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)

	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
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)

	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
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)

		Attributable to equity holders of the Company					
	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
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.