HIGH LINER FOODS

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the thirteen weeks ended March 28, 2020
With comparative figures as at and for the thirteen weeks ended March 30, 2019

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

	Notes		March 28, 2020		December 28, 2019
ASSETS					
Current assets					
Cash		$	**14,998**	$	3,144
Accounts receivable			**103,317**		85,089
Income taxes receivable			**1,523**		3,494
Other financial assets	12		**1,574**		236
Inventories			**238,826**		294,913
Prepaid expenses			**4,456**		4,322
Total current assets			**364,694**		391,198
Non-current assets					
Property, plant and equipment			**105,380**		108,986
Right-of-use assets			**17,482**		11,792
Deferred income taxes	9		**1,173**		2,134
Other receivables and assets	12		**70**		34
Intangible assets			**146,303**		148,893
Goodwill			**156,781**		157,457
Total non-current assets			**427,189**		429,296
Total assets	4, 5	$	**791,883**	$	820,494
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank loans	4	$	**67,382**	$	37,546
Accounts payable and accrued liabilities			**91,287**		141,238
Contract liability			**2,564**		3,581
Provisions			**425**		329
Other current financial liabilities	12		**1,084**		861
Other current liabilities			**1,363**		4,881
Income taxes payable			**1,608**		2,102
Current portion of long-term debt	5		**—**		14,511
Current portion of lease liabilities			**4,873**		4,582
Total current liabilities			**170,586**		209,631
Non-current liabilities					
Long-term debt	5		**288,649**		289,020
Other long-term financial liabilities	12		**622**		292
Other long-term liabilities			**1,801**		3,031
Long-term lease liabilities			**12,716**		7,198
Deferred income taxes	9		**32,401**		30,182
Future employee benefits	6		**11,841**		12,970
Total non-current liabilities			**348,030**		342,693
Total liabilities			**518,616**		552,324
Shareholders' equity					
Common shares	7		**112,739**		112,887
Contributed surplus			**16,169**		16,028
Retained earnings			**176,337**		162,773
Accumulated other comprehensive loss			**(31,978)**		(23,518)
Total shareholders' equity			**273,267**		268,170
Total liabilities and shareholders' equity		$	**791,883**	$	820,494

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 28, 2020**	March 30, 2019
Sales	**11**	**$ 268,588**	$ 277,424
Cost of sales		**209,820**	221,348
Gross profit		**58,768**	56,076
Distribution expenses		**12,845**	13,087
Selling, general and administrative expenses		**20,531**	23,754
Business acquisition, integration and other expense (income)	**6**	**505**	(7,247)
Results from operating activities		**24,887**	26,482
Finance costs		**5,520**	6,004
Income before income taxes		**19,367**	20,478
Income tax expense	**9**	**5,140**	5,716
Net income		**$ 14,227**	$ 14,762
Earnings per common share			
Basic		**$ 0.42**	$ 0.44
Diluted		**$ 0.41**	$ 0.43
Weighted average number of shares outstanding			
Basic		**33,738,635**	33,771,430
Diluted		**34,404,059**	34,216,274

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 28, 2020	March 30, 2019
Net income	**$ 14,227**	$ 14,762
Other comprehensive income (loss), net of income tax		
Other comprehensive income (loss) to be reclassified to net income:		
(Loss) gain on hedge of net investment in foreign operations	**(22,375)**	6,874
Gain (loss) on translation of net investment in foreign operations	**28,820**	(8,124)
Translation impact on Canadian dollar denominated non-AOCI items	**(16,359)**	4,266
Translation impact on Canadian dollar denominated AOCI items	**1,479**	(441)
Total exchange (losses) gains on translation of foreign operations and Canadian dollar denominated items	**(8,435)**	2,575
Effective portion of changes in fair value of cash flow hedges	**440**	(588)
Net change in fair value of cash flow hedges transferred to carrying amount of hedged item	**131**	(499)
Net change in fair value of cash flow hedges transferred to income	**4**	(215)
Translation impact on Canadian dollar denominated AOCI items	**(600)**	208
Total exchange losses on cash flow hedges	**(25)**	(1,094)
Net other comprehensive (loss) gain to be reclassified to net income	**(8,460)**	1,481
Other comprehensive income not to be reclassified to net income		
Defined benefit plan actuarial gains	**673**	356
Other comprehensive (loss) income, net of income tax	**(7,787)**	1,837
Total comprehensive income	**$ 6,440**	$ 16,599

