HIGH LINER FOODS

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the thirteen weeks ended March 30, 2019
With comparative figures as at and for the thirteen weeks ended March 31, 2018

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

	Notes		March 30, 2019		December 29, 2018
ASSETS					
Current assets					
Cash		$	**20,244**	$	9,568
Accounts receivable			**105,999**		84,873
Income taxes receivable			**4,564**		6,411
Other financial assets	**14**		**1,637**		2,504
Inventories			**249,283**		301,411
Prepaid expenses			**4,745**		4,333
Total current assets			**386,472**		409,100
Non-current assets					
Property, plant and equipment			**111,968**		114,371
Right-of-use assets	**4**		**14,714**		—
Deferred income taxes	**10**		**—**		7
Other receivables and assets	**14**		**297**		1,013
Intangible assets			**153,994**		155,594
Goodwill			**157,254**		157,070
Total non-current assets			**438,227**		428,055
Total assets	**5, 6**	**$**	**824,699**	$	837,155
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank loans	**5**	**$**	**34,679**	$	31,152
Accounts payable and accrued liabilities			**123,687**		157,162
Contract liability			**4,951**		4,772
Provisions			**977**		1,460
Other current financial liabilities	**14**		**165**		78
Other current liabilities			**1,842**		245
Income taxes payable			**431**		585
Current portion of long-term debt	**4**		**—**		13,655
Current portion of lease liabilities			**4,209**		372
Total current liabilities			**170,941**		209,481
Non-current liabilities					
Long-term debt	**6**		**322,777**		322,674
Other long-term financial liabilities	**14**		**10**		5
Other long-term liabilities			**1,646**		1,493
Long-term lease liabilities	**4**		**10,179**		407
Deferred income taxes	**10**		**31,770**		28,451
Future employee benefits			**10,324**		10,785
Total non-current liabilities			**376,706**		363,815
Total liabilities			**547,647**		573,296
Shareholders' equity					
Common shares	**8**		**112,887**		112,887
Contributed surplus			**15,581**		15,357
Retained earnings			**172,865**		161,377
Accumulated other comprehensive loss			**(24,281)**		(25,762)
Total shareholders' equity			**277,052**		263,859
Total liabilities and shareholders' equity		**$**	**824,699**	$	837,155

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

			Thirteen weeks ended	
	Notes		**March 30, 2019**	March 31, 2018
Sales	**13**	**$**	**277,424**	$ 319,184
Cost of sales			**221,348**	258,623
Gross profit			**56,076**	60,561
Distribution expenses			**13,087**	15,308
Selling, general and administrative expenses			**23,754**	25,303
Business acquisition, integration and other (income) expense	**3, 7**		**(7,247)**	656
Results from operating activities			**26,482**	19,294
Finance costs			**6,004**	5,355
Income before income taxes			**20,478**	13,939
Income tax expense	**10**		**5,716**	3,688
Net income		**$**	**14,762**	$ 10,251
Earnings per common share				
Basic		**$**	**0.44**	$ 0.31
Diluted		**$**	**0.43**	$ 0.31
Weighted average number of shares outstanding				
Basic			**33,771,430**	33,493,273
Diluted			**34,216,274**	33,498,272

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Thirteen weeks ended	
	March 30, 2019	March 31, 2018
Net income	**$ 14,762**	$ 10,251
Other comprehensive income (loss), net of income tax		
Other comprehensive income (loss) to be reclassified to net income:		
Gain (loss) on hedge of net investment in foreign operations	**6,874**	(8,819)
(Loss) gain on translation of net investment in foreign operations	**(8,124)**	12,682
Translation impact on Canadian dollar denominated non-AOCI items	**4,266**	(8,297)
Translation impact on Canadian dollar denominated AOCI items	**(441)**	614
Total exchange gains (losses) on translation of foreign operations and Canadian dollar denominated items	**2,575**	(3,820)
Effective portion of changes in fair value of cash flow hedges	**(588)**	1,575
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**(499)**	695
Net change in fair value of cash flow hedges transferred to income	**(215)**	84
Translation impact on Canadian dollar denominated AOCI items	**208**	(228)
Total exchange (losses) gains on cash flow hedges	**(1,094)**	2,126
Net other comprehensive gain (loss) to be reclassified to net income	**1,481**	(1,694)
Other comprehensive income not to be reclassified to net income		
Defined benefit plan actuarial gains	**356**	436
Other comprehensive income (loss), net of income tax	**1,837**	(1,258)
Total comprehensive income	**$ 16,599**	$ 8,993

