



HIGH LINER FOODS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

**As at and for the fifty-three weeks ended January 3, 2026
With comparative figures as at and for the fifty-two weeks ended December 28, 2024**

To the Shareholders of High Liner Foods Incorporated

Management's Responsibility

The Management of High Liner Foods Incorporated includes corporate executives, operating and financial managers and other personnel working full-time on Company business. The statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") consistently applied, using management's best estimates and judgments, where appropriate. The financial information elsewhere in this report is consistent with the statements.

Management has established a system of internal control that it believes provides a reasonable assurance that, in all material respects, assets are maintained and accounted for in accordance with management's authorization and transactions are recorded accurately on the Company's books and records. The Company's internal audit program is designed for constant evaluation of the adequacy and effectiveness of the internal controls. Audits measure adherence to established policies and procedures.

The Audit Committee of the Board of Directors is composed of four outside directors. The Committee meets periodically with management, the internal auditor and independent chartered professional accountants to review the work of each and to satisfy itself that the respective parties are properly discharging their responsibilities. The independent chartered professional accountants and the internal auditor have full and free access to the Audit Committee at any time. In addition, the Audit Committee reports its findings to the Board of Directors, which reviews and approves the consolidated financial statements.

Dated February 25, 2026

Signed

Kimberly Stephens
Executive Vice President & Chief Financial Officer



Independent auditor's report

To the Shareholders of High Liner Foods Incorporated

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of High Liner Foods Incorporated and its subsidiaries (together, the Company) as at January 3, 2026 and its financial performance and its cash flows for the 53 weeks ended January 3, 2026 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statement of financial position as at January 3, 2026;
- the consolidated statement of income for the 53 weeks ended January 3, 2026;
- the consolidated statement of comprehensive income (loss) for the 53 weeks ended January 3, 2026;
- the consolidated statement of changes in shareholders' equity for the 53 weeks ended January 3, 2026;
- the consolidated statement of cash flows for the 53 weeks ended January 3, 2026; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101
Halifax, Nova Scotia, Canada B3J 3K1
T.: +1 902 491 7400, F.: +1 902 422 1166
Fax to mail: ca_halifax_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the 53 weeks ended January 3, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill and intangible assets with indefinite useful lives</p> <p>Refer to note 3 – Material accounting policies, note 4 – Critical accounting estimates and judgments and note 9 – Goodwill and intangible assets to the consolidated financial statements.</p> <p>The carrying amount of goodwill and intangible assets with indefinite useful lives was \$187.5 million as at January 3, 2026.</p> <p>The carrying amounts of intangible assets with indefinite lives and goodwill are tested for impairment annually. The test is undertaken on an asset-by-asset basis, except where the recoverable amount for an individual asset cannot be determined, in which case the test is undertaken at a CGU level. This test is performed more frequently if there is an</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated how management determined the recoverable amount of the North American CGU, which included the following:<ul style="list-style-type: none">– Tested the appropriateness of the approach and methodology used and the mathematical accuracy of the discounted cash flow model;– Tested the underlying data used in the discounted cash flow model;– Tested the reasonableness of growth rates and the gross margins included in the cash flow projections,

Key audit matter	How our audit addressed the key audit matter
<p>indication that the asset or CGU may be impaired. The Company estimates the recoverable amount for the purpose of impairment testing using the higher of its fair value less costs of disposal (FVLCD) and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.</p> <p>On September 28, 2025, the recoverable amount of the North American CGU has been determined based on the FVLCD, determined using an income approach using the discounted cash flow methodology. Management applied judgment in estimating the recoverable amount of the CGU, which included the use of significant assumptions relating to the cash flow projections (including growth rates and gross margins), cost synergies and discount rate.</p> <p>We considered this a key audit matter due to the significant judgment by management in determining the recoverable amount of the CGU, including the significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.</p>	<p>and cost synergies by considering (i) the current and past performance of the Company; (ii) the external industry data; (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit; and (iv) the sensitivity analysis performed to evaluate changes in the recoverable amount of the CGU that would result from reasonably possible changes in the significant assumptions.</p> <ul style="list-style-type: none"> – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management’s discounted cash flow model and testing the reasonableness of the discount rate, and cost synergies used by management.

Comparative information

The consolidated financial statements of the Company for the 52 weeks ended December 28, 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 26, 2025.

Other information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Adam Boutros.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia

February 25, 2026

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

	Notes	January 3, 2026	December 28, 2024
ASSETS			
Current assets			
Cash		\$ 492	\$ 15,463
Accounts receivable	5	91,867	92,218
Income taxes receivable		7,280	9,682
Other financial assets	23	928	4,490
Inventories	6, 28	377,843	289,162
Deferred finance costs	11	—	145
Prepaid expenses		8,120	4,550
Total current assets		486,530	415,710
Non-current assets			
Property, plant and equipment	7	140,057	133,811
Right-of-use assets		7,202	9,836
Deferred finance costs	11	—	188
Deferred income taxes	16	4,630	1,156
Equity investments and other assets	23	41,263	18,707
Intangible assets	28	127,279	113,344
Goodwill	9	156,996	156,560
Total non-current assets		477,427	433,602
Total assets	11, 12	\$ 963,957	\$ 849,312
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	190,028	147,276
Contract liability	17	3,882	2,619
Provisions		105	121
Other current financial liabilities	23	784	246
Other current liabilities	15	11,832	2,348
Income taxes payable		4,575	6,185
Current portion of long-term debt	12	7,548	7,500
Current portion of lease liabilities	8	4,353	4,370
Total current liabilities		223,107	170,665
Non-current liabilities			
Bank loans	11	24,321	—
Income taxes payable		—	2,755
Long-term debt	12	258,989	211,312
Other long-term financial liabilities	23	372	16
Other long-term liabilities	15	967	9,712
Long-term lease liabilities	8	2,887	5,799
Deferred income taxes	16	36,376	35,098
Future employee benefits	13	7,928	8,226
Total non-current liabilities		331,840	272,918
Total liabilities		554,947	443,583
Shareholders' equity			
Common shares	14	83,554	85,549
Contributed surplus		15,626	15,472
Retained earnings		340,622	338,778
Accumulated other comprehensive loss		(30,792)	(34,070)
Total shareholders' equity		409,010	405,729
Total liabilities and shareholders' equity		\$ 963,957	\$ 849,312

See accompanying notes to the Consolidated Financial Statements

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

		Fifty-three weeks ended		Fifty-two weeks ended	
	Notes	January 3, 2026		December 28, 2024	
Sales	22	\$	1,026,899	\$	959,218
Cost of sales			814,061		741,947
Gross profit			212,838		217,271
Distribution expenses			49,766		45,225
Selling, general and administrative expenses			99,536		100,027
Business acquisition, integration and other expense (income)			3,099		(8,528)
Results from operating activities			60,437		80,547
Finance costs, net	26		16,753		8,516
Income before income taxes			43,684		72,031
Income taxes					
Current	16		8,363		6,622
Deferred	16		(1,236)		5,245
Income tax expense (recovery)	16		7,127		11,867
Net income		\$	36,557	\$	60,164
Earnings per common share					
Basic	18	\$	1.22	\$	1.89
Diluted	18	\$	1.22	\$	1.89
Weighted average number of shares outstanding					
Basic	18		29,836,078		31,762,628
Diluted	18		29,894,248		31,796,546

See accompanying notes to the Consolidated Financial Statements

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

	Fifty-three weeks ended	Fifty-two weeks ended
	January 3, 2026	December 28, 2024
Net income	\$ 36,557	\$ 60,164
Other comprehensive income (loss), net of income tax (Note 16)		
Other comprehensive income (loss) to be reclassified to net income:		
Gain (loss) on hedge of net investment in foreign operations	10,421	(19,655)
Gain (loss) on translation of net investment in foreign operations	(5,236)	9,767
Total exchange gains (losses) on translation of foreign operations	5,185	(9,888)
Effective portion of changes in fair value of cash flow hedges	(142)	918
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	(499)	(73)
Net change in fair value of cash flow hedges transferred to income	(1,266)	(1,651)
Total exchange losses on cash flow hedges	(1,907)	(806)
Net other comprehensive gain (loss) to be reclassified to net income	3,278	(10,694)
Other comprehensive income (loss) not reclassified to net income		
Defined benefit plan actuarial losses	(292)	460
Net unrealized gain (loss) on equity investments	(8,812)	2,541
Net other comprehensive income (loss) not reclassified to net income	(9,104)	3,001
Other comprehensive loss, net of income tax	(5,826)	(7,693)
Total comprehensive income (loss)	\$ 30,731	\$ 52,471

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

				Accumulated other comprehensive income (loss)		Total
	Common shares	Contributed surplus	Retained earnings	Foreign currency translation differences	Net exchange differences on cash flow hedges	
Balance at December 28, 2024	\$ 85,549	\$ 15,472	\$ 338,778	\$ (35,778)	\$ 1,708	\$ 405,729
Other comprehensive income (loss)	—	—	(9,104)	5,185	(1,907)	(5,826)
Net income	—	—	36,557	—	—	36,557
Common share dividends	—	—	(14,356)	—	—	(14,356)
Share-based compensation (Notes 14, 15)	102	154	—	—	—	256
Common shares repurchased for cancellation (Note 14)	(2,097)	—	(11,253)	—	—	(13,350)
Balance at January 3, 2026	\$ 83,554	\$ 15,626	\$ 340,622	\$ (30,593)	\$ (199)	\$ 409,010
Balance at December 30, 2023	\$ 113,203	\$ 15,414	\$ 280,615	\$ (25,890)	\$ 2,514	\$ 385,856
Other comprehensive income (loss)	—	—	3,001	(9,888)	(806)	(7,693)
Net income	—	—	60,164	—	—	60,164
Common share dividends	—	—	(13,553)	—	—	(13,553)
Share-based compensation (Notes 14, 15)	361	58	—	—	—	419
Common shares repurchased for cancellation (Note 14)	(2,257)	—	(7,359)	—	—	(9,616)
Cancellation of treasury shares (Note 14)	(25,758)	—	15,910	—	—	(9,848)
Balance at December 28, 2024	\$ 85,549	\$ 15,472	\$ 338,778	\$ (35,778)	\$ 1,708	\$ 405,729

See accompanying notes to the Consolidated Financial Statements

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

	Notes	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Cash flows provided by (used in):			
Operating activities			
Net income	\$	36,557	\$ 60,164
Adjustments to net income not involving cash from operations:			
Depreciation and amortization	26	24,466	23,005
Share-based compensation expense	15	3,292	7,559
Net loss on asset disposals and impairment		414	745
Future employee benefits contribution, net of expense	13	(776)	(849)
Finance costs	26	16,753	8,516
Income tax expense	16	7,127	11,867
Gain on legal settlement	27	—	(9,839)
Unrealized foreign exchange (gain) loss		(647)	44
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes paid		87,186	101,212
Changes in non-cash working capital balances:			
Accounts receivable		1,381	5,743
Inventories		(83,394)	(1,623)
Prepaid expenses		(3,423)	2,555
Accounts payable, accrued liabilities and contract liabilities		39,311	5,356
Provisions		(18)	(24)
Net change in non-cash working capital balances		(46,143)	12,007
Interest paid		(20,845)	(18,487)
Income taxes paid		(10,342)	(4,145)
Net cash flows provided by operating activities		9,856	90,587
Financing activities			
(Decrease) increase in bank loans	19	24,578	(2,976)
Repayment of lease liabilities	19	(5,151)	(5,001)
Net proceeds from refinancing of long-term debt	12	60,000	1,125
Repayment of long-term debt	12	(7,887)	(5,250)
Deferred finance costs	12	(1,694)	(5,840)
Common share dividends paid		(14,356)	(13,553)
Common shares repurchased for cancellation	14	(13,206)	(9,449)
Options exercised for shares	15	34	280
Net cash flows provided by (used in) financing activities		42,318	(40,664)
Investing activities			
Purchase of property, plant and equipment		(17,556)	(23,238)
Purchase of intangible assets	28	(21,188)	(567)
Purchase of equity investments	23	(30,506)	(16,436)
Net cash flows (used in) provided by investing activities		(69,250)	(40,241)
Foreign exchange increase (decrease) on cash		2,105	(1,519)
Net change in cash during the period		(14,971)	8,163
Cash, beginning of period		15,463	7,300
Cash, end of period	\$	492	\$ 15,463

See accompanying notes to the 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 Consolidated Financial Statements of the Company as at and for the fifty-three weeks ended January 3, 2026, 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 February 25, 2026.

2. Statement of compliance and basis for presentation

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of consolidated annual financial statements.

These Consolidated Financial Statements have been prepared on the historical-cost basis except for derivative financial instruments, financial instruments at fair value through profit or loss, financial instruments at fair value through other comprehensive income ("OCI"), and liabilities for cash-settled share-based compensation payment arrangements, which are measured at fair value, and the defined benefit employee future benefit liability, which is recognized as the net total of the plan assets plus unrecognized past-service costs and the present value of the defined benefit obligation.

3. Material accounting policies

(a) Basis of consolidation

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at January 3, 2026. Control is achieved when the Company is exposed, or has rights, to direct the activities that significantly affect the returns from its involvement with the investee. The Company reassesses whether or not it controls an investee on an ongoing basis.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany balances, equity, income, expenses and cash flows are eliminated in full on consolidation.

(b) Foreign currency

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 are the CAD and the United States dollar ("USD"). The Company has chosen a USD presentation currency for its Consolidated 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.