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

	Foreign currency translation differences	**Net exchange differences on cash flow hedges**	**Total accumulated other comprehensive (loss) income**
Balance at December 28, 2019	**$ (23,122)**	**$ (396)**	**$ (23,518)**
Total exchange gains on translation of foreign operations and Canadian dollar denominated items	**(8,435)**	**—**	**(8,435)**
Total exchange losses on cash flow hedges	**—**	**(25)**	**(25)**
Balance at March 28, 2020	**$ (31,557)**	**$ (421)**	**$ (31,978)**
Balance at December 29, 2018	$ (27,977)	$ 2,215	$ (25,762)
Total exchange losses 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)

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	Accumulated other comprehensive loss	Total
Balance at December 28, 2019	**$ 112,887**	**$ 16,028**	**$ 162,773**	**$ (23,518)**	**$ 268,170**
Other comprehensive loss	**—**	**—**	**673**	**(8,460)**	**(7,787)**
Net income	**—**	**—**	**14,227**	**—**	**14,227**
Common share dividends	**—**	**—**	**(1,195)**	**—**	**(1,195)**
Share-based compensation	**—**	**141**	**—**	**—**	**141**
Common shares repurchased for cancellation *(Note 7)*	**(148)**	**—**	**(141)**	**—**	**(289)**
Balance at March 28, 2020	**$ 112,739**	**$ 16,169**	**$ 176,337**	**$ (31,978)**	**$ 273,267**
Balance at December 29, 2018	$ 112,887	$ 15,357	$ 161,377	$ (25,762)	$ 263,859
Other comprehensive income	—	—	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

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 28, 2020	March 30, 2019
Cash flows provided by (used in):			
Operating activities			
Net income		**$ 14,227**	$ 14,762
Adjustments to net income not involving cash from operations:			
Depreciation and amortization		**5,827**	5,501
Share-based compensation (recovery) expense	**8**	**(474)**	1,956
Loss on asset disposals and impairment		**2**	21
Future employee benefits contribution, net of expense		**(9)**	(4)
Finance costs		**5,520**	6,004
Income tax expense	**9**	**5,140**	5,716
Unrealized foreign exchange loss		**137**	313
Cash flows provided by operations before changes in non-cash working capital, interest and income taxes refunded (paid)		**30,370**	34,269
Changes in non-cash working capital balances:			
Accounts receivable		**(19,603)**	(20,898)
Inventories		**49,774**	53,916
Prepaid expenses		**(303)**	(372)
Accounts payable and accrued liabilities		**(53,251)**	(33,567)
Provisions		**115**	(506)
Net change in non-cash working capital balances		**(23,268)**	(1,427)
Interest paid		**(4,784)**	(5,456)
Income taxes paid		**(276)**	(385)
Net cash flows provided by operating activities		**2,042**	27,001
Financing activities			
Increase in bank loans		**30,007**	3,564
Repayment of lease liabilities		**(1,386)**	(1,352)
Repayment of long-term debt	**5**	**(14,685)**	(13,695)
Deferred finance costs		**(51)**	—
Common share dividends paid		**(1,195)**	(3,630)
Common shares repurchased for cancellation		**(289)**	—
Net cash flows provided by (used in) financing activities		**12,401**	(15,113)
Investing activities			
Purchase of property, plant and equipment, net of investment tax credits, and intangible assets		**(1,088)**	(841)
Net cash flows used in investing activities		**(1,088)**	(841)
Foreign exchange decrease on cash		**(1,501)**	(371)
Net change in cash during the period		**11,854**	10,676
Cash, beginning of period		**3,144**	9,568
Cash, end of period		**$ 14,998**	$ 20,244

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 28, 2020, 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 12, 2020.

