



**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

**As at and for the thirteen and thirty-nine weeks ended September 28, 2019
With comparative figures as at and for the thirteen and thirty-nine weeks ended September 29, 2018**

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, in thousands of United States dollars)

	Notes	September 28, 2019	December 29, 2018
ASSETS			
Current assets			
Cash		\$ 24,700	\$ 9,568
Accounts receivable		78,867	84,873
Income taxes receivable		5,899	6,411
Other financial assets	14	391	2,504
Inventories		264,161	301,411
Prepaid expenses		5,335	4,333
Total current assets		379,353	409,100
Non-current assets			
Property, plant and equipment		109,721	114,371
Right-of-use assets	4	12,718	—
Deferred finance costs	5	246	—
Deferred income taxes	10	236	7
Other receivables and assets	14	21	1,013
Intangible assets		150,443	155,594
Goodwill		157,331	157,070
Total non-current assets		430,716	428,055
Total assets	5, 6	\$ 810,069	\$ 837,155
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank loans	5, 15	\$ —	\$ 31,152
Accounts payable and accrued liabilities		142,907	157,162
Contract liability		4,005	4,772
Provisions		162	1,460
Other current financial liabilities	14	426	78
Other current liabilities		6,070	245
Income taxes payable		650	585
Current portion of long-term debt	6, 15	—	13,655
Current portion of lease liabilities	4	4,626	372
Total current liabilities		158,846	209,481
Non-current liabilities			
Long-term debt	6, 15	323,118	322,674
Other long-term financial liabilities	14	450	5
Other long-term liabilities		3,610	1,493
Long-term lease liabilities	4	8,111	407
Deferred income taxes	10	31,325	28,451
Future employee benefits		14,897	10,785
Total non-current liabilities		381,511	363,815
Total liabilities		540,357	573,296
Shareholders' equity			
Common shares	8	112,887	112,887
Contributed surplus		15,925	15,357
Retained earnings		165,702	161,377
Accumulated other comprehensive loss		(24,802)	(25,762)
Total shareholders' equity		269,712	263,859
Total liabilities and shareholders' equity		\$ 810,069	\$ 837,155

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(unaudited, in thousands of United States dollars, except per share amounts)

	Notes	Thirteen weeks ended		Thirty-nine weeks ended	
		September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Sales	13	\$ 220,141	\$ 241,157	\$ 720,599	\$ 805,653
Cost of sales		177,707	197,158	579,241	657,783
Gross profit		42,434	43,999	141,358	147,870
Distribution expenses		10,697	12,692	34,375	40,524
Selling, general and administrative expenses		25,429	21,650	71,442	71,249
Impairment of property, plant and equipment		930	1,003	968	1,003
Business acquisition, integration and other expense (income)	3, 7	3,414	(6,813)	(987)	(6,102)
Results from operating activities		1,964	15,467	35,560	41,196
Finance costs	6, 15	5,027	5,109	16,428	15,815
(Loss) income before income taxes		(3,063)	10,358	19,132	25,381
Income tax (recovery) expense	10	(663)	5,827	5,824	7,795
Net (loss) income		\$ (2,400)	\$ 4,531	\$ 13,308	\$ 17,586
(Loss) earnings per common share					
Basic		\$ (0.07)	\$ 0.13	\$ 0.39	\$ 0.52
Diluted		\$ (0.07)	\$ 0.13	\$ 0.39	\$ 0.52
Weighted average number of shares outstanding					
Basic		33,806,527	33,673,507	33,812,287	33,598,945
Diluted		33,806,527	33,673,796	34,257,131	33,601,433

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in thousands of United States dollars)

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net (loss) income	\$ (2,400)	\$ 4,531	\$ 13,308	\$ 17,586
Other comprehensive income (loss), net of income tax				
Other comprehensive income (loss) to be reclassified to net income:				
(Loss) gain on hedge of net investment in foreign operations	(3,931)	4,917	9,480	(9,301)
Gain (loss) on translation of net investment in foreign operations	5,012	(7,101)	(11,446)	13,410
Translation impact on Canadian dollar denominated non-AOCI items	(2,799)	4,534	6,084	(8,665)
Translation impact on Canadian dollar denominated AOCI items	268	(309)	(665)	645
Total exchange (losses) gains on translation of foreign operations and Canadian dollar denominated items	(1,450)	2,041	3,453	(3,911)
Effective portion of changes in fair value of cash flow hedges	22	577	(1,615)	3,385
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	114	(877)	(686)	(291)
Net change in fair value of cash flow hedges transferred to income	(88)	(87)	(472)	(106)
Translation impact on Canadian dollar denominated AOCI items	(104)	175	280	(226)
Total exchange (losses) gains on cash flow hedges	(56)	(212)	(2,493)	2,762
Net other comprehensive (loss) gain to be reclassified to net income	(1,506)	1,829	960	(1,149)
Other comprehensive (loss) income not to be reclassified to net income:				
Defined benefit plan actuarial (losses) gains	(854)	239	(2,829)	379
Other comprehensive (loss) income, net of income tax	(2,360)	2,068	(1,869)	(770)
Total comprehensive (loss) income	\$ (4,760)	\$ 6,599	\$ 11,439	\$ 16,816