The Company follows the requirements set out in IAS 21, *The Effects of Change in Foreign Exchange Rates* to translate to the presentation currency. The assets and liabilities of the Parent are translated to USD at the exchange rate as at the reporting date, and the income and expenses of the Parent are translated to USD at the monthly average exchange rates of the reporting period. Foreign currency differences are recognized in OCI.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Translation of transactions and balances into the functional currency

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the respective functional currencies of the Parent and its subsidiaries at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at that date. Foreign currency non-monetary items that are measured in terms of historical cost are not retranslated. Foreign currency non-monetary items that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of income with the exception of monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. The latter exchange differences are recognized in OCI, to the extent the hedge is effective, until the net investment is disposed of or the hedge is ineffective, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Company will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, *Financial Instruments* ("IFRS 9"), is measured at fair value with changes in fair value recognized in the consolidated statements of income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS Accounting Standards.

When the Company acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Acquisition-related costs are expensed as incurred and included in business acquisition, integration and other expenses in the consolidated statements of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is not amortized, and is measured at cost less any accumulated impairment losses.

(d) Cash

Cash includes cash on hand and demand deposits with initial and remaining maturity of three months or less. Cash does not include any restricted cash.

(e) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of manufactured inventories is based on the first-in, first-out method. The cost of procured finished goods and unprocessed raw material inventory is based on weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing the inventories to their existing location and condition. In the case of manufactured inventories and semi-finished materials, cost includes an appropriate share of production overheads based on normal operating capacity. Cost may also include transfers from OCI of any gain or loss on qualifying cash flow hedges of foreign currency related to purchases of inventories.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

(f) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. The initial cost of an asset comprises its purchase price or construction cost, any expenditures directly attributable to bringing the asset into operation, and the present value of the expected cost for decommissioning the asset after its use, if the recognition criteria for a provision are met. The cost of self-constructed assets includes the cost of materials, direct labour, other costs directly attributable to bringing the assets to a working condition for their intended use, and costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are eligible for capitalization under the cost of the asset. Cost may also include transfers from OCI of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Company, and the costs can be measured reliably. This would include costs related to the refurbishment or replacement of major components of the asset, when the refurbishment results in a significant extension in the physical life of the component, and in which case, the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of property, plant and equipment are expensed as incurred in the consolidated statements of income.

Gains or losses from the derecognition of an asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

The cost of property, plant and equipment, less any residual value, is allocated over the estimated useful life of the asset on a straight-line basis. Depreciation is recognized on a straight-line basis as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives applicable to each category of property, plant and equipment, except for land, for the current and comparative periods are as follows:

Buildings	20–40 years
Furniture, fixtures and production equipment	10–25 years
Computer equipment and vehicles	5–10 years

When components of an item of property, plant and equipment have different useful lives than those noted above, they are accounted for as separate items of property, plant and equipment. The estimated useful lives, depreciation methods, and residual values are reviewed annually, with any changes in estimate being accounted for prospectively from the date of the change.

(g) Right-of-use assets and lease liabilities

Right-of-use ("ROU") assets are recorded at 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.

Lease liabilities are recorded 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 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 an expense in the period in which the event or condition that triggers the payment occurs.

At inception of a contract, the Company assesses whether the contract is or contains a lease which involves the exercise of judgment. The Company has elected not to separate lease and non-lease components for its ROU 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.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

(h) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if applicable.

The useful lives of intangible assets are assessed to be either finite or indefinite.

- Intangible assets with finite lives are amortized over their useful or economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.
- Intangible assets with indefinite useful lives are not amortized and are tested for impairment annually at the cash-generating unit ("CGU") level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. Certain brands acquired through business combinations have no foreseeable limit to the period over which the assets are expected to generate net cash flows and are therefore determined to have indefinite useful lives.

The estimated useful lives applicable to each category of intangible assets for the current and comparative periods are as follows:

Brands	2–8 years
Customer and supplier relationships	10–25 years
Computer software	3–15 years
Indefinite lived brands	Indefinite, subject to impairment testing annually

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and accounted for prospectively from the date of the change.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible asset. Gains or losses from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of income when the asset is derecognized.

(i) Impairment

Non-financial assets

The carrying amounts of non-financial assets, excluding inventories and deferred income tax assets, are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. Reviews are undertaken on an asset-by-asset basis, except where the recoverable amount for an individual asset cannot be determined, in which case the review is undertaken at a CGU level.

On an annual basis, the Company evaluates the carrying amount of its one CGU (the North American CGU) to determine whether such carrying amount may be impaired. To accomplish this, the Company compares the recoverable amount of the CGU to its carrying amount. This evaluation is performed more frequently if there is an indication that the CGU may be impaired.

The Company estimates the non-financial asset's recoverable amount for the purpose of impairment testing using the higher of its fair value less costs of disposal ("FVLCD") and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. The excess of the carrying amount over the recoverable amount is considered an impairment loss and is recognized in the consolidated statements of income. With respect to CGUs, impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

In determining FVLCD, an appropriate valuation model is used. These calculations are corroborated by the use of valuation multiples, quoted share prices and other available fair value indicators.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previous impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount of the asset or CGU. Excluding goodwill, a previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The impairment loss to be reversed in the consolidated statements of income is limited to the recoverable amount, but not beyond the carrying amount, net of depreciation or amortization, that would have arisen if the prior impairment loss had not been recognized.

Financial assets

The Company recognizes an allowance for expected credit losses ("ECL") for all financial assets not held at fair value through profit and loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate ("EIR"). The expected cash flows include cash flows from the sale, collateral held and other credit enhancements that are integral to the contractual terms.

In relation to trade receivables, the Company records ECLs on the entire accounts receivable balance. The Company applies the simplified approach and calculates the lifetime ECLs based on an established provision matrix that considers the Company's historical credit loss experience, adjusted for forward-looking factors specific to the Company's customers and the economic environment. The carrying amount of the asset or group of assets is reduced through use of an ECL account and the loss is recognized in the consolidated statements of income. The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery.

(j) Provisions, contingent liabilities and contingent assets

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statements of income net of any reimbursement, when the reimbursement is realized in the same reporting period as the related expense.

Possible inflows of economic benefits to the Company are considered contingent assets when the possible inflows become virtually certain.

Restructuring provisions are recognized only when the Company has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the expenditures that will be undertaken, and the timing of when the plan will be implemented; and (ii) the employees affected have been notified of the plan's main features.

(k) Future employee benefits

Defined benefit pension plans ("DBPP")

For DBPPs and other post-employment benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected-unit-credit method pro-rated on service and management's best estimate of expected salary escalation and retirement ages of employees.

The determination of benefit expense requires assumptions such as the discount rate to measure the obligation, the projected age of employees upon retirement, the expected rate of future compensation increases and the expected mortality rate of pensioners. The total past-service cost arising from plan amendments is recognized immediately in the consolidated statements of income. The present value of the defined benefit obligation ("DBO") is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. All actuarial gains and losses that arise in calculating the present value of the DBO and the fair value of plan assets are recognized immediately in the consolidated statements of comprehensive income. For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Company can unilaterally reduce future contributions to the plan.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Fair value is based on market price information, and in the case of quoted securities, is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Defined contribution pension plans ("DCPP")

A DCPP is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to DCPPs are recognized as an employee benefit expense in the consolidated statements of income in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or incentive plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits payable more than twelve months after the reporting period are discounted to their present value.

(l) Revenue recognition

Revenue from the sale of products is recognized when the terms of a contract with a customer have been satisfied, which occurs when control has been transferred to customers, either upon delivery to or pick-up by the customer. Revenue is measured as the amount of consideration the Company expects to receive, and varies with changes in marketing programs provided to customers, including volume rebates, cooperative advertising and other trade marketing programs that promote the Company's products. Revenue from customer contracts is recognized based on the price specified in the contract, net of the estimated trade marketing programs. Accumulated historical experience is used to estimate and accrue for the trade marketing programs, using the expected value method or most likely method, depending on the program. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognized when the goods are delivered or picked up by the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Company has determined that no significant financing components exist with respect to contracts with customers, as accounts receivables bear normal commercial credit terms and are non-interest bearing.

The Company elected to apply the practical expedient and recognizes the incremental costs of obtaining a contract as an expense when incurred because the amortization period of the asset that the Company otherwise would recognize is less than one year.

(m) Share-based compensation

Equity-settled transactions

The Company measures all equity-settled share-based awards made to employees and others providing similar services (collectively, "employees") based on the fair value of the options or units on the date of grant. The grant date fair value of stock options is estimated using an option pricing model and is recognized as employee benefits expense over the vesting period, based on the number of options that are expected to vest, with a corresponding increase recognized in contributed surplus. The fair value estimate requires determination of the most appropriate inputs to the pricing model, including the expected life, volatility, and dividend yield, which are fully described in Note 15. The grant date fair value of equity-settled deferred share units, performance share units and restricted share units is determined based on the market value of the Company's shares on the date of grant, and is expensed over the vesting period based on the estimated number of units that are expected to vest.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of the award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based compensation payments or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled transactions

The cost of cash-settled transactions is initially measured at fair value using the Company's share price at the award grant date and is remeasured at each reporting date using the market value of the Company's shares. The Company recognizes the fair value of the amount payable to employees as compensation expense as it is earned, based on the estimated number of units expected to vest with a corresponding change to the liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

(n) Income taxes

Income tax expense comprises current and deferred income taxes, and is recognized in the consolidated statements of income, except to the extent that it relates to a business combination or to items recognized directly in equity or OCI.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates that are enacted or substantively enacted at the reporting date and any adjustment to taxes payable or receivable in respect of previous years. Current income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities but the entity intends to settle current income tax assets and liabilities on a net basis or their income tax assets and liabilities will be realized simultaneously.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; (ii) differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future and the timing of the reversal of the temporary differences can be controlled, and (iii) taxable temporary differences arising on the initial recognition of goodwill which is not deductible for tax purposes. Deferred income tax assets and liabilities are measured at the enacted or substantively enacted rate that is expected to apply when the related temporary differences reverse.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent it is probable future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable the related tax benefit will be realized.

(o) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to equity holders by the weighted average number of shares outstanding during the period, accounting for any changes to the number of shares outstanding, except those transactions affecting the number of shares outstanding without a corresponding change in resources.

Diluted earnings per share is calculated by dividing net income attributable to equity holders by the weighted average number of shares outstanding adjusted for the effects of all potentially dilutive shares. Potentially dilutive shares are only those shares that would result in a decrease to earnings per share or increase to loss per share. Dilutive shares are calculated using the treasury method for stock options, which assumes that outstanding units with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the period. The if-converted method is used for other share-based units, and assumes that all units have been converted in determining diluted earnings per share if they are in-the-money, except where such conversion would be anti-dilutive.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

(p) Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component and financial assets at fair value through profit or loss, the Company initially measures a financial asset at its fair value including related transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* (see Note 3 (l)). In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, which is the Company's business model. This assessment is referred to as the SPPI test and is performed at an instrument level. All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Measurement in subsequent periods depends on whether the financial instrument has been classified as: (i) financial assets at fair value through profit or loss, (ii) financial assets at fair value through other comprehensive income, (iii) financial assets at amortized cost, (iv) financial liabilities at fair value through profit or loss, or (v) financial liabilities at amortized cost.

Financial assets or liabilities at fair value through profit or loss ("FVTPL")

Financial assets and liabilities at FVTPL include financial instruments which are held-for-trading ("HFT"), financial instruments that are designated as FVTPL upon initial recognition, and financial instruments required to be measured at fair value. Financial instruments are classified as HFT if they are acquired for the purpose of selling or repurchasing in the near term. Financial instruments at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as finance costs or finance income in the consolidated statements of income.

Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets at FVOCI include equity investments that are designated to be measured at FVOCI through irrevocable election. These investments are not considered HFT. Any changes in fair value of the investments are reflected in the consolidated statements of comprehensive income.

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets that are classified as such if the following conditions are met: (i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statements of income. Any losses arising from impairment are recognized in the consolidated statements of income in finance costs for loans and in selling, general and administrative expenses for receivables.

Financial liabilities at amortized cost

Financial liabilities at amortized cost generally include interest-bearing loans and borrowings. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income when the liabilities are modified or derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Transaction costs are combined with the fair value of the financial liability on initial recognition and amortized using the EIR method.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Company transfers its contractual rights to receive cash flows without retaining control or substantially all the risks and rewards of ownership of the asset, or the Company enters into a pass-through arrangement. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially different, such an exchange or substantial modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of income. Transaction costs related to the original financial liability are expensed in the event of an exchange or substantial modification, or if the terms of a modification are not substantially different, the transaction costs related to the original financial liability are combined with the new carrying amount, and amortized over the new term of the financial liability using the EIR method.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

The Company's financial instruments are classified and subsequently measured as follows:

Asset / liability	Classification	Subsequent measurement
Cash	Financial assets at amortized cost	Amortized cost
Accounts receivable	Financial assets at amortized cost	Amortized cost
Equity investments	Fair value through OCI	Fair value
Foreign exchange contracts	Fair value through profit or loss	Fair value
Interest rate swaps	Fair value through profit or loss	Fair value
Bank loans	Financial liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Amortized cost
Provisions	Financial liabilities at amortized cost	Amortized cost
Long-term debt	Financial liabilities at amortized cost	Amortized cost

(q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Consolidated Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy as explained above.

(r) Derivative instruments and hedging

All derivative instruments, including embedded derivatives that are not closely related to the host contract, are recorded in the consolidated statements of financial position at fair value on the date a contract is entered into and subsequently remeasured at fair value. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedge instrument, the hedged item of the transaction, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the hedge designation. The Company designates certain derivatives as one of the following:

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

(i) **Embedded derivatives** are measured at fair value with changes in fair value recognized in the consolidated statements of income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset or financial liability out of FVTPL.

