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NEWS RELEASE

Winpak Reports 2022 First Quarter Results

Winnipeg, Manitoba, April 26, 2022 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the first quarter of 2022, which ended on March 27, 2022.

	Quarter Ended	
	March 27 2022	March 28 2021
(thousands of US dollars, except per share amounts)		
Revenue	275,982	224,806
Net income	33,929	25,242
Income tax expense	11,701	8,874
Net finance expense	283	166
Depreciation and amortization	11,909	11,282
EBITDA (1)	57,822	45,564
Net income attributable to equity holders of the Company	33,870	24,495
Net income attributable to non-controlling interests	59	747
Net income	33,929	25,242
Basic and diluted earnings per share (cents)	52	38

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.

For further information: S.M. Taylor, Vice President and CFO, (204) 831-2254; O.Y. Muggli, President and CEO, (204) 831-2214

[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 first quarter of 2022 of $33.9 million or 52 cents in earnings per share (EPS) exceeded the corresponding quarter of 2021 by $9.4 million or 38.3 percent. The exceptional result was influenced by the substantial advancement in gross profit which led to an expansion in EPS of 18.0 cents. The level of income attributable to non-controlling interests added a further 1.0 cent. Higher operating expenses lowered EPS by 5.0 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, 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 2022 soared to $276.0 million, eclipsing the prior year level by $51.2 million or 22.8 percent. Volumes, in total, were virtually unchanged from the prior year comparable quarter. COVID-19 infections peaked in early 2022, negatively impacting the availability of labor and consequently, lowered productive capacity. Supply chain disruptions, specifically with aluminum foil procurement, also tempered the Company's growth aspirations. Within the flexible packaging operating segment, modest volume growth of 4 percent was realized. For the modified atmosphere packaging product group, healthy volume growth reflected business gains pertaining to protein and cheese packaging with both retail and foodservice customers. Also influential was the new frozen food product launch in the second half of 2021. The rigid packaging and flexible lidding operating segment volumes contracted by 8 percent. The rigid container product group experienced a temporary drop in volumes due to order patterns with respect to specialty beverage containers, with volumes recovering over the balance of the year. Furthermore, lidding product group volumes were constrained by the inability to procure sufficient levels of aluminum foil to meet customer order levels. Volume growth was exceptional for the packaging machinery operating segment, surpassing 50 percent, largely a function of the timing of machine order fulfillment. Selling price and mix changes had a large favorable effect on revenue of $51.4 million as the substantial increase in raw material and other costs throughout 2021 resulted in higher selling prices to customers. The impact of foreign exchange on revenue was insignificant.

Gross Profit Margins

Gross profit margins reached a level of 29.5 percent of revenue in the first quarter of 2022, surpassing the 29.3 percent recorded in the same quarter of 2021. More importantly, gross profit surged by 23.8 percent from $65.8 million in the first quarter of 2021 to $81.5 million in the current quarter, while sales volumes were essentially equivalent. The outcome was a sharp increase in EPS of 18.0 cents. Selling prices escalated to a significantly greater extent than raw material costs, raising EPS by 24.0 cents. By the first quarter of 2022, raw material cost increases realized in the previous year had been passed along to customers. In addition, inflationary price increases were implemented during the current quarter for other key cost categories, including freight and distribution, consumables and energy expenses. In contrast, the first quarter of 2021 experienced a downward movement in selling prices while raw material costs were rapidly rising. With muted sales volume growth, in tandem with the expansion in the Company's productive capability, fixed manufacturing costs lowered EPS by 6.0 cents.

In the first quarter of the year, the raw material purchase price index declined by less than 1 percent compared to the fourth quarter of 2021. In the past 12 months, the index increased considerably by 29 percent which was caused by the elevated global demand for the Company's primary raw materials coupled with constrained producer supply. During the first quarter, polypropylene and polyethylene resins each realized decreases ranging between 7 and 10 percent while aluminum foil and nylon resin both experienced advances ranging between 7 and 10 percent.

Expenses and Other

Operating expenses in the current quarter, adjusted for foreign exchange, progressed at a rate of 12.7 percent in contrast to the relatively constant sales volumes, resulting in a reduction in EPS of 5.0 cents. Heightened freight and distribution costs were the main contributing factor. Pre-production costs were incurred in the quarter with the start-up of the new biaxially oriented polyamide (BOPA) line. A lower proportion of earnings attributable to non-controlling interests augmented EPS by 1.0 cent.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the first quarter of 2022 at $387.1 million, an increase of $9.7 million from the end of the prior year. Winpak continued to generate solid cash flow from operating activities before changes in working capital of $56.1 million. Cash was consumed by net working capital additions of $24.2 million. Inventories climbed by $24.0 million due to deliberately increasing the scale of purchases for aluminum foil and certain resins during the quarter. In addition, trade and other receivables grew by $12.8 million, stemming from the timing of customer receipts. Trade payables advanced by $16.6 million, reflecting the magnitude of raw material purchases. Cash was utilized for property, plant and equipment expenditures of $11.9 million, income tax payments of $6.5 million, dividend payments of $1.5 million, employee defined benefit plan contributions of $1.5 million and other items totaling $0.8 million. Property, plant and equipment additions included the acquisition of land and building adjacent to the modified atmosphere packaging plant in Winnipeg, Manitoba as well as progress payments made for converting capacity additions.

