



CCL Industries Inc.

2023 ANNUAL
REPORT

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 loss prevention and inventory management applications, including labeling and tagging solutions, for the retail and apparel industries worldwide.

Innovia

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



25,700

Employees



213

Production Facilities



43

Countries



6

Continents

NORTH AMERICA REPRESENTS

41% of total sales

EUROPE REPRESENTS

31% of total sales

EMERGING MARKETS REPRESENTS

28% 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 2024; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, 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 2025 and 2030; the Company's ability to successfully deploy initiatives that reduce the carbon footprint of its products and services; the continuing impact the conflicts in Europe and the Middle East will have on the global economy and the global supply chain; the Company's success in passing on foreign exchange movements and input cost changes, including inflationary costs, to its customer base; Innovia will successfully complete construction of its new film manufacturing facility in Germany in the first half of 2025; Innovia will complete the closure of its Belgium facility by mid-2024; Innovia will successfully consolidate the production from the closure of the Belgium facility into its facilities in the U.K. and Australia, leading to incremental annual profitability of \$17.0 million to \$20.0 million; for the CCL Segment, fourth quarter momentum and potential acceleration in early 2024 will yield improved sales and profitability; all the vertical markets within the CCL Segment are positioned for growth and improved profitability in the coming years; the CCL Segment will complete all its global greenfield projects successfully; CCL Design will successfully manage new product initiatives and profitably capture the turnaround in electronics markets; CCL Secure's success in developing market-leading security technology to pursue widespread long-term adoption of polymer banknotes; 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; Checkpoint will successfully commence operations of its new RFID inlay facility in Mexico; Checkpoint's expectation that core MAS and ALS apparel production categories will grow and improve profitability in 2024; Innovia's expectation that the destocking in the label materials industry has ended and improvements early in 2024 will continue for the remainder of the year and expectations that the new "EcoFloat" production line will successfully fill its capacity; and expectations that if demand remains stable for the remainder of 2024, results will deliver good progress over 2023.

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2023 LETTER TO SHAREHOLDERS

2023 was another year of record adjusted net earnings*, moving from less than \$500 million at the end of 2019, before the pandemic, to \$666 million for 2023, with hopes of an even stronger recovery in 2024 as long as the geo-political stress points around the world do not escalate. Sales for 2023 were up 4.2% to \$6.65 billion, with adjusted net earnings per Class B share increasing only 1%, excluding foreign currency translation, but a strong U.S. dollar and gains in many international currencies drove the improvement up to 5.3%.

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and
Chief Executive Officer



Adjusted basic earnings per Class B share* improved from \$3.57 in 2022 to \$3.76 in 2023. Restructuring and goodwill impairment charges plus transaction expenses for acquisitions totalled \$137.8 million, the vast majority of the former directed to a redesign of Innovia's European operational footprint, which we will discuss later. Despite higher capital spending to provide capacity and capability for new opportunities, free cash flow* reached \$560 million, modestly below last year.

CCL Segment

Sales for the year increased 6.5%, passing \$4 billion for the first time, with growth led by acquisitions and favourable foreign exchange. Geographically, we delivered solid profit progress in Europe, compelling gains in Latin America, with North America modestly increasing. Asia Pacific was down low double digits on slower electronics markets in China and ASEAN countries with a soft year at CCL Secure in Australia. Segment operating income* grew 5.6% to \$634 million while adjusted EBITDA* margin moved up slightly to 21.8% as inflation challenges receded as the year progressed.

Home & Personal Care results were solid in labels with profit gains all coming internationally, especially in Latin America, with moderately reduced results in North America following an exceptionally strong 2022. Our label joint venture in the Middle East faced many currency challenges in Egypt, impacting profits especially in the second half of 2023, but, overall, it continues to grow, with higher-than-average profit margin. CCL Container was the standout performer with a blowout record year on strong gains in both aerosols and aluminum bottles plus improved performance at our Metals Science business where we backward-integrated to manufacture aluminum "slugs," the metal format from which we impact extrude cans. We invested in significant new can manufacturing capacity in Mexico, including expanded infrastructure, while replacing some of our older technology in the United States. Our tube business, after a very strong period during the Covid years, suffered from many customers correcting inventory positions after significant stock building in 2022; profits fell one-third, on a double-digit volume decline. On a combined basis, reported profit modestly improved for the sector overall on a slight organic sales decline.

Healthcare & Specialty performance moderated after a rampant 2022 but reported sales were still up double digit, with organic growth, acquisitions and foreign exchange gains all contributing in similar measures. Our Healthcare literature business had a record year, and we broke ground on a new plant in North Carolina to meet strong demand from GLP-1 customers. We completed

new label plants in Sioux Falls, South Dakota and Oss, Netherlands. We also acquired two important new businesses, Faubel in Germany, which propels us to a global leadership position in the clinical trials space, and e-Agile, a U.S. start-up technology company with proprietary software and coding capability for RFID labels for the ethical drug supply chain. Emerging markets were an area of strength, and we refocused one of our plants in Singapore, adding new capability for the healthcare space. Ag-Chem had another off year with lower sales in the U.S. consumer lawn & garden sector and decidedly mixed performance in Europe on operational challenges, although performance turned positive in the fourth quarter. Overall profitability improved modestly.

Food & Beverage benefited from many price increases to recover 2022 inflation, although implemented later in that year as contracts renewed; then, in 2023, raw material costs reversed, widening our margins for much of the year. Sleeves were especially strong as we completed a transition to a state-of-the-art new plant in Austria, the largest investment in the Company's history in a label operation. We made two important strategic acquisitions: Creaprint in Spain, an in-mould label producer with strength in Iberia plus exports to the Americas; and Pouch Partners, a producer of stand-up flexible pouches in Italy. Both businesses add new capability to serve many common customers with opportunities to backward integrate in film supply. Pressure sensitive labels had flat to down performance in the alcoholic beverage arena in softer end markets but posted strong growth in closure labels. We built a new greenfield spirits label plant in Italy to support global customers transitioning from wet glue labels to pressure sensitive. Sector profitability overall improved strongly with similar contributions from organic gains, acquisitions and foreign exchange translation.

CCL Design had another challenging year as device markets softened globally after a boom during the pandemic. The personal computer industry had its lowest volume since 2006 with units down 14% after a big decline in 2022. Servers and hard disc drives also slowed and the cell phone space struggled to post unit growth. There were clear signs of the demand trough reaching bottom in the fourth quarter, with the first signals of an uptick. We believe the next cycle in tech will be upwardly long as businesses and consumers look for AI-compatible devices with upgraded chips. The business demonstrated its agility, reducing approximately 1,000 people from our Chinese factories as we optimized cost and automated many processes to confront market conditions. We started a new plant in India to support customers balancing their supply footprint. The 2022 Desin acquisition, which had a tough first year, improved in the second half of 2023. We acquired Imprint Energy, a start-up with patented technology for integrating flat format batteries into smart labels, giving them capability to transfer data without a scanner. Automotive had a much improved year in labels but struggled for acceptable profitability in the decorative parts business; the 2022 McGavigan acquisition progressed in Europe but posted lower results in China. Olympic Tapes performance reversed 2022 gains on lower sales for electric vehicles. Sales to alkaline battery producers were stable. Overall, profitability at CCL Design declined for the year but improved in the fourth quarter.

CCL Secure had an outstanding year in the United States on new government contracts for passport components. The polymer bank note business was solid in the U.K. and Mexico, but weak mix and lower volumes reduced profitability in Australia significantly. On a combined basis, sales and profitability increased for the sector.

Avery

Our consumer segment had a record year with sales passing \$1 billion for the first time, up 13.8% as reported, with organic growth, acquisitions and foreign exchange translation each contributing. Segment operating income* increased 19.0% as reported to just shy of \$200 million with a 19.2% operating margin; exceptionally strong cash flow significantly exceeded profitability aided by good working capital management and low capex. Direct-to-consumer units continued to progress globally, including the new acquisitions, our legacy businesses had good performance in most geographies and especially in the United States on solid back-to-school results. The new horticultural units had a much better second year under our ownership, particularly in the United States. Adelbras results in Brazil were impacted by a plant fire in the first quarter, which tragically resulted in three fatalities. The accident took place in a solvent mixing room, which has since been substantially improved with many new protocols to prevent a recurrence. "Never again" is now the safety motto of our people at this location. The business was solidly profitable in its first full year under our auspices.

Checkpoint

Retailers that gained in the pandemic era faced slower sales growth and compressed margins with higher rates of shrinkage prompting renewed interest in Merchandise Availability Solutions' security systems and supplies. Inflation, especially intermodal freight from our manufacturing operations in China, rapidly receded as did many component costs for our hardware products. We closed our higher-cost label supply plant in Japan and consolidated into China. We also announced plans to build a new RFID inlay plant in Mexico to avoid import tariffs from China and provide growth capacity. These investments will expand our

inlay capacity to 5 billion units, representing approximately 10% of global market demand when the plant comes on line in the first half of 2024. Capacity in Mexico will focus more on emerging RFID applications for general merchandise, food, healthcare and logistics. Apparel Labeling Solutions again delivered record levels of profitability for the year on solid sales growth driven by excellent gains in RFID despite many retailers correcting apparel inventory across the supply chain. The smaller Meto business delivered good cash flow. Segment operating income* increased to a record \$132 million on sales of \$875 million, a return on sales of 15.1%, up 60 basis points.

Innovia

It was another difficult year for Innovia, especially in Europe. Demand in the pressure sensitive label materials industry dropped dramatically beginning late summer of 2022 through much of 2023 as label converter customers reduced huge inventory positions built in 2021 and much of 2022 to secure supply in the face of tight industry capacity. The situation was amplified by the loss of the entire Russian market, historically entirely supplied from Western Europe, to Chinese producers following the outbreak of the Ukraine conflict. The 2023 35% industry demand drop had no precedent, so we took action, deciding to close our highest cost plant in Belgium and consolidating volume into operations in the U.K. and Australia. We invested \$32 million in restructuring to generate annual profit improvement of \$17 million to \$20 million once the transition is completed in mid-2024. Given the goodwill associated with Innovia's European operations and the overall decline in sales and related cashflow, we were required to record a \$95 million non-cash goodwill impairment charge. Results improved significantly in the Americas where the demand drop was limited. Ecofloat volume in Poland also progressed nicely. Sales fell over 20% to \$630 million on lower volume and price pass-through from significant resin declines, lower energy prices and tight cost management aided profitability. Segment operating income* fell over \$2 million to \$46 million, with a return on sales of 7.2% up 110 basis points. Demand began to improve in the label materials industry late in the fourth quarter and accelerated significantly so far in 2024.

Sustainability

In concert with global customers, the Company will set emission reduction goals through the Science-Based Targets initiative ("SBTi") in 2024, along with new waste goals to align with best practices in our industry. Many examples of new sustainable products and processes have been implemented throughout the Company. CCL Metal Sciences developed technology to recycle process scrap from our aluminum can plants into new raw materials. CCL Design launched the 5400 LSE series of acrylic foam tapes free of PFAS substances, often referred to as "forever chemicals." CCL Label received Forest Stewardship Council ("FSC™") Chain of Custody certification allowing customers to utilize the FSC™ trademark on paper products produced with certified materials, while providing enhanced traceability for timber products in our supply chain. The Association of Plastic Recyclers ("APR") recognized CCL's Recycle Ready tubes commercialized for major brands with the use of new HDPE closures creating mono material products for recyclability in the colored bottle waste stream. PepsiCo trialed CCL Label's innovative multipack solution for Snack A Jacks in the U.K. in July, using 86% less material compared to traditional systems. 1,200 McDonald's restaurants across France now use Checkpoint's RFID inlays embedded into reusable in store tableware and cups to monitor and track inventory through an automated database. CCL Label's new state-of-the-art shrink sleeves plant in Austria was constructed with the latest technology for energy efficiency and waste treatment. The success story of EcoFloat® Sleeves continued, winning several awards together with Henkel AG and endorsed by the APR. CCL Label Turkey became the first domestic label supplier to receive authorization to produce shrink sleeves with the official logo for the Turkish deposit system. Wash-Off labels for returnable glass bottles continue to gain traction but are now also developed for rigid PET bottles. Innovia launched RayoFloat™ white polyolefin shrink film for light-sensitive dairy, supplements and cosmetics brands switching from HDPE containers to infinitely recyclable PET bottles with white removable sleeves. Rayoface™ polyolefin label films, 40% thinner than polyethylene, were developed for Home & Personal Care brands. PVC-free graphics films made from recyclable PP for signage and promotional displays are also gaining traction. Avery Zweckform will install a solar panel system on the roof of its large plant in Germany providing 35% of the energy consumption at the site. You can find our annual Sustainability Report at www.cclind.com/sustainability.

Delivering to Shareholders

Following our February 2024 Board meeting, we announced a 9.4% increase to the dividend. The annualized payout now stands at \$1.16 per Class B share and \$1.15 per Class A share, up over 70% the last five years and without omission or reduction for more than four decades. Despite spending \$324 million on acquisitions and \$444 million on net capital expenditures, the Company's net debt to adjusted EBITDA ratio ended 2023 comfortably inside investment-grade territory at 1.13 times, down 0.11 turns. With the stock price below \$60 the Company returned to making share repurchases under its Normal Course Issuer Bid very late in the fourth quarter, returning \$5 million to shareholders. We plan to invest approximately \$455 million in 2024 in capital equipment

and new plant expenditures, compared to approximately \$353 million of 2023 depreciation and amortization expense, excluding right-of-use asset amortization. With 98% of sales outside Canada, CCL continues to provide domestic shareholders considerable geographic risk diversification.

Diversity, Leadership and Governance

CCL is a global enterprise with operations now in 43 countries on 6 continents. We remain deeply committed to decentralized organizational principles, serving a broad array of end markets using our specialized expertise in technical printing, surface coating & film extrusion, adhesives, label formatting software & digital imaging, intelligent label technologies, mechanical & laser cutting and automated assembly. Deep knowledge of these technologies and how to apply them in the market remains a required entry ticket to the senior operational leadership ranks and usually means talent has to be developed versus hired. We relentlessly subscribe to our philosophy that business leadership should be local to the country where we operate, especially outside North America. We firmly believe this ensures our operating units around the world reflect the ethnicity and society in the business communities we serve. The mission of our professional corporate support staff is to be technically excellent, agile and highly responsive, with a cost equal to 1% of sales.

In our 2023 employee census, 63% of employees are men, 37% women; employees identifying themselves as “white” totaled 42% of the population; no material change since 2021. We remain deeply committed to the principle that our people must reflect the cultural norms where our plants, distribution centres and offices are located...globally. Gender and cultural diversity start at the top: 4 of 11 Directors on our Board are now women, with one from a culturally diverse background.

We bid farewell at this year’s AGM to Doug Muzyka one of our longest serving Directors who is retiring from the Board. We will miss the focus he brought to all of our Board and Committee deliberations, his deep global insight, easy comprehension of all technology related matters and practical statesmanship to all sensitive subjects; he will be sorely missed. We welcome Mr. Claude Tessier to our Board of Directors, who brings international retail and food industry experience in addition to his deep public company financial expertise as the former CFO of Alimentation Couche-Tard. The Board continues to represent all shareholders through good governance practice, while providing seasoned, wise counsel to management.

2024 Outlook

We are more encouraged about the Company’s prospects for the year ahead than we have been for some time as some of our businesses are poised to join the recovery cycle in 2024. The pandemic is clearly in our rearview mirror, and central banks around the world look on track to succeed in engineering an economic soft landing while still controlling inflation without a major recession. The tense geo-political issues globally are the one black cloud worrying most businesses and we are no exception. That aside we are confident we will make good earnings progression in 2024.

We close by again thanking the 25,700 CCL people around the world for their passion, commitment and extraordinary skills. You make the difference. To our customer and supplier partners, without you we would simply not exist; and to our shareholders, we are ready to continue to grow and prosper.



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)

	2023	2022	
Sales	\$ 6,649.6	\$ 6,382.2	4.2%
Adjusted EBITDA	\$ 1,332.1	\$ 1,231.4	8.2%
% of sales	20.0%	19.3%	
Restructuring and other items – net loss	\$ 42.8	\$ 11.7	
Goodwill impairment loss	\$ 95.0	\$ —	
Net earnings	\$ 530.2	\$ 622.7	(14.9%)
% of sales	8.0%	9.8%	
Basic earnings per Class B share			
Net earnings	\$ 2.99	\$ 3.50	(14.6%)
Diluted earnings	\$ 2.95	\$ 3.48	(15.2%)
Adjusted basic earnings per Class B share*	\$ 3.76	\$ 3.57	5.3%
Dividends per Class B share	\$ 1.06	\$ 0.96	10.4%
As at December 31			
Total assets	\$ 8,924.2	\$ 8,664.4	3.0%
Net debt*	\$ 1,508.2	\$ 1,522.3	(0.9%)
Total equity	\$ 4,623.2	\$ 4,265.2	8.4%
Net debt to Adjusted EBITDA*	1.13	1.24	
Return on equity (before other expenses)*	15.0%	15.9%	
Number of employees	25,700	25,300	1.6%

* 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, 2023 and 2022. In preparing this MD&A, the Company has taken into account information available until February 21, 2024, unless otherwise noted. This MD&A should be read in conjunction with the Company's December 31, 2023, annual consolidated financial statements, which form part of the CCL Industries Inc. 2023 Annual Report dated February 21, 2024. 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, Hong Kong dollar, Hungarian forint, Indian rupee, Israeli shekel, Japanese yen, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Philippine peso, Polish zloty, Russian ruble, Singaporean dollar, South African rand, South Korean won, Swiss franc, Thai baht, Turkish lira, U.K. pound sterling and Vietnamese dong. All per Class B non-voting share ("Class B share") amounts in this document are expressed on an undiluted basis, unless otherwise indicated. The Company's Audit Committee and its Board of Directors (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.

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 25,700 people in 213 production facilities located in North America, Latin America, Europe, Australia, Africa and Asia including equity investments in two joint ventures operating nine 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 loss prevention and inventory management applications, including labeling and tagging solutions, for the broad retail and apparel industries worldwide. **Innovia** is a leading global producer of specialty, high-performance, multi-layer, surface-engineered films for label, packaging and security applications. The Company 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 badging solutions centered 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 and apparel 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. The 2023 financial results delivered strong cash flow and a solid balance sheet after investing \$345.8 million in eight acquisitions and \$443.7 million in net capital expenditures to execute global growth initiatives. Even during 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 has dampened consumer demand, led to instability in 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, 2023, the Company had \$774.2 million of cash on hand and approximately US\$966.1 million 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.

A key financial target for the Company is return on equity before goodwill impairment loss, restructuring and other items, non-cash acquisition accounting adjustments and tax adjustments ("ROE," a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A). The Company continues to execute its strategy with a goal of achieving a comparable ROE level to its leading peers in specialty packaging. 2023 ROE of 15%, although solid, was down compared to 2022 as retained earnings increased faster than profitability gains:

	2023	2022	2021	2020	2019	2018
Return on Equity	15.0%	15.9%	17.2%	17.8%	17.8%	20.0%

Another metric used by the investment community as a comparative measure is return on total capital before goodwill impairment loss, 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 2018. The Company targets delivering returns in excess of its cost of capital. ROTC of 11.2% for 2023 declined compared to 2022 due to the solid increase in adjusted net earnings for 2023, offset by the increase in capital deployed for acquisitions and net capital expenditures compared to 2022:

	2023	2022	2021	2020	2019	2018
Return on Total Capital	11.2%	11.8%	12.5%	11.9%	10.8%	11.3%

ROTC should increase as the Company deleverages its balance sheet and increases net earnings as inflationary cost pressures and supply chain challenges ease and the Asian and European economies bounce back.