(ii) **Fair value hedges** are hedges of the fair value of recognized assets, liabilities or a firm commitment. Changes in the fair value of derivatives that are designated as fair value hedges are recorded in the consolidated statements of income together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

(iii) **Cash flow hedges** are hedges of highly probable forecasted transactions. The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognized in OCI. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of income. Additionally:

- Amounts accumulated in OCI are recycled to the consolidated statements of income in the period when the hedged item affects profit and loss;
- When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that was reported in OCI remains in accumulated other comprehensive income (loss) ("AOCI") and is recognized in the consolidated statements of income when the forecasted transaction ultimately affects profit and loss; and
- When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately recognized in the consolidated statements of income.

(iv) **Hedges of a net investment in a foreign operation** are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statements of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in AOCI is transferred to the consolidated statements of income.

(v) Derivatives that do not qualify for hedge accounting

Certain of the Company's derivative instruments, while providing effective economic hedges, are not designated as hedges for accounting purposes. Changes in the fair value of any derivatives that are not designated as hedges for accounting purposes are recognized as finance costs in the consolidated statements of income consistent with the underlying nature and purpose of the derivative instruments.

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

The Company adopted the following standards, interpretations and amendments to existing standards that were effective for annual periods beginning on January 1, 2025 and that the Company adopted on December 29, 2024:

IAS 1, Disclosure of Accounting Policies

In January 2020 and October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied prospectively. Upon adoption of the amendments to IAS 1 in the current fiscal year, the Company classified bank loans from current to non-current liabilities and certain liabilities relating to share-based compensation from non-current to current liabilities.

(t) Accounting pronouncements issued but not yet effective

The standards, amendments and interpretations that have been issued, but are not yet effective, up to the date of issuance of these financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

IFRS 7 & 9, *Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued amendments to IFRS 7 and IFRS 9, *Classification and Measurement of Financial Instruments* to clarify that financial liabilities are derecognized on the 'settlement date'. The amendments also provide clarification on how to assess cash flow characteristics for financial assets including environmental, social, and governance ("ESG")-linked features, and the treatment of non-recourse assets and contractually linked instruments. The amendments further require additional disclosures in IFRS 7 for equity instruments classified at fair value through other comprehensive income, and financial assets and liabilities that include contractual terms referencing a contingent event.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 and must be applied retrospectively. The Company is currently evaluating the impact of these amendments on its Consolidated Financial Statements and will apply the amendments from the effective date.

IAS 21, *Lack of Exchangeability*

In August 2023, the IASB issued amendments to IAS 21, *Lack of Exchangeability*. The amendments specify how entities are to assess whether a currency is exchangeable, and how to determine a spot exchange rate when a lack of exchangeability is present.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently evaluating the impact of these amendments on its Consolidated Financial Statements and will apply the amendments from the effective date.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, replacing IAS 1. IFRS 18 presents new categories and subtotals in the Consolidated Statements of Income, and also requires disclosure of management-defined performance measures which it defines as a subtotal of income and expenses that the Company uses in public communications outside of the financial statements to communicate managements view of an aspect of the financial performance of the entity as a whole. The standard also introduces new requirements for the location, aggregation and disaggregation of financial information.

The new standard is effective for reporting periods beginning on or after January 1, 2027 and must be applied retrospectively. The Company is currently evaluating the impact of these amendments on its Consolidated Financial Statements and will apply the amendments from the effective date.

4. Critical accounting estimates and judgments

The preparation of the Company's Consolidated Financial Statements requires management to make critical judgments, estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. On an ongoing basis, management evaluates the judgments, estimates and assumptions using historical experience and various other factors believed to be reasonable under the given circumstances. Actual outcomes may differ from these estimates and could require a material adjustment to the reported carrying amounts in the future.

The most significant estimates made by management include the following:

Impairment of non-financial assets

The Company's estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding future cash flows before taxes. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results and/or budgets, and a terminal value calculated by discounting the final year in perpetuity. The future cash flows are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to the North American business. Further details, including the manner in which the Company identifies its CGU, and the key assumptions used in determining the recoverable amount, are disclosed in Note 9.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Assessment of impairment triggers are based on management's judgment of whether there are sufficient internal and external factors that would indicate an asset or CGU is impaired, or any indicators of impairment reversal, which would require a quarterly impairment test. The determination of the Company's CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Future employee benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate, future salary increases, mortality rates and future pension increases. In determining the appropriate discount rate, management considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Interest income on plan assets is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate. See Note 13 for certain assumptions made with respect to future employee benefits.

Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that are believed to appropriately reflect the risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each reporting date; however, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in these inputs could affect the reported fair value of financial instruments.

Equity investments

The assessment of equity investments requires management judgment in determining whether the Company has significant influence over an investee. Management considers a number of factors, including the level of ownership, board of director representation, participation in decision-making processes, material transactions, interchange of personnel and provision of essential technical information when determining whether an investment qualifies for significant influence. These factors are assessed by the Company on an ongoing basis, and changes could impact the accounting treatment of the investment.

Sales and marketing accruals

The Company estimates variable consideration to determine the costs associated with the sale of product to be allocated to certain variable sales and marketing expenses, including volume rebates and other sales volume discounts, coupon redemption costs, costs incurred related to damages and other trade marketing programs. The Company's estimates include consideration of historical data and trends, combined with future expectations of sales volume, with estimates being reviewed on a frequent basis for reasonability.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

5. Accounts receivable

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Trade accounts receivable	\$ 89,656	\$ 91,087
Other accounts receivable	2,211	1,131
	\$ 91,867	\$ 92,218

Accounts receivable bear normal trade credit terms and are non-interest bearing. Trade accounts receivable includes revenue from contracts with customers. The entire trade accounts receivable balance is pledged as collateral for the Company's working capital facility (see Note 11).

The following is a reconciliation of the changes in the allowance for expected credit losses of receivables:

<i>(Amounts in \$000s)</i>		
At December 30, 2023	\$	40
New provision for expected credit losses ⁽¹⁾		217
Provision utilized		(49)
Unused provision for expected credit losses reversed		(74)
At December 28, 2024	\$	134
New provision for expected credit losses ⁽¹⁾		777
Provision utilized		(266)
Unused provision for expected credit losses reversed		(5)
At January 3, 2026	\$	640

⁽¹⁾ For the fifty-three weeks ended January 3, 2026, the Company recognized \$0.8 million impairment losses (fifty-two weeks ended December 28, 2024: \$0.2 million) related to receivables arising from contracts with customers.

The aging analysis of trade accounts receivables, based on the invoice date, is as follows:

	0–30 days	31–60 days	Over 60 days
At December 28, 2024	75%	21%	4%
At January 3, 2026	75%	20%	5%

6. Inventories

Total inventories at the lower of cost and net realizable value on the consolidated statements of financial position comprise the following:

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Finished goods	\$ 230,607	\$ 175,615
Raw and semi-finished material	147,236	113,547
	\$ 377,843	\$ 289,162

During the fifty-three weeks ended January 3, 2026, \$814.1 million (December 28, 2024: \$741.9 million) was recognized as an expense for inventories in cost of sales on the consolidated statements of income. Of this, \$7.1 million (December 28, 2024: \$5.2 million) was written-down during the year and a reversal for unused impairment reserves of \$0.3 million (December 28, 2024: \$1.4 million) was recorded. As of January 3, 2026, the value of inventory pledged as collateral for the Company's working capital facility (see Note 11) was \$289.0 million (December 28, 2024: \$204.7 million).

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

7. Property, plant and equipment

<i>(Amounts in \$000s)</i>		Land and buildings		Furniture, fixtures, and production equipment		Computer equipment and vehicles		Total
Cost								
At December 30, 2023	\$	90,152	\$	134,219	\$	11,549	\$	235,920
Additions		5,602		17,393		104		23,099
Transfers ⁽¹⁾		—		—		567		567
Disposals		(380)		(4,505)		(1,750)		(6,635)
Effect of exchange rates		(1,751)		(3,186)		(519)		(5,456)
At December 28, 2024	\$	93,623	\$	143,921	\$	9,951	\$	247,495
Additions		3,817		13,057		682		17,556
Transfers		—		—		—		—
Disposals		(321)		(2,527)		(22)		(2,870)
Effect of exchange rates		1,004		1,898		277		3,179
At January 3, 2026	\$	98,123	\$	156,349	\$	10,888	\$	265,360
Accumulated depreciation and impairment								
At December 30, 2023	\$	(38,329)	\$	(64,316)	\$	(8,397)	\$	(111,042)
Depreciation and impairment		(3,350)		(7,590)		(398)		(11,338)
Transfers		—		—		—		—
Disposals		327		3,896		1,666		5,889
Effect of exchange rates		991		1,471		345		2,807
At December 28, 2024	\$	(40,361)	\$	(66,539)	\$	(6,784)	\$	(113,684)
Depreciation and impairment		(3,599)		(8,536)		(318)		(12,453)
Transfers		—		—		—		—
Disposals		262		2,182		22		2,466
Effect of exchange rates		(545)		(930)		(157)		(1,632)
At January 3, 2026	\$	(44,243)	\$	(73,823)	\$	(7,237)	\$	(125,303)
Net carrying value								
At December 28, 2024	\$	53,262	\$	77,382	\$	3,167	\$	133,811
At January 3, 2026	\$	53,880	\$	82,526	\$	3,651	\$	140,057

⁽¹⁾ As at December 28, 2024, transfers include \$0.6 million reclassified from intangible assets to property, plant and equipment.

An impairment loss of \$nil (December 28, 2024: \$nil) was recorded during the fifty-three weeks ended January 3, 2026 reflecting a write-down of certain property, plant and equipment as a result of equipment obsolescence.

During the fifty-three weeks ended January 3, 2026, the Company disposed of property, plant and equipment for proceeds of \$nil (December 28, 2024: \$nil), resulting in a net loss on disposal of \$0.4 million (December 28, 2024: \$0.7 million), which is reflected in the consolidated statements of income.

The Company has a General Security Agreement that has pledged all of its property, plant and equipment as collateral for its bank loans and long-term debt. See Note 11 and Note 12 for further information.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

8. Right-of-use assets and lease liabilities

Right-of-use assets

<i>(Amounts in \$000s)</i>	Land and buildings	Furniture, fixtures, and production equipment	Computer equipment and vehicles	Total
Cost				
At December 30, 2023	\$ 25,130	\$ 583	\$ 3,198	\$ 28,911
Additions	2,613	—	437	3,050
Disposals	—	—	(1,056)	(1,056)
Effect of exchange rates	(89)	—	(199)	(288)
At December 28, 2024	\$ 27,654	\$ 583	\$ 2,380	\$ 30,617
Additions	880	586	161	1,627
Disposals	—	(535)	(184)	(719)
Effect of exchange rates	129	—	104	233
At January 3, 2026	\$ 28,663	\$ 634	\$ 2,461	\$ 31,758
Accumulated depreciation				
At December 30, 2023	\$ (15,415)	\$ (359)	\$ (1,956)	\$ (17,730)
Depreciation	(3,613)	(174)	(463)	(4,250)
Disposals	—	—	953	953
Effect of exchange rates	149	—	97	246
At December 28, 2024	\$ (18,879)	\$ (533)	\$ (1,369)	\$ (20,781)
Depreciation	(3,588)	(171)	(453)	(4,212)
Disposals	—	489	113	602
Effect of exchange rates	(112)	—	(53)	(165)
At January 3, 2026	\$ (22,579)	\$ (215)	\$ (1,762)	\$ (24,556)
Net carrying value				
At December 28, 2024	\$ 8,775	\$ 50	\$ 1,011	\$ 9,836
At January 3, 2026	\$ 6,084	\$ 419	\$ 699	\$ 7,202

Amounts recognized in the consolidated statements of income

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Variable lease payments not included in the measurement of the lease liabilities	\$ 688	\$ 647
Depreciation expense on right-of-use assets	4,212	4,250
Interest expense on lease liabilities	737	933
Total amounts recognized in the consolidated statements of income	\$ 5,637	\$ 5,830

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

Lease liabilities

The undiscounted payments related to the Company's lease liabilities are shown in the table below:

Maturity analysis

<i>(Amounts in \$000s)</i>		Total		Less than 1 year		1–5 Years		Thereafter
Lease liabilities	\$	8,881	\$	4,786	\$	1,650	\$	2,445

The Company does not face significant liquidity risk in regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

During the fifty-two weeks ended December 28, 2024, the Company entered into a modification of an existing lease agreement for one of its office space locations. This modification, which extended the lease term by an additional 10 years and reduced the total square footage leased by the Company, did not significantly change the scope of the lease or the consideration for the lease separate from the original contract terms. Consequently, the modification did not result in a separate lease for accounting purposes under IFRS 16, and the modification has been accounted for as a continuation of the existing lease. The right-of-use asset and lease liability were remeasured to account for the revised lease payments and extended term. In remeasuring the asset and liability, the Company has considered an additional 5-year extension option, which is present in the modified lease agreement, as the Company is reasonably certain the option will be exercised. This remeasurement led to an adjustment in the carrying amount of the right-of-use asset by \$2.4 million, using the incremental borrowing rate at the date of modification to discount the new lease payments. The lease modification did not result in any immediate gain or loss recognized in the profit or loss for the fifty-two weeks ended December 28, 2024. Depreciation of the right-of-use asset and interest on the lease liability continue to be recognized in the consolidated statement of income over the lease term.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

9. Goodwill and intangible assets

The Company's intangible assets consist of brands and customer and supplier relationships that have been acquired through a business combination, and computer software.

