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 (Earnings) for the third quarter of 2024 of $38.5 million advanced by $4.5 million or 13.2 percent from the comparable 2023 quarter. The growth in sales volumes raised Earnings by $1.7 million. Gross profit was highly influential, elevating Earnings by $5.4 million. Operating expenses reduced Earnings by $1.8 million. In total, all remaining items lowered Earnings by $0.8 million.

For the nine months ended September 29, 2024, Earnings declined narrowly by 0.4 percent to $112.8 million from the corresponding 2023 result of $113.3 million. The improvement in gross profit was a key factor, augmenting Earnings by $11.7 million. Higher operating expenses led to a contraction in Earnings of $8.4 million. In combination, all other factors reduced Earnings by $3.8 million.

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 2 percent to 2023 year-to-date 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 third quarter of 2024 was $285.5 million, exceeding the prior year comparable level of $273.8 million by 4.3 percent. Volumes expanded by 4.6 percent. Within the flexible packaging operating segment, volume gains amounted to 7 percent. For the modified atmosphere packaging product group, healthy volume growth was achieved at several meat accounts by onboarding much needed new converting capacity. Biaxially oriented nylon product group volumes advanced by 29 percent as the order level in the third quarter of 2023 was severely constrained while several key customers managed excessive inventory levels. The rigid packaging and flexible lidding operating segment posted volume gains of 1 percent. Rigid container volumes decreased by 4 percent due to a moderate drop in specialty beverage and applesauce container shipments. For the lidding product group, volumes surpassed the prior year by 5 percent predominantly because of specialty beverage lidding volumes. Building on the success achieved with pharmaceutical and nutraceutical accounts in 2023, the specialized printed packaging product group's volumes surged by 16 percent. Fueled by much higher replacement parts sales, packaging machinery volumes vaulted by 34 percent. Selling price and mix changes lowered revenue by 0.3 percent.

For the first nine months of 2024, revenue decreased by $20.0 million from the $865.8 million recorded in the corresponding prior year period. Volumes receded by 0.4 percent. When normalizing for the additional week in the first quarter of 2023, volumes were 1.6 percent higher. The subsequent comments on operating segment and product group volumes are presented on an adjusted basis. The flexible packaging operating segment recorded an uptick in volumes of 4 percent. Modest volume growth for the modified atmosphere packaging product group reflected business gains pertaining to meat and cheese packaging, which was partially mitigated by the curtailment in demand for frozen food packaging. For the biaxially oriented nylon product group, volume growth of 26 percent was a reflection of the recovery from the sharp downturn in demand during the first three quarters of 2023. Specialty film volumes were virtually unchanged. Within the rigid packaging and flexible lidding operating segment, volumes dropped by 1 percent. The rigid container product group experienced a 3 percent decline in volumes stemming from lower specialty beverage and retort pet food container shipments. Lidding product group volumes were equal to the prior year. Packaging machinery volumes declined by 1 percent. Selling price and mix changes had a negative effect on revenue of $16.0 million.

Gross Profit Margins

Gross profit margins in the third quarter climbed by 2.8 percentage points to 32.0 percent of revenue from the 29.2 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 Earnings of $6.6 million. Other factors combined to reduce Earnings by $1.2 million. The most notable were greater personnel and depreciation expenses.

For the first nine months of 2024, gross profit margins were 31.9 percent of revenue, expanding by 2.5 percentage points from the 29.4 percent of revenue achieved during the 2023 year-to-date comparative period. Raw material cost reductions significantly outpaced the corresponding selling price decreases, which included the pass-through of indexing adjustments. This differential raised Earnings by $16.4 million. In total, all remaining items lowered Earnings by $4.7 million. The Company's cost structure was adversely affected by higher personnel and depreciation expenses. Due to inflationary pressures, wages increased at a rate well above the historical norm. Conversely, enhanced output levels lowered the effective cost of production.

The raw material purchase price index increased by 1 percent compared to the second quarter of 2024. In relation to a year earlier, the index has advanced by 5 percent. During the third quarter, polyethylene resin realized modest appreciation of 5 percent while the prices for other key inputs were relatively unchanged.

Expenses and Other

Operating expenses in the third quarter of 2024, adjusted for foreign exchange, advanced at a rate of 11.0 percent in comparison to the 4.6 percent growth in sales volumes, thereby having an unfavorable impact on Earnings of $1.8 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 markedly. The effective income tax rate edged higher because of permanent differences associated with foreign exchange, contracting Earnings by $0.5 million. Lastly, the level of net income attributable to non-controlling interests lessened Earnings by $1.0 million.