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 goodwill impairment loss, restructuring and other items, tax adjustments, gains on business dispositions and non-cash acquisition accounting adjustments. Management believes that, by taking into account both the relatively stable overall demand for consumer staple and healthcare products globally and 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 2018:

	2023	2022	2021	2020	2019	2018
Basic EPS Growth Rate	(14.6%)	5.1%	12.5%	10.4%	1.5%	(2.2%)
Adjusted Basic EPS Growth Rate	5.3%	5.9%	9.4%	10.4%	2.2%	1.5%

In 2023, adjusted basic earnings increased by 5.3% to \$3.76 per Class B share. Improved profitability from the CCL, Avery and Checkpoint segments more than offset increased net interest expense, reduced profitability for Innovia and increased corporate costs. The Company believes continuing growth in earnings per share is achievable in the future when Innovia completes its restructuring initiative and 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, earnings in equity-accounted investments, non-cash acquisition accounting adjustments, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

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:

	2023	2022	2021	2020	2019	2018
Adjusted EBITDA	\$ 1,332.1	\$ 1,231.4	\$ 1,173.1	\$ 1,123.2	\$ 1,067.2	\$ 995.3
% of sales	20%	19%	20%	21%	20%	19%

In 2023, Adjusted EBITDA increased by approximately 8.2% from 2022, 3.5% 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, in the midst of the world navigating regional economic volatility, geopolitical challenges in Europe and the Middle East and an evolving global supply chain situation.

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, 2023, net debt (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) to Adjusted EBITDA was 1.13 times, 0.11 turns lower than the 1.24 times at December 31, 2022, reflecting increased Adjusted EBITDA and a reduction in net debt. This leverage level is consistent with 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.

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 years without an omission or reduction. The Board views this consistency and dividend growth as important factors in enhancing shareholder value. For 2023, the dividend payout ratio was 28% of adjusted earnings. This dividend payout ratio reflects the strong cash flows generated by the Company and solid improvement in adjusted earnings in 2023 compared to 2022. Therefore, after careful review of the current year results, budgeted cash flow and income for 2024, the Board has declared a 9.4% increase in the annual dividend: an increase of \$0.025 per Class B share per quarter, from \$0.265 to \$0.29 per Class B share per quarter (\$1.16 per Class B share annualized). Including this increase, the Company has more than doubled the annualized rate since March 2018.

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 committed to set science-based targets for emissions through the Science-Based Targets initiative ("SBTi") to be finalized and released by June 2024. This commitment will further the Company's progress towards reducing the overall environmental footprint of its business in addition to working towards achievement of the waste reduction goals set for 2025 and 2030.

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. In 2023, the Company launched the "Good Saves Program" to help identify risks at our facilities before accidents occur and to promote a proactive Behavior-Based Safety (BBS) culture.

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.

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 August 2023, the Company acquired all the intellectual property of Imprint Energy Inc. ("IEI"), based in Alameda, California, for \$26.6 million. IEI is a start-up proprietary technology company with the know-how for ultrathin, non-hazardous and non-toxic printed batteries for devices, sensors and wearables. This product line has become part of CCL Design.
- In July 2023, the Company acquired privately owned Faubel & Co. Nachfolger GmbH ("Faubel"), headquartered in Melsungen, Germany, for approximately \$169.7 million, net of cash acquired. Faubel is a specialist in labels for pharmaceutical clinical trials globally and is reported within CCL Label's Healthcare and Specialty business.
- In July 2023, the Company acquired privately owned Creaprint S.L. ("Creaprint") based in Alicante, Spain, for approximately \$37.7 million, net of cash and debt acquired. Creaprint is a specialized producer of in-mould labels and has been added to CCL Label's Food & Beverage business.
- In July 2023, the Company acquired Pouch Partners S.r.l., ("Pouch"), a subsidiary of Swiss headquartered Capri-Sun Group, based in Milan, Italy, for approximately \$39.6 million, net of cash acquired. This business trades as CCL Specialty Pouches and has become an integral new product offering within CCL Label's Food & Beverage.
- In July 2023, the Company acquired privately owned Oomph Made Limited ("Oomph"), based in Liphook, United Kingdom, for approximately \$6.6 million, net of cash acquired. Oomph is a designer and supplier of Radio Frequency Identification ("RFID") and Near-Field Communication ("NFC") access cards and wristbands and has been added to the Company's Avery Segment.
- In April 2023, the Company acquired privately owned eAgile Inc. ("eAgile"), based in Grand Rapids, Michigan, for approximately \$52.2 million, including estimated net cash assumed. eAgile is a start-up technology company with proprietary, patented hardware and software solutions for the healthcare industry alongside RFID inlays embedded into labels. This business is being integrated into CCL Label's Healthcare & Specialty business.
- In April 2023, the Company acquired the intellectual property of Alert Systems ApS ("Alert"), based in Hoersholm, Denmark, for \$3.2 million. Alert's patent-protected anti-theft solutions are sold alongside Checkpoint's Merchandise Availability Solutions ("MAS") product lines.
- In April 2023, the Company acquired privately owned Data Management, Inc. ("DMI"), based in Farmington, Connecticut, for approximately \$10.2 million, net of cash acquired. DMI's tracking and identification badges business has been added to the Avery Segment.
- In May 2022, the Company acquired privately owned Floramedia Group B.V. ("Floramedia"), based in Westzaan, in the Netherlands, for approximately \$53.1 million, net of cash acquired. Floramedia is a European leader in horticulture media with in-house tag and label production complemented with sales offices in seven countries. It is reported as part of Avery.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

- In April 2022, the Company acquired Adelbras Indústria e Comércio de Adesivos Ltda. and Amazon Tape Indústria e Comércio de Fitas Adesivas Ltda. (collectively, "Adelbras"), headquartered in Vinhedo near São Paulo, Brazil, for approximately \$152.3 million, net of cash and debt. Adelbras is a producer of adhesive tapes sold through retailers and distributors to consumers and small businesses under the Adelbras brand name. The new business is reported as part of Avery.
- In January 2022, the Company acquired privately owned McGavigan Holdings Ltd. ("McGavigan"), headquartered in Glasgow, Scotland, and with significant manufacturing operations in China, for \$103.6 million, net of cash acquired and debt assumed. McGavigan is a leading supplier of in-mould decorated components for automotive interiors and forms an integral part of CCL Design.

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 2023 annual financial statements, the Company announced the following:

- The Board of Directors has declared a dividend of \$0.29 per Class B non-voting share and \$0.2875 per Class A voting share, which will be payable to shareholders of record at the close of business on March 15, 2024, to be paid on March 28, 2024.

F) Consolidated Annual Financial Results

Selected Financial Information

Results of Consolidated Operations

	2023	2022	2021
Sales	\$ 6,649.6	\$ 6,382.2	\$ 5,732.8
Cost of sales	4,735.2	4,667.0	4,140.7
Gross profit	1,914.4	1,715.2	1,592.1
Selling, general and administrative expenses	985.6	852.6	761.4
	928.8	862.6	830.7
Earnings in equity-accounted investments	17.9	19.9	11.2
Net finance cost	(78.0)	(64.8)	(56.9)
Goodwill impairment loss	(95.0)	—	—
Restructuring and other items	(42.8)	(11.7)	(4.4)
Earnings before income taxes	730.9	806.0	780.6
Income taxes	200.7	183.3	181.5
Net earnings	\$ 530.2	\$ 622.7	\$ 599.1
Basic earnings per Class B share	\$ 2.99	\$ 3.50	\$ 3.33
Diluted earnings per Class B share	\$ 2.95	\$ 3.48	\$ 3.31
Adjusted basic earnings per Class B share	\$ 3.76	\$ 3.57	\$ 3.37
Dividends per Class B share	\$ 1.06	\$ 0.96	\$ 0.84
Total assets	\$ 8,924.2	\$ 8,664.4	\$ 7,627.8
Total non-current liabilities	\$ 2,884.1	\$ 2,897.8	\$ 2,462.8

Comments on Consolidated Results

Sales were \$6,649.6 million for 2023, an increase of 4.2% compared to \$6,382.2 million recorded in 2022. This increase in sales is attributable to acquisition-related growth of 2.4% and 4.3% positive impact of foreign currency translation, partially offset by an organic decline of 2.5%.

Consistent with 2022, approximately 98% of the Company's 2023 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, Brazilian real, Mexican peso and Thai baht by 3.7%, 6.5%, 4.4%, 7.1%, 17.6% and 4.4%, respectively, was partially offset by a 0.8% and 1.4% depreciation of the Australian dollar and Chinese renminbi, respectively, relative to the Canadian dollar in 2023 compared to average exchange rates in 2022.

Selling, general and administrative expenses ("SG&A") were \$985.6 million for 2023, compared to \$852.6 million reported in 2022. The increase in SG&A expenses in 2023 relates to an increase in corporate expenses, general increases across all business segments of the Company and most notably the impact of the eleven acquisitions over the last two years. Corporate expenses for 2023 increased to \$81.8 million, compared to \$71.8 million for 2022, primarily due to increased variable compensation expenses on meeting profitability thresholds in the fifth year of the amended long-term incentive plan.

Operating income (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) for 2023 was \$1,010.6 million, an increase of 8.2% compared to \$934.4 million for 2022. Foreign currency translation was a 4.9% positive impact to consolidated operating income for 2023 compared to 2022. CCL, Avery and Checkpoint Segments each increased operating income while Innovia posted a modest decline, compared to 2022. Further details on the business segments follow later in this report.

Adjusted EBITDA in 2023 was \$1,332.1 million, an improvement of 8.2% compared to \$1,231.4 million recorded in 2022. Excluding the impact of foreign currency translation, the increase was 3.5% over the prior year.

Net finance cost was \$78.0 million for 2023, compared to \$64.8 million for 2022. The 20.4% increase in net finance cost can primarily be attributed to increased finance costs on increased interest rates on variable rate debt partially offset by an increase in finance income for 2023 compared to 2022.

In the fourth quarter of 2023, the Company incurred a non-cash goodwill impairment charge related to the Innovia Segment of \$95.0 million with no associated tax benefit. This resulted in a reduction of basic earnings of \$0.54 per Class B share. Further details of this impairment are outlined in Section 2E: "Innovia Segment" later in this MD&A.

For the full year 2023, restructuring costs and other items represented an expense of \$42.8 million (\$41.2 million after tax) as follows:

- Restructuring expenses of \$41.1 million (\$39.5 million after tax), primarily related to severance and reorganization costs largely across Innovia, CCL Design and Checkpoint.
- Acquisition transaction costs totaled \$1.7 million (\$1.7 million after tax), for the eight acquisitions closed in 2023.

The negative earnings impact of the restructuring and other items in 2023 was \$0.23 per Class B share.

For the full year 2022, restructuring costs and other items represented an expense of \$11.7 million (\$9.7 million after tax) as follows:

- Restructuring expenses of \$10.3 million (\$8.3 million after tax), primarily related to severance and reorganization costs across the CCL Segment, Checkpoint and Innovia.
- Acquisition transaction costs totalled \$1.4 million (\$1.4 million after tax), for the three acquisitions closed in 2022.

The negative earnings impact of these restructuring and other items in 2022 was \$0.05 per Class B share.

In 2023, the consolidated effective tax rate was 28.2%, compared to 23.3% in 2022, excluding earnings in equity-accounted investments. The combined Canadian federal and provincial statutory tax rate was 26.5% for 2023 (2022 – 26.5%). The increase in the effective tax rates was primarily attributable to the \$95.0 million goodwill impairment loss with no associated tax benefit.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

Net earnings for 2023 decreased 14.9% to \$530.2 million, compared to \$622.7 million recorded in 2022 due to the items described above.

Basic earnings per Class B share were \$2.99 for 2023 compared to \$3.50 recorded for 2022. Diluted earnings per Class B share were \$2.95 for 2023 and \$3.48 for 2022. The aforementioned goodwill impairment loss reduced basic earnings by \$0.54 per Class B share. The movement in foreign currency exchange rates in 2023 compared to 2022 had a positive impact on the translation of the Company's basic earnings of \$0.16 per Class B share. The diluted weighted average number of shares was 179.9 million for 2023, compared to 179.2 million for 2022.

Adjusted basic earnings per Class B share was \$3.76 for 2023, up 5.3% from \$3.57 in 2022.

The movement in foreign currency exchange rates in 2023 versus 2022 had an estimated positive translation impact of \$0.16 on adjusted basic earnings per Class B share. This estimated foreign currency impact reflects the currency translation in all foreign operations.

As of December 31, 2023, the Company had 11.8 million Class A voting shares and 166.0 million Class B non-voting shares issued and outstanding. In addition, the Company had outstanding stock options to purchase 0.1 million Class B non-voting shares, 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 2017-2025 Long Term Retention 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 1.4 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.

G) Seasonality and Fourth Quarter Financial Results

2023	Unaudited Qtr 1	Unaudited Qtr 2	Unaudited Qtr 3	Unaudited Qtr 4	Year
Sales					
CCL	\$ 1,013.1	\$ 995.5	\$ 1,064.6	\$ 1,031.5	\$ 4,104.7
Avery	260.3	268.0	269.5	242.1	1,039.9
Checkpoint	210.4	210.5	210.1	244.2	875.2
Innovia	168.3	170.5	146.3	144.7	629.8
Total sales	\$ 1,652.1	\$ 1,644.5	\$ 1,690.5	\$ 1,662.5	\$ 6,649.6
Segment operating income					
CCL	\$ 165.4	\$ 144.0	\$ 169.7	\$ 154.4	\$ 633.5
Avery	50.6	50.3	50.7	47.9	199.5
Checkpoint	30.8	28.1	28.8	44.3	132.0
Innovia	10.9	19.6	6.9	8.2	45.6
Operating income	257.7	242.0	256.1	254.8	1,010.6
Corporate expenses	19.9	21.3	16.7	23.9	81.8
Goodwill impairment loss	—	—	—	95.0	95.0
Restructuring and other items	0.8	2.9	1.9	37.2	42.8
Earnings in equity-accounted investments	(3.1)	(5.0)	(5.2)	(4.6)	(17.9)
	240.1	222.8	242.7	103.3	808.9
Finance cost, net	19.4	19.2	20.3	19.1	78.0
Earnings before income taxes	220.7	203.6	222.4	84.2	730.9
Income taxes	54.3	47.7	53.3	45.4	200.7
Net earnings	\$ 166.4	\$ 155.9	\$ 169.1	\$ 38.8	\$ 530.2
Per Class B share					
Basic earnings	\$ 0.94	\$ 0.88	\$ 0.95	\$ 0.22	\$ 2.99
Diluted earnings	\$ 0.93	\$ 0.88	\$ 0.94	\$ 0.20	\$ 2.95
Adjusted basic earnings	\$ 0.94	\$ 0.90	\$ 0.95	\$ 0.97	\$ 3.76

2022	Unaudited Qtr 1	Unaudited Qtr 2	Unaudited Qtr 3	Unaudited Qtr 4	Year
Sales					
CCL	\$ 942.0	\$ 965.2	\$ 1,000.8	\$ 947.1	\$ 3,855.1
Avery	180.3	236.5	257.0	239.8	913.6
Checkpoint	203.0	197.1	196.0	222.6	818.7
Innovia	196.4	216.4	204.3	177.7	794.8
Total sales	\$ 1,521.7	\$ 1,615.2	\$ 1,658.1	\$ 1,587.2	\$ 6,382.2
Segment operating income					
CCL	\$ 152.8	\$ 154.9	\$ 160.2	\$ 131.9	\$ 599.8
Avery	33.9	46.9	44.7	42.1	167.6
Checkpoint	26.6	22.6	35.1	34.6	118.9
Innovia	15.3	23.4	6.8	2.6	48.1
Operating income	228.6	247.8	246.8	211.2	934.4
Corporate expenses	17.6	17.8	18.9	17.5	71.8
Restructuring and other items	1.8	3.2	3.3	3.4	11.7
Earnings in equity-accounted investments	(3.2)	(3.7)	(4.0)	(9.0)	(19.9)
	212.4	230.5	228.6	199.3	870.8
Finance cost, net	14.7	15.4	17.1	17.6	64.8
Earnings before income taxes	197.7	215.1	211.5	181.7	806.0
Income taxes	47.5	51.7	47.6	36.5	183.3
Net earnings	\$ 150.2	\$ 163.4	\$ 163.9	\$ 145.2	\$ 622.7
Per Class B share					
Basic earnings	\$ 0.84	\$ 0.91	\$ 0.93	\$ 0.82	\$ 3.50
Diluted earnings	\$ 0.83	\$ 0.91	\$ 0.92	\$ 0.82	\$ 3.48
Adjusted basic earnings	\$ 0.85	\$ 0.94	\$ 0.95	\$ 0.83	\$ 3.57

Fourth Quarter Results

Sales for the fourth quarter of 2023 increased 4.7% to \$1,662.5 million, compared to \$1,587.2 million recorded in the 2022 fourth quarter. This increase was due to acquisition-related sales growth of 3.0%, positive impact from foreign currency translation of 2.2%, partly offset by a consolidated organic decline of 0.5%. The CCL and Checkpoint Segments recorded organic sales growth rates of 1.8% and 8.9%, respectively, while Avery and Innovia posted organic declines of 2.8% and 21.1%, respectively. Organic growth at the CCL Segment, driven by strong results in Food & Beverage and Home & Personal Care, offset softness in Healthcare & Specialty and electronics markets impacting CCL Design. Results for CCL Secure improved relative to a poor prior year fourth quarter. Avery recorded strong fourth quarter results in the direct-to-consumer categories, improvement in the horticultural businesses offsetting profitability declines in the smaller Canadian and Australian markets. Checkpoint posted strong gains in both MAS and Apparel Labelling Solutions (“ALS”) with continued strength in RFID products. Lower volumes particularly in the label materials industry reduced Innovia’s sales compared to the fourth quarter of 2022.

Operating income in the fourth quarter of 2023 increased 20.6% to \$254.8 million, compared to \$211.2 million in the fourth quarter of 2022. For the fourth quarter of 2023, the CCL Segment, Avery, Checkpoint and Innovia improved operating income 17.1%, 13.8%, 28.0% and 215.4%, respectively. Sales gains for the CCL Segment and Checkpoint drove increases in profitability, while productivity and cost control initiatives at Innovia improved profitability and positive currency translation added 2.4% on a consolidated basis.

Corporate expenses were \$23.9 million in the fourth quarter of 2023, compared to \$17.5 million recorded in the prior-year period. The increase in corporate costs is principally attributable to an increase in variable compensation expense as the Company hit profitability hurdles during the quarter in its amended five-year long term incentive plan.

Adjusted EBITDA increased 16.5% to \$336.7 million for the fourth quarter of 2023 compared to \$289.0 million for the 2022 comparable period. Adjusted EBITDA increased due to the improvements in the Company’s segments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

Net finance cost was \$19.1 million for the fourth quarter of 2023 compared to \$17.6 million for the fourth quarter of 2022. Increased variable interest rates on outstanding syndicated debt for the fourth quarter of 2023 compared to the fourth quarter of 2022 was the primary driver for an increase in comparative net finance costs.

In the fourth quarter of 2023, the Company incurred a non-cash goodwill impairment charge of \$95.0 million related to the Innovia Segment with no associated tax benefit. The negative earnings impact from this impairment loss was \$0.54 per Class B share. Further details of this impairment are outlined in Section 2E; "Innovia Segment" later in this MD&A.

For the fourth quarter of 2023, restructuring costs and other items represented an expense of \$37.2 million (\$36.8 million after tax) as follows:

- Restructuring expenses primarily related to severance and reorganization costs for the closure of Innovia's Belgium facility.
- Acquisition transaction costs totaled \$1.3 million (\$1.3 million after tax), principally for the Faubel acquisition.

The negative earnings impact of the restructuring and other items for the 2023 fourth quarter was \$0.21 per Class B share.

For the fourth quarter of 2022, restructuring costs and other items represented an expense of \$3.4 million (\$2.7 million after tax) as follows:

- Restructuring expenses primarily related to severance and reorganization costs for the CCL Design and Checkpoint operations.