Summary of Quarterly Results

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

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	275,982	279,053	254,166	243,969	224,806	212,091	210,605	216,201
Net income attributable to equity holders of the Company	33,870	30,031	20,762	28,520	24,495	27,256	26,684	29,226
EPS	52	46	32	44	38	42	41	45

Looking Forward

The Company continues to effectively manage an extremely volatile supply chain environment, exceptional inflationary pressures, a challenging and highly competitive labor market and the COVID-19 pandemic. The heightened level of employee absenteeism recorded in January of this year relating to COVID-19 infections tapered off significantly in February and March. However, North America is presently dealing with the ongoing persistence of the pandemic and this may continue to impact operations in 2022. The pandemic, along with the geopolitical risks surrounding the war in Ukraine, brings about a degree of uncertainty regarding the outlook for the North American economy.

Although sales volume growth slowed during the first quarter of 2022, the Company anticipates solid volume growth for the final three quarters of the year. This is due, in part, to improved labor availability and the enhanced capability to supply lidding customers with the heightened aluminum foil purchases made during the first quarter. Furthermore, the new cast co-extrusion line commercialized at the modified atmosphere plant towards the end of 2021 has supported the acquisition of sizeable new cheese and protein business and continued expansion of the frozen food category. Both the rigid container and lidding product groups will reap the benefit of additional retort pet food and snack food business. Additionally, specialty beverage container activity should rebound and shipments for the full year are forecast to be comparable to those realized in the prior year. Following the launch of the Wiicare global healthcare platform in 2021, new medical packaging business has been awarded to Winpak and the opportunity pipeline is promising.

Raw material input costs remained elevated in the first quarter of 2022 following the surge in oil and natural gas prices. Resin producers have announced additional price increases for polypropylene and nylon for the upcoming quarter. The market expectation for resin costs is a gradual reduction in the second half of the year barring any major unexpected events. Consequently, there will be compression of gross profit margins in the near-term as pass-through pricing adjustments to customers with formal indexing agreements will take place with an average delay of 90-120 days. As anticipated, inflation continues to have a significant impact on the Company's overall cost structure. To the extent possible, corresponding selling price increase will be passed onto customers.

Capital expenditures for 2022 are forecast to be in the range of $60 to $70 million. Pre-production activities relating to the installation of the new BOPA line in Winnipeg, Manitoba commenced in the first quarter of 2022. It is currently projected that the line will be fully operational by the beginning of the third quarter. In addition, printing and laminating converting capacity will be added to the modified atmosphere packaging facility during 2022. As new business is realized, the Company will be in a position to commence certain building expansions and acquire additional extrusion and converting capacity to accommodate the volume growth. Focused and dedicated resources will be allocated to capital spending that enhances Winpak's technical expertise and capabilities in producing sustainable packaging solutions that are being actively pursued by customers. Acquisition opportunities have been more prevalent in the market as the impact of the pandemic on the North American economy subsides. Winpak will continue to evaluate potential 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.

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.

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 27, 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 March 27, 2022 to provide reasonable assurance that the financial information being reported is materially accurate. During the first quarter ended March 27, 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
First Quarter Ended: March 27, 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	March 27 2022	December 26 2021
Assets			
Current assets:			
Cash and cash equivalents		387,117	377,461
Trade and other receivables	14	190,200	177,382
Income taxes receivable		8,262	9,825
Inventories	8	211,064	187,058
Prepaid expenses		9,760	6,702
Derivative financial instruments		343	-
		806,746	758,428
Non-current assets:			
Property, plant and equipment	9	516,250	515,247
Intangible assets and goodwill		34,225	34,472
Employee benefit plan assets		14,790	13,547
		565,265	563,266
Total assets		1,372,011	1,321,694
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities		108,350	91,717
Contract liabilities		2,623	3,503
Income taxes payable		2,997	1,102
Derivative financial instruments		114	715
		114,084	97,037
Non-current liabilities:			
Employee benefit plan liabilities		10,216	9,837
Deferred income		18,251	17,685
Provisions and other long-term liabilities		12,850	13,029
Deferred tax liabilities		67,813	68,367
		109,130	108,918
Total liabilities		223,214	205,955
Equity:			
Share capital		29,195	29,195
Reserves		168	(524)
Retained earnings		1,083,256	1,050,949
Total equity attributable to equity holders of the Company		1,112,619	1,079,620
Non-controlling interests		36,178	36,119
Total equity		1,148,797	1,115,739
Total equity and liabilities		1,372,011	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 March 27 2022	Quarter Ended March 28 2021
Revenue	6	275,982	224,806
Cost of sales		(194,452)	(158,971)
Gross profit		81,530	65,835
Sales, marketing and distribution expenses		(22,790)	(19,591)
General and administrative expenses		(8,751)	(8,485)
Research and technical expenses		(4,265)	(4,030)
Pre-production expenses		(402)	-
Other income	7	591	553
Income from operations		45,913	34,282
Finance income		273	277
Finance expense		(556)	(443)
Income before income taxes		45,630	34,116
Income tax expense		(11,701)	(8,874)
Net income for the period		33,929	25,242
Attributable to:			
Equity holders of the Company		33,870	24,495
Non-controlling interests		59	747
		33,929	25,242
Basic and diluted earnings per share - cents	12	52	38

