



CCL Industries Inc.

2025

Annual

Report



26,000
Employees



214
Production Facilities



42
Countries



6
Continents

CCL

CCL is the world's largest 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 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

Avery is the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors, mass-market stores and e-commerce retailers.

Checkpoint

Checkpoint is a leading developer of RF and RFID-based technology systems for enterprise wide inventory accuracy, reliability and security, including labeling and tagging solutions, for the broad retail, apparel, consumer products and technology industries worldwide.

Innovia

Innovia is a leading global producer of specialty, high-performance, multi-layer, surface-engineered films for label, packaging and security applications.

NORTH AMERICA REPRESENTS

38% of total sales

EUROPE REPRESENTS

32% of total sales

EMERGING MARKETS REPRESENTS

30% of total sales

CAUTION ABOUT FORWARD-LOOKING INFORMATION This annual report 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, but not limited to, 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 annual report contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's segments; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2026; the adequacy of the Company's financial liquidity; the Company's expectation of delivering returns in excess of its cost of capital; improved return on total capital, adjusted earnings per share, adjusted EBITDA growth rates and dividend payout; the Company's effective tax rate; the Company's ongoing business strategy; the Company's ability to maintain a Net Debt to Adjusted EBITDA ratio below 3.5 times; the Company's expectations regarding general business and economic conditions; the Company's Corporate Social Responsibility initiative to enhance the integration of social and environmental objectives into its business operations and strategy; the Company's expectation to achieve its overall environmental footprint and waste reduction goals for 2026 and 2030; the Company's expectation to engage 75% of suppliers by emission and 20% of customers by revenue set science-based targets; the Company's expectation to reduce absolute Scope 1, Scope 2 and Scope 3 greenhouse gas emissions 90% by 2050; the Company's success in passing on foreign exchange movements and input cost changes, including inflationary costs, to its customer base; the expectation that Checkpoint will take its share of the rapidly expanding Radio Frequency Identification ("RFID") market; the expectation that the CCL Segment's capacity and technology investments in 2025 and 2026 will position it for growth and improved profitability in the coming years; the expectation that new business wins for CCL Secure's polymer banknote substrate and passport components will drive improved sales volume for 2026; the expectation that Avery's direct-to-consumer businesses, plus horticultural operations, will outpace legacy product lines and that further "tuck-in" acquisitions are possible; Checkpoint's expectation that there will be strong demand for RFID-related products, including products beyond retail, and that Checkpoint's new RFID inlay facility in Mexico will position the Segment to be a leader in North America; Checkpoint's expectation that core Merchandise Availability Solutions ("MAS") and Apparel Labeling Solutions ("ALS") apparel production categories will grow and improve profitability in 2026; the expectation that Innovia will profitably fill capacity of its new thin-gauge film line in Germany; Innovia's expectation that the new "EcoFloat" shrink film line in Poland will continue to add volume in 2026, and new coating lines in Mexico and the U.K. will add new product depth; and the expectation that Innovia will improve 2026 results compared to 2025.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions, including, but not limited to, the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and the Company's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: higher consumer spending; increased customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; 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 Company's ability to implement its acquisition strategy and successfully integrate acquired businesses; the achievement of the Company's plans for improved efficiency and lower costs, including the ability to pass on polypropylene resin, aluminum and other inflationary cost increases to its customers; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risks and Uncertainties."

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2025 LETTER TO SHAREHOLDERS

It was another year of record adjusted net earnings*, moving from less than \$500 million at the end of 2019, pre-pandemic, to \$810 million for 2025, with further progress planned for 2026 as we navigate the volatile global environment. Sales for 2025 increased 5.8% to \$7.7 billion, with adjusted net earnings per Class B share up 7.4%. Free cash flow* performance was a major highlight for the year reaching \$891 million, up \$285 million and 110% of net adjusted earning; despite \$441 million of capital spending to expand capacity and capability across the Company's operations.

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and
Chief Executive Officer



CCL Segment

Sales for the year increased 8.4%, reaching \$4.9 billion, with 4.9% organic growth augmented by a full year from the Pacman acquisition in the Middle East and modest positive foreign exchange translation. Geographically, we delivered compelling gains in Asia Pacific and the Middle East, with low single digit to mid-single digit progress in North America and Europe, respectively while Latin America declined modestly. Segment operating income* grew 11.3% to \$794 million while adjusted EBITDA* margin moved up 40 basis points to 22.7%.

Home & Personal Care results were solid in labels globally despite soft end markets, more than offset by market share gains, with underlying profit growth in all regions with the exception of Latin America impacted by volatility in foreign exchange rates for all the currencies we operate in. Our extruded tube business in the United States, where we are market leader, made modest progress in a slow consumer packaged goods market. CCL Container was again the standout performer, with unit volume up 7.5% driving significant sales gains fueled by tariff-related pass through of rapidly escalating metal cost, with robust profitability improvement on top of breakout years in 2023 and 2024. We invested heavily in new capacity in Mexico and continued to update older technology in the United States. On a combined basis, we reported very good profit improvement for the sector on a solid organic sales gain.

Healthcare & Specialty rebounded from the slow year in 2024, especially in Europe and Emerging Markets which delivered good sales gains and outsized profitability progress. CCL Faubel, our clinical trials labeling business in Germany, acquired in the summer of 2023, had an outstanding 2025 and we continued to build this high margin product line globally. Our new plant in Oss, Netherlands settled down after a prolonged period of disruption from the move and our business in France reduced its losses, but more progress is still needed. However, our new pharmaceutical insert plant in Singapore had one of the smoothest start-ups in our history and contributed a significant new profit stream. In North America new plants in Raleigh, NC, and Montreal, Quebec built sales but have not yet reached profitability. Business was slow in Canada as global healthcare companies adjusted supply chains to manage tariff policy in the United States. Ag-Chem had a solid year with market share gains in North America part offset by a patchy performance in Europe. Good progress overall in sales and profits.

Food & Beverage sales increased only slightly in soft markets, underpinned by clearly changing consumer attitudes towards both single use packaging and alcohol consumption. Profitability was impacted by very slow start ups at our new plants in Spain and Italy, but our new in mould label plant in Memphis, TN finally made considerable progress towards a positive result. Our two 2023 acquisitions, Creaprint in Spain, an in-mould label producer, and Pouch Partners in Italy, a specialist in stand-up flexible pouches, struggled for sales volume and faced operational challenges in the latter. Sleeves had a slow year globally, except in Latin America where we grew rapidly, but pressure sensitive labels had some market share gains in the U.S. in wine & spirits, China in premium waters and globally in closure labels despite soft end markets. Sector profitability for 2025 overall declined on a very modest sales gain but return on invested capital remains slightly above average for the Segment.

CCL Design became the third sector in the CCL Segment to pass the \$1 billion sales hurdle in 2025 after an outstanding year in the electronics business. Double digit organic sales growth in China, India & Southeast Asia drove the results on top of amazing productivity gains from robotic automation in our new mega plants in China. The start up in India was also a notable success and moved very rapidly into profitability. We also won important new programs for our Original Design Manufacturer (“ODM”) customers which should see growth continue in 2026. Our new coating plant in Hai’an China successfully and profitably delivered important new capability for surface treatments and adhesive performance. Results in automotive were good in labels and improved for decorative metal trim parts and the acquired former McGavigan operation in China, now under our electronics leadership team. Early in 2026, we announced the acquisition of ALT Technologies, a global supplier of airbag covers, seals and labels for the automotive industry. Tapes performance improved meaningfully, especially for bonding and thermal management applications. Sales to alkaline battery producers increased modestly driven by customers onshoring manufacturing. Overall, sales increased mid-single digit with profitability rising far beyond that, despite R&D driven losses at Imprint Energy, our new intelligent label program with its own printed battery.

CCL Secure had another good year in the United States driven by demand for passport components, and we won a large new set of contracts that will commence in 2027. The polymer banknote business had a better year on new business wins, partly offset by a temporary demand hiatus in Latin America where certain countries engaged in redesigns, which is expected to recover in the second half of 2026 and 2027 in particular. On a combined basis, sales and profitability increased for the sector.

Avery

Our consumer arm was one of our more affected businesses by U.S. tariff policies. Our ring binders made in Mexico were deemed not to be CUSMA compliant due to the percentage of Asian sourced components, as were some associated items in our organization product categories. We absorbed this cost, as it was simply too late to adjust prices or change sourcing strategies for the short back-to-school season. We fixed the issue for 2026, but this impeded what would otherwise have been a year of profit gain for the Segment overall in 2025. Results were very strong in the direct-to-consumer space in both North America and Europe with gains in all product categories, especially labels. We acquired two new badge-related businesses, Idesco in the United States and We Print Lanyards in the U.K. Profit performance was also stable in the higher margin printable media category globally. In horticulture, profitability improved in the U.S. but lagged in Europe, we completed construction of the new manufacturing plant in Michigan where we will relocate during the 2026 off season. Currency volatility impacted our business in South America, especially for imported materials in Brazil. Overall, results were almost flat in 2025.

Checkpoint

Merchandise Availability Solutions’ (“MAS”) historically manufactured the vast majority of its product line, including hardware and supplies, in China. Tariffs, therefore, had quite an impact on our U.S. business, especially for consumables. Although we protected margins with surcharges, sales volume suffered, particularly in the busy pre-Christmas season. Our new supply plant for Electronic-Article Surveillance (“EAS”) and Radio Frequency Identification (“RFID”) labels in Mexico is now fully functional, CUSMA compliant and ready to make a difference in 2026. In combination with our operation in China, we have capacity in place to become one of the leading players in the RFID space. Our large European business, unencumbered by tariffs, had an exceptional year on new RFID-enabled hardware technology roll outs to large retailers. Sales for Apparel Labeling Solutions (“ALS”) grew only modestly following on from the almost 30% gains last year as U.S. retailers and apparel producers globally wrestled with what do about tariffs, an abundance of inventory caution followed. Growth in RFID, however, continued and richer mix coupled with cost savings improved profit margins despite poor results in Brazil. The smaller Meto business delivered solid cash flow. Segment operating income* increased \$11.6 million or 7.7% and return on sales reached 16.1%, up 80 basis points.

Innovia

Reported sales for the year and unit volume were both flat plus average selling price fell only modestly despite accelerating resin decline, due to improved mix and a benefit from foreign exchange translation. We delivered improved profitability gains despite incurring approximately \$12 million of start-up costs at the new thin gauge film plant in Germany. Frankly, we underestimated the time it would take to qualify products at customers, but this is now behind us, and we should build sales progressively as we move through 2026. The closure of our older site in Belgium concluded with the sale of the property for \$21 million in August, contributing to record cash flow along with \$22 million in grants from the German government. One of the bigger competitors in our space largely exited the U.S. market and declared bankruptcy in parts of its European operations, helping us gain share in cavitated label films from our Polish plant. We had another excellent year in the Americas, where profitability improved substantially, aided by productivity, cost savings and commercial discipline. Segment operating income* improved by more than \$8 million to \$74 million, with a 10.5% return on sales, up 110 basis points.

Sustainability

This past year, the Company successfully verified targets through the Science-Based Targets initiative (“SBTi”), and commenced development of decarbonization plans to make progress towards our 2029, 2030 and 2050 goals. In 2025, the Company met one of our important early sustainability goals, set in 2020, as 90% of manufactured product waste is now diverted from landfill across our global operations.

The Company continues to set a high bar for sustainability initiatives around the world. CCL Label launched EcoShear, pressure sensitive labels that enable virtually residue-free removal to minimize contamination in the recycling stream for one way glass bottles. Checkpoint launched CheckLINQ, our scalable Digital Product Passport (DPP) solution, to ensure full product traceability, facilitate regulatory compliance and support circularity. Innovia is preparing to comply with EU Packaging and Packaging Waste Regulation (PPWR) by delivering, through collaboration, the first fully circular, food-safe approved, recycled polypropylene film. Our new co-extrusion line in Germany to produce thin gauge label films also supports growing demand for lower resin content materials. Avery’s pc/nametag unit converts production waste into high-BTU fuel pellets to replace the use of fossil fuels in industrial boilers and power plants, while also diverting waste from landfill. Over 40 central banks around the world have now used extended-life GUARDIAN™ polymer banknotes from CCL Secure, reducing the replacement frequency of currency in circulation and the associated environmental impact of traditional paper banknotes. More details can be found in CCL Industries’ annual Sustainability Reports at www.cclind.com/sustainability.

Delivering to Shareholders

Following our February 2026 Board meeting, we announced a 12.5% increase to the dividend; the annualized payout now stands at \$1.44 per Class B share, more than double the rate paid in 2019. Despite returning \$223.7 million in dividends and \$300 million in share repurchases to shareholders, the Company’s net debt to adjusted EBITDA ratio ended 2025 comfortably inside investment-grade territory at 0.78 times, down 0.30 turns from 2024. The Company continued to invest in its future with \$441 million in new capital spending in 2025 and plans a further \$470 million in 2026, compared to \$428 million of 2025 depreciation and amortization expense, excluding right-of-use asset accounting for leases.

Leadership and Governance

CCL is a global enterprise with just 2% of our sales in Canada, so we believe that leadership must be local to the cultures of the 42 countries where we now have operations. We are passionate about our highly decentralized organizational philosophy that puts customer responsiveness and profit responsibility jointly at the sharp end of our business. We continue to believe that time-served experience at the front line is a necessity in order to progress into our senior leadership ranks. We prefer to promote from within, but if that proves to be difficult, outsiders are welcome but only from our industry. An exception is our corporate staff, especially in fiduciary functions where professional skills are needed, but with a mantra to provide agile technical prowess to our business units at a cost not to exceed 1% of sales.

We welcomed to our Board of Directors this past year Andrew Butler, Mandeep Chawla, Andrea Daly and Michael Larsson; necessary additions given retirements the last couple of years and the sudden passing of Vince Galifi in early 2025 which came as a shock to all of us. However, change always brings the opportunity to refresh and bring in new ideas and skill sets; we are very pleased with our new Board composition, with Claude Tessier now acting as Lead Director in addition to his capacity as Chair of our Audit Committee. The Board continues to represent all shareholders through good governance practice, while providing seasoned, wise counsel to management.

2026 Outlook

Despite a solid 2025, we expect to make further progress in 2026. While geopolitics dominates the economic worry list for many companies with global reach, it's our job to navigate through these waters into the AI and robotics future that awaits us, sooner than later by all accounts! Tariffs have been a nuisance on the margin as our business is substantially "local to local" for both supply and demand, and in the end we must think long term about what is right for our customers and act accordingly as we try to see around these corners to our future, and in that regard we remain cautiously optimistic.

As always, we close by thanking the many CCL people around the world for their commitment to our cause and bringing their extraordinary skills & knowledge to define our leadership in this industry. Your ownership mindset is important to us as we share our successes (and mistakes) with shareholders, many of which are inside our Company. To our customers and suppliers, we would be nothing without your partnership and support in 2025 and prospectively for the years ahead.



Donald G. Lang

Executive Chairman



Geoffrey T. Martin

President and Chief Executive Officer

* Non-IFRS measures; see Section 5A of CCL's Management's Discussion and Analysis for more detail.

FINANCIAL HIGHLIGHTS

(In millions of Canadian dollars, except per share and ratio data)

	2025	2024	
Sales	\$ 7,663.8	\$ 7,245.0	5.8%
Adjusted EBITDA*	\$ 1,622.5	\$ 1,497.1	8.4%
% of sales	21.2%	20.7%	
Restructuring and other items – net loss	\$ 10.5	\$ 5.5	
Revaluation gain	\$ —	\$ (78.1)	
Net earnings	\$ 802.4	\$ 843.1	(4.8%)
% of sales	10.5%	11.6%	
Basic earnings per Class B share			
Net earnings	\$ 4.59	\$ 4.73	(3.0%)
Diluted earnings	\$ 4.57	\$ 4.70	(2.8%)
Adjusted basic earnings per Class B share*	\$ 4.64	\$ 4.32	7.4%
Dividends per Class B share	\$ 1.28	\$ 1.16	10.3%
As at December 31			
Total assets	\$ 10,101.5	\$ 9,859.1	2.5%
Net debt*	\$ 1,262.0	\$ 1,618.9	(22.0%)
Total equity	\$ 5,640.4	\$ 5,280.7	6.8%
Net debt to Adjusted EBITDA*	0.78	1.08	
Number of employees	26,000	26,300	(1.1%)

* A non-IFRS measure; see “Key Performance Indicators and Non-IFRS Measures” in Section 5A.

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 years ended December 31, 2025 and 2024. In preparing this MD&A, the Company has taken into account information available until February 25, 2026, unless otherwise noted. This MD&A should be read in conjunction with the Company's December 31, 2025, annual consolidated financial statements, which form part of the CCL Industries Inc. 2025 Annual Report dated February 25, 2026. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and, unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars as the presentation currency. The major 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, Sri Lankan rupee, 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 (the "Board") have reviewed this MD&A to ensure consistency with the approved strategy and results of the business.

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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.

FORWARD-LOOKING INFORMATION

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1. CORPORATE OVERVIEW

A) The Company

Founded in 1951, and publicly listed under its current name since 1980, the Company's corporate offices are located in Toronto, Ontario, Canada, and Framingham, Massachusetts, United States, with a regional centre for Asia Pacific in Singapore. The corporate offices provide executive and centralized services such as finance, accounting, internal audit, treasury, risk management, legal, tax, human resources, information technology, environmental, health and safety, sustainability and oversight of operations. The Company employs approximately 26,000 people in 214 production facilities located in North America, Latin America, Europe, Middle East, Australia, Africa and Asia including an equity investment in a venture operating five facilities.

The **CCL Segment ("CCL")** is the world's largest 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 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 the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors, mass-market stores and e-commerce retailers. **Checkpoint** is a leading developer of RF and RFID-based technology systems for enterprise wide inventory accuracy, reliability and security, including labeling and tagging solutions, for the broad retail, apparel, consumer products and technology industries worldwide. **Innovia** is a leading global producer of specialty, high-performance, multi-layer, surface-engineered films for label, packaging and security applications. The Company partly backward integrates into materials science, with capabilities in polymer extrusion, adhesive development, coating and lamination, surface engineering and metallurgy deployed as needed across the four business segments.

B) Customers and Markets

The state of the global economy and geopolitical events can affect consumer demand and customers' marketing and sales strategies to promote growth, including the introduction of new products. These factors directly influence the demand for the Company's products. Growth expectations generally mirror the trends of each of the markets and product lines in which the Company's customers compete and the growth of the economy in each geographic region. The Company attempts to gain market share in each market and category over time.

The markets served by the CCL Segment are large and diverse, with some sectors highly fragmented, but with few competitors having the Company's substantial operating breadth or global reach. Avery has a dominant market-leading position for its products in North America, Europe and Australia. Checkpoint has significant market positions in all regions of the world and sells directly to retailers and apparel manufacturers and competes with other global retail labeling companies. Innovia operates plants in Europe, Mexico and Australia and has additional distribution capabilities in the United States that sell films to pressure sensitive materials producers, flexible packaging converters and the consumer-packaged goods industry, while also producing film internally for security and label applications.

C) Strategy and Financial Targets

The Company's strategy is to increase shareholder value through investment in organic growth and product innovations around the world, augmented by acquisitions. The Company builds on the strength of its people in marketing, manufacturing and product development and nurtures strong relationships with its international, national and regional customers and suppliers. The Company anticipates increasing its market share in most product categories by capitalizing on market insights and the growth of its customers, and by following developments such as globalization, new product innovation, sustainability, branding and consumer trends.

The CCL Segment aspires to be the market leader and the highest value-added producer in each customer sector and region in which it chooses to compete. The primary objective is to invest in growth globally, both organically and by acquisition. Avery objectives align to its core competencies in label and identity solutions centred on specialty converted media that enable short-run digital printing in homes and businesses and increasingly using the direct-to-consumer channel, both organically and by acquisition. Checkpoint focuses on technology-driven loss-prevention and inventory-management and labeling solutions for the retail, apparel and consumer product industries, inclusive of a rapidly developing RFID product portfolio. Innovia is a leading global producer of specialty, high-performance, multi-layer, surface-engineered films for label, packaging and security applications. Innovia also provides significant depth and capability to develop proprietary films for label applications.

The Company's financial strategy is to be fiscally prudent and conservative. 2025 financial results delivered outstanding cash flow and a solid balance sheet after investing \$441.2 million in capital expenditures to execute global growth initiatives whilst returning \$523.7 million to shareholders in the form of dividends and share buyback. In both good and challenging economic cycles, such as the prolonged impact of the COVID ("CV19") pandemic, and geopolitical events such as the conflicts in the Ukraine and the Middle East, which have dampened consumer demand, destabilized energy, commodity and currency markets, and resulted in elevated inflationary pressures, the Company has maintained high levels of cash on hand and unused lines of credit to reduce its financial risk and to provide flexibility when acquisition opportunities are available. As at December 31, 2025, the Company had \$998.2 million of cash on hand and approximately US\$1.0 billion of undrawn capacity on the Company's unsecured revolving credit facility.

The Company maintains a continuous focus on minimizing its investment in working capital to maximize cash flow in support of growth in the business. In addition, capital expenditures target the most attractive growth opportunities and are expected to be accretive to earnings. The Company's financial discipline and prudent allocation of capital have ensured sufficient available liquidity and a secure financial foundation for the long-term future.

An important metric used by the investment community as a comparative measure is return on total capital before goodwill impairment loss, revaluation gain, restructuring and other items, non-cash acquisition accounting adjustments and tax adjustments ("ROTC," a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A). The chart below details performance since 2020. The Company targets delivering returns in excess of its cost of capital. ROTC of 11.7% for 2025 decreased slightly compared to 2024 due to the solid increase in adjusted net earnings offset by the increase in capital deployed for capital expenditures over the past two years:

	2025	2024	2023	2022	2021	2020
Return on Total Capital	11.7%	11.8%	11.2%	11.8%	12.5%	11.9%

ROTC should increase as the Company deleverages its balance sheet and increases net earnings executing its global initiatives profitably.

The long-term growth rate of adjusted basic earnings per Class B share (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) is another important financial target. This measure excludes gains on business dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments to inventory, revaluation gain, restructuring and other items and tax adjustments. Management believes that, by taking into account the continuing benefits from the Company's focused strategies and operational approach, a positive growth rate in adjusted basic earnings per share is realistic under reasonable economic circumstances.

The Company has achieved significant growth in its annual adjusted basic earnings per share since 2020:

	2025	2024	2023	2022	2021	2020
Basic EPS Growth Rate	(3.0%)	58.2%	(14.6%)	5.1%	12.5%	10.4%
Adjusted Basic EPS Growth Rate	7.4%	14.9%	5.3%	5.9%	9.4%	10.4%

In 2025, adjusted basic earnings increased by 7.4% to \$4.64 per Class B share. Improved profitability came from three of the Company's four segments, CCL, Checkpoint and Innovia with Avery almost flat. The Company believes continuing growth in earnings per share is achievable as the Company executes its global business strategies across all of its segments.

The Company will continue to focus on generating cash and effectively utilizing the cash flow generated by operations and divestitures. Earnings before net finance cost, taxes, depreciation and amortization, excluding goodwill impairment loss, non-cash acquisition accounting adjustments, earnings in equity-accounted investments, revaluation gain, and restructuring and other items ("Adjusted EBITDA," a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A), is considered a good indicator of cash flow and is used by many financial institutions and investment advisors to measure operating results and for business valuations.

As a key indicator of cash flow, Adjusted EBITDA demonstrates the Company's ability to incur or service existing debt, to invest in capital additions and to take advantage of organic growth opportunities and acquisitions that are accretive to earnings per share. Historically, the Company has experienced growth in Adjusted EBITDA:

	2025	2024	2023	2022	2021	2020
Adjusted EBITDA	\$ 1,622.5	\$ 1,497.1	\$ 1,332.1	\$ 1,231.4	\$ 1,173.1	\$ 1,123.2
% of sales	21%	21%	20%	19%	20%	21%

In 2025, Adjusted EBITDA increased by approximately 8.4% from 2024, 6.0% excluding the positive impact of foreign currency translation. The Company's Adjusted EBITDA margins remain at the top end of the range of its peers. The Company expects growth in Adjusted EBITDA in the future as the Company executes its international growth initiatives, managing regional economic volatility, geopolitical challenges in Europe and the Middle East and an evolving precarious global political backdrop affecting supply chains.

The framework supporting the above performance indicators is an appropriate level of financial leverage. Based on the dynamics within the specialty packaging industry and the risks that higher leverage may bring, the Company has a comfort level up to a ceiling of approximately 3.5 times net debt to Adjusted EBITDA with an appropriate deleveraging and liquidity profile to maintain its investment-grade ratings with Moody's Investor Service ("Moody's") and S&P Global ("S&P"). As at December 31, 2025, net debt (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) to Adjusted EBITDA was 0.78 times, lower than the 1.08 times at December 31, 2024, reflecting increased Adjusted EBITDA and a significant reduction in net debt. This leverage level is now well within management's conservative approach to financial risk and the Company's ability to generate strong levels of free cash flow from operations (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A). This leverage level also allows the Company the flexibility to quickly execute its acquisition growth strategy without significantly exposing its credit quality with the optionality to further increase returns to shareholders through its normal course issuer bid.

The Board does not have a target dividend payout ratio (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A). However, the Company has paid dividends quarterly for over forty-five years without omission or reduction. The Board views this consistency and dividend growth as important factors in enhancing shareholder value. For 2025, the dividend payout ratio was 28% of adjusted earnings. This dividend payout ratio reflects the significantly increased cash flows generated by the Company and solid improvement in adjusted earnings in 2025 compared to 2024. Therefore, after careful review of the current year results and the budgeted cash flow and income for 2026, the Board has declared a 12.5% increase in the annual dividend: an increase of \$0.04 per Class B share per quarter, from \$0.32 to \$0.36 per Class B share per quarter (\$1.44 per Class B share annualized). Including this increase, the Company has more than doubled the annualized rate since March 2019.

The Company believes that all of the above targets are mutually compatible and consequently should drive meaningful shareholder value over time.

The Company's strategy and ability to grow and achieve attractive returns for its shareholders are shaped by key internal and external factors that are common to the businesses it operates. The key performance driver is the Company's continuous focus on customer service, supported by its reputation for quality manufacturing, competitive pricing, product innovation, dependability, ethical business practices and financial stability.

The Company updates its financial strategies and its performance against internal benchmarks while considering its obligations to Corporate Social Responsibility ("CSR"). The Company's CSR initiative is designed to enhance the integration of social and environmental concerns into its business operations and strategy as well as interactions with stakeholders. Since 2019, the Company has been continuing to build up the initiative to align with best practices in the industry with changes and progress released in an annual Sustainability Report covering material environmental and social responsibility issues and policies. These reports are made available on the Company's website at www.cclind.com/sustainability.

Sustainability: The Company is committed to helping customers meet their targets by developing new products while reducing the environmental impact of its manufacturing processes. The Company has set targets to reduce key environmental impacts including emissions reductions and waste to landfill diversion.

Ethics: The Company's Global Business Ethics Guide, enhanced in 2021 to align with the Company's Corporate Social Responsibility strategy, is its primary policy on workplace practices, human rights, health and safety, ethical conduct and fair business practices for all employees. Reviewing the Guide is an important part of new hire training and global facilities are audited to ensure all new hires have access to a copy of the ethics guide.

Health & Safety: The health and safety of the Company's employees around the world is a top priority. The Company's current Environmental Health & Safety ("EHS") policy and robust safety reporting programs address the statutory requirements of the countries where the Company does business. The EHS policy is reviewed and revised as needed as part of the Company's annual Sustainability Report disclosure. Quarterly reporting of health and safety performance statistics to management and the CSR Committee is required.

Responsible Supply Chains: The Company continues to work with its supply chain partners to reduce the overall environmental and social impacts of its products including transportation, secondary packaging and material sourcing. Through predictive forecasting and responsive production, the Company is able to drive down lead times and help lower inventory throughout the supply chain with the added benefit of reducing waste and obsolescence and lowering the effects on the environment. In 2025, the Company published its first Supplier Code of Conduct to ensure that the Company's suppliers adhere to the appropriate standard of safety, fair treatment of employees, ethical practices and environmental stewardship.

Circular Innovation: The Company's product innovation teams work directly with customers to create sustainable products enabling the circularity of customers' primary packaging while supporting end consumer sensitivity to reduce waste in the environment and reduce overall environmental impacts.

D) Recent Acquisitions and Dispositions

The Company is globally deployed with significant diversification across the world economy including emerging markets, a broad customer base, distinct product lines and many different currencies.

