

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

CCL INDUSTRIES INC.

Interim periods ended June 30, 2025 and 2024
Unaudited

CCL Industries Inc.

Consolidated condensed interim statements of financial position

Unaudited

In millions of Canadian dollars

	As at June 30	As at December 31
	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 962.5	\$ 828.7
Trade and other receivables	1,401.5	1,251.4
Inventories	850.0	819.9
Prepaid expenses	62.7	62.1
Assets held for sale (note 10)	24.5	23.5
Income taxes recoverable	37.8	51.8
Derivative instruments	-	0.1
Total current assets	3,339.0	3,037.5
Non-current assets		
Property, plant and equipment	2,759.8	2,698.1
Right-of-use assets	207.0	215.4
Goodwill	2,566.5	2,554.1
Intangible assets	1,069.6	1,109.7
Deferred tax assets	95.7	94.7
Equity-accounted investments	70.8	60.9
Other assets	34.0	31.7
Derivative instruments	7.9	57.0
Total non-current assets	6,811.3	6,821.6
Total assets	\$ 10,150.3	\$ 9,859.1
Liabilities		
Current liabilities		
Trade and other payables	\$ 1,406.6	\$ 1,416.9
Current portion of long-term debt (note 8)	0.9	4.2
Lease liabilities	49.4	47.2
Income taxes payable	31.0	42.2
Total current liabilities	1,487.9	1,510.5
Non-current liabilities		
Long-term debt (note 8)	2,391.7	2,232.5
Lease liabilities	154.2	163.7
Deferred tax liabilities	347.0	347.3
Employee benefits	303.2	307.7
Provisions and other long-term liabilities	17.9	16.7
Derivative instruments	69.3	-
Total non-current liabilities	3,283.3	3,067.9
Total liabilities	4,771.2	4,578.4
Equity		
Share capital	612.1	607.8
Contributed surplus	107.4	101.1
Retained earnings	4,619.0	4,492.3
Accumulated other comprehensive income (note 5)	40.6	79.5
Total equity attributable to shareholders of the Company	5,379.1	5,280.7
Acquisitions (note 3)		
Subsequent event (note 12)		
Total liabilities and equity	\$ 10,150.3	\$ 9,859.1

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	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sales	\$ 1,934.6	\$ 1,845.6	\$ 3,821.7	\$ 3,582.8
Cost of sales	1,346.3	1,294.1	2,661.3	2,516.1
Gross profit	588.3	551.5	1,160.4	1,066.7
Selling, general and administrative expenses	288.0	270.8	565.9	523.8
Restructuring and other items (note 6)	0.7	2.1	1.5	2.1
Revaluation gain (note 3)	-	(78.1)	-	(78.1)
Earnings in equity-accounted investments	(2.2)	(5.0)	(2.7)	(13.3)
	301.8	361.7	595.7	632.2
Finance cost	20.3	20.1	39.2	39.4
Finance income	(5.2)	(3.5)	(7.9)	(7.1)
Interest on lease liabilities	2.2	2.0	4.5	4.3
Net finance cost	17.3	18.6	35.8	36.6
Earnings before income tax	284.5	343.1	559.9	595.6
Income tax expense	71.4	63.6	139.4	124.0
Net earnings for the period	\$ 213.1	\$ 279.5	\$ 420.5	\$ 471.6
Basic earnings per Class B share	\$ 1.21	\$ 1.56	\$ 2.39	\$ 2.64
Diluted earnings per Class B share	\$ 1.21	\$ 1.55	\$ 2.38	\$ 2.62

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	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net earnings	\$ 213.1	\$ 279.5	\$ 420.5	\$ 471.6
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 expense of \$2.4 and \$8.3 for the three-month and six-month periods ending June 30, 2025 (2024 – tax expense of nil and \$0.8)	(131.3)	3.8	11.7	69.9
Net losses on hedges of net investment in foreign operations, net of tax recovery of \$1.8 and \$7.4 for the three-month and six-month periods ending June 30, 2025 (2024 – tax recovery of \$0.2 and \$2.2)	(12.1)	(1.0)	(50.6)	(14.6)
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of nil for the three-month and six-month periods ending June 30, 2025 (2024 – tax expense of \$0.1 and nil)	-	0.2	-	0.1
Net change in fair value of cash flow hedges transferred to the income statement, net of tax expense of nil for the three-month and six-month periods ending June 30, 2025 (2024 – tax expense of \$0.1 and nil)	-	(0.2)	-	(0.2)
Actuarial gains (losses) on defined benefit post-employment plans, net of tax recovery of \$0.3 and tax expense of \$3.6 for the three-month and six-month periods ending June 30, 2025 (2024 – tax expense of \$3.8 and \$4.4)	(0.8)	11.0	11.4	14.0
Other comprehensive income (loss), net of tax	\$ (144.2)	\$ 13.8	\$ (27.5)	\$ 69.2
Total comprehensive income	\$ 68.9	\$ 293.3	\$ 393.0	\$ 540.8

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 income (loss)	Total equity
Balances, January 1, 2024	\$ 4.5	\$ 516.0	\$ 520.5	\$ 157.9	\$ 4,056.2	\$ (111.4)	\$ 4,623.2
Net earnings	-	-	-	-	471.6	-	471.6
Dividends declared							
Class A	-	-	-	-	(6.8)	-	(6.8)
Class B	-	-	-	-	(96.8)	-	(96.8)
Defined benefit plan actuarial gain, net of tax	-	-	-	-	14.0	-	14.0
Stock-based compensation plan	-	85.4	85.4	(66.4)	-	-	19.0
Stock options exercised	-	7.6	7.6	(1.3)	-	-	6.3
Repurchase of shares (note 9)	-	(2.0)	(2.0)	-	(38.6)	-	(40.6)
Other comprehensive income	-	-	-	-	-	55.2	55.2
Balances, June 30, 2024	\$ 4.5	\$ 607.0	\$ 611.5	\$ 90.2	\$ 4,399.6	\$ (56.2)	\$ 5,045.1

	Class A shares	Class B shares	Total share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balances, January 1, 2025	\$ 4.5	\$ 603.3	\$ 607.8	\$ 101.1	\$ 4,492.3	\$ 79.5	\$ 5,280.7
Net earnings	-	-	-	-	420.5	-	420.5
Dividends declared							
Class A	-	-	-	-	(7.5)	-	(7.5)
Class B	-	-	-	-	(104.6)	-	(104.6)
Defined benefit plan actuarial gain, net of tax	-	-	-	-	11.4	-	11.4
Stock-based compensation plan	-	14.0	14.0	6.3	-	-	20.3
Repurchase of shares (note 9)	-	(9.7)	(9.7)	-	(193.1)	-	(202.8)
Other comprehensive loss	-	-	-	-	-	(38.9)	(38.9)
Balances, June 30, 2025	\$ 4.5	\$ 607.6	\$ 612.1	\$ 107.4	\$ 4,619.0	\$ 40.6	\$ 5,379.1

