

**Winpak Reports 2022 First Quarter Results**

**Winnipeg, Manitoba, April 26, 2022** - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the first quarter of 2022, which ended on March 27, 2022.

	Quarter Ended	
	March 27 2022	March 28 2021
<i>(thousands of US dollars, except per share amounts)</i>		
Revenue	275,982	224,806
Net income	<u>33,929</u>	<u>25,242</u>
Income tax expense	11,701	8,874
Net finance expense	283	166
Depreciation and amortization	11,909	11,282
EBITDA (1)	<u>57,822</u>	<u>45,564</u>
Net income attributable to equity holders of the Company	33,870	24,495
Net income attributable to non-controlling interests	59	747
Net income	<u>33,929</u>	<u>25,242</u>
Basic and diluted earnings per share (cents)	<u>52</u>	<u>38</u>

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 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.

**Winpak Ltd.**  
**Interim Condensed Consolidated Financial Statements**  
**First Quarter Ended: March 27, 2022**

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 27 2022	December 26 2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	387,117	377,461
Trade and other receivables	190,200	177,382
Income taxes receivable	8,262	9,825
Inventories	211,064	187,058
Prepaid expenses	9,760	6,702
Derivative financial instruments	343	-
	<u>806,746</u>	<u>758,428</u>
<b>Non-current assets:</b>		
Property, plant and equipment	516,250	515,247
Intangible assets and goodwill	34,225	34,472
Employee benefit plan assets	14,790	13,547
	<u>565,265</u>	<u>563,266</u>
<b>Total assets</b>	<u>1,372,011</u>	<u>1,321,694</u>
<b>Equity and Liabilities</b>		
<b>Current liabilities:</b>		
Trade payables and other liabilities	108,350	91,717
Contract liabilities	2,623	3,503
Income taxes payable	2,997	1,102
Derivative financial instruments	114	715
	<u>114,084</u>	<u>97,037</u>
<b>Non-current liabilities:</b>		
Employee benefit plan liabilities	10,216	9,837
Deferred income	18,251	17,685
Provisions and other long-term liabilities	12,850	13,029
Deferred tax liabilities	67,813	68,367
	<u>109,130</u>	<u>108,918</u>
<b>Total liabilities</b>	<u>223,214</u>	<u>205,955</u>
<b>Equity:</b>		
Share capital	29,195	29,195
Reserves	168	(524)
Retained earnings	1,083,256	1,050,949
<b>Total equity attributable to equity holders of the Company</b>	<u>1,112,619</u>	<u>1,079,620</u>
<b>Non-controlling interests</b>	<u>36,178</u>	<u>36,119</u>
<b>Total equity</b>	<u>1,148,797</u>	<u>1,115,739</u>
<b>Total equity and liabilities</b>	<u>1,372,011</u>	<u>1,321,694</u>

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

	Quarter Ended	
	March 27 2022	March 28 2021
Revenue	275,982	224,806
Cost of sales	(194,452)	(158,971)
Gross profit	81,530	65,835
Sales, marketing and distribution expenses	(22,790)	(19,591)
General and administrative expenses	(8,751)	(8,485)
Research and technical expenses	(4,265)	(4,030)
Pre-production expenses	(402)	-
Other income	591	553
<b>Income from operations</b>	<b>45,913</b>	<b>34,282</b>
Finance income	273	277
Finance expense	(556)	(443)
Income before income taxes	45,630	34,116
Income tax expense	(11,701)	(8,874)
<b>Net income for the period</b>	<b>33,929</b>	<b>25,242</b>
<b>Attributable to:</b>		
Equity holders of the Company	33,870	24,495
Non-controlling interests	59	747
	<b>33,929</b>	<b>25,242</b>
<b>Basic and diluted earnings per share - cents</b>	<b>52</b>	<b>38</b>

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

	Quarter Ended	
	March 27 2022	March 28 2021
<b>Net income for the period</b>	<b>33,929</b>	<b>25,242</b>
<u>Items that are or may be reclassified subsequently to the statements of income:</u>		
Cash flow hedge gains recognized	844	488
Cash flow hedge losses (gains) transferred to the statements of income	100	(452)
Income tax effect	(252)	(10)
	692	26
<b>Other comprehensive income for the period - net of income tax</b>	<b>692</b>	<b>26</b>
<b>Comprehensive income for the period</b>	<b>34,621</b>	<b>25,268</b>
<b>Attributable to:</b>		
Equity holders of the Company	34,562	24,521
Non-controlling interests	59	747
	<b>34,621</b>	<b>25,268</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 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
<b>Balance at December 27, 2021</b>	29,195	(524)	1,050,949	1,079,620	36,119	1,115,739
<b>Comprehensive income for the period</b>						
Cash flow hedge gains, net of tax	-	619	-	619	-	619
Cash flow hedge losses transferred to the statements of income, net of tax	-	73	-	73	-	73
<b>Other comprehensive income</b>	-	692	-	692	-	692
<b>Net income for the period</b>	-	-	33,870	33,870	59	33,929
<b>Comprehensive income for the period</b>	-	692	33,870	34,562	59	34,621
<b>Dividends</b>	-	-	(1,563)	(1,563)	-	(1,563)
<b>Balance at March 27, 2022</b>	29,195	168	1,083,256	1,112,619	36,178	1,148,797

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

	Quarter Ended	
	March 27 2022	March 28 2021
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income for the period	33,929	25,242
Items not involving cash:		
Depreciation	11,917	11,251
Amortization - deferred income	(426)	(384)
Amortization - intangible assets	418	415
Employee defined benefit plan expenses	1,084	1,123
Net finance expense	283	166
Income tax expense	11,701	8,874
Other	(2,851)	(1,322)
Cash flow from operating activities before the following	<u>56,055</u>	<u>45,365</u>
Change in working capital:		
Trade and other receivables	(12,818)	(15,656)
Inventories	(24,006)	(11,624)
Prepaid expenses	(3,058)	(3,173)
Trade payables and other liabilities	16,556	2,292
Contract liabilities	(880)	2,139
Employee defined benefit plan contributions	(1,494)	(131)
Income tax paid	(6,529)	(7,356)
Interest received	167	252
Interest paid	(496)	(354)
Net cash from operating activities	<u>23,497</u>	<u>11,754</u>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment - net	(11,936)	(9,066)
Acquisition of intangible assets	(175)	(103)
	<u>(12,111)</u>	<u>(9,169)</u>
<b>Financing activities:</b>		
Payment of lease liabilities	(208)	(189)
Dividends paid	(1,522)	(1,518)
	<u>(1,730)</u>	<u>(1,707)</u>
<b>Change in cash and cash equivalents</b>	<b>9,656</b>	<b>878</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>377,461</b>	<b>495,346</b>
<b>Cash and cash equivalents, end of period</b>	<b>387,117</b>	<b>496,224</b>