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NEWS RELEASE

Winpak Reports 2022 Fourth Quarter Results

Winnipeg, Manitoba, February 28, 2023 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the fourth quarter of 2022, which ended on December 25, 2022.

	Quarter Ended		Year Ended	
	December 25 2022	December 26 2021	December 25 2022	December 26 2021
(thousands of US dollars, except per share amounts)				
Revenue	292,365	279,053	1,181,133	1,001,994
Net income	30,838	30,317	128,225	106,348
Income tax expense	11,240	10,846	45,861	35,265
Net finance (income) expense	(1,790)	210	(1,802)	825
Depreciation and amortization	11,918	11,640	47,699	45,383
EBITDA (1)	52,206	53,013	219,983	187,821
Net income attributable to equity holders of the Company	31,235	30,031	128,343	103,808
Net (loss) income attributable to non-controlling interests	(397)	286	(118)	2,540
Net income	30,838	30,317	128,225	106,348
Basic and diluted earnings per share (cents)	48	46	197	160

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

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

Management's Discussion and Analysis (presented in US dollars)

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

Financial Performance

Net income attributable to equity holders of the Company for the fourth quarter of 2022 amounted to $31.2 million or 48 cents in earnings per share (EPS), surpassing the 2021 corresponding result of $30.0 million or 46 cents per share by 4.0 percent. The improvement in gross profit was the main factor and positively impacted EPS by 6.0 cents. Net finance income and foreign exchange added 2.5 cents and 1.5 cents, respectively, to EPS. The level of net income attributable to non-controlling interests augmented EPS by a further 1.0 cent. Conversely, operating expenses lessened EPS by 7.0 cents. In addition, lower sales volumes caused EPS to decline by 2.0 cents.

For the year ended December 25, 2022, net income attributable to equity holders of the Company of $128.3 million or $1.97 per share, representing the highest level in Winpak's history, advanced from the prior year's income of $103.8 million or $1.60 per share by 23.6 percent. Gross profit propelled EPS forward by 62.5 cents. Net finance income elevated EPS by 3.0 cents and the level of net income attributable to non-controlling interests raised EPS by an additional 4.0 cents. Modestly higher sales volumes benefitted EPS by 1.0 cent. Operating expenses had the opposite effect, dampening EPS by 26.5 cents. Foreign exchange and income taxes each lowered EPS by 3.5 cents.

Operating Segments and Product Groups

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

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

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

Revenue

Revenue in the fourth quarter of 2022 was $292.4 million, surpassing the prior year level of $279.1 million by 4.8 percent. Volumes contracted by 4.3 percent. The flexible packaging operating segment recorded a reduction in volumes of 1 percent. The modified atmosphere packaging product group realized modest volume growth following the healthy demand for retail meat and cheese products. For the biaxially oriented nylon product group, volumes declined sharply as most customers unwound the exceptional inventory levels that were previously established to combat the unstable supply chain environment. Within the rigid packaging and flexible lidding operating segment, volumes retreated by 7 percent. Rigid container volumes decreased by 10 percent due to lower condiment container activity, which was exceptionally strong in the fourth quarter of 2021. For the lidding product group, the availability of labor continued to constrain manufacturing output and volumes declined by 5 percent as a result. Packaging machinery volumes declined in the quarter as customers temporarily scaled back on capital purchases with the uncertainty prevailing in the current economic environment. Selling price and mix changes had a notable positive effect on revenue of 9.8 percent, which was largely due to the magnitude of raw material pass-through adjustments to customer selling prices. Foreign exchange had a minor negative influence on revenue.

For 2022, revenue reached an all-time high of $1,181.1 million, growing by 17.9 percent from the 2021 level of $1,002.0 million. Volumes were virtually unchanged, advancing by 0.6 percent. Within the flexible packaging operating segment, volume gains amounted to 4 percent. Growth for the modified atmosphere packaging product group reached 11 percent, fueled by the frozen food packaging business as well as heightened demand for protein and cheese packaging, particularly for customers that supply retail food industries. Conversely, specialty film volumes retreated because of customer loss and the strategic exit from certain low-margin business. Biaxially oriented nylon volumes fell significantly as several key customers altered their order patterns in response to the excess inventory they had accumulated in the prior year as a means to counteract the severe supply chain challenges. The rigid packaging and flexible lidding operating segment volumes receded by 3 percent. For the rigid container product group, lower condiment and specialty beverage shipments caused volumes to decline by 5 percent. The lidding product group experienced a shortage of manufacturing labor throughout 2022, limiting productive capacity. Additionally, severe aluminum foil procurement obstacles prevailed during the first quarter of 2022. Consequently, volumes contracted by 3 percent. Stemming from the nutraceutical packaging business secured during 2021, sizeable volume growth was generated by the specialized printed packaging group. Packaging machinery volumes were essentially equal to the prior year. Selling price and mix changes had a large favorable effect on revenue of 17.6 percent as the substantial overall rise in raw material and other costs over the past 18 months generated much higher selling prices to customers. Foreign exchange had virtually no effect on revenue.

