For Immediate Release

AVERY DENNISON ANNOUNCES FIRST QUARTER 2023 RESULTS

Highlights:

- 1Q23 Reported EPS of $1.49
  - Adjusted EPS (non-GAAP) of $1.70, down 29%
- 1Q23 Net sales declined 12% to $2.1 billion
  - Sales change ex. currency (non-GAAP) of (9%)
  - Organic sales change (non-GAAP) of (9%)
- Revised FY 2023 EPS guidance
  - Reported EPS of $8.35 to $8.70 (previously $8.85 to $9.25)
  - Adjusted EPS of $8.85 to $9.20 (previously $9.15 to $9.55)

MENTOR, Ohio, April 26, 2023 – Avery Dennison Corporation (NYSE:AVY) today announced preliminary, unaudited results for its first quarter ended April 1, 2023. Non-GAAP financial measures referenced in this release are reconciled from GAAP in the attached financial schedules. Unless otherwise indicated, comparisons are to the same period in the prior year.

“Earnings per share were in line with our expectations for the first quarter, despite lower revenue due to higher-than-anticipated inventory destocking,” said Mitch Butier, Chairman and CEO. “We continue to expect a strong second half as the pace of destocking moderates and intelligent label programs accelerate. We have revised our guidance range for 2023 earnings per share to reflect a softer outlook for the second quarter.

“We remain confident that the consistent execution of our strategies will enable us to meet our long-term goals for superior value creation through a balance of profitable growth and capital discipline,” added Butier.

“Once again, I want to thank our entire team for continuing to raise their game to address the unique challenges at hand.”

<u>First Quarter 2023 Results by Segment</u>

Materials Group

- Reported sales decreased 13% to $1.5 billion. Sales were down 9% ex. currency and on an organic basis.
  - Label materials sales were down by low-double digits on an organic basis.
    - Lower volume, driven by inventory destocking, was partially offset by pricing actions.
    - On an organic basis, sales were down low-double digits in North America, high-single digits in Western Europe, and mid-to-high single digits in emerging markets.
  - Sales increased by low-single digits organically in the Graphics and Reflective Solutions businesses.
  - Sales increased by mid-single digits organically in the combined Performance Tapes and Medical businesses.

- Reported operating margin decreased 230 basis points to 11.0%. Adjusted EBITDA margin (non-GAAP) decreased 100 basis points to 14.2% driven by lower volume/mix, partially offset by benefits from the net impact of pricing and raw material input costs, and productivity. Adjusted EBITDA margin increased 140 basis points sequentially.

- The company anticipates label destocking to be largely complete by mid-year, and Materials Group adjusted EBITDA margin improving sequentially throughout 2023.

Solutions Group

- Reported sales decreased 11% to $605 million. Sales were down 8% ex. currency and 9% on an organic basis.
  - Sales in high-value categories were up low-single digits on an organic basis.
  - Sales decreased by roughly 20% organically in base solutions as customers adjusted inventory levels.
  - Enterprise-wide Intelligent Labels sales were up low-single digits on an organic basis.

- Reported operating margin decreased 480 basis points to 8.5%. Adjusted EBITDA margin decreased 340 basis points to 15.7% driven by lower volume.

- The company anticipates apparel volume to rebound in the second half of 2023; throughout the year, Intelligent Labels programs are expected to accelerate and Solutions Group adjusted EBITDA margin to sequentially improve.
- The company announced an agreement to acquire Lion Brothers, a leading designer and manufacturer of apparel brand embellishments with sales of approximately $65 million in 2022.

Other

Balance Sheet and Capital Deployment

In March, the company issued $400 million of 5.75% Senior Notes due 2033. The company used the net proceeds from the offering to repay existing indebtedness under the company's commercial paper programs and to repay the $250 million aggregate principal amount of 3.35% Senior Notes that was due April 15, 2023.

