Consolidated Financial Statements
(In millions of Canadian dollars)

CCL INDUSTRIES INC.

Years ended December 31, 2024 and 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, 2024 and December 31, 2023
- 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 flow for the years then ended
- and notes to the consolidated financial statements, including a summary of significant 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, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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, 2024. 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 matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of goodwill and brands for impairment

Description of the matter

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

The goodwill and indefinite-life intangible assets (goodwill and brands) balances were $2,554.1 million and $474.6 million respectively. The Entity performs goodwill and brands impairment testing annually or more frequently when events or circumstances indicate that the carrying amount of a 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 each CGU. Key assumptions used in the determination of the value in use include growth rates and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the goodwill and brands for impairment as a key audit matter. This matter represented an area of significant risk of material misstatement and there is a 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 forecasted profitability of the Entity by comparing to its historical profitability growth rates. We took into account changes in conditions and events affecting the CGUs to assess the adjustments, or lack of adjustments, made in arriving at those forecasted cashflows. We considered the current economic environment along with internal and external communications made by the Entity to evaluate if they are indicative of a continuation of, or a change from, past experience.

We involved valuation professionals with specialized skills and knowledge, who assisted in assessing the discount rate, which was based on weighted average cost of capital (WACC) by comparing each CGU'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 each CGU's future cash flows and the independently developed discount rate developed by valuation professionals above and comparing the result to the CGU's estimated recoverable amount.

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

Other Information

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

- the information included in Management's Discussion and Analysis 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. We have concluded that the following mat

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

The engagement partner on the audit resulting in this auditor’s report is William J. Stephen.

Vaughan, Canada

February 20, 2025

CCL Industries Inc.
Consolidated statements of financial position
(In millions of Canadian dollars)

	Note		As at December 31, 2024		As at December 31, 2023
Assets					
Current assets					
Cash and cash equivalents	6	**$**	**828.7**	$	774.2
Trade and other receivables	7		**1,251.4**		1,089.3
Inventories	8		**819.9**		732.3
Prepaid expenses			**62.1**		50.6
Assets held for sale	10		**23.5**		-
Income taxes recoverable			**51.8**		38.8
Derivative instruments			**0.1**		0.1
Total current assets			**3,037.5**		2,685.3
Non-current assets					
Property, plant and equipment	10		**2,698.1**		2,466.4
Right-of-use assets	11		**215.4**		213.7
Goodwill	12,13		**2,554.1**		2,293.6
Intangible assets	12,13		**1,109.7**		1,032.0
Deferred tax assets	15		**94.7**		105.0
Equity-accounted investments	9		**60.9**		85.0
Other assets			**31.7**		25.2
Derivative instruments	24		**57.0**		18.0
Total non-current assets			**6,821.6**		6,238.9
Total assets		**$**	**9,859.1**	$	8,924.2
Liabilities					
Current liabilities					
Trade and other payables	14	**$**	**1,416.9**	$	1,329.5
Current portion of long-term debt	18		**4.2**		6.9
Lease liabilities			**47.2**		45.0
Income taxes payable			**42.2**		35.5
Total current liabilities			**1,510.5**		1,416.9
Non-current liabilities					
Long-term debt	18		**2,232.5**		2,067.8
Lease liabilities			**163.7**		162.7
Deferred tax liabilities	15		**347.3**		346.2
Employee benefits	20		**307.7**		282.5
Provisions and other long-term liabilities			**16.7**		13.9
Derivative instruments	24		**-**		11.0
Total non-current liabilities			**3,067.9**		2,884.1
Total liabilities			**4,578.4**		4,301.0
Equity					
Share capital	16		**607.8**		520.5
Contributed surplus			**101.1**		157.9
Retained earnings			**4,492.3**		4,056.2
Accumulated other comprehensive income (loss)	29		**79.5**		(111.4)
Total equity attributable to shareholders of the Company			**5,280.7**		4,623.2
Acquisitions	5				
Commitments and contingencies	26				
Subsequent event	31				
Total liabilities and equity		**$**	**9,859.1**	$	8,924.2

On behalf of the Board:

Donald G. Lang
Director

Geoffrey T. Martin
Director

See accompanying explanatory notes to the consolidated financial statements.

CCL Industries Inc.
Consolidated income statements

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

Years ended December 31

	Note		2024		2023
Sales		**$**	**7,245.0**	$	6,649.6
Cost of sales			**5,107.3**		4,735.2
Gross profit			**2,137.7**		1,914.4
Selling, general and administrative expenses			**1,073.0**		985.6
Restructuring and other items	30		**5.5**		42.8
Revaluation gain	5		**(78.1)**		-
Goodwill impairment loss	13		**-**		95.0
Earnings in equity-accounted investments			**(18.9)**		(17.9)
			1,156.2		808.9
Finance cost	19		**89.8**		94.2
Finance income	19		**(23.5)**		(23.6)
Interest on lease liabilities	11,19		**8.7**		7.4
Net finance cost			**75.0**		78.0
Earnings before income tax			**1,081.2**		730.9
Income tax expense	22		**238.1**		200.7
Net earnings		**$**	**843.1**	$	530.2
Earnings per share					
Basic earnings per Class B share	17	**$**	**4.73**	$	2.99
Diluted earnings per Class B share	17	**$**	**4.70**	$	2.95

CCL Industries Inc.
Consolidated statements of comprehensive income

(In millions of Canadian dollars)

Years ended December 31

		2024		2023
Net earnings	**$**	**843.1**	$	530.2
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 $4.0 for the year ended December 31, 2024 (2023 – tax expense of $4.5)		**260.1**		(22.7)
Net losses on hedges of net investment in foreign operations, net of tax recovery of $10.2 for the year ended December 31, 2024 (2023 – tax recovery of $3.6)		**(69.2)**		(23.4)
Effective portion of changes in fair value of cash flow hedges, net of tax expense of $0.1 for the year ended December 31, 2024 (2023 – tax recovery of $0.1)		**0.2**		(0.3)
Net change in fair value of cash flow hedges transferred to the income statement, net of tax expense of $0.1 for the year ended December 31, 2024 (2023 – tax recovery of $0.1)		**(0.2)**		0.4
Actuarial losses on defined benefit post-employment plans, net of tax recovery of $2.9 for the year ended December 31, 2024 (2023 – tax recovery of $3.9)		**(6.9)**		(11.2)
Other comprehensive income (loss), net of tax		**184.0**		(57.2)
Total comprehensive income	**$**	**1,027.1**	$	473.0

CCL Industries Inc.
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, 2023	$ 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
Net earnings	-	-	-	-	843.1	-	843.1
Dividends declared							
Class A	-	-	-	-	(13.5)	-	(13.5)
Class B	-	-	-	-	(192.9)	-	(192.9)
Defined benefit plan actuarial loss, net of tax	-	-	-	-	(6.9)	-	(6.9)
Stock-based compensation plan	-	89.2	89.2	(55.5)	-	-	33.7
Stock options exercised	-	7.6	7.6	(1.3)	-	-	6.3
Repurchase of shares (note 16)	-	(9.5)	(9.5)	-	(193.7)	-	(203.2)
Other comprehensive gain	-	-	-	-	-	190.9	190.9
Balance, December 31, 2024	**$ 4.5**	**$ 603.3**	**$ 607.8**	**$ 101.1**	**$ 4,492.3**	**$ 79.5**	**$ 5,280.7**

See accompanying explanatory notes to the consolidated financial statement.

