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. Unless otherwise required by applicable securities law, Winpak disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Financial Performance

Net income attributable to equity holders of the Company for the first quarter of 2024 of $35.5 million or 55 cents in earnings per share (EPS) declined by 9.6 percent from the $39.3 million or 60 cents per share recorded in the corresponding quarter of 2023. Lower sales volumes subtracted 3.5 cents from EPS. Operating expenses reduced EPS by a further 5.0 cents. Foreign exchange, income taxes and the level of net income attributable to non-controlling interests narrowed EPS by 1.5 cents, 1.0 cent and 1.0 cent, respectively. Conversely, the sizeable expansion in gross profit raised EPS by 4.0 cents. Net finance income augmented EPS by 3.0 cents.

The fiscal year of the Company ends on the last Sunday of the calendar year and is usually 52 weeks in duration. However, the 2023 fiscal year consisted of 53 weeks, with the first quarter comprising 14 weeks, one more week than the current year. The additional week included in the 2023 first quarter was essentially the last week of the 2022 calendar year which contained several statutory holidays. Consequently, it is estimated that this additional week contributed 6.0 percent to 2023 first quarter sales volumes and net income results.

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 first quarter of 2024 was $276.8 million, $27.7 million or 9.1 percent below the first quarter of 2023. Volume contraction of 5.9 percent was experienced compared to the initial quarter of 2023. After taking into account the additional week in the first quarter of 2023, volumes were essentially equal. Consumer demand improved slightly from the final quarter of 2023, but remained subdued. Within the flexible packaging operating segment, volume growth of 2 percent was realized. For the modified atmosphere packaging product group, limited volume growth reflected the challenges with respect to overall demand at meat protein accounts. Biaxially oriented nylon product group volumes advanced by more than 30 percent as the order level in the first quarter of 2023 was severely constrained while several core customers managed excessive inventory levels. Specialty film volumes were essentially unchanged. The rigid packaging and flexible lidding operating segment posted volume losses of 1 percent. For the lidding product group, volumes retreated by 2 percent. The drop in specialty beverage lidding volumes was partially offset by advances in retort pet food lidding. Rigid container volumes also fell slightly as gains with specialty beverage containers were eclipsed by lower retort pet food and snack food container activity. Building on the success achieved with pharmaceutical accounts in 2023, the specialized printed packaging product group's volumes surged by 16 percent. Taking into account the higher cost of capital, several packaging machinery customers delayed order placement and volumes declined by 24 percent as a result. Selling price and mix changes had a modest negative effect on revenue of 3.3 percent. Foreign exchange had a minor positive influence on revenue.

Gross Profit Margins

Gross profit margins in the first quarter of 2024 climbed by 2.3 percentage points to 31.1 percent of revenue from the 28.8 percent recorded in the same quarter of 2023. Despite the negative impact on selling prices of heightened competitive pressures and the pass-through of indexing adjustments, material costs declined to a greater extent, generating an increase in EPS of 8.5 cents. The effect of inflation on personnel costs, combined with higher depreciation and inventory obsolescence expenses, lowered EPS by 4.5 cents.

In the first quarter of the year, the raw material purchase price index advanced by 9 percent compared to the fourth quarter of 2023. In the past 12 months, the index declined by 4 percent. During the first quarter, nylon resin had the most sizeable increase of 25 percent while aluminun foil experienced an increase of 11 percent.

Expenses and Other

Operating expenses in the current quarter, adjusted for foreign exchange, progressed at a rate of 5.9 percent whereas sales volumes decreased by 5.9 percent, resulting in a reduction in EPS of 5.0 cents. The main contributing factors were personnel expenses and costs associated with implementing an upgraded enterprise resource planning system, which commenced in late 2023. Foreign exchange subtracted 1.5 cents from EPS as significant favorable translation differences were recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars in the prior year. Permanent differences elevated the effective income tax rate by 1.8 percentage points, lowering EPS by 1.0 cent. A higher proportion of earnings attributable to non-controlling interests dampened EPS by 1.0 cent. Net finance income added 3.0 cents to EPS as the magnitude of cash invested in short-term deposits and money market accounts was much higher than a year earlier.

