

Management's Discussion and Analysis

(presented in US dollars)

Forward-looking statements: Certain statements made in the following Management's Discussion and Analysis 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 2022 of \$33.9 million or 52 cents in earnings per share (EPS) exceeded the corresponding quarter of 2021 by \$9.4 million or 38.3 percent. The exceptional result was influenced by the substantial advancement in gross profit which led to an expansion in EPS of 18.0 cents. The level of income attributable to non-controlling interests added a further 1.0 cent. Higher operating expenses lowered EPS by 5.0 cents.

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

Revenue in the first quarter of 2022 soared to \$276.0 million, eclipsing the prior year level by \$51.2 million or 22.8 percent. Volumes, in total, were virtually unchanged from the prior year comparable quarter. COVID-19 infections peaked in early 2022, negatively impacting the availability of labor and consequently, lowered productive capacity. Supply chain disruptions, specifically with aluminum foil procurement, also tempered the Company's growth aspirations. Within the flexible packaging operating segment, modest volume growth of 4 percent was realized. For the modified atmosphere packaging product group, healthy volume growth reflected business gains pertaining to protein and cheese packaging with both retail and foodservice customers. Also influential was the new frozen food product launch in the second half of 2021. The rigid packaging and flexible lidding operating segment volumes contracted by 8 percent. The rigid container product group experienced a temporary drop in volumes due to order patterns with respect to specialty beverage containers, with volumes recovering over the balance of the year. Furthermore, lidding product group volumes were constrained by the inability to procure sufficient levels of aluminum foil to meet customer order levels. Volume growth was exceptional for the packaging machinery operating segment, surpassing 50 percent,

largely a function of the timing of machine order fulfillment. Selling price and mix changes had a large favorable effect on revenue of \$51.4 million as the substantial increase in raw material and other costs throughout 2021 resulted in higher selling prices to customers. The impact of foreign exchange on revenue was insignificant.

Gross Profit Margins

Gross profit margins reached a level of 29.5 percent of revenue in the first quarter of 2022, surpassing the 29.3 percent recorded in the same quarter of 2021. More importantly, gross profit surged by 23.8 percent from \$65.8 million in the first quarter of 2021 to \$81.5 million in the current quarter, while sales volumes were essentially equivalent. The outcome was a sharp increase in EPS of 18.0 cents. Selling prices escalated to a significantly greater extent than raw material costs, raising EPS by 24.0 cents. By the first quarter of 2022, raw material cost increases realized in the previous year had been passed along to customers. In addition, inflationary price increases were implemented during the current quarter for other key cost categories, including freight and distribution, consumables and energy expenses. In contrast, the first quarter of 2021 experienced a downward movement in selling prices while raw material costs were rapidly rising. With muted sales volume growth, in tandem with the expansion in the Company's productive capability, fixed manufacturing costs lowered EPS by 6.0 cents.

In the first quarter of the year, the raw material purchase price index declined by less than 1 percent compared to the fourth quarter of 2021. In the past 12 months, the index increased considerably by 29 percent which was caused by the elevated global demand for the Company's primary raw materials coupled with constrained producer supply. During the first quarter, polypropylene and polyethylene resins each realized decreases ranging between 7 and 10 percent while aluminum foil and nylon resin both experienced advances ranging between 7 and 10 percent.

Expenses and Other

Operating expenses in the current quarter, adjusted for foreign exchange, progressed at a rate of 12.7 percent in contrast to the relatively constant sales volumes, resulting in a reduction in EPS of 5.0 cents. Heightened freight and distribution costs were the main contributing factor. Pre-production costs were incurred in the quarter with the start-up of the new biaxially oriented polyamide (BOPA) line. A lower proportion of earnings attributable to non-controlling interests augmented EPS by 1.0 cent.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2022 at \$387.1 million, an increase of \$9.7 million from the end of the prior year. Winpak continued to generate solid cash flow from operating activities before changes in working capital of \$56.1 million. Cash was consumed by net working capital additions of \$24.2 million. Inventories climbed by \$24.0 million due to deliberately increasing the scale of purchases for aluminum foil and certain resins during the quarter. In addition, trade and other receivables grew by \$12.8 million, stemming from the timing of customer receipts. Trade payables advanced by \$16.6 million, reflecting the magnitude of raw material purchases. Cash was utilized for property, plant and equipment expenditures of \$11.9 million, income tax payments of \$6.5 million, dividend payments of \$1.5 million, employee defined benefit plan contributions of \$1.5 million and other items totaling \$0.8 million. Property, plant and equipment additions included the acquisition of land and building adjacent to the modified atmosphere packaging plant in Winnipeg, Manitoba as well as progress payments made for converting capacity additions.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	275,982	279,053	254,166	243,969	224,806	212,091	210,605	216,201
Net income attributable to equity holders of the Company	33,870	30,031	20,762	28,520	24,495	27,256	26,684	29,226
EPS	52	46	32	44	38	42	41	45

