and diluted earnings of $0.86 per Class B share for the prior year second quarter. Changes in foreign exchange rates negatively impacted earnings by $0.02 per Class B share compared to the second quarter of 2021.

Net earnings for the six-month period of 2022 were $313.6 million, an increase of 4.3% compared to $300.8 million for the same period a year ago. This resulted in basic and diluted earnings of $1.75 and $1.74 per Class B share, respectively, for the 2022 six-month period compared to basic and diluted earnings of $1.68 and $1.67 per Class B share, respectively, for the prior year six-month period. The weighted average number of shares (comprised of Class A voting shares and Class B non-voting shares) for the 2022 six-month period were 179.0 million basic and 180.2 million diluted shares compared to 179.4 million basic and 180.7 million diluted shares for the comparable period of 2021. Diluted shares include weighted average in-the-money equity compensation arrangements totaling 1.2 million shares (2021 – 1.2 million shares).

Adjusted basic earnings per Class B share were $0.94 and $1.79 for the three-month and six-month periods of 2022, respectively, compared to $0.89 and $1.71 for same periods of 2021.

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

| **(in Canadian dollars)** | **Second Quarter** | | **Year-To-Date** | |
|---|---|---|---|---|
| **Adjusted Basic Earnings per Class B Share** | **2022** | **2021** | **2022** | **2021** |
| Basic earnings per Class B share | $ 0.91 | $ 0.86 | $ 1.75 | $ 1.68 |
| Restructuring and other items | 0.01 | 0.01 | 0.02 | 0.01 |
| New UK Tax Legislation | - | 0.02 | - | 0.02 |
| Non-cash acquisition accounting adjustment related to inventory | 0.02 | - | 0.02 | - |
| Adjusted basic earnings [1] per Class B share | $ 0.94 | $ 0.89 | $ 1.79 | $ 1.71 |

(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 ten most recently completed quarters:

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

| | Qtr 1 | Qtr 2 | Qtr 3 | Qtr 4 | Total |
|---|---|---|---|---|---|
| **Sales** | | | | | |
| 2022 | $ 1,521.7 | $ 1,615.2 | $ - | $ - | $ 3,136.9 |
| 2021 | 1,349.5 | 1,406.3 | 1,488.2 | 1,488.8 | 5,732.8 |
| 2020 | 1,296.5 | 1,221.8 | 1,373.4 | 1,350.6 | 5,242.3 |
| **Net earnings** | | | | | |
| 2022 | 150.2 | 163.4 | - | - | 313.6 |
| 2021 | 147.8 | 153.0 | 153.2 | 145.1 | 599.1 |
| 2020 | 126.6 | 103.9 | 153.3 | 145.9 | 529.7 |
| **Net earnings per Class B share** | | | | | |
| **Basic** | | | | | |
| 2022 | 0.84 | 0.91 | - | - | 1.75 |
| 2021 | 0.82 | 0.86 | 0.85 | 0.80 | 3.33 |
| 2020 | 0.71 | 0.58 | 0.86 | 0.81 | 2.96 |
| **Net earnings per Class B share** | | | | | |
| **Adjusted basic** | | | | | |
| 2022 | 0.85 | 0.94 | - | - | 1.79 |
| 2021 | 0.82 | 0.89 | 0.85 | 0.81 | 3.37 |
| 2020 | 0.72 | 0.59 | 0.93 | 0.84 | 3.08 |
| **Net earnings per Class B share** | | | | | |
| **Diluted** | | | | | |
| 2022 | 0.83 | 0.91 | - | - | 1.74 |
| 2021 | 0.81 | 0.86 | 0.84 | 0.80 | 3.31 |
| 2020 | 0.70 | 0.58 | 0.86 | 0.80 | 2.94 |

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.

As a result of the impact of CV19 on the economy and the Company’s businesses, historical seasonality trends could either be adversely affected or temporarily improved as described within this MD&A.

