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NEWS RELEASE

Winpak Reports 2020 Third Quarter Results

Winnipeg, Manitoba, October 22, 2020 - Winpak Ltd. (WPK) today reports consolidated results in US dollars for the third quarter of 2020, which ended on September 27, 2020.

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
(thousands of US dollars, except per share amounts)				
Revenue	210,605	212,734	640,402	656,387
Net income	27,372	29,462	80,838	90,543
Income tax expense	10,295	10,099	29,497	31,881
Net finance expense (income)	125	(1,364)	(1,036)	(3,805)
Depreciation and amortization	11,304	10,567	33,309	30,930
EBITDA (1)	49,096	48,764	142,608	149,549
Net income attributable to equity holders of the Company	26,684	28,578	79,065	88,093
Net income attributable to non-controlling interests	688	884	1,773	2,450
Net income	27,372	29,462	80,838	90,543
Basic and diluted earnings per share (cents)	41	44	122	136

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.

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[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.

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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 third quarter of 2020 of $26.7 million or 41 cents in earnings per share (EPS) decreased by $1.9 million or 3 cents per share from the comparable 2019 quarter. Overall, lower sales volumes caused EPS to decline by 1.0 cent. Of this amount, it is estimated that COVID-19 accounted for a decrease of 1.5 cents, whereas non-COVID-19 related sales volume growth raised EPS by 0.5 cents. Additionally, the reduction in gross profit margins dampened EPS by 1.0 cent. Furthermore, net finance expense (income) and income taxes subtracted 1.5 cents and 1.0 cent from EPS, respectively. Conversely, foreign exchange augmented EPS by 1.5 cents.

For the nine months ended September 27, 2020, net income attributable to equity holders of the Company was $79.1 million or $1.22 per share, a decline of 10.2 percent from the corresponding 2019 result of $88.1 million or $1.36 per share. Weaker sales volumes lowered EPS by 5.0 cents, of which 2.5 cents is estimated to be attributed to COVID-19. The narrowing of gross profit margins led to a contraction in EPS of 5.5 cents. In addition, the significant reduction in net finance income negatively effected EPS by 3.0 cents. The unfavorable impact of foreign exchange and income taxes on EPS amounted to 1.5 cents and 1.0 cent, respectively. Operating expenses and net income attributable to non-controlling interests had a positive influence with both items enhancing EPS by 1.0 cent each.

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
The impact of COVID-19 has differed amongst the Company's product groups. It is estimated that COVID-19 reduced third quarter sales volumes between 3.0 to 4.0 percent and lowered year-to-date sales volumes between 1.5 to 2.5 percent. Sales activity with respect to customers that serve the restaurant and food service industries recovered slightly but continued to be muted during the third quarter due to the reopening restrictions instituted across North America. In contrast, with respect to our customers that service the retail food industries, overall volumes were elevated due in part to pantry stocking, which began to show signs of softening in the latter part of the third quarter.

Revenue in the third quarter of 2020 was $210.6 million, $2.1 million or 1.0 percent less than the third quarter of 2019. Normalizing for the acquisition of Control Group in October 2019, volumes contracted by 2.0 percent. The flexible packaging operating segment attained volume growth of 1 percent. Modified atmosphere packaging volumes advanced significantly due to the overall enhanced demand for retail meat and cheese products, non-COVID-19 related market share gains, and the inroads made within the Mexican market. Conversely, biaxially oriented nylon and specialty films volumes decreased markedly as several major customers in food services, non-food retail and medical products were negatively impacted by COVID-19. Volumes within the rigid packaging and flexible lidding operating segment declined by 6 percent after adjusting for the Control Group acquisition. Rigid container volumes decreased substantially due to the lower market share retained with respect to specialty beverages following the major customer's transition to a new recyclable cup. Additionally, the gradual and limited reopening of the restaurant industry weakened the demand for condiment and creamer containers. For the lidding product group, volumes were relatively flat. Within the packaging machinery operating segment, robust volume growth of 13 percent was experienced in relation to the third quarter of 2019. Selling price and mix changes lowered revenue by 1.5 percent. Foreign exchange had virtually no effect on revenue.

