

Winpak Reports 2020 Third Quarter Results

Winnipeg, Manitoba, October 22, 2020 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the third quarter of 2020, which ended on September 27, 2020.

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
<i>(thousands of US dollars, except per share amounts)</i>				
Revenue	210,605	212,734	640,402	656,387
Net income	27,372	29,462	80,838	90,543
Income tax expense	10,295	10,099	29,497	31,881
Net finance expense (income)	125	(1,364)	(1,036)	(3,805)
Depreciation and amortization	11,304	10,567	33,309	30,930
EBITDA (1)	49,096	48,764	142,608	149,549
Net income attributable to equity holders of the Company	26,684	28,578	79,065	88,093
Net income attributable to non-controlling interests	688	884	1,773	2,450
Net income	27,372	29,462	80,838	90,543
Basic and diluted earnings per share (cents)	41	44	122	136

Winpak Ltd. manufactures and distributes high-quality packaging materials and related packaging machines. The Company's products are used primarily for the packaging of perishable foods, beverages and in healthcare applications.

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¹ EBITDA is not a recognized measure under International Financial Reporting Standards (IFRS). Management believes that in addition to net income, this measure provides useful supplemental information to investors including an indication of cash available for distribution prior to debt service, capital expenditures, payment of lease liabilities and income taxes. Investors should be cautioned, however, that this measure should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of the Company's performance. The Company's method of calculating this measure may differ from other companies and, accordingly, the results may not be comparable.

Forward-looking statements: Certain statements made in the following report contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent Winpak's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Factors that could cause results to differ from those expected include, but are not limited to: the terms, availability and costs of acquiring raw materials and the ability to pass on price increases to customers; ability to negotiate contracts with new customers or renew existing customer contracts with less favorable terms; timely response to changes in customer product needs and market acceptance of our products; the potential loss of business or increased costs due to customer or vendor consolidation; competitive pressures, including new product development; industry capacity, and changes in competitors' pricing; ability to maintain or increase productivity levels; ability to contain or reduce costs; foreign currency exchange rate fluctuations; changes in governmental regulations, including environmental, health and safety; changes in Canadian and foreign income tax rates, income tax laws and regulations. In addition, factors arising as a result of the Coronavirus (COVID-19) global pandemic that could cause results to differ from those expected include, but are not limited to: potential government actions, changes in consumer behaviors and demand, changes in customer requirements, disruptions of the Company's suppliers and supply chain, availability of personnel and uncertainty about the extent and duration of the pandemic. Unless otherwise required by applicable securities law, Winpak disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Financial Performance

Net income attributable to equity holders of the Company for the third quarter of 2020 of \$26.7 million or 41 cents in earnings per share (EPS) decreased by \$1.9 million or 3 cents per share from the comparable 2019 quarter. Overall, lower sales volumes caused EPS to decline by 1.0 cent. Of this amount, it is estimated that COVID-19 accounted for a decrease of 1.5 cents, whereas non-COVID-19 related sales volume growth raised EPS by 0.5 cents. Additionally, the reduction in gross profit margins dampened EPS by 1.0 cent. Furthermore, net finance expense (income) and income taxes subtracted 1.5 cents and 1.0 cent from EPS, respectively. Conversely, foreign exchange augmented EPS by 1.5 cents.

For the nine months ended September 27, 2020, net income attributable to equity holders of the Company was \$79.1 million or \$1.22 per share, a decline of 10.2 percent from the corresponding 2019 result of \$88.1 million or \$1.36 per share. Weaker sales volumes lowered EPS by 5.0 cents, of which 2.5 cents is estimated to be attributed to COVID-19. The narrowing of gross profit margins led to a contraction in EPS of 5.5 cents. In addition, the significant reduction in net finance income negatively effected EPS by 3.0 cents. The unfavorable impact of foreign exchange and income taxes on EPS amounted to 1.5 cents and 1.0 cent, respectively. Operating expenses and net income attributable to non-controlling interests had a positive influence with both items enhancing EPS by 1.0 cent each.

Operating Segments and Product Groups

The Company provides three distinct types of packaging technologies: a) flexible packaging, b) rigid packaging and flexible lidding and c) packaging machinery. Each is deemed to be a separate operating segment.

