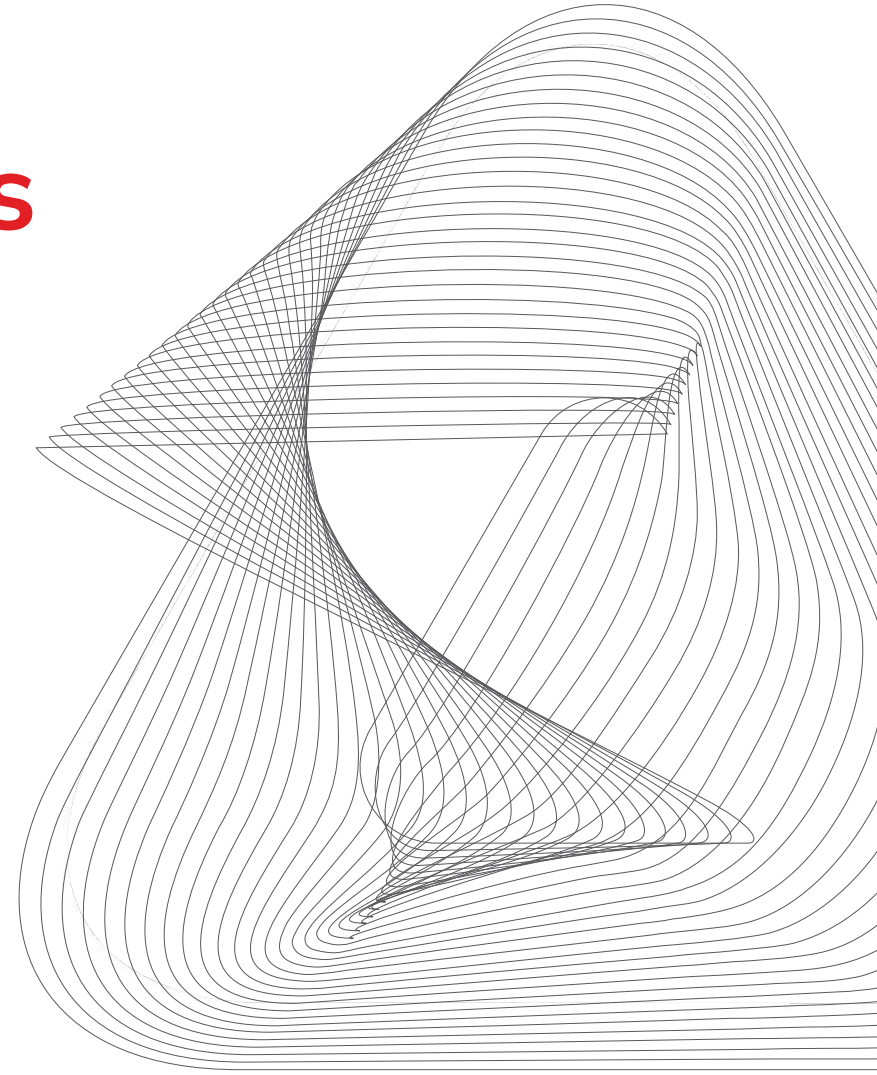


Second Quarter 2023 Financial Review and Analysis (preliminary, unaudited)

July 25, 2023

Supplemental Presentation Materials

Unless otherwise indicated, comparisons are to the same period in the prior year.



Safe Harbor Statement

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; and our environmental, social and governance practices
- 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, and subsequent quarterly reports on Form 10-Q.

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.

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. 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. In accordance with Regulations G and S-K, reconciliations of non-GAAP financial measures from the most directly comparable GAAP financial measures, including limitations associated with these non-GAAP financial measures, are provided in the appendix to this document and/or the financial schedules accompanying the earnings news release for the quarter (see Attachments A-4 through A-9 to news release dated July 25, 2023).

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 this presentation.

- **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.

We believe that the following measures assist investors in understanding our core operating trends and comparing our results with those of our competitors.

- **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.
- **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.
- **Adjusted free cash flow (adjusted FCF)** 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. Adjusted free cash flow is also adjusted for, where applicable, certain acquisition-related transaction costs. We believe that adjusted free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.
- **Adjusted free cash flow conversion** refers to adjusted free cash flow divided by net income.

This document has been furnished (not filed) on Form 8-K with the SEC and may be found on our website at www.investors.averydennison.com.