CCL Industries Inc.
Consolidated statements of cash flow

(In millions of Canadian dollars)
Years ended December 31

		2024		2023
Cash provided by (used for)				
Operating activities				
Net earnings	**$**	**843.1**	$	530.2
Adjustments for:				
Property, plant and equipment depreciation		**305.5**		283.8
Right-of-use assets depreciation		**53.8**		50.7
Intangible amortization		**73.1**		68.8
Earnings in equity-accounted investments, net of dividends received		**(18.9)**		(10.5)
Net finance cost		**75.0**		78.0
Current income tax expense		**249.9**		220.8
Deferred income tax recovery		**(11.8)**		(20.1)
Equity-settled share-based payment transactions		**33.7**		49.7
Goodwill impairment loss		**-**		95.0
Revaluation gain		**(78.1)**		-
Gain on sale of property, plant and equipment		**(3.0)**		(9.0)
		1,522.3		1,337.4
Change in inventories		**(77.5)**		77.4
Change in trade and other receivables		**(142.0)**		39.2
Change in prepaid expenses		**(10.8)**		(0.4)
Change in trade and other payables		**70.7**		(120.7)
Change in income taxes recoverable and payable		**(8.9)**		(0.8)
Change in employee benefits		**15.3**		5.6
Change in other assets and liabilities		**9.7**		(26.6)
		1,378.8		1,311.1
Net interest paid		**(57.4)**		(61.4)
Income taxes paid		**(257.5)**		(246.4)
Cash provided by operating activities		**1,063.9**		1,003.3
Financing activities				
Proceeds on issuance of long-term debt		**236.8**		330.9
Repayment of long-term debt		**(210.0)**		(414.6)
Repayment of lease liabilities		**(50.4)**		(46.8)
Proceeds from issuance of shares		**6.3**		28.6
Repurchase of shares (note 16)		**(200.6)**		(5.1)
Dividends paid		**(206.4)**		(188.2)
Cash used for financing activities		**(424.3)**		(295.2)
Investing activities				
Additions to property, plant and equipment		**(462.0)**		(461.6)
Proceeds on disposal of property, plant and equipment		**4.6**		17.9
Business acquisitions (note 5)		**(142.9)**		(324.3)
Cash used for investing activities		**(600.3)**		(768.0)
Net increase (decrease) in cash and cash equivalents		**39.3**		(59.9)
Cash and cash equivalents at beginning of year		**774.2**		839.5
Translation adjustments on cash and cash equivalents		**15.2**		(5.4)
Cash and cash equivalents at end of year	**$**	**828.7**	$	774.2

See accompanying explanatory notes to the consolidated financial statement.

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, 2024 and 2023, 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 20, 2025.

(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.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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.

3. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates and joint arrangements

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

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

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

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

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities using exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated income statement, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation

3. Material accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

or qualifying cash flow hedges, which are recognized directly in other comprehensive income (see note 3(b)(iii)). Foreign currency-denominated non-monetary items, measured at historical cost, have been translated at the rate of exchange at the transaction date.

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

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

(ii) Foreign operations

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

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

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

(iii) Hedge of net investment in a foreign operation

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

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

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

3. Material accounting policies (continued)

(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.

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(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.

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments, including hedge accounting (continued)

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.

3. Material accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

3. Material accounting policies (continued)

(e) Intangible assets (continued)

(ii) Other intangible assets

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

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

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

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

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

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

(f) Leases

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

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

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

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

3. Material accounting policies (continued)

(g) Inventories

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

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

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

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

(h) Impairment

(i) Financial assets, including receivables

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

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

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

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

3. Material accounting policies (continued)

(h) Impairment (continued)

(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.

3. Material accounting policies (continued)

(i) Employee benefits (continued)

(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.

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

3. Material accounting policies (continued)

(i) Employee benefits (continued)

(v) Share-based payment transactions

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

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

(j) Provisions

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

(k) Revenue

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

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

3. Material accounting policies (continued)

(l) Finance income and costs

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

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

(m) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

(iii) Deferred tax liabilities

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

3. Material accounting policies (continued)

(m) Taxation (continued)

(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.

3. Material accounting policies (continued)

(q) Government grants

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

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

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

4. Segment reporting

(a) Business segments

The Company has four reportable segments, as described below, which are the Company's main business units. The business units offer different products and services and are managed separately as they require different technology and marketing strategies. For each of the business units, the Company's CEO, the chief operating decision maker, reviews internal management reports regularly.

The Company's reportable segments are the following:

- CCL is a converter of pressure sensitive and extruded film materials for a wide range of decorative, instructional, security and functional applications for government institutions and large global customers in the consumer packaging, healthcare, chemicals, consumer durables, electronic device and automotive markets. Extruded and labeled plastic tubes, aluminum aerosols and specialty bottles, folded instructional leaflets, specialty folded cartons, precision engineered and die cut components, electronic displays, polymer banknote substrate and other complementary products and services are sold in parallel to specific end-use markets.
- Avery is a supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors and mass market retailers and pressure sensitive tapes in Brazil. The products are split into five primary lines: (1) Printable Media: including address labels, product identification labels and name badges/cards supported by customized software solutions where applicable; (2) Organization Products: including binders, indexes, sheet protectors and writing instruments; (3) Direct-to-Consumer: digitally imaged labels, name and event badges, radio frequency identification ("RFID") enabled key cards and wristbands, planners and kids-oriented identification labels supported by unique web-enabled e-commerce URLs; (4) Pressure Sensitive Tapes; and (5) Horticultural labels and tags.

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

4. Segment reporting (continued)

(a) Business segments (continued)

- Checkpoint is a manufacturer of technology-driven loss-prevention, inventory-management and labeling solutions, including radio frequency and RFID solutions, to the broad retail and apparel industries globally. The Segment has three primary product lines: Merchandise Availability Solutions (“MAS”), Apparel Labeling Solutions (“ALS”) and “Meto”. The MAS line focuses on electronic-article-surveillance (“EAS”) systems; hardware, software, labels and tags for loss prevention and inventory control systems including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. Meto supplies hand-held pricing tools and labels and promotional in-store displays.
- Innovia supplies specialty, high-performance, multi-layer, surface-engineered films from facilities in Australia, Germany, Mexico, Poland and the United Kingdom to customers in the pressure sensitive materials, flexible packaging and consumer packaged goods industries worldwide. Additionally a small percentage of the total volume is sold internally to the CCL Segment and more so to CCL Secure. Two smaller facilities, in Germany and U.S., produce almost their entire output for CCL Label.