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	
	2025	2024	2025	2024
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 213.1	\$ 279.5	\$ 420.5	\$ 471.6
Adjustments for:				
Property, plant and equipment depreciation	81.6	75.1	162.2	150.0
Right-of-use assets depreciation	14.0	13.4	28.1	26.7
Intangibles amortization	18.9	17.5	38.0	35.2
Earnings in equity-accounted investments, net of dividends received	(2.2)	(5.0)	3.9	(13.3)
Net finance cost	17.3	18.6	35.8	36.6
Current income tax expense	78.4	61.7	144.4	121.6
Deferred income tax expense (recovery)	(7.0)	1.9	(5.0)	2.4
Equity-settled share-based payment transactions	10.6	9.2	20.3	19.0
Revaluation gain (note 3)	-	(78.1)	-	(78.1)
Gain on sale of property, plant and equipment	(0.6)	(0.8)	(1.1)	(1.3)
	424.1	393.0	847.1	770.4
Change in inventories	24.2	(31.8)	(29.8)	(56.2)
Change in trade and other receivables	31.6	(44.9)	(150.0)	(200.7)
Change in prepaid expenses	7.4	4.0	(0.5)	(10.2)
Change in trade and other payables	(26.1)	37.3	(29.5)	45.1
Change in income taxes recoverable and payable	2.5	(4.5)	4.1	(3.3)
Change in employee benefits	0.3	4.6	10.6	10.2
Change in other assets and liabilities	(21.4)	1.6	(10.2)	11.1
	442.6	359.3	641.8	566.4
Net interest paid	(23.5)	(24.3)	(27.0)	(27.5)
Income taxes paid	(95.5)	(90.4)	(138.5)	(123.1)
Cash provided by operating activities	323.6	244.6	476.3	415.8
Financing activities				
Proceeds on issuance of long-term debt	110.3	60.4	260.3	112.0
Repayment of long-term debt	(2.5)	(8.3)	(44.0)	(24.4)
Repayment of lease liabilities	(13.1)	(12.4)	(26.4)	(24.8)
Proceeds from issuance of shares	-	-	-	6.3
Repurchase of shares (note 9)	(100.0)	(40.6)	(200.0)	(40.6)
Dividends paid	(55.8)	(52.0)	(112.1)	(103.6)
Cash used for financing activities	(61.1)	(52.9)	(122.2)	(75.1)
Investing activities				
Additions to property, plant and equipment	(98.6)	(126.9)	(212.9)	(305.9)
Proceeds on disposal of property, plant and equipment	1.0	1.1	1.7	1.9
Business acquisitions (note 3)	(5.5)	(142.9)	(5.5)	(142.9)
Cash used for investing activities	(103.1)	(268.7)	(216.7)	(446.9)
Net increase (decrease) in cash and cash equivalents	159.4	(77.0)	137.4	(106.2)
Cash and cash equivalents at beginning of period	821.0	747.7	828.7	774.2
Translation adjustments on cash and cash equivalents	(17.9)	(4.8)	(3.6)	(2.1)
Cash and cash equivalents at end of period	\$ 962.5	\$ 665.9	\$ 962.5	\$ 665.9

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

CCL Industries Inc.

Notes to consolidated condensed interim financial statements Unaudited

In millions of Canadian dollars, unless otherwise noted

1. Reporting entity

CCL Industries Inc. (the "Company") is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated condensed interim financial statements of the Company as at and for the interim periods ended June 30, 2025 and 2024, 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, as issued by the International Accounting Standards Board ("IASB").

These consolidated condensed interim financial statements should be read in conjunction with the Company's 2024 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 13, 2025.

(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.

(d) Recently issued new accounting standards, not yet effective

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

3. Acquisitions

(a) Acquisitions in 2025

In June 2025, the Company acquired Humphreys Holdings Limited, doing business as We Print Lanyards ("WPL"), based in Long Eaton, United Kingdom, for approximately \$5.5 million, net of cash acquired. WPL's product suite will be integrated into the Avery Segment's growing portfolio of access control, badging and credential technologies.

Cash consideration, net of cash acquired	<u>\$ 5.5</u>
Trade and other receivables	\$ 0.2
Inventories	0.3
Property, plant and equipment	0.1
Right-of-use assets	0.1
Goodwill and intangible assets	5.5
Trade and other payables	(0.4)
Current lease liabilities	(0.1)
Income taxes payable	(0.1)
Provisions and other long-term liabilities	(0.1)
Net assets acquired	<u>\$ 5.5</u>

As a result of the inherent complexity associated with the valuation of net assets acquired, the determination of the fair value of assets and liabilities acquired for WPL are 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 WPL is \$5.5 million, which is not deductible for tax purposes.

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)

Unaudited

In millions of Canadian dollars, unless otherwise noted

3. Acquisitions (continued)

(a) Acquisitions in 2025 (continued)

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

	Six Months Ended June 30, 2025	
Sales	\$	0.3
Net earnings	\$	0.1

(b) Pro forma information

The pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisition took place January 1, 2025.

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 consolidated financial position of the Company. Future results may vary significantly from the pro forma results presented.

The following table summarizes the sales and net earnings of the Company combined with WPL as though the acquisition took place on January 1, 2025:

	Six Months Ended June 30, 2025	
Sales	\$	3,823.5
Net earnings	\$	420.8

(c) Acquisitions in 2024

In June 2024, the Company completed the acquisition of the remaining 50% interest in its Pacman-CCL ("Pacman") joint venture for cash consideration of approximately \$142.9 million, net of cash acquired. Pacman, headquartered at its Dubai manufacturing facility in the United Arab Emirates, also operates label production facilities in Oman, Egypt, Saudi Arabia and Pakistan and has been added to the CCL Segment.

Applying the requirements under IFRS 3 – Business Combinations, the Company re-measured its previously held interest in Pacman to its fair value. The acquisition date fair value of the previously held interest was determined to be \$111.1 million, net of cash acquired, resulting in a gain of \$78.1 million reclassified to net earnings. The fair value of \$111.1 million forms part of the total purchase consideration as reflected in the table below.

Cash consideration, net of cash acquired	\$	142.9
Fair value of previously held 50% interest		111.1
	\$	<u>254.0</u>
Trade and other receivables	\$	20.0
Inventories		10.1
Prepaid expenses		0.6
Property, plant and equipment		19.7
Right-of-use assets		1.4
Goodwill		138.5
Intangible assets		95.0
Deferred tax assets		0.8
Trade and other payables		(5.0)
Current lease liabilities		(0.3)
Income taxes payable		(1.6)
Long-term lease liabilities		(1.5)
Deferred tax liabilities		(19.0)
Provisions and other long-term liabilities		(4.7)
Net assets acquired	\$	<u>254.0</u>

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, employee knowledge of operations and unrestricted access to the Middle East, India and Africa markets. The total amount of goodwill for Pacman is \$138.5 million, which is not deductible for tax purposes.

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)

Unaudited

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 are the following:

