



W | WINPAK
IT'S OUR NATURE TO PROTECT™

ANNUAL REPORT

2024



Wapak Ltd. aims to extend the shelf-life or sterility of the perishable goods and medical devices that our packages protect while minimizing the environmental footprint. In the last ten years, Wapak invested heavily in material science and new processing technologies to provide superior sustainable, affordable solutions to clients, stay at the forefront of regulatory changes, and actively promote a circular economy. Wapak's success in the marketplace in recent years has been based on such advances and the superior performance of many of our products and services.

Furthermore, Wapak has steadily improved its score with the Carbon Disclosure Project (CDP) to A-, thus being within the top eighteen percent of worldwide leading companies filing with CDP, improved its EcoVadis score in one year to silver status, embarked on the Science-Based Targets initiative (SBTi) to reduce our carbon footprint by fifty percent in the coming years and have made significant progress to our zero waste to landfill initiative, with one site already qualified and two more reaching such a goal in the near term.

The US grocery market experienced slight growth in 2024, some evolving from consumer preference towards health-conscious, locally sourced products, and increased competition from online retailers. The recent inflationary pressures on food have resulted in negative volume growth in many sectors, especially on the protein side. On the other hand, input costs have been flat to slightly lower for certain commodities.

The second half of 2023 was marked by the destocking of inventory builds stemming from the earlier supply chain crisis, whereas 2024 saw activities resuming to a more normal pre-pandemic level. Wapak continued to expand its position in the market compared to the competition, despite some highly anticipated new product introductions being delayed into 2025.

On a percentage basis, Wapak's modified atmosphere packaging (MAP) product group edged a mid-single digit volume growth, the specialized printed packaging product group exhibited high single-digit volume growth, while biaxially oriented nylon (BOPA) films rebounded with double-digit volume growth. The more commoditized flexible films were flat. The lidding business grew in the low single-digit and only our rigid container business experienced a slight decline due to low specialty beverage and applesauce container sales volumes. As mentioned earlier, input costs were on a slight decline due to worldwide low industrial activity resulting in lower prices for indexed clients.

The 2024 net income attributable to equity holders for the period reached a new record of \$149.5 million or an increase of 0.9 percent. Overall, the gross profit margin improved by 2.7 percentage points over 2023 to reach 32.0 percent.

Additional extrusion coating, printing, and slitting capacity were added in Winnipeg, Manitoba. Late in the year, a new piece of equipment for die-cut reclosable materials was added. At Wapak's Sauk Village, Illinois site, the in-mold-label injection molding commercial ramp-up ran smoothly and a second launch occurred in the latter part of the year. Additional sheet extrusion and thermoforming capacity are also underway and will be commercial in 2025.

The new generation ReForm high-barrier, mono-material thermoformable structures appear to outpace expectations in terms of performance at costs comparable with existing non-recyclable, higher carbon footprint solutions. The extrusion line that was completely redesigned in 2019 for the development of this exciting new family of recycle-ready products was modified again and taken commercial in late 2024 and will be the bench test for the upcoming large-scale new cast line that will be installed in late 2025 in the 210,000 square foot Winnipeg, Manitoba expansion.

The facility in Querétaro, Mexico grew its volume and presence in the Mexican market significantly and profitably, consolidating Wapak's presence in the Mexican market with its new print technology, geared towards highly sophisticated, high-resolution print designs.

American Biax Inc., the sole producer of BOPA films in North America, rebounded strongly in 2024 with almost 20 percent volume growth and setting a new record in output. New products, notably very thin gauge films, as well as new recycle-ready type versions will help to maintain a strong presence and growth in that specialty market.

The trends for the healthcare market remain favorable. High single-digit volume growth was accomplished in 2024 by Wapak Control Group activities with its outstanding service model, spurred by the vertical integration of base material manufactured from other Wapak sites.

The rigid container business, which consists of the production of plastic sheets and thermoformed barrier containers retreated volume-wise, with some product categories suffering from lower demand, either because of inflationary pressure, customer loss, client production difficulties, or from the program decline in the specialty beverage segment. The new injection molding center for containers with in-mold label capabilities has been a success with its first commercial ramp-up in 2024, becoming best in class in the industry. Strong growth is projected for this new product group at Wapak.

The Company's product offering as a system of highly technical flexible lidding solutions, combined with rigid containers, whether in die-cut or roll-fed form, foil-based or high-barrier plastics, sets Wapak apart in the industry. Wapak's roll-fed flexible lidding and sachet products manufactured at the site in Vaudreuil-Dorion, Quebec complement the Company's large die-cut lid presence from the Pekin, IL site, recovering with two percent volume growth.

The packaging machinery business in Rialto, CA finalized the development of three new machine platforms, two in sachet filling and one in cup filling. Demand for new equipment was soft, reflecting the weakness in the market for new capacity, hence the team focused on service and parts, and redesigned its manufacturing and assembly process to shorten lead times considerably. These efforts paid off, as the team was able to turn around new orders very quickly, yet volume retracted at a modest two percent.

Despite the flat grocery market, Wapak is maintaining focus on our strategic expansions in all market segments of the Company and set ourselves up to grow volumes in new, environmentally-friendly, low-carbon products that enable circularity. The Wapak roadmap and pipeline for new technologies and new products is at an all-time high, as are investments in research and development, capital deployment in new technologies, and additional capacity.



As the breadth of technologies and products is expanding, the market expectations are becoming more complex and sophisticated. Winpak introduced several transformational initiatives for human resource management, sales excellence, operations excellence, and a number of new ESG initiatives which will all continue and mature in 2025.

A handwritten signature in black ink, appearing to read 'O.Y. Muggli'.

O.Y. Muggli
President and Chief Executive Officer
Winnipeg, Canada
February 27, 2025



	2024	2023	2022	2021	2020
OPERATING RESULTS					
Revenue	1,130.9	1,141.4	1,181.1	1,002.0	852.5
Sales volume growth rate (%)	(0.2)	(1.9)	0.6	9.7	(0.5)
Gross profit margin (% of revenue)	32.0	29.3	28.1	27.4	30.9
EBITDA (1)	240.8	228.5	220.0	187.8	191.5
EBITDA (% of revenue)	21.3	20.0	18.6	18.7	22.5
Net income attributable to equity holders of the Company (Earnings)	149.5	148.1	128.3	103.8	106.3
Cash flow from operations	181.9	220.8	77.6	97.1	156.0
Return on opening invested capital (%) (2)	20.4	19.7	20.9	19.1	20.1

INVESTMENTS AND RETURN OF CAPITAL TO SHAREHOLDERS

Investments in property, plant and equipment	123.3	68.7	49.1	48.3	51.3
Investments in property, plant and equipment (% of revenue)	10.9	6.0	4.2	4.8	6.0
Repurchase of common shares	94.5	-	-	-	-
Dividends declared - regular	7.3	5.8	5.9	6.2	5.8
Dividends declared - special	131.1	-	-	158.5	-

EBITDA RECONCILIATION

Net income	151.1	147.6	128.2	106.3	108.9
Income tax expense	58.9	52.2	45.9	35.3	38.8
Net finance (income) expense	(23.0)	(19.1)	(1.8)	0.8	(1.0)
Depreciation and amortization	52.8	47.8	47.7	45.4	44.8
Impairment loss on goodwill	1.0	-	-	-	-
EBITDA	240.8	228.5	220.0	187.8	191.5

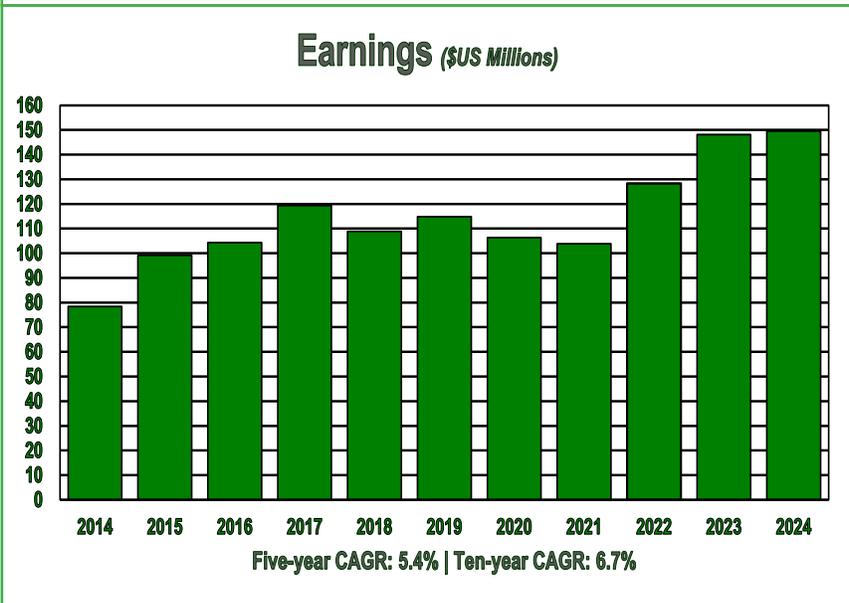
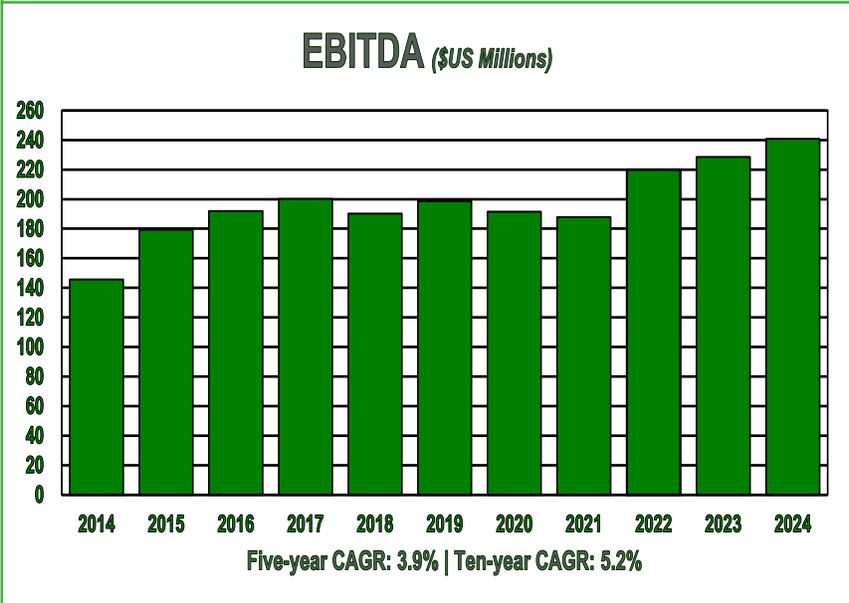
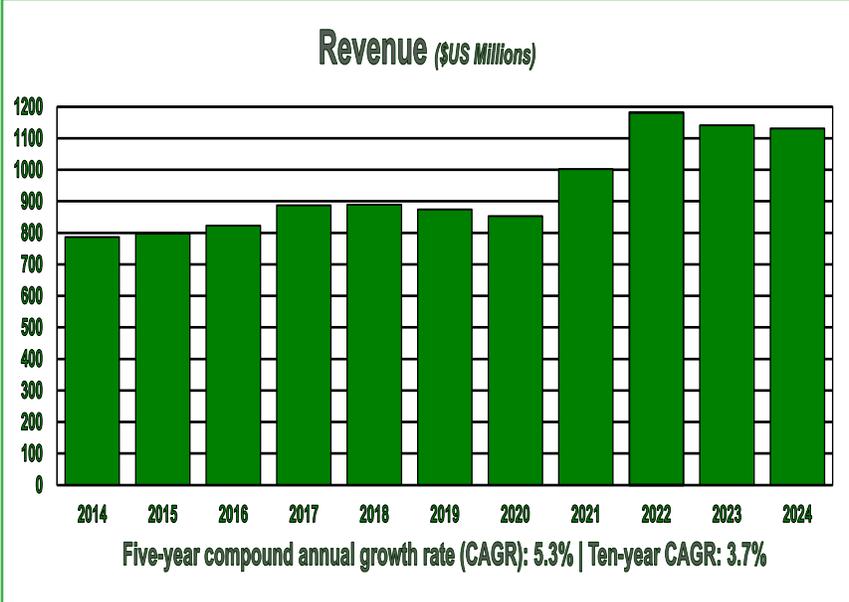
Basis of Presentation

- The Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. All years presented on pages 3 and 4 were 52 weeks in duration, with the exception of 2017 and 2023, which were 53 weeks in duration.
- All years presented on pages 3 and 4 are in accordance with IFRS Accounting Standards (IFRS).
- All values expressed in millions of US dollars unless otherwise stated.

Definitions

(1) EBITDA (income before interest, tax, depreciation and amortization) is not a recognized measure under IFRS. Management believes that in addition to net income attributable to equity holders of the Company, EBITDA is a useful supplemental measure as it provides investors with 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 EBITDA should not be construed as an alternative to net income attributable to equity holders of the Company determined in accordance with IFRS as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and, accordingly, EBITDA may not be comparable to measures used by other companies.

(2) Return on opening invested capital is defined as income from operations divided by invested capital, which is defined as the sum of total debt, equity, net deferred tax liability, and accumulated goodwill amortization and impairment.





Revenue

Revenue in 2024 was \$1,130.9 million, a contraction of \$10.5 million or 0.9 percent from the prior year. Selling price and mix changes amounted to \$7.8 million, accounting for approximately three-quarters of the decrease. Muted consumer demand significantly hampered the Company's growth aspirations. After accounting for the additional week in fiscal 2023, volumes grew by 1.3 percent, highlighted by the flexible packaging operating segment where growth of 4.0 was realized.

EBITDA

Despite relatively flat sales volumes, EBITDA expanded by \$12.3 million or 5.4 percent. Significant improvement in gross profit margins drove the favorable result. Raw material cost savings eclipsed the corresponding drop in selling prices to a large extent. Wapak's average raw material index, which represents the weighted cost of the Company's eight primary materials, fell by 4.3 percent.

Earnings

Earnings advanced by 0.9 percent to \$149.5 million from the comparable 2023 result of \$148.1 million. The improvement in EBITDA was largely offset by higher depreciation expenses and the rate of income tax.

Cash flows

Of the strong cash flow from operations of \$181.9 million, 68 percent was reinvested in the business through property, plant and equipment additions. The residual cash flow, in addition to cash and cash equivalents balances on hand, was utilized to return \$101.1 million of capital to shareholders.

