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 tariff rates; changes in Canadian and foreign income tax rates, income tax laws and regulations. Unless otherwise required by applicable securities law, Winpak disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Financial Performance

Net income attributable to equity holders of the Company (Earnings) for the first quarter of 2025 of $34.6 million declined by $0.9 million or 2.7 percent from the comparable 2024 quarter. The growth in sales volumes raised Earnings by $0.9 million. Conversely, net finance income reduced Earnings by $2.7 million. In total, all remaining items elevated Earnings by $0.9 million.

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 2025 was $284.8 million, $8.0 million or 2.9 percent above the first quarter of 2024. Volume growth of 2.5 percent was realized compared to the initial quarter of 2024. Within the flexible packaging operating segment, volume expansion of 5 percent was achieved. Volume growth of 7 percent was attained by the modified atmosphere packaging product group, reflecting healthy gains with meat applications. Biaxially oriented nylon product group volumes retreated by 8 percent as suboptimal machine operating performance negatively impacted available capacity. The rigid packaging and flexible lidding operating segment posted volume losses of 1 percent. For the lidding product group, volumes fell by 6 percent because of lower applesauce and specialty beverage activity. Rigid container volumes improved by 3 percent due to higher snack food container shipments. Building on the success achieved with pharmaceutical accounts in 2024, the specialized printed packaging product group's volumes surpassed the prior year by 6 percent. Packaging machinery volumes increased by 19 percent as an unusually low number of machines were delivered to customers in the first quarter of 2024. Selling price and mix changes had a modest positive effect on revenue of 1.1 percent. Foreign exchange had a minor negative influence on revenue.

Gross Profit Margins

Gross profit margins in the current quarter of 31.1 percent of revenue were equivalent to the 2024 first quarter result. Higher selling prices, driven by the shift in product mix, combined with a decline in raw material costs, raised Earnings by $5.6 million. In total, all remaining items lowered Earnings by $5.5 million. The Company's cost structure was adversely affected by elevated production waste and inventory obsolescence expenses. In addition, during the second half of 2024, higher than normal quantities of semi-finished inventories were purchased from third parties to supplement ongoing capacity constraints. During the initial quarter of 2025, the majority of these inventories were converted to finished goods and sold to customers, thereby tempering gross profit margins.

In the first quarter of the year, the raw material purchase price index advanced by 2 percent compared to the fourth quarter of 2024. In the past 12 months, the index declined by 5 percent. During the first quarter, aluminum foil increased by 18 percent while polyethylene and nylon resins experienced decreases of 6 percent and 5 percent, respectively.

Expenses and Other

Operating expenses in the first quarter of 2025, adjusted for foreign exchange, decreased at a rate of 0.5 percent in comparison to the 2.5 percent growth in sales volumes, thereby having a favorable impact on Earnings of $0.2 million. Despite the continued inflationary impact on personnel expenses, cost containment in most spending categories was achieved. Expenses pertaining to the enterprise resource planning (ERP) project were influential but were comparable to the first quarter of 2024. Foreign exchange had a modest negative effect on Earnings of $0.2 million. The increase in unfavorable translation differences recorded on the revaluation of monetary assets and liabilities was nearly offset by the positive impact arising from the rate at which Canadian dollar transactions were converted to US dollars. The significant return of capital to shareholders over the past twelve months reduced the level of cash invested in short-term deposits and money market accounts. Consequently, net finance income lowered Earnings by $2.7 million.

Capital Resources, Cash Flow and Liquidity

On March 24, 2025, the Toronto Stock Exchange (the "TSX") accepted a notice filed by Winpak of its intention to renew its 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 26, 2025 and ending no later than March 25, 2026, purchase through the facilities of the TSX and other alternative Canadian trading systems up to a maximum of 3,087,500 common shares in total, being 5.0 percent of the issued and outstanding shares of Winpak as of March 18, 2025. 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 13,761 common shares, other than block purchases. All shares purchased will be canceled. In connection with the NCIB, Winpak has entered into an ASPP with CIBC World Markets Inc. to facilitate the purchase of common shares under the NCIB, including at times when Winpak would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed blackout periods. As at March 30, 2025, the Company had purchased 39,122 common shares under its current NCIB.