- CCL is a converter of pressure sensitive and extruded film materials for a wide range of decorative, instructional, security and functional applications for government institutions and large global customers in the consumer packaging, healthcare, chemicals, consumer durables, electronic device and automotive markets. Extruded and labeled plastic tubes, aluminum aerosols and specialty bottles, folded instructional leaflets, specialty folded cartons, precision engineered and 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 products sold through distributors and mass market retailers and pressure sensitive tapes in Brazil. The products are split into five primary lines: (1) Printable Media: including address labels, product identification labels and name badges/cards supported by customized software solutions where applicable; (2) Organization Products: including binders, indexes, sheet protectors and writing instruments; (3) Direct-to-Consumer: digitally imaged labels, name and event badges, radio frequency identification ("RFID") enabled key cards and wristbands, planners and kids-oriented identification labels supported by unique web-enabled e-commerce URLs; (4) Pressure Sensitive Tapes; and (5) Horticultural labels and tags.
- Checkpoint is a manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and RFID solutions, to the broad retail and apparel industries globally. 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 films from facilities in Australia, Germany, Mexico, Poland and the United Kingdom to customers in the pressure sensitive 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 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	
	2025	2024	2025	2024	2025	2024	2025	2024
CCL	\$ 1,229.7	\$ 1,139.8	\$ 204.3	\$ 190.8	\$ 2,430.0	\$ 2,233.9	\$ 404.6	\$ 368.4
Avery	266.1	276.9	50.6	60.7	524.9	529.7	102.8	111.7
Checkpoint	255.5	244.3	43.5	36.7	496.6	469.0	80.8	73.7
Innovia	183.3	184.6	23.7	15.3	370.2	350.2	50.8	31.7
Total operations	<u>\$ 1,934.6</u>	<u>\$ 1,845.6</u>	<u>\$ 322.1</u>	<u>\$ 303.5</u>	<u>\$ 3,821.7</u>	<u>\$ 3,582.8</u>	<u>\$ 639.0</u>	<u>\$ 585.5</u>
Corporate expenses			(21.8)	(22.8)			(44.5)	(42.6)
Restructuring and other items			(0.7)	(2.1)			(1.5)	(2.1)
Revaluation gain			-	78.1			-	78.1
Earnings in equity-accounted investments			2.2	5.0			2.7	13.3
Finance cost			(20.3)	(20.1)			(39.2)	(39.4)
Finance income			5.2	3.5			7.9	7.1
Interest on lease liabilities			(2.2)	(2.0)			(4.5)	(4.3)
Income tax expense			(71.4)	(63.6)			(139.4)	(124.0)
Net earnings			<u>\$ 213.1</u>	<u>\$ 279.5</u>			<u>\$ 420.5</u>	<u>\$ 471.6</u>

	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	
	2025	2024	2025	2024	2025	2024	2025	2024
CCL	\$ 5,487.9	\$ 5,374.5	\$ 1,268.4	\$ 1,297.7	\$ 155.6	\$ 142.4	\$ 141.0	\$ 223.6
Avery	1,158.8	1,110.0	299.0	307.5	20.2	20.3	10.3	9.0
Checkpoint	1,239.0	1,249.5	448.9	457.0	27.7	25.0	32.9	35.4
Innovia	1,200.3	1,160.3	317.6	292.5	24.1	23.5	28.7	37.9
Equity-accounted investments	70.8	60.9	-	-	-	-	-	-
Corporate	993.5	903.9	2,437.3	2,223.7	0.7	0.7	-	-
Total	<u>\$ 10,150.3</u>	<u>\$ 9,859.1</u>	<u>\$ 4,771.2</u>	<u>\$ 4,578.4</u>	<u>\$ 228.3</u>	<u>\$ 211.9</u>	<u>\$ 212.9</u>	<u>\$ 305.9</u>

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.

All revenues are from products and services transferred at a point in time, except \$4.4 million and \$8.5 million for the three-month and six-month periods ending June 30, 2025, respectively (June 30, 2024 - \$4.1 million and \$7.9 million), which are for maintenance service arrangements within the Checkpoint Segment.

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)

Unaudited

In millions of Canadian dollars, unless otherwise noted

5. Accumulated other comprehensive income

	June 30 2025	December 31 2024
Unrealized foreign currency translation gains, net of tax recovery of \$7.8 (2024 – tax recovery of \$8.7)	\$ 40.4	\$ 79.3
Gains on derivatives designated as cash flow hedges, net of tax expense of nil (2024 – tax expense of nil)	0.2	0.2
	<u>\$ 40.6</u>	<u>\$ 79.5</u>

6. Restructuring and other items

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Restructuring costs	\$ 0.7	\$ 0.2	\$ 1.5	\$ 0.2
Acquisition costs	-	1.9	-	1.9
Total restructuring and other items	<u>\$ 0.7</u>	<u>\$ 2.1</u>	<u>\$ 1.5</u>	<u>\$ 2.1</u>

For the six months ended June 30, 2025, the Company recorded an expense for restructuring and other items of \$1.5 million (\$1.2 million, net of tax) primarily for Checkpoint.

For the six months ended June 30, 2024, the Company recorded \$2.1 million (\$2.1 million, net of tax) for restructuring and other items principally related to transaction costs associated with the Pacman acquisition.

7. Financial instruments

(a) Fair value hierarchy

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

The different levels have been defined as follows:

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

	Level 1	Level 2	Level 3	Total
June 30, 2025				
Other assets	\$ 25.2	\$ -	\$ -	\$ 25.2
Derivative financial assets	-	7.9	-	7.9
Long-term debt	-	(2,322.4)	-	(2,322.4)
Derivative financial liabilities	-	(69.3)	-	(69.3)
	<u>\$ 25.2</u>	<u>\$ (2,383.8)</u>	<u>\$ -</u>	<u>\$ (2,358.6)</u>
December 31, 2024				
Other assets	\$ 28.1	\$ -	\$ -	\$ 28.1
Derivative financial assets	-	57.1	-	57.1
Long-term debt	-	(2,133.1)	-	(2,133.1)
	<u>\$ 28.1</u>	<u>\$ (2,076.0)</u>	<u>\$ -</u>	<u>\$ (2,047.9)</u>

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

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

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

(b) Fair values versus carrying amounts

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

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

	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 2,392.6	\$ 2,322.4	\$ 2,236.7	\$ 2,133.1

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

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

CCL Industries Inc.

Notes to consolidated condensed interim financial statements (continued)

Unaudited

In millions of Canadian dollars, unless otherwise noted

8. Long-term debt

The Company's debt structure at June 30, 2025, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$812.0 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$679.2 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$591.7 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.1 million; accordingly, there was approximately US\$763.8 million of unused availability on the revolving credit facility at June 30, 2025.

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

9. Repurchase of shares

In May 2025, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to approximately 14.5 million Class B non-voting shares, approximately 9.95% of the public float of the Class B non-voting shares of the Company. During the first six months of 2025, the Company spent \$200.0 million for the purchase of 2,646,521 Class B non-voting shares for cancellation.

In May 2024, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.75 million Class B non-voting shares, approximately 9.93% of the public float of the Class B non-voting shares of the Company. During the first six months of 2024, the Company spent \$40.6 million for the purchase of 565,620 Class B non-voting shares for cancellation.

The excess of the purchase price over the paid-up capital was charged to retained earnings.

10. Assets held for sale

The Company has committed to a plan to sell its Belgian manufacturing facility and other plant assets within the Innovia Segment. As such, the assets being disposed of are presented as assets held for sale on the consolidated condensed interim statements of financial position. Efforts to sell the assets have started and a sale is expected in 2025.

11. Related party

In May 2025, a \$0.9 million one-year 4.0% interest-bearing unsecured promissory note was issued to a director of the Company. As at June 30, 2025, the outstanding balance, including principal and accrued interest, totaled \$0.9 million and is classified within trade and other receivables on the consolidated condensed interim statement of financial position.

12. Subsequent event

The Board of Directors has declared a dividend of \$0.32 per Class B non-voting share and \$0.3175 per Class A voting share, which will be payable to shareholders of record at the close of business on September 15, 2025, to be paid on September 29, 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarters Ended June 30, 2025 and 2024

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("the Company") relates to the second quarters ended June 30, 2025 and 2024. The information in this interim MD&A is current to August 13, 2025, and should be read in conjunction with the Company's August 13, 2025, unaudited second quarter consolidated condensed interim financial statements ("interim financial statements") released on August 13, 2025, and the 2024 Annual MD&A and consolidated financial statements ("annual financial statements"), which form part of CCL Industries Inc.'s 2024 Annual Report, dated February 20, 2025.

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

Basis of Presentation

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

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements.