## 3. Business Segment Review

## CCL Segment (“CCL”)

| ($ millions) | Second Quarter 2022 | Second Quarter 2021 | +/- | Year-To-Date 2022 | Year-To-Date 2021 | +/- |
|---|---|---|---|---|---|---|
| Sales | $ 965.2 | $ 856.3 | 12.7% | $ 1,907.2 | $ 1,733.0 | 10.1% |
| Operating Income (1) | $ 154.9 | $ 139.5 | 11.0% | $ 307.7 | $ 296.7 | 3.7% |
| Return on Sales (1) | 16.0% | 16.3% | | 16.1% | 17.1% | |
| Capital Spending | $ 65.0 | $ 57.6 | 12.8% | $ 134.6 | $ 101.1 | 33.1% |
| Depreciation and Amortization (2) | $ 52.2 | $ 50.2 | 4.0% | $ 106.1 | $ 102.8 | 3.2% |

(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 $5.5 million and $11.0 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2022 (2021 - $5.2 million and $10.7 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 $965.2 million for the second quarter of 2022 compared to $856.3 million for the same quarter last year. The components of the 12.7% increase in sales are 10.9% organic and 2.3% acquisition-related growth partially offset by a 0.5% negative impact from foreign currency translation.

**North American** sales were up high-single digit for the second quarter of 2022, excluding currency translation, compared to the second quarter of 2021. Home & Personal Care sales increased significantly on dramatically improved demand for aerosols, price and market share improvement in labels partially offset by a modest decline in tubes. Healthcare & Specialty results were mixed, with significant sales and profitability gains in Healthcare partially offset by slower performance in consumer driven Ag-Chem products compared to a very strong prior year period. Food & Beverage sales reduced but improved mix drove profitability improvement. CCL Design sales and profitability declined on semiconductor and other supply chain challenges curtailing production demand for both automotive and electronics. CCL Secure sales increased but profitability fell on mix and inflation. Overall operating income, and return on sales, for the current quarter in North America improved compared to the second quarter of 2021.

Sales in **Europe** were up double digit for the second quarter of 2022, excluding currency translation and acquisitions, compared to the second quarter of 2021. Home & Personal Care results declined due to slower end markets. Healthcare & Specialty sales and profitability increased significantly, with improvement throughout the region, but most notably in Germany. Food & Beverage sales and profitability improved on gains in pressure sensitive labels offsetting slower markets for sleeve applications. CCL Design, excluding the newly acquired McGavigan business, improved sales and profitability on comparatively stronger electronics markets offsetting reduced profitability in automotive markets. For CCL Secure, sales improved but profitability was reduced on business mix. European profitability improved but return on sales declined modestly.

For the second quarter of 2022, **Latin America** posted exceptionally strong organic sales growth compared to the second quarter of 2021. Sales and profitability improvements in Mexico, Argentina and Brazil partially offset a decline in Chile. The newly acquired D&F business recorded solid results for the second quarter of 2022. Operating income improved significantly with return on sales almost flat to the 2021 second quarter, with the prior year benefitting from a recovery of certain indirect taxes in Brazil.

**Asia Pacific** sales for the 2022 second quarter, excluding currency translation and acquisitions, increased mid-single digit compared to the corresponding quarter in 2021. Sales in China were up but profitability declined on mixed market conditions; solid results in Healthcare and CCL Design automotive (including the recently acquired McGavigan) were more than offset by declines for Home & Personal Care, Food & Beverage and CCL Design electronics, all compared to the prior year second quarter. Results in ASEAN countries were also mixed but improved modestly overall in local currencies. In Australia, profitability declined despite improved results for label operations as CCL Secure had a strong prior year second quarter. South Africa posted strong results compared to a modest profit in the prior year quarter. For the Asia Pacific region, operating income decreased and return on sales declined compared to the second quarter of 2021, due primarily to the results at CCL Secure.

Operating income for the second quarter of 2022 was $154.9 million, compared to $139.5 million for the second quarter of 2021. Return on sales was 16.0% compared to the 16.3% recorded for the same period in 2021.

