

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: economic conditions and geopolitical uncertainty; 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; the difficulty to attract and retain employees; 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 fourth quarter of 2025 of \$36.2 million contracted by \$0.4 million or 1.2 percent from the comparable 2024 quarter. Gross profit reduced Earnings by \$3.4 million. Additionally, net finance income dampened Earnings by \$2.1 million. Conversely, operating expenses, foreign exchange and income taxes raised Earnings by \$1.8 million, \$1.3 million and \$1.2 million, respectively. In total, all remaining items boosted Earnings by \$0.8 million.

For the year ended December 28, 2025, Earnings declined by 8.1 percent to \$137.3 million from the corresponding 2024 result of \$149.5 million. The deterioration in gross profit was the most influential factor, subtracting \$11.5 million from Earnings. In addition, net finance income led to a contraction in Earnings of \$8.7 million. Foreign exchange added \$4.1 million to Earnings. In combination, all other factors increased Earnings by \$3.9 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 fourth quarter of 2025 was \$284.9 million, \$0.3 million lower than the fourth quarter of 2024. Volumes receded by 0.4 percent when compared to the fourth quarter of 2024. Weakened customer demand within several product categories was prevalent again in the current quarter, impacting results. The degree of customer turnover throughout 2025 has been consistent with recent historical experience. Within the flexible packaging operating segment, volume losses amounted to 3 percent. For the modified atmosphere packaging product group, volumes retreated by 1 percent. Weaker protein customer volumes nullified the benefits realized from recently onboarded dairy business. The rigid packaging and flexible lidding operating segment experienced an uptick in volumes of 2 percent. Rigid container volumes decreased by 7 percent due to a sizeable drop in specialty beverage and juice container shipments. For the lidding product group, healthy volume growth of 12 percent was realized mainly on account of higher retort petfood lidding volumes. Selling price and mix changes raised revenue by 0.5 percent while foreign exchange lowered revenue by 0.2 percent.

For 2025, revenue of \$1,125.4 million decreased by 0.5 percent from the 2024 level of \$1,130.9 million. Volumes declined by 1.0 percent. Within the flexible packaging operating segment, volume gains amounted to 1 percent. For the modified atmosphere packaging product group, modest volume growth of 2 percent reflected new dairy business that was partially offset by softer demand levels at several core protein accounts. For the biaxially oriented nylon product group, the volume loss of 14 percent was a reflection of competitive pricing pressures. Specialty film volumes were virtually unchanged. Volumes within the rigid packaging and flexible lidding operating segment narrowed by 3 percent. Rigid container volumes decreased by 5 percent due to the drop in specialty beverage, juice and snack food container shipments. For the lidding product group, volumes grew by 1 percent. Retort pet food lidding advanced significantly but was nearly offset by the downturn in specialty beverage lidding. Largely due to weaker nutraceutical volumes, volumes for the specialized printed packaging product group retreated by 7 percent. Packaging machinery volumes were similar to the prior year. Selling price and mix changes had a positive effect on revenue of \$9.6 million. Foreign exchange lowered revenue by \$3.4 million.

Gross Profit Margins

Gross profit margins in the current quarter of 30.5 percent of revenue declined by 1.8 percentage points from the 2024 fourth quarter result of 32.3 percent of revenue. Selling prices rose to a lesser extent than raw material costs, generating a decrease in Earnings of \$3.4 million. This arose due to selling price concessions implemented in 2025 along with favourable adjustments made to customer rebate entitlements in the fourth quarter of 2024.

For the current year, gross profit margins were 30.4 percent of revenue, falling short of the 2024 achievement by 1.6 percentage points. Selling price increases outpaced the corresponding raw material cost advancements, elevating Earnings by \$3.4 million. This resulted from tariff pass-through adjustments and the shift in product mix. In total, all other items lowered Earnings by \$14.9 million. The Company's cost structure was negatively impacted by higher production waste and expenses stemming from quality issues. Furthermore, output levels receded in the current year, negatively influencing the effective cost of production. Additionally, personnel and depreciation expenses advanced in the current year. Personnel expenses included an aggregate of \$2.3 million in one-time payments made to every employee to commemorate the 50th anniversary of Winpak's incorporation.

The raw material purchase price index dropped by less than 1 percent compared to the third quarter of 2025. During the fourth quarter, polypropylene resin declined by 11 percent while the prices for other resins and aluminum foil experienced minor fluctuations. Over the past 12 months, the index has fallen by 3 percent.

Expenses and Other

Operating expenses in the fourth quarter of 2025, exclusive of foreign exchange, contracted at a rate of 3.4 percent whereas sales volumes decreased by 0.4 percent, resulting in a boost to Earnings of \$1.8 million. An insurance claim reimbursement for a 2023 equipment fire was the main contributor. Foreign exchange elevated Earnings by \$1.3 million. On a relative basis, the negative translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars in the fourth quarter of 2024 were more substantial. Net finance income lessened Earnings by \$2.1 million as the magnitude of cash invested in short-term deposits and money market accounts was much lower than a year earlier. The lower balance was largely a result of the share buyback program as well as the special dividend paid in early 2025. On a comparative basis, the effective income tax rate in the current quarter decreased by 2.2 percentage points, raising Earnings by \$1.2 million. This stemmed from a cumulative adjustment made to the Company's effective income tax rate in the final quarter of 2024.