Gross Profit Margins

Gross profit margins of 27.2 percent of revenue in the fourth quarter of 2022 fell slightly from the 27.6 percent recorded in the same quarter of 2021. In dollar terms, gross profit improved by 3.4 percent from the fourth quarter of 2021 even though sales volumes contracted over the same time horizon. Accordingly, EPS was augmented by 6.0 cents. The magnitude of selling price increases significantly outpaced the corresponding rise in raw material costs. This divergence elevated EPS by 18.5 cents. This was a function of both sales mix and the sequence of inflationary selling price adjustments that have been implemented over the past 15 months. In terms of operating leverage, manufacturing costs increased by more than 10 percent while sales volumes narrowed, lowering EPS by 12.5 cents.

For the current year, gross profit margins of 28.1 percent of revenue exceeded the 2021 level of 27.4 percent. More importantly, gross profit surged by 20.9 percent from $274.4 million to $331.8 million over the same time period while sales volumes expanded by only 0.6 percent. A sizeable increase in EPS of 62.5 cents took place as a result. Selling prices rose to a much larger extent than raw material costs, which included significant aluminum foil transportation costs, raising EPS by 94.0 cents. During 2021, on account of the inherent delay prescribed within formal customer price indexing programs, raw material costs escalated much greater than the related selling price adjustments. The opposite dynamic took place in 2022. Additionally, since the final quarter of 2021, a series of inflationary selling price increases have been enacted to combat the growth in operating expenses. Compared to 2021, the rate of acceleration of fixed manufacturing overheads exceeded the muted rate of sales volume growth, tempering EPS by 31.5 cents.

The raw material purchase price index declined by 9 percent from the third quarter of 2022. Since the start of 2022, the index receded by 5 percent. During the fourth quarter, polypropylene resin experienced a considerable decrease of 27 percent. Additionally, aluminum foil and nylon and polyethylene resins each realized decreases ranging between 8 and 10 percent.

Expenses and Other

Operating expenses in the fourth quarter of 2022, adjusted for foreign exchange, expanded by 13.9 percent relative to the drop in sales volumes and consequently, lowered EPS by 7.0 cents. Personnel costs, as well as freight and distribution expenses, were the leading factors. Also influential were the significant, non-recurring credit loss recoveries on trade and other receivables recorded in the fourth quarter of 2021. Foreign exchange benefitted EPS by 1.5 cents in the quarter with the overriding component being the weakened value of the Canadian dollar that was employed to translate transactions in that currency into US dollars. The cash invested in money market accounts and short-term deposits was at much higher rates of interest in the quarter. Thus, net finance income elevated EPS by 2.5 cents. The proportion of net earnings attributable to non-controlling interests added 1.0 cent to EPS.