The Company continues to deploy its cash flow from operations into its core segments with both internal capital investments and strategic acquisitions. The following acquisitions were completed over the last two years:

- In October 2025, the Company acquired IDESCO Holding Corporation ("IDESCO") and IDSecurityonline.com, LLC, a provider of secure badging and identification solutions based in Manhattan, New York, for approximately \$19.1 million, net of cash acquired. It has been integrated into the Avery Segment.
- 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 has been 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.

The acquisitions completed over the past few years, in conjunction with the building of new plants around the world, have positioned the CCL Segment as the global leader for labels in the personal care, healthcare, food and beverage, durables, security and specialty categories. Avery is the world's largest supplier of labels, specialty converted media, and software solutions to enable short-run digital printing in businesses and homes alongside complementary office products. Checkpoint has added technology-driven loss-prevention, inventory-management and labeling solutions, including RF and RFID-based systems, to the retail and apparel industries. Innovia provides vertical integration, driving the Company deeper into polymer sciences, enhancing the development of proprietary products, including recent investments in sustainably oriented films for its customers.

E) Subsequent Events

Prior to the release of the 2025 annual financial statements, the Company announced the following:

- In January 2026, the Company signed a binding agreement to acquire Advanced Safety Technologies B.V. and its subsidiaries d.b.a. ALT Technologies ("ALT"), a label producer for automotive and industrial markets, for an estimated \$32.0 million on a debt free basis. Closing is expected during the second quarter of 2026 following regulatory approvals.
- The Board of Directors has declared a dividend of \$0.36 per Class B non-voting share and \$0.3575 per Class A voting share, which will be payable to shareholders of record at the close of business on March 17, 2026, to be paid on March 31, 2026.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

F) Consolidated Annual Financial Results

Selected Financial Information

Results of Consolidated Operations

	2025	2024	2023
Sales	\$ 7,663.8	\$ 7,245.0	\$ 6,649.6
Cost of sales	5,367.6	5,107.3	4,735.2
Gross profit	2,296.2	2,137.7	1,914.4
Selling, general and administrative expenses	1,138.9	1,073.0	985.6
	1,157.3	1,064.7	928.8
Earnings in equity-accounted investments	5.6	18.9	17.9
Net finance cost	(71.2)	(75.0)	(78.0)
Revaluation gain	—	78.1	—
Goodwill impairment loss	—	—	(95.0)
Restructuring and other items	(10.5)	(5.5)	(42.8)
Earnings before income taxes	1,081.2	1,081.2	730.9
Income taxes	278.8	238.1	200.7
Net earnings	\$ 802.4	\$ 843.1	\$ 530.2
Basic earnings per Class B share	\$ 4.59	\$ 4.73	\$ 2.99
Diluted earnings per Class B share	\$ 4.57	\$ 4.70	\$ 2.95
Adjusted basic earnings per Class B share	\$ 4.64	\$ 4.32	\$ 3.76
Dividends per Class B share	\$ 1.28	\$ 1.16	\$ 1.06
Total assets	\$ 10,101.5	\$ 9,859.1	\$ 8,924.2
Total non-current liabilities	\$ 2,184.5	\$ 3,067.9	\$ 2,884.1

Comments on Consolidated Results

Sales were \$7,663.8 million for 2025, an increase of 5.8% compared to \$7,245.0 million recorded in 2024. This increase in sales is attributable to organic growth of 2.5%, acquisition-related growth of 0.7% and 2.6% positive impact of foreign currency translation.

Consistent with 2024, approximately 98% of the Company's 2025 sales to end-use customers were denominated in foreign currencies. Consequently, changes in foreign exchange rates can have a material impact on sales and profitability when translated into Canadian dollars for public reporting. The appreciation of the U.S. dollar, euro, U.K. pound, Chinese renminbi, and Thai baht by 2.0%, 6.5%, 5.2%, 2.2%, and 9.3% respectively, was partially offset by a 1.9%, and 2.9% depreciation of the Brazilian real and Mexican peso, respectively, relative to the Canadian dollar in 2025 compared to average exchange rates in 2024.

Selling, general and administrative expenses ("SG&A") were \$1,138.9 million for 2025, compared to \$1,073.0 million reported in 2024. The increase in SG&A expenses in 2025 relates to general increases across all business segments of the Company and most notably the impact of the acquisition of Pacman. Corporate expenses for 2025 increased to \$84.2 million, compared to \$77.6 million for 2024, primarily due to increased long-term variable compensation expense as the Company completed the second year of a three year plan.

During 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 non-cash revaluation gain through net earnings.

Operating income (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) for 2025 was \$1,241.5 million, an increase of 8.7% compared to \$1,142.3 million for 2024. Foreign currency translation was a 2.3% positive impact to consolidated operating income for 2025 compared to 2024. The CCL, Checkpoint and Innovia Segments increased operating income compared to 2024, while Avery declined slightly. Further details on the business segments follow later in this report.

Adjusted EBITDA in 2025 was \$1,622.5 million, an improvement of 8.4% compared to \$1,497.1 million recorded in 2024. Excluding the impact of foreign currency translation, the increase was 6.0% over the prior year.

Net finance cost was \$71.2 million for 2025, compared to \$75.0 million for 2024. The 5.1% decrease in net finance cost can primarily be attributed to an increase in finance income for 2025 compared to 2024.

For the full year 2025, restructuring costs and other items represented an expense of \$10.5 million (\$8.0 million after tax) as follows:

- Restructuring and other items of \$10.5 million (\$8.0 million after tax), primarily related to severance charges for Avery, Checkpoint and CCL Design.

The negative earnings impact of the restructuring and other items in 2025 was \$0.05 per Class B share.

For the full year 2024, restructuring costs and other items represented an expense of \$5.5 million (\$4.8 million after tax) as follows:

- Restructuring expenses of \$3.3 million (\$2.6 million after tax), primarily related to severance charges in the CCL Segment.
- Acquisition transaction costs totaled \$2.2 million (\$2.2 million after tax), associated with the Pacman acquisition.

The negative earnings impact of the restructuring and other items in 2024 was \$0.03 per Class B share.

In 2025, the consolidated effective tax rate was 25.9%, compared to 22.4% in 2024, excluding earnings in equity-accounted investments. The combined Canadian federal and provincial statutory tax rate was 25.5% for 2025 (2024 – 25.5%). The notable increase in the effective tax rate can primarily be attributed to the \$78.1 million non-taxable revaluation gain included in the 2024 results.

Approximately 98% of the Company's sales are to customers outside of Canada, and the income from these foreign operations is subject to varying rates of taxation. The Company's effective tax rate is also affected from year to year due to the level of income in the various countries, recognition or reversal of tax losses, tax reassessments and income and expense items not subject to tax.

Net earnings for 2025 decreased 4.8% to \$802.4 million, compared to \$843.1 million recorded in 2024 due to the items described above.

Basic earnings per Class B share were \$4.59 for 2025 compared to \$4.73 recorded for 2024. Diluted earnings per Class B share were \$4.57 for 2025 and \$4.70 for 2024. The aforementioned revaluation gain increased basic earnings by \$0.44 per Class B share in 2024. The movement in foreign currency exchange rates in 2025 compared to 2024 had a positive impact on the translation of the Company's adjusted basic earnings of \$0.10 per Class B share. The diluted weighted average number of shares was 175.7 million for 2025, compared to 179.5 million for 2024.

Adjusted basic earnings per Class B share was \$4.64 for 2025, up 7.4% from \$4.32 in 2024.

As of December 31, 2025, the Company had 11.7 million Class A voting shares and 161.5 million Class B non-voting shares issued and outstanding. In addition, the Company had outstanding 0.5 million restricted stock units to issue 0.5 million Class B non-voting shares under the Restricted Stock Unit Plan, 0.1 million restricted stock units to issue 0.1 million Class B non-voting shares under the 2019 Long Term Retention Plan (collectively, the "RSUs") and 0.3 million deferred share units ("DSU") outstanding to issue 0.3 million Class B non-voting shares. Lastly, the Company has a performance stock unit ("PSU") plan to issue up to 1.6 million Class B non-voting shares to participants, provided the financial performance criteria have been achieved and the participants are still employed by the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

G) Seasonality and Fourth Quarter Financial Results

2025	Unaudited Qtr 1	Unaudited Qtr 2	Unaudited Qtr 3	Unaudited Qtr 4	Year
Sales					
CCL	\$ 1,200.3	\$ 1,229.7	\$ 1,260.6	\$ 1,192.1	\$ 4,882.7
Avery	258.8	266.1	279.3	258.0	1,062.2
Checkpoint	241.1	255.5	255.3	260.2	1,012.1
Innovia	186.9	183.3	170.7	165.9	706.8
Total sales	\$ 1,887.1	\$ 1,934.6	\$ 1,965.9	\$ 1,876.2	\$ 7,663.8
Segment operating income					
CCL	\$ 200.3	\$ 204.3	\$ 216.3	\$ 173.2	\$ 794.1
Avery	52.2	50.6	53.1	54.7	210.6
Checkpoint	37.3	43.5	38.8	42.9	162.5
Innovia	27.1	23.7	13.6	9.9	74.3
Operating income	316.9	322.1	321.8	280.7	1,241.5
Corporate expenses	22.7	21.8	21.4	18.3	84.2
Restructuring and other items	0.8	0.7	1.6	7.4	10.5
Earnings in equity-accounted investments	(0.5)	(2.2)	(1.8)	(1.1)	(5.6)
	293.9	301.8	300.6	256.1	1,152.4
Finance cost, net	18.5	17.3	18.2	17.2	71.2
Earnings before income taxes	275.4	284.5	282.4	238.9	1,081.2
Income taxes	68.0	71.4	71.6	67.8	278.8
Net earnings	\$ 207.4	\$ 213.1	\$ 210.8	\$ 171.1	\$ 802.4
Per Class B share					
Basic earnings	\$ 1.18	\$ 1.21	\$ 1.21	\$ 0.99	\$ 4.59
Diluted earnings	\$ 1.17	\$ 1.21	\$ 1.20	\$ 0.99	\$ 4.57
Adjusted basic earnings	\$ 1.18	\$ 1.22	\$ 1.21	\$ 1.03	\$ 4.64

2024	Unaudited Qtr 1	Unaudited Qtr 2	Unaudited Qtr 3	Unaudited Qtr 4	Year
Sales					
CCL	\$ 1,094.1	\$ 1,139.8	\$ 1,152.5	\$ 1,116.2	\$ 4,502.6
Avery	252.8	276.9	279.7	239.7	1,049.1
Checkpoint	224.7	244.3	240.5	277.4	986.9
Innovia	165.6	184.6	177.0	179.2	706.4
Total sales	\$ 1,737.2	\$ 1,845.6	\$ 1,849.7	\$ 1,812.5	\$ 7,245.0
Segment operating income					
CCL	\$ 177.6	\$ 190.8	\$ 179.2	\$ 166.1	\$ 713.7
Avery	51.0	60.7	55.2	44.6	211.5
Checkpoint	37.0	36.7	36.7	40.5	150.9
Innovia	16.4	15.3	17.8	16.7	66.2
Operating income	282.0	303.5	288.9	267.9	1,142.3
Corporate expenses	19.8	22.8	17.0	18.0	77.6
Revaluation gain	—	(78.1)	—	—	(78.1)
Restructuring and other items	—	2.1	2.2	1.2	5.5
Earnings in equity-accounted investments	(8.3)	(5.0)	(2.7)	(2.9)	(18.9)
	270.5	361.7	272.4	251.6	1,156.2
Finance cost, net	18.0	18.6	19.3	19.1	75.0
Earnings before income taxes	252.5	343.1	253.1	232.5	1,081.2
Income taxes	60.4	63.6	61.4	52.7	238.1
Net earnings	\$ 192.1	\$ 279.5	\$ 191.7	\$ 179.8	\$ 843.1
Per Class B share					
Basic earnings	\$ 1.08	\$ 1.56	\$ 1.08	\$ 1.01	\$ 4.73
Diluted earnings	\$ 1.07	\$ 1.55	\$ 1.07	\$ 1.01	\$ 4.70
Adjusted basic earnings	\$ 1.08	\$ 1.13	\$ 1.09	\$ 1.02	\$ 4.32

Fourth Quarter Results

Sales for the fourth quarter of 2025 increased 3.5% to \$1,876.2 million, compared to \$1,812.5 million recorded in the 2024 fourth quarter. This increase was due to organic growth of 0.6%, acquisition-related growth of 0.2%, and a positive impact from foreign currency translation of 2.7%. The CCL and Avery Segments recorded organic sales growth rates of 3.6% and 3.8%, respectively, while Checkpoint and Innovia posted organic declines of 8.1% and 9.1%, respectively. Organic growth at the CCL Segment was driven by strong results in Healthcare & Specialty and CCL Design partly offset by declines in Home & Personal Care and Food & Beverage. Avery sales increased on strong demand in the direct-to-consumer category globally, more than offsetting weakness in certain legacy categories in North America. Checkpoint's improved results were driven by strong profitability improvements for ALS in all regions driven by strength in RFID, strong demand for MAS in Europe offsetting reduced results in North America which was impacted by tariff-related challenges. Underlying results for Innovia were solid for the quarter, albeit negatively impacted by reduced volumes especially in North America and significant startup costs at the new facility in Germany that drove the vast majority of the decline in profitability. Innovia realized productivity gains in the U.K. and continued volume growth for EcoFloat in Poland.

Operating income in the fourth quarter of 2025 increased 4.8% to \$280.7 million, compared to \$267.9 million in the fourth quarter of 2024. For the fourth quarter of 2025, the CCL Segment, Avery and Checkpoint improved operating income 4.3%, 22.6% and 5.9%, respectively, partly offset by a decline for Innovia of 40.7% which was impacted by start-up losses for the new facility in Germany.

Corporate expenses were \$18.3 million in the fourth quarter of 2025, compared to \$18.0 million recorded in the prior-year period. The increase in corporate costs is principally attributable to an increase in long-term variable compensation for the comparable periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

Adjusted EBITDA increased 6.1% to \$383.6 million for the fourth quarter of 2025 compared to \$361.6 million for the 2024 comparable period. Adjusted EBITDA increased due to the improvements in the CCL, Avery and Checkpoint segments partially offset by a decline at Innovia.

Net finance cost was \$17.2 million for the fourth quarter of 2025 compared to \$19.1 million for the fourth quarter of 2024 reflecting an increase in finance income for the comparative quarters.

For the fourth quarter of 2025, restructuring costs and other items represented an expense of \$7.4 million (\$5.5 million after tax) as follows:

- Restructuring expenses primarily related to severance charges in Avery.

The negative earnings impact of the restructuring and other items for the 2025 fourth quarter was \$0.04 per Class B share.

For the fourth quarter of 2024, restructuring costs and other items represented an expense of \$1.2 million (\$1.0 million after tax) as follows:

- Restructuring expenses primarily related to severance charges in the CCL Segment.

The negative earnings impact of the restructuring and other items for the 2024 fourth quarter was \$0.01 per Class B share.

Tax expense in the fourth quarter of 2025 was \$67.8 million, resulting in an effective tax rate of 28.5% compared to \$52.7 million and an effective tax rate of 22.9% in the prior-year period. The increase in the effective tax rate for the fourth quarter of 2025 can principally be attributed to an increase in withholding taxes of \$10.1 million as well as higher proportion of taxable income being earned in higher taxed jurisdictions in the period compared to the fourth quarter of 2024.

Net earnings in the fourth quarter of 2025 were \$171.1 million, compared to net earnings of \$179.8 million in the fourth quarter of 2024 due to the items noted above.

Basic earnings per Class B share were \$0.99 in the fourth quarter of 2025, compared to \$1.01 in the fourth quarter of 2024. The movement in foreign currency exchange rates in the fourth quarter of 2025 compared to the fourth quarter of 2024 had a positive impact of \$0.04 on basic earnings per Class B share.

Adjusted basic earnings per Class B share improved 1.0% to \$1.03 for the fourth quarter of 2025, compared to \$1.02 in the corresponding quarter of 2024.

Summary of Seasonality and Quarterly Results

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. New RFID applications are also developing in the food, logistics, consumer products and healthcare markets. 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.

Sales and net earnings comparability between the quarters of 2025 and 2024 were impacted by regional economic variances, the impact of foreign currency changes relative to the Canadian dollar, the impact of volatile energy and commodity markets stemming from geopolitical issues in Europe and the Middle East, supply chain challenges, the impact of global trade tensions, the timing of acquisitions, the effect of restructuring initiatives, the impact of central bank reorder patterns, the uptick in electronics markets, the demand in the pressure sensitive materials industry, tax adjustments and other items. The CCL Segment posted organic growth every quarter of 2025 compared to the same periods in 2024, principally driven by demand improvements for CCL Design electronics and Home & Personal Care markets. Geographically, gains in Latin America, Asia and Middle East outperformed other markets. Within CCL Secure, postage stamp sales were down while passport components increased and the polymer banknote business improved globally. For Avery, in North America the direct-to-consumer label, name & event badge, wristbands and horticultural categories improved comparatively, in almost every quarter, to each quarter of 2024. Back-to-school results were impacted

by tariff challenges and declined compared to the 2024 second and third quarters. Checkpoint recorded year-over-year quarterly improvements in operating income, however in North America the MAS category was negatively impacted by unrecovered tariff costs and slow sales while Europe and Asia outperformed. ALS profitability was solid quarterly for 2025 driven by gains in RFID-related products. Innovia also posted year-over-year quarterly profitability improvements in its legacy operations for the first three quarters of the year, however start-up losses for the new plant in Germany significantly reduced results in the final two quarters of 2025.

2. BUSINESS SEGMENT REVIEW

A) General

All divisions of the Company invest capital and management effort to develop world-class manufacturing operations, with spending allocated to geographic expansion, cost-reduction projects, the development of innovative products and processes, the maintenance and expansion of existing capacity and the continuous improvement in health and safety in the workplace, including environmental management. The Company also makes strategic acquisitions for global competitive advantage, servicing large customers, taking advantage of new geographic markets, finding adjacent and new product opportunities, developing new customer segments, building infrastructure and improving operating performance. Avery, Checkpoint and the CCL Design business within the CCL Segment are less capital intensive as a percentage of sales than the Company's other businesses. Further discussion on capital spending is provided in the individual segment discussion sections below.

Although each segment is a leader in market share or has a significant position in the markets it serves in each of its operating locales, it also generally operates in a mature and competitive environment. For a number of years, consumer products and healthcare companies have experienced steady pressure to maintain or even reduce prices to their major retail and distribution channels, which has driven significant consolidation in the Company's customer base. This has resulted in many customers seeking supply chain efficiencies and cost savings in order to maintain profit margins. Volatile commodity costs, including inflationary pressures and cooling periods can create challenges to manage pricing with customers. These dynamics have been an ongoing challenge for the Company and its competitors, requiring greater management and financial control and flexible cost structures. Unlike some of its competitors, the Company has the financial strength to invest in the equipment and innovation necessary to constantly strive to be the highest value-added producer in the markets that it serves.

The cost of many of the key raw material inputs for the Company, such as plastic films and resins, paper, specialty chemicals and aluminum, are largely dependent on the supply and demand economics within the petrochemical, energy and base metals industries and lately the impact of tariffs. Checkpoint purchases component parts including circuit boards, memory chips and other electronic modules from third parties. The significant cost fluctuations for these inputs can have an impact on the Company's profitability. The Company generally has the ability, due to its size and the use of long-term relationships with both suppliers and customers, to mitigate volatility in purchased costs and, where necessary, to pass these on to the market in higher product prices. However, Innovia and parts of the CCL Segment can experience delays in price adjustments, up or down, to customers due to the nature of their respective relationships and contractual pricing terms. Innovia's pricing mechanisms are more complex, involving multiple indices for polypropylene used by customers and suppliers and differing terms in customer agreements when trigger points are arrived at for price changes. The success of the Company is dependent on each business managing the cost-and-price equation with suppliers and customers.

A driver across the Company for maximizing operating profitability is the discipline of pricing customer agreements based on size and complexity, including consideration for fluctuations in raw materials and packaging costs, manufacturing run lengths and available capacity. This approach facilitates effective asset utilization and relatively higher levels of profitability. Performance is generally measured by product against estimates used to calculate pricing, including targets for scrap and output efficiency. An analysis of total utilization versus capacity available per production line or facility is also used to manage certain divisions of the business. In most of the Company's operations, the measurement of each sales order shipped is based on actual selling prices and production costs to calculate the amount of actual profit margin earned and its return on sales relative to the established benchmarks. This process ensures that pricing policies and production performance are aligned in attaining profit margin targets by order, by plant and by division.

Management believes it has both the financial and non-financial resources, internal controls and reporting systems and processes in place to execute its strategic plan, to manage its key performance drivers and to deliver targeted financial results over time. In addition, the Company's internal audit function provides another discipline to ensure that its disclosure controls and procedures and internal control over financial reporting will be assessed on a regular basis against current corporate standards of effectiveness and compliance.

The Company is not particularly dependent upon specialized manufacturing equipment. Most of the technology employed by the production sites can be sourced from multiple suppliers. The Company, however, has the resources to invest in large-scale projects to build infrastructure in current and new markets because of its financial strength relative to that of many of its competitors. Direct competitors in parts of the CCL Segment are often smaller or highly leveraged and may not have the financial resources to stay current in maintaining state-of-the-art facilities. Certain new manufacturing lines take many months for suppliers to construct, and any delays in delivery and commissioning can have an impact on customer expectations and the Company's profitability. Innovia, in addition to its unique method for producing some of its films for label and packaging applications, also provides the Company with the know-how and material science capability to develop proprietary substrates. Finally, the Company also uses strategic partnerships as a method of obtaining exclusive technology in order to support growth plans and to expand its product offerings. The Company's major competitive advantage is based on its strong customer service, process technology, the know-how of its people, market-leading brand awareness and loyalty, and the ability to develop proprietary technologies and manufacturing techniques. During 2022, the Company commenced operations of its new proprietary "EcoFloat" shrink films manufacturing line. This hybrid polyolefin film facilitates easy separation from primary bottle packaging to aid customers' bottle-to-bottle circular recycling initiatives globally. During the second quarter of 2025, the Company started operations for its new film manufacturing plant in Germany that produces thin-gauge sustainable film for the labels materials industry.

The expertise of the Company's employees is a key element in achieving the Company's business plans. This know-how is broadly distributed throughout the world; therefore, the Company is generally not at risk of losing its competency through the loss of any particular employee or group of employees. Employee skills develop through on-the-job training and external technical education, enhanced by the Company's entrepreneurial culture of considering creative alternative applications and processes for its products.

The nature of the research carried out by the CCL Segment can be characterized as application or process development. The Company spends meaningful resources on assisting customers to develop new and innovative products. While customers regularly come to CCL with concepts and request assistance to develop products, the Company also takes its own new ideas to the market. Proprietary information is protected by confidentiality agreements and by limiting access to its manufacturing facilities. The Company values the importance of protecting its customers' brands and products from fraudulent use and, consequently, is selective in choosing appropriate customer and supplier relationships.

Avery has a strong commitment to understanding its ultimate end users, actively seeking product feedback and using consumer focus groups to drive product development initiatives. Furthermore, it leverages the wider Company's technology to deliver product innovation that aligns with consumer trends for digitally imaged labels, cards, badges and wristbands. Avery has also invested in many direct-to-consumer businesses globally and encourages the cross-pollination of unique products and best practices.

Checkpoint has always been an innovator in its industry, with a strong dedication to research and development activities. It was a pioneer of RF electronic-article-surveillance hardware and consumables. Checkpoint has made further advances with the active enhancement and deployment of RFID solutions, including inventory management software, to the broad retail industry where apparel has been the largest adopter. New RFID applications are also developing in the food, logistics, consumer products and healthcare markets.

Innovia maintains a world-class research and development centre specifically dedicated to the support of films for label, security and packaging applications. The new discoveries and product enhancements generated from this centre are deployed globally, sometimes benefitting downstream businesses such as CCL Secure and CCL Label.

The Company continues to invest time and capital to upgrade and expand its information technology systems and security. This investment is critical to keeping pace with customer requirements and gaining or maintaining a competitive edge. Software packages are, in general, off-the-shelf systems customized to meet the needs of individual business locations. The CCL Segment, Avery, Checkpoint and Innovia communicate with many customers and suppliers electronically, particularly with regard to supply-chain-management solutions and when transferring and confirming design formats and colours. A core attribute of Avery's printable media products is the customized software to enable short-run digital printing in businesses and homes. Avery recognizes that it is critical to develop its software solutions to maintain its market-leading position with consumers. Avery launched WePrint™, expanding its direct-to-consumer software solutions, and acquired the e-commerce platforms of 23 companies over the past twelve years, to leverage acquired digital printing software into the pre-existing Avery suite.

Avery products are most often sold under the market-leading Avery brand, with equal prominence in German-speaking countries, the Zweckform brand and, within Brazil, the Adelbras brand. At Checkpoint, products are predominantly sold under the Checkpoint brand and, for retail merchandising products in Europe and Asia Pacific, the Meto brand. The Company recognizes that in order to maintain the pre-eminent positions for Avery, Zweckform, Adelbras, Checkpoint and

Meto, it must continually invest in promoting these brands. Product quality, innovation and performance are recognized attributes for the success of these brands.

The Company's emissions reduction targets were finalized and verified by the Science-Based Targets Initiative in March 2025. These goals will guide our Company's sustainability priorities for the next twenty-five years.

CCL Industries, Inc. has committed to:

- Reduce absolute Scope 1 and Scope 2 emissions 50% by 2030 from a 2022 base year,
- Engage 75% of suppliers by emissions and 20% of customers by revenue to set science-based targets by 2029,
- Reduce absolute Scope 1, Scope 2 and Scope 3 greenhouse gas emissions 90% by 2050 from a 2022 base year, thereby reaching net-zero greenhouse gas emissions across the value chain by 2050.

You can read more in the Company's Sustainability Report for 2024. The 2025 report will be published during the first half of 2026.

Business Segment Results

	2025	2024
Segment sales		
CCL	\$ 4,882.7	\$ 4,502.6
Avery	1,062.2	1,049.1
Checkpoint	1,012.1	986.9
Innovia	706.8	706.4
Total sales	\$ 7,663.8	\$ 7,245.0
Operating income*		
CCL	\$ 794.1	\$ 713.7
Avery	210.6	211.5
Checkpoint	162.5	150.9
Innovia	74.3	66.2
Operating income	\$ 1,241.5	\$ 1,142.3

* This is a non-IFRS measure. Refer to "Key Performance Indicators and Non-IFRS Measures" in Section 5A.

Comments on Business Segments

The above summary includes the results of acquisitions on reported sales and operating income from the date of acquisition.

B) CCL Segment

There are five customer sectors inside the CCL Segment. The Company trades in three of them as CCL Label (with Label substituted, as relevant, for Tube and Container product lines) 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 specialized label, plastic tube, aluminum aerosol and specialty bottle solutions to Home & Personal Care and Food & Beverage companies. It also supplies regulated and complex multi-layer labels and specialty folding cartons 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 complex engineered parts to automotive, electronics and durable goods companies. CCL Secure supplies polymer banknote substrate, pressure sensitive stamps, passport components, ID cards and other security documents to government institutions.

The Segment's product lines include pressure sensitive labels, shrink sleeves, stretch sleeves, in-mould labels, precision printed and die cut metal, glass and plastic components, expanded content labels, pharmaceutical instructional leaflets, specialty folded cartons, graphic security features, extruded or labeled plastic tubes, aluminum aerosols or specialty bottles and printed polymer security film substrates. It currently operates 156 production facilities, located in Canada, the United States (including Puerto Rico), Argentina, Australia, Austria, Brazil, Chile, China, Denmark, Egypt, France, Germany, Hungary, India, Indonesia, Israel, Ireland, Italy, Korea, Malaysia, Mexico, the Netherlands, New Zealand, Oman,

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

Pakistan, Philippines, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Thailand, Turkey, United Arab Emirates, the United Kingdom and Vietnam. Five of these plants are connected to the equity investments in CCL-Kontur which are included in the above locations.

This segment's industry is made up of a very large number of competitors that manufacture a vast array of decorative, product information, identification and security label-type applications. The Company believes that CCL is one of the largest consolidated operators in most of its defined global market sectors. Competition often comes from single-plant businesses, invariably owned by private operators who compete with the Segment in local markets. There are also a number of multi-plant competitors in certain regions of the world and a handful of specialists in a single market segment globally. However, there are few major competitors with the product breadth, global reach and scale of the CCL Segment.

The Company has completed numerous label business acquisitions, strategic joint ventures and greenfield start-ups geographically and added new product offerings to position CCL Label as a global leader in the Home & Personal Care, Food & Beverage and Healthcare & Specialty end markets. CCL Design is an equally significant financial and geographic market for the CCL Segment, principally focused on the automotive, electronics and durable goods markets. The high-security, specialized polymer banknote, passport, postage stamp and government document printing operations form an integral part of CCL Secure.