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 $134.6 million in capital spending for the first six months of 2022, compared to $101.1 million in the same period in 2021. The investments for the first half of 2022 were primarily related to capacity additions to support the Home & Personal Care 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 expense was $106.1 million for the six months ended June 30, 2022, compared to $102.8 million for the same period of 2021.

## Avery Segment ("Avery")

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| ($ millions) | 2022 | 2021 | +/- | 2022 | 2021 | +/- |
| Sales | $ 236.5 | $ 178.9 | 32.2% | $ 416.8 | $ 319.3 | 30.5% |
| Operating Income [(1)] | $ 46.9 | $ 38.2 | 22.8% | $ 80.8 | $ 59.2 | 36.5% |
| Return on Sales [(1)] | 19.8% | 21.4% | | 19.4% | 18.5% | |
| Capital Spending | $ 13.7 | $ 2.3 | 495.7% | $ 17.4 | $ 3.9 | 346.2% |
| Depreciation and Amortization [(2)] | $ 6.6 | $ 4.5 | 46.7% | $ 13.0 | $ 9.5 | 36.8% |

(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 $1.9 million and $3.7 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2022 (2021 - $1.6 million and $3.2 million, respectively).

Avery is the world's largest 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 Group ("PMG"), including address labels, shipping labels, marketing and product identification labels, business cards, and name badges supported by customized software solutions; (2) Organizational Products Group ("OPG"), including binders, sheet protectors, indexes, dividers and writing instruments; and (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.

Avery sales were $236.5 million for the second quarter of 2022, an increase of 32.2% compared to $178.9 million for the same quarter last year. This increase in sales is attributed to 13.8% organic and 17.9% acquisition-related growth and 0.5% positive impact from foreign currency translation.

Sales in **North America** for the second quarter of 2022 improved dramatically, excluding currency translation, compared to a solid second quarter of 2021. Sales and profitability for PMG and OPG product lines improved significantly compared to prior year second quarter as customers brought forward early back-to-school purchases to ensure they could fulfill strong end-market demand without supply chain issues. Sales and profitability for Direct-to-Consumer name badge, event badge and wristband categories improved dramatically compared to the second quarter of 2021, as sports and leisure events, conventions, meetings and conference activities continue their journey back to pre-pandemic levels. The newly acquired RFID card business continued to perform ahead of expectations while the IMP horticultural business entered its seasonally slow period posting results as expected.

**International** sales represented approximately 27% of Avery sales for the second quarter. Excluding currency translation and acquisitions, organic sales growth was robust in the direct-to-consumer category with a small decline in the legacy categories compared to the second quarter of 2021. The newly acquired Floramedia entered its seasonally slow season, performing to expectations. All-in operating income improved in internationally.

Operating income for the second quarter of 2022 increased 22.8% to $46.9 million compared to $38.2 million for the second quarter of 2021. Return on sales was 19.8% for the 2022 second quarter compared to 21.4% recorded for the same quarter in 2021.

Avery invested $17.4 million in capital spending in the first six months of 2022 compared to $3.9 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 expense was $13.0 million for the 2022 six-month period compared to $9.5 million for the 2021 six-month period.

## Checkpoint Segment ("Checkpoint")

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| ($ millions) | 2022 | 2021 | +/- | 2022 | 2021 | +/- |
| Sales | $ 197.1 | $ 187.7 | 5.0% | $ 400.1 | $ 356.4 | 12.3% |
| Operating Income (1) | $ 22.6 | $ 29.1 | (22.3%) | $ 49.2 | $ 54.5 | (9.7%) |
| Return on Sales (1) | 11.5% | 15.5% | | 12.3% | 15.3% | |
| Capital Spending | $ 13.9 | $ 4.5 | 208.9% | $ 21.9 | $ 9.6 | 128.1% |
| Depreciation and Amortization (2) | $ 8.9 | $ 7.2 | 23.6% | $ 17.2 | $ 14.6 | 17.8% |

(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 $2.0 million and $4.1 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2022 (2021 - $2.0 million and $4.0 million, respectively).