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")
(unaudited, in thousands of United States dollars)

	Foreign currency translation differences	Net exchange differences on cash flow hedges	Total AOCI
Balance at December 29, 2018	\$ (27,977)	\$ 2,215	\$ (25,762)
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	3,453	—	3,453
Total exchange losses on cash flow hedges	—	(2,493)	(2,493)
Balance at September 28, 2019	\$ (24,524)	\$ (278)	\$ (24,802)
Balance at December 30, 2017	\$ (17,699)	\$ 220	\$ (17,479)
Total exchange losses on translation of foreign operations and Canadian dollar denominated items	(3,911)	—	(3,911)
Total exchange gains on cash flow hedges	—	2,762	2,762
Balance at September 29, 2018	\$ (21,610)	\$ 2,982	\$ (18,628)

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in thousands of United States dollars)

	Common shares	Contributed surplus	Retained earnings	AOCI	Total
Balance at December 29, 2018	\$ 112,887	\$ 15,357	\$ 161,377	\$ (25,762)	\$ 263,859
Other comprehensive loss	—	—	(2,829)	960	(1,869)
Net income	—	—	13,308	—	13,308
Common share dividends	—	—	(6,154)	—	(6,154)
Share-based compensation	—	568	—	—	568
Balance at September 28, 2019	\$ 112,887	\$ 15,925	\$ 165,702	\$ (24,802)	\$ 269,712
Balance at December 30, 2017	\$ 112,835	\$ 14,354	\$ 159,157	\$ (17,479)	\$ 268,867
Other comprehensive loss	—	—	379	(1,149)	(770)
Net income	—	—	17,586	—	17,586
Common share dividends	—	—	(11,060)	—	(11,060)
Share-based compensation	52	876	—	—	928
Balance at September 29, 2018	\$ 112,887	\$ 15,230	\$ 166,062	\$ (18,628)	\$ 275,551

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands of United States dollars)

		Thirteen weeks ended		Thirty-nine weeks ended	
	Notes	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Cash flows provided by (used in):					
Operating activities					
Net (loss) income		\$ (2,400)	\$ 4,531	\$ 13,308	\$ 17,586
Adjustments to net income not involving cash from operations:					
Depreciation and amortization	4	5,717	4,522	16,777	13,305
Share-based compensation expense	9	4,375	30	8,633	1,048
Loss on asset disposals and impairment		1,029	1,030	1,177	1,144
Future employee benefits contribution, net of expense		87	99	54	6
Finance costs	4	5,027	5,109	16,428	15,815
Income tax (recovery) expense	10	(663)	5,827	5,824	7,795
Unrealized foreign exchange loss (gain)		182	(276)	925	27
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes refunded (paid)		13,354	20,872	63,126	56,726
Changes in non-cash working capital balances:					
Accounts receivable		(3,710)	(652)	6,422	2,592
Inventories		(5,381)	(5,381)	39,679	66,416
Prepaid expenses		(235)	586	(948)	(512)
Accounts payable and accrued liabilities		16,093	1,441	(15,765)	(67,476)
Provisions		(264)	(461)	(1,341)	(114)
Net change in non-cash working capital balances		6,503	(4,467)	28,047	906
Interest paid		(4,379)	(5,019)	(15,075)	(14,688)
Income taxes refunded (paid)		—	3,965	(400)	4,025
Net cash flows provided by operating activities		15,478	15,351	75,698	46,969
Financing activities					
Decrease in bank loans	5	—	(10,554)	(31,443)	(26,911)
Repayment of lease liabilities		(1,093)	(150)	(4,059)	(508)
Repayment of long-term debt	6	—	—	(13,695)	—
Deferred finance costs		—	(4)	—	(313)
Common share dividends paid		(1,262)	(3,719)	(6,154)	(11,060)
Options exercised for shares		—	—	—	24
Net cash flows used in financing activities		(2,355)	(14,427)	(55,351)	(38,768)
Investing activities					
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets		(2,189)	(2,602)	(4,757)	(10,424)
Net proceeds on disposal of assets		—	—	—	119
Net cash flows used in investing activities		(2,189)	(2,602)	(4,757)	(10,305)
Foreign exchange increase (decrease) on cash		513	319	(458)	(247)
Net change in cash during the period		11,447	(1,359)	15,132	(2,351)
Cash, beginning of period		13,253	3,746	9,568	4,738
Cash, end of period		\$ 24,700	\$ 2,387	\$ 24,700	\$ 2,387

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements In United States dollars, unless otherwise noted

1. Corporate information

High Liner Foods Incorporated (the "Company" or "High Liner Foods") is a company incorporated and domiciled in Canada. The address of the Company's registered office is 100 Battery Point, P.O. Box 910, Lunenburg, Nova Scotia, B0J 2C0. The Unaudited Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") of the Company as at and for the thirteen and thirty-nine weeks ended September 28, 2019, comprise High Liner Foods' Canadian company (the "Parent") and its subsidiaries (herein together referred to as the "Company" or "High Liner Foods"). The Company is primarily involved in the processing and marketing of prepared and packaged frozen seafood products.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on November 7, 2019.