Capital Resources, Cash Flow and Liquidity

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 provides 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. 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 automatic share purchase plan ("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. A copy of the notice filed with the TSX may be obtained upon request from the Secretary of the Company at 100 Saulteaux Crescent, Winnipeg, Manitoba, R3J 3T3, telephone (204) 889-1015, fax (204) 888-7806, or by email info@winpak.com.

The Company's cash and cash equivalents balance ended the first quarter of 2024 at $554.4 million, an increase of $12.5 million from the end of the prior year. Winpak continued to generate strong cash flow from operating activities before changes in working capital of $56.2 million. Working capital generated $17.7 million in cash. Trade and other receivables fell by $5.4 million as the balance pertaining to extended term trade receivables that will be sold without recourse to financial institutions in exchange for cash decreased. Stemming from the timing of equipment purchases, trade payables and other liabilities advanced by $12.2 million. Cash was utilized for property, plant and equipment expenditures of $47.3 million, income tax payments of $10.8 million, common share repurchases of $6.3 million, dividend payments of $1.5 million and other items totaling $1.6 million. Property, plant and equipment expenditures included the land and building acquisition made by the specialized printed packaging product group. Net finance income provided incremental cash of $6.1 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	276,783	275,637	273,790	287,464	304,516	292,365	302,532	310,254
Net income attributable to equity holders of the Company	35,522	34,846	33,991	40,006	39,287	31,235	29,567	33,671
EPS	55	54	52	62	60	48	45	52

Looking Forward

The first quarter provided solid earnings performance while sales volumes stabilized after declining in each of the three previous quarters. For the full year, Winpak is poised to set a new all-time high for net income attributable to equity holders.

The improved outlook for the North American economy, paired with a modest rebound in consumer demand, should have a positive impact on sales volumes for the remainder of 2024. Making inroads with new customers and new products is a key focus. The outlook for these catalysts of growth is positive, especially with new production equipment being commercialized within the modified atmosphere packaging and rigid container facilities later this year. Winpak expects sales volume growth for the remainder of 2024 to be in the range of 3 to 5 percent.

In aggregate, raw material costs rose by 7 percent over the past six months. The pass-through of these increases to customers with formal price indexing arrangements will be implemented, on average, after a time lag of four months. For the balance of 2024, market expectations are that overall resin prices will be relatively stable with some materials projected to increase moderately. The current rate of inflation remains well above recent norms and key components of the Company's cost structure continue to be impacted, especially personnel expenses. This is compounded by challenges in attracting and retaining personnel which puts further pressure on compensation levels. Within certain product markets, customer expectations for lower selling prices has intensified. Based on the preceding factors, gross profit margins for the rest of 2024 should be one to two percentage points lower than the level achieved in the first quarter of the year.

Capital expenditures for 2024 are forecast to be between $110 and $120 million. The extensive expansion of the Winnipeg, Manitoba modified atmosphere packaging facility is well underway and will make up approximately half of the current year's spending. At another manufacturing site, the Company is optimistic that by the second half of 2024 it will be in a position to undertake a sizeable building expansion and acquire additional extrusion capacity. Concurrently, Winpak will assess prospective acquisition opportunities that align strategically with the Company's core strengths in sophisticated high-barrier packaging for food, medical and pharmaceutical applications that provide long-term shareholder value. Based on the current share price, the Company's NCIB program will be fulfilled by the end of 2024. Winpak will continue to evaluate the mechanisms and extent to which capital can be returned to shareholders.

Accounting Changes - Accounting Standards Implemented in 2024

(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 unaudited interim condensed consolidated financial statements.

Accounting Changes - Future Changes to 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.

Controls and Procedures

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 31, 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 of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed as of March 31, 2024 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 31, 2024, 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.