The flexible packaging segment includes the modified atmosphere packaging, specialty films and biaxially oriented nylon product groups. Modified atmosphere packaging extends the shelf life of perishable foods, while at the same time maintains or improves the quality of the product. The packaging is used for a wide range of markets and applications, including fresh and processed meats, poultry, cheese, medical device packaging, high performance pouch applications and high-barrier films for converting applications. Specialty films include a full line of barrier and non-barrier films which are ideal for converting applications such as printing, laminating and bag making, including shrink bags. Biaxially oriented nylon film is stretched by length and width to add stability for further conversion using printing, metalizing or laminating processes and is ideal for food packaging applications such as cheese, fluid and viscous liquids, and industrial applications such as book covers and balloons.

The rigid packaging and flexible lidding segment includes the rigid containers, lidding and specialized printed packaging product groups. Rigid containers include portion control and single-serve containers, as well as plastic sheet, custom and retort trays, which are used for applications such as food, pet food, beverage, dairy, industrial and healthcare. Lidding products are available in die-cut, daisy chain and rollstock formats and are used for applications such as food, dairy, beverage, industrial and healthcare. Specialized printed packaging provides packaging solutions to the pharmaceutical, healthcare, nutraceutical, cosmetic and personal care markets.

Packaging machinery includes a full line of horizontal fill/seal machines for preformed containers and vertical form/fill/seal pouch machines for pumpable liquid and semi-liquid products and certain dry products.

Revenue

The impact of COVID-19 has differed amongst the Company's product groups. It is estimated that COVID-19 reduced third quarter sales volumes between 3.0 to 4.0 percent and lowered year-to-date sales volumes between 1.5 to 2.5 percent. Sales activity with respect to customers that serve the restaurant and food service industries recovered slightly but continued to be muted during the third quarter due to the reopening restrictions instituted across North America. In contrast, with respect to our customers that service the retail food industries, overall volumes were elevated due in part to pantry stocking, which began to show signs of softening in the latter part of the third quarter.

Revenue in the third quarter of 2020 was \$210.6 million, \$2.1 million or 1.0 percent less than the third quarter of 2019. Normalizing for the acquisition of Control Group in October 2019, volumes contracted by 2.0 percent. The flexible packaging operating segment attained volume growth of 1 percent. Modified atmosphere packaging volumes advanced significantly due to the overall enhanced demand for retail

meat and cheese products, non-COVID-19 related market share gains, and the inroads made within the Mexican market. Conversely, biaxially oriented nylon and specialty films volumes decreased markedly as several major customers in food services, non-food retail and medical products were negatively impacted by COVID-19. Volumes within the rigid packaging and flexible lidding operating segment declined by 6 percent after adjusting for the Control Group acquisition. Rigid container volumes decreased substantially due to the lower market share retained with respect to specialty beverages following the major customer's transition to a new recyclable cup. Additionally, the gradual and limited reopening of the restaurant industry weakened the demand for condiment and creamer containers. For the lidding product group, volumes were relatively flat. Within the packaging machinery operating segment, robust volume growth of 13 percent was experienced in relation to the third quarter of 2019. Selling price and mix changes lowered revenue by 1.5 percent. Foreign exchange had virtually no effect on revenue.

For the first nine months of 2020, revenue declined by \$16.0 million from the \$656.4 million recorded in the corresponding prior year period. Volumes, in total, were 3.7 percent lower after adjusting for the incremental volume from the Control Group acquisition. The flexible packaging operating segment realized modest volume growth of 2 percent. For the modified atmosphere packaging product group, solid volume growth reflected expansion within the Mexican market and elevated demand with respect to certain customers that service the retail meat and cheese markets. Biaxially oriented nylon volumes decreased significantly as a number of key customers were negatively impacted by COVID-19. Within the rigid packaging and flexible lidding operating segment, volumes contracted by 9 percent after adjusting for the acquisition of Control Group. The pronounced decline in rigid container volumes was mainly a consequence of the reduced level of involvement in supplying the specialty beverage business with the new recyclable polypropylene cup. The muted demand within the restaurant industry for condiment and creamer containers, in both the second and third quarters of 2020, played a large role as well. The lidding product group volumes increased slightly due to gains achieved with respect to specialty beverage and dessert lidding. Due to the exceptionally high number of machines shipped in the first three quarters of the prior year, the packaging machinery operating segment's volumes dropped by 14 percent. The current machinery sales order backlog is healthy, which should positively influence revenue in the final quarter of 2020. Compared to 2019, selling price and mix changes decreased revenue by 1.2 percent. Foreign exchange had a minor unfavorable effect on revenue.