The negative earnings impact of these restructuring and other items for the 2022 fourth quarter was \$0.01 per Class B share.

Tax expense in the fourth quarter of 2023 was \$45.4 million, resulting in an effective tax rate of 57.0% compared to \$36.5 million and an effective tax rate of 21.2% in the prior-year period. The effective tax rate for the fourth quarter of 2023 increased compared to the fourth quarter of 2022 primarily due to the goodwill impairment loss without an associated tax benefit.

Net earnings in the fourth quarter of 2023 were \$38.8 million, compared to net earnings of \$145.2 million in the fourth quarter of 2022.

Basic earnings per Class B share were \$0.22 in the fourth quarter of 2023, compared to \$0.82 in the fourth quarter of 2022. Innovia's goodwill impairment charge and associated restructuring costs for the closure of the Belgium operation reduced basic earnings by \$0.75 per Class B share. The movement in foreign currency exchange rates in the fourth quarter of 2023 compared to 2022 had a positive impact of \$0.01 on basic earnings per Class B share.

Adjusted basic earnings per Class B share improved 16.9% to \$0.97 for the fourth quarter of 2023, compared to \$0.83 in the corresponding quarter of 2022.

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. 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 2023 and 2022 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 timing of acquisitions, the effect of restructuring initiatives, the impact of central bank reorder patterns, the downturn in electronics markets, the inventory glut in the pressure sensitive materials industry, tax adjustments and other items.

The CCL Segment posted organic growth in the first quarter of 2023, but signs of softness were apparent and organic declines were realized for the second and third quarters, with the final quarter of the year once again recording organic growth. Food & Beverage and aluminum aerosols within Home & Personal Care were the strongest performers quarterly. CCL Design automotive markets improved quarterly while electronics markets waned in 2023, after surging during the pandemic years. Geographically, gains in Latin America quarterly outperformed all other regions. Within CCL Secure, the passport component business outperformed for the first three quarters of 2023, but in the fourth quarter the improvements at the polymer banknote business outpaced. For Avery, the direct-to-consumer name badge, event badge, wristbands and horticultural categories improved comparatively to each quarter of 2022. Avery's back-to-school surge in North America began in the second quarter of 2023 similar to the prior year; however, third quarter results in this legacy category exceeded the 2022 third quarter. Checkpoint recorded year-over-year quarterly improvements in MAS and gains in RFID-related products at ALS. Innovia's annual results were heavily influenced by reduced volumes due to destocking-related demand decline from the labels materials industry. This resulted in a non-cash \$95.0 million goodwill impairment charge for the Segment in the fourth quarter of 2023.

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 significant inflationary pressures in 2022 followed by significant cooling in 2023, created 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. 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 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. The Company is currently constructing a new film manufacturing plant in Germany that will produce thin-gauge sustainable film for the labels materials industry, and start-up is expected during the first half of 2025.

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 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 21 companies over the past ten 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 participated in a wide range of Corporate Social Responsibility initiatives in 2023. In June 2023, Avery Italy obtained the Carbon Neutrality certification as a result of their support of the Allain Duhangan Hydroelectric Project in India, a Verified Carbon Standards project. CCL Turkey became the first label business to receive authorization to produce shrink sleeves with the official deposit logo for the Turkish deposit system. In addition to recycling 100% of internal scrap, CCL Metal Sciences purchased technology to recycle process scrap from the Container facility in Hermitage. Checkpoint was recognized as a sustainable solution provider by the Global Fashion Agenda (“GFA”), a nonprofit organization that fosters industry collaboration on sustainability in fashion, for the Company’s RFID and smart labeling product offerings. Multinational food, snack and beverage producer PepsiCo trialed a new kind of innovative multipack for Snack A Jacks in the U.K. in July of this year, which uses 86% less material compared to previous multipack solutions. Innovia has continued to prioritize sustainability in material design, completing Life Cycle Assessments (“LCA”) for product offerings.

Business Segment Results

	2023	2022
Segment sales		
CCL	\$ 4,104.7	\$ 3,855.1
Avery	1,039.9	913.6
Checkpoint	875.2	818.7
Innovia	629.8	794.8
Total sales	\$ 6,649.6	\$ 6,382.2
Operating income*		
CCL	\$ 633.5	\$ 599.8
Avery	199.5	167.6
Checkpoint	132.0	118.9
Innovia	45.6	48.1
Operating income	\$ 1,010.6	\$ 934.4

* 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 158 production facilities, located in Canada, the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

United States (including Puerto Rico), Argentina, Australia, Austria, Brazil, Chile, China, Denmark, Egypt, France, Germany, Hungary, Ireland, India, Indonesia, Israel, Italy, Korea, Malaysia, Mexico, the Netherlands, New Zealand, Oman, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Thailand, Turkey, United Arab Emirates, the United Kingdom and Vietnam. Nine of these plants are connected to the equity investments in CCL-Kontur and Pacman-CCL, 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

	2023	% Growth	2022
Sales	\$ 4,104.7	6.5%	\$ 3,855.1
Operating income	\$ 633.5	5.6%	\$ 599.8
Return on sales	15.4%		15.6%

Sales in the CCL Segment for 2023 increased 6.5% to \$4,104.7 million, compared to \$3,855.1 million in 2022, due to acquisition-related growth of 2.2% and 4.9% positive impact from foreign currency translation partially offset by 0.6% organic decline.

Sales in 2023 for **North America** were down low single digit excluding the impact of currency translation and acquisitions, compared to 2022. Home & Personal Care sales and profitability decreased on reduced demand for labels and tubes only partly offset by modestly improved results for aerosol containers. Solid Healthcare & Specialty results were driven by strong demand in Healthcare partially offset by soft markets for the first three quarters in lawn and garden chemicals albeit rebounding significantly in the fourth quarter on destocking ending at customers. Food & Beverage results were strong within all categories other than in-mould labels. CCL Design North America sales and profitability improved on gains in automotive and electronics markets. CCL Secure sales and profitability increased dramatically on robust demand for passport components. Overall profitability improved but return on sales was flat to 2022.

European sales increased low single digit for 2023, excluding currency translation and acquisitions, compared to 2022. Home & Personal Care recorded organic sales growth but profitability was almost flat including currency appreciation. Healthcare & Specialty sales and profitability increased, entirely driven by the recent acquisition of Faubel, offsetting start-up losses at the new folding carton operation in Switzerland, poor performance in Ag-Chem markets, weak results in France and disruption and moving to a new plant in the Netherlands. Food & Beverage results were strong with robust gains in Sleeves augmented by strong performance from the newly acquired Creaprint and Pouch. CCL Design results declined on stable results for automotive and industrial markets more than offset by reduced profitability from slow sales in electronics markets. CCL Secure results improved on solid sales mix and productivity gains. Overall European sales and profitability improved largely due to the favourable impact of acquisitions and foreign exchange translation.

2023 sales in **Latin America**, excluding currency translation, increased high single digit compared to 2022. Sales improved in Mexico in all lines of business and profitability increased dramatically with particularly robust gains at CCL Container, augmented by significant appreciation of the peso. In Brazil, sales and profitability improved significantly, with considerable gains in Home & Personal Care augmented by the impact of favourable currency translation. Results in Argentina notably improved on new business wins despite the impact of currency devaluation, and Chile reduced its losses markedly despite currency challenges. Underlying operating income and return on sales improved compared to 2022 significantly augmented by currency translation gains.

Asia Pacific 2023 sales, excluding acquisitions and currency translation were down low double digits compared to 2022. Sales and profitability in China were down for the year, driven by an exceptionally soft year at CCL Design due to weak electronics markets and sluggish domestic consumer products demand. Sales and profitability across ASEAN markets improved compared to the prior-year period, with significant post CV19 recovery in Thailand's consumer products markets offsetting softness in other countries that support the electronics industry. In Australia, sales and profitability decreased, with improved results for label operations offset by significantly reduced performance at CCL Secure compared to the prior year. Results for South Africa were strong, with sales down modestly and profitability up on productivity gains. For the Asia Pacific region, operating income declined and return on sales fell.

Operating income for the CCL Segment increased by 5.6% to \$633.5 million for 2023 compared to \$599.8 million for 2022, principally due to the success of the CCL Segment in North America and Latin America. Foreign currency translation also had a positive effect of 5.5% on 2023 operating income compared to 2022. Operating income as a percentage of sales was 15.4% for 2023 compared to 15.6% for 2022.

The CCL Segment invested \$324.7 million in capital spending in 2023 compared to \$322.9 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 \$236.5 million in 2023, compared to \$212.1 million in 2022.

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 ("PMG"): including address labels, product identification labels and name badges/cards supported by customized software solutions where applicable; (2) Organization Products ("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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

Avery operates 23 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	

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 21 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. Some of these e-commerce platforms expanded rapidly during the pandemic while others, such as event and corporate identity name badges, weakened, and some very significantly. 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

	2023	% Growth	2022
Sales	\$ 1,039.9	13.8%	\$ 913.6
Operating income	\$ 199.5	19.0%	\$ 167.6
Return on sales	19.2%		18.3%

Avery sales for 2023 were \$1,039.9 million a 13.8% improvement compared to the \$913.6 million posted in 2022. The increase was due to 2.6% organic growth, 7.2% acquisition-related growth, and 4.0% positive impact from foreign currency translation compared to 2022.

North American sales increased mid-single digit for 2023, excluding currency translation and acquisitions, compared to 2022. Sales and profitability for PMG and OPG improved on distributors rebuilding inventories early in the year after some destocking in the second half of 2022; price increases and a solid back-to-school season without supply chain disruptions also contributed. All Direct-to-Consumer business lines increased sales for 2023, with particularly sound profitability gains in the badge and identification category compared to strong results for 2022. The newly acquired DMI identification badge business performed ahead of expectations. Profitability in the Horticultural business improved significantly post the CV19 recovery lull. Overall profitability and return on sales increased for 2023 compared to 2022.

International sales, largely generated from products in the Printable Media, Pressure Sensitive Tapes, Horticultural and Direct-to-Consumer categories, represent approximately 33% of the Avery Segment for 2023. Sales, excluding acquisitions and currency translation, were up mid-single digit in Europe with significant organic growth across all the Direct-to-Consumer categories including modest growth at legacy Printable Media operations and solid improvements in the horticultural operations. Latin American results were mixed with organic declines in legacy categories more than offset by a full year of solid results at Adelbras, acquired in 2022. Results in Australia declined slightly for 2023 compared to 2022.

Operating income increased 19.0% to \$199.5 million for 2023 compared to \$167.6 million in 2022. Return on sales was 19.2% for 2023, an improvement compared to 18.3% for 2022, largely due to the impact of recent acquisitions.

Avery invested \$13.1 million in capital spending for 2023, compared to \$38.0 million for 2022. The majority of the expenditures in 2023 were for infrastructure additions for Direct-to-Consumer operations in North America and Europe. Depreciation and amortization, excluding amortization on right-of-use assets, was \$32.6 million for 2023 compared to \$28.8 million for 2022.

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 23 manufacturing facilities, seven 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 or apparel manufacturers and competes with other global retail labeling companies.

Checkpoint’s market-leading position, strong brand recognition and product development pipeline should still drive modest 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.

Checkpoint Financial Performance

	2023	% Growth	2022
Sales	\$ 875.2	6.9%	\$ 818.7
Operating income	\$ 132.0	11.0%	\$ 118.9
Return on sales	15.1%		14.5%

Checkpoint sales were \$875.2 million for 2023, a 6.9% increase compared to \$818.7 million for 2022, driven by 4.6% organic growth and 2.3% positive impact from foreign currency translation.

MAS sales and profitability increased overall compared to a soft 2022, with gains in all geographic markets as customers reinvested in EAS products, in a retail industry impacted by rising shrink losses and compressing margins. In addition, improved pricing, reduced freight costs, facility rationalization, including the benefits of prior restructuring initiatives that resulted in productivity gains in 2023, dramatically improved profitability. **ALS** sales improved on gains in Europe and Asia Pacific, reinforced by a robust fourth quarter, compared to a strong prior year. Profitability increased for the year, boosted by strong growth in RFID products and benefits from newly implemented productivity initiatives. The smaller **Meto** business recorded reduced results for 2023 compared to 2022.

Operating income for 2023 was \$132.0 million, an increase of 11.0% compared to \$118.9 million in 2022. Return on sales was 15.1% for 2023, compared to 14.5% for 2022.

Checkpoint invested \$43.3 million in capital spending for 2023, compared to \$50.8 million for 2022. The majority of expenditures in 2023 were in the Europe and Asia Pacific regions to enhance capacity in ALS manufacturing facilities, including RFID. Depreciation and amortization, excluding amortization on right-of-use assets, was \$36.2 million for 2023, compared to \$34.2 million for 2022.

E) Innovia

Innovia operations acquired in 2017, Treofan acquired in 2018, Flexpol acquired in 2020 and two small legacy film manufacturing facilities transferred from the CCL Segment make up this business. Innovia’s global footprint for the manufacture of specialty high-performance, multi-layer, surface-engineered films includes major facilities located in each of Australia, Belgium, Mexico, Poland and the United Kingdom. These films are sold to customers in the pressure sensitive materials, flexible packaging and consumer packaged goods industries worldwide, with a small percentage of the total volume consumed internally by CCL Secure and CCL Label within the CCL Segment. In addition, two smaller legacy facilities, one located in Germany and one in the United States, produce almost their entire output for the CCL Segment’s Food & Beverage and Home & Personal Care businesses, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

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 decreased throughout most of 2023 aside from a small fourth quarter uptick in North America that subsequently reversed in the early weeks of 2024.

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 bottle 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 will produce highly engineered thin gauge pressure sensitive label film to support growing sustainability-driven lower resin content materials. Construction of this new facility started in 2023, with the commencement of commercial operations slated for the first half of 2025.

Lastly, due to the ongoing label materials industry destocking crisis that reduced demand for Innovia films post pandemic and the closure of the Belgian operation, the Company recorded a \$95.0 million non-cash goodwill impairment loss. Innovia plans to close its Belgium-based bubble extrusion operation by mid-2024 and consolidate its production in the U.K. and Australia, with the expectation to realize incremental annual profitability of \$17.0 million to \$20.0 million once complete.

Innovia Financial Performance

	2023	% Growth	2022
Sales	\$ 629.8	(20.8%)	\$ 794.8
Operating income	\$ 45.6	(5.2%)	\$ 48.1
Return on sales	7.2%		6.1%

Innovia sales for 2023 decreased 20.8% to \$629.8 million, compared to \$794.8 million in 2022, due to a 25.1% organic decline, partially offset by 4.3% positive impact from foreign currency translation. The organic decline in sales is attributable to the pass-through pricing mechanics associated with lower resin costs as well as reduced volume of film sold to the Segment's core customer base, especially in the label materials industry. The impact was more pronounced in the European label materials industry due to its greater size plus the loss of the entire Russian market, following the Ukraine conflict, to Chinese producers. Films sold internally for CCL Secure and CCL Label operations were solid. The new "EcoFloat" film line, although not running at optimal capacity in 2023, gained volume and acceptance throughout the consumer products industry, as the year progressed.

Operating income declined 5.2% to \$45.6 million compared to \$48.1 million for 2022. In addition to the volume shortfall, consistent sequential declines in resin costs, and the corresponding reduction in sales price progressively implemented for much of 2023, squeezed margins as Innovia worked through higher cost inventory positions. Energy rates in Europe, although significantly reduced compared to 2022, remained somewhat elevated compared to historical norms. Although volumes showed early signs of improvement, demand remained sluggish but profitability improved compared to the prior year fourth quarter due to much better performance in the USMCA region. Return on sales was 7.2% for 2023 compared to 6.1% for 2022.

Innovia invested \$80.5 million in capital spending for 2023 compared to \$35.4 million in 2022. 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 \$46.6 million for 2023, compared to \$47.1 million for 2022.

F) Joint Ventures

For the years ended December 31	2023	2022	+/-
Sales (at 100%)			
CCL Label joint ventures	\$ 191.7	\$ 187.7	2.1%
Earnings in equity-accounted investments (at 100%)			
CCL Label joint ventures	\$ 35.9	\$ 39.8	(9.8%)
Earnings in equity-accounted investments (at 50%)	\$ 17.9	\$ 19.9	(10.1%)

Results from the joint ventures are not proportionately consolidated into a Segment but instead accounted for as equity investments. The Company's share of the joint ventures' net income is disclosed in earnings in equity-accounted investments in the consolidated income statement.

Both Pacman-CCL and CCL-Kontur posted record sales for 2023; however, profitability declines at Pacman-CCL due to volatile currency exchange rates in Egypt offset gains at CCL-Kontur. Earnings in equity-accounted investments amounted to \$17.9 million for 2023, compared to \$19.9 million for 2022. Excluding the impact of foreign currency translation, sales and earnings in equity-accounted investments improved 22.6% and 7.0%, respectively.

3. FINANCING AND RISK MANAGEMENT

A) Liquidity and Capital Resources

The Company's leverage ratio is as follows:

For the years ended December 31	2023	2022
Current debt	\$ 6.9	\$ 6.6
Current lease liabilities	45.0	40.0
Long-term debt	2,067.8	2,175.6
Long-term lease liabilities	162.7	139.6
Total debt ⁽¹⁾	2,282.4	2,361.8
Cash and cash equivalents	(774.2)	(839.5)
Net debt ⁽¹⁾	\$ 1,508.2	\$ 1,522.3
Adjusted EBITDA	\$ 1,332.1	\$ 1,231.4
Net debt to Adjusted EBITDA ⁽¹⁾	1.13	1.24

⁽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.

The Company's debt structure at December 31, 2023, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$788.7 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$659.6 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$307.0 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.1 million; accordingly, there was approximately US\$966.1 million of unused availability on the revolving credit facility at December 31, 2023.

The Company's debt structure at December 31, 2022, was primarily comprised of the 144A 3.05% private notes due June 2030 in the principal amount of US\$600.0 million (\$806.4 million), 144A 3.25% private notes due October 2026 in the principal amount of US\$500.0 million (\$674.2 million), the \$300.0 million principal amount 3.864% Series 1 Notes due April 2028, and borrowings of \$394.1 million on the Company's syndicated revolving credit facility. Outstanding contingent letters of credit totaled \$1.8 million; accordingly, there was approximately US\$906.4 million of unused availability on the revolving credit facility at December 31, 2022.

Net debt was \$1,508.2 million at December 31, 2023, \$14.1 million lower than the net debt of \$1,522.3 million at December 31, 2022. Net repayments of long-term debt were \$130.5 million, inclusive of lease obligation repayments and the impact of foreign currency translation. Net debt decreased due to net repayments on syndicated revolving long-term debt facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

Net debt to Adjusted EBITDA decreased to 1.13 times as at December 31, 2023, compared to 1.24 times at the end of 2022, due to the decrease in net debt and an increase in Adjusted EBITDA. The measure will continue to strengthen as the Company strategically deploys its free cash flow for business acquisitions and capital expenditures, offset by any future purchase of shares under its normal course issuer bid.

The Company's overall average finance rate was 2.8% as at December 31, 2023, compared to 2.9% at December 31, 2022, reflecting a decrease in borrowing on the Company's syndicated revolving credit facility, which had higher short-term variable interest rates.

Interest coverage (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) was 11.9 times and 13.3 times in 2023 and 2022, respectively, indicative of higher net finance costs relative to 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

	2023	2022
Cash provided by operating activities	\$ 1,003.3	\$ 992.8
Cash used for financing activities	(295.2)	(72.6)
Cash used for investing activities	(768.0)	(706.6)
Effect of exchange rates on cash	(5.4)	23.8
Increase (decrease) in cash and cash equivalents	\$ (65.3)	\$ 237.4
Cash and cash equivalents – end of year	\$ 774.2	\$ 839.5

In 2023, cash provided by operating activities was \$1,003.3 million, compared to \$992.8 million in 2022. Free cash flow from operations (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A) was \$559.6 million for 2023, compared to \$573.4 million in the prior year. Driving the change in these metrics for 2023 were increase in adjusted net earnings, stable working capital, partially offset by increased income taxes and net interest paid, and, for the latter metric, increased net capital expenditures compared to 2022.