Q2 adj. EPS up sequentially, modestly below expectations; expect further improvement in Q3

Label Materials continues to ramp sequentially

- Pace of volume improvement less steep than anticipated, particularly in June
- Margins remained strong; continues to improve sequentially

Apparel Solutions volume slowed in Q2; retailer and brand sentiment remains muted

Adoption of Intelligent Labels in new categories accelerating

- Expect overall IL growth of ~20% in 2023; modestly lower outlook due to apparel
- Expect 20%+ growth in coming years as apparel rebounds and new categories adopt

Expect Q3 to improve ~20 cents sequentially (comparable to Q2 sequential improvement)

- Label volume continues to ramp as impact of inventory destocking moderates
- Implementing incremental structural cost reduction actions

Anticipate \$10+ adj. EPS run-rate will be delayed a couple quarters

Second quarter 2023 review

Reported EPS of \$1.24

- Increased accrual for legacy legal matter; preparing for appeal

Adj. EPS (non-GAAP) of \$1.92, up 13% sequentially

Net sales of \$2.1 bil.

- Sales change ex. currency (non-GAAP) down 9.6%
- Organic sales change (non-GAAP) down 10.4%

Reported operating income of \$166 mil.

- Adj. EBITDA (non-GAAP) of \$308 mil., up 10% sequentially

YTD adj. free cash flow (non-GAAP) of \$64 mil.

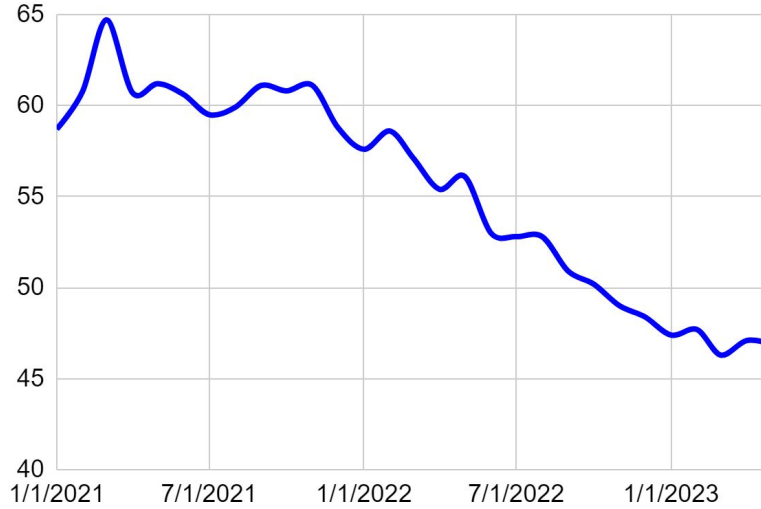
Maintaining strong balance sheet; deploying capital in disciplined manner

U.S. Consumer Sentiment



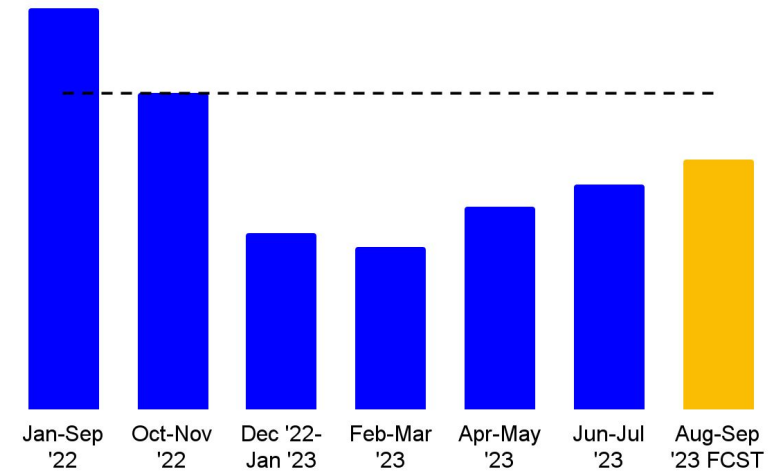
Source: University of Michigan

U.S. Business Sentiment (Mfg. PMI)