2. Basis of preparation

(a) Statement of compliance

These Consolidated Financial Statements are in compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These Consolidated Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 29, 2018, as set out in the 2018 Annual Report, available at www.highlinerfoods.com.

(b) Functional and presentation currency

The Company determines its functional currency based on the currency of the primary economic environment in which it operates. The Parent's functional currency is the Canadian dollar ("CAD"), while the functional currencies of its subsidiaries is the CAD and the United States dollar ("U.S. dollar" or "USD"). The Company has chosen a USD presentation currency for its financial statements because the USD better reflects the Company's overall business activities and improves investors' ability to compare the Company's consolidated financial results with other publicly traded businesses in the packaged foods industry (most of which are based in the United States ["U.S."] and report in USD) and should result in less volatility in reported sales and income on the conversion to the presentation currency.

(c) Seasonality of operations

The Company's operating results are affected by the timing of holidays. Inventory levels fluctuate throughout the year, and are at their highest in the first quarter to support strong sales during the Lenten period. In addition, the timing of ordering raw materials is earlier than typically required in order to have adequate quantities available during the seasonal closure of plants in Asia during the Lunar New Year period. These events typically result in significantly higher inventories in December, January, February and March than during the rest of the year.

(d) New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies used in the preparation of the Consolidated Financial Statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the year ended December 29, 2018, except for the adoption of the following new standard and amendments that were effective for annual periods beginning on January 1, 2019 and that the Company has adopted on December 30, 2018:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases*, and its associated interpretive guidance. The new standard eliminates the distinction between operating and finance leases, bringing most leases on-balance sheet for lessees under a single model, unless an election is made to exclude a lease with a lease term of 12 months or less or the lease is for a low-value asset. A lessee recognizes a right-of-use ("ROU") asset representing the Company's right to use the underlying asset and a lease liability representing the obligation to make lease payments. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

The Company has elected to adopt the standard using the modified retrospective method and therefore the comparative information for Fiscal 2018 has not been restated. The Company has recognized new assets and liabilities for all leases that were previously classified as operating leases, other than those that were excluded due to the elected practical expedients. The Company applied the following practical expedients upon transition:

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Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

- The previous determination pursuant to IAS 17 and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, of whether a contract is a lease has been maintained for existing contracts;
- The Company has exercised the option not to apply the new recognition requirements to short-term leases with a term of 12 months or less (and no purchase option) and leases of low-value assets;
- For the purpose of initial measurement of the right-of-use assets as at December 30, 2018, initial direct costs were not taken into account; and
- The Company has elected not to separate non-lease components from lease components and will account for identified components as a single lease component.

As at December 30, 2018, the Company recognized additional assets and liabilities on the consolidated statements of financial position of \$14.6 million (see Note 4). In addition, the nature of the expense related to these leases has changed as IFRS 16 replaces the straight-line operating lease expense with depreciation expense for right-of-use assets and interest expense on the lease liabilities using the effective interest method.

The following table reconciles the operating lease payments as at December 29, 2018 to the lease liabilities recognized as at December 30, 2018:

<i>(Amounts in \$000s)</i>	Lease liabilities
Minimum lease payments under operating leases as at December 29, 2018	\$ 20,186
Recognition exemption for	
Short-term leases	(24)
Leases of low-value assets	(15)
Reasonably certain extension options	423
Variable non-lease components ⁽¹⁾	(2,653)
Lease obligation as at December 30, 2018 (gross, without discounting)	17,917
Effect from discounting at the incremental borrowing rate as at December 30, 2018 ⁽²⁾	(3,347)
Liabilities recognized based on the initial application of IFRS 16 as at December 30, 2018	14,570
Current portion of lease liabilities as at December 29, 2018	372
Long-term lease liabilities as of December 29, 2018	407
Total lease liabilities as of December 30, 2018	\$ 15,349

⁽¹⁾ Total payments related to variable non-lease components were \$0.1 million and \$0.4 million during the thirteen and thirty-nine weeks ended September 28, 2019, respectively.

⁽²⁾ The weighted-average incremental borrowing rate ("IBR") for lease liabilities initially recognized as of December 30, 2018 was 10%. If the Company's IBR changed by 1%, the lease liabilities initially recognized would change by approximately \$0.4 million.

Accounting Policy

At inception, the Company assesses whether a contract is or contains a lease which involves the exercise of judgement. The Company has elected not to separate lease and non-lease components for its right-of-use assets. The Company has elected not to recognize ROU assets and lease liabilities for leases where the total lease term is less than 12 months, or for a lease of low value. The payments for these leases will be recognized on a straight-line basis over the lease term as operating expenses.

Lease assets are capitalized at the commencement date of the lease and ROU assets are initially measured based on the present value of the lease payments, plus initial direct costs incurred when entering into the lease and lease payments made at or before the commencement date, less any lease incentives received. The ROU assets are depreciated over the shorter of the lease term or the estimated useful life of the underlying asset. An impairment review is undertaken for any ROU asset that shows indicators of impairment and an impairment loss is recognized against the ROU asset that is impaired.