Specifically, this MD&A contains forward-looking statements regarding the anticipated sales, income and profitability of the Company's segments; the Company's capital spending levels and planned capital expenditures in 2025; the adequacy of the Company's financial liquidity including the availability of sufficient cash from operations and available credit capacity to fund the Company's future financial obligations for the next few years; the Company's effective tax rate; the Company's ongoing business strategy; the Company's planned restructuring expenditures; the Company's expectations regarding general business and economic conditions; the impact of trade tariffs; the conflicts in the Ukraine and the Middle East on the Company's overall operations, customers, strategy and financial results and on the respective Segments of the Company, including in respect of the third quarter of 2025 and beyond.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological changes; changes in government regulations; risks associated with operating and product hazards; and the Company's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements.

Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: consumer spending; customer demand for the Company's products; market growth in specific sectors and entering into new markets; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum and resin costs; the expectations that demand is softening in parts of the consumer staples business and could have a negative impact on results for the CCL Segment; the expectation RFID growth will strengthen for Checkpoint when retailers have confidence in trade policies; the expectation that CCL Secure's new business wins will drive improved sales volume in 2025; the expectation that the CCL Segment will post improved results for 2025 compared to prior years; the outlook that results in the Middle East will be strong and continue to meet management expectations; the expectation that new plant start-up costs will negatively impact the CCL Segment results; the expectation that the Avery Segment will be negatively impacted by trade tariffs; the expectation that growth in Avery's direct-to-consumer businesses will outpace legacy operations; the expectation that MAS related products will have strong demand for Checkpoint; the expectation that Checkpoint's MAS product line could be impacted by trade tariffs and that mitigating actions will be beneficial; the expectation that Checkpoint's ALS retail and apparel product categories will see a rebound in demand in the fall of 2025; the expectation that Innovia's films produced in Mexico and shipped to the United States will remain USMCA compliant and tariff free; the expectation that Innovia will add incremental sales volume throughout 2025 at its proprietary EcoFloat line in Poland; the expectation that Innovia's new manufacturing line in Germany will incur start-up costs for the balance of 2025. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties" of the 2024 Annual MD&A.

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

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

1. Overview

The second quarter of 2025 was strong, the second consecutive quarter of record adjusted earnings per Class B share for the Company. Consolidated sales grew 4.8%, supported by solid organic growth of 2% for the Company. Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) for the CCL, Checkpoint and Innovia Segments exceeded the prior year, by 7.1%, 18.5% and 54.9%, respectively, partially offset by a 16.6% reduction at Avery, where the back-to-school sales build was negatively impacted by tariff challenges in the United States, resulting in consolidated operating income improvement of 6.1% compared to the second quarter of 2024. All-in, the Company posted record quarterly adjusted basic earnings per class B share (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) of \$1.22, compared to adjusted basic earnings per Class B share of \$1.13, for the 2024 second quarter.

2. Review of Consolidated Financial Results

The following acquisitions affected the financial comparisons to 2024 including those announced through to the end of the second quarter of 2025:

- In June 2025, the Company acquired Humphreys Holdings Limited, doing business as We Print Lanyards (“WPL”), based in Long Eaton, United Kingdom, for approximately \$5.5 million, net of cash acquired. WPL’s product suite will be integrated into the Avery Segment’s growing portfolio of access control, badging and credential technologies.
- In June 2024, the Company acquired the remaining 50% interest in its Middle East label joint venture, Pacman-CCL (“Pacman”), for approximately \$142.9 million, net of cash acquired. The business commenced trading as CCL Label, with its results fully consolidated subsequent to the acquisition.

Sales for the second quarter of 2025 were \$1,934.6 million, a 4.8% increase compared to \$1,845.6 million recorded in the second quarter of 2024. Sales increased on organic growth of 2.0%, acquisition-related growth of 1.0% and 1.8% positive impact from foreign currency translation. For the six-month period ended June 30, 2025, sales were \$3,821.7 million, a 6.7% increase compared to \$3,582.8 million for the same six-month period a year ago. This increase in sales can be attributed to 2.9% organic growth, 1.2% acquisition-related growth and 2.6% positive impact from foreign currency translation.

Selling, general and administrative expenses (“SG&A”) were \$288.0 million and \$565.9 million for the three-month and six-month periods ended June 30, 2025, compared to \$270.8 million and \$523.8 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 short-term variable compensation expenses across the Company and the additional SG&A expenses associated with recent acquisitions.

The Company recorded an expense for restructuring and other items of \$0.7 million (\$0.6 million after tax) and \$1.5 million (\$1.2 million after tax) for the three-month and six-month periods ended June 30, 2025, primarily for Checkpoint. Restructuring and other items of \$2.1 million (\$2.1 million after tax) were recorded for the three-month and six-month periods ended June 30, 2024, principally related to transaction costs associated with the Pacman acquisition.

In the second quarter of 2024, the Company recorded a revaluation gain of \$78.1 million in conjunction with the acquisition of the final 50% equity interest in Pacman in early June 2024. In accordance with IFRS 3 – Business Combinations, the Company was required to re-measure to fair value its previously held 50% interest in Pacman at the acquisition date resulting in the recognition of the aforementioned revaluation gain through net earnings. No such item has been recorded for 2025.

Operating income (a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) for the second quarter of 2025 was \$322.1 million, a 6.1% increase compared to \$303.5 million for the second quarter of 2024. The CCL, Checkpoint and Innovia Segments posted improved results, partially offset by reduced results for Avery. For the

six months ended June 30, 2025, operating income increased 9.1% compared to the same period in 2024. The six-month increase in operating income was due to the improvement at the CCL, Checkpoint and Innovia Segments. Foreign currency translation had a positive impact of 1.1% and 1.9% on operating income for the comparable three-month and six-month periods, respectively.

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 ("Adjusted EBITDA", a non-IFRS financial measure; refer to definition in Section 14 of this MD&A) increased 7.3% to \$414.8 million for the second quarter of 2025, compared to \$386.7 million for the second quarter of 2024. Excluding the impact of foreign currency translation, adjusted EBITDA increased 6.0%. For the six months ended June 30, 2025, adjusted EBITDA was \$822.8 million, an increase of 9.0% compared to \$754.8 million in the comparable 2024 six-month period. Foreign currency translation had a positive impact of 2.1% on adjusted EBITDA for the comparable six-month periods.

Net finance cost was \$17.3 million and \$35.8 million for the three-month and six-month periods ended June 30, 2025, compared to \$18.6 million and \$36.6 million for the same periods in 2024. The decrease in net finance cost for the three-month and six-month periods ended June 30, 2025, was principally attributable to an increase of finance income as the Company benefited from higher deposit rates on its cash balances.

The overall effective income tax rate was 25.3% and 25.0% for the three-month and six-month periods ended June 30, 2025, respectively, compared to 18.8% for the three-month and 21.3% for the six-month periods of the prior year. Excluding the impact of the revaluation gain recorded in the second quarter of 2024, the effective tax rates were 24.5% and 24.6% for the three-month and six-month periods ended June 30, 2024. The increase in effective tax rates for 2025 reflects a higher portion of the taxable income earned in higher tax jurisdictions compared to the same periods in 2024. The effective tax rate may increase in future periods if a higher portion of the Company's taxable income is earned in higher tax jurisdictions.

Net earnings for the second quarter of 2025 were \$213.1 million compared to \$279.5 million for the second quarter of 2024, albeit the prior year second quarter included the recognition of the aforementioned \$78.1 million revaluation gain. This resulted in basic and diluted earnings of \$1.21 per Class B share for the 2025 second quarter compared to basic and diluted earnings of \$1.56 and \$1.55 per Class B share, respectively, for the prior year second quarter. Changes in foreign exchange had a positive impact on adjusted earnings of \$0.02 per Class B share compared to the second quarter of 2024.