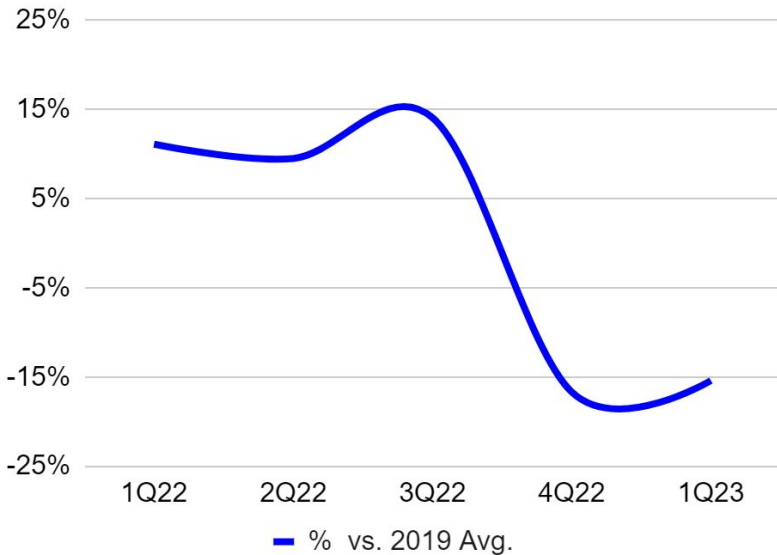


Source: Institute for Supply Management

Avg. AVY Label Volume (NA + Europe)

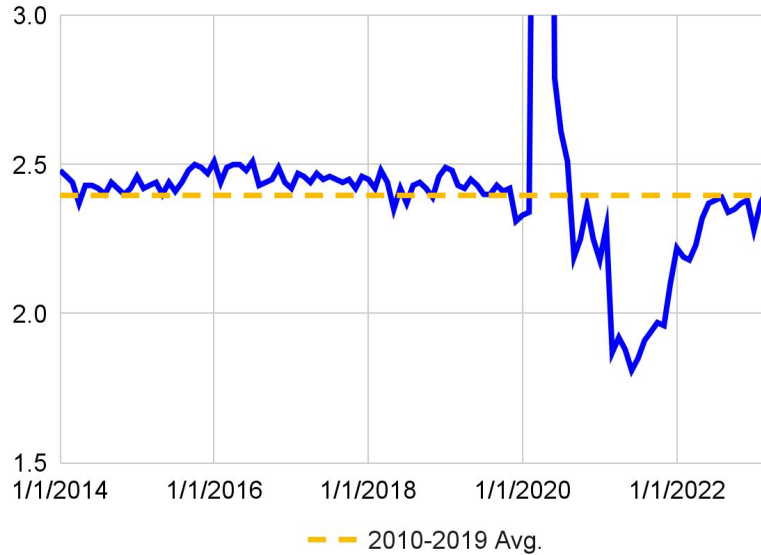


Apparel Imports (US + Europe)