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 28, 2019, as set out in the 2019 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 28, 2019, except for the adoption of the following new amendments that were effective for annual periods beginning on January 1, 2020 and that the Company has adopted on December 29, 2019:

IFRS 3, *Business Combinations*
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations*. The amendments are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments apply to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after January 1, 2020, with early adoption permitted. The Company has adopted the amendments to IFRS 3 on a prospective basis, which had no impact on the Consolidated Financial Statements.

IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures*, *Interest Rate Benchmark Reform*

In September 2019, the IASB issued amendments to IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 7, *Financial Instruments: Disclosures, Interest Rate Benchmark Reform*, which concludes phase one of its work to respond to the effects of the Interbank Offered Rates ("IBOR") reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free rate ("RFR"). The amendments are effective for annual periods beginning on or after January 1, 2020 and must be applied retrospectively.

The amendments include a number of reliefs that apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or hedging instrument. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable;
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss; and
- The assessment of the economic relationship between the hedged item and the hedging instrument.

The Company holds interest rate swaps (see Note 12) to hedge the interest rate risk resulting from the term loan facility (see Note 5). The term loan facility has an applicable interest rate for loans under the facility of LIBOR plus 4.25% (1.00% LIBOR floor). The Company is actively managing the process to transition existing contracts using LIBOR to an alternative RFR and to ensure that upon transition, hedge effectiveness will be maintained. The Company has not applied significant judgement in applying these amendments as the impact of the IBOR reform on the Company's hedge accounting is assessed as low.

The Company has assessed any interest rate swap with a maturity date subsequent to December 31, 2021 as being directly impacted by the IBOR reform and therefore subject to the amendments. As at March 28, 2020, there is one interest rate swap contract with a maturity date subsequent to December 31, 2021. The terms of this contract are disclosed in Note 12.

IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Amendments to the Definition of Material*

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and must be applied prospectively, with early adoption permitted. The Company has adopted the amendments to IAS 1 on a prospective basis, which had no impact on the Consolidated Financial Statements.

3. COVID-19 pandemic

In March 2020, the 2019 coronavirus disease outbreak ("COVID-19") was recognized as a pandemic by the World Health Organization ("WHO"). COVID-19 has continued to spread globally, including in the markets in which the Company operates, and is having a significant impact on general economic conditions on a global scale. In response to the WHO declaration and continuing spread of COVID-19, several social distancing measures have been taken by the Company and third parties including governments, regulatory authorities, businesses and the Company's customers, that have impacted financial results during the thirteen weeks ended March 28, 2020 and could impact future financial results.

The preparation of the Company's Consolidated Financial Statements requires management to make critical judgements, estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. As disclosed in our audited consolidated financial statements for the year ended December 28, 2019, the most significant estimates and judgements made by management include estimates used to determine the recoverable amounts of non-financial assets, future employee benefits, the provisions for income taxes and the related deferred tax assets and liabilities, the fair value of financial instruments, and sales and marketing accruals. On an ongoing basis, management evaluates the judgements, estimates and assumptions using historical experience and various other factors believed to be reasonable under the given circumstances. The potential impacts on the Company's most significant estimates and judgements of COVID-19 include, but are not limited to, increased risk of potential impairment charges to the carrying amounts of goodwill, indefinite-lived intangible assets and long-lived assets; and, increased volatility in fair value measurements and future employee benefits, as a result of fluctuating market inputs.

Other potential impacts of COVID-19 on the Company's financial position include, but are not limited to, increased concentration risk, particularly related to the Company's foodservice business; increased liquidity risk associated with the anticipated impacts on cash flows from operations of expected declines in sales volumes; increased credit risk resulting in increased expected credit losses ("ECL") on trade accounts receivable; increased risk of write-downs of inventories to net realizable value; and, increased product return liabilities associated with revenue from contracts with customers.

As at March 28, 2020, the Company has reassessed the estimation of ECL associated with accounts receivable as a result of the expected impact of COVID-19 on credit risk. The key assumptions and judgements used in the measurement of ECL include, but are not limited to, known or anticipated ability of certain customers to pay balances as they come due; anticipated duration of the impact of COVID-19 on the Company's customer base; and, measures taken by the Company at the time of measurement to mitigate risk of collectibility such as specific at-risk account monitoring at the time of order placement.