	Sales		Operating Income	
	2024	2023	**2024**	2023
CCL	**$ 4,502.6**	$ 4,104.7	**$ 713.7**	$ 633.5
Avery	**1,049.1**	1,039.9	**211.5**	199.5
Checkpoint	**986.9**	875.2	**150.9**	132.0
Innovia	**706.4**	629.8	**66.2**	45.6
	$ 7,245.0	$ 6,649.6	**$ 1,142.3**	$ 1,010.6
Corporate expenses			**(77.6)**	(81.8)
Restructuring and other items			**(5.5)**	(42.8)
Revaluation gain			**78.1**	-
Goodwill impairment loss			**-**	(95.0)
Earnings in equity-accounted investments			**18.9**	17.9
Finance cost			**(89.8)**	(94.2)
Finance income			**23.5**	23.6
Interest on lease liabilities			**(8.7)**	(7.4)
Income tax expense			**(238.1)**	(200.7)
Net earnings			**$ 843.1**	$ 530.2

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

4. Segment reporting (continued)

(a) Business segments (continued)

	Total Assets		Total Liabilities		Depreciation and Amortization		Capital Expenditures	
	As at December 31				Twelve Months Ended December 31			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
CCL	**$ 5,374.5**	$ 4,753.9	**$ 1,297.7**	$ 1,182.1	**$ 292.4**	$ 262.7	**$ 323.7**	$ 324.7
Avery	**1,110.0**	1,081.8	**307.5**	303.5	**40.4**	42.4	**25.5**	13.1
Checkpoint	**1,249.5**	1,106.7	**457.0**	426.4	**51.5**	47.4	**64.6**	43.3
Innovia	**1,160.3**	1,071.0	**292.5**	309.7	**46.8**	49.3	**48.2**	80.5
Equity-accounted investments	**60.9**	85.0	**-**	-	**-**	-	**-**	-
Corporate	**903.9**	825.8	**2,223.7**	2,079.3	**1.3**	1.5	**-**	-
Total	**$ 9,859.1**	$ 8,924.2	**$ 4,578.4**	$ 4,301.0	**$ 432.4**	$ 403.3	**$ 462.0**	$ 461.6

All revenues are from products and services transferred at a point in time, except $16.8 million for the year ended December 31, 2024 (December 31, 2023 – $14.0 million), which are for maintenance service arrangements within the Checkpoint Segment.

The Innovia Segment had intercompany revenues of $79.3 million with the CCL Segment for the year ended December 31, 2024 (2023 - $68.8 million). These transactions are eliminated in preparing the consolidated financial statements.

(b) Geographical segments

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

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

	Sales		Property, Plant and Equipment, Goodwill and Intangible Assets	
	2024	2023	**2024**	2023
Canada	**$ 144.5**	$ 153.5	**$ 85.5**	$ 71.3
United States and Puerto Rico	**2,726.6**	2,568.0	**2,173.6**	2,024.6
Mexico, Brazil, Chile and Argentina	**893.6**	849.3	**836.0**	832.7
Europe	**2,224.0**	2,060.8	**2,239.0**	2,090.4
Asia, Australia, Africa, Middle East and New Zealand	**1,256.3**	1,018.0	**1,027.8**	773.0
Consolidated	**$ 7,245.0**	$ 6,649.6	**$ 6,361.9**	$ 5,792.0

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

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

5. Acquisitions

(a) Acquisitions in 2024

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

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

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

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

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

5. Acquisitions (continued)

(a) Acquisitions in 2024 (continued)

The following table summarizes the combined sales and net earnings that the newly acquired Pacman has contributed to the Company since the date of acquisition.

	Twelve Months Ended December 31, 2024
Sales	$ 55.4
Net earnings	$ 12.4

(b) Pro forma information

The pro forma consolidated financial information below has been prepared following the accounting policies of the Company as if the acquisition took place January 1, 2024.

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

The following table summarizes the sales and net earnings of the Company combined with Pacman as though the acquisition took place on January 1, 2024:

	Twelve Months Ended December 31, 2024
Sales	$ 7,286.1
Net earnings	$ 849.9

(c) 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 were 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 millions of Canadian dollars, except per share information)

5. Acquisitions (continued)

(c) Acquisitions in 2023 (continued)

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 is trading as CCL Specialty Pouches and has 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 inmould 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.

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

5. Acquisitions (continued)

(c) Acquisitions in 2023 (continued)

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

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.

6. Cash and cash equivalents

		December 31, 2024		December 31, 2023
Bank balances	**$**	**753.6**	$	687.4
Restricted cash		**8.1**		9.1
Short-term investments		**67.0**		77.7
Cash and cash equivalents	**$**	**828.7**	$	774.2

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

7. Trade and other receivables

	December 31, 2024	December 31, 2023
Trade receivables	**$ 1,086.1**	$ 984.7
Other receivables	**165.3**	104.6
Trade and other receivables	**$ 1,251.4**	$ 1,089.3

8. Inventories

	December 31, 2024	December 31, 2023
Raw material	**$ 386.4**	$ 330.2
Work in progress	**77.9**	77.3
Finished goods	**355.6**	324.8
Total inventories	**$ 819.9**	$ 732.3

The total amount of inventories recognized as an expense in 2024 was $5,107.3 million (2023 – $4,735.2 million), including depreciation of $358.2 million (2023 – $333.4 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, 2024		
	Associates	**Joint Ventures**	**Total**
Net earnings	**$ 24.2**	**$ 13.6**	**$ 37.8**
Other comprehensive loss	**(3.5)**	**(1.5)**	**(5.0)**
Total comprehensive income	**$ 20.7**	**$ 12.1**	**$ 32.8**
Carrying amount of investments in associates and joint ventures	**$ 60.9**	**$ -**	**$ 60.9**

	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

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

(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, 2023	$ 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
Acquisitions through business combinations	7.3	12.2	0.2	19.7
Other additions	5.7	452.9	3.4	462.0
Other movements	123.8	(214.4)	6.5	(84.1)
Disposals	(0.3)	(65.8)	(0.6)	(66.7)
Movements in exchange rates and inflation adjustments	40.8	156.6	2.3	199.7
Balance at December 31, 2024	**$ 1,326.4**	**$ 3,948.2**	**$ 79.1**	**$ 5,353.7**
Accumulated depreciation				
Balance at January 1, 2023	$ 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
Depreciation for the year	45.5	253.6	6.4	305.5
Other movements	(1.8)	(52.6)	(3.3)	(57.7)
Disposals	(0.2)	(64.3)	(0.6)	(65.1)
Movements in exchange rates and inflation adjustments	16.0	98.5	1.7	116.2
Balance at December 31, 2024	**$ 428.9**	**$ 2,182.7**	**$ 44.0**	**$ 2,655.6**
Carrying amounts				
At December 31, 2023	$ 779.7	$ 1,659.2	$ 27.5	$ 2,466.4
At December 31, 2024	**$ 897.5**	**$ 1,765.5**	**$ 35.1**	**$ 2,698.1**

The Company has committed to a plan to sell its Belgian manufacturing facility and other plant assets within the Innovia Segment. As such, the assets being disposed of are presented as assets held for sale on the consolidated statements of financial position. As at December 31, 2024, assets held for sale is $23.5 million (2023 - $nil). Efforts to sell the assets have started and a sale is expected in 2025.