Source: Otxea and Eurostat

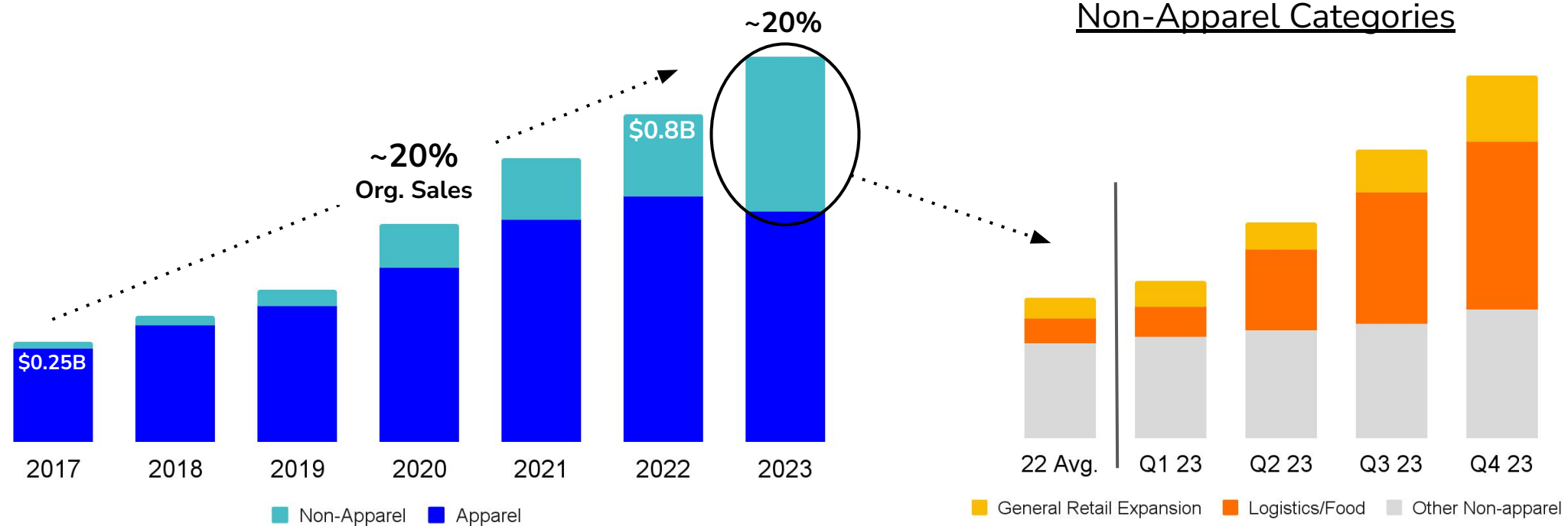
U.S. Apparel Inventory to Sales Ratio



Source: U.S. Census Bureau

- Economic indicators conflicting
- Business and consumer sentiment relatively low
- Label volume continues to improve as destocking wanes
- Revised public data shows higher apparel inventory
- Apparel imports starting to rebound

Intelligent Labels



- Expect IL growth of ~20% in 2023
- Q2 2023 organic sales roughly flat; non-apparel up ~50%, offset by decline in apparel
- Non-apparel programs to further accelerate in H2, particularly in logistics and food
- As apparel rebounds, continue to expect 20%+ growth in coming years

Quarterly sales trend analysis

	2Q22	3Q22	4Q22	1Q23	2Q23
Reported Sales Change	11.7%	11.8%	(7.2%)	(12.1%)	(10.9%)
Organic Sales Change ⁽¹⁾	11.3%	15.5%	(0.9%)	(9.2%)	(10.4%)
Acquisitions/Divestitures	5.4%	3.5%	0.1%	0.2%	0.8%
Sales Change Ex. Currency ^{(1),(2)}	16.7%	19.0%	(0.8%)	(9.1%)	(9.6%)
Currency Translation	(5.0%)	(7.2%)	(6.4%)	(3.1%)	(1.3%)
Reported Sales Change⁽²⁾	11.7%	11.8%	(7.2%)	(12.1%)	(10.9%)

(1) Non-GAAP

(2) Totals may not sum due to rounding

Quarterly sales trend analysis (cont.)

	Organic Sales Change				
	2Q22	3Q22	4Q22	1Q23	2Q23
Materials Group	14%	19%	2%	(9%)	(12%)
Solutions Group	5%	7%	(8%)	(9%)	(7%)
Total Company	11%	16%	(1%)	(9%)	(10%)
Total Company Sales Change Ex. Currency	17%	19%	(1%)	(9%)	(10%)

Sales change and operating margin comparison

Q2 Sales Change

	Reported	Ex. Currency	Organic
Materials Group	(12.6%)	(11.6%)	(11.6%)
Solutions Group	(6.5%)	(4.4%)	(7.2%)
Total Company	(10.9%)	(9.6%)	(10.4%)

Reported Operating Margin

Adj. EBITDA Margin (non-GAAP)

	2Q23	2Q22	2Q23	2Q22
Materials Group	13.1%	14.6%	15.7%	16.7%
Solutions Group	(1.2%)	12.9%	15.8%	19.0%
Total Company	7.9%	13.1%	14.7%	16.4%

Second Quarter 2023 Results

Materials Group

Reported sales decreased 12.6% to \$1.5 bil.