The lease liability is measured at the present value of the fixed and eligible variable lease payments that depend on an index or rate, net of any lease incentives at the initial measurement date. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The present value of the lease payments is determined using the discount rate representing the Company's incremental borrowing rate on the lease

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Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

commencement date, adjusted for the applicable currency of the lease contract, similar tenor and nature of the asset being leased. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

IAS 19, *Employee Benefits*

In February 2018, the IASB issued amendments to IAS 19, *Employee Benefits* ("IAS 19"), which addresses the accounting when a plan amendment, curtailment or settlement occurs during the reporting period. The current service cost and net interest for the remainder of the period after the plan amendment, curtailment or settlement should reflect the updated actuarial assumptions after such an event. The amendments apply to plan amendments, curtailments, or settlements that occur on or after January 1, 2019, with early adoption permitted. The Company has adopted the amendments to IAS 19 on a prospective basis, which had no impact on the Consolidated Financial Statements.

IFRIC Interpretation 23, *Uncertainty over Income Tax Treatment*

In June 2017, the International Accounting Standards Board (IASB) issued IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments* (the "Interpretation") to address the accounting for income taxes when treatments involve uncertainty that affects the application of IAS 12, *Income Taxes* ("IAS 12"). The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Interpretation is effective for annual reporting periods beginning on or after January 1, 2019. The Interpretation had no impact on the Consolidated Financial Statements, therefore the Company was able to implement the Interpretation retrospectively without the use of hindsight.

3. Product recall

In April 2017, the Company announced a voluntary recall of certain brands of breaded fish and seafood products sold in Canada that may contain a milk allergen that was not declared on the ingredient label and allergen statement. The Company identified that the allergen had originated from ingredients supplied by one of the Company's U.S.-based ingredient suppliers. Subsequently, the Company was notified by the ingredient supplier that several additional ingredients were being recalled due to the potential presence of undeclared milk allergens, which necessitated the expansion of the Company's initial recall to include additional value-added seafood products sold in the U.S. and Canada.

As a result, during the fifty-two weeks ended December 30, 2017, the Company recognized \$13.5 million in net losses associated with the product recall related to consumer refunds, customer fines, the return of product to be re-worked or destroyed, and incremental costs. These losses did not include any reduction in earnings as a result of lost sales opportunities due to limited product availability and customer shortages, or increased production costs related to the interruption of production at the Company's facilities. During the fifty-two weeks ended December 29, 2018, the Company recognized an \$8.5 million recovery associated with the product recall losses from the ingredient supplier, which was recognized as business acquisition, integration and other expense (income) in the consolidated statements of income (loss).

During the first quarter of 2019, the Company recognized an additional \$8.5 million recovery associated with the product recall losses from the ingredient supplier. As a result, the Company has recovered the full \$13.5 million in losses recognized during the fifty-two weeks ended December 30, 2017 related to consumer refunds, customer fines, the return of product to be re-worked or destroyed, and direct incremental costs, and an additional \$3.5 million related to lost sales opportunities and increased production costs. No further expenses or recoveries are expected.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements In United States dollars, unless otherwise noted

4. Right-of-use assets and lease liabilities

Right-of-use assets

<i>(Amounts in \$000s)</i>		Land and buildings		Plant and machinery		Computer equipment and vehicles		Total
Cost								
At December 30, 2018	\$	13,686	\$	250	\$	634	\$	14,570
Additions		—		268		294		562
Transfers ⁽¹⁾		69		—		1,908		1,977
Disposals		—		(92)		(501)		(593)
Effect of exchange rates		63		—		53		116
At September 28, 2019	\$	13,818	\$	426	\$	2,388	\$	16,632

Accumulated depreciation

At December 30, 2018	\$	—	\$	—	\$	—	\$	—
Depreciation		(2,994)		(92)		(409)		(3,495)
Transfers ⁽¹⁾		(8)		—		(746)		(754)
Disposals		—		13		351		364
Effect of exchange rates		—		—		(29)		(29)
At September 28, 2019	\$	(3,002)	\$	(79)	\$	(833)	\$	(3,914)

Net carrying value

At December 30, 2018	\$	13,686	\$	250	\$	634	\$	14,570
At September 28, 2019	\$	10,816	\$	347	\$	1,555	\$	12,718

⁽¹⁾ The Company has transferred the \$1.2 million carrying value of vehicles and equipment held under a finance lease and previously classified as property, plant and equipment as at December 29, 2018 to right-of-use assets.

Depreciation expense for the right-of-use assets is included as follows in the consolidated statements of income (loss):

<i>(Amounts in \$000s)</i>		Thirteen weeks ended September 28, 2019		Thirty-nine weeks ended September 28, 2019
Cost of sales	\$	34	\$	89
Distribution expenses		666		1,998
Selling, general and administrative expenses		487		1,408
	\$	1,187	\$	3,495

Lease liabilities

For the thirteen and thirty-nine weeks ended September 28, 2019 the Company recognized \$0.3 million and \$1.1 million, respectively, of interest expense on the lease liabilities as finance costs in the consolidated statements of income (loss).

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Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

5. Bank loans

<i>(Amounts in \$000s)</i>	September 28, 2019	December 29, 2018
Bank loans, denominated in CAD (average variable rate of 3.95%; December 29, 2018: 3.95%)	\$ —	\$ 165
Bank loans, denominated in USD (average variable rate of 5.25%; December 29, 2018: 4.80%)	—	31,340
	—	31,505
Less: deferred finance costs netted against bank loans ⁽¹⁾	—	(353)
	\$ —	\$ 31,152

⁽¹⁾ Total deferred finance costs as at September 28, 2019 were \$0.2 million and have been classified as non-current assets on the consolidated statements of financial position.