For the first nine months of 2020, revenue declined by $16.0 million from the $656.4 million recorded in the corresponding prior year period. Volumes, in total, were 3.7 percent lower after adjusting for the incremental volume from the Control Group acquisition. The flexible packaging operating segment realized modest volume growth of 2 percent. For the modified atmosphere packaging product group, solid volume growth reflected expansion within the Mexican market and elevated demand with respect to certain customers that service the retail meat and cheese markets. Biaxially oriented nylon volumes decreased significantly as a number of key customers were negatively impacted by COVID-19. Within the rigid packaging and flexible lidding operating segment, volumes contracted by 9 percent after adjusting for the acquisition of Control Group. The pronounced decline in rigid container volumes was mainly a consequence of the reduced level of involvement in supplying the specialty beverage business with the new recyclable polypropylene cup. The muted demand within the restaurant industry for condiment and creamer containers, in both the second and third quarters of 2020, played a large role as well. The lidding product group volumes increased slightly due to gains achieved with respect to specialty beverage and dessert lidding. Due to the exceptionally high number of machines shipped in the first three quarters of the prior year, the packaging machinery operating segment's volumes dropped by 14 percent. The current machinery sales order backlog is healthy, which should positively influence revenue in the final quarter of 2020. Compared to 2019, selling price and mix changes decreased revenue by 1.2 percent. Foreign exchange had a minor unfavorable effect on revenue.

Gross Profit Margins
Gross profit margins for the third quarter fell by 0.2 percentage points to 31.3 percent of revenue from the 31.5 percent recorded in the same quarter in 2019. The reduction in sales volumes, most notably within the rigid container product group, led to higher relative production costs, causing a contraction in gross profit margins. This decrease was substantially offset by raw material costs declining to a much larger extent than the corresponding selling price adjustments. The typical delayed timing of selling price pass-through adjustments to customers on formal price indexing programs led to this disparity.

For the first nine months of 2020, gross profit margins reached a level of 31.0 percent of revenue, falling short of the 31.6 percent realized in the corresponding 2019 year-to-date period. The reduction in sales volumes, in combination with the expansion in fixed manufacturing costs, compressed gross profit margins by 2.4 percentage points. Conversely, the degree to which the decline in raw material costs outpaced the corresponding selling price adjustments augmented gross profit margins by 1.8 percentage points.

The raw material purchase price index increased by 1.5 percent compared to the second quarter of 2020. In relation to a year earlier, the index has decreased by 8.8 percent. During the third quarter, polypropylene and polyethylene resin costs were significantly higher, rising by 22 percent and 9 percent respectively. In contrast, all other raw materials experienced modest reductions.

Expenses and Other
Operating expenses, adjusted for foreign exchange and the Control Group acquisition, in the third quarter of 2020 receded at a similar rate relative to the decline in sales volumes, thereby have an insignificant impact on EPS. Foreign exchange added 1.5 cents to EPS in the quarter due to the favorable translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars. In contrast, the much lower rate of interest applied to cash and cash equivalent amounts led to a contraction in EPS of 1.5 cents. The effective income tax rate increased by nearly two percentage points, lowering EPS by 1.0 cent.

On a year-to-date basis, operating expenses, exclusive of foreign exchange and the acquisition of Control Group, decreased at a rate of 4.6 percent in relation to the drop in sales volumes, generating an increase in EPS of 1.0 cent. Travel related spending was significantly curtailed due to the pandemic. As a result of the unfavorable translation differences recorded on the revaluation of monetary assets and liabilities denominated in Canadian dollars and Mexican pesos, foreign exchange subtracted 1.5 cents from EPS. In addition, net finance income dampened EPS by 3.0 cents and was the outcome of the substantial decline in the rate of interest earned on the Company's cash and cash equivalent amounts. A small increase in the income tax rate lowered EPS by 1.0 cent. Conversely, a lower proportion of earnings attributable to non-controlling interests added 1.0 cent to EPS.

