

CCL Industries Inc.

111 Gordon Baker Road, Suite 801, Toronto, ON M2H 3R1, Canada
Tel +1 (416) 756-8500 www.cclind.com



News Release

For Immediate Release, Wednesday, November 13, 2024

Stock Symbols: TSX – CCL.A and CCL.B

CCL Industries Announces 2024 Third Quarter Results

Third Quarter Highlights

- Per Class B share⁽³⁾: **\$1.09 adjusted basic earnings up 14.7%**; **\$1.08 basic earnings up 13.7%**; **currency translation negative \$0.01 per share**
- **Sales increased 9.4% on 6.9% organic growth, 1.8% acquisition growth and 0.7% positive currency translation**
- **CCL, Avery, Checkpoint and Innovia posted organic sales growth of 4.9%, 3.0%, 14.5% and 18.0%, respectively**
- **Operating income⁽¹⁾ improved 12.8%, with a 15.6% operating margin⁽¹⁾ up 50 bps**

Nine-Month Highlights

- Per Class B share⁽³⁾: **\$3.30 adjusted basic earnings up 18.3%**; **\$3.72 basic earnings up 34.3%**; **\$0.44 revaluation gain included in basic earnings**; **currency translation negative \$0.01 per share**
- **Sales increased 8.9% on 5.8% organic growth, 2.6% acquisition growth and 0.5% positive currency translation**
- **Operating income⁽¹⁾ improved 15.7%, with a 16.1% operating margin⁽¹⁾ up 90 bps**

Toronto, November 13, 2024 - CCL Industries Inc. ("the Company"), a world leader in specialty label, security and packaging solutions for global corporations, government institutions, small businesses and consumers, today reported 2024 third quarter results.

Sales for the third quarter of 2024 increased 9.4% to \$1,849.7 million compared to \$1,690.5 million for the third quarter of 2023, with an organic growth rate of 6.9%, acquisition-related growth of 1.8% and a 0.7% positive impact from foreign currency translation.

Operating income⁽¹⁾ for the third quarter of 2024 improved 12.8% to \$288.9 million compared to \$256.1 million for the comparable quarter of 2023. Foreign currency translation had a 0.1% negative impact on operating income for the comparable quarter.

The Company recorded expenses for restructuring and other items of \$2.2 million, primarily due to severance charges for operational restructuring in the CCL Segment and transaction costs associated with the Pacman acquisition.

Tax expense for the third quarter of 2024 was \$61.4 million compared to \$53.3 million in the prior year period. The effective tax rate for the 2024 third quarter and 2023 third quarter was 24.5%.

Net earnings increased 13.4% to \$191.7 million for the 2024 third quarter compared to \$169.1 million for the 2023 third quarter. Basic and adjusted basic earnings per Class B share⁽³⁾ were \$1.08 and \$1.09, respectively, for the 2024 third quarter, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$0.95, in the prior year third quarter.

For the nine-month period ended September 30, 2024, sales, operating income⁽¹⁾ and net earnings improved 8.9%, 15.7% and 35.0% to \$5.4 billion, \$874.4 million and \$663.3 million, respectively, compared to the same nine-month period in 2023. Net earnings for the 2024 nine-month period included a \$78.1 million non-cash revaluation gain in conjunction with the acquisition of the final 50% interest of Pacman-CCL in June 2024. The 2024 nine-month period included results from nine acquisitions completed since January 1, 2023, delivering acquisition-related sales growth of 2.6%. Organic sales growth was 5.8% and foreign currency translation had a positive 0.5% impact. For the nine-month period ended September 30, 2024, basic and adjusted basic earnings per Class B share⁽³⁾ were \$3.72 and \$3.30, respectively, compared to basic and adjusted basic earnings per Class B share⁽³⁾ of \$2.77 and \$2.79, respectively, in the prior year nine-month period. Foreign currency translation had a negative \$0.01 impact on earnings per share.

Geoffrey T. Martin, President and Chief Executive Officer, commented, “The Company posted another strong quarter with organic sales growth in all segments driving a robust 14.7% gain in adjusted basic earnings to \$1.09 per Class B share.”