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

	Foreign currency translation differences	**Net exchange differences on cash flow hedges**	**Total AOCI**
Balance at December 29, 2018	**$ (27,977)**	**$ 2,215**	**$ (25,762)**
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	**2,575**	**—**	**2,575**
Total exchange losses on cash flow hedges	**—**	**(1,094)**	**(1,094)**
Balance at March 30, 2019	**$ (25,402)**	**$ 1,121**	**$ (24,281)**
Balance at December 30, 2017	$ (17,699)	$ 220	$ (17,479)
Total exchange losses on translation of foreign operations and Canadian dollar denominated items	(3,820)	—	(3,820)
Total exchange gains on cash flow hedges	—	2,126	2,126
Balance at March 31, 2018	$ (21,519)	$ 2,346	$ (19,173)

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Common shares	Contributed surplus	Retained earnings	AOCI	Total
Balance at December 29, 2018	**$ 112,887**	**$ 15,357**	**$ 161,377**	**$ (25,762)**	**$ 263,859**
Other comprehensive loss	**—**	**—**	**356**	**1,481**	**1,837**
Net income	**—**	**—**	**14,762**	**—**	**14,762**
Common share dividends	**—**	**—**	**(3,630)**	**—**	**(3,630)**
Share-based compensation	**—**	**224**	**—**	**—**	**224**
Balance at March 30, 2019	**$ 112,887**	**$ 15,581**	**$ 172,865**	**$ (24,281)**	**$ 277,052**
Balance at December 30, 2017	$ 112,835	$ 14,354	$ 159,157	$ (17,479)	$ 268,867
Other comprehensive income	—	—	436	(1,694)	(1,258)
Net income	—	—	10,251	—	10,251
Common share dividends	—	—	(3,707)	—	(3,707)
Share-based compensation	—	155	—	—	155
Balance at March 31, 2018	$ 112,835	$ 14,509	$ 166,137	$ (19,173)	$ 274,308

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

	Notes	Thirteen weeks ended March 30, 2019	March 31, 2018
Cash flows provided by (used in):			
Operating activities			
Net income		**$ 14,762**	$ 10,251
Adjustments to net income not involving cash from operations:			
Depreciation and amortization	**4**	**5,501**	4,312
Share-based compensation expense (recovery)	**9**	**1,956**	(103)
Loss on asset disposals and impairment		**21**	98
Future employee benefits contribution, net of expense		**(4)**	(34)
Finance costs	**4**	**6,004**	5,355
Income tax expense	**10**	**5,716**	3,688
Unrealized foreign exchange loss (gain)		**313**	(12)
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes (paid) refunded		**34,269**	23,555
Changes in non-cash working capital balances:			
Accounts receivable		**(20,898)**	(17,362)
Inventories		**53,916**	55,971
Prepaid expenses		**(372)**	53
Accounts payable and accrued liabilities		**(33,567)**	(48,618)
Provisions		**(506)**	126
Net change in non-cash working capital balances		**(1,427)**	(9,830)
Interest paid		**(5,456)**	(4,835)
Income taxes (paid) refunded		**(385)**	77
Net cash flows provided by operating activities		**27,001**	8,967
Financing activities			
Increase (decrease) in bank loans		**3,564**	(877)
Repayment of lease liabilities		**(1,352)**	(238)
Repayment of long-term debt	**6**	**(13,695)**	—
Deferred finance costs		**—**	(97)
Common share dividends paid		**(3,630)**	(3,707)
Net cash flows used in financing activities		**(15,113)**	(4,919)
Investing activities			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets		**(841)**	(4,079)
Net proceeds on disposal of assets		**—**	116
Net cash flows used in investing activities		**(841)**	(3,963)
Foreign exchange (decrease) increase on cash		**(371)**	321
Net change in cash during the period		**10,676**	406
Cash, beginning of period		**9,568**	4,738
Cash, end of period		**$ 20,244**	$ 5,144