Actual future results may differ materially from the Company's current estimates as the scope of COVID-19 evolves or if the duration of business disruption is longer than currently anticipated.

4. Bank loans

(Amounts in $000s)		**March 28, 2020**		December 28, 2019
Bank loans, denominated in CAD (average variable rate of 2.95%; December 28, 2019: 3.95%)	**$**	**761**	$	815
Bank loans, denominated in USD (average variable rate of 2.39%; December 28, 2019: 3.65%)		**67,000**		37,141
		67,761		37,956
Less: deferred finance costs		**(379)**		(410)
	$	**67,382**	$	37,546

The Company has a $150.0 million working capital facility (the "Facility"), with the Royal Bank of Canada as Administrative Agent, which expires in April 2023. 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 5). A second charge over the Company's property, plant and equipment is also in place. As at March 28, 2020, the Company had $72.0 million of undrawn borrowing facility (December 28, 2019: $99.4 million).

As at March 28, 2020 and December 28, 2019, the Facility allowed the Company to borrow:

Canadian Prime Rate revolving loans, Canadian Prime 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%

5. Long-term debt

(Amounts in $000s)		**March 28, 2020**		December 28, 2019
Term loan	**$**	**295,481**	$	310,604
Less: current portion		**—**		(14,511)
		295,481		296,093
Less: deferred finance costs		**(6,832)**		(7,073)
	$	**288,649**	$	289,020

As at March 28, 2020, the Company had a $300.0 million term facility with an interest rate of LIBOR plus 4.25% (1.00% LIBOR floor), maturing in October 2026. As a part of the amendments to the term loan facility completed in October 2019, a modification loss of $11.0 million increased the carrying value of the term loan facility and was recorded in finance costs on the consolidated statements of income during the fifty-two weeks ended December 28, 2019 due to the net present value of the cash flows of the modified debt exceeding the carrying value of the original facility before amendments. Excluding the impact of the modification loss on the carrying value, the principal balance outstanding of term loan facility was $285.3 million at March 28, 2020.

Quarterly principal repayments of $1.9 million are required on the term loan as regularly scheduled repayments. During the thirteen weeks ended March 28, 2020, a regularly scheduled repayment of $1.9 million was made and a mandatory prepayment of $12.8 million was made due to excess cash flows in 2019. Any mandatory and voluntary repayments are applied to future regularly scheduled repayments, and as such, no additional regularly scheduled principal repayments are required for 2020.

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

6. 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 $000s)		**March 28, 2020**		March 30, 2019
Termination benefits				
Selling, general and administrative expenses	**$**	**410**	$	19
	$	**410**	$	19
Short-term benefits				
Business acquisition, integration and other expense (income)	**$**	**(72)**	$	1,049
Selling, general and administrative expenses		**32**		—
	$	**(40)**	$	1,049

7. Share capital

Purchase of shares for cancellation

In March 2020, the Company announced that the Toronto Stock Exchange approved a Normal Course Issuer Bid to repurchase up to 200,000 common shares. Purchases could commence on March 10, 2020 and will terminate no later than March 9, 2021. During the thirteen weeks ended March 28, 2020, the Company purchased 60,000 common shares under this plan at an average price of CAD$6.65 per share for total cash consideration of CAD$0.4 million. The excess of the purchase price over the book value of the shares in the amount of $0.1 million was charged to retained earnings.

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

	Thirteen weeks ended March 28, 2020		Thirteen weeks ended March 30, 2019	
	Shares	**($000s)**	Shares	($000s)
Balance, beginning of period	**33,383,481**	**$ 112,887**	33,383,481	$ 112,887
Shares repurchased for cancellation	**(60,000)**	**(148)**	—	—
Balance, end of period	**33,323,481**	**$ 112,739**	33,383,481	$ 112,887

During the thirteen weeks ended March 28, 2020, the Company distributed dividends per share of CAD$0.050 (thirteen weeks ended March 30, 2019: CAD$0.145).