For the 2022 fiscal year, operating expenses, adjusted for foreign exchange, advanced at a rate of 18.2 percent in comparison to the 0.6 percent expansion in sales volumes, subtracting 26.5 cents from EPS. Heightened freight and distribution costs, in combination with higher personnel and expected credit loss expenses, were the key variables leading to the rise in operating expenses. Furthermore, pre-production costs, which related mainly to the commercialization of the new biaxially oriented polyamide (BOPA) line, were significant. Overall, foreign exchange reduced EPS by 3.5 cents. Significantly higher negative translation differences were recorded on the revaluation of Canadian dollar monetary assets and liabilities in the current year. Additionally, losses were realized on foreign exchange contracts in 2022 in contrast to the gains that were recorded in 2021. These occurrences were only partially mitigated by the Company's Canadian dollar transactions being translated at a more advantageous average exchange rate in 2022. The effective income tax rate advanced by 1.4 percentage points, subtracting 3.5 cents from EPS. Due to the substantial increase in the rates of interest earned on the Company's cash and cash equivalent amounts throughout 2022, net finance income boosted EPS by 3.0 cents. Lastly, the level of net income attributable to non-controlling interests enhanced EPS by 4.0 cents.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the current year at $398.7 million, an increase of $21.5 million from the end of the third quarter. Winpak continued to generate strong cash flows from operating activities before changes in working capital of $52.4 million. Cash was consumed by net working capital additions of $8.3 million. Inventories grew by $7.4 million as sales volumes did not reach the anticipated level. Trade payables declined by $7.9 million, reflecting the timing of supplier payments. Cash was utilized for plant and equipment additions of $13.8 million, income tax payments of $8.6 million, dividend payments of $1.4 million and other items totaling $0.5 million while net finance income provided cash of $1.7 million.

For the year, the cash and cash equivalents balance ascended by $21.2 million, led by the exceptional cash flow generated from operating activities before changes in working capital of $221.2 million. The net investment in working capital amounted to $116.4 million. Inventory balances climbed by $101.1 million mainly as a result of the substantial increase in aluminum foil inventories and to a lesser extent, due to the offering of customer inventory programs to help mitigate the unprecedented supply chain challenges. Trade and other receivables expanded by $26.2 million following the growth in revenue in the final quarter of the year relative to the fourth quarter of 2021. Largely due to higher inventory balances, trade payables and other liabilities advanced by $10.6 million. Property, plant and equipment additions were $49.1 million. The Company acquired land and building adjacent to the Winnipeg, Manitoba modified atmosphere packaging facility to accommodate future expansion endeavors and to reduce the reliance on outside warehousing. Furthermore, new conversion capacity was added to the modified atmosphere packaging plant and the next phase of the injection molded container initiative at the Sauk Village, Illinois rigid container site commenced. Other uses of cash included: income tax payments of $26.8 million, dividend payments of $6.0 million and other items amounting to $3.2 million. Net finance income produced incremental cash of $1.5 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	292,365	302,532	310,254	275,982	279,053	254,166	243,969	224,806
Net income attributable to equity holders of the Company	31,235	29,567	33,671	33,870	30,031	20,762	28,520	24,495
EPS	48	45	52	52	46	32	44	38

Looking Forward

Winpak is currently well positioned to build upon the record-setting revenue and profitability levels achieved in 2022 in both the upcoming year and over the long-term.

Central banks raised interest rates aggressively during 2022 and by the fourth quarter, the rate of inflation declined from the peak experienced earlier in the year. Throughout 2023, it is forecast that the rate of inflation will decline considerably. This expectation, in addition to the continued easing of global supply chain disruptions, the resilience of consumer consumption in the United States and the favorable shift in COVID-19 policies in China, has improved the economic outlook for the upcoming year in relation to projections made in the final two quarters of 2022.

As new production capacity becomes available in 2023, business gains will be sought by the modified atmosphere packaging, biaxially oriented nylon and rigid container product groups. Additionally, both the rigid container and flexible lidding product groups will benefit from gains in retort pet food and snack food activity. New nutraceutical and pharmaceutical business has been awarded to the specialized printed packaging product group. Overall, the challenges faced in 2022 regarding supply chain and availability of labor will persist again in 2023 but are expected to moderate. On the other hand, indications are that customers will continue to significantly reduce the abnormally high level of inventories that was built up in the preceding year, reducing demand for the Company's products. This headwind is projected to have a more profound influence on the first half of 2023. Taking the above factors into account, Winpak expects sales volume growth in 2023 to moderately outpace the 0.6 percent increase achieved in 2022.

After experiencing tremendous volatility in 2021, and to a lesser extent in 2022, current market views are for raw material costs to be relatively stable throughout the upcoming year in relation to the prices in effect at the start of 2023. Falling energy prices and weaker economic conditions are putting downward pressure on raw material costs. In response, suppliers have curtailed supply in order to maintain the current pricing levels to the extent possible. During the first half of 2023, Winpak should benefit from the notable drop in raw material costs that took place in the fourth quarter of 2022 as the pass-through of these declines to customers with selling price indexing agreements are estimated to be delayed by an average of four months. Although inflationary forces have begun to abate, the rate of inflation is still well above historical norms. In addition, the limited availability of labor resources will put further pressure on the Company's cost structure. Rising costs will likely dampen profitability as the ability to implement additional selling price increases will be limited given the large cumulative adjustments already put into effect over the past two years.