During the first quarter, the company deployed $44 million for acquisitions and returned $112 million in cash to shareholders through a combination of dividends and share repurchases. The company repurchased 0.3 million shares at an aggregate cost of $51 million. Net of dilution from long-term incentive awards, the company's share count at the end of the quarter was down 1.3 million compared to the same time last year.

The company's balance sheet remains strong, with ample capacity to continue executing its long-term capital allocation strategy. Net debt to adjusted EBITDA (non-GAAP) was 2.5 at the end of the first quarter.

Income Taxes

The company's reported first-quarter effective tax rate was 28.0%. The adjusted tax rate (non-GAAP) for the quarter was 25.5%.

The company's 2023 adjusted tax rate is expected to be in the mid-twenty percent range based on current tax regulations.

Cost Reduction Actions

During the first quarter, the company realized approximately $9 million in pre-tax savings from restructuring, net of transition costs, and incurred pre-tax restructuring charges of approximately $18 million.

Guidance

In its supplemental presentation materials, “Financial Review and Analysis First Quarter 2023,” the company provides a list of factors that it believes will contribute to its 2023 financial results. Based on the factors listed and other assumptions, the company has revised its guidance range for 2023 reported earnings per share from $8.85 to $9.25 to $8.35 to $8.70.

Excluding an estimated $0.50 per share related to restructuring charges and other items, the company revised its guidance range for adjusted earnings per share from $9.15 to $9.55 to $8.85 to $9.20.

For more details on the company’s results, see the summary tables accompanying this news release, as well as the supplemental presentation materials, “Financial Review and Analysis First Quarter 2023,” posted on the company’s website at www.investors.averydennison.com, and furnished to the SEC on Form 8-K.

Throughout this release and the supplemental presentation materials, amounts on a per share basis reflect fully diluted shares outstanding.

About Avery Dennison

Avery Dennison Corporation (NYSE: AVY) is a global materials science and digital identification solutions company that provides branding and information labeling solutions, including pressure-sensitive materials, radio-frequency identification (RFID) inlays and tags, and a variety of converted products and solutions. The company designs and manufactures a wide range of labeling and functional materials that enhance branded packaging, carry or display information that connects the physical and the digital, and improve customers’ product performance. The company serves an array of industries worldwide, including home and personal care, apparel, e-commerce, logistics, food and grocery, pharmaceuticals and automotive. The company employs approximately 36,000 employees in more than 50 countries. Reported sales in 2022 were $9.0 billion. Learn more at www.averydennison.com.

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“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements, and financial or other business targets, are subject to certain risks and uncertainties.

We believe that the most significant risk factors that could affect our financial performance in the near term include: (i) the impacts to underlying demand for our products from global economic conditions, political uncertainty, and changes in environmental standards and governmental regulations; (ii) the cost and availability of raw materials; (iii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iv) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through price increases, without a significant loss of volume; (v) foreign currency fluctuations; and (vi) the execution and integration of acquisitions.

Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but not limited to, risks and uncertainties related to the following:

- International Operations – worldwide and local economic and market conditions; changes in political conditions, including those related to China and those related to the Russian invasion of Ukraine; and fluctuations in foreign currency exchange rates and other risks associated with foreign operations, including in emerging markets
- Our Business – fluctuations in demand affecting sales to customers; fluctuations in the cost and availability of raw materials and energy; changes in our markets due to competitive conditions, technological developments, environmental standards, laws and regulations, and customer preferences; the impact of competitive products and pricing; execution and integration of acquisitions; selling prices; customer and supplier concentrations or consolidations; financial condition of distributors; outsourced manufacturers; product and service quality; timely development and market acceptance of new products, including sustainable or sustainably-sourced products; investment in development activities and new production facilities; successful implementation of new manufacturing technologies and installation of manufacturing equipment; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; collection of receivables from customers; our environmental, social and governance practices; and impacts from COVID-19
- Income Taxes – fluctuations in tax rates; changes in tax laws and regulations, and uncertainties associated with interpretations of such laws and regulations; retention of tax incentives; outcome of tax audits; and the realization of deferred tax assets
- Information Technology – disruptions in information technology systems or data security breaches, including cyber-attacks or other intrusions to network security; and successful installation of new or upgraded information technology systems
- Human Capital – recruitment and retention of employees and collective labor arrangements
- Our Indebtedness – credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; fluctuations in interest rates; volatility of financial markets; and compliance with our debt covenants
- Ownership of Our Stock – potential significant variability of our stock price and amounts of future dividends and share repurchases
- Legal and Regulatory Matters – protection and infringement of intellectual property; impact of legal and regulatory proceedings, including with respect to environmental, anti-corruption, health and safety, and trade compliance
- Other Financial Matters – fluctuations in pension costs and goodwill impairment