Mr. Martin stated, “Sales increased 4.9% organically in the CCL Segment with gains in all end markets except CCL Secure. Home and Personal Care sales increased with correspondingly strong profitability improvements for North America, Europe and Latin America offsetting weakness in China and parts of ASEAN. Results in the Middle East for the Pacman acquisition, in its first fully consolidated quarter, exceeded expectations. Food & Beverage posted good growth, but profitability declined slightly after new plant start-up costs. Healthcare & Specialty profitability declined modestly, with demand strength in recovering Ag-Chem markets offset by lower sales in pressure sensitive applications in Healthcare North America and Europe as well as start-up costs for new plants across the business. Rebounding demand and new business wins in electronics markets throughout Asia and Mexico, drove very significant results improvement for CCL Design, including modest progress in automotive markets. As expected, CCL Secure sales and profitability declined appreciably compared to a strong 2023 third quarter.”

Mr. Martin continued, “Avery posted good profitability improvement, driven by solid demand in the Direct-to-Consumer badging, RFID wristband and card businesses globally. Checkpoint posted solid results in all MAS markets except Latin America, negatively impacted by foreign currency exchange. ALS continued to deliver exceptional results on significant organic sales growth, both in RFID and traditional product categories, as retailer inventories normalize. Innovia performance also improved dramatically on demand recovery in the label materials industry, volume gains for the new EcoFloat product line and strong operating performance in the Americas with the benefits from the closure of the Belgian facility to come in Europe and Australia.”

Mr. Martin added, “So far, fourth quarter outlooks for Checkpoint and Innovia remain encouraging and Avery stable but parts of the CCL Segment face significantly tougher comparisons in an increasingly uncertain geopolitical environment with the consumer somewhat stressed. Foreign currency translation had a negative \$0.01 impact on earnings per Class B share for the third quarter of 2024 but is expected to be a modest tailwind for the balance of the 2024 year, if sustained.”

Mr. Martin concluded, “Despite buying back just over 1.28 million shares at a cost of \$100 million, the Company finished the quarter with a strong balance sheet and robust liquidity. The Company’s consolidated leverage ratio⁽⁵⁾ at 1.14 times Adjusted EBITDA⁽²⁾ with \$759.6 million

of cash-on-hand and US\$0.9 billion undrawn capacity on its syndicated revolving credit facility, leaves us well placed to fund global expansion initiatives. The Board of Directors declared the quarterly dividend at \$0.29 per Class B non-voting share and \$0.2875 per Class A voting share, payable to shareholders of record at the close of business on December 16, 2024, to be paid on December 30, 2024.”

2024 Third Quarter Highlights

CCL

- Sales increased 8.3% to \$1,152.5 million, on 4.9% organic growth, 2.9% acquisition contribution and 0.5% positive impact from foreign currency translation
- Regional organic sales growth: mid-single digit Europe, high-single digit Latin America, double digit Asia Pacific and up slightly for North America
- Operating income⁽¹⁾ \$179.2 million, increased 5.6%, 15.5% operating margin⁽¹⁾ down 40 bps
- Label joint venture added \$0.02 earnings per Class B share

Avery

- Sales increased 3.8% to \$279.7 million, on 3.0% organic growth and 0.8% positive impact from foreign currency translation
- Operating income⁽¹⁾ \$55.2 million, up 8.9%, 19.7% operating margin⁽¹⁾, up 90 bps

Checkpoint

- Sales increased 14.5% to \$240.5 million entirely on organic growth with the impact from foreign currency translation benign
- Operating income⁽¹⁾ \$36.7 million, up 27.4%, 15.3% operating margin⁽¹⁾, up 160 bps

Innovia

- Sales increased 21.0% to \$177.0 million on 18.0% organic growth and 3.0% positive impact from foreign currency translation
- Operating income⁽¹⁾ \$17.8 million, up 158.0%, 10.1% operating margin⁽¹⁾, up 540 bps

The Company will host a live webcast at 8:00 a.m. ET on November 14, 2024, to discuss these results.

The quarterly results review presentation, including outlook commentary, are posted on the Company’s website at <https://www.cclind.com/investors/investor-presentations/>

To access the webcast or webcast replay, please use the following webcast link:

<https://www.webcaster4.com/webcast/page/2807/51447>

To access the audio/listen only live webcast, please use the following numbers:

Toll Free: 877-545-0320
International: 973-528-0002
Conference Entry Code (CEC): 916920

Replay for the webcast will be available Thursday, November 14, 2024, until Sunday, December 15, 2024.