See accompanying notes to the Unaudited Condensed Interim Consolidated Financial Statements

1. Corporate information

High Liner Foods Incorporated (the "Company" or "High Liner Foods") is a company incorporated and domiciled in Canada. The address of the Company's registered office is 100 Battery Point, P.O. Box 910, Lunenburg, Nova Scotia, B0J 2C0. The Unaudited Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") of the Company as at and for the thirteen weeks ended March 30, 2019, comprise High Liner Foods' Canadian company (the "Parent") and its subsidiaries (herein together referred to as the "Company" or "High Liner Foods"). The Company is primarily involved in the processing and marketing of prepared and packaged frozen seafood products.

These Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 14, 2019.

2. Basis of preparation

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

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

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

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

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

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

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

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

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

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

(1) Total payments related to variable non-lease components were $1.3 million during the thirteen weeks ended March 30, 2019.
(2) The weighted-average incremental borrowing rate ("IBR") for lease liabilities initially recognized as of December 30, 2018 was 10%. If the Company's IBR changed by 1%, the lease liabilities initially recognized would change by approximately $0.4 million.

Accounting Policy

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

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

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

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

IAS 19, *Employee Benefits*

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

IFRIC Interpretation 23, *Uncertainty over Income Tax Treatment*

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

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

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

3. Product recall

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

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

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

4. Right-of-use assets and lease liabilities

Right-of-use assets

(Amounts in $000s)		Land and buildings		Plant and machinery		Computer equipment and vehicles		Total
Cost								
At December 30, 2018	$	13,686	$	250	$	634	$	14,570
Transfers [(1)]		69		—		1,908		1,977
Disposals		—		—		(120)		(120)
Effect of exchange rates		45		—		37		82
At March 30, 2019	**$**	**13,800**	**$**	**250**	**$**	**2,459**	**$**	**16,509**
Accumulated depreciation								
At December 30, 2018	$	—	$	—	$	—	$	—
Depreciation		(997)		(21)		(98)		(1,116)
Transfers [(1)]		(8)		—		(746)		(754)
Disposals		—		—		89		89
Effect of exchange rates		—		—		(14)		(14)
At March 30, 2019	**$**	**(1,005)**	**$**	**(21)**	**$**	**(769)**	**$**	**(1,795)**
Net carrying value								
At December 30, 2018	$	13,686	$	250	$	634	$	14,570
At March 30, 2019	**$**	**12,795**	**$**	**229**	**$**	**1,690**	**$**	**14,714**

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

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

(Amounts in $000s)		Thirteen weeks ended **March 30, 2019**
Cost of sales	$	21
Distribution expenses		667
Selling, general and administrative expenses		428
	$	**1,116**

Lease liabilities

For the thirteen weeks ended March 30, 2019 the Company recognized $0.4 million of interest expense on the lease liabilities as finance costs in the consolidated statements of income.

5. Bank loans

(Amounts in $000s)		**March 30, 2019**		December 29, 2018
Bank loans, denominated in CAD (average variable rate of 3.95%; December 29, 2018: 3.95%	**$**	**—**	$	165
Bank loans, denominated in USD (average variable rate of 3.99%; December 29, 2018: 4.80%		**35,000**		31,340
		35,000		31,505
Less: deferred finance costs		**(321)**		(353)
	$	**34,679**	$	31,152

The Company has a $180.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative and Collateral Agent, which expires in April 2021. The Facility is asset-based and collateralized by the Company's inventories, accounts receivable and other personal property in Canada and the U.S., subject to a first charge on brands, trade names and related intangibles under the Company's term loan facility (see Note 6), and excluding the assets acquired as part of the Rubicon Resources, LLC ("Rubicon") acquisition which was closed on May 30, 2017. A second charge over the Company's property, plant and equipment is also in place. As at March 30, 2019, the Company had $127.8 million of undrawn borrowing facility (December 29, 2018: $118.2 million).