The Company has a \$180.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative and Collateral Agent, which expires in April 2021 (see Note 15 *Events after the reporting period* for further information on the amendment to the Facility that was completed subsequent to September 28, 2019). The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in Canada and the U.S., subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 6), and excluding the assets acquired as part of the Rubicon Resources, LLC ("Rubicon") acquisition that closed on May 30, 2017. A second charge over the Company's property, plant and equipment is also in place. As at September 28, 2019, the Company had \$140.4 million of undrawn borrowing facility (December 29, 2018: \$118.2 million).

As at September 28, 2019 and December 29, 2018, the Facility allowed the Company to borrow:

Canadian Prime Rate revolving loans, Canadian Base Rate revolving and U.S. Prime Rate revolving loans, at their respective rates	plus 0.00% to 0.25%
Bankers' Acceptances ("BA") revolving loans, at BA rates	plus 1.25% to 1.75%
LIBOR revolving loans at LIBOR, at their respective rates	plus 1.25% to 1.75%
Letters of credit, with fees of	1.25% to 1.75%
Standby fees, required to be paid on the unutilized facility, of	0.25%

6. Long-term debt

<i>(Amounts in \$000s)</i>	September 28, 2019	December 29, 2018
Term loan	\$ 324,231	\$ 337,926
Less: current portion	—	(13,655)
	324,231	324,271
Less: deferred finance costs	(1,113)	(1,597)
	\$ 323,118	\$ 322,674

As at September 28, 2019, the Company had a \$370.0 million term loan facility with an interest rate of 3.25% plus LIBOR (LIBOR floor of 1.00%), maturing on April 24, 2021 (see Note 15 *Events after the reporting period* for further information on the refinancing of the term loan facility that was completed subsequent to September 28, 2019). Prior to the October 2019 refinancing, quarterly principal repayments of \$0.9 million were required on the term loan as regularly scheduled repayments. During the thirty-nine weeks ended September 28, 2019, a mandatory repayment of \$13.7 million was made due to excess cash flows in 2018.

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In United States dollars, unless otherwise noted

Under the October 2019 refinanced term loan agreement, quarterly principal repayments of \$1.9 million are required on the term loan as regularly scheduled repayments. Any mandatory and voluntary repayments subsequent to the time of refinancing are applied to future regularly scheduled principal repayments.

Substantially all tangible and intangible assets (excluding working capital) of the Company are pledged as collateral for the term loan facility.

7. Employee benefits

Employee benefits relating to the termination of employees ("termination benefits") are expensed during the period and are recorded as of the date a committed plan is in place and communication to employees has occurred. Termination benefits relate to severance which is not based on a future service requirement. Severance and retention benefits that are dependent upon the continuing provision of services through to certain predefined dates, are recognized as short-term employee benefits. Termination and short-term employee benefits are included on the following line items in the consolidated statements of income (loss):

<i>(Amounts in \$000s)</i>	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Termination benefits				
Cost of sales	\$ —	\$ —	\$ —	\$ 18
Business acquisition, integration and other expense (income) ⁽¹⁾	54	1,599	164	2,255
Selling, general and administrative expenses	167	32	283	186
	\$ 221	\$ 1,631	\$ 447	\$ 2,459
Short-term benefits				
Business acquisition, integration and other expense (income) ⁽¹⁾	\$ —	\$ —	1,378	\$ —
Selling, general and administrative expenses	—	34	—	55
	\$ —	\$ 34	\$ 1,378	\$ 55

⁽¹⁾For the thirteen and thirty-nine weeks ended September 28, 2019, business acquisition, integration and other expense (income) included short-term benefits of \$nil and \$1.3 million, respectively, related to the Company's organizational realignment announced on November 7, 2018. The Company has recognized total termination benefits of approximately \$4.8 million related to the restructuring and no additional termination benefits are expected in the fourth quarter of Fiscal 2019.

8. Share capital

Purchase of shares for cancellation

In January 2018, the Company announced that the Toronto Stock Exchange approved the renewal of the Company's Normal Course Issuer Bid ("NCIB") to repurchase for cancellation up to 150,000 common shares whereby the Company would acquire any common shares at the market price at the time of acquisition. Purchases could commence on February 2, 2018 and terminated no later than February 1, 2019. During the thirty-nine weeks ended September 28, 2019 there were no purchases under this plan.

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A summary of the Company's common share transactions is as follows:

	Thirty-nine weeks ended		Thirty-nine weeks ended	
	September 28, 2019		September 29, 2018	
	Shares	(\$000s)	Shares	(\$000s)
Balance, beginning of period	33,383,481	\$ 112,887	33,379,815	\$ 112,835
Options exercised for shares	—	—	3,666	24
Fair value of share-based compensation on options exercised	—	—	—	28
Balance, end of period	33,383,481	\$ 112,887	33,383,481	\$ 112,887

During the thirteen and thirty-nine weeks ended September 28, 2019, the Company distributed dividends per share of CAD\$0.050 and CAD\$0.245, respectively (thirteen and thirty-nine weeks ended September 29, 2018: CAD\$0.145 and CAD\$0.435, respectively).