<i>(Amounts in \$000s)</i>	Intangible assets					Goodwill	Total goodwill and intangible assets
	Brands	Indefinite lived brands	Customer and supplier relationships	Computer software	Total intangible assets		
Cost							
At December 30, 2023	\$ 6,914	\$ 14,044	\$ 164,837	\$ 20,118	\$ 205,913	\$ 157,363	\$ 363,276
Additions	—	—	—	706	706	—	706
Disposals	—	—	—	(280)	(280)	—	(280)
Transfers ⁽¹⁾	—	—	—	(567)	(567)	—	(567)
Effect of exchange rates	(38)	(37)	(92)	(1,597)	(1,764)	(803)	(2,567)
At December 28, 2024	\$ 6,876	\$ 14,007	\$ 164,745	\$ 18,380	\$ 204,008	\$ 156,560	\$ 360,568
Additions	—	16,449	4,508	231	21,188	—	21,188
Disposals	—	—	—	—	—	—	—
Effect of exchange rates	21	20	50	905	996	436	1,432
At January 3, 2026	\$ 6,897	\$ 30,476	\$ 169,303	\$ 19,516	\$ 226,192	\$ 156,996	\$ 383,188
Accumulated amortization							
At December 30, 2023	\$ (6,914)	\$ —	\$ (69,618)	\$ (7,482)	\$ (84,014)	\$ —	\$ (84,014)
Amortization	—	—	(6,487)	(929)	(7,416)	—	\$ (7,416)
Disposals	—	—	—	—	—	—	\$ —
Effect of exchange rates	38	—	128	600	766	—	766
At December 28, 2024	\$ (6,876)	\$ —	\$ (75,977)	\$ (7,811)	\$ (90,664)	\$ —	\$ (90,664)
Amortization	—	—	(6,431)	(1,366)	(7,797)	—	(7,797)
Disposals	—	—	—	—	—	—	—
Effect of exchange rates	(21)	—	(40)	(391)	(452)	—	(452)
At January 3, 2026	\$ (6,897)	\$ —	\$ (82,448)	\$ (9,568)	\$ (98,913)	\$ —	\$ (98,913)
Net carrying value							
At December 28, 2024	\$ —	\$ 14,007	\$ 88,768	\$ 10,569	\$ 113,344	\$ 156,560	\$ 269,904
At January 3, 2026	\$ —	\$ 30,476	\$ 86,855	\$ 9,948	\$ 127,279	\$ 156,996	\$ 284,275

⁽¹⁾ As at December 28, 2024, transfers include \$0.6 million reclassified from intangible assets to property, plant and equipment.

Impairment of goodwill and identifiable intangible assets

As described in Note 3, the carrying values of goodwill and intangible assets with indefinite lives are tested for impairment annually (as at the first day of the Company's fourth quarter). The Company's impairment test for goodwill and intangible assets with indefinite useful lives was based on FVLCD at September 28, 2025, resulting in \$nil impairment in the North American CGU (September 29, 2024: \$nil). The key assumptions used to determine the recoverable amount for the CGU for the most recently completed impairment calculation for Fiscal 2025 are discussed below.

The recoverable amount of the CGU has been determined based on the FVLCD, determined using an income approach using the discounted cash flow methodology. The fair value of the CGU must be measured using the assumptions that market participants would use rather than those related specifically to the Company. In addition, the market approach was employed in assessing the reasonableness of the conclusions reached.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Income approach

The discounted cash flow ("DCF") technique provides the best assessment of what the CGU could be exchanged for in an arm's length transaction as fair value is represented by the present value of expected future cash flows of the business together with the residual value of the business at the end of the forecast period. The DCF was applied on an enterprise-value basis, where the after-tax cash flows prior to interest expense are discounted using a weighted average cost of capital ("WACC"). This approach requires assumptions regarding revenue growth rates, income margins before finance costs, income taxes, depreciation and amortization, capital expenditures, tax rates and discount rates.

Market approach

It is assumed under the market approach that the value of a company reflects the price at which comparable companies in the same industry are purchased under similar circumstances. A comparison of a CGU to similar companies in the same industry whose financial information is publicly available may provide a reasonable basis to estimate fair value. Fair value under this approach is calculated based on earnings multiples and revenue multiples compared to the multiples based on publicly available information for comparable companies and transaction prices.

Key assumptions used in determining the FVLCD

Cash flow projections

The cash flow projections, covering a five-year period ("projection period"), were based on financial projections approved by management using assumptions that reflect the Company's most likely planned course of action, given management's judgment of the most probable set of economic conditions, adjusted to reflect the perspective of the expectations of a market participant. For the purpose of the Company's annual impairment test as at September 28, 2025, gross margins are based on actual and estimated values in the first year of the projection period, budgeted values in the second year of the projection period, and these are increased over the projection period for anticipated efficiency improvements and growth. The projected gross margins are updated to reflect anticipated future changes, such as currency fluctuations, in the cost of inputs (primarily raw materials and commodity products used in processing), which are obtained from forward-looking data. Forecast figures are used where data is publicly available; otherwise, past actual raw material cost movements have been used combined with management's industry experience and analysis of the seafood and commodity markets.

Discount rate

The discount rate, derived from the WACC, represents the current market assessment of the risk specific to the CGU, taking into consideration the time value of money and individual risks that have not been incorporated in the cash flow projections. The discount rate was based on the weighted average cost of equity and cost of debt for comparable companies within the industry. The cost of equity was calculated using the capital asset pricing model. The debt component of the WACC was determined by using an after-tax cost of debt. The after-tax WACC applied to the North American CGU cash flow projections was 10.0% at September 28, 2025 (September 29, 2024: 11.3%).

Growth rate

Growth rates used to extrapolate the Company's projection were determined using published industry growth rates in combination with inflation assumptions and management input based on historical trend analysis and future expectations of growth. The long-term growth rate applied to the cash flow projections of the North American CGU was assessed as 2.1% at September 28, 2025 (September 29, 2024: 2.0%). This is a conservative growth rate assumption for the Company and used for the purpose of this analysis that was solely based on future inflation assumptions, which assumed inflation normalizes over the projection period.

Costs to sell

The costs to sell the North American CGU was estimated at approximately 3.0% at September 28, 2025 (September 29, 2024: 3.0%) of the CGU's enterprise value. The costs to sell reflect the incremental costs, excluding finance costs and income taxes, that would be directly attributable to the disposal of the CGU, including legal costs, marketing costs, costs of removing assets and direct incremental costs incurred in preparing the CGU for sale.

Cost Synergies

The cash flow projections incorporate assumptions related to cost synergies that a market participant would expect to realize, including reductions in corporate overhead, professional, regulatory compliance costs, and other personnel-related costs. These synergies reflect the consolidation of corporate function and the elimination of public company costs.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

The cost synergy assumptions are based on management's assessment of historical cost levels and the expected timing of integration activities, from the perspective of a market participant. Actual results may differ from these assumptions due to changes in execution, timing, or other factors.

Sensitivity to changes in assumptions

With regard to the assessment of the FVLCD for the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

10. Accounts payable and accrued liabilities

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Trade accounts payable and accrued liabilities	\$ 177,348	\$ 134,534
Employee accruals, including incentives and vacation pay	12,680	12,742
	\$ 190,028	\$ 147,276

Trade accounts payable and accrued liabilities are non-interest bearing. Employee accruals, including incentives and vacation pay, are non-interest bearing and normally settle within fifty-two weeks.

11. Bank loans

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Bank loans, denominated in CAD (average variable rate of 3.85%; December 28, 2024: 5.45%)	\$ 13,666	\$ —
Bank loans, denominated in USD (average variable rate of 6.17.00%; December 28, 2024: 7.50%)	11,413	—
	25,079	—
Less: deferred finance costs ⁽¹⁾	(758)	—
	\$ 24,321	\$ —

⁽¹⁾ As at December 28, 2024, there were deferred financing costs classified as current assets and non-current assets on the consolidated statements of financial position of \$0.1 million and \$0.2 million, respectively.

The Company has a \$200.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative Agent. The Facility was amended on December 18, 2025 to extend the term expiry from April 2027 to December 2030. The amendment to the facility was not assessed as a substantial modification. As a result, the deferred financing costs related to the original facility continue to be amortized over the remaining term. The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in North America, subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 12). A second charge over the Company's property, plant and equipment is also in place. The Facility requires the Company to maintain certain financial and non-financial covenants. The primary financial covenant requires the Company to maintain on a continual basis the average adjusted aggregate availability above a certain threshold, or otherwise a fixed charge coverage ratio above a specified threshold. As at January 3, 2026, the Company was in compliance with all of these covenants.

Taking into account the current borrowing base and letters of credit as at January 3, 2026, the Company had \$167.1 million of borrowing availability (December 28, 2024: \$169.1 million).

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

As at January 3, 2026 and December 28, 2024, the Facility allowed the Company to borrow at the following rates:

Canadian Prime Rate, Canadian Base Rate and U.S. Prime Rate revolving loans, at their respective rates	plus 0.00% to 0.25%
CORRA revolving loans at CORRA rates ⁽¹⁾	plus 1.25% to 1.50%
SOFR revolving loans at SOFR rates ⁽²⁾	plus 1.25% to 1.50%
Letters of credit, with fees	of 1.25% to 1.50%
Standby fees required to be paid on the unutilized facility	of 0.25%

⁽¹⁾ "CORRA" is defined as Canadian Overnight Repo Rate Average

⁽²⁾ "SOFR" is defined as Secured Overnight Financing Rate

12. Long-term debt

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Term loan	\$ 274,398	\$ 226,875
Less: current portion	(7,548)	(7,500)
	266,850	219,375
Less: deferred finance costs	(7,861)	(8,063)
	\$ 258,989	\$ 211,312

On December 18, 2025, the Company amended the \$240 million term loan facility to include a \$60 million incremental term loan, increasing the total facility to \$300 million. The amendments to the facility were determined to be a non-substantial modification and, as a result, the deferred financing costs related to the original facility continue to be amortized over the remaining term. The Company incurred additional deferred financing costs of \$1.1 million in connection with the amendment. As the net present value of the cash flows of the modified debt are less than the carrying value of the original facility before the amendments, a modification gain of \$6.5 million was recorded in finance costs on the consolidated statements of income during the fifty-three weeks ended January 3, 2026. The facility continues to bear interest at SOFR plus 3.25% (0.50% SOFR floor), and it matures in July 2031. The principal balance outstanding prior to being adjusted for debt modifications was \$290.6 million on January 3, 2026 (December 28, 2024 - \$238.5 million).

In July 2024, the Company amended the term loan facility to reduce the amount available under the facility from \$300.0 million to \$240.0 million, extend the term from October 2026 to July 2031, and decrease the applicable interest rates for loans under the facility from SOFR plus 3.75% (0.75% SOFR floor) to SOFR plus 3.25% (0.50% SOFR floor). The amendments to the facility were determined to be a non-substantial modification and, as a result, the deferred financing costs related to the original facility continue to be amortized over the remaining term. The Company incurred additional deferred financing costs on the amended facility of \$5.8 million. As the net present value of the cash flows of the modified debt were less than the carrying value of the original facility before the amendments, at the time of modification a gain of \$12.7 million was recorded in finance costs, and is reflected on the consolidated statements of income during the fifty-two weeks ended December 28, 2024.

Under the amended term loan agreement, quarterly principal repayments of \$1.9 million are required as part of the regular repayment schedule. Prior to the December 2025 amendment, the required quarterly principal repayments were \$1.5 million. Prior to the July 2024 refinancing, the required quarterly principal repayments were \$1.9 million.

Any mandatory and voluntary repayments are applied to future regularly scheduled principal repayments. During the fifty-three weeks ended January 3, 2026, regularly scheduled repayments of \$7.9 million (fifty-two weeks ended December 28, 2024 - \$5.3 million) were made. There are regularly scheduled repayments of \$7.5 million to be paid in the next fifty-two weeks. There were no mandatory prepayments related to excess cash flows from 2025 to be paid in 2026.

Substantially all tangible and intangible assets (excluding working capital) of the Company are pledged as collateral for the term loan facility. The term loan facility requires the Company to maintain certain financial and non-financial covenants. The

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

primary financial covenant requires the Company to maintain a total leverage ratio below a specified threshold as of the last day of each quarterly reporting period. As at January 3, 2026, the Company was in compliance with all of these covenants.

13. Future employee benefits

Non-pension benefit plan

In Canada, the Company sponsors a non-pension benefit plan for employees hired before May 19, 1993. This benefit is a paid-up life insurance policy or a lump sum payment based on the employee's final earnings at retirement. In both Canada and the U.S., the Company maintains a non-pension benefit plan for employees who retire after twenty-five years of service with the Company. At retirement, the benefit is a payment of \$1,000 to \$2,500 depending on the years of service.

Defined contribution pension plans ("DCPP")

In Canada, the Company maintains a DCPP for all salaried employees.

In the U.S., the Company maintains a DCPP under the provisions of the *Employment Retirement Income Security Act of 1974* (a 401(k) Savings Plan), which covers substantially all employees of the Company's U.S. subsidiary. The Company also makes a safe harbor matching contribution equal to 100% of salary deferrals (contributions to the plan) that do not exceed 3% of compensation plus 50% of salary deferrals between 3% and 5% of salary compensation.

In both Canada and the U.S., the Company maintains defined contribution Supplemental Executive Retirement Plans ("SERP") to extend the same pension plan benefits to certain senior executives, as is provided to others in the DCPP who are not affected by income tax maximums.

Total expense and cash contributions for the Company's DCPPs was \$2.0 million for the year ended January 3, 2026 (December 28, 2024: \$1.9 million).

Defined benefit pension plans ("DBPP")

In Canada, the Company also sponsors two actively funded DBPPs. None of the Company's pension plans provide indexation in retirement.

Canadian union employee plan

One of the actively funded DBPPs is for the Nova Scotia Union employees and provides a flat-dollar plan with negotiated increases.