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 $197.1 million for the second quarter of 2022, an improvement of 5.0% compared to $187.7 million for the second quarter of 2021 driven by acquisition-related growth of 8.4%, partially offset by a 0.5% organic decline and a 2.9% negative impact from foreign currency translation. MAS sales and profitability declined in all regions, except the small Latin American business, compared to a strong 2021 second quarter. Results were affected by component and transportation cost inflation with supply chain issues in China also impacting product availability; demand also softened compared to an unusually robust prior year period. However, ALS sales and profitability increased very significantly compared to a strong second quarter in 2021. Good demand in the apparel supply chain and very strong growth in RFID products, coupled with productivity initiatives, and solid contributions from recent acquisitions drove a dramatic increase in profitability. Meto operations posted organic sales growth and solid profitability improvement for the 2022 second quarter compared to the same period a year ago.

Overall operating income was $22.6 million for the second quarter of 2022 compared to $29.1 million for the second quarter of 2021; return on sales declined to 11.5% from 15.5% for the comparable quarter in 2021.

Checkpoint invested $21.9 million in capital spending for the first six months of 2022 compared to $9.6 million for the same period of 2021. The majority of the expenditures were in the ALS manufacturing facilities. Depreciation and amortization expense was $17.2 million for the six-month period of 2022, compared to $14.6 million for the six-month period of 2021.

## Innovia Segment ("Innovia")

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| ($ millions) | 2022 | 2021 | +/- | 2022 | 2021 | +/- |
| Sales | $ 216.4 | $ 183.4 | 18.0% | $ 412.8 | $ 347.1 | 18.9% |
| Operating Income [(1)] | $ 23.4 | $ 28.7 | (18.5%) | $ 38.7 | $ 48.2 | (19.7%) |
| Return on Sales [(1)] | 10.8% | 15.6% | | 9.4% | 13.9% | |
| Capital Spending | $ 5.1 | $ 10.5 | (51.4%) | $ 20.7 | $ 17.5 | 18.3% |
| Depreciation and Amortization [(2)] | $ 11.6 | $ 11.5 | 0.9% | $ 23.3 | $ 23.0 | 1.3% |

(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 $0.3 million and $0.7 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2022 (2021 - $0.6 million and $1.3 million, respectively).

Innovia supplies specialty, high-performance, multi-layer, surface engineered 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 $216.4 million for the second quarter of 2022 compared to $183.4 million for the second quarter of 2021. The components of the 18.0% increase in sales were 19.5% organic growth, entirely price driven, partially offset by 1.5% negative impact from foreign currency translation. Volume of film sold to external customers in Europe decreased, primarily driven by the decommissioning of an old film line in Poland to make way for the new “Ecofloat” investment that incurred start up costs at the end of the second quarter. Volume of film sold in North America increased, however, sequential monthly declines in resin costs in the quarter squeezed margins on higher cost inventory still on the balance sheet. Films sold internally for CCL Secure and CCL Label operations were solid. During the quarter, European operations initiated an energy surcharge mechanism, but this did not fully offset rapidly rising costs. Dramatic increases in transportation costs also negatively impacted profitability globally for the second quarter of 2022 compared to the same period in 2021.

Operating income declined 18.5% to $23.4 million for the second quarter of 2022 compared to operating income of $28.7 million in the 2021 second quarter.

Innovia invested $20.7 million in capital spending for the first six months of 2022 compared to $17.5 million for the 2021 six-month period. The majority of the investment was for capacity additions in Europe and Mexico. The new “Ecofloat” line in Poland, commenced commercial operations at the end of the second quarter of 2022. Depreciation and amortization expense was $23.3 million for the six-month period of 2022 compared to $23.0 million for the same period of 2021.