Looking Forward

The Company continues to effectively manage an extremely volatile supply chain environment, exceptional inflationary pressures, a challenging and highly competitive labor market and the COVID-19 pandemic. The heightened level of employee absenteeism recorded in January of this year relating to COVID-19 infections tapered off significantly in February and March. However, North America is presently dealing with the ongoing persistence of the pandemic and this may continue to impact operations in 2022. The pandemic, along with the geopolitical risks surrounding the war in Ukraine, brings about a degree of uncertainty regarding the outlook for the North American economy.

Although sales volume growth slowed during the first quarter of 2022, the Company anticipates solid volume growth for the final three quarters of the year. This is due, in part, to improved labor availability and the enhanced capability to supply lidding customers with the heightened aluminum foil purchases made during the first quarter. Furthermore, the new cast co-extrusion line commercialized at the modified atmosphere plant towards the end of 2021 has supported the acquisition of sizeable new cheese and protein business and continued expansion of the

frozen food category. Both the rigid container and lidding product groups will reap the benefit of additional retort pet food and snack food business. Additionally, specialty beverage container activity should rebound and shipments for the full year are forecast to be comparable to those realized in the prior year. Following the launch of the Wiicare global healthcare platform in 2021, new medical packaging business has been awarded to Winpak and the opportunity pipeline is promising.

Raw material input costs remained elevated in the first quarter of 2022 following the surge in oil and natural gas prices. Resin producers have announced additional price increases for polypropylene and nylon for the upcoming quarter. The market expectation for resin costs is a gradual reduction in the second half of the year barring any major unexpected events. Consequently, there will be compression of gross profit margins in the near-term as pass-through pricing adjustments to customers with formal indexing agreements will take place with an average delay of 90-120 days. As anticipated, inflation continues to have a significant impact on the Company's overall cost structure. To the extent possible, corresponding selling price increase will be passed onto customers.

Capital expenditures for 2022 are forecast to be in the range of \$60 to \$70 million. Pre-production activities relating to the installation of the new BOPA line in Winnipeg, Manitoba commenced in the first quarter of 2022. It is currently projected that the line will be fully operational by the beginning of the third quarter. In addition, printing and laminating converting capacity will be added to the modified atmosphere packaging facility during 2022. As new business is realized, the Company will be in a position to commence certain building expansions and acquire additional extrusion and converting capacity to accommodate the volume growth. Focused and dedicated resources will be allocated to capital spending that enhances Winpak's technical expertise and capabilities in producing sustainable packaging solutions that are being actively pursued by customers. Acquisition opportunities have been more prevalent in the market as the impact of the pandemic on the North American economy subsides. Winpak will continue to evaluate potential acquisition opportunities that align strategically with the Company's core strengths in sophisticated high-barrier packaging for food, medical and pharmaceutical applications that provide long-term shareholder value.

Accounting Changes - Accounting Standards Implemented in 2022

(a) Property, Plant and Equipment: Proceeds Before Intended Use

In May 2020, the IASB issued "Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)", which prohibits deducting amounts received from selling items produced while preparing the asset for its intended use from the cost of property, plant and equipment. Instead, such sales proceeds and related costs will be recognized within the statement of income. The amendments were implemented with retrospective application, effective December 27, 2021. The amendments had no impact on the Company's unaudited interim condensed consolidated financial statements.

(b) Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued "Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)", which specifies which costs a company includes when assessing whether a contract will be loss-making. The amendments were implemented, effective December 27, 2021. The amendments had no impact on the Company's unaudited interim condensed consolidated financial statements.

Accounting Changes - Future Changes to Accounting Standards

(a) Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction:

In May 2021, the IASB issued "Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)", which introduces an exception to the initial recognition exemption for deferred tax on transactions such as leases and decommissioning obligations. Applying this exception, a company does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2023.

Controls and Procedures

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 27, 2022 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.



Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Based on management's design of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 27, 2022 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 27, 2022, there have been no changes to the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