For a more detailed discussion of these factors, see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2022 Form 10-K, filed with the Securities and Exchange Commission on February 22, 2023.

The forward-looking statements included in this document are made only as of the date of this document, and we undertake no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.

For more information and to listen to a live broadcast or an audio replay of the quarterly conference call with analysts, visit the Avery Dennison website at www.investors.averydennison.com

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First Quarter Financial Summary - Preliminary, unaudited
(In millions, except % and per share amounts)

	1Q 2023	1Q 2022	% Sales Change vs. PY: Reported	% Sales Change vs. PY: Ex. Currency (a)	% Sales Change vs. PY: Organic (b)
Net sales, by segment:					
Materials Group	**$1,460.5**	**$1,670.3**	**(12.6%)**	(9.3%)	(9.3%)
Solutions Group	**604.5**	**679.0**	**(11.0%)**	(8.3%)	(8.9%)
Total net sales	**$2,065.0**	**$2,349.3**	**(12.1%)**	(9.1%)	(9.2%)

	As Reported (GAAP)					Adjusted Non-GAAP (c)				
	1Q 2023	1Q 2022	% Change	% of Sales 2023	% of Sales 2022	1Q 2023	1Q 2022	% Change	% of Sales 2023	% of Sales 2022
Operating income (loss) / operating margins before interest, other non-operating expense (income), and taxes, by segment:										
Materials Group	**$160.5**	**$222.8**		**11.0%**	**13.3%**	$174.8	$219.6		12.0%	13.1%
Solutions Group	**51.5**	**90.3**		**8.5%**	**13.3%**	55.1	91.9		9.1%	13.5%
Corporate expense (d)	**(21.9)**	**(25.2)**				(22.0)	(25.2)			
Total operating income / operating margins before interest, other non-operating expense (income), and taxes	**$190.1**	**$287.9**	**(34%)**	**9.2%**	**12.3%**	$207.9	$286.3	(27%)	10.1%	12.2%
Interest expense	**$26.4**	**$19.6**				$26.4	$19.6			
Other non-operating expense (income), net	**($4.6)**	**($1.4)**				($4.6)	($1.4)			
Income before taxes	**$168.3**	**$269.7**	**(38%)**	**8.2%**	**11.5%**	$186.1	$268.1	(31%)	9.0%	11.4%
Provision for income taxes	**$47.1**	**$71.5**				$47.5	$68.6			
Net income	**$121.2**	**$198.2**	**(39%)**	**5.9%**	**8.4%**	$138.6	$199.5	(31%)	6.7%	8.5%
Net income per common share, assuming dilution	**$1.49**	**$2.39**	**(38%)**			$1.70	$2.40	(29%)		
Free Cash Flow (e)						($71.2)	$73.3			
Adjusted EBITDA:										
Materials Group						$207.5	$254.1		14.2%	15.2%
Solutions Group						$94.7	$129.4		15.7%	19.1%

Previously reported segment results have been recast to reflect our new operating structure.

See accompanying schedules A-4 to A-8 for reconciliations of non-GAAP financial measures from GAAP.