## Joint Ventures

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| ($ millions) | 2022 | 2021 | +/- | 2022 | 2021 | +/- |
| Sales (at 100%) | | | | | | |
| CCL joint ventures | $ 46.0 | $ 33.6 | 36.9% | $ 81.9 | $ 67.2 | 21.9% |
| Earnings in equity accounted investments | | | | | | |
| CCL joint ventures | $ 3.7 | $ 2.1 | 76.2% | $ 6.9 | $ 4.0 | 72.5% |

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 significantly. Earnings in equity accounted investments amounted to $3.7 million for the second quarter of 2022 compared to $2.1 million for the second quarter of 2021.

## 4. Currency Transaction Hedging and Currency Translation

Approximately 98% of sales made in the second quarter of 2022 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 second quarter of 2022 were negatively impacted by the appreciation of the Canadian dollar against the euro, U.K. pound, Australia dollar and Thai baht by 8.2%, 6.6%, 3.6% and 5.3%, respectively, compared to the rates in the same period in 2021. This negative impact was partially offset by the depreciation of the Canadian dollar relative to the U.S. dollar, Brazilian real, Mexican peso and Chinese renminbi of 3.9%, 11.8%, 3.9% and 1.6%, respectively, when comparing the rates in the second quarters of 2022 and 2021. For the second quarter of 2022, currency translation had a $0.02 negative impact on earnings per Class B share compared to last year's second quarter.

## 5. Liquidity and Capital Resources

The Company's capital structure is as follows:

($ millions)

| | | June 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Current portion of long-term debt | $ | 19.8 | $ | 15.3 |
| Current lease liabilities | | 35.2 | | 32.7 |
| Long-term debt | | 2,218.7 | | 1,691.4 |
| Long-term lease liabilities | | 124.9 | | 111.9 |
| Total debt | | 2,398.6 | | 1,851.3 |
| Cash and cash equivalents | | (634.3) | | (602.1) |
| Net debt (1) | $ | 1,764.3 | $ | 1,249.2 |
| Adjusted EBITDA(1)(2) | $ | 1,201.1 | $ | 1,173.1 |
| Net debt to Adjusted EBITDA (1) | | 1.47 | | 1.06 |

(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 six months of 2022, net drawdowns on the Company's credit facilities totaling $495.5 million were primarily used to fund business acquisitions and the Company's normal course issuer bid.

The Company's debt structure at June 30, 2022, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US$600.0 million ($765.1 million), 144A 3.25% private notes due October 2026 in the principal amount of US$500.0 million ($639.6 million), the $300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of $505.4 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled $3.4 million; accordingly, there was approximately US$0.8 billion of unused availability on the revolving credit facility at June 30, 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.

Net debt was $1,764.3 million at June 30, 2022, $515.1 million more than the net debt of $1,249.2 million at December 31, 2021. The increase in net debt is principally a result of drawdowns on the Company's syndicated revolving credit facility partially offset by an increase in cash-on-hand at June 30, 2022, compared to December 31, 2021.

Net debt to Adjusted EBITDA at June 30, 2022, increased to 1.47 times, compared to 1.06 times at December 31, 2021, reflecting the aforementioned increase in net debt as well as an increase in Adjusted EBITDA.

The Company's overall average finance rate, excluding lease liabilities, was 2.43% as at June 30, 2022, and 2.42% as at December 31, 2021.

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) | Second Quarter | | Year-To-Date | |
|---|---|---|---|---|
| **Summary of Cash Flows** | **2022** | **2021** | **2022** | **2021** |
| Cash provided by operating activities | $ 209.1 | $ 167.6 | $ 343.4 | $ 308.0 |
| Cash provided by (used for) financing activities | 103.2 | (50.0) | 183.3 | (156.6) |
| Cash used for investing activities | (287.0) | (83.2) | (477.5) | (136.0) |
| Translation adjustments on cash and cash equivalents | (7.9) | (3.8) | (17.0) | (25.8) |
| Increase (decrease) in cash and cash equivalents | $ 17.4 | $ 30.6 | $ 32.2 | $ (10.4) |
| Cash and cash equivalents – end of period | $ 634.3 | $ 693.3 | $ 634.3 | $ 693.3 |
| Free cash flow from operations (1) | $ 115.1 | $ 94.7 | $ 153.2 | $ 182.3 |

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

During the second quarters of 2022 and 2021, the Company generated cash from operating activities of $209.1 million and $167.6 million, respectively. Free cash flow from operations was an inflow of $115.1 million in the 2022 second quarter compared to an inflow of $94.7 million in the prior year second quarter. A reduction in cash taxes paid and a smaller increase in non-cash working capital partially offset by an increase in net capital expenditures improved cash provided by operations and free cash flow from operations for the second quarter of 2022 compared to the second quarter of 2021.