Investments

Investments in property, plant and equipment of \$123.3 million, or 10.9 percent of revenue, was well above historical norms for the Company. Significant expenditures were made in relation to the expansion of the modified atmosphere packaging facility. Also notable was the acquisition of land and building in close proximity to the New Jersey specialized printed packaging operation, which will provide the foundation for future growth plans.

Return of capital

Wapak undertook its first normal course issuer bid in 2024. It allowed the Company to purchase up to a maximum of 3,250,000 common shares or 5.0 percent of the outstanding shares. By the end of 2024, 2,854,126 common shares had been repurchased for cancellation at a weighted average price of CDN \$45.55 for aggregate consideration of CDN \$130.0 million or US \$94.5 million. The full repurchase program of 3,250,000 shares was completed in January 2025. The Company is considering the renewal of the program in March 2025. Wapak declared a special dividend of \$3.00 CDN per common share on December 12, 2024, which was paid on January 10, 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 tariff rates; changes in Canadian and foreign income tax rates, income tax laws and regulations. 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.

General Information

The following discussion and analysis dated February 27, 2025 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with IFRS Accounting Standards (IFRS). The following discussion and analysis is presented in US dollars except where otherwise noted. The consolidated financial statements include the accounts of all subsidiaries. The Company's functional and reporting currency is the US dollar. The Company has filed a separate Management's Discussion and Analysis for its fourth quarter of 2024, which is available on the Company's website at www.winpak.com or on SEDAR at www.sedar.com.

The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company's fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2024 fiscal year comprised 52 weeks and the 2023 fiscal year comprised 53 weeks.

Company Overview

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, pet food, 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.



Results of Operations

Components of total increase in Earnings

	Millions of US dollars		
	2024	2023	2022
Organic growth	(0.2)	(2.6)	0.6
Gross profit margins	20.7	6.5	40.8
Operating expenses	(10.8)	(3.2)	(17.1)
Foreign exchange	(4.3)	5.5	(2.4)
Income taxes	(3.4)	0.9	(2.1)
Other	(0.7)	12.7	4.7
Total increase in Earnings	1.3	19.8	24.5

Ongoing operations

Organic growth is the impact on Earnings due entirely to the change in sales volumes and excludes the influence of acquisitions, divestitures and foreign exchange. The slight drop in sales volumes in 2024 lowered Earnings by \$0.2 million.

Gross profit margins expanded in 2024 as the improved spread between selling prices and raw material costs was only partially offset by the contraction caused by the advancement in the cost of production.

In 2024, operating expenses, adjusted for foreign exchange, advanced at a rate of 9.3 percent in comparison to the 0.2 percent reduction in sales volumes, thereby having an unfavorable impact on Earnings of \$10.8 million. Expenses pertaining to the enterprise resource planning (ERP) project were the main driver. Furthermore, as a consequence of the inflationary environment, personnel and freight costs expanded.

Foreign exchange dampened Earnings by \$4.3 million. The negative translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars was in contrast to the positive translation differences recorded in 2023.

The effective income tax rate was pushed higher in 2024 stemming from permanent differences associated with foreign exchange and the higher tax rate applied to income earned within the United States, reducing Earnings by \$3.4 million.

Revenue

	Millions of US dollars		
Revenue Change	2024	2023	2022
Volume (decrease) increase	(1.9)	(23.0)	5.8
Price and mix (losses) gains	(7.8)	(11.4)	176.6
Foreign exchange losses	(0.8)	(5.3)	(3.3)
Total (decrease) increase in revenue	(10.5)	(39.7)	179.1

For 2024, revenue of \$1,130.9 million decreased by 0.9 percent from the 2023 level of \$1,141.4 million. Volumes contracted by 0.2 percent. After accounting for the additional week in the first quarter of 2023, volumes were 1.3 percent higher. The subsequent comments on operating segment and product group volumes are presented on an adjusted basis. Within the flexible packaging operating segment, volume gains amounted to 4 percent. For the modified atmosphere packaging product group, modest volume growth of 4 percent reflected business gains pertaining to meat and cheese packaging, which was partially mitigated by the curtailment in demand for frozen food packaging. Biaxially oriented nylon product group volumes advanced by 19 percent, a reflection of the recovery from the sharp downturn in demand during the first three quarters of 2023. Specialty film volumes were virtually unchanged. The rigid packaging and flexible lidding operating segment volumes narrowed by 1 percent. Rigid container volumes decreased by 6 percent due to a significant drop in specialty beverage and applesauce container shipments. For the lidding product group, volumes grew by 2 percent with advances recorded for retort pet food, condiment and cultured dairy lidding. Solid volume growth of 7 percent for the specialized printed packaging product group was fueled by nutraceutical business gains. Packaging machinery volumes declined by 2 percent. Due to the higher cost of capital, several packaging machinery customers delayed order placement. This was nearly offset by a surge in replacement part sales. Selling price and mix changes had an unfavorable impact on revenue of 0.7 percent. Foreign exchange had a minor negative effect on revenue.

Gross profit margins

For the current year, gross profit margins of 32.0 percent of revenue exceeded the 2023 level of 29.3 percent. Raw material cost reductions significantly outpaced the corresponding selling price decreases, which included the pass-through of indexing adjustments. This differential raised Earnings by \$27.1 million. In total, all remaining items lowered Earnings by \$6.4 million. The Company's cost structure was affected by higher personnel and depreciation expenses. Due to inflationary pressures, wages increased at a rate well above the historical norm. Conversely, heightened output levels improved the overall cost of production.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wipak's average raw material index, which represents the weighted cost of the Company's eight primary raw materials, decreased by 4.3 percent from the 2023 average. The change in raw material pricing varied amongst the different raw materials. Aluminum foil and nylon resin realized declines of 12 percent and 9 percent, respectively. Polypropylene resin recorded an increase of 15 percent.

Raw Material Index

	2024	2023	2022
(Decrease) increase in index compared to prior year	(4.3%)	(13.9%)	9.4%

Foreign Exchange

	2024	2023	2022
Year-end exchange rate of CDN dollar to US dollar	0.694	0.755	0.736
Year-end exchange rate of US dollar to CDN dollar	1.442	1.325	1.359
(Depreciation) appreciation of CDN dollar vs. US dollar year-end exchange rate compared to the prior year	(8.1%)	2.6%	(5.8%)
Average exchange rate of CDN dollar to US dollar	0.734	0.739	0.771
Average exchange rate of US dollar to CDN dollar	1.362	1.353	1.297
Depreciation of CDN dollar vs. US dollar average exchange rate compared to the prior year	(0.7%)	(4.2%)	(3.1%)

Wipak utilizes the US currency as both its reporting and functional currency. However, with approximately 66 percent of its production capacity located in Canada, it is exposed to foreign exchange risks and records foreign currency differences on transactions and translations denominated in Canadian dollars as well as other foreign currencies. With a production facility located in Mexico, the Company is also exposed to foreign exchange risks on costs denominated in Mexican pesos but these are less significant.

Foreign exchange reduced Earnings by \$4.3 million in the current year compared to 2023. Approximately 11 percent of revenues and 19 percent of costs in the current year were denominated in Canadian dollars. The net outflow of Canadian dollars exposes Wipak to transaction differences arising from exchange rate fluctuations. The depreciation in the average exchange rate of the Canadian dollar in relation to the US dollar in 2024 of 0.7 percent had a small positive impact on Earnings. Translation differences, which arise when Canadian dollar monetary assets and liabilities are translated at exchange rates that change over time, subtracted \$4.8 million from Earnings in the current year in comparison to 2023.

Summary of quarterly results

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

Quarter ended	2024			Quarter ended	2023		
	Revenue	Earnings	EPS		Revenue	Earnings	EPS
March 31	276,783	35,522	55	April 2	304,516	39,287	60
June 30	283,496	38,825	61	July 2	287,464	40,006	62
September 29	285,473	38,486	61	October 1	273,790	33,991	52
December 29	285,143	36,622	58	December 31	275,637	34,846	54
	1,130,895	149,455	235		1,141,407	148,130	228

Various factors affect timing of the Company's Earnings during the course of a year. Typically, seasonal factors contribute to stronger revenue and Earnings in the second and fourth quarters compared to the first and third quarters. Factors influencing seasonal trends are the higher demand for certain food products in advance of the summer season and the greater number of holidays in the fourth quarter. During the third quarter, revenue and Earnings are typically lower due to reduced order levels and plant maintenance shutdowns scheduled to coincide with the summer. Sudden and substantial changes in the rate of exchange between the Canadian and US dollars from one quarter to another may cause revenue and Earnings to vary from the historic trend. Similarly, sudden and significant changes in the cost of raw materials consumed from one quarter to another can be expected to increase or decrease Earnings in a manner that does not conform to the normal pattern. Furthermore, unexpected adverse weather conditions could influence the supply and price of raw materials or customer order levels, and the timing of commercializing new manufacturing equipment can cause revenue and Earnings to depart from established trends.

The following items influenced the timing of the Company's reported results beyond historic trends. During the fourth quarter of 2024, the estimated rate of income tax in the United States was adjusted upwards, lowering Earnings. Softer consumer demand was prevalent throughout 2024 and 2023 but was particularly acute during the second and third quarters of 2023. The additional week included in the 2023 first quarter positively impacted both revenue and Earnings. The lidding product group experienced a significant drop in sales volumes in the second half of 2023 following extended unplanned downtime on a major piece of equipment. Net finance income accelerated throughout 2023 on account of the substantial increase in cash and cash equivalents as well as the advancement in interest rates that were applied to those balances.



Cash Flow, Liquidity and Capital Resources

At December 29, 2024, Wapak's cash and cash equivalents amounted to \$497.3 million, a reduction of \$44.6 million from a year earlier. This decrease resulted from cash provided by operating activities of \$181.9 million less disbursements for investing activities of \$123.8 million and financing activities of \$102.7 million.

Operating activities

Cash from operating activities reached \$181.9 million. Cash generated from operating activities before changes in working capital was \$236.8 million, a modest increase of \$8.9 million from the previous year. Working capital consumed \$23.1 million in cash. The \$30.6 million increase in inventories was caused by the accumulation of manufactured inventories to satisfy the projected growth in customer demand and to partially mitigate the impact of tariffs that could be implemented by the United States in early 2025 on goods shipped from the Company's Canadian facilities. Additionally, trade and other receivables escalated by \$10.9 million, coinciding with the rise in revenue from the fourth quarter of 2023 to the fourth quarter of 2024. Stemming from the timing of raw material inventory purchases, trade payables and other liabilities expanded by \$15.9 million. Income tax payments were \$53.0 million, down \$17.5 million from 2023 as a large balance was paid on behalf of the 2022 taxation year during 2023.

Investing activities

Investing activities in the current year totaled \$123.8 million, of which property, plant and equipment additions represented \$123.3 million. Expenditures relating to the multi-year expansion project at the Winnipeg, Manitoba modified atmosphere packaging facility influenced the higher than normal capital expenditure outlays. Furthermore, the Company acquired land and building in close proximity to the existing specialized printed packaging operation to accommodate future expansion plans. Over the long term, Wapak's expenditures for equipment enhancements in maintaining existing capacity have averaged approximately 2 percent of revenue.

Financing activities

On February 29, 2024, the Toronto Stock Exchange (the "TSX") accepted a notice filed by Wapak of its intention to make a normal course issuer bid (the "NCIB") with respect to its outstanding common shares. The notice provided that Wapak may, during the 12-month period commencing March 4, 2024 and ending no later than March 3, 2025, purchase through the facilities of the TSX and other alternative Canadian trading systems up to a maximum of 1,950,000 common shares in total, being 3.0 percent of the issued and outstanding shares of Wapak as of February 21, 2024, which was fulfilled on May 13, 2024. On October 17, 2024, the TSX accepted a notice filed by Wapak to amend the NCIB to a maximum of 3,250,000 common shares. The price which Wapak will pay for any common shares will be the market price at the time of acquisition. Daily purchases under the NCIB will be generally limited to 11,644 common shares, other than block purchases. All shares purchased will be canceled. In connection with the NCIB, Wapak has entered into an automatic share purchase plan ("ASPP") with CIBC World Markets Inc. to facilitate the purchase of common shares under the NCIB, including at times when Wapak would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed blackout periods. By the end of 2024, 2,854,126 common shares had been repurchased at a weighted average price of CDN \$45.55 for aggregate consideration of CDN \$129,992 (US \$94,512). Subsequent to the year ended December 29, 2024, the Company completed the NCIB program, repurchasing 395,874 common shares at a weighted average price of CDN \$45.93 for aggregate consideration of CDN \$18,182 (US \$12,609).

Financing activities in 2024 included common share repurchases of \$94.5 million, regular dividends to common shareholders of \$6.6 million and payments related to lease liabilities of \$1.6 million. During the third quarter of 2024, the quarterly dividend was raised to 5 cents (Canadian dollars) per common share, a significant increase from the 3 cents (Canadian dollars) per common share that had been paid on a quarterly basis since 2007. The Board of Directors is committed to sustainable growth in the quarterly dividend, targeting the achievement of a payout ratio of approximately 10 percent of Earnings of the Company within the next five years. In addition, the Company paid a special dividend of \$3.00 (Canadian dollars) per common share on January 10, 2025. Sufficient cash resources are available to fund both capital expenditures for organic growth and potential acquisition opportunities.

Resources

Investments to drive organic and acquisitive growth can be significant, requiring substantial financial resources. A range of funding alternatives is available including cash and cash equivalents, cash flow provided by operations, additional debt facilities, issuance of equity or a combination thereof. An informal investment grade credit rating allows the Company access to relatively low interest rates on debt. The Company currently has unused operating lines of \$38 million, which are believed adequate for liquidity purposes. Based on discussions with various financial institutions, Wapak believes that additional credit can be arranged from banks and other major lenders as required. The Company is confident that all 2025 requirements for capital expenditures, payment of lease liabilities, working capital, share repurchases and dividend payments can be financed from cash resources, cash provided by operating activities and unused credit facilities.

Risks and Financial Instruments

The Company recognizes that Earnings is exposed to changes in market interest rates, foreign exchange rates, prices of raw materials and risks regarding the financial condition of customers and financial counterparties. These market conditions are regularly monitored and actions are taken, when appropriate, according to Wapak's policies established for the purpose. Despite the methods employed to manage these risks, future fluctuations in interest rates, foreign exchange rates, raw material costs and counterparty financial condition can be expected to impact Earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

With respect to foreign exchange risk, Winpak employs hedging programs to minimize risks associated with changes in the value of the Canadian dollar relative to the US dollar. To the extent possible, the Company maximizes natural currency hedging by matching inflows from revenue in a currency with outflows of costs and expenses denominated in the same currency. For the remaining exposure, the Company's foreign exchange policy requires that between 50 and 80 percent of the Company's net requirement of Canadian dollars for the ensuing 9 to 15 months will be hedged at all times with forward or zero-cost option contracts. The Company may also enter into foreign currency forward contracts when equipment purchases, share repurchases and special dividend payments will be settled in other foreign currencies. Purchases of foreign exchange products for the purpose of speculation are not permitted. Transactions are only conducted with certain approved Schedule 1 Canadian financial institutions.