Capital Resources, Cash Flow and Liquidity

The Company's cash and cash equivalents balance ended the third quarter of 2020 at $486.0 million, an increase of $30.3 million from the end of the previous quarter. Winpak continued to generate robust cash flows from operating activities before changes in working capital of $49.3 million. Working capital provided cash of $7.0 million. Trade and other receivables declined by $7.1 million, reflecting the change in revenue relative to the second quarter as well as certain customers' payment terms returning to normal after being temporarily extended earlier in 2020 due to COVID-19 factors. Cash was utilized for plant and equipment additions of $14.3 million, income tax payments of $9.9 million, dividend payments of $1.4 million and other items totaling $0.4 million.

For the first nine months of 2020, the cash and cash equivalents balance rose by $88.8 million from the start of the year. Cash flows generated from operating activities were solid at $143.8 million. Working capital generated $8.7 million in cash. Trade and other receivables decreased by $11.2 million due to a combination of the timing of customer receipts and the collection of value added taxes owing from government authorities in relation to recent capital expansion projects. Other uses of cash included: plant and equipment additions of $31.5 million, income tax payments of $27.1 million, dividend payments of $4.3 million and other items amounting to $2.1 million. Net finance income provided cash of $1.3 million.

Summary of Quarterly Results

	Thousands of US dollars, except per share amounts (US cents)							
	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	210,605	216,201	213,596	217,456	212,734	219,618	224,035	222,138
Net income attributable to equity holders of the Company	26,684	29,226	23,155	26,679	28,578	31,086	28,429	26,683
EPS	41	45	36	41	44	48	44	41

The Company initially applied IFRS 16 "Leases" at December 31, 2018. Under the transition method chosen by the Company, comparative information has not been restated.

Looking Forward

The Company continues to monitor the ongoing effects of the Coronavirus (COVID-19) pandemic on businesses throughout the world with specific attention being given to the current level of elevated cases in North America. The loosening of restrictions and reopening activities across North America has resulted in an escalation of COVID-19 infections and an apparent second wave. Winpak is regarded as an essential supplier of packaging materials and machinery for our customers in the food, beverage and healthcare industries. The Company remains steadfast in its efforts to minimize the effects of COVID-19 and continues to be diligent in ensuring that all the necessary health and safety precautions are continuously updated and maintained at all of our production facilities to protect our highly committed employees and their families. During the pandemic, Winpak has managed to keep all its plants operational with a limited number of COVID-19 incidents. Businesses across the globe will be dealing with the enduring effects of the pandemic for the foreseeable future which makes it a challenge to predict with certainty its ongoing effects on the Company's business and financial results.

During the third quarter, the North American business landscape dealt with the removal of shelter-in-place orders and varied stages of reopenings which resulted in fluctuating customer order levels amongst the operating segments. The flexible packaging segment experienced elevated buying by consumers at the retail level from pantry stocking, however, as the third quarter progressed, consumers started to slowly taper this behavior and our customers began to drawdown their inventories, resulting in softer order volumes in the cheese and protein markets. Due to the diverse levels of reopening activities, this segment experienced a modest recovery in both food service and non-food retail markets. The demand for single-serve products in the rigid packaging and flexible lidding segment catering to the food service industry started to rebound, however, volumes appear to have levelled off for the time being. Aside from the pandemic, rigid containers continued to have a notable reduction in volumes due to the reduced contractual position with the recyclable specialty beverage polypropylene cup. The specialty beverage cup business should no longer be a headwind to Winpak's volumes going forward on comparison to prior year quarterly time periods. The lidding product group experienced slight volume gains with the specialty beverage die-cut lids. The packaging machinery segment remains very dynamic with a strong machine order backlog which will keep it busy entering 2021. Despite COVID-19, Winpak's sales funnel remains very active with several new business opportunities being secured with new and existing customers amongst the Company's product groups. This new business generation is expected to commence in the fourth quarter of 2020, with new product launches for a retort pet food tray and dessert custom container offerings, and continue through 2021 when other awarded business, including spouted pouches, are transitioned over to Winpak. Throughout the pandemic, the raw material supply chain has remained resilient with minimal disruptions, enabling the plants to remain fully operational. Raw material resin prices for polyethylene and polypropylene increased considerably during the third quarter and in the initial stages of the fourth quarter. These increased costs were the result of resin suppliers curtailing production levels during the third quarter along with unexpected disruptions in resin supply caused by plant closures from the hurricanes in the gulf coast of the United States. These higher resin prices will elevate costs of goods sold in the next six months and put downward pressure on gross profit margins from those realized in the first nine months of 2020. The elevated resin costs will result in modest increases in selling prices to customers due to the pass-through of higher raw material costs as 65 percent of Winpak's revenues are indexed albeit with a three to four-month time lag. Current market expectations are for slight increases in the Company's primary resin prices during the fourth quarter with some potential cost reductions in the first half of 2021. The current level of the Canadian dollar versus the US dollar should remain relatively stable for the balance of 2020. As a result, the effect from foreign exchange on future net income should be minimal. Finance income earned on cash and cash equivalent amounts will be negligible due to the nominal North American interest rates.