CCL produces labels predominantly from polyolefin films and paper partly sourced from extruding, coating and laminating companies, using raw materials primarily from the petrochemical and paper industries. CCL also coats and laminates pressure sensitive materials in house and is generally able to mitigate the cost volatility of third-party-sourced materials due to a combination of purchasing leverage, agreements with suppliers and its ability to pass on these cost increases to customers. In the label industry, price changes regularly occur as specifications are constantly changed by marketers and, as a result, the selling prices of these labels are updated, reflecting current market costs and new shapes and designs.

CCL's global customers expect a full range of product offerings in more geographic regions, further integration into their supply chain at a global level and protection of their brands, particularly in markets where counterfeiting is rife. These requirements put many of the Segment's competitors at a disadvantage, as do the investment hurdles for infrastructure, converting equipment and technologies to deliver products, services and innovations. Having trusted and reliable suppliers is an important consideration for global consumer product companies, major pharmaceutical companies, OEMs in the durable goods business and, of course, central banks. This is even more important in an uncertain economic environment when many smaller competitors may encounter difficulties and customers want to ensure their suppliers are financially viable.

CCL considers customers' demand levels, particularly in North America and Western Europe, to be reasonably mature and, as such, will continue to focus its expansion plans on innovative and higher growth and value-added product lines within those geographies, with a view to improving overall profitability. In Asia, Latin America and other emerging markets, a higher level of economic growth is still expected over the coming years, despite the slower conditions experienced in the past few years. This should provide opportunities for the Segment to improve market share and increase profitability in these regions. Furthermore, there is close alignment of label demand to consumer staples, with the exception of CCL Design and CCL Secure, which are completely aligned to the automotive, electronics and durable goods industries, and to government institutions and central banks, respectively. Management believes the Segment will attain the sales volumes, geographic distribution and reach mirroring those of its customers over the next few years through its focused strategy and by capitalizing on following customer trends.

CCL Segment Financial Performance

	2025	% Growth	2024
Sales	\$ 4,882.7	8.4%	\$ 4,502.6
Operating income	\$ 794.1	11.3%	\$ 713.7
Return on sales	16.3%		15.9%

Sales in the CCL Segment for 2025 increased 8.4% to \$4,882.7 million, compared to \$4,502.6 million in 2024, due to organic growth of 4.9%, acquisition-related growth of 0.9% and 2.6% positive impact from foreign currency translation.

Sales in 2025 for **North America** were up low single digit, excluding the impact of currency translation, compared to 2024. Home & Personal Care sales growth was driven by strong demand for aluminum containers and pass through of significant cost increases including tariffs for aluminum supply; modest organic growth for tubes offsetting modest organic decline for labels; profitability improved across all three categories. Healthcare & Specialty results were solid overall, with gains in Ag-Chem markets, especially in the consumer lawn and garden space, and good demand for pharmaceutical inserts, offset by slower sales in Canada as global customers curtailed exports to the U.S. due to tariffs and new plant start-up costs. Food & Beverage results declined in soft end markets. CCL Design North America sales and profitability improved on gains in automotive and electronics markets. CCL Secure results declined modestly compared to an exceptional prior year. Overall profitability and return on sales improved moderately compared to 2024.

European sales increased low single digit for 2025, excluding currency translation compared to 2024. Home & Personal Care recorded modest organic sales growth but significant profitability improvement driven by better mix and productivity gains. 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 improved in both automotive and electronics markets. CCL Secure sales and profitability improved significantly compared to a poor prior year. Overall European sales and profitability improved compared to 2024.

2025 sales in **Latin America**, excluding currency translation, improved high single digit compared to 2024 principally driven by performance in Mexico and Brazil. However, devaluation of many 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 2025 sales, excluding currency translation, were up high single digit compared to 2024. Sales in China increased but held by some customers relocating production to other Asian countries; profitability, however, increased significantly, due to higher margin new products, cost savings and productivity initiatives, especially at CCL Design. Sales and profitability improved significantly in ASEAN countries on solid demand and new business wins compared to a solid prior year. 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 and return on sales improved significantly.

Sales and profitability exceeded expectations for the **Middle East** subsequent to the acquisition and consolidation of Pacman in early June 2024.

Operating income for the CCL Segment increased by 11.3% to \$794.1 million for 2025 compared to \$713.7 million for 2024, principally due to the strong results in Asia Pacific and Middle East. Foreign currency translation also had a positive effect of 2.1% on 2025 operating income compared to 2024. Operating income as a percentage of sales improved to 16.3% for 2025 compared to 15.9% for 2024.

The CCL Segment invested \$307.8 million in capital spending in 2025 compared to \$323.7 million last year. The major expenditures were for equipment installations and new plants to support capacity additions globally. Depreciation and amortization, excluding amortization on right-of-use assets, for the CCL Segment was \$287.1 million in 2025, compared to \$264.5 million in 2024.

C) Avery

Avery is one of the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary 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 & event badges, RFID enabled key cards & wristbands, planners and kids-oriented identification labels supported by unique web-enabled e-commerce URLs; (4) Pressure Sensitive Tapes; and (5) Horticultural labels & tags. Products in the Printable Media and Direct-to-Consumer categories are predominantly used by businesses and individual consumers consistently throughout the year; however, in Organization Products, North American demand typically surges for the back-to-school season during the third quarter. Horticultural labels & tags are seasonally stronger in the first and fourth quarters.

Avery operates 29 manufacturing and three distribution facilities. Sales for Avery are principally generated in North America, Europe, Latin America and Australia, with a market-leading position. Many products are sold under the market-leading Avery brand and, with equal prominence in German-speaking countries, under the Zweckform brand name that is better known by consumers in that part of Europe. Avery bolstered its presence in Latin America in 2022 with the Adelbras acquisition in Brazil with its well established in-market brand under the same name. Avery also has a well-known assembly of direct-to-consumer and direct-to-business brands supported by unique URLs.

pc/nametag	Mabel's Labels
goedgemerkt	badgepoint
Imprint Plus	Easy2Name
Colle à Moi	Stuck on You
IDentilam	I.D.&C.
InTouch	Plum Paper
MasterTag	RFID Hotel
Floramedia	Oomph Made
Threshold	We Print Lanyards
Idesco	

Avery reaches some of its consumers and end users at small businesses through distribution channels including mass-market merchandisers, office superstores, wholesalers, contract stationers, mail order and e-commerce retailers. Merger activity and store closures in some of these distribution channels can lead to short-term volume declines as customer inventory positions are consolidated. Avery is the leading brand in its core markets, with the principal competition being lower-priced private label products. Secular decline in Organization Products and core mailing address labels has been partly offset by innovations such as shipping and product identification labels and Avery's proprietary direct-to-consumer e-commerce label design software platform WePrint™. Furthermore, with 23 acquisitions since 2014, Avery expanded its digital printing franchises to custom roll labels, the digital graphic arts sector, the meetings and events planning industry, personalized identification labels for kids, event badges, personalized planners, RFID-enabled keycards & wristbands and horticultural labels & tags. Future growth rates in all these new businesses are expected to outpace Avery's legacy product lines. It is also the Company's expectation that Avery will continue to open up new revenue streams in short-run digital printing applications.

Avery Financial Performance

	2025	% Growth	2024
Sales	\$ 1,062.2	1.2%	\$ 1,049.1
Operating income	\$ 210.6	(0.4%)	\$ 211.5
Return on sales	19.8%		20.2%

Avery sales for 2025 were \$1,062.2 million a 1.2% improvement compared to the \$1,049.1 million posted in 2024. The increase was due to 0.6% acquisition-related growth and 2.4% positive impact from foreign currency translation compared to 2024, partially offset by a 1.8% organic decline.

North American sales declined mid-single digit for 2025, excluding currency translation and acquisitions, compared to 2024. Sales and profitability in OPG product lines declined due to the impact of tariff-related costs and the challenges of passing costs through to customers which also significantly reduced order volume, especially for the back-to-school season. In PMG product lines, results declined modestly also on a slower back-to-school period. Strong sales and profitability gains in Direct-to-Consumer business lines were driven by labels, with lower growth for badges, cards and

wristbands. Sales and profitability in the Horticultural business improved moderately on a continued rebound in home and garden markets and operational initiatives. Overall profitability declined and return on sales increased modestly for 2025 compared to 2024.

International sales, largely generated from products in the PMG, Pressure Sensitive Tapes, Horticultural and Direct-to-Consumer categories, represent approximately 37% of the Avery Segment for 2025. Sales, excluding acquisitions and currency translation, were up slightly with strong organic growth in the European Direct-to-Consumer categories partly offset by organic declines in legacy PMG and Horticultural operations. Latin American sales increased slightly; however, profitability declined, largely on foreign exchange challenges for imported materials in the Brazilian tapes business. Results in Australia improved in 2025 compared to 2024 due to improvements in Direct-to-Consumer kids labels operations offsetting secular decline in legacy product categories.

Operating income decreased 0.4% to \$210.6 million for 2025 compared to \$211.5 million in 2024. Return on sales was 19.8% for 2025, compared to 20.2% for 2024, due to a weaker back-to-school season in 2025 compared to 2024.

Avery invested \$30.8 million in capital spending for 2025, compared to \$25.5 million for 2024. 2025 expenditures were for infrastructure improvements throughout the Avery product categories principally in North America and Europe. Depreciation and amortization, excluding amortization on right-of-use assets, was \$29.9 million for 2025 compared to \$30.0 million for 2024.

D) Checkpoint

Checkpoint is a leading manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including RF and RFID solutions, to the broad retail and apparel industries globally. There are three primary product lines: MAS, ALS and Meto. The MAS line focuses on electronic-article-surveillance (“EAS”) systems, including 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 is a small, separately branded Europe-centric product line, including hand-held pricing tools and labels and promotional in-store displays. All MAS and ALS products are sold under the Checkpoint brand.

Checkpoint is supported by 22 manufacturing facilities, six distribution facilities and three product and software development centres globally. Checkpoint is headquartered in the United States but uses its worldwide footprint to generate sales internationally. Checkpoint sells directly to retailers, apparel manufacturers and increasingly to a broad array of consumer products brands and competes with other global labeling companies.

Checkpoint’s market-leading position, strong brand recognition and product development pipeline should still drive solid growth despite the move to an omni-channel retail landscape. Large contracts with retailers for hardware and software can create significant quarter-to-quarter and, in some cases, year-to-year revenue volatility. However, Checkpoint’s comprehensive solution of hardware and software also creates an important high-margin recurring revenue stream for related consumables. The Company is also confident that Checkpoint can capture its share of the fast-growing RFID market as retailers move increasingly to omni-channel distribution from a single inventory position. New RFID applications are also developing in the food, logistics, healthcare and many other markets interested in the technology.

Checkpoint Financial Performance

	2025	% Growth	2024
Sales	\$ 1,012.1	2.6%	\$ 986.9
Operating income	\$ 162.5	7.7%	\$ 150.9
Return on sales	16.1%		15.3%

Checkpoint sales were \$1,012.1 million for 2025, a 2.6% increase compared to \$986.9 million for 2024, driven by 0.4% organic growth and 2.2% positive impact from foreign currency translation.

MAS sales improved significantly in Europe, offsetting declines in the Americas that were impacted by tariff-related challenges, compared to a strong 2024, while Asia almost equaled the prior year. Profitability gains were in Europe and Asia, driven by new business wins and productivity gains in operations, respectively, offsetting reduced profitability in the Americas due to decreased shipments, unrecovered tariff costs and start-up losses for the new Mexican RFID in-lay operation. This facility is expected to ramp up in 2026 as it adds incremental manufacturing capacity to support RFID-related sales beyond the apparel industry. **ALS** sales improved slightly for 2025 compared to an outstanding 2024, driven by gains in the Asian market offsetting declines in Europe and the Americas. RFID-related product growth continued but at a sharply moderated pace. Profitability also increased meaningfully compared to the prior year on improved mix and strong operational execution. The smaller **Meto** business recorded improved results.

Operating income for 2025 was \$162.5 million, an increase of 7.7% compared to \$150.9 million in 2024. Return on sales was 16.1% for 2025, compared to 15.3% for 2024.

Checkpoint invested \$51.1 million in capital spending for 2025, compared to \$64.6 million for 2024. The majority of expenditures in 2025 were in the Asia Pacific and Latin American regions to enhance capacity in ALS manufacturing facilities and RFID. Depreciation and amortization, excluding amortization on right-of-use assets, was \$42.7 million for 2025, compared to \$38.7 million for 2024.

E) Innovia

Innovia is a global producer of specialty high-performance, multi-layer, surface-engineered films. Innovia's international footprint includes major facilities located in each of Australia, Germany, Mexico, Poland and the United Kingdom. These films are sold to customers in the pressure sensitive materials, flexible packaging, consumer packaged goods and graphics materials industries worldwide, with a small percentage of the total volume consumed internally by CCL Secure and CCL Label within the CCL Segment. Innovia has a smaller legacy facility located in the United States, that produces almost its entire output for the CCL Segment's Home & Personal Care business.

Polypropylene resin is the most significant input cost for this Segment, derived from oil or natural gas and manufactured globally by a limited number of producers. Polypropylene costs depend on the prices of natural gas, oil and the availability of resin cracking capacity. Innovia does not use derivative financial instruments to hedge its exposure to the volatility of polypropylene prices; therefore, many of its large customer price agreements adjust for movements up and down in resin cost. Polypropylene costs declined throughout 2025.

Film innovation remains a strategic focus for the Segment, investing resources in its industry-leading research and development people and laboratory in the United Kingdom. This commitment has resulted in the development of unique process technology, highly differentiated specialty films and innovative surface coating technology, keeping film innovation at the forefront for the Segment. To meet the packaging world's required environmental and sustainability initiatives, Innovia commenced operations of its new "EcoFloat" investment in Poland mid-year 2022. This hybrid polyolefin shrink film facilitates easy separation from the primary packaging to accommodate customers' bottle-to-bottle circular recycling initiatives globally. The majority of the film produced by this production line will be used by the CCL Segment's Food & Beverage business. Also in 2022, Innovia announced a significant investment in new films manufacturing capacity in Germany. This new multi-layer co-extrusion film line, which successfully commenced commercial operations during the 2025 second quarter, produces highly engineered thin gauge pressure sensitive label film to support growing sustainability-driven lower resin content materials.

Innovia Financial Performance

	2025	% Growth	2024
Sales	\$ 706.8	0.1%	\$ 706.4
Operating income	\$ 74.3	12.2%	\$ 66.2
Return on sales	10.5%		9.4%

Innovia sales for 2025 increased 0.1% to \$706.8 million, compared to \$706.4 million in 2024, due to 3.2% organic decline offset by 3.3% positive impact from foreign currency translation. Sales growth was driven by improved volumes in Europe and Latin America for label and flexible packaging films, offset by reduced demand in North America and lower resin index cost pass through. Volume continues to grow for "EcoFloat" and Inmould Label films, both manufactured in Poland. Films sold internally for CCL Secure and CCL Label operations were solid. Profitability improvements for 2025 were completely offset by start-up losses for the new multi-layer co-extrusion film line that commenced production operations in the second quarter of 2025 but mainly for qualification trials at customers with limited early sales. Operating income was \$74.3 million compared to \$66.2 million for 2024. Return on sales improved to 10.5% for 2025 compared to 9.4% for 2024.

Innovia invested \$51.5 million in capital spending for 2025 compared to \$48.2 million in 2024. Capital additions were largely for the new film extrusion and top coating capabilities in Europe and Mexico, respectively. Depreciation and amortization for Innovia, excluding amortization on right-of-use assets, was \$48.4 million for 2025, compared to \$44.9 million for 2024.

F) Joint Ventures

For the years ended December 31	2025	2024	+/-
Sales (at 100%)			
CCL Label joint ventures	\$ 92.2	\$ 141.7	(34.9%)
Earnings in equity-accounted investments (at 100%)			
CCL Label joint ventures	\$ 11.2	\$ 37.8	(70.4%)
Earnings in equity-accounted investments (at 50%)	\$ 5.6	\$ 18.9	(70.4%)

Results from the joint ventures, including CCL-Kontur, Russia, and, up until the date of its acquisition 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 income statements. CCL-Kontur posted a solid year albeit with a decline in revenue and profitability compared to a robust prior year. Earnings in equity-accounted investments amounted to \$5.6 million for 2025, compared to \$18.9 million for 2024.

3. FINANCING AND RISK MANAGEMENT

A) Liquidity and Capital Resources

The Company's leverage ratio is as follows:

For the years ended December 31	2025	2024
Current debt	\$ 687.0	\$ 4.2
Current lease liabilities	49.6	47.2
Long-term debt	1,370.8	2,232.5
Long-term lease liabilities	152.8	163.7
Total debt ⁽¹⁾	2,260.2	2,447.6
Cash and cash equivalents	(998.2)	(828.7)
Net debt ⁽¹⁾	\$ 1,262.0	\$ 1,618.9
Adjusted EBITDA	\$ 1,622.5	\$ 1,497.1
Net debt to Adjusted EBITDA ⁽¹⁾	0.78	1.08

(1) Total debt, net debt and net debt to Adjusted EBITDA are non-IFRS measures; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A.

During the 2025 fourth quarter, the Company amended its syndicated revolving credit facility extending the maturity almost four years to November 2030.

The Company's debt structure at December 31, 2025, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$819.4 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$685.5 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$243.9 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.0 million; accordingly, there was approximately US\$1,018.9 million of unused availability on the revolving credit facility at December 31, 2025. The Company intends to refinance its US\$500.0 million unsecured note maturing on October 1, 2026.

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 \$1,262.0 million at December 31, 2025, \$356.9 million lower than the net debt of \$1,618.9 million at December 31, 2024. Net debt decreased primarily due to net repayments of long-term debt and lease obligations of \$185.8 million and an increase in cash and cash equivalents of \$169.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

Net debt to Adjusted EBITDA decreased to 0.78 times as at December 31, 2025, compared to 1.08 times at the end of 2024, due to a decrease in net debt and an increase in Adjusted EBITDA. The measure will change as the Company strategically deploys its free cash flow for business acquisitions, capital expenditures, and the future purchase of shares under its normal course issuer bid.

The Company's overall average finance rate was 2.5% as at December 31, 2025, compared to 2.6% at December 31, 2024, reflecting a reduction in variable interest rates on the Company's syndicated revolving credit facility compared to 2024.

Interest coverage (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) was 16.3 times and 14.2 times in 2025 and 2024, respectively, indicative of lower net finance costs and increased operating income.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when they are due. The Company believes its liquidity will be satisfactory for the foreseeable future due to its significant cash balances, its expected positive operating cash flow and the availability of its unused revolving credit line. The Company anticipates funding all of its future commitments from the above sources but may raise further funds by entering into new debt financing arrangements or issuing further equity to satisfy its future additional obligations or investment opportunities.

B) Cash Flow

Summary of Cash Flows

	2025	2024
Cash provided by operating activities	\$ 1,304.4	\$ 1,063.9
Cash used for financing activities	(709.5)	(424.3)
Cash used for investing activities	(437.7)	(600.3)
Effect of exchange rates on cash	12.3	15.2
Increase in cash and cash equivalents	\$ 169.5	\$ 54.5
Cash and cash equivalents – December 31	\$ 998.2	\$ 828.7

In 2025, cash provided by operating activities was \$1,304.4 million, compared to \$1,063.9 million in 2024. Free cash flow from operations (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) was \$891.3 million for 2025, compared to \$606.5 million in the prior year. Driving the change in these metrics for 2025 was an increase in adjusted net earnings and an improvement in working capital compared to 2024.

The Company maintains a rigorous focus on its investment in non-cash working capital. Days of working capital employed (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) decreased to 36 days at December 31, 2025, compared to 37 days at December 31, 2024, due to working capital decreases primarily at Innovia and CCL Home & Personal Care.

Cash used for financing activities in 2025 was \$709.5 million, consisting of net repayments of long-term debt and lease obligations of \$185.8 million, dividend payments of \$223.7 million and repurchase of Class B non-voting shares pursuant to normal course issuer bids totaling \$300.0 million.

Cash used for investing activities in 2025 of \$437.7 million was for the two acquisitions for Avery of \$24.6 million and net capital expenditures of \$413.1 million.

After the above-noted items and the \$12.3 million positive effect of foreign currency rates, cash and cash equivalents increased by \$169.5 million in 2025 to \$998.2 million.

Capital spending in 2025 amounted to \$441.2 million and proceeds from capital dispositions were \$28.1 million, resulting in net capital expenditures of \$413.1 million, compared to \$457.4 million in 2024. Capital expenditures in 2025 were for capacity additions in the year plus expected growth initiatives for 2026 and beyond. Depreciation and amortization in 2025 amounted to \$408.6 million, compared to \$378.6 million in 2024, excluding right-of-use asset amortization.

The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness. As in previous years, capital spending will be monitored closely and adjusted based on the level of cash flow generated.

C) Interest Rate, Foreign Exchange Management and Other Hedges

The Company periodically uses derivative financial instruments to hedge interest and foreign exchange rates. The Company does not utilize derivative financial instruments for speculative purposes.

As the Company operates internationally with 2.0% of its 2025 sales to end-use customers denominated in Canadian dollars, it has significant market risk exposure to changes in foreign exchange rates. Each subsidiary's sales and expenses are primarily denominated in its local currency, minimizing the foreign exchange impact on the operating results.

The Company also has exposure to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

The Company periodically uses interest rate swap agreements to allocate notional debt between fixed and floating rates. The Company believes that a balance of fixed and floating rate debt can reduce overall interest expense and is in line with its investment in short-term assets such as working capital and long-term assets such as property, plant and equipment. The Company uses cross-currency interest rate swap agreements ("CCIRSA") as a means to convert U.S. dollar debt into euro debt to hedge a portion of its euro-based investment and cash flows.

As at December 31, 2025, the Company utilized 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 decrease finance cost by \$16.5 million for the year ended December 31, 2025 (2024 – \$16.9 million).

The Company has potential credit risks arising from derivative financial instruments if a counterparty fails to meet its obligations. The Company's counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2025, the Company had \$14.3 million potential exposure to credit risk arising from derivative financial instruments.

As at December 31, 2025, the Company had approximately US\$1.1 billion and €153.6 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.

D) Equity and Dividends

Summary of Changes in Equity

For the years ended December 31

	2025	2024
Net earnings	\$ 802.4	\$ 843.1
Dividends	(223.7)	(206.4)
Settlement of exercised stock options	—	7.6
Contributed surplus on expensing of stock options and stock-based compensation plans	40.7	32.4
Defined benefit plan actuarial gain (loss), net of tax	14.2	(6.9)
Repurchase of shares	(304.6)	(203.2)
Change in accumulated other comprehensive income	30.7	190.9
Increase in equity	\$ 359.7	\$ 657.5
Equity	\$ 5,640.4	\$ 5,280.7
Shares issued at December 31 – Class A (000s)	11,743	11,746
– Class B (000s)	161,502	165,064

In 2025, the Company declared dividends of \$223.7 million, compared to \$206.4 million declared in the prior year. As previously discussed, the dividend payout ratio in 2025 was 28% (2024 – 27%) of adjusted earnings. After careful review of the current year results, budgeted cash flow and income for 2025, the Board declared a 12.5% increase in the annual dividend: an increase of \$0.04 per Class B share per quarter, from \$0.32 to \$0.36 per Class B share per quarter (\$1.44 per Class B share annualized).

If cash flow periodically exceeds attractive acquisition opportunities available, the Company may also repurchase its shares, provided that the repurchase is accretive to earnings per share and it will not materially increase financial leverage beyond targeted levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

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 2025, the Company spent \$300.0 million for the purchase of 3,907,184 Class B shares for cancellation. The excess of the purchase price over the paid-up capital was charged to retained earnings.

E) Commitments and Other Contractual Obligations

The Company's obligations relating to debt, leases and other liabilities at the end of 2025 were as follows:

	December 31, 2024		December 31, 2025					
	Carrying Amount	Carrying Amount	Contractual Cash Flows	Payments Due by Period				
				0-6 Months	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Non-derivative financial liabilities								
Secured bank loans	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unsecured bank loans	3.6	1.6	1.6	0.4	1.1	0.1	—	—
Unsecured 144A 3.25% private notes	717.6	685.5	686.2	—	686.2	—	—	—
Unsecured 144A 3.05% private notes	858.1	819.4	823.4	—	—	—	823.4	—
Unsecured 3.864% Series 1 Notes	299.3	299.6	300.0	—	—	—	300.0	—
Unsecured syndicated bank credit facility	347.8	243.9	247.5	—	—	—	247.5	—
Other long-term obligations	10.2	7.8	7.8	—	—	—	7.8	—
Interest on unsecured bank credit facilities	*	*	36.7*	3.4	3.9	7.7	21.7	—
Interest on 144A 3.25% private notes	*	*	16.7*	5.6	11.1	—	—	—
Interest on 144A 3.05% private notes	*	*	110.9*	10.5	12.5	25.1	62.8	—
Interest on unsecured 3.864% Series 1 Notes	*	*	26.5*	3.3	5.8	11.6	5.8	—
Interest on other long-term debt	*	*	0.9	—	—	—	0.9	—
Trade and other payables	1,416.9	1,467.2	1,467.2*	1,467.2	—	—	—	—
Accrued post-employment benefit liabilities	*	*	324.9*	3.1	3.1	28.9	107.4	182.4
Lease liabilities	210.9	202.4	245.0	29.0	26.6	42.1	71.3	76.0
Total contractual cash obligations	\$ 3,864.5	\$ 3,727.4	\$ 4,295.3	\$ 1,522.5	\$ 750.3	\$ 115.5	\$1,648.6	\$ 258.4

* Accrued long-term employee benefit and post-employment benefit liability of \$31.6 million, accrued interest of \$10.6 million on unsecured notes, unsecured bonds and unsecured syndicated credit facilities, and accrued interest of \$2.6 million on derivatives are reported in trade and other payables in 2025 (2024: \$20.0 million, \$10.9 million and \$2.4 million, respectively).

Pension Obligations

The Company sponsors a number of defined benefit plans in countries that give rise to accrued post-employment benefit obligations. The accrued benefit obligation for these plans at the end of 2025 was \$618.0 million (2024 – \$616.4 million), the fair value of the plan assets was \$318.4 million (2024 – \$310.1 million) and an irrecoverable surplus due to an asset ceiling was \$3.2 million (2024 – \$0.5 million), for a net deficit of \$302.8 million (2024 – \$306.8 million). Contributions to defined benefit plans during 2025 were \$22.2 million (2024 – \$20.5 million). The Company expects to contribute \$95.0 million to pension plans in 2026, inclusive of defined contribution plans. These estimated funding requirements will be adjusted annually, based on various market factors such as interest rates, expected returns and staffing assumptions, including compensation and mortality. The Company's contributions are funded through cash flows generated from operations. Management anticipates that future cash flows from operations will be sufficient to fund expected future contributions. Details of the Company's pension plans and related obligations are set out in note 20, "Employee Benefits," of the Company's 2025 annual consolidated financial statements.

Other Obligations and Commitments

The Company has posted surety bonds through accredited insurance companies globally totaling \$30.0 million (2024 – \$26.0 million). The nature of these commitments is described in note 26 of the Company's 2025 annual consolidated financial statements. There are no defined benefit plans funded with the Company's stock.

F) Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Disclosure Committee reviews all external reports and documents before publication to enhance disclosure controls and procedures.

As at December 31, 2025, based on the continued evaluation of the disclosure controls and procedures, the CEO and the CFO have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certificate of Disclosure in Issuers Annual and Interim Filings ("NI 52-109"), are effective to ensure that information required to be disclosed in reports and documents that the Company files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting. NI 52-109 requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal control over financial reporting for the issuer, that internal control has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, that the internal control over financial reporting is effective, and that the issuer has disclosed any changes in its internal control during its most recent interim period that has materially affected or is reasonably likely to materially affect its internal control over financial reporting.

In accordance with the provisions of NI 52-109, management, including the Chief Executive Officer and the Chief Financial Officer, have limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of IDESCO. This company was acquired during the fourth quarter 2025.

The total net assets acquired for this acquisition were approximately \$19.1 million, which are reported in the Company's consolidated statements of financial position for the year ended December 31, 2025, and was approximately 0.3% of consolidated net assets and approximately 0.04% of sales.

The scope limitation is primarily based on the time required to assess disclosure controls and procedures and internal control over financial reporting in a manner consistent with the Company's other operations for this acquisition. The assessment on the design effectiveness of disclosure controls and procedures and internal control over financial reporting and the assessment of the operating effectiveness will be completed by the fourth quarter of 2026.