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

11. Leases

(a) Right-of-use assets

	Land and Buildings	Machinery and Equipment	Other	Total
Cost				
Balance at January 1, 2023	$ 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
Acquisitions through business combinations	1.4	-	-	1.4
Other additions	27.5	3.6	16.0	47.1
Other movements	(12.4)	(10.2)	(12.5)	(35.1)
Movements in exchange rates and inflation adjustments	13.5	1.1	1.9	16.5
Balance at December 31, 2024	**$ 308.2**	**$ 16.1**	**$ 48.6**	**$ 372.9**
Accumulated depreciation				
Balance at January 1, 2023	$ 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
Depreciation for the year	37.2	3.9	12.7	53.8
Other movements	(11.4)	(9.9)	(10.5)	(31.8)
Movements in exchange rates and inflation adjustments	4.6	0.7	0.9	6.2
Balance at December 31, 2024	**$ 124.8**	**$ 8.6**	**$ 24.1**	**$ 157.5**
Carrying amounts				
At December 31, 2023	$ 183.8	$ 7.7	$ 22.2	$ 213.7
At December 31, 2024	**$ 183.4**	**$ 7.5**	**$ 24.5**	**$ 215.4**

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

11. Leases (continued)

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

		December 31, 2024		December 31, 2023
Interest expense on lease liabilities	**$**	**8.7**	$	7.4
Expenses relating to short-term leases	**$**	**5.3**	$	5.0
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$**	**0.6**	$	0.5
Total cash outflow for leases	**$**	**65.0**	$	59.7

12. Intangible assets

		Customer Relationships		Patents, Trademarks and Other		Brands		Total		Goodwill
Cost										
Balance at January 1, 2023	$	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		-		-		-		-		(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
Acquisitions through business combinations		95.0		-		-		95.0		138.5
Effect of movements in exchange rates		38.9		8.4		31.2		78.5		122.0
Balance at December 31, 2024	**$**	**1,039.7**	**$**	**199.1**	**$**	**474.6**	**$**	**1,713.4**	**$**	**2,554.1**
Accumulated amortization										
Balance at January 1, 2023	$	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	$	-
Amortization for the year		59.9		13.2		-		73.1		-
Effect of movements in exchange rates		19.6		3.1		-		22.7		-
Balance at December 31, 2024	**$**	**492.5**	**$**	**111.2**	**$**	**-**	**$**	**603.7**	**$**	**-**
Carrying amounts										
At December 31, 2023	$	492.8	$	95.8	$	443.4	$	1,032.0	$	2,293.6
At December 31, 2024	**$**	**547.2**	**$**	**87.9**	**$**	**474.6**	**$**	**1,109.7**	**$**	**2,554.1**

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

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, 2024		December 31, 2023
Goodwill				
CCL	**$**	**1,647.9**	$	1,419.9
Avery		**384.7**		381.2
Checkpoint		**261.6**		247.1
Innovia		**259.9**		245.4
	$	**2,554.1**	$	2,293.6
Indefinite-life intangible assets – brands				
CCL	**$**	**7.3**	$	7.2
Avery		**209.6**		195.4
Checkpoint		**199.4**		186.3
Innovia		**58.3**		54.6
	$	**474.6**	$	443.5

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. Any adverse movement in key assumptions used, including discount rates, could lead to an impairment in future periods. The Company completed its annual impairment testing as at September 30, 2024.

The estimated values in use of CCL, Avery, Checkpoint and Innovia CGUs exceeded their carrying values. As a result, no goodwill or indefinite-life intangible assets impairment were recorded during 2024.

In 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%.

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

14. Trade and other payables

		December 31, 2024		December 31, 2023
Trade payables	**$**	**840.1**	$	801.2
Other payables		**576.8**		528.3
Trade and other payables	**$**	**1,416.9**	$	1,329.5

Supply chain financing arrangements ("SCF")

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

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

		December 31, 2024		January 1, 2024
Carrying amount of financial liabilities				
Presented within trade and other payables	**$**	**123.2**	$	107.2
- of which suppliers have received payment		**69.4**		*
Range of payment due dates				
Liabilities that are part of the arrangement		20 – 180 days after invoice date		*
Comparable trade payables that are not part of the arrangement		20 – 180 days after invoice date		*

*The Company applied transitional relief under *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7* and has not provided comparative information in the first year of adoption.

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

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

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

15. Deferred tax

(a) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 5.0	$ 7.6
Tax losses	20.3	46.1
	$ 25.3	$ 53.7

The unrecognized deferred tax assets on tax losses of $3.9 million will expire between 2025 and 2034, $6.8 million will expire beyond 2034, and $9.6 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.

(b) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net (Assets) Liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 8.4	$ 6.7	$ 173.1	$ 158.8	$ 164.7	$ 152.1
Intangible assets	-	-	332.9	311.7	332.9	311.7
Derivatives	-	-	2.3	8.9	2.3	8.9
Inventory reserves	20.7	19.3	0.3	0.6	(20.4)	(18.7)
Employee benefit plans	82.8	71.1	0.6	0.6	(82.2)	(70.5)
Share-based payments	8.2	19.3	-	-	(8.2)	(19.3)
Capitalized research and development	30.4	15.2	-	-	(30.4)	(15.2)
Provisions and other items	78.0	76.2	8.0	5.2	(70.0)	(71.0)
Tax loss carry-forwards	36.1	36.8	-	-	(36.1)	(36.8)
Balance before offset	264.6	244.6	517.2	485.8	252.6	241.2
Offset of tax	(169.9)	(139.6)	(169.9)	(139.6)	-	-
Balance after offset	$ 94.7	$ 105.0	$ 347.3	$ 346.2	$ 252.6	$ 241.2

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

15. Deferred tax (continued)

(b) Recognized deferred tax assets and liabilities (continued)

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

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

15. Deferred tax (continued)

(b) Recognized deferred tax assets and liabilities (continued)

	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

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, 2024, is $3,729.0 million (2023 – $2,918.7 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, 2024, is $28.2 million (2023 – $30.1 million).