Capital expenditures began to pick-up during the third quarter with spending anticipated to finish the year in the range of $45 to $50 million. The pandemic has produced some delays with certain capital projects due to setbacks with supplier equipment deliveries and installations, creating some uncertainty as to their scheduled completion. The Winnipeg, Manitoba modified atmosphere packaging plant is in the midst of completing several important projects including: incremental capacity with a new cast co-extrusion line, new conversion competencies for resealable lidding and spouted pouches along with the retrofitting of two cast co-extrusion lines, which will promote the Company's technical capabilities to produce the next generation of sustainable product offerings with reusable/recyclable high-barrier thermoformable films. The biaxially oriented polyamide (BOPA) line and building expansion in Winnipeg, Manitoba continues to progress with commercialization of the line anticipated to begin by the third quarter of 2021. The packaging machinery facility relocation to Rialto, California and enhanced slitting capabilities at the Norwood, New Jersey site are scheduled to be completed in the first quarter of 2021. The Company will continue to invest capital in organic growth opportunities including new technologies, processes and material sciences which broaden its sustainable product platform with recycle-ready/reusable products. During the third quarter, potential acquisition opportunities slowly started to resurface after pausing earlier in the year when COVID-19 commenced. The Company will remain diligent and evaluate acquisition candidates that align strategically with Winpak's core competencies in sophisticated high-barrier packaging for food, beverage and healthcare applications. The Company continues to produce solid and consistent cash flows from operations with considerable cash resources on hand which has enabled Winpak to operate effectively during the pandemic.

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 27, 2020 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 September 27, 2020 to provide reasonable assurance that the financial information being reported is materially accurate. During the third quarter ended September 27, 2020, 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
Third Quarter Ended: September 27, 2020

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	September 27 2020	December 29 2019
Assets			
Current assets:			
Cash and cash equivalents		485,986	397,159
Trade and other receivables	12	130,618	141,855
Income taxes receivable		7,468	1,253
Inventories	6	129,454	130,467
Prepaid expenses		4,566	2,715
Derivative financial instruments		141	527
		758,233	673,976
Non-current assets:			
Property, plant and equipment	7	497,684	489,267
Intangible assets		36,212	37,326
Employee benefit plan assets		10,887	11,131
Deferred tax assets		624	688
		545,407	538,412
Total assets		1,303,640	1,212,388
Equity and Liabilities			
Current liabilities:			
Trade payables and other liabilities		61,502	64,134
Contract liabilities		5,321	3,715
Provisions		149	149
Income taxes payable		2,120	3,529
Derivative financial instruments		252	8
		69,344	71,535
Non-current liabilities:			
Employee benefit plan liabilities		12,813	11,411
Deferred income		13,213	14,237
Provisions and other long-term liabilities		13,876	4,839
Deferred tax liabilities		52,531	44,604
		92,433	75,091
Total liabilities		161,777	146,626
Equity:			
Share capital		29,195	29,195
Reserves		(81)	380
Retained earnings		1,079,991	1,005,202
Total equity attributable to equity holders of the Company		1,109,105	1,034,777
Non-controlling interests		32,758	30,985
Total equity		1,141,863	1,065,762
Total equity and liabilities		1,303,640	1,212,388

See accompanying notes to condensed consolidated financial statements.