Canadian management plan

The Company sponsors a DBPP specifically for certain Canadian management employees (the "Management Plan"). On January 3, 2026, one person was enrolled as an active member in the Management Plan, who is a Canadian resident and was employed prior to January 1, 2000. The objective of the Management Plan is to provide an annual pension (including Canada Pension Plan) of 2% of the average of a member's highest five years' regular earnings while a member of the Management Plan, multiplied by the number of years of credited service. Incentive payments are not eligible earnings for pension purposes. The Management Plan was grandfathered and no new entrants are permitted. All members contribute 3.25% of their earnings up to the Years Maximum Pensionable Earnings ("YMPE") and 5% in excess of the YMPE to the maximum that a member can contribute based on income tax rules.

Upon retirement, the employees in the Management Plan are provided lifetime retirement income benefits based on their best five years of salary less Canada Pension Plan benefits. Full benefits are payable at age 65, or at age 60 if the executive has at least twenty-five years of service. The normal benefits are payable for life and 60% is payable to their spouse upon the employee's death, with a guarantee of sixty months. Members can retire at age 55 with a reduction. Other levels of survivor benefits are offered. Instead, members can elect to take their pension benefit in a lump-sum payment at retirement.

The Company maintains a defined benefit SERP to provide pension plan benefits to designated members of the Management Plan whose benefits are affected by the maximum pension limits of the Income Tax Act (Canada).

The annual pension amounts derived from the aggregate of the Management Plan and SERP benefits represent 1.3% of the member's final five year average earnings plus 0.7% of the member's final five year average earnings over the five year

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

average YMPE. This amount is multiplied by the years of service to determine the full annual pension entitlement from the two plans.

U.S. management plans

The Company also has one DBPP in the U.S. that covers one former employee. This plan has ceased to accrue benefits to employees.

Information regarding the Company's DBPPs, and non-pension benefit plans are as follows:

	Funded		Partially funded ⁽¹⁾		Unfunded	
	January 3, 2026	December 28, 2024	January 3, 2026	December 28, 2024	January 3, 2026	December 28, 2024
<i>(Amounts in \$000s)</i>						
Total present value of obligations ⁽¹⁾⁽²⁾	\$ 22,794	\$ 22,779	\$ 5,624	\$ 5,524	\$ 1,049	\$ 1,465
Fair value of plan assets	21,914	20,080	1,379	1,462	—	—
Plan deficit	880	2,699	4,245	4,062	1,049	1,465
Effect of asset ceiling	1,754	—	—	—	—	—
Net accrued defined benefit obligation	\$ 2,634	\$ 2,699	\$ 4,245	\$ 4,062	\$ 1,049	\$ 1,465

⁽¹⁾ The Company's partially funded plan consists of the defined benefit SERP, for which the Company has a letter of credit outstanding as at January 3, 2026 relating to the securitization of the unfunded benefits in the amount of \$6.1 million (December 28, 2024: \$5.7 million).

⁽²⁾ As at January 3, 2026, \$0.5 million (December 28, 2024: \$0.7 million) of the total obligation is related to non-pension benefit plans.

Movement in the present value of the defined benefit obligations

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
DBO at the beginning of the year	\$ 29,768	\$ 33,143
Benefits paid by the plans	(3,020)	(2,410)
Effect of movements in exchange rates	1,302	(2,792)
Current service costs	497	490
Interest on obligations	1,393	1,432
Employee contributions	9	10
Plan curtailment	26	—
Effect of changes in financial assumptions related to non-pension benefit plans	(27)	—
Effect of changes in financial assumptions	(481)	(105)
DBO at the end of the year	\$ 29,467	\$ 29,768

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Movement in the fair value of plan assets	January 3, 2026	December 28, 2024
<i>(Amounts in \$000s)</i>		
Fair value of plan assets at the beginning of the year	\$ 21,542	\$ 23,220
Employee contributions paid into the plans	9	10
Employer contributions paid into the plans	1,263	1,869
Benefits paid by the plans	(2,721)	(2,299)
Effect of movements in exchange rates	1,428	(1,988)
	\$ 21,521	\$ 20,812
Actual return on plan assets:		
Return on plan assets	\$ 1,034	\$ 1,029
Actuarial gains (losses) in OCI	811	(224)
Fees and expenses	(73)	(75)
	1,772	730
Fair value of plan assets at the end of the year	\$ 23,293	\$ 21,542
	Fifty-three weeks ended	Fifty-two weeks ended
Expense recognized in the consolidated statements of income	January 3, 2026	December 28, 2024
<i>(Amounts in \$000s)</i>		
Current service costs	\$ 497	\$ 490
Interest on obligation	1,393	1,432
Return on plan assets	(1,034)	(1,029)
Plan curtailment	26	—
Effect of changes in financial assumptions related to non-pension benefit plans	(9)	59
Fees and expenses	73	75
	\$ 946	\$ 1,027
	Fifty-three weeks ended	Fifty-two weeks ended
Expense recognized in the following line items in the consolidated statements of income	January 3, 2026	December 28, 2024
<i>(Amounts in \$000s)</i>		
Cost of sales	\$ 413	\$ 494
Selling, general and administrative expenses	533	533
	\$ 946	\$ 1,027
	January 3, 2026	December 28, 2024
Plan assets comprise:		
<i>(Amounts in \$000s)</i>		
Equity securities ⁽¹⁾	\$ 11,297	\$ 9,974
Debt securities	11,926	11,331
Cash and cash equivalents	70	237
	\$ 23,293	\$ 21,542

⁽¹⁾ The plan assets include CAD\$nil of the Company's own common shares at market value at January 3, 2026 (December 28, 2024: CAD\$2.9 million).

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Actuarial losses recognized in OCI

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Cumulative amount at the beginning of the year	\$ 6,887	\$ 6,265
Recognized during the period	(1,291)	119
Effect of exchange rates	(897)	503
Cumulative amount at the end of the year	\$ 4,699	\$ 6,887

Principal actuarial assumptions

<i>(Expressed as weighted averages)</i>	January 3, 2026	December 28, 2024
	%	%
Discount rate for the benefit cost for the year ended	4.73	4.60
Discount rate for the accrued benefit obligation as at year-end	4.90	4.73
Expected long-term rate on plan assets as at year-end	4.90	4.73
Future compensation increases for the benefit cost for the year ended	3.00	3.00
Future compensation increases for the accrued benefit obligation as at year-end	3.00	3.00

A quantitative sensitivity analysis for significant assumptions as at January 3, 2026 is shown below:

<i>(Amounts in \$000s)</i>	Discount rate			Mortality rate	
Sensitivity level	0.5% increase	0.5% decrease	One-year increase	One-year decrease	
(Decrease) increase on DBO	\$ (1,543)	\$ 1,699	\$ 610	\$ (626)	

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the net DBO as a result of reasonable changes in key assumptions occurring at the end of the reporting period. An analysis on salary increases and decreases is not material. The Company expects CAD\$1.3 million in contributions to be paid to its DBPPs and CAD\$3.0 million to its DCPPs in Fiscal 2026.

Termination benefits

The Company has also expensed termination benefits during the period, which are recorded as of the date the committed plan is in place and communication is made. These termination benefits relate to severance that is not based on a future service requirement, and are included on the following line items in the consolidated statements of income:

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Business acquisition, integration and other expenses	1,097	—
Selling, general and administrative expenses	1,186	593
	\$ 2,283	\$ 593

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

14. Share capital

The share capital of the Company is as follows:

	January 3, 2026	December 28, 2024
Authorized:		
Preference shares, par value of CAD\$25 each, issuable in series	5,999,994	5,999,994
Subordinated redeemable preference shares, par value of CAD\$1 each, redeemable at par	1,025,542	1,025,542
Non-voting equity shares	Unlimited	Unlimited
Common shares, without par value	Unlimited	Unlimited

Purchase of shares for cancellation

In June 2025, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 1,633,046 common shares. The Company's ability to repurchase the common shares commenced on June 13, 2025, and will terminate no later than June 12, 2026. During the fifty-three weeks ended January 3, 2026, the Company purchased 528,250 common shares under this plan at an average price of \$11.68 (CAD \$16.16) per share, for total cash consideration of \$5.6 million (CAD \$8.1 million). The excess of the purchase price over the book value of the shares in the amount of \$4.9 million was charged to retained earnings.

In June 2024, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 700,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2024 and terminated on June 6, 2025. In November 2024, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company can purchase by 943,340, to a total authorized limit of 1,643,340. During the fifty-three weeks ended January 3, 2026, the Company repurchased 634,261 common shares under this plan at an average price of \$11.69 (CAD \$16.52) per share for total cash consideration of \$7.4 million (CAD \$10.6 million). The excess of the purchase price over the book value of the shares in the amount of \$6.3 million was charged to retained earnings. During the fifty-two weeks ended December 28, 2024, the Company repurchased 732,182 common shares under this plan at an average price of \$9.87 (CAD \$13.60) per share for total cash consideration of \$7.1 million (CAD \$9.8 million). The excess of the purchase price over the book value of the shares in the amount of \$5.7 million was charged to retained earnings.

In June 2023, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. The Company's ability to repurchase the common shares commenced on June 7, 2023 and terminated on June 6, 2024. In December 2023, the Company announced that the Toronto Stock Exchange approved an amendment to increase the size of the Normal Course Issuer Bid. The amendment increased the number of common shares the Company can purchase by 500,000. During the fifty-two weeks ended December 28, 2024, the Company purchased 246,700 common shares under this plan at an average price of \$9.31 (CAD\$12.64) per share for total cash consideration of \$2.3 million (CAD\$3.1 million). The excess of the purchase price over the book value of the shares in the amount of \$1.7 million was charged to retained earnings.

The Company has an automatic share repurchase plan with its broker, which allows purchases of common shares under the Normal Course Issuer Bid program to continue during trading black-out periods.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

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

	Fifty-three weeks ended		Fifty-two weeks ended	
	January 3, 2026		December 28, 2024	
	Shares	(\$000s)	Shares	(\$000s)
Common shares:				
Balance, beginning of period	29,683,389	85,549	33,019,318	113,203
Options exercised for shares	—	—	50,597	333
Options exercised for shares via cashless exercise method (Note 15)	24,736	92	21,370	28
Options exercised for cash (Note 15)	3,582	10	—	—
Shares repurchased for cancellation	(1,162,511)	(2,097)	(978,882)	(2,257)
Cancellation of treasury shares	—	—	(2,429,014)	(25,758)
Balance, end of period	28,549,196	83,554	29,683,389	85,549

During the fifty-three weeks ended January 3, 2026, the Company distributed dividends per share of CAD\$0.685 (fifty-two weeks ended December 28, 2024: CAD\$0.62).

In November 2025, the Company's Board of Directors increased the quarterly dividend to CAD\$0.175 per share, which represents a CAD\$0.005 per share increase from the CAD\$0.17 per share dividend paid in the first three quarters of 2025, reflecting the Board's recognition of the Company's strong performance and continued confidence in the Company's operations. On February 25, 2026, the Company's Board of Directors declared a quarterly dividend of CAD\$0.175 per share, payable on March 15, 2026 to shareholders of record as of March 4, 2026.

15. 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 and a Restricted Share Units ("RSU") Plan for eligible employees, 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 \$11.8 million and \$1.0 million, respectively, as at January 3, 2026 (December 28, 2024: \$2.3 million and \$9.7 million, respectively). Upon adoption of the amendments to IAS 1 in the current fiscal year, the Company classified certain liabilities relating to share-based compensation from long-term liabilities to current liabilities.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

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

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended	Fifty-two weeks ended
	January 3, 2026	December 28, 2024
Selling, general and administrative expenses resulting from:		
Cash-settled awards ⁽¹⁾	2,963	7,204
Equity-settled awards ⁽¹⁾	329	355
Share-based compensation expense	\$ 3,292	\$ 7,559

⁽¹⁾ Cash-settled awards may include PSUs, RSUs and DSUs. Equity-settled awards include options.

Share Option Plan

Under the terms of the Company's Share Option Plan, the Company may grant options to eligible participants, including: Directors, members of the Company's Executive Leadership Team, and senior managers of the Company. Shares to be optioned are not to exceed the aggregate number of 3,800,000 as of May 7, 2013 (adjusted for the two-for-one stock split that was effective May 30, 2014), representing 12.4% of the then issued and outstanding authorized shares. The option price for the shares cannot be less than the fair market value (as defined further in the Share Option Plan) of the optioned shares as of the date of grant. The term during which any option granted may be exercised may not exceed ten years from the date of grant. The purchase price is payable in full at the time the option is exercised. Options are not transferable or assignable.

Options issued may also be awarded a cashless exercise option at the discretion of the Board, where the holder may elect to receive, without payment of any additional consideration, optioned shares equal to the value of the option as computed by the Option Plan. When the holder elects to receive the cashless exercise option, the Company accounts for these options as equity-settled transactions.

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

	Fifty-three weeks ended		Fifty-two weeks ended	
	January 3, 2026		December 28, 2024	
	No.	WAEP (CAD)	No.	WAEP (CAD)
Outstanding, beginning of period	352,839	\$ 12.75	370,750	\$ 10.84
Granted	159,327	16.22	131,238	12.71
Exercised for shares via cashless method ⁽¹⁾	(49,805)	7.51	(78,077)	8.15
Exercised for shares ⁽¹⁾	—	—	(50,597)	7.48
Exercised for cash ⁽¹⁾	(3,582)	13.28	—	—
Cancelled or forfeited	(42,559)	15.78	(20,475)	13.97
Outstanding, end of period	416,220	\$ 14.39	352,839	\$ 12.75
Exercisable, end of period	205,998	\$ 12.19	177,945	\$ 11.72

⁽¹⁾ For the fifty-three weeks ended January 3, 2026, 24,736 shares were issued related to options exercised (fifty-two weeks ended December 28, 2024: 71,967). The weighted average share price at the date of exercise for these options was CAD\$16.14 for the fifty-three weeks ended January 3, 2026 (fifty-two weeks ended December 28, 2024: CAD\$12.68).