Gross Profit Margins

Gross profit margins for the third quarter fell by 0.2 percentage points to 31.3 percent of revenue from the 31.5 percent recorded in the same quarter in 2019. The reduction in sales volumes, most notably within the rigid container product group, led to higher relative production costs, causing a contraction in gross profit margins. This decrease was substantially offset by raw material costs declining to a much larger extent than the corresponding selling price adjustments. The typical delayed timing of selling price pass-through adjustments to customers on formal price indexing programs led to this disparity.

For the first nine months of 2020, gross profit margins reached a level of 31.0 percent of revenue, falling short of the 31.6 percent realized in the corresponding 2019 year-to-date period. The reduction in sales volumes, in combination with the expansion in fixed manufacturing costs, compressed gross profit margins by 2.4 percentage points. Conversely, the degree to which the decline in raw material costs outpaced the corresponding selling price adjustments augmented gross profit margins by 1.8 percentage points.

The raw material purchase price index increased by 1.5 percent compared to the second quarter of 2020. In relation to a year earlier, the index has decreased by 8.8 percent. During the third quarter, polypropylene and polyethylene resin costs were significantly higher, rising by 22 percent and 9 percent respectively. In contrast, all other raw materials experienced modest reductions.

Expenses and Other

Operating expenses, adjusted for foreign exchange and the Control Group acquisition, in the third quarter of 2020 receded at a similar rate relative to the decline in sales volumes, thereby have an insignificant impact on EPS. Foreign exchange added 1.5 cents to EPS in the quarter due to the favorable translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars. In contrast, the much lower rate of interest applied to cash and cash equivalent amounts led to a contraction in EPS of 1.5 cents. The effective income tax rate increased by nearly two percentage points, lowering EPS by 1.0 cent.

On a year-to-date basis, operating expenses, exclusive of foreign exchange and the acquisition of Control Group, decreased at a rate of 4.6 percent in relation to the drop in sales volumes, generating an increase in EPS of 1.0 cent. Travel related spending was significantly curtailed due to the pandemic. As a result of the unfavorable translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars and Mexican pesos, foreign exchange subtracted 1.5 cents from EPS. In addition, net finance income dampened EPS by 3.0 cents and was the outcome of the substantial decline in the rate of interest earned on the Company's cash and cash equivalent amounts. A small increase in the income tax rate lowered EPS by 1.0 cent. Conversely, a lower proportion of earnings attributable to non-controlling interests added 1.0 cent to EPS.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the third quarter of 2020 at \$486.0 million, an increase of \$30.3 million from the end of the previous quarter. Winpak continued to generate robust cash flows from operating activities before changes in working capital of \$49.3 million. Working capital provided cash of \$7.0 million. Trade and other receivables declined by \$7.1 million, reflecting the change in revenue relative to the second quarter as well as certain customers' payment terms returning to normal after being temporarily extended earlier in 2020 due to COVID-19 factors. Cash was utilized for plant and equipment additions of \$14.3 million, income tax payments of \$9.9 million, dividend payments of \$1.4 million and other items totaling \$0.4 million.

For the first nine months of 2020, the cash and cash equivalents balance rose by \$88.8 million from the start of the year. Cash flows generated from operating activities were solid at \$143.8 million. Working capital generated \$8.7 million in cash. Trade and other receivables decreased by \$11.2 million due to a combination of the timing of customer receipts and the collection of value added taxes owing from government authorities in relation to recent capital expansion projects. Other uses of cash included: plant and equipment additions of \$31.5 million, income tax payments of \$27.1 million, dividend payments of \$4.3 million and other items amounting to \$2.1 million. Net finance income provided cash of \$1.3 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	210,605	216,201	213,596	217,456	212,734	219,618	224,035	222,138
Net income attributable to equity holders of the Company	26,684	29,226	23,155	26,679	28,578	31,086	28,429	26,683
EPS	41	45	36	41	44	48	44	41

The Company initially applied IFRS 16 “Leases” at December 31, 2018. Under the transition method chosen by the Company, comparative information has not been restated.