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

	Note	Quarter Ended March 27 2022	Quarter Ended March 28 2021
Net income for the period		33,929	25,242
Items that are or may be reclassified subsequently to the statements of income:			
Cash flow hedge gains recognized		844	488
Cash flow hedge losses (gains) transferred to the statements of income	7	100	(452)
Income tax effect		(252)	(10)
		692	26
Other comprehensive income for the period - net of income tax		692	26
Comprehensive income for the period		34,621	25,268
Attributable to:			
Equity holders of the Company		34,562	24,521
Non-controlling interests		59	747
		34,621	25,268

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.

Condensed Consolidated Statements of Changes in Equity

(thousands of US dollars) (unaudited)

	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company					
Balance at December 28, 2020		29,195	834	1,103,435	1,133,464	33,579	1,167,043
Comprehensive income for the period							
Cash flow hedge gains, net of tax		-	357	-	357	-	357
Cash flow hedge gains transferred to the statements of income, net of tax		-	(331)	-	(331)	-	(331)
Other comprehensive income		-	26	-	26	-	26
Net income for the period		-	-	24,495	24,495	747	25,242
Comprehensive income for the period		-	26	24,495	24,521	747	25,268
Dividends	11	-	-	(1,550)	(1,550)	-	(1,550)
Balance at March 28, 2021		29,195	860	1,126,380	1,156,435	34,326	1,190,761
Balance at December 27, 2021		29,195	(524)	1,050,949	1,079,620	36,119	1,115,739
Comprehensive income for the period							
Cash flow hedge gains, net of tax		-	619	-	619	-	619
Cash flow hedge losses transferred to the statements of income, net of tax		-	73	-	73	-	73
Other comprehensive income		-	692	-	692	-	692
Net income for the period		-	-	33,870	33,870	59	33,929
Comprehensive income for the period		-	692	33,870	34,562	59	34,621
Dividends	11	-	-	(1,563)	(1,563)	-	(1,563)
Balance at March 27, 2022		29,195	168	1,083,256	1,112,619	36,178	1,148,797

See accompanying notes to condensed consolidated financial statements.

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

	Note	Quarter Ended March 27 2022	Quarter Ended March 28 2021
Cash provided by (used in):			
Operating activities:			
Net income for the period		33,929	25,242
Items not involving cash:			
Depreciation		11,917	11,251
Amortization - deferred income		(426)	(384)
Amortization - intangible assets		418	415
Employee defined benefit plan expenses		1,084	1,123
Net finance expense		283	166
Income tax expense		11,701	8,874
Other		(2,851)	(1,322)
Cash flow from operating activities before the following		56,055	45,365
Change in working capital:			
Trade and other receivables		(12,818)	(15,656)
Inventories		(24,006)	(11,624)
Prepaid expenses		(3,058)	(3,173)
Trade payables and other liabilities		16,556	2,292
Contract liabilities		(880)	2,139
Employee defined benefit plan contributions		(1,494)	(131)
Income tax paid		(6,529)	(7,356)
Interest received		167	252
Interest paid		(496)	(354)
Net cash from operating activities		23,497	11,754
Investing activities:			
Acquisition of property, plant and equipment - net		(11,936)	(9,066)
Acquisition of intangible assets		(175)	(103)
		(12,111)	(9,169)
Financing activities:			
Payment of lease liabilities		(208)	(189)
Dividends paid	11	(1,522)	(1,518)
		(1,730)	(1,707)
Change in cash and cash equivalents		9,656	878
Cash and cash equivalents, beginning of period		377,461	495,346
Cash and cash equivalents, end of period		387,117	496,224

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 Audit Committee on behalf of the Board of Directors on April 25, 2022.