For more information on CCL, visit our website - www.cclind.com or contact:

Forward-looking Statements

This press release contains forward-looking information and forward-looking statements (hereinafter collectively referred to as “forward-looking statements”), as defined under applicable securities laws, 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 press release contains forward-looking statements regarding the geopolitical uncertainties around the world; impact of foreign exchange rates on the 2024 year; income and profitability of the Company’s Segments; and the Company’s expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; 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: global economic environment and higher consumer spending; improved customer demand for the Company’s products; continued historical growth trends, market growth in specific sectors and entering into new sectors; 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 costs; the availability of cash and credit; fluctuations of currency exchange rates; fluctuations in resin prices; the Company’s continued relations with its customers; and economic conditions. Should one or more risks materialize or should any assumptions 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 in the 2023 Annual Report, Management’s Discussion and Analysis, particularly under Section 4: “Risks and Uncertainties.” CCL Industries Inc.’s annual and quarterly reports can be found online at www.cclind.com and www.sedarplus.ca or are available upon request.

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 press release 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.

The financial information presented herein has been prepared on the basis of IFRS Accounting Standards (“IFRS”) and is expressed in Canadian dollars unless otherwise stated.

Financial Information

CCL Industries Inc.

Consolidated condensed interim statements of financial position Unaudited

In millions of Canadian dollars

	<u>As at September 30, 2024</u>	<u>As at December 31, 2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 759.6	\$ 774.2
Trade and other receivables	1,312.8	1,089.3
Inventories	838.7	732.3
Prepaid expenses	72.5	50.6
Assets held for sale	23.7	-
Income taxes recoverable	30.1	38.8
Derivative instruments	0.2	0.1
Total current assets	3,037.6	2,685.3
Non-current assets		
Property, plant and equipment	2,672.8	2,466.4
Right-of-use assets	215.9	213.7
Goodwill	2,505.2	2,293.6
Intangible assets	1,103.2	1,032.0
Deferred tax assets	104.0	105.0
Equity-accounted investments	62.7	85.0
Other assets	30.4	25.2
Derivative instruments	18.6	18.0
Total non-current assets	6,712.8	6,238.9
Total assets	\$ 9,750.4	\$ 8,924.2
Liabilities		
Current liabilities		
Trade and other payables	\$ 1,474.1	\$ 1,329.5
Current portion of long-term debt	2.7	6.9
Lease liabilities	45.5	45.0
Income taxes payable	46.9	35.5
Total current liabilities	1,569.2	1,416.9
Non-current liabilities		
Long-term debt	2,221.8	2,067.8
Lease liabilities	165.4	162.7
Deferred tax liabilities	359.0	346.2
Employee benefits	277.9	282.5
Provisions and other long-term liabilities	21.5	13.9
Derivative instruments	14.4	11.0
Total non-current liabilities	3,060.0	2,884.1
Total liabilities	4,629.2	4,301.0
Equity		
Share capital	610.5	520.5
Contributed surplus	92.4	157.9
Retained earnings	4,444.8	4,056.2
Accumulated other comprehensive loss	(26.5)	(111.4)
Total equity attributable to shareholders of the Company	5,121.2	4,623.2
Total liabilities and equity	\$ 9,750.4	\$ 8,924.2

CCL Industries Inc.

Consolidated condensed interim income statements Unaudited

	<u>Three Months Ended</u> <u>September 30</u>		<u>Nine Months Ended</u> <u>September 30</u>	
<i>In millions of Canadian dollars, except per share information</i>	2024	2023	2024	2023
Sales	\$ 1,849.7	\$ 1,690.5	\$ 5,432.5	\$ 4,987.1
Cost of sales	1,298.4	1,201.4	3,814.5	3,556.7
Gross profit	551.3	489.1	1,618.0	1,430.4
Selling, general and administrative expenses	279.4	249.7	803.2	732.5
Restructuring and other items	2.2	1.9	4.3	5.6
Revaluation gain	-	-	(78.1)	-
Earnings in equity-accounted investments	(2.7)	(5.2)	(16.0)	(13.3)
	272.4	242.7	904.6	705.6
Finance cost	20.6	22.5	60.0	62.7
Finance income	(3.5)	(4.1)	(10.6)	(9.2)
Interest on lease liabilities	2.2	1.9	6.5	5.4
Net finance cost	19.3	20.3	55.9	58.9
Earnings before income tax	253.1	222.4	848.7	646.7
Income tax expense	61.4	53.3	185.4	155.3
Net earnings for the period	\$ 191.7	\$ 169.1	\$ 663.3	\$ 491.4
Earnings per share				
Basic earnings per Class B share	\$ 1.08	\$ 0.95	\$ 3.72	\$ 2.77
Diluted earnings per Class B share	\$ 1.07	\$ 0.94	\$ 3.69	\$ 2.75

CCL Industries Inc.