Significant fluctuations in foreign exchange rates represent a material exposure for the Company's financial results. Hedging programs employed may mitigate a portion of exposures to short-term fluctuations in foreign currency exchange rates. However, the Company's financial results over the long term will inevitably be affected by sizeable changes in the value of the Canadian dollar relative to the US dollar. Winpak estimates that each time the exchange rate strengthens or weakens by one Canadian cent against the US dollar, Earnings with respect to transaction differences will decrease or increase by approximately 0.9 of a US cent per share, respectively.

During 2024, certain foreign currency forward contracts matured and the Company realized pre-tax foreign exchange losses of \$1.3 million. As at December 29, 2024, the Company had US to CDN dollar foreign currency forward contracts outstanding with notional amounts of \$79.7 million. The pre-tax unrealized foreign exchange loss on these contracts of \$4.2 million was recorded in other comprehensive income. In addition, as at December 29, 2024, the Company had a US to CDN dollar foreign currency forward contract outstanding with a notional amount of US \$102.4 million at an exchange rate of 1.4160 maturing in January 2025 to partially fund the special dividend declared on December 12, 2024 and paid on January 10, 2025.

Winpak has not participated in any derivatives market for raw materials. Winpak is not aware of any instrument that fully mitigates fluctuations in raw material costs over the long term. To manage this risk, Winpak has entered into formal selling price-indexing agreements with certain customers whereby changes in raw material prices are reflected in selling price adjustments, albeit with a one to six-month time lag. For 2024, 75 percent of Winpak's revenue was governed by selling price-indexing agreements. For all other customers, the Company responds to changes in raw material costs by adjusting selling prices on a customer-by-customer basis. However, market conditions can have an impact on these price adjustments such that the combined impact of selling price adjustments and changes in raw material costs can be significant to Winpak's Earnings.

Credit risk arises from cash and cash equivalents held with banks, derivative financial instruments (foreign currency forward and option contracts), as well as credit exposure to customers, including outstanding accounts receivable. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases, insures accounts receivable balances against credit losses. The Company also sells certain extended term trade receivables without recourse to financial institutions in exchange for cash. The Company invests its excess cash on a short-term basis, to a maximum of six months, with financial institutions and/or governmental bodies that must be rated 'AA' or higher for CDN financial institutions and 'A-1' or higher for US financial institutions by recognized international credit rating agencies or insured 100 percent by the US government or a 'AAA' rated Canadian federal or provincial government. Nonetheless, unexpected deterioration in the financial condition of a counterparty can have a negative impact on the Company's Earnings in the case of default.

The Company enters into contractual obligations in the normal course of business operations. These obligations, as at December 29, 2024, are summarized below.

Contractual Obligations	Payment due, by period (thousands of US dollars)				
	Total	1 year	2 - 3 years	4 - 5 Years	After 5 years
Leases*	11,837	1,956	4,978	3,995	908
Purchase obligations	41,777	41,777	-	-	-
Total contractual obligations	53,614	43,733	4,978	3,995	908

*leases reflect non-cancelable contract periods and do not include amounts relating to extension options that are exercisable by the Company

Accounting Policy Changes

The following accounting standards came into effect commencing in the Company's 2024 fiscal year:

In September 2022, the IASB issued "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)", that requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments were implemented with retrospective application, effective January 1, 2024. The amendments had no impact on the Company's consolidated financial statements.

Future Accounting Changes

The IASB issued the following standard and amended standard that have not been applied in preparing the consolidated financial statements and notes thereto, for the year ended December 29 2024 as the effective dates fall within an annual period beginning subsequent to the current reporting period: IFRS 18 "Presentation and Disclosure in Financial Statements" and "Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)".



In April 2024, the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements” to improve reporting of financial performance. IFRS 18 replaces IAS 1 “Presentation of Financial Statements”. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 18 in its consolidated financial statements.

In May 2024, the IASB issued “Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)”, that clarify the recognition date and derecognition date of certain financial assets and liabilities, clarify and add guidance to assess whether a financial asset meets the solely payments of principal and interest criteria. The amendments include additional disclosure requirements for certain instruments with contractual terms that could change cash flows and updates the disclosure requirements relating to equity instruments at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2027.

Looking Forward

Building upon the solid volume growth achieved by core product groups in the second half of 2024, as well as commercializing opportunities within the current business pipeline, Wapak is optimistic about the 2025 fiscal year. However, there is significant uncertainty regarding the nature, extent and duration of various protectionist trade measures that have been and may be enacted within North America and the consequential impact on economic growth, inflation, foreign exchange and interest rates in addition to the immediate impact on the Company’s cost structure. The Company has assessed and will continue to assess both the short-term and long-term countermeasures that can be undertaken to mitigate the potential negative impacts.

Wapak is acutely focused on successfully onboarding opportunities with new customers in addition to new opportunities with existing customers. Pet food, in-mold-label, dairy and healthcare markets are the primary targets. The Company is projecting sales volume growth in the range of 5 to 7 percent for 2025.

For 2025, market expectations are for overall resin prices to be relatively stable. The collective bargaining agreement covering the largest employee base will expire in mid-2025, adding a level of uncertainty to the Company’s future cost structure. Conversely the anticipated sales volume growth will favorably influence equipment utilization rates, lowering the overall cost of production on a per unit basis. In addition, challenging capacity constraints that persisted for most of 2024 will significantly abate in 2025. Manufacturing efficiencies will improve as a result. Furthermore, the additional costs incurred relating to the outsourcing of converting operations will significantly decrease. Overall, gross profit margins should be within the range of 31 to 32 percent.

Capital expenditures of approximately \$110 to \$130 million are forecast for 2025, the majority of which relates to the completion of the significant expansion of the Winnipeg, Manitoba modified atmosphere packaging facility. Wapak is also evaluating prospective acquisition opportunities that align strategically with the Company’s core strengths. After successfully fulfilling the initial share buyback program, the Company is assessing its renewal in March 2025.

Use of Estimates and Judgments

The Company believes the following accounting estimates and judgments are significant to determining and understanding the operating results and the financial position of the Company.

Aggregation of operating segments – Judgment is applied in aggregating operating segments into a reportable segment. Aggregation occurs when the operating segments have similar economic characteristics and have similar products, production processes, types of customers and distribution methods.

Business combinations – The determination of fair value associated with identifiable property, plant and equipment and intangible assets following a business combination requires management to make assumptions. More specifically, this is the case when the Company calculates fair values using appropriate valuation techniques, which are generally based on a forecast of expected future cash flows for intangible assets, and on a replacement cost approach, an income-based approach and/or a market-based approach for property, plant and equipment. These valuations are closely related to the assumptions made by management about the future return on the related assets and the discount rate applied. Significant changes to these assumptions could significantly change the fair values associated with intangible assets following a business combination, which would impact the amortization expense.

Employee benefit plans – Accounting for employee benefit plans requires the use of actuarial assumptions. The assumptions include the discount rate, rate of compensation increase, mortality rate and healthcare costs. These assumptions depend on underlying factors such as economic conditions, government regulations and employee demographics. These assumptions could change in the future and may result in material adjustments to employee benefit plan assets or liabilities.

Impairment of property, plant and equipment, intangible assets and goodwill – An integral component of impairment testing is determining the asset’s recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and the appropriate discount rate. The cash flows are derived from the financial forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset’s performance of the cash-generating unit (CGU) being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the average projected sales volume growth, the average projected gross profit percentage and the terminal growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount. The company has nine CGUs, of which the carrying values for three include goodwill and must be tested for impairment annually.



Timing of revenue recognition – Significant judgment is required to determine whether revenue should be recognized over time or at a point in time. To assess whether any revenue should be recognized over time, the Company analyzes customer-specific products without alternative use to determine whether a legally enforceable right to payment exists as performance is completed, including a reasonable return.

Leases – Management assesses at lease commencement date whether it is reasonably certain to exercise lease extension options. In addition, assumptions are made as to the discount rate applied to the lease liability. If there is a significant event or significant change in circumstances within the Company's control, these judgments and assumptions could change and may result in material adjustments to right-of-use assets and lease liabilities.

Disclosure Controls and Internal Controls

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 and effectiveness 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 and operating effectively as of December 29, 2024 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") as the control framework in designing its internal controls over financial reporting. Based on management's design and testing of the effectiveness 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 and operating effectively as of December 29, 2024 to provide reasonable assurance that the financial information being reported is materially accurate. During the year ended December 29, 2024, there have been no changes in 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.

Other

Additional information relating to the Company is available on the Company's website at www.winpak.com or SEDAR at www.sedar.com, including the Annual Information Form dated February 27, 2025.

REPORTING

Management's Report to the Shareholders

The accompanying consolidated financial statements, Management's Discussion and Analysis (MD&A) and other information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these statements in accordance with IFRS Accounting Standards. The MD&A and financial information contained in this Annual Report are consistent with the consolidated financial statements.

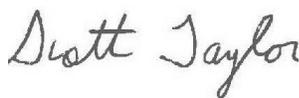
To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being reported, management has developed and maintains a system of internal controls. An integral part of the system is the requirement that employees maintain the highest standard of ethics in their activities. Business reviews and internal audits are performed by corporate management and an internal audit team to evaluate internal controls, systems and procedures.

The Board of Directors, acting through the Audit Committee, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and MD&A, and in the financial control of operations. The Board of Directors recommends the appointment of the independent auditor to the shareholders. The Audit Committee meets regularly with financial management and the independent auditor to discuss internal controls, auditing matters and financial reporting issues and presents its findings to the Board of Directors. The Audit Committee reviews the consolidated financial statements, MD&A and material financial announcements with management and the external auditor prior to submission to the Board of Directors for approval.

The consolidated financial statements have been audited on behalf of the shareholders by the independent external auditor, KPMG LLP, whose report follows.



O.Y. Muggli
President and Chief Executive Officer
February 27, 2025



S.M. Taylor
Vice President and Chief Financial Officer
February 27, 2025

REPORTING

Auditor's Report to the Shareholders

Independent Auditor's Report

To the Shareholders of Winpak Ltd.

Opinion

We have audited the consolidated financial statements of Winpak Ltd. (the Entity), which comprise the consolidated balance sheets as at December 29, 2024 and December 31, 2023, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 29, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 29, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the intangible assets and goodwill impairment analysis for the specialized printed packaging cash generating unit

Description of the matter

We draw attention to Notes 3(p), 4(d) and 18 to the financial statements. The intangible assets and goodwill balance is \$29,709,000, of which \$15,905,000 relates to the specialized printed packaging cash generating unit (CGU). The Entity reviews the carrying amount of intangible assets at each reporting date to determine whether there is any indication of impairment. The Entity performs goodwill impairment testing annually or at any time if an indicator of impairment exists. In determining the recoverable amount of its CGUs, the Entity uses the value in use, which is determined using a discounted cash flow model, or the fair value less costs to sell, if greater. The determination of each of these amounts is subject to estimation uncertainty. The Entity's significant assumptions include projected sales volume and gross profit, terminal growth rate, and discount rate.

Why the matter is a key audit matter

We identified the evaluation of the intangible assets and goodwill impairment analysis for the specialized printed packaging cash generating unit as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of intangible assets and goodwill and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skill and knowledge was required to evaluate the evidence supporting the Entity's significant assumptions due to the sensitivity of the recoverable amounts to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We took into account changes, conditions and events affecting the Entity and assessed the adjustments or lack of adjustments made by the Entity at arriving at the projected sales volume and gross profit.

We compared the Entity's historical sales volume forecasts to actual results to assess the Entity's ability to accurately project future sales volume.

We evaluated the terminal growth rate by comparing to overall market and industry conditions and overall macro-economic conditions.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate assumption used in the estimated recoverable amount. The valuation professionals compared the discount rate against a range that was independently developed using publicly available external data for comparable entities.

REPORTING

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions, and information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

REPORTING

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Scott Sissons.

Winnipeg, Canada

February 27, 2025

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 29, 2024 and December 31, 2023

(thousands of US dollars, except per share amounts)

	Note	2024	2023
Revenue	8	1,130,895	1,141,407
Cost of sales		(769,269)	(807,255)
Gross profit		361,626	334,152
Sales, marketing and distribution expenses		(98,591)	(93,156)
General and administrative expenses		(48,864)	(41,186)
Research and technical expenses		(21,593)	(20,349)
Other (expenses) income	11	(5,622)	1,238
Income from operations		186,956	180,699
Finance income	12	27,572	24,418
Finance expense	12	(4,592)	(5,324)
Income before income taxes		209,936	199,793
Income tax expense	13	(58,867)	(52,200)
Net income for the year		151,069	147,593
Attributable to:			
Equity holders of the Company		149,455	148,130
Non-controlling interests		1,614	(537)
		151,069	147,593
Basic and diluted earnings per share - cents	26	235	228

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 29, 2024 and December 31, 2023

(thousands of US dollars)

		2024	2023
Net income for the year		151,069	147,593
<u>Items that will not be reclassified to the statements of income:</u>			
Cash flow hedge (losses) gains recognized		(1,582)	912
Cash flow hedge losses (gains) transferred to property, plant and equipment		283	(49)
Employee benefit plan remeasurements	19	3,048	3,530
Income tax effect	13	(836)	(898)
		913	3,495
<u>Items that are or may be reclassified subsequently to the statements of income:</u>			
Cash flow hedge (losses) gains recognized		(5,198)	815
Cash flow hedge losses transferred to the statements of income	11	780	1,192
Income tax effect	13	1,182	(537)
		(3,236)	1,470
Other comprehensive (loss) income for the year - net of income tax		(2,323)	4,965
Comprehensive income for the year		148,746	152,558
Attributable to:			
Equity holders of the Company		147,132	153,095
Non-controlling interests		1,614	(537)
		148,746	152,558