On May 12, 2020, the Company's Board of Directors declared a quarterly dividend of CAD$0.050 per share, payable on June 15, 2020 to shareholders of record as of June 1, 2020.

8. 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 $1.4 million and $1.8 million, respectively, as at March 28, 2020 (December 28, 2019: $4.9 million and $3.0 million, respectively).

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

	Thirteen weeks ended	
(Amounts in $000s)	**March 28, 2020**	March 30, 2019
Cost of sales resulting from:		
Equity-settled awards [(1)]	**$ 11**	$ 9
Selling, general and administrative expenses resulting from:		
Cash-settled awards [(1)]	**(613)**	1,733
Equity-settled awards [(1)]	**128**	214
Share-based compensation (recovery) expense	**$ (474)**	$ 1,956

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

In United States dollars, unless otherwise noted

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 28, 2020			Thirteen weeks ended March 30, 2019		
	No.		**WAEP (CAD)**	No.		WAEP (CAD)
Outstanding, beginning of period	**1,717,416**	**$**	**12.53**	1,624,681	$	15.03
Granted	**271,276**		**7.51**	444,844		7.46
Expired	**(6,000)**		**19.26**	—		—
Outstanding, end of period	**1,982,692**	**$**	**11.82**	2,069,525	$	13.41
Exercisable, end of period	**1,124,027**	**$**	**14.02**	976,767	$	17.35

Set forth below is a summary of the outstanding options to purchase common shares as at March 28, 2020:

	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	665,424	$	7.48	4.42	131,383	$	7.46
$ 10.01–15.00	808,785		11.38	2.96	486,872		11.44
$ 15.01–20.00	310,212		15.30	0.98	307,501		15.30
$ 20.01–25.00	198,271		22.74	0.43	198,271		22.74
	1,982,692				**1,124,027**		

The fair value of options granted during the thirteen weeks ended March 28, 2020 and March 30, 2019 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average inputs and assumptions:

		March 28, 2020		March 30, 2019
Dividend yield (%)		**2.66**		7.77
Expected volatility (%)		**42.48**		40.44
Risk-free interest rate (%)		**1.22**		1.86
Expected life (years)		**5.00**		5.00
Weighted average share price (CAD)	**$**	**7.51**	$	7.46
Weighted average fair value (CAD)	**$**	**2.26**	$	1.34

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.

In United States dollars, unless otherwise noted

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

	Thirteen weeks ended	
	March 28, 2020	March 30, 2019
Outstanding, beginning of period	**953,483**	879,757
Granted	**267,277**	240,855
Reinvested dividends	**4,479**	20,184
Released and paid in cash	**(476,079)**	—
Forfeited and expired	**(106,554)**	(91,050)
Outstanding, end of period	**642,606**	1,049,746

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 28, 2020 was 113% (March 30, 2019: 78%).

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

	Thirteen weeks ended	
	March 28, 2020	March 30, 2019
Outstanding, beginning of period	**383,777**	280,562
Granted	**185,639**	160,951
Reinvested dividends	**3,782**	8,528
Released and paid in cash	**(39,608)**	(308)
Forfeited	**(19,131)**	(3,958)
Outstanding, end of period	**514,459**	445,775

The share price at the reporting date was CAD$6.05 (March 30, 2019: CAD$7.85). 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 28, 2020	March 30, 2019
Outstanding, beginning of period	**199,989**	153,425
Granted	**1,054**	3,729
Reinvested dividends	**1,498**	3,100
Outstanding, end of period	**202,541**	160,254

9. Income tax expense

The Company's statutory tax rate for the thirteen weeks ended March 28, 2020 was 28.2% (thirteen weeks ended March 30, 2019: 29.3%). The Company's effective income tax rate for the thirteen weeks ended March 28, 2020 was 26.5% (thirteen weeks ended March 30, 2019: 27.9%). The lower effective tax rate for the thirteen weeks ended March 30, 2019 was primarily attributable to a decrease in the statutory rates of the Parent and its U.S. subsidiary.