Winpak Ltd.
Condensed Consolidated Statements of Income
(thousands of US dollars, except per share amounts) (unaudited)

		Quarter Ended		Year-To-Date Ended	
	Note	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Revenue	4	210,605	212,734	640,402	656,387
Cost of sales		(144,603)	(145,619)	(442,186)	(448,883)
Gross profit		66,002	67,115	198,216	207,504
Sales, marketing and distribution expenses		(16,786)	(15,930)	(50,894)	(50,849)
General and administrative expenses		(7,862)	(8,041)	(23,562)	(24,660)
Research and technical expenses		(4,270)	(4,223)	(12,182)	(12,681)
Pre-production expenses		-	(187)	(178)	(347)
Other income (expenses)	5	708	(537)	(2,101)	(348)
Income from operations		37,792	38,197	109,299	118,619
Finance income		388	2,175	2,791	6,566
Finance expense		(513)	(811)	(1,755)	(2,761)
Income before income taxes		37,667	39,561	110,335	122,424
Income tax expense		(10,295)	(10,099)	(29,497)	(31,881)
Net income for the period		27,372	29,462	80,838	90,543
Attributable to:					
Equity holders of the Company		26,684	28,578	79,065	88,093
Non-controlling interests		688	884	1,773	2,450
		27,372	29,462	80,838	90,543
Basic and diluted earnings per share - cents	10	41	44	122	136

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

		Quarter Ended		Year-To-Date Ended	
	Note	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Net income for the period		27,372	29,462	80,838	90,543
Items that will not be reclassified to the statements of income:					
Cash flow hedge (losses) gains recognized		-	(103)	-	399
Cash flow hedge losses transferred to property, plant and equipment		-	158	-	666
Income tax effect		-	-	-	-
		-	55	-	1,065
Items that are or may be reclassified subsequently to the statements of income:					
Cash flow hedge gains (losses) recognized		459	(481)	(1,164)	795
Cash flow hedge losses transferred to the statements of income	5	143	40	534	895
Income tax effect		(160)	117	169	(453)
		442	(324)	(461)	1,237
Other comprehensive income (loss) for the period - net of income tax		442	(269)	(461)	2,302
Comprehensive income for the period		27,814	29,193	80,377	92,845
Attributable to:					
Equity holders of the Company		27,126	28,309	78,604	90,395
Non-controlling interests		688	884	1,773	2,450
		27,814	29,193	80,377	92,845

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 31, 2018		29,195	(2,264)	893,279	920,210	27,693	947,903
Comprehensive income for the period							
Cash flow hedge gains, net of tax		-	981	-	981	-	981
Cash flow hedge losses transferred to the statements of income, net of tax		-	655	-	655	-	655
Cash flow hedge losses transferred to property, plant and equipment		-	666	-	666	-	666
Other comprehensive income		-	2,302	-	2,302	-	2,302
Net income for the period		-	-	88,093	88,093	2,450	90,543
Comprehensive income for the period		-	2,302	88,093	90,395	2,450	92,845
Dividends	9	-	-	(4,421)	(4,421)	-	(4,421)
Balance at September 29, 2019		29,195	38	976,951	1,006,184	30,143	1,036,327
Balance at December 30, 2019		29,195	380	1,005,202	1,034,777	30,985	1,065,762
Comprehensive (loss) income for the period							
Cash flow hedge losses, net of tax		-	(853)	-	(853)	-	(853)
Cash flow hedge losses transferred to the statements of income, net of tax		-	392	-	392	-	392
Other comprehensive loss		-	(461)	-	(461)	-	(461)
Net income for the period		-	-	79,065	79,065	1,773	80,838
Comprehensive (loss) income for the period		-	(461)	79,065	78,604	1,773	80,377
Dividends	9	-	-	(4,276)	(4,276)	-	(4,276)
Balance at September 27, 2020		29,195	(81)	1,079,991	1,109,105	32,758	1,141,863

See accompanying notes to condensed consolidated financial statements.