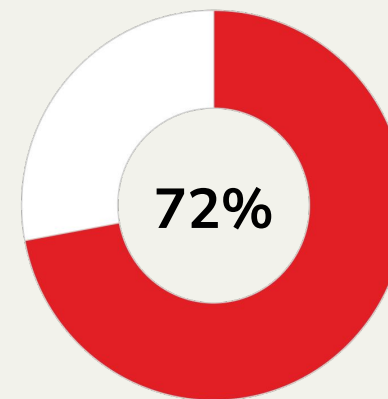
Sales down 11.6% ex. currency and organically

- Label materials down mid-teens on organic basis
 - Lower volume driven primarily by inventory destocking
 - Volume was up sequentially, particularly in Europe, as the negative impact of destocking moderated
- Graphics and Reflectives up high-single digits organically
- Performance Tapes and Medical down low-to-mid single digits organically

Reported operating margin decreased 150 bps to 13.1%

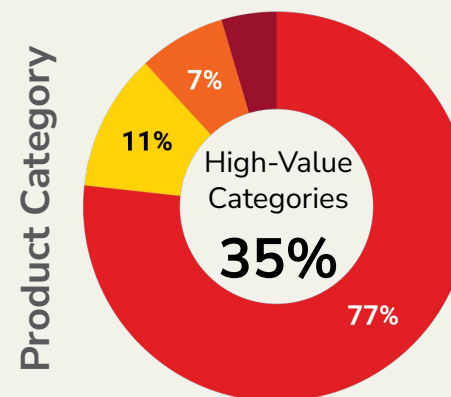
- Strong adj. EBITDA margin of 15.7%, up sequentially 150 bps
- Adj. EBITDA margin decreased 100 bps compared to prior year, as productivity and temporary cost-saving actions largely offset lower volume/mix

Adj. EBITDA margin to improve sequentially



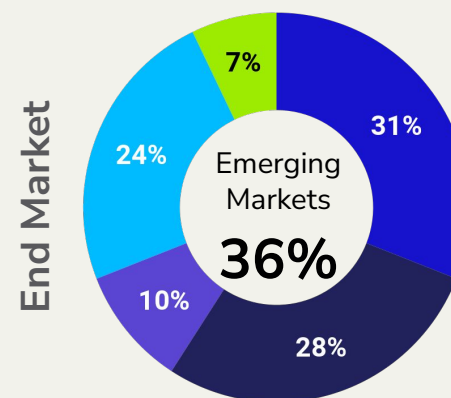
AVY '22 Sales by Segment

- Materials Group
- Solutions Group



Materials Group 2022 Sales by Product

- Label Materials
- Graphics & Reflectives
- Performance Tapes & Medical
- Other



Materials Group 2022 Sales by Geography

- U.S. & Canada
- Western Europe
- E. Europe & MENA
- Asia Pacific
- Latin America

Second Quarter 2023 Results

Solutions Group

Reported sales decreased 6.5% to \$615 mil.

Sales down 4.4% ex. currency and 7.2% organically

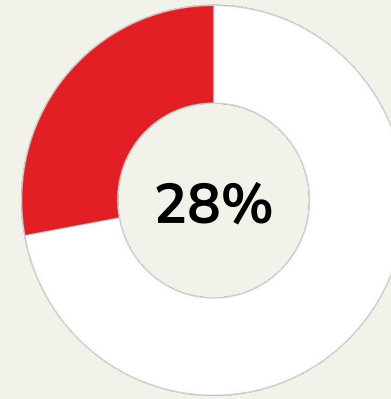
- High-value categories up low-single digits organically
- Base solutions down high-teens organically; retailer and brand sentiment remains muted

Reported operating margin decreased ~14 pts to (1.2%);

increased accrual for legacy legal matter; preparing for appeal

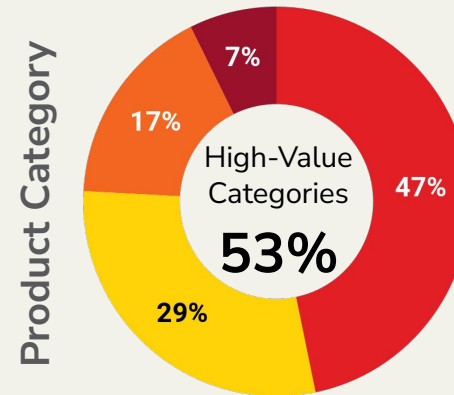
- Adj. EBITDA margin decreased 320 bps to 15.8% driven by lower volume and growth investments, partially offset by productivity and temporary cost-saving actions