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

<i>(thousands of US dollars)</i>	Note	December 29 2024	December 31 2023
Assets			
Current assets:			
Cash and cash equivalents	14	497,261	541,870
Trade and other receivables	15	220,201	207,355
Income taxes receivable		8,749	4,565
Inventories	16	250,383	219,763
Prepaid expenses		6,710	8,942
Derivative financial instruments		-	1,542
		<u>983,304</u>	<u>984,037</u>
Non-current assets:			
Property, plant and equipment	17	622,666	543,387
Intangible assets and goodwill	18	29,709	31,833
Employee benefit plan assets	19	11,405	12,209
		<u>663,780</u>	<u>587,429</u>
Total assets		<u>1,647,084</u>	<u>1,571,466</u>
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities	21	252,134	89,359
Contract liabilities	8	1,747	1,478
Income taxes payable		6,879	3,109
Derivative financial instruments		4,175	-
		<u>264,935</u>	<u>93,946</u>
Non-current liabilities:			
Employee benefit plan liabilities	19	4,774	6,362
Deferred income		19,721	18,062
Provisions and other long-term liabilities	22	16,781	12,685
Deferred tax liabilities	20	56,999	56,762
		<u>98,275</u>	<u>93,871</u>
Total liabilities		<u>363,210</u>	<u>187,817</u>
Equity:			
Share capital	25	27,735	29,195
Reserves	25	(3,174)	1,361
Retained earnings		1,224,097	1,319,491
Total equity attributable to equity holders of the Company		<u>1,248,658</u>	<u>1,350,047</u>
Non-controlling interests		<u>35,216</u>	<u>33,602</u>
Total equity		<u>1,283,874</u>	<u>1,383,649</u>
Total equity and liabilities		<u>1,647,084</u>	<u>1,571,466</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:



Director



Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(thousands of US dollars)	Note	Attributable to Equity Holders of the Company					Total Equity
		Share Capital	Reserves	Retained Earnings	Total	Non-Controlling Interests	
Balance at December 26, 2022		29,195	(972)	1,174,551	1,202,774	36,001	1,238,775
Comprehensive income (loss) for the year							
Cash flow hedge gains, net of tax		-	1,509	-	1,509	-	1,509
Cash flow hedge losses transferred to the statements of income, net of tax		-	873	-	873	-	873
Cash flow hedge gains transferred to property, plant and equipment		-	(49)	-	(49)	-	(49)
Employee benefit plan remeasurements, net of tax		-	-	2,632	2,632	-	2,632
Other comprehensive income		-	2,333	2,632	4,965	-	4,965
Net income (loss) for the year		-	-	148,130	148,130	(537)	147,593
Comprehensive income (loss) for the year		-	2,333	150,762	153,095	(537)	152,558
Dividends	25	-	-	(5,822)	(5,822)	(1,862)	(7,684)
Balance at December 31, 2023		29,195	1,361	1,319,491	1,350,047	33,602	1,383,649
Balance at January 1, 2024		29,195	1,361	1,319,491	1,350,047	33,602	1,383,649
Comprehensive (loss) income for the year							
Cash flow hedge losses, net of tax		-	(5,390)	-	(5,390)	-	(5,390)
Cash flow hedge losses transferred to the statements of income, net of tax		-	572	-	572	-	572
Cash flow hedge losses transferred to property, plant and equipment		-	283	-	283	-	283
Employee benefit plan remeasurements, net of tax		-	-	2,212	2,212	-	2,212
Other comprehensive (loss) income		-	(4,535)	2,212	(2,323)	-	(2,323)
Net income for the year		-	-	149,455	149,455	1,614	151,069
Comprehensive (loss) income for the year		-	(4,535)	151,667	147,132	1,614	148,746
Dividends	25	-	-	(138,395)	(138,395)	-	(138,395)
Repurchase of common shares	25	(1,460)	-	(108,666)	(110,126)	-	(110,126)
Balance at December 29, 2024		27,735	(3,174)	1,224,097	1,248,658	35,216	1,283,874

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 29, 2024 and December 31, 2023

(thousands of US dollars)

	Note	2024	2023
Cash provided by (used in):			
Operating activities:			
Net income for the year		151,069	147,593
Items not involving cash:			
Depreciation	17	52,972	47,906
Amortization - deferred income		(1,727)	(1,708)
Amortization - intangible assets	18	1,586	1,636
Impairment loss on goodwill	18	1,000	-
Employee defined benefit plan expenses	19	2,821	2,958
Net finance income	12	(22,980)	(19,094)
Income tax expense	13	58,867	52,200
Other		(6,771)	(3,537)
Cash flow from operating activities before the following		236,837	227,954
Change in working capital:			
Trade and other receivables		(10,901)	(3,315)
Inventories		(30,620)	68,355
Prepaid expenses		2,232	(3,340)
Trade payables and other liabilities		15,913	(13,909)
Contract liabilities	8	269	(1,143)
Employee defined benefit plan contributions	19	(1,210)	(2,315)
Income tax paid		(53,024)	(70,476)
Interest received		26,621	23,931
Interest paid		(4,201)	(4,903)
Net cash from operating activities		181,916	220,839
Investing activities:			
Acquisition of property, plant and equipment - net		(123,312)	(68,670)
Acquisition of intangible assets	18	(462)	(360)
		(123,774)	(69,030)
Financing activities:			
Payment of lease liabilities		(1,617)	(965)
Dividends paid	25	(6,622)	(5,785)
Dividend paid to non-controlling interests in subsidiary		-	(1,862)
Repurchase of common shares	25	(94,512)	-
		(102,751)	(8,612)
Change in cash and cash equivalents		(44,609)	143,197
Cash and cash equivalents, beginning of year		541,870	398,673
Cash and cash equivalents, end of year	14	497,261	541,870

See accompanying notes to consolidated financial statements.



(thousands of US dollars, unless otherwise indicated)

1. General

Wapak Ltd. (the “Company” or “Wapak”) is incorporated under the Canada Business Corporations Act. The Company 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. The address of the Company’s registered office is 100 Saulteaux Crescent, Winnipeg, Manitoba, Canada R3J 3T3. The ultimate controlling party of Wapak Ltd. is Wihuri International Oy of Helsinki, Finland, a privately held company.

2. Basis of presentation

Statement of compliance

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards (IFRS). The fiscal year of the Company ends on the last Sunday of the calendar year. As a result, the Company’s fiscal year is usually 52 weeks in duration, but includes a 53rd week every five to six years. The 2024 fiscal year comprised 52 weeks and the 2023 fiscal year comprised 53 weeks.

The Company’s functional and reporting currency is the US dollar. The US dollar is the reporting currency as more than 85 percent of the Company’s business is conducted in US dollars and therefore management believes this increases transparency by significantly reducing volatility of reported results due to fluctuations in the rate of exchange between the Canadian and US currencies.

The consolidated financial statements have been prepared under the historical-cost convention, except that certain financial instruments, employee benefit plans and share-based payments are stated at their fair value.

The consolidated financial statements were approved by the Board of Directors on February 27, 2025.

3. Material accounting policy information

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries: Wapak Portion Packaging Ltd.; Wapak Heat Seal Packaging Inc.; Wapak Holdings Ltd.; Wapak Inc.; Wapak Films Inc.; Wapak Portion Packaging, Inc.; Wapak Lane, Inc.; Wapak Heat Seal Corporation; Wapak Control Group Inc.; Grupo Wapak de Mexico, S.A. de C.V.; Embalajes Wapak de Mexico, S.A. de C.V.; and Administracion Wapak de Mexico, S.A. de C.V.; and its majority-owned subsidiary American Biaxis Inc. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained until the date that control ceases. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All inter-company balances and transactions, including any unrealized income arising from inter-company transactions have been eliminated.

(b) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed from the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs incurred are expensed and included in general and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9 “Financial Instruments” in the statement of income.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

(c) Non-controlling interests

Wapak Ltd. owns 51 percent of the equity interest in American Biaxis Inc., a subsidiary located in Winnipeg, Manitoba, Canada. Non-controlling interests represent the remaining 49 percent equity interest owned by third parties. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity.

(d) Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currency, that being the US dollar. The functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognized directly to the statement of income. Non-monetary assets and liabilities arising from transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(e) Revenue

The Company determines revenue recognition through the following steps: a) identification of the contract with a customer, b) identification of the performance obligations in the contract, c) determination of the transaction price, d) allocation of the transaction price to the performance obligations in the contract and e) recognition of revenue when the Company satisfies a performance obligation. Revenue is recognized when control of a product is transferred to a customer. Revenue is measured based on the consideration specified in the contract with a customer, net of variable consideration, including rebates, returns and discounts. Rebates are accrued using sales data and rebate percentages specific to each customer contract. Accruals for sales returns are calculated based on the best estimate of the amount of product that will ultimately be returned by customers, reflecting historical experience and the magnitude of non-conforming inventory claims made by customers that have either been approved or are pending review. For customer contracts where the Company expects to be paid within one year, the consideration is not adjusted for the effects of a financing component. Packaging machinery contract liabilities are recorded when cash payments are received or due in advance of the Company's performance.

(f) Research and technical expenses

Research and technical expenses are expensed in the period in which the costs are incurred.

(g) Government grants/tax credits

Grants/tax credits from government are recognized at their fair value when there is a reasonable assurance that the grant/tax credit will be received and/or earned and any specified conditions will be met.

Grants/tax credits received in relation to the purchase and construction of plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of income on a straight-line basis over the estimated useful life of the related asset. Grants/tax credits received in relation to research and development activities and labor subsidy programs are recorded to reduce these costs when it is determined there is reasonable assurance the grants/tax credits will be realized.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following: a) fixed payments, including in-substance fixed payments, b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, c) amounts expected to be payable under a residual value guarantee and d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Rental income received from packaging machine operating leases is recognized on a straight-line basis over the term of the corresponding lease.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of variable and fixed overheads based on normal operating capacity. Any excess, unallocated, fixed overhead costs are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash invested in interest-bearing money market accounts and short-term deposits with maturities of less than three months. Cash equivalents are all highly liquid investments. Bank overdrafts are shown within current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



(k) Trade and other receivables

The Company applies the simplified approach to providing for expected credit losses, which requires the use of the lifetime expected credit loss provision for all trade and other receivables. Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due under the contract and the cash flows that the Company expects to receive. The expected cash flows reflect all available information, including the Company's historical experience, the past due status, the existence of third-party insurance and forward-looking macroeconomic factors.

The Company has ongoing agreements in place with financial institutions whereby certain extended term trade receivables are sold without recourse in exchange for cash. When the trade receivable is sold, the Company removes them from the balance sheet, recognizes the amount received as the consideration for the transfer and records the corresponding costs within finance expense and general and administrative expenses. The Company assumes the risk on trade receivables not sold, and accordingly, the amounts are included within trade and other receivables.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are included in the carrying value of the asset. When the Company has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site are included in the carrying value of the asset with a corresponding increase to provisions. Borrowing costs directly attributable to the acquisition, construction or production of qualifying property, plant and equipment that takes an extended period of time to be placed into service are added to the cost of the assets, until such time as the assets are substantially ready for their intended use. See note 3(p) on impairment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacing a component of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits of the item will occur and its cost can be measured reliably. The costs of day-to-day maintenance of plant and equipment are recognized directly in the statement of income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, commencing the date the assets are ready for use as follows:

Buildings	20 - 40 years	Equipment	4 - 20 years	Packaging machines	3 - 7 years
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Depreciation methods, useful lives and residual values are reassessed annually or more frequently when there is an indication that they have changed.

The gain or loss on the retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the asset and is recognized in the statement of income.

(m) Pre-production expenses

Pre-production costs relating to installations of major new production equipment are expensed in the period in which incurred.

(n) Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. See note 3(p) on impairment. Computer software not related to cloud computing arrangements is treated as an intangible asset. For cloud computing arrangements, configuration and customization costs that meet asset recognition criteria are recorded as an intangible asset. The cost of intangible assets acquired in an acquisition is the fair value at the acquisition date. The cost of separately acquired intangible assets, including computer software, comprises the purchase price and any directly attributable costs of preparing the asset for use. Amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Computer software	3 - 12 years	Patents	8 - 17 years	Customer-related	5 - 15 years
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(o) Goodwill

Goodwill represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, including intangible assets, and liabilities of the acquiree at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is tested at least annually for impairment at the CGU level and is carried at cost less accumulated impairment losses (see note 3(p)).

(p) Impairment

The carrying amount of the Company's property, plant and equipment and intangible assets (other than goodwill) are reviewed at each reporting date to determine whether there is any indication of impairment. Goodwill is tested for impairment annually or at any time if an indicator of impairment exists. If any such indication exists, the applicable asset's recoverable amount is estimated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The recoverable amount of the Company's assets are calculated as the value-in-use, being the present value of future cash flows, using a pre-tax discount rate that reflects the current assessment of the time value of money, or the fair value less costs to sell, if greater. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which it belongs. The Company bases its impairment calculation on detailed financial forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These financial forecasts are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized whenever the carrying amount of an asset or its respective CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then, to reduce the carrying amount of other assets in the CGU on a pro rata basis. Impairment losses in respect of goodwill are not reversed. In respect of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

(q) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income except to the extent that it relates to items recorded directly to other comprehensive income or equity, in which case it is recognized directly in other comprehensive income or equity, respectively.

Current income tax comprises the expected income tax payable or receivable on the taxable income or loss for the period, using income tax rates enacted or substantively enacted in the jurisdictions the Company is required to pay income tax at the reporting date, and any adjustments to income taxes payable or receivable in respect of previous periods. Current income tax is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused income tax losses.

Deferred tax is recognized using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities for income taxation purposes. Deferred tax is not recognized for the following temporary timing differences: the initial recognition for both goodwill and assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the income tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realized or the liability is settled, based on the income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Current tax assets and liabilities are offset when the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

The Company regularly evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to income tax authorities, reflecting any uncertainty over tax treatments.

The Company has determined that the global minimum top-up tax, which it is required to pay under Pillar Two legislation, is a current income tax.



(r) Employee benefit plans

The Company maintains three funded non-contributory defined benefit pension plans in Canada and the US and one funded non-contributory supplementary income postretirement plan for certain CDN-based executives. A market discount rate is used to measure the benefit obligations based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligations. The cost of providing the benefits is actuarially determined using the projected unit credit method. Actuarial valuations are conducted, at a minimum, on a triennial basis with interim valuations performed as deemed necessary. Consideration is given to any event that could impact the benefit plan assets or obligation up to the balance sheet date where interim valuations are performed. For financial reporting purposes, the Company measures the benefit obligations and fair value of assets for the defined benefit plans as of the year-end date. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation, reduced by the fair value of benefit plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded. Current service costs are charged to the statement of income and included in the same line items as the related compensation cost. The net finance cost is computed based on the application of the discount rate to the net defined benefit pension plan asset or liability at the start of the annual period, taking into account any anticipated changes during the upcoming year as a result of contributions and benefit payments and also reflects the impact of any pension plan asset ceiling adjustments. The net finance cost is shown within either finance income or finance expense within the statement of income depending on whether the defined benefit pension plan was in an asset or liability position at the start of the year. Remeasurements, which comprise actuarial gains and losses, the return on benefit plan assets and the effect of the pension plan asset ceiling adjustment, are recognized directly in equity within other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs in the statement of income. The Company's funding policy is in compliance with statutory regulations and amounts funded are deductible for income tax purposes.