Coronavirus (COVID-19)
As a result of the ongoing effects of the COVID-19 pandemic, in particular the economic uncertainty, the Company continues to review the assumptions regarding the valuation of trade and other receivables and also monitor whether there is any indication that its cash-generating units (CGUs) might be impaired. For the first quarter of 2022, the impact on expected credit losses in relation to trade and other receivables was immaterial (see note 14) and no CGU impairment losses were recorded.

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.

(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, 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 4 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:

	March 27 2022	December 26 2021
United States	253,906	258,001
Canada	277,621	272,552
Mexico	18,948	19,166
	550,475	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	
	March 27 2022	March 28 2021
Operating segment		
Flexible packaging	146,860	115,876
Rigid packaging and flexible lidding	120,007	102,866
Packaging machinery	9,115	6,064
	275,982	224,806
Geographic segment		
United States	223,924	180,827
Canada	34,484	27,705
Mexico and other	17,574	16,274
	275,982	224,806

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 both the first quarter of 2022 and 2021. Other markets include medical, pharmaceutical, nutraceutical, personal care, industrial and other consumer goods.

7. Other Income

	Quarter Ended	
Amounts shown on a net basis	March 27 2022	March 28 2021
Foreign exchange gains	691	101
Cash flow hedge (losses) gains transferred from other comprehensive income	(100)	452
	591	553

8. Inventories

	March 27 2022	December 26 2021
Raw materials	76,507	65,065
Work-in-process	35,989	32,435
Finished goods	83,493	74,834
Spare parts	15,075	14,724
	211,064	187,058

During the first quarter of 2022, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $1,950 (2021 - $1,602) and reversals of previously written-down items of $1,055 (2021 - $1,069).

9. Property, Plant and Equipment

At March 27, 2022, the Company has commitments to purchase plant and equipment of $15,662 (December 26, 2021 - $15,769). No impairment losses or impairment reversals were recognized in the first quarter of 2022 or 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 March 27, 2022, potential future lease payments not included in lease liabilities totaled $5,357 on a discounted basis.

11. Dividends

During the first quarter of 2022, dividends in Canadian dollars of 3 cents per common share were declared (2021 - 3 cents).

12. Earnings Per Share

	Quarter Ended	
	March 27 2022	March 28 2021
Net income attributable to equity holders of the Company	33,870	24,495
Weighted average shares outstanding (000's)	65,000	65,000
Basic and diluted earnings per share - cents	52	38

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 March 27, 2022				
Foreign currency forward contracts - net	-	229	-	229
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 March 27, 2022, the supplier rebate receivable balance that was offset was $6,414 (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 income. As a result of the Company's CDN dollar net asset monetary position as at March 27, 2022, a one-cent change in the period-end foreign exchange rate from 0.8016 to 0.7916 (CDN to US dollars) would have decreased net income by $256 for the first quarter of 2022. Conversely, a one-cent change in the period-end foreign exchange rate from 0.8016 to 0.8116 (CDN to US dollars) would have increased net income by $256 for the first 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 first quarter of 2022 and the Company realized pre-tax foreign exchange losses of $100 which were recorded in other income. During the first quarter of 2021, the Company realized pre-tax foreign exchange gains of $452 which were recorded in other income.

As at March 27, 2022, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $30.0 million at an average exchange rate of 1.2575 maturing between April and December 2022. The fair value of these financial instruments was $229 US and the corresponding unrealized gain has been recorded in other comprehensive income. The Company did not recognize any ineffectiveness on the hedging instruments in the first quarter of 2022 or 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 March 27, 2022 cash and cash equivalents balance of $387.1 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $3,871 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 the quarter ended March 27, 2022, 71 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 $387.1 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 the next twelve months. 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:

	March 27 2022	December 26 2021
Cash and cash equivalents	387,117	377,461
Trade and other receivables	190,200	177,382
Foreign currency forward contracts	343	-
	577,660	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 first quarter of 2022, the Company incurred costs on the sale of trade receivables of $465 (2021 - $237). Of these costs, $375 was recorded in finance expense (2021 - $173) and $90 was recorded in general and administrative expenses (2021 - $64).

As at March 27, 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) 30 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 36 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. In its assessment of the allowance for expected credit losses as at March 27, 2022, the Company considered the economic impact of the COVID-19 pandemic on its assessment, including the risk of default of its customers given the economic uncertainty caused by this pandemic. During the first quarter of 2022, the Company recorded impairment losses on trade and other receivables of $31 (2021 - $466).

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:

	March 27 2022	December 26 2021
Current (not past due)	166,881	149,824
1 - 30 days past due	17,744	22,504
31 - 60 days past due	3,034	3,351
More than 60 days past due	3,586	2,710
	191,245	178,389
Less: Allowance for expected credit losses	(1,045)	(1,007)
Total trade and other receivables, net	190,200	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.