Capital spending in the second quarter of 2022 amounted to $97.7 million compared to $74.9 million in the 2021 second quarter. Total depreciation and amortization expense for the second quarter of 2022 was $89.4 million, compared to $83.2 million for the second quarter of 2021. Expected net capital spending for 2022 is estimated to be approximately $380.0 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 second quarters of 2022 and 2021 were $42.5 million and $37.7 million, respectively. The total number of shares issued and outstanding as at June 30, 2022 and 2021 were 176.9 million and 179.8 million, respectively. The Board of Directors has approved a dividend of $0.2375 per Class A voting share and $0.24 per Class B non-voting share to shareholders of record as of September 15, 2022, and payable September 29, 2022. The annualized dividend rate is $0.95 per Class A share and $0.96 per Class B share.

In May of 2022, 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. During the first six months of 2022, the Company spent $200.0 million for the purchase of 3,392,680 Class B shares for cancellation. The excess of the purchase price over the paid-up capital was charged to retained earnings.

## 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 June 30, 2022, the Company had US$153.0 million and EUR46.0 million drawn on its syndicated bank revolving credit facility hedging a portion of its US$-based and euro-based investments and cash flows.

As at June 30, 2022, 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 $7.8 million for the six months ended June 30, 2022.

## 8. Subsequent Events

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 September 15, 2022, to be paid on September 29, 2022.

Dr. Susana Suarez-Gonzalez, who joined the Company's Board in January of 2021, has decided to resign as a Director to focus on her new role of Executive Vice President and Chief Human Resources at a global packaging company.

## 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 2021 annual audited consolidated financial statements and notes thereto, as well as the 2021 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 six months ended June 30, 2022, there are no changes to the critical accounting policies and estimates from those described in the 2021 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 consolidated financial statements for the year ended December 31, 2021. There have been no changes to the nature of, or parties to, the transactions for the six months ended June 30, 2022.

## 10. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations, surety bonds and loan guarantees. The nature of these commitments are described in note 26 and note 27 of the annual consolidated financial statements for the year ended December 31, 2021. 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 Floramedia, Adelbras, McGavigan, IMP, LAS, Laramara, Tecnoblu and D&F. These companies were acquired between December 2021 and June 30, 2022, for approximately $473.6 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 notes 3(a), 3(b), 3(c) and 3(e) of the Company's condensed consolidated interim financial statements for the periods ended June 30, 2022 and 2021.

Except for the preceding changes, there were no other material changes in internal control over financial reporting in the six-month period ended June 30, 2022.

## 12. Risks and Strategies

The 2021 MD&A in the Company's annual report detailed risks to the Company's business and the strategies planned for 2022 and beyond. There have been no material changes to those risks and strategies during the first six months of 2022, except as hereafter set out.

The first six months of 2022 saw significant, new macroeconomic uncertainty brought about by the conflict in Ukraine and the start of China-centric CV19-related lockdowns, creating the potential for temporary curtailment of certain manufacturing facilities on top of supply chain challenges, inflationary cost pressures for raw materials and energy which could have a negative impact on the sales outlook, financial condition and results of the Company.