Except for the preceding changes, based on the evaluation of the design and operating effectiveness of the Company's internal control over financial reporting, the CEO and the CFO concluded that the Company's internal control over financial reporting was effective as at December 31, 2025.

There were no material changes in internal control over financial reporting in the financial year ended December 31, 2025.

4. RISKS AND UNCERTAINTIES

The Company is subject to the usual commercial risks and uncertainties from operating as a Canadian public company and as a supplier of goods and services to the non-durable consumer packaging and consumer durables industries on a global basis. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial condition and results of operations of the Company are, in no particular order, as follows:

The Conflict between Ukraine and Russia

Late in February of 2022 the conflict between Ukraine and Russia commenced and to the extent it continues or escalates it may impact other risks disclosed in this document and further impact the Company's financial results.

For the years ended December 31, 2025 and 2024, a de minimis percentage of the Company's sales were derived directly from customers based in Russia and Ukraine. However, the Company has a 50% equity interest in a U.K. holding company that owns 100% of CCL Kontur, which operates five label plants, headquartered in Podolsk, Russia. The Company's 50% equity partner in this joint venture has management control of the Russian operations. The Company suspended all future financial support by way of equity injection or additional debt financing to this joint venture while fully complying with all government-imposed trade sanctions. The Company's financial exposure in this joint venture is approximately \$63.9 million as at December 31, 2025. It is not possible at this time to predict the ultimate consequences of the conflict in Ukraine and the impact on the carrying value of the Company's investment in this joint venture. The Company will monitor the factors influencing the carrying value of its investment and, if appropriate, may incur impairment charges. The conflict in Ukraine may escalate and/or expand in scope with broader consequences, including further sanctions, embargoes, regional instability, cyber events and geopolitical shifts; potential retaliatory action by the Russian government against the Company and the Company's joint venture or its customers, such as nationalization of foreign businesses in Russia; and increased tensions between the western world and countries in which the Company operates, none of which can be predicted. The Company also cannot predict the conflict's impact on the global economy and on its business and financial statements.

Raw Materials Component Parts, Inflation and Tariffs

Although the Company is a large customer to certain key suppliers, it is also an inconsequential buyer of some materials and components such as computer chips. The ability to grow earnings will be affected by inflationary and other increases in the cost of electronic sub-assemblies and raw materials, aluminum ingot, slugs and foils, resins, extruded films, pressure sensitive laminates, paper, binder rings and plastic components. Inflationary and other increases in the costs of raw materials, labour and energy have occurred in the past and are expected to reoccur. Raw materials and components may also be subject to new or increased tariffs. The Company's performance depends in part on its ability to pass these cost increases on to customers in the price of its products and to effect improvements in productivity. The Company may not be able to fully offset the effects of raw material costs and other sourced components through price increases, productivity improvements or cost-reduction programs. If the Company cannot obtain sufficient quantities of these items at competitive prices, of appropriate quality and on a timely basis, it may not be able to produce sufficient quantities of product to satisfy market demand, product shipments may be delayed, or its material or manufacturing costs may increase. Innovia is sensitive to price movements in polypropylene resin used in its films for label, packaging and security applications. Polypropylene is the most significant input cost and is traded in the market, with prices linked to the market price of natural gas and refining capacity. Price movements must be managed and, where necessary, passed along to the Segment's customers. Failure to pass along higher costs in a timely and effective manner to its customers could have a material adverse effect on the Innovia Segment's business and profitability. Checkpoint's supply chain relies significantly on components sourced from factories in Asia; therefore, supply disruption and tariff changes could adversely affect sales and profitability. Avery's U.S. supply chain relies substantially on its plant in Tijuana, Mexico; supply disruption, changes to border controls, tariff changes, or any renegotiation of, or amendments to, the provisions of the United States-Mexico-Canada Agreement ("USMCA") on trade could adversely affect sales and profitability. CCL Container and Innovia are also significant exporters to the United States from Mexico while CCL Label Mexico is a large importer of materials from the United States. Overall, any of these problems could result in the loss of customers and revenue, provide an opportunity for competing products to gain market acceptance and have a material adverse effect on the Company's business, financial condition and results of operations.

Potential Risks Relating to Significant Operations in Foreign Countries

The Company operates plants in North America, Europe, Latin America, Africa, Asia, Australia and the Middle East. Sales to customers located outside of Canada in 2025 were approximately 98% of the Company's total sales, a level similar to that in 2024. Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the period covered. The Company has significant operating bases in both the United States and Europe. In 2025, 36.5% and 31.5% of total sales were to customers in the United States and Europe, respectively. The Company's operating results and cash flows could be negatively impacted by slower or declining growth rates in these key markets. The sales from business units in Latin America, Asia, Africa, Australia and the Middle East in 2025 were 30.0% of the Company's total sales. In addition, the Company has an equity-accounted investment in Russia. There are risks associated with operating a decentralized organization in 214 manufacturing facilities in 42 countries around the world with a variety of different cultures and values. Operations outside of Canada, the United States and Europe are perceived generally to have greater political and economic risks and include the Company's operations in Latin America, parts of Asia, Russia and the Middle East. These risks include, but are not limited to, fluctuations in currency exchange rates, inflation, changes in foreign laws and regulations, military conflicts, government nationalization of certain industries, currency controls, potential adverse tax consequences and locally accepted business practices and standards that may not be similar to accepted business practices and standards in North America and Europe. Although, the Company largely sells its products in the regimes it operates in, the enactment of punitive import tariffs and the potential retaliatory measure taken by legislators may have a harmful impact on the Company's customers supply chain, thereby possibly have a material adverse effect to CCL. The Company has controls and procedures intended to mitigate these risks; however, these risks cannot be entirely eliminated and may have a material adverse effect on the consolidated financial results of the Company.

Impairment in the Carrying Value of Goodwill and Indefinite-Life Intangible Assets

As of December 31, 2025, the Company had approximately \$3.1 billion of goodwill and indefinite-life intangible assets on its consolidated statements of financial position, the value of which is reviewed for impairment at least annually. The assessment of the value of goodwill and intangible assets depends on a number of key factors requiring estimates and assumptions about earnings growth, operating margins, discount rates, economic projections, anticipated future cash flows and market capitalization. There can be no assurance that future reviews of goodwill and intangible assets will not result in additional impairment charges. Although it does not affect cash flow, an impairment charge does have the effect of reducing the Company's earnings, total assets and equity.

Competitive Environment

The Company faces competition from other suppliers in all the markets in which it operates. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the business, financial condition and results of operations of the Company. This competitive environment may preclude the Company from passing on higher material, labour and energy costs to its customers. Any significant increase in in-house manufacturing by customers of the Company could adversely affect the business, financial condition and results of operations of the Company. In addition, the Company's consolidated financial results may be negatively impacted by competitors developing new products or processes that are of superior quality to those of the Company or that fit the Company's customers' needs better, or have lower costs; or by consolidation within the Company's competitors or by further pricing pressure being placed on the industry by the large retail chains.

Foreign Exchange Exposure and Hedging Activities

Sales of the Company's products to customers outside Canada account for approximately 98% of the revenue of the Company. Because the prices for such products are quoted in foreign currencies, any increase in the value of the Canadian dollar relative to such currencies, in particular the U.S. dollar and the euro, reduces the amount of Canadian dollar revenues and operating income reported by the Company in its consolidated financial statements. The Company also buys inputs for its products in world markets in several currencies. Exchange rate fluctuations are beyond the Company's control and there can be no assurance that such fluctuations will not have a material adverse effect on the reported results of the Company. The use of derivatives to provide hedges of certain exposures, such as interest rate swaps, forward foreign exchange contracts and aluminum futures contracts, could impact negatively on the Company's operations.

Retention of Key Personnel and Experienced Workforce

Management believes that an important competitive advantage of the Company has been, and will continue to be, the know-how and expertise possessed by its personnel at all levels of the Company. While the machinery and equipment used by the Company are generally available to competitors of the Company, the experience and training of the Company's workforce allows the Company to obtain a level of efficiency and a level of flexibility that management believes to be high relative to levels in the industries in which it competes. To date, the Company has been successful in recruiting, training and retaining its personnel over the long term, and while management believes that the know-how of the Company is widely distributed throughout the Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

The operations of the Company are dependent on the abilities, experience and efforts of its senior management team. To date, the Company has been successful in recruiting and retaining competent senior management. Loss of certain members of the executive team of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

Acquired Businesses

As part of its growth strategy, the Company continues to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive acquisition opportunities in the future or have the required resources to complete desired acquisitions, or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy, to successfully integrate acquired businesses or joint ventures into the Company's structure, or to control operating performance and achieve synergies could have a material adverse effect on the business, financial condition and results of operations of the Company.

In addition, there may be liabilities that the Company has failed or was unable to discover in its due diligence prior to the consummation of the acquisition. In particular, to the extent that prior owners of acquired businesses failed to comply with or otherwise violated applicable laws, including environmental laws, the Company, as a successor owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on the business, financial condition and results of operations of the Company.

Long-Term Growth Strategy

The Company has experienced significant and steady growth over the last decade. The Company's organic growth initiatives coupled with its international acquisitions over the last number of years can place a strain on a number of aspects of its operating platform including human infrastructure, operational capacity and information systems. The Company's ability to continually adapt and augment all aspects of its operational platform is critical to realizing its long-term growth strategy. Another key aspect to the Company's growth strategy includes increased development of the Company's presence in emerging markets that could create exposure to unstable political conditions, economic volatility and social challenges. If the Company cannot adjust to its anticipated growth, results of operations could be materially adversely affected.

Lower than Anticipated Demand

Although Checkpoint enjoys the advantage of significantly lower customer concentration than the rest of the Company, it remains heavily dependent on the retail marketplace. Changes in the economic environment including the liquidity and financial condition of its customers, the impact of online customer spending or reductions in retailer spending and new store openings could adversely affect sales. A reduction in the commitment for chain-wide installations due to decreased consumer spending that results in reduced demand for loss prevention by retail customers or failure to develop new technology that entices the customer to maintain its commitment to Checkpoint's loss prevention products and services may also have a material adverse effect on the Company's business, financial condition and results of operations.

Exposure to Income Tax Reassessments

The Company operates in many countries throughout the world. Each country has its own income tax regulations and many of these countries have additional income and other taxes applied at state, provincial and local levels. The Company's international investments are complex and subject to interpretation in each jurisdiction from a legal and tax perspective. The Company's tax filings are subject to audit by local authorities, and the Company's positions in these tax filings may be challenged. The Company may not be successful in defending these positions and could be involved in lengthy and costly litigation during this process and could be subject to additional income taxes, interest and penalties. This outcome could have a material adverse effect on the business, financial condition and results of operations of the Company.

Realization of Deferred Tax Assets

The Company needs to generate sufficient taxable income in future periods in certain foreign and domestic tax jurisdictions to realize the tax benefit. If there is a significant change in the time period within which the underlying temporary difference or loss carry-forwards become taxable or deductible, the Company may have to revise its unrecognized deferred tax assets. This could result in an increase in the effective tax rate and could have a material adverse effect on future results. Changes in statutory tax rate may change the deferred tax asset or liability, with either a positive or a negative impact on the effective tax rate. The computation and assessment of the ability to realize the deferred tax asset balance is complex and requires significant judgment. New legislation or a change in underlying assumptions may have a material adverse effect on the business, financial condition and results of the Company.

Fluctuations in Operating Results

While the Company's operating results over the past several years have indicated a general upward trend in sales and net earnings, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. Operating results may fluctuate in the future as a result of many factors in addition to the global economic conditions, and these factors include the volume of orders received relative to the manufacturing capacity of the Company, the level of price competition (from competing suppliers both in domestic and in other lower-cost jurisdictions), variations in the level and timing of orders, the cost of raw materials and energy, the ability to develop innovative solutions and the mix of revenue derived in each of the Company's businesses. Operating results may also be impacted by the inability to achieve planned volumes through normal growth and successful renegotiation of current contracts with customers and by the inability to deliver expected benefits from cost-reduction programs derived from the restructuring of certain business units. Any of these factors or a combination of these factors could have a material adverse effect on the business, financial condition and results of operations of the Company.

Insurance Coverage

Management believes that insurance coverage of the Company's facilities addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent owner/operator of similar facilities and is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis or at current premium levels, that the Company will be able to pass through any increased premium costs, or that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Catastrophic Events

Natural disasters, such as earthquakes, tsunamis, floods or wildfires, public health crises, such as epidemics and pandemics, political instability, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact its business and operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact consumer spending in the impacted regions or, depending on the severity, globally, which would impact the Company's customers and in turn impact demand for its products.

Dependence on Customers

The Company has a modest dependence on certain customers. The Company's two largest customers combined accounted for approximately 6.9% (2024 – 6.7%) of the consolidated revenue for the fiscal year 2025. The five largest customers of the Company represented approximately 13.1% (2024 – 13.0%) of the total revenue for 2025 and the 25 largest customers represented approximately 32.6% (2024 – 33.2%) of the total revenue. Several thousand customers make up the remainder of total revenue. Although the Company has strong partnership relationships with its customers, there can be no assurance that the Company will maintain its relationship with any particular customer or continue to provide services to any particular customer at current levels. A loss of any significant customer, or a decrease in the sales to any such customer, could have a material adverse effect on the business, financial condition and results of operations of the Company. Consolidation within the consumer products market base and office retail superstores could have a negative impact on the Company's business, depending on the nature and scope of any such consolidation.

Environmental, Health and Safety Requirements and Other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety. The Company maintains active health and safety and environmental programs for the purpose of preventing injuries to employees and pollution incidents at its manufacturing sites. The Company also carries out a program of environmental compliance audits, including an independent third-party pollution liability assessment for acquisitions, to assess the adequacy of compliance at the operating level and to establish provisions, as required, for environmental site remediation plans. The Company has environmental insurance for most of its operating sites, with certain exclusions for historical matters.

Despite these programs and insurance coverage, further proceedings or inquiries from regulators on employee health and safety requirements, particularly in Canada, the United States and the European Economic Community (collectively, the "EHS Requirements"), could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, changes to existing EHS Requirements, the adoption of new EHS Requirements in the future, or changes to the enforcement of EHS Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Company, could require expenditures that might materially affect the business, financial condition and results of operations of the Company to the extent not covered by indemnity, insurance or covenant not to sue. Furthermore, while the Company has generally benefited from increased regulations on its customers' products, the demand for the services or products of the Company may be adversely affected by the amendment or repeal of laws or by changes to the enforcement policies of the regulatory agencies concerning such laws.

Operating and Product Hazards

The Company's revenues are dependent on the continued operation of its facilities and its customers. The operation of manufacturing plants involves many risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The total loss of certain of the Company's manufacturing plants could have a significant financial impact on the affected business segment, particularly where the plant represents a single or significant source of supply. The operations of the Company and its customers are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials. These hazards can cause personal injury, severe damage to and destruction of property and equipment and environmental damage. Furthermore, the Company may become subject to claims with respect to workplace exposure, workers' compensation and other matters. The Company's pharmaceutical and specialty food product operations are subject to stringent federal, state, provincial and local health, food and drug regulations and controls, and may be impacted by consumer product liability claims and the possible unavailability and/or expense of liability insurance. The Company prints information on its labels and containers that, if incorrect, could give rise to product liability claims. A determination by applicable regulatory authorities that any of the Company's facilities are not in compliance with any such regulations or controls in any material respect may have a material adverse effect on the Company. A successful product liability claim (or a series of claims) against the Company in excess of its insurance coverage could have a material adverse effect on the business, financial condition and results of operations of the Company. There can be no assurance as to the actual amount of these liabilities or the timing thereof. The occurrence of material operational problems, including, but not limited to, the above events, could have a material adverse effect on the business, financial condition and results of operations of the Company.

Material Disruption of Information Technology Systems

The Company is increasingly dependent on information technology ("IT") systems to manufacture its products, process transactions, respond to customer questions, manage inventory, purchase, sell and ship goods on a timely basis and maintain cost-efficient operations, as well as maintain its e-commerce websites. Any material disruption or slowdown of the systems, including a disruption or slowdown caused by the Company's failure to successfully upgrade its systems, system failures, viruses or other causes, could have a material adverse effect on the business, financial condition and results of operations of the Company. If changes in technology cause the Company's information systems to become obsolete or if information systems are inadequate to handle growth, the Company could incur losses and costs due to interruption of its operations.

The Company maintains information within its IT networks and on the cloud to operate its business, as well as confidential personal employee and customer information. The secure maintenance of this information is critical to the Company's operations and reputation. The Company invests in hardware and software to prevent the risk of intrusion, tampering and theft. Any such unauthorized breach of the IT infrastructure could compromise the data maintained, which could cause the corruption or exposure of confidential or proprietary information, a significant disruption in operations, the loss or theft of critical data and financial resources and meaningful harm to the Company's reputation, any of which could result in a material adverse effect on the Company's business, financial condition and results of operations.

The Timing and Volume of New Banknote Orders

The CCL Secure banknote substrate operation is dependent on government procurement decisions and the volume and timing of new or replacement banknote orders is often uncertain. These decisions can be influenced by many political factors that could delay or reduce the volume of banknote orders. The impact of new large volume banknote orders may result in the Company having to invest in material capital projects to support government procurement decisions. As a result, volatility may be created in the cash flows and in the financial results of the CCL Secure operations, which could have a material adverse effect on the financial condition of the Company.

Product Security

CCL Secure's banknote substrate business is involved in high security applications and must maintain highly secured facilities and product shipments. CCL Secure maintains vigorous security and material control procedures. All employees, guests and third-party contractors with access to facilities and products are prudently screened and monitored. However, the loss of a product, counterfeiting of a high security feature or the breach of a secured facility as a result of negligence, collusion or theft is possible. Loss of product whilst in transit, particularly during trans-shipment, through the failure of freight management companies or the loss of the shipment vehicle by accident or act of God is possible. Consequently, the financial damage and potential reputational impairment on CCL Secure may have a material adverse effect on the Company's business, financial condition and results of operations.

Financial Reporting

The Company prepares its financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Material accounting policies are described in more detail in the notes to the Company's annual consolidated financial statements for the year ended December 31, 2025. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes that its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance in that regard.

Compliance with Anti-Bribery and Export Laws

Due to the Company's global operations, the Company is subject to many laws governing international relations, including those that prohibit improper payments to government officials and commercial customers, and which may restrict where the Company can do business, what information or products the Company can supply to certain countries and what information the Company can provide to foreign governments, including but not limited to the Canadian Corruption of Foreign Public Officials Act ("CFPOA"), the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act and the U.S. Export Administration Act. The Company's policies mandate compliance with these anti-bribery laws. The Company operates in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Given the high level of complexity of these laws, there is a risk that some provisions may be inadvertently or intentionally breached, for example, through fraudulent or negligent behavior of individual employees, the Company's failure to comply with certain formal documentation requirements or otherwise. Additionally, the Company may be held liable for actions taken by local dealers and partners. If the Company is found to be liable for CFPOA, FCPA or other violations (either due to the Company's own acts or through inadvertence, or due to the acts or inadvertence of others), the Company could suffer from civil and criminal penalties or other sanctions, which could have a material adverse impact on the Company's business, financial condition and results of operations.

New Product Developments

Markets are continually evolving based on the ingenuity of the Company and its competitors, consumer preferences and new product identification and information technologies. In particular, customers and consumers are seeking more sustainable product offerings using recyclable components and enabling circularity in product use. To the extent that any such new developments result in a decrease in the use of any of the Company's products, a material adverse effect on the financial condition and results of operations could occur.

Checkpoint's ability to create new products and to sustain existing products is affected by whether the Company can develop and fund technological innovations, such as those related to the next generation of product solutions, evolving RFID technologies, and other innovative security devices, software and systems initiatives. The failure to develop and launch successful new products could have a material adverse effect on Checkpoint's business, financial condition and results of operations.

Although Innovia has a unique manufacturing process for a portion of its film product line and CCL Secure is the leading manufacturer of polymer banknote substrate, the Company depends on its ability to constantly evolve the technological capabilities of its products to meet the demands of its customer base. New scientific advancements in polymer film manufacturing could curtail the use of Innovia's films, while the advancement of e-commerce and cashless societies may outmode the need for polymer banknotes. Innovia's investment in its new hybrid polyolefin film facility in Poland and new thin-gauge film facility in Germany, are to support sustainability ambitions of its customers. It may take time for these operations to become profitable and there can be no assurances of success. Failure to invest in intellectual properties and perpetually innovate may result in lower demand for films and banknote substrate and could have a material adverse effect on the Company's business, financial condition and results of operations.

Labour Relations

While labour relations between the Company and its employees have been stable in the recent past and there have been no material disruptions in operations as a result of labour disputes, the maintenance of a productive and efficient labour environment cannot be assured. Accordingly, a strike, lockout or deterioration of labour relations could have a material adverse effect on the business, financial condition and results of operations of the Company.

Legal and Regulatory Proceedings

Any alleged failure by the Company to comply with applicable laws and regulations in the countries of operation may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and licenses issued by governmental authorities or litigation. In addition, governmental authorities, as well as third parties, may claim that the Company is liable for environmental remediation or damages. A significant judgment against the Company, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on the business, financial condition and results of operations of the Company.

Moreover, the Company may from time to time be notified of claims that it may be infringing patents, copyrights or other intellectual property rights owned by other third parties. Any litigation could result in substantial costs and diversion of resources, and could have a material adverse effect on the business, financial condition and results of operations of the Company. In the future, third parties may assert infringement claims against the Company or its customers. In the event of an infringement claim, the Company may be required to spend a significant amount of money to develop a non-infringing alternative or to obtain licenses. The Company may not be successful in developing such an alternative or obtaining a license on reasonable terms, if at all. In addition, any such litigation could be lengthy and costly and could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may also be subject to claims arising from its failure to manufacture a product to the specifications of its customers or from personal injury arising from a consumer's use of a product or component manufactured by the Company. While the Company will seek indemnity from its customers for claims made against the Company by consumers, and while the Company maintains what management believes to be appropriate levels of insurance to respond to such claims, there can be no assurance that the Company will be fully indemnified by its customers or that insurance coverage will continue to be available or, if available, will be adequate to cover all costs arising from such claims. In addition, the Company could become subject to claims relating to its prior or acquired businesses, including environmental and tax matters, or claims by third parties, such as distributors or agents. There can be no assurance that insurance coverage will be adequate to cover all costs arising from such claims.

Specifically, in the first quarter of 2019, a hearing on a jurisdictional issue was heard in respect of a lawsuit launched in 2011 by Benoy Berry and a company controlled by him, Global Secure Currency Ltd. (collectively, "Berry"), in Nigerian Federal Court against CCL Secure Pty Ltd. (formerly Innovia Security Pty Ltd.) ("ISPL"), and Innovia Films Ltd. (collectively, "IFL"), as well as other defendants not affiliated with ISPL. The court denied IFL's motion to dismiss the lawsuit on the jurisdictional issue. IFL is appealing that decision to the highest appeals court in Nigeria. The lawsuit alleges that IFL and the co-defendants committed to build a banknote substrate plant in Nigeria and Berry seeks an order requiring IFL and the co-defendants to build the plant or in lieu thereof, grant an award of total damages in the amount of €1.5 billion (\$2.4 billion). IFL intends to vigorously defend this claim, which the Company considers to be without merit and accordingly, the Company has made no provision for the matter.

Defined Benefit Post-Employment Plans

The Company is the sponsor of a number of defined benefit plans in sixteen countries that give rise to accrued post-employment benefit obligations. Although the Company believes that its current financial resources combined with its expected future cash flows from operations and returns on post-employment plan assets will be sufficient to satisfy the obligations under these plans in future years, the cash outflow and higher expenses associated with these plans may be higher than expected and may have a material adverse impact on the financial condition of the Company.

Breach of Legal and Regulatory Requirements

CCL Secure's banknote substrate operation has the highest accreditation within the security printing industry. This accreditation provides governments and central banks with assurance in respect of safeguarding high ethical standards and business practices. Violation of CCL Secure's highly strict requirements and constant detailed oversight in relation to bribery, corruption and anti-competitive activities remains a risk in an industry expecting the highest ethical standards. Consequently, the financial damage and potential reputational impairment on CCL Secure that could arise if the standards and practices are compromised, or perceived to have been compromised, could have a material adverse effect on the Company's business, financial condition and results of operations.

Credit Ratings

The credit ratings currently assigned to the Company by Moody's and S&P, or that may in the future be assigned by other rating agencies, are subject to amendment in accordance with each agency's rating methodology and subjective modifiers driving the credit rating opinion. There is no assurance that any rating assigned to the Company will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future. A downgrade in the credit rating assigned by one or more rating agencies could increase the Company's cost of borrowing or impact the Company's ability to renegotiate debt, and may have a material adverse effect on the Company's financial condition and profitability.

Share Price Volatility

Changes in the Company's stock price may affect access to, or cost of, financing from capital markets and may affect stock-based compensation arrangements. The Company's stock price has appreciated significantly over the last ten years and is influenced by the financial results of the Company, changes in the overall stock market, demand for equity securities, relative peer group performance, market expectation of future financial performance and competitive dynamics among many other things. There is no assurance that the Company's share price will not be volatile in the future.

Protection of Intellectual Property

Certain of the Company's products involve complex technology and chemistry and the Company relies on maintaining protection of this intellectual property and proprietary information to maintain a competitive advantage. The infringement, expiration or other loss of these patents and other proprietary information would reduce the barriers to entry into the Company's existing lines of business and may result in loss of market share and a decrease in the Company's competitiveness, which could have an adverse effect on the Company's financial condition, results of operations and cash flows. There also can be no assurance that the patents previously obtained or to be obtained by the Company in the future will provide adequate protection of such intellectual property or adequately maintain any competitive advantage.

Dividends

The declaration and payment of dividends is subject to the discretion of the Board of Directors taking into account current and anticipated cash flow, capital requirements, the general financial condition of the Company and global economy as well as the various risk factors set out above. The Board of Directors intends to pay a consistent dividend with consistent increases over time. However, the Board of Directors may in certain circumstances determine that it is in the best interests of the Company to reduce or suspend the dividend. In that situation, the trading price of the Company's Class A and Class B shares may be materially affected.

Climate Change

Event risks caused by global climate change, including the frequency and severity of weather-related events, could damage the Company's facilities, disrupt operations and supply chains, impact revenues and cash flow, and create financial risk. These could result in substantial costs for emergency response efforts during the event, reinstatement of regular business operations and repair or replacement of premises and equipment. The potential impact or financial consequence of such events is highly uncertain. The Company's operations are spread over more than 214 locations around the world and therefore are subject to varying climate change event risks.

Global climate change also gives rise to other risks to the Company's business and operations, including increased regulation and market shifts in supply and demand, which are also difficult to predict. Many countries in which the Company carries on business are at differing stages of developing policy and regulations regarding carbon emissions and other environmental impacts, which could significantly affect the Company's business, create financial obligations and increase operating costs. Increased public awareness of climate change may impact consumer demand for the Company's customers' products. The Company's failure to innovate more sustainable or circular economy products could have a material adverse effect on its financial condition and profitability.

The Company's failure to implement environmental, social and governance targets and initiatives, or to achieve its sustainability targets could have a material adverse impact on its financial condition and profitability.

5. ACCOUNTING POLICIES AND NON-IFRS MEASURES

A) Key Performance Indicators and Non-IFRS 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, in financial covenants in banking agreements and note agreements, in 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 gain, restructuring and other items and tax adjustments.

Earnings per Class B Share

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
Basic earnings	\$ 0.99	\$ 1.01	\$ 4.59	\$ 4.73
Restructuring and other items	0.04	0.01	0.05	0.03
Revaluation gain	—	—	—	(0.44)
Adjusted basic earnings	\$ 1.03	\$ 1.02	\$ 4.64	\$ 4.32

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 gain, 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 measures reported in the annual consolidated income statements for the periods ended as indicated.

Adjusted EBITDA

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
Net earnings	\$ 171.1	\$ 179.8	\$ 802.4	\$ 843.1
Corporate expense	18.3	18.0	84.2	77.6
Earnings in equity-accounted investments	(1.1)	(2.9)	(5.6)	(18.9)
Finance cost, net	17.2	19.1	71.2	75.0
Restructuring and other items	7.4	1.2	10.5	5.5
Revaluation gain	—	—	—	(78.1)
Income taxes	67.8	52.7	278.8	238.1
Operating income	\$ 280.7	\$ 267.9	\$ 1,241.5	\$ 1,142.3
Less: Corporate expense	(18.3)	(18.0)	(84.2)	(77.6)
Add: Depreciation and amortization	121.2	111.7	465.2	432.4
Adjusted EBITDA (a non-IFRS measure)	\$ 383.6	\$ 361.6	\$ 1,622.5	\$ 1,497.1

Days Working Capital Employed – A measure indicating the relative liquidity and asset intensity of the Company's working capital. It is calculated by multiplying the net working capital by the number of days in the quarter and then dividing by the quarterly sales. Net working capital includes trade and other receivables, inventories, prepaid expenses, trade and other payables, and income taxes recoverable and payable. The following table reconciles the net working capital used in the days of working capital employed measure to IFRS measures reported in the consolidated statements of financial position as at the periods ended as indicated.