Capital spending for the upcoming year is anticipated to be significantly higher than the 2022 level and is forecast to be in the range of $80 to $90 million. Extensive pre-production activities relating to the installation of the new BOPA line in Winnipeg, Manitoba were undertaken during 2022 and it is currently projected that the line will be fully operational by the fourth quarter of 2023. In the second half of 2023, new co-extrusion modified atmosphere packaging and injection molded rigid container capacity will become available and contribute favorably to the Company's growth aspirations, including the strategy to enter adjacent product markets. At two of its main production facilities, Winpak is also poised to undertake sizeable building expansions and acquire additional extrusion capacity. As a complement to this robust, internal capital spending plan, acquisition candidates will be considered and evaluated when they align strategically with the Company's strengths in sophisticated packaging for food, beverage and healthcare applications and provide a satisfactory economic return for shareholders.

Accounting Changes - Accounting Standards Implemented in 2022

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

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

Accounting Changes - Future Changes to Accounting Standards

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

(b) 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 are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2024.

Controls and Procedures

Disclosure Controls
Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of December 25, 2022 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal Controls Over Financial Reporting
Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Management used the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) as the control framework in designing its internal controls over financial reporting. Based on management's design of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of December 25, 2022 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 25, 2022, there have been no changes to the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Winpak Ltd.
Interim Condensed Consolidated Financial Statements
Fourth Quarter Ended: December 25, 2022

These interim condensed consolidated financial statements have not been audited or reviewed by the Company's independent external auditors, KPMG LLP.

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

	Note	December 25 2022	December 26 2021
Assets			
Current assets:			
Cash and cash equivalents		398,673	377,461
Trade and other receivables	14	204,040	177,382
Income taxes receivable		3,573	9,825
Inventories	8	288,118	187,058
Prepaid expenses		5,602	6,702
		900,006	758,428
Non-current assets:			
Property, plant and equipment	9	518,590	515,247
Intangible assets and goodwill		33,110	34,472
Employee benefit plan assets		10,783	13,547
		562,483	563,266
Total assets		1,462,489	1,321,694
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities		102,382	91,717
Contract liabilities		2,621	3,503
Income taxes payable		18,393	1,102
Derivative financial instruments		1,328	715
		124,724	97,037
Non-current liabilities:			
Employee benefit plan liabilities		8,334	9,837
Deferred income		17,946	17,685
Provisions and other long-term liabilities		12,062	13,029
Deferred tax liabilities		60,648	68,367
		98,990	108,918
Total liabilities		223,714	205,955
Equity:			
Share capital		29,195	29,195
Reserves		(972)	(524)
Retained earnings		1,174,551	1,050,949
Total equity attributable to equity holders of the Company		1,202,774	1,079,620
Non-controlling interests		36,001	36,119
Total equity		1,238,775	1,115,739
Total equity and liabilities		1,462,489	1,321,694

See accompanying notes to condensed consolidated financial statements.

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

	Note	Quarter Ended December 25 2022	Quarter Ended December 26 2021	Year Ended December 25 2022	Year Ended December 26 2021
Revenue	6	292,365	279,053	1,181,133	1,001,994
Cost of sales		(212,866)	(202,158)	(849,369)	(727,546)
Gross profit		79,499	76,895	331,764	274,448
Sales, marketing and distribution expenses		(23,210)	(22,704)	(95,378)	(83,848)
General and administrative expenses		(10,010)	(7,538)	(38,783)	(31,556)
Research and technical expenses		(5,119)	(4,701)	(18,249)	(17,831)
Pre-production expenses		(486)	(43)	(3,401)	(43)
Other (expenses) income	7	(386)	(536)	(3,669)	1,268
Income from operations		40,288	41,373	172,284	142,438
Finance income		3,612	187	6,414	913
Finance expense		(1,822)	(397)	(4,612)	(1,738)
Income before income taxes		42,078	41,163	174,086	141,613
Income tax expense		(11,240)	(10,846)	(45,861)	(35,265)
Net income for the period		30,838	30,317	128,225	106,348
Attributable to:					
Equity holders of the Company		31,235	30,031	128,343	103,808
Non-controlling interests		(397)	286	(118)	2,540
		30,838	30,317	128,225	106,348
Basic and diluted earnings per share - cents	12	48	46	197	160