Net earnings for the six-month period of 2025 were \$420.5 million compared to \$471.6 million for the same period a year ago but included the previously mentioned \$78.1 million revaluation gain. This resulted in basic and diluted earnings of \$2.39 and \$2.38 per Class B share, respectively, for the 2025 six-month period compared to basic and diluted earnings of \$2.64 and \$2.62 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 2025 six-month period were 175.9 million basic and 176.8 million diluted shares compared to 178.7 million basic and 180.2 million diluted

shares for the comparable period of 2024. Diluted shares include weighted average in-the-money equity compensation arrangements totaling 1.0 million shares (2024 – 1.6 million shares).

Adjusted basic earnings per Class B share were a record \$1.22 and \$2.40 for the three-month and six-month periods of 2025, respectively, compared to \$1.13 and \$2.21 for the same periods of 2024.

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	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Basic earnings per Class B share	\$ 1.21	\$ 1.56	\$ 2.39	\$ 2.64
Restructuring and other items	0.01	0.01	0.01	0.01
Revaluation gain	-	(0.44)	-	(0.44)
Adjusted basic earnings⁽¹⁾ per Class B share	\$ 1.22	\$ 1.13	\$ 2.40	\$ 2.21

⁽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)

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Total</u>
Sales					
2025	\$ 1,887.1	\$ 1,934.6	\$ -	\$ -	\$ 3,821.7
2024	1,737.2	1,845.6	1,849.7	1,812.5	7,245.0
2023	1,652.1	1,644.5	1,690.5	1,662.5	6,649.6
Net earnings					
2025	207.4	213.1	-	-	420.5
2024	192.1	279.5	191.7	179.8	843.1
2023	166.4	155.9	169.1	38.8	530.2
Net earnings per Class B share					
Basic					
2025	1.18	1.21	-	-	2.39
2024	1.08	1.56	1.08	1.01	4.73
2023	0.94	0.88	0.95	0.22	2.99
Net earnings per Class B share					
Adjusted basic					
2025	1.18	1.22	-	-	2.40
2024	1.08	1.13	1.09	1.02	4.32
2023	0.94	0.90	0.95	0.97	3.76
Net earnings per Class B share					
Diluted					
2025	1.17	1.21	-	-	2.38
2024	1.07	1.55	1.07	1.01	4.70
2023	0.93	0.88	0.94	0.20	2.95

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

3. Business Segment Review

CCL Segment (“CCL”)

(\$ millions)	<u>Second Quarter</u>			<u>Year-To-Date</u>		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 1,229.7	\$ 1,139.8	7.9%	\$ 2,430.0	\$ 2,233.9	8.8%
Operating Income ⁽¹⁾	\$ 204.3	\$ 190.8	7.1%	\$ 404.6	\$ 368.4	9.8%
Return on Sales ⁽¹⁾	16.6%	16.7%		16.7%	16.5%	
Capital Spending	\$ 69.4	\$ 92.1	(24.6%)	\$ 141.0	\$ 223.6	(36.9%)
Depreciation and Amortization ⁽²⁾	\$ 70.6	\$ 64.6	9.3%	\$ 141.0	\$ 128.7	9.6%

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

(2) Depreciation and Amortization expense excludes depreciation of \$7.3 million and \$14.6 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2025 (2024 - \$6.9 million and \$13.7 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, short-run folding boxes, for major pharmaceutical, consumer medicine, medical instrument and industrial or consumer chemical customers referred to as the Healthcare & Specialty business. CCL Design supplies long-life, high-performance labels and other products to automotive, electronics and durable goods OEMs. CCL Secure supplies polymer banknote substrate, pressure sensitive stamps, passport components and other security products to government institutions and to corporations for brand protection.

Sales for CCL were \$1,229.7 million for the second quarter of 2025 compared to \$1,139.8 million for the same quarter last year. The components of the 7.9% increase in sales were 4.7% organic growth, 1.6% acquisition-related growth and 1.6% positive impact from foreign currency translation.

North American sales increased low-single digit for the second quarter of 2025, excluding currency translation, compared to the second quarter of 2024. Home & Personal Care sales increased, driven largely by continuing strength in aluminum aerosols and bottles driving most of the profitability gains as results for labels and tubes declined modestly. Healthcare & Specialty results were solid overall, with gains in Ag-Chem, especially in the consumer lawn and garden space, and high demand for pharmaceutical inserts, partly offset by slower label demand in Canada as global customers curtailed exports to the U.S. due to tariffs. Food & Beverage results were mixed with significantly improved in-mould label performance and modest gains in sleeves more

than offset by reduced profitability in pressure sensitive labels compared to a strong prior year quarter. CCL Design North America results declined modestly while good performance at CCL Secure was below an exceptional prior year period. Overall operating income was almost flat and return on sales declined slightly for the current quarter in North America, compared to the second quarter of 2024.

Sales in **Europe** were up low-single digit for the second quarter of 2025, excluding currency translation compared to the second quarter of 2024. Home & Personal Care sales and profitability improved on foreign currency translation with underlying results slightly below the prior year second quarter. Healthcare & Specialty results improved overall as gains in Healthcare more than offset lower profitability in AgChem operations despite sales growth. Food & Beverage results declined on lower demand, pricing pressures in soft end markets and new plant startup costs in Italy and Spain. CCL Design results were flat to the prior year second quarter. European profitability improved but return on sales declined compared to the prior year period.

Sales in **Latin America**, excluding currency translation, improved double digit compared to a strong second quarter of 2024 principally driven by Mexico and Brazil. However, devaluation of all currencies in the region inflated the cost of imported raw materials and negatively impacted foreign currency translation resulting in a decline in operating income and return on sales compared to the prior year period.

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

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

Operating income for the second quarter of 2025 increased 7.1% to \$204.3 million, compared to \$190.8 million for the second quarter of 2024. Return on sales was 16.6% for the current quarter compared to the 16.7% recorded for the same period in 2024.

Sales backlogs for much of the CCL Segment 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 \$141.0 million in capital spending for the first six months of 2025, compared to \$223.6 million in the same period in 2024. Investments for the first half of 2025 primarily related to capacity additions to support the Home & Personal Care, Healthcare & Specialty and Food & Beverage businesses globally. Investments will continue to add capacity, broaden capabilities, expand geographically, and replace or upgrade existing

plants and equipment. Depreciation and amortization expense was \$141.0 million for the six months ended June 30, 2025, compared to \$128.7 million for the same period of 2024.

Avery Segment (“Avery”)

(\$ millions)	<u>Second Quarter</u>			<u>Year-To-Date</u>		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 266.1	\$ 276.9	(3.9%)	\$ 524.9	\$ 529.7	(0.9%)
Operating Income ⁽¹⁾	\$ 50.6	\$ 60.7	(16.6%)	\$ 102.8	\$ 111.7	(8.0%)
Return on Sales ⁽¹⁾	19.0%	21.9%		19.6%	21.1%	
Capital Spending	\$ 4.6	\$ 4.4	4.5%	\$ 10.3	\$ 9.0	14.4%
Depreciation and Amortization ⁽²⁾	\$ 7.3	\$ 7.5	(2.7%)	\$ 14.7	\$ 15.2	(3.3%)

(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 \$2.8 million and \$5.5 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2025 (2024 - \$2.6 million and \$5.1 million, respectively).

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

Avery sales were \$266.1 million for the second quarter of 2025, a decrease of 3.9% compared to \$276.9 million for the same quarter last year. This decrease in sales is attributed to 5.9% organic decline partly offset by 0.1% acquisition-related growth and 1.9% positive impact from foreign currency translation.