16. Share capital

Shares issued (in millions)

	Class A			Class B			
	Shares		Amount	Shares		Amount		Total
Balance, January 1, 2023	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**
Repurchase of shares	**-**		**-**	**(2.6)**		**(9.5)**		**(9.5)**
Shares converted from Class A to Class B	**(0.1)**		**-**	**0.1**		**-**		**-**
Stock options exercised	**-**		**-**	**0.1**		**7.6**		**7.6**
Deferred share units exercised	**-**		**-**	*****		**0.1**		**0.1**
Restricted share units exercised	**-**		**-**	**0.2**		**11.1**		**11.1**
Performance share units	**-**		**-**	**1.2**		**72.5**		**72.5**
Long-term retention units exercised	**-**		**-**	**0.1**		**5.5**		**5.5**
Balance, December 31, 2024	**11.7**	**$**	**4.5**	**165.1**	**$**	**603.3**	**$**	**607.8**

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

At December 31, 2024, 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 2024, the Company renewed its share repurchase program under a normal course issuer bid to purchase up to 14.75 million Class B non-voting shares, approximately 9.93% of the public float of the Class B non-voting shares of the Company. During 2024, the Company acquired 2,628,909 of its Class B shares for cancellation at an average price of $76.31 per share. During 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.

(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.

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

16. Share capital (continued)

(c) Dividends

The annual dividends per share were as follows:

		2024		2023
Class A share	**$**	**1.15**	$	1.05
Class B share	**$**	**1.16**	$	1.06

17. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2024, was based on profit attributable to Class A shares of $55.5 million (2023 – $35.0 million) and Class B shares of $787.6 million (2023 – $495.2 million) and a weighted average number of Class A shares outstanding of 11.7 million (2023 – 11.8 million) and Class B shares outstanding of 166.5 million (2023 – 165.8 million).

Weighted average number of shares (in millions)

	December 31, 2024		December 31, 2023	
	Class A Shares	**Class B Shares**	Class A Shares	Class B Shares
Issued and outstanding shares at January 1	**11.8**	**166.0**	11.8	165.2
Effect of share conversion from Class A to Class B	**(0.1)**	**0.1**	-	-
Effect of stock options exercised	**-**	**0.1**	-	0.3
Effect of restricted share units exercised	**-**	**0.2**	-	0.2
Effect of repurchase of shares	**-**	**(0.9)**	-	-
Effect of performance stock units exercised	**-**	**1.0**	-	0.1
Weighted average number of shares at December 31	**11.7**	**166.5**	11.8	165.8

Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2024, was based on profit attributable to Class A shares of $55.1 million (2023 – $34.6 million) and Class B shares of $788.0 million (2023 – $495.6 million) and a diluted weighted average number of Class A shares outstanding of 11.7 million (2023 – 11.8 million) and Class B shares outstanding of 167.8 million (2023 – 168.1 million).

Weighted average number of shares – diluted (in millions)

	December 31, 2024	December 31, 2023
Weighted average number of shares (basic)	**178.2**	177.6
Effect of deferred share units on issue	**0.3**	0.3
Effect of share-based compensation	**1.0**	2.0
Weighted average number of shares (diluted)	**179.5**	179.9

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

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

18. Loans and borrowings

	December 31, 2024	December 31, 2023
Current liabilities		
Current portion of other loans (iii)	**$ 4.2**	$ 6.9
Short-term operating credit lines available (iv)	**$ 13.0**	$ 13.5
Short-term operating credit lines used	**$ 0.6**	$ 0.6
Non-current liabilities		
Unsecured syndicated bank credit facilities (i)	**$ 347.8**	$ 307.0
Unsecured notes (ii)	**1,875.0**	1,747.4
Other loans (iii)	**9.7**	13.4
	$ 2,232.5	$ 2,067.8

(i) Unsecured syndicated bank credit facilities

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

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

In May 2022, this facility was amended, extending the maturity from February 28, 2025, to February 28, 2027.

The unused portion of the revolving syndicated bank credit facility was US$956.7 million at December 31, 2024 (December 31, 2023 – US$966.1 million).

As at December 31, 2024, transaction costs related to the unsecured syndicated bank credit facilities were $1.1 million (December 31, 2023 – $1.6 million).

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

18. Loans and borrowings (continued)

(ii) Unsecured notes

Unsecured notes as at December 31, 2024, consisted of US$600.0 million ($858.1 million; 2023 - $788.7 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; $299.3 million (2023 - $299.1 million) principal amount of 3.864% Series 1 Notes, maturing April 13, 2028; and US$500.0 million ($717.6 million; 2023 - $659.6 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.

As at December 31, 2024, the Company utilized cross-currency interest rate swap agreements ("CCIRSA") to effectively convert notional US$408.5 million (2023 – US$408.5 million) of the 144A 3.05% private notes into €360.0 million (2023 – €360.0 million) 2.06% and 2.00% fixed rate debt and convert notional US$376.2 million (2023 – US$376.2 million) of the 144A 3.25% private notes into €340.0 million (2023 - €340.0 million) 1.16% and 1.23% fixed rate debt in order to hedge its euro-based assets and cash flows (note 24(a)).

(iii) Other loans

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

(iv) Operating credit lines

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

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

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

	2024	2023
Balance at January 1	**$ 2,074.7**	$ 2,182.2
Financing cash flows	**26.8**	(83.7)
Foreign exchange	**132.6**	(33.4)
Other	**2.6**	9.6
Balance at December 31	**$ 2,236.7**	$ 2,074.7

As at December 31, 2024 and 2023, there are no assets pledged as collateral against long-term debt.

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

19. Finance income and cost

Recognized in consolidated income statement	December 31, 2024	December 31, 2023
Interest expense on financial liabilities measured at amortized cost	$ 77.8	$ 83.5
Fees and interest recognized on other financial instruments	(12.4)	(11.9)
Interest expense on post-employment defined benefit plans	24.4	22.6
Finance cost	89.8	94.2
Interest income on cash and cash equivalents	12.9	12.7
Interest income on other assets	0.2	0.2
Interest income on post-employment defined benefit plans	10.4	10.7
Finance income	23.5	23.6
Interest expense on lease liabilities	8.7	7.4
Net finance cost recognized in consolidated income statement	$ 75.0	$ 78.0

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

20. Employee benefits

	December 31, 2024	December 31, 2023
Present value of wholly unfunded defined benefit obligations	$ 282.3	$ 249.8
Present value of partially funded defined benefit obligations	334.1	341.8
Total present value of obligations	616.4	591.6
Fair value of plan assets	(310.1)	(311.8)
Irrecoverable surplus due to asset ceiling	0.5	1.4
Recognized liability for defined benefit obligations	306.8	281.2
Liability for long-service leave and jubilee plans	20.9	18.5
Total employee benefits	327.7	299.7
Total employee benefits reported in trade and other payables	20.0	17.2
Total employee benefits reported in non-current liabilities	$ 307.7	$ 282.5

(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 $53.3 million in 2024 (2023 – $41.3 million), of which $0.1 million (2023 – $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.