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

	Note	Quarter Ended December 25 2022	Quarter Ended December 26 2021	Year Ended December 25 2022	Year Ended December 26 2021
Net income for the period		30,838	30,317	128,225	106,348
<u>Items that will not be reclassified to the statements of income:</u>					
Cash flow hedge losses recognized		-	-	-	(867)
Employee benefit plan remeasurements		1,578	12,727	1,578	12,727
Income tax effect		(372)	(3,419)	(372)	(3,419)
		1,206	9,308	1,206	8,441
<u>Items that are or may be reclassified subsequently to the statements of income:</u>					
Cash flow hedge losses recognized		(24)	(384)	(1,703)	(102)
Cash flow hedge losses (gains) transferred to the statements of income	7	549	(136)	1,090	(1,751)
Income tax effect		(140)	139	165	495
		385	(381)	(448)	(1,358)
Other comprehensive income for the period - net of income tax		1,591	8,927	758	7,083
Comprehensive income for the period		32,429	39,244	128,983	113,431
Attributable to:					
Equity holders of the Company		32,826	38,958	129,101	110,891
Non-controlling interests		(397)	286	(118)	2,540
		32,429	39,244	128,983	113,431

See accompanying notes to condensed consolidated financial statements.

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

		Attributable to equity holders of the Company					
	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at December 28, 2020		29,195	834	1,103,435	1,133,464	33,579	1,167,043
Comprehensive (loss) income for the year							
Cash flow hedge losses, net of tax		-	(75)	(867)	(942)	-	(942)
Cash flow hedge gains transferred to the statements of income, net of tax		-	(1,283)	-	(1,283)	-	(1,283)
Employee benefit plan remeasurements, net of tax		-	-	9,308	9,308	-	9,308
Other comprehensive (loss) income		-	(1,358)	8,441	7,083	-	7,083
Net income for the year		-	-	103,808	103,808	2,540	106,348
Comprehensive (loss) income for the year		-	(1,358)	112,249	110,891	2,540	113,431
Dividends	11	-	-	(164,735)	(164,735)	-	(164,735)
Balance at December 26, 2021		29,195	(524)	1,050,949	1,079,620	36,119	1,115,739
Balance at December 27, 2021		29,195	(524)	1,050,949	1,079,620	36,119	1,115,739
Comprehensive (loss) income for the year							
Cash flow hedge losses, net of tax		-	(1,247)	-	(1,247)	-	(1,247)
Cash flow hedge losses transferred to the statements of income, net of tax		-	799	-	799	-	799
Employee benefit plan remeasurements, net of tax		-	-	1,206	1,206	-	1,206
Other comprehensive (loss) income		-	(448)	1,206	758	-	758
Net income (loss) for the year		-	-	128,343	128,343	(118)	128,225
Comprehensive (loss) income for the year		-	(448)	129,549	129,101	(118)	128,983
Dividends	11	-	-	(5,947)	(5,947)	-	(5,947)
Balance at December 25, 2022		29,195	(972)	1,174,551	1,202,774	36,001	1,238,775

See accompanying notes to condensed consolidated financial statements.