Sales in **North America** for the second quarter of 2025 were nearly down double digit compared to a strong second quarter of 2024. As expected, unplanned tariff costs and lower shipments for back-to-school products impeded profitability sharply compared to a very strong prior year period. Sales and profitability for Direct-to-Consumer channels improved, principally on solid growth and profitability gains in the label, RFID wristband and access card categories.

International sales represented approximately 35.0% of Avery sales for the second quarter of 2025. Excluding currency translation and acquisitions, organic sales growth was up low-single digit. Profitability declined principally driven by Latin American operations affected by currency devaluations, European legacy product lines and softness in Australia partly offset by the European direct-to-consumer operations that had

a good quarter, improving sales and profitability including a one-month contribution from the WPL acquisition.

The **Horticultural** business moved into its loss-making off-season.

Operating income for the second quarter of 2025 decreased 16.6% to \$50.6 million compared to \$60.7 million for the second quarter of 2024. Return on sales was 19.0% for the 2025 second quarter compared to 21.9% recorded for the same quarter in 2024.

Avery invested \$10.3 million in capital spending in the first six months of 2025 compared to \$9.0 million in the same period a year ago. Most of the expenditures were to enhance the Direct-to-Consumer and horticultural businesses in North America. Depreciation and amortization expense was \$14.7 million for the 2025 six-month period compared to \$15.2 million for the 2024 six-month period.

Checkpoint Segment (“Checkpoint”)

(\$ millions)	<u>Second Quarter</u>			<u>Year-To-Date</u>		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 255.5	\$ 244.3	4.6%	\$ 496.6	\$ 469.0	5.9%
Operating Income ⁽¹⁾	\$ 43.5	\$ 36.7	18.5%	\$ 80.8	\$ 73.7	9.6%
Return on Sales ⁽¹⁾	17.0%	15.0%		16.3%	15.7%	
Capital Spending	\$ 15.1	\$ 18.9	(20.1%)	\$ 32.9	\$ 35.4	(7.1%)
Depreciation and Amortization ⁽²⁾	\$ 10.4	\$ 9.5	9.5%	\$ 20.8	\$ 18.7	11.2%

(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 \$3.4 million and \$6.9 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2025 (2024 - \$3.2 million and \$6.3 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 \$255.5 million for the second quarter of 2025, an improvement of 4.6% compared to \$244.3 million for the second quarter of 2024 driven by 2.9% organic sales growth and 1.7% positive impact from foreign currency translation. MAS posted strong sales and profitability gains principally derived from new business wins in Europe, solid gains in the Americas, partly offset by a modest profit decline in Asia Pacific. ALS sales and profitability declined as apparel retailers reconsider supply chains in the light of tariffs and compared to an exceptionally strong second quarter in 2024. RFID growth

continued but at a sharply moderated pace. We expect to see strength again as soon as retailer confidence in trade policies returns. Meto posted a slight decline in profitability compared to the prior year second quarter.

Overall operating income improved 18.5% to \$43.5 million for the second quarter of 2025 compared to \$36.7 million for the second quarter of 2024. Return on sales improved to 17.0% from 15.0% for the comparable quarter in 2024.

Checkpoint invested \$32.9 million in capital spending for the first six months of 2025 compared to \$35.4 million for the same period of 2024, principally RFID additions in Mexico and China. Depreciation and amortization expense was \$20.8 million for the six-month period of 2025, compared to \$18.7 million for the six-month period of 2024.

Innovia Segment (“Innovia”)

(\$ millions)	<u>Second Quarter</u>			<u>Year-To-Date</u>		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales	\$ 183.3	\$ 184.6	(0.7%)	\$ 370.2	\$ 350.2	5.7%
Operating Income ⁽¹⁾	\$ 23.7	\$ 15.3	54.9%	\$ 50.8	\$ 31.7	60.3%
Return on Sales ⁽¹⁾	12.9%	8.3%		13.7%	9.1%	
Capital Spending	\$ 9.5	\$ 11.5	(17.4%)	\$ 28.7	\$ 37.9	(24.3%)
Depreciation and Amortization ⁽²⁾	\$ 12.1	\$ 10.9	11.0%	\$ 23.4	\$ 22.3	4.9%

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

(2) Depreciation and Amortization expense excludes depreciation of \$0.3 million and \$0.7 million, respectively, for right-of-use assets in the three-month and six-month periods ended June 30, 2025 (2024 - \$0.5 million and \$1.2 million, respectively).

Innovia supplies specialty, high-performance, multi-layer, surface engineered Biaxially Oriented Polypropylene (“BOPP”) films from facilities in Australia, Germany, Mexico, Poland and the U.K to customers in the pressure sensitive label materials, flexible packaging and consumer packaged goods industries worldwide. Additionally, a small percentage of the total volume is sold internally to the CCL Segment and more so to CCL Secure. Two smaller non-BOPP facilities, in Germany and the U.S., produce almost their entire output for CCL Label. In 2022, Innovia announced a significant investment in new films manufacturing capacity in Germany. This new multi-layer co-extrusion film line commenced operations during the second quarter of 2025 producing highly engineered thin gauge pressure sensitive label film to support growing sustainability-driven lower resin content materials.

Sales for Innovia were \$183.3 million for the second quarter of 2025 compared to \$184.6 million for the second quarter of 2024. The 0.7% decrease in sales was attributable to an organic decline of 4.0% entirely driven by lower resin index price pass through on modestly higher volume, partially offset by 3.3% positive impact from foreign currency translation. Exceptional results in the Americas drove much of the profit gain. U.K. operations benefitted from the consolidation of Belgian volume, augmented by solid demand gains in the European pressure sensitive materials industry and continued

volume growth for “EcoFloat” and in-mould label films from Poland. The new thin gauge pressure sensitive label film line in Germany commenced early scale up operations in the 2025 second quarter realizing significant start-up losses. Despite that, operating income improved significantly to \$23.7 million, up 54.9%, for the second quarter of 2025 compared to \$15.3 million in the prior year quarter. Return on sales was 12.9% compared to 8.3% for the same quarter a year ago.

Innovia invested \$28.7 million in capital spending for the first six months of 2025 compared to \$37.9 million for the 2024 six-month period, mainly for the final phase for the new facility in Germany and top coating capabilities in Mexico. Depreciation and amortization expense was \$23.4 million for the six-month period of 2025 compared to \$22.3 million for the same period of 2024.

Joint Ventures

(\$ millions)	Second Quarter			Year-To-Date		
	<u>2025</u>	<u>2024</u>	<u>+/-</u>	<u>2025</u>	<u>2024</u>	<u>+/-</u>
Sales (at 100%)						
CCL joint ventures	\$ 23.8	\$ 42.0	(43.3%)	\$ 43.5	\$ 93.3	(53.4%)
Earnings in equity accounted investments						
CCL joint ventures	\$ 2.2	\$ 5.0	(56.0%)	\$ 2.7	\$ 13.3	(79.7%)

Results from the joint ventures including CCL-Kontur, Russia and up until the date of its acquisition of the remaining 50% interest by the Company in June 2024, Pacman-CCL, Middle East, are not proportionately consolidated into a Segment but instead are accounted for as equity investments. The Company’s share of the joint ventures’ net earnings is disclosed in “Earnings in Equity-Accounted Investments” in the consolidated condensed interim income statements. Excluding currency translation, earnings decreased compared to the prior year second quarter. Earnings from the label joint ventures declined significantly due to the acquisition of Pacman-CCL in June of 2024. Earnings in equity accounted investments amounted to \$2.2 million for the second quarter of 2025 compared to \$5.0 million for the second quarter of 2024.