20. Employee benefits (continued)

(b) Defined benefit post-employment plans

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

Partially funded defined benefit obligations

The Company's defined benefit post-employment plans are not fully funded. The obligation of these plans, net of any assets, is recorded in non-current liabilities on the consolidated statement of financial position in employee benefits or, for payments expected to be made within the next twelve months, in trade and other payables in current liabilities. Fluctuations in the pension liabilities resulting from actuarial gains or losses due to changes in risk factors are recorded in other comprehensive income. The primary partially funded plans are in Canada, the U.K., 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 first plan has no active members and is closed to new members. Benefits are based on final salary. All members of the plan are either deferred or retired and benefits are provided to spouses or dependents in the event of a member's death before or after retirement. The Company is required to make payments of £0.5 million in deficit funding contributions annually. An actuary is involved in measuring the obligation of the plan and in calculating the expense and any contributions required. The primary risk factors for this plan are longevity of plan beneficiaries and discount rate volatility for the value of the obligation and market risk on the assets. The Company has determined that any surplus in the plan after all obligations have been covered is fully available to the Company.

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

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

20. Employee benefits (continued)

(b) Defined benefit post-employment plans (continued)

Partially funded defined benefit obligations (continued)

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

Wholly unfunded defined benefit obligations

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

20. Employee benefits (continued)

(b) Defined benefit post-employment plans (continued)

Wholly unfunded defined benefit obligations (continued)

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

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

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

20. Employee benefits (continued)

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.

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

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

20. Employee benefits (continued)

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 assumptions	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)

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

20. Employee benefits (continued)

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

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

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
Curtailment 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

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

	2024	2023
Actuarial losses – experience	**$ (6.3)**	$ (10.6)
Actuarial gains – demographic assumptions	**0.8**	1.5
Actuarial gains (losses) – financial assumptions	**17.5**	(6.0)
Experience losses on plan assets	**(22.7)**	(0.6)
Actuarial gains – irrecoverable surplus	**0.9**	0.7
Recognized during the year in other comprehensive loss	**$ (9.8)**	$ (15.0)

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

20. Employee benefits (continued)

Plan assets consist of the following:

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

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

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

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

20. Employee benefits (continued)

The actual returns on plan assets are as follows:

	Partially Funded	Wholly Unfunded	Total
2024	**$ (10.3)**	**$ -**	**$ (10.3)**
2023	$ 12.6	$ -	$ 12.6

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

	Partially Funded	Wholly Unfunded	Total
December 31, 2024			
Discount rate	**4.67%**	**4.07%**	**4.43%**
Expected rate of compensation increase	**1.15%**	**2.58%**	**2.26%**
December 31, 2023			
Discount rate	4.15%	4.62%	4.35%
Expected rate of compensation increase	1.67%	2.63%	2.37%

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

	Partially Funded	Wholly Unfunded	Total
December 31, 2024			
Discount rate	**4.12%**	**4.60%**	**4.35%**
Expected rate of compensation increase	**1.58%**	**2.61%**	**2.38%**
December 31, 2023			
Discount rate	4.45%	4.34%	4.40%
Expected rate of compensation increase	1.71%	2.56%	2.35%

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%)	$ (40.4)	$ (19.1)
Discount rate (decrease 1%)	$ 43.6	$ 20.9
Longevity (+1 year)	$ 7.5	$ 8.8
Inflation (+0.25%)	$ 4.9	$ -
Inflation (-0.25%)	$ (5.4)	$ -
Salary (increase 1%)	$ 1.9	$ 2.6
Salary (decrease 1%)	$ (1.4)	$ (2.5)
Duration (years)	14	9

The Company expects to contribute $5.3 million to the partially funded defined benefit plans and pay $18.6 million in benefits for the wholly unfunded plans in 2025.

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

20. Employee benefits (continued)

(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, 2024, $1.4 million (2023 – $0.8 million) of the total obligation of $20.9 million (2023 – $18.5 million) was classified as current and reported in trade and other payables. The expense for these plans was $22.9 million in 2024 (2023 – $37.9 million).

21. Personnel expenses

	2024	2023
Wages and salaries	**$ 1,456.0**	$ 1,322.1
Compulsory social security contributions	**174.7**	159.6
Contributions to Company-sponsored defined contribution plans	**53.3**	41.3
Net expenses related to defined benefit plans	**21.8**	20.5
Equity-settled share-based payment transactions	**33.7**	49.7
	$ 1,739.5	$ 1,593.2

22. Income tax expense

Current tax expense	**2024**	2023
Current tax on earnings before earnings in equity-accounted investments for the year	**$ 249.9**	$ 220.8
Deferred tax expense (benefit) (note 15)		
Origination and reversal of temporary differences	**$ (8.2)**	$ (6.5)
Impact of tax rate changes	**0.8**	(1.2)
Recognition of previously unrecognized tax losses and deductible temporary differences	**(4.4)**	(12.4)
	(11.8)	(20.1)
Total income tax expense	**$ 238.1**	$ 200.7

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

22. Income tax expense (continued)

Reconciliation of effective tax rate

	2024	2023
Combined Canadian federal and provincial income tax rates	**25.5%**	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	**$ 843.1**	$ 530.2
Add: income tax expense	**238.1**	200.7
Deduct: earnings in equity-accounted investments	**18.9**	17.9
Earnings before income tax and equity-accounted investments	**1,062.3**	713.0
Income tax using the Company's domestic combined Canadian federal and provincial income tax rates	**259.7**	202.5
Effect of tax rates in foreign jurisdictions	**7.6**	(14.3)
Impact of tax rate changes	**0.8**	(1.2)
Recognition of previously unrecognized tax losses and deductible temporary differences	**(4.4)**	(12.4)
Losses and deductible temporary differences for which no deferred tax asset was recognized	**2.1**	2.7
Non-deductible expenses and other items	**(27.7)**	23.4
	$ 238.1	$ 200.7

	2024	2023
Income tax expense (recovery) recognized directly in other comprehensive income		
Derivatives and foreign currency translation adjustments	**$ (6.2)**	$ 1.0
Actuarial losses	**(2.9)**	(3.9)
Total income tax recovery recognized directly in other comprehensive income	**$ (9.1)**	$ (2.9)

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.

22. Income tax expense (continued)

Global minimum top-up tax

The Company is subject to the global minimum top-up tax regime ("Pillar Two Rules") in Canada under the Global Minimum Tax Act. The Pillar Two Rules aim to ensure that large multinational enterprises pay a minimum tax of 15% on the income arising in each jurisdiction in which they operate. The Company recognized a current expense of $0.4 million related to top-up tax under Pillar Two tax legislation (2023 – nil).

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

Many jurisdictions have enacted new tax legislation to implement a qualified domestic minimum top-up tax (QDMTT), effective in either 2024 or 2025. The Company operates in numerous jurisdictions that have adopted the QDMTT. As such, where applicable, the Company's subsidiaries will be liable for the top-up tax in relation to their operations in those jurisdictions instead of the Company.

23. Share-based payments

For options and share awards granted for stock-based compensation, $33.7 million (2023 – $49.5 million) was recognized in the consolidated financial statements as an expense, with a corresponding offset to contributed surplus.