(a) *Sales change ex. currency* refers to the increase or decrease in net sales, excluding the estimated impact of foreign currency translation and the reclassification of sales between segments, and, where applicable, an extra week in our fiscal year and the calendar shift resulting from the extra week in the prior fiscal year, and currency adjustment for transitional reporting of highly inflationary economies. The estimated impact of foreign currency translation is calculated on a constant currency basis, with prior period results translated at current period average exchange rates to exclude the effect of currency fluctuations.

(b) *Organic sales change* refers to sales change ex. currency, excluding the estimated impact of acquisitions and product line divestitures.

(c) Excluded impact of restructuring charges and other items.

(d) As reported "Corporate expense" for the first quarter of 2023 included severance and related costs of ($.1).

(e) *Free cash flow* refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, certain acquisition-related transaction costs.

AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	(UNAUDITED)	
	Three Months Ended	
	Apr. 1, 2023	Apr. 2, 2022
Net sales	$ 2,065.0	$ 2,349.3
Cost of products sold	1,522.7	1,708.0
Gross profit	542.3	641.3
Marketing, general and administrative expense	334.4	355.0
Other expense (income), net[1]	17.8	(1.6)
Interest expense	26.4	19.6
Other non-operating expense (income), net	(4.6)	(1.4)
Income before taxes	168.3	269.7
Provision for income taxes	47.1	71.5
Net income	$ 121.2	$ 198.2
Per share amounts:		
Net income per common share, assuming dilution	$ 1.49	$ 2.39
Weighted average number of common shares outstanding, assuming dilution	81.5	83.0

(1) "Other expense (income), net" for the first quarter of 2023 includes severance and related costs of $17.1, asset impairment charges of $.5, and transaction and related costs of $.2.

"Other expense (income), net" for the first quarter of 2022 includes gain on venture investment of $3.7, partially offset by outcome of legal proceedings of $1, severance and related costs of $.9, and transaction and related costs of $.2.

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AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

	(UNAUDITED)	
ASSETS	**Apr. 1, 2023**	**Apr. 2, 2022**
Current assets:		
Cash and cash equivalents	$ 351.3	$ 147.1
Trade accounts receivable, net	1,369.1	1,551.4
Inventories	1,050.6	960.9
Other current assets	218.2	234.9
Total current assets	2,989.2	2,894.3
Property, plant and equipment, net	1,565.6	1,477.5
Goodwill and other intangibles resulting from business acquisitions, net	2,720.6	2,800.8
Deferred tax assets	118.3	128.8
Other assets	828.6	837.4
	$ 8,222.3	$ 8,138.8

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt and finance leases	$ 648.3	$ 494.9
Accounts payable	1,236.2	1,372.5
Other current liabilities	759.2	855.8
Total current liabilities	2,643.7	2,723.2
Long-term debt and finance leases	2,910.8	2,773.8
Other long-term liabilities	624.9	709.3
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	850.8	844.6
Retained earnings	4,486.4	4,023.2
Treasury stock at cost	(3,057.4)	(2,799.4)
Accumulated other comprehensive loss	(361.0)	(260.0)
Total shareholders' equity	2,042.9	1,932.5
	$ 8,222.3	$ 8,138.8