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) was 30 days at December 31, 2023, and December 31, 2022.

Cash used for financing activities in 2023 was \$295.2 million, consisting of net repayments of long-term debt and lease obligations of \$130.5 million, dividend payments of \$188.2 million and repurchase of Class B non-voting shares pursuant to normal course issuer bids totaling \$5.1 million, partly offset by proceeds from the issuance of shares of \$28.6 million due to the exercise of stock options.

Cash used for investing activities in 2023 of \$768.0 million was primarily for acquisitions that totaled \$324.3 million and net capital expenditures of \$443.7 million.

After the above-noted items and the \$5.4 million negative effect of foreign currency rates, cash and cash equivalents decreased by \$65.3 million in 2023 to \$774.2 million.

Capital spending in 2023 amounted to \$461.6 million and proceeds from capital dispositions were \$17.9 million, resulting in net capital expenditures of \$443.7 million, compared to \$419.4 million in 2022. Increased capital expenditures in 2023 were for capacity additions in the year plus expected growth initiatives for 2024 and beyond. Depreciation and amortization in 2023 amounted to \$352.6 million, compared to \$323.2 million in 2022, 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 slightly over 2.0% of its 2023 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, 2023, 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 \$16.6 million for the year ended December 31, 2023 (2022 – \$16.5 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, 2023, the Company had \$21.0 million potential exposure to credit risk arising from derivative financial instruments.

As at December 31, 2023, the Company had approximately US\$1.1 billion and €201.0 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

	2023	2022
Net earnings	\$ 530.2	\$ 622.7
Dividends	(188.2)	(170.3)
Settlement of exercised stock options	34.5	6.6
Contributed surplus on expensing of stock options and stock-based compensation plans	43.8	37.4
Defined benefit plan actuarial gain (loss) net of tax	(11.2)	45.8
Repurchase of shares	(5.1)	(200.0)
Increase in accumulated other comprehensive income (loss)	(46.0)	176.0
Increase in equity	\$ 358.0	\$ 518.2
Equity	\$ 4,623.2	\$ 4,265.2
Shares issued at December 31 – Class A (000s)	11,748	11,815
– Class B (000s)	166,048	165,231

In 2023, the Company declared dividends of \$188.2 million, compared to \$170.3 million declared in the prior year. As previously discussed, the dividend payout ratio in 2023 was 28% (2022 – 27%) of adjusted earnings. After careful review of the current year results, budgeted cash flow and income for 2023, the Board declared a 9.4% increase in the annual dividend: an increase of \$0.025 per Class B share per quarter, from \$0.265 to \$0.29 per Class B share per quarter (\$1.16 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, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

In May of 2023, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.5 million Class B non-voting shares, approximately 9.9% of the public float of the Class B non-voting shares of the Company. During the fourth quarter of 2023, the Company acquired 87,305 of its Class B shares for cancellation at an average price of \$58.87 per share. 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 2023 were as follows:

	December 31, 2022		December 31, 2023						
	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	\$ 2.0	\$ 0.1	\$ 0.1	\$ —	\$ 0.1	\$ —	\$ —	\$ —	
Unsecured bank loans	4.3	7.0	7.0	1.5	1.3	2.1	2.1	—	
Unsecured 144A 3.25% private notes	674.2	659.6	662.1	—	—	—	662.1	—	
Unsecured 144A 3.05% private notes	806.4	788.7	794.6	—	—	—	—	794.6	
Unsecured 3.864% Series 1 Notes	298.9	299.2	300.0	—	—	—	300.0	—	
Unsecured syndicated bank credit facility	394.1	307.0	308.6	—	—	—	308.6	—	
Other long-term obligations	2.3	13.1	13.1	1.1	2.9	2.0	7.1	—	
Interest on unsecured bank credit facilities	*	*	52.2	8.1	8.3	16.6	19.2	—	
Interest on 144A 3.25% private notes	*	*	59.1	5.4	10.7	21.5	21.5	—	
Interest on 144A 3.05% private notes	*	*	155.5	10.1	12.1	24.2	72.7	36.4	
Interest on unsecured 3.864% Series 1 Notes	*	*	49.7	3.3	5.8	11.6	29.0	—	
Interest on other long-term debt	*	*	1.8	0.1	0.1	0.2	1.4	—	
Trade and other payables	1,394.4	1,329.5	1,329.5	1,329.5	—	—	—	—	
Accrued post-employment benefit liabilities	*	*	252.3	1.7	1.7	22.5	88.7	137.7	
Lease liabilities	179.6	207.7	226.5	24.6	22.8	36.9	66.9	75.3	
Total contractual cash obligations	\$ 3,756.2	\$ 3,611.9	\$ 4,212.1	\$ 1,385.4	\$ 65.8	\$ 137.6	\$1,579.3	\$ 1,044.0	

* Accrued long-term employee benefit and post-employment benefit liability of \$17.2 million, accrued interest of \$10.1 million on unsecured notes, unsecured bonds and unsecured syndicated credit facilities, and accrued interest of \$2.4 million on derivatives are reported in trade and other payables in 2023 (2022: \$15.7 million, \$10.3 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 2023 was \$591.6 million (2022 – \$554.4 million), the fair value of the plan assets was \$311.8 million (2022 – \$298.6 million) and an irrevocable surplus due to an asset ceiling was \$1.4 million (2022 – \$2.1 million), for a net deficit of \$281.2 million (2022 – \$257.9 million). Contributions to defined benefit plans during 2023 were \$16.9 million (2022 – \$15.1 million). The Company expects to contribute \$63.2 million to pension plans in 2024, 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 2023 annual consolidated financial statements.

Other Obligations and Commitments

The Company has provided various loan guarantees for its joint ventures and associates totaling nil (2022 – \$19.9 million). The Company has posted surety bonds through accredited insurance companies globally totaling \$56.7 million (2022 – \$52.4 million). The nature of these commitments is described in note 26 and note 27 of the Company's 2023 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, 2023, 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 DMI, eAgile, Oomph, Pouch, Creaprint, IEI and Faubel. These companies were acquired during the second and third quarters of 2023.

The total net assets acquired for these acquisitions was approximately \$342.6 million, which are reported in the Company's consolidated financial statements of financial position for the year ended December 31, 2023, and was approximately 7.4% of consolidated net assets and approximately 5.2% 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 these acquisitions. The assessment on the design effectiveness of disclosure controls and procedures and internal control over financial reporting is on track for completion by the end of the third quarter of 2024 and the assessment of the operating effectiveness will be completed by the fourth quarter of 2024.

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, 2023.

There were no material changes in internal control over financial reporting in the financial year ended December 31, 2023.

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, 2023 and 2022, 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 four 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 \$45.0 million as at December 31, 2023. 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.

Covid-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic related to CV19. The impacts on global commerce have been and are anticipated to continue to be far-reaching. CV19 led to unprecedented governmental actions in multiple jurisdictions, including the closure of workplaces determined to be non-essential, the imposition of new health and monitoring requirements and the imposition of restrictions on the international, national and local movement of people and some goods. There were significant disruptions to business operations, supply chains and customer activity and demand; service cancellations, reductions and other changes; the imposition of quarantines and curfews; as well as considerable general concern and uncertainty. There was significant stock market volatility and significant volatility in foreign exchange and commodity markets. While the Company's operations were determined by most jurisdictions to be essential businesses and continued to operate throughout the pandemic with limited disruptions, there can be no assurance that this will continue to be the case. CV19 continues to have varying impacts by geography and sector on the Company's employees, suppliers and customers and on the demand for the respective products that the Company and its customers produce. While the introduction, beginning in late 2020, of vaccines designed to offer protection against CV19 offered the possibility of a reduction in the duration of the pandemic, the time needed for widespread availability and distribution of such vaccines, their duration and efficacy against the emergence and spread of new strains of CV19, as well as the levels of public participation in inoculation programs, remain uncertain. The reoccurrence of a CV19 pandemic and its impact on the Company's financial performance and position is an area of estimation uncertainty and judgment, which is continuously monitored and reflected in management's estimates.

The impacts of a reoccurrence of a CV19 pandemic that may have an effect on the Company include: a change in short-term and/or long-term demand and/or pricing for the Company's products; reductions in production levels; increased costs resulting from the Company's efforts to mitigate the impact of CV19; deterioration of worldwide credit and financial markets that could limit the Company's ability to obtain external financing to fund operations and capital expenditures, and result in a higher rate of losses on accounts receivable due to counterparty credit defaults; disruptions to supply chains; impairments and/or write-downs of assets; restrictions on movement of workforce; reductions in the labour force; the closure of workplaces; and adverse impacts on the Company's information technology systems and internal control systems as a result of the need to maintain remote work arrangements. A material adverse effect on the Company's employees, customers and/or suppliers could have a material adverse effect on the Company.

Significant uncertainty remains with respect to the future impact of CV19 on the Company's businesses. As a result, the Company's expected financial results for 2024 and beyond may be negatively impacted by continued CV19-related disruptions. The Company cannot currently estimate the severity of any such impact, which may be material. The overall severity and duration of CV19-related adverse impacts on the Company's businesses will depend on future developments that cannot currently be predicted, including directives of governmental and public health authorities, the extent and duration of governmental assistance for individuals and businesses adversely affected by CV19, the effectiveness of inoculation programs, the extent to which suppliers and customers are impacted by renewed operating restrictions and closures and the speed at which they are able to return to normalized production levels, the level of consumer demand, the status of labour availability and the ability to staff the Company's operations and facilities. Even after CV19 outbreaks have subsided, the Company may continue to experience material adverse impacts to its businesses as a result of CV19's global economic impact, including any related recession.

Raw Materials Component Parts and Inflation

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, and 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 almost completely on its plant in Tijuana, Mexico; supply disruption, changes to border controls or the failure to implement the provisions of the United States-Mexico-Canada Agreement ("USMCA") on trade could adversely affect sales and profitability. 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 2023 were approximately 98% of the Company's total sales, a level similar to that in 2022. 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 2023, 38.6% and 31.0% 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 and Australia in 2023 were 28.1% of the Company's total sales. In addition, the Company has equity-accounted investments in Russia and the Middle East. There are risks associated with operating a decentralized organization in 213 manufacturing facilities in 43 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 has controls and procedures intended to mitigate these risks, 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, 2023, the Company had approximately \$2.7 billion of goodwill and indefinite-life intangible assets on its consolidated statement 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. During the fourth quarter of 2023, the Company recorded a non-cash goodwill impairment loss of \$95.0 million for the Innovia Segment. 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% (2022 – 6.8%) of the consolidated revenue for the fiscal year 2023. The five largest customers of the Company represented approximately 13.8% (2022 – 13.8%) of the total revenue for 2023 and the 25 largest customers represented approximately 33.8% (2022 – 34.6%) 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.

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 transshipment, 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, 2023. 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 (\$2.2 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 thirteen 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.

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.

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, 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 213 locations around the world and therefore 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 dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments, restructuring and other items and tax adjustments.

Earnings per Class B Share

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
Basic earnings	\$ 0.22	\$ 0.82	\$ 2.99	\$ 3.50
Net loss from restructuring and other items	0.21	0.01	0.23	0.05
Goodwill impairment loss	0.54	—	0.54	—
Non-cash acquisition accounting adjustment related to inventory	—	—	—	0.02
Adjusted basic earnings	\$ 0.97	\$ 0.83	\$ 3.76	\$ 3.57

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, income taxes, depreciation and amortization, goodwill impairment loss, earnings in equity accounted investments, non-cash acquisition accounting adjustments, restructuring and other items. The Company believes that Adjusted EBITDA is an important measure as it allows the assessment of the Company's ongoing business without the impact of net finance cost, depreciation and amortization and income tax expenses, as well as non-operating factors and unusual 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 may allow comparison of the Company's 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	
	2023	2022	2023	2022
Net earnings	\$ 38.8	\$ 145.2	\$ 530.2	\$ 622.7
Corporate expense	23.9	17.5	81.8	71.8
Earnings in equity-accounted investments	(4.6)	(9.0)	(17.9)	(19.9)
Finance cost, net	19.1	17.6	78.0	64.8
Restructuring and other items	37.2	3.4	42.8	11.7
Goodwill impairment loss	95.0	—	95.0	—
Income taxes	45.4	36.5	200.7	183.3
Operating income	\$ 254.8	\$ 211.2	\$ 1,010.6	\$ 934.4
Less: Corporate expense	(23.9)	(17.5)	(81.8)	(71.8)
Add: Depreciation and amortization	105.8	95.3	403.3	365.3
Add: Non-cash acquisition accounting adjustment related to inventory	—	—	—	3.5
Adjusted EBITDA (a non-IFRS measure)	\$ 336.7	\$ 289.0	\$ 1,332.1	\$ 1,231.4

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

Days Working Capital Employed

At December 31	2023	2022
Trade and other receivables	\$ 1,089.3	\$ 1,100.5
Inventories	732.3	785.1
Prepaid expenses	50.6	50.0
Income taxes recoverable	38.8	44.6
Trade and other payables	(1,329.5)	(1,394.4)
Income taxes payable	(35.5)	(60.3)
Net working capital	\$ 546.0	\$ 525.5
Days in quarter	92	92
Fourth quarter sales	\$ 1,662.5	\$ 1,587.2
Days of working capital employed	30	30

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, and tax adjustments, (together “Adjusted earnings”) expressed as a percentage.

Dividend Payout Ratio

	2023	2022
Dividends declared per equity	\$ 188.2	\$ 170.3
Adjusted earnings	\$ 664.4	\$ 635.0
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 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	
	2023	2022
Cash provided by operating activities	\$ 1,003.3	\$ 992.8
Less: Additions to property, plant and equipment	(461.6)	(447.2)
Add: Proceeds on disposal of property, plant and equipment	17.9	27.8
Free cash flow from operations	\$ 559.6	\$ 573.4

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	
	2023	2022
Operating income (a non-IFRS measure; see definition below)	\$ 1,010.6	\$ 934.4
Less: Corporate expense	(81.8)	(71.8)
	\$ 928.8	\$ 862.6
Net finance cost	\$ 78.0	\$ 64.8
Interest coverage	11.9	13.3

Net Debt – A measure indicating the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. It is defined as current debt, which includes bank advances, plus long-term debt and lease liabilities, less cash and cash equivalents.

Net Debt to Adjusted EBITDA (or “Leverage Ratio”) – A measure that indicates the 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, restructuring and other items, and income taxes.

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 Equity before goodwill impairment loss, restructuring and other items, non-cash acquisition accounting adjustments and tax adjustments (“ROE”) – A measure that provides insight into the effective use of shareholder capital in generating ongoing net earnings. ROE is calculated by dividing annual net earnings before goodwill impairment loss, restructuring and other items, tax adjustments, gains on business dispositions and non-cash acquisition accounting adjustments by the average of the beginning and the end-of-year equity.

The following table reconciles net earnings used in calculating the ROE 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 Equity

	Twelve Months Ended December 31	
	2023	2022
Net earnings	\$ 530.2	\$ 622.7
Restructuring and other items (net of tax)	41.2	9.7
Goodwill impairment loss	95.0	—
Non-cash acquisition accounting adjustment related to inventory	—	2.6
Adjusted net earnings	\$ 666.4	\$ 635.0
Average equity	\$ 4,444.2	\$ 4,006.1
Return on equity	15.0%	15.9%

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years ended December 31, 2023 and 2022 (Tabular amounts in millions of Canadian dollars, except per share data)

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.

Return on Sales

	Three Months Ended December 31		Twelve Months Ended December 31	
	2023	2022	2023	2022
Sales				
CCL	\$ 1,031.5	\$ 947.1	\$ 4,104.7	\$ 3,855.1
Avery	242.1	239.8	1,039.9	913.6
Checkpoint	244.2	222.6	875.2	818.7
Innovia	144.7	177.7	629.8	794.8
Total sales	\$ 1,662.5	\$ 1,587.2	\$ 6,649.6	\$ 6,382.2
Operating income				
CCL	\$ 154.4	\$ 131.9	\$ 633.5	\$ 599.8
Avery	47.9	42.1	199.5	167.6
Checkpoint	44.3	34.6	132.0	118.9
Innovia	8.2	2.6	45.6	48.1
Total operating income	\$ 254.8	\$ 211.2	\$ 1,010.6	\$ 934.4
Return on sales				
CCL	15.0%	13.9%	15.4%	15.6%
Avery	19.8%	17.6%	19.2%	18.3%
Checkpoint	18.1%	15.5%	15.1%	14.5%
Innovia	5.7%	1.5%	7.2%	6.1%
Total return on sales	15.3%	13.3%	15.2%	14.6%

Return on total capital before goodwill impairment loss, 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, 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	
	2023	2022
Net earnings	\$ 530.2	\$ 622.7
Restructuring and other items (net of tax)	41.2	9.7
Goodwill impairment loss	95.0	—
Non-cash acquisition accounting adjustment related to inventory	—	2.6
Adjusted net earnings	\$ 666.4	\$ 635.0
Average total capital	\$ 5,959.5	\$ 5,391.9
Return on total capital	11.2%	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.

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 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 amounts recorded for depreciation and amortization of property, plant and equipment and intangible assets, outstanding self-insurance claims, pension and other post-employment benefits, income and other taxes, provisions, certain fair value measures including those related to the valuation of business combinations, share-based payments and financial instruments and also for the valuation of goodwill and 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 2023 fourth quarter, the Company completed its annual impairment test as at September 30, 2023. 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 10% to 12%. 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. The Company completed its impairment testing as at September 30, 2023. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation.

Subsequent to performing its annual impairment test, the Company assessed that there were indications of goodwill impairment for the Innovia segment as a result of the closure of a Belgian production facility and continuing demand challenges in the label materials industry, which required the carrying value of the CGU to be re-tested for impairment at December 31, 2023. The recoverable amount of the Innovia CGU, measured at its fair value in use, was \$762.8 million at December 31, 2023. This resulted in a non-cash goodwill impairment charge of \$95.0 million for the Innovia segment, which was recognized on a separate line in the consolidated income statements. The pre-tax discount rate used at December 31, 2023 was 11%. Any adverse movement in key assumptions, including discount rates, could lead to additional impairment in future periods.

The estimated values in use of CCL, Avery and Checkpoint CGUs exceeded their carrying values. As a result, no goodwill and indefinite-life intangible assets impairment was recorded during 2023.

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 2023 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 2023 annual consolidated financial statements.

6. OUTLOOK

For the 2023 year, the first quarter marked the final vestiges of CV19-related issues as China incurred a large outbreak subsequent to their abrupt abandonment of their zero-tolerance policy, while the western world had already endured their final CV19 challenges in 2022. Economic activity subsequently rebounded in Asia, more robustly in China, but waned as the year progressed. North American economic activity, backstopped by a strong employment environment, exceeded lower predictions for 2023. Central banks worldwide largely ended their rate tightening cycle in the first half of 2023 abating inflationary cost pressures. Europe appeared to be the hardest hit region, with interest rate increases coupled with higher than normal energy costs for most of the year, subduing economic activity. In Latin America, economic activity was resilient for 2023, despite unusually significant appreciation of the Mexican peso and the election of a new government in Brazil. All-in for 2023, the Company posted record adjusted earnings of \$3.76 per Class B share compared to \$3.57 per Class B share for 2022 and a healthy liquidity position of \$2.0 billion in cash and available credit capacity, positioning the Company to execute on its global growth initiatives for 2024.