4. Currency Transaction Hedging and Currency Translation

Approximately 98% of sales made in the second quarter of 2025 to end-use customers were denominated in foreign currencies, leaving the Company exposed to potentially significant translation variances when reporting results publicly in Canadian dollars. The Company does not hedge or manage such translation movements but does actively manage transaction exposures. Where possible, the Company contracts its business in local currencies with both customers and suppliers of raw materials.

The results of the second quarter of 2025 were negatively impacted by the appreciation of the Canadian dollar against the Australian dollar, Brazilian real and Mexican peso by 1.6%, 6.9% and 10.7%, respectively, compared to the rates in the same period in 2024. This negative impact was offset by the depreciation of the Canadian dollar relative to the

U.S. dollar, euro, U.K. pound, Chinese renminbi, and Thai baht of 1.2%, 6.5%, 7.0%, 1.3% and 12.1%, respectively, when comparing the rates in the second quarters of 2025 and 2024. For the second quarter of 2025, currency translation had a positive impact of \$0.02 on adjusted 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:

(in millions of Canadian dollars)

	June 30, 2025	December 31, 2024
Current portion of long-term debt	\$ 0.9	\$ 4.2
Current lease liabilities	49.4	47.2
Long-term debt	2,391.7	2,232.5
Long-term lease liabilities	154.2	163.7
Total debt	2,596.2	2,447.6
Cash and cash equivalents	(962.5)	(828.7)
Net debt ⁽¹⁾	\$ 1,633.7	\$ 1,618.9
Adjusted EBITDA⁽¹⁾⁽²⁾	\$ 1,565.1	\$ 1,497.1
Net debt to Adjusted EBITDA ⁽¹⁾	1.04	1.08

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

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

During the first six months of 2025, net debt drawdowns on the Company's credit facilities totaled \$216.3 million to help fund share repurchase programs, dividends, business acquisition and capital expenditures.

The Company's debt structure at June 30, 2025, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$812.0 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$679.2 million), \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$591.7 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.1 million; accordingly, there was approximately US\$763.8 million of unused availability on the revolving credit facility at June 30, 2025.

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

Net debt was \$1,633.7 million at June 30, 2025, \$14.8 million more than the net debt of \$1,618.9 million at December 31, 2024. The increase in net debt is principally a result of

an increase in total debt outstanding only partly offset by the increase in cash and cash equivalents at June 30, 2025, compared to December 31, 2024.

Net debt to Adjusted EBITDA at June 30, 2025, was 1.04 times compared to 1.08 times at December 31, 2024, reflecting an increase in Adjusted EBITDA that more than offset the increase in net debt.

The Company's overall average finance rate, excluding lease liabilities, was 2.7% as at June 30, 2025, and 2.6% as at December 31, 2024.

The Company's leverage remains low and its liquidity very strong. The Company is in compliance with all its debt covenants at June 30, 2025, and believes that it has sufficient cash on hand, unused credit lines and the ability to generate cash flow from operations to fund its expected financial obligations for the foreseeable future.

6. Cash Flow

(in millions of Canadian dollars)	Second Quarter		Year-To-Date	
Summary of Cash Flows	2025	2024	2025	2024
Cash provided by operating activities	\$ 323.6	\$ 244.6	\$ 476.3	\$ 415.8
Cash used for financing activities	(61.1)	(52.9)	(122.2)	(75.1)
Cash used for investing activities	(103.1)	(268.7)	(216.7)	(446.9)
Translation adjustments on cash and cash equivalents	(17.9)	(4.8)	(3.6)	(2.1)
Increase (decrease) in cash and cash equivalents	\$ 141.5	\$ (81.8)	\$ 133.8	\$ (108.3)
Cash and cash equivalents – end of period	\$ 962.5	\$ 665.9	\$ 962.5	\$ 665.9
Free cash flow from operations ⁽¹⁾	\$ 226.0	\$ 118.8	\$ 265.1	\$ 111.8

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

During the second quarters of 2025 and 2024, the Company generated cash from operating activities of \$323.6 million and \$244.6 million, respectively. Free cash flow from operations was an inflow of \$226.0 million in the 2025 second quarter compared to an inflow of \$118.8 million in the prior year second quarter. Improved earnings and a reduction of capital expenditures resulted in increased free cash flow from operations for the second quarter of 2025 compared to the second quarter of 2024.

Capital spending in the second quarter of 2025 amounted to \$98.6 million compared to \$126.9 million in the 2024 second quarter. Total depreciation and amortization expense for the second quarter of 2025 was \$114.5 million, compared to \$106.0 million for the second quarter of 2024. Expected net capital spending for 2025 is estimated to be approximately \$485.0 million. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the second quarters of 2025 and 2024 were \$55.8 million and \$52.0 million, respectively. The total number of shares issued and outstanding as at June 30, 2025 and 2024 were 174.4 million and 178.8 million, respectively. The Board of Directors

has approved a dividend of \$0.3175 per Class A voting share and \$0.32 per Class B non-voting share to shareholders of record as of September 15, 2025, and payable September 29, 2025. The annualized dividend rate is \$1.27 per Class A share and \$1.28 per Class B share.

In May of 2025, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to approximately 14.5 million Class B non-voting shares, approximately 9.95% of the public float of the Class B non-voting shares of the Company. During the first six months of 2025, the Company spent \$200.0 million for the purchase of 2,646,521 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, 2025, the Company had approximately US\$1.1 billion and €207.3 million drawn under the 144A private bonds and syndicated revolving credit facility, which are hedging a portion of its U.S. dollar-based and euro-based investments and cash flows, inclusive of U.S. dollar debt swapped to euros.

As at June 30, 2025, the Company utilized cross-currency interest rate swap agreements ("CCIRSAS") to hedge its euro-based assets and cash flows, effectively converting notional US\$264.7 million 3.25% fixed rate debt into 1.23% fixed rate euro debt, US\$111.5 million 3.25% fixed rate debt into 1.16% fixed rate euro debt, US\$204.6 million 3.05% fixed rate debt into 2.06% fixed rate euro debt and US\$203.9 million 3.05% fixed rate debt into 2.00% fixed rate euro debt. The effect of the CCIRSAS has been to reduce finance cost by \$8.6 million for the six months ended June 30, 2025.

8. Subsequent Event

The Board of Directors has declared a dividend of \$0.3175 per Class A voting share and \$0.32 per Class B non-voting share, which will be payable to shareholders of record at the close of business on September 15, 2025, to be paid on September 29, 2025.

9. Accounting Policies

A) Critical Accounting Estimates

The preparation of the Company's consolidated condensed interim financial statements in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the consolidated condensed interim financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the consolidated condensed interim financial statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this MD&A and in the notes to the consolidated condensed interim financial statements.

The 2024 annual audited consolidated financial statements and notes thereto, as well as the 2024 annual MD&A, have identified the accounting policies and estimates that are critical to the understanding of the Company's business operations and results of operations. For the six months ended June 30, 2025, there are no changes to the critical accounting policies and estimates from those described in the 2024 annual MD&A.

B) Inter-Company and Related Party Transactions

A summary of the Company's related party transactions is set out in note 27 to the annual consolidated financial statements for the year ended December 31, 2024. There have been no changes to the nature of, or parties to, the transactions for the six months ended June 30, 2025 other than the transaction disclosed in note 11 of the consolidated condensed interim financial statements for the period ending June 30, 2025.

C) Recently Issued New Accounting Standards, Not Yet Effective

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

10. Commitments and Contingencies

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

11. Controls and Procedures

There have been no changes in the Company’s internal controls during the quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. There were no material changes in disclosure controls and procedures in the six-month period ended June 30, 2025.