AVERY DENNISON CORPORATION
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	(UNAUDITED)	
	Three Months Ended	
	Apr. 1, 2023	Apr. 2, 2022
Operating Activities		
Net income	$ 121.2	$ 198.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44.8	43.8
Amortization	27.5	28.2
Provision for credit losses and sales returns	10.6	16.1
Stock-based compensation	10.5	11.1
Deferred taxes and other non-cash taxes	(4.5)	1.9
Other non-cash expense and loss (income and gain), net	10.1	6.5
Changes in assets and liabilities and other adjustments	(218.3)	(179.6)
Net cash provided by operating activities	1.9	126.2
Investing Activities		
Purchases of property, plant and equipment	(64.5)	(49.7)
Purchases of software and other deferred charges	(5.3)	(5.6)
Proceeds from sales of property, plant and equipment	0.2	0.3
Proceeds from insurance and sales (purchases) of investments, net	(3.5)	1.8
Payments for acquisitions, net of cash acquired, and venture investments	(43.5)	(33.4)
Net cash used in investing activities	(116.6)	(86.6)
Financing Activities		
Net increase (decrease) in borrowings with maturities of three months or less	42.9	179.4
Additional long-term borrowings	394.9	---
Repayments of long-term debt and finance leases	(1.4)	(1.9)
Dividends paid	(60.8)	(56.2)
Share repurchases	(50.7)	(151.5)
Net (tax withholding) proceeds related to stock-based compensation	(23.6)	(24.9)
Other	(1.5)	---
Net cash provided by (used in) financing activities	299.8	(55.1)
Effect of foreign currency translation on cash balances	(1.0)	(0.1)
Increase (decrease) in cash and cash equivalents	184.1	(15.6)
Cash and cash equivalents, beginning of year	167.2	162.7
Cash and cash equivalents, end of period	$ 351.3	$ 147.1

Reconciliation of Non-GAAP Financial Measures from GAAP

We report our financial results in conformity with accounting principles generally accepted in the United States of America, or GAAP, and also communicate with investors using certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures. These non-GAAP financial measures are intended to supplement the presentation of our financial results prepared in accordance with GAAP. Based on feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their assessments of our performance and operating trends, as well as liquidity.

Our non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it more difficult to assess our underlying performance in a single period. By excluding the accounting effects, positive or negative, of certain items (e.g., restructuring charges, outcomes of certain legal proceedings, certain effects of strategic transactions and related costs, losses from debt extinguishments, gains or losses from curtailment or settlement of pension obligations, gains or losses on sales of certain assets, gains or losses on venture investments and other items), we believe that we are providing meaningful supplemental information that facilitates an understanding of our core operating results and liquidity measures. While some of the items we exclude from GAAP financial measures recur, they tend to be disparate in amount, frequency or timing.

We use these non-GAAP financial measures internally to evaluate trends in our underlying performance, as well as to facilitate comparison to the results of competitors for quarters and year-to-date periods, as applicable.

We use the non-GAAP financial measures described below in the accompanying news release.

Sales change ex. currency refers to the increase or decrease in net sales, excluding the estimated impact of foreign currency translation and the reclassification of sales between segments, and, where applicable, an extra week in our fiscal year and the calendar shift resulting from the extra week in the prior fiscal year, and currency adjustment for transitional reporting of highly inflationary economies. The estimated impact of foreign currency translation is calculated on a constant currency basis, with prior period results translated at current period average exchange rates to exclude the effect of currency fluctuations.

Organic sales change refers to sales change ex. currency, excluding the estimated impact of acquisitions and product line divestitures.

We believe that sales change ex. currency and organic sales change assist investors in evaluating the sales change from the ongoing activities of our businesses and enhance their ability to evaluate our results from period to period.

Adjusted operating income refers to net income adjusted for taxes; other expense (income), net; interest expense and other non-operating expense (income), net.

Adjusted EBITDA refers to adjusted operating income before depreciation and amortization.

Adjusted operating margin refers to adjusted operating income as a percentage of net sales.

Adjusted EBITDA margin refers to adjusted EBITDA as a percentage of net sales.

Adjusted tax rate refers to the projected full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as effects of certain discrete tax planning actions, impacts related to enactments of comprehensive tax law changes, and other items.

Adjusted net income refers to income before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items.

Adjusted net income per common share, assuming dilution (adjusted EPS) refers to adjusted net income divided by the weighted average number of common shares outstanding, assuming dilution.

We believe that adjusted operating margin, adjusted EBITDA margin, adjusted net income, and adjusted EPS assist investors in understanding our core operating trends and comparing our results with those of our competitors.