For the year ended December 31, 2021, a de minimis percentage of the Company's sales were derived from customers based in Russia and Ukraine. However, the Company has a 50% equity interest in a U.K. holding company that owns 100% of CCL Kontur, which operates five label plants, headquartered in Podolsk, Russia. The Company's 50% equity partner in this joint venture has management control of the Russian operations. The Company suspended all future financial support to this joint venture while complying with all government-imposed trade sanctions. The Company's financial exposure in this joint venture is approximately $60.0 million as at June 30, 2022. It is not possible at this time to predict the ultimate consequences of the conflict in Ukraine and the impact on the carrying value of the Company's investment in this joint venture. The Company will monitor the factors influencing the carrying value of its investment and, if appropriate, may incur impairment charges. The conflict in the Ukraine may escalate and/or expand in scope with broader consequences, which have included, and/or may in the future include further sanctions, embargoes, regional instability, cyber events and geopolitical shifts; potential retaliatory action by the Russian government against the Company and the Company's joint venture or its customers, such as nationalization of foreign businesses in Russia; and increased tensions between the western world and countries in which the Company operates, none of which can be predicted. The Company also cannot predict the conflict's impact on the global economy and on its business and financial statements.

## 13. Outlook

The second quarter of 2022, has been marked by geopolitical uncertainty, historic inflationary cost pressure, global supply chain challenges and CV19 lockdowns in China. However, the Company successfully worked through these issues to deliver a 10.9% organic sales growth rate and a 5.6% improvement in adjusted earnings per class B share. So far into the third quarter there are early signs of supply chain pressures easing and key commodity costs potentially passing their peak. However, the winter brings concerns about energy, especially in Europe, with many economists predicting a recession on the rise in interest rates to curb high inflation.

For the CCL and Checkpoint Segments, demand is expected to be solid in the back half of the year. Effectively managing the supply chain and productivity enhancement initiatives will be key for the balance of this year.

Avery's Direct-to-Consumer business is approaching pre-pandemic levels and is expected to continue this trend for the remainder of the year, provided significant CV19-related lockdowns do not re-emerge in the Western world. The ultimate strength of the North American back-to-school season, that started earlier than normal in the second quarter of this year, will be contingent on strong attendance for in-class learning in the back half of the year and overcoming supply chain obstacles to fulfill third quarter reorder demand. Overall results for Avery are expected to improve on prior year levels for the balance of 2022.

For the remainder of 2022, Innovia will need to effectively manage energy, freight and other inflationary cost increases, especially in Europe, as well as efficiently filling capacity of the new "Ecofloat" shrink film line in Poland, whilst commencing construction of the new German thin-gauge film line.

The Company finished the second quarter with $634.3 million cash-on-hand and additional unused capacity of US$0.8 billion within its syndicated revolving credit facility and Net debt to Adjusted EBITDA is at 1.47 turns. The Company's liquidity position remains robust and positioned for incremental acquisition growth and further repurchases of its Class B non-voting shares. The Company expects net capital expenditures for 2022 to be approximately $380.0 million, supporting organic growth and new greenfield opportunities globally. Third quarter orders have been in line with expectations given the macroeconomic environment so far compared to a strong prior year third quarter. Geopolitical uncertainties and the impact on consumers, pandemic lockdowns, inflationary cost pressure and supply chain stress remain at the forefront of management concerns.

Foreign currency translation would be a modest headwind at current exchange rates for the third quarter of 2022 compared to the same quarter in 2021.