On November 7, 2019, the Company's Board of Directors declared a quarterly dividend of CAD\$0.050 per share, payable on December 15, 2019 to shareholders of record as of December 1, 2019.

9. Share-based compensation

The Company has a Share Option Plan (the "Option Plan") for designated directors, officers and certain managers of the Company, a Performance Share Unit ("PSU") Plan for eligible employees which includes the potential issuances of restricted share units ("RSU"), and a Deferred Share Unit ("DSU") Plan for directors of the Company.

Issuances of options, RSUs and PSUs may not result in the following limitations being exceeded: (a) the aggregate number of shares issuable to insiders pursuant to the PSU Plan, the Option Plan or any other share-based compensation arrangement of the Company exceeding 10% of the aggregate of the issued and outstanding shares at any time; and (b) the issuance from treasury to insiders, within a twelve-month period, of an aggregate number of shares under the PSU Plan, the Option Plan and any other share-based compensation arrangement of the Company exceeding 10% of the aggregate of the issued and outstanding shares.

The carrying amount of cash-settled share-based compensation arrangements recognized in other current liabilities and other long-term liabilities on the consolidated statements of financial position was \$6.1 million and \$3.6 million, respectively, as at September 28, 2019 (December 29, 2018: \$0.2 million and \$1.5 million, respectively).

Share-based compensation expense is recognized in the consolidated statements of income (loss) as follows:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
<i>(Amounts in \$000s)</i>				
Cost of sales resulting from:				
Equity-settled awards ⁽¹⁾	\$ 11	\$ 12	\$ 30	\$ 37
Selling, general and administrative expenses resulting from:				
Cash-settled awards ⁽¹⁾	4,222	(250)	8,067	140
Equity-settled awards ⁽¹⁾	142	268	536	871
Share-based compensation expense	\$ 4,375	\$ 30	\$ 8,633	\$ 1,048

⁽¹⁾ Cash-settled awards may include options with share appreciation rights ("SARs"), PSUs, RSUs and DSUs. Equity-settled awards include options.

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The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, options during the period:

	Thirteen weeks ended				Thirty-nine weeks ended			
	September 28, 2019		September 29, 2018		September 28, 2019		September 29, 2018	
	No.	WAEP (CAD)	No.	WAEP (CAD)	No.	WAEP (CAD)	No.	WAEP (CAD)
Outstanding, beginning of period	1,879,015	\$ 12.63	1,790,858	\$ 15.19	1,624,681	\$ 15.03	1,340,449	\$ 18.21
Granted	—	—	—	—	444,844	7.46	804,312	11.27
Exercised for shares ⁽¹⁾	—	—	—	—	—	—	(3,666)	8.25
Exercised for cash ⁽¹⁾	—	—	—	—	—	—	(2,000)	8.25
Cancelled or forfeited	(19,968)	17.63	—	—	(29,968)	16.36	(12,000)	19.26
Expired	(43,729)	18.13	(9,000)	20.51	(224,239)	20.85	(345,237)	20.92
Outstanding, end of period	1,815,318	\$ 12.44	1,781,858	\$ 15.16	1,815,318	\$ 12.44	1,781,858	\$ 15.16
Exercisable, end of period	961,260	\$ 14.98	823,941	\$ 18.08	961,260	\$ 14.98	823,941	\$ 18.08

⁽¹⁾The weighted average share price at the date of exercise for these options was CAD\$nil and CAD\$nil, respectively, for the thirteen and thirty-nine weeks ended September 28, 2019 (thirteen and thirty-nine weeks ended September 29, 2018: CAD\$nil and CAD\$10.79, respectively).

Set forth below is a summary of the outstanding options to purchase common shares as at September 28, 2019:

Option price (CAD)	Options outstanding			Options exercisable	
	Number outstanding	Weighted average exercise price	Average life (years)	Number exercisable	Weighted average exercise price
\$ 7.25-10.00	444,844	\$ 7.46	4.51	—	\$ —
\$ 10.01-15.00	831,991	11.42	3.43	437,315	11.25
\$ 15.01-20.00	334,212	15.30	1.39	331,501	15.30
\$ 20.01-25.00	204,271	22.71	0.90	192,444	22.89
	1,815,318			961,260	

The fair value of options granted during the thirty-nine weeks ended September 28, 2019 and September 29, 2018 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

	September 28, 2019	September 29, 2018
Dividend yield (%)	7.77	5.16
Expected volatility (%)	40.44	35.45
Risk-free interest rate (%)	1.86	2.10
Expected life (years)	5.00	5.00
Weighted average share price (CAD)	\$ 7.46	\$ 11.34
Weighted average fair value (CAD)	\$ 1.34	\$ 2.32

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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The following table illustrates the movements in the number of PSUs during the period:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Outstanding, beginning of period	984,442	343,629	879,757	263,556
Granted	2,020	—	242,875	156,590
Reinvested dividends	4,115	5,001	29,886	13,657
Released and paid in cash	—	—	—	(14,096)
Forfeited and expired	(35,916)	(7,237)	(197,857)	(78,314)
Outstanding, end of period	954,661	341,393	954,661	341,393

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for PSUs for the thirteen and thirty-nine weeks ended September 28, 2019 was 121% (September 29, 2018: 19%).