10. Related party transactions

The Company had no related party transactions, excluding key management personnel compensation, for the thirteen weeks ended March 28, 2020. During the thirteen weeks ended March 30, 2019, the Company had related party transactions with a company controlled by a strategic advisor of Rubicon. Effective the beginning of the second quarter of 2019, this company ceased to be a related party in accordance with IFRS. Total sales to related parties for the thirteen weeks ended March 30, 2019 were $0.3 million. The Company leased an office building from a related party at an amount which approximated the fair market value that would have been incurred if leased from a third party. Effective beginning of the second quarter of 2019, the lessor ceased to be a related party of the Company in accordance with IFRS. The aggregate payments under the lease, which were measured at the exchange amount, for the thirteen weeks ended March 30, 2019 were $0.2 million.

11. Geographic information

Sales earned outside of Canada for the thirteen weeks ended March 28, 2020 were $212.5 million (March 30, 2019: $221.9 million). Sales by geographic area are determined based on the shipping location. The Company disaggregates revenue from contracts with customers based on its single operating segment, North America.

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

(Amounts in $000s)		**March 28, 2020**		December 28, 2019
Property, plant and equipment	**$**	**83,460**	$	85,037
Right-of-use assets		**14,486**		8,577
Intangible assets		**132,829**		134,214
Goodwill		**147,916**		147,916
	$	**378,691**	$	375,744

12. 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 28, 2020				December 28, 2019		
(Amounts in $000s)		**Level 2**		**Level 3**		Level 2		Level 3
Fair value of financial assets								
Interest rate swaps	**$**	**21**	**$**	**—**	$	39	$	—
Foreign exchange contracts		**1,623**		**—**		231		—
Fair value of financial liabilities								
Interest rate swaps		**1,586**		**—**		536		—
Foreign exchange contracts		**120**		**—**		617		—
Long-term debt		**—**		**267,233**		—		302,831

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 28, 2020, no such transfers occurred.

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 for these instruments is $288.6 million as at March 28, 2020 (December 28, 2019: $303.5 million).

Hedging activities

Interest rate swaps
During the thirteen weeks ended March 28, 2020, the Company had the following interest rate swaps outstanding to hedge interest rate risk resulting from the term loan facility (see Note 5):

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
March 4, 2020	December 31, 2025	3-month LIBOR (floor 1.0%)	1.4950 %	$	20.0

The cash flow hedge of interest expense variability was assessed to be highly effective for the thirteen weeks ended March 28, 2020 and March 30, 2019, 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 $0.8 million and an after-tax net loss of $0.5 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 28, 2020 and March 30, 2019.

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 28, 2020, the Company had outstanding notional amounts of $28.7 million (March 30, 2019: $21.1 million) in foreign currency average-rate forward contracts that were formally designated as a hedge and no outstanding notional amounts in foreign currency single-rate forward contracts that were formally designated as a hedge (March 30, 2019: $1.7 million). With the exception of $1.2 million (March 30, 2019: $0.4 million) average-rate forward contracts with maturities ranging from April 2021 to September 2021, all foreign currency forward contracts have maturities that are less than one year.

The cash flow hedges of the expected future purchases were assessed to be effective for the thirteen weeks ended March 28, 2020 and March 30, 2019, and therefore the change in fair value was recorded in OCI as an after-tax net gain of $1.2 million and an after-tax net loss of $0.1 million, respectively. There were nominal amounts recognized in the consolidated statements of income resulting from hedge ineffectiveness during the thirteen weeks ended March 28, 2020 and no amounts recognized during the thirteen weeks ended March 30, 2019.

As at March 28, 2020, the Company had no outstanding notional amounts (March 30, 2019: $nil) of foreign currency single-rate forward contracts to hedge foreign currency exchange risk on USD monetary assets and liabilities that were not formally designated as a hedge. The change in fair value for the thirteen weeks ended March 28, 2020 and March 30, 2019 was $nil and $nil, respectively.

Hedge of net investment in foreign operations

As at March 28, 2020, a total borrowing of $315.6 million ($27.0 million included in bank loans and $288.6 million included in long-term debt) (December 28, 2019: a total borrowing of $303.5 million ($14.5 million included in the current portion of long-term debt and $289.0 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 28, 2020 and March 30, 2019.