Net debt to adjusted EBITDA ratio refers to total debt (including finance leases) less cash and cash equivalents, divided by adjusted EBITDA for the last twelve months. We believe that the net debt to adjusted EBITDA ratio assists investors in assessing our leverage position.

Free cash flow refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, certain acquisition-related transaction costs. We believe that free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.

Reconciliations are provided in accordance with Regulations G and S-K and reconcile our non-GAAP financial measures with the most directly comparable GAAP financial measures.

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AVERY DENNISON CORPORATION
PRELIMINARY RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FROM GAAP
(In millions, except % and per share amounts)

	(UNAUDITED) Three Months Ended	
	Apr. 1, 2023	**Apr. 2, 2022**
Reconciliation of non-GAAP operating margins from GAAP:		
Net sales	$ 2,065.0	$ 2,349.3
Income before taxes	$ 168.3	$ 269.7
Income before taxes as a percentage of net sales	8.2%	11.5%
Adjustments:		
Interest expense	$ 26.4	$ 19.6
Other non-operating expense (income), net	(4.6)	(1.4)
Operating income before interest expense, other non-operating expense (income) and taxes	$ 190.1	$ 287.9
Operating margins	9.2%	12.3%
As reported net income	$ 121.2	$ 198.2
Adjustments:		
Restructuring charges:		
Severance and related costs	17.1	0.9
Asset impairment charges	0.5	---
Transaction and related costs	0.2	0.2
Outcome of legal proceedings	---	1.0
Gain on venture investment	---	(3.7)
Interest expense	26.4	19.6
Other non-operating expense (income), net	(4.6)	(1.4)
Provision for income taxes	47.1	71.5
Adjusted operating income (non-GAAP)	$ 207.9	$ 286.3
Adjusted operating margins (non-GAAP)	10.1%	12.2%
Depreciation and amortization	72.3	72.0
Adjusted EBITDA (non-GAAP)	280.2	358.3
Adjusted EBITDA margins (non-GAAP)	13.6%	15.3%
Reconciliation of non-GAAP net income from GAAP:		
As reported net income	$ 121.2	$ 198.2
Adjustments:		
Restructuring charges and other items[1]	17.8	(1.6)
Tax effect on restructuring charges and other items and impact of adjusted tax rate	(0.4)	2.9
Adjusted net income (non-GAAP)	$ 138.6	$ 199.5

[1] Included pretax restructuring charges, transaction and related costs, outcomes of legal proceedings, and gain on venture investment.

AVERY DENNISON CORPORATION
PRELIMINARY RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FROM GAAP
(In millions, except % and per share amounts)

	(UNAUDITED) Three Months Ended	
	Apr. 1, 2023	Apr. 2, 2022
Reconciliation of non-GAAP net income per common share from GAAP:		
As reported net income per common share, assuming dilution	$ 1.49	$ 2.39
Adjustments per common share, net of tax:		
Restructuring charges and other items[1]	0.22	(0.02)
Tax effect on restructuring charges and other items and impact of adjusted tax rate	(0.01)	0.03
Adjusted net income per common share, assuming dilution (non-GAAP)	$ 1.70	$ 2.40
Weighted average number of common shares outstanding, assuming dilution	81.5	83.0

Our adjusted tax rate was 25.5% and 25.6% for the three months ended April 1, 2023 and April 2, 2022, respectively.

[1] Included pretax restructuring charges, transaction and related costs, outcomes of legal proceedings, and gain on venture investment.