Consolidated condensed interim statements of cash flows Unaudited

<i>In millions of Canadian dollars</i>	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2024	2023	2024	2023
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 191.7	\$ 169.1	\$ 663.3	\$ 491.4
Adjustments for:				
Property, plant and equipment depreciation	76.0	71.9	226.0	208.3
Right-of-use assets depreciation	13.6	13.3	40.3	37.7
Intangibles amortization	19.2	17.1	54.4	51.5
Earnings in equity-accounted investments, net of dividends received	(2.7)	(5.2)	(16.0)	(5.9)
Net finance costs	19.3	20.3	55.9	58.9
Current income tax expense	80.3	56.5	201.9	173.0
Deferred income tax recovery	(18.9)	(3.2)	(16.5)	(17.7)
Equity-settled share-based payment transactions	5.9	8.7	24.9	29.9
Revaluation gain	-	-	(78.1)	-
Gain on sale of property, plant and equipment	(1.7)	(1.7)	(3.0)	(5.0)
	382.7	346.8	1,153.1	1,022.1
Change in inventories	(40.1)	38.9	(96.3)	60.2
Change in trade and other receivables	(2.7)	(15.8)	(203.4)	(46.4)
Change in prepaid expenses	(11.0)	(8.8)	(21.2)	(11.0)
Change in trade and other payables	76.3	25.5	121.4	(152.5)
Change in income taxes recoverable and payable	(5.5)	(4.0)	(8.8)	(3.6)
Change in employee benefits	4.9	2.5	15.1	6.8
Change in other assets and liabilities	(4.3)	(18.0)	6.8	(21.9)
	400.3	367.1	966.7	853.7
Net interest paid	(4.6)	(3.4)	(32.1)	(34.5)
Income taxes paid	(58.0)	(71.3)	(181.1)	(171.7)
Cash provided by operating activities	337.7	292.4	753.5	647.5
Financing activities				
Proceeds on issuance of long-term debt	97.8	309.3	209.8	330.8
Repayment of long-term debt	(78.7)	(139.2)	(103.1)	(196.9)
Repayment of lease liabilities	(12.8)	(12.4)	(37.6)	(35.0)
Proceeds from issuance of shares	-	-	6.3	20.0
Repurchase of shares	(100.0)	-	(140.6)	-
Dividends paid	(51.5)	(47.1)	(155.1)	(141.1)
Cash provided by (used for) financing activities	(145.2)	110.6	(220.3)	(22.2)
Investing activities				
Additions to property, plant and equipment	(106.8)	(112.0)	(412.7)	(373.6)
Proceeds on disposal of property, plant and equipment	2.1	1.8	4.0	11.9
Business acquisitions	-	(258.1)	(142.9)	(323.7)
Cash used for investing activities	(104.7)	(368.3)	(551.6)	(685.4)
Net increase (decrease) in cash and cash equivalents	87.8	34.7	(18.4)	(60.1)
Cash and cash equivalents at beginning of period	665.9	737.8	774.2	839.5
Translation adjustments on cash and cash equivalents	5.9	0.6	3.8	(6.3)
Cash and cash equivalents at end of period	\$ 759.6	\$ 773.1	\$ 759.6	\$ 773.1

CCL Industries Inc.