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Set forth below is a summary of the outstanding options to purchase common shares as at January 3, 2026:

Option price (CAD)	Options outstanding			Options exercisable	
	Number outstanding	Weighted average exercise price	Average life (years)	Number exercisable	Weighted average exercise price
\$ 10.01–15.00	255,462	11.92	3.92	170,865	11.53
\$ 15.01–20.00	160,758	15.99	5.66	35,133	15.39
	416,220			205,998	

The fair value of options granted during the fifty-three weeks ended January 3, 2026 and fifty-two weeks ended December 28, 2024 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

	January 3, 2026	December 28, 2024
Dividend yield (%)	4.90	4.72
Expected volatility (%)	34.90	39.32
Risk-free interest rate (%)	2.91	3.53
Expected life (years)	7.00	7.00
Weighted average share price (CAD)	\$ 13.89	\$ 12.71
Weighted average fair value (CAD)	\$ 3.07	\$ 3.40

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.

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

	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Outstanding, beginning of period	348,829	362,704
Granted	97,335	87,874
Reinvested dividends	13,459	15,404
Released and paid in cash	(90,772)	—
Increased (expired) due to performance factor	(45,183)	(96,318)
Forfeited	(24,418)	(20,835)
Outstanding, end of period	299,250	348,829

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for PSUs for the fifty-three weeks ended January 3, 2026 was 48% (fifty-two weeks ended December 28, 2024: 82%). PSUs will vest at the end of a three-year period, if agreed-upon performance measures are met.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

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

	Fifty-three weeks ended	Fifty-two weeks ended
	January 3, 2026	December 28, 2024
Outstanding, beginning of period	576,166	349,331
Granted	323,464	373,460
Reinvested dividends	31,713	25,757
Released and paid in cash	(145,669)	(121,025)
Forfeited	(68,251)	(51,357)
Outstanding, end of period	717,423	576,166

The share price at the reporting date was CAD\$14.65 (December 28, 2024: CAD\$15.92). RSUs will vest in accordance with the terms of the agreement.

Deferred Share Unit Plan

The DSU Plan allows a director to receive all or any portion of their annual retainer, additional fees and equity value in DSUs in lieu of cash or options. DSUs cannot be redeemed for cash until the holder is no longer a Director of the Company. These units are considered cash-settled share-based payment awards and are non-dilutive.

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

	Fifty-three weeks ended	Fifty-two weeks ended
	January 3, 2026	December 28, 2024
Outstanding, beginning of period	590,773	486,155
Granted	53,123	79,720
Reinvested dividends	26,718	24,898
Outstanding, end of period	670,614	590,773

Performance Share Unit Plan

The PSU Plan is intended to align the Company's senior management with the enhancement of shareholder returns and other operating measures of performance. Both PSUs and RSUs may be issued under the PSU Plan to any eligible employee of the Company, or its subsidiaries, who have rendered meritorious services that contributed to the success of the Company. Directors who are not full-time employees of the Company may not participate in the PSU Plan. The Company is permitted to issue up to 400,000 shares from treasury in settling entitlements under the PSU Plan.

The PSU plan is dilutive and units may be settled in cash or shares upon vesting. If settled in cash, the amount payable to the participant shall be determined by multiplying the number of PSUs or RSUs (which will be adjusted in connection with the payment of dividends by the Company as if such PSUs or RSUs were common shares held under a dividend reinvestment plan) by the fair market value of a common share at the vesting date, and in the case of PSUs, by a performance multiplier to be determined by the Company's Board of Directors. If settled in shares on the vesting date, each RSU is exchanged for a common share, and each PSU is multiplied by a performance multiplier and then exchanged for common shares.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

16. Income tax

The Company's statutory tax rate for the year ended January 3, 2026 is 27.3% (December 28, 2024: 28.0%). The Company's effective income tax rate was 16.3% for the year ended January 3, 2026 (December 28, 2024: 16.5%). The lower effective income tax rate in Fiscal 2025 compared to the same period last year is due to implications of the Global Minimum Tax, described below in more detail, combined with the results of the Company's tax efficient financing structure on lower income which was offset from the income tax effects resulting from the Rubicon settlement in the previous year. For the year ended January 3, 2026, the applicable statutory rates in Canada and the U.S. were 27.3% and 25.5%, respectively (December 28, 2024: 28.0% and 25.5%).

The major components of income tax expense are as follows:

Consolidated statements of income <i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Current income tax expense	\$ 8,363	\$ 6,622
Deferred income tax expense		
Origination and reversal of temporary differences	\$ (1,236)	\$ 5,245
Income tax expense (recovery) reported in the consolidated statements of income	\$ 7,127	\$ 11,867

Consolidated statements of comprehensive income <i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Income tax expense related to items charged or credited directly to OCI during the period:		
Gain (loss) on hedge of net investment in foreign operations	\$ —	\$ 297
Effective portion of changes in fair value of cash flow hedges	(977)	976
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	49	(895)
Net change in fair value of cash flow hedges transferred to income	—	—
Defined benefit plan actuarial losses	7	32
Income tax (recovery) expense directly to other comprehensive income (loss)	\$ (921)	\$ 410

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

The reconciliation between income tax expense and the product of accounting profit multiplied by the Company's statutory tax rate is as follows:

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended	January 3, 2026	Fifty-two weeks ended	December 28, 2024
Accounting profit before tax at statutory income tax rate of 27.3% (2024: 28.0%)	\$	11,902	\$	20,169
Non-deductible expenses for tax purposes:				
Non-deductible share-based compensation		89		99
Other non-deductible items		324		245
Acquisition financing structures deduction		(6,767)		(8,337)
Rubicon settlement agreement		—		(2,704)
Effect of lower income tax rates of U.S. subsidiary		—		—
Adjustments in respect of prior years		(30)		144
Global minimum tax		1,477		2,755
Other		132		(504)
Income tax expense	\$	7,127	\$	11,867

<i>(Amounts in \$000s)</i>	Consolidated statements of financial position as at:		Consolidated statements of income for the years ended:	
	January 3, 2026	December 28, 2024	January 3, 2026	December 28, 2024
Accelerated depreciation for tax purposes on property, plant and equipment	\$ (11,804)	\$ (14,320)	\$ (2,517)	\$ (1,153)
Inventory	(8,738)	(5,881)	2,858	997
Intangible assets	(26,053)	(25,156)	897	9
Pension	2,234	2,407	161	(686)
Revaluation of cash flow hedges	64	(357)	(7)	520
Losses available for offset against future taxable income	3,069	4,126	1,906	(669)
Interest deductibility limitations	6,737	1,314	(5,423)	—
Deferred charges and other	2,745	3,925	889	6,227
Deferred income tax (expense) recovery			\$ (1,236)	\$ 5,245
Net deferred income tax liability	\$ (31,746)	\$ (33,942)		

Reflected in the consolidated statements of financial position as follows:

Deferred income tax assets	\$ 4,630	\$ 1,156
Deferred income tax liabilities	(36,376)	(35,098)
Net deferred income tax liability	\$ (31,746)	\$ (33,942)

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

Reconciliation of net deferred income tax liabilities <i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Opening balance, beginning of year	\$ (33,942)	\$ (28,476)
Deferred income tax recovery (expense) during the period recognized in income	1,236	(5,245)
Deferred income tax recovery during the period recognized in contributed surplus	—	20
Deferred income tax expense during the period recognized in retained earnings	(7)	(32)
Deferred income tax recovery (expense) during the period recognized in OCI	921	(378)
Other	46	169
Closing balance, end of year	\$ (31,746)	\$ (33,942)

At January 3, 2026, the Company has the following deductible temporary difference, unused tax losses and unused tax credits for which no deferred tax assets have been recognized:

- Capital losses: CAD \$43.8 million (December 28, 2024: \$43.2 million), which have an indefinite carryforward period;
- Restricted interest and financing expense limitations: CAD \$2.5 million (December 28, 2024: \$nil), which have an indefinite carryforward period; and
- Deductible temporary difference on equity investments: CAD \$5.3 million (December 28, 2024: \$nil), which have an indefinite carryforward period.

The Company can control the distribution of profits, and accordingly, no deferred income tax liability has been recorded on the undistributed profit of its subsidiaries that will not be distributed in the foreseeable future.

On June 20, 2024, the Global Minimum Tax Act was enacted by the Government of Canada. The Global Minimum Tax Act is the Canadian implementation of the Pillar Two model rules published by the Organization of Economic Co-operation and Development. The Company intends to rely on certain transitional safe harbours for certain jurisdictions in which it operates. A provision of \$1.5 million was recorded (December 28, 2024: \$2.8 million).

17. Revenue from contracts with customers

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers based on the single operating segment, North America. The Company discloses sales earned outside of Canada in accordance with IFRS Accounting Standards in Note 22.

Contract liability

The Company's contract liability consists of donated product received from the United States Department of Agriculture for the purpose of processing the product for distribution to eligible recipient agencies. The donated inventory is non-cash consideration that is recorded at the fair value of the product received. The Company has an obligation to sell the product to the eligible agencies at the reduced price, with the donated product being included in the transaction price recognized on the sale of the finished products. The contract liability is classified as current because the Company expects to settle the obligation within twelve months from the reporting date. During the fifty-three weeks ended January 3, 2026, the Company recognized \$2.6 million (fifty-two weeks ended December 28, 2024: \$2.8 million) in revenue that was included in the contract liability balance at the beginning of the period.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

18. Earnings per share

Net income and basic weighted average shares outstanding are reconciled to diluted earnings and diluted weighted average shares outstanding, respectively, as follows:

	Fifty-three weeks ended January 3, 2026			Fifty-two weeks ended December 28, 2024		
	Net income (\$000s)	Weighted average shares (000s)	Per share (\$)	Net income (\$000s)	Weighted average shares (000s)	Per share (\$)
Net income	\$ 36,557	29,836	\$ 1.22	\$ 60,164	31,763	\$ 1.89
Dilutive options and units	—	58	—	—	34	—
Diluted earnings	\$ 36,557	29,894	\$ 1.22	\$ 60,164	31,797	\$ 1.89

Excluded from the diluted earnings per common share calculation for the fifty-three weeks ended January 3, 2026 were 91,411 options and units, as their effect would have been anti-dilutive (fifty-two weeks ended December 28, 2024: 228,498 options).

19. Changes in liabilities arising from financing activities

<i>(Amounts in \$000s)</i>	December 28, 2024	Cash flows	Reclassified between current and non-current	Change in fair values	New leases, modifications and interest ⁽³⁾	Deferred finance costs ⁽¹⁾	Other ⁽²⁾	January 3, 2026
Bank loans	\$ —	\$ 24,578	\$ —	\$ —	\$ —	\$ (425)	\$ 168	\$ 24,321
Current portion of long-term debt	7,500	(7,887)	7,935	—	—	—	—	7,548
Other current financial liabilities	246	—	—	538	—	—	—	784
Current portion of lease liabilities	4,370	(5,151)	3,481	—	1,581	—	72	4,353
Long-term debt	211,312	60,000	(7,935)	—	(4,590)	202	—	258,989
Other long-term financial liabilities	16	—	—	356	—	—	—	372
Long-term lease liabilities	5,799	—	(3,481)	—	523	—	46	2,887
Total liabilities from financing activities	\$ 229,243	\$ 71,540	\$ —	\$ 894	\$ (2,486)	\$ (223)	\$ 286	\$ 299,254

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

<i>(Amounts in \$000s)</i>	December 30, 2023	Cash flows	Reclassified between current and non-current	Change in fair values	New leases, modifications and interest (³)	Deferred finance costs (¹)	Other(²)	December 28, 2024
Bank loans	\$ 2,559	\$ (2,976)	\$ —	\$ —	\$ —	\$ 108	\$ 309	\$ —
Current portion of long-term debt	5,625	(5,250)	6,000	—	1,125	—	—	7,500
Other current financial liabilities	997	—	—	(751)	—	—	—	246
Current portion of lease liabilities	4,589	(5,001)	3,891	—	951	—	(60)	4,370
Long-term debt	233,791	—	(6,000)	—	(12,287)	(4,455)	263	211,312
Other long-term financial liabilities	362	—	—	(346)	—	—	—	16
Long-term lease liabilities	6,997	—	(3,891)	—	2,783	—	(90)	5,799
Total liabilities from financing activities	\$ 254,920	\$ (13,227)	\$ —	\$(1,097)	\$ (7,428)	\$(4,347)	\$ 422	\$ 229,243

⁽¹⁾ Deferred finance costs are net of amortization.

⁽²⁾ 'Other' includes the impact of foreign exchange movements. As at January 3, 2026 'Other' also includes the reclassification of deferred financing costs on bank loans to current assets and non-current assets on the consolidated statements of financial position of \$nil (December 28, 2024: \$0.1 million) and \$nil (December 28, 2024: 0.2 million) respectively.

⁽³⁾ New leases, modifications and interest are net of disposals.

20. Guarantees and commitments

The Company had letters of credit outstanding as at January 3, 2026 relating to the procurement of inventories and the security of certain contractual obligations of \$1.8 million (December 28, 2024: \$0.8 million). The Company also had a letter of credit outstanding as at January 3, 2026 relating to the securitization of the Company's defined benefit SERP (see Note 13) in the amount of \$6.1 million (December 28, 2024: \$5.7 million).

21. Related party disclosures

Entity with significant influence over the Company

As at January 3, 2026, Thornridge Holdings Limited owns 40.6% of the Company's outstanding common shares (December 28, 2024: 39%).