Days Working Capital Employed

At December 31	2025	2024
Trade and other receivables	\$ 1,293.4	\$ 1,251.4
Inventories	805.0	819.9
Prepaid expenses	61.0	62.1
Income taxes recoverable	67.6	51.8
Trade and other payables	(1,467.2)	(1,416.9)
Income taxes payable	(34.7)	(42.2)
Net working capital	\$ 725.1	\$ 726.1
Days in quarter	92	92
Fourth quarter sales	\$ 1,876.2	\$ 1,812.5
Days of working capital employed	36	37

Dividend Payout Ratio – The ratio of earnings paid out to the shareholders. It provides an indication of how well earnings support the dividend payments. Dividend payout ratio is defined as dividends declared divided by earnings, excluding goodwill impairment loss, non-cash acquisition accounting adjustments, restructuring and other items, revaluation gain, and tax adjustments, (together "Adjusted earnings") expressed as a percentage.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

Dividend Payout Ratio

	2025	2024
Dividends declared per equity	\$ 223.7	\$ 206.4
Adjusted earnings	\$ 810.4	\$ 769.8
Dividend payout ratio	28%	27%

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

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

Free Cash Flow from Operations

	Twelve Months Ended December 31	
	2025	2024
Cash provided by operating activities	\$ 1,304.4	\$ 1,063.9
Less: Additions to property, plant and equipment	(441.2)	(462.0)
Add: Proceeds on disposal of property, plant and equipment	28.1	4.6
Free cash flow from operations	\$ 891.3	\$ 606.5

Interest Coverage – A measure indicating the relative amount of operating income earned by the Company compared to the amount of net finance cost incurred by the Company. It is calculated as operating income (see definition below), including discontinued items, less corporate expense, divided by net finance cost on a twelve-month rolling basis.

The following table reconciles the interest coverage measure to IFRS measures reported in the annual consolidated income statements for the periods ended as indicated.

Interest Coverage

	Twelve Months Ended December 31	
	2025	2024
Operating income (a non-IFRS measure; see definition below)	\$ 1,241.5	\$ 1,142.3
Less: Corporate expense	(84.2)	(77.6)
	\$ 1,157.3	\$ 1,064.7
Net finance cost	\$ 71.2	\$ 75.0
Interest coverage	16.3	14.2

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 financial leverage of the Company. It indicates the Company’s ability to service its existing debt.

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 gain, restructuring and other items and tax.

See the definition of Adjusted EBITDA above for a reconciliation of operating income measures to IFRS measures reported in the annual consolidated income statements for the periods ended as indicated.

Restructuring and Other Items and Tax Adjustments – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items and tax adjustments on a per share basis is measured by dividing the after-tax income of the restructuring and other items and tax adjustments by the 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 measures reported in the annual consolidated income statement in the segmented information per note 4 of the Company’s annual consolidated financial statements for the periods ended as indicated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2025 and 2024 (Tabular amounts in millions of Canadian dollars, except per share data)

Return on Sales

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
Sales				
CCL	\$ 1,192.1	\$ 1,116.2	\$ 4,882.7	\$ 4,502.6
Avery	258.0	239.7	1,062.2	1,049.1
Checkpoint	260.2	277.4	1,012.1	986.9
Innovia	165.9	179.2	706.8	706.4
Total sales	\$ 1,876.2	\$ 1,812.5	\$ 7,663.8	\$ 7,245.0
Operating income				
CCL	\$ 173.2	\$ 166.1	\$ 794.1	\$ 713.7
Avery	54.7	44.6	210.6	211.5
Checkpoint	42.9	40.5	162.5	150.9
Innovia	9.9	16.7	74.3	66.2
Total operating income	\$ 280.7	\$ 267.9	\$ 1,241.5	\$ 1,142.3
Return on sales				
CCL	14.5%	14.9%	16.3%	15.9%
Avery	21.2%	18.6%	19.8%	20.2%
Checkpoint	16.5%	14.6%	16.1%	15.3%
Innovia	6.0%	9.3%	10.5%	9.4%
Total return on sales	15.0%	14.8%	16.2%	15.8%

Return on total capital before goodwill impairment loss, revaluation gain, restructuring and other items, non-cash acquisition accounting adjustments and tax adjustments ("ROTC") – A measure of the returns the Company is achieving on capital employed. ROTC is calculated by dividing annual net income before goodwill impairment loss, revaluation gain, restructuring and other items, non-cash acquisition accounting adjustments and tax adjustments by the average of the beginning- and the end-of-year equity and net debt.

The following table reconciles net earnings used in calculating the ROTC measure to IFRS measures reported in the annual consolidated statements of financial position and in the annual consolidated income statements for the periods ended as indicated.

Return on Total Capital

	Twelve Months Ended December 31	
	2025	2024
Net earnings	\$ 802.4	\$ 843.1
Restructuring and other items (net of tax)	8.0	4.8
Revaluation gain	—	(78.1)
Adjusted net earnings	\$ 810.4	\$ 769.8
Average total capital	\$ 6,901.0	\$ 6,515.5
Return on total capital	11.7%	11.8%

Total Debt – A measure indicating the financial indebtedness of the Company. It is defined as current debt, including bank advances, plus long-term debt and lease liabilities.

B) Accounting Policies

Accounting Policies

The above analysis and discussion of the Company's financial condition and results of operation are based on its annual consolidated financial statements prepared in accordance with IFRS.

A summary of the Company's material accounting policies is set out in note 3 of the annual consolidated financial statements.

C) Critical Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of sales and expenses during the year and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. In particular, estimates are used when determining the useful lives used for depreciation and amortization of property, plant and equipment, definite-life intangible assets, and right-of-use assets, valuation of pension and other post-employment benefits, valuation of deferred taxes, certain fair value measures, including those related to the valuation of business combinations, share-based payments and financial instruments and in the valuation of goodwill and indefinite-life intangible assets.

Goodwill and Indefinite-Life Intangibles

Goodwill represents the excess of the purchase price of the Company's interest in the businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. Goodwill and indefinite-life intangibles are not amortized but are required to be tested for impairment at least annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

During the 2025 fourth quarter, the Company completed its annual impairment test as at September 30, 2025. Impairment testing for the cash-generating units ("CGU"), CCL, Avery, Checkpoint, and Innovia, was done by a comparison of the unit's carrying amount to its estimated value in use, determined by discounting future cash flows from the continuing use of the CGU. Key assumptions used in the determination of the value in use include growth rates of 3% to 5% and pre-tax discount rates of 11% to 13%. Discount rates reflect current market assumptions and risks related to the CGUs and are based upon the weighted average cost of capital. The Company's historical growth rates are used as the basis in determining the growth rate applied for impairment testing. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation.

The estimated values in use of CCL, Avery, Checkpoint and Innovia CGUs exceeded their carrying values. As a result, no goodwill and indefinite-life intangible assets impairment was recorded during 2025.

Long-Lived Assets

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Performance of this evaluation involves management estimates of the associated business plans, economic projections and anticipated cash flows. Specifically, management considers forecasted operating cash flows, which are subject to change due to economic conditions, technological changes or changes in operating performance. An impairment loss would be recognized if the carrying amount of the asset held for use exceeded the discounted cash flow or fair value. Changes in these estimates in the future may result in an impairment charge.

Employee Benefits

The Company accrues its obligation under employee benefit plans and related costs net of plan assets. Pension costs are determined periodically by independent actuaries. The actuarial determination of the accrued benefit obligations for the plans uses the projected unit credit method and incorporates management's best estimate of future salary escalation, retirement age, inflation and other actuarial factors. The cost is then charged as services are rendered. Since these assumptions, which are disclosed in note 20 of the 2025 annual consolidated financial statements, involve forward-looking estimates and are long-term in nature, they are subject to uncertainty. Actual results may differ, and the differences may be material.

D) Related Party Transactions

A summary of the Company's related party transactions is set out in note 27 of the 2025 annual consolidated financial statements.

6. OUTLOOK

The 2025 year started with bold tariff threats from the new U.S. administration, bolstering uncertainty whether inflationary pressures would truly cease, a continuance of the wars in the Middle East and Ukraine, resulting in speculation of a global economic slowdown. However, actual U.S. tariffs were not as significant as initially signaled, inflationary tensions eased, major central banks, including the U.S. Federal Reserve, cautiously lowered interest rates, a ceasefire in the Middle East has been reached, while Ukraine and Russia appear engaged in deescalation negotiations. All-in for 2025, the Company posted record adjusted earnings of \$4.64 per Class B share compared to \$4.32 per Class B share for 2024, returned \$523.7 million to shareholders in dividends and share buyback and still finished the year with a healthy liquidity position with almost \$2.4 billion in cash and available credit capacity. For 2026, management is cautiously optimistic about its growth opportunities, tariff noise from 2025 has settled and alternative supply chain opportunities have been identified, market opportunities exist in all business segments as returns on the capital investments from the last two years are realized.

The CCL Segment reported a solid year in 2025, outperforming its significant competitors while continuing to invest in capacity and technology additions throughout its footprint, positioning for growth and improved profitability in the coming years. For CCL Secure, new business wins for polymer banknote substrate and passport components should drive improved sales volume in 2026.

For 2026, growth at Avery's Direct-to-Consumer businesses and continued profit improvement in the Horticultural operations, is expected and should outpace legacy product lines. Further "tuck-in" acquisitions augmenting Avery's presence globally are also possible.

Checkpoint expects continued strong demand in 2026 for RFID-related products, including categories beyond the retail and apparel space. Checkpoint's new RFID inlay facility in Mexico will utilize its capacity to fulfill this initiative to become one of the leaders in the North American market. With new large facilities in Bangladesh and Vietnam, the core MAS and ALS retail and apparel product categories are also expected to grow and improve profitability in 2026.

For Innovia, 2026 will be significantly focused on profitably filling capacity of its new thin-gauge film line in Germany, reducing start-up losses and turning profitable by the end of the year. The new proprietary "EcoFloat" shrink film line in Poland is expected to continue to add volume in 2026, and new coating lines in Mexico and the U.K. should add new product depth. All-in, Innovia is expected to improve on its 2025 results.

The Company concluded the year with cash and cash equivalents of \$998.2 million and unused availability on the revolving credit facility of approximately US\$1.0 billion. The Company's liquidity position is robust, with a net debt leverage ratio of 0.78 times Adjusted EBITDA at the end of the current year, despite business acquisitions and net capital investments of \$24.6 million and \$413.1 million, respectively, as well as \$300.0 million used to buy back the Company's Class B non-voting shares. As always, the Company remains focused on vigilantly managing working capital and prioritizing capital to higher-growth organic opportunities or unique acquisitions expected to enhance shareholder value. The Company currently expects capital expenditures for 2026 to be approximately \$470.0 million, supporting organic growth and new greenfield opportunities globally. Early first-quarter 2026 orders have been stable, raw material and energy cost pressures in line, with the economic impacts of U.S. tariffs fading, therefore if demand remains stable for the remainder of the year and the Company executes on its global growth initiatives, results for 2026 should deliver good progress over 2025.



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CCL Industries Inc.

Opinion

We have audited the consolidated financial statements of CCL Industries Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025 and December 31, 2024
- the consolidated income statements for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of goodwill and brands for impairment

Description of the matter

We draw attention to Notes 2(d), 3(e), 3(h(ii)), 12 and 13 of the financial statements.

The goodwill and indefinite-life intangible assets (goodwill and brands) balances were \$2,591.4 million and \$471.8 million respectively. The Entity performs goodwill and brands impairment testing annually or more frequently when events or circumstances indicate that the carrying amount of a cash generating unit (CGU) or group of CGUs may exceed its recoverable amount. The recoverable amount is the higher of a group of CGUs' fair value, less costs to sell, and its value in use. The value in use is determined by discounting the future cash flows generated from the continuing performance of each group of CGUs. Key assumptions used in the determination of the value in use include growth rates and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the goodwill and brands for impairment as a key audit matter. This matter represented an area of significant risk of material misstatement and high degree of estimation uncertainty in determining the value in use. Significant auditor attention and significant auditor judgment, in particular that of senior team members and valuation professionals with specialized skills and knowledge, were required in performing and evaluating the results of our procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the forecasted profitability of each group of CGUs by comparing it to its historical profitability growth rates. We took into account changes in conditions and events affecting the group of CGUs to assess the adjustments, or lack of adjustments, made in arriving at those forecasted cashflows. We considered the current economic environment along with internal and external communications made by the Entity to evaluate if they are indicative of a continuation of, or a change from, past experience.



We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the discount rate of each group of CGUs, which was based on weighted average cost of capital (WACC) by comparing each group of CGUs' WACC to a WACC range that was independently developed using publicly available data including risk premiums, betas and debt to capital ratios for comparable entities.

We assessed the reasonableness of the recoverable amount of goodwill and brand assets by developing an estimated recoverable amount using each group of CGUs' future cash flows and the independently developed discount rate developed by valuation professionals above and comparing the result to each group of CGUs' estimated recoverable amount.

We performed sensitivity analyses over key assumptions and assessed their impact on the Entity's determination that the estimated recoverable amount of each group of CGUs exceeded their carrying amounts.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Sarah Catherine DeGuzman.

Toronto, Canada

February 25, 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Canadian dollars)

As at December 31	Note	2025	2024
Assets			
Current assets			
Cash and cash equivalents	6	\$ 998.2	\$ 828.7
Trade and other receivables	7	1,293.4	1,251.4
Inventories	8	805.0	819.9
Prepaid expenses		61.0	62.1
Assets held for sale		—	23.5
Income taxes recoverable		67.6	51.8
Derivative instruments	24	8.7	0.1
Total current assets		3,233.9	3,037.5
Non-current assets			
Property, plant and equipment	10	2,844.3	2,698.1
Right-of-use assets	11	206.3	215.4
Goodwill	12,13	2,591.4	2,554.1
Intangible assets	12,13	1,045.7	1,109.7
Deferred tax assets	15	78.9	94.7
Equity-accounted investments	9	72.8	60.9
Other assets		28.2	31.7
Derivative instruments	24	—	57.0
Total non-current assets		6,867.6	6,821.6
Total assets		\$ 10,101.5	\$ 9,859.1
Liabilities			
Current liabilities			
Trade and other payables	14	\$ 1,467.2	\$ 1,416.9
Current portion of long-term debt	18	687.0	4.2
Lease liabilities		49.6	47.2
Income taxes payable		34.7	42.2
Derivative instruments	24	38.1	—
Total current liabilities		2,276.6	1,510.5
Non-current liabilities			
Long-term debt	18	1,370.8	2,232.5
Lease liabilities		152.8	163.7
Deferred tax liabilities	15	329.3	347.3
Employee benefits	20	293.0	307.7
Provisions and other long-term liabilities		16.1	16.7
Derivative instruments	24	22.5	—
Total non-current liabilities		2,184.5	3,067.9
Total liabilities		4,461.1	4,578.4
Equity			
Share capital	16	613.5	607.8
Contributed surplus		121.7	101.1
Retained earnings		4,795.0	4,492.3
Accumulated other comprehensive income	29	110.2	79.5
Total equity attributable to shareholders of the Company		5,640.4	5,280.7
Acquisitions	5		
Commitments and contingencies	26		
Subsequent events	31		
Total liabilities and equity		\$ 10,101.5	\$ 9,859.1

See accompanying explanatory notes to the consolidated financial statements.

On behalf of the Board:


Donald G. Lang
 Director


Geoffrey T. Martin
 Director

CONSOLIDATED INCOME STATEMENTS

(In millions of Canadian dollars, except per share information)

Years ended December 31	Note	2025	2024
Sales		\$ 7,663.8	\$ 7,245.0
Cost of sales		5,367.6	5,107.3
Gross profit		2,296.2	2,137.7
Selling, general and administrative expenses		1,138.9	1,073.0
Restructuring and other items	30	10.5	5.5
Revaluation gain	5	—	(78.1)
Earnings in equity-accounted investments		(5.6)	(18.9)
		1,152.4	1,156.2
Finance cost	19	91.9	89.8
Finance income	19	(29.8)	(23.5)
Interest on lease liabilities	11,19	9.1	8.7
Net finance cost		71.2	75.0
Earnings before income tax		1,081.2	1,081.2
Income tax expense	22	278.8	238.1
Net earnings		\$ 802.4	\$ 843.1
Earnings per share			
Basic earnings per Class B share	17	\$ 4.59	\$ 4.73
Diluted earnings per Class B share	17	\$ 4.57	\$ 4.70

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Canadian dollars)

Years ended December 31	2025	2024
Net earnings	\$ 802.4	\$ 843.1
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 \$7.8 for the year ended December 31, 2025 (2024 – tax expense of \$4.0)	84.9	260.1
Net losses on hedges of net investment in foreign operations, net of tax recovery of \$7.9 for the year ended December 31, 2025 (2024 – tax recovery of \$10.2)	(54.3)	(69.2)
Effective portion of changes in fair value of cash flow hedges, net of tax expense of \$0.1 for the year ended December 31, 2025 (2024 – tax expense of \$0.1)	0.3	0.2
Net change in fair value of cash flow hedges transferred to the income statement, net of tax expense of \$0.1 for the year ended December 31, 2025 (2024 – tax expense of \$0.1)	(0.2)	(0.2)
Actuarial gains (losses) on defined benefit post-employment plans, net of tax expense of \$5.0 for the year ended December 31, 2025 (2024 – tax recovery of \$2.9)	14.2	(6.9)
Other comprehensive income, net of tax	44.9	184.0
Total comprehensive income	\$ 847.3	\$ 1,027.1

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Canadian dollars)

	Class A Shares (note 16)	Class B Shares (note 16)	Total Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity Attributable to Shareholders
Balance, January 1, 2024	\$ 4.5	\$ 516.0	\$ 520.5	\$ 157.9	\$ 4,056.2	\$ (111.4)	\$ 4,623.2
Net earnings	—	—	—	—	8	43.1	843.1
Dividends declared							
Class A	—	—	—	—	(13.5)	—	(13.5)
Class B	—	—	—	—	(192.9)	—	(192.9)
Defined benefit plan actuarial loss, net of tax	—	—	—	—	(6.9)	—	(6.9)
Stock-based compensation plan	—	89.2	89.2	(55.5)	—	—	33.7
Stock options exercised	—	7.6	7.6	(1.3)	—	—	6.3
Repurchase of shares (note 16)	—	(9.5)	(9.5)	—	(193.7)	—	(203.2)
Other comprehensive income	—	—	—	—	—	190.9	190.9
Balance, December 31, 2024	\$ 4.5	\$ 603.3	\$ 607.8	\$ 101.1	\$ 4,492.3	\$ 79.5	\$ 5,280.7
Net earnings	—	—	—	—	—	802.4	802.4
Dividends declared							
Class A	—	—	—	—	(14.9)	—	(14.9)
Class B	—	—	—	—	(208.8)	—	(208.8)
Defined benefit plan actuarial gain, net of tax	—	—	—	—	14.2	—	14.2
Stock-based compensation plan	—	20.1	20.1	20.6	—	—	40.7
Repurchase of shares (note 16)	—	(14.4)	(14.4)	—	(290.2)	—	(304.6)
Other comprehensive income	—	—	—	—	—	30.7	30.7
Balance, December 31, 2025	\$ 4.5	\$ 609.0	\$ 613.5	\$ 121.7	\$ 4,795.0	\$ 110.2	\$ 5,640.4

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Canadian dollars)

Years ended December 31	2025	2024
Cash provided by (used for)		
Operating activities		
Net earnings	\$ 802.4	\$ 843.1
Adjustments for:		
Property, plant and equipment depreciation	332.7	305.5
Right-of-use assets depreciation	56.6	53.8
Intangible amortization	75.9	73.1
Earnings in equity-accounted investments, net of dividends received	1.0	(18.9)
Net finance cost	71.2	75.0
Current income tax expense	281.2	249.9
Deferred income tax recovery	(2.4)	(11.8)
Equity-settled share-based payment transactions	40.7	33.7
Revaluation gain	—	(78.1)
Gain on sale of property, plant and equipment	(0.6)	(3.0)
	1,658.7	1,522.3
Change in inventories	16.3	(77.5)
Change in trade and other receivables	(40.1)	(142.0)
Change in prepaid expenses	1.3	(10.8)
Change in trade and other payables	20.9	70.7
Change in income taxes recoverable and payable	(0.1)	(8.9)
Change in employee benefits	4.5	15.3
Change in other assets and liabilities	(3.5)	9.7
	1,658.0	1,378.8
Net interest paid	(53.4)	(57.4)
Income taxes paid	(300.2)	(257.5)
Cash provided by operating activities	1,304.4	1,063.9
Financing activities		
Proceeds on issuance of long-term debt	355.9	236.8
Repayment of long-term debt	(487.5)	(210.0)
Repayment of lease liabilities	(54.2)	(50.4)
Proceeds from issuance of shares	—	6.3
Repurchase of shares (note 16)	(300.0)	(200.6)
Dividends paid	(223.7)	(206.4)
Cash used for financing activities	(709.5)	(424.3)
Investing activities		
Additions to property, plant and equipment	(441.2)	(462.0)
Proceeds on disposal of property, plant and equipment	28.1	4.6
Business acquisitions (note 5)	(24.6)	(142.9)
Cash used for investing activities	(437.7)	(600.3)
Net increase in cash and cash equivalents	157.2	39.3
Cash and cash equivalents at beginning of year	828.7	774.2
Translation adjustments on cash and cash equivalents	12.3	15.2
Cash and cash equivalents at end of year	\$ 998.2	\$ 828.7

See accompanying explanatory notes to the consolidated financial statements.

1. REPORTING ENTITY

CCL Industries Inc. (the “Company”) is a public company, listed on the Toronto Stock Exchange, and is incorporated and domiciled in Canada. These consolidated financial statements of the Company as at and for the years ended December 31, 2025 and 2024, comprise the results of the Company, its subsidiaries and its interest 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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Company’s Board of Directors on February 25, 2026.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated statements 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; and
- 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 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) Use of estimates and judgements

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of sales and expenses during the year and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances.

In the process of applying the Company’s accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognizes in the financial statements.

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Company has applied judgement in its assessment of the classification of financial instruments, the recognition and derecognition of tax losses and provisions, the determination of cash-generating units (“CGUs”), the identification of the indicators of impairment for property, plant and equipment, definite-life intangible assets and right-of-use assets, the level of componentization of property, plant and equipment and in the recognition of assets and liabilities acquired in business combinations.

Estimates are used when determining the useful lives used for depreciation and amortization of property, plant and equipment, definite-life intangible assets, and right-of-use assets, valuation of pension and other post-employment benefits, valuation of deferred taxes, certain fair value measures, including those related to the valuation of business combinations, share-based payments and financial instruments and in the valuation of goodwill and indefinite-life intangible assets.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all comparative information presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The Company elects to measure, on a transaction-by-transaction basis, non-controlling interest either at its fair value or at its proportionate share of the recognized amount of the identifiable net assets at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed, when necessary, to align them with the policies adopted by the Company.

(iii) Associates and joint arrangements

The Company's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

The Company classifies its interests in joint arrangements as either joint operations (if the Company has rights to the assets and has obligations for the liabilities relating to an arrangement) or joint ventures (if the Company has the rights only to the net assets of an arrangement). When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The Company's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that it ceases. When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated income statement, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognized directly in other comprehensive income (see note 3(b)(iii)). Foreign currency-denominated non-monetary items, measured at historical cost, have been translated at the rate of exchange at the transaction date.

The financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Canadian dollars using exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars using the average exchange rates for the period.

(ii) Foreign operations

Foreign currency differences are recognized directly in other comprehensive income (loss) and presented within the foreign currency translation adjustment.

When a foreign operation is disposed of, the amount in other comprehensive income (loss) related to the foreign operation is fully transferred to the consolidated income statement. A disposal occurs when the entire interest in the foreign operation is disposed of or, in the case of a partial disposal, when the partial disposal results in the loss of control of a subsidiary or the loss of significant influence. For any partial disposal of the Company's interest in a subsidiary that includes a foreign operation, the Company re-attributes the proportionate share of the relevant amounts in other comprehensive income to non-controlling interests. For any other partial disposal of a foreign operation, the Company reclassifies to the consolidated income statement only the proportionate share of the relevant amount in other comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from, or payable to, a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized directly in other comprehensive income and presented within the foreign currency translation adjustment.

(iii) Hedge of net investment in a foreign operation

The Company applies hedge accounting to the foreign currency exposure arising between the functional currency of the foreign operation and the parent entity's functional currency, regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the consolidated income statement. When the hedged part of a net investment is disposed of or partially disposed of, the associated cumulative amount in equity is transferred to the consolidated income statement as an adjustment to the consolidated income statement on disposal, in accordance with the policy described in note 3(b)(ii).

(c) Financial instruments

(i) Financial assets and liabilities

The Company recognizes financial assets and financial liabilities initially at fair value and subsequently measures them at either fair value or amortized cost based on the following classifications:

Amortized cost:

The Company classifies financial assets held to collect contractual cash flows at amortized cost, including cash and cash equivalents and trade and other receivables. The Company initially recognizes the carrying amount of such assets on the consolidated statement of financial position at fair value plus directly attributable transaction costs, and subsequently measures them at amortized cost using the effective interest method, less any impairment losses.

Fair value through profit or loss (“FVTPL”):

Financial assets purchased and financial liabilities incurred, with the intention of generating earnings in the near term, are classified as FVTPL. This category includes derivative assets and derivative liabilities that do not qualify for hedge accounting, if any. For items classified as FVTPL, the Company initially recognizes such financial assets on the consolidated statement of financial position at fair value and recognizes subsequent changes in the consolidated income statement. Transaction costs incurred are expensed in the consolidated income statements. The Company does not currently hold any assets and liabilities designated as FVTPL.

Fair value through other comprehensive income (“FVTOCI”):

This category includes the Company’s investments in securities. Subsequent to initial recognition, they are measured at fair value on the consolidated statement of financial position and changes therein are recognized in other comprehensive income. When an investment is derecognized, the accumulated gain or loss in other comprehensive income is not transferred to the consolidated income statement.

Other financial liabilities:

This category is for financial liabilities that are not classified as FVTPL or FVTOCI and includes trade and other payables and long-term debt. These financial liabilities are recorded at amortized cost on the consolidated statement of financial position.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Derivative financial instruments, including hedge accounting

The Company uses derivative financial instruments to manage its foreign currency and interest-rate-risk exposure and its price-risk exposure related to the purchase of raw materials. Embedded derivatives are separated from the host contract and accounted for separately. If the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the consolidated income statement. Changes in the fair value of separable embedded derivatives are recognized immediately in the consolidated income statement.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes periodic assessments of prospective hedge effectiveness.

The fair value of forward exchange contracts is based on their listed market prices, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the group entity and counterparty when appropriate.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period that the hedged cash flows affect profit or loss, under the same line item in the consolidated statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or it expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in unrealized gains or losses on cash flow hedges in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases, the amount recognized in other comprehensive income is transferred to the consolidated income statement in the same period that the hedged item affects profit or loss.

Fair value hedges

Fair value hedges are hedges of the fair value of recognized assets, liabilities or unrecognized firm commitments. Changes in the fair value of derivatives that are designated as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

(d) Property, plant and equipment**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended uses, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The fair value of property, plant and equipment recognized as a result of a business combination is based on the amount for which a property could be exchanged on the date of valuation between knowledgeable, willing parties in an arm's length transaction.

Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within selling, general and administrative expenses in the consolidated income statement.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation

Depreciation is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings Up to 40 years
- Machinery and equipment Up to 20 years
- Fixtures and fittings Up to 10 years
- Minor components Up to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and is tested for impairment annually or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. For measurement of goodwill at initial recognition, see note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost, less accumulated impairment losses. In respect of equity-accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets

Indefinite-life intangibles, such as brands, are tested for impairment annually or more frequently if events or circumstances indicate that the carrying amount may not be recoverable.

Intangible assets consist of patents, trademarks, brands, software and the value of acquired customer relationships. Impairment losses for intangible assets where the carrying value is not recoverable are measured based on fair value. Fair value is calculated by using discounted cash flows.