Looking Forward

The Company continues to monitor the ongoing effects of the Coronavirus (COVID-19) pandemic on businesses throughout the world with specific attention being given to the current level of elevated cases in North America. The loosening of restrictions and reopening activities across North America has resulted in an escalation of COVID-19 infections and an apparent second wave. Winpak is regarded as an essential supplier of packaging materials and machinery for our customers in the food, beverage and healthcare industries. The Company remains steadfast in its efforts to minimize the effects of COVID-19 and continues to be diligent in ensuring that all the necessary health and safety precautions are continuously updated and maintained at all of our production facilities to protect our highly committed employees and their families. During the pandemic, Winpak has managed to keep all its plants operational with a limited number of COVID-19 incidents. Businesses across the globe will be dealing with the enduring effects of the pandemic for the foreseeable future which makes it a challenge to predict with certainty its ongoing effects on the Company’s business and financial results.

During the third quarter, the North American business landscape dealt with the removal of shelter-in-place orders and varied stages of reopenings which resulted in fluctuating customer order levels amongst the operating segments. The flexible packaging segment experienced elevated buying by consumers at the retail level from pantry stocking, however, as the third quarter progressed, consumers started to slowly taper this behavior and our customers began to drawdown their inventories, resulting in softer order volumes in the cheese and protein markets. Due to the diverse levels of reopening activities, this segment experienced a modest recovery in both food service and non-food retail markets. The demand for single-serve products in the rigid packaging and flexible lidding segment catering to the food service industry started to rebound, however, volumes appear to have levelled off for the time being. Aside from the pandemic, rigid containers continued to have a notable reduction in volumes due to the reduced contractual position with the recyclable specialty beverage polypropylene cup. The specialty beverage cup business should no longer be a headwind to Winpak’s volumes going forward on comparison to prior year quarterly time periods. The lidding product group experienced slight volume gains with the specialty beverage die-cut lids. The packaging machinery segment remains very dynamic with a strong machine order backlog which will keep it busy entering 2021. Despite COVID-19, Winpak’s sales funnel remains very active with several new business opportunities being secured with new and existing customers amongst the Company’s product groups. This new business generation is expected to commence in the fourth quarter of 2020, with new product launches for a retort pet food tray and dessert custom container offerings, and continue through 2021 when other awarded business, including spouted pouches, are transitioned over to Winpak. Throughout the pandemic, the raw material supply chain has remained resilient with minimal disruptions, enabling the plants to remain fully operational. Raw material resin prices for polyethylene and polypropylene increased considerably during the third quarter and in the initial stages of the fourth quarter. These increased costs were the result of resin suppliers curtailing production levels during the third quarter along with unexpected disruptions in resin supply caused by plant closures from the hurricanes in the gulf coast of the United States. These higher resin prices will elevate costs of goods sold in the next six months and put downward pressure on gross profit margins from those realized in the first nine months of 2020. The elevated resin costs will result in modest increases in selling prices to customers due to the pass-through of higher raw material costs as 65 percent of Winpak’s revenues are indexed albeit with a three to four-month time lag. Current market expectations are for slight increases in the Company’s primary resin prices during the fourth quarter with some potential cost reductions in the first half of 2021. The current level of the Canadian dollar versus the US dollar should remain relatively stable for the balance of 2020. As a result, the effect from foreign exchange on future net income should be minimal. Finance income earned on cash and cash equivalent amounts will be negligible due to the nominal North American interest rates.

Capital expenditures began to pick-up during the third quarter with spending anticipated to finish the year in the range of \$45 to \$50 million. The pandemic has produced some delays with certain capital projects due to setbacks with supplier equipment deliveries and installations, creating some uncertainty as to their scheduled completion. The Winnipeg, Manitoba modified atmosphere packaging plant is in the midst of completing several important projects including: incremental capacity with a new cast co-extrusion line, new conversion competencies for resealable lidding and spouted pouches along with the retrofitting of two cast co-extrusion lines, which will promote the Company’s technical capabilities to

produce the next generation of sustainable product offerings with reusable/recyclable high-barrier thermoformable films. The biaxially oriented polyamide (BOPA) line and building expansion in Winnipeg, Manitoba continues to progress with commercialization of the line anticipated to begin by the third quarter of 2021. The packaging machinery facility relocation to Rialto, California and enhanced slitting capabilities at the Norwood, New Jersey site are scheduled to be completed in the first quarter of 2021. The Company will continue to invest capital in organic growth opportunities including new technologies, processes and material sciences which broaden its sustainable product platform with recycle-ready/reusable products. During the third quarter, potential acquisition opportunities slowly started to resurface after pausing earlier in the year when COVID-19 commenced. The Company will remain diligent and evaluate acquisition candidates that align strategically with Winpak's core competencies in sophisticated high-barrier packaging for food, beverage and healthcare applications. The Company continues to produce solid and consistent cash flows from operations with considerable cash resources on hand which has enabled Winpak to operate effectively during the pandemic.