The 2024 year began with the Chinese government easing economic policy in an effort to stimulate its economy, returning the country's growth trajectory to a rate that, hopefully, convincingly outpaces the western world. The Ukraine/Russian war coupled with the escalating conflict in the Middle East, resulting in sanctions, embargoes and supply chain challenges, may potentially reinvigorate pressure on global inflation rates and further disrupt economic activity. There appears to be no end in sight to these conflicts in 2024. With the unprecedented strength of the North American consumer in 2023, 2024 could be a volatile year for the region. Labour markets are expected to remain resilient, central bank policy is predicted to ease in the back half of the year, albeit political uncertainty with an election year in the United States may spook economic prospects. Therefore, effectively managing business activity levels in each of the Company's manufacturing locations, while pragmatically managing the Company's growth initiatives around the world will be at the forefront for 2024.

The CCL Segment reported a solid year in 2023, and a strong finish in the fourth quarter, with momentum continuing and, if anything, accelerating in the early months of 2024. Each of the CCL Segment's vertical markets are positioned for growth and improved profitability in the coming years. The CCL Segment is adding incremental capacity and technology throughout its network of facilities, as well as, new greenfield operations under construction in Raleigh, North Carolina, Milan, Italy and Guanajuato, Mexico for the Healthcare & Specialty, Food & Beverage and Home & Personal Care markets, respectively. CCL Design will continue to pursue new product initiatives within its customer base while ensuring it captures the turnaround in electronics markets that appears to be manifesting early in 2024. CCL Secure will continue to develop market-leading security technology to pursue long-term widespread adoption of polymer banknotes across the world's central banks.

For 2024, 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 2024 for RFID-related products, including categories beyond the retail and apparel space. By mid-2024, Checkpoint expects to commence commercial operations of its new RFID inlay facility in Mexico, positioning it as one of the leaders in the North American market. Notwithstanding, the core MAS and ALS retail and apparel product categories are also expected to grow and improve profitability in 2024.

For Innovia, the first half of the year will be significantly focused on the closure of the Belgium bubble extrusion facility and the effective transition of its production to the U.K. and Australian facilities to ensure the expected incremental annual profitability of \$17 million to \$20 million is realized in future periods. There are also clear signs that the destocking-related demand decline in the label materials industry finally reached an end in 2023 with orders improving markedly in the first weeks of 2024. Successfully filling the capacity of the proprietary new “EcoFloat” shrink film line in Poland and completing timely milestone construction phases for the new thin-gauge film line in Germany are significant priorities for 2024.

The Company concluded the year with cash on hand of \$774.2 million and unused availability on the revolving credit facility of approximately US\$966.1 million. The Company’s liquidity position is robust, with a net debt leverage ratio of 1.13 times Adjusted EBITDA at the end of the current year, despite business acquisitions and net capital investments of \$324.3 million and \$443.7 million, respectively, as well as \$5.1 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 expects capital expenditures for 2024 to be approximately \$455.0 million, supporting organic growth and new greenfield opportunities globally. Early first-quarter 2024 orders have been solid, raw material and energy cost pressures in line, with the economic impact of the conflicts in Europe and Middle East modest. If demand remains stable for the remainder of the year and the Company executes on its global growth initiatives, results for 2024 should deliver good progress over 2023.



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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 statements of financial position as at December 31, 2023 and December 31, 2022
- 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, 2023 and December 31, 2022, 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

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have fulfilled our other ethical responsibilities in accordance with these requirements.

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, 2023. 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 the goodwill impairment recorded in the Innovia CGU

Description of the matter

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

The goodwill and indefinite-life intangible assets (goodwill and brands) balances were \$2,293.6 million and \$443.5 million respectively, of which \$245.4 million and \$54.6 million related to the Innovia cash-generating unit (CGU). The Entity performs goodwill and brands impairment testing annually or more frequently when events or circumstances indicate that the carrying amount of a CGU may exceed its recoverable amount. The recoverable amount is the higher of a CGU's 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 the CGU. The Entity has recorded a goodwill impairment of \$95.0 million. 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 impairment loss recorded in the Innovia CGU as a key audit matter. This matter represented an area of significant risk of material misstatement and the 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, was 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 forecast profitability of the Entity by comparing to its historical profitability growth rates. We took into account changes in conditions and events affecting the CGU to assess the adjustments, or lack of adjustments, made in arriving at those forecast cash flows. 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, which was based on weighted average cost of capital (WACC) by comparing the Entity's 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 the Entity's future cash flows and the independently developed discount rate developed by valuation professionals above, and comparing the result to the Entity's estimated recoverable amount.

We performed sensitivity analyses over key assumptions and assessed their impact on the Entity's determination of the estimated recoverable amount of the CGU and the impairment recognized.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- 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 filed with the relevant Canadian Securities Commissions 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.



CCL Industries Inc.
February 21, 2024

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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
Tammy L. Brown.

Vaughan, Canada

February 21, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

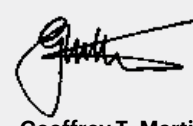
(In millions of Canadian dollars)

As at December 31	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	6	\$ 774.2	\$ 839.5
Trade and other receivables	7	1,089.3	1,100.5
Inventories	8	732.3	785.1
Prepaid expenses		50.6	50.0
Income taxes recoverable		38.8	44.6
Derivative instruments		0.1	—
Total current assets		2,685.3	2,819.7
Non-current assets			
Property, plant and equipment	10	2,466.4	2,212.3
Right-of-use assets	11	213.7	180.2
Goodwill	12,13	2,293.6	2,193.5
Intangible assets	12,13	1,032.0	1,018.3
Deferred tax assets	15	105.0	71.5
Equity-accounted investments	9	85.0	79.5
Other assets		25.2	23.9
Derivative instruments	24	18.0	65.5
Total non-current assets		6,238.9	5,844.7
Total assets		\$ 8,924.2	\$ 8,664.4
Liabilities			
Current liabilities			
Trade and other payables	14	\$ 1,329.5	\$ 1,394.4
Current portion of long-term debt	18	6.9	6.6
Lease liabilities		45.0	40.0
Income taxes payable		35.5	60.3
Derivative instruments		—	0.1
Total current liabilities		1,416.9	1,501.4
Non-current liabilities			
Long-term debt	18	2,067.8	2,175.6
Lease liabilities		162.7	139.6
Deferred tax liabilities	15	346.2	311.7
Employee benefits	20	282.5	256.9
Provisions and other long-term liabilities		13.9	14.0
Derivative instruments	24	11.0	—
Total non-current liabilities		2,884.1	2,897.8
Total liabilities		4,301.0	4,399.2
Equity			
Share capital	16	520.5	468.4
Contributed surplus		157.9	132.0
Retained earnings		4,056.2	3,730.2
Accumulated other comprehensive loss	29	(111.4)	(65.4)
Total equity attributable to shareholders of the Company		4,623.2	4,265.2
Acquisitions	5		
Commitments and contingencies	26		
Subsequent events	31		
Total liabilities and equity		\$ 8,924.2	\$ 8,664.4

On behalf of the Board:



Donald G. Lang
Director



Geoffrey T. Martin
Director

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

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

Years ended December 31	Note	2023	2022
Sales		\$ 6,649.6	\$ 6,382.2
Cost of sales		4,735.2	4,667.0
Gross profit		1,914.4	1,715.2
Selling, general and administrative expenses		985.6	852.6
Restructuring and other items	30	42.8	11.7
Goodwill impairment loss	13	95.0	—
Earnings in equity-accounted investments		(17.9)	(19.9)
		808.9	870.8
Finance cost	19	94.2	72.2
Finance income	19	(23.6)	(12.9)
Interest on lease liabilities	11,19	7.4	5.5
Net finance cost		78.0	64.8
Earnings before income tax		730.9	806.0
Income tax expense	22	200.7	183.3
Net earnings		\$ 530.2	\$ 622.7
Earnings per share			
Basic earnings per Class B share	17	\$ 2.99	\$ 3.50
Diluted earnings per Class B share	17	\$ 2.95	\$ 3.48

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Canadian dollars)

Years ended December 31	2023	2022
Net earnings	\$ 530.2	\$ 622.7
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 \$4.5 for the year ended December 31, 2023 (2022 – tax recovery of \$1.4)	(22.7)	200.4
Net losses on hedges of net investment in foreign operations, net of tax recovery of \$3.6 for the year ended December 31, 2023 (2022 – tax recovery of \$3.7)	(23.4)	(24.4)
Effective portion of changes in fair value of cash flow hedges, net of tax recovery of \$0.1 for the year ended December 31, 2023 (2022 – tax recovery of \$0.1)	(0.3)	(0.3)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax recovery of \$0.1 for the year ended December 31, 2023 (2022 – tax recovery of \$0.1)	0.4	0.3
Actuarial gains (losses) on defined benefit post-employment plans, net of tax recovery of \$3.9 for the year ended December 31, 2023 (2022 – tax expense of \$16.8)	(11.2)	45.8
Other comprehensive income (loss), net of tax	(57.2)	221.8
Total comprehensive income	\$ 473.0	\$ 844.5

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 Gain (Loss)	Total Equity Attributable to Shareholders
Balance, January 1, 2022	\$ 4.5	\$ 457.6	\$ 462.1	\$ 103.6	\$ 3,422.7	\$ (241.4)	\$ 3,747.0
Net earnings	—	—	—	—	622.7	—	622.7
Dividends declared							
Class A	—	—	—	—	(11.2)	—	(11.2)
Class B	—	—	—	—	(159.1)	—	(159.1)
Defined benefit plan actuarial gains, net of tax	—	—	—	—	45.8	—	45.8
Stock-based compensation plan	—	9.0	9.0	28.6	—	—	37.6
Stock option expense	—	—	—	0.9	—	—	0.9
Stock options exercised	—	6.6	6.6	(1.2)	—	—	5.4
Income tax effect related to stock options	—	—	—	0.1	—	—	0.1
Repurchase of shares (note 16)	—	(9.3)	(9.3)	—	(190.7)	—	(200.0)
Other comprehensive gain	—	—	—	—	—	176.0	176.0
Balance, December 31, 2022	\$ 4.5	\$ 463.9	\$ 468.4	\$ 132.0	\$ 3,730.2	\$ (65.4)	\$ 4,265.2
Net earnings	—	—	—	—	530.2	—	530.2
Dividends declared							
Class A	—	—	—	—	(12.4)	—	(12.4)
Class B	—	—	—	—	(175.8)	—	(175.8)
Defined benefit plan actuarial loss, net of tax	—	—	—	—	(11.2)	—	(11.2)
Stock-based compensation plan	—	17.9	17.9	31.6	—	—	49.5
Stock options exercised	—	34.5	34.5	(5.9)	—	—	28.6
Income tax effect related to stock options	—	—	—	0.2	—	—	0.2
Repurchase of shares (note 16)	—	(0.3)	(0.3)	—	(4.8)	—	(5.1)
Other comprehensive loss	—	—	—	—	—	(46.0)	(46.0)
Balance, December 31, 2023	\$ 4.5	\$ 516.0	\$ 520.5	\$ 157.9	\$ 4,056.2	\$ (111.4)	\$ 4,623.2

See accompanying explanatory notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Canadian dollars)

Years ended December 31	2023	2022
Cash provided by (used for)		
Operating activities		
Net earnings	\$ 530.2	\$ 622.7
Adjustments for:		
Property, plant and equipment depreciation	283.8	257.1
Right-of-use assets depreciation	50.7	42.1
Intangible amortization	68.8	66.1
Earnings in equity-accounted investments, net of dividends received	(10.5)	(13.5)
Net finance cost	78.0	64.8
Current income tax expense	220.8	210.9
Deferred income tax recovery	(20.1)	(27.6)
Equity-settled share-based payment transactions	49.7	38.6
Goodwill impairment loss	95.0	—
Gain on sale of property, plant and equipment	(9.0)	(13.8)
	1,337.4	1,247.4
Change in inventories	77.4	(69.6)
Change in trade and other receivables	39.2	23.6
Change in prepaid expenses	(0.4)	(0.6)
Change in trade and other payables	(120.7)	41.9
Change in income taxes recoverable and payable	(0.8)	(4.0)
Change in employee benefits	5.6	(12.7)
Change in other assets and liabilities	(26.6)	30.4
	1,311.1	1,256.4
Net interest paid	(61.4)	(56.7)
Income taxes paid	(246.4)	(206.9)
Cash provided by operating activities	1,003.3	992.8
Financing activities		
Proceeds on issuance of long-term debt	330.9	1,010.7
Repayment of long-term debt	(414.6)	(676.6)
Repayment of lease liabilities	(46.8)	(41.8)
Proceeds from issuance of shares	28.6	5.4
Repurchase of shares (note 16)	(5.1)	(200.0)
Dividends paid	(188.2)	(170.3)
Cash used for financing activities	(295.2)	(72.6)
Investing activities		
Additions to property, plant and equipment	(461.6)	(447.2)
Proceeds on disposal of property, plant and equipment	17.9	27.8
Business acquisitions (note 5)	(324.3)	(287.2)
Cash used for investing activities	(768.0)	(706.6)
Net increase (decrease) in cash and cash equivalents	(59.9)	213.6
Cash and cash equivalents at beginning of year	839.5	602.1
Translation adjustments on cash and cash equivalents	(5.4)	23.8
Cash and cash equivalents at end of year	\$ 774.2	\$ 839.5

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, 2023 and 2022, 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 21, 2024.

(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, intangible assets and right-of-use assets, the level of componentization of property, plant and equipment and the allocation of purchase price adjustments on business combinations.

Estimates are used when determining the amounts recorded for depreciation and amortization of property, plant and equipment, intangible assets, right-of-use assets, outstanding self-insurance claims, pension and other post-employment benefits, income and other taxes, provisions, lease liabilities, 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 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 (generally fair value) 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 interest 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 and presented within the foreign currency translation adjustment.

When a foreign operation is disposed of, the amount in other comprehensive income 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 the 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 to be 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 employee stock 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 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.

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.

(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 assets carrying value. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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 specialty extruded film materials for a wide range of decorative, instructional, functional and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device and automotive markets. Extruded & laminated plastic tubes, aluminum aerosols & specialty bottles, folded instructional leaflets, precision decorated & die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets.

- Avery is a supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary office products sold through distributors and mass-market retailers. The products are split into three primary lines: (1) Printable Media, including address labels, shipping labels, marketing and product identification labels, business cards, and name badges supported by customized software solutions; (2) Organizational Products Group, including binders, sheet protectors, indexes & dividers and writing instruments; (3) Direct-to-Consumer digitally imaged media, including labels, business cards, name badges, event badges, wristbands and family-oriented identification labels supported by unique web-enabled e-commerce URLs.
- Checkpoint is a manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and radio frequency identification (“RFID”) solutions, to the retail and apparel industry. The Segment has three primary product lines: Merchandise Availability Solutions (“MAS”), Apparel Labeling Solutions (“ALS”) and “Meto.” The MAS line focuses on electronic-article-surveillance (“EAS”) systems; hardware, software, labels and tags for loss prevention and inventory control systems including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. Meto supplies hand-held pricing tools and labels and promotional in-store displays.
- Innovia supplies specialty, high-performance, multi-layer, surface-engineered biaxially oriented polypropylene (“BOPP”) films from facilities in Australia, Belgium, Mexico, Poland and the United Kingdom (“U.K.”) to customers in the pressure-sensitive label materials, flexible packaging and consumer packaged goods industries worldwide. Additionally, a small percentage of the total volume is sold internally to CCL Secure while two smaller film facilities, in Germany and the U.S., produce almost their entire output for CCL Label.

	Sales		Operating Income	
	2023	2022	2023	2022
CCL	\$ 4,104.7	\$ 3,855.1	\$ 633.5	\$ 599.8
Avery	1,039.9	913.6	199.5	167.6
Checkpoint	875.2	818.7	132.0	118.9
Innovia	629.8	794.8	45.6	48.1
	<u>\$ 6,649.6</u>	<u>\$ 6,382.2</u>	<u>\$ 1,010.6</u>	<u>\$ 934.4</u>
Corporate expenses			(81.8)	(71.8)
Restructuring and other items			(42.8)	(11.7)
Goodwill impairment loss			(95.0)	—
Earnings in equity-accounted investments			17.9	19.9
Finance cost			(94.2)	(72.2)
Finance income			23.6	12.9
Interest on lease liabilities			(7.4)	(5.5)
Income tax expense			(200.7)	(183.3)
Net earnings			<u>\$ 530.2</u>	<u>\$ 622.7</u>

December 31	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	2023	2022	2023	2022	2023	2022	2023	2022
CCL	\$ 4,753.9	\$ 4,290.6	\$ 1,182.1	\$ 1,178.6	\$ 262.7	\$ 234.5	\$ 324.7	\$ 322.9
Avery	1,081.8	1,102.7	303.5	293.8	42.4	37.2	13.1	38.0
Checkpoint	1,106.7	1,117.7	426.4	445.0	47.4	43.0	43.3	50.8
Innovia	1,071.0	1,157.2	309.7	304.5	49.3	49.0	80.5	35.4
Equity-accounted investments	85.0	79.5	—	—	—	—	—	—
Corporate	825.8	916.7	2,079.3	2,177.3	1.5	1.6	—	0.1
Total	<u>\$ 8,924.2</u>	<u>\$ 8,664.4</u>	<u>\$ 4,301.0</u>	<u>\$ 4,399.2</u>	<u>\$ 403.3</u>	<u>\$ 365.3</u>	<u>\$ 461.6</u>	<u>\$ 447.2</u>

All revenues are from products and services transferred at a point in time, except \$78.3 million for the year ended December 31, 2023 (December 31, 2022 – \$72.9 million), which are for installation and maintenance service arrangements within the Checkpoint Segment.

(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 and New Zealand.

	Sales		Property, Plant and Equipment, Goodwill and Intangible Assets	
	2023	2022	2023	2022
Canada	\$ 153.5	\$ 152.7	\$ 71.3	\$ 71.1
United States and Puerto Rico	2,568.0	2,565.6	2,024.6	1,938.9
Mexico, Brazil, Chile and Argentina	849.3	709.6	832.7	755.6
Europe	2,060.8	1,879.2	2,090.4	1,831.6
Asia, Australia, Africa and New Zealand	1,018.0	1,075.1	773.0	826.9
Consolidated	\$ 6,649.6	\$ 6,382.2	\$ 5,792.0	\$ 5,424.1

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

5. ACQUISITIONS

(a) Acquisitions in 2023

In April 2023, the Company acquired privately owned eAgile Inc. (“eAgile”), based in Grand Rapids, Michigan, for approximately \$52.2 million, net of cash acquired. eAgile is a start-up technology company with proprietary, patented hardware and software solutions for the healthcare industry alongside RFID inlays embedded into labels. This business is being integrated into the CCL Segment.

In April 2023, the Company acquired the intellectual property of Alert Systems ApS (“Alert”), based in Hoersholm, Denmark, for approximately \$3.2 million. Alert’s patent protected anti-theft solutions will be added to the Checkpoint Segment.

In April 2023, the Company acquired privately owned Data Management, Inc. (“DMI”), based in Farmington, Connecticut, for approximately \$10.2 million, net of cash acquired. DMI’s tracking and identification badges business has been added to the Avery Segment.

In July 2023, the Company acquired privately owned Oomph Made Limited (“Oomph”), based in Liphook, United Kingdom, for approximately \$6.6 million, net of cash acquired. Oomph is a designer and supplier of Radio Frequency Identification and Near-Field Communication access cards and wristbands and has been added to the Avery Segment.

In July 2023, the Company acquired Pouch Partners S.r.l., Italy (“Pouch”), a subsidiary of Swiss headquartered Capri-Sun Group, based in Milan, Italy, for approximately \$39.6 million, net of cash acquired. This business will trade as CCL Specialty Pouches and become an integral new product offering within the CCL Segment.

In July 2023, the Company acquired privately owned Creaprint S.L. (“Creaprint”), based in Alicante, Spain, for approximately \$37.7 million, net of cash and debt acquired. Creaprint is a specialized producer of in mould labels and has been added to the CCL Segment.

In August 2023, the Company acquired all the intellectual property of Imprint Energy Inc. (“IEI”), based in Alameda, California, for \$26.6 million. IEI is a start-up proprietary technology company with the know-how for ultrathin, non-hazardous and non-toxic printed batteries for devices, sensors and wearables. This product line has become part of the CCL Segment.