On a year-to-date basis, operating expenses, exclusive of foreign exchange, progressed at a rate of 9.4 percent whereas sales volumes fell by 0.4 percent, resulting in a reduction in Earnings of $8.4 million. The main contributing factors were personnel expenses and costs associated with implementing the upgraded ERP system. Foreign exchange had a negative effect on Earnings of $2.4 million due to the unfavorable translation differences recorded on the revaluation of monetary assets and liabilities in comparison to the favorable translation differences recorded in the first nine months of 2023. Net finance income added $3.4 million to Earnings as the magnitude of cash invested in short-term deposits and money market accounts, on average, was much higher than a year earlier. Permanent differences elevated the effective income tax rate by 1.8 percentage points, lowering Earnings by $2.3 million. The proportion of earnings attributable to non-controlling interests dampened Earnings by $2.0 million.

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 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, which was fulfilled on May 13, 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 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.

During the third quarter of 2024, dividends in Canadian dollars of 5 cents per common share were declared, a significant increase from the 3 cents 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 net earnings attributable to equity holders of the Company within the next five years.

The Company's cash and cash equivalents balance ended the third quarter of 2024 at $516.0 million, an increase of $25.6 million from the end of the second quarter. Winpak continued to generate strong cash flows from operating activities before changes in working capital of $60.0 million. The net investment in working capital increased by $2.0 million. Trade and other receivables advanced by $6.9 million, reflecting the timing of customer payments and the higher revenue level relative to the preceding quarter. The $5.5 million growth in inventories was caused by the seasonal buildup of both raw materials and work-in-process inventories. Stemming from the timing of equipment and inventory purchases, trade payables and other liabilities expanded by $9.6 million. Cash was used for property, plant and equipment additions of $26.8 million, income tax payments of $9.5 million and other items totaling $1.9 million. Net finance income provided cash of $5.8 million.

For the first nine months of 2024, the cash and cash equivalents balance decreased by $25.9 million. Cash flows generated from operating activities before changes in working capital were solid at $177.4 million. Investments in working capital amounted to $5.8 million. Trade and other receivables grew by $14.0 million largely due to the higher level of revenue in the current quarter compared to the final quarter of 2023. In addition, inventories climbed by $12.8 million. The planned accumulation of manufactured inventories was partially offset by the continued reversal of aluminum foil inventories that had amassed during 2022. Influenced by the timing of supplier payments relating to inventory, equipment and building additions, trade payables and other liabilities increased by $20.6 million. Cash outflows included: property, plant and equipment expenditures of $101.2 million, common share repurchases of $62.9 million, income tax payments of $44.1 million and other items amounting to $6.8 million. Net finance income produced incremental cash of $17.5 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	285,473	283,496	276,783	275,637	273,790	287,464	304,516	292,365
Net income attributable to equity holders of the Company	38,486	38,825	35,522	34,846	33,991	40,006	39,287	31,235
EPS	61	61	55	54	52	62	60	48

Looking Forward

Leveraging the business opportunity pipeline and building upon the solid volume growth achieved in the most recent quarter, Winpak is optimistic about the balance of 2024 as well as the upcoming year. In addition, central banks have initiated the cycle of significant projected interest rate cuts, which should have a positive impact on North American economic growth.

New pet food, healthcare and In-Mold-Label (IML) business will have a positive impact on sales volumes going forward. Furthermore, the strategic addition of new extrusion and converting capacity within the modified atmosphere packaging facility will provide the foundation for volume growth. Based on the preceding factors, the Company is projecting sales volume growth in the range of 5 to 7 percent for the final quarter of 2024 and 4 to 6 percent for 2025.

Over the next twelve months, market expectations are for overall resin prices to decline moderately. Effective October 15, 2024, the Canadian federal government implemented a 25 percent tariff on aluminum foil imported from China. As a result, the Company has expedited the realignment of its sourcing in order to minimize the financial impact. Two significant collective bargaining agreements will expire by mid-2025, adding some uncertainty to the Company's future cost structure. Forecasted sales volume growth will positively influence equipment utilization rates, lowering the overall per unit cost of production. Overall, gross profit margins in the fourth quarter of 2024 should be comparable to the immediately preceding quarter and for 2025, should be within the range of 31 to 32 percent.

Capital expenditures are forecast to be $130 million for 2024. During the third quarter of 2024, the Company continued to dedicate significant resources to the multi-year expansion project at the Winnipeg, Manitoba modified atmosphere packaging facility. It will establish a footprint for sizeable volume growth from 2026 onwards. A new cast co-extrusion line at the same facility was recently commercialized, targeting additional growth in the dairy market. Winpak will continue to assess prospective acquisition opportunities that align strategically with the Company's core strengths. Based on the success of the current NCIB program, the Company is evaluating its renewal, effective March 2025.

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 September 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 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 September 29, 2024 to provide reasonable assurance that the financial information being reported is materially accurate. During the third quarter ended September 29, 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.