One of the Company's subsidiaries maintains one unfunded contributory defined benefit postretirement plan for healthcare benefits for a limited group of US individuals. A market discount rate is used to measure the benefit obligation based on the yield of high quality corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the benefit obligation. The cost of providing the benefits is actuarially determined using the projected unit credit method. The amount recognized in the balance sheet at each year-end reporting date represents the present value of the benefit obligation. Current service costs are charged to the statement of income as they accrue and are included in general and administrative expenses. Interest costs on the benefit obligation are charged to the statement of income as finance expense. Remeasurements are recognized directly in equity within other comprehensive income. When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income.

The Company maintains seven defined contribution pension plans in Canada and the US. The pension expense charged to the statement of income for these plans is the annual funding contribution by the Company.

Termination benefits are recognized as an expense in the statement of income at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a legal or constructive obligation to pay this amount as a result of past service provided by the employee.

(s) Provisions

A provision is recognized when there is a legal or constructive obligation as a result of a past event and it is probable that a future outlay of cash will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-income tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When some or all of the monies required to settle a provision are expected to be recovered from a third party, the recovery is recognized as an asset when it is virtually certain that the recovery will be received.

When the Company has a legal or constructive obligation to restore a site on which an asset is located either through make-good provisions in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognized as a provision with a corresponding increase to the related item of property, plant and equipment. At each reporting date, the obligation is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the obligation are added or deducted from the related asset. The change in the present value of the obligation due to the passage of time is recognized as a finance expense or finance income in the statement of income.

At each reporting date, other provisions are remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the provision are recognized in the statement of income. The change in the present value of the provision due to the passage of time is recognized as a finance expense or finance income in the statement of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(t) Financial assets and liabilities

Financial assets are initially measured at fair value. On initial recognition, the Company classifies its financial assets at either amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets. Financial liabilities are classified at amortized cost.

A financial asset is classified as measured at amortized cost if it meets both of the following conditions: a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified as measured at FVOCI if it meets both of the following conditions: a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial instruments, including derivatives, are included in the consolidated balance sheet and are measured at fair value except cash and cash equivalents, trade and other receivables and trade payables and other liabilities, which are measured at amortized cost. All changes in fair value are recorded to the consolidated statement of income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income to the extent the derivatives are deemed to be effective hedges.

(u) Hedge accounting

The Company operates principally in Canada and the United States, which gives rise to risks that its income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company enters into foreign currency forward contracts to manage foreign exchange exposures on anticipated labor, operating costs, property, plant and equipment expenditures, share repurchases and dividend payments to be incurred in Canadian dollars and equipment expenditures to be incurred in other foreign currencies. The Company has elected to designate these instruments in their entirety as hedging instruments for hedge accounting purposes, including both the spot and forward elements of the contract in the valuation of the instrument.

With respect to hedges of foreign currency exposure, the Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. An assessment is made whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The fair value of each contract is included on the consolidated balance sheet within derivative financial instrument assets or liabilities, depending on whether the fair value was in an asset or liability position. In the case of labor and operating costs, changes in the fair value of these contracts are initially recorded in other comprehensive income and subsequently recorded in the consolidated statement of income when the hedged item affects income or loss. In the case of property, plant and equipment expenditures, changes in the fair value of these contracts are initially recorded in other comprehensive income and upon settlement of the contract, the gain or loss is included in the cost of the corresponding asset. For share repurchases and dividend payments, changes in the fair value of these contracts are recorded directly in equity.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the consolidated statement of income in the same period or periods as the hedged expected future cash flows affects income or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to the consolidated statement of income.

(v) Share-based payments

The Company maintains a share-based compensation plan, which provides restricted share units under the Executive Enhanced Long-Term Deferred Income Benefits Plan. The long-term component of the incentive entitlement for a given year is converted to units based on the current market value of the Company's common shares and after a period of three years, the cash value of the units is paid to the Executive based on the market value of the Company's common shares in effect at that point in time. Units under the plan vest immediately. The fair value of the units granted is recognized as a personnel expense, with a corresponding increase in liabilities, over the period that the units pertain. The liability is remeasured at each reporting date. Any changes in the fair value of the liability are recognized as a personnel expense in the statement of income.

(w) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to equity holders of the Company for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated on the same basis as there are no potentially dilutive common shares.



4. Use of estimates and judgments

The application of the Company's accounting policies requires management to use estimates and judgments that can have a significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The following areas require management's most significant estimates and judgments:

(a) Aggregation of operating segments

Management applies judgment in aggregating operating segments into a reportable segment. Aggregation occurs when the operating segments have similar economic characteristics and have similar products, production processes, types of customers and distribution methods.

(b) Business combinations

The determination of fair value associated with identifiable property, plant and equipment and intangible assets following a business combination requires management to make assumptions. More specifically, this is the case when the Company calculates fair values using appropriate valuation techniques, which are generally based on a forecast of expected future cash flows for intangible assets, and on a replacement cost approach, an income-based approach and/or a market-based approach for property, plant and equipment. These valuations are closely related to the assumptions made by management about the future return on the related assets and the discount rate applied. Significant changes to these assumptions could significantly change the fair values associated with intangible assets following a business combination, which would impact the amortization expense.

(c) Employee benefit plans

Accounting for employee benefit plans requires the use of actuarial assumptions. The assumptions include the discount rate, rate of compensation increase, mortality rate and healthcare costs. These assumptions depend on underlying factors such as economic conditions, government regulations and employee demographics. These assumptions could change in the future and may result in material adjustments to employee benefit plan assets or liabilities.

(d) Impairment of property, plant and equipment, intangible assets and goodwill

An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and the appropriate discount rate. The cash flows are derived from the financial forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to projected revenue and gross profit and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the average projected sales volume growth, the average projected gross profit percentage and the terminal growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount. The Company has nine CGUs, of which the carrying values for three include goodwill and must be tested for impairment annually.

(e) Timing of revenue recognition

Significant judgment is required to determine whether revenue should be recognized over time or at a point in time. To assess whether any revenue should be recognized over time, the Company analyzes customer-specific products without alternative use to determine whether a legally enforceable right to payment exists as performance is completed, including a reasonable return.

(f) Leases

Management assesses at lease commencement date whether it is reasonably certain to exercise lease extension options. In addition, assumptions are made as to the discount rate applied to the lease liability. If there is a significant event or change in circumstances within the Company's control, these judgments and assumptions could change and may result in material adjustments to right-of-use assets and lease liabilities.

5. Accounting standards implemented in 2024

The following accounting standards came into effect commencing in the Company's 2024 fiscal year:

(a) Lease liability in a sale and leaseback

In September 2022, the IASB issued "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)", that requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments were implemented with retrospective application, effective January 1, 2024. The amendments had no impact on the Company's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Future accounting standards

(a) Presentation and disclosure of financial statements

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements" to improve reporting of financial performance. IFRS 18 replaces IAS 1 "Presentation of Financial Statements". It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company is currently assessing the impact of this new standard and does not intend to early adopt IFRS 18 in its consolidated financial statements.

(b) Amendments to the classification and measurement of financial instruments

In May 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)", that clarify the recognition date and derecognition date of certain financial assets and liabilities, clarify and add guidance to assess whether a financial asset meets the solely payments of principal and interest criteria. The amendments include additional disclosure requirements for certain instruments with contractual terms that could change cash flows and updates the disclosure requirements relating to equity instruments at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2027.

7. Segment reporting

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, pet food, 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.

Due to similar economic characteristics, including long-term sales volume growth and long-term average gross profit margins, and having similar products, production processes, types of customers and distribution methods, the flexible packaging and rigid packaging and flexible lidding operating segments have been aggregated as one reportable segment. In addition, the packaging machinery operating segment has been aggregated with these two segments as the segment's revenue and assets represents less than 3 percent of total Company revenue and assets.

The Company operates principally in Canada and the United States. See note 8 for a breakdown of revenue by operating and geographic segment. The following summary presents property, plant and equipment, intangible assets and goodwill information by geographic segment:

	December 29 2024	December 31 2023
United States	274,630	256,065
Canada	360,499	301,261
Mexico	17,246	17,894
	652,375	575,220



8. Revenue

Significant judgments in applying revenue accounting policy

Significant judgment is required to determine whether revenue should be recognized over time or at a point in time. To assess whether any revenue should be recognized over time, the Company analyzes customer-specific products without alternative use to determine whether a legally enforceable right to payment exists as performance is completed, including a reasonable return. During 2024, no material arrangements satisfied these criteria, and as a result, the Company did not recognize any revenue over time. Accordingly, all revenue was recognized at a point in time giving consideration to whether the customer has: a) assumed the risks and rewards of ownership, b) a present obligation to pay and c) obtained legal title and physical possession. These conditions are usually fulfilled upon shipment of products.

For customer contracts that include a volume rebate program, judgment is required to estimate the eventual amount that will be paid to the customer. Most volume rebate programs entitle a customer to an increasing rebate percentage based upon the attainment of purchase level thresholds. At each reporting date, the Company updates its estimates regarding variable consideration.

Disaggregation of revenue

	2024	2023
Operating segment		
Flexible packaging	597,976	606,315
Rigid packaging and flexible lidding	499,314	500,374
Packaging machinery	33,605	34,718
	<u>1,130,895</u>	<u>1,141,407</u>
Geographic segment		
United States	902,468	902,791
Canada	146,625	156,658
Mexico and other	81,802	81,958
	<u>1,130,895</u>	<u>1,141,407</u>

The Company's products are primarily used for the packaging of perishable foods and beverages, which accounted for more than 90 percent of sales during 2024 and 2023. Other markets include medical, pharmaceutical, nutraceutical, personal care, industrial and other consumer goods.

Contract balances

The following table provides information about trade receivables and contract liabilities with customers:

	December 29 2024	December 31 2023
Trade receivables, which are included in 'Trade and other receivables' (note 15)	204,116	194,245
Contract liabilities	(1,747)	(1,478)

Changes in contract liabilities during the period

Opening balance, January 1, 2024	(1,478)
Revenue recognized during the year that was included in the opening balance	1,478
Increases due to cash received, excluding amounts recognized as revenue during the year	(1,747)
Closing balance, December 29, 2024	<u>(1,747)</u>

Performance obligations

Most of the Company's contracts have a single performance obligation as the promise to transfer the individual goods. Revenue for each of the three operating segments is recognized at a point in time when the customer obtains control of a product, which typically takes place when legal title and physical possession of the product is transferred to the customer. These conditions are usually fulfilled upon shipment, however, in some instances, upon delivery. Invoices are generated when control has transferred and are usually payable within 30 to 60 days.

No revenue was recognized in 2024 or 2023 relating to performance obligations that were satisfied or partially satisfied in previous years. Similarly, no revenue will be recognized in subsequent years relating to unsatisfied performance obligations as at December 29, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Expenses by nature

	2024	2023
Raw materials and consumables used	(535,540)	(570,650)
Depreciation and amortization	(52,831)	(47,834)
Personnel expenses (note 10)	(255,678)	(239,323)
Freight	(33,452)	(31,130)
Other expenses	(61,816)	(73,303)
Foreign exchange and cash flow hedge (losses) gains transferred from other comprehensive income (note 11)	(4,622)	1,532
	<u>(943,939)</u>	<u>(960,708)</u>

10. Personnel expenses

	2024	2023
Wages and salaries	(223,707)	(207,273)
Social security	(19,304)	(20,323)
Employee defined benefit plan expenses (note 19)	(2,821)	(2,958)
Employee defined contribution plan expenses (note 19)	(8,575)	(7,962)
Share-based payments (note 24)	(1,271)	(807)
	<u>(255,678)</u>	<u>(239,323)</u>

11. Other (expenses) income

	2024	2023
Foreign exchange (losses) gains	(3,842)	2,724
Cash flow hedge losses transferred from other comprehensive income	(780)	(1,192)
	<u>(4,622)</u>	<u>1,532</u>
Impairment loss on goodwill (note 18)	(1,000)	-
Employee benefit plan settlement expense (note 19)	-	(294)
	<u>(5,622)</u>	<u>1,238</u>

12. Finance income and expense

	2024	2023
Finance income on cash and cash equivalents	26,994	23,793
Net finance income on defined benefit plans (note 19)	578	625
Finance income	<u>27,572</u>	<u>24,418</u>
Finance expense on bank overdrafts	(32)	(11)
Finance expense on lease liabilities	(545)	(458)
Finance expense on sale of extended term trade receivables (note 29)	(3,688)	(4,440)
Net finance expense on defined benefit plans (note 19)	(327)	(415)
Finance expense	<u>(4,592)</u>	<u>(5,324)</u>
Net finance income	<u>22,980</u>	<u>19,094</u>



13. Income tax expense

	2024	2023
<u>Current tax expense</u>		
Current year	<u>(58,284)</u>	<u>(57,521)</u>
<u>Deferred tax (expense) recovery</u>		
Origination and reversal of temporary differences	<u>(583)</u>	<u>5,321</u>
Income tax expense	<u>(58,867)</u>	<u>(52,200)</u>
<u>Income tax recovery (expense) recognized in other comprehensive income</u>		
Cash flow hedges	<u>1,182</u>	<u>(537)</u>
Employee benefit plan remeasurements	<u>(836)</u>	<u>(898)</u>
	<u>346</u>	<u>(1,435)</u>
<u>Reconciliation of effective income tax rate</u>		
Combined Canadian federal and provincial income tax rate	<u>26.8%</u>	<u>26.9%</u>
United States income taxed at rates higher (lower) than Canadian tax rates	<u>0.1</u>	<u>(0.4)</u>
Permanent differences and other	<u>1.1</u>	<u>(0.4)</u>
Effective income tax rate	<u>28.0%</u>	<u>26.1%</u>

Global minimum top-up tax

The Company operates in one jurisdiction which has enacted Pillar Two legislation on a global minimum tax. The Company does not expect that Winpak will be subject to the top-up tax as the effective tax rate in this jurisdiction exceeds 15 percent. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

14. Cash and cash equivalents

	December 29 2024	December 31 2023
Bank balances	<u>12,231</u>	<u>16,351</u>
Money market and short-term deposits	<u>485,030</u>	<u>525,519</u>
	<u>497,261</u>	<u>541,870</u>