The following table summarizes the allocation of the consideration to the fair value of the assets acquired and liabilities assumed for the eAgile, Alert, DMI, Oomph, Pouch, Creaprint and IEI acquisitions:

Cash consideration, net of cash acquired	\$	154.6
Deferred consideration		12.8
Assumed debt		8.7
	\$	176.1
Trade and other receivables	\$	17.9
Inventories		18.1
Prepaid expenses		0.2
Property, plant and equipment		34.6
Right-of-use assets		6.9
Goodwill		123.4
Intangible assets		13.6
Deferred tax assets		3.9
Trade and other payables		(31.0)
Current lease liabilities		(1.3)
Income taxes payable		(0.2)
Long-term lease liabilities		(5.5)
Deferred tax liabilities		(3.3)
Employee benefits		(1.0)
Provisions and other long-term liabilities		(0.2)
Net assets acquired	\$	176.1

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 eAgile, Alert, DMI, Oomph, Pouch, Creaprint and IEI is \$123.4 million, of which \$33.7 million is deductible for tax purposes.

In July 2023, the Company acquired privately owned Faubel & Co. Nachfolger GmbH ("Faubel"), headquartered in Melsungen, Germany, for approximately \$169.7 million, net of cash acquired. Faubel is a specialist in labels for pharmaceutical clinical trials globally and is being reported within the CCL Segment.

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

Cash consideration, net of cash acquired	\$	169.7
Trade and other receivables	\$	10.2
Inventories		6.3
Prepaid expenses		0.1
Property, plant and equipment		39.3
Right-of-use assets		0.4
Goodwill		86.5
Intangible assets		66.8
Deferred tax assets		0.8
Trade and other payables		(6.4)
Current lease liabilities		(0.2)
Income taxes payable		(8.8)
Long-term lease liabilities		(0.3)
Deferred tax liabilities		(20.6)
Employee benefits		(0.4)
Provisions and other long-term liabilities		(4.0)
Net assets acquired	\$	169.7

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 Faubel 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 Faubel is \$86.5 million, which is not deductible for tax purposes.

The following table summarizes the combined sales and net earnings that the newly acquired eAgile, Alert, DMI, Oomph, Pouch, Creaprint, IEI and Faubel have contributed to the Company for the current reporting period.

	Twelve Months Ended December 31, 2023	
Sales	\$	95.0
Net earnings	\$	8.4

(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, 2023.

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

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

The following table summarizes the sales and net earnings of the Company combined with eAgile, Alert, DMI, Oomph, Pouch, Creaprint, IEI and Faubel as though the acquisitions took place on January 1, 2023:

	Twelve Months Ended December 31, 2023	
Sales	\$	6,749.0
Net earnings	\$	541.1

(c) Acquisitions in 2022

In January 2022, the Company acquired privately owned McGavigan Holdings Ltd. (“McGavigan”), headquartered in Glasgow, Scotland and with significant manufacturing operations in China, for \$103.6 million net of cash acquired and debt assumed. McGavigan is a leading supplier of “in mould” decorated components for automotive interiors and is an integral part of CCL Design.

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

Cash consideration, net of cash acquired	\$	94.3
Assumed debt		9.3
	\$	103.6
Trade and other receivables	\$	14.7
Inventories		6.8
Property, plant and equipment		23.2
Right-of-use assets		10.2
Goodwill		51.7
Intangible assets		17.5
Deferred tax assets		3.7
Trade and other payables		(11.5)
Income taxes payable		(0.9)
Lease liabilities		(7.5)
Deferred tax liabilities		(4.3)
Net assets acquired	\$	103.6

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 McGavigan is \$51.7 million, which is not deductible for tax purposes.

In April 2022, the Company acquired Adelbras Indústria e Comércio de Adesivos Ltda. and Amazon Tape Indústria e Comércio de Fitas Adesivas Ltda. (collectively “Adelbras”) headquartered in Vinhedo near São Paulo, Brazil for approximately \$152.3 million net of cash and debt. Adelbras is a producer of adhesive tapes sold through retailers and distributors to consumers and small businesses. The new business largely reports as part of Avery.

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

Cash consideration, net of cash acquired	\$	139.8
Assumed debt		12.5
	\$	152.3
Trade and other receivables	\$	16.1
Inventories		24.6
Prepaid expenses		2.5
Property, plant and equipment		23.9
Goodwill		67.2
Intangible assets		30.3
Trade and other payables		(5.9)
Income taxes payable		(0.2)
Deferred tax liabilities		(6.2)
Net assets acquired	\$	152.3

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 Adelbras is \$67.2 million, of which approximately \$34.5 million is deductible for tax purposes.

In May 2022, the Company acquired privately owned, Floramedia Group B.V. (“Floramedia”), based in Westzaan, in the Netherlands, for approximately \$53.1 million, net of cash acquired. Floramedia is a European leader in horticulture media with in-house tag and label production complemented with sales offices in seven countries. Floramedia is reported as part of Avery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

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

Cash consideration, net of cash acquired	\$	53.1
Trade and other receivables	\$	9.5
Inventories		6.9
Prepaid expenses		0.3
Property, plant and equipment		3.5
Right-of-use assets		6.4
Goodwill		29.2
Intangible assets		20.0
Deferred tax assets		1.1
Trade and other payables		(9.0)
Income taxes payable		(0.7)
Provisions and other long-term liabilities		(0.9)
Lease liabilities		(6.7)
Deferred tax liabilities		(6.5)
Net assets acquired	\$	53.1

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 Floramedia is \$29.2 million, which is not deductible for tax purposes.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Bank balances	\$ 687.4	\$ 755.3
Restricted cash	9.1	8.0
Short-term investments	77.7	76.2
Cash and cash equivalents	\$ 774.2	\$ 839.5

7. TRADE AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	\$ 984.7	\$ 974.4
Other receivables	104.6	126.1
Trade and other receivables	\$ 1,089.3	\$ 1,100.5

8. INVENTORIES

	December 31, 2023	December 31, 2022
Raw material	\$ 330.2	\$ 370.4
Work in progress	77.3	71.0
Finished goods	324.8	343.7
Total inventories	\$ 732.3	\$ 785.1

The total amount of inventories recognized as an expense in 2023 was \$4,735.2 million (2022 – \$4,667.0 million), including depreciation of \$333.4 million (2022 – \$298.2 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, 2023

	Associates	Joint Ventures	Total
Net earnings	\$ 26.1	\$ 9.7	\$ 35.8
Other comprehensive loss	(7.7)	(2.4)	(10.1)
Total comprehensive income	\$ 18.4	\$ 7.3	\$ 25.7
Carrying amount of investments in associates and joint ventures	\$ 50.6	\$ 34.4	\$ 85.0

At December 31, 2022

	Associates	Joint Ventures	Total
Net earnings	\$ 20.1	\$ 19.7	\$ 39.8
Other comprehensive income (loss)	0.3	(5.0)	(4.7)
Total comprehensive income	\$ 20.4	\$ 14.7	\$ 35.1
Carrying amount of investments in associates and joint ventures	\$ 41.3	\$ 38.2	\$ 79.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

10. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Fixtures, Fittings and Other	Total
Cost				
Balance at January 1, 2022	\$ 913.0	\$ 2,865.7	\$ 49.1	\$ 3,827.8
Acquisitions through business combinations	26.9	22.6	1.1	50.6
Other additions	43.3	399.0	4.9	447.2
Other movements	8.9	(28.3)	0.5	(18.9)
Disposals	(12.8)	(40.8)	(1.2)	(54.8)
Effect of movements in exchange rates	35.7	135.3	1.8	172.8
Balance at December 31, 2022	\$ 1,015.0	\$ 3,353.5	\$ 56.2	\$ 4,424.7
Acquisitions through business combinations	37.6	32.6	3.7	73.9
Other additions	49.3	407.1	5.2	461.6
Other movements	52.3	(102.7)	2.4	(48.0)
Disposals	(7.5)	(95.6)	(0.6)	(103.7)
Movements in exchange rates and inflation adjustments	2.4	11.8	0.4	14.6
Balance at December 31, 2023	\$ 1,149.1	\$ 3,606.7	\$ 67.3	\$ 4,823.1
Accumulated depreciation				
Balance at January 1, 2022	\$ 288.6	\$ 1,597.2	\$ 31.7	\$ 1,917.5
Depreciation for the year	37.4	215.4	4.3	257.1
Other movements	(2.6)	(17.3)	(0.2)	(20.1)
Disposals	(4.2)	(35.4)	(1.2)	(40.8)
Effect of movements in exchange rates	13.5	83.9	1.3	98.7
Balance at December 31, 2022	\$ 332.7	\$ 1,843.8	\$ 35.9	\$ 2,212.4
Depreciation for the year	41.9	236.7	5.2	283.8
Other movements	(1.0)	(44.1)	(1.1)	(46.2)
Disposals	(3.9)	(90.4)	(0.5)	(94.8)
Movements in exchange rates and inflation adjustments	(0.3)	1.5	0.3	1.5
Balance at December 31, 2023	\$ 369.4	\$ 1,947.5	\$ 39.8	\$ 2,356.7
Carrying amounts				
At December 31, 2022	\$ 682.3	\$ 1,509.7	\$ 20.3	\$ 2,212.3
At December 31, 2023	\$ 779.7	\$ 1,659.2	\$ 27.5	\$ 2,466.4

11. LEASES

(a) Right-of-use assets

	Land and Buildings	Machinery and Equipment	Other	Total
Cost				
Balance at January 1, 2022	\$ 186.4	\$ 13.8	\$ 33.7	\$ 233.9
Acquisitions through business combinations	11.5	4.6	0.5	16.6
Other additions	46.0	5.3	10.3	61.6
Other movements	(17.1)	(4.2)	(7.4)	(28.7)
Effect of movements in exchange rates	5.8	0.9	0.9	7.6
Balance at December 31, 2022	\$ 232.6	\$ 20.4	\$ 38.0	\$ 291.0
Acquisitions through business combinations	5.6	1.4	0.3	7.3
Other additions	58.9	1.6	16.8	77.3
Other movements	(21.6)	(1.5)	(11.5)	(34.6)
Movements in exchange rates and inflation adjustments	2.7	(0.3)	(0.4)	2.0
Balance at December 31, 2023	\$ 278.2	\$ 21.6	\$ 43.2	\$ 343.0
Accumulated depreciation				
Balance at January 1, 2022	\$ 61.8	\$ 8.4	\$ 18.2	\$ 88.4
Depreciation for the year	29.7	3.5	8.9	42.1
Other movements	(15.1)	(1.2)	(7.1)	(23.4)
Effect of movements in exchange rates	2.7	0.5	0.5	3.7
Balance at December 31, 2022	\$ 79.1	\$ 11.2	\$ 20.5	\$ 110.8
Depreciation for the year	35.4	4.5	10.8	50.7
Other movements	(20.2)	(1.5)	(10.2)	(31.9)
Movements in exchange rates and inflation adjustments	0.1	(0.3)	(0.1)	(0.3)
Balance at December 31, 2023	\$ 94.4	\$ 13.9	\$ 21.0	\$ 129.3
Carrying amounts				
At December 31, 2022	\$ 153.5	\$ 9.2	\$ 17.5	\$ 180.2
At December 31, 2023	\$ 183.8	\$ 7.7	\$ 22.2	\$ 213.7

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

	December 31, 2023	December 31, 2022
Interest expense on lease liabilities	\$ 7.4	\$ 5.5
Expenses relating to short-term leases	\$ 5.0	\$ 5.3
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 0.5	\$ 0.5
Total cash outflow for leases	\$ 59.7	\$ 53.2

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12. INTANGIBLE ASSETS

	Customer Relationships	Patents, Trademarks and Other	Brands	Total	Goodwill
Cost					
Balance at January 1, 2022	\$ 757.4	\$ 181.4	\$ 423.2	\$ 1,362.0	\$ 1,975.1
Acquisitions through business combinations	62.0	5.7	—	67.7	145.4
Effect of movements in exchange rates	18.1	(1.8)	18.3	34.6	73.0
Balance at December 31, 2022	\$ 837.5	\$ 185.3	\$ 441.5	\$ 1,464.3	\$ 2,193.5
Acquisitions through business combinations	69.6	3.6	7.2	80.4	209.9
Impairment (note 13)	—	—	—	—	(95.0)
Effect of movements in exchange rates	(1.3)	1.8	(5.3)	(4.8)	(14.8)
Balance at December 31, 2023	\$ 905.8	\$ 190.7	\$ 443.4	\$ 1,539.9	\$ 2,293.6
Accumulated amortization					
Balance at January 1, 2022	\$ 301.0	\$ 69.9	\$ —	\$ 370.9	\$ —
Amortization for the year	53.8	12.3	—	66.1	—
Effect of movements in exchange rates	9.0	—	—	9.0	—
Balance at December 31, 2022	\$ 363.8	\$ 82.2	\$ —	\$ 446.0	\$ —
Amortization for the year	55.5	13.3	—	68.8	—
Effect of movements in exchange rates	(6.3)	(0.6)	—	(6.9)	—
Balance at December 31, 2023	\$ 413.0	\$ 94.9	\$ —	\$ 507.9	\$ —
Carrying amounts					
At December 31, 2022	\$ 473.7	\$ 103.1	\$ 441.5	\$ 1,018.3	\$ 2,193.5
At December 31, 2023	\$ 492.8	\$ 95.8	\$ 443.4	\$ 1,032.0	\$ 2,293.6

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, 2023	December 31, 2022
Goodwill		
CCL	\$ 1,419.9	\$ 1,234.4
Avery	381.2	357.2
Checkpoint	247.1	256.2
Innovia	245.4	345.7
	\$ 2,293.6	\$ 2,193.5
Indefinite-life intangible assets – brands		
CCL	\$ 7.2	\$ —
Avery	195.4	198.8
Checkpoint	186.3	189.7
Innovia	54.6	53.1
	\$ 443.5	\$ 441.6

Impairment testing for goodwill and indefinite-life intangible assets was done by a comparison of the CGU's carrying amount to its estimated value in use, determined by discounting the 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 10% to 12%. 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. The Company completed its annual impairment testing as at September 30, 2023.

Subsequent to performing its annual impairment test, the Company assessed that there were indications of goodwill impairment for the Innovia segment as a result of the closure of a Belgian production facility and continuing demand challenges in the label materials industry, which required the carrying value of the CGU to be re-tested for impairment at December 31, 2023. The recoverable amount of the Innovia CGU, measured at its fair value in use, was \$762.8 million at December 31, 2023. This resulted in a non-cash goodwill impairment charge of \$95.0 million for the Innovia segment, which was recognized on a separate line in the consolidated income statements. The pre-tax discount rate used at December 31, 2023 was 11%. Any adverse movement in key assumptions, including discount rates, could lead to additional impairment in future periods.

The estimated values in use of CCL, Avery and Checkpoint CGUs exceeded their carrying values. As a result, no goodwill and indefinite-life intangible assets impairment was recorded during 2023.

14. TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
Trade payables	\$ 801.2	\$ 886.1
Other payables	528.3	508.3
Trade and other payables	\$ 1,329.5	\$ 1,394.4

15. DEFERRED TAX

(a) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 7.6	\$ 7.4
Tax losses	46.1	59.3
	\$ 53.7	\$ 66.7

The unrecognized deferred tax assets on tax losses of \$3.6 million will expire between 2024 and 2033, \$6.8 million will expire beyond 2033, and \$35.7 million may be carried forward indefinitely. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

(b) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities		Net (Assets) Liabilities	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 6.7	\$ 9.1	\$ 158.8	\$ 133.9	\$ 152.1	\$ 124.8	
Intangible assets	—	—	311.7	291.2	311.7	291.2	
Derivatives	—	0.1	8.9	8.3	8.9	8.2	
Inventory reserves	19.3	17.6	0.6	0.5	(18.7)	(17.1)	
Employee benefit plans	71.1	67.9	0.6	0.7	(70.5)	(67.2)	
Share-based payments	19.3	11.6	—	—	(19.3)	(11.6)	
Capitalized research and development	15.2	9.3	—	—	(15.2)	(9.3)	
Provisions and other items	76.2	62.7	5.2	5.0	(71.0)	(57.7)	
Tax loss carry-forwards	36.8	21.1	—	—	(36.8)	(21.1)	
Balance before offset	244.6	199.4	485.8	439.6	241.2	240.2	
Offset of tax	(139.6)	(127.9)	(139.6)	(127.9)	—	—	
Balance after offset	\$ 105.0	\$ 71.5	\$ 346.2	\$ 311.7	\$ 241.2	\$ 240.2	

	Balance at December 31, 2022 Liability (Asset)	Recognized in Income Statement	Acquisitions	Translation and Others	Recognized in Other Comprehensive Income/Equity	Balance at December 31, 2023 Liability (Asset)
Property, plant and equipment	\$ 124.8	\$ 23.2	\$ 3.6	\$ (0.7)	\$ 1.2	\$ 152.1
Intangible assets	291.2	(5.6)	22.1	4.0	—	311.7
Derivatives	8.2	0.9	—	0.1	(0.3)	8.9
Inventory reserves	(17.1)	(1.3)	(0.6)	0.3	—	(18.7)
Employee benefit plans	(67.2)	(2.3)	(0.2)	3.1	(3.9)	(70.5)
Share-based payments	(11.6)	(5.2)	—	(2.3)	(0.2)	(19.3)
Capitalized research and development	(9.3)	(8.7)	—	2.8	—	(15.2)
Provisions and other items	(57.7)	(9.1)	(1.7)	(2.5)	—	(71.0)
Tax loss carry-forwards	(21.1)	(12.0)	(4.0)	0.3	—	(36.8)
	\$ 240.2	\$ (20.1)	\$ 19.2	\$ 5.1	\$ (3.2)	\$ 241.2

	Balance at December 31, 2021 Liability (Asset)	Recognized in Income Statement	Acquisitions	Translation and Others	Recognized in Other Comprehensive Income/Equity	Balance at December 31, 2022 Liability (Asset)
Property, plant and equipment	\$ 125.3	\$ (2.6)	\$ (0.2)	\$ 2.3	\$ —	\$ 124.8
Intangible assets	275.7	(2.3)	11.9	5.9	—	291.2
Derivatives	7.2	6.1	—	0.1	(5.2)	8.2
Inventory reserves	(14.4)	(1.6)	—	(1.1)	—	(17.1)
Employee benefit plans	(79.9)	(1.8)	—	(2.3)	16.8	(67.2)
Share-based payments	(8.0)	(3.6)	—	0.1	(0.1)	(11.6)
Capitalized research and development	(3.8)	(5.0)	—	(0.5)	—	(9.3)
Provisions and other items	(49.5)	(9.7)	(2.3)	3.8	—	(57.7)
Tax loss carry-forwards	(13.7)	(7.1)	—	(0.3)	—	(21.1)
	\$ 238.9	\$ (27.6)	\$ 9.4	\$ 8.0	\$ 11.5	\$ 240.2

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, 2023, is \$2,918.7 million (2022 – \$3,174.4 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, 2023, is \$30.1 million (2022 – \$44.2 million).