Other related parties

The Company had no related party transactions, excluding key management personnel compensation, for the fifty-three weeks ended January 3, 2026 and the fifty-two weeks ended December 28, 2024.

The Company did not have any transactions during 2025 or 2024 with entities who had significant influence over the Company or with members of the Board of Directors and their related interests.

Key management personnel compensation

In addition to their salaries, the Company also provides benefits to the Chief Executive Officer ("CEO"), and certain senior executive officers in the form of contributions to post-employment benefit plans, non-cash plans and various other short- and long-term incentive and benefit plans.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

The following are the amounts recognized as an expense during the reporting period related to key management personnel compensation:

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Salaries and short-term incentive plans ⁽¹⁾	\$ 3,647	\$ 3,637
Post-employment benefits ⁽²⁾	111	100
Termination benefits ⁽²⁾	414	—
Share-based compensation ⁽³⁾	2,815	1,947
	\$ 6,987	\$ 5,684

⁽¹⁾ Short-term incentive amounts were for those earned in 2025 and 2024.

⁽²⁾ Refer to Note 13 for details of each plan.

⁽³⁾ Refer to Note 15 for details regarding the Company's Share Option, DSU, PSU and RSU Plans.

22. Geographic information

The Company disaggregates revenue from contracts with customers based on its single operating segment, North America. Sales by geographic area are as follows:

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended January 3, 2026	Fifty-two weeks ended December 28, 2024
Canada	\$ 242,546	\$ 230,584
U.S.	784,353	728,634
	\$ 1,026,899	\$ 959,218

The following tables summarize the Company's non-current assets by geographic area:

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Property, plant and equipment		
Canada	34,862	30,300
U.S.	105,195	103,511
	\$ 140,057	\$ 133,811
Right-of-use assets		
Canada	998	1,639
U.S.	6,204	8,197
	\$ 7,202	\$ 9,836
Intangible assets		
Canada	10,987	11,154
U.S.	116,292	102,190
	\$ 127,279	\$ 113,344
Goodwill		
Canada	9,080	8,644
U.S.	147,916	147,916
	\$ 156,996	\$ 156,560

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

23. Fair value measurement

Fair value of financial instruments

Fair value is a market-based measurement, not an entity-specific measurement. Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability based on the best available information including the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model. Management is responsible for valuation policies, processes and the measurement of fair value within the Company.

Financial liabilities carried at amortized cost are shown using the Effective Interest Rate ("EIR") method. Other financial assets and other financial liabilities represent the fair value of the Company's foreign exchange contracts as well as the fair value of interest rate swaps on debt.

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:

	January 3, 2026			December 28, 2024		
<i>(Amounts in \$000s)</i>	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Fair value of financial assets						
Interest rate swaps	\$ —	\$ 742	\$ —	\$ —	\$ 2,607	\$ —
Foreign exchange contracts	—	205	—	—	2,634	—
Equity investments	41,243	—	—	17,956	—	—
	41,243	947	—	17,956	5,241	—
Fair value of financial liabilities						
Interest rate swaps	—	368	—	—	165	—
Foreign exchange contracts	—	788	—	—	97	—
Long-term debt	—	—	286,075	—	—	230,998
	—	1,156	286,075	—	262	230,998

The Company's Level 1 financial instruments are comprised of multiple publicly traded equity investments listed on a recognized stock exchange. The fair value adjustment accurately reflects the prevailing quoted prices observed in the active market, accessible as at the reporting date. The nature of the investments do not constitute significant influence and therefore they are recognized as financial instruments. In accordance with the Company's accounting policy for equity investments, these investments are measured using the fair value through other comprehensive income method.

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 fifty-three weeks ended January 3, 2026, no such transfers occurred.

The Company's bank loans consist of a floating rate revolving facility, where the fair value of the facility is assumed to approximate the carrying value. The Company will monitor each period for any significant changes in this assumption.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

The financial liabilities not measured at fair value on the consolidated statements of financial position consist of long-term debt (including current portion). The carrying amount of these instruments was \$266.5 million as at January 3, 2026 (December 28, 2024: \$218.8 million).

Amortized cost impact on interest expense

During the fifty-three weeks ended January 3, 2026, the Company expensed \$0.1 million and \$1.3 million (fifty-two weeks ended December 28, 2024: expensed \$0.1 million and \$1.3 million) of short-term and long-term interest, respectively, relating to interest that was calculated using the EIR method associated with transaction fees and borrowings.

The fair values of other financial assets and liabilities at January 3, 2026 and December 28, 2024 are shown below:

	Other financial assets		Other financial liabilities	
	January 3, 2026	December 28, 2024	January 3, 2026	December 28, 2024
<i>(Amounts in \$000s)</i>				
Financial instruments at fair value through OCI:				
Foreign exchange forward contracts	\$ 200	\$ 2,634	\$ 440	\$ 97
Interest rate swap	742	2,607	368	165
Equity investments	41,243	17,956	—	—
Financial instruments at fair value through profit or loss:				
Foreign exchange forward contracts	5	—	348	—
	42,190	23,197	1,156	262

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

Hedging activities

Interest rate swaps

During the fifty-three weeks ended and as at January 3, 2026, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 12):

Effective date	Maturity date	Receive floating rate	Pay fixed rate	Notional amount (millions)
Designated in a formal hedging relationship:				
December 30, 2022	December 31, 2025	3-month SOFR (floor 0.75%)	1.0910 %	\$ 20.0
January 6, 2023	July 6, 2026	3-month SOFR (floor 0.75%)	1.1500 %	\$ 35.0
July 7, 2023	July 7, 2025	3-month SOFR (floor 0.75%)	4.9076 %	\$ 40.0
July 7, 2025	July 6, 2027	3-month SOFR (floor 0.50%)	3.6491 %	\$ 35.0
July 7, 2025	July 6, 2029	3-month SOFR (floor 0.50%)	3.5975 %	\$ 20.0
December 31, 2025	July 6 2028	3-month SOFR (floor 0.50%)	3.3010 %	\$ 15.0
December 31 2025	July 6 2028	3-month SOFR (floor 0.50%)	3.3000 %	\$ 20.0

The cash flow hedge of interest expense variability was assessed to be effective for the fifty-three weeks ended January 3, 2026, 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 \$0.2 million (fifty-two weeks ended December 28, 2024: after-tax net gains of \$1.0 million).

The Company did not hold any interest rate swaps that were not designated in a formal hedging relationship during the fifty-three weeks ended January 3, 2026 and fifty-two weeks ended December 28, 2024. There were \$nil amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the fifty-three weeks ended January 3, 2026 (fifty-two weeks ended December 28, 2024: \$nil).

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 January 3, 2026, the Company had outstanding notional amounts of \$24.8 million (December 28, 2024: \$24.7 million) in foreign currency average-rate forward contracts that were formally designated as a hedge and \$0.5 million in foreign currency single-rate forward contracts that were formally designated as a hedge (December 28, 2024: \$nil). With the exception of \$1.0 million (December 28, 2024: \$1.1 million) average-rate forward contracts with maturities ranging from January 2027 to July 2027, 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 effective for the fifty-three weeks ended January 3, 2026 and fifty-two weeks ended December 28, 2024, and therefore the change in fair value was recorded in OCI as after-tax net losses of \$0.6 million, respectively (fifty-two weeks ended December 28, 2024: after-tax net gains \$1.3 million). There were \$nil amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the fifty-three weeks ended January 3, 2026 (fifty-two weeks ended December 28, 2024: \$nil).

As at January 3, 2026, the Company had \$26.0 million (December 28, 2024: \$41.0 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 related to hedging foreign currency exchange risk on USD monetary assets and liabilities, recognized in the consolidated statements of income for the fifty-three weeks ended January 3, 2026 were net losses \$1.9 million (fifty-two weeks ended December 28, 2024: net gains of \$2.7 million).

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Hedge of net investment in foreign operations

As at January 3, 2026, a total borrowing of \$254.8 million (\$7.5 million included in the current portion of long-term debt and \$248.0 million included in long-term debt, net of \$0.7 million in deferred financing costs related to bank loans) (December 28, 2024: a total borrowing of \$218.5 million (\$7.5 million included in the current portion of long-term debt and \$211.3 million included in long-term debt, net of \$0.3 million in deferred financing costs related to bank loans)) 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 recognized in 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 fifty-three weeks ended January 3, 2026 and fifty-two weeks ended December 28, 2024.

Equity Investments

During the fifty-three weeks ended January 3, 2026, the Company invested an additional \$23.5 million in Andfjord (fifty-two weeks ended December 28, 2024: \$11.3 million) in exchange for 7,412,151 more shares (fifty-two weeks ended December 28, 2024: 3,634,970 shares) and \$7.1 million in Norcod (fifty-two weeks ended December 28, 2024: \$5.0 million) in exchange for 6,250,000 more shares (fifty-two weeks ended December 28, 2024: 4,412,000 shares).

As at January 3, 2026, the Company held 11,047,121 common shares of Andfjord, with a fair value of \$27.8 million (December 28, 2024: 3,634,970 shares with a fair value of \$13.1 million) and 10,662,000 common shares of Norcod with a fair value of \$13.5 million (December 28, 2024: 4,412,000 shares with a fair value of \$4.8 million). During the fifty-three weeks ended January 3, 2026, the Company recorded unrealized losses of \$8.8 million on the investments which is reflected in the consolidated statements of comprehensive income (December 28, 2024: unrealized gains of \$2.5 million).

As at January 3, 2026, the Company's investments in Andfjord includes shares purchased under a subscription commitment and advance payment agreement. The advance payment was made prior to January 3, 2026, however as of January 3, 2026 the share issuance had not been settled.

24. Capital management

The primary objective of the Company's capital management policy is to ensure a strong credit rating and healthy capital ratios to support the business and maximize shareholder value. The Company defines capital as funded debt and common shareholder equity, including AOCI, except for gains and losses on derivatives used to hedge interest and foreign exchange cash flow exposure.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, by adjusting the dividend payment to shareholders, returning capital to shareholders, purchasing capital stock under a NCIB, or issuing new shares.

Capital distributions, including purchases of capital stock, are subject to availability under the Company's working capital facility. The consolidated Average Adjusted Aggregate Availability under the working capital facility must be greater than \$25.0 million. As at January 3, 2026, the Company had a 30-day Average Adjusted Aggregate Availability of \$136.3 million. NCIB's are subject to a maximum of \$20 million per annum, provided payment conditions are met.

Under the term loan facility, the Company also has restrictions on capital distributions, where the aggregate amount for annual dividends cannot exceed the greater of \$32.5 million or 32.5% of EBITDA, as defined in the loan agreement. This amount can be increased to include any defined excess cash flows when the defined total leverage ratio is below 4.0x and becomes unlimited when the defined total leverage ratio is below 3.0x. The defined total leverage ratio was 3.2x on January 3, 2026. NCIBs are subject to an annual limit of \$10.0 million with a provision to carry forward unused amounts subject to a maximum of \$20.0 million per annum under the term loan facility.

For the fifty-three weeks ended January 3, 2026 and fifty-two weeks ended December 28, 2024, the Company paid \$14.4 million and \$13.6 million in dividends, respectively, and purchased shares for \$13.2 million and \$9.4 million, respectively, under the NCIB.

The Company monitors capital (excluding letters of credit) using the ratio of net debt to capitalization, which is net debt divided by total capital plus net debt. The Company's objective is to keep this ratio between 35% and 60%. Seasonal working capital

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

debt may result in the Company exceeding the ratio at certain times throughout the fiscal year. The Directors of the Company have also decided that this range can be exceeded on a temporary basis as a result of acquisitions.

<i>(Amounts in \$000s)</i>	January 3, 2026	December 28, 2024
Total bank loans, principal outstanding (Note 11)	\$ 25,079	\$ —
Total long-term debt, principal outstanding (Note 12)	290,612	238,500
Total lease liabilities	7,240	10,169
Total debt	322,931	248,669
Less: cash	(492)	(15,463)
Net debt	322,439	233,206
Shareholders' equity	409,010	405,729
Unrealized losses (gains) on derivative financial instruments included in AOCI	199	(1,708)
Total capitalization	\$ 731,648	\$ 637,227
Net debt as percentage of total capitalization	44%	37%

No changes were made in the objectives, policies or processes for managing capital for the fiscal year ended January 3, 2026 and December 28, 2024.

25. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, term loans, letters of credit, notes payable, lease liabilities, and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has various financial assets such as trade receivables, other accounts receivable, and cash, which arise directly from its operations.

The Company is exposed to interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Company enters into interest rate swaps, foreign currency contracts and insurance contracts to manage these types of risks from the Company's operations and its sources of financing. The Company's policy is that no speculative trading in derivatives shall be undertaken. The Audit Committee of the Board of Directors reviews and approves policies for managing each of these risks, which are summarized below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which relates to the Company's debt obligations with floating interest rates. The Company's policy is to manage interest rate risk by having a mix of fixed and variable rate debt. The Company's objective is to keep between 35% and 55% of its borrowings at fixed rates of interest. To manage this, the Company enters into fixed rate debt facilities or interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional amount. These swaps are designated to hedge the underlying debt obligations. Interest rate options that effectively fix the maximum rate of interest that the Company will pay may also be used to manage this exposure. At January 3, 2026, 40.9% of the Company's borrowings, including the long-term debt and the working capital facility, were either hedged or at a fixed rate of interest (December 28, 2024: 42.3%).