Segment Information Unaudited

In millions of Canadian dollars

	<u>Three Months Ended September 30</u>				<u>Nine Months Ended September 30</u>			
	<u>Sales</u>		<u>Operating income</u>		<u>Sales</u>		<u>Operating income</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
CCL	\$ 1,152.5	\$ 1,064.6	\$ 179.2	\$ 169.7	\$ 3,386.4	\$ 3,073.2	\$ 547.6	\$ 479.1
Avery	279.7	269.5	55.2	50.7	809.4	797.8	166.9	151.6
Checkpoint	240.5	210.1	36.7	28.8	709.5	631.0	110.4	87.7
Innovia	177.0	146.3	17.8	6.9	527.2	485.1	49.5	37.4
Total operations	<u>\$ 1,849.7</u>	<u>\$ 1,690.5</u>	<u>\$ 288.9</u>	<u>\$ 256.1</u>	<u>\$ 5,432.5</u>	<u>\$ 4,987.1</u>	<u>\$ 874.4</u>	<u>\$ 755.8</u>
Corporate expenses			(17.0)	(16.7)			(59.6)	(57.9)
Restructuring and other items			(2.2)	(1.9)			(4.3)	(5.6)
Revaluation gain			-	-			78.1	-
Earnings in equity-accounted investments			2.7	5.2			16.0	13.3
Finance cost			(20.6)	(22.5)			(60.0)	(62.7)
Finance income			3.5	4.1			10.6	9.2
Interest on lease liabilities			(2.2)	(1.9)			(6.5)	(5.4)
Income tax expense			<u>(61.4)</u>	<u>(53.3)</u>			<u>(185.4)</u>	<u>(155.3)</u>
Net earnings			<u>\$ 191.7</u>	<u>\$ 169.1</u>			<u>\$ 663.3</u>	<u>\$ 491.4</u>

	<u>Total Assets</u>		<u>Total Liabilities</u>		<u>Depreciation and Amortization</u>		<u>Capital Expenditures</u>	
	<u>September 30</u>	<u>December 31</u>	<u>September 30</u>	<u>December 31</u>	<u>Nine Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
CCL	\$ 5,376.8	\$ 4,753.9	\$ 1,297.2	\$ 1,182.1	\$ 216.0	\$ 192.3	\$ 281.9	\$ 261.8
Avery	1,116.7	1,081.8	319.8	303.5	30.5	31.9	16.5	10.0
Checkpoint	1,220.3	1,106.7	458.7	426.4	38.0	35.5	54.3	34.8
Innovia	1,154.5	1,071.0	306.4	309.7	35.2	36.7	60.0	67.0
Equity-accounted investments	62.7	85.0	-	-	-	-	-	-
Corporate	819.4	825.8	2,247.1	2,079.3	1.0	1.1	-	-
Total	<u>\$ 9,750.4</u>	<u>\$ 8,924.2</u>	<u>\$ 4,629.2</u>	<u>\$ 4,301.0</u>	<u>\$ 320.7</u>	<u>\$ 297.5</u>	<u>\$ 412.7</u>	<u>\$ 373.6</u>

Non-IFRS Measures

(1) Operating income and operating income margin are key non-IFRS financial measures used to assist in understanding the profitability of the Company's business units. Operating income is defined as earnings before corporate expenses, net finance cost, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items, revaluation gains, and taxes. Operating income margin, also known as return on sales, is defined as operating income over sales.

(2) Adjusted EBITDA is a critical non-IFRS financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results. Adjusted EBITDA is also considered as a proxy for cash flow and a facilitator for business valuations. This non-IFRS financial 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, revaluation gains and restructuring and other items. Calculations are provided below to reconcile operating income to Adjusted EBITDA. The Company believes that this is an important measure as it allows management to assess 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 management to compare the business to those of the Company's peers and competitors who may have different capital or organizational structures. Adjusted EBITDA is tracked by financial analysts and investors to evaluate financial performance and is a key metric in business valuations. It is considered an important measure by lenders to the Company and is included in the financial covenants included in the senior notes and bank lines of credit.

Reconciliation of operating income to Adjusted EBITDA

Unaudited(In millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
<u>Sales</u>				
CCL	\$ 1,152.5	\$ 1,064.6	\$ 3,386.4	\$ 3,073.2
Avery	279.7	269.5	809.4	797.8
Checkpoint	240.5	210.1	709.5	631.0
Innovia	177.0	146.3	527.2	485.1
Total sales	\$ 1,849.7	\$ 1,690.5	\$ 5,432.5	\$ 4,987.1
<u>Operating income</u>				
CCL	\$ 179.2	\$ 169.7	\$ 547.6	\$ 479.1
Avery	55.2	50.7	166.9	151.6
Checkpoint	36.7	28.8	110.4	87.7
Innovia	17.8	6.9	49.5	37.4
Total operating income (non-IFRS measure)	288.9	256.1	874.4	755.8
Less: Corporate expenses	(17.0)	(16.7)	(59.6)	(57.9)
Add: Depreciation & amortization	108.8	102.3	320.7	297.5
Adjusted EBITDA (non-IFRS measure)	\$ 380.7	\$ 341.7	\$ 1,135.5	\$ 995.4

(3) Adjusted basic earnings per Class B share is 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 financial 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, revaluation gains, and tax adjustments.