16. SHARE CAPITAL

Shares issued (in millions)	Class A Shares		Class B Shares		Total
	Amount	Amount	Amount	Amount	
Balance, January 1, 2022	11.8	\$ 4.5	168.4	\$ 457.6	\$ 462.1
Repurchase of shares	—	—	(3.4)	(9.3)	(9.3)
Stock options exercised	—	—	0.1	6.6	6.6
Deferred share units exercised	—	—	*	0.1	0.1
Restricted share units exercised	—	—	0.1	5.3	5.3
Long-term retention units exercised	—	—	*	3.6	3.6
Balance, December 31, 2022	11.8	4.5	165.2	463.9	468.4
Repurchase of shares	—	—	(0.1)	(0.3)	(0.3)
Stock options exercised	—	—	0.5	34.5	34.5
Restricted share units exercised	—	—	0.2	7.9	7.9
Performance share units	—	—	0.1	6.4	6.4
Long-term retention units exercised	—	—	0.1	3.6	3.6
Balance, December 31, 2023	11.8	\$ 4.5	166.0	\$ 516.0	\$ 520.5

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

At December 31, 2023, 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 2023, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.5 million Class B non-voting shares, approximately 9.9% of the public float of the Class B non-voting shares of the Company. During the fourth quarter of 2023, the Company acquired 87,305 of its Class B shares for cancellation at an average price of \$58.87 per share. During 2022, the Company acquired 3,392,680 of its Class B shares for cancellation at an average price of \$58.95 per share. The excess of the purchase price over the paid-up capital was charged to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

(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:

	2023	2022
Class A share	\$ 1.05	\$ 0.95
Class B share	\$ 1.06	\$ 0.96

17. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2023, was based on profit attributable to Class A shares of \$35.0 million (2022 – \$41.2 million) and Class B shares of \$495.2 million (2022 – \$581.5 million) and a weighted average number of Class A shares outstanding of 11.8 million (2022 – 11.8 million) and Class B shares outstanding of 165.8 million (2022 – 166.2 million).

Weighted average number of shares (in millions)

	2023		2022	
	Class A Shares	Class B Shares	Class A Shares	Class B Shares
Issued and outstanding shares at January 1	11.8	165.2	11.8	168.4
Effect of stock options exercised	—	0.3	—	—
Effect of restricted share units exercised	—	0.2	—	0.1
Effect of repurchase of shares	—	—	—	(2.3)
Effect of performance stock units exercised	—	0.1	—	—
Weighted average number of shares at December 31	11.8	165.8	11.8	166.2

Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2023, was based on profit attributable to Class A shares of \$34.6 million (2022 – \$40.9 million) and Class B shares of \$495.6 million (2022 – \$581.8 million) and a diluted weighted average number of Class A shares outstanding of 11.8 million (2022 – 11.8 million) and Class B shares outstanding of 168.1 million (2022 – 167.4 million).

Weighted average number of shares – diluted (in millions)

	December 31, 2023	December 31, 2022
Weighted average number of shares (basic)	177.6	178.0
Effect of deferred share units on issue	0.3	0.2
Effect of share-based compensation	2.0	1.0
Weighted average number of shares (diluted)	179.9	179.2

The average market value of the Company's shares for purposes 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, 2023	December 31, 2022
Current liabilities		
Current portion of other loans (iv)	\$ 6.9	\$ 6.6
Current portion of unsecured bank credit facilities (ii)	—	—
	\$ 6.9	\$ 6.6
Short-term operating credit lines available (v)	\$ 13.5	\$ 14.0
Short-term operating credit lines used	\$ 0.6	\$ —
Non-current liabilities		
Unsecured syndicated bank credit facilities (i)	\$ 307.0	\$ 394.1
Unsecured notes (iii)	1,747.4	1,779.5
Other loans (iv)	13.4	2.0
	\$ 2,067.8	\$ 2,175.6

(i) Unsecured syndicated bank credit facilities

As at December 31, 2023, 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 \$15.0 million (CDOR plus 1.0%) and €201.0 million (\$293.6 million; EURIBOR plus 1.0%) and \$1.1 million of contingent letters of credit drawn on this syndicated bank credit facility.

As at December 31, 2022, \$238.0 million (CDOR plus 1.0%), US\$67.5 million (\$91.5 million; Term SOFR plus 1.0%), €46.0 million (\$66.7 million; EURIBOR plus 1.0%) and \$1.8 million of contingent letters of credit were drawn on this syndicated bank credit facility.

In February 2020, this facility was amended, extending the maturity from March 29, 2023, to February 28, 2025. In May 2022, this facility was again amended, extending the maturity an additional two years to February 2027.

The unused portion of the revolving syndicated bank credit facility was US\$966.1 million at December 31, 2023 (December 31, 2022 – US\$906.4 million).

As at December 31, 2023, transaction costs related to the unsecured syndicated bank credit facilities were \$1.6 million (December 31, 2022 – \$2.1 million).

(ii) Unsecured bank credit facilities

In January 2019, the Company signed a two-year unsecured bilateral credit facility for US\$35.0 million with a maturity date of January 22, 2021, which was extended to January 22, 2022, early in 2020, and extended, again, to January 22, 2025, early in 2021. This bilateral loan incurred interest at the applicable domestic rate plus an interest rate margin and automatically extended out an additional year on an annual basis. As of December 31, 2021, the facility was undrawn. The facility was cancelled in March 2022.

In December 2019, the Company signed an uncommitted unsecured bilateral credit facility for A\$65.0 million that incurred interest at the applicable domestic rate plus an interest rate margin. As of December 31, 2021, the facility was undrawn. The facility was cancelled in August 2022.

(iii) Unsecured notes

Unsecured notes as at December 31, 2023, consisted of US\$600.0 million (\$788.7 million; 2022 – \$806.4 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; \$299.1 million (2022 – \$298.9 million) principal amount of 3.864% Series 1 Notes, maturing April 13, 2028; and US\$500.0 million (\$659.6 million; 2022 – \$674.2 million) principal amount of 144A 3.25% private notes, maturing on October 1, 2026. 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.

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Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

As at December 31, 2023, the Company utilized cross-currency interest rate swap agreements (“CCIRSA”) to effectively convert notional US\$408.5 million (2022 – US\$408.5 million) of the 144A 3.05% private notes into €360.0 million (2022 – €360.0 million) 2.06% and 2.00% fixed rate debt and convert notional US\$376.2 million (2022 – US\$376.2 million) of the 144A 3.25% private notes into €340.0 million (2022 – €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)).

(iv) Other loans

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

(v) Operating credit lines

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

(vi) 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:

	2023	2022
Balance at January 1	\$ 2,182.2	\$ 1,706.7
Financing cash flows	(83.7)	334.1
Foreign exchange	(33.4)	117.0
Other	9.6	24.4
Balance at December 31	\$ 2,074.7	\$ 2,182.2

As at December 31, 2023 and 2022, there are no assets pledged as collateral against long-term debt.

19. FINANCE INCOME AND COST

Recognized in consolidated income statement

	December 31, 2023	December 31, 2022
Interest expense on financial liabilities measured at amortized cost	\$ 83.5	\$ 70.6
Fees and interest recognized on other financial instruments	(11.9)	(11.7)
Interest expense on post-employment defined benefit plans	22.6	13.3
Finance cost	94.2	72.2
Interest income on cash and cash equivalents	12.7	5.8
Interest income on other assets	0.2	0.2
Interest income on post-employment defined benefit plans	10.7	6.9
Finance income	23.6	12.9
Interest expense on lease liabilities	7.4	5.5
Net finance cost recognized in consolidated income statement	\$ 78.0	\$ 64.8

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

20. EMPLOYEE BENEFITS

	December 31, 2023	December 31, 2022
Present value of wholly unfunded defined benefit obligations	\$ 249.8	\$ 240.4
Present value of partially funded defined benefit obligations	341.8	314.0
Total present value of obligations	591.6	554.4
Fair value of plan assets	(311.8)	(298.6)
Irrecoverable surplus due to asset ceiling	1.4	2.1
Recognized liability for defined benefit obligations	281.2	257.9
Liability for long-service leave and jubilee plans	18.5	14.7
Total employee benefits	299.7	272.6
Total employee benefits reported in trade and other payables	17.2	15.7
Total employee benefits reported in non-current liabilities	\$ 282.5	\$ 256.9

(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 \$41.3 million in 2023 (2022 – \$33.7 million), of which \$0.1 million (2022 – \$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 common to 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., Switzerland and the Netherlands. Details of these plans are as follows:

- (i) In Canada, the Company has a registered partially funded defined benefit pension plan for seven retired executives and one active employee. 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 Company's 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 £0.8 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 Innovia 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 £1.2 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.
- (iv) In the Netherlands, the Company provides a defined-benefit career average pay plan for a small number of employees. An actuary is involved in measuring the obligation of the plan. Benefits from the plan are paid through retirement and at death, before or during retirement, to the spouse or dependents. If a member of the plan leaves the Company, the member may choose to have the benefits of the plan transferred into the plan of the new employer. The benefit formula is based on a percentage of each year's pensionable salary up to a set maximum salary, less a social security offset. Benefits are guaranteed by an insurance company and the Company is required to pay annual premiums on the insurance contract based on a contract interest rate. There are no employee contributions to the plan. The primary risk factors for this plan are longevity of plan beneficiaries and discount rate volatility. This plan was frozen as of December 31, 2018, and all members were moved to a defined contribution plan.

The most recent actuarial valuation for funding purposes for the executive defined pension plan in Canada was as of January 1, 2021. The next required actuarial valuation will be as of January 1, 2024. The most recent actuarial valuation of the two U.K. defined benefit pension plans for funding purposes were as of January 1, 2020. The next required valuation is as of January 1, 2023. The new valuations for both U.K. plans are expected to be finalized early in 2024.

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. and Germany. Details of these plans are as follows:

- (i) In Canada, the Company maintains non-registered, wholly unfunded supplemental retirement arrangements for one active Canadian executive, eight 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.
- (iv) The Company has wholly unfunded post-employment defined benefit plans in Austria, France, India, Italy, Mexico and Thailand. 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.

2023	Partially Funded	Wholly Unfunded	Total
Accrued benefit obligation:			
Balance, beginning of year	\$ 314.0	\$ 240.4	\$ 554.4
Opening balance from current year acquisitions	—	1.4	1.4
Current service cost	2.1	5.6	7.7
Past service cost	—	0.1	0.1
Interest cost	14.0	11.1	25.1
Employee contributions	1.2	1.7	2.9
Benefits paid	(16.1)	(10.2)	(26.3)
Actuarial losses – experience	8.0	2.6	10.6
Actuarial (gains) losses – demographic assumptions	(1.9)	0.4	(1.5)
Actuarial (gains) losses – financial assumption	10.7	(4.7)	6.0
Reinstatements and transfers	(0.7)	0.3	(0.4)
Effect of curtailment	—	(0.1)	(0.1)
Settlements	0.1	—	0.1
Effect of movements in exchange rates	10.4	1.2	11.6
Balance, end of year	\$ 341.8	\$ 249.8	\$ 591.6
Plan assets:			
Fair value, beginning of year	\$ 298.6	\$ —	\$ 298.6
Expected return on plan assets	13.2	—	13.2
Actuarial losses	(0.6)	—	(0.6)
Employee contributions	1.2	—	1.2
Employer contributions	6.3	10.6	16.9
Benefits paid	(16.1)	(10.2)	(26.3)
Administrative expenses	(0.7)	—	(0.7)
Reinstatements and transfers	—	(0.4)	(0.4)
Settlements	(0.1)	—	(0.1)
Effect of movements in exchange rates	10.0	—	10.0
Fair value, end of year	\$ 311.8	\$ —	\$ 311.8
Irrecoverable surplus due to asset ceiling	\$ (1.4)	\$ —	\$ (1.4)
Funded status, net deficit of plans	\$ (31.4)	\$ (249.8)	\$ (281.2)
Accrued benefit liability	\$ (31.4)	\$ (249.8)	\$ (281.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

2022	Partially Funded	Wholly Unfunded	Total
Accrued benefit obligation:			
Balance, beginning of year	\$ 506.9	\$ 275.7	\$ 782.6
Current service cost	2.2	5.5	7.7
Past service cost	—	0.4	0.4
Interest cost	8.7	5.6	14.3
Employee contributions	1.0	1.8	2.8
Benefits paid	(12.1)	(9.6)	(21.7)
Actuarial (gains) losses – experience	11.1	(4.0)	7.1
Actuarial gains – demographic assumptions	(0.7)	(0.3)	(1.0)
Actuarial gains – financial assumptions	(182.8)	(40.9)	(223.7)
Reinstatements and transfers	(0.1)	—	(0.1)
Effect of curtailment	—	(0.4)	(0.4)
Settlements	(0.3)	—	(0.3)
Effect of movements in exchange rates	(19.9)	6.6	(13.3)
Balance, end of year	\$ 314.0	\$ 240.4	\$ 554.4
Plan assets:			
Fair value, beginning of year	\$ 468.7	\$ —	\$ 468.7
Expected return on plan assets	7.9	—	7.9
Actuarial losses	(152.9)	—	(152.9)
Employee contributions	1.0	—	1.0
Employer contributions	5.5	9.6	15.1
Benefits paid	(12.1)	(9.6)	(21.7)
Administrative expenses	(1.1)	—	(1.1)
Settlements	(0.3)	—	(0.3)
Effect of movements in exchange rates	(18.1)	—	(18.1)
Fair value, end of year	\$ 298.6	\$ —	\$ 298.6
Irrecoverable surplus due to asset ceiling	\$ (2.1)	\$ —	\$ (2.1)
Funded status, net deficit of plans	\$ (17.5)	\$ (240.4)	\$ (257.9)
Accrued benefit liability	\$ (17.5)	\$ (240.4)	\$ (257.9)

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

2023	Partially Funded	Wholly Unfunded	Total
Current service cost	\$ 2.1	\$ 5.6	\$ 7.7
Past service cost	—	0.1	0.1
Net interest cost on accrued benefit liability	0.8	11.1	11.9
Curtailement gain	—	(0.1)	(0.1)
Settlement loss	0.2	—	0.2
Administration costs	0.7	—	0.7
Net defined benefit plan expense	\$ 3.8	\$ 16.7	\$ 20.5
Net defined benefit plan expense is recorded in:			
Cost of sales	\$ 1.5	\$ 1.4	\$ 2.9
Selling, general and administrative expenses	1.5	4.2	5.7
Finance cost	0.8	11.1	11.9
Net defined benefit plan expense	\$ 3.8	\$ 16.7	\$ 20.5

2022	Partially Funded	Wholly Unfunded	Total
Current service cost	\$ 2.2	\$ 5.5	\$ 7.7
Past service cost	—	0.4	0.4
Net interest cost on accrued benefit liability	0.8	5.6	6.4
Curtailement gain	—	(0.4)	(0.4)
Settlement loss	—	—	—
Administration costs	1.1	—	1.1
Net defined benefit plan expense	\$ 4.1	\$ 11.1	\$ 15.2
Net defined benefit plan expense is recorded in:			
Cost of sales	\$ 1.4	\$ 1.4	\$ 2.8
Selling, general and administrative expenses	1.9	4.1	6.0
Finance cost	0.8	5.6	6.4
Net defined benefit plan expense	\$ 4.1	\$ 11.1	\$ 15.2

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

	2023	2022
Actuarial losses – experience	\$ (10.6)	\$ (7.1)
Actuarial gains – demographic assumptions	1.5	1.0
Actuarial gains (losses) – financial assumptions	(6.0)	223.7
Experience losses on plan assets	(0.6)	(152.9)
Actuarial gains (losses) – irrecoverable surplus	0.7	(2.1)
Recognized during the year in other comprehensive income (loss)	\$ (15.0)	\$ 62.6

Plan assets consist of the following:

2023	Partially Funded	Wholly Unfunded	Total
Equity securities	38%	—	38%
Debt securities	44%	—	44%
Real estate	3%	—	3%
Other	15%	—	15%
Total	100%	—	100%

2022	Partially Funded	Wholly Unfunded	Total
Equity securities	51%	—	51%
Debt securities	34%	—	34%
Real estate	3%	—	3%
Other	12%	—	12%
Total	100%	—	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

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
2023	\$ 12.6	\$ —	\$ 12.6
2022	\$ (145.0)	\$ —	\$ (145.0)

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

	Partially Funded	Wholly Unfunded	Total
December 31, 2023			
Discount rate	4.15%	4.62%	4.35%
Expected rate of compensation increase	1.67%	2.63%	2.37%
December 31, 2022			
Discount rate	4.45%	4.35%	4.41%
Expected rate of compensation increase	1.71%	2.57%	2.35%

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

	Partially Funded	Wholly Unfunded	Total
December 31, 2023			
Discount rate	4.45%	4.34%	4.40%
Expected rate of compensation increase	1.71%	2.56%	2.35%
December 31, 2022			
Discount rate	1.84%	1.54%	1.73%
Expected rate of compensation increase	1.48%	2.05%	1.92%

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%)	\$ (42.6)	\$ (17.2)
Discount rate (decrease 1%)	\$ 46.3	\$ 18.5
Longevity (+1 year)	\$ 7.6	\$ 7.3
Inflation (+0.25%)	\$ 6.6	\$ —
Inflation (-0.25%)	\$ (6.1)	\$ —
Salary (increase 1%)	\$ 3.0	\$ 2.8
Salary (decrease 1%)	\$ (2.2)	\$ (2.5)
Duration (years)	15	10

The Company expects to contribute \$4.9 million to the partially funded defined benefit plans and pay \$14.9 million in benefits for the wholly unfunded plans in 2024.

(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, 2023, \$0.8 million (2022 – \$0.7 million) of the total obligation of \$18.5 million (2022 – \$14.7 million) was classified as current and reported in trade and other payables. The expense for these plans was \$37.9 million in 2023 (2022 – \$27.8 million).

21. PERSONNEL EXPENSES

	2023	2022
Wages and salaries	\$ 1,322.1	\$ 1,199.3
Compulsory social security contributions	159.6	141.0
Contributions to Company-sponsored defined contribution plans	41.3	33.7
Net expenses related to defined benefit plans	20.5	15.2
Equity-settled share-based payment transactions	49.7	38.6
	\$ 1,593.2	\$ 1,427.8

22. INCOME TAX EXPENSE

	2023	2022
Current tax expense		
Current tax on earnings before earnings in equity-accounted investments for the year	\$ 220.8	\$ 210.9
Deferred tax expense (benefit) (note 15)		
Origination and reversal of temporary differences	\$ (6.5)	\$ (16.4)
Impact of tax rate changes	(1.2)	—
Recognition of previously unrecognized tax losses and deductible temporary differences	(12.4)	(11.2)
	(20.1)	(27.6)
Total income tax expense	\$ 200.7	\$ 183.3

Reconciliation of effective tax rate

	2023	2022
Combined Canadian federal and provincial income tax rates	26.5%	26.5%
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	\$ 530.2	\$ 622.7
Add: income tax expense	200.7	183.3
Deduct: earnings in equity-accounted investments	17.9	19.9
Earnings before income tax and equity-accounted investments	713.0	786.1
Income tax using the Company's domestic combined Canadian federal and provincial income tax rates	202.5	208.3
Effect of tax rates in foreign jurisdictions	(14.3)	(9.2)
Impact of tax rate changes	(1.2)	—
Recognition of previously unrecognized tax losses and deductible temporary differences	(12.4)	(11.2)
Losses and deductible temporary differences for which no deferred tax asset was recognized	2.7	6.1
Non-deductible expenses and other items	23.4	(10.7)
	\$ 200.7	\$ 183.3

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

Derivatives and foreign currency translation adjustments	\$ 1.0	\$ (5.2)
Actuarial gains (losses)	(3.9)	16.8
Total income tax expense (recovery) recognized directly in other comprehensive income	\$ (2.9)	\$ 11.6

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.

OECD Pillar Two rules and global minimum tax

More than 135 jurisdictions have agreed to implement the new global minimum tax regime (“Pillar Two Rules”), based on model rules published by the Organization for Economic Co-operation and Development (“OECD”). The proposed 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 operates in 19 of these jurisdictions that, so far, have enacted legislation for the Pillar Two rules. The Company expects to be subject to top-up tax in relation to its operations in some of these jurisdictions. However, since the enacted tax legislation in these countries will only be effective from January 1, 2024, there is no tax impact for the year ending December 31, 2023. The impact of adopting the Pillar Two rules is not expected to be material on the Company’s consolidated financial statements.

23. SHARE-BASED PAYMENTS

For options and share awards granted for stock-based compensation, \$49.5 million (2022 – \$38.5 million) was recognized in the consolidated financial statements as an expense, with a corresponding offset to contributed surplus.

