

**Winpak Reports 2021 First Quarter Results**

**Winnipeg, Manitoba, April 22, 2021** - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the first quarter of 2021, which ended on March 28, 2021.

	Quarter Ended	
	March 28 2021	March 29 2020
<i>(thousands of US dollars, except per share amounts)</i>		
Revenue	224,806	213,596
Net income	25,242	23,546
Income tax expense	8,874	8,605
Net finance expense (income)	166	(1,030)
Depreciation and amortization	11,282	10,835
EBITDA (1)	45,564	41,956
Net income attributable to equity holders of the Company	24,495	23,155
Net income attributable to non-controlling interests	747	391
Net income	25,242	23,546
Basic and diluted earnings per share (cents)	38	36

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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<sup>1</sup> 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 first quarter of 2021 of \$24.5 million or 38 cents in earnings per share (EPS) exceeded the corresponding quarter of 2020 by \$1.3 million or 5.8 percent. Higher sales volumes were a key contributor, adding 2.5 cents to EPS. It is estimated that COVID-19 had a limited impact on EPS. Foreign exchange augmented EPS by 3.5 cents while both operating expenses and income taxes raised EPS by 0.5 cents. Gross profit margins subtracted 3.0 cents from EPS. Net finance expense (income) and net income attributable to non-controlling interests also had a negative influence, lowering EPS by 1.5 cents and 0.5 cents, respectively.

### 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

COVID-19 has influenced the Company's product groups to varying degrees. In total, it is estimated that the pandemic reduced first quarter sales volumes by less than 0.5 percent. For customers that focus on the food service and restaurant industries, sales activity continued to rebound in the early stages of 2021, but was limited by the varied public health orders in place across North America. Conversely, for customers that supply the retail food industries, volumes benefitted from the shift to greater at-home meal consumption.

Revenue in the first quarter of 2021 of \$224.8 million surpassed the prior year level of \$213.6 million by 5.2 percent. Volumes grew by a sizeable 6.6 percent with all three operating segments progressing. The flexible packaging operating segment experienced volume growth of 5 percent. For the modified atmosphere packaging product group, demand and the corresponding order levels were heightened for customers that service the retail meat and cheese markets. Volumes within the rigid packaging and flexible lidding operating segment expanded by 9 percent. The significant uptick in rigid container volumes stemmed from the success of customers' new product offerings in addition to the gains made with respect to condiment and snack food containers along with meat trays. Building on the momentum of the prior year, volumes for the packaging machinery operating segment advanced by 12 percent. Selling price and mix changes lowered revenue by 1.7 percent. Foreign exchange had virtually no effect on revenue.

### Gross Profit Margins

Gross profit margins in the current quarter of 29.3 percent of revenue contracted by 0.7 percentage points from the 2020 first quarter level of 30.0 percent. Higher raw material costs, in tandem with lower selling prices, generated a decrease in EPS of 5.0 cents. The downward movement in selling prices was attributed to the timing of selling price pass-through adjustments to customers on formal indexing programs which had a negative influence in the current quarter but had the opposite impact in the initial quarter of 2020. Fixed manufacturing costs increased at a lesser rate than the expansion in sales volumes, enhancing EPS by 2.0 cents.

In the first quarter of the year, the raw material purchase price index advanced by 16.8 percent compared to the fourth quarter of 2020. In the past 12 months, the rise in the purchase price index was similar. The substantial increase in the index during the quarter was caused by the continued elevated global demand for the Company's main resins and the tightness in producer supply, which intensified in the latter part of the quarter due to the winter storm that transpired in the US Gulf Coast region in mid-February, creating unexpected producer outages. During the first quarter, polypropylene resin had the most notable increase of 67 percent while polyethylene and nylon resins each experienced increases of approximately 10 percent.

### Expenses and Other

Operating expenses in the current quarter, adjusted for foreign exchange, increased by 5.8 percent but were outpaced by sales volume gains, generating a favorable impact on EPS of 0.5 cents. Contributing to the higher operating expenses were elevated freight costs as well as strategic additions to the healthcare product line's salesforce in alignment with the recently announced Wiicare initiative. Foreign exchange added 3.5 cents to EPS in the quarter due to the favorable translation differences recorded on the revaluation of monetary assets and liabilities in comparison to the large unfavorable translation differences recorded in the prior year's opening quarter. A modest decrease in the effective income tax rate raised EPS by 0.5 cents but was offset by the magnitude of income attributable to non-controlling interests. Net finance expense (income) lowered EPS by 1.5 cents, reflecting the much lower rate of interest applied in the current quarter to the cash and cash equivalent balances.

### Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2021 at \$496.2 million, an increase of \$0.9 million from the end of the prior year. Winpak continued to generate solid cash flow from operating activities before changes in working capital of \$45.4 million. Cash was consumed by net working capital additions of \$26.0 million. Trade and other receivables advanced by \$15.7 million mainly due to the 6.0 percent advancement in revenue in comparison to the immediately preceding quarter. In addition, inventories grew by \$11.6 million, reflecting the magnitude of raw material purchases towards the end of the quarter, notably higher resin costs and the build-up of work-in-process and finished goods to accommodate strong customer order levels. Cash was utilized for plant and equipment expenditures of \$9.1 million, income tax payments of \$7.4 million, dividend payments of \$1.5 million and other items amounting to \$0.5 million.

### Summary of Quarterly Results

Thousands of US dollars, except per share amounts (US cents)

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2021	2020	2020	2020	2020	2019	2019	2019
Revenue	224,806	212,091	210,605	216,201	213,596	217,456	212,734	219,618
Net income attributable to equity holders of the Company	24,495	27,256	26,684	29,226	23,155	26,679	28,578	31,086
EPS	38	42	41	45	36	41	44	48

### Looking Forward

Wipak continues to navigate through the ongoing consequences of the Coronavirus (COVID-19) pandemic being an essential supplier of packaging materials and machinery for our customers. The Company is paying attention to the effects from the economic reopening activities taking place in North America with the United States progressing at a much faster rate. Concerns are emerging as a third wave of COVID-19 has commenced in Canada with a noted increase in infections from more dangerous variants. Moving forward, key factors will be whether the current approved vaccines will be able to effectively combat the multiple variants and the timing/execution of the vaccination plans across North America which are wide-ranging with the United States being well ahead. The Company continues to address the challenges arising from the pandemic with the expectation that it will persist, in varying degrees, for the balance of the year. All plants continue to be fully operational with a nominal number of COVID-19 cases. Winpak remains steadfast in its efforts to curtail the pandemic and will remain focused on ensuring all required health and safety protocols are fully supported at each facility to provide our highly dedicated and ardent employees and their families with a safe work environment.

Current market views are that the economy could gradually return to levels close to pre-COVID-19 later this year, however, the timing and extent is unclear. During the first quarter, pandemic-related business trends continued within the Company's operating segments with soft volumes being realized in the foodservice and hospitality markets and strong volume growth from retail protein and cheese products. New customer business volume gains from initial product launches within the rigid container product group (retort pet food and single-serve desserts), in addition to reclose label packaging, spouted pouch and frozen food wins from the flexible packaging segment, will provide a solid foundation for volume expansion in 2021. The flexible lidding and specialized printed packaging product groups continue to execute on new business activity with pharmaceutical customers. The packaging machinery segment has a healthy level of orders which will keep the

operations active for the rest of the year. Several new business prospects are progressing in the sales funnel with execution dependent upon the customers' time horizon. Winpak along with Wipak, its European sister Company, formally announced and launched its strategic initiative Wiicare to create a global commercial healthcare platform to respond to customer requirements and expectations from their procurement partners in the medical and pharmaceutical markets. New healthcare opportunities are being sourced and pursued.

Raw material costs for Winpak's three principal resins started to increase during the fourth quarter of 2020. During the first quarter of 2021, this trend continued and intensified with sharp resin price increases implemented by producers. The rapid elevation in resin costs has come about due to: heightened North American demand for feedstocks, unplanned plant outages at producers, an increase in global demand for feedstocks creating a vibrant export market and to add further pressure on producer supply, the severe winter event "Uri" occurred in mid-February across the US Gulf Coast. This storm caused epic power, water, and electrical outages throughout the Gulf Coast where most of the resin producers are located. Resin production was significantly disrupted with plants slowly returning to service in the second half of March, however, several are not yet operating. This supply disruption has forced producers to put customers on allocations and most have declared force majeure. The Company has been working diligently to source sufficient supply of the affected resins, however, there is the potential that we could encounter some resin shortages, for a short period of time, and may have to curtail certain production lines until producer supply has been stabilized. The reduced producer supply capabilities have created marked resin price increases which will elevate the Company's costs of goods sold in the upcoming quarters and put stress on gross profit margins. Fortunately, these higher resin costs will generate appreciable customer selling price increases due to the pass-through of higher raw material costs as 66 percent of Winpak's revenues are indexed albeit with a three to four-month time lag. The Company expects to pass on selling price increases to non-indexed customers as well. Additionally, there have been noteworthy increases in freight costs with this dynamic expected to be prevalent in the upcoming quarters.