The following table illustrates the movements in the number of RSUs during the period:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Outstanding, beginning of period	429,495	290,407	280,562	72,529
Granted	2,020	—	162,971	213,133
Reinvested dividends	1,746	5,005	12,725	10,934
Released and paid in cash	(23,195)	—	(25,846)	—
Forfeited	(14,830)	(6,757)	(35,176)	(7,941)
Outstanding, end of period	395,236	288,655	395,236	288,655

The share price at the reporting date was CAD\$10.91 (September 29, 2018: CAD\$8.05). PSUs will vest at the end of a one to three-year period, if agreed-upon performance measures are met (if applicable) and the RSUs will vest in accordance with the terms of the agreement.

The following table illustrates the movements in the number of DSUs during the period:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Outstanding, beginning of period	210,843	144,324	153,425	77,934
Granted	—	—	61,059	63,444
Reinvested dividends	907	2,642	5,195	5,588
Redeemed	—	—	(7,929)	—
Outstanding, end of period	211,750	146,966	211,750	146,966

10. Income tax expense

The Company's statutory tax rate for the thirteen and thirty-nine weeks ended September 28, 2019 was 29.2% (thirteen and thirty-nine weeks ended September 29, 2018: 29.3%). The Company's effective income tax rate for the thirteen and thirty-nine weeks ended September 28, 2019 was a recovery of 21.6% and an expense of 30.4%, respectively (thirteen and thirty-nine weeks ended September 29, 2018: an expense of 56.3% and 30.7%, respectively). The higher effective tax rate for the thirteen weeks ended

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September 29, 2018 was attributable to reduced interest expense deductibility associated with the Company's tax efficient financing structure due to a valuation allowance.

11. Commitments

Guarantee of supplier financing arrangement

As part of the Rubicon acquisition, the Company assumed financing arrangement guarantees for certain suppliers that finance their exports of seafood products to Rubicon. As part of this financing arrangement, the Company has granted a security interest in substantially all of the inventory and proceeds thereon arising from purchases from these suppliers and has guaranteed the suppliers' borrowings, to the extent that such borrowings were used in connection with the exportation of seafood products to Rubicon. The Company has deemed the amount of the guarantee to be the open accounts payable to these suppliers. As of September 28, 2019, the Company's open accounts payable to these suppliers was \$3.3 million.

12. Related party transactions

The Company had related party transactions with a company controlled by a strategic advisor of Rubicon. Effective the beginning of the second quarter of 2019, this company ceased to be a related party in accordance with IFRS. Total sales to related parties for the thirteen and thirty-nine weeks ended September 28, 2019 were \$nil and \$0.3 million, respectively (thirteen and thirty-nine weeks ended September 29, 2018: \$0.3 million and \$0.5 million, respectively). The Company leased an office building from a related party at an amount which approximated the fair market value that would have been incurred if leased from a third party. Effective beginning of the second quarter of 2019, the lessor ceased to be a related party of the Company in accordance with IFRS. The aggregate payments under the lease, which were measured at the exchange amount, for the thirteen and thirty-nine weeks ended September 28, 2019 were \$nil and \$0.2 million respectively (thirteen and thirty-nine weeks ended September 29, 2018: \$0.2 million and \$0.5 million, respectively).

13. Geographic information

During the fourth quarter of Fiscal 2018, the Company announced an organizational realignment to optimize the Company's structure in order to take better advantage of the Company's North American scale. As a result, the Company undertook significant reorganization of the internal leadership and reporting structure. The reorganization is now complete and the Company is arranged as a single frozen seafood company that is focused on North America, rather than focusing on separate geographical segments (U.S. and Canada). As such, the Company has transitioned to a single operating and reporting segment.

Information about geographic areas

Sales earned outside of Canada for the thirteen and thirty-nine weeks ended September 28, 2019 were \$163.3 million and \$545.7 million, respectively (September 29, 2018: \$177.8 million and \$609.8 million, respectively). Sales by geographic area are determined based on the shipping location.

The non-current assets outside of Canada are as follows:

(Amounts in \$000s)	September 28, 2019	December 29, 2018
Property, plant and equipment	\$ 85,924	\$ 89,313
Right-of-use assets	9,589	—
Intangible assets	135,815	140,742
Goodwill	147,916	147,916
	\$ 379,244	\$ 377,971

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14. Fair value measurement

Fair value of financial instruments

The Company uses a fair value hierarchy, based on the relative objectivity of the inputs used to measure the fair value of financial instruments, with Level 1 representing inputs with the highest level of objectivity and Level 3 representing inputs with the lowest level of objectivity. The following table sets out the Company's financial assets and liabilities by level within the fair value hierarchy:

<i>(Amounts in \$000s)</i>	September 28, 2019		December 29, 2018	
	Level 2	Level 3	Level 2	Level 3
Fair value of financial assets				
Interest rate swaps	\$ 168	\$ —	\$ 1,424	\$ —
Foreign exchange contracts	244	—	—	—
Fair value of financial liabilities				
Interest rate swaps	642	—	—	—
Foreign exchange contracts	234	—	83	—
Long-term debt	—	327,799	—	310,647
Lease liabilities	—	13,101	—	749

The Company's Level 2 derivatives are valued using valuation techniques such as forward pricing and swap models. These models incorporate various market-observable inputs including foreign exchange spot and forward rates, and interest rate curves.