Winpak Ltd.
Interim Condensed Consolidated Financial Statements
Third Quarter Ended: September 27, 2020

These interim condensed consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, KPMG LLP. For a complete set of notes to the condensed consolidated financial statements, refer to www.sedar.com or the Company's website, www.winpak.com.

Winpak Ltd.
Condensed Consolidated Balance Sheets
(thousands of US dollars) (unaudited)

	September 27 2020	December 29 2019
Assets		
Current assets:		
Cash and cash equivalents	485,986	397,159
Trade and other receivables	130,618	141,855
Income taxes receivable	7,468	1,253
Inventories	129,454	130,467
Prepaid expenses	4,566	2,715
Derivative financial instruments	141	527
	<u>758,233</u>	<u>673,976</u>
Non-current assets:		
Property, plant and equipment	497,684	489,267
Intangible assets	36,212	37,326
Employee benefit plan assets	10,887	11,131
Deferred tax assets	624	688
	<u>545,407</u>	<u>538,412</u>
Total assets	<u>1,303,640</u>	<u>1,212,388</u>
Equity and Liabilities		
Current liabilities:		
Trade payables and other liabilities	61,502	64,134
Contract liabilities	5,321	3,715
Provisions	149	149
Income taxes payable	2,120	3,529
Derivative financial instruments	252	8
	<u>69,344</u>	<u>71,535</u>
Non-current liabilities:		
Employee benefit plan liabilities	12,813	11,411
Deferred income	13,213	14,237
Provisions and other long-term liabilities	13,876	4,839
Deferred tax liabilities	52,531	44,604
	<u>92,433</u>	<u>75,091</u>
Total liabilities	<u>161,777</u>	<u>146,626</u>
Equity:		
Share capital	29,195	29,195
Reserves	(81)	380
Retained earnings	1,079,991	1,005,202
Total equity attributable to equity holders of the Company	<u>1,109,105</u>	<u>1,034,777</u>
Non-controlling interests	<u>32,758</u>	<u>30,985</u>
Total equity	<u>1,141,863</u>	<u>1,065,762</u>
Total equity and liabilities	<u>1,303,640</u>	<u>1,212,388</u>

Winpak Ltd.**Condensed Consolidated Statements of Income***(thousands of US dollars, except per share amounts) (unaudited)*

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Revenue	210,605	212,734	640,402	656,387
Cost of sales	(144,603)	(145,619)	(442,186)	(448,883)
Gross profit	66,002	67,115	198,216	207,504
Sales, marketing and distribution expenses	(16,786)	(15,930)	(50,894)	(50,849)
General and administrative expenses	(7,862)	(8,041)	(23,562)	(24,660)
Research and technical expenses	(4,270)	(4,223)	(12,182)	(12,681)
Pre-production expenses	-	(187)	(178)	(347)
Other income (expenses)	708	(537)	(2,101)	(348)
Income from operations	37,792	38,197	109,299	118,619
Finance income	388	2,175	2,791	6,566
Finance expense	(513)	(811)	(1,755)	(2,761)
Income before income taxes	37,667	39,561	110,335	122,424
Income tax expense	(10,295)	(10,099)	(29,497)	(31,881)
Net income for the period	27,372	29,462	80,838	90,543
Attributable to:				
Equity holders of the Company	26,684	28,578	79,065	88,093
Non-controlling interests	688	884	1,773	2,450
	27,372	29,462	80,838	90,543
Basic and diluted earnings per share - cents	41	44	122	136

Condensed Consolidated Statements of Comprehensive Income*(thousands of US dollars) (unaudited)*