In the first quarter, capital spending was less than anticipated due to equipment supplier delays stemming from the pandemic and the timing of supplier progress payments. Expenditures for 2021 are forecast to be in the range of \$60 to \$70 million. The Winnipeg, Manitoba modified atmosphere packaging facility is completing several key projects including: new conversion capabilities for reclosable lidding and spouted pouches and retrofitting a cast co-extrusion line which will elevate Winpak's sustainable product offering with the next generation of reusable/recyclable high-barrier thermoformable films. These three initiatives will be coming onstream in the second quarter, and in addition, incremental capacity with a new cast co-extrusion line is scheduled to start-up in the fourth quarter. The new BOPA line installation in Winnipeg, Manitoba is progressing with pre-production scheduled by the end of the third quarter. At the Sauk Village, Illinois rigid container facility, the Company will be expanding its product offering with the installation of the infrastructure and production equipment to enter the injection molded container and in-mold label market with initial production expected by the fourth quarter. Bolstering and expanding Winpak's sustainable packaging product offering will remain at the forefront to meet our customers' expectations. Potential acquisition opportunities have started to slowly resurface as many transactions were put on hold in 2020 due to the pandemic with the expectation that activity will pick up moving forward. In this regard, the Company will evaluate acquisition opportunities that align strategically with Winpak's core strengths in sophisticated high-barrier packaging for food, medical and pharmaceutical applications.

**Winpak Ltd.**  
**Interim Condensed Consolidated Financial Statements**  
**First Quarter Ended: March 28, 2021**

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](http://www.sedar.com) or the Company's website, [www.winpak.com](http://www.winpak.com).

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

	March 28 2021	December 27 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	496,224	495,346
Trade and other receivables	151,062	135,406
Income taxes receivable	9,716	10,506
Inventories	147,253	135,629
Prepaid expenses	6,301	3,128
Derivative financial instruments	1,187	1,138
	<u>811,743</u>	<u>781,153</u>
<b>Non-current assets:</b>		
Property, plant and equipment	505,321	507,461
Intangible assets	35,574	35,887
Employee benefit plan assets	7,591	8,114
	<u>548,486</u>	<u>551,462</u>
<b>Total assets</b>	<u>1,360,229</u>	<u>1,332,615</u>
<b>Equity and Liabilities</b>		
<b>Current liabilities:</b>		
Trade payables and other liabilities	66,985	64,592
Contract liabilities	3,914	1,775
Provisions	-	149
Income taxes payable	81	1,490
Derivative financial instruments	13	-
	<u>70,993</u>	<u>68,006</u>
<b>Non-current liabilities:</b>		
Employee benefit plan liabilities	13,852	13,484
Deferred income	14,049	14,359
Provisions and other long-term liabilities	13,721	13,770
Deferred tax liabilities	56,853	55,953
	<u>98,475</u>	<u>97,566</u>
<b>Total liabilities</b>	<u>169,468</u>	<u>165,572</u>
<b>Equity:</b>		
Share capital	29,195	29,195
Reserves	860	834
Retained earnings	1,126,380	1,103,435
<b>Total equity attributable to equity holders of the Company</b>	<u>1,156,435</u>	<u>1,133,464</u>
<b>Non-controlling interests</b>	<u>34,326</u>	<u>33,579</u>
<b>Total equity</b>	<u>1,190,761</u>	<u>1,167,043</u>
<b>Total equity and liabilities</b>	<u>1,360,229</u>	<u>1,332,615</u>

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

	Quarter Ended	
	March 28 2021	March 29 2020
Revenue	224,806	213,596
Cost of sales	(158,971)	(149,427)
Gross profit	65,835	64,169
Sales, marketing and distribution expenses	(19,591)	(17,701)
General and administrative expenses	(8,485)	(8,093)
Research and technical expenses	(4,030)	(4,053)
Pre-production expenses	-	(178)
Other income (expenses)	553	(3,023)
<b>Income from operations</b>	<b>34,282</b>	<b>31,121</b>
Finance income	277	1,659
Finance expense	(443)	(629)
Income before income taxes	34,116	32,151
Income tax expense	(8,874)	(8,605)
<b>Net income for the period</b>	<b>25,242</b>	<b>23,546</b>
<b>Attributable to:</b>		
Equity holders of the Company	24,495	23,155
Non-controlling interests	747	391
	<b>25,242</b>	<b>23,546</b>
<b>Basic and diluted earnings per share - cents</b>	<b>38</b>	<b>36</b>