At December 31, 2023, 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. Current 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 2023 and 2022, stock option grants were not awarded.

A summary of the status of the Company’s employee stock option plan as of December 31, 2023 and 2022, and changes during the years ended on those dates, is presented below:

	2023		2022	
	Shares (in millions)	Weighted Average Exercise Price	Shares (in millions)	Weighted Average Exercise Price
Outstanding at beginning of year	1.3	\$ 61.64	1.5	\$ 61.45
Granted	—	—	—	—
Exercised	(0.5)	55.73	(0.1)	61.50
Forfeited	(0.7)	66.87	(0.1)	58.85
Outstanding at end of year	0.1	\$ 55.73	1.3	\$ 61.64
Options exercisable at end of year	0.1	\$ 55.73	1.1	\$ 62.71

The weighted average share price of stock options exercised in 2023 was \$64.23 (2022 – \$66.64).

The following table summarizes information about the employee stock options outstanding at December 31, 2023.

Range of Exercisable Prices	Options Outstanding			Options Exercisable	
	Options Outstanding (in millions)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable (in millions)	Weighted Average Exercise Price
\$ 55.73	0.1	0.2 years	\$ 55.73	0.1	\$ 55.73
\$ 55.73	0.1	0.2 years	\$ 55.73	0.1	\$ 55.73

(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, 2023.

(c) Performance stock units (“PSU”)

In 2019, the Company introduced a performance stock unit plan. Under the plan, participants may be eligible to receive a maximum of approximately 1.5 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 being 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.

Each RSU is equivalent to one Class B non-voting share of the Company, to be issued from treasury. The Company had 0.3 million RSUs outstanding under this plan as at December 31, 2023.

(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, 2023.

24. FINANCIAL INSTRUMENTS

(a) Hedges of net investments in foreign operations

US\$123.8 million (2022 – US\$123.8 million) of unsecured 144A 3.25% private notes, US\$191.5 million (2022 – US\$191.5 million) of unsecured 144A 3.05% private notes and nil (2022 – US\$67.5 million) 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 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 2023 or 2022.

Unsecured syndicated bank credit facilities (hedging item) of €201.0 million (2022 – €46.0 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 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 2023 or 2022.

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’s (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’s. 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’s. Each of these conversions was to hedge the Company’s euro-based assets and cash flows. Fair value of these CCIRSA’s 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 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 2023 or 2022.

Notional Principal Amount		Interest Rate		Fair Value December 31		Maturity	Effective Date
Fixed Rate	Fixed Rate	Received (US\$)	Paid (€)	2023 (C\$)	2022 (C\$)		
US\$105.8 million	€ 100.0 million	3.25%	1.24%	\$ (4.5) million	\$ 3.0 million	October 1, 2026	February 28, 2017
US\$84.8 million	€ 80.0 million	3.25%	1.20%	\$ (3.3) million	\$ 2.8 million	October 1, 2026	February 28, 2017
US\$42.3 million	€ 40.0 million	3.25%	1.21%	\$ (1.8) million	\$ 1.2 million	October 1, 2026	February 28, 2017
US\$31.8 million	€ 30.0 million	3.25%	1.29%	\$ (1.4) million	\$ 0.8 million	October 1, 2026	February 28, 2017
US\$62.1 million	€ 50.0 million	3.25%	1.16%	\$ 9.9 million	\$ 13.9 million	October 1, 2026	February 21, 2018
US\$49.4 million	€ 40.0 million	3.25%	1.15%	\$ 7.5 million	\$ 10.7 million	October 1, 2026	February 22, 2018
US\$125.0 million	€ 110.0 million	3.05%	2.06%	\$ 0.3 million	\$ 10.1 million	June 1, 2030	June 10, 2020
US\$79.6 million	€ 70.0 million	3.05%	2.06%	nil	\$ 6.3 million	June 1, 2030	June 10, 2020
US\$68.0 million	€ 60.0 million	3.05%	2.00%	\$ 0.2 million	\$ 5.6 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.00%	nil	\$ 3.6 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.01%	\$ 0.1 million	\$ 3.8 million	June 1, 2030	June 23, 2020
US\$45.3 million	€ 40.0 million	3.05%	2.01%	nil	\$ 3.7 million	June 1, 2030	June 23, 2020

(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, 2023	December 31, 2022
Cash and cash equivalents	\$ 774.2	\$ 839.5
Trade and other receivables	1,089.3	1,100.5
Other assets	21.9	18.7
Derivative instruments	18.1	65.5
	\$ 1,903.5	\$ 2,024.2

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

	December 31, 2023	December 31, 2022
Under 31 days	\$ 583.7	\$ 545.9
Between 31 and 90 days	353.1	372.9
Greater than 90 days	67.1	73.4
	\$ 1,003.9	\$ 992.2

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

	December 31, 2023	December 31, 2022
Balance at January 1	\$ 17.7	\$ 18.4
(Decrease) increase during the year	1.5	(0.7)
Balance at December 31	\$ 19.2	\$ 17.7

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

(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, 2022			December 31, 2023				
	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	\$ 2.0	\$ 0.1	\$ 0.1	\$ —	\$ 0.1	\$ —	\$ —	\$ —
Unsecured bank loans	4.3	7.0	7.0	1.5	1.3	2.1	2.1	—
Unsecured 144A 3.25% private notes	674.2	659.6	662.1	—	—	—	662.1	—
Unsecured 144A 3.05% private notes	806.4	788.7	794.6	—	—	—	—	794.6
Unsecured 3.864% Series 1 Notes	298.9	299.1	300.0	—	—	—	300.0	—
Unsecured syndicated bank credit facility	394.1	307.0	308.6	—	—	—	308.6	—
Other long-term obligations	2.3	13.2	13.2	1.1	2.9	2.0	7.2	—
Interest on unsecured bank credit facilities	*	*	52.2	8.1	8.3	16.6	19.2	—
Interest on 144A 3.25% private notes	*	*	59.1	5.4	10.7	21.5	21.5	—
Interest on 144A 3.05% private notes	*	*	155.5	10.1	12.1	24.2	72.7	36.4
Interest on unsecured 3.864% Series 1 Notes	*	*	49.7	3.3	5.8	11.6	29.0	—
Interest on other long-term debt	*	*	1.8	0.1	0.1	0.2	1.4	—
Trade and other payables	1,394.4	1,329.5	1,329.5	1,329.5	—	—	—	—
Accrued post-employment benefit liabilities	*	*	252.3	1.7	1.7	22.5	88.7	137.7
Lease liabilities	179.6	207.7	226.5	24.6	22.8	36.9	66.9	75.3
Total contractual cash obligations	\$ 3,756.2	\$ 3,611.9	\$ 4,212.2	\$ 1,385.4	\$ 65.8	\$ 137.6	\$ 1,579.4	\$ 1,044.0

* Accrued long-term employee benefit and post-employment benefit liability of \$17.2 million, accrued interest of \$10.1 million on unsecured notes, unsecured bonds and unsecured syndicated credit facilities, and accrued interest of \$2.4 million on derivatives are reported in trade and other payables in 2023 (2022: \$15.7 million, \$10.3 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, 2023			December 31, 2022		
	U.S. Dollar	U.K. Pound	Euro	U.S. Dollar	U.K. Pound	Euro
Cash and cash equivalents	157.6	14.4	146.1	212.1	17.3	134.7
Trade and other receivables	317.7	28.5	177.4	315.4	27.1	159.3
Trade and other payables	335.0	27.4	239.4	336.9	35.1	233.0
Long-term debt	325.1	—	905.9	384.4	—	749.4

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	
	2023	2022	2023	2022
Euro	(42.3)	(41.1)	0.2	(0.5)
U.S. dollar	(20.3)	(25.5)	4.0	3.8
U.K. pound	26.7	26.0	0.4	0.3

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 \$4.6 million (2022 - \$4.4 million increase). This analysis assumes that all other variables; in particular, foreign currency rates, remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

(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, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at fair value:				
Other assets	\$ 21.9	\$ 21.9	\$ 18.7	\$ 18.7
Derivative financial assets	18.1	18.1	65.5	65.5
	\$ 40.0	\$ 40.0	\$ 84.2	\$ 84.2
Assets carried at amortized cost:				
Trade and other receivables	\$ 1,089.3	\$ 1,089.3	\$ 1,100.5	\$ 1,100.5
Cash and cash equivalents	774.2	774.2	839.5	839.5
	\$ 1,863.5	\$ 1,863.5	\$ 1,940.0	\$ 1,940.0
Liabilities carried at fair value:				
Derivative financial liabilities	\$ 11.0	\$ 11.0	\$ 0.1	\$ 0.1
	\$ 11.0	\$ 11.0	\$ 0.1	\$ 0.1
Liabilities carried at amortized cost:				
Trade and other payables	\$ 1,329.5	\$ 1,329.5	\$ 1,394.4	\$ 1,394.4
Unsecured 144A 3.25% private notes	659.6	630.3	674.2	613.5
Unsecured 144A 3.05% private notes	788.7	692.4	806.4	673.9
Unsecured 3.864% Series 1 Notes	299.1	288.8	298.8	282.2
Unsecured syndicated bank credit facilities	307.0	307.0	394.1	394.1
Other loans	20.3	20.3	8.6	8.6
	\$ 3,404.2	\$ 3,268.3	\$ 3,576.6	\$ 3,366.7

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, 2023				
Other assets	\$ 21.9	\$ —	\$ —	\$ 21.9
Derivative financial assets	—	18.1	—	18.1
Long-term debt	—	(1,938.8)	—	(1,938.8)
Derivative financial liabilities	—	(11.0)	—	(11.0)
	\$ 21.9	\$ (1,931.7)	\$ —	\$ (1,909.8)

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Other assets	\$ 18.7	\$ —	\$ —	\$ 18.7
Derivative financial assets	—	65.5	—	65.5
Long-term debt	—	(1,972.3)	—	(1,972.3)
Derivative financial liabilities	—	(0.1)	—	(0.1)
	\$ 18.7	\$ (1,906.9)	\$ —	\$ (1,888.2)

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, 2023, the Company's exposure to credit risk arising from derivative financial instruments amounted to \$21.1 million (2022 – \$68.7 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 \$774.2 million of cash on hand and US\$966.1 million of available capacity within its syndicated bank credit facility at December 31, 2023.

(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 and restructuring and other items by the average of the beginning and the end-of-year shareholders' equity. In 2023, the return on capital was 15.0% (2022 – 15.9%).

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, 2023, was in compliance with all its covenants.

26. COMMITMENTS AND CONTINGENCIES

(a) Commitments

As at December 31, 2023, the Company had uncollateralized surety bonds of \$56.7 million (2022 – \$52.4 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 (\$2.2 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 95.4% of the issued and outstanding Class A voting shares.

(b) Loan guarantees

The Company previously provided various loan guarantees for its joint ventures and associates. As these were fully repaid in July 2023, there are currently no loans at its joint ventures and associates that are guaranteed by the Company (2022 – \$19.9 million).

28. KEY MANAGEMENT PERSONNEL COMPENSATION

	2023	2022
Short-term employee compensation and benefits	\$ 8.1	\$ 9.9
Share-based compensation	22.7	5.2
Post-employment benefits	1.0	0.9
	\$ 31.8	\$ 16.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022 (In millions of Canadian dollars, except per share information)

29. ACCUMULATED OTHER COMPREHENSIVE LOSS

	2023	2022
Unrealized foreign currency translation losses, net of tax recovery of \$2.5 million (2022 – tax recovery of \$3.3 million)	\$ (111.6)	\$ (65.5)
Gains on derivatives designated as cash flow hedges, net of tax expense of \$nil (2022 – tax expense of \$nil)	0.2	0.1
	\$ (111.4)	\$ (65.4)

30. RESTRUCTURING AND OTHER ITEMS

	2023	2022
Restructuring costs	\$ 41.1	\$ 10.3
Acquisition costs	1.7	1.4
Total restructuring and other items	\$ 42.8	\$ 11.7

For the full year 2023, restructuring costs and other items represented an expense of \$42.8 million (\$41.2 million after tax) as follows:

- Restructuring expenses of \$41.1 million (\$39.5 million after tax), primarily related to severance and reorganization costs largely across Innovia, CCL Segment and Checkpoint.
- Acquisition transaction costs totaled \$1.7 million (\$1.7 million after tax), for the eight acquisitions closed in 2023.

For the full year 2022, restructuring costs and other items represented an expense of \$11.7 million (\$9.7 million after tax) as follows:

- Restructuring expenses of \$10.3 million (\$8.3 million after tax), primarily related to severance and reorganization costs across the CCL Segment, Checkpoint and Innovia.
- Acquisition transaction costs totaled \$1.4 million (\$1.4 million after tax), for the three acquisitions closed in 2022.

31. SUBSEQUENT EVENTS

Prior to the release of the 2023 annual consolidated financial statements, the Company announced the following:

- The Board of Directors has declared a dividend of \$0.29 per Class B non-voting share and \$0.2875 per Class A voting share, which will be payable to shareholders of record at the close of business on March 15, 2024, to be paid on March 28, 2024.

SIX YEAR FINANCIAL SUMMARY

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

	2023	2022	2021	2020	2019	2018
Sales & Net Earnings						
Sales	\$ 6,649.6	\$ 6,382.2	\$ 5,732.8	\$ 5,242.3	\$ 5,321.3	\$ 5,161.5
Depreciation and amortization	403.3	365.3	342.4	346.4	329.6	278.0
Net finance costs	78.0	64.8	56.9	65.2	81.0	80.7
Net earnings	530.2 ¹	622.7 ²	599.1 ³	529.7 ⁴	477.1 ⁵	466.8 ⁶
Basic net earnings per Class B share	\$ 2.99 ¹	\$ 3.50 ²	\$ 3.33 ³	\$ 2.96 ⁴	\$ 2.68 ⁵	\$ 2.64 ⁶
Financial Position						
Current assets	\$ 2,685.3	\$ 2,819.7	\$ 2,447.6	\$ 2,224.7	\$ 2,105.0	\$ 2,125.2
Current liabilities	1,416.9	1,501.4	1,418.0	1,262.0	1,148.0	1,346.9
Working capital ⁷	1,268.4	1,318.3	1,029.6	962.7	957.0	778.3
Total assets	8,924.2	8,664.4	7,627.8	7,336.7	7,038.0	7,027.6
Net debt	1,508.2	1,522.3	1,249.2	1,390.9	1,716.2	1,902.5
Shareholders' equity	\$ 4,623.2	\$ 4,265.2	\$ 3,747.0	\$ 3,282.2	\$ 2,897.7	\$ 2,673.1
Net debt to equity ratio	0.33	0.36	0.33	0.42	0.59	0.71
Net debt to total book capitalization	24.6%	26.3%	25.0%	29.8%	37.2%	41.6%
Number of shares (000,000's)						
Class A – Dec 31	11.8	11.8	11.8	11.8	11.8	11.8
Class B – Dec 31	166.0	165.2	168.4	167.4	166.8	165.9
Weighted average for the year	177.6	178.0	179.7	178.7	178.0	176.8
Cash Flow						
Cash provided by operations	\$ 1,003.3	\$ 992.8	\$ 838.7	\$ 882.9	\$ 779.5	\$ 772.7
Additions to plant, property & equipment	461.6	447.2	323.8	282.8	345.6	352.9
Business acquisitions	324.3	287.2	234.4	161.4	40.4	365.9
Dividends	188.2	170.3	151.0	128.7	121.1	92.2
Dividends per Class B share	\$ 1.06	\$ 0.96	\$ 0.84	\$ 0.72	\$ 0.68	\$ 0.52

Note:

¹ After pre-tax goodwill impairment loss, and restructuring and other items – net loss of \$137.8 million.

² After pre-tax restructuring and other items – net loss of \$11.7 million.

³ After pre-tax restructuring and other items – net loss of \$4.4 million.

⁴ After pre-tax restructuring and other items – net loss of \$27.6 million.

⁵ After pre-tax restructuring and other items – net loss of \$25.0 million.

⁶ After pre-tax restructuring and other items – net loss of \$14.8 million.

⁷ Current assets minus current liabilities.

North America**Mark Cooper**

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Ben Lilienthal

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Checkpoint & Group Vice President,
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Group Vice President,
Healthcare & Specialty
Dublin, Ireland

Werner Ehrmann

Vice President,
Technology Development
Holzkirchen, Germany

Simon Huber

Managing Director,
Innovia Films Europe
Zurich, Switzerland

Mathias Maennel

Vice President & Managing Director,
CCL Design Europe
Solingen, Germany

Michael McGarry

Vice President & Managing Director,
Healthcare Europe
Belfast, Northern Ireland

Jamie Robinson

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

Reinhard Streit

Vice President & Managing Director,
Food & Beverage Europe
Völkermarkt, Austria

Asia Pacific**Jim Anzai**

Vice President & Managing Director,
CCL Industries North Asia
Tokyo, Japan

Da Gang Li

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

Pravin Krishnan

Vice President Sales & Marketing,
CCL Design Electronics – 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

Daniel Choo Thian Chau

Managing Director,
CCL Label & Checkpoint Vietnam
Ho Chi Minh City, Vietnam

Lifeng Wang

Vice President & Managing Director,
CCL Design Automotive Parts
Suzhou, PR China

Alex Zhu

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

Mark Gentle

Vice President & Managing Director,
Checkpoint & Meto Australia, New
Zealand & ASEAN
Melbourne, Australia

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

2023 CORPORATE EXECUTIVES

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and
Chief Executive Officer

Suzana Furtado
Corporate Secretary

Kamal Kotecha
Vice President, Taxation

Mark McClendon
Vice President and
General Counsel

James A. Sellors
Senior Vice President,
CCL Industries Asia Pacific

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

Nick Vecchiarelli
Vice President, Corporate Accounting

Monika Vodermaier
Vice President, Corporate Finance
Europe

Sean P. Washchuk
Senior Vice President and
Chief Financial Officer

2023 BOARD OF DIRECTORS

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

Linda G. Cash
Director since 2021
Corporate Director
Georgia, U.S.A.

Vincent J. Galifi
Director since 2016
President,
Magna International Inc.
Ontario, Canada

Kathleen L. Keller-Hobson
Director since 2015
Corporate Director
Ontario, Canada

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

Erin M. Lang
Director since 2016
Managing Director,
LUMAS Canada
Ontario, Canada

Stuart W. Lang
Director since 1991
Corporate Director
Ontario, Canada

Geoffrey T. Martin
Director since 2005
President and CEO,
CCL Industries Inc.
Massachusetts, U.S.A.

Douglas W. Muzyka
Director since 2016
Corporate Director
Pennsylvania, U.S.A.

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

Claude Tessier
Director since 2023
Corporate Director
Québec, Canada

Auditors

KPMG LLP
Chartered Professional Accountants

Legal Counsel

McMillan LLP

Transfer Agent

TSX Trust Company
301-100 Adelaide Street West
Toronto, ON M5H 4H1

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Fax: (888) 249-6189 or (514) 985-8843
(outside Canada and the U.S.A.)
Website: www.tsxtrust.com

Financial Information

Institutional investors, analysts and registered representatives requiring additional information may contact:

Sean Washchuk
Senior Vice President and CFO
(416) 756-8526

Additional copies of this report can be obtained from:

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Toronto, ON M2H 3R1
Tel: (416) 756-8500
Fax: (416) 756-8555
Email: ccl@cclind.com
Website: www.cclind.com

Annual Meeting of Shareholders

The Annual and Special Meeting of Shareholders will be held on:
May 9, 2024 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 2023	\$58.19
Closing price 2023	\$59.59
Number of trades	370,600
Trading volume (shares)	68,270,798
Trading value	\$4,213,504,052
Annual dividends declared	\$1.06

Shares outstanding at December 31, 2023

Class A voting shares	11,748,723
Class B non-voting shares	166,047,542





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