Adj. EBITDA margin to improve sequentially



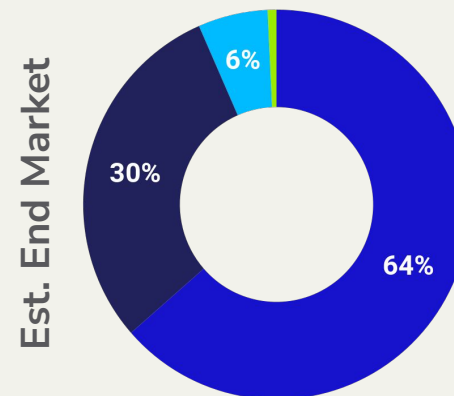
AVY '22 Sales by Segment

- Materials Group
- Solutions Group



Solutions Group 2022 Sales by Product

- Base Solutions
- Intelligent Labels
- Vestcom
- Ext. Embellishments



Solutions Group 2022 Sales by Geography

- U.S. & Canada
- Europe
- Asia Pacific
- Latin America

EPS Guidance

Q3 2023

Reported EPS

\$1.70 – \$1.90

Add Back:

Est. restructuring costs and other items

~\$0.30

Adjusted EPS (non-GAAP)

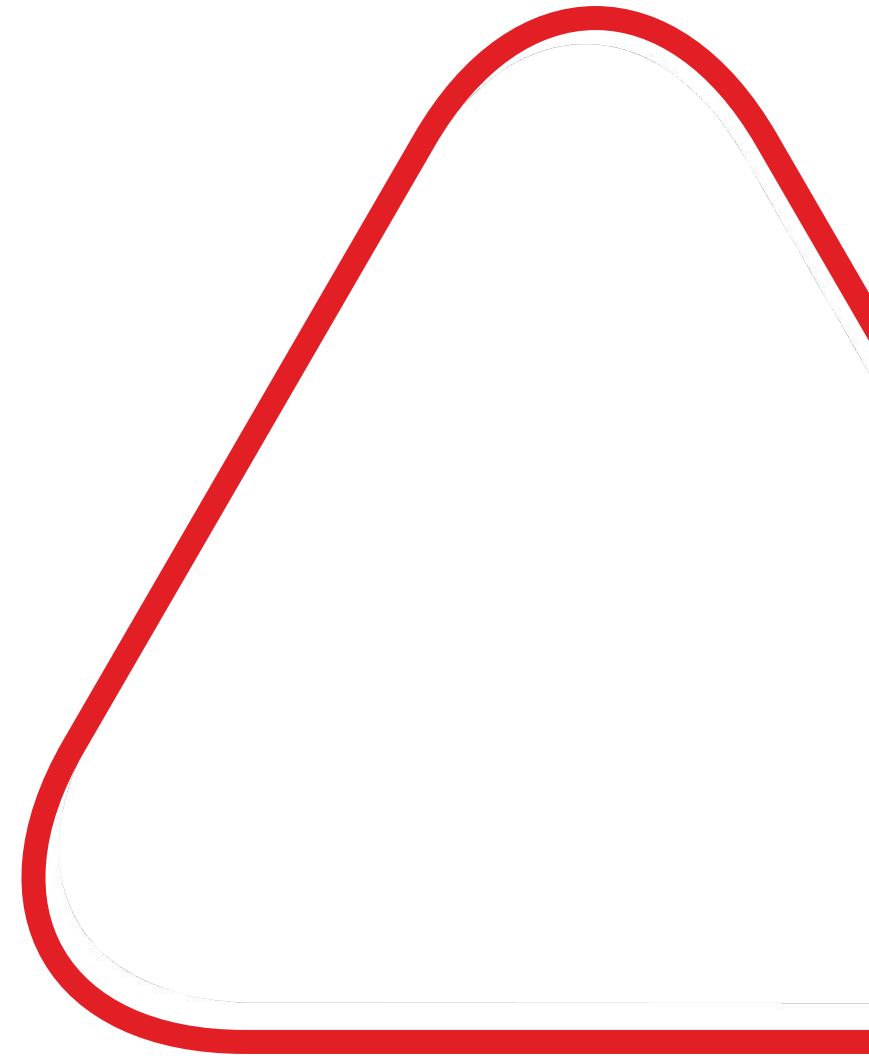
\$2.00 – \$2.20

- Q3 2023 EPS to increase sequentially
 - Volumes ramping in labels and non-apparel IL
 - Year-over-year organic sales change comparable to H1
 - Implementing incremental structural cost reduction actions
- Expect further sequential improvement in Q4