The fair values of long-term debt instruments, classified as Level 3 in the fair value hierarchy, are estimated based on unobservable inputs, including discounted cash flows using current rates for similar financial instruments subject to similar risks and maturities, adjusted to reflect the Company's credit risk.

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the thirty-nine weeks ended September 28, 2019, no such transfers occurred.

The financial liabilities that are not measured at fair value on the consolidated statements of financial position consist of long-term debt (including current portion) and lease liabilities. The carrying amounts for these instruments are \$323.1 million and \$12.7 million, respectively, as at September 28, 2019 (December 29, 2018: \$336.3 million and \$0.8 million, respectively).

Hedging activities

Interest rate swaps

During the thirty-nine weeks ended September 28, 2019, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 6):

Effective date	Maturity date	Receive floating rate	Pay fixed rate	Notional amount (millions)
Designated in a formal hedging relationship:				
December 31, 2014	December 31, 2019	3-month LIBOR (floor 1.0%)	2.1700% \$	20.0
March 4, 2015	March 4, 2020	3-month LIBOR (floor 1.0%)	1.9150% \$	25.0
April 4, 2016	April 24, 2021	3-month LIBOR (floor 1.0%)	1.6700% \$	40.0
January 4, 2018	April 24, 2021	3-month LIBOR (floor 1.0%)	2.2200% \$	80.0

The cash flow hedge of interest expense variability was assessed to be highly effective for the thirteen and thirty-nine weeks ended September 28, 2019 and September 29, 2018, and therefore the change in fair value for those interest rate swaps designated in a hedging relationship was included in OCI as after-tax net losses of \$0.1 million and \$1.4 million, respectively and after-tax net gains of \$0.3 million and \$2.0 million, respectively.

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The Company did not hold any interest rate swaps that were not designated in a formal hedging relationship during the thirteen and thirty-nine weeks ended September 28, 2019 and September 29, 2018.

Foreign currency contracts

Foreign currency forward contracts are used to hedge foreign currency risk resulting from expected future purchases denominated in USD, which the Company has qualified as highly probable forecasted transactions, and to hedge foreign currency risk resulting from USD monetary assets and liabilities, which are not covered by natural hedges.

As at September 28, 2019, the Company had outstanding notional amounts of \$24.9 million (September 29, 2018: \$29.3 million) in foreign currency average-rate forward contracts and \$0.3 million (September 29, 2018: \$5.2 million) in foreign currency single-rate forward contracts that were formally designated as a hedge. With the exception of \$0.8 million (September 29, 2018: \$1.0 million) average-rate forward contracts with maturities ranging from October 2020 to April 2021, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be highly effective for the thirteen and thirty-nine weeks ended September 28, 2019 and September 29, 2018, and therefore the change in fair value was recorded in OCI as an after-tax net gains of \$0.1 million and an after-tax net loss of \$0.2 million, respectively and after-tax net gains of \$0.3 million and \$1.3 million, respectively. There were no amounts recognized in the consolidated statements of income (loss) resulting from hedge ineffectiveness during the thirteen and thirty-nine weeks ended September 28, 2019 (thirteen and thirty-nine weeks ended September 29, 2018: nominal net losses).

As at September 28, 2019, the Company had no outstanding notional amounts (September 29, 2018: \$5.0 million) of foreign currency single-rate forward contracts to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. The change in fair value for the thirteen and thirty-nine weeks ended September 28, 2019 were net losses of \$0.2 million and \$0.1 million, respectively (thirteen and thirty-nine weeks ended September 29, 2018: a nominal net loss and a net gain of \$0.2 million, respectively) which was recorded in the consolidated statements of income (loss).

Hedge of net investment in foreign operations

As at September 28, 2019, a total borrowing of \$324.2 million (\$324.2 million included in long-term debt) (December 29, 2018: a total borrowing of \$338.0 million (\$13.7 million included in the current portion of long-term debt and \$324.3 million included in long-term debt)) has been designated as a hedge of the net investment in the U.S. subsidiary and is being used to hedge the Company's exposure to foreign exchange risk on this net investment. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investment in the U.S. subsidiary. There was no hedge ineffectiveness recognized during the thirty-nine weeks ended September 28, 2019 and September 29, 2018.

15. Events after the reporting period

Refinancing of term loan facility and amendment of working capital facility

On October 16, 2019, the Company announced the amendment of its working capital facility (Note 5) and the early refinancing of its term loan facility (Note 6). The working capital facility was amended by reducing the amount of the facility from \$180.0 million to \$150.0 million and extending the term from April 2021 to April 2023. The term loan facility was reduced from \$370.0 million to \$300.0 million, the term was extended from April 2021 to October 2026, and the applicable interest rates for loans under the facility was increased from LIBOR plus 3.25% (1.00% LIBOR floor) to LIBOR plus 4.25% (1.00% LIBOR floor).