At December 31, 2024, the Company had five share-based compensation plans, which are described below:

(a) Employee stock option plan

Under the employee stock option plan, the Company may grant options to employees, officers and directors of the Company. The Company does not grant options to independent directors. The exercise price of each option equals the closing market price of the Class B non-voting shares on the last trading day prior to the grant date of the option, and an option's maximum term is 10 years. Options vest 25% one year from the grant date and 25% each subsequent year. The term of these options is five years from the grant date. In general, the grants are conditional upon continued employment. No market conditions affect vesting. Granted options are not entitled to dividends and may not be transferred or assigned by the option holder. In 2024 and 2023, stock option grants were not awarded.

A summary of the status of the Company's employee stock option plan as of December 31, 2024 and 2023, and changes during the years ended on those dates, is presented below:

	2024			2023		
	Shares (in millions)		**Weighted Average Exercise Price**	Shares (in millions)		Weighted Average Exercise Price
Outstanding at beginning of year	**0.1**	**$**	**55.73**	1.3	$	61.64
Exercised	**(0.1)**		**55.73**	(0.5)		55.73
Forfeited	**-**		**-**	(0.7)		66.87
Outstanding at end of year	**-**	**$**	**-**	0.1	$	55.73
Options exercisable at end of year	**-**	**$**	**-**	0.1	$	55.73

The weighted average share price of stock options exercised in 2024 was $69.25 (2023 – $64.23).

23. Share-based payments (continued)

(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, 2024.

(c) Performance stock units ("PSU")

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

The 2019 PSU plan vested in the current year resulting in the issuance of approximately 1.2 million Class B non-voting shares of the Company.

(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 0.2 million RSUs outstanding under this plan as at December 31, 2024.

(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, 2024.

24. Financial instruments

(a) Hedges of net investments in foreign operations

US$123.8 million (2023 – US$123.8 million) of unsecured 144A 3.25% private notes, US$191.5 million (2023 – US$191.5 million) of unsecured 144A 3.05% private notes and nil (2023 – US$ nil) of the unsecured syndicated bank credit facilities (hedging items) have been used to hedge the Company's exposure to its net investment in US-dollar-denominated operations (hedged items), with a view to reducing foreign exchange fluctuations. The foreign exchange effect of the unsecured 144A 3.25% private notes, the unsecured 144A 3.05% private notes, the unsecured syndicated bank credit facilities and the net investment in US-dollar-denominated subsidiaries is reported in accumulated other comprehensive income (loss) in the consolidated statement of financial position. These have been and continue to be 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2024 or 2023.

Unsecured syndicated bank credit facilities (hedging item) of €211.5 million (2023 – €201.0 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 income (loss) in the consolidated statement of financial position. This was a 100% fully effective hedge as the notional amount of the hedging item equalled the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2024 or 2023.

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 CCIRSAs (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 CCIRSAs. 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 CCIRSAs. Each of these conversions was to hedge the Company's euro-based assets and cash flows. Fair value of these CCIRSAs was recorded in non-current liabilities when negative in value and non-current assets when positive in value. The offset was recorded in accumulated other comprehensive income (loss) in the consolidated statement of financial position. These have all been, and continue to be, 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness was recognized in the consolidated income statement in 2024 or 2023.

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

24. Financial instruments (continued)

(a) Hedges of net investments in foreign operations (continued)

Notional Principal Amount		Interest Rate		Fair Value December 31			
Fixed Rate	Fixed Rate	Received (US$)	Paid (€)	2024 (C$)	2023 (C$)	Maturity	Effective Date
US$105.8 million	€100.0 million	3.25%	1.24%	$3.1 million	$(4.5) million	October 1, 2026	February 28, 2017
US$84.8 million	€80.0 million	3.25%	1.20%	$2.2 million	$(3.3) million	October 1, 2026	February 28, 2017
US$42.3 million	€40.0 million	3.25%	1.21%	$1.3 million	$(1.8) million	October 1, 2026	February 28, 2017
US$31.8 million	€30.0 million	3.25%	1.29%	$0.9 million	$(1.4) million	October 1, 2026	February 28, 2017
US$62.1 million	€50.0 million	3.25%	1.16%	$14.8 million	$9.9 million	October 1, 2026	February 21, 2018
US$49.4 million	€40.0 million	3.25%	1.15%	$11.0 million	$7.5 million	October 1, 2026	February 22, 2018
US$125.0 million	€110.0 million	3.05%	2.06%	$7.0 million	$0.3 million	June 1, 2030	June 10, 2020
US$79.6 million	€70.0 million	3.05%	2.06%	$4.8 million	nil	June 1, 2030	June 10, 2020
US$68.0 million	€60.0 million	3.05%	2.00%	$3.8 million	$0.2 million	June 1, 2030	June 23, 2020
US$45.3 million	€40.0 million	3.05%	2.00%	$2.7 million	nil	June 1, 2030	June 23, 2020
US$45.3 million	€40.0 million	3.05%	2.01%	$2.7 million	$0.1 million	June 1, 2030	June 23, 2020
US$45.3 million	€40.0 million	3.05%	2.01%	$2.7 million	nil	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, 2024		December 31, 2023
Cash and cash equivalents	**$**	**828.7**	$	774.2
Trade and other receivables		**1,251.4**		1,089.3
Other assets		**28.1**		21.9
Derivative instruments		**57.1**		18.1
	$	**2,165.3**	$	1,903.5

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

		December 31, 2024		December 31, 2023
Under 31 days	**$**	**628.8**	$	583.7
Between 31 and 90 days		**393.7**		353.1
Greater than 90 days		**80.3**		67.1
	$	**1,102.8**	$	1,003.9

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

		2024		2023
Balance at January 1	**$**	**19.2**	$	17.7
(Decrease) increase during the year		**(2.5)**		1.5
Balance at December 31	**$**	**16.7**	$	19.2