## 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)** | **Second Quarter** | | **Year-To-Date** | |
|---|---|---|---|---|
| **Adjusted EBITDA** | **2022** | **2021** | **2022** | **2021** |
| Net earnings | $ 163.4 | $ 153.0 | $ 313.6 | $ 300.8 |
| Corporate expense | 17.8 | 16.2 | 35.4 | 32.1 |
| Earnings in equity accounted investments | (3.7) | (2.1) | (6.9) | (4.0) |
| Net finance cost | 15.4 | 14.1 | 30.1 | 28.8 |
| Restructuring and other items | 3.2 | 2.6 | 5.0 | 2.6 |
| Income taxes | 51.7 | 51.7 | 99.2 | 98.3 |
| Operating income (a non-IFRS measure) | $ 247.8 | $ 235.5 | $ 476.4 | $ 458.6 |
| Less: Corporate expense | (17.8) | (16.2) | (35.4) | (32.1) |
| Add: Depreciation and amortization | 89.4 | 83.2 | 179.9 | 169.9 |
| Add: Non-cash acquisition accounting adjustment related to inventory | 3.5 | - | 3.5 | - |
| Adjusted EBITDA (a non-IFRS measure) | $ 322.9 | $ 302.5 | $ 624.4 | $ 596.4 |
| Adjusted EBITDA for 12 months ended December 31, 2021 and 2020, respectively | | | $ 1,173.1 | $ 1,123.2 |
| less: Adjusted EBITDA for six months ended June 30, 2021 and 2020, respectively | | | (596.4) | (518.2) |
| add: Adjusted EBITDA for six months ended June 30, 2022 and 2021 respectively | | | 624.4 | 596.4 |
| Adjusted EBITDA for 12 months ended June 30 | | | $ 1,201.1 | $ 1,201.4 |

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)** | **Second Quarter** | | **Year-To-Date** | |
|---|---|---|---|---|
| Free Cash Flow from Operations | **2022** | **2021** | **2022** | **2021** |
| Cash provided by operating activities | $ 209.1 | $ 167.6 | $ 343.4 | $ 308.0 |
| Less: Additions to property, plant and equipment | (97.7) | (74.9) | (194.6) | (132.1) |
| Add: Proceeds on disposal of property, plant and equipment | 3.7 | 2.0 | 4.4 | 6.4 |
| Free Cash Flow from Operations | $ 115.1 | $ 94.7 | $ 153.2 | $ 182.3 |

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 Second Quarter** | | **Operating Income Second Quarter** | | **Return on Sales Second Quarter** | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| CCL | $ 965.2 | $ 856.3 | $ 154.9 | $ 139.5 | 16.0% | 16.3% |
| Avery | 236.5 | 178.9 | 46.9 | 38.2 | 19.8% | 21.4% |
| Checkpoint | 197.1 | 187.7 | 22.6 | 29.1 | 11.5% | 15.5% |
| Innovia | 216.4 | 183.4 | 23.4 | 28.7 | 10.8% | 15.6% |
| Total Operations | $ 1,615.2 | $ 1,406.3 | $ 247.8 | $ 235.5 | 15.3% | 16.7% |

**Supplemental Financial Information**

**Sales Change Analysis**
**Revenue Growth Rates (%)**

| | Three Months Ended June 30, 2022 | | | | Six Months Ended June 30, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Organic Growth** | **Acquisition Growth** | **FX Translation** | **Total** | **Organic Growth** | **Acquisition Growth** | **FX Translation** | **Total** |
| CCL | 10.9% | 2.3% | (0.5%) | 12.7% | 9.1% | 2.4% | (1.4%) | 10.1% |
| Avery | 13.8% | 17.9% | 0.5% | 32.2% | 13.7% | 17.5% | (0.7%) | 30.5% |
| Checkpoint | (0.5%) | 8.4% | (2.9%) | 5.0% | 7.0% | 8.7% | (3.4%) | 12.3% |
| Innovia | 19.5% | - | (1.5%) | 18.0% | 20.8% | - | (1.9%) | 18.9% |
| Total | 10.9% | 4.8% | (0.8%) | 14.9% | 10.8% | 4.7% | (1.7%) | 13.8% |

## 15. Outstanding Share Data

As at August 10, 2022, there were 11,814,967 Class A voting shares and 165,129,385 Class B non-voting shares ("Class B Shares") outstanding. In addition, there were stock options outstanding to purchase 1,388,500 Class B shares, 250,887 deferred share units, 259,676 restricted stock units under the 2017-2025 Long Term Retention Plan, 129,338 restricted stock units under the 2019 Long Term Retention Plan, 1,114,725 performance stock units and 123,209 restricted stock units under the Performance Stock Unit Plan and 448,850 restricted stock units under the Restricted Stock Unit Plan.