As at March 30, 2019 and December 29, 2018, the Facility allowed the Company to borrow:

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

6. Long-term debt

(Amounts in $000s)		**March 30, 2019**		December 29, 2018
Term loan	**$**	**324,231**	$	337,926
Less: current portion		**—**		(13,655)
		324,231		324,271
Less: deferred finance costs		**(1,454)**		(1,597)
	$	**322,777**	$	322,674

As at March 30, 2019, the Company had a $370.0 million term loan facility with an interest rate of 3.25% plus LIBOR (LIBOR floor of 1.00%), maturing on April 24, 2021. Quarterly principal repayments of $0.9 million are required on the term loan as regularly scheduled repayments. During the thirteen weeks ended March 30, 2019, a mandatory prepayment of $13.7 million was made due to excess cash flows in 2018. Any mandatory and voluntary repayments are applied to future regularly scheduled principal repayments, and as such, no additional regularly scheduled principal repayments are required for 2019.

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

7. Employee benefits

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

	Thirteen weeks ended	
(Amounts in $000s)	**March 30, 2019**	March 31, 2018
Termination benefits		
Cost of sales	**$ —**	$ 14
Business acquisition, integration and other (income) expense[(1)]	**—**	656
Selling, general and administrative expenses	**19**	23
	$ 19	$ 693
Short-term benefits		
Business acquisition, integration and other (income) expense[(1)]	**$ 1,049**	$ —
Selling, general and administrative expenses	**—**	21
	$ 1,049	$ 21

[(1)] For the thirteen weeks ended March 30, 2019 business acquisition, integration and other (income) expense includes termination benefits of $1.0 million related to the Company's organizational realignment announced on November 7, 2018. The Company estimated total termination benefits of approximately $4.8 million, of which $4.5 million has been recognized to date. The impact of the restructuring on termination benefits is expected to be fully realized by the end of the second quarter of 2019.

8. Share capital

Purchase of shares for cancellation
In January 2018, the Company announced that the Toronto Stock Exchange approved the renewal of the Company's Normal Course Issuer Bid ("NCIB") to repurchase for cancellation up to 150,000 common shares. The price the Company will pay for any common shares acquired will be the market price at the time of acquisition. Purchases could commence on February 2, 2018 and terminated no later than February 1, 2019. During the thirteen weeks ended March 30, 2019 there were no purchases under this plan.

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

	Thirteen weeks ended March 30, 2019		Thirteen weeks ended March 31, 2018	
	Shares	**($000s)**	Shares	($000s)
Balance, beginning of period	**33,383,481**	**$ 112,887**	33,379,815	$ 112,835
Balance, end of period	**33,383,481**	**$ 112,887**	33,379,815	$ 112,835

During the thirteen weeks ended March 30, 2019, the Company distributed dividends per share of CAD$0.145 (thirteen weeks ended March 31, 2018: CAD$0.145).

On May 14, 2019, the Company's Board of Directors declared a quarterly dividend of CAD$0.05 per share, payable on June 15, 2019 to shareholders of record as of June 1, 2019.

9. Share-based compensation

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

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

The carrying amount of cash-settled share-based compensation arrangements recognized in other current liabilities and other long-term liabilities on the consolidated statements of financial position was $1.8 million and $1.6 million, respectively, as at March 30, 2019 (December 29, 2018: $0.2 million and $1.5 million, respectively).

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

	Thirteen weeks ended	
(Amounts in $000s)	**March 30, 2019**	March 31, 2018
Cost of sales resulting from:		
Equity-settled awards [(1)]	**$ 9**	$ 13
Selling, general and administrative expenses resulting from:		
Cash-settled awards [(1)]	**1,733**	(258)
Equity-settled awards [(1)]	**214**	142
Share-based compensation expense (recovery)	**$ 1,956**	$ (103)

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

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

	Thirteen weeks ended March 30, 2019		Thirteen weeks ended March 31, 2018	
	No.	**WAEP (CAD)**	No.	WAEP (CAD)
Outstanding, beginning of period	**1,624,681**	**$ 15.03**	1,340,449	$ 18.99
Granted	**444,844**	**7.46**	170,403	12.57
Exercised for cash [(1)]	—	—	(2,000)	8.25
Expired	—	—	(199,663)	22.83
Outstanding, end of period	**2,069,525**	**$ 13.41**	1,309,189	$ 17.58
Exercisable, end of period	**976,767**	**$ 17.35**	804,647	$ 19.11

[(1)] The weighted average share price at the date of exercise for these options was $nil for the thirteen weeks ended March 30, 2019 (thirteen weeks ended March 31, 2018: CAD$11.20).