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Net income for the period	27,372	29,462	80,838	90,543
<u>Items that will not be reclassified to the statements of income:</u>				
Cash flow hedge (losses) gains recognized	-	(103)	-	399
Cash flow hedge losses transferred to property, plant and equipment	-	158	-	666
Income tax effect	-	-	-	-
	-	55	-	1,065
<u>Items that are or may be reclassified subsequently to the statements of income:</u>				
Cash flow hedge gains (losses) recognized	459	(481)	(1,164)	795
Cash flow hedge losses transferred to the statements of income	143	40	534	895
Income tax effect	(160)	117	169	(453)
	442	(324)	(461)	1,237
Other comprehensive income (loss) for the period - net of income tax	442	(269)	(461)	2,302
Comprehensive income for the period	27,814	29,193	80,377	92,845
Attributable to:				
Equity holders of the Company	27,126	28,309	78,604	90,395
Non-controlling interests	688	884	1,773	2,450
	27,814	29,193	80,377	92,845

Winpak Ltd.
Condensed Consolidated Statements of Changes in Equity
(thousands of US dollars) (unaudited)

	Attributable to equity holders of the Company					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at December 31, 2018	29,195	(2,264)	893,279	920,210	27,693	947,903
Comprehensive income for the period						
Cash flow hedge gains, net of tax	-	981	-	981	-	981
Cash flow hedge losses transferred to the statements of income, net of tax	-	655	-	655	-	655
Cash flow hedge losses transferred to property, plant and equipment	-	666	-	666	-	666
Other comprehensive income	-	2,302	-	2,302	-	2,302
Net income for the period	-	-	88,093	88,093	2,450	90,543
Comprehensive income for the period	-	2,302	88,093	90,395	2,450	92,845
Dividends	-	-	(4,421)	(4,421)	-	(4,421)
Balance at September 29, 2019	29,195	38	976,951	1,006,184	30,143	1,036,327
Balance at December 30, 2019	29,195	380	1,005,202	1,034,777	30,985	1,065,762
Comprehensive (loss) income for the period						
Cash flow hedge losses, net of tax	-	(853)	-	(853)	-	(853)
Cash flow hedge losses transferred to the statements of income, net of tax	-	392	-	392	-	392
Other comprehensive loss	-	(461)	-	(461)	-	(461)
Net income for the period	-	-	79,065	79,065	1,773	80,838
Comprehensive (loss) income for the period	-	(461)	79,065	78,604	1,773	80,377
Dividends	-	-	(4,276)	(4,276)	-	(4,276)
Balance at September 27, 2020	29,195	(81)	1,079,991	1,109,105	32,758	1,141,863

Winpak Ltd.**Condensed Consolidated Statements of Cash Flows***(thousands of US dollars) (unaudited)*

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Cash provided by (used in):				
Operating activities:				
Net income for the period	27,372	29,462	80,838	90,543
Items not involving cash:				
Depreciation	11,278	10,834	33,222	31,720
Amortization - deferred income	(384)	(381)	(1,154)	(1,136)
Amortization - intangible assets	410	114	1,241	346
Employee defined benefit plan expenses	988	785	2,758	2,549
Net finance expense (income)	125	(1,364)	(1,036)	(3,805)
Income tax expense	10,295	10,099	29,497	31,881
Other	(769)	(1,207)	(1,551)	(2,390)
Cash flow from operating activities before the following	49,315	48,342	143,815	149,708
Change in working capital:				
Trade and other receivables	7,065	(5,126)	11,237	(3,404)
Inventories	1,452	1,448	1,013	2,158
Prepaid expenses	(16)	772	(1,851)	(611)
Trade payables and other liabilities	(3,910)	(1,847)	(3,344)	824
Contract liabilities	2,390	61	1,606	(1,503)
Employee defined benefit plan contributions	(82)	(116)	(1,490)	(2,207)
Income tax paid	(9,924)	(8,637)	(27,124)	(29,540)
Interest received	311	2,086	2,595	6,445
Interest paid	(372)	(671)	(1,292)	(2,440)
Net cash from operating activities	46,229	36,312	125,165	119,430
Investing activities:				
Acquisition of property, plant and equipment - net	(14,282)	(14,908)	(31,533)	(43,770)
Acquisition of intangible assets	(38)	(68)	(126)	(103)
	(14,320)	(14,976)	(31,659)	(43,873)
Financing activities:				
Payment of lease liabilities	(170)	(112)	(368)	(321)
Dividends paid	(1,426)	(1,488)	(4,311)	(4,377)
	(1,596)	(1,600)	(4,679)	(4,698)
Change in cash and cash equivalents	30,313	19,736	88,827	70,859
Cash and cash equivalents, beginning of period	455,673	395,445	397,159	344,322
Cash and cash equivalents, end of period	485,986	415,181	485,986	415,181