15. Trade and other receivables

	December 29 2024	December 31 2023
Trade receivables	<u>204,116</u>	<u>194,245</u>
Less: Allowance for expected credit losses	<u>(2,237)</u>	<u>(2,160)</u>
Net trade receivables	<u>201,879</u>	<u>192,085</u>
Other receivables	<u>18,322</u>	<u>15,270</u>
	<u>220,201</u>	<u>207,355</u>

16. Inventories

	December 29 2024	December 31 2023
Raw materials	<u>79,142</u>	<u>84,710</u>
Work-in-process	<u>54,297</u>	<u>39,891</u>
Finished goods	<u>96,889</u>	<u>76,825</u>
Spare parts	<u>20,055</u>	<u>18,337</u>
	<u>250,383</u>	<u>219,763</u>

During 2024, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of \$12,784 (2023 - \$11,465) and reversals of previously written-down items of \$5,021 (2023 - \$3,939).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Property, plant and equipment

	Land	Buildings	Equipment	Packaging Machines	Capital In Progress	Total
Net book value						
<u>At December 26, 2022</u>						
Cost	25,072	249,287	732,415	15,352	57,616	1,079,742
Accumulated depreciation	-	(87,780)	(459,495)	(13,877)	-	(561,152)
	25,072	161,507	272,920	1,475	57,616	518,590
<u>2023 Activity</u>						
Additions	1,539	5,121	28,687	-	37,438	72,785
Disposals	-	(18)	(64)	-	-	(82)
Transfers	-	-	10,709	-	(10,709)	-
Depreciation	-	(8,688)	(38,920)	(298)	-	(47,906)
At December 31, 2023	26,611	157,922	273,332	1,177	84,345	543,387
<u>At December 31, 2023</u>						
Cost	26,611	251,470	766,095	14,819	84,345	1,143,340
Accumulated depreciation	-	(93,548)	(492,763)	(13,642)	-	(599,953)
	26,611	157,922	273,332	1,177	84,345	543,387
Net book value						
<u>At January 1, 2024</u>						
Cost	26,611	251,470	766,095	14,819	84,345	1,143,340
Accumulated depreciation	-	(93,548)	(492,763)	(13,642)	-	(599,953)
	26,611	157,922	273,332	1,177	84,345	543,387
<u>2024 Activity</u>						
Additions	7,374	22,656	45,745	-	56,506	132,281
Disposals	-	-	(30)	-	-	(30)
Transfers	-	2,812	27,204	-	(30,016)	-
Depreciation	-	(9,726)	(42,947)	(299)	-	(52,972)
At December 29, 2024	33,985	173,664	303,304	878	110,835	622,666
<u>At December 29, 2024</u>						
Cost	33,985	276,896	832,550	14,819	110,835	1,269,085
Accumulated depreciation	-	(103,232)	(529,246)	(13,941)	-	(646,419)
	33,985	173,664	303,304	878	110,835	622,666

At December 29, 2024, property, plant and equipment includes right-of-use assets of \$16,317 (2023 - \$12,526) related to leased facilities (see note 23).

Government grants/tax credits in respect of property, plant and equipment were recognized within deferred income totaling \$3,385 in 2024 (2023 - \$1,824). No impairment losses or impairment reversals were recorded during 2024 and 2023. No borrowing costs were capitalized during 2024 and 2023.



18. Intangible assets and goodwill

	Goodwill	Software	Patents	Customer Related	Total
Net book value					
<u>At December 26, 2022</u>					
Cost	18,435	9,767	143	18,830	47,175
Accumulated amortization	-	(9,024)	(11)	(5,030)	(14,065)
	18,435	743	132	13,800	33,110
<u>2023 Activity</u>					
Additions	-	346	14	-	360
Disposals	-	(1)	-	-	(1)
Amortization	-	(357)	(2)	(1,277)	(1,636)
At December 31, 2023	18,435	731	144	12,523	31,833
<u>At December 31, 2023</u>					
Cost	18,435	10,109	157	17,949	46,650
Accumulated amortization	-	(9,378)	(13)	(5,426)	(14,817)
	18,435	731	144	12,523	31,833
Net book value					
<u>At January 1, 2024</u>					
Cost	18,435	10,109	157	17,949	46,650
Accumulated amortization	-	(9,378)	(13)	(5,426)	(14,817)
	18,435	731	144	12,523	31,833
<u>2024 Activity</u>					
Additions	-	442	20	-	462
Amortization	-	(265)	(5)	(1,316)	(1,586)
Impairment	(1,000)	-	-	-	(1,000)
At December 29, 2024	17,435	908	159	11,207	29,709
<u>At December 29, 2024</u>					
Cost	18,435	10,457	177	17,240	46,309
Accumulated amortization and impairment losses	(1,000)	(9,549)	(18)	(6,033)	(16,600)
	17,435	908	159	11,207	29,709

The 2024 intangible assets and goodwill balance includes \$12,660 (2023 - \$12,689) related to the lidding CGU. The impairment testing for this CGU was conducted under the value-in-use approach. The significant assumptions include discount rate, terminal growth rate, sales volume and gross profit. Cash flows were projected based on actual operating results and the five-year business plan using a pre-tax discount rate of 13.5 percent (2023 - 12.4 percent). Cash flows after the five-year period were assumed to increase at a terminal growth rate of 2.0 percent (2023 - 1.5 percent). Average sales volume growth projected for the next five years was 4.9 percent (2023 - 5.1 percent) and the average gross profit percentage projected over the same time-frame was within three percentage points (2023 - within six percentage points) of the actual gross profit percentage attained in the current year.

The 2024 intangible assets and goodwill balance includes \$15,905 (2023 - \$18,239) related to the specialized printed packaging CGU. The impairment testing for this CGU was conducted under the value-in-use approach. The significant assumptions include discount rate, terminal growth rate, sales volume and gross profit. Cash flows were projected based on actual operating results and the five-year business plan using a pre-tax discount rate of 12.9 percent (2023 - 14.4 percent). Cash flows after the five-year period were assumed to increase at a terminal growth rate of 2.0 percent (2023 - 1.5 percent). Average sales volume growth projected for the next five years was 11.1 percent (2023 - 17.3 percent) and the average gross profit percentage projected over the same time-frame was within four percentage points (2023 - within five percentage points) of the actual gross profit percentage attained in the current year. It was concluded that the value-in-use for the specialized printed packaging CGU was lower than its carrying amount and a \$1,000 impairment loss was recorded for the 2024 year. The December 29, 2024 value-in-use estimate for the CGU would have been \$5,600 lower based on a 1.0 percentage point increase in the pre-tax discount rate.

At December 29, 2024 and December 31, 2023, there were no indefinite life intangible assets other than goodwill. The amortization of software and patents is included within general and administrative expenses and the amortization of customer-related intangibles is included within sales, marketing and distribution expenses. At December 29, 2024 the weighted average remaining useful life of customer-related intangible assets was 9.8 years (2023 - 10.6 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Employee benefit plans

The Company maintains three funded non-contributory defined benefit pension plans, one funded non-contributory supplementary income postretirement plan for certain CDN-based executives, one unfunded contributory defined benefit postretirement plan for healthcare benefits for a limited group of US individuals and seven defined contribution pension plans. Effective January 1, 2005, all defined benefit pension plans were frozen to new entrants except one, which was frozen effective January 1, 2009. All new CDN employees are required, and all new US employees have the option, to participate in defined contribution plans upon satisfaction of certain eligibility requirements.

The employee benefit plans are overseen by the Company Pension Committee (CPC) which is comprised of two members from senior management and one Board of Directors member. The CPC is responsible for determining and recommending the following items to the Company's Board of Directors for approval: (a) the benefit plan asset investment policies, (b) the Company's cash funding and (c) the employee benefit entitlements within the respective benefit plans.

Total amounts paid by the Company on account of all benefit plans, consisting of: defined benefit pension plans, supplementary income postretirement plan, direct payments to beneficiaries for the unfunded postretirement plan and the defined contribution plans, amounted to \$9,848 (2023 - \$10,326).

Defined contribution pension plans

The Company maintains four defined contribution pension plans for employees in Canada and three retirement savings plans (401(k) Plans) for employees in the United States. The Company's total expense for these plans was \$8,575 (2023 - \$7,962).

Defined benefit plans

For financial reporting purposes, the Company measures the benefit obligations and fair value of the benefit plan assets as of the year-end date. The most recent actuarial valuations for funding purposes for the funded non-contributory plans were completed as at the following dates: January 1, 2024 for one plan, December 31, 2023 for one plan and January 1, 2023 for one plan. These actuarial valuations establish the minimum funding requirements. The most recent actuarial valuations for funding purposes for the supplementary income postretirement plan and the postretirement plan for healthcare benefits were dated December 29, 2024. The supplementary income postretirement plan has no minimum funding requirements. The next required actuarial valuations for all of the Company's active defined benefit plans are three years from the aforementioned dates. Based on the most recent actuarial valuations, the Company expects to contribute \$1,202 in cash to its defined benefit plans in 2025. The CPC also reviews the funding position of each plan on an annual basis and makes recommendations to the Company's Board of Directors regarding any additional cash funding by the Company deemed appropriate.

During 2024, the Company converted \$20,392 of qualifying annuity buy-in contracts purchased in the 2022 fiscal year for two defined benefit pension plans relating to the retired and deferred vested members to qualifying annuity buy-out contracts to complete the full transfer of these obligations. These annuity buy-out contracts eliminated all further legal or constructive obligations to the Company. Accordingly, the Company derecognized the buy-in annuity assets and corresponding defined benefit obligations previously recognized on a net basis. The transactions did not result in a settlement charge as the defined benefit obligations being settled and the qualifying annuity buy-in contracts were of equal value.

On April 25, 2023, the Company entered into a contract to purchase annuities totaling \$12,744 with respect to certain retired members of the US defined benefit pension plan. The corresponding benefit obligation relating to these plan members was \$12,450, resulting in a loss on settlement of \$294 which was recorded in other (expenses) income.

Regarding the funded non-contributory plans and the supplementary income postretirement plan, the normal retirement age is 65. The option to retire early and receive a reduced pension begins at age 55. For most plan members, the annual pension entitlement is based on years of credited service and the earnings attained in each of those years. However, for certain CDN-based executives, the annual pension entitlement is based on years of credited service and the highest average annual base compensation excluding incentive payments during the highest 36 consecutive months of earnings prior to retirement. At December 29, 2024 and December 31, 2023, the benefit obligation pertaining to these plan members represented less than 10 percent of the Company's total benefit obligation.

All equity and debt securities have quoted prices in active markets. The defined benefit pension plans do not invest in the shares of the Company. The objective of the benefit plan asset allocation policy is to manage the funded status of the benefit plans at an appropriate level of risk, giving consideration to the security of the assets and the potential volatility of market returns. The long-term rate of return is targeted to exceed the return indicated by a benchmark portfolio by at least 1 percent annually. The CPC also pays attention to potential fluctuations in the benefit obligations. In the ideal case, benefit plan assets and obligations move in the same direction when interest rates change, creating a natural hedge against possible underfunding of the benefit plans.



The following presents the financial position of the Company's defined benefit pension plans and other postretirement benefits, which include the supplementary income plan and the postretirement plan for healthcare benefits:

	December 29 2024	December 31 2023
<u>Amounts recognized in the balance sheet</u>		
Employee benefit plan assets	11,405	12,209
Employee benefit plan liabilities	(4,774)	(6,362)
	<u>6,631</u>	<u>5,847</u>
<u>Funded status</u>		
Present value of funded obligations	(52,886)	(75,800)
Fair value of benefit plan assets	62,502	84,079
Status of funded obligations	9,616	8,279
Present value of unfunded obligations	(1,023)	(1,110)
Total funded status of obligations	8,593	7,169
Benefit plan assets not recognized due to pension plan asset ceiling limit	(1,962)	(1,322)
	<u>6,631</u>	<u>5,847</u>
<u>Change in benefit obligation</u>		
Benefit obligation, beginning of year	76,910	84,625
Current service cost	2,457	2,276
Finance expense	3,637	3,935
Remeasurement (gains) losses recognized in other comprehensive income	(2,942)	1,505
Benefits paid	(2,479)	(4,244)
Settlement	(20,392)	(12,450)
Foreign exchange (gain) loss	(3,282)	1,263
Benefit obligation, end of year	<u>53,909</u>	<u>76,910</u>
<u>Change in benefit plan assets</u>		
Fair value of benefit plan assets, beginning of year	84,079	88,444
Expected return on benefit plan assets	3,888	4,145
Remeasurement gains recognized in other comprehensive income	852	4,953
Employer contributions	1,210	2,315
Benefits paid	(2,479)	(4,244)
Settlement	(20,392)	(12,744)
Benefit plan administration cost paid from the plan assets recognized in income	(364)	(388)
Foreign exchange (loss) gain	(4,292)	1,598
Fair value of benefit plan assets, end of year	<u>62,502</u>	<u>84,079</u>
<u>Change in benefit plan assets not recognized due to pension plan asset ceiling limit</u>		
Balance, beginning of year	1,322	1,370
Remeasurement losses (gains) recognized in other comprehensive income	746	(82)
Foreign exchange (gain) loss	(106)	34
Balance, end of year	<u>1,962</u>	<u>1,322</u>
<u>Benefit plan obligation</u>		
The following represents the geographical breakdown of the benefit obligation:		
Canada	(30,743)	(53,317)
United States	(23,166)	(23,593)
	<u>(53,909)</u>	<u>(76,910)</u>
The following represents the membership status breakdown of the benefit obligation:		
Active members	(33,265)	(36,076)
Retired members	(17,310)	(36,907)
Deferred vested members	(2,864)	(3,415)
Other	(470)	(512)
	<u>(53,909)</u>	<u>(76,910)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 29 2024	December 31 2023
Benefit plan assets		
The following represents the weighted average allocation of benefit plan assets:		
<u>Asset category</u>		
Equity securities	55%	37%
Debt securities	40%	33%
Annuities	0%	26%
Cash	5%	4%
Total	<u>100%</u>	<u>100%</u>
Net benefit plan expense		
Current service cost	(2,457)	(2,276)
Settlement	-	(294)
Plan administration cost	(364)	(388)
	<u>(2,821)</u>	<u>(2,958)</u>
Net finance income	578	625
Net finance expense	(327)	(415)
	<u>(2,570)</u>	<u>(2,748)</u>
Actual return on benefit plan assets	<u>4,740</u>	<u>9,098</u>
Cumulative remeasurements recognized in other comprehensive income		
Cumulative amount, beginning of year	23,037	19,507
<u>Annual activity</u>		
Remeasurement of benefit obligation:		
Actuarial losses arising from changes in demographic assumptions	-	-
Actuarial gains (losses) arising from changes in financial assumptions	1,837	(3,073)
Actuarial gains arising from experience adjustments	1,105	1,568
	<u>2,942</u>	<u>(1,505)</u>
Remeasurement of benefit plan assets - actuarial gains arising from experience adjustments	852	4,953
Remeasurement of benefit plan assets not recognized due to pension plan asset ceiling limit	(746)	82
	<u>3,048</u>	<u>3,530</u>
Cumulative amount, end of year	<u>26,085</u>	<u>23,037</u>

Significant assumptions

The following weighted averages were used to value the benefit obligation:

	December 29 2024	December 31 2023
Discount rate	5.1%	4.9%
Rate of compensation increase	3.0%	3.0%

Assumptions regarding future mortality were based on the following mortality tables: Canada - CPM - RPP2014 private generational (2023 - CPM - RPP2014 private generational) and United States - RP2021 (2023 - RP2021).