Interest rate sensitivity

The Company's income before income taxes is sensitive to the impact of a change in interest rates on that portion of debt obligations with floating interest rates, with all other variables held constant. As at January 3, 2026, the Company's current bank loans were \$25.1 million (December 28, 2024: \$nil) and long-term debt was \$290.6 million (December 28, 2024: \$238.5 million). An increase of 25 basis points on the bank loans with floating interest rates would have reduced income before income taxes by \$0.1 million (December 28, 2024: \$nil). An increase of 25 basis points above the SOFR floor, as applicable, on the unhedged portion of the long-term debt would have reduced income before income taxes by \$0.4 million (December 28, 2024:

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

\$0.4 million). A corresponding decrease in respective interest rates would have an approximately equal and opposite effect. There is no impact on the Company's equity except through changes in income.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Parent company having a CAD functional currency, meaning that all transactions are recorded in CAD. However, as the Company's Consolidated Financial Statements are reported in USD, the results of the Parent are converted into USD for external reporting purposes. Therefore, the Canadian to U.S. exchange rates (USD/CAD) impact the results reported in the Company's Consolidated Financial Statements.

The Parent's operating activities, including the majority of sales that are in CAD, have USD-denominated input costs. For products sold in Canada, raw material is purchased in USD. However, labour, packaging and ingredient conversion costs, overheads and selling, general and administrative costs are incurred in CAD. A strengthening Canadian dollar has an overall effect of increasing income before income taxes in USD terms and conversely, a weakening Canadian dollar has the overall effect of decreasing income before income taxes in USD terms.

The Parent hedges forecasted cash flows for purchases of USD-denominated products for the Canadian operations where the purchase price is substantially known in advance. At January 3, 2026, the Parent hedged 31% (December 28, 2024: 40%) of these purchases identified for hedging, extending to July 2027. The Company's *Price Risk Management Policy* dictates that cash flows out fifteen months are hedged between a minimum and maximum percent that declines by quarter the further into the future the cash flows are. The Company does not hedge cash flows on certain USD-denominated seafood purchases in which the ultimate selling price charged to the Company's Canadian customers move with changes in the USD/CAD exchange rates. It is the Company's policy to set the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. The Company also has foreign exchange risk related to the USD-denominated input costs of commodities used in its Canadian operations related to freight surcharges on transportation costs, paper products in packaging, grain and corn products in its breadings and batters, and soy and canola bean-based cooking oils. The Company hedges these USD-denominated input costs on a small scale, but relies where possible on fixed price contracts with suppliers.

For the fifty-three weeks ended January 3, 2026, approximately 78.0% (December 28, 2024: 75.2%) of the Parent's costs were denominated in USD, while approximately 99% (December 28, 2024: 98.0%) of the Parent's sales were denominated in its CAD functional currency.

The Parent has some assets and liabilities that are denominated in CAD, and therefore, the assets and liabilities reported in the Consolidated Financial Statements change as USD/CAD exchange rates fluctuate. A stronger CAD has the effect of increasing the carrying value of assets and liabilities such as accounts receivable, inventory, property, plant and equipment, and accounts payable of the Parent when translated to USD. The net offset of those changes flow through OCI. Based on the equity of the Parent as of January 3, 2026, a one-cent increase/decrease in the USD/CAD exchange rate will decrease/increase equity by approximately \$3.0 million (December 28, 2024: \$1.9 million).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Company holds credit insurance on its trade accounts receivable and all receivable balances are managed and monitored at the corporate level on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company's top ten customers account for 65% of the trade receivables at January 3, 2026 (December 28, 2024: 72%), with the largest customer accounting for 31% (December 28, 2024: 30%).

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty. The Company manages this risk by dealing with financially creditworthy counterparties, such as Chartered Canadian banks and U.S. banks with investment grade ratings. The maximum exposure to credit risk is equal to the carrying value of accounts receivable and derivative instruments.

HIGH LINER FOODS INCORPORATED

Notes to the Consolidated Financial Statements

In United States dollars, unless otherwise noted

Liquidity risk

Liquidity risk is the risk that the Company may not have cash available to satisfy financial liabilities as they come due. The Company monitors its risk to a shortage of funds using a detailed budgeting process that identifies financing needs for the next twelve months as well as models that look out three years. Working capital and cash balances are monitored daily and a procurement system provides information on commitments. This process on commitments projects cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, letters of credit, bank loans, notes payable, and lease liabilities. The Company's objective is that not more than 50% of borrowings should mature in the next twelve-month period. At January 3, 2026, approximately 4% of the Company's debt (December 28, 2024: 5%) will mature in less than one year based on the carrying value of borrowings reflected in the Consolidated Financial Statements. At January 3, 2026, the Company was in compliance with all covenants and terms of its debt facilities.

The table below shows the maturities of the Company's non-derivative financial liabilities, including accounts payable and accrued liabilities and undiscounted cash flows and interest payments related to long-term debt:

<i>(Amounts in \$000s)</i>	Due within 1 year	Due in 1–5 years	Due after 5 years	Total
Bank loans	—	25,079	—	25,079
Accounts payable and accrued liabilities	190,028	—	—	190,028
Long-term debt	26,854	103,585	263,506	393,945
As at January 3, 2026	\$ 216,882	\$ 128,664	\$ 263,506	\$ 609,052
Accounts payable and accrued liabilities	147,276	—	—	147,276
Long-term debt	25,248	88,111	230,390	343,749
As at December 28, 2024	\$ 172,524	\$ 88,111	\$ 230,390	\$ 491,025

Commodity price risk

The Company is affected by price volatility of certain commodities such as crude oil, wheat, corn, paper products, and frying oils. The Company's *Price Risk Management Policy* dictates the use of fixed pricing with suppliers whenever possible, but allows the use of hedging with derivative instruments if deemed prudent. Throughout 2025 and 2024, the Company managed this risk through contracts with suppliers. Where possible, the Company enters into fixed price contracts with suppliers on an annual basis and, therefore, a significant portion of the Company's 2026 commodity purchase requirements have fixed price contracts. Should an increase in the price of commodities materialize, there could be a negative impact on earnings performance and alternatively, a decrease in the price of commodities could result in a benefit to earnings performance.

Average crude oil prices, which influence fuel surcharges from freight suppliers, ended 2025 lower year-over-year, and averaged below 2024 levels. World commodity prices for flour and corn stayed relatively stable from 2024 through 2025, soy and canola oils, imported ingredients in many of the Company's products, increased throughout 2025, when compared to 2024. The price of corrugated and folded carton, which is used in packaging, increased in 2025 compared to 2024.

Seafood price risk

The Company is dependent upon the procurement of frozen raw seafood materials and finished goods on world markets. The Company bought \$582.1 million of this product in the current year. A 1.0% change in the price of frozen raw seafood materials would increase/decrease the Company's procurement costs by \$5.8 million. Prices can fluctuate and there is limited formal commercial mechanism for hedging either sales or purchases. Purchases of seafood on global markets are principally in USD. The Company hedges exposures to a portion of its currency exposures and enters into longer-term supply contracts when possible.

The Company maintains a strict policy of *Supplier Approval and Audit Standards*, including a diverse supplier base to ensure no over-reliance on any one source or species. The Company has multiple strategies to manage seafood costs, including purchasing significant quantities of frozen raw material and finished goods originating from all over the world. Over time, the Company strives to adjust selling prices to its customers as the world price of seafood changes or currency fluctuations occur.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

26. Supplemental information

The components of income and expenses included in the consolidated statements of income are as follows:

<i>(Amounts in \$000s)</i>	Fifty-three weeks ended	Fifty-two weeks ended
	January 3, 2026	December 28, 2024
Included in finance costs:		
Interest expense on bank loans	\$ 4,588	\$ 443
Interest expense on long-term debt	16,020	18,608
Interest expense on lease liabilities	737	933
Deferred financing charges	1,479	1,454
Interest on letter of credit for SERP	76	72
Modification gain related to debt refinancing activities (Note 12)	(6,498)	(12,734)
Foreign exchange loss (gain)	351	(260)
Total finance costs	\$ 16,753	\$ 8,516
Foreign exchange (gain) loss included in:		
Cost of sales	\$ (585)	\$ 786
Finance costs	351	(260)
Total foreign exchange (gain) loss	\$ (234)	\$ 526
Loss (gain) on disposal of assets included in:		
Cost of sales	\$ 442	\$ 402
Distribution expenses	3	3
Selling, general and administrative expenses	(30)	351
Total loss on disposal of assets	\$ 415	\$ 756
Depreciation and amortization expense included in:		
Cost of sales	\$ 10,280	\$ 9,096
Distribution expenses	4,999	4,458
Selling, general and administrative expenses	9,187	9,451
Total depreciation and amortization expense	\$ 24,466	\$ 23,005
Employee compensation and benefit expense:		
Wages and salaries (including payroll benefits)	\$ 122,627	\$ 114,783
Future employee benefit costs	2,951	3,005
Share-based compensation expense	3,292	7,559
Termination benefits ⁽¹⁾	2,283	593
Total employee compensation and benefit expense	\$ 131,153	\$ 125,940

⁽¹⁾Refer to Note 13 for details on termination benefits included in selling, general and administrative expenses and business acquisition, integration and other expense

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

27 Impact of U.S. tariffs

In September 2018, the U.S. Trade Representative ("USTR") commenced trade discussions with China that resulted in various actions impacting the Company related to additional tariffs on goods imported to the U.S., including a 25% tariff on certain raw material imports used by the Company (the "2018 US-China Tariffs"). During March 2022, the Company received notice of approval of an exclusion extension request submitted to the USTR regarding tariffs on a certain subset of raw material used by the Company imported to the U.S. from China, while the remaining raw material imports were still subject to the 25% tariff. The extension applied to tariffs already incurred, or that would otherwise have been incurred, on specific goods from October 12, 2021 to December 31, 2022. Since December 16, 2022 the USTR has extended this exclusion multiple times, including most recently on September 2, 2025, which further extended the exclusion to November 29, 2025. Additional action taken on November 26, 2025 by USTR has now extended these section 301 tariff exclusions until November 10, 2026.

On February 1, 2025 an Executive Order was signed by the U.S. President enacting measures which would impose additional tariffs on Chinese and Canadian imports into the United States. Since that date, there have been several announcements of additional global tariffs, retaliatory tariffs, and pauses on tariffs. The imposed tariffs included 20% on all Chinese goods imported into the United States and an additional 10% tariff on certain Chinese goods imported into the United States. These tariffs are incremental to the 2018 U.S.-China tariffs, bringing total tariffs on certain Chinese imports to 55%. On April 10, 2025 the U.S. issued increased "reciprocal" tariffs on certain goods from China totaling 170% (including all other applicable tariffs). A subsequent trade agreement on May 14, 2025 led to a temporary reduction of the reciprocal tariff back to 55%. On November 10, 2025 the U.S. President lowered the Reciprocal tariff on China to 10% which brings total tariffs on certain Chinese imports to 45%. This is now effective until November 10, 2026.

On April 2, 2025 the U.S. announced reciprocal tariffs declaring a 10% baseline tariff on imports from all countries, as well as higher rates for additional countries that run trade surpluses with the U.S. Additional higher reciprocal tariff rates were announced on July 31, 2025. Food products originating from Canada remain exempt from these tariffs under United States-Mexico-Canada Agreement ("USMCA").

The Company is actively assessing the impact of these evolving tariff regimes on its global supply chain, cost structure, macroeconomic environment and customer and consumer sentiment. While the full financial implications are still being evaluated, preliminary analysis indicates that these new tariffs could materially increase the cost of certain imported raw materials and finished goods, in addition to other potential impacts. The Company continues to implement mitigation strategies—including pricing adjustments, supply chain optimization, and sourcing diversification—to reduce the impact on its operations and customers.

The Company will continue to monitor trade developments and adjust its mitigation strategies as necessary to address additional tariff risks or policy changes that may change in 2026. However, the amount and timing for implementation of the tariffs described above and their impact on the Company, its supply chains, and the macroeconomic environment are inherently difficult to predict given the high level of uncertainty regarding trade negotiations and responses that may occur in the future.

The impact of these tariffs on the Company are subject to a number of factors, including effective dates, duration, amounts, scope, nature of the tariffs in the future, any government-imposed countermeasures, and any mitigating actions that may become available to the Company.

The Company has evaluated the impact of the imposed tariffs at period end on the goodwill impairment assessment and concluded no impairment exists. There is however risk that the impact of current or future tariffs could result in a material or adverse effect for the Company.

On February 20, 2026, the U.S. Supreme Court issued its decision to invalidate the tariffs imposed by the U.S. President under the International Emergency Economic Powers Act (IEEPA). Management is evaluating the impact of this decision on the Company and will continue to monitor the situation as it evolves.

HIGH LINER FOODS INCORPORATED
Notes to the Consolidated Financial Statements
In United States dollars, unless otherwise noted

28. Asset Acquisition of U.S. Retail Brands

On June 30, 2025, the Company acquired the Mrs. Paul's® and Van de Kamp's® brands of frozen breaded and battered fish products from Conagra Brands, Inc. ("Conagra"). High Liner Foods previously co-manufactured products for the Mrs. Paul's® and Van de Kamp's® brands. This transaction secured the volume associated with the previous co-manufacturing contract.

After working capital adjustments, the Company paid \$44.3 million to acquire the brands. Transaction costs of \$2.4 million were capitalized to the assets acquired. The purchase consideration was settled in cash. Total consideration paid was calculated as follows:

(Amounts in \$000s)

Cash	42,387
Post-closing working capital adjustments	(478)
Transaction costs capitalized	2,411
Net consideration paid	44,320

The assets acquired were recognized at their fair values at the date of the transaction, as shown in the table below. There were no liabilities assumed as part of the transaction.

(Amounts in \$000s)

Inventories	23,309
Property, plant and equipment	54
Intangible assets ⁽¹⁾	20,957
Total assets acquired	44,320

⁽¹⁾ Intangible assets acquired include brands and customer relationships. Refer to Note 3 *Material accounting policies* for details outlining the Company's accounting policy for the useful lives of the acquired intangible assets.