In United States dollars, unless otherwise noted

Set forth below is a summary of the outstanding options to purchase common shares as at March 30, 2019:

	Options outstanding			Options exercisable	
Option price (CAD)	**Number outstanding**	**Weighted average exercise price**	**Average life (years)**	**Number exercisable**	**Weighted average exercise price**
$ 7.25-10.00	453,510	$ 7.48	4.91	8,666	$ 8.25
$ 10.01-15.00	841,991	11.45	4.51	211,327	11.74
$ 15.01-20.00	390,402	15.30	1.78	384,979	15.30
$ 20.01-25.00	383,622	22.79	0.84	371,795	22.86
	2,069,525			**976,767**	

The fair value of options granted during the thirteen weeks ended March 30, 2019 and March 31, 2018 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

	March 30, 2019	March 31, 2018
Dividend yield (%)	**7.77**	4.61
Expected volatility (%)	**40.44**	35.06
Risk-free interest rate (%)	**1.86**	2.21
Expected life (years)	**5.00**	5.00
Weighted average share price (CAD)	**$ 7.46**	$ 12.57
Weighted average fair value (CAD)	**$ 1.34**	$ 2.67

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:

	Thirteen weeks ended	
	March 30, 2019	March 31, 2018
Outstanding, beginning of period	**879,757**	263,556
Granted	**240,855**	120,139
Reinvested dividends	**20,184**	3,976
Released and paid in cash	**—**	(14,096)
Forfeited and expired	**(91,050)**	(64,960)
Outstanding, end of period	**1,049,746**	308,615

The expected performance multiplier used in determining the fair value of the liability and related share-based compensation expense for PSUs for the thirteen weeks ended March 30, 2019 was 78% (March 31, 2018: 60%).

In United States dollars, unless otherwise noted

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

	Thirteen weeks ended	
	March 30, 2019	March 31, 2018
Outstanding, beginning of period	**280,562**	72,529
Granted	**160,951**	83,944
Reinvested dividends	**8,528**	2,036
Forfeited	**(3,958)**	(534)
Outstanding, end of period	**445,775**	157,975

The share price at the reporting date was CAD$7.85 (March 31, 2018: CAD$11.15). PSUs will vest at the end of a one to three-year period, if agreed-upon performance measures are met (if applicable) and the RSUs will vest in accordance with the terms of the agreement.

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

	Thirteen weeks ended	
	March 30, 2019	March 31, 2018
Outstanding, beginning of period	**153,425**	77,934
Granted	**3,729**	4,603
Reinvested dividends	**3,100**	1,045
Outstanding, end of period	**160,254**	83,582

10. Income tax expense

The Company's statutory tax rate for the thirteen weeks ended March 30, 2019 was 29.3% (thirteen weeks ended March 31, 2018: 29.3%). The Company's effective income tax rate for the thirteen weeks ended March 30, 2019 was 27.9% (thirteen weeks ended March 31, 2018: 26.5%). The higher effective tax rate for the thirteen weeks ended March 30, 2019 compared to the prior year was attributable to reduced interest expense deductibility associated with the Company's tax efficient financing structure.

11. Commitments

Guarantee of supplier financing arrangement

As part of the Rubicon acquisition, the Company assumed financing arrangement guarantees for certain suppliers that finance their exports of seafood products to Rubicon. As part of this financing arrangement, the Company has granted a security interest in substantially all of the inventory and proceeds thereon arising from purchases from these suppliers and has guaranteed the suppliers' borrowings, to the extent that such borrowings were used in connection with the exportation of seafood products to Rubicon. The Company has deemed the amount of the guarantee to be the open accounts payable to these suppliers. As of March 30, 2019, the Company's open accounts payable to these suppliers was $14.9 million.