Additional full-year considerations

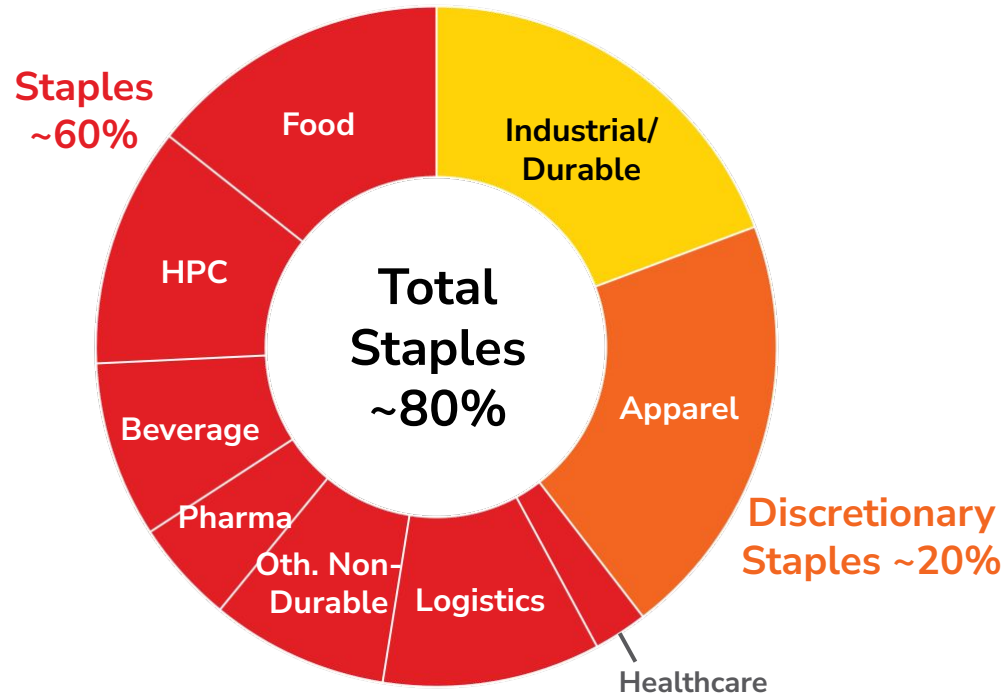
- Incremental savings of ~\$65 mil. from restructuring actions, net (previously ~\$50 mil.)
- Fixed and IT capital spend of ~\$325 mil. (previously ~\$350 mil.)
- Currency translation headwind to FY operating income of ~\$15 mil. at recent rates
- Tax rate in mid-20% range

Appendix

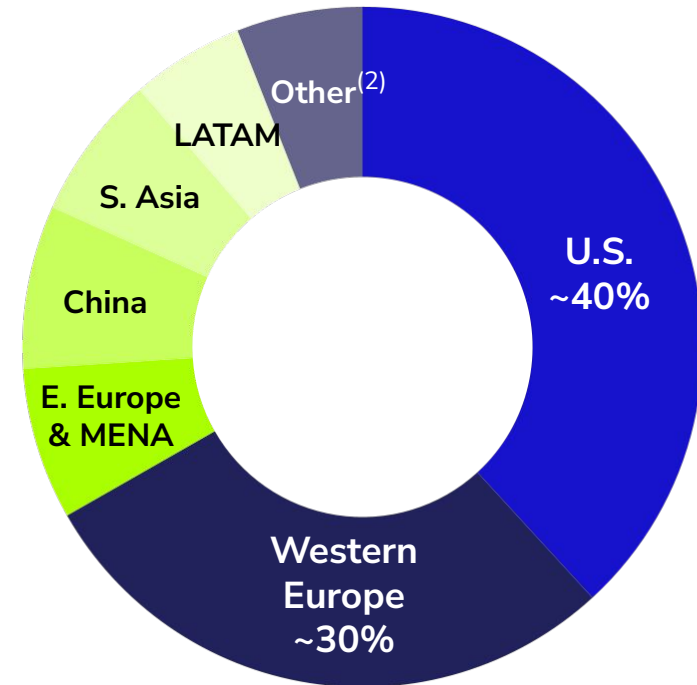


Broad exposure to diverse end markets

Sales by End Market Category⁽¹⁾



Sales by Geographic End Market⁽¹⁾



(1) FY22 sales

(2) Includes Australia, Canada, Japan, New Zealand, and South Africa