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

	Note	Quarter Ended December 25 2022	Quarter Ended December 26 2021	Year Ended December 25 2022	Year Ended December 26 2021
Cash provided by (used in):					
Operating activities:					
Net income for the period		30,838	30,317	128,225	106,348
Items not involving cash:					
Depreciation		11,897	11,598	47,688	45,604
Amortization - deferred income		(404)	(372)	(1,687)	(1,881)
Amortization - intangible assets		425	414	1,698	1,660
Employee defined benefit plan expenses		908	1,041	4,233	4,533
Net finance (income) expense		(1,790)	210	(1,802)	825
Income tax expense		11,240	10,846	45,861	35,265
Other		(686)	(3,154)	(3,046)	(6,352)
Cash flow from operating activities before the following		52,428	50,900	221,170	186,002
Change in working capital:					
Trade and other receivables		2,674	(15,009)	(26,180)	(41,976)
Inventories		(7,361)	(13,724)	(101,060)	(51,429)
Prepaid expenses		1,830	337	1,100	(3,574)
Trade payables and other liabilities		(7,854)	15,485	10,589	27,056
Contract liabilities		2,461	1,024	(882)	1,728
Employee defined benefit plan contributions		(237)	(29)	(1,912)	(1,074)
Income tax paid		(8,589)	(2,356)	(26,794)	(19,069)
Interest received		3,410	151	5,848	791
Interest paid		(1,736)	(350)	(4,310)	(1,400)
Net cash from operating activities		37,026	36,429	77,569	97,055
Investing activities:					
Acquisition of property, plant and equipment - net		(13,833)	(9,446)	(49,125)	(48,291)
Acquisition of intangible assets		(83)	(64)	(336)	(245)
		(13,916)	(9,510)	(49,461)	(48,536)
Financing activities:					
Payment of lease liabilities		(215)	(208)	(862)	(807)
Dividends paid	11	(1,437)	(1,542)	(6,034)	(165,597)
		(1,652)	(1,750)	(6,896)	(166,404)
Change in cash and cash equivalents		21,458	25,169	21,212	(117,885)
Cash and cash equivalents, beginning of period		377,215	352,292	377,461	495,346
Cash and cash equivalents, end of period		398,673	377,461	398,673	377,461

See accompanying notes to condensed consolidated financial statements.

1. General

Winpak Ltd. (the "Company" or "Winpak") 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.

2. Basis of Presentation

Statement of compliance
The unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The unaudited interim condensed consolidated financial statements are in compliance with IAS 34. Accordingly, certain information and note disclosures normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 26, 2021, which are included in the Company's 2021 Annual Report.

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 2022 and 2021 fiscal years are both comprised of 52 weeks and each quarter of 2022 and 2021 are comprised of 13 weeks.

The unaudited interim condensed consolidated financial statements were approved by the Board of Directors on February 28, 2023.

3. Accounting Standards Implemented in 2022

The following accounting standards came into effect commencing in the Company's 2022 fiscal year:

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

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

4. Future Accounting Standards

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

(b) 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 are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2024.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

5. 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 6 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 25 2022	December 26 2021
United States	249,075	258,001
Canada	284,019	272,552
Mexico	18,606	19,166
	551,700	549,719

6. Revenue

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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

Disaggregation of Revenue

	Quarter Ended		Year Ended	
	December 25 2022	December 26 2021	December 25 2022	December 26 2021
Operating segment				
Flexible packaging	159,590	147,082	640,209	519,798
Rigid packaging and flexible lidding	127,665	124,544	510,425	451,729
Packaging machinery	5,110	7,427	30,499	30,467
	292,365	279,053	1,181,133	1,001,994
Geographic segment				
United States	233,345	225,002	950,073	806,232
Canada	39,300	36,212	152,173	126,765
Mexico and other	19,720	17,839	78,887	68,997
	292,365	279,053	1,181,133	1,001,994

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 2022 and 2021. Other markets include medical, pharmaceutical, nutraceutical, personal care, industrial and other consumer goods.

7. Other (Expenses) Income

	Quarter Ended		Year Ended	
Amounts shown on a net basis	December 25 2022	December 26 2021	December 25 2022	December 26 2021
Foreign exchange gains (losses)	163	(672)	(2,579)	(483)
Cash flow hedge (losses) gains transferred from other comprehensive income	(549)	136	(1,090)	1,751
	(386)	(536)	(3,669)	1,268

8. Inventories

	December 25 2022	December 26 2021
Raw materials	128,371	65,065
Work-in-process	46,022	32,435
Finished goods	97,163	74,834
Spare parts	16,562	14,724
	288,118	187,058

During the fourth quarter of 2022, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $4,458 (2021 - $1,623) and reversals of previously written-down items of $453 (2021 - $397). During 2022, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $11,760 (2021 - $6,392) and reversals of previously written-down items of $2,279 (2021 - $2,666).

9. Property, Plant and Equipment

At December 25, 2022, the Company has commitments to purchase plant and equipment of $31,061 (December 26, 2021 - $15,769). No impairment losses or impairment reversals were recognized during 2022 and 2021.

10. Leases

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 25, 2022, potential future lease payments not included in lease liabilities totalled $4,396 on a discounted basis.