12. Risks and Strategies

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

13. Outlook

For second quarter of 2025, in a difficult global economic environment, the Company posted record quarterly adjusted earnings of \$1.22 per Class B share, beating the previous record of \$1.18 adjusted earnings per Class B share recorded in the first quarter of 2025. Results were driven by strong profitability improvement for the CCL Segment, MAS gains for Checkpoint and a robust quarter from Innovia despite the start-up losses at its new facility in Germany. Avery results partly offset due to the impact of tariffs and a slow start to the back-to-school season. Although the Company has much momentum going into the third quarter of 2025, management is cautiously optimistic as comparative financial results are strong and the global geopolitical and economic landscape remains unsettled.

For the 2025 second quarter the CCL Segment delivered strong 4.7% organic sales growth, improved profitability and continued to invest for growth. The core CCL units posted solid results, although demand is soft in some parts of the consumer staples business compounded by the uncertainty of tariffs. For CCL Secure, new business wins for polymer banknote substrate should drive improved sales volume in the back half of this year. CCL Design has had a strong start to 2025 but will face tougher 2024 comparative results in the second half. Regardless, the CCL Segment is still expected to post improved results for 2025.

Avery will face tough back-to-school comparatives in the coming quarter with the outcome for the season still uncertain. Continued growth in direct-to-consumer businesses is expected to outpace other legacy operations. International operations which account for 35% of Avery’s sales remain unaffected by tariffs along with stable horticultural markets.

Checkpoint’s core MAS product line has a significant portion of its U.S. product line produced in China but mitigating actions are underway to address the current supply

chain model in addition to tariff related pricing surcharges to customers. Solid demand is expected to continue in the second half. Apparel labeling will likely face slower demand in the summer months while the industry adjusts its supply chain but we expect to see demand improve in the busy fall period. We continue to believe in the potential for further RFID growth.

Innovia results improved significantly for the first half of 2025, especially in the Americas. Currently, films produced in Mexico and sold in the U.S. are tariff free as they are USMCA compliant. Our large U.K. operations also strengthened on cost savings and higher sales volume to markets previously supplied by the former Belgian plant. The new proprietary “EcoFloat” shrink film line in Poland is expected to continue to add volume for the remainder of this year. Finally, commercial startup of the new thin-gauge film line in Germany took place during the second quarter; startup costs will persist for at least the remainder of the year.

The Company finished the second quarter with \$962.5 million cash-on-hand and additional unused capacity of US\$0.8 billion within its syndicated revolving credit facility. Net debt to Adjusted EBITDA is at 1.04 turns after investing \$212.9 million in capital expenditures and returning \$112.1 million and \$200.0 million to shareholders in dividends and buyback of Class B shares, respectively. The Company’s liquidity position remains robust and positioned for incremental acquisition growth and further repurchases of its Class B non-voting shares. The Company expects net capital expenditures for 2025 to be approximately \$485.0 million, supporting organic growth and new greenfield opportunities globally. Third quarter orders so far have been in-line with second quarter consumer activity albeit comparisons to the 2024 third quarter are tighter.

The impact of foreign currency translation is expected to be a modest tailwind at current exchange rates for the third quarter of 2025 compared to the same quarter in 2024.

14. Key Performance Indicators and Non-IFRS Financial Measures

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

Adjusted Basic Earnings per Class B Share – An important non-IFRS measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share, but it does provide additional insight into the ongoing financial results

of the Company. This non-IFRS measure is defined as basic net earnings per Class B share excluding gains on business dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments to inventory, revaluation gains, 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, revaluation gains, 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	2025	2024	2025	2024
Net earnings	\$ 213.1	\$ 279.5	\$ 420.5	\$ 471.6
Corporate expense	21.8	22.8	44.5	42.6
Earnings in equity accounted investments	(2.2)	(5.0)	(2.7)	(13.3)
Net finance cost	17.3	18.6	35.8	36.6
Restructuring and other items	0.7	2.1	1.5	2.1
Revaluation gain	-	(78.1)	-	(78.1)
Income taxes	71.4	63.6	139.4	124.0
Operating income (a non-IFRS measure)	\$ 322.1	\$ 303.5	\$ 639.0	\$ 585.5
Less: Corporate expense	(21.8)	(22.8)	(44.5)	(42.6)
Add: Depreciation and amortization	114.5	106.0	228.3	211.9
Adjusted EBITDA (a non-IFRS measure)	\$ 414.8	\$ 386.7	\$ 822.8	\$ 754.8
Adjusted EBITDA for 12 months ended December 31, 2024 and 2023, respectively			\$ 1,497.1	\$ 1,332.1
less: Adjusted EBITDA for six months ended June 30, 2024 and 2023, respectively			(754.8)	(653.7)
add: Adjusted EBITDA for six months ended June 30, 2025 and 2024, respectively			822.8	754.8
Adjusted EBITDA for 12 months ended June 30, 2025 and 2024, respectively			\$ 1,565.1	\$ 1,433.2

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

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

(in millions of Canadian dollars)	Second Quarter		Year-To-Date	
	2025	2024	2025	2024
Free Cash Flow from Operations				
Cash provided by operating activities	\$ 323.6	\$ 244.6	\$ 476.3	\$ 415.8
Less: Additions to property, plant and equipment	(98.6)	(126.9)	(212.9)	(305.9)
Add: Proceeds on disposal of property, plant and equipment	1.0	1.1	1.7	1.9
Free Cash Flow from Operations	\$ 226.0	\$ 118.8	\$ 265.1	\$ 111.8

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, revaluation gains, 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	
	2025	2024	2025	2024	2025	2024
CCL	\$ 1,229.7	\$ 1,139.8	\$ 204.3	\$ 190.8	16.6%	16.7%
Avery	266.1	276.9	50.6	60.7	19.0%	21.9%
Checkpoint	255.5	244.3	43.5	36.7	17.0%	15.0%
Innovia	183.3	184.6	23.7	15.3	12.9%	8.3%
Total Operations	\$ 1,934.6	\$ 1,845.6	\$ 322.1	\$ 303.5	16.6%	16.4%

Supplemental Financial Information

Sales Change Analysis (%)

	Three Months Ended June 30, 2025				Six Months Ended June 30, 2025			
	Organic Growth	Acquisition Growth	FX Translation	Total	Organic Growth	Acquisition Growth	FX Translation	Total
CCL	4.7%	1.6%	1.6%	7.9%	4.6%	1.9%	2.3%	8.8%
Avery	(5.9%)	0.1%	1.9%	(3.9%)	(3.9%)	0.1%	2.9%	(0.9%)
Checkpoint	2.9%	-	1.7%	4.6%	3.4%	-	2.5%	5.9%
Innovia	(4.0%)	-	3.3%	(0.7%)	1.3%	-	4.4%	5.7%
Total	2.0%	1.0%	1.8%	4.8%	2.9%	1.2%	2.6%	6.7%

15. Outstanding Share Data

As of August 13, 2025, the Company had 11,746,323 Class A voting shares and 162,644,555 Class B non-voting shares (“Class B Shares”) outstanding. In addition, there were 509,673 restricted stock units to issue 509,673 Class B Shares under the Restricted Stock Unit Plan; 64,928 restricted stock units to issue 64,928 Class B Shares under the 2017-2025 Long Term Retention Plan; 64,669 restricted stock units to issue 64,669 Class B Shares under the 2019-2027 Long Term Retention Plan (collectively the “RSUs”) and 295,339 deferred share units (“DSU”) to issue 295,339 Class B Shares. Lastly, the Company has a performance stock unit (“PSU”) plan with 1.6 million Class B Shares available for future issuance.