Reconciliation of Basic Earnings per Class B Share to Adjusted Basic Earnings per Class B Share

Unaudited

	Three months ended September 30		Nine months ended September 30	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Basic earnings per Class B Share	\$ 1.08	\$ 0.95	\$ 3.72	\$ 2.77
Restructuring and other items	0.01	-	0.02	0.02
Revaluation gain	-	-	(0.44)	-
Adjusted Basic Earnings per Class B Share	\$ 1.09	\$ 0.95	\$ 3.30	\$ 2.79

⁽⁴⁾ Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the year and available to fund dividends, debt repayments, share buy-backs 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 measure of free cash flow from operations to IFRS measures reported in the consolidated condensed interim statements of cash flows for the periods ended as indicated.

Free Cash Flow from Operations

Unaudited (In millions of Canadian dollars)	<u>Nine Months Ended September 30, 2024</u>
Cash provided by operating activities	\$ 753.5
Less: Additions to property, plant and equipment	(412.7)
Add: Proceeds on disposal of property, plant and equipment	4.0
Free cash flow from operations	\$ 344.8

⁽⁵⁾ Leverage ratio is a measure that indicates the Company's ability to service its existing debt. Leverage ratio is calculated as net debt divided by Adjusted EBITDA.

Unaudited (In millions of Canadian dollars)	<u>September 30, 2024</u>
Current portion of long-term debt	\$ 2.7
Current lease liabilities	45.5
Long-term debt	2,221.8
Long-term lease liabilities	165.4
Total debt	2,435.4
Cash and cash equivalents	(759.6)
Net debt	\$ 1,675.8
Adjusted EBITDA for 12 months ending September 30, 2024 (see below)	\$ 1,472.2
Leverage Ratio	1.14
Adjusted EBITDA for 12 months ended December 31, 2023	\$ 1,332.1
less: Adjusted EBITDA for nine months ended September 30, 2023	(995.4)
add: Adjusted EBITDA for nine months ended September 30, 2024	1,135.5
Adjusted EBITDA for 12 months ended September 30, 2024	\$ 1,472.2

Supplemental Financial Information

Sales Change Analysis Revenue Growth Rates (%)

	Three Months Ended September 30, 2024				Nine Months Ended September 30, 2024			
	Organic	Acquisition	FX	Total	Organic	Acquisition	FX	Total
	Growth	Growth	Translation		Growth	Growth	Translation	
CCL	4.9%	2.9%	0.5%	8.3%	5.6%	4.0%	0.6%	10.2%
Avery	3.0%	-	0.8%	3.8%	(0.1%)	0.9%	0.7%	1.5%
Checkpoint	14.5%	-	-	14.5%	13.7%	-	(1.3%)	12.4%
Innovia	18.0%	-	3.0%	21.0%	6.6%	-	2.1%	8.7%
Total	6.9%	1.8%	0.7%	9.4%	5.8%	2.6%	0.5%	8.9%

Business Description

CCL Industries Inc. employs approximately 26,000 people operating 213 production facilities in 43 countries with corporate offices in Toronto, Canada, and Framingham, Massachusetts. CCL is the world's largest 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 the world's largest supplier of labels, specialty converted media and software solutions for short-run digital printing applications for businesses and consumers available alongside complementary products sold through distributors, mass market stores and e-commerce retailers. Checkpoint is a leading developer of RF and RFID based technology systems for loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide. Innovia is a leading global producer of specialty, high performance, multi-layer, surface engineered films for label, packaging and security applications. The Company is partly backward integrated into materials science with capabilities in polymer extrusion, adhesive development, coating & lamination, surface engineering and metallurgy; deployed as needed across the four business segments.