At December 29, 2024, the weighted average duration of the benefit obligations was 11.9 years (2023 - 11.7 years).

Sensitivity analysis

The sensitivity analysis provided in the following table is hypothetical and should be used with caution. The sensitivities of each key assumption have been calculated independently of any changes in other key assumptions. Actual experience may result in changes in a number of key assumptions simultaneously. Changes in one factor may result in changes in another, which could amplify or reduce the impact of such assumptions.



At December 29, 2024, the present value of the benefit obligation was \$53,909. Based on changes to the definitive actuarial assumptions, the benefit obligation would have been as follows:

	Increase	Decrease
Discount rate - one percentage point	48,057	61,064
Future mortality - one year	55,087	52,740

20. Deferred tax assets and liabilities

The following are the components of the deferred tax assets and liabilities recognized by the Company:

	Assets		Liabilities		Net	
	December 29 2024	December 31 2023	December 29 2024	December 31 2023	December 29 2024	December 31 2023
Trade and other receivables	500	657	-	-	500	657
Inventories	9,760	7,122	-	-	9,760	7,122
Prepaid expenses	-	-	(117)	(146)	(117)	(146)
Derivative financial instruments	1,001	-	-	(181)	1,001	(181)
Property, plant and equipment	-	-	(75,697)	(68,573)	(75,697)	(68,573)
Intangible assets and goodwill	3	3	(2,918)	(2,514)	(2,915)	(2,511)
Employee benefit plans	1,300	1,553	(3,016)	(3,224)	(1,716)	(1,671)
Trade payables and other liabilities	8,014	5,645	(56)	(84)	7,958	5,561
Provisions and other long-term liabilities	4,227	2,980	-	-	4,227	2,980
Tax assets (liabilities)	24,805	17,960	(81,804)	(74,722)	(56,999)	(56,762)
Set off of tax	(24,805)	(17,960)	24,805	17,960	-	-
Net tax assets (liabilities)	-	-	(56,999)	(56,762)	(56,999)	(56,762)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Movement in deferred tax assets and liabilities:

	Opening Balance	Recognized In Income	Recognized In Equity	Ending Balance
2023				
Trade and other receivables	267	390	-	657
Inventories	5,658	1,464	-	7,122
Prepaid expenses	(194)	48	-	(146)
Derivative financial instruments	356	-	(537)	(181)
Property, plant and equipment	(70,098)	1,525	-	(68,573)
Intangible assets and goodwill	(2,382)	(129)	-	(2,511)
Employee benefit plans	(793)	20	(898)	(1,671)
Trade payables and other liabilities	3,719	1,842	-	5,561
Provisions and other long-term liabilities	2,819	161	-	2,980
	(60,648)	5,321	(1,435)	(56,762)

	Opening Balance	Recognized In Income	Recognized In Equity	Ending Balance
2024				
Trade and other receivables	657	(157)	-	500
Inventories	7,122	2,638	-	9,760
Prepaid expenses	(146)	29	-	(117)
Derivative financial instruments	(181)	-	1,182	1,001
Property, plant and equipment	(68,573)	(7,124)	-	(75,697)
Intangible assets and goodwill	(2,511)	(404)	-	(2,915)
Employee benefit plans	(1,671)	791	(836)	(1,716)
Trade payables and other liabilities	5,561	2,397	-	7,958
Provisions and other long-term liabilities	2,980	1,247	-	4,227
	(56,762)	(583)	346	(56,999)

Deferred tax assets have been recognized where it is probable that they will be recovered. In recognizing deferred tax assets, the Company has considered if it is probable that sufficient future income will be available to absorb temporary differences.

No deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries where the Company controls the timing of the reversal and it is probable that such temporary differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in domestic and foreign subsidiaries for which a deferred tax liability has not been recognized is \$865,563 (2023 - \$787,763). Temporary differences relating to unremitted earnings of foreign subsidiaries which would be subject to withholding and other taxes totalled \$696,298 (2023 - \$640,512).

21. Trade payables and other liabilities

	December 29 2024	December 31 2023
Trade payables	(64,037)	(48,927)
Current portion of lease liabilities (note 23)	(1,916)	(2,002)
Other current liabilities and accrued expenses	(186,181)	(38,430)
	(252,134)	(89,359)

22. Provisions and other long-term liabilities

	December 29 2024	December 31 2023
Provisions	(850)	(850)
Non-current portion of lease liabilities (note 23)	(15,931)	(11,835)
	(16,781)	(12,685)



23. Leases

Right-of-use assets

	December 29 2024
Opening balance, January 1, 2024	12,526
Additions	5,551
Depreciation	(1,760)
Closing balance, December 29, 2024	<u>16,317</u>

Lease liabilities

As lessee, the Company's leases are for office, manufacturing and outside warehousing facilities.

The following tables provide information about the timing of future lease payments:

	December 29 2024
Less than one year	(1,956)
One to five years	(9,641)
More than five years	(10,123)
Total contractual undiscounted lease liabilities	<u>(21,720)</u>

	December 29 2024
Current	(1,916)
Non-current	(15,931)
Total discounted lease liabilities	<u>(17,847)</u>

During 2024, total cash outflow for leases was \$2,639 (2023 - \$2,252), including \$575 for short-term leases (2023 - \$873). Expenses for leases of low-dollar value items were not material.

Extension options

Some leases of office and manufacturing facilities contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. At December 29, 2024, potential future lease payments not included in lease liabilities totalled \$4,494 on a discounted basis.

Lease income

Lease contracts in which the Company acts as a lessor are classified as operating leases because they do not transfer substantially all of the risks and rewards incidental to ownership of the assets. Lease income from these lease contracts during 2024 totalled \$1,428 (2023 - \$236).

24. Share-based payments:

Effective January 1, 2022, the Board of Directors established the Executive Enhanced Long-Term Deferred Income Benefits Plan (the "Plan"), whereby the Company grants to members of the Executive Committee ("EC Member") a number of restricted share units (RSUs), based on the EC Member's long-term incentive entitlement. There is no cost to the EC Member for the RSUs and the RSUs vest immediately. The Company pays to the EC Member the cash value of the RSUs based on the average closing share price over the last ten trading days preceding December 15 of the third year subsequent to the year the RSUs were granted. In the event of the termination of the EC Member's employment for any reason, the cash value of the RSUs shall be paid immediately to the EC Member or their personal representative, as the case may be, based on the closing share price on the date of termination. The cash value of a RSU is the market value of the common shares of the Company on the day prior to the date of payment. In addition, the Company is required to pay the EC Member an amount equal to the dividends paid on the common shares of the Company with respect to each RSU if, as and when, declared and paid.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Details of RSUs issued and outstanding during the current and prior year are as follows:

	2024	2023
Outstanding, beginning of year	31,243	4,543
Settled	-	-
Granted	33,474	26,700
Outstanding, end of year	<u>64,717</u>	<u>31,243</u>
Available for settlement, end of year	<u>-</u>	<u>-</u>

The 64,717 RSUs outstanding at the end of 2024 were granted at 33,474 RSUs for service rendered in 2024 and at 31,243 RSUs for service rendered in prior years.

The fair value of the RSUs at the grant date and each subsequent reporting date is based upon the market value of the Company's common shares.

The personnel expense recorded in the statement of income under the Plan was \$1,271 (2023 - \$807). No settlements occurred during 2024 or 2023. At December 29, 2024, the carrying value of the liability, as well as the intrinsic value of the vested liability in respect of the Plan, was \$2,166 (2023 - \$964).

25. Share capital and reserves

Share capital

The following table presents changes in the Company's share capital:

	Number of Common Shares	Amount
Opening balance, January 1, 2024	65,000,000	29,195
Repurchase of common shares	(2,854,126)	(1,460)
Closing balance, December 29, 2024	<u>62,145,874</u>	<u>27,735</u>

Repurchase of common shares during 2024 does not include the shares that may be repurchased subsequent to the end of the year under the automatic share purchase plan ("ASPP"), which is described below. However, the ending share capital balance reflects a reduction of \$178 related to the ASPP.

At December 29, 2024, the authorized voting common shares were unlimited (2023 - unlimited). The issued and fully paid voting common shares at December 29, 2024 were 62,145,874 (2023 - 65,000,000). The shares have no par value. The Company has no stock option plans in place.

Share Redemptions

On February 29, 2024, the Toronto Stock Exchange (the "TSX") accepted a notice filed by Winpak of its intention to make a normal course issuer bid (the "NCIB") with respect to its outstanding common shares. The notice provided that Winpak may, during the 12-month period commencing March 4, 2024 and ending no later than March 3, 2025, purchase through the facilities of the TSX and other alternative Canadian trading systems up to a maximum of 1,950,000 common shares in total, being 3.0 percent of the issued and outstanding shares of Winpak as of February 21, 2024. On October 17, 2024, the TSX accepted a notice filed by Winpak to amend the NCIB to a maximum of 3,250,000 common shares. The price which Winpak will pay for any common shares will be the market price at the time of acquisition. Daily purchases under the NCIB will be generally limited to 11,644 common shares, other than block purchases. All shares purchased will be canceled. In connection with the NCIB, Winpak has entered into an ASPP with CIBC World Markets Inc. to facilitate the purchase of common shares under the NCIB, including at times when Winpak would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed blackout periods.

During the year ended December 29, 2024, 2,854,126 common shares were repurchased under the NCIB program for cancellation at a weighted average price of CDN \$45.55 for aggregate consideration of CDN \$129,992 (US \$94,512) of which \$1,282 was recorded to share capital and the remaining \$93,230 was recorded to retained earnings.

At December 29, 2024, the Company recorded an obligation to repurchase common shares of \$13,727 under the ASPP in trade payables and other liabilities of which \$178 was recorded to share capital and the remaining \$13,549 was recorded to retained earnings. Subsequent to the year ended December 29, 2024, the Company repurchased an additional 395,874 common shares for cancellation as at the close of trading on February 26, 2025. The transactions were completed at a weighted average price of CDN \$45.93 for aggregate consideration of CDN \$18,182 (US \$12,609).

At December 29, 2024, the Company recorded an obligation totaling \$1,887 for a two percent Canadian federal tax on the net value of equity repurchased during the year. The liability was recognized within 'Trade payables and other liabilities' and the corresponding amount was recorded to retained earnings.

Reserves

Reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to the hedged transactions that have not yet occurred.



Dividends

During 2024, dividends in Canadian dollars of 16 cents per common share were declared (2023 - 12 cents). In addition, on December 12, 2024, the Company declared a special dividend in Canadian dollars of \$3.00 per common share, payable on January 10, 2025.

26. Earnings per share

	2024	2023
Net income attributable to equity holders of the Company	149,455	148,130
Weighted average shares outstanding (000's)	<u>63,614</u>	<u>65,000</u>
Basic and diluted earnings per share - cents	<u>235</u>	<u>228</u>

27. Financial instruments

The following sets out the classification and the carrying/fair value of financial instruments:

Assets (Liabilities)	Classification	Carrying / Fair Value
Cash and cash equivalents	Amortized cost	497,261
Trade and other receivables	Amortized cost	183,301
Trade and other receivables - factoring arrangements	FVOCI	36,900
	Total trade and other receivables	<u>220,201</u>
Trade payables and other liabilities	Amortized cost	(252,134)
Derivative financial instrument liabilities	Fair value - hedging instrument	(4,175)

The fair value of cash and cash equivalents, trade and other receivables, including trade and other receivables subject to factoring arrangements and classified as measured at FVOCI, trade payables and other liabilities approximate their carrying value because of the short-term maturity of these instruments. The fair value of foreign currency forward contracts, designated as cash flow hedges, has been determined by valuing those contracts to market against prevailing forward foreign exchange rates as at the year-end reporting date. The inputs used for fair value measurements, including their classification within the required three levels of the fair value hierarchy that prioritizes the inputs used for fair value measurement, are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - inputs that are not based on observable market data.

The following table presents the classification of financial instruments within the fair value hierarchy:

Financial Assets (Liabilities)	Level 1	Level 2	Level 3	Total
<u>At December 29, 2024</u>				
Foreign currency forward contracts - net	-	(4,175)	-	(4,175)
<u>At December 31, 2023</u>				
Foreign currency forward contracts - net	-	1,542	-	1,542

When the Company has a legally enforceable right to set off supplier rebates accounts receivable against supplier trade payables and intends to settle the amount on a net basis or simultaneously, the balance is presented as an offset within 'Trade payables and other liabilities' on the consolidated balance sheet. At December 29, 2024, the supplier rebate receivable balance that was offset was \$7,327 (2023 - \$8,769).

28. Commitments and guarantees

(a) Commitments

At December 29, 2024, the Company has commitments to purchase property, plant and equipment of \$41,777 (2023 - \$123,083).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Guarantees

Directors and officers

The Company and its subsidiaries have entered into indemnification agreements with their respective directors and officers to indemnify them, to the extent permitted by law, against any and all amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit, or any judicial, administrative or investigative proceeding involving the directors and officers. Indemnification claims will be subject to any statutory or other legal limitation period. The Company has purchased directors' and officers' liability insurance to mitigate losses from any such claims.

Leased real property

The Company and its subsidiaries enter into leases in the ordinary course of business for real property. In certain instances, the Company and its subsidiaries have indemnified the landlord from any obligations that may arise from any occurrences of personal bodily injury, loss of life and property damages. The Company's property and liability insurance coverage mitigates losses from any such claims.