The fair values of customer relationships acquired in a business combination are determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair values of brands acquired in a business combination are determined using the multi-period excess earnings method or the relief of royalty method, whereby the value of the brand is equal to the royalty savings from having ownership as opposed to licensing the brand.

Amortization is recognized in the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets, other than indefinite-life intangible assets, such as brands and goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Patents, trademarks and other Up to 15 years
- Customer relationships Up to 20 years
- Brands and goodwill Indefinite life

(f) Leases

The Company recognizes right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The right-of-use asset is measured based on the initial value of the lease liability adjusted for lease payments made at or before the commencement of the lease, initial direct costs and estimated dismantling and restoring costs. The right-of-use asset is depreciated over the shorter of the lease term and the asset's useful life, unless it is reasonably certain the Company will obtain ownership by the end of the lease term, in which case the asset is depreciated over its useful life.

The lease liability is measured at the present value of all future lease payments discounted at the lessee's incremental borrowing rate. Lease liabilities are measured at amortized cost using the effective interest rate method whereby interest is recognized in profit or loss over the lease term.

The Company has adopted practical expedients related to short-term leases and leases of low-value assets whereby lease obligations associated with these leases are recognized as an expense in the consolidated income statement when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing locations and conditions. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Estimates regarding obsolete and slow-moving inventory are also computed.

(h) Impairment**(i) Financial assets, including receivables**

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates an expected credit loss ("ECL"). Loss allowances are measured based on lifetime ECLs where losses are recognized from all possible default events over the expected life of a financial instrument.

The Company considers evidence of impairment for financial assets measured at amortized cost at both a specific asset and a collective level. All individually significant financial assets measured at amortized cost are assessed for specific impairment. All individually significant financial assets measured at amortized cost that are found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of expected loss, adjusted for management's judgement as to whether current and expected future economic and credit conditions are such that the expected losses are likely to be greater than or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate and reflected in an allowance account against trade receivables. Losses are recognized in the consolidated income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the impairment would be recognized in the consolidated income statement.

Impairments are recorded when the expected recoverable amount of assets is less than their carrying amount. The recoverable amount is the higher of an asset's or a cash-generating unit's fair value, less the cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses, other than those relating to goodwill, are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

The carrying values of finite-life intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, the carrying values of goodwill and indefinite-life intangibles are tested annually for impairment.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indication that the losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an equity-accounted investment is not recognized separately and therefore is not tested for impairment separately. Instead, the entire amount of the equity-accounted investment is tested for impairment as a single asset when there is objective evidence that the equity-accounted investment may be impaired.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the consolidated income statement in the period that the service is rendered by the employee.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit post-employment plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using a discount rate comparable to high-quality corporate bonds. Any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the consolidated income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the consolidated income statement.

The Company recognizes all actuarial gains and losses arising from defined benefit plans directly in other comprehensive income immediately and reports them in retained earnings.

The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of the contributions and benefit balances. Net interest expense and other expenses related to the defined benefit plans are recognized in profit or loss.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided.

(v) Share-based payment transactions

For equity-settled share-based plans, the grant-date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met. The fair value of options is measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, the expected volatility, the weighted-average expected life of the instrument, the expected dividends, and the risk-free interest rate. Service and non-market performance conditions attached to the awards are not taken into account in determining fair value.

For equity-settled share-based deferred share unit, performance stock unit, long-term retention and other restricted share unit plans, the grant-date fair value of deferred share units is recognized as an employee expense, with a corresponding increase in equity. The grant-date fair value is not subsequently remeasured.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(k) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognized as performance obligations are satisfied and the Company transfers control of a product or service to a customer. For performance obligations satisfied at a point in time, revenue is recognized when the Company has a present right to payment, the buyer has legal title to the asset, physical possession of the asset has been transferred to the buyer, the buyer has the significant risks and rewards of ownership and the buyer has accepted the asset. Generally, the buyer obtains control at the time goods are shipped, the product is delivered or services are rendered. For performance obligations satisfied over time, revenue is recognized by measuring the progress toward complete satisfaction of that performance obligation. For customer contracts that contain multiple performance obligations, each element is treated separately for revenue recognition purposes. For these contracts, the total transaction price is allocated to each obligation based on its relative stand-alone selling price. Revenue is then recognized for each obligation when the relevant recognition criteria are met.

Certain contracts with customers contain incentives, including the payment of discounts based on quantities purchased. These incentives represent variable consideration and are estimated and recognized as a reduction of related revenues.

(l) Finance income and costs

Finance income comprises interest income on invested funds, changes in the fair value of financial assets at FVTPL, and gains on hedging instruments that are recognized in the consolidated income statement. Interest income is recognized in the consolidated income statement as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at FVTPL, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in the consolidated income statement. All borrowing costs are recognized in the consolidated income statement using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

(m) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period and includes any adjustments to taxes payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

(iii) Deferred tax liabilities

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(iv) Deferred tax assets

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill or in respect of temporary differences that arise on initial recognition of assets and liabilities acquired, other than in a business combination, and those that affect neither accounting nor taxable profit or loss.

(n) Share capital

All shares are recorded as equity. When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effect, is recognized as a deduction from equity.

(o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its Class B shares. Basic EPS is calculated by dividing net earnings attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting net earnings attributable to shareholders and the weighted average number of shares outstanding for the effects of all potentially dilutive shares.

(p) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products and services (business segment) or in providing products and services within a particular economic environment (geographical segment) and that is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company’s business and geographical segments. The Company’s primary format for segment reporting is based on business segments. The business segments are determined based on the Company’s management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company’s headquarters) and head office expenses. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(q) Government grants

Government grants are recognized when there is reasonable assurance that they will be received and that the Company will comply with conditions attached to the grant. Government grants for compensation of expenses are deducted from the related expense on a systematic basis in the periods in which the original expenses are recognized in profit or loss. Government grants related to assets are deducted in arriving at the asset’s carrying value. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(r) 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, including a newly defined operating profit subtotal which will be used as the starting point for the statement of cash flows under the indirect method. The standard also requires 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.

4. SEGMENT REPORTING

(a) Business segments

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 Group: including address labels, product identification labels and name badges/cards supported by customized software solutions where applicable; (2) Organization Products Group: 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. There are three primary product lines: Merchandise Availability Solutions (“MAS”), Apparel Labeling Solutions (“ALS”) and Meto. The MAS line focuses on electronic-article-surveillance (“EAS”) systems, including 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. New RFID applications are also developing in the food, logistics, healthcare and many other markets interested in the technology. Meto is a small, separately branded Europe-centric product line, including hand-held pricing tools and labels and promotional in-store displays. All MAS and ALS products are sold under the Checkpoint brand.
- Innovia is a global producer of specialty high-performance, multi-layer, surface-engineered films. Innovia’s international footprint includes major facilities located in each of Australia, Germany, Mexico, Poland and the United Kingdom. These films are sold to customers in the pressure sensitive materials, flexible packaging, consumer packaged goods and graphics materials industries worldwide, with a small percentage of the total volume consumed internally by CCL Secure and CCL Label within the CCL Segment. Innovia has a smaller legacy facility located in the United States, that produces almost its entire output for the CCL Segment.

	Sales		Operating Income	
	2025	2024	2025	2024
CCL	\$ 4,882.7	\$ 4,502.6	\$ 794.1	\$ 713.7
Avery	1,062.2	1,049.1	210.6	211.5
Checkpoint	1,012.1	986.9	162.5	150.9
Innovia	706.8	706.4	74.3	66.2
	\$ 7,663.8	\$ 7,245.0	\$ 1,241.5	\$ 1,142.3
Corporate expenses			(84.2)	(77.6)
Restructuring and other items			(10.5)	(5.5)
Revaluation gain			—	78.1
Earnings in equity-accounted investments			5.6	18.9
Finance cost			(91.9)	(89.8)
Finance income			29.8	23.5
Interest on lease liabilities			(9.1)	(8.7)
Income tax expense			(278.8)	(238.1)
Net earnings			\$ 802.4	\$ 843.1

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	As at December 31				Twelve Months Ended December 31			
	2025	2024	2025	2024	2025	2024	2025	2024
CCL	\$ 5,525.9	\$ 5,374.5	\$ 1,339.8	\$ 1,297.7	\$ 316.7	\$ 292.4	\$ 307.8	\$ 323.7
Avery	1,136.3	1,110.0	303.5	307.5	40.9	40.4	30.8	25.5
Checkpoint	1,216.9	1,249.5	439.2	457.0	56.2	51.5	51.1	64.6
Innovia	1,147.1	1,160.3	309.0	292.5	50.0	46.8	51.5	48.2
Equity-accounted investments	72.8	60.9	—	—	—	—	—	—
Corporate	1,002.5	903.9	2,069.6	2,223.7	1.4	1.3	—	—
Total	\$ 10,101.5	\$ 9,859.1	\$ 4,461.1	\$ 4,578.4	\$ 465.2	\$ 432.4	\$ 441.2	\$ 462.0

All revenues are from products and services transferred at a point in time, except \$24.3 million for the year ended December 31, 2025 (December 31, 2024 – \$16.8 million), which are for maintenance service arrangements within the Checkpoint Segment.

The Innovia Segment had intercompany revenues of \$89.5 million with the CCL Segment for the year ended December 31, 2025 (2024 – \$79.3 million). These transactions are eliminated in preparing the consolidated financial statements.

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Years ended December 31, 2025 and 2024 (In millions of Canadian dollars, except per share information)

(b) Geographical segments

The CCL, Avery, Checkpoint and Innovia Segments are managed on a worldwide basis but operate in the following geographical areas:

- Canada;
- United States and Puerto Rico;
- Mexico, Brazil, Chile and Argentina;
- Europe; and
- Asia, Australia, Africa, Middle East and New Zealand.

	Sales		Property, Plant and Equipment, Goodwill and Intangible Assets	
	2025	2024	2025	2024
Canada	\$ 151.8	\$ 144.5	\$ 93.7	\$ 85.5
United States and Puerto Rico	2,794.5	2,726.6	2,121.2	2,173.6
Mexico, Brazil, Chile and Argentina	916.5	893.6	889.2	836.0
Europe	2,416.6	2,224.0	2,353.9	2,239.0
Asia, Australia, Africa, Middle East and New Zealand	1,384.4	1,256.3	1,023.4	1,027.8
Consolidated	\$ 7,663.8	\$ 7,245.0	\$ 6,481.4	\$ 6,361.9

The geographical segment is determined based on the location from which the sale is made.

5. 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 has been integrated into the Avery Segment’s growing portfolio of access control, badging and credential technologies.

In October 2025, the Company acquired IDESCO Holding Corporation and IDSecurityonline.com, LLC (collectively “IDESCO”), based in Manhattan, New York, for approximately \$19.1 million, net of cash acquired. IDESCO provides secure badging and identification solutions and has been integrated into the Avery Segment.

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the WPL and IDESCO acquisitions:

Cash consideration, net of cash acquired	\$ 24.6
Trade and other receivables	\$ 1.9
Inventories	1.4
Prepaid expenses	0.2
Property, plant and equipment	0.1
Right-of-use assets	1.9
Goodwill	15.5
Intangible assets	8.5
Trade and other payables	(2.7)
Current lease liabilities	(0.4)
Income taxes payable	(0.1)
Long-term lease liabilities	(1.6)
Provisions and other long-term liabilities	(0.1)
Net assets acquired	\$ 24.6

As a result of the inherent complexity associated with the valuation of net assets acquired, the determination of the fair value of assets and liabilities acquired for IDESCO 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 for WPL and IDESCO is \$15.5 million, of which \$9.9 million is deductible for tax purposes.

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

	Twelve Months Ended December 31, 2025	
Sales	\$	5.8
Net earnings	\$	0.7

(b) Pro forma information

The pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisitions took place January 1, 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 and IDESCO as though the acquisitions took place on January 1, 2025:

	Twelve Months Ended December 31, 2025	
Sales	\$	7,679.8
Net earnings	\$	803.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2025 and 2024 (In millions of Canadian dollars, except per share information)

(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
	\$	254.0
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	\$	254.0

Goodwill is comprised of the excess fair value of the consideration paid over the fair value of the net assets acquired. Factors that make up the amount of goodwill recognized include expected synergies, 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.

6. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Bank balances	\$ 900.8	\$ 753.6
Restricted cash	8.2	8.1
Short-term investments	89.2	67.0
Cash and cash equivalents	\$ 998.2	\$ 828.7

7. TRADE AND OTHER RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	\$ 1,113.1	\$ 1,086.1
Other receivables	180.3	165.3
Trade and other receivables	\$ 1,293.4	\$ 1,251.4

8. INVENTORIES

	December 31, 2025	December 31, 2024
Raw material	\$ 366.1	\$ 386.4
Work in progress	81.0	77.9
Finished goods	357.9	355.6
Total inventories	\$ 805.0	\$ 819.9

The total amount of inventories recognized as an expense in 2025 was \$5,367.6 million (2024 – \$5,107.3 million), including depreciation of \$388.0 million (2024 – \$358.2 million).

9. EQUITY-ACCOUNTED INVESTMENTS

Summary financial information for equity-accounted investments, including joint ventures and associates, not adjusted for the percentage ownership held by the Company, is as follows:

	At December 31, 2025		
	Associates	Joint Ventures	Total
Net earnings	\$ 11.2	\$ —	\$ 11.2
Other comprehensive income	25.7	—	25.7
Total comprehensive income	\$ 36.9	\$ —	\$ 36.9
Carrying amount of investments in associates and joint ventures	\$ 72.8	\$ —	\$ 72.8

	At December 31, 2024		
	Associates	Joint Ventures	Total
Net earnings	\$ 24.2	\$ 13.6	\$ 37.8
Other comprehensive loss	(3.5)	(1.5)	(5.0)
Total comprehensive income	\$ 20.7	\$ 12.1	\$ 32.8
Carrying amount of investments in associates and joint ventures	\$ 60.9	\$ —	\$ 60.9

In June 2024, the Company purchased the remaining 50% interest in its Pacman-CCL joint venture. As such, Pacman's results subsequent to this date are fully consolidated to the Company (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2025 and 2024 (In millions of Canadian dollars, except per share information)

10. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Fixtures, Fittings and Other	Construction in Progress	Total
Cost					
Balance at January 1, 2024	\$ 1,149.1	\$ 3,216.0	\$ 67.3	\$ 390.7	\$ 4,823.1
Acquisitions through business combinations	7.3	12.2	0.2	—	19.7
Other additions	5.7	56.2	3.4	396.7	462.0
Other movements	123.8	233.8	6.5	(448.2)	(84.1)
Disposals	(0.3)	(65.6)	(0.6)	(0.2)	(66.7)
Movements in exchange rates and inflation adjustments	40.8	147.0	2.3	9.6	199.7
Balance at December 31, 2024	\$ 1,326.4	\$ 3,599.6	\$ 79.1	\$ 348.6	\$ 5,353.7
Acquisitions through business combinations	—	0.1	—	—	0.1
Other additions	5.2	24.5	2.9	408.6	441.2
Other movements	136.0	287.7	3.8	(466.6)	(39.1)
Disposals	(0.4)	(52.6)	(0.8)	—	(53.8)
Movements in exchange rates and inflation adjustments	22.7	40.7	2.8	5.9	72.1
Balance at December 31, 2025	\$ 1,489.9	\$ 3,900.0	\$ 87.8	\$ 296.5	\$ 5,774.2
Accumulated depreciation					
Balance at January 1, 2024	\$ 369.4	\$ 1,947.5	\$ 39.8	\$ —	\$ 2,356.7
Depreciation for the year	45.5	253.6	6.4	—	305.5
Other movements	(1.8)	(52.6)	(3.3)	—	(57.7)
Disposals	(0.2)	(64.3)	(0.6)	—	(65.1)
Movements in exchange rates and inflation adjustments	16.0	98.5	1.7	—	116.2
Balance at December 31, 2024	\$ 428.9	\$ 2,182.7	\$ 44.0	\$ —	\$ 2,655.6
Depreciation for the year	51.0	274.4	7.3	—	332.7
Other movements	(2.6)	(33.2)	(0.5)	—	(36.3)
Disposals	(0.4)	(47.8)	(0.8)	—	(49.0)
Movements in exchange rates and inflation adjustments	4.9	20.3	1.7	—	26.9
Balance at December 31, 2025	\$ 481.8	\$ 2,396.4	\$ 51.7	\$ —	\$ 2,929.9
Carrying amounts					
At December 31, 2024	\$ 897.5	\$ 1,416.9	\$ 35.1	\$ 348.6	\$ 2,698.1
At December 31, 2025	\$ 1,008.1	\$ 1,503.6	\$ 36.1	\$ 296.5	\$ 2,844.3

11. LEASES

(a) Right-of-use assets

	Land and Buildings	Machinery and Equipment	Other	Total
Cost				
Balance at January 1, 2024	\$ 278.2	\$ 21.6	\$ 43.2	\$ 343.0
Acquisitions through business combinations	1.4	—	—	1.4
Other additions	27.5	3.6	16.0	47.1
Other movements	(12.4)	(10.2)	(12.5)	(35.1)
Movements in exchange rates and inflation adjustments	13.5	1.1	1.9	16.5
Balance at December 31, 2024	\$ 308.2	\$ 16.1	\$ 48.6	\$ 372.9
Acquisitions through business combinations	1.9	—	—	1.9
Other additions	25.5	2.7	16.2	44.4
Other movements	(12.0)	(3.3)	(11.8)	(27.1)
Movements in exchange rates and inflation adjustments	5.3	(0.3)	0.8	5.8
Balance at December 31, 2025	\$ 328.9	\$ 15.2	\$ 53.8	\$ 397.9
Accumulated depreciation				
Balance at January 1, 2024	\$ 94.4	\$ 13.9	\$ 21.0	\$ 129.3
Depreciation for the year	37.2	3.9	12.7	53.8
Other movements	(11.4)	(9.9)	(10.5)	(31.8)
Movements in exchange rates and inflation adjustments	4.6	0.7	0.9	6.2
Balance at December 31, 2024	\$ 124.8	\$ 8.6	\$ 24.1	\$ 157.5
Depreciation for the year	39.2	3.3	14.1	56.6
Other movements	(11.4)	(2.5)	(10.4)	(24.3)
Movements in exchange rates and inflation adjustments	1.6	(0.2)	0.4	1.8
Balance at December 31, 2025	\$ 154.2	\$ 9.2	\$ 28.2	\$ 191.6
Carrying amounts				
At December 31, 2024	\$ 183.4	\$ 7.5	\$ 24.5	\$ 215.4
At December 31, 2025	\$ 174.7	\$ 6.0	\$ 25.6	\$ 206.3

(b) Amounts recognized in the consolidated income statements and statements of cash flows

	December 31, 2025	December 31, 2024
Interest expense on lease liabilities	\$ 9.1	\$ 8.7
Expenses relating to short-term leases	\$ 4.8	\$ 5.3
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 0.7	\$ 0.6
Total cash outflow for leases	\$ 68.8	\$ 65.0

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Years ended December 31, 2025 and 2024 (In millions of Canadian dollars, except per share information)

12. INTANGIBLE ASSETS

	Customer Relationships	Patents, Trademarks and Other	Brands	Total	Goodwill
Cost					
Balance at January 1, 2024	\$ 905.8	\$ 190.7	\$ 443.4	\$ 1,539.9	\$ 2,293.6
Acquisitions through business combinations	95.0	—	—	95.0	138.5
Effect of movements in exchange rates	38.9	8.4	31.2	78.5	122.0
Balance at December 31, 2024	\$ 1,039.7	\$ 199.1	\$ 474.6	\$ 1,713.4	\$ 2,554.1
Acquisitions through business combinations	4.0	—	4.5	8.5	15.5
Other movement	(10.9)	—	—	(10.9)	—
Effect of movements in exchange rates	10.6	5.5	(7.3)	8.8	21.8
Balance at December 31, 2025	\$ 1,043.4	\$ 204.6	\$ 471.8	\$ 1,719.8	\$ 2,591.4
Accumulated amortization					
Balance at January 1, 2024	\$ 413.0	\$ 94.9	\$ —	\$ 507.9	\$ —
Amortization for the year	59.9	13.2	—	73.1	—
Effect of movements in exchange rates	19.6	3.1	—	22.7	—
Balance at December 31, 2024	\$ 492.5	\$ 111.2	\$ —	\$ 603.7	\$ —
Amortization for the year	62.8	13.1	—	75.9	—
Other movement	(10.9)	—	—	(10.9)	—
Effect of movements in exchange rates	2.9	2.5	—	5.4	—
Balance at December 31, 2025	\$ 547.3	\$ 126.8	\$ —	\$ 674.1	\$ —
Carrying amounts					
At December 31, 2024	\$ 547.2	\$ 87.9	\$ 474.6	\$ 1,109.7	\$ 2,554.1
At December 31, 2025	\$ 496.1	\$ 77.8	\$ 471.8	\$ 1,045.7	\$ 2,591.4

13. GOODWILL AND INDEFINITE-LIFE INTANGIBLE ASSETS

Impairment testing for cash-generating units containing goodwill and indefinite-life intangible assets

For the purpose of impairment testing, goodwill and indefinite-life intangible assets are allocated to the Company's operating segments, which represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill and indefinite-life intangible assets allocated to each unit are as follows:

	December 31, 2025	December 31, 2024
Goodwill		
CCL	\$ 1,673.4	\$ 1,647.9
Avery	404.1	384.7
Checkpoint	258.7	261.6
Innovia	255.2	259.9
	\$ 2,591.4	\$ 2,554.1
Indefinite-life intangible assets – brands		
CCL	\$ 7.9	\$ 7.3
Avery	209.0	209.6
Checkpoint	195.1	199.4
Innovia	59.8	58.3
	\$ 471.8	\$ 474.6

Impairment testing for goodwill and indefinite-life intangible assets was done by comparing the group of CGU's carrying amount to its estimated value in use, which was determined by discounting the group of CGU's future cash flows. Key assumptions used in the determination of the value in use include growth rates of 3% to 5% and pre-tax discount rates of 11% to 13%. Discount rates reflect current market assumptions and risks related to the group of CGUs and are based upon the weighted average cost of capital. The Company's historical growth rates are used as the basis in determining the growth rate applied for impairment testing. Any adverse movement in key assumptions used, including discount rates, could lead to an impairment in future periods. The Company completed its annual impairment testing as at September 30, 2025.

The estimated values in use of CCL, Avery, Checkpoint and Innovia group of CGUs exceeded their carrying values. As a result, no goodwill or indefinite-life intangible assets impairment were recorded during 2025.

14. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade payables	\$ 870.2	\$ 840.1
Other payables	597.0	576.8
Trade and other payables	\$ 1,467.2	\$ 1,416.9

Supply chain financing arrangements

The Company maintains supply chain financing arrangements with certain global financial institutions at some of its subsidiaries worldwide. Under these arrangements the suppliers receive payment from the financial institutions with the opportunity for expedited payment terms. The Company pays the financial institution regardless of the supplier electing to accelerate their payments through the financing arrangement. Supplier participation in these financing arrangements is completely voluntary. The purpose of these arrangements is to facilitate efficient payment processing and provide suppliers the option of early payment terms compared to the related invoice payment due date. The Company, including certain subsidiaries, provide a guarantee to the financial institutions in connection with these financing arrangements.

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Additional information about the Company's supply chain arrangements is provided on the table below:

	December 31, 2025	December 31, 2024
Carrying amount of financial liabilities		
Presented within trade and other payables	\$ 134.0	\$ 123.2
– of which suppliers have received payment from the financial institutions	114.0	69.4
Range of payment due dates		
Liabilities that are part of the arrangement	20 – 180 days after invoice date	
Comparable trade payables that are not part of the arrangement	20 – 180 days after invoice date	

There were no significant non-cash changes relating to the carrying amount of the liabilities subject to supply chain financing arrangements.

All payables under the arrangements are classified as current as at December 31, 2025 and 2024.

15. DEFERRED TAX

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, which have been tax-effected:

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 6.4	\$ 5.0
Tax losses and other tax attributes	37.7	20.3
	\$ 44.1	\$ 25.3

The unrecognized deferred tax assets on tax losses of \$6.2 million will expire between 2026 and 2035, \$6.6 million will expire beyond 2035, and \$10.7 million may be carried forward indefinitely. The unrecognized deferred tax asset on other tax attributes of \$14.2 million and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize the benefits therefrom.

(b) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net (Assets) Liabilities	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Property, plant and equipment	\$ 12.8	\$ 8.4	\$ 157.0	\$ 173.1	\$ 144.2	\$ 164.7
Intangible assets	—	—	332.1	332.9	332.1	332.9
Derivatives	—	—	3.1	2.3	3.1	2.3
Inventory reserves	21.2	20.7	0.3	0.3	(20.9)	(20.4)
Employee benefit plans	76.1	82.8	0.7	0.6	(75.4)	(82.2)
Share-based payments	12.3	8.2	—	—	(12.3)	(8.2)
Capitalized research and development	20.9	30.4	—	—	(20.9)	(30.4)
Provisions and other items	76.5	78.0	7.4	8.0	(69.1)	(70.0)
Tax loss carry-forwards	30.4	36.1	—	—	(30.4)	(36.1)
Balance before offset	250.2	264.6	500.6	517.2	250.4	252.6
Offset of tax	(171.3)	(169.9)	(171.3)	(169.9)	—	—
Balance after offset	\$ 78.9	\$ 94.7	\$ 329.3	\$ 347.3	\$ 250.4	\$ 252.6

	Balance at December 31, 2024 Liability (Asset)	Recognized in Income Statement	Acquisitions	Translation and Others	Recognized in Other Comprehensive Income/Equity	Balance at December 31, 2025 Liability (Asset)
Property, plant and equipment	\$ 164.7	\$ (8.6)	\$ —	\$ (11.9)	\$ —	\$ 144.2
Intangible assets	332.9	(8.6)	—	7.8	—	332.1
Derivatives	2.3	1.0	—	—	(0.2)	3.1
Inventory reserves	(20.4)	(0.4)	—	(0.1)	—	(20.9)
Employee benefit plans	(82.2)	2.8	—	(1.0)	5.0	(75.4)
Share-based payments	(8.2)	(4.1)	—	—	—	(12.3)
Capitalized research and development	(30.4)	8.3	—	1.2	—	(20.9)
Provisions and other items	(70.0)	1.4	—	(0.5)	—	(69.1)
Tax loss carry-forwards	(36.1)	5.8	—	(0.1)	—	(30.4)
	\$ 252.6	\$ (2.4)	\$ —	\$ (4.6)	\$ 4.8	\$ 250.4

	Balance at December 31, 2023 Liability (Asset)	Recognized in Income Statement	Acquisitions	Translation and Others	Recognized in Other Comprehensive Income/Equity	Balance at December 31, 2024 Liability (Asset)
Property, plant and equipment	\$ 152.1	\$ 0.2	\$ 1.6	\$ 10.8	\$ —	\$ 164.7
Intangible assets	311.7	(6.5)	17.5	10.2	—	332.9
Derivatives	8.9	(0.4)	—	—	(6.2)	2.3
Inventory reserves	(18.7)	(1.6)	(0.1)	—	—	(20.4)
Employee benefit plans	(70.5)	(5.6)	(0.1)	(3.1)	(2.9)	(82.2)
Share-based payments	(19.3)	11.1	—	—	—	(8.2)
Capitalized research and development	(15.2)	(13.3)	—	(1.9)	—	(30.4)
Provisions and other items	(71.0)	2.8	(0.7)	(1.1)	—	(70.0)
Tax loss carry-forwards	(36.8)	1.5	—	(0.8)	—	(36.1)
	\$ 241.2	\$ (11.8)	\$ 18.2	\$ 14.1	\$ (9.1)	\$ 252.6

The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax liabilities were not recognized as at December 31, 2025, is \$4,044.7 million (2024 – \$3,729.0 million).

The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures for which deferred tax assets were not recognized as at December 31, 2025, is \$22.9 million (2024 – \$28.2 million).

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16. SHARE CAPITAL

Shares issued (in millions)	Class A Shares	Amount	Class B Shares	Amount	Total
Balance, January 1, 2024	11.8	\$ 4.5	166.0	\$ 516.0	\$ 520.5
Repurchase of shares	—	—	(2.6)	(9.5)	(9.5)
Shares converted from Class A to Class B	(0.1)	—	0.1	—	—
Stock options exercised	—	—	0.1	7.6	7.6
Deferred share units exercised	—	—	*	0.1	0.1
Restricted share units exercised	—	—	0.2	11.1	11.1
Performance share units	—	—	1.2	72.5	72.5
Long-term retention units exercised	—	—	0.1	5.5	5.5
Balance, December 31, 2024	11.7	4.5	165.1	603.3	607.8
Repurchase of shares	—	—	(3.9)	(14.4)	(14.4)
Deferred share units exercised	—	—	*	2.5	2.5
Restricted share units exercised	—	—	0.2	12.1	12.1
Long-term retention units exercised	—	—	0.1	5.5	5.5
Balance, December 31, 2025	11.7	\$ 4.5	161.5	\$ 609.0	\$ 613.5

* Number of Class B non-voting shares issued was nominal.