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

	Note	Quarter Ended September 27 2020	Quarter Ended September 29 2019	Year-To-Date Ended September 27 2020	Year-To-Date Ended September 29 2019
Cash provided by (used in):					
Operating activities:					
Net income for the period		27,372	29,462	80,838	90,543
Items not involving cash:					
Depreciation		11,278	10,834	33,222	31,720
Amortization - deferred income		(384)	(381)	(1,154)	(1,136)
Amortization - intangible assets		410	114	1,241	346
Employee defined benefit plan expenses		988	785	2,758	2,549
Net finance expense (income)		125	(1,364)	(1,036)	(3,805)
Income tax expense		10,295	10,099	29,497	31,881
Other		(769)	(1,207)	(1,551)	(2,390)
Cash flow from operating activities before the following		49,315	48,342	143,815	149,708
Change in working capital:					
Trade and other receivables		7,065	(5,126)	11,237	(3,404)
Inventories		1,452	1,448	1,013	2,158
Prepaid expenses		(16)	772	(1,851)	(611)
Trade payables and other liabilities		(3,910)	(1,847)	(3,344)	824
Contract liabilities		2,390	61	1,606	(1,503)
Employee defined benefit plan contributions		(82)	(116)	(1,490)	(2,207)
Income tax paid		(9,924)	(8,637)	(27,124)	(29,540)
Interest received		311	2,086	2,595	6,445
Interest paid		(372)	(671)	(1,292)	(2,440)
Net cash from operating activities		46,229	36,312	125,165	119,430
Investing activities:					
Acquisition of property, plant and equipment - net		(14,282)	(14,908)	(31,533)	(43,770)
Acquisition of intangible assets		(38)	(68)	(126)	(103)
		(14,320)	(14,976)	(31,659)	(43,873)
Financing activities:					
Payment of lease liabilities		(170)	(112)	(368)	(321)
Dividends paid	9	(1,426)	(1,488)	(4,311)	(4,377)
		(1,596)	(1,600)	(4,679)	(4,698)
Change in cash and cash equivalents		30,313	19,736	88,827	70,859
Cash and cash equivalents, beginning of period		455,673	395,445	397,159	344,322
Cash and cash equivalents, end of period		485,986	415,181	485,986	415,181

See accompanying notes to condensed consolidated financial statements.

1. General

Winpak Ltd. 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 29, 2019, which are included in the Company's 2019 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 2020 and 2019 fiscal years are both comprised of 52 weeks and each quarter of 2020 and 2019 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 October 22, 2020.

Coronavirus (COVID-19)
In March 2020, the World Health Organization declared a global pandemic known as Coronavirus (COVID-19). The extent of the pandemic's effect on the Company's operational and financial performance will depend on future developments, including the extent and duration of the pandemic, both of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall financial impact on the Company's business. Winpak has a solid balance sheet with significant cash resources on hand, unused credit facilities comprised of unsecured operating lines of $38 million and strong cash flows from operations to enable the Company to function effectively during the COVID-19 pandemic.