For the 2025 fiscal year, operating expenses, exclusive of foreign exchange, declined at a rate of 1.6 percent in comparison to sales volumes which fell by 1.0 percent. Foreign exchange had a positive effect on Earnings of \$4.1 million mainly due to the favorable translation differences recorded on the revaluation of monetary assets and liabilities in comparison to the unfavorable translation differences recorded in 2024. Also impactful was the 2.5 percent depreciation in the average exchange rate of the Canadian dollar in relation to the US dollar. Due to the substantial decrease in the balance of cash invested in short-term deposits and money market accounts, net finance income tempered Earnings by \$8.7 million. The effective income tax rate was lower in 2025 mainly because of permanent differences associated with foreign exchange, advancing Earnings by \$1.9 million. Lastly, the level of net income attributable to non-controlling interests enhanced Earnings by \$1.8 million.



Capital Resources, Cash Flow and Liquidity

On March 24, 2025, the Toronto Stock Exchange (the “TSX”) accepted a notice filed by Winpak to renew the 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 automatic share purchase plan 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 December 28, 2025, the Company had purchased 2,248,047 common shares under its current NCIB. Subsequent to the year ended December 28, 2025, the Company completed the NCIB program, repurchasing 839,453 common shares at a weighted average price of CDN \$45.00 for aggregate consideration of CDN \$37,772 (US \$27,606).

The Company's cash and cash equivalents balance ended the current year at \$375.6 million, an increase of \$10.3 million from the end of the third quarter. Winpak continued to generate strong cash flows from operating activities before changes in working capital of \$56.0 million. The net investment in working capital decreased by \$17.7 million. The \$7.3 million drop in inventories was impacted by the further drawdown of finished goods that had accumulated during the first half of 2025. Stemming from the timing of capital expenditures, trade payables and other liabilities increased by \$13.1 million. Cash was used for common share repurchases of \$34.5 million, property, plant and equipment additions of \$20.9 million, income tax payments of \$8.1 million and other items totaling \$3.0 million. Net finance income provided cash of \$3.1 million.

For the year, the cash and cash equivalents balance declined by \$121.6 million. Cash flows generated from operating activities before changes in working capital were solid at \$226.1 million. Working capital consumed \$4.6 million in cash. Property, plant and equipment additions were \$84.9 million. Expenditures relating to the multi-year expansion project at the Winnipeg, Manitoba modified atmosphere packaging facility influenced the heightened capital expenditure outlays. Other uses of cash included: dividend payments of \$139.8 million, common share repurchases of \$80.3 million, income tax payments of \$44.3 million and other items amounting to \$4.1 million. Net finance income produced incremental cash of \$10.3 million.

Summary of Quarterly Results

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

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	284,850	282,967	272,800	284,802	285,143	285,473	283,496	276,783
Net income attributable to equity holders of the Company	36,186	36,375	30,205	34,576	36,622	38,486	38,825	35,522
EPS	60	60	49	56	58	61	61	55

Looking Forward

Winpak enters 2026 facing a vast array of opportunities and challenges. Healthy anticipated organic volume growth and substantial cost savings initiatives are in stark contrast to the heightened geopolitical and economic uncertainties.

In the upcoming year, the Company is expecting the recently added extrusion capacity at the modified atmosphere packaging facility to be a key catalyst for growth, particularly with respect to recycle-ready products. During the past year, the Company landed sizeable new business at key consumer packaged goods companies. Other opportunities at these companies are being aggressively pursued, especially those that are a value driver from a sustainability perspective, including the minimization of the financial exposure relating to Extended Producer Responsibility. The Company is projecting sales volume growth in the range of 2 to 4 percent for 2026.

For 2026, market expectations are for overall raw material prices to be relatively stable. The majority of the US foil import tariffs should continue to be passed along to customers. However, changes or elimination of the USMCA could significantly impact the Company's cost structure. In response, Winpak will continue to undertake measures focused on optimizing its cost structure with respect to manufacturing performance, automation, product formulations, raw material procurement and personnel levels. Excluding the potential impact of changes to the trading relationship with the United States, gross profit margins should be within the range of 30 to 31 percent.



Capital expenditures of approximately \$80 to \$100 million are forecast for 2026, highlighted by additional in-mold-label capacity and converting equipment. Concurrently, Winpak will investigate synergistic acquisition opportunities that align strategically with the Company's core strengths, especially those that are focused on medical and pharmaceutical applications. Driven by the positive results achieved on the NCIB initiative over the past two years, the Company is assessing its renewal, effective March 2026.

Accounting Changes - Future Changes to Accounting Standards

(a) 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, 2026. The Company does not expect the amendments to have a significant impact on the consolidated financial statements when they are adopted in 2026.

(b) 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 December 28, 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 December 28, 2025 to provide reasonable assurance that the financial information being reported is materially accurate. During the fourth quarter ended December 28, 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.