At December 31, 2025, the authorized share capital comprised an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares. The Class A and Class B shares have no par value. All issued shares are fully paid. Both Class A and Class B shares are classified as equity.

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 2025, the Company acquired 3,907,184 of its Class B shares for \$300.0 million (2024 – 2,628,909 Class B shares for \$200.6 million). The excess of the purchase price over the paid-up capital was charged to retained earnings.

(a) Class A

The holders of Class A shares receive dividends set at \$0.01 per share per annum less than Class B shares; they are entitled to one vote per share at meetings of the Company, and their shares are convertible at any time into Class B shares.

(b) Class B

Class B shares rank equally in all material respects with Class A shares, except as follows:

- (i) Holders of Class B shares are entitled to receive material and attend, but not to vote at, regular shareholder meetings.
- (ii) Holders of Class B shares are entitled to voting privileges when, under a takeover bid when voting control has been acquired, consideration for the Class A shares exceeds 115% of the market price of the Class B shares.
- (iii) Holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time, set at \$0.01 per share per annum greater than Class A shares.

(c) Dividends

The annual dividends per share were as follows:

	2025	2024
Class A share	\$ 1.27	\$ 1.15
Class B share	\$ 1.28	\$ 1.16

17. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2025, was based on profit attributable to Class A shares of \$53.8 million (2024 – \$55.5 million) and Class B shares of \$748.6 million (2024 – \$787.6 million) and a weighted average number of Class A shares outstanding of 11.7 million (2024 – 11.7 million) and Class B shares outstanding of 163.0 million (2024 – 166.5 million).

Weighted average number of shares (in millions)

	December 31, 2025		December 31, 2024	
	Class A Shares	Class B Shares	Class A Shares	Class B Shares
Issued and outstanding shares at January 1	11.7	165.1	11.8	166.0
Effect of share conversion from Class A to Class B	—	—	(0.1)	0.1
Effect of stock options exercised	—	—	—	0.1
Effect of restricted share units exercised	—	0.1	—	0.2
Effect of repurchase of shares	—	(2.2)	—	(0.9)
Effect of performance stock units exercised	—	—	—	1.0
Weighted average number of shares at December 31	11.7	163.0	11.7	166.5

Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2025, was based on profit attributable to Class A shares of \$53.5 million (2024 – \$55.1 million) and Class B shares of \$748.9 million (2024 – \$788.0 million) and a diluted weighted average number of Class A shares outstanding of 11.7 million (2024 – 11.7 million) and Class B shares outstanding of 164.0 million (2024 – 167.8 million).

Weighted average number of shares – diluted (in millions)

	December 31, 2025	December 31, 2024
Weighted average number of shares (basic)	174.7	178.2
Effect of deferred share units on issue	0.3	0.3
Effect of share-based compensation	0.7	1.0
Weighted average number of shares (diluted)	175.7	179.5

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year that the options were outstanding.

18. LOANS AND BORROWINGS

	December 31, 2025	December 31, 2024
Current liabilities		
Current portion of unsecured notes (ii)	\$ 685.5	\$ —
Current portion of other loans (iii)	1.5	4.2
	\$ 687.0	\$ 4.2
Short-term operating credit lines available (iv)	\$ 13.1	\$ 13.0
Short-term operating credit lines used	\$ —	\$ 0.6
Non-current liabilities		
Unsecured syndicated bank credit facilities (i)	\$ 243.9	\$ 347.8
Unsecured notes (ii)	1,119.0	1,875.0
Other loans (iii)	7.9	9.7
	\$ 1,370.8	\$ 2,232.5

(i) Unsecured syndicated bank credit facilities

As at December 31, 2025, the Company had an unsecured US\$1.2 billion revolving credit facility with a syndicate of banks. The facility bears interest at the applicable benchmark interest rate, plus an interest rate margin linked to the Company's net debt to EBITDA. Borrowings under the facility were €153.6 million (\$247.5 million; EURIBOR plus 0.75%) and \$1.0 million of contingent letters of credit drawn on this syndicated bank credit facility.

As at December 31, 2024, the Company had an unsecured US\$1.2 billion revolving credit facility with a syndicate of banks. The facility bears interest at the applicable benchmark interest rate, plus an interest rate margin linked to the Company's net debt to EBITDA. Borrowings under the facility were \$34.0 million (Term CORRA plus 1.0%) and €211.5 million (\$314.9 million; EURIBOR plus 1.0%) and \$1.1 million of contingent letters of credit drawn on this syndicated bank credit facility.

In November 2025, this facility was amended, extending the maturity from February 28, 2027, to November 14, 2030.

The unused portion of the revolving syndicated bank credit facility was US\$1,018.9 million at December 31, 2025 (December 31, 2024 – US\$956.7 million).

As at December 31, 2025, transaction costs related to the unsecured syndicated bank credit facilities were \$3.6 million (December 31, 2024 – \$1.1 million).

(ii) Unsecured notes

Unsecured notes as at December 31, 2025, consisted of US\$600.0 million (\$819.4 million; 2024 – \$858.1 million) principal amount of 144A 3.05% private notes, offered in a private placement in the United States in May 2020, maturing June 1, 2030; \$299.6 million (2024 – \$299.3 million) principal amount of 3.864% Series 1 Notes, maturing April 13, 2028; and US\$500.0 million (\$685.5 million; 2024 – \$717.6 million) principal amount of 144A 3.25% private notes, maturing on October 1, 2026, which the Company intends to refinance. These notes bear interest payable semi-annually. The net proceeds of all three notes were used to partially repay amounts borrowed under the unsecured syndicated bank credit facility.

As at December 31, 2025, the Company utilized cross-currency interest rate swap agreements ("CCIRSA") to effectively convert notional US\$408.5 million (2024 – US\$408.5 million) of the 144A 3.05% private notes into €360.0 million (2024 – €360.0 million) 2.06% and 2.00% fixed rate debt and convert notional US\$376.2 million (2024 – US\$376.2 million) of the 144A 3.25% private notes into €340.0 million (2024 – €340.0 million) 1.16% and 1.23% fixed rate debt in order to hedge its euro-based assets and cash flows (note 24(a)).

(iii) Other loans

Other loans include term bank loans and seller holdback loans at various rates and repayment terms.

(iv) Operating credit lines

Interest rates charged on the credit lines are based on rates varying with Term CORRA, SOFR, SONIA, EURIBOR, the prime rate and similar market rates for other currencies.

(v) Reconciliation of changes in liabilities arising from financing activities

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as financing activities. Changes in the Company's liabilities arising from financing activities are as follows:

	2025	2024
Balance at January 1	\$ 2,236.7	\$ 2,074.7
Financing cash flows	(131.6)	26.8
Foreign exchange	(46.7)	132.6
Other	(0.6)	2.6
Balance at December 31	\$ 2,057.8	\$ 2,236.7

As at December 31, 2025 and 2024, there are no assets pledged as collateral against long-term debt.

19. FINANCE INCOME AND COST

Recognized in consolidated income statement

	December 31, 2025	December 31, 2024
Interest expense on financial liabilities measured at amortized cost	\$ 76.0	\$ 77.8
Fees and interest recognized on other financial instruments	(10.2)	(12.4)
Interest expense on post-employment defined benefit plans	26.1	24.4
Finance cost	91.9	89.8
Interest income on cash and cash equivalents	16.6	12.9
Interest income on other assets	1.9	0.2
Interest income on post-employment defined benefit plans	11.3	10.4
Finance income	29.8	23.5
Interest expense on lease liabilities	9.1	8.7
Net finance cost recognized in consolidated income statement	\$ 71.2	\$ 75.0

The above finance income and cost are with respect to assets (liabilities) not at FVTPL.

20. EMPLOYEE BENEFITS

	December 31, 2025	December 31, 2024
Present value of wholly unfunded defined benefit obligations	\$ 288.8	\$ 282.3
Present value of partially funded defined benefit obligations	329.2	334.1
Total present value of obligations	618.0	616.4
Fair value of plan assets	(318.4)	(310.1)
Irrecoverable surplus due to asset ceiling	3.2	0.5
Recognized liability for defined benefit obligations	302.8	306.8
Liability for long-service leave and jubilee plans	21.8	20.9
Total employee benefits	324.6	327.7
Total employee benefits reported in trade and other payables	31.6	20.0
Total employee benefits reported in non-current liabilities	\$ 293.0	\$ 307.7

(a) Defined contribution post-employment plans

The Company sponsors defined contribution post-employment plans in Canada, the U.S., Thailand, the Netherlands and the U.K. A post-employment plan is classified as a defined contribution plan if the Company pays fixed contributions into a fund at a separate entity and the Company has no further obligation to pay any further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The expense for Company-sponsored defined contribution post-employment plans was \$58.9 million in 2025 (2024 – \$53.3 million), of which \$0.1 million (2024 – \$0.1 million) was for key management personnel. Company contributions into defined contribution state plans are included in the line item Compulsory social security contributions in the table in note 21.

(b) Defined benefit post-employment plans

The Company also has defined benefit post-employment plans in various countries of the world. Although some of these plans have elements in common with defined contribution plans, the Company has accounted for these as defined benefit plans as they are not fully funded at a separate entity.

Partially funded defined benefit obligations

The Company's defined benefit post-employment plans are not fully funded. The obligation of these plans, net of any assets, is recorded in non-current liabilities on the consolidated statement of financial position in employee benefits or, for payments expected to be made within the next twelve months, in trade and other payables in current liabilities. Fluctuations in the pension liabilities resulting from actuarial gains or losses due to changes in risk factors are recorded in other comprehensive income. The primary partially funded plans are in Canada, the U.K. and Switzerland. Details of these plans are as follows:

- (i) In Canada, the Company has a registered partially funded defined benefit pension plan for eight retired executives (or their widows). The Company makes all required contributions to the plans. Benefits are based on employee earnings. An actuary is involved in measuring the obligation of the plan and in calculating the expense and any contributions required. The plan is closed to new members. The primary risk factors for this plan are longevity of plan beneficiaries, discount rate volatility for the value of the obligation and market risk on the assets. The Company has determined that any surplus in the plan after all obligations have been covered is fully available to the Company.
- (ii) In the U.K., the Company has two registered partially funded defined benefit pension plans.

The first plan has no active members and is closed to new members. Benefits are based on final salary. All members of the plan are either deferred or retired and benefits are provided to spouses or dependents in the event of a member's death before or after retirement. The Company is required to make payments of £0.5 million in deficit funding contributions annually. An actuary is involved in measuring the obligation of the plan and in calculating the expense and any contributions required. The primary risk factors for this plan are longevity of plan beneficiaries and discount rate volatility for the value of the obligation and market risk on the assets. The Company has determined that any surplus in the plan after all obligations have been covered is fully available to the Company.

On April 6, 2019, the second plan was frozen. No further benefits will be earned by members in the plan and no contributions will be paid into the plan other than deficit funding contributions. It is closed to new members. Benefits are based on a member's final pensionable salary and length of service at retirement. Benefits are provided to spouses in the event of a member's death before or after retirement. The Company is required to make payments of £1.5 million in deficit funding contributions annually. An actuary is involved in measuring the obligation of the plan and in calculating the expense and any contributions required. The primary risk factors for this plan are longevity of plan beneficiaries and discount rate volatility for the value of the obligation and market risk on the assets. The Company has determined that any surplus in the plan after all obligations have been covered is available to the Company if the plan is wound up; however, any surplus while the plan is ongoing is under the authority of the trustees. Active members have been moved to a defined contribution plan.

- (iii) In Switzerland, the Company provides a mandatory, legislated contribution-based cash balance plan for employees that is accounted for as a post-employment defined benefit plan. Benefits from the plan are paid out at retirement, disability or death. If an employee terminates from the Company prior to retirement, the vested benefit equal to the accumulated savings account balance is transferred to the pension plan of the new employer. The plan is governed by a foundation board that is legally responsible for the operation of the plan and includes employer and employee representation, in equal numbers. A legally required minimum level of retirement benefit is based on age-related savings contributions, an insured salary defined by law and a required rate of return set annually by the Swiss government. Contributions from both employers and employees are compulsory and vary according to age and salary. The primary risk factors for this plan are longevity of plan beneficiaries, discount rate volatility for the value of the obligation and market risk on the assets. Under Swiss pension law, any surplus assets technically belong to the pension plan and any reduction in contributions is at the discretion of the Board.

The most recent actuarial valuation for funding purposes for the executive defined pension plan in Canada was as of January 1, 2024. The next required actuarial valuation will be as of January 1, 2027. The most recent actuarial valuation of the two U.K. defined benefit pension plans for funding purposes were as of January 1, 2023. The next required valuation is as of January 1, 2026.

Wholly unfunded defined benefit obligations

For defined benefit post-employment plans that have no assets, the Company simply funds the plans as benefits are paid. The primary wholly unfunded plans are in Canada, the U.S., Germany and Mexico. Details of these plans are as follows:

- (i) In Canada, the Company maintains non-registered, wholly unfunded supplemental retirement arrangements for nine retired Canadian executives and two retired U.S. executives or their widows. The Company makes all required contributions to the plans. Benefits are based on employee earnings. An actuary is involved in measuring the obligation of the plans and in calculating the expense and any contributions required. The plans are closed to new members. The primary risk factors for these plans are longevity of plan beneficiaries and discount rate volatility.
- (ii) In the U.S., the Company has a post-employment, wholly unfunded deferred compensation plan for designated executives ("NQP"). Liabilities are based strictly on the contributions made to the plan and an established rate of return and are not subject to actuarial adjustments. It allows executives to elect to defer specified portions of salary, cash bonuses and long-term incentive plan payments. The Company contributes a matching portion of the executive's NQP deferred amount to a maximum of 8% of the executive's base salary plus bonus. The Company may also contribute a discretionary annual Company contribution based on a percentage of base salary and annual bonus. Contributions to the NQP for one of the executives vest immediately. For the other executives, immediate vesting of discretionary Company contributions and interest occurs on death, disability or change of control, with normal vesting occurring at age 60 with 10 years' service. The Company's matching portion and interest vest in the same manner as Company contributions in the 401k plan. Elective deferrals by the executive vest immediately.
- (iii) In Germany, the Company has several wholly unfunded defined benefit plans. There are four salary-based annuity plans that are closed to new members, but currently have approximately 60 active members. All contributions and benefits are funded by the Company. The primary risk factors for these plans are longevity of plan beneficiaries and discount rate volatility. There are also three cash balance plans for current employees. Two of those plans require the Company to match a specific portion of employee contributions. Upon retirement, lump sum payments are made unless an employee requests an annuity. The third cash balance plan has employer and employee contributions and pays out in three instalments upon retirement. The primary risk factor for these three plans is discount rate volatility.

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(iv) In Mexico, the Company has several wholly unfunded defined benefit plans. All are salary-based and paid out as lump sums. The Company makes all required contributions to the plans. The primary risk factor for these plans is discount rate volatility.

(v) The Company also has wholly unfunded post-employment defined benefit plans in Austria, Belgium, France, Italy, Mexico, Oman, Saudi Arabia, Thailand and the United Arab Emirates. Benefits are paid out in a lump sum upon retirement, disability or death. There are no employee contributions in these plans. Benefits are based on salary and length of service with the Company.

The following table shows the reconciliation from the opening balances to the closing balances for the defined benefit post-employment plans, including the defined benefit pension plans, supplemental retirement plans and other post-employment defined benefit plans.

	Partially Funded	Wholly Unfunded	Total
2025			
Accrued benefit obligation:			
Balance, beginning of year	\$ 334.1	\$ 282.3	\$ 616.4
Current service cost	2.2	7.1	9.3
Interest cost	15.6	13.0	28.6
Employee contributions	1.4	2.2	3.6
Benefits paid	(24.6)	(15.5)	(40.1)
Actuarial losses – experience	2.6	1.5	4.1
Actuarial losses – demographic assumptions	1.5	1.3	2.8
Actuarial gains – financial assumptions	(16.2)	(11.9)	(28.1)
Reinstatements and transfers	—	(0.7)	(0.7)
Effect of movements in exchange rates	12.6	9.5	22.1
Balance, end of year	\$ 329.2	\$ 288.8	\$ 618.0
Plan assets:			
Fair value, beginning of year	\$ 310.1	\$ —	\$ 310.1
Expected return on plan assets	13.8	—	13.8
Actuarial gains	0.7	—	0.7
Employee contributions	1.4	—	1.4
Employer contributions	6.0	16.2	22.2
Benefits paid	(24.6)	(15.5)	(40.1)
Administrative expenses	(0.8)	—	(0.8)
Reinstatements and transfers	—	(0.7)	(0.7)
Settlements	(0.5)	—	(0.5)
Effect of movements in exchange rates	12.3	—	12.3
Fair value, end of year	\$ 318.4	\$ —	\$ 318.4
Irrecoverable surplus due to asset ceiling	\$ (3.2)	\$ —	\$ (3.2)
Funded status, net deficit of plans	\$ (14.0)	\$ (288.8)	\$ (302.8)
Accrued benefit liability	\$ (14.0)	\$ (288.8)	\$ (302.8)

2024	Partially Funded	Wholly Unfunded	Total
Accrued benefit obligation:			
Balance, beginning of year	\$ 341.8	\$ 249.8	\$ 591.6
Opening balance from current year acquisitions	—	4.0	4.0
Current service cost	1.8	6.1	7.9
Interest cost	14.2	12.2	26.4
Employee contributions	1.4	1.5	2.9
Benefits paid	(16.6)	(13.4)	(30.0)
Actuarial losses – experience	4.2	2.1	6.3
Actuarial gains – demographic assumptions	(0.8)	—	(0.8)
Actuarial (gains) losses – financial assumptions	(30.7)	13.2	(17.5)
Reinstatements and transfers	12.1	(0.7)	11.4
Effect of curtailment	(1.0)	—	(1.0)
Settlements	(10.5)	—	(10.5)
Effect of movements in exchange rates	18.2	7.5	25.7
Balance, end of year	\$ 334.1	\$ 282.3	\$ 616.4
Plan assets:			
Fair value, beginning of year	\$ 311.8	\$ —	\$ 311.8
Expected return on plan assets	12.4	—	12.4
Actuarial losses	(22.7)	—	(22.7)
Employee contributions	1.4	—	1.4
Employer contributions	6.9	13.6	20.5
Benefits paid	(16.6)	(13.4)	(30.0)
Administrative expenses	(0.7)	—	(0.7)
Reinstatements and transfers	11.6	(0.2)	11.4
Settlements	(10.7)	—	(10.7)
Effect of movements in exchange rates	16.7	—	16.7
Fair value, end of year	\$ 310.1	\$ —	\$ 310.1
Irrecoverable surplus due to asset ceiling	\$ (0.5)	\$ —	\$ (0.5)
Funded status, net deficit of plans	\$ (24.5)	\$ (282.3)	\$ (306.8)
Accrued benefit liability	\$ (24.5)	\$ (282.3)	\$ (306.8)

The Company's net defined benefit plan expense is as follows:

2025	Partially Funded	Wholly Unfunded	Total
Current service cost	\$ 2.2	\$ 7.1	\$ 9.3
Net interest cost on accrued benefit liability	1.8	13.0	14.8
Administration costs	0.8	—	0.8
Net defined benefit plan expense	\$ 4.8	\$ 20.1	\$ 24.9
Net defined benefit plan expense is recorded in:			
Cost of sales	\$ 1.4	\$ 1.6	\$ 3.0
Selling, general and administrative expenses	1.6	4.4	6.0
Restructuring and other items	—	1.1	1.1
Finance cost	1.8	13.0	14.8
Net defined benefit plan expense	\$ 4.8	\$ 20.1	\$ 24.9

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	Partially Funded	Wholly Unfunded	Total
2024			
Current service cost	\$ 1.8	\$ 6.1	\$ 7.9
Net interest cost on accrued benefit liability	1.8	12.2	14.0
Curtailement gain	(1.0)	—	(1.0)
Settlement loss	0.2	—	0.2
Administration costs	0.7	—	0.7
Net defined benefit plan expense	\$ 3.5	\$ 18.3	\$ 21.8
Net defined benefit plan expense is recorded in:			
Cost of sales	\$ 1.2	\$ 1.0	\$ 2.2
Selling, general and administrative expenses	0.3	4.0	4.3
Restructuring and other items	0.2	1.1	1.3
Finance cost	1.8	12.2	14.0
Net defined benefit plan expense	\$ 3.5	\$ 18.3	\$ 21.8

Actuarial gains (losses) recognized directly in equity are as follows:

	2025	2024
Actuarial losses – experience	\$ (4.1)	\$ (6.3)
Actuarial gains (losses) – demographic assumptions	(2.8)	0.8
Actuarial gains – financial assumptions	28.1	17.5
Experience gains (losses) on plan assets	0.7	(22.7)
Actuarial gains (losses) – irrecoverable surplus	(2.7)	0.9
Recognized during the year in other comprehensive income	\$ 19.2	\$ (9.8)

Plan assets consist of the following:

2025	Partially Funded	Wholly Unfunded	Total
Equity securities	37%	—	37%
Debt securities	47%	—	47%
Real estate	2%	—	2%
Other	14%	—	14%
Total	100%	—	100%

2024	Partially Funded	Wholly Unfunded	Total
Equity securities	44%	—	44%
Debt securities	40%	—	40%
Real estate	2%	—	2%
Other	14%	—	14%
Total	100%	—	100%

No plan assets are directly invested in the Company's own shares or directly in any property occupied by, or other assets used by, the Company.

The actual returns on plan assets are as follows:

	Partially Funded	Wholly Unfunded	Total
2025	\$ 14.5	\$ —	\$ 14.5
2024	\$ (10.3)	\$ —	\$ (10.3)

The weighted average economic assumptions used to determine post-employment benefit obligations are as follows:

	Partially Funded	Wholly Unfunded	Total
December 31, 2025			
Discount rate	4.93%	4.29%	4.66%
Expected rate of compensation increase	2.07%	3.37%	3.03%
December 31, 2024			
Discount rate	4.67%	4.07%	4.43%
Expected rate of compensation increase	1.15%	2.58%	2.26%

The weighted average economic assumptions used to determine post-employment plan expenses are as follows:

	Partially Funded	Wholly Unfunded	Total
December 31, 2025			
Discount rate	4.67%	4.07%	4.43%
Expected rate of compensation increase	1.32%	2.58%	2.23%
December 31, 2024			
Discount rate	4.12%	4.60%	4.35%
Expected rate of compensation increase	1.58%	2.61%	2.38%

The sensitivity analysis on the defined benefit obligation is as follows, and it is prepared by altering one assumption at a time and keeping the other assumptions unchanged. The resulting defined benefit obligation is then compared to the defined benefit obligation in the disclosures:

	Partially Funded	Wholly Unfunded
Discount rate (increase 1%)	\$ (39.5)	\$ (17.8)
Discount rate (decrease 1%)	\$ 42.7	\$ 19.8
Longevity (+1 year)	\$ 6.3	\$ 9.1
Inflation (+0.25%)	\$ 5.0	\$ —
Inflation (-0.25%)	\$ (5.5)	\$ —
Salary (increase 1%)	\$ 1.8	\$ 2.9
Salary (decrease 1%)	\$ (0.7)	\$ (2.7)
Duration (years)	13	8

The Company expects to contribute \$6.2 million to the partially funded defined benefit plans and pay \$26.9 million in benefits for the wholly unfunded plans in 2026.

(c) Long-term incentive, long-service leave, jubilee and other plans

The Company has long-term incentive plans with share-based payments, long-service leave plans and jubilee plans in various countries around the world. As at December 31, 2025, \$1.3 million (2024 – \$1.4 million) of the total obligation of \$21.8 million (2024 – \$20.9 million) was classified as current and reported in trade and other payables. The expense for cash-settled plans was \$0.9 million in 2025 (2024 – \$1.0 million).

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21. PERSONNEL EXPENSES

	2025	2024
Wages and salaries	\$ 1,553.9	\$ 1,456.0
Compulsory social security contributions	200.3	174.7
Contributions to Company-sponsored defined contribution plans	58.9	53.3
Net expenses related to defined benefit plans	24.9	21.8
Equity-settled share-based payment transactions	40.7	33.7
	\$ 1,878.7	\$ 1,739.5

22. INCOME TAX EXPENSE

	2025	2024
Current tax expense		
Current tax on earnings before earnings in equity-accounted investments for the year	\$ 281.2	\$ 249.9
Deferred tax expense (recovery) (note 15)		
Origination and reversal of temporary differences	\$ (0.3)	\$ (8.2)
Impact of tax rate changes	(1.9)	0.8
Recognition of previously unrecognized tax losses and deductible temporary differences	(0.2)	(4.4)
	(2.4)	(11.8)
Total income tax expense	\$ 278.8	\$ 238.1

Reconciliation of effective tax rate

	2025	2024
Combined Canadian federal and provincial income tax rates	25.5%	25.5%
The income tax expense on the Company's earnings differs from the amount determined by the Company's statutory rates as follows:		
Net earnings for the year	\$ 802.4	\$ 843.1
Add: income tax expense	278.8	238.1
Deduct: earnings in equity-accounted investments	5.6	18.9
Earnings before income tax and equity-accounted investments	1,075.6	1,062.3
Income tax using the Company's domestic combined Canadian federal and provincial income tax rates	274.3	259.7
Effect of tax rates in foreign jurisdictions	(6.3)	7.6
Impact of tax rate changes	(1.9)	0.8
Recognition of previously unrecognized tax losses and deductible temporary differences	(0.2)	(4.4)
Losses and deductible temporary differences for which no deferred tax asset was recognized	4.1	2.1
Non-deductible expenses and other items	8.8	(27.7)
	\$ 278.8	\$ 238.1

Income tax expense (recovery) recognized directly in other comprehensive income

Derivatives and foreign currency translation adjustments	\$ (0.2)	\$ (6.2)
Actuarial losses	5.0	(2.9)
Total income tax recovery recognized directly in other comprehensive income	\$ 4.8	\$ (9.1)

The Company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. If the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Global minimum top-up tax

The Company is subject to the global minimum top-up tax regime (“Pillar Two Rules”) in Canada under the Global Minimum Tax Act. The Pillar Two Rules aim to ensure that large multinational enterprises pay a minimum tax of 15% on the income arising in each jurisdiction in which they operate. The Company recognized a current expense of \$0.3 million related to top-up tax under Pillar Two tax legislation (2024 – \$0.4 million).

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). These amendments provide temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when it is incurred.

Many jurisdictions have enacted new tax legislation to implement a qualified domestic minimum top-up tax (QDMTT), effective from 2024. The Company operates in numerous jurisdictions that have adopted the QDMTT. As such, where applicable, the Company will be liable for the top-up tax in relation to their operations in those jurisdictions.

23. SHARE-BASED PAYMENTS

For options and share awards granted for stock-based compensation, \$40.7 million (2024 – \$33.7 million) was recognized in the consolidated financial statements as an expense, with a corresponding offset to contributed surplus.

At December 31, 2025, the Company had five share-based compensation plans, which are described below:

(a) Employee stock option plan

Under the employee stock option plan, the Company may grant options to employees, officers and directors of the Company. The Company does not grant options to independent directors. The exercise price of each option equals the closing market price of the Class B non-voting shares on the last trading day prior to the grant date of the option, and an option’s maximum term is 10 years. Options vest 25% one year from the grant date and 25% each subsequent year. The term of these options is five years from the grant date. In general, the grants are conditional upon continued employment. No market conditions affect vesting. Granted options are not entitled to dividends and may not be transferred or assigned by the option holder. In 2025 and 2024, stock option grants were not awarded.

A summary of the status of the Company’s employee stock option plan as of December 31, 2025 and 2024, and changes during the years ended on those dates, is presented below:

	2025		2024	
	Shares (in millions)	Weighted Average Exercise Price	Shares (in millions)	Weighted Average Exercise Price
Outstanding at beginning of year	—	\$ —	0.1	\$ 55.73
Exercised	—	—	(0.1)	55.73
Outstanding at end of year	—	\$ —	—	\$ —

The weighted average share price of stock options exercised in 2024 was \$69.25.