All Winpak facilities in North America are now under some level of health state of emergency order restricting business activities, movement of people, size of groups and instituting mandatory quarantine for travelers. Wherever a shelter-in-place order or state of emergency has been declared, local and federal authorities have identified under specific acts, which essential industries may remain open and active until further notice. In all affected jurisdictions, Winpak is classified as an essential provider of packaging materials and machinery to the food and healthcare industries, and is being actively urged by its customers to provide uninterrupted supply of quality packaging materials and machinery to maintain their essential supply chains. As of the date of these interim financial statements, all Winpak production sites are operational and working with the complete support of equally determined suppliers and logistics companies servicing customers who face similar challenges to stay in operation and supply our communities with food and healthcare supplies. With the tremendous support and dedication of all stakeholders, the Company spares no effort to strengthen a safe workplace in all production facilities as well as curb the spread of the virus through a comprehensive and as we learn, expanding list of counter safety measures. All sites have meticulously reviewed and updated their disaster mitigation and recovery plans for readiness in the face of any contamination.

3. 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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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 4 for a breakdown of revenue by operating and geographic segment. The following summary presents property, plant and equipment and intangible assets information by geographic segment:

	September 27 2020	December 29 2019
United States	266,093	264,639
Canada	248,262	242,296
Mexico	19,541	19,658
	533,896	526,593

4. 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.

Disaggregation of Revenue

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Operating segment				
Flexible packaging	111,170	111,011	338,022	335,210
Rigid packaging and flexible lidding	91,655	95,947	281,584	301,430
Packaging machinery	7,780	5,776	20,796	19,747
	210,605	212,734	640,402	656,387
Geographic segment				
United States	167,559	170,406	508,906	537,823
Canada	27,598	27,321	83,888	79,950
Mexico and other	15,448	15,007	47,608	38,614
	210,605	212,734	640,402	656,387

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 the year-to-date periods ended September 27, 2020 and September 29, 2019. Other markets include medical, pharmaceutical, personal care, industrial, and other consumer goods.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

5. Other Income (Expenses)

	Quarter Ended		Year-To-Date Ended	
Amounts shown on a net basis	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Foreign exchange gains (losses)	851	(497)	(1,567)	547
Cash flow hedge losses transferred from other comprehensive income	(143)	(40)	(534)	(895)
	708	(537)	(2,101)	(348)

6. Inventories

	September 27 2020	December 29 2019
Raw materials	33,754	32,741
Work-in-process	30,441	25,281
Finished goods	52,603	60,532
Spare parts	12,656	11,913
	129,454	130,467

During the third quarter of 2020, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $1,345 (2019 - $1,518) and reversals of previously written-down items of $868 (2019 - $306). On a year-to-date basis, the Company recorded, within cost of sales, inventory write-downs for slow-moving and obsolete inventory of $6,147 (2019 - $5,056) and reversals of previously written-down items of $2,783 (2019 - $2,175).

7. Property, Plant and Equipment

At September 27, 2020, the Company has commitments to purchase plant and equipment of $32,194 (December 29, 2019 - $29,741). No impairment losses or impairment reversals were recognized during the year-to-date periods ended September 27, 2020 or September 29, 2019.

8. Leases

Right-of-use assets

	September 27 2020
Opening balance, December 30, 2019	4,755
Additions	10,064
Depreciation	(870)
Closing balance, September 27, 2020	13,949

Lease liabilities

The following tables provide information about the timing of future lease payments:

	September 27 2020
Less than one year	(1,252)
One to five years	(5,226)
More than five years	(13,039)
Total contractual undiscounted lease liabilities	(19,517)

	September 27 2020
Current	(1,231)
Non-current	(13,115)
Total discounted lease liabilities	(14,346)

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 September 27, 2020, potential future lease payments not included in lease liabilities totaled $4,973 on a discounted basis.

9. Dividends

During the third quarter of 2020, dividends in Canadian dollars of 3 cents per common share were declared (2019 - 3 cents) and on a year-to-date basis, 9 cents per common share were declared (2019 - 9 cents).

10. Earnings Per Share

	Quarter Ended		Year-To-Date Ended	
	September 27 2020	September 29 2019	September 27 2020	September 29 2019
Net income attributable to equity holders of the Company	26,684	28,578	79,065	88,093
Weighted average shares outstanding (000's)	65,000	65,000	65,000	65,000
Basic and diluted earnings per share - cents	41	44	122	136

11. 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
<u>At September 27, 2020</u>				
Foreign currency forward contracts - net	-	(111)	-	(111)
<u>At December 29, 2019</u>				
Foreign currency forward contracts - net	-	519	-	519

When the Company has a legally enforceable right to set off supplier rebates 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 September 27, 2020, the supplier rebate receivable balance that was offset was $5,143 (December 29, 2019 - $4,036).