Pension plan

The Company has indemnified the Manitoba Pension Commission from any and all claims that may be made by any beneficiary under a certain defined benefit pension plan. The indemnity relates to the transfer of a portion of the surplus in the respective pension plan to a non-contributory supplementary income plan.

Given the nature of the aforementioned indemnification agreements, the Company is unable to reasonably estimate its maximum potential liability under these agreements. The Company believes the likelihood of a material payment pursuant to these indemnification agreements is remote. No amounts have been recorded in the consolidated financial statements with respect to these indemnification agreements.

29. Financial risk management

In the normal course of business, the Company has risk exposures consisting primarily of foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. The Company manages its risks and risk exposures through a combination of derivative financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The Company does not purchase any derivative financial instruments for speculative purposes.

Financial risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

Foreign exchange risk

Translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in other (expenses) income. As a result of the Company's CDN dollar net asset monetary position as at December 29, 2024, a one-cent change in the year-end foreign exchange rate from 0.6935 to 0.6835 (CDN to US dollars) would have decreased net income by \$149 for 2024. Conversely, a one-cent change in the year-end foreign exchange rate from 0.6935 to 0.7035 (CDN to US dollars) would have increased net income by \$149 for 2024.

The Company's foreign exchange policy requires that between 50 and 80 percent of the Company's net requirement of CDN dollars for the ensuing 9 to 15 months will be hedged at all times with a combination of cash and cash equivalents and forward or zero-cost option foreign currency contracts. The Company may also enter into foreign currency forward contracts when equipment purchases, share repurchases and special dividend payments will be settled in other foreign currencies. Transactions are only conducted with certain approved 'AA' rated or higher Schedule 1 CDN financial institutions. All foreign currency contracts are designated as cash flow hedges of the highly probable CDN dollar expenditures. These derivatives meet the hedge effectiveness criteria as a result of the following factors:

- a) An economic relationship exists between the hedged item and the hedging instrument as notional amounts match and both the hedged item and hedging instrument fair values move in response to the same risk - foreign exchange rates. There are no significant reasons or causes for the designated hedged item and hedging instrument to be mismatched since the hedging instrument matures during the same month as the expected hedged expenditures are incurred. The correlation between the foreign exchange rate of the hedged item and the hedging instrument should be highly correlated and closely aligned as the maturity and the notional amount are the same.
- b) The hedge ratio is one to one for this hedging relationship as the hedged item is foreign currency risk that is hedged with a foreign currency hedging instrument.
- c) Credit risk is not material in the fair value of the hedging instrument.

The Company has identified two sources of potential ineffectiveness: a) the timing of cash flow differences between the expenditure and the related derivative and b) the inclusion of credit risk in the fair value of the derivative not replicated in the hedged item. The Company expects the impact of these sources of hedge ineffectiveness to be minimal. The timing of hedge settlements and incurred expenditures are closely aligned as they are expected to occur within 30 days of each other. Credit risk is not a material component of the fair value of the Company's hedging instruments as all counterparties are 'AA' rated or higher Schedule 1 CDN financial institutions.



Certain foreign currency forward contracts matured during the year and the Company realized pre-tax foreign exchange losses of \$1,260 (2023 losses - \$1,143). Of these foreign exchange differences, losses of \$780 (2023 losses - \$1,192) were recorded in other (expenses) income, losses of \$283 were recorded in property, plant and equipment (2023 gains - \$49), and losses of \$197 were recorded directly to equity (2023 - \$0).

As at December 29, 2024, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US \$79.7 million at an average exchange rate of 1.3553 maturing between January and December 2025. The fair value of these financial instruments was negative \$4,175 US and the corresponding unrealized loss has been recorded in other comprehensive income. In addition, as at December 29, 2024, the Company had a US to CDN dollar foreign currency forward contract outstanding with a notional amount of US \$102.4 million at an exchange rate of 1.4160 maturing in January 2025 to partially fund the special dividend declared on December 12, 2024 and payable on January 10, 2025. The Company did not recognize any ineffectiveness on the hedging instruments during 2024 or 2023.

Interest rate risk

The Company's interest rate risk arises from interest rate fluctuations on the finance income that it earns on its cash invested in money market accounts and short-term deposits. The Company developed and implemented an investment policy, which was approved by the Company's Board of Directors, with the primary objective to preserve capital, minimize risk and provide liquidity. Regarding the December 29, 2024 cash and cash equivalents balance of \$497.3 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by \$4,973 annually.

Commodity price risk

The Company's manufacturing costs are affected by the price of raw materials, namely petroleum-based and natural gas-based plastic resins and aluminum. In order to manage its risk, the Company has entered into selling price-indexing programs with certain customers. Changes in raw material prices for these customers are reflected in selling price adjustments but there is a slight time lag. For 2024, 75 percent (2023 - 76 percent) of revenue was generated from customers with selling price-indexing programs. For all other customers, the Company's preferred practice is to match raw material cost changes with selling price adjustments, albeit with a slight time lag. This matching is not always possible, as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets.

Credit risk

The Company is exposed to credit risk from its cash and cash equivalents held with banks and financial institutions, derivative financial instruments (foreign currency forward contracts), as well as credit exposure to customers, including outstanding trade and other receivable balances.

The following table details the maximum exposure to the Company's counterparty credit risk which represents the carrying value of the financial asset:

	December 29 2024	December 31 2023
Cash and cash equivalents	497,261	541,870
Trade and other receivables	220,201	207,355
Foreign currency forward contracts	-	1,542
	<u>717,462</u>	<u>750,767</u>

Credit risk on cash and cash equivalents and financial instruments arises in the event of non-performance by the counterparties when the Company is entitled to receive payment from the counterparty who fails to perform. The Company has established an investment policy to manage its cash. The policy requires that the Company manage its risk by investing its excess cash on hand on a short-term basis, up to a maximum of six months, with several financial institutions and/or governmental bodies that must be rated 'AA' or higher for CDN financial institutions and 'A-1' or higher for US financial institutions by recognized international credit rating agencies or insured 100 percent by the US government or a 'AAA' rated CDN federal or provincial government. The Company manages its counterparty risk on its financial instruments by only dealing with 'AA' rated or higher Schedule 1 CDN financial institutions.

In the normal course of business, the Company is exposed to credit risk on its trade and other receivables from customers. To mitigate such risk, the Company performs ongoing customer credit evaluations and assesses their credit quality by taking into account their financial position, past experience and other pertinent factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases insures trade receivable balances against credit losses.

During 2024, the Company incurred costs on the sale of trade receivables of \$4,065 (2023 - \$4,768). Of these costs, \$3,688 was recorded in finance expense (2023 - \$4,440) and \$377 was recorded in general and administrative expenses (2023 - \$328).

As at December 29, 2024, the Company believes that the credit risk for trade and other receivables is mitigated due to the following: (a) a broad customer base which is dispersed across varying market sectors and geographic locations, (b) 97 percent (2023 - 97 percent) of the gross trade and other receivables balance is within 30 days of the agreed upon payment terms with customers, (c) the sale of certain extended term trade receivables without recourse to a third party and (d) 26 percent (2023 - 30 percent) of the trade and other receivables balance is insured against credit losses. The Company's exposure to the ten largest customer balances, on aggregate, accounted for 46 percent (2023 - 47 percent) of the total trade and other receivables balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The carrying amount of trade and other receivables is reduced through the use of an allowance for expected credit losses and the amount of the loss is recognized in the statement of income within general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statement of income. During 2024, the Company recorded impairment losses on trade and other receivables of \$802 (2023 - \$663 impairment losses).

The following table sets out the aging details of the Company's trade and other receivables balances outstanding based on when the receivable was due and payable and related allowance for expected credit losses:

	December 29 2024	December 31 2023
Current (not past due)	192,326	183,819
1 - 30 days past due	23,295	18,639
31 - 60 days past due	3,265	3,970
More than 60 days past due	3,552	3,087
	<u>222,438</u>	<u>209,515</u>
Less: Allowance for expected credit losses	<u>(2,237)</u>	<u>(2,160)</u>
Total trade and other receivables, net	<u>220,201</u>	<u>207,355</u>

Liquidity risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come due. Management believes that the liquidity risk is low due to the strong financial condition of the Company. This risk assessment is based on the following: (a) cash and cash equivalents amounts of \$497.3 million, (b) no outstanding bank loans, (c) unused credit facilities comprised of unsecured operating lines of \$38 million, (d) the ability to obtain term-loan financing to fund an acquisition, if needed, (e) an informal investment grade credit rating and (f) the Company's ability to generate positive cash flows from ongoing operations. Management believes that in 2025 all working capital requirements, capital expenditures, payment of lease liabilities, share repurchases and dividend payments can be financed from cash and cash equivalents, cash provided by operating activities and unused credit facilities. The Company's trade payables and other liabilities and derivative financial instrument liabilities are all due within twelve months.

Capital management

The Company's objectives in managing capital are to ensure the Company will continue as a going concern and have sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to deploy capital to provide an appropriate return on investment to its shareholders. In the management of capital, the Company includes bank overdrafts, bank loans and shareholders' equity. The Board of Directors has established quantitative return on capital criteria for management and year-over-year sustainable earnings growth targets. The Board of Directors also reviews, on a regular basis, the appropriate level of capital to return to the Company's shareholders.

The Company has externally imposed capital requirements as governed through its bank operating line credit facilities. The Company monitors capital on the basis of funded debt to EBITDA (income before interest, income taxes, depreciation and amortization) and debt service coverage. Funded debt is defined as the sum of bank loans and bank overdrafts less cash and cash equivalents. The funded debt to EBITDA is calculated as funded debt, as at the financial reporting date, over the 12-month rolling EBITDA. This ratio is to be maintained under 3.00:1. Debt service coverage is calculated as a 12-month rolling income from operations over debt service. Debt service is calculated as the sum of one-sixth of bank loans outstanding plus annualized finance expense and dividends. This ratio is to be maintained over 1.50:1. No debt was outstanding as of December 29, 2024.

There were no changes in the Company's approach to capital management during 2024.

30. Contingencies

In the normal course of business activities, the Company may be subject to various legal actions. Management contests these actions and believes resolution of the actions will not have a material adverse impact on the Company's financial condition.

31. Related party transactions

The Company had purchases of \$22,432 (2023 - \$15,603) and commission income of \$1,289 (2023 - \$950) with its majority shareholder company. Trade and other receivables and trade payables and other liabilities include amounts of \$241 (2023 - \$210) and \$74,383 (2023 - \$3,373) respectively with the majority shareholder company. These transactions were completed at market values with normal payment terms.



Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Executive Committee are key management personnel. The following table details the compensation earned by these key management personnel:

	2024	2023
Salaries, fees and short-term benefits	(5,445)	(3,933)
Post-employment benefits	(327)	(254)
Share-based payments	(1,271)	(807)
	<u>(7,043)</u>	<u>(4,994)</u>

No loans were advanced to key management personnel during the year.

The aggregate remuneration earned by the Board of Directors in 2024 was \$1,111 (2023 - \$1,119). As a group, the Board of Directors hold, directly or indirectly, 55.1 percent (2023 - 52.7 percent) of the outstanding shares of the Company. The members of the Executive Committee hold, directly or indirectly, 0.0 percent (2023 - 0.0 percent) of the outstanding shares of the Company.

32. Subsequent event

On February 1, 2025, the President of the United States issued three executive orders directing the United States to impose new tariffs on imports originating from Canada, Mexico and China. These orders call for an additional 25 percent tariff on imports into the United States of Canadian-origin and Mexican-origin products and 10 percent tariff on Chinese-origin products, except for Canadian energy resources that are subject to an additional 10 percent tariff. In addition, executive orders were issued on February 10 and 11, 2025, revising previous executive orders that had imposed, starting in March 2018, a 25 percent tariff on imports of steel products and a 10 percent tariff on imports of aluminum products. All imports of steel and aluminum products into the United States will now be subject to a 25 percent tariff and countries, including Canada, will no longer be eligible for certain exemptions from these tariffs.

The Company is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impact could be material.

CORPORATE INFORMATION

Annual Meeting

The Annual Meeting of Shareholders will be held as a hybrid meeting via audio/video webcast and in person at The Fort Garry Hotel, Winnipeg, Canada on Thursday, May 15, 2025 at 3:00 p.m. (CDT)
Meeting link: <https://meetnow.global/MWMF7NK>

Listing

Winpak Ltd. shares are listed WPK on the Toronto Stock Exchange

Transfer Agent

Computershare Investor Services Inc.

Annual Information Form

The most recent version of the Annual Information Form for Winpak Ltd. is available on Winpak's website: www.winpak.com

Board of Directors

Chairman, *A.I. Aarnio-Wihuri* (2), Kaarina, Finland; Chairman, Wihuri International Oy
M.H. Aarnio-Wihuri (2), Kaarina, Finland; Deputy CEO, Wihuri International Oy
R.J. Aarnio-Wihuri (2), Kaarina, Finland; Chief Development Officer, Wihuri International Oy
B.J. Berry (2), Winnipeg, Canada
K.P. Kuchma (1), Winnipeg, Canada
D. Spiring (1), Winnipeg, Canada
M.H. Yrjönmäki (1), Helsinki, Finland; Vice President and Chief Financial Officer, Wihuri International Oy
(1) *Member of the Audit Committee*
(2) *Member of the Corporate Governance, Sustainability, Compensation and Nomination Committee*

Executive Committee

The Executive Committee, in consultation with the Board of Directors, establishes the objectives and the long-term direction of the Company. The Committee meets regularly throughout the year to review progress towards achievement of the Company's goals and to implement policies and procedures directed at optimizing performance.

M. Bilgen, Vice President, Technology and Innovation, Winpak Ltd.
J.C. Holland, President, Winpak Division, a division of Winpak Ltd. and President, Winpak Films Inc.
O.Y. Muggli, President and Chief Executive Officer, Winpak Ltd.
R.M. Roberts, President, Winpak Portion Packaging, President, Winpak Heat Seal and President, Winpak Lane, Inc.
S.M. Taylor, Vice President and Chief Financial Officer, Winpak Ltd.
R.J. Troutman, Chief of Operational Excellence, Winpak Ltd.
R.W. Zasitko, Vice President, Supply Chain and Procurement, Winpak Ltd.

Auditor

KPMG LLP, Winnipeg, Canada

Legal Counsel

Thompson Dorfman Sweatman LLP, Winnipeg, Canada
Bond Schoeneck & King PLLC, Buffalo, U.S.A.



Winpak Ltd. Corporate Office, 100 Saulteaux Crescent, Winnipeg, MB, Canada, R3J 3T3

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W | WINPAK

IT'S OUR NATURE TO PROTECT™