(b) Deferred share units (“DSU”)

The Company maintains a deferred share unit plan. Under this plan, non-employee members of the Company’s Board of Directors may elect to receive DSUs, in lieu of cash remuneration, for director fees that would otherwise be payable to such directors, or any portion thereof, until DSU holdings of a prescribed limit have been achieved. In addition, director compensation includes an annual grant of DSUs. The number of units received is equivalent to the fees earned and is based on the fair market value of a Class B non-voting share of the Company on the date of issue of the DSU. When dividends are paid on Class B non-voting shares of the Company, the equivalent value per DSU is calculated and the holder receives additional DSUs in lieu of actual cash dividends based on the fair market value of a Class B non-voting share of the Company. DSUs cannot be redeemed or paid out until such time as the director ceases to be a director. A DSU entitles the holder to receive, on a deferred payment basis, the number of Class B non-voting shares of the Company equating to the number of the holder’s DSUs on the redemption date. The Company accounts for the DSU plan as an equity-settled share-based payment transaction.

The Company had 0.3 million DSUs outstanding as at December 31, 2025.

(c) Performance stock units (“PSU”)

In 2024, the Company introduced a performance stock unit plan. Under the plan, participants may be eligible to receive a maximum of approximately 1.4 million Class B non-voting shares of the Company to be issued from treasury. The vesting of these shares is dependent on the Company’s performance and continuing employment. The grant-date fair value of these shares is amortized over the vesting period and recognized as compensation expense.

(d) Long-term retention plan (“LTRP”)

In 2017, the Company instituted a long-term retention plan. Under the plan, the Company provided a one-time retention incentive to executives totaling 0.3 million restricted share units (“RSU”). The incentive vests 25% in each year beginning in 2022 and ending in 2025, inclusive.

In 2019, under the aforementioned long-term retention plan, the Company provided a one-time retention incentive to additional executives totaling 0.1 million RSUs. The incentive vests 25% in each year beginning in 2024 and ending in 2027, inclusive.

In 2025, under the aforementioned long-term retention plan, the Company provided a one-time retention incentive to additional executives totaling 0.1 million RSUs. The incentive vests 25% in each year beginning in 2030 and ending in 2033, inclusive.

Each RSU is equivalent to one Class B non-voting share of the Company, to be issued from treasury. The Company had 0.1 million RSUs outstanding under this plan as at December 31, 2025.

(e) Other restricted share units

In 2020, the Company established the restricted share unit plan. Each unit is equivalent to one Class B non-voting share of the Company. Current units vest 25% one year from the grant date and 25% each subsequent year. The term of these units is four years from the grant date, and will be settled through equity. The grants are conditional upon continued employment. No market conditions affect vesting. Granted units are not entitled to dividends and may not be transferred or assigned by the unitholder.

The Company had 0.5 million restricted share units outstanding under this plan as at December 31, 2025.

24. FINANCIAL INSTRUMENTS

(a) Hedges of net investments in foreign operations

US\$123.8 million (2024 – US\$123.8 million) of unsecured 144A 3.25% private notes, US\$191.5 million (2024 – US\$191.5 million) of unsecured 144A 3.05% private notes and nil (2024 – US\$ nil) of the unsecured syndicated bank credit facilities (hedging items) have been used to hedge the Company's exposure to its net investment in US-dollar-denominated operations (hedged items), with a view to reducing foreign exchange fluctuations. The foreign exchange effect of the unsecured 144A 3.25% private notes, the unsecured 144A 3.05% private notes, the unsecured syndicated bank credit facilities and the net investment in US-dollar-denominated subsidiaries is reported in accumulated other comprehensive income (loss) in the consolidated statement of financial position. These have been and continue to be 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2025 or 2024.

Unsecured syndicated bank credit facilities (hedging item) of €153.6 million (2024 – €211.5 million) were used to hedge the Company's exposure to its net investment in self-sustaining euro-denominated operations (hedged items) with a view to reducing foreign exchange fluctuations. The foreign exchange effect of both the unsecured syndicated bank credit facilities and the net investment in euro-denominated subsidiaries was reported in other comprehensive income (loss) in the consolidated statement of financial position. This was a 100% fully effective hedge as the notional amount of the hedging item equalled the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2025 or 2024.

In February 2017, the Company converted US\$264.7 million of the 144A 3.25% private notes (note 18) into €250.0 million 1.23% fixed rate debt using CCIRSA (hedging items). In February 2018, a further US\$111.5 million of the 144A 3.25% private notes (note 18) were converted into €90.0 million 1.16% fixed rate debt using CCIRSA. In June 2020, US\$204.6 million and US\$203.9 million of the 144A 3.05% private notes (note 18) were converted into €180.0 million 2.06% fixed rate debt and €180.0 million 2.00% fixed rate debt, respectively, using CCIRSA. Each of these conversions was to hedge the Company's euro-based assets and cash flows. Fair value of these CCIRSA was recorded in non-current liabilities when negative in value and non-current assets when positive in value. The offset was recorded in accumulated other comprehensive income (loss) in the consolidated statement of financial position. These have all been, and continue to be, 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2025 or 2024.

Notional Principal Amount		Interest Rate		Fair Value December 31		Maturity	Effective Date
Fixed Rate	Fixed Rate	Received (US\$)	Paid (€)	2025 (C\$)	2024 (C\$)		
US\$105.8 million	€ 100.0 million	3.25%	1.24%	\$ (15.2) million	\$ 3.1 million	October 1, 2026	February 28, 2017
US\$84.8 million	€ 80.0 million	3.25%	1.20%	\$ (12.2) million	\$ 2.2 million	October 1, 2026	February 28, 2017
US\$42.3 million	€ 40.0 million	3.25%	1.21%	\$ (6.1) million	\$ 1.3 million	October 1, 2026	February 28, 2017
US\$31.8 million	€ 30.0 million	3.25%	1.29%	\$ (4.6) million	\$ 0.9 million	October 1, 2026	February 28, 2017
US\$62.1 million	€ 50.0 million	3.25%	1.16%	\$ 5.2 million	\$ 14.8 million	October 1, 2026	February 21, 2018
US\$49.4 million	€ 40.0 million	3.25%	1.15%	\$ 3.5 million	\$ 11.0 million	October 1, 2026	February 22, 2018
US\$125.0 million	€ 110.0 million	3.05%	2.06%	\$ (6.9) million	\$ 7.0 million	June 1, 2030	June 10, 2020
US\$79.6 million	€ 70.0 million	3.05%	2.06%	\$ (4.3) million	\$ 4.8 million	June 1, 2030	June 10, 2020
US\$68.0 million	€ 60.0 million	3.05%	2.00%	\$ (3.8) million	\$ 3.8 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.00%	\$ (2.5) million	\$ 2.7 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.01%	\$ (2.5) million	\$ 2.7 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.01%	\$ (2.5) million	\$ 2.7 million	June 1, 2030	June 23, 2020

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(b) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 998.2	\$ 828.7
Trade and other receivables	1,293.4	1,251.4
Other assets	24.8	28.1
Derivative instruments	8.7	57.1
	\$ 2,325.1	\$ 2,165.3

The aging of trade receivables at the reporting date was as follows:

	December 31, 2025	December 31, 2024
Under 31 days	\$ 628.5	\$ 628.8
Between 31 and 90 days	413.8	393.7
Greater than 90 days	90.7	80.3
	\$ 1,133.0	\$ 1,102.8

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2025	2024
Balance at January 1	\$ 16.7	\$ 19.2
Increase (decrease) during the year	3.2	(2.5)
Balance at December 31	\$ 19.9	\$ 16.7

The Company believes that no impairment allowance is necessary in respect of trade receivables not past due.

(c) Liquidity risk

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	December 31, 2024		December 31, 2025						
	Carrying Amount	Carrying Amount	Contractual Cash Flows	Payments Due by Period					
				0-6 Months	6-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Non-derivative financial liabilities									
Secured bank loans	\$ 0.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Unsecured bank loans	3.6	1.6	1.6	0.4	1.1	0.1	—	—	
Unsecured 144A 3.25% private notes	717.6	685.5	686.2	—	686.2	—	—	—	
Unsecured 144A 3.05% private notes	858.1	819.4	823.4	—	—	—	823.4	—	
Unsecured 3.864% Series 1 Notes	299.3	299.6	300.0	—	—	—	300.0	—	
Unsecured syndicated bank credit facility	347.8	243.9	247.5	—	—	—	247.5	—	
Other long-term obligations	10.2	7.8	7.8	—	—	—	7.8	—	
Interest on unsecured bank credit facilities	*	*	36.7*	3.4	3.9	7.7	21.7	—	
Interest on 144A 3.25% private notes	*	*	16.7*	5.6	11.1	—	—	—	
Interest on 144A 3.05% private notes	*	*	110.9*	10.5	12.5	25.1	62.8	—	
Interest on unsecured 3.864% Series 1 Notes	*	*	26.5*	3.3	5.8	11.6	5.8	—	
Interest on other long-term debt	*	*	0.9	—	—	—	0.9	—	
Trade and other payables	1,416.9	1,467.2	1,467.2*	1,467.2	—	—	—	—	
Accrued post-employment benefit liabilities	*	*	324.9*	3.1	3.1	28.9	107.4	182.4	
Lease liabilities	210.9	202.4	245.0	29.0	26.6	42.1	71.3	76.0	
Total contractual cash obligations	\$ 3,864.5	\$ 3,727.4	\$ 4,295.3	\$ 1,522.5	\$ 750.3	\$ 115.5	\$ 1,648.6	\$ 258.4	

* Accrued long-term employee benefit and post-employment benefit liability of \$31.6 million, accrued interest of \$10.6 million on unsecured notes, unsecured bonds and unsecured syndicated credit facilities, and accrued interest of \$2.6 million on derivatives are reported in trade and other payables in 2025 (2024: \$20.0 million, \$10.9 million and \$2.4 million, respectively).

(d) Currency risk

Exposure to currency risk

The Company’s exposure to foreign currency risk was as follows based on notional amounts:

	December 31, 2025			December 31, 2024		
	U.S. Dollar	U.K. Pound	Euro	U.S. Dollar	U.K. Pound	Euro
Cash and cash equivalents	246.5	30.0	154.2	207.3	29.6	107.5
Trade and other receivables	329.7	23.7	185.4	335.8	24.2	192.7
Trade and other payables	334.0	38.4	211.8	334.3	31.5	212.7
Long-term debt	321.0	—	854.6	322.4	—	913.9

Sensitivity analysis

A 5% weakening of the Canadian dollar, as indicated below, against the following currencies at December 31 would have increased (decreased) equity and income by the amounts shown below. This analysis assumes that all other variables; in particular, interest rates, remain constant.

	Equity		Income Statement	
	2025	2024	2025	2024
Euro	(42.1)	(43.3)	(0.1)	(1.7)
U.S. dollar	(20.0)	(21.9)	8.2	4.8
U.K. pound	29.3	28.5	(0.2)	0.2

A 5% strengthening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Interest rate risk

An increase of 100 basis points in interest rates on the floating rate debt and cash equivalents as at the reporting date would increase net earnings by \$7.5 million (2024 – \$4.8 million increase). This analysis assumes that all other variables; in particular, foreign currency rates, remain constant.

(f) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at fair value:				
Other assets	\$ 24.8	\$ 24.8	\$ 28.1	\$ 28.1
Derivative financial assets	8.7	8.7	57.1	57.1
	\$ 33.5	\$ 33.5	\$ 85.2	\$ 85.2
Assets carried at amortized cost:				
Trade and other receivables	\$ 1,293.4	\$ 1,293.4	\$ 1,251.4	\$ 1,251.4
Cash and cash equivalents	998.2	998.2	828.7	828.7
	\$ 2,291.6	\$ 2,291.6	\$ 2,080.1	\$ 2,080.1
Liabilities carried at fair value:				
Derivative financial liabilities	\$ 60.6	\$ 60.6	\$ —	\$ —
	\$ 60.6	\$ 60.6	\$ —	\$ —
Liabilities carried at amortized cost:				
Trade and other payables	\$ 1,467.2	\$ 1,467.2	\$ 1,416.9	\$ 1,416.9
Unsecured 144A 3.25% private notes	685.5	680.9	717.6	698.8
Unsecured 144A 3.05% private notes	819.4	776.2	858.1	772.9
Unsecured 3.864% Series 1 Notes	299.6	302.2	299.3	299.7
Unsecured syndicated bank credit facilities	243.9	243.9	347.8	347.8
Other loans	9.4	9.4	13.9	13.9
	\$ 3,525.0	\$ 3,479.8	\$ 3,653.6	\$ 3,550.0

The basis for determining fair values is disclosed in note 3.

The interest rates used to discount estimated cash flows for the unsecured notes are based on the government yield curve at the reporting date, plus an adequate credit spread.

(g) Fair value hierarchy

The table below summarizes the levels of hierarchy for financial assets and liabilities.

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
December 31, 2025				
Other assets	\$ 24.8	\$ —	\$ —	\$ 24.8
Derivative financial assets	—	8.7	—	8.7
Long-term debt	—	(2,012.6)	—	(2,012.6)
Derivative financial liabilities	—	60.6	—	60.6
	\$ 24.8	\$ (1,943.3)	\$ —	\$ (1,918.5)

	Level 1	Level 2	Level 3	Total
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)
	\$ 28.1	\$ (2,076.0)	\$ —	\$ (2,047.9)

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.

25. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions, and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2025, the Company's exposure to credit risk arising from derivative financial instruments amounted to \$14.3 million (2024 – \$62.8 million).

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by monitoring expected cash flows and to ensure the availability of credit as much as possible, that it will always have sufficient liquidity to meet its liabilities when they are due. The financial obligations of the Company include trade and other payables, long-term debt and other long-term items. The contractual maturity of trade payables is six months or less. Long-term debt includes instruments with varying maturities extending to 2030. The Company has the capacity to discharge its current liabilities from the continued cash flows from business operations, an additional \$998.2 million of cash on hand and US\$1,018.9 million of available capacity within its syndicated bank credit facility at December 31, 2025.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. Generally, the Company seeks to apply hedge accounting in order to manage volatility in profit or loss. The Company does not utilize derivative financial instruments for speculative purposes.

(i) Currency risk

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results.

In other cases, borrowings are done by non-Canadian-dollar-based subsidiaries in their own functional currencies such that the principal and interest are denominated in a currency that matches the cash flows generated by those subsidiaries. These provide natural hedges that do not require the application of hedge accounting.

(ii) Interest rate risk

The Company is exposed to market risk related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

(iii) Commodity price risk

Polypropylene is the most significant input cost for the Innovia Segment. It is traded in the market, with prices linked to the market price of natural gas and refining capacity. The Segment does not use derivative financial instruments to hedge its exposure to the volatility of polypropylene prices; therefore, movements must be managed and, where possible, passed along to the Segment's customers.

(d) Capital management

The Company's objective is to maintain a strong capital base throughout the economic cycle to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to that of its leading specialty packaging peers.

The Company defines capital as average total equity and measures the return on capital (or return on equity) by dividing annual net earnings before goodwill impairment loss, revaluation gain, and restructuring and other items by the average of the beginning and the end-of-year shareholders' equity. In 2025, the return on capital was 14.8% (2024 - 15.5%).

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage.

The Company has provided a growing level of dividends to its shareholders over the last few years, generally related to its growth in earnings. Dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage.

There were no changes in the Company's approach to capital management during the year.

The Company is subject to certain financial covenants on its unsecured syndicated bank credit facility. The Company monitors the ratios on a quarterly basis and at December 31, 2025, was in compliance with all its covenants.

26. COMMITMENTS AND CONTINGENCIES

(a) Commitments

As at December 31, 2025, the Company had uncollateralized surety bonds of \$30.0 million (2024 - \$26.0 million), primarily to the Brazilian Tax Authority in order to facilitate the appeal of tax reassessments. The Company intends to vigorously defend these claims, which the Company considers to be without merit and, accordingly, has made no provision for the matter.

(b) Contingencies

In the normal course of operations, the Company and its subsidiaries may be subject to lawsuits, investigations and other claims, including environmental, labour, product, customer disputes and other matters.

In the first quarter of 2019, a hearing on a jurisdictional issue was heard in respect of a lawsuit launched in 2011 by Benoy Berry and a company controlled by him, Global Secure Currency Ltd. (collectively "Berry"), in Nigerian Federal Court against CCL Secure Pty Ltd. (formerly Innovia Security Pty Ltd.) ("ISPL"), and Innovia Films Ltd. (collectively "IFL"), as well as other defendants not affiliated with ISPL. The court denied IFL's motion to dismiss the lawsuit on the jurisdictional issue. IFL is appealing that decision to the highest appeals court in Nigeria. The lawsuit alleges that IFL and the co-defendants committed to build a banknote substrate plant in Nigeria and Berry seeks an order requiring IFL and the co-defendants to build the plant or in lieu thereof, grant an award of total damages in the amount of €1.5 billion (\$2.4 billion). IFL intends to vigorously defend this claim, which the Company considers to be without merit and accordingly, the Company has made no provision for the matter.

Management believes that adequate provisions for legal claims have been recorded in the accounts where required. Although it is not always possible to accurately estimate the result or magnitude of legal claims due to the various uncertainties involved in the legal process, management believes that the ultimate resolution of all such pending matters, individually and in the aggregate, will not have a material adverse impact on the Company, its business, financial position or liquidity.

27. RELATED PARTIES

(a) Beneficial ownership

The directors and officers of CCL Industries Inc. as a group beneficially own, control, or direct, directly or indirectly, approximately 11.2 million of the issued and outstanding Class A voting shares, representing 95.5% of the issued and outstanding Class A voting shares.

(b) Director's loan

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 December 31, 2025, the outstanding balance, including principal and accrued interest, totaled \$0.9 million (2024 – \$nil) and is classified within trade and other receivables on the consolidated statements of financial position.

28. KEY MANAGEMENT PERSONNEL COMPENSATION

	2025	2024
Short-term employee compensation and benefits	\$ 12.5	\$ 12.5
Share-based compensation	19.2	15.8
Post-employment benefits	1.1	1.0
	\$ 32.8	\$ 29.3

29. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2025	2024
Unrealized foreign currency translation gains, net of tax recovery of \$8.8 million (2024 – tax recovery of \$8.7 million)	\$ 109.9	\$ 79.3
Gains on derivatives designated as cash flow hedges, net of tax expense of \$0.1 million (2024 – tax expense of \$nil)	0.3	0.2
	\$ 110.2	\$ 79.5

30. RESTRUCTURING AND OTHER ITEMS

	2025	2024
Restructuring costs	\$ 10.4	\$ 3.3
Acquisition costs	0.1	2.2
Total restructuring and other items	\$ 10.5	\$ 5.5

For the full year 2025, restructuring costs and other items represented an expense of \$10.5 million (\$8.0 million after tax) as follows:

- Restructuring and other items of \$10.5 million (\$8.0 million after tax), primarily related to severance charges for Avery, Checkpoint and CCL Segment.

For the full year 2024, restructuring costs and other items represented an expense of \$5.5 million (\$4.8 million after tax) as follows:

- Restructuring expenses of \$3.3 million (\$2.6 million after tax), primarily related to severance charges in the CCL Segment.
- Acquisition transaction costs totaled \$2.2 million (\$2.2 million after tax), associated with the Pacman acquisition.

31. SUBSEQUENT EVENTS

Prior to the release of the 2025 annual consolidated financial statements, the Company announced the following:

- The Board of Directors has declared a dividend of \$0.36 per Class B non-voting share and \$0.3575 per Class A voting share, which will be payable to shareholders of record at the close of business on March 17, 2026, to be paid on March 31, 2026.
- In January 2026, the Company signed a binding agreement to acquire Advanced Safety Technologies B.V. and its subsidiaries d.b.a. ALT Technologies (“ALT”), a label producer for automotive and industrial markets, for an estimated \$32.0 million on a debt free basis. Closing is expected during the second quarter of 2026 following regulatory approvals.

SIX YEAR FINANCIAL SUMMARY

(In millions of Canadian dollars, except share and ratio data)

	2025	2024	2023	2022	2021	2020
Sales & Net Earnings						
Sales	\$ 7,663.8	\$ 7,245.0	\$ 6,649.6	\$ 6,382.2	\$ 5,732.8	\$ 5,242.3
Depreciation and amortization	465.2	432.4	403.3	365.3	342.4	346.4
Net finance costs	71.2	75.0	78.0	64.8	56.9	65.2
Net earnings	802.4 ¹	843.1 ²	530.2 ³	622.7 ⁴	599.1 ⁵	529.7 ⁶
Basic net earnings per Class B share	\$ 4.59 ¹	\$ 4.73 ²	\$ 2.99 ³	\$ 3.50 ⁴	\$ 3.33 ⁵	\$ 2.96 ⁶
Financial Position						
Current assets	\$ 3,233.9	\$ 3,037.5	\$ 2,685.3	\$ 2,819.7	\$ 2,447.6	\$ 2,224.7
Current liabilities	2,276.6	1,510.5	1,416.9	1,501.4	1,418.0	1,262.0
Working capital ⁷	957.3	1,527.0	1,268.4	1,318.3	1,029.6	962.7
Total assets	10,101.5	9,859.1	8,924.2	8,664.4	7,627.8	7,336.7
Net debt	1,262.0	1,618.9	1,508.2	1,522.3	1,249.2	1,390.9
Shareholders' equity	\$ 5,640.4	\$ 5,280.7	\$ 4,623.2	\$ 4,265.2	\$ 3,747.0	\$ 3,282.2
Net debt to equity ratio	0.22	0.31	0.33	0.36	0.33	0.42
Net debt to total book capitalization	18.3%	23.5%	24.6%	26.3%	25.0%	29.8%
Number of shares (000,000's)						
Class A – Dec 31	11.7	11.7	11.8	11.8	11.8	11.8
Class B – Dec 31	161.5	165.1	166.0	165.2	168.4	167.4
Weighted average for the year	174.7	178.2	177.6	178.0	179.7	178.7
Cash Flow						
Cash provided by operations	\$ 1,304.4	\$ 1,063.9	\$ 1,003.3	\$ 992.8	\$ 838.7	\$ 882.9
Additions to plant, property & equipment	441.2	462.0	461.6	447.2	323.8	282.8
Business acquisitions	24.6	142.9	324.3	287.2	234.4	161.4
Dividends	223.7	206.4	188.2	170.3	151.0	128.7
Dividends per Class B share	\$ 1.28	\$ 1.16	\$ 1.06	\$ 0.96	\$ 0.84	\$ 0.72

Note:

- ¹ After pre-tax restructuring and other items – net loss of \$10.5 million.
- ² After pre-tax revaluation gain, and restructuring and other items – net gain of \$72.6 million.
- ³ After pre-tax goodwill impairment loss, and restructuring and other items – net loss of \$137.8 million.
- ⁴ After pre-tax restructuring and other items – net loss of \$11.7 million.
- ⁵ After pre-tax restructuring and other items – net loss of \$4.4 million.
- ⁶ After pre-tax restructuring and other items – net loss of \$27.6 million.
- ⁷ Current assets minus current liabilities.

North America**Mark Cooper**

President,
Avery & METO
Brea, California, USA

Ben Lilienthal

President,
Checkpoint & Group Vice President,
CCL Industries Central America
Thorofare, New Jersey, USA

Ben Rubino

President,
Home & Personal Care
Lumberton, New Jersey, USA

Eric Frantz

Group Vice President,
Home & Personal Care, North America
Hermitage, Pennsylvania, USA

Stephan Finke

Vice President & Managing Director,
Wine & Spirits North America
Sonoma, California, USA

Shannon Ablog

Vice President & General Manager,
Sleeves USA
Sioux Falls, South Dakota, USA

Bill Goldsmith

Vice President Business Development,
CCL Design North America
Clinton, South Carolina, USA

Al Green

Vice President,
Technology Development
Clinton, South Carolina, USA

Dave Joesten

Vice President & General Manager,
CCL Healthcare Literature North America
Baltimore, Maryland, USA

Sandra Lane

Vice President,
CCL Secure North America
Greensboro, North Carolina, USA

Allison Phillips

Vice President,
Strategic Business Development
Avery North America
Brea, California, USA

Pramit Sen

Vice President & General Manager,
CCL Healthcare Label North America
Hightstown, New Jersey, USA

Jamie Shacklett

Vice President & General Manager,
CCL Tube
Lumberton, New Jersey, USA

Patrick Thomas

Vice President & General Manager,
CCL Design North America
Strongsville, Ohio, USA

Europe**Günther Birkner**

President,
Food & Beverage, Healthcare & Specialty
and Innovia
Zurich, Switzerland

Derek Cumming

Group Vice President,
CCL Design
East Kilbride, Scotland

Lee Pretsell

Group Vice President,
Healthcare & Specialty
Dublin, Ireland

Reinhard Streit

Group Vice President,
Food & Beverage
Völkermarkt, Austria

Simon Huber

Managing Director,
Innovia Films Europe
Zurich, Switzerland

Billy Hutchison

Vice President & Managing Director,
CCL Design Europe
Glasgow, Scotland

Nicolas Jean-Jean

Vice President & General Manager,
Avery Europe
Maidenhead, England

Mathias Maennel

Vice President & Managing Director,
CCL Faubel Clinical Europe
Melsungen, Germany

John O'Brien

Vice President & Managing Director,
CCL Label Healthcare & Specialty,
UK & Ireland
Ashford, England

Jamie Robinson

Vice President & Managing Director,
Home & Personal Care Europe and
Food and Beverage, U.K.
Castleford, England

Sergio Soriano

Vice President & Managing Director,
Checkpoint Merchandise Availability
Solutions
Barcelona, Spain

Asia Pacific**Da Gang Li**

Group Vice President,
CCL Industries Greater China
Shanghai, PR China

Reto Klausner

Vice President & Managing Director,
CCL Label Asia
Singapore

Kittipong Kulratanasinsuk

Vice President & Managing Director,
CCL Label ASEAN
Bangkok, Thailand

Ying Lin

Vice President & Managing Director,
CCL Label China
Guangzhou, PR China

Alex Zhu

Vice President & Managing Director,
CCL Design Electronics and Automotive
Parts – Greater China & ASEAN
Suzhou, PR China

Neil Sanders

Vice President & Managing Director,
CCL Secure – Polymer Bank Notes
Melbourne, Australia

Latin America**Luis Jocionis**

Group Vice President,
CCL Industries South America
São Paulo, Brazil

2025 CORPORATE EXECUTIVES

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and
Chief Executive Officer

Suzana Furtado
Corporate Secretary

Kamal Kotecha
Vice President, Global Tax

Mark McClendon
Vice President and
General Counsel

James A. Sellors
Senior Vice President,
Business Development

Lalitha Vaidyanathan
Senior Vice President,
Finance-IT-Human Resources,
CCL Industries

Jamil D. Suleman
Vice President, Corporate Accounting

Sean P. Washchuk
Senior Vice President and
Chief Financial Officer

2025 BOARD OF DIRECTORS

Angella V. Alexander
Director since 2023
Chief Human Resources Officer,
ATS Automation Tooling Systems Inc.
Ontario, Canada

Andrew M. Butler
Director since 2025
President,
Lang Family Office
Ontario, Canada

Linda G. Cash
Director since 2021
Corporate Director
Georgia, USA

Mandeep Chawla
Director since 2025
Chief Financial Officer,
Celestica Inc.
Ontario, Canada

Andrea E. Daly
Director since 2025
Corporate Director
Ontario, Canada

Donald G. Lang
Director since 1991
Executive Chairman,
CCL Industries Inc.
Ontario, Canada

Erin M. Lang
Director since 2016
Corporate Director
Ontario, Canada

Michael H. Larsson
Director since 2025
President,
Dematic Corporation
Michigan, USA

Geoffrey T. Martin
Director since 2005
President and CEO,
CCL Industries Inc.
Massachusetts, USA

Thomas C. Peddie
Director since 2003
Corporate Director
Ontario, Canada

Claude Tessier
Director since 2023
Corporate Director
Québec, Canada

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KPMG LLP
Chartered Professional Accountants

Legal Counsel

McMillan LLP

Transfer Agent

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Email: ccl@cclind.com
Website: www.cclind.com

Annual and Special Meeting of Shareholders

The Annual and Special Meeting of Shareholders will be held on:
May 14, 2026 at 2:00 p.m.
CCL Industries Inc.
111 Gordon Baker Road
Suite 801
Toronto, ON M2H 3R1

Class B Share Information

Stock Symbol CCL.B

Listed TSX

Opening price 2025	\$74.16
Closing price 2025	\$86.70
Number of trades	441,139
Trading volume (shares)	75,456,179
Trading value	\$5,813,342,461
Annual dividends declared	\$1.28

Shares outstanding at December 31, 2025

Class A voting shares	11,743,323
Class B non-voting shares	161,501,741





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