12. 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 (expenses). As a result of the Company's CDN dollar net asset monetary position as at September 27, 2020, a one-cent change in the period-end foreign exchange rate from 0.7467 to 0.7367 (CDN to US dollars) would have decreased net income by $174 for the third quarter of 2020. Conversely, a one-cent change in the period-end foreign exchange rate from 0.7467 to 0.7567 (CDN to US dollars) would have increased net income by $174 for the third quarter of 2020.

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 forward foreign currency contracts when equipment purchases and special dividend payments will be settled in foreign currencies. Transactions are only conducted with certain approved Schedule 1 Canadian 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 Schedule 1 Canadian financial institutions, which are highly rated.

Certain foreign currency contracts matured during the third quarter of 2020 and the Company realized pre-tax foreign exchange losses of $143 (year-to-date losses - $534). Of these foreign exchange differences, losses of $143 (year-to-date losses - $534) were recorded in other income (expenses) and $0 was recorded in property, plant and equipment (year-to-date - $0). During the third quarter of 2019, the Company realized pre-tax foreign exchange losses of $198 (year-to-date losses - $1,561). Of these foreign exchange differences, losses of $40 were recorded in other income (expenses) (year-to-date losses - $895) and losses of $158 were recorded in property, plant and equipment (year-to-date losses - $666).

As at September 27, 2020, the Company had US to CDN dollar foreign currency forward contracts outstanding with a notional amount of US $31.0 million at an average exchange rate of 1.3339 maturing between October 2020 and July 2021. The fair value of these financial instruments was negative $111 US and the corresponding unrealized loss has been recorded in other comprehensive income. The Company did not recognize any ineffectiveness on the hedging instruments for the year-to-date periods ended September 27, 2020 and September 29, 2019.

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 September 27, 2020 cash and cash equivalents balance of $486.0 million, a 1.0 percent increase/decrease in interest rate fluctuations would increase/decrease income before income taxes by $4,860 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 year-to-date period ended September 27, 2020, 65 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.

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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 $486.0 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.

The following table details the maximum exposure to the Company's counterparty credit risk which represents the carrying value of the financial asset:

	September 27 2020	December 29 2019
Cash and cash equivalents	485,986	397,159
Trade and other receivables	130,618	141,855
Foreign currency forward contracts	141	527
	616,745	539,541

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 Schedule 1 Canadian 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 third quarter of 2020, the Company incurred costs on the sale of trade receivables of $429 (2019 - $1,003). Of these costs, $326 was recorded in finance expense (2019 - $654) and $103 was recorded in general and administrative expenses (2019 - $349). On a year-to-date basis, the Company incurred costs on the sale of trade receivables of $1,425 (2019 - $3,494). Of these costs, $1,149 was recorded in finance expense (2019 - $2,411) and $276 was recorded in general and administrative expenses (2019 - $1,083).

As at September 27, 2020, 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) 37 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 39 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 September 27, 2020, 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 downturn caused by this pandemic. During the third quarter of 2020, the Company recorded impairment losses on trade and other receivables of $550 (2019 - $60 impairment recoveries). On a year-to-date basis, the Company recorded impairment losses on trade and other receivables of $988 (2019 - $64).

(thousands of US dollars, unless otherwise indicated) (Unaudited)

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:

	September 27 2020	December 29 2019
Current (not past due)	113,560	119,227
1 - 30 days past due	14,779	19,840
31 - 60 days past due	2,242	2,364
More than 60 days past due	2,063	1,822
	132,644	143,253
Less: Allowance for expected credit losses	(2,026)	(1,398)
Total trade and other receivables, net	130,618	141,855

13. 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.