12. Related party transactions

The Company has related party transactions with a company controlled by a strategic advisor of Rubicon. Total sales to related parties for the thirteen weeks ended March 30, 2019 were $0.3 million (thirteen weeks ended March 31, 2018: $0.1 million). As at March 30, 2019, there was $0.1 million due from the related parties (March 31, 2018: $0.2 million). The Company leases an office building from a related party at an amount which approximates the fair market value that would be incurred if leased from a third party. The aggregate payments under the lease, which are measured at the exchange amount, were $0.2 million for the thirteen weeks ended March 30, 2019 and March 31, 2018, respectively.

13. Geographic information

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

Information About Geographic Areas
Sales earned outside of Canada for the thirteen weeks ended March 30, 2019 were $221.9 million (March 31, 2018: $252.8 million). Sales by geographic area are determined based on the shipping location.

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

(Amounts in $000s)		**March 30, 2019**		December 29, 2018
Property, plant and equipment	$	87,933	$	91,317
Right-of-use assets		11,461		—
Intangible assets		139,098		146,932
Goodwill		137,611		137,611
	$	**376,103**	$	375,860

14. Fair value measurement

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

		March 30, 2019				December 29, 2018		
(Amounts in $000s)		**Level 2**		**Level 3**		Level 2		Level 3
Fair value of financial assets								
Foreign exchange contracts	**$**	**648**	**$**	**—**	$	1,424	$	—
Interest rate swaps		**1,286**		**—**		2,093		—
Fair value of financial liabilities								
Interest rate swaps		**—**		**—**		—		—
Foreign exchange contracts		**175**		**—**		83		—
Long-term debt		**—**		**279,198**		—		310,647
Lease liabilities		**—**		**13,492**		—		749

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

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

The Company uses the date of the event or change in circumstances to recognize transfers between Level 1, Level 2 and Level 3 fair value measurements. During the thirteen weeks ended March 30, 2019, no such transfers occurred.

The financial liabilities that are not measured at fair value on the consolidated statements of financial position consist of long-term debt (including current portion) and lease liabilities. The carrying amounts for these instruments are $322.8 million and $14.4 million, respectively, as at March 30, 2019 (December 29, 2018: $336.3 million and $0.8 million, respectively).

Hedging activities

Interest rate swaps
During the thirteen weeks ended March 30, 2019, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 6):

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

The cash flow hedge of interest expense variability was assessed to be highly effective for the thirteen weeks ended March 30, 2019 and March 31, 2018, and therefore, the change in fair value for those interest rate swaps designated in a hedging relationship was included in OCI as an after-tax net loss of $0.5 million and an after-tax net gain of $1.3 million, respectively.

The Company did not hold any interest rate swaps that were not designated in a formal hedging relationship during the thirteen weeks ended March 30, 2019 and March 31, 2018.

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

As at March 30, 2019, the Company had outstanding notional amounts of $21.1 million (March 31, 2018: $36.2 million) in foreign currency average-rate forward contracts and $1.7 million (March 31, 2018: $0.8 million) in foreign currency single-rate forward contracts that were formally designated as a hedge. With the exception of $0.4 million (March 31, 2018: $1.5 million) average-rate forward contracts with maturities ranging from April 2020 to June 2020, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be highly effective for the thirteen weeks ended March 30, 2019 and March 31, 2018, and therefore, the change in fair value was recorded in OCI as an after-tax net loss of $0.1 million and an after-tax net gain of $0.3 million, respectively. There were no amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the thirteen weeks ended March 30, 2019 (thirteen weeks ended March 31, 2018: net loss of $0.1 million).

The Company did not hold any foreign currency single-rate forward contracts outstanding to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. The change in fair value for the thirteen weeks ended March 30, 2019 and March 31, 2018 was $nil and a nominal net gain, respectively, which was recorded in the consolidated statements of income.

Hedge of net investment in foreign operations

As at March 30, 2019, a total borrowing of $324.2 million ($324.2 million included in long-term debt) (December 29, 2018: a total borrowing of $338.0 million ($13.7 million included in the current portion of long-term debt and $324.3 million included in long-term debt)) has been designated as a hedge of the net investment in the U.S. subsidiary and is being used to hedge the Company's exposure to foreign exchange risk on this net investment. Gains or losses on the re-translation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investment in the U.S. subsidiary. There was no hedge ineffectiveness recognized during the thirteen weeks ended March 30, 2019 and March 31, 2018.