11. Dividends

During the fourth quarter of 2022, dividends in Canadian dollars of 3 cents per common share were declared (2021 - 3 cents) and during 2022, 12 cents per common share were declared (2021 - 12 cents). In addition, the Company paid a special dividend in Canadian dollars of $3.00 per common share on July 9, 2021.

12. Earnings Per Share

	Quarter Ended		Year Ended	
	December 25 2022	December 26 2021	December 25 2022	December 26 2021
Net income attributable to equity holders of the Company	31,235	30,031	128,343	103,808
Weighted average shares outstanding (000's)	65,000	65,000	65,000	65,000
Basic and diluted earnings per share - cents	48	46	197	160

13. Financial Instruments

The Company measures assets and liabilities under the following fair value hierarchy in accordance with IFRS. 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 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 fair value through other comprehensive income (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 reporting date.

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

Financial Assets (Liabilities)	Level 1	Level 2	Level 3	Total
At December 25, 2022		(1,328)		(1,328)
Foreign currency forward contracts - net	-		-	
At December 26, 2021				
Foreign currency forward contracts - net	-	(715)	-	(715)

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 25, 2022, the supplier rebate receivable balance that was offset was $7,002 (December 26, 2021 - $6,972).

14. 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, liquidity risk, and credit 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 25, 2022, a one-cent change in the period-end foreign exchange rate from 0.7356 to 0.7256 (CDN to US dollars) would have decreased net income by $42 for the fourth quarter of 2022. Conversely, a one-cent change in the period-end foreign exchange rate from 0.7356 to 0.7456 (CDN to US dollars) would have increased net income by $42 for the fourth quarter of 2022.

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 and special dividend payments will be settled in 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 contracts matured during the fourth quarter of 2022 and the Company realized pre-tax foreign exchange losses of $549 (year-to-date losses - $1,090) which were recorded in other (expenses) income. During the fourth quarter of 2021, the Company realized pre-tax foreign exchange gains of $136 (year-to-date gains - $884) of which gains of $136 were recorded in other (expenses) income (year-to-date gains - $1,751) and $0 was recorded directly to equity (year-to-date losses - $867).

As at December 25, 2022, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $45.0 million at an average exchange rate of 1.3170 maturing between January and September 2023. The fair value of these financial instruments was negative $1,328 US and the corresponding unrealized loss has been recorded in other comprehensive income. The Company did not recognize any ineffectiveness on the hedging instruments during 2022 and 2021.

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 25, 2022 cash and cash equivalents balance of $398.7 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $3,987 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 2022, 74 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.

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 $398.7 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 the Company's cash flows are more than sufficient to cover its operating costs, working capital requirements, capital expenditures, payment of lease liabilities and dividend payments in 2023. The Company's trade payables and other liabilities and derivative financial instrument liabilities are all due within twelve months.

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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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

	December 25 2022	December 26 2021
Cash and cash equivalents	398,673	377,461
Trade and other receivables	204,040	177,382
	602,713	554,843

Credit risk on cash and cash equivalents and other 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 and other receivables against credit losses.

During the fourth quarter of 2022, the Company incurred costs on the sale of trade receivables of $1,753 (2021 - $358). Of these costs, $1,624 was recorded in finance expense (2021 - $273) and $129 was recorded in general and administrative expenses (2021 - $85). During 2022, the Company incurred costs on the sale of trade receivables of $4,274 (2021 - $1,275). Of these costs, $3,843 was recorded in finance expense (2021 - $919) and $431 was recorded in general and administrative expenses (2021 - $356).

As at December 25, 2022, 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 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) 28 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 39 percent of the total trade and other receivables balance.

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 the fourth quarter of 2022, the Company recorded impairment losses on trade and other receivables of $275 (2021 - $1,019 impairment recoveries). During 2022, the Company recorded impairment losses on trade and other receivables of $249 (2021 - $946 impairment recoveries).

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 25 2022	December 26 2021
Current (not past due)	176,720	149,824
1 - 30 days past due	22,119	22,504
31 - 60 days past due	3,145	3,351
More than 60 days past due	3,573	2,710
	205,557	178,389
Less: Allowance for expected credit losses	(1,517)	(1,007)
Total trade and other receivables, net	204,040	177,382

15. Seasonality

The Company experiences seasonal variation in revenue, with revenue typically being the highest in the second and fourth quarters, and lowest in the first quarter.