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

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

24. Financial instruments (continued)

(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, 2023	December 31, 2024						
				Payments Due by Period				
	Carrying Amount	**Carrying Amount**	**Contractual Cash Flows**	**0–6 Months**	**6–12 Months**	**1–2 Years**	**2–5 Years**	**More Than 5 Years**
Non-derivative financial liabilities								
Secured bank loans	$ 0.1	**$ 0.1**	**$ 0.1**	**$ -**	**$ 0.1**	**$ -**	**$ -**	**$ -**
Unsecured bank loans	7.0	**3.6**	**3.6**	**1.0**	**0.9**	**1.4**	**0.3**	**-**
Unsecured 144A 3.25% private notes	659.6	**717.6**	**719.2**	**-**	**-**	**719.2**	**-**	**-**
Unsecured 144A 3.05% private notes	788.7	**858.1**	**863.0**	**-**	**-**	**-**	**-**	**863.0**
Unsecured 3.864% Series 1 Notes	299.1	**299.3**	**300.0**	**-**	**-**	**-**	**300.0**	**-**
Unsecured syndicated bank credit facility	307.0	**347.8**	**348.9**	**-**	**-**	**-**	**348.9**	**-**
Other long-term obligations	13.2	**10.2**	**10.2**	**2.2**	**-**	**-**	**8.0**	**-**
Interest on unsecured bank credit facilities	*	*	**31.9***	**7.2**	**7.4**	**14.9**	**2.4**	**-**
Interest on 144A 3.25% private notes	*	*	**40.9***	**5.9**	**11.7**	**23.3**	**-**	**-**
Interest on 144A 3.05% private notes	*	*	**142.6***	**11.0**	**13.1**	**26.3**	**79.0**	**13.2**
Interest on unsecured 3.864% Series 1 Notes	*	*	**38.1***	**3.3**	**5.8**	**11.6**	**17.4**	**-**
Interest on other long-term debt	*	*	**1.3**	**0.1**	**-**	**-**	**1.2**	**-**
Trade and other payables	1,329.5	**1,416.9**	**1,416.9***	**1,416.9**	**-**	**-**	**-**	**-**
Accrued post-employment benefit liabilities	*	*	**289.0***	**2.7**	**2.7**	**35.8**	**91.8**	**156.0**
Lease liabilities	207.7	**210.9**	**246.0**	**25.6**	**24.9**	**42.0**	**73.0**	**80.5**
Total contractual cash obligations	$ 3,611.9	**$ 3,864.5**	**$ 4,451.7**	**$ 1,475.9**	**$ 66.6**	**$ 874.5**	**$ 922.0**	**$ 1,112.7**

* Accrued long-term employee benefit and post-employment benefit liability of $20.0 million, accrued interest of $10.9 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 2024 (2023: $17.2 million, $10.1 million and $2.4 million, respectively).

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

24. Financial instruments (continued)

(d) Currency risk

Exposure to currency risk

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

	December 31, 2024			December 31, 2023		
	U.S. Dollar	**U.K. Pound**	**Euro**	U.S. Dollar	U.K. Pound	Euro
Cash and cash equivalents	**207.3**	**29.6**	**107.5**	157.6	14.4	146.1
Trade and other receivables	**335.8**	**24.2**	**192.7**	317.7	28.5	177.4
Trade and other payables	**334.3**	**31.5**	**212.7**	335.0	27.4	239.4
Long-term debt	**322.4**	**-**	**913.9**	325.1	-	905.9

Sensitivity analysis

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

	Equity		Income Statement	
	2024	2023	**2024**	2023
Euro	**(43.3)**	(42.3)	**(1.7)**	0.2
U.S. dollar	**(21.9)**	(20.3)	**4.8**	4.0
U.K. pound	**28.5**	26.7	**0.2**	0.4

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 $4.8 million (2023 – $4.6 million increase). This analysis assumes that all other variables; in particular, foreign currency rates, remain constant.

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

24. Financial instruments (continued)

(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, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Assets carried at fair value:				
Other assets	**$ 28.1**	**$ 28.1**	$ 21.9	$ 21.9
Derivative financial assets	**57.1**	**57.1**	18.1	18.1
	$ 85.2	**$ 85.2**	$ 40.0	$ 40.0
Assets carried at amortized cost:				
Trade and other receivables	**$ 1,251.4**	**$ 1,251.4**	$ 1,089.3	$ 1,089.3
Cash and cash equivalents	**828.7**	**828.7**	774.2	774.2
	$ 2,080.1	**$ 2,080.1**	$ 1,863.5	$ 1,863.5
Liabilities carried at fair value:				
Derivative financial liabilities	**$ -**	**$ -**	$ 11.0	$ 11.0
	$ -	**$ -**	$ 11.0	$ 11.0
Liabilities carried at amortized cost:				
Trade and other payables	**$ 1,416.9**	**$ 1,416.9**	$ 1,329.5	$ 1,329.5
Unsecured 144A 3.25% private notes	**717.6**	**698.8**	659.6	630.3
Unsecured 144A 3.05% private notes	**858.1**	**772.9**	788.7	692.4
Unsecured 3.864% Series 1 Notes	**299.3**	**299.7**	299.1	288.8
Unsecured syndicated bank credit facilities	**347.8**	**347.8**	307.0	307.0
Other loans	**13.9**	**13.9**	20.3	20.3
	$ 3,653.6	**$ 3,550.0**	$ 3,404.2	$ 3,268.3

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.

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

24. Financial instruments (continued)

(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, 2024				
Other assets	**$ 28.1**	**$ -**	**$ -**	**$ 28.1**
Derivative financial assets	**-**	**57.1**	**-**	**57.1**
Long-term debt	**-**	**(2,133.1)**	**-**	**(2,133.1)**
	$ 28.1	**$ (2,076.0)**	**$ -**	**$ (2,047.9)**

	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)

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.

25. Financial risk management (continued)

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, 2024, the Company's exposure to credit risk arising from derivative financial instruments amounted to $62.8 million (2023 – $21.1 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 $828.7 million of cash on hand and US$956.7 million of available capacity within its syndicated bank credit facility at December 31, 2024.

(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.

25. Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk

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

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

(ii) Interest rate risk

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

(iii) Commodity price risk

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

(d) Capital management

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

The Company defines capital as average total equity and measures the return on capital (or return on equity) by dividing annual net earnings before goodwill impairment loss, revaluation gain, and restructuring and other items by the average of the beginning and the end-of-year shareholders' equity. In 2024, the return on capital was 15.5% (2023 – 15.0%).

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.

25. Financial risk management (continued)

(d) Capital management (continued)

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, 2024, was in compliance with all its covenants.

26. Commitments and contingencies

(a) Commitments

As at December 31, 2024, the Company had uncollateralized surety bonds of $26.0 million (2023 – $56.7 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.

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

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 (2023 – $nil).

28. Key management personnel compensation

		2024		2023
Short-term employee compensation and benefits	**$**	**12.5**	$	8.1
Share-based compensation		**15.8**		22.7
Post-employment benefits		**1.0**		1.0
	$	**29.3**	$	31.8

29. Accumulated other comprehensive income (loss)

		2024		2023
Unrealized foreign currency translation gains (losses), net of tax recovery of $8.7 million (2023 – tax recovery of $2.5 million)	**$**	**79.3**	$	(111.6)
Gains on derivatives designated as cash flow hedges, net of tax expense of $nil (2023 – tax expense of $nil)		**0.2**		0.2
	$	**79.5**	$	(111.4)

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

30. Restructuring and other items

		2024		2023
Restructuring costs	**$**	**3.3**	$	41.1
Acquisition costs		**2.2**		1.7
Total restructuring and other items	**$**	**5.5**	$	42.8

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

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

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.

31. Subsequent event

Prior to the release of the 2024 annual consolidated financial statements, the Company announced the following:

- The Board of Directors has declared a dividend of $0.32 per Class B non-voting share and $0.3175 per Class A voting share, which will be payable to shareholders of record at the close of business on March 17, 2025, to be paid on March 31, 2025.