During the third quarter of 2024, the quarterly dividend was raised to 5 cents (Canadian dollars) per common share, a significant increase from the 3 cents (Canadian dollars) per common share that had been paid on a quarterly basis since 2007. In addition, the Company paid a special dividend of $3.00 (Canadian dollars) per common share on January 10, 2025. Sufficient cash resources are available to fund both capital expenditures for organic growth and potential acquisition opportunities.

The Company's cash and cash equivalents balance ended the first quarter of 2025 at $356.5 million, a decrease of $140.8 million from the end of the prior year. Winpak continued to generate strong cash flow from operating activities before changes in working capital of $58.4 million. Working capital consumed $19.8 million in cash. In order to minimize the impact of tariffs that were scheduled to go into effect on April 2, 2025, various raw material and finished goods inventories were stockpiled, increasing overall inventories by $10.2 million. Stemming from the timing of equipment purchases, trade payables and other liabilities declined by $7.6 million. Cash was utilized for dividend payments of $133.2 million, property, plant and equipment expenditures of $19.4 million, income tax payments of $15.0 million, common share repurchases of $13.7 million and other items totaling $0.7 million. Net finance income provided incremental cash of $2.6 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Revenue	284,802	285,143	285,473	283,496	276,783	275,637	273,790	287,464
Net income attributable to equity holders of the Company	34,576	36,622	38,486	38,825	35,522	34,846	33,991	40,006
EPS	56	58	61	61	55	54	52	62

Looking Forward

The first quarter provided solid earnings and sales volume growth. Despite the challenges and uncertainties relating to the current trade environment, Winpak has the potential to set a new all-time high for net income attributable to equity holders for the full year 2025. Revisions to the currently enacted tariffs could have a significant impact on the Company's growth aspirations and manufacturing costs.

With the exception of foil-based products, the Company's entire product portfolio is presently exempt from tariffs under the United States-Mexico-Canada Agreement (USMCA). Similarly, nearly all raw materials sourced within North America are exempt from tariffs. Notwithstanding, several suppliers have recently levied price increases, citing the impact of tariffs on their overall supply chain. During the first quarter, the Company implemented various counter measures to minimize the impact of tariffs in both the short and long-term. In addition, the Company is constructing a strategic roadmap to enhance its resilience to a more protectionist trade environment. This includes enhancing manufacturing capabilities within each of the United States, Canada and Mexico.

Capitalizing on new business opportunities will be the key to growing the business in 2025. After successfully commercializing new extrusion capacity within the modified atmosphere packaging facility in the fourth quarter of 2024, sales to the dairy market should grow appreciably. In addition, the onboarding of new pet food and healthcare business will enhance volumes. Winpak expects sales volume growth for the remainder of 2025 to be in the range of 4 to 6 percent.

Over the past six months, raw material costs have been relatively stable. This trend is expected to continue for the balance of 2025. The Company is optimistic that the majority of the foil import tariffs and recent cost increases will be passed through to customers. Certain manufacturing inefficiencies that were prevalent in 2024 carried over into the first quarter of 2025. Going forward, these should decline significantly. Based on the preceding factors, gross profit margins for the rest of 2025 should be within the range of 31 to 32 percent.

Capital expenditures for 2025 are forecast to be between $110 and $130 million. The extensive expansion of the Winnipeg, Manitoba modified atmosphere packaging facility will be completed by the end of 2025, facilitating significant volume growth from 2026 onwards. Winpak will continue to assess prospective acquisition opportunities that align strategically with the Company's core strengths. Based on the current share price, the Company's NCIB program will be fulfilled by the end of 2025.

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.

(b) Amendments to the Classification and Measurement of Financial Instruments:

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

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 30, 2025 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 30, 2025 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 30, 2025, 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.