	(UNAUDITED) Three Months Ended	
	Apr. 1, 2023	Apr. 2, 2022
Reconciliation of free cash flow:		
Net cash provided by operating activities	$ 1.9	$ 126.2
Purchases of property, plant and equipment	(64.5)	(49.7)
Purchases of software and other deferred charges	(5.3)	(5.6)
Proceeds from sales of property, plant and equipment	0.2	0.3
Proceeds from insurance and sales (purchases) of investments, net	(3.5)	1.8
Payments for certain acquisition-related transaction costs	---	0.3
Free cash flow (non-GAAP)	$ (71.2)	$ 73.3

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AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions, except %)
(UNAUDITED)

	First Quarter Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2023	2022	2023	2022	2023	2022
Materials Group	$ 1,460.5	$ 1,670.3	$ 160.5	$ 222.8	11.0%	13.3%
Solutions Group	604.5	679.0	51.5	90.3	8.5%	13.3%
Corporate Expense	N/A	N/A	(21.9)	(25.2)	N/A	N/A
TOTAL FROM OPERATIONS	$ 2,065.0	$ 2,349.3	$ 190.1	$ 287.9	9.2%	12.3%

RECONCILIATION OF NON-GAAP SUPPLEMENTARY INFORMATION FROM GAAP

	First Quarter Ended			
	2023	2022	2023	2022
Materials Group				
Operating income and margins, as reported	$ 160.5	$ 222.8	11.0%	13.3%
Adjustments:				
Restructuring charges:				
Severance and related costs	14.3	0.5	1.0%	---
Gain on venture investment	---	(3.7)	---	(0.2%)
Adjusted operating income and margins (non-GAAP)	$ 174.8	$ 219.6	12.0%	13.1%
Depreciation and amortization	32.7	34.5	2.2%	2.1%
Adjusted EBITDA and margins (non-GAAP)	$ 207.5	$ 254.1	14.2%	15.2%
Solutions Group				
Operating income and margins, as reported	$ 51.5	$ 90.3	8.5%	13.3%
Adjustments:				
Restructuring charges:				
Severance and related costs	2.9	0.4	0.5%	0.1%
Asset impairment charges	0.5	---	0.1%	---
Transaction and related costs	0.2	0.2	---	---
Outcome of legal proceedings	---	1.0	---	0.1%
Adjusted operating income and margins (non-GAAP)	$ 55.1	$ 91.9	9.1%	13.5%
Depreciation and amortization	39.6	37.5	6.6%	5.6%
Adjusted EBITDA and margins (non-GAAP)	$ 94.7	$ 129.4	15.7%	19.1%

Previously reported segment results have been recast to reflect our new operating structure.

AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions, except ratios)
(UNAUDITED)

	QTD			
	2Q22	**3Q22**	**4Q22**	**1Q23**
Reconciliation of adjusted EBITDA from GAAP:				
As reported net income	$ 214.5	$ 221.5	$ 122.9	$ 121.2
Other expense (income), net	3.4	(3.9)	1.5	17.8
Interest expense	20.8	21.2	22.5	26.4
Other non-operating expense (income), net	(1.3)	(1.4)	(5.3)	(4.6)
Provision for income taxes	73.4	51.0	46.3	47.1
Depreciation and amortization	73.2	72.0	73.5	72.3
Adjusted EBITDA (non-GAAP)	$ 384.0	$ 360.4	$ 261.4	$ 280.2

Total Debt	$ 3,559.1
Less: Cash and cash equivalents	351.3
Net Debt	$ 3,207.8
Net Debt to Adjusted EBITDA LTM* (non-GAAP)	2.5

*LTM = Last twelve months (2Q22 to 1Q23)

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AVERY DENNISON CORPORATION
PRELIMINARY SUPPLEMENTARY INFORMATION
(UNAUDITED)

	First Quarter 2023		
	Total Company	Materials Group	Solutions Group
Reconciliation of organic sales change from GAAP:			
Reported net sales change	(12.1%)	(12.6%)	(11.0%)
Reclassification of sales between segments	---	0.2%	(0.4%)
Foreign currency translation	3.1%	3.0%	3.1%
Sales change ex. currency (non-GAAP)[1]	(9.1%)	(9.3%)	(8.3%)
Acquisitions	(0.2%)	---	(0.6%)
Organic sales change (non-GAAP)[1]	(9.2%)	(9.3%)	(8.9%)

[1] Totals may not sum due to rounding.