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

	Quarter Ended	
	March 28 2021	March 29 2020
<b>Net income for the period</b>	<b>25,242</b>	<b>23,546</b>
<u>Items that are or may be reclassified subsequently to the statements of income:</u>		
Cash flow hedge gains (losses) recognized	488	(2,143)
Cash flow hedge gains transferred to the statements of income	(452)	(73)
Income tax effect	(10)	593
	26	(1,623)
<b>Other comprehensive income (loss) for the period - net of income tax</b>	<b>26</b>	<b>(1,623)</b>
<b>Comprehensive income for the period</b>	<b>25,268</b>	<b>21,923</b>
<b>Attributable to:</b>		
Equity holders of the Company	24,521	21,532
Non-controlling interests	747	391
	<b>25,268</b>	<b>21,923</b>

**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
<b>Balance at December 30, 2019</b>	29,195	380	1,005,202	1,034,777	30,985	1,065,762
<b>Comprehensive (loss) income for the period</b>						
Cash flow hedge losses, net of tax	-	(1,570)	-	(1,570)	-	(1,570)
Cash flow hedge gains transferred to the statements of income, net of tax	-	(53)	-	(53)	-	(53)
<b>Other comprehensive loss</b>	-	(1,623)	-	(1,623)	-	(1,623)
<b>Net income for the period</b>	-	-	23,155	23,155	391	23,546
<b>Comprehensive (loss) income for the period</b>	-	(1,623)	23,155	21,532	391	21,923
<b>Dividends</b>	-	-	(1,394)	(1,394)	-	(1,394)
<b>Balance at March 29, 2020</b>	29,195	(1,243)	1,026,963	1,054,915	31,376	1,086,291
<b>Balance at December 28, 2020</b>	29,195	834	1,103,435	1,133,464	33,579	1,167,043
<b>Comprehensive income for the period</b>						
Cash flow hedge gains, net of tax	-	357	-	357	-	357
Cash flow hedge gains transferred to the statements of income, net of tax	-	(331)	-	(331)	-	(331)
<b>Other comprehensive income</b>	-	26	-	26	-	26
<b>Net income for the period</b>	-	-	24,495	24,495	747	25,242
<b>Comprehensive income for the period</b>	-	26	24,495	24,521	747	25,268
<b>Dividends</b>	-	-	(1,550)	(1,550)	-	(1,550)
<b>Balance at March 28, 2021</b>	29,195	860	1,126,380	1,156,435	34,326	1,190,761

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

	Quarter Ended	
	March 28 2021	March 29 2020
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the period	25,242	23,546
Items not involving cash:		
Depreciation	11,251	10,802
Amortization - deferred income	(384)	(388)
Amortization - intangible assets	415	421
Employee defined benefit plan expenses	1,123	915
Net finance expense (income)	166	(1,030)
Income tax expense	8,874	8,605
Other	(1,322)	(341)
Cash flow from operating activities before the following	<u>45,365</u>	<u>42,530</u>
Change in working capital:		
Trade and other receivables	(15,656)	388
Inventories	(11,624)	3,358
Prepaid expenses	(3,173)	(2,144)
Trade payables and other liabilities	2,292	(7,151)
Contract liabilities	2,139	(1,226)
Employee defined benefit plan contributions	(131)	(1,299)
Income tax paid	(7,356)	(7,292)
Interest received	252	1,549
Interest paid	(354)	(477)
Net cash from operating activities	<u>11,754</u>	<u>28,236</u>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment - net	(9,066)	(6,387)
Acquisition of intangible assets	(103)	(31)
	<u>(9,169)</u>	<u>(6,418)</u>
<b>Financing activities:</b>		
Payment of lease liabilities	(189)	(101)
Dividends paid	(1,518)	(1,491)
	<u>(1,707)</u>	<u>(1,592)</u>
<b>Change in cash and cash equivalents</b>	878	20,226
<b>Cash and cash equivalents, beginning of period</b>	<u>495,346</u>	<u>397,159</u>
<b>Cash and cash equivalents, end of period</b>	